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Schwab Managed Portfolios™

Disclosure Brochure

**Charles Schwab & Co., Inc. Disclosure Brochure for the
Schwab Managed Portfolios Wrap Fee Program**

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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 the phone number above. 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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Services, Fees, and Compensation

Services

Schwab Managed Portfolios™ is a wrap fee program (“SMP” or the “Program”) sponsored by Charles Schwab & Co., Inc. (“Schwab”). Schwab also sponsors other wrap fee programs, for which you can request a copy. Schwab acts as the qualified custodian for Program accounts and provides execution, reporting, administration, and related services for Program accounts. Schwab’s affiliated Registered Investment Adviser, Charles Schwab Investment Management, Inc. (“CSIM”), manages Program accounts on a discretionary basis consistent with clients’ chosen investment allocations and is responsible for trading decisions.

The Program offers clients a diversified portfolio of either mutual funds (“SMP – MF Blend” or “SMP – MF Third Party”) or ETFs (“SMP – ETF Blend” or “SMP – ETF Third Party”) in a single account that is managed on a discretionary basis. Schwab representatives help clients decide which Program portfolio best matches their preferred investment strategy, but this decision ultimately rests with the client, and neither Schwab nor CSIM has discretion to select a different portfolio without written authorization. Program portfolios are intended to be long-term investments, typically of at least three to five years.

Schwab Managed Portfolios – Mutual Funds

Introduced on July 24, 2006, SMP – MF initially comprised four allocation models utilizing taxable bond funds and four allocation models utilizing municipal bond funds. The model portfolios included four asset groups—Domestic Equity, International Equity, Bond Funds, and Cash Investments—and corresponded to four risk tolerance levels—aggressive, moderately aggressive, moderate, and moderately conservative. These models are collectively referred to as the “SMP – MF with Standard Models.” As of July 23, 2010, SMP – MF with Standard Models was closed to new enrollments. Only clients with SMP – MF accounts prior to that date can continue to add assets and open new accounts using SMP – MF with Standard Models.

On July 23, 2010, SMP – MF introduced new models: six utilizing taxable bond fund accounts and six utilizing municipal bond funds. These model portfolios include five asset groups—Domestic Equity, International Equity, Real Assets (for example, Real Estate, Commodities, or other tangible assets as may be appropriate), Fixed Income, and Cash Investments—and correspond to six investing goals—conservative income, income with growth, balanced, balanced with growth, growth, and aggressive growth. These models are collectively referred to as “SMP – MF with New Models.”

Selection of Funds

Pursuant to written parameters established by Schwab, CSIM does not select mutual funds for the Program from among all of the mutual funds available to investors. CSIM selects from a universe of mutual funds that: (1) are managed by CSIM (“Schwab Funds®”); or (2) participate in the Schwab Mutual Fund OneSource® service or that otherwise pay shareholder servicing fees to Schwab (collectively, “No-Transaction-Fee funds” or “NTF funds”); or (3) are non-retail share classes that meet the inclusion criteria described in “Participation or Interest in Client Transactions” (“Non-Retail Share Classes”). These funds pay fees to Schwab that are described in “Participation or Interest in Client Transactions.”

SMP – MF Blend with New Models portfolios will target to utilize Schwab Funds within each asset class, with an exposure anywhere between 25% and 50% at the asset class level. SMP – MF Blend with Standard Models will target to utilize Schwab Funds within the Domestic Equity asset class.

While target allocations may vary due to portfolio drift and other reasons described below, the target allocation is reset each year as part of the annual portfolio rebalancing. If an affiliated mutual fund is not available or suitable, CSIM will select a third-party fund. SMP – MF Third Party portfolios are composed entirely of third-party funds. Because CSIM also manages and receives compensation from Schwab Funds, as described below in “Other Financial Industry Activities and Affiliations and Participation or Interest in Client Transactions,” CSIM has a conflict of

interest in evaluation of the appropriateness or suitability of Schwab Funds for use in the Program.

SMP – MF Blend with Standard Models utilizes Schwab Funds in U.S. large- and small-cap and third-party mutual funds within international and fixed income. Where Schwab Funds cannot be used due to investment capacity or inventory, or otherwise do not allow for adequate diversification within that asset class, CSIM will select from eligible third-party mutual funds.

SMP – MF Blend with New Models utilizes Schwab Funds and third-party mutual funds across all asset classes, with a target of 25%–50% Schwab Funds within each asset class. Where Schwab Funds cannot be used due to investment capacity or inventory, or otherwise do not allow for adequate diversification within that asset class, CSIM will select from eligible third-party mutual funds.

SMP – MF Third Party with Standard Models and SMP – MF Third Party with New Models only utilize third-party mutual funds across all asset classes.

Schwab index funds may be used where no other actively managed Schwab Funds meet the relevant selection criteria, or to complete a portion of the domestic equity allocation for diversification purposes. As a result of these criteria set by Schwab, the overall universe of available funds is significantly smaller than the universe of available funds evaluated for the domestic equity allocation of SMP – MF Third Party.

The proportion of an SMP – MF Blend with Standard Models account initially invested in Schwab Funds varies depending on the model allocation. CSIM has discretion to allocate the domestic equity portion of an SMP – MF Blend with Standard Models account entirely into other actively managed Schwab Funds, entirely into Schwab-affiliated index funds, or into any combination of actively managed and index Schwab Funds. Because of the limited universe of funds available, SMP clients may collectively account for a large portion of the assets in certain Schwab Funds. Program restrictions set a target maximum concentration of Program assets within any particular strategy.

SMP – MF Blend with New Models portfolios are composed of unaffiliated third-party mutual funds (using the same selection process described below for SMP – MF Third Party funds) and Schwab Funds and other actively managed Schwab Funds. CSIM may also invest in Schwab Fundamental Index* Funds. If Schwab Funds cannot be used due to insufficient ratings, capacity, or inventory, CSIM will select eligible third-party mutual funds. Third-party funds are used when clients have placed restrictions prohibiting the use of Schwab Funds. Alternate funds—i.e., those used when a client has restricted a primary fund—may be actively managed or be passive index mutual funds and are subject to fund eligibility requirements.

Other Considerations in SMP – Mutual Funds

CSIM also may make tactical allocations across asset classes. In any asset class where there are not sufficient mutual funds that meet CSIM’s eligibility criteria, third-party ETFs can be substituted. If, at a later date, a mutual fund satisfies all investment requirements, CSIM will replace the ETF.

Each year, CSIM considers the likelihood of a significant capital gain distribution associated with each fund in the Program. If a significant distribution is expected for a fund, CSIM may choose to purchase an ETF and hold it instead of the fund in certain accounts. CSIM may make such a substitution only for new deposits and only in accounts invested in a Program allocation that includes municipal bond mutual funds or municipal money market funds. After a mutual fund has made a significant distribution, and no later than January 15, CSIM will replace the substituted ETF with the mutual fund. Client holdings and investment returns in Program accounts where a substitution has taken place will vary from other Program holdings and returns during the period of the substitution. Affected clients may also be subject to short-term capital gains tax on the eventual sale of the ETF.

