

## Portfolio Performance

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Period: 12/2/11 - 6/30/21

	SELECTED PERIOD (\$)	YEAR TO DATE (\$)	ONE YEAR (\$)	THREE YEARS (\$)	FIVE YEARS (\$)	SINCE INCEPTION (\$) 12/2/11
<b>Beginning Value</b>	0	1,276,345	951,404	588,675	331,570	0
<b>Net Contribution</b>	443,109	0	36,600	107,354	190,731	443,109
Capital Gains	-16	0	0	0	-16	-16
Dividends Not Reinvested	-13,268	-715	-4,069	-6,058	-9,615	-13,268
Net Cash In/Out	456,726	715	40,669	113,458	200,570	456,726
Withholding	-332	0	0	-46	-208	-332
<b>Change In Value</b>	1,001,397	168,161	456,502	748,478	922,205	1,001,397
Dividend Reinvested	38,674	2,331	5,169	16,334	28,091	38,674
Fees	-26	-4	-4	-25	-26	-26
Interest Reinvested	242	4	6	222	242	242
Account Value Appreciation/Depreciation	962,506	165,830	451,331	731,947	893,898	962,506
<b>Ending Value</b>	1,444,506	1,444,506	1,444,506	1,444,506	1,444,506	1,444,506
<b>Return</b>	<b>20.35%</b>	<b>13.18%</b>	<b>47.37%</b>	<b>29.04%</b>	<b>25.20%</b>	<b>20.35%</b>
Aggressive Benchmark <sup>61</sup>	13.03%	13.35%	40.49%	14.31%	14.87%	13.03%

## Common Market Indices

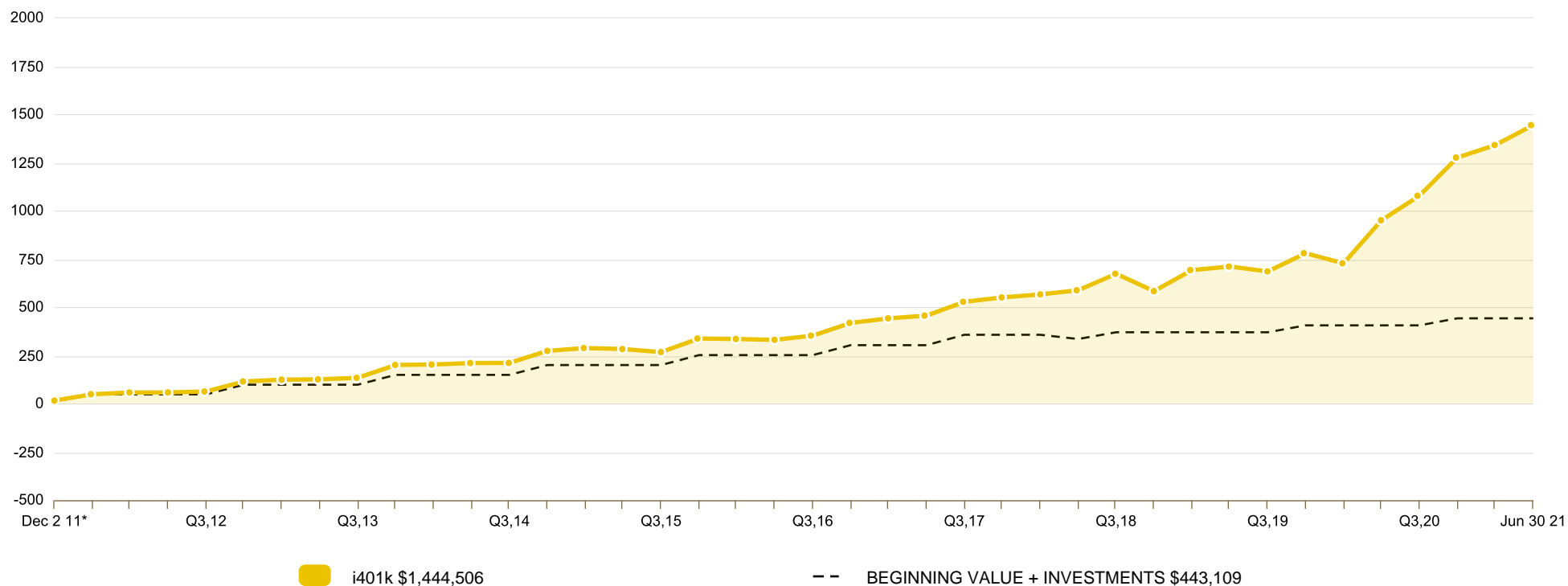
	SELECTED PERIOD (%)	YEAR TO DATE (%)	ONE YEAR (%)	THREE YEARS (%)	FIVE YEARS (%)	SINCE INCEPTION (%) 12/2/11
S&P 500	16.13	15.25	40.79	18.65	17.64	16.13
MSCI EAFE (TRN)	7.93	8.83	32.35	8.26	10.27	7.93
Russell 2000	14.24	17.54	62.03	13.51	16.46	14.24
Bloomberg Barclays U.S. Aggregate Bond	3.11	-1.60	-0.33	5.34	3.02	3.11
FTSE 3-Month Treasury Bill	0.62	0.03	0.08	1.31	1.14	0.62
S&P GSCI	-6.59	31.40	57.37	-2.72	1.73	-6.59

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## Portfolio Value (thousands \$)



<sup>61</sup> Aggressive benchmark was composed of 50% S&P 500, 25% MSCI EAFE (TRN), 20% Russell 2000, 5% FTSE 3-Month Treasury Bill.

