Schwab Intelligent Portfolios®

The following disclosure documents are provided for Schwab Intelligent Portfolios®:

- **Charles Schwab & Co., Inc. Relationship Summary: Broker-Dealer**
- **Charles Schwab & Co., Inc. Relationship Summary: Investment Advisory**
- **Charles Schwab Investment Management, Inc. Relationship Summary: Investment Advisory**
- **Charles Schwab & Co., Inc. Schwab Intelligent Portfolios Disclosure Brochure**
- **Charles Schwab Investment Management, Inc. Disclosure Brochure**

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BDL100049-23

Relationship Summary: Broker-Dealer

December 12, 2025

What you should consider when choosing a brokerage relationship at Schwab.

Charles Schwab & Co., Inc. ("Schwab," "we," or "us") is a broker-dealer registered with the Securities and Exchange Commission (SEC). The summary below highlights the nature of the brokerage relationship with our clients. Schwab is also an investment adviser registered with the SEC and is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). Our brokerage and investment advisory services and fees differ, and we believe it is important for you to understand those differences. To compare, see a summary of Schwab's investment advisory relationships at **schwab.com/relationship-summary-ia**. For more general information about different financial professionals and investing, including free and simple tools to research firms and their representatives, visit the SEC's website at **www.Investor.gov/CRS**.

We hope you will take the time to read this information and ask questions. We welcome them.

What investment services and advice can you provide me?

We offer a wide range of investment products with no account minimums for most domestic accounts. Our offerings include both affiliated products that are managed by Schwab and unaffiliated investment products that are managed by independent third parties.

- We offer investment and account recommendations if you would like advice.
- We will give you advice that is a one-on-one recommendation and specific to you and your situation at that time. As such, a recommendation only applies at the point in time when we provide it to you.
- The decision to invest will always be yours—we will not place any trades on your behalf without your direction. We do not manage or monitor your brokerage accounts.
- We also provide Schwab research and other market data, but this type of information will never be a recommendation for you specifically.

For more information about our services, go to schwab.com/transparency and read our Best Interest Disclosure.

Questions to Ask

- Given my financial situation, should I choose an investment advisory service?
- Should I choose a brokerage service?
- Should I choose both types of services? Why or why not?
- How will you choose investments to recommend to me?
- What is your relevant experience, including your licenses, education, and other qualifications?
- What do these qualifications mean?

What fees will I pay?

If you place a trade, you will pay a commission or transaction fee in some cases. There can also be expenses built into the trade price or the investment itself.

- The fee you pay is the same whether we recommend an investment to you or not. We earn money from third parties and affiliates on certain products, including cash, mutual funds, and exchange-traded funds (ETFs) held in your account(s), so we have an incentive to encourage investment in those products.
- You may also pay account- or transaction-related fees.
- *You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.*

To see more information about our fees, go to schwab.com/transparency and read our Best Interest Disclosure or go to schwab.com/pricing-guide.

Questions to Ask

- Can you help me understand how these fees and costs might affect my investments?
- If I give you $10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

What are your legal obligations to me when providing recommendations? How else does your firm make money, and what conflicts of interest do you have?

All recommendations for your brokerage account will be made in a broker-dealer capacity unless otherwise expressly stated. When we provide you with a recommendation, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests.

You should understand and ask us about these conflicts because they can affect the recommendations we provide you. Here are some examples to help you understand what this means. We and our affiliates earn money from:

- Shareholder service fees paid to us by third-party fund providers and affiliated mutual funds, and management fees paid to our affiliate adviser by affiliated mutual funds and ETFs, that are based off the shares which are held in your account(s).
- The "spread" on cash in your accounts—i.e., the difference between what we earn and what we pay you in interest.
- Dealer concessions or transaction fees when trading as principal in your accounts.
- Commissions or trail commissions paid to us by insurance companies when you purchase an annuity or other insurance products.
- Order routing revenue from third-party broker-dealers and exchanges when you place trades and we route your order to the centers.

For more information about our conflicts and our capacity when we provide investment recommendations for retirement accounts, read our Limitations and Conflicts Disclosure found here: schwab.com/transparency/limitations-conflicts. For more information about order routing, go to schwab.com/execution-quality/order-routing-process.

Question to Ask

- How might your conflicts of interest affect me, and how will you address them?

How do your financial professionals make money?

Our representatives receive cash payments based on the amount of assets you have with us and the time, complexity, and expertise required to help you with any of our services; specifically, they receive compensation to navigate you to our investment advisory services and service your accounts once enrolled in such services. They earn more for recommending certain services over others, but what they earn is not directly based on the revenue the firm earns.

For more information on how we pay our representatives, go to schwab.com/representative-compensation.

Do you or your financial professionals have legal or disciplinary history?

Yes.

For free and simple tools to research our firm and representatives, visit www.Investor.gov/CRS.

Questions to Ask

- As a financial professional, do you have any disciplinary history?
- For what type of conduct?

Where can I find additional information?

For additional information about our investment advisory or brokerage services, go to schwab.com/transparency. To request a copy of this relationship summary, call 800-435-4000.

Questions to Ask

- Who is my primary contact person?
- Are they a representative of an investment adviser or a broker-dealer?
- Who can I talk to if I have concerns about how this person is treating me?

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Relationship Summary: Investment Advisory

October 15, 2026

What you should consider when choosing an investment advisory relationship at Schwab.

Charles Schwab & Co., Inc. ("Schwab," "we," or "us") is an investment adviser registered with the Securities and Exchange Commission (SEC). The summary below highlights the nature of investment advisory relationships with our clients. Schwab is also a broker-dealer registered with the SEC and is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). Our brokerage and investment advisory services and fees differ, and we believe it is important for you to understand those differences. To compare, see a summary of Schwab's brokerage relationship at **schwab.com/relationship-summary-bd**. For more general information about different financial professionals and investing, including free and simple tools to research firms and their representatives, visit the SEC's website at **www.Investor.gov/CRS**.

We hope you will take the time to read this information and ask questions. We welcome them.

What investment services and advice can you provide me?

We sponsor several investment advisory programs that provide different services, feature different investments, have different account minimums and fees, and offer varying levels of account monitoring. Our affiliates participate in some of these programs as discretionary portfolio managers, which grants the affiliate authority to buy and sell securities in your account(s) without your prior consent, or non-discretionary portfolio managers, where you make all of the trade decisions in your account(s).

- For automated advice from a robo-adviser, where our affiliated investment adviser, Charles Schwab Investment Management, Inc. (CSIM), monitors and makes the investment decisions for you: Schwab Intelligent Portfolios® ($5,000 minimum).
- For advice from our affiliate investment adviser, CSIM, or unaffiliated advisers where the advisers monitor and make the investment decisions for you: Schwab Managed Account Services™ (minimums begin at $100,000).
- For accounts managed by CSIM using a particular investment strategy, where the adviser monitors and makes the investment decisions for you: Schwab Managed Portfolios™ ($25,000 minimum).
- For complex or specialized needs, a referral to an unaffiliated professional adviser: Schwab Advisor Network® ($2,000,000 minimum).
- For advice and periodic portfolio reviews from a team of professionals at our affiliated investment adviser, Schwab Wealth Advisory, Inc. (SWAI), where you make the investment decisions: Schwab Wealth Advisory™ ($500,000 minimum).
- For individualized planning advice in a written financial plan with no monitoring: Schwab Wealth Specialties.

To learn more about specific services for each program, go to schwab.com/advisory to access the relevant sections of each program disclosure brochure: (1) Advisory Business; Types of Clients; or (2) Services, Fees and Compensation; Account Requirements and Types of Clients.

Questions to Ask

- Given my financial situation, should I choose an investment advisory service?
- Should I choose a brokerage service?
- Should I choose both types of services? Why or why not?
- How will you choose investments to recommend to me?
- What is your relevant experience, including your licenses, education, and other qualifications?
- What do these qualifications mean?

What fees will I pay?

We charge a fee for some, but not all, of our investment advisory services, including asset-based fees and fixed one-time and recurring fees. Some of these fees may be negotiable.

- Our asset-based or wrap fees are calculated based on the amount of assets in your account and usually billed on a quarterly basis. These fees include most transaction costs, and could be higher than fees charged for investment advisory services that do not include such costs. There are other fees that will apply to your account, such as mutual fund and exchange-traded fund (ETF) operating expenses (including management fees paid to CSIM for funds managed by them), costs for trades executed at a firm other than Schwab, and account services fees.
- The more assets in your accounts, the more money Schwab and its affiliates earn, so we have an incentive to encourage you to invest more assets. We earn money from third parties or affiliates on certain products, including cash, mutual funds, and ETFs held in your accounts, so we have an incentive to encourage such investments.
- You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.
- You will be charged interest on the amount borrowed through margin loans and securities-based loans.

To learn more about specific fees for each program, go to schwab.com/advisory to access the relevant sections of each program disclosure brochure: (1) Fees and Compensation; or (2) Services, Fees and Compensation.

Questions to Ask

- Can you help me understand how these fees and costs might affect my investments?
- If I give you $10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

What are your legal obligations to me when acting as my investment adviser? How else does your firm make money, and what conflicts of interest do you have?

All recommendations regarding your advisory account will be in an adviser capacity. When we, CSIM, or SWAI act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests.

You should understand and ask us about these conflicts because they can affect the recommendations we provide you. Here are some

examples to help you understand what this means. We and our affiliates earn money from:

- Shareholder service fees paid to us by third-party fund providers and affiliated mutual funds, and management fees paid to CSIM by affiliated mutual funds and ETFs, that are based off the shares which are held in your accounts.
- The "spread" on cash in your accounts—i.e., the difference between what we earn and what we pay you in interest.
- Fees from third-party advisers participating in our referral service.
- Other compensation and conflicts that are specific to the different programs.

To learn more about specific conflicts for each program, go to schwab.com/advisory to access the relevant sections of each program disclosure brochure: Other Financial Industry Activities and Affiliations; Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

Question to Ask

- How might your conflicts of interest affect me, and how will you address them?

How do your financial professionals make money?

Our representatives include branch-based Financial Consultants and phone-based representatives who help you select the program or service that best meets your needs. They receive cash payments based on factors like the amount of assets you have with us and the time, complexity, and experience required to help you with any of the services we provide; specifically, they receive compensation to navigate you to our investment advisory services and service your accounts once enrolled in such services. They do earn more for recommending certain services over others, but what they earn is not directly based on the revenue the firm earns.

CSIM Portfolio Managers and SWAI Wealth Advisors receive a fixed base salary and may earn a discretionary bonus based on the financial performance of The Charles Schwab Corporation (CSC). They may also have the potential to participate in discretionary equity awards. For certain CSIM Portfolio Managers, their discretionary bonus is funded on the financial performance of CSC, their strategy's performance results, their strategies' asset growth or a combination of the above.

For more information on how we pay our representatives, go to schwab.com/representative-compensation.

Do you or your financial professionals have legal or disciplinary history?

Yes.

For free and simple tools to research our firm and representatives, visit www.Investor.gov/CRS.

Questions to Ask

- As a financial professional, do you have any disciplinary history?
- For what type of conduct?

Where can I find additional information?

For additional information about our investment advisory or brokerage services, go to schwab.com/transparency. To request a copy of this relationship summary, call 800-435-4000.