*Schwab is a registered trademark of Charles Schwab & Co., Inc.
Fundamental Index is a registered trademark of Research Affiliates, LLC.

Municipal bond mutual funds that have small allocations to bonds that are subject to the alternative minimum tax ("AMT") are eligible for models utilizing such funds if there are not enough AMT-free mutual funds that meet CSIM's eligibility and selection criteria to adequately diversify the portfolios.

SMP – MF is not designed to address specific tax objectives.

Schwab Managed Portfolios™ – ETFs

There are six investment strategies available in SMP – ETFs. The available strategies include the following: conservative, income with growth, balanced, balanced with growth, growth, and aggressive growth. Schwab may change, add, or delete available investment strategies at any time. CSIM also may make tactical allocations across asset classes.

Selection of Exchange-Traded Funds ("ETFs")

Pursuant to written parameters established by Schwab, CSIM does not select ETFs for the Program from among all of the ETFs available to investors. For SMP – ETF Blend, CSIM first selects Schwab ETFs™

If there are no eligible Schwab ETFs in this population, CSIM will look for the best eligible ETF. Schwab ETFs pay fees to CSIM that are described in "Participation or Interest in Client Transactions."

	SMP – ETF Blend	SMP – ETF Third Party
Domestic Equity Allocation	Schwab ETFs if available, otherwise third-party ETFs	Third-party ETFs
International Equity Allocation		
Real Assets Allocation		
Fixed Income Allocation		

SMP – ETF Blend Portfolios and Use of Schwab ETFs

SMP – ETF Blend is built around both a core strategic asset allocation and portfolio tilts—i.e., trades executed by CSIM in order to take advantage of what it believes are limited short-term trading opportunities to outperform the portfolio benchmark. CSIM gives preference to Schwab ETFs, where available, when executing portfolio tilts. However, where no Schwab ETF is available that will allow CSIM to implement its portfolio tilt, CSIM may choose to sell some or all of its allocation to a Schwab ETF and replace it with a third-party ETF for the purpose of implementing a portfolio tilt. In all cases, these substitutions will be temporary and based on the duration of the tactical opportunity.

CSIM can choose to select Schwab ETFs for these portfolios pursuant to the written parameters established by Schwab. The percentage of an SMP – ETF Blend account initially invested in Schwab ETFs varies significantly, depending on the model allocation. CSIM has discretion to allocate any portion, up to 100%, of a portfolio into Schwab ETFs.

If a Schwab ETF is otherwise eligible and meets CSIM's criteria for inclusion in SMP – ETF Blend after a client's enrollment, the Program rebalancing rules established by Schwab require CSIM to substitute the Schwab ETF for the third-party ETF at the time of the client's annual rebalancing, even if the third-party ETF's performance is better than the Schwab ETF's performance and/or CSIM otherwise prefers the third-party ETF.

CSIM selects third-party ETFs for the SMP – ETF Blend portfolios from CSIM's list of eligible ETFs. For SMP – ETF Third Party portfolios, CSIM selects third-party ETFs from CSIM's list of eligible ETFs. While CSIM may choose to keep existing clients in an ETF where the ETF has ceased to be on the predetermined list of eligible ETFs, CSIM will remove clients from any ETF not on the list once CSIM determines that replacement of the fund is in the best interests of the client. Once an ETF has been removed from the list, CSIM will designate a different eligible ETF for use with new investors.

SMP – ETF Third Party is built around both a core strategic asset allocation and portfolio tilts where the portfolio manager can take advantage

of short-term trading opportunities in market segments that are perceived to be undervalued or overvalued.

Other Considerations in SMP – ETFs

CSIM may rebalance accounts at any time if the allocation of the ETFs in your account deviates from certain investment objectives by more than a specified amount from the recommended allocation due to changes in ETFs' values.

SMP – ETFs is not designed to address specific tax objectives.

Investments of Cash

Cash in your account may be invested in a money market fund sponsored by Schwab or managed by CSIM (a "Schwab Money Market Fund™") if the amount of cash to be invested satisfies the Schwab Money Market Fund's minimum investment requirement. CSIM will receive advisory and/or administrative fees from the fund as set forth in the fund's prospectus. Pursuant to written parameters established by Schwab, CSIM can elect to invest the money market funds or cash in your account into other securities. Cash or money market funds that CSIM invests are subject to Program fees, which are reflected in your quarterly billing statement. CSIM and other affiliates also may receive other compensation in connection with the operation and/or sale of shares of the Schwab Money Market Fund to the extent permitted by applicable law, such as investment advisory, administration and shareholder servicing fees (see the prospectus and statement of additional information for the Schwab Money Market Fund for more information). However, Program Fees are not charged on the cash investment in your account. Compensation to Schwab and CSIM from Schwab Money Market Funds and other Schwab Funds® is described in detail in "Participation or Interest in Client Transactions."

Tax-Gain/Loss Harvesting

Subject to requirements described below, clients can request for CSIM to realize limited tax gain or loss opportunities in a given account on a transaction-specific basis. If accepted by CSIM, such a request will result in the sale of specific securities with unrealized losses or gains above certain amounts.

Clients, not Schwab representatives, decide whether and when to elect this option as well as what securities to select. All such requests are subject to CSIM's approval, and gain/loss opportunities will not be identified on an individual tax lot basis. CSIM will seek to implement such requests to harvest tax losses or gains, but the Program is not designed to achieve a specific tax objective.

This request is specific to each transaction and is not a standing request for tax-loss harvesting in the account. A new request must be made for each transaction. For additional details about the tax-loss harvesting feature, please also refer to the CSIM disclosure brochure.

Requests are subject to a minimum gain/loss amount from the sale of the securities, which is determined in CSIM's sole discretion.

Securities in the client's account will be sold at a gain or loss to offset or lower potential tax consequences (although CSIM does not monitor the type and amount of capital gains/losses). The performance of the new securities may be better or worse than the performance of the securities that are sold for tax-gain/loss harvesting purposes. The utilization of gains/losses harvested through the strategy will depend upon the recognition of capital gains/losses in the same or a future tax period, and in addition may be subject to limitations under applicable tax laws.

Losses harvested through the strategy that are not utilized in the tax period when recognized generally may be carried forward to offset future capital gains, if any. Clients should consult with their professional tax advisors or check the Internal Revenue Service ("IRS") website at www.irs.gov about the consequences of tax-gain/loss harvesting, including impact on their tax return, in light of their particular circumstances. Neither the tax-gain/loss harvesting strategy for the Program, nor any discussion herein, is intended as tax advice, and neither Schwab nor CSIM represents that any particular tax consequences will be obtained.

CSIM considers only the requested account and requested security in order to determine if there are unrealized gains or losses for purposes of determining whether to harvest such gains or losses, respectively.

Clients are responsible for monitoring their and their spouse's other accounts (at Schwab or with another firm) to ensure that transactions in the same ETF or a substantially similar security do not create a "wash sale."

A wash sale is the sale at a loss and purchase of the same or substantially similar security within 30 days of each other. If a wash sale transaction occurs, the IRS may disallow or defer the loss for current tax reporting purposes. More specifically, the wash sale period for any sale at a loss consists of 61 calendar days: the day of the sale, the 30 days before the sale, and the 30 days after the sale. The wash sale rule postpones losses on a sale if replacement shares are bought around the same time.