\*Represents partial period

Performance calculations are performed using the Daily Time Weighted Rate of Return (DTWR) Calculation method, which is used to measure the performance of your account, portfolio or security, unaffected by the timing and size of deposits and withdrawals (use the Personal Rate of Return for a calculation methodology which includes the impact of deposits and withdrawals). The return calculation includes dividends, interest, accrued income (for fixed income positions) and fees (for Schwab Private Client, Managed Account Select, Managed Account Connection, and Schwab Managed Portfolios). This methodology is commonly used when evaluating the performance of an advisor or manager or the actual performance of the underlying securities in an account or portfolio. Account performance calculations are net of fees and other expenses charged directly to that account. Account performance calculations are not adjusted to reflect fees and expenses borne by other accounts (e.g., Designated Billing Accounts), whether or not such

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accounts are also listed in this Report. Portfolio performance calculations are net of fees and other expenses charged directly to the accounts listed in this Report. Portfolio performance calculations are not adjusted to reflect fees and expenses borne by accounts (e.g., Designated Billing Accounts) not listed in this Report.

Performance returns for time periods longer than 365 days have been annualized.

Negative dividends are dividends paid in cash. The number is negative because it represents money which is paid out either to the investor or deposited into the money market. Capital gains displayed in the report are distributions that are paid to a mutual fund's shareholders out of the capital gains of the company's investment portfolio.

See Account Performance to view the accounts that make up this portfolio.

## Disclosure

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### Disclosure

#### IMPORTANT INFORMATION ABOUT THE SCHWAB PERFORMANCE REPORT (1220-0VZB)

**If you are a Client who has a managed account through Managed Account Select<sup>®</sup> ("Select"), Schwab Managed Portfolios<sup>™</sup> ("SMP"), or Managed Account Connection<sup>®</sup> ("Connection"), and you wish to impose or modify any restrictions on the management of your managed account, or if you have had any changes to your financial situation or investment objectives, please contact your Schwab Representative.**

Please note: Target allocations in the Schwab Performance Report were not designed for non-U.S. residents and may not be relevant to clients for whom a U.S. dollar account is supplemental to assets held in their home country. Mutual funds may not be available for non-U.S. clients or may be subject to jurisdictional restrictions.

For Schwab Private Client<sup>™</sup> portfolios with Schwab Models 3.0 target asset allocations from July 2014 to November 2014, the asset class benchmarks for US and international stocks have been changed. The benchmark for US Stocks has been changed from the Russell 3000<sup>®</sup> Index to the S&P United States BMI (Broad Market Index). The benchmark for Int'l Stocks has been changed from the MSCI EAFE Index to the S&P Global Ex-U.S. BMI (Broad Market Index). Effective July 2019, the new benchmark for Bank Loans and other FRNs is the S&P/LSTA U.S. Leveraged Loan 100 Index. Effective July 2019, the benchmark for International Developed Country Bonds will be a currency-hedged index, Bloomberg Barclays Global Aggregate Bond ex-USD Hdg Index.

Two blended benchmarks for Schwab Managed Portfolios<sup>®</sup> "SMP" were displayed in this report. Effective July 2015, the US Benchmark will no longer be displayed on the Schwab Performance Report for SMP, including historical reports. The Global Diversified Benchmark includes a broad blend of market indexes that represent numerous asset classes and regions of the world. It reflects the approximate asset class allocation and component weights used within SMP across different types of investments (e.g. equities, bonds, real assets, cash investments) and therefore provide an appropriate point of reference against which performance on an SMP portfolio can be compared.

The benchmark is provided for reference only and does not imply that an SMP portfolio will achieve returns, volatility or other results similar to the benchmark. The composition of a benchmark index may not reflect the manner in which an SMP portfolio is constructed in relation to expected or achieved returns, investment holdings, sectors, correlations, concentrations or tracking error targets, all of which are subject to change over time.

If you are a client who has a managed account through SMP, please note that SMP may use different indices for certain asset classes than what may be displayed in the SPR. For instance, for the commodities asset class, SMP-Mutual Fund uses the Bloomberg Commodity Index while the SPR displays Deutsche Bank Liquid Commodity Index. For the real estate asset class, SMP-Mutual Fund and SMP-ETF use the Dow Jones U.S. Select REIT Index while the SPR displays the MSCI REIT (TRG) Index. This may result in variation between the return values.

Two benchmarks for the Windhaven<sup>®</sup> Strategies were displayed in this report: a U.S. benchmark and a Global benchmark. Effective December 31st, 2015, Windhaven Strategies will no longer display the US benchmark on the Schwab Performance Report, including historical reports. The Global benchmark shown is more fully representative of a globally diversified investment strategy. The Windhaven Portfolio Management Team believes that this benchmark provides a more appropriate point of reference against which performance of the strategy can be compared. The Global benchmark is provided for reference only and does not imply that the Windhaven strategy will achieve returns, volatility or other results similar to the benchmark. The composition of the Global benchmark index may not reflect the manner in which the Windhaven Strategy is constructed in relation to expected or achieved returns, investment holdings, sectors, correlations, concentrations or tracking error targets, all of which are subject to change over time.

The Q1 2016 Schwab Performance Report for the Windhaven Strategies reflects a correction of the Global Aggressive Benchmark for the Diversified Aggressive strategy. The Global Aggressive Benchmark has not changed. Previously, the Schwab Performance Report inaccurately presented the Global Aggressive Benchmark with a version of the WGBI which excluded U.S. bonds. With the correction, the Global Aggressive Benchmark is comprised of: 70% MSCI ACWI, 20% FTSE World Government Bond Index (WGBI), and 10% S&P GSCI Index (GSCI).

The Q1 2020 advisory fees were posted to client accounts as of 4/1/2020, as a result of an invoicing error. The Schwab Performance Report has been updated to include these fees as of 3/31, in order to accurately reflect quarterly performance net of fees. The account balance and fee amounts as of 3/31 within the Schwab Performance Report will differ from 3/31 brokerage statements as a result of this discrepancy.

**Scope of Report:** This Report contains performance and portfolio information for any account or Reporting Group Account(s)/Portfolio (i.e., accounts grouped together for reporting purposes) you have identified at Schwab. It may also include historical information, such as transactional history and performance data, for accounts that were previously held in this portfolio, but are no longer part of it, due to factors such as an account closure or removal from a program.