Questions to Ask

- Who is my primary contact person?
- Are they a representative of an investment adviser or a broker-dealer?
- Who can I talk to if I have concerns about how this person is treating me?

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EQUAL HOUSING LENDER

charles SCHWAB Asset Management

A Summary of Your Investment Advisory Relationship With Charles Schwab Investment Management, Inc.

Charles Schwab Investment Management, Inc. ("CSIM") is an investment adviser registered with the Securities and Exchange Commission that does business as Schwab Asset Management. This summary provides disclosure for separately managed account strategies available to certain retail investors. For more information about financial professionals and investing, including free and simple tools to research our firm and its representatives, visit **Investor.gov/CRS**.

What investment services and advice can you provide me?

We provide discretionary investment management services through separately managed account programs, which are offered to clients with whom CSIM has a direct client relationship through our investment advisory agreement ("Direct Clients"), through programs with asset-based wrap fees ("Wrap Fee Programs") and similar programs offered through broker-dealers ("Broker/Custodian-Related Programs"), and through a relationship with clients' wealth manager ("Primary Advisor") where CSIM acts as an adviser or a sub-adviser. Depending on the strategy, these separately managed accounts invest in individual securities (such as stocks and bonds), mutual funds ("MFs") and/or exchange-traded funds ("ETFs"). The MFs and ETFs in which client assets may be invested include MFs and ETFs that are advised by CSIM. Wrap Fee Programs include those sponsored by our affiliate, Charles Schwab & Co., Inc. ("Schwab") and some strategies are only offered through a Schwab Wrap Fee Program.

Generally, when we act as your discretionary investment manager, you give us full investment and trading discretion over your account. With this authority, we are responsible for the strategy's security selection and weightings as well as buying and selling securities in client accounts without your prior consent. You can impose reasonable restrictions on our management of your account. There are instances where we are responsible for the strategy's security selection and weightings, but the Wrap Fee Program sponsor, broker-dealer for Broker/Custodian-Related Programs or Primary Advisor is responsible for buying and selling securities in your account.

We actively monitor your account's investments and perform quarterly and/or annual reviews depending on the strategy utilized by your account. In addition, account reviews may also be performed by personnel of the Wrap Fee Program sponsor, broker-dealer for Broker/Custodian-Related Programs or Primary Advisor for clients enrolled in those programs. We require a minimum account size for Direct Clients, which can vary by separately managed account program. Each Wrap Fee Program sponsor sets the criteria for its program's eligibility, including minimum investment amounts and account size criteria that clients must meet in order to participate in the Wrap Fee Program. Similarly, broker-dealers for Broker/Custodian-Related Programs and Primary Advisors may set criteria for their clients, including minimum investment amounts and account size criteria that clients must meet.

For detailed information about our advisory services and the types of clients we serve, review the "Advisory Business" and "Types of Clients" sections of the CSIM Disclosure Brochure for your program at schwabassetmanagement.com/FormCRS.

Conversation Starters

- Given my financial situation, should I choose an investment advisory service? Why or why not?
- How will you choose investments to recommend to me?
- What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?

What fees will I pay?

If you open an advisory account directly with CSIM, you will pay an annual asset-based fee, a fixed fee, or a performance-based fee for our services that is charged on a monthly, quarterly, or annual basis depending on the strategy in which you are invested.

- ✓ The more assets there are in your account, the more you will pay in fees if you pay an asset-based fee, and we may therefore have an incentive to encourage you to increase the assets in your account.
- ✓ The higher the asset growth of your account, the more you will pay in fees if you pay a performance-based fee, and we may therefore have an incentive to choose investments that are riskier or more speculative than might otherwise be chosen.
- ✓ In addition to the fees described above, you may incur additional costs, which include fees charged by your custodian for account maintenance and may include transaction fees, commissions, or brokerage fees. You will also incur the costs associated with any MFs and ETFs, including management fees, fund expenses, and any applicable transaction-related fees and charges.

If you invest through a Wrap Fee Program, you may pay an asset-based wrap fee to the Wrap Fee Program sponsor. The wrap fee could exceed the aggregate costs of the services provided if they were to be obtained separately (although, in some cases, it is possible to obtain such services only through the particular Wrap Fee Program). The Wrap Fee Program sponsor will provide you information about the wrap fee and how frequently it is assessed.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

To get more information about fees you will pay, review the "Fees and Compensation" section of the CSIM Disclosure Brochure for your program at schwabassetmanagement.com/FormCRS.

Conversation Starters

- Help me understand how these fees and costs might affect my investments.
- If I give you $10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations we provide you. Here are some examples to help you understand what this means. We and/or our affiliates earn money from:

- ✓ Strategies offered through an affiliated Wrap Fee Program sponsor.
- ✓ Management fees and/or shareholder servicing fees paid by proprietary MFs and ETFs held in your account.
- ✓ Shareholder servicing fees paid by third-party MFs held in your account or by the managers or sponsors of those MFs (revenue sharing).
- ✓ Other fees paid by third-party MF and ETF sponsors or their affiliates for opportunities such as sponsoring education and events and receiving reporting and for the marketing and promotion of certain MFs and ETFs from certain third-party MF and ETF sponsors.
- ✓ The "spread" on cash in your accounts – i.e., the difference between what we earn and what we pay you in interest – if your accounts are custodied with our affiliate.
- ✓ Remuneration such as liquidity or order flow rebates from a market or firm to which some orders are routed by our affiliate.

Accordingly, we may be incentivized to recommend certain products that may earn CSIM or its affiliates more revenue than if we invested your money in other products.

For more information about how we make money and our related conflicts of interest for this program, review the CSIM Disclosure Brochure for your program at schwabassetmanagement.com/FormCRS.

Conversation Starter

- How might your conflicts of interest affect me, and how will you address them?

How do your financial professionals make money?

Portfolio managers receive a fixed base salary, are eligible to earn a discretionary bonus, and have the potential to participate in discretionary equity awards.

The discretionary bonus for portfolio managers may differ. One group of portfolio managers is eligible to earn a discretionary bonus that is funded based on the financial performance of The Charles Schwab Corporation ("CSC") during the annual performance period (the "Corporate Bonus Plan"). Another group of portfolio managers is eligible to earn a discretionary bonus that is funded based on two independent components—the financial performance of CSC during the annual period and on portfolio manager research and performance results for the particular strategy (the "Portfolio Manager Incentive Plan").

While this compensation is discretionary, it may incentivize our portfolio managers to increase the performance or assets in certain accounts, including through riskier investments. To help mitigate such potential conflicts of interest, we maintain policies and procedures that stress that investment decisions are to be made in accordance with the fiduciary duties owed to our clients and without consideration of a portfolio manager's pecuniary, investment, or other financial interests.

Do you or your financial professionals have legal or disciplinary history?

- ✓ Yes, we have legal or disciplinary history.
- ✓ For free and simple tools to research our firm and representatives, please visit **Investor.gov/CRS.**

Conversation Starters

- As a financial professional, do you have any disciplinary history?
- For what type of conduct?

Where can I find additional information?

For additional information about our investment advisory services, including the CSIM Disclosure Brochure, or to request a copy of this relationship summary, please go to schwabassetmanagement.com/FormCRS or call the following number 800-650-9744.

Conversation Starters

- Who is my primary contact person?
- Is he or she a representative of an investment adviser or a broker-dealer?
- Who can I talk to if I have concerns about how this person is treating me?

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charles SCHWAB

October 15, 2026

Charles Schwab & Co., Inc.
Schwab Intelligent Portfolios
Disclosure Brochure

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

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schwab.com/intelligent-portfolios

This wrap fee program brochure provides information about the qualifications and business practices of Charles Schwab & Co., Inc. ("CS&Co."). If you have any questions about the contents of this brochure, please contact us at 1-855-694-5208. 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. CS&Co.'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 CS&Co. or its representatives.

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

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Introduction

Charles Schwab & Co., Inc. ("CS&Co." or "we") is a dual registrant investment adviser and broker-dealer. CS&Co. is registered as an investment adviser with the Securities and Exchange Commission ("SEC") under the Investment Advisers Act of 1940 ("Advisers Act"). CS&Co. is registered as a broker-dealer with the SEC under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

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

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

Services, Fees, and Compensation

CS&Co. sponsors the advisory service Schwab Intelligent Portfolios® ("SIP", the "SIP Program" or "Program"). CS&Co. also sponsors other wrap fee programs, for which you can request a copy of their brochures. SIP is an automated discretionary investment advisory service that offers clients a diversified portfolio based on their stated investment objectives and risk tolerance.

Schwab Intelligent Portfolios

Schwab Intelligent Portfolios provides discretionary management through an automated investment advisory service. SIP portfolios consist of a diversified portfolio composed of exchange-traded funds ("ETFs"), as well as an FDIC-insured cash allocation (the "Cash Allocation") that is based on the client's stated investment objectives and risk tolerance. The Cash Allocation is held at Charles Schwab Bank, SSB ("Schwab Bank"). Certain conditions must be satisfied for FDIC insurance coverage to apply. CS&Co. and Charles Schwab Investment Management, Inc. ("CSIM") are not FDIC-insured banks and deposit insurance covers the failure of an insured bank. Non-deposit products are not insured by the FDIC, are not deposits and may lose value. The portfolio of ETFs could include asset classes across stocks, fixed income, real estate, and commodities. Modifications to the number and types of asset classes included can occur at any time without prior notice to clients. The SIP Program is designed to monitor a client's portfolio daily and to automatically rebalance as needed to keep a client's portfolio consistent with the selected risk profile, unless such rebalancing may not be in the best interest of clients.

The SIP Program is offered online through an interactive website and mobile application (collectively, the "Website"). Clients use the Website and answer questions from an online questionnaire that help to determine whether the client is appropriate for the SIP Program. The Website also presents a suggested SIP portfolio based on the client information for clients' review and approval. Prior to enrollment, clients are asked to carefully consider whether their participation in the SIP Program and whether their selected SIP portfolio are appropriate for their investment needs and goals. Once enrolled, SIP clients can update their investment profile or monitor their accounts' allocation, activity, and performance. Clients should periodically review their investment profile and update it as needed when their goals, risk tolerance, or other aspects of their financial situation change.

CSIM, doing business as Schwab Asset Management®, an affiliate of CS&Co., provides portfolio management services for SIP Program accounts on a discretionary basis consistent with each client's chosen investment strategy. CS&Co. acts as the qualified custodian for SIP Program accounts, providing trade execution and related services. CS&Co. also provides administration and related services for the SIP Program.

The SIP Program uses algorithms (the "Algorithms")—each algorithm is a set of rules embedded in a computer program. The various Algorithms in the SIP program (1) propose a portfolio based on a client's answers to the online questionnaire; (2) identify portfolio rebalancing opportunities; (3) identify tax-loss harvesting opportunities; and (4) initiate buy/sell orders for the tax-loss harvesting and/or rebalancing opportunities it has identified, as detailed below (collectively, the "Rebalancing Algorithms"). The Rebalancing Algorithms are designed to perform a daily review of client accounts and holdings to identify rebalancing and tax-loss harvesting opportunities as well as to initiate buy or sell orders when such opportunities exist; trade orders are then sent to CSIM for review prior to the trade(s) being released for execution. The Rebalancing Algorithms generally operate on a daily basis, but there are technological and other circumstances that sometimes prevent them from operating or that prevent the activities that the Rebalancing Algorithms are meant to identify or initiate.