The effectiveness of the tax-gain/loss harvesting strategy to reduce the tax liability of the client will depend on the client's entire tax and investment profile, including purchases and dispositions in a client's (or client's spouse's) accounts outside of the Program and type of investments (e.g., taxable or nontaxable) or holding period (e.g., short-term or long-term).

There is no guarantee that the tax-gain/loss harvesting strategy will reduce, defer, or eliminate the tax liability generated by a client's investment portfolio in any given tax year.

Transactions in other accounts may affect whether a gain or loss is successfully harvested and, if so, whether that gain or loss is usable by the client in the most efficient manner. If a client requests tax-gain/loss harvesting for a particular security in a given account, CSIM will seek to avoid the wash sale disallowance rule for only 30 days following the harvesting transaction in the designated account and not for other time periods or in any other accounts.

Fees

Schwab charges a quarterly asset-based fee (the "Program Fee") that is applied against all assets in SMP accounts except cash and money market fund assets ("Eligible Assets"). The Program Fee is not charged on cash investments in the account. As the market value of an account reaches a higher breakpoint, as shown in the tables below, the assets within that higher breakpoint category are charged a lower rate. Schwab calculates the quarterly Program Fee by multiplying the daily value of the assets in your account for each calendar day in the quarter by the applicable daily fee rate (i.e., the annual rate divided by the number of days in that year) and then adding together the fee for each calendar day in the quarter. Because the Program Fee is billed to your account quarterly rather than yearly, the fee you pay on an annual basis may be higher than the annual rate due to the effects of compounding.

Accounts subject to the same fee schedule may be combined in the same billing group with other eligible Program accounts to achieve fee breakpoints in the Program Fee schedule.

The Program Fee is billed and deducted from accounts on the last business day of each calendar quarter. The Program Fee is payable from free credit balances, if any, in Program accounts. If there are no free credit balances in an account, Schwab may redeem money market fund or other fund shares in the account to cover the charges or notify clients to deposit additional funds in the Program account. For purposes of calculating the Program Fee, mutual fund shares will be valued based on the net asset value of the shares as published the previous day. ETF shares listed on a national securities exchange will be valued, as of the valuation date, at the closing or last sale price on the principal market where the security is traded.

When a Program client terminates participation in the Program or changes investment strategies in the Program at any time, the amount of the Program Fee to date for that quarter will be charged immediately to the client's account to complete service within the existing

investment strategy, and a new billing cycle will commence for the new investment strategy.

In rare circumstances, Schwab may negotiate the Program Fee for clients with large accounts or certain preexisting relationships with Schwab, which may result in a client paying a fee that is less than the standard Program Fee. Schwab may change the fee schedule applicable to your account by providing notice to you in accordance with your account application and your Schwab account agreement.

Program Fee: SMP – Mutual Funds

Schwab has two different fee schedules for SMP – MF Blend and SMP – MF Third Party. The schedules with higher fees generally apply to accounts enrolled in SMP – MF after January 1, 2013, that are not ERISA-Type Accounts (as defined below). The lower fee schedules apply to accounts enrolled in SMP – MF before January 1, 2013. They will also apply to any accounts you enroll after January 1, 2013, if certain conditions are met. If you or someone in your household (i.e., generally, a person with the same last name living at the same address): (1) opened an SMP account (either SMP – MF or SMP – ETF) before January 1, 2013; and (2) has continuously maintained at least one SMP account since the time of your initial SMP enrollment ("Lower Price Conditions"), the lower fee schedules will apply to new SMP – MF accounts that you enroll after January 1, 2013. In addition, the lower fee schedules will apply to all SEP-IRAs, SIMPLE IRAs, Company Retirement Accounts, Qualified Retirement Plan accounts, and Schwab Personal Choice Retirement Accounts® (collectively, "ERISA-Type Accounts"), regardless of whether they are enrolled in SMP – MF before or after January 1, 2013, and regardless of the household affiliation of their account holders. However, if you enroll an ERISA-Type Account after January 1, 2013, and do not otherwise meet the Lower Price Conditions, the higher fee schedules will apply to any other accounts you enroll in SMP that are not ERISA-Type Accounts.

SMP – MF Blend

Schedule for Accounts Enrolled Before January 1, 2013, and ERISA-Type Accounts

Daily Eligible Assets (excluding cash investments)	Annual Program Fee
First \$250,000	0.50%
Next \$250,000	0.35%
Assets over \$500,000	0.25%

Schedule for Accounts Enrolled After January 1, 2013 (Except ERISA-Type Accounts)

Daily Eligible Assets (excluding cash investments)	Annual Program Fee
First \$100,000	0.90%
Next \$150,000	0.70%
Next \$250,000	0.50%
Next \$500,000	0.30%
Assets over \$1 million	0.20%

SMP – MF Third Party

Schedule for Accounts Enrolled Before January 1, 2013, and ERISA-Type Accounts

Daily Eligible Assets (excluding cash investments)	Annual Program Fee
First \$250,000	0.50%
Next \$250,000	0.35%
Assets over \$500,000	0.25%

Schedule for Accounts Enrolled After January 1, 2013
(Except ERISA-Type Accounts)

Daily Eligible Assets (excluding cash investments)	Annual Program Fee
First \$100,000	0.90%
Next \$150,000	0.70%
Next \$250,000	0.50%
Next \$500,000	0.30%
Assets over \$1 million	0.20%

Program Fee: SMP – ETFs

Schwab also has two different fee schedules for SMP – ETF Blend and SMP – ETF Third Party. The same criteria for determining whether your account is subject to the lower or higher fee schedule applies as described above under “Program Fee: SMP – Mutual Funds.”

SMP – ETF (Blend and Third Party)

Schedule for Accounts Enrolled Before January 1, 2013

Daily Eligible Assets (excluding cash investments)	Annual Program Fee
First \$500,000	0.75%
Next \$500,000	0.65%
Assets over \$1 million	0.50%

Schedule for Accounts Enrolled After January 1, 2013

Daily Eligible Assets (excluding cash investments)	Annual Program Fee
First \$100,000	0.90%
Next \$400,000	0.75%
Next \$500,000	0.65%
Assets over \$1 million	0.50%

Advisory Program Credit

In Individual Retirement Accounts (“IRAs”) and other retirement accounts (“Retirement Accounts”) enrolled in the Program, the Program Fee will be offset by remuneration received through direct and indirect payments to Schwab, CSIM, or their affiliates generated from the mutual funds, ETFs, or other investments (“Retirement Account Remuneration”). Effective April 1, 2023, an advisory program credit will be calculated monthly for purposes of reducing or offsetting the Program Fee you may pay to Schwab by the amount of the Retirement Account Remuneration, if any, that Schwab, CSIM, or their affiliates receive that is derived as a direct result of investments in your Retirement Account(s) enrolled in the Program, as further described in this brochure. The initial deposit of advisory program credits will be applied no later than July 2023, after which the monthly advisory program credit will typically be deposited to your Retirement Account(s) as soon as reasonably practicable, but no later than the 25th of the following month in which the remuneration is processed by Schwab, CSIM, or their affiliates.