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It does not include information about any accounts that are held through Schwab Advisor Services™ or any account where Charles Schwab & Co., Inc. ("Schwab") does not act as custodian. If you have any questions about the Portfolios included in this Report, please contact your Schwab Representative.

This Report contains information obtained from your buy and sell transactions and cash balances in your Portfolio based on trade date (the date the transaction is executed). Your monthly Schwab Account Statement covers transactions based exclusively on settlement date. For these reasons, you may find that the positions held in your account vary between this Report and your monthly statement. Security and account values do not reflect any surrender or contingent deferred sales charges that may be imposed upon the sale of an individual security or product. Please refer to the account statement(s) provided under separate cover for additional information contained therein.

Private securities which are no longer priced by Schwab are not included in performance calculations and reports (but are included in your statement(s)).

#### **No investment advice or recommendations.**

The information contained in this Report is not intended to be used as the sole basis of investment decisions and is not a recommendation to buy or sell. **Past performance is no indication or guarantee of future results.**

Schwab does not serve as a fiduciary within the meaning of section 3(21) of the Employee Retirement Income Security Act ("ERISA") of 1974 or section 4975(e) of the Internal Revenue Code with respect to the assets held in the Portfolio. In this regard, except as noted below, neither Schwab nor its affiliates (i) exercise investment discretion with respect to assets held in Portfolio or serve as an "investment manager" with respect to such accounts within the meaning of section 3(38) of the Employee Retirement Income Security Act ("ERISA") of 1974, (ii) appoint or terminate investment managers under Select, SMP, or Connection, or (iii) provide recommendations or investment advice on an ongoing or regular basis that serve as the primary basis for making investment decisions about the purchase of securities or other property with respect to assets held in Portfolio.

Charles Schwab Investment Advisory, Inc. ("CSIA") is an affiliate of Schwab. In Select, CSIA conducts an operational evaluation of MMs, monitors the MM's performance periodically, and provides research. Windhaven Strategies ("Windhaven") and ThomasPartners Strategies ("ThomasPartners") are managed by Charles Schwab Investment Management, Inc. ("CSIM"). Windhaven Strategies and ThomasPartners Strategies are available through Managed Account Connection ("Connection"). With respect to Managed Account Select ("Select") accounts, investment managers who are unaffiliated with Schwab exercise investment discretion over account assets and, with respect to accounts subject to "ERISA", serve as the investment manager to such accounts. You make all decisions with respect to the selection, monitoring and termination of managers appointed under Select and Connection.

Accruals for fixed income holdings are based on payments scheduled to be distributed but do not yet exist and may be subject to risk.

**Report Data:** The information contained in this Report is based on data ("Report Data") Schwab obtains from third party sources, and in some cases, affiliates, agents and partners. While this information has been obtained from sources believed to be reliable, Schwab does not guarantee, nor is it responsible for, the accuracy, completeness, or timeliness of the information provided in this Report, including the Report Data. Without limiting the generality of the foregoing, Schwab is not responsible for errors made in inputting information into the systems that populate data contained in this Report. If Schwab changes the entity providing these reports, account and performance data may not be available for prior periods.

**Tenure requirements for performance tracking:** Schwab Private Client™("SPC") Portfolios existing prior to 7/1/2010 started tracking performance the first day of the calendar month after enrollment into the offer. For Managed Account(s) existing prior to 7/1/2010 from Select, SMP, and/or Connection portfolios, performance started tracking the first day of the following calendar month after the separate account manager assumed a discretionary role on the account(s). SPC Portfolios existing after 7/1/2010 performance will be available the first day after enrollment into the offer. For Managed Account(s) existing after 7/1/2010 from Select, SMP, and/or Connection performance will be available the first day after which the separate account manager assumed a discretionary role on the account(s).

**Return Calculation:** Prior to 7/1/2010, returns were calculated using a Monthly Modified Dietz formula. Beginning 7/1/2010, returns are calculated using a Daily Time Weighted Return (DTWR) and/or a Personal Rate of Return (also known as Internal Rate of Return (IRR)).

Quarterly fees for SPC, Select, SMP, and Connection® are billed to your account on the last business day of the calendar quarter. Account performance calculations are net of fees and other expenses charged directly to the account. Account performance calculations are not adjusted to reflect fees and expenses borne by other accounts (e.g., Designated Billing Accounts), whether or not such accounts are also listed in this Report. Portfolio performance calculations are net of fees and other expenses charged within the accounts listed in this Report. Portfolio performance calculations are not adjusted to reflect fees and expenses borne by accounts (e.g., Designated Billing Accounts) not listed in this Report.

You should review your financial goals, investment time horizon and overall risk periodically. If these factors change, your model allocation may also change and the existing model allocation may not adequately

## Disclosure

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address your needs. For additional information on other Schwab asset allocation models, please contact your Schwab Representative. Performance information obtained from sources other than this Report may differ from those contained in the Report. These differences may be due to different methods of analysis, different pricing sources, treatment of accrued income or different accounting procedures. For example, some less actively traded fixed income securities may be priced utilizing a yield based matrix system, which may vary among pricing sources.

### Key terms used in report:

**N/A:** Accounts made available for performance tracking after the first business day of the reported quarter will appear with "N/A" in the field. N/A may also be present when there is not sufficient data to populate the field.

**Inception Date:** Date the portfolio was enrolled into the system. In the case of SPC, SMP, Connection, or Select the inception date is the date the account was enrolled into the offer.

**One, Three, and Five Years Performance:** Performance is displayed for all Portfolios over a rolling time period.

**Selected Period:** The time period for which the report was run as specified in the report time period drop down.

**Current Allocation:** The current allocation listed reflects the classification of the securities held in your Portfolio on the last business day of the reported period into one of the seven asset classes listed below. Accounts in the Managed Account Services™ program, with the exception of Managed Account Services Diversified Portfolios, are classified into asset classes at the account level based on the style of the Managed Account Services manager, rather than at the individual security level. The current allocation for Managed Account Services Diversified Portfolios is created by classifying each security in your account according to Schwab's criteria. As a result of this difference in security classification (as well as market fluctuations), your current allocation may appear overweighted or underweighted in a particular asset class when compared with the target allocation for your Diversified Portfolio.