The Rebalancing Algorithms include a wash sale avoidance feature, which will prevent rebalancing and tax loss harvesting transactions from occurring in certain circumstances. This can prevent rebalancing toward accounts' target allocation for 30 or more days, which can impact performance; it can also result in not utilizing all tax loss harvesting opportunities. Please see the "Wash Sale Avoidance" and the "Tax-Loss Harvesting Feature" sections for additional details.

Clients give investment discretion to CSIM to manage their account and make trades in their account, and CSIM can therefore initiate or halt trading at its discretion and for any reason, including halting trading under conditions when CSIM believes that continued trading may pose an undue risk of harm to accounts. As with similar automated services, clients will not be allowed to make trades in their account(s). Clients may request that certain ETFs be excluded from their account(s) but not all requested restrictions will be processed. Unreasonable restrictions requested including other security types, such as stocks, mutual funds or cash will not be honored. A request to exclude ETFs from a client's account may result in delays in the management of the account. The client will be notified if the account cannot be managed with the requested investment restrictions. Clients also may request that CSIM use a tax-loss harvesting strategy so that tax losses are generated to offset potential capital gains in their account, subject to meeting minimum balance requirements (currently $50,000 in a single SIP account, but is subject to change). Generally, it is not advisable for clients to use margin balances to deposit into the Program for investment. Accounts enrolled in the Program are not margin accounts and cannot be used as collateral for a margin loan.

Brokerage Practices

CS&Co. does not act as an investment adviser in the selection or recommendation of broker-dealers as part of the Program. Clients agree with CS&Co. in the Schwab Intelligent Portfolios Advisory Agreement that all brokerage transactions for their account will be executed by CS&Co. As a result, clients may not always obtain as favorable a price or execution as might have been available through another broker. Not all broker-dealers

or investment advisers require their clients to direct trades to a particular broker-dealer (also known as "directed brokerage"). For additional details regarding brokerage practices, please review the "Participation or Interest in Client Transactions" section as well as the "Directed Brokerage" section of the CSIM Disclosure Brochure.

Custody

CS&Co. has custody of assets in the SIP Program accounts and will provide an account statement, at least quarterly, for each account. The account statements detail account positions and activities during the preceding period. Clients should review their account statements carefully.

Investment Discretion

SIP clients receive discretionary portfolio management through SIP and a diversified portfolio of ETFs and Cash Allocation.

Electronic Delivery

During the enrollment process for the Program, clients agree that records and disclosures will be delivered electronically and that agreements will be signed electronically. This includes the disclosure brochures, supplements, and other documents relating to clients' accounts. Each client has an obligation to maintain an accurate and up-to-date email address and to ensure that he/she has the ability to read, download, print, and retain electronic documents. If a client is ever unable or unwilling to accept electronic delivery, the client's enrollment in the Program may be terminated at CS&Co.'s discretion. If a client's account is terminated for this reason, the client may be required to transfer the account assets to another account at CS&Co. or at another custodian, or to have the account assets be liquidated and the proceeds returned to the client.

Fees and Compensation

Schwab Intelligent Portfolios® Fees

The SIP Program includes the following services: (i) CS&Co.'s SIP Program administration services, as well as trade execution, custody, and related services; and (ii) CSIM's portfolio management services. Clients are not charged an annual SIP Program fee for these services. However, the SIP Program is not free of charge. Clients pay the operating expense ratios of ETFs used in the portfolios, including Schwab ETFs™, which affects the performance of SIP Program accounts. Account performance is also affected by the Cash Allocation and the Sweep Program. CS&Co., CSIM and their affiliates earn compensation from certain ETFs used in the portfolios and from the Cash Allocation and Sweep Program, as described elsewhere in this brochure in the "Schwab Intelligent Portfolios Sweep Program," "Benefits to CS&Co. Affiliates," and "Conflicts of Interest and How They Are Addressed" sections.

CS&Co. also receives compensation from some sponsors or issuers of third-party exchange-traded products ("ETPs"), including ETFs, for administrative and shareholder services as described elsewhere in this brochure in the "Participation or Interest in Client Transactions" section.

In programs similar to the SIP Program, clients might expect to pay an annual fee of 0.30% of client assets to reflect the value and cost of these services. While clients are not charged a SIP Program fee for services, due to retirement accounts in the SIP Program, for purposes of IRS rules, CS&Co. makes a nominal calculation that fully offsets in the amount of 0.30% of the compensation that it or its affiliates receive from ETF transactions in clients' accounts. This includes advisory fees for managing Schwab ETFs if CSIM selects them to include in SIP Program accounts. If this affiliate compensation ever exceeds 0.30% of client assets, CS&Co. would refund the additional amount to client accounts or use it to pay account administrative expenses. The result is that clients pay no annual SIP Program fee.

Additional Information Regarding Fees in the Program

There is no additional planning or advisory fee for the activation or use of the tax-loss harvesting feature. Clients do not pay brokerage commissions in the Program to CS&Co.

Each ETF, including a Schwab ETF, pays investment advisory, administrative, distribution, transfer agent, custodial, legal, audit, and other customary fees and expenses, as set forth in the ETF prospectus. An ETF pays these fees and expenses, which ultimately are borne by its shareholders. Therefore, CSIM will earn fees from Schwab ETFs that are held in accounts enrolled in the Program.

Clients may incur sales charges, redemption fees, and other costs, as well as tax consequences, if they redeem or make other transactions in ETFs, mutual funds, or other investments in order to fund accounts enrolled in the Program. To the extent that cash used by clients to fund their accounts 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.

Pursuant to an agreement between CSIM and CS&Co., CS&Co. 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 clients in the Program and accordingly does not receive direct compensation from or negotiate fees with them.

CS&Co. provides administrative services to Schwab Bank in support of the operation of the Deposit Accounts; Schwab Bank will pay CS&Co. an annual per-account flat fee for these administrative services. This fee is more fully described in the Schwab Intelligent Portfolios Sweep Program Disclosure Statement.

The fees that clients pay directly and indirectly in the Program may be more or less than they would pay if they purchased separately the types of services in the Program. Clients may be able to obtain some or all of the types of services available through the Program on a standalone basis from 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, types of investments and cash held in the account, and the number and range of supplementary advisory and other services provided to an account.

Compensation

Financial Consultant Compensation

Among CS&Co. 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 CS&Co. employees or non-employee independent contractors who, with their own

employees, operate Schwab Independent Branches pursuant to a franchise agreement with CS&Co. 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, CS&Co. 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. CS&Co. as a company may earn more or less revenue depending on what products and services a CS&Co. employee FC recommends and a client chooses. CS&Co. has designed CS&Co. 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. CS&Co. employee FCs' compensation does not vary depending on whether a client enrolls in the SIP Program. Based on these factors, amounts earned by CS&Co. employee FCs on assets enrolled in the Program exceed the amounts earned on assets in commission-based brokerage accounts.

As independent contractors, IBLs receive a monthly "Net Payout" from CS&Co., which includes amounts earned on assets in investment advisory programs like 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 CS&Co. employee FCs, the amounts earned by IBLs and IB Representatives vary by the type of program in which an account participates.

Compensation to Other Schwab Investment Professionals
Other CS&Co. employee investment professionals, such as New Client Investment Consultants and Investor Development Consultants, can also earn additional incentive compensation for referring clients to advisory services, including the Program. For detailed information on the compensation of these and other CS&Co. investment professionals, please see our website at **schwab.com/legal/compensation-advice/investment-professionals-compensation**.

FCs, New Client Investment Consultants, Investor Development Consultants, and other CS&Co. employee investment professionals are also eligible to earn an annual trip through Schwab Chairman's Club for success in bringing net new assets to CS&Co., regardless of whether those assets are enrolled in the SIP Program.

Benefits to CS&Co. and its Affiliates

CS&Co. affiliates earn revenue from the underlying assets in SIP Accounts.

This revenue comes from: (i) revenue earned by Schwab Bank on the Cash Allocation in the investment strategies; (ii) advisory fees received by CSIM from Schwab ETFs™ that CSIM selects to buy and hold in client accounts; (iii) compensation CS&Co. receives from some sponsors or issuers of third-party ETPs, including ETFs, for administrative and shareholder services; and (iv) payments CS&Co. may receive from the market centers where it routes ETF trade orders for execution. More information about these revenues and their benefits to CS&Co. affiliates is set forth under the "Schwab Intelligent Portfolios Sweep Program," "Fees and Compensation," and "Participation or Interest in Client Transactions" sections.

Conflicts of Interest and How They Are Addressed

CS&Co. does not charge an advisory fee for the SIP Program in part because of the revenue Schwab Bank generates from the Cash Allocation (an indirect cost of the Program). As program sponsor, CS&Co. sets the Cash Allocation percentage for each of the investment strategies and considers among other factors the expected revenue Schwab Bank earns from the Sweep Program. This is a conflict of interest. Under certain market conditions, the Cash Allocation results in lower overall portfolio performance, for example when other riskier assets outperform cash.

As noted above, Schwab Bank earns income on the Cash Allocation in the Program. The Cash Allocation is placed in an FDIC-insured deposit account at Schwab Bank. Certain conditions must be satisfied for FDIC insurance coverage to apply. CS&Co. and CSIM are not FDIC-insured banks and deposit insurance covers the failure of an insured bank. Non-deposit products are not insured by the FDIC, are not deposits, and may lose value. The higher the Cash Allocation and the lower the interest rate paid to clients, the more Schwab Bank earns. A lower interest rate means a lower yield on the Cash Allocation. This is a conflict of interest, and the written parameters for the Program does not mitigate this conflict. Outside of the Program, clients have access to cash alternatives that pay a higher yield, although they may not have FDIC insurance.

Net interest revenue is a major source of revenue for Schwab Bank, including with respect to the Program. Schwab Bank's net interest revenue is generated by the difference between the interest rate that it can earn extending loans and purchasing investment securities, and the interest rate it pays to clients on their Sweep Program deposits. The difference between the rates earned and paid is the "spread." Generally, an increase in market interest rates will mean that the Program earns more revenue for Schwab Bank because the spread will increase.

Updated information is available at **schwab.com/legal/sip-sweep-current-interest-rates**. In general, Schwab Bank would receive more revenue on a Cash Allocation above 10% (as part of a more conservative investment portfolio allocation) and less revenue on a Cash Allocation below 10% (as part of a more aggressive investment portfolio allocation). Historically, the spread has increased when market interest rates have risen. For more information on how the Sweep Program works, including how to determine current interest rates on the Cash Allocation, please see the "Schwab Intelligent Portfolios Sweep Program" section.

As described under "Participation or Interest in Client Transactions," CS&Co. receives compensation from some third-party ETF sponsors for administrative and shareholder services. This compensation creates a conflict of interest because CS&Co. has a financial interest associated with some third-party ETFs. For the Program, CS&Co.'s written parameters govern the selection and retention of ETFs in the Program portfolios, and CSIM is required to follow the ETF selection criteria described in the "Selection of ETFs" section. CS&Co. reviews CSIM's implementation of these requirements as part of its oversight of the Program.

Because CS&Co. and CSIM are affiliated companies, CS&Co. has an incentive to select and keep CSIM to provide portfolio management services for the SIP Program. Similarly, CSIM has a conflict of interest in selecting Schwab ETFs, which pay compensation to CSIM. CS&Co. has a conflict in that it has instructed CSIM to select or retain Schwab ETFs™ in the portfolios, but only if Schwab ETFs meet all the criteria noted in the "Selection of ETFs" section. CSIM also has a conflict of interest because it selects ETFs that it holds in other client accounts CSIM manages in other CS&Co. programs and certain Schwab Funds.