Services Covered by the Program Fee

The Program Fee covers CSIM's Program investment advisory services, including asset management services, as well as the following services provided by Schwab: (1) execution of transactions; (2) custody of account assets; (3) Program administration; (4) monthly account statements; (5) quarterly performance reporting; and (6) the services of a Schwab investment professional relating to Program accounts.

Pursuant to an agreement between CSIM and Schwab, Schwab pays all costs and expenses incurred by CSIM in connection with the Program and with other research services provided by CSIM, plus an additional amount based on a fixed percentage of such costs and expenses. CSIM does not enter into agreements directly with SMP clients and accordingly does not receive direct compensation from or negotiate fees with them.

Other Charges

The Program Fee does not cover certain costs or charges imposed by third parties, including odd-lot differentials, exchange fees, contingent redemption fees and transfer taxes mandated by law. Schwab may also impose additional charges for special services elected by Program clients, including electronic fund and wire transfer fees, certificate delivery fees, and reorganization fees.

In addition to the Program Fee, each mutual fund or ETF is subject to investment advisory, administrative, distribution, transfer agent, custodial, legal, audit, and other customary fees and expenses related to investments in investment companies, as set forth in the prospectuses of the funds. These fees and expenses are paid by the funds but ultimately are borne by fund shareholders, and are in addition to the Program Fee. These fees and expenses will generally not be deducted from the Program Fee. The mutual funds available through the Program may be available directly from the funds pursuant to the terms of their prospectuses and without paying the Program Fee, and ETFs are available outside of the Program without paying the Program Fee, subject to applicable commissions and/or transaction charges. Conversely, the Program may provide access to certain mutual funds, ETFs, or classes of funds that Program clients may not be qualified to purchase outside of the Program. If an account leaves the Program, these investments may be liquidated or exchanged for the share class corresponding to the size of a client's individual investment in the fund. Further, to the extent that cash used for investment in the Program comes from redemptions of mutual fund shares, ETFs, or other investments outside of the Program, there may be tax consequences or additional costs from sales charges previously paid and redemption fees incurred. Such redemption fees would be in addition to the Program Fee on those assets.

The Program Fee may cost clients more or less than they would pay if they purchased separately the types of services included in the Program. Clients may be able to obtain some or all of the types of services available through the Program on a stand-alone basis from Schwab or other firms. Factors that bear upon the cost of the Program in relation to the cost of the same services purchased separately include, among other things, the type and size of the account (and other accounts that clients may be able to combine to determine fee breakpoints), the historical and expected size or number of trades for an account, and the number and range of supplementary advisory and other services provided to an account. The Program Fee also may be higher or lower than the fees charged by other firms for comparable services.

Compensation

Among Schwab investment professionals, branch-based and phone-based Financial Consultants (“FCs”) are most often responsible for recommending the Program to clients like you. FCs may be Schwab employees or non-employee independent contractors who, with their own employees, operate Schwab Independent Branches pursuant to a franchise agreement with Schwab. The FCs who operate Schwab Independent Branches are known as Independent Branch Leaders (“IBLs”) or, if employed by such IBLs, Independent Branch (“IB”) Representatives.

In addition to their base salaries, Schwab employee FCs receive compensation for successfully navigating clients to the Program and other investment advisory programs and for servicing those clients after enrollment in such programs. Schwab as a company 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 service 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, amounts earned by Schwab employee FCs on assets enrolled in the 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 the Program 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, the amounts earned by IBLs and IB Representatives vary by the type of program in which an account participates.

Other Schwab employee investment professionals, such as New Client Investment Consultants, can also earn additional incentive compensation for helping to refer clients to fee-based advice services, including the Program.

For detailed information on the compensation of these and other Schwab investment professionals, please visit our website at schwab.com/representative-compensation.

Account Requirements and Types of Clients

Clients of the Program may include individuals, trusts, charitable organizations, investment clubs, corporations, and other business organizations. ERISA-Type Accounts are only eligible for SMP – MF Third Party and SMP – ETF Third Party and certain ERISA-Type Accounts may, at Schwab’s discretion, not be eligible for the Program.

The minimum investment required to open an account in SMP – MF and SMP – ETFs is \$25,000 for all accounts. If the market value of a Program account falls below these specified minimums due to withdrawal of assets from the account, Schwab may require the client to deposit additional money or securities to bring the account up to the required minimum, and CSIM reserves the right to discontinue management of the account.

Retirement Accounts

Schwab, its employees and agents (i) have no investment or other discretion with respect to assets covered by the Program; (ii) will perform no discretionary acts with respect to such assets; (iii) will effect only such transactions as you instruct CSIM you have selected; and (iv) will exercise no discretion and provide no advice as to the voting of proxies. CSIM is a fiduciary, as defined under ERISA or under the Internal Revenue Code, in performing investment management services and exercising discretion over the assets managed in your retirement account, subject to such reasonable restrictions you may impose.

Portfolio Manager Selection and Evaluation

Schwab has selected CSIM as the Program portfolio manager. Schwab believes CSIM possesses the requisite expertise to serve in this capacity. Schwab reviews the performance of the Program model allocations quarterly through standardized composite performance reporting.

The fact that CSIM and Schwab are affiliates creates a potential conflict of interest for both firms. Schwab has a potential conflict in selecting and maintaining CSIM as portfolio manager for the Program. CSIM has a potential conflict in selecting mutual funds and ETFs—some of which pay greater compensation to CSIM, Schwab, or other affiliates than other eligible mutual funds and ETFs—for the Program portfolios. CSIM also has a potential conflict in selecting mutual funds and ETFs that may be used or considered in other managed accounts or Schwab Funds® for which CSIM also acts as portfolio manager, as described in more detail below in “Other Financial Industry Activities and Affiliations.” Schwab addresses these conflicts by establishing written parameters that CSIM must follow in selecting securities for, and removing securities from, Program portfolios, and by reviewing CSIM’s performance as Program portfolio manager. CSIM addresses these conflicts by adhering to written parameters that do not allow it to consider compensation to CSIM, Schwab, or other affiliates or affects in other programs in connection with managing Program portfolios.

Client Information Provided to Portfolio Managers

At the time a client enrolls in the Program, Schwab provides CSIM with information about that client’s chosen portfolio allocation and any reasonable restrictions applicable to the client’s Program account. Schwab provides updated information to CSIM as necessary thereafter to notify CSIM of material changes.

Client Contact with Portfolio Managers

Clients who wish to contact CSIM can do so by making a request to a Schwab representative. Schwab and its representatives are the primary points of contact for clients in the Program.

Additional Information

Risks

Investing in securities, whether through the Program or otherwise, involves the risk of loss that you should be prepared to bear. The specific risks associated with the mutual funds and ETFs comprising the Program portfolios, as well as the risks associated with securities held in those mutual funds and ETFs, are described in detail in the Charles Schwab Investment Management, Inc. Schwab Managed Portfolios™ Disclosure Brochure.