Allocations to Schwab asset classes (i.e. Stocks, Fixed Income, Real Assets, Cash Investments and Other) for all mutual funds and ETFs are based on rescaled long-only allocation percentages. Long rescaled allocations ignore short positions so that there are no negative positions in any asset class, and are rescaled so that the sum of all asset classes equals 100. The asset allocations assigned to a mutual fund or ETF may be further adjusted to ignore non-strategic asset allocations such as transitional cash in a stock fund.

Definitions for asset classes that may be used in this report:

**Stocks:** Includes both international and domestic securities that signify ownership in a corporation and represents a claim on part of the corporation's assets and earnings.

**Large Cap Equity/Large Company Stocks:** Includes domestic stocks of companies with higher market capitalizations; mutual funds with a Morningstar category of Large Cap and certain exchange-traded funds, closed-end funds, unit investment trusts, real estate investment trusts, etc.

**Small Cap Equity/Small Company Stocks:** Includes domestic stocks of companies with lower market capitalizations; mutual funds with a Morningstar category of Small or Mid Cap and certain exchange-traded funds, closed-end funds, unit investment trusts, real estate investment trusts, etc.

**International Equity:** Includes stocks of non-domestic companies, American depository receipts, foreign ordinaries, international and world mutual funds, etc.

**International Developed Market Stocks:** Includes stocks of companies from high-income economies outside of North America with stock markets that meet certain criteria for quality, depth, and breadth. Examples of developed countries include most countries in Western Europe, Japan, New Zealand, and Israel.

**International Emerging Market Stocks:** Includes stocks of companies from nations in the process of rapid growth and industrialization. Examples of emerging markets include China, India, some countries in Latin America, most countries in Eastern Europe, and Russia.

**Master Limited Partnerships:** A publically traded type of limited partnership consisting of limited partners and general partners.

**Real Estate:** Includes real estate investment trusts (REITs) or exchange-traded corporations that use the pooled capital of many investors to purchase and manage income properties.

**Fixed Income:** Includes bonds, floating rate notes, preferred stocks, certain unit investment trusts, closed end funds, bond mutual funds, etc.

**Aggressive Income:** Includes bonds that are rated below investment grade (BB+ or lower by S&P) at the time of purchase. These bonds have a higher risk of default, but typically pay higher yields than bonds with higher credit quality.

**Core Bonds:** Includes bonds issued by the U.S. Treasury, U.S. government agencies, and domestic investment grade corporations. Securities backed by a pool of mortgages, such as those issued by Ginnie

## Disclosure

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May and Freddie Mac are also included in this asset category.

**US Inflation Protected Bonds:** Includes Treasury securities whose par value rises with the Consumer Price Index in order to protect investors from the negative effects of inflation.

**International Bonds & Currencies:** Includes international fixed income and currency-related securities, including TIPS, Emerging Market Bonds, International Treasuries, and currency ETFs.

**Commodities:** Includes physical substances or standardized, exchange-traded contracts that require delivery of a physical substance such as oil, agricultural products, precious metals and industrial metals, at a specified price, on a specified future date.

**Real Assets:** Physical or tangible assets, including both commodities and real estate among others, that have value due to their substance and properties.

**Cash & Cash Investments:** Includes money market funds, cash, the Schwab Value Advantage Money Fund<sup>®</sup>, CDs, commercial paper, etc.

**Unclassified / Other:** Includes securities that cannot be categorized into one of the asset classes listed above, including options, warrants, limited partnerships, etc.

**Model Allocation Benchmark/Portfolio Benchmark:** Generally, benchmark performance is calculated on a daily basis. For accounts that use a blended benchmark, the performance figures are weighted averages of the performance of the indices used to represent each asset class in the model allocation benchmark, and are rebalanced on a monthly basis. Prior to Q3 2017, those blended allocations were set at the beginning of the time period when your risk model was selected and/or modified. All returns assume reinvestment of hypothetical dividends, interest, and capital gains but do not reflect adjustment for transaction, advisory or other costs that may have been incurred if this were an actual portfolio or account. Returns are not based on the performance of specific investments, do not reflect actual trading, and thus do not reflect how an actual portfolio of securities comprising the applicable indices would have performed. In addition, many other considerations such as market conditions, liquidity, risk tolerance and investment objectives could influence actual trading. **Past performance is not a guarantee of future performance.**

The model allocation benchmark reflected on the portfolio performance page, Risk and Return, and Model Portfolio Comparison page of this Report were selected based on your stated financial goals, investment time horizon, and overall risk tolerance as discussed with your Schwab Representative. (If you have a Diversified Portfolio in the Managed Account Select program, the model allocation benchmark for your Diversified Portfolio is based on the target asset allocations for your Diversified Portfolio.) You should review your financial goals, investment time horizon and overall risk tolerance periodically. If these factors change, your model allocation may also change and the existing model allocation may not adequately address your needs. For additional information on other Schwab asset allocation models, please contact your Schwab Representative. Equity funds generally have a higher degree of risk to capital than other funds. Small cap funds are subject to greater volatility than those in other asset categories. Potential share price movements of long-term bond funds cause greater risk to principal than with shorter-term bond funds. Shares when redeemed may be worth more or less than their original cost/value. Foreign investments may incur greater risks than domestic investments. **Past performance is no guarantee of future results.**

**Common Asset Class Benchmark:** Performance figures of common benchmarks for various asset classes/investment styles are provided for purposes of comparison. Some of the benchmark information shown may not be applicable to your Portfolio and the appropriateness of the various benchmarks will depend on the nature of the assets held in your account. Benchmarks for different asset classes and investment styles can have significantly different performance.