Certain asset classes in SIP Accounts include both market-cap and fundamentally weighted ETFs. Market-cap weighted ETFs track indices based on the market capitalization of the index's underlying holdings. Fundamentally weighted ETFs weigh holdings based on fundamental factors like sales, cash flow, dividend distribution, and buybacks. SIP Accounts are invested in both market-cap weighted and fundamentally weighted ETFs

with the goal of helping to increase diversification, reduce volatility, and provide better risk-adjusted results over time. Typically, fundamentally weighted ETFs have a higher expense ratio than market-cap weighted ETFs. The current method CSIM uses to select fundamentally weighted ETFs is based on asset classification by a third-party provider and, in combination with the selection criteria described above, results in Schwab ETFs being the primary ETF selection for fundamental asset classes in portfolios in the Program.

In connection with ETF selection in the Program, CS&Co.'s written parameters do not allow CSIM to consider compensation to CS&Co. or other affiliates other than as described in the "Selection of ETFs" section. CSIM must also follow these written criteria in selecting securities for, and removing securities from, Program portfolios. CS&Co. reviews CSIM's performance in providing portfolio management services to SIP Accounts. For more information regarding how ETFs are selected for inclusion in portfolios and on the fees earned by CS&Co. affiliates on ETFs in client accounts, see the "Selection of ETFs" and "Fees and Compensation" sections.

Clients should carefully consider these conflicts of interest and their impact on portfolio management prior to enrolling in the Program.

Account Requirements and Types of Clients

Not all clients or prospects will be appropriate for the Program. SIP is designed for investors who are seeking portfolio management through an automated investing solution and who are comfortable with a primarily digital experience.

Clients of the Program may include, but are not limited to, individuals, IRAs, and living trusts. Organizations, such as corporations, limited liability companies, and limited partnerships, may also participate in the SIP Program as a client. These types of clients may not have the same client experience as individuals or trust clients. Clients that are government entities or clients that are subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), are not eligible for the Program.

Clients must agree to accept electronic delivery of contracts, disclosure documents, prospectuses, statements, and other materials.

To be initially invested in an investment strategy, clients must meet all requirements of CS&Co. to open an account in the SIP Program and fund with a minimum of $5,000 in each account. There is also a minimum balance requirement to request CSIM employ a tax-loss harvesting strategy, and a minimum balance requirement to maintain a tax-loss harvesting strategy.

Clients have the option to fund Program accounts with securities. Funding an account with a combination of securities that are and are not already included in the client's recommended Program portfolio can cause additional rebalancing transactions in the portfolio. Clients authorize CS&Co. (or CSIM to instruct CS&Co.) to liquidate any securities used to fund Program accounts. Securities may be liquidated at the client's risk and expense and without taking into account the realization of a taxable gain or a loss that may result.

Neither CSIM nor CS&Co. will have responsibility for the performance of those securities pending their liquidation.

Clients may terminate enrollment from the Program at any time pursuant to the terms in the Schwab Intelligent Portfolios Advisory Agreement.

If a client terminates enrollment from the Program, the Sweep Program will no longer apply to the account. That account will have its own sweep feature, which may have terms that are more favorable or less favorable than those of the Sweep Program.

CS&Co. may terminate a client from the Program for failing to fund or maintain their accounts with the minimum, for failure to maintain a valid email address, or for any other reason, at CS&Co.'s sole discretion. CS&Co. also may terminate a client from the Program if the client's requested investment restrictions are deemed to be unreasonable. Depending on the reason for the termination, the client may have the opportunity to resolve the reason for the termination. Upon termination from the Program by either the client or CS&Co., the client's enrollment in the Sweep Program will terminate and the account will no longer be managed.

Retirement Accounts

CS&Co. and its employees and agents (i) have no investment or other discretion with respect to assets covered by the SIP Program; (ii) will perform no discretionary acts with respect to such assets; (iii) will effect only such transactions as instructed by clients; and (iv) will exercise no discretion and provide no advice as to the voting of proxies.

CSIM is the sole fiduciary, as defined under the Internal Revenue Code, in performing investment management services and exercising discretion over the assets managed in any retirement account, subject to such reasonable restrictions as the client may impose.

Portfolio Manager Selection and Evaluation

CS&Co. has selected CSIM to provide portfolio management services for the SIP Program. CS&Co. believes that CSIM possesses the requisite expertise to serve in this capacity. CS&Co. reviews the performance of the investment strategies quarterly through standardized composite performance reporting.

About CSIM

CSIM is an affiliate of CS&Co. and provides portfolio management services for SIP Program Accounts. CSIM also acts as the investment manager for certain strategies in the Schwab Managed Account Services™ Wrap Fee Program, the Schwab Managed Portfolios™ Wrap Fee Program, and the Schwab Funds® and Schwab ETFs™. CSIM has a conflict of interest in managing different strategies that use or consider the use of the same securities. See CSIM's Disclosure Brochure.

SIP Program Selection and Evaluation

The SIP Program includes CS&Co.-established parameters and the selection of CSIM to provide portfolio management in SIP Accounts. CS&Co. reviews the performance of CSIM on a periodic basis.

Performance-Based Fees

CS&Co. does not receive performance-based fees in connection with referrals to the Program.

Side-by-Side Management

Not applicable. CS&Co. does not manage or recommend strategies in the Program.

Methods of Analysis, Investment Strategies, and Risk of Loss

Using asset allocations and ETF selection parameters determined by CS&Co., CSIM has created a number of investment strategies for the Program. The investment strategies consist of diversified portfolios of ETFs combined with the Schwab Intelligent Portfolios Sweep Program ("Sweep Program"), which automatically deposits, or "sweeps," free credit balances to deposit accounts at Schwab Bank, an affiliate of CS&Co. and CSIM. Each investment strategy is designed to be consistent with a certain combination of investment objectives and risk tolerance. Certain investment strategies are intended for taxable accounts and others for tax-deferred accounts such as Individual Retirement Accounts (IRAs). Certain investment strategies focus on higher yielding (i.e., interest and dividend) asset classes. Additional investment strategies or modifications to the parameters of existing strategies may occur at any time without prior notice to clients. Not all investment strategies will be appropriate for or available to all clients.

Investing in securities, whether through the Program or otherwise, involves the risk of loss that clients should be prepared to bear. The specific risks associated with the ETFs comprising the portfolios, as well as the risks associated with securities held in those ETFs, are described in detail in the CSIM Disclosure Brochure. The Rebalancing Algorithms work to maintain asset class diversification for each portfolio within defined parameters and subject to the limitations described in this disclosure brochure.

There are limitations inherent in the use of Rebalancing Algorithms to manage accounts; for instance, the Rebalancing Algorithms are designed to manage accounts according to the asset allocation selected for that account and are not designed to actively manage asset allocations based on short-term market fluctuations. The Rebalancing Algorithms are also not designed to consider certain factors such as short-term asset class volatility or individual tax circumstances such as capital gains taxes. Investment advisory personnel of CSIM oversee the Rebalancing Algorithms but do not personally or directly monitor each individual account.

There is a risk that the Rebalancing Algorithms and related software used for strategy selection, tax-loss harvesting and rebalancing, and related functions may not perform within intended parameters, which may result in a recommendation of a portfolio that may be more aggressive or conservative than necessary, and trigger or fail to initiate rebalancing and/or tax-loss harvesting trading.

The Rebalancing Algorithms interact with each other and follow relative prioritization. For instance, if an account is due for a planned withdrawal, the withdrawal will take precedence over any wash sales that the Rebalancing Algorithms may attempt to avoid. This means that if there is a planned withdrawal for the account, there will be a sale of securities as needed to fund the withdrawal even if this results in a wash sale.

Cybersecurity Risk

Financial companies rely on the internet, mobile apps, and cloud technology to provide services. Because of this, they can be targets of cyber attacks. These attacks may be carried out by criminals, hackers, activist groups, or even foreign governments. Attacks can include things like viruses, ransomware, phishing attempts, or attempts to overload systems.

If a cyber attack happens, it could lead to:

- Unauthorized access to your personal or financial information;
- Loss, misuse, or change of your data;
- Someone taking over your account;
- Temporary loss of access to services.

CS&Co. uses a variety of security tools and works with outside experts to help protect systems and client information. However, no system is completely guaranteed to stop all cyber attacks because the methods used by attackers change often and can be hard to detect.

A serious cybersecurity event could interrupt or delay CS&Co.'s ability to provide advisory services to your account(s). If this happens, CS&Co. will work to fix the problem and restore services as quickly as possible.

Artificial Intelligence Technology Risks

CS&Co. uses artificial intelligence ("AI"), such as machine learning and natural language tools, to support parts of our business. AI systems can be complex and may rely on data or models from CS&Co. or from third parties. Some of these systems operate outside of CS&Co.'s direct control, which means they can sometimes produce information that is inaccurate, incomplete, biased, or temporarily unavailable.

Using AI also creates risks related to cybersecurity, data privacy, system reliability, and potential interruptions to our operations. Laws and regulations about AI are rapidly evolving, which may require CS&Co. to update how these tools are used and could increase costs or cause temporary business disruptions. CS&Co. uses controls, reviews, and human oversight to reduce these risks, but no measure can eliminate them completely.

System Outages Risks

The technology used to manage and access your investments may sometimes stop working or experience errors. System outages can happen for many reasons, such as software bugs, power failures, heavy system use, problems with third party providers, or unexpected events like severe weather, natural disasters, or cyber attacks.

If a system outage occurs, it may:

- Limit or delay your ability to view or trade investments;
- Affect CS&Co.'s ability to manage your account or provide advisory services or service your account(s); and
- Take time to fully fix, depending on the cause.

Although CS&Co. works to protect its systems and keep technology running smoothly, no system is completely free from risk.

Selection of ETFs
The written parameters established by CS&Co. place limitations on the universe of ETFs that CSIM may select for the portfolios.

CS&Co. has ETF selection parameters designed to support its philosophy of low-cost and index-based investing. In support of providing broadly diversified and risk-adjusted portfolios, eligible ETFs must represent well a particular asset class in the portfolio, meet sufficient liquidity standards, and be among the lowest cost (in terms of its operating expense or "OER") in their asset class or category. When it comes to replacing an ETF, CSIM also considers the potential impact to clients, such as additional trading costs or other costs.

Eligible ETFs include Schwab ETFs™, which are managed by CSIM. CS&Co. has instructed CSIM to select or retain Schwab ETFs in the portfolios as long as CSIM determines that they satisfy the above factors.

CSIM will generally select both a primary and secondary ETF for each asset class in consideration of, among other things, tax-loss harvesting and requested investment restrictions. In limited circumstances, as determined by CSIM, only one ETF may be used in certain asset classes. In such cases, the tax-loss harvesting feature would not be available for execution in the affected asset class(es). To be eligible for consideration, ETFs designated as the primary ETF in an asset class are targeted to have a share price less than a cap that is necessary to enable trading in smaller balance accounts.

Schwab ETFs pay fees to CSIM that are described in "Participation or Interest in Client Transactions" below.