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. Our 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 believed to be reasonably designed to address these risks. Despite our efforts to ensure the integrity of our systems, we may not be able to anticipate or to implement effective preventive measures against all security breaches of these types, and security breaches could still occur that would halt or impair our ability to provide advisory services. System interruptions, errors or downtime can result from a variety of causes, including changes in client use patterns, technological failure, changes to our systems, linkages with third-party systems and power failures and can have a significant impact on our business and operations. It could take an extended period of time to restore full functionality to our technology or other operating systems in the event of an unforeseen occurrence, which could affect our ability to manage client assets and deliver advisory services. We will respond to breaches with appropriate resources in an effort to contain and remediate the cause of the breach and restore operations.

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 matters have been settled, and Schwab has paid fines with respect to certain violations.

1. In June 2022, Schwab and its affiliate Charles Schwab Investment Advisory, Inc. (collectively, “Schwab,” for purposes of this matter description only) reached an agreement with the United States Securities and Exchange Commission (“SEC”) to settle a matter related to historical disclosures and marketing of the Schwab Intelligent Portfolios® advisory program (the “Program”).

As part of the settlement, 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, 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 Program accounts, in particular about: (1) Schwab's conflict of interest in setting the cash allocations; (2) the influence of this conflict of interest on the size of the cash allocations; and (3) the negative effect of the cash allocations on performance in Program 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 Program.

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: (1) review Schwab's supervisory, compliance, and other policies and procedures designed to ensure that Schwab's SIP-related disclosures, advertising, and marketing communications comply with the requirements of the Investment Advisers Act of 1940, as amended, and the rules thereunder, and with other applicable federal securities laws with respect to the Program; and (2) 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.

2. A disciplinary action initiated by the Financial Industry Regulatory Authority ("FINRA") asserted that, in violation of FINRA Rules 2010 and 3310(a), Schwab failed to implement policies and procedures that were reasonably designed to detect and cause the reporting of suspicious incoming wire transactions occurring in August 2011. Without admitting or denying the findings, Schwab consented to the described sanctions and to the entry of findings. Therefore, in December 2013, Schwab was censured, fined \$175,000, and required to conduct a comprehensive review of the adequacy of its Anti-Money Laundering policies, systems, procedures (written or otherwise), and training with respect to detecting and reporting suspicious incoming wire transfers.
3. A disciplinary action initiated by FINRA asserted that Schwab failed on 44 occasions during the second quarter of 2011 and on 245 occasions during the first half of the 2012 review period to provide written notification disclosing to its customers a call date that was consistent with the disclosed yield to call in violation of SEC Rule 10b-10. Without admitting or denying the allegations, Schwab consented on August 23, 2013, to a censure and a monetary fine of \$12,500.
4. A disciplinary action initiated by the Chicago Board of Options Exchange ("CBOE") alleged that Schwab: (1) violated CBOE Rule 9.21 by disseminating sales literature and failed to withhold the sales literature from circulation prior to incorporating the required changes specified by the CBOE; and (2) violated CBOE Rule 4.2 by failing to adequately supervise its associated persons to assure compliance with Rule 9.21. Without admitting or denying these allegations, Schwab consented to a censure and a monetary fine of \$10,000 on May 29, 2013.
5. In May 2013, the CBOE alleged that from approximately November 8, 2011, through approximately December 7, 2011, Schwab failed to have adequate supervisory procedures to assure compliance with the SEC Rule 14E-4 relating to partial short tender activity. The CBOE accepted Schwab's offer of settlement consisting of a \$10,000 fine and a censure. Schwab neither admitted nor denied the allegations.

Other Financial Industry Activities and Affiliations

Schwab is a wholly owned subsidiary of The Charles Schwab Corporation ("CSCorp"), a Delaware corporation that is publicly traded and listed on the NASDAQ (symbol: SCHW). Schwab is registered as a broker-dealer under the Securities Exchange Act of 1934 and is a member of FINRA

and SIPC. Schwab provides brokerage services to clients located throughout the United States and, in some circumstances, outside the United States. Incidental to its broker-dealer business, Schwab offers its 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. Schwab also provides certain online data and financial reporting services.

Schwab is also registered as an investment adviser under the Investment Advisers Act of 1940. Schwab provides other investment advisory services in addition to the Program. The Schwab Wealth Advisory™ ("SWA") program is a nondiscretionary wrap fee program in which clients receive periodic advice from a team of Schwab representatives. In the Schwab Advisor Network® Schwab makes referrals of investment advisors 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 advisors pay a fee to participate in the Schwab Advisor Network program. Other programs in which Schwab acts as a Registered Investment Adviser include the Managed Account Select® and Managed Account Connection® ("MAC") wrap fee programs and the Schwab Intelligent Portfolios Solutions™ program, all sponsored by Schwab and the financial planning services provided through the Schwab Personal Financial Plan™ Schwab Retirement Consultation, and Schwab Equity Compensation Consultation. A separate agreement and disclosure brochure is available for these other investment advisory services and would be provided to you at the time of referral or purchase.

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 Investment Management, LLC is a registered investment adviser. 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.

Charles Schwab Futures and Forex LLC is a CFTC-registered Futures Commission Merchant and NFA Forex Dealer Member and offers futures and forex trading to qualified clients.

CSIM also provides portfolio management services for other strategies offered in MAC. Another affiliate, Charles Schwab Investment Advisory, Inc. ("CSIA"), provides portfolio management services for the Schwab Intelligent Portfolios® program. The Schwab Intelligent Portfolio strategies, certain CSIM-managed strategies in MAC, and similar strategies managed through other non-Schwab-sponsored programs feature portfolios of ETFs that may overlap with ETFs held in SMP – ETF accounts.

In addition to Schwab, CSIA, and CSIM, other wholly owned subsidiaries of CSCorp are engaged in investment advisory, brokerage, trust, custody, or banking services. CSIM also provides advisory and administrative services to certain proprietary mutual funds and exchange-traded funds marketed under the Schwab Funds® and Schwab ETFs™ names that are included in Program portfolios. CSIM also serves as a separate account manager in other Schwab wrap fee programs.

The Charles Schwab Corporation provides services to retirement and other employee benefit plans and participants through its separate but affiliated companies and subsidiaries: Charles Schwab Bank, SSB and Charles Schwab Premier Bank, SSB; Charles Schwab & Co., Inc.; Schwab Retirement Plan Services, Inc.; and Schwab Retirement Plan Services Company. Trust and custody products and services are offered by Charles Schwab Trust Bank ("Trust Bank"). Brokerage products and services are offered by Charles Schwab & Co., Inc. (Member SIPC). Schwab Retirement Plan Services, Inc. and Schwab Retirement Plan Services Company provide recordkeeping and related services with respect to retirement plans.

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 Investment Advisers Act of 1940 (the “Code”). The Code reflects the fiduciary principles that govern the conduct of Schwab and its employees and agents when we are acting as an investment adviser. The Code requires that Schwab’s covered employees and agents comply with applicable federal securities laws and report violations of the Code. Covered employees and agents who are deemed “access persons” by virtue of providing investment advice or having access to certain related information must report their personal transactions and holdings in, and obtain clearance before buying, ETFs used in Program portfolios. The Code prohibits access persons from disclosing Program transactions or any other nonpublic information to anyone except as required to effect securities transactions for clients. The Code also prohibits access persons from using the information for personal profit or the profit of others. Access persons may not engage 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.