If you have Managed Account(s) from Select, SMP, or Connection, the benchmark information shown for those accounts may, in some cases, differ from the benchmark(s) referenced in the profile describing your Money Manager(s) that is available from your Schwab Representative or that may be used by your Money Manager(s) in their promotional materials. The differences in performance information among these benchmarks may be material. If you have an account in Select which employs a municipal bond ladder strategy, there is no appropriate benchmark so none will be shown. If you would like more information about the benchmarks used in this report or in the profiles, please contact your Schwab Representative.

**Index:** An index is a composite of securities that provides a benchmark for performance. Each index's total return includes changes in price and reinvestment of any dividends or interest paid by the securities over the period indicated. Indices are unmanaged and do not reflect the payment of advisory fees and other expenses associated with an investment in a mutual fund. Investors cannot invest directly in an index (although there are investment vehicles that historically have closely approximated the composition and performance of many indices).

The indices that may be used in this report include:

**Bloomberg Barclays U.S. Floating Rate Note < 5 Years Index:** Measures the performance of US Dollar-Denominated, investment-grade, floating-rate notes across corporate and government-related sectors that have a remaining maturity of greater than or equal to one month and less than five years.

**Bloomberg Barclays Emerging Market Bonds Index:** Measures the performance of hard currency emerging markets debt that includes US Dollar-Denominated debt from sovereign, quasi-sovereign, and



## Disclosure

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corporate emerging market issuers. Classification as an emerging market is rules-based and reviewed annually using World Bank income group, International Monetary Fund country classification and additional considerations such as market size and investability. It is a market-value weighted index.

**Bloomberg Barclays Global Aggregate Bond Index:** Measures the performance of global investment grade debt from 24 local currency markets. It is a multi-currency benchmark that includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers. It is a market-value weighted index.

**Bloomberg Barclays Global Aggregate ex-USD Index:** Measures the performance of global investment grade debt from 24 local currency markets. It is a multi-currency benchmark that includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers, excluding US Dollar-Denominated bonds. It is a market-value weighted index.

**Bloomberg Barclays Global Aggregate ex-USD Hdg Index:** Measures the performance of global investment grade debt from 24 local currency markets. It is a multi-currency benchmark that includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers, excluding US Dollar-Denominated bonds. It is a market-value weighted index. This index hedges non-USD currency exposure.

**Bloomberg Barclays Muni 1-5 Yr Blend (1-6) TR USD:** Measures the performance of investment grade, U.S. dollar-denominated, fixed tax exempt bond market of securities with a maturity less than 6 years. The index includes state and local general obligation, revenue, insured, and pre-refunded bonds.

**Bloomberg Barclays Municipal 1-10 Year TR Index (1-12):** Measures the performance of investment grade, U.S. dollar-denominated, fixed tax exempt bond market of securities with a maturity less than 12 years. The index includes state and local general obligation, revenue, insured, and pre-refunded bonds.

**>Bloomberg Barclays Short Treasury 1-3 Month Index:** Measures the performance of US Dollar-Denominated, fixed rate, nominal debt issued by the US Treasury that have a remaining maturity of greater than or equal to one month and less than three months. It is a market-value weighted index.

**Bloomberg Barclays Short Treasury Index:** Measures the performance of treasury bills issued by the US government. US Treasury bills are issued in fixed maturity terms of 4-, 13-, 26-, and 52-weeks. It is a market-value weighted index.

**Bloomberg Barclays U.S. Aggregate Bond Index:** Measures the performance of investment grade, US Dollar-Denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, mortgage-backed securities, asset-backed securities and commercial mortgage-backed securities. It is a market-value weighted index.

**Bloomberg Barclays U.S. Corporate High Yield:** Measures the performance of the US Dollar-Denominated, high yield, fixed-rate corporate bond market. Securities are classified as high-yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB/BB or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded. It is a market value weighted index.

**Bloomberg Barclays U.S. Credit:** Measures the performance of investment grade, US Dollar-Denominated, fixed-rate, taxable corporate and government-related bond markets. It is composed of the US Corporate Index and a non-corporate component that includes non-US agencies, sovereigns, supranationals, and local authorities. It is a market-value weighted index.

**Bloomberg Barclays U.S. Municipal 3-15 Year:** Measures the performance of investment grade, U.S. dollar-denominated, fixed tax exempt bond market of securities with a maturity between 2 and 17 years. The index includes state and local general obligation, revenue, insured, and pre-refunded bonds.

**Bloomberg Barclays U.S. Convertible Bond Index:** Measures the performance of the US convertible bond market which are securities that have both an equity and fixed income component.

**Bloomberg Barclays U.S. Intermediate Government/Credit Bond Index:** Measures the non-securitized component of the US Aggregate Index. It includes investment-grade, US Dollar-Denominated, fixed-rate Treasuries, government-related and corporate securities. It is a market-value weighted index.

**Bloomberg Barclays U.S. Government/Credit 1-5 Year Bond Index:** Measures the performance of the non-securitized component of the US Aggregate Index that includes investment-grade government and corporate bonds that are US Dollar-Denominated and have maturities of 1-5 years. It is a market-value weighted index..

**Bloomberg Barclays 1 Year Municipal Bond Index:** Measures the performance of the investment grade, US Dollar-Denominated, tax exempt bond market for those with remaining maturities of one to two years. The index includes four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds. It is a market-value weighted index.

**Bloomberg Barclays 5 Year Municipal Bond Index:** Measures the performance of the investment grade, US Dollar-Denominated, tax exempt bond market for those with remaining maturities of four to six years. The index includes four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds. It is a market-value weighted index.

**Bloomberg Barclays 7 Year Municipal Bond Index:** Measures the performance of the investment grade, US Dollar-Denominated, tax exempt bond market for those with remaining maturities of six to eight years. The index includes four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds. It is a market-value weighted index.