Rebalancing
The Rebalancing Algorithms are designed to conduct a daily review of client accounts for rebalancing opportunities. If the allocation of the ETFs in a client's account deviates by more than an amount specified in CS&Co.'s parameters from the recommended asset allocation due to changes in ETF values, the Rebalancing Algorithms will initiate a rebalancing trade order unless CSIM exercises discretion to not do so for reasons such as market volatility or under certain circumstances such as those described below for tax loss harvesting and wash sale avoidance. Program trades are sent to CSIM for review prior to being routed for execution. The Rebalancing Algorithms may also trigger rebalancing in cases when a client makes changes to their investment profile, when a client requests to impose or modify restrictions on the management of their account, or when a deposit or withdrawal is made. Accounts are rebalanced by buying and selling ETF shares and depositing or withdrawing funds through the Sweep Program. Program monitoring and trading are subject to systems and technology constraints and availability, and while unlikely, may not take place daily.

Accounts below $5,000 may deviate further than the amount specified by CS&Co.'s rebalancing parameters; they may also deviate from the target allocation of the selected investment profile. Rebalancing below $5,000 may impact the ability to maintain positions in selected asset classes due to the inability to buy or sell at least one share of an ETF. For example, withdrawal requests may require entire asset classes to be liquidated to generate and disburse the requested cash.

Wash Sale Avoidance
A wash sale is the sale at a loss of a security (such as an ETF) and the purchase of the same or a substantially similar security within 30 calendar days either before or after that sale. The Rebalancing Algorithms attempt to avoid wash sales in all taxable SIP Accounts, not only those enrolled in tax loss harvesting. If a wash sale occurs, the IRS may disallow or defer the loss for current tax reporting purposes. In an effort to avoid wash sales, in certain circumstances, the Rebalancing Algorithms will prevent rebalancing and tax loss harvesting transactions from occurring. In those cases, the Rebalancing Algorithms could be unable to rebalance towards the target allocation for 30 or more days, which can impact performance. This can also result in not utilizing all tax loss harvesting opportunities. The Rebalancing Algorithms cannot perfectly detect wash sales, which means that they will sometimes fail to prevent a wash sale or, conversely, prevent trades that would not have resulted in a wash sale, which will also impact performance.

CSIM will seek to avoid wash sales in any SIP Account(s) associated with the same primary account holder (with the exception of certain types of accounts, including custodial, trust accounts, and minor inherited IRAs). This means that non-taxable accounts (such as IRAs) that are linked to taxable accounts will sometimes be blocked or be delayed from rebalancing. If CSIM is monitoring multiple accounts to avoid the wash sale disallowance rule, the first taxable account to sell an ETF at a loss will block the other account(s), including any linked non-taxable accounts, from buying in that same ETF for 30 days. Similarly, the first taxable or non-taxable account to buy an ETF will block the other taxable accounts from selling that same ETF at a loss for 30 days.

Although the Rebalancing Algorithms seek to avoid wash sales, they are not designed to and cannot avoid all wash sales.

For instance, in the event that securities need to be sold in order to enable withdrawals, those sales will take place even if they could result in wash sales. If a client sells ETF shares at a loss and uses the proceeds to fund their Program account or other account, CSIM may purchase the same ETF shares for their Program account within 30 days, thereby creating a wash sale. CSIM only monitors for wash sale avoidance for accounts enrolled in the Program, and clients are responsible for monitoring their and their spouse's other accounts (at CS&Co. or with another firm) to ensure that transactions in the same ETF or a substantially similar security do not create a wash sale.

"Tax-Loss Harvesting" Feature
Clients may request CS&Co. (and CSIM through CS&Co.) to employ a tax-loss harvesting strategy with any taxable account; however, the account must meet the minimum balance requirement of $50,000 for the tax-loss harvesting strategy to become active on the account. There is also a lower minimum balance requirement to maintain a tax-loss harvesting strategy; for any accounts falling below this minimum balance, the tax-loss harvesting strategy will become inactive until such time as the minimum balance requirement is met. These minimums are designed to limit, but cannot always prevent, scenarios where tax-loss harvesting sales are made and a single share of the replacement ETF is too expensive to purchase. As a result, a portion of the proceeds from the sale of the ETF could remain in cash, rather than being used to purchase a replacement ETF.

The Rebalancing Algorithms are designed to conduct a daily review of client accounts for tax-loss harvesting opportunities. When the tax-loss harvesting threshold is met, the Rebalancing Algorithms are designed to initiate a tax-loss harvesting trade order for accounts in the Program unless there are currently restrictions within the asset class, such as to avoid wash sales. During this process, certain ETFs in the client's account are sold at a loss to offset potential capital gains (although CSIM does not monitor the type and amount of capital gains). If the tax-loss harvesting sale causes the asset class to become underweight, the Rebalancing Algorithms can recommend a buy order to replace the ETFs sold for tax-loss harvesting purposes with the ETF(s) that CSIM reasonably believes are not substantially similar based upon different ETF indices used by each ETF.

When CSIM sells an ETF to harvest a tax loss and purchases another ETF to replace it, CSIM will generally be unable to sell the replacement ETF for 30 days if it contains lots held at a loss, even if it could sell other lots in the same position at a gain and not cause a wash sale. If an account needs to be rebalanced in that 30-day period, CSIM will generally not be able to sell the replacement ETF as part of that rebalancing if it contains lots held at a loss. As a result, the account may not be allocated according to the chosen investment strategy until the 30-day period has expired, which could affect its performance.

If a client has two or more Program accounts that are being monitored together to avoid the wash sale disallowance rule, and the accounts hold different ETFs in the same asset class, if the Rebalancing Algorithms recommend selling ETFs in that asset class to harvest tax losses, the Rebalancing Algorithms will choose to do so in the earliest-enrolled account and skip the other account(s), and therefore do not prioritize selling the ETF that will generate the greatest tax loss.

The performance of the replacement ETFs may be better or worse than the performance of the ETFs that are sold for tax-loss harvesting purposes. The utilization of losses harvested through tax loss harvesting will depend upon the recognition of capital gains in the same or a future tax period, and in addition may be subject to limitations under applicable tax laws.

The effectiveness of the tax-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 non-taxable) or holding period (e.g., short-term or long-term). The tax-loss harvesting strategy is not designed to ensure that it will reduce, defer, or eliminate the tax liability generated by a client's investment portfolio in any given tax year. The Rebalancing Algorithms only monitor accounts enrolled in the Program to determine if there are unrealized losses for purposes of determining whether to harvest such losses. Transactions in accounts not enrolled in the Program may affect whether a loss is successfully harvested and, if so, whether that loss is usable by the client in the most efficient manner.

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-loss harvesting in light of their particular circumstances and its impact on their tax return. Neither the tax-loss harvesting strategy for the Program, nor any discussion herein, is intended as tax advice, and neither CS&Co. nor CSIM represents that any particular tax consequences will be obtained.

Schwab Intelligent Portfolios® Sweep Program

Each investment strategy involves the Cash Allocation to the Sweep Program. The Cash Allocation will generally range from 6% to 30% of an account's value to be held in cash, depending on the investment strategy the client selects based on the client's risk tolerance and time horizon.

The Cash Allocation will be accomplished through enrollment in the Sweep Program, a program sponsored by CS&Co. By enrolling accounts in SIP, clients consent to having the free credit balances in their brokerage accounts swept to deposit accounts ("Deposit Accounts") at Schwab Bank through the Sweep Program. Schwab Bank is an FDIC-insured depository institution affiliated with CS&Co. and CSIM. Certain conditions must be satisfied for FDIC insurance coverage to apply. CS&Co. and CSIM are not FDIC-insured banks and deposit insurance covers the failure of an insured bank. Non-deposit products are not insured by the FDIC, are not deposits and may lose value.

The Sweep Program is a required feature of the Program. If the cash balances exceed the Cash Allocation for the selected investment strategy, the excess over the rebalancing parameter will be used to purchase securities as part of rebalancing. If clients request cash withdrawals from their accounts, this likely will require the sale of ETF positions in their accounts to bring their Cash Allocation in line with the allocation for their chosen investment strategy. If those clients have taxable accounts, those sales may generate capital gains (or losses) for tax purposes.

The terms and conditions of the Sweep Program and CS&Co.'s ability to make changes to the Sweep Program or move balances to a new sweep product are set forth in the Schwab Intelligent Portfolios Sweep Program Disclosure Statement that is made available to clients when they open their accounts. Clients should read this document carefully and retain a copy for their records. Clients grant to CS&Co. the authority to change the cash investment allocation from the Sweep Program to another cash savings or investment product or vehicle offered by CS&Co., an affiliate, or a third party.

In accordance with an agreement with CS&Co., beginning June 1, 2022, Schwab Bank has agreed to pay an interest rate on cash balances in the Sweep Program which will be set monthly to be equal to the seven-day yield (with waivers) for Schwab Government Money Fund – Sweep Shares (symbol: SWGXX). This interest rate as well as the method used to determine it are both subject to change. The current rate for cash in your account and additional information can be found at **schwab.com/legal/sip-sweep-current-interest-rates**.

Under the agreement between CS&Co. and Schwab Bank, Schwab Bank may change the method of determining the interest rate upon notice to CS&Co. or upon a regulatory requirement. CS&Co. will notify clients if it receives such notice from Schwab Bank. The rate may be higher or lower than the interest rates available on other deposit accounts at Schwab Bank or on comparable deposit accounts at other banks. It may also be higher or lower than other cash-equivalent investments, such as money market funds, that are available through CS&Co.

Schwab Bank's revenue from the Cash Allocation in the Deposit Accounts is dependent upon the difference, or "spread," between the interest rate Schwab Bank pays to clients on such deposits and the amount it can earn from the extension of loans and the purchasing of investment securities with these deposits. Therefore, Schwab Bank's ability to earn revenue from the Deposit Accounts is affected by the interest rate negotiated with its affiliated broker-dealer, CS&Co. This revenue is a component of the overall revenue to Schwab Bank and its affiliates in connection with the Program. Funds in the Deposit Accounts can also benefit Schwab Bank by providing it with increased liquidity, stable funding, and low cost deposits. Schwab Bank intends to use the assets in the Deposit Accounts to fund current and new lending activities and investments.

A portion of the revenue contributed to the CS&Co. entities from the Program is the revenue earned by Schwab Bank in offering the Deposit Accounts. Schwab Bank will pay CS&Co. a fee for administrative services provided in support of the Deposit Accounts as disclosed in the Schwab Intelligent Portfolios Sweep Program Disclosure Statement and below in "Participation or Interest in Client Transactions."

Funds Awaiting Investment or Pending Distribution

When you are waiting for cash to be deposited or invested in, or distributed from, your account, CS&Co. 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 CS&Co. 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 CS&Co. on a business day and before deposit cutoff time for which the funds are deposited, such interest will be earned by CS&Co. 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 CS&Co. receives a request for a distribution check from your account, CS&Co. 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.

CS&Co. 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 CS&Co. Upon request, CS&Co. 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 CS&Co. 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 CS&Co.'s bank account.

Voting Client Securities

CS&Co. does not have or accept authority to vote clients' securities (i.e., proxy voting) in the Program. CSIM coordinates proxy voting in the Program.

Client Information Provided to Portfolio Manager

At the time a client enrolls in the Program, CS&Co. provides CSIM with information about that client's chosen investment strategy and any reasonable restrictions applicable to the client's Program account. CS&Co. provides updated information to CSIM as necessary thereafter in order for CSIM to provide portfolio management services under the Program.