Participation or Interest in Client Transactions

Broker-Dealer Order Routing and Execution

In arranging for the execution of non-directed orders for equities and listed options, Schwab seeks out industry-leading execution services and access to the best-performing markets. Schwab routes orders for execution to unaffiliated broker-dealers, who may act as market maker or manage execution of the orders in other market venues, and also routes orders directly to major exchanges.

Schwab considers a number of factors in evaluating execution quality among markets and firms, including execution price and opportunities for price improvement, market depth, and order size; the trading characteristics of the security, speed, and accuracy of executions; the availability of efficient and reliable order handling systems, liquidity, and automatic execution guarantees; the 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 regularly monitors the execution quality obtained to ensure orders are routed to market venues that have provided high-quality executions over time.

Schwab receives remuneration, such as liquidity or order flow rebates, from market venues to which orders are routed, and also pays fees for execution of certain orders. Quarterly information regarding the market venues to which we route orders and remuneration received is available on our website at schwab.com/legal/order-routing-1 or in written form 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 may execute fixed income orders for customers as agent or as principal for our own account. In the bond market, there is no centralized exchange or quotation service for most fixed income products. Prices generally reflect activity by market participants or dealers linked to various trading systems. A small number of corporate bonds are listed on national exchanges. Although Schwab seeks access to major trading systems, exchanges, and dealer markets in an effort to obtain competitive pricing, at any given time, it is possible that securities could be available through other trading systems, exchanges, or dealers at superior or inferior 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 clearing-house. The Program Fee covers execution of fractional shares, which will be liquidated 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 not charging additional fees on fractional share trades.

In addition to the Program Fee, Schwab and its affiliate CSIM earn compensation from the mutual funds and Schwab ETFs™ held in Program accounts, as described below.

Brokerage Practices

Clients agree with Schwab in their agreement that all brokerage transactions for their account will be executed by Schwab. As a result, clients may not always obtain as favorable a price or execution as could have been available through another broker-dealer. Not all broker-dealers or investment advisers require their clients to direct trades to a particular broker-dealer (also known as “directed brokerage”). Depending on the amount of fees charged by Schwab, the amount of trading activity in your account, and the value of the custodial and other services provided by Schwab, the wrap fee could exceed the aggregate cost of such services if they were to be provided separately and if CSIM negotiated brokerage fees and sought best price and execution on a transaction-by-transaction basis. For additional details regarding brokerage practices for the Program, please refer to the CSIM Disclosure Brochure.

Mutual Funds

When clients invest in a mutual fund through the Program, Schwab receives compensation from mutual fund companies for the recordkeeping, shareholder services, and other administrative services that Schwab provides to shareholders of the funds. These shareholder services may 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 sponsors or their affiliates, such as fund advisors, pay a flat fee to compensate Schwab for activities related to Schwab’s sponsorship of its Mutual Fund Marketplace® platform. These payments are separate from and in addition to the fees specific to a particular share class that are described below. These flat fees can be based on any number of factors, such as the level of assets, purchases over a period, net flows, or other qualitative factors, such as Schwab and the fund’s mutual assessment of the quality of the relationship. This flat fee is paid to Schwab in addition to the asset-based fees discussed below; however, if the flat fee were converted from dollars to an annual asset-based fee, it would compare to an annual fee of 0.10% or less of the average fund assets at Schwab on which Schwab does not receive other asset-based compensation as described elsewhere in this disclosure. This flat 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 segmented into relationship tiers based on a combination of their fund assets held at Schwab and the asset-based and flat fee paid to Schwab. This tiered structure creates conflicts of interests, as fund companies that are in the top tiers will have greater access to Schwab representatives and advisors that custody their clients’ assets at Schwab and who in turn may be more likely to recommend funds that are familiar to them. However, these tiers will not impact or influence selection of any fund on the Mutual Fund Select List® or the Schwab lists used by Schwab representatives to make recommendations and provide advice.

Schwab entered into a long-term strategic relationship with T. Rowe Price and under this arrangement, T. Rowe Price makes payments to Schwab in exchange for Schwab promoting certain actively managed T. Rowe Price mutual funds and ETFs to Schwab’s 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 \$5.9 million from T. Rowe Price for these promotional services during 2022. Payment in 2023 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.

Because the terms of the arrangement provide a considerable financial benefit to Schwab, this arrangement creates conflicts of interest as T. Rowe Price will have greater access to Schwab 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. Clients may be more likely to select, and Schwab 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.

Schwab Mutual Fund OneSource® Service, Other No-Transaction-Fee Funds, and Non-Retail Share Classes

Through Schwab Mutual Fund OneSource, Schwab offers a selection of no-load and load-waived mutual funds. Schwab receives remuneration for the shareholder services provided to these funds and other No-Transaction-Fee funds ("NTF funds"), which are generally retail mutual fund share classes.

To compensate Schwab for various shareholder services, NTF funds pay Schwab an asset-based annual fee, which is higher than other share classes, and usually equals 0.40% of the average fund assets held at Schwab but may be as high as 0.45%. The fee may be subject to a monthly minimum that generally does not exceed \$2,000 and 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 a one-time establishment fee, which Schwab may waive. The amount of this fee generally does not exceed \$25,000 for the first fund added and \$3,000 for each new fund after that.

Certain fund companies pay an asset-based fee for institutional share classes ranging from 0.12% to 0.19% per year on shares made available with no transaction fee ("Institutional NTF" or "INTF") that are held by clients of investment advisers and other institutional investors. Shares acquired or held at Schwab after October 1, 2022, are typically 0.17% per year but can range up to 0.19%, while fees on existing assets in institutional share classes that are converted from transaction fee to INTF typically pay a fee of 0.12% per year but can range up to 0.14%. At a rate of 0.19%, the fund or fund service provider pays Schwab \$19 annually for each \$10,000 in fund assets for the shareholder services provided by Schwab. Schwab makes more on institutional share classes that participate in INTF than it would if the share class were made available with a transaction fee.

The Program is also open to Non-Retail Share Classes that pay Schwab a shareholder servicing fee and that meet other operational criteria enabling their inclusion in the Program. Non-Retail Share Classes have lower OERs (and proportionally better net-of-fees performance) than NTF share classes. By limiting the universe of third-party mutual funds to NTF funds and Non-Retail Share Classes, Schwab excludes some lower cost share classes from the Program and earns additional revenue from the fees received by Schwab for shareholder servicing provided to NTF funds and Non-Retail Share Classes.

Schwab Funds®

CSIM serves as investment adviser and/or administrator to the Schwab Funds. These Schwab Funds pay CSIM a fee for investment advisory and/or administrative services, the amount of which is described 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 these funds may 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, the Schwab Government Money Fund™ may pay Schwab up to an additional 0.10% annually for sweep administrative services Schwab provides to shareholders invested in sweep shares of the Schwab Government Money Fund. 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 described above, Schwab may earn additional compensation from certain mutual funds for the administrative services Schwab provides in connection with various event sponsorship and educational opportunities. The amount of such fees varies depending on the type and number of opportunities in which the fund participates.