**Bloomberg Barclays 10 Year Municipal Bond Index:** Measures the performance of the investment grade, US Dollar-Denominated, tax exempt bond market for those with remaining maturities of eight to twelve years. The index includes four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds. It is a market-value weighted index.

**Bloomberg Barclays U.S. Municipal Bond Index:** Measures the performance of the investment grade, US Dollar-Denominated, long-term tax exempt bond market. The index includes four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds. It is a marketvalue weighted index. .

**Bloomberg Barclays U.S. Corporate Bond Index:** Measures the performance of investment grade, fixed-rate, taxable corporate bond market. It includes US Dollar-Denominated securities publicly issued by US and non-US industrial, utility and financial issuers. It is a market-value weighted index.

**Bloomberg Barclays U.S. Corporate Baa Index:** Measures the performance of investment grade corporate fixed-rate debt issues. Also known as the Bloomberg Barclays U.S. Corporate BBB Index, it is a component of the Bloomberg Barclays U.S. Aggregate Index and includes investment grade corporate fixed-rate debt issues.

**Bloomberg Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index (Series-L):** Measures the performance of the US Treasury inflation-protected securities (TIPS) that have at least one year remaining to maturity, are rated investment grade, and have \$250 million or more of outstanding face value. Federal Reserve holdings of US TIPS are excluded. It is a market-value weighted index.

**Bloomberg Barclays U.S. Corporate High-Yield Very Liquid (VLI) Index:** Measures the performance of a more liquid component of the US Dollar-Denominated, high yield, fixed-rate corporate bonds.



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Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB /BB or below, excluding emerging market debt. It is a market-value weighted index.

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**Cboe S&P 500 BuyWrite BXM:** Measures the performance of a hypothetical portfolio that engages in a buy-write strategy using S&P 500 index call options. It is a passive total return index based on selling the near-term, near-the-money S&P 500 Index (SPX) call option against the S&P 500 stock index portfolio each month. The SPX call that is sold (or written) will have approximately one month remaining to expiration, with an exercise price just above the prevailing index level (i.e., slightly out of the money). The premium collected from the sale of the call is added to the portfolio's total value. The SPX call is held until its expiration, at which time a new one-month, near-the-money call is written. The expired option, if exercised, is settled in cash.

**DBIQ Optimum Yield Diversified Commodity Index:** Measures the performance of the commodity market. It invests in futures contracts which track fourteen underlying commodities drawn from the Energy, Precious Metals, Industrial Metals, and Agriculture sectors. It employs a rules based approach when it rolls from one futures contract to another for each commodity by rolling to the future that generates the maximum implied roll yield.

**Dow Jones U.S. Large-Cap Total Stock Market Index:** Measures the performance of large-cap U.S. equity securities. It is a member of the Dow Jones Total Stock Market Indices family and is a float-adjusted market-capitalization weighted index.

**Dow Jones U.S. Small-Cap Total Stock Market Index:** Measures the performance of small-cap U.S. equity securities. It is a member of the Dow Jones Total Stock Market Indices family and is a float-adjusted market-capitalization weighted index.

**Dow Jones U.S. Select REIT Index:** Measures the performance of publicly traded REITs and REIT-like securities and is designed to serve as a proxy for direct real estate investment, in part by excluding companies whose performance may be driven by factors other than the value of real estate. It is a subset of the Dow Jones U.S. Select Real Estate Securities Index (RESI) and is a float-adjusted market-capitalization weighted index.

The Dow Jones U.S. Large-Cap Total Stock Market Index, the Dow Jones U.S. Small-Cap Total Stock Market Index, and the Dow Jones U.S. Select REIT Index are products of S&P Dow Jones Indices LLC and/or its affiliates and has been licensed for certain use by Charles Schwab Investment Advisory, Inc. S&P® is a trademark of Standard & Poor's Financial Services LLC and Dow Jones® and Dow Jones U.S. Large-Cap Total Stock Market Index, Dow Jones U.S. Small-Cap Total Stock Market Index, and Dow Jones U.S. Select REIT Index are trademarks of Dow Jones Trademark Holdings LLC, and have been licensed for use. The Dow Jones-UBS Commodity Index is a joint product of Dow Jones Opco, LLC, a subsidiary of S&P Dow Jones Indices LLC, and UBS Securities LLC and has been licensed for certain use by Charles Schwab Investment Advisory, Inc. S&P® is a trademark of Standard & Poor's Financial Services LLC, Dow Jones® is a trademark of Dow Jones Trademark Holdings LLC and "UBS" is a trademark of UBS AG, and have been licensed for use.

**FTSE 1-Month Treasury Bill Index:** The index measures total return equivalents of yield averages that are not marked to market with a maturity of one month.

**FTSE 3-Month Treasury Bill Index:** Measures monthly total return equivalents of yield averages that are not marked to market. The Three-Month Treasury Bill Index consists of the last three three-month Treasury bill issues.

**FTSE Developed All Cap ex-US Liquid Index:** Measures the performance of large-, mid- and small-cap stocks in developed markets, excluding the US. This index rolls up to FTSE Global Equity Index Series (GEIS) and is a market-capitalization weighted index.

**FTSE Emerging Index:** Measures the performance of large and mid-cap companies in emerging markets (23 countries). This index rolls up to the FTSE Global Equity Index Series (GEIS) and is a market-capitalization weighted index.

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**FTSE World Government Bond Index Non-USD:** Measures the performance of fixed-rate, local currency, investment-grade sovereign bonds. It includes sovereign debt from over 20 countries, with a remaining maturity of at least 1 year. It is a market-capitalization weighted index.

**Bank of America Merrill Lynch All Convertibles All Qualities Index:** Measures the performance of convertible bonds traded in the U.S. dollar denominated investment grade and non-investment grade convertible securities sold into the U.S. market and publicly traded in the United States. The Index constituents are market value weighted based on the convertible securities prices and outstanding shares, and the underlying index is rebalanced daily.