Client Contact With Portfolio Manager

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

Additional Information

Disciplinary Information

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

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

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

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

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

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

   - review CS&Co.'s supervisory, compliance, and other policies and procedures designed to ensure that CS&Co.'s SIP Program-related disclosures, advertising, and marketing communications comply with the requirements of the Advisers Act, and the rules thereunder, and with other applicable federal securities laws with respect to the SIP Program; and
   - submit a report to both CS&Co. and the SEC describing the independent consultant's findings and making recommendations. CS&Co. was required to adopt and implement the independent consultant's final recommendations.

Other Financial Industry Activities and Affiliations

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

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

CS&Co. is also registered as an investment adviser under the Advisers Act. In addition to sponsoring the Schwab Intelligent Portfolios™, CS&Co. also acts as a registered investment adviser for other programs, including:

- Managed Account Connection® ("Connection");
- Managed Account Select®;
- Schwab Managed Portfolios™ (SMP);
- Schwab Wealth Advisory™ (investment advisory and brokerage services);
- Schwab Advisor Network® (a referral program 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 CS&Co. Investment advisors pay a fee to participate in the Schwab Advisor Network program),
- Retirement Plan Services—Morningstar Investment Management LLC;
- Schwab Managed Account Services™—for clients of independent investment advisors; and
- Model Market Center™ (a web-based offering available to independent investment advisors that custody assets at Charles Schwab & Co., Inc. and use the iRebal® platform [a technology offering that is administrative in nature] available on Schwab Advisor Center® for account rebalancing and trading).

CS&Co. Affiliates

CS&Co. is a wholly owned subsidiary of CSC.

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

CSIM is an affiliate of CS&Co. that we describe under the heading "About CSIM" above. In addition to managing certain strategies in the Connection wrap fee program, CSIM also manages the SMP wrap fee program and provides advisory and administrative services to certain CS&Co. affiliated funds marketed under the Schwab Funds® and Schwab ETFs™ names.

Schwab Wealth Advisory, Inc. is a registered investment adviser whose representatives offer periodic non-discretionary investment advice in Schwab Wealth Advisory, a fee-based program sponsored by CS&Co. The Schwab Wealth Advisory program also includes advice on the use of Schwab Wealth Portfolios managed by CSIM and is available only to Schwab Wealth Advisory program clients. Schwab Wealth Advisory, Inc. representatives may also make recommendations on other discretionary separately managed accounts offered through other CS&Co. managed account programs.

Charles Schwab SG Pte. Ltd. enables accredited investors in Singapore to trade in the U.S. markets. Charles Schwab U.K. Limited and Charles Schwab Hong Kong, Limited enable retail investors in the United Kingdom and Hong Kong, respectively, to trade in the U.S. markets.

CSC provides services to retirement and other employee benefit plans and participants through its subsidiaries: CS&Co., Charles Schwab Bank, SSB and Charles Schwab Premier Bank, SSB; Charles Schwab Trust Bank; and Schwab Retirement Plan Services, Inc.

Charles Schwab Trust Bank, Charles Schwab Trust Company and Charles Schwab Trust Company of Delaware offer trust and custody products and services.

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

Charles Schwab Bank, SSB, Member FDIC and Equal Housing Lender is a subsidiary of CSC that offers deposit and lending products to both Schwab brokerage clients and other clients who have no relationship with CS&Co.

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

Code of Ethics

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

Participation or Interest in Client Transactions

Order Routing and Trade Execution

In arranging for the execution of non-directed orders for equities and listed options, CS&Co. seeks out industry-leading execution services and access to the best-performing markets. CS&Co. 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.

CS&Co. considers a number of factors in evaluating execution quality of market venues, third-party algorithms, and trading counterparties, including execution price relative to benchmark and opportunities for price improvement, market depth and order size, 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. CS&Co. regularly monitors the execution quality obtained to ensure orders are routed to market venues that have provided high-quality executions over time.

CS&Co. does not act as principal for equity securities in the Program except in limited circumstances such as when executing certain fractional share trades. Fractional shares cannot be sold directly into the market or transferred via an automatic clearinghouse. As an accommodation, CS&Co. will facilitate the sale of certain fractional shares of equity securities by purchasing shares from you on a principal basis, which may not be at the best price available in the market.

Acting as principal on a trade is a conflict of interest because CS&Co. is on the other side of the transaction from the customer. CS&Co. does not charge additional fees on fractional share trades.

CS&Co. receives payments, 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 payments 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.

ETFs

The ETFs that are eligible for inclusion in the Program are described above under "Selection of ETFs."

Each ETF pays investment advisory, administrative, distribution, transfer agent, custodial, legal, audit, and other customary fees and expenses, as set forth in the ETF prospectus. An ETF pays these fees and expenses, which ultimately are borne by its shareholders. Therefore, CSIM will earn fees from Schwab ETFs that are held in SIP Accounts.

CS&Co. receives compensation from some sponsors or issuers of third-party ETPs, including ETFs, or from their affiliates, advisers, or service providers, for administrative and shareholder services, including platform technology and infrastructure, trading and transactional support, shareholder communications, educational resources, and data and reporting. Compensation arrangements are established individually with each sponsor and can include flat fees, asset-based fees based on the value of ETP assets held at CS&Co., or other negotiated fee structures. Compensation arrangements differ across sponsors and products. CS&Co. does not receive these platform-related payments from Schwab-sponsored ETFs.

Some third-party ETF sponsors or their affiliates make payments to CS&Co. for ETF-related opportunities, including education and events and data and reporting. Certain ETF sponsors pay CS&Co. up to $4,000,000 annually for access to data and reports. The total amount of the fee paid by each ETF firm for education and events will vary depending on the type and number of opportunities in which the ETF firm participates.

CS&Co.'s affiliate CSIM serves as investment adviser to the Schwab ETFs™ and receives a fee for its services from the Schwab ETFs. The amount of the fees is disclosed in the prospectus of each ETF. CS&Co. may receive additional payments from CSIM for educational support, data and reporting, and other services.

Personal Trading

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

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 (1) frontrunning customer orders; (2) passing such information to others for that purpose, which means misusing confidential customer trade information for possible personal benefit; and (3) purchasing shares in initial public offerings.

Review of Accounts

If you enroll in the SIP Program, you will open a CS&Co. brokerage account, and we will furnish you with account statements and electronic confirmations of all transactions initiated and effected for your account. You will also receive quarterly account statements detailing positions and activity in all your accounts enrolled in the Program. The statement includes a summary of all securities purchases and sales, interest, dividends and other earnings, all contributions and withdrawals, fees and other charges, and the account value. The statement may be based upon information obtained from third parties. It is your responsibility to review all confirmations and account statements promptly and to communicate directly with us if you have any concerns about the management of your account.

In the SIP Program, CS&Co. will contact clients at least once a year via electronic channels to ask them to update their information on the Website if there have been any material changes. Clients who have experienced material changes to their goals, financial circumstances, or investment objectives, or who wish to impose or modify restrictions on the management of their Program accounts, should promptly update their information on the Website. CS&Co. will not change a client's portfolio selection unless the client updates their investment profile through the Website.

Client Referrals and Other Compensation

CS&Co. employee FCs and other employees, as well as IBLs and IB Representatives, receive compensation from CS&Co. as explained in the "Fees and Compensation" section. CS&Co. has entered into an agreement (the "Referral Agreement") with USAA Investment Services Company ("USAA ISCO") under which CS&Co. will pay USAA ISCO based on a percentage of the assets in CS&Co. accounts attributable to a referral by USAA ISCO, including assets in accounts enrolled in the Program. Under the Referral Agreement, CS&Co. will pay USAA ISCO an annual percentage amount of 0.15% (or 15 basis points) of asset balances of applicable accounts.

Financial Information

CS&Co. does not require or solicit prepayment of any fee and is therefore not required to include a balance sheet for its most recent fiscal year. CS&Co. is not the subject of any financial condition that is reasonably likely to impair its ability to meet its contractual obligations to its clients. CS&Co. 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.



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charles SCHWAB Asset Management

October 15, 2026

Charles Schwab Investment Management, Inc. Disclosure Brochure

425 Market Street, Suite 1700
San Francisco, CA 94105
1-800-650-9744
www.schwabassetmanagement.com

This brochure provides information about the qualifications and business practices of Charles Schwab Investment Management, Inc. If you have any questions about the contents of this brochure, please contact us at 1-800-650-9744. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority. Registration with the SEC does not imply a certain level of skill or training.

Additional information about Charles Schwab Investment Management, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

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Summary of Material Changes

(As of March 31, 2026, since prior annual update on March 28, 2025)

Charles Schwab Investment Management, Inc.'s ("CSIM") principal office and place of business has moved back to San Francisco, California from its temporary location at in Lone Tree, Colorado.

Item 6 – Performance-Based Fees and Side-by-Side Management

- CSIM has added disclosures regarding performance-based fees that it receives from certain clients.

Item 8 – Methods of Analysis, Investment Strategy and Risk of Loss

- CSIM modified the discussion of its methods of analysis and investment strategies. CSIM modified certain risks currently disclosed in the brochure and added additional risks where CSIM believes that additional disclosure would be beneficial to investors.

Item 10 – Other Financial Industry Activities and Affiliations

- CSIM modified the discussion of its relationship with affiliates to disclose new and modified relationships, including removing disclosure that the Schwab Equity Ratings are created by Schwab.

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Item 4 – Advisory Business

Charles Schwab Investment Management, Inc., a Delaware corporation ("CSIM") that is doing business as Schwab Asset Management™, was founded in 1989 as a wholly-owned subsidiary of The Charles Schwab Corporation ("CSC"), a Delaware corporation that is publicly traded and listed on the New York Stock Exchange. CSIM provides advisory services to separately managed accounts ("SMAs"), registered investment companies, which include mutual funds and exchange-traded funds ("ETFs," and collectively with the mutual funds, "Registered Funds"), unregistered investment vehicles excepted from the definition of an "investment company" under the Investment Company Act of 1940, as amended (the "1940 Act") (each a "Private Fund"), and collective trust funds. As further described in the "Methods of Analysis, Investment Strategies and Risk of Loss" section, CSIM provides advice about a variety of investments, ranging from equity and fixed income to money market securities and also provides advice as to the selection of investment advisers and pooled investment vehicles for certain clients.

CSIM serves as investment adviser to Registered Funds and Private Funds and provides investment management and administrative services to those Registered Funds and Private Funds. With respect to the Registered Funds and Private Funds it manages, CSIM utilizes different methods of analysis that are tailored to each Registered Fund's or and Private Fund's investment objective and strategies and are described, along with applicable risks, in their offering documents. The Registered Funds' and Private Fund's offering documents and applicable law also impose restrictions on investing in certain securities or types of securities.