Exchange-Traded Funds ("ETFs")

In addition to the compensation for reporting services described in "Fees," CSIM also receives compensation from Schwab ETFs™ selected for Program accounts in the form of the applicable OERs.

Third-party sponsors or their affiliates may make payments to Schwab for ETF-related opportunities, such as education and events and reporting.

Schwab receives remuneration 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 Schwab's affiliate CSIM nor Schwab active semi-transparent ETFs pay a separate fee to Schwab for these services described, although 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.

Schwab's Cash Features Program

Schwab offers cash features programs for your uninvested cash, or Free Credit Balance, in your account: The Bank Sweep feature, the Schwab One® Interest feature, and the Schwab® Sweep Money Funds feature. Your Free Credit Balance is the uninvested cash in your account, minus the funds necessary to pay for purchase transactions that are waiting to settle and charges to your account.

1. The Bank Sweep feature. The Bank Sweep feature, and, for retirement plan accounts, the Bank Sweep for Benefit Plans feature, each of which automatically makes deposits to and withdrawals from deposit accounts at one or more Program Banks, which are FDIC-insured depository institutions but are not eligible for SIPC insurance. 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.

2. The Money Fund Sweep Feature. This feature automatically invests your Free Credit Balances in and redeems shares out of a Schwab® Sweep Money Fund. Each of the Schwab money market funds is a Schwab Sweep Money Fund. An investment in a money market fund is not a deposit, guaranteed by, or other obligation of any bank, and is not FDIC-insured.
3. The Schwab One® Interest Feature, which 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. Free Credit Balances in your account are not a deposit, guaranteed by, or other obligation of any bank, and is not FDIC-insured. Please see your account statement and the Cash Features Disclosure Statement for the terms and conditions of the Schwab One Interest Feature.

Funds Awaiting Investment or Pending Distribution

When you are waiting for cash to be deposited or 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 such 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 a verbal update to determine the status of your outstanding distribution checks.

If you request a Schwab MoneyLink® transfer from your account to another financial institution:

(1) the amount of the transfer will be debited from your 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) you agree and acknowledge that Schwab will earn interest on that amount beginning on the date your account is debited and ending on the date the Electronic Fund Transfer is received by the other financial institution and thereby debited from Schwab's bank account.

Addressing Potential Conflicts

As described above, Schwab has a conflict of interest because of the

economic incentive to select Schwab Funds® NTF funds, and Non-Retail Share Classes. Schwab addresses this conflict in a variety of ways, including establishing written parameters for the Program that limit the criteria CSIM may use in selecting mutual funds and ETFs from among those eligible for the Program. These criteria do not include the specific or differing amounts of compensation received by Schwab or CSIM. Schwab also monitors its representatives for compliance with the Code and has established advice policies and guidelines that Schwab representatives must follow when recommending and evaluating initial and ongoing program assessment criteria. Schwab representatives are supervised by their direct managers and by a Central Supervision Team for compliance with Schwab's advice policies and guidelines. In order to address potential conflicts of interest identified under ERISA and the parallel provisions of the Internal Revenue Code, ERISA-Type Accounts are eligible only for a single set of model portfolios—SMP – MF Third Party New Models. Schwab representatives may provide owners of ERISA-Type Accounts with educational information about these portfolios but may not recommend them.

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, Schwab's 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 an annual basis during their employment.

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 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.

Review of Accounts

Schwab will contact clients at least once a year in an effort to confirm whether the management of the client's Program account continues to reflect the client's investment objectives and financial requirements and/or whether a different investment strategy might be appropriate. Clients who have experienced material changes to their financial circumstances or investment objectives, or who wish to impose or modify restrictions on the management of their Program accounts, should promptly inform a Schwab representative.

If clients have other accounts enrolled in the SWA nondiscretionary wrap fee program, and those accounts are grouped at the clients' request with their program accounts, then the representative assisting them in this process may also be an employee of Schwab's affiliated investment adviser, Schwab Wealth Advisory, Inc. (“SWAI”). The Schwab representative may ask the client to complete a form to provide necessary information to the CSIM personnel managing the account.

Schwab sends Program clients an account statement detailing positions and activity in their accounts at least quarterly. The statement includes a summary of all transactions made on the client's behalf, all contributions and withdrawals made to or from the account, all fees and expenses charged to the account, and the account value at the beginning and end of the period. The statement may be based upon information obtained from third parties. Clients also receive a separate confirmation of each transaction.

A third party calculates investment performance for Program accounts, and a report containing this performance information is made available to Program clients quarterly. Schwab believes that the data obtained from these third parties is accurate, but does not independently verify it and is not responsible for its accuracy.

Ongoing investment income, capital gains, capital losses, and miscellaneous deductions for some commodity ETFs are reported annually on the Schedule K-1, and when commodity ETFs are sold in a taxable account, proceeds will be reported on the Form 1099-B. The Schedule K-1 is mailed separately to affected clients each year and needs to be included in income tax returns. In cases where the entity generating the Schedule K-1 files for a tax extension beyond April 15, affected clients may receive the Schedule K-1 after the due date for their income tax returns. Individual taxpayers who do not request a filing extension may need to file an amended federal and/or state tax return if they receive their Schedule K-1 after filing their original return. Also, gains and losses associated with some commodities may be taxed differently than standard short-term and long-term capital gains and losses.

Clients should consult their professional tax advisor for help with their unique situations.

You should also understand that investments in ETFs by tax-exempt accounts may generate income that is subject to the unrelated business income tax. You are responsible for paying any unrelated business income tax liability associated with your account as well as the timely filing of the applicable tax forms with the Internal Revenue Service.

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 SMP 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.

Representatives of Schwab's affiliate TD Ameritrade, Inc. receive a payment from TD Ameritrade, Inc. for referring clients to Schwab for services not available through TD Ameritrade, Inc., including the Program and other investment advisory services offered by Schwab. Representatives receive this payment regardless of whether referred clients avail themselves of the Schwab service for which they have been referred.

Financial Information

Schwab does not require or solicit prepayment of the Program 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.





March 2023

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

**For the following services since
March 2022:**

- Schwab Wealth Advisory™
- Schwab Managed Portfolios™
- Schwab Managed Account Services™
for Clients of Investor 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 services we offer, including: Schwab Wealth Advisory™, Schwab Managed Portfolios™ and Schwab Managed Account 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 Schwab affiliates that also participate 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, 2022.

- Schwab has made edits throughout to reflect the program name of Schwab Wealth Advisory as well as Schwab Wealth Advisory, Inc., the new name of the entity previously known as Schwab Private Client Investment Advisory, Inc. Schwab has also made edits to reflect updated employee titles.
- **Schwab Affiliates.** Schwab has enhanced its disclosures regarding its current relationships with affiliates.
- **Brokerage Practices.** Schwab has added disclosures regarding its brokerage practices and related conflicts of interest.
- **Strategic Provider Relationship.** Schwab has updated its disclosure to reflect that Schwab receives payments to promote T. Rowe Price mutual funds and ETFs.
- **Funds Awaiting Investment or Pending Distribution.** Schwab has updated its disclosure on program features for uninvested cash and added a new section on Schwab's Cash Features Program.
- **Disciplinary Information.** Schwab has added a disclosure regarding its agreement with the United States Securities and Exchange Commission ("SEC") to settle a matter related to historical disclosures and marketing of the Schwab Intelligent Portfolios® advisory program.