**Bank of America Merrill Lynch Preferred Stock Fixed Rate Index:** The index tracks fixed rate U.S. dollar denominated preferred securities and fixed-to-floating rate securities that are callable prior to the floating rate period. Securities must be rated investment grade including the country of risk and must be issued as public securities or 144a filing and a minimum outstanding of \$100 million.

**ICE BofAML Core Plus Fixed Rate Preferred Index:** ICE BofAML Core Plus Fixed Rate Preferred Securities Index tracks the performance of fixed rate US dollar denominated preferred securities issued in the US domestic market. The index includes preference shares (perpetual preferred securities), both DRD-eligible and non-DRD eligible preferred stock and senior and subordinated debt issued in \$25, \$50 or \$100 par/liquidation increments.

**ICE BofAML Fixed Rate Preferred Securities Index:** Measures the performance of fixed-rate US Dollar-Denominated, investment-grade exchange-traded preferred securities issued in the U.S. domestic market. It is a market capitalization weighted index.

**ICE BofAML LIBOR 3-Month<sup>(CM)</sup> Index:** Measures the performance of a synthetic instrument with 3 months to maturity and with a coupon equal to the closing quote for 3-Month LIBOR.

**MSCI EAFE Index:** Measures the performance of the large- and mid-cap equity market across 21 developed markets around the world, excluding the US and Canada. It is a free float-adjusted market-capitalization weighted index.

**MSCI EAFE Small Cap Index:** Measures the performance of the small-cap equity market across developed markets countries, excluding the US and Canada. It is a free float-adjusted market-capitalization weighted index.

**MSCI All Country World Index (ACWI):** Measures the performance of the large- and mid-cap equity market across more than 20 developed markets and more than 20 emerging markets countries. It is a free float adjusted market-capitalization weighted index.

**MSCI US REIT Index:** Measures the performance of equity Real Estate Investment Trusts (REITs). It consists of the equity REITs portion of the MSCI USA Investable Market Index. It is a free float adjusted market-capitalization weighted index.

**Morningstar Moderate Target Risk:** Measures the performance of funds diversified across equities, bonds and inflation-hedged instruments. The Morningstar Moderate Target Risk Index seeks approximately 60% exposure to global equity markets.

**Morningstar MLP Composite:** The Morningstar MLP Composite Index measures the performance of US publicly trading energy master limited partnerships. It is a diversified, distribution-dollar weighted index that targets the top 97% of investable universe by float market capitalization.

**Morningstar Multi-Alternative Category Average:** Measures the performance of funds with the majority of their assets exposed to alternative investing strategies. Funds in this category include both funds with static allocations to alternative strategies and funds tactically allocating among alternative strategies and asset classes.

**NASDAQ US Broad Dividend Achievers Index:** Measures the performance of those US securities with at least ten consecutive years of increasing annual regular dividend payments. It is a modified market-capitalization weighted index - each security's weight is capped at 4%, and the excess weight is divided proportionally across the remaining securities.

**Russell 1000 Index:** Measures the performance of the 1,000 largest companies in the Russell 3000<sup>®</sup> Index. It is a market-capitalization weighted index.

**Russell 1000 Growth Index:** Measures the performance of those Russell 1000 companies with higher growth characteristics such as high price-to-book and high forecasted growth and sales.

**Russell 1000 Value Index:** Measures the performance of those Russell 1000 companies with higher value characteristics such as low price-to-book and lower forecasted growth and sales.

**Russell 2000 Index:** Measures the performance of the 2,000 smallest companies in the Russell 3000<sup>®</sup> Index. It is a market-capitalization weighted index.

**Russell 2000 Growth Index:** Measures the performance of those Russell 2000 companies with higher growth characteristics such as high price-to-book and high forecasted growth and sales.

**Russell 2000 Value Index:** Measures the performance of those Russell 2000 companies with higher value characteristics such as low price-to-book and lower forecasted growth and sales.

**Russell 2500 Index:** Measures the performance of the small- and mid-capitalization segment of the U.S. equity universe. The Russell 2500 Index is a subset of the Russell 3000 Index, including approximately 2,500 of the smallest securities based on a combination of their market capitalization and current index membership.

**Russell 2500 Growth Index:** Measures the performance of the small- and mid-capitalization growth segment of the U.S. equity universe. It includes those Russell 2500 companies with higher growth characteristics.

**Russell 3000 Index:** Measures the performance of the 3,000 largest publicly traded companies in the U.S., representing the majority of the U.S. investable equity market. It is a market-capitalization weighted index.

**Russell 3000 Growth Index:** Measures the performance of the growth segment of the U.S. equity universe. It includes those Russell 3000 companies with higher growth characteristics.

**Russell 3000 Value Index:** Measures the performance of the value segment of the U.S. equity universe. It includes those Russell 3000 companies with strong value characteristics.

**Russell Midcap Index:** Measures the performance of the mid-capitalization segment of the U.S. equity universe. The Russell Midcap Index is a subset of the Russell 1000 Index, including approximately 800 of the smallest securities based on a combination of their market capitalization and current index membership.

**Russell Midcap Growth Index:** Measures the performance of the mid-capitalization growth segment of the U.S. equity universe. It includes those Russell Midcap Index companies with higher growth characteristics.

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**Russell Midcap Value Index:** Measures the performance of the mid-capitalization value segment of the U.S. equity universe. It includes those Russell Midcap Index companies with stronger value characteristics.

Russell® and Russell 3000® Index, Russell 1000® Index, Russell 2000® Index, Russell 2500™ Index, Russell Midcap® Index, Russell 3000® Value Index, Russell 3000® Growth Index, Russell 1000® Value Index, Russell 1000® Growth Index, Russell 2000® Value Index, Russell 2000® Growth Index, Russell Midcap® Value Index, Russell Midcap® Growth Index, Russell 2500™ Value Index, Russell 2500™ Growth Index are either registered trademarks or trade names of Russell Investments in the U.S. and/or other countries. Russell Investments is the owner of the trademarks, service marks, and copyrights related to their indices.

**S&P GSCI Index:** Designed to measure the global commodity market beta. It is broad-based and production weighted. The index is designed to be investable by including the most liquid commodity futures and provides diversification with low correlations to other asset classes.

**S&P 500 Index:** Measures the performance of 500 leading publicly traded U.S. companies from a broad range of industries. It is a float-adjusted market-capitalization weighted index.

**S&P/LSTA Leveraged Loan 100 Index:** Measures the performance of the largest facilities in the leveraged loan market. It is a rules-based, capped index that consists of the 100 largest loan facilities.

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Performance calculations are performed using the Daily Time Weighted Rate of Return (DTWR) Calculation method, which is used to measure the performance of your account, portfolio or security, unaffected by the timing and size of deposits and withdrawals (use the Personal Rate of Return for a calculation methodology which includes the impact of deposits and withdrawals). The return calculation includes dividends, interest, accrued income (for fixed income positions) and fees (for Schwab Private Client, Managed Account Select, Managed Account Connection, and Schwab Managed Portfolios). This methodology is commonly used when evaluating the performance of an advisor or manager or the actual performance of the underlying securities in an account or portfolio. Account performance calculations are net of fees and other expenses charged directly to that account. Account performance calculations are not adjusted to reflect fees and expenses borne by other accounts (e.g., Designated Billing Accounts), whether or not such accounts are also listed in this Report. Portfolio performance calculations are net of fees and other expenses charged directly to the accounts listed in this Report. Portfolio performance calculations are not adjusted to reflect fees and expenses borne by accounts (e.g., Designated Billing Accounts) not listed in this Report.

Performance returns for time periods longer than 365 days have been annualized.

<sup>61</sup>This benchmark is a Composite Benchmark. Please see below for more details.

Aggressive benchmark was composed of 50% S&P 500, 25% MSCI EAFE (TRN), 20% Russell 2000, 5% FTSE 3-Month Treasury Bill.

### PORTFOLIO PERFORMANCE PAGE(S) INFORMATION (0217-UV5J)

Definitions of Key Terms Used in the report:

**Beginning Value:** The market value of the positions in your Portfolio on the first business day of the reported quarterly period. Generally, this is the most recent price evaluation available to Schwab on the last business day of the quarter preceding the reported quarterly period. It normally is the last trade price or bid multiplied by the number of shares of the securities owned. Price evaluations are obtained from outside parties. Schwab shall have no responsibility for the accuracy or timeliness of any such valuations.

**Net Cash In/Out:** The sum of all contributions less the sum of all withdrawals made to your Portfolio over the reported period.

**Net Transfers In/Out:** The sum of all transfers of securities into the account, less the sum of all transfers of securities out of the Portfolio over the reported period.

**Interest Not Reinvested:** Payments from interest bearing holdings that are taken in cash and not reinvested in the account holdings.

**Dividends Not Reinvested:** Dividends from stocks, mutual funds (long-term, short-term, unclassified) and royalty payments, not used to buy more shares.

**Capital Gains:** Distributions that are paid to a mutual fund's shareholders out of the capital gains of the company's investment portfolio.

**Advised Transfer In/Out:** Represents the movement of money into or out of SPC, SMP, Managed Account Connection or Select accounts.

**Net Contribution:** The sum of all deposits of securities or cash less the sum of all withdrawals of securities or cash made to your Portfolio over the reported period.

**Interest Reinvested:** Payments from interest bearing holdings that are reinvested in the account holdings.

**Dividend Reinvested:** Dividends from stocks, mutual funds (long-term, short-term, unclassified) and royalty payments, used to buy more shares.

**Withholding:** Taxes that are taken out of the Portfolio prior to the Portfolio receiving them.

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**Account Value Appreciation/(Depreciation):** The estimated growth or decline of the market value of the assets in your Household accounts, excluding contributions or withdrawals, at the end of the reported period as compared to your Beginning Value.

**Fees:** Includes Asset Based Pricing ("ABP") Service Fees, and other charges not included in the ABP Service Fee. Quarterly fees for SPC, SMP, Managed Account Select and Connection are billed to your account on the last business day of the calendar quarter. Account performance calculations are net of fees and other expenses charged directly to that account. Account performance calculations are not adjusted to reflect fees and expenses borne by other accounts (e.g., Designated Billing Accounts), whether or not such accounts are also listed in this Report. Portfolio performance calculations are net of fees and other expenses charged directly to the accounts listed in this Report. Portfolio performance calculations are not adjusted to reflect fees and expenses borne by accounts (e.g., Designated Billing Accounts) not listed in this Report.

**Change in Value:** The Ending values less the Net Contribution and Beginning Value.

**Ending Value:** The Beginning Balance of your Portfolio plus Net Contributions/Withdrawals and Capital Appreciation/Depreciation and Income, less Fees/Expenses.

**Portfolio Return:** Growth (or loss) is shown as a percentage change. Performance figures are calculated using the Time Weighted Return method.

**Unrealized Investment Gain /(Loss):** Capital appreciation/(depreciation) plus any Income received or earned less Fees/Expenses.

### Discrepancies with other Reporting Products

The Beginning and Ending Balances in the Report may be slightly different than the Starting and Ending Values in the Schwab Premium Statement (SPS) and the Total Market Value on the Gain/Loss Tab on Schwab.com. Though this discrepancy may occur for either or both of the reasons described below, in either case, this is not an error.

This discrepancy could occur because interest accruals on fixed income holdings are only reflected in the Beginning and Ending Balances in the Report, but not in the beginning or ending values found in the SPS or Gain/Loss Tab on Schwab.com (accrued income is included as a separate line item in the SPS). This discrepancy could also occur if any trades in the account(s) have not settled as of the last business day of the final month in the quarter reported. The Report and Gain/Loss Tab use the Trade Date to determine the account holdings while the SPS uses the Settlement Date, for regulatory purposes. See the 'Trades Pending Settlement' section of the SPS to identify trades that have not settled.