CSIM provides investment management services for various SMA strategies ("SMA Strategies"). These SMA Strategies include Schwab Guided Portfolios ("SGP"), Schwab Intelligent Portfolios® (the "SIP Program"), Schwab Managed Portfolios™ (the "SMP Program"), Schwab Personalized Indexing® ("SPI"), Schwab Wealth Portfolios™, Selective Portfolios, ThomasPartners® Strategies, Wasmer Schroeder Strategies®, and Windhaven® Strategies. CSIM also manages SMA Strategies under custom investment mandates for certain clients that are not offered broadly. Depending on the SMA Strategy, CSIM's clients may include those with whom CSIM has a direct contractual relationship through an investment advisory agreement ("Direct Clients"), those who have enrolled in asset-based wrap fee programs ("Wrap Fee Programs") and similar programs offered through broker-dealers ("Broker/Custodian-Related Programs"), and clients of other wealth managers ("Primary Advisors") for programs and relationships in which CSIM acts as an adviser or a sub-adviser.

The affiliated Wrap Fee Programs in which CSIM's SMA Strategies are made available include the Managed Account Access®, Managed Account Connection®, Schwab Intelligent Portfolios, and Schwab Managed Portfolios programs (the "Schwab Managed Account Programs") sponsored by Charles Schwab & Co., Inc. ("CS&Co."). Certain SMA Strategies are also made available through CS&Co.'s Managed Account Marketplace® platform.

CSIM provides non-discretionary investment management advice to Charles Schwab Trust Bank ("CSTB"), which is an affiliate of CSIM. CSTB maintains the collective trust funds. As required by applicable law, CSTB retains ultimate investment discretion over the collective trust funds and follows or rejects CSIM's recommendations. CSIM tailors its recommendations to CSTB based on a collective trust fund's specific investment objectives and investment strategies as set forth in its governing and/or offering documents. A collective trust fund's governing and/or offering documents may also impose restrictions on investing in certain securities or types of securities.

CSIM also provides model portfolios, including models based on certain SMA Strategies (excluding Wasmer Schroeder Strategies), to sponsors of advisory programs and platforms and other financial intermediaries ("Sponsors") on a non-discretionary basis. In addition, CSIM will work with Sponsors to develop custom model portfolios based upon the Sponsor's instructions and desired allocation. The Sponsor is responsible for providing final approval of the custom model portfolios. In these arrangements, the Sponsors and/or the investment advisers participating in these advisory programs and platforms have the ultimate decision making and discretionary responsibility for the determination of which securities are to be purchased and sold for their accounts and effect all security transactions in connection with such determinations. CSIM does not have any transparency into which securities are ultimately purchased or sold, or the ending portfolio weighting of the accounts of such advisory programs and platforms. In addition, CSIM has no specific knowledge of the Sponsor's clients or their circumstances. Furthermore, where CSIM customizes a model portfolio at a Sponsor's direction, it has no due diligence obligations in connection with, nor any responsibility for determining the appropriateness, diversification, and suitability of any such securities or other property included in the model at the Sponsor's request.

CSIM provides model portfolios to its affiliate, Charles Schwab Trust Company ("CSTC"), in connection with the management of trust assets. CSTC is responsible for determining the models to be used for trust assets and has the ultimate decision making and discretionary

responsibility for the determination of which securities are to be purchased and sold for trust accounts. At CSTC's direction, CSIM directs trades for these trust accounts to its affiliate, CS&Co. CSIM also provides model portfolios to its affiliate, CS&Co. for its platform. CSIM is not responsible for determining which securities to buy or sell for those using the model portfolios provided to CS&Co. There may be differences between the model portfolios provided to Sponsors, CSTC, CS&Co., and the portfolios CSIM manages for its discretionary clients that follow the same or a similar investment strategy. These differences result from various factors, including but not limited to: cash availability, investment restrictions, timing of transactions, account size, holding limits, tax considerations, and trade execution. As a result, the performance of CSIM's discretionary advisory client portfolios and that of a model portfolio following the same or similar investment strategy may differ.

Lastly, CSIM provides models based on the Wasmer Schroeder Strategies to Sponsors on a discretionary basis ("Wasmer Schroeder Discretionary Models"), meaning CSIM has discretionary responsibility for determining which securities are to be purchased and sold and effects all security transactions in connection with such determinations. For more information regarding transactions involving model portfolios, see the section entitled "Brokerage Practices".

CSIM sponsors, develops, coordinates the calculation of and maintains indexes (each, an "Index") based on investment and trading strategies and concepts developed by CSIM. Some of the Registered Funds and SMA Strategies for which CSIM acts as investment adviser seek to track the performance, or mimic the characteristics, of the Indexes by investing in the constituents of such Indexes or a representative sample of such constituents of the Indexes. CSIM publishes Index constituent data on a daily basis and Index returns on a monthly basis. In addition, CSIM will not provide any information relating to changes to the Indexes' methodology for the inclusion or exclusion of component securities or methodology for the calculation or the return of component securities to CSIM portfolio management teams in advance of a public announcement of such changes by CSIM.

As of December 31, 2025, CSIM managed approximately $1,697,040,740,565 in client assets on a discretionary basis and approximately $23,985,174,331 in client assets on a non-discretionary basis.

Item 5 – Fees and Compensation

Pooled Investment Vehicles

As described above, CSIM serves as investment adviser to certain Registered Funds and Private Funds and provides investment management and administrative services to those Registered Funds and Private Funds. The fees paid to CSIM by the Registered Funds and Private Funds are (i) based upon a percentage of each fund's averaged daily net assets, (ii) described in their respective offering documents, and (iii) reflected in their financial statements. For certain Registered Funds, CSIM and/or its affiliates have agreed to reimburse those Registered Funds to the extent that the Registered Funds' total annual operating expenses exceed a specified limitation.

Non-Discretionary Investment Advice

Pursuant to an agreement between CSIM and CSTB, CSIM is entitled to receive a fee from CSTB based on the costs incurred by CSIM to provide the services, utilizing a cost allocation methodology agreed upon between CSIM and CSTB. The fee is payable monthly to CSIM. Collective trust funds may incur custodian fees, brokerage fees, and other transaction costs in connection with purchasing or selling securities recommended by CSIM and may also incur expenses related to underlying pooled investment vehicles. CSIM's fees do not cover the costs of operating the collective trust funds in general, such as legal fees, audit expenses, and trustee's fees.

CSIM does not enter into agreements directly with the collective trust funds and accordingly does not receive direct compensation from, or negotiate fees with, them.

Model Portfolios

Generally, CSIM does not receive fees with respect to non-discretionary model portfolios it provides to unaffiliated Sponsors, CSTC, and CS&Co. for its model platform. CSIM does receive a fee from unaffiliated Sponsors for non-discretionary ThomasPartners Strategies models based on a percentage of the Sponsor's client assets being managed pursuant to such models. CSIM also receives a fee for certain models provided to CSTC based on a percentage of assets being managed pursuant to CSIM's models. Lastly, CSIM receives a fee for Wasmer Schroeder Discretionary Models based on a percentage of the Sponsor's client assets being managed pursuant to such models. CSIM and its affiliates receive fees from any investments in CSIM managed Registered Funds that are included in the model portfolios. If CSIM includes in any model portfolios, third party mutual funds or ETFs that have an agreement with CS&Co., a strategic provider relationship with CS&Co. or an agreement with CSIM, CSIM's affiliates may receive fees from such third party based on assets attributable to such funds being managed pursuant to CSIM's models. See "Participation or Interest in Client Transactions" section below for details on the strategic provider relationships."

SMA Strategies Fees

In connection with the SMA Strategies it advises, CSIM receives fees from Direct Clients, program sponsors of Wrap Fee Programs, Broker/Custodian-Related Programs, and Primary Advisors. CSIM does not negotiate fees with clients in Wrap Fee Programs, in Broker/Custodian-Related Programs or generally those with a Primary Advisor. CSIM does not receive direct compensation from clients in Wrap Fee Programs or Broker/Custodian-Related Programs. In a Wrap Fee Program, typically clients pay a single fee for advisory, brokerage, and custodial services to the program sponsor, and the program sponsor pays CSIM an advisory fee based on assets managed by CSIM in the program. Client's portfolio transactions may be executed without a commission charge in a wrap fee arrangement depending on whether or not securities are traded away from the program sponsor. In evaluating a Wrap Fee Program, the client should also consider that, depending upon the level of the wrap fee charged by Wrap Fee Program sponsor, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. Such clients should review their Wrap Fee Program's applicable disclosure brochure or reach out to their Primary Advisor. Fees for Direct Clients and SMA Strategies only available through Schwab Managed Account Programs are described below. Fees for Wrap Fee Programs, including the Schwab Managed Account Programs, Broker/Custodian-Related Programs, or fees from Primary Advisors can differ from Direct Client fees and from each other. Clients may pay different fees depending on whether they invest in an SMA Strategy as Direct Clients, clients of Primary Advisors, or through the Schwab Managed Account Programs, CS&Co.'s Managed Account Marketplace platform, other Wrap Fee Programs, and other Broker/Custodian-Related Programs.

Generally, CSIM's fees are based on the value of the assets held in a client's account. To the extent permitted under the Advisers Act, CSIM can negotiate and charge performance-based fees. CSIM has the responsibility in determining in good faith asset values with respect to client's accounts (except where asset values are determined by the client's custodian or Primary Advisor) and CSIM will be required to price a portfolio holding when a market price is not readily available or when CSIM has reason to believe in good faith that the market price is unreliable. To the extent CSIM's fees are based on the value of client accounts, CSIM would benefit by receiving a fee based on the impact, if any, of the increased value of assets in an account. When market quotations are not readily available or are believed in good faith by CSIM to be unreliable, the security or other asset or liability is valued by CSIM in accordance with CSIM's valuation procedures.

Schwab Managed Account Programs

CSIM participates as a portfolio manager in the Schwab Managed Account Programs. CSIM does not enter into agreements directly with Schwab Managed Account Program clients and does not receive direct compensation from or negotiate fees with them. Pursuant to an agreement between CSIM and CS&Co., CS&Co. pays all costs and expenses incurred by CSIM in connection with the Selective Portfolios, SGP, and SMP Program offered through the Schwab Managed Accounts Programs and other services provided by CSIM to CS&Co., plus an additional amount based on a fixed percentage of such costs and expenses. Pursuant to an agreement between CSIM and CS&Co., CS&Co. pays all costs and expenses incurred by CSIM in connection with the SIP Program and with other research services provided by CSIM, plus an additional amount based on a fixed percentage of such costs and expenses. Pursuant to an agreement between CSIM and CS&Co., for Schwab Wealth Portfolios, SPI, ThomasPartners Strategies, Wasmer Schroeder Strategies, and Windhaven Strategies, CSIM is entitled to receive an annual fee from CS&Co., payable monthly, based on strategy and a percentage on all Schwab Managed Account Program assets it manages.

CS&Co. also provides CSIM with human resources, legal, compliance, and other administrative and technological support services. The amount paid by CS&Co. to CSIM for the Selective Portfolios, SGP, SIP Program, and SMP Program offered through the Schwab Managed Account Programs may be adjusted from time to time as more or fewer resources are required. CS&Co. may discount certain SMA Strategies' management fees for employees of CS&Co. and its affiliates. More specific information about the Schwab Managed Account Programs and the fees paid by clients who participate in the Schwab Managed Account Programs appears in CS&Co.'s disclosure brochures for those programs, which are provided to program clients directly by CS&Co.

Schwab Wealth Portfolios, Selective Portfolios, SGP, and SMP Program

Schwab Wealth Portfolios, Selective Portfolios, SGP, and SMP Program, are offered through the Schwab Managed Account Programs. In addition to the program fee paid for Schwab Wealth Portfolios, Selective Portfolios, SGP, or SMP Program, clients may incur additional costs. See the "Trade Away" section for more details on additional costs. CS&Co. has a policy to waive all of its trading commissions, if any, on Schwab Wealth Portfolios, Selective Portfolios, SGP, and SMP Program accounts managed by CSIM in the Schwab Managed Account Programs. In the event any such commissions are inadvertently charged, CS&Co. and CSIM will use good faith efforts to reimburse such commissions promptly

after discovery. Please note that CS&Co.'s waiver does not extend to any other non- CS&Co. broker fees, commissions, account fees, or expenses.

SIP Program Additional Costs

CS&Co. does not charge an advisory fee for the SIP Program in part because of the revenue Charles Schwab Bank, SSB ("Schwab Bank") generates from the cash allocation in the SIP Program accounts (the "SIP Cash Allocation"), an indirect cost of the SIP Program. The SIP Cash Allocation that is deposited at Schwab Bank is insured by the Federal Deposit Insurance Corporation ("FDIC") up to the applicable FDIC limits. Certain conditions must be satisfied for FDIC insurance coverage to apply. CSIM and CS&Co. are not FDIC-insured banks and deposit insurance covers the failure of an insured bank. Non-deposit products are not insured by the FDIC; are not deposits; and may lose value. As program sponsor, CS&Co. sets the SIP Cash Allocation percentage for each of the investment strategies and considers among other factors the expected revenue Schwab Bank earns from the SIP Sweep Program. The higher the SIP Cash Allocation and the lower the interest rate paid, the more Schwab Bank earns, thereby creating a conflict of interest for CS&Co. and for CSIM. Under certain market conditions, the SIP Cash Allocation results in lower overall portfolio performance, for example, when other riskier assets outperform cash.

As further detailed in the Schwab Intelligent Portfolios disclosure brochure, clients are not charged an annual program fee; however, the SIP Program is not free of charge. Clients pay the operating expense ratio ("OER") of ETFs used in the portfolios, including Schwab ETFs which affects the performance of SIP Program accounts. Account performance is also affected by the SIP Cash Allocation in a client's account and the Schwab Intelligent Portfolios Sweep Program ("SIP Sweep Program"). CS&Co., CSIM, and their affiliates earn compensation from certain ETFs used in the portfolios and from the SIP Cash Allocation and SIP Sweep Program described in the Schwab Intelligent Portfolios disclosure brochure provided to SIP Program clients. CS&Co. will waive all of its trading commissions on SIP Program accounts managed by CSIM. Please note that CS&Co.'s waiver does not extend to any other non-CS&Co. broker fees, commissions, account fees, or expenses.

SPI

Annual fees for Direct Clients and clients with a Primary Advisor are based upon a percentage of assets under management and generally range from 0.15% to 0.25%. CSIM may deduct fees directly from the client's custodial account, bill the client directly or bill the client's Primary Advisor. Exceptions to the fee schedule above are made at CSIM's discretion.

For Direct Clients, CSIM primarily uses prices supplied by a pricing vendor when valuing client assets for fee calculation purposes. The fee is calculated based on the average daily value of a Direct Client's portfolio on each business day during the applicable quarter and is charged in arrears. For some Direct Clients, their custodian or Primary Advisor is responsible for the valuation and CSIM's fee calculation. These calculations are reviewed for accuracy and if there is a material difference, CSIM will reach out to the custodian or Primary Advisor.

If the investment advisory agreement between Direct Clients and CSIM is terminated, CSIM's compensation will be calculated based on the average daily value of the Direct Client's portfolio for each business day prior to the date of termination then multiplied by the annual fee rate prorated for the number of calendar days in the quarter and then further prorated for the number of days managed during the quarter in which it was terminated.

ThomasPartners Strategies

For Direct Client accounts, CSIM will charge an annual investment management fee ("ThomasPartners Fee") on a quarterly basis dependent on the strategies utilized as follows: 1.00% on assets up to $2 million; 0.75% on assets between $2 million and $5 million; and 0.60% on assets greater than $5 million. Also, a small percentage of Direct Clients in the ThomasPartners Strategies have a flat fee rate arrangement. CSIM may deduct fees directly from the client's custodial account, bill the client directly, or bill the client's Primary Advisor. Existing Direct Clients can pay more or less than new Direct Clients. Exceptions to the fee schedule above are made at CSIM's discretion.

Direct Client accounts may be combined for ThomasPartners Fee breakpoint purposes as requested by the client and subject to approval by CSIM. Individual Retirement Accounts ("IRAs"), Roth IRAs, Education IRAs, and other personal retirement accounts generally may be aggregated for this purpose. However, other retirement plan accounts subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), may not be combined for ThomasPartners Fee breakpoint purposes unless they have identical account registrations. The accounts that may be aggregated are subject to negotiation (except ERISA accounts) and must be requested by the client for CSIM's approval.

For Direct Clients, CSIM primarily uses prices supplied by a pricing vendor when valuing client assets for ThomasPartners Fee calculation purposes. The ThomasPartners Fee is calculated based on the average daily value of a Direct Client's portfolio on each business day during the applicable quarter and is charged in

arrears. For some Direct Clients, their custodian is responsible for the valuation and the ThomasPartners Fee calculation. These calculations are reviewed for accuracy and if there is a material difference, CSIM will reach out to the custodian.

If the investment advisory agreement between Direct Clients and CSIM is terminated, CSIM's compensation will be calculated based on the average daily value of the Direct Client's portfolio for each business day prior to the date of termination then multiplied by the annual fee rate prorated for the number of calendar days in the quarter and then further prorated for the number of days managed during the quarter in which it was terminated.

For the accounts of some Direct Clients referred to CSIM through a solicitor's agreement (i.e., an agreement by which CSIM agrees to pay a fee for such referrals), the annual rate upon which the ThomasPartners Fee is calculated can be up to 0.25% higher than those discussed above and is reflected in the applicable investment advisory agreement entered into with such Direct Clients. Fees are not negotiable for these Direct Clients, except in rare circumstances.

Wasmer Schroeder Strategies

Annual fees for Direct Clients and clients with a Primary Advisor are based upon a percentage of assets under management and generally range from 0.07% to 0.75%. Also, some Direct Clients in the Wasmer Schroeder Strategies have a flat fee or flat rate arrangement. Fees are payable in arrears, monthly or quarterly, as determined by the client's specific arrangement. CSIM may deduct fees directly from the client's custodial account, bill the client directly, or bill the client's Primary Advisor. Fees are negotiable based on certain factors including, but not limited to, the size, complexity, and investment objectives of the client's account. Exceptions to the fee schedule above are made at CSIM's discretion.

After the end of a quarter and after account fees have been calculated, the market value of a portfolio may be adjusted due to several reasons (pricing, trade away fees, paydown, and factor adjustment for mortgage-backed securities, etc.). This can result in a change to the account fee for that quarter. Account fees already paid or invoiced will not be adjusted if the increase or decrease in the fee represents less than 5% of the fee adjustment (a $1000 fee will not be adjusted if the net increase or decrease is less than $50).

The annualized fees are charged as a percentage of assets under management. If the investment advisory agreement between Direct Clients and CSIM is terminated, CSIM's compensation will be calculated based on fees that are prorated for the period that the account was being managed. When fees are calculated by the third party, CSIM relies on the third party calculation. These calculations are reviewed for accuracy and if there is a material difference, CSIM will reach out to the third party.

For clients, other than Wrap Fee Program clients, CSIM primarily uses prices supplied by a pricing vendor when valuing client assets for fee calculation purposes. The fee is calculated based on the month-end value during the applicable quarter and is charged in arrears. For some Direct Clients, Primary Advisor client accounts, and Broker/Custodian-Related Program accounts, CSIM uses prices supplied by their custodian.

Direct Clients are subject to CSIM's, or its predecessor's, minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, CSIM's minimum account requirements and fee arrangements will differ among clients.

Windhaven Strategies

For Direct Client accounts, CSIM will charge an annual investment management fee ("Windhaven Fee") on a quarterly basis as follows: 1.00% of assets on the first $5 million; 0.85% of assets on the next $5 million; 0.75% of assets on the next $15 million; 0.60% of assets on the next $25 million; and 0.50% of assets on amounts over $50 million. CSIM may deduct fees directly from the client's custodial account, bill the client directly, or bill the client's Primary Advisor. Exceptions to the fee schedule above are made at CSIM's discretion.

Direct Client accounts may be combined for Windhaven Fee breakpoint purposes as requested by the client and subject to approval by CSIM. IRAs and other personal retirement accounts generally may be aggregated for this purpose. However, other retirement plan accounts subject to ERISA, may not be combined for Windhaven Fee breakpoint purposes unless they have identical account registrations. The accounts that may be aggregated are subject to negotiation (except ERISA accounts) and must be requested by the client for CSIM's approval.

For Direct Clients, CSIM primarily uses prices supplied by a pricing vendor when valuing client assets for Windhaven Fee calculation purposes. The Windhaven Fee is calculated on the basis of the average daily value of a Direct Client's portfolio on each business day during the applicable quarter and is charged in arrears. For some Direct Clients where CSIM acts as the sub-adviser, the Primary Advisor is responsible for the valuation and Windhaven Fee calculations. These calculations are reviewed for accuracy and if there is a material difference, CSIM will reach out to the Primary Advisor.

If the investment advisory agreement between Direct Clients and CSIM is terminated, CSIM's compensation will be calculated based on the average daily value of the

Direct Client's portfolio for each business day prior to the date of termination then multiplied by the annual fee rate prorated for the number of calendar days in the quarter and then further prorated for the number of days managed during the quarter in which it was terminated.

Additional Fees for Direct Clients

In addition to the fees described above for SPI, ThomasPartners Strategies, Wasmer Schroeder Strategies, and Windhaven Strategies, clients will incur additional costs, which include fees charged by the client's custodian for account maintenance, and may also include industry fees, transaction fees, commissions, mark-ups and mark-downs, or brokerage fees on the purchase and sale of securities in their accounts. Such costs will be paid directly from clients' accounts to the broker-dealer who completes the purchase or sale. For those clients that have selected CS&Co. as their custodian, CS&Co. has a policy to waive all of its trading commissions, if any, on those accounts managed by CSIM. In the event any such commissions are inadvertently charged, CS&Co. and CSIM will use good faith efforts to reimburse such commissions promptly after discovery. Please note that CS&Co.'s waiver does not extend to any other non- CS&Co. brokerage fees.

ETFs and mutual funds held in the SMA Strategies are subject to operating expenses and fees as set forth in the prospectuses of those funds. These fees and expenses are paid by the funds but ultimately are borne by clients as fund shareholders, and are in addition to the SMA Strategies fee. Clients pay the OERs of funds used in the portfolios, which affects the performance of the SMA Strategies accounts. CSIM may also provide access to certain ETFs, mutual funds, or classes of funds that a client might normally not be qualified to purchase. If an account terminates, these investments may be liquidated or exchanged for the share class available for the particular client's individual investment in the fund.

Information relating to CSIM's brokerage practices is included in the "Brokerage Practices" section of this brochure.

Item 6 — Performance-Based Fees and Side-by-Side Management

Fee arrangements vary by client, and are based on a number of different factors. Performance-based fees that CSIM receives are based on the asset growth of a client's account. The timing and amount of performance-based fees are described in the client's investment management agreement. Clients should be aware that when CSIM receives performance-based fees, CSIM