Schwab Wealth Advisory, Inc. Disclosure Brochure

This brochure describes the role of Schwab's affiliate, Schwab Wealth Advisory, Inc. ("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 12, 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, 2022.

- Schwab Wealth Advisory, Inc. has made edits throughout to reflect the program name of Schwab Wealth Advisory as well as Schwab Wealth Advisory, Inc., the new name of the entity previously known as Schwab Private Client Investment Advisory, Inc. SWAI has also made edits to reflect updated employee titles.
- **Financial Planning.** SWAI has added disclosures regarding the scope, limitations, and risks of the financial planning provided through the program.
- **Methods of Analysis, Investment Strategies, and Risk of Loss.** SWAI has added disclosures regarding the assumptions, risks, and limitations of its tax loss harvesting and financial planning services as well as the risks associated with money market funds.
- **Strategic Provider Relationship.** SWAI has updated its disclosure to reflect that Schwab receives payments to promote T. Rowe Price mutual funds and ETFs.
- **Mutual Fund and ETF Recommendations.** SWAI has added disclosures to describe the process for selection of mutual funds and ETFs in the program and related conflicts of interest.
- **Brokerage Practices.** SWAI has added disclosures regarding brokerage practices and resolution of trade errors.

Schwab Managed Portfolios™

Schwab Managed Portfolios Disclosure Brochure

This brochure, which describes Schwab’s role as the sponsor of the Schwab Managed Portfolios wrap fee program (“SMP”), has undergone the following changes since March 31, 2022. Charles Schwab

Investment Management, Inc. (“CSIM”) is the investment manager for accounts enrolled in SMP.

- **Services.** Schwab has added disclosures regarding the use of affiliated and third-party funds used in the program.
- **Investments of Cash.** Schwab has made clarifying edits that cash invested in short-term instruments, excluding money market funds, is subject to the program fee.
- **Investment Strategies.** Schwab has updated its disclosures to reflect changes to the program’s target asset allocation.
- **Program Fee.** Schwab has updated its disclosure to describe a new advisory program credit for retirement accounts in the program.
- **Schwab Affiliates.** Schwab has enhanced its disclosures regarding its current relationships with affiliates.
- **Brokerage Practices.** Schwab has added disclosures regarding its brokerage practices and related conflicts of interest.
- **Compensation for Services Outside the Programs.** Schwab has updated its disclosure to reflect that Schwab receives payments to promote T. Rowe Price mutual funds and ETFs.
- **Funds Awaiting Investment or Pending Distribution.** Schwab has updated its disclosure on program features for uninvested cash and added a new section on Schwab’s Cash Features Program.
- **Disciplinary Information.** Schwab has added a disclosure regarding its agreement with the United States Securities and Exchange Commission (“SEC”) to settle a matter related to historical disclosures and marketing of the Schwab Intelligent Portfolios® advisory program.

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 accounts enrolled in Schwab Managed Portfolios™,

has undergone the following material changes since March 31, 2022.

- **Item 4—Advisory Business.** CSIM has updated the disclosure to reflect the investment management services it provides for clients.
- **Item 5—Fees and Compensation.** For Direct Clients and certain non-Wrap Fee Program Clients in the Wasmer Schroeder™ Strategies, CSIM has modified the discussion of how securities are valued.
- **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.
- **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.

Schwab Managed Account Services™

Schwab Managed Account Services Disclosure Brochure (for Clients of Schwab Investor Services)

This includes Managed Account Select® (“Select”) and Managed Account Connection® (“Connection”).

This brochure, which describes Schwab's role as the sponsor of the Select and Connection wrap fee programs, has undergone the following changes since March 31, 2022.

- **Reporting.** Schwab has updated its disclosure to reflect that in 2023, Schwab will begin calculating

investment performance for most accounts in the program.

- **Program Fee.** Schwab has updated its disclosure to describe advisory fee credits for retirement accounts in the Connection program and amended the fee schedule for USAA Managed Portfolios-UMP wrap accounts.
- **Compensation of Schwab Representatives (“SRs”).** Schwab has updated its disclosure to describe compensation for certain financial consultants.
- **Brokerage Practices.** Schwab has added disclosures regarding its brokerage practices and related conflicts of interest.
- **Funds Awaiting Investment or Pending Distribution.** Schwab has updated its disclosure on program features for uninvested cash and added a new section on Schwab’s Cash Features Program.
- **Compensation for Services Outside the Programs.** Schwab has updated its disclosure to reflect that Schwab receives payments to promote T. Rowe Price ETFs.
- **Portfolio Manager Selection and Evaluation.** Schwab has updated its disclosure to describe Schwab’s role in evaluating and monitoring money managers in the Select Program and the related conflicts of interest.
- **Schwab Affiliates.** Schwab has updated its discussion on its affiliates to reflect new and modified relationships.
- **Disciplinary Information.** Schwab has added a disclosure regarding its agreement with the United States Securities and Exchange Commission (“SEC”) to settle a matter related to historical disclosures and marketing of the Schwab Intelligent Portfolios® advisory program.

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 accounts enrolled in Schwab Personalized Indexing, USAA Managed Portfolios—UMP®, ThomasPartners® Strategies, Windhaven® Strategies, and Wasmer Schroeder™ Strategies, has undergone the following changes since March 31, 2022.

- **Item 4—Advisory Business.** CSIM has updated the disclosure to reflect the investment management services it provides for clients.
- **Item 5—Fees and Compensation.** For Direct Clients and certain non-Wrap Fee Program Clients in the Wasmer Schroeder™ Strategies, CSIM has modified the discussion of how securities are valued.
- **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.
- **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 SWA (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 SWA, 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 SWA accounts equal to: (1) the costs and expenses incurred by SWAI in connection with SWA; 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 SWA. 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 will be providing other services in SWA for which it will be compensated. These services include: (1) trade execution, asset custody and other broker-dealer services in SWA (collectively, "Broker-Dealer Services"); and (2) recordkeeping, shareholder services and other administrative services that Schwab provides to shareholders of affiliated and third-party mutual funds available to Retirement Accounts (collectively, "Shareholder Services").

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, Schwab will receive compensation from you in the form of a trade commission that is not covered by the SWA Fee. The amount that will be paid by you is \$0.65 per contract. More information concerning option trading commissions is available in the *Charles Schwab Pricing Guide for Individual Investors*, 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 and statement of additional information. Schwab also may receive shareholder service fees from certain Schwab Funds®, as disclosed in the fund prospectus and statement of additional information. 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 SWA, and you follow that advice, Schwab will receive compensation from the explicit asset-based fee that you pay in connection with that program and may also, along with CSIM potentially, receive the types of 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 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. Consider that you may arrange for the provision of advice by another advisor that may have no material affiliation with or receive no compensation in connection with the investments recommended by SWAI.

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) SWA 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.

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Questions?

Please call 1-800-435-4000.

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

March 31, 2023

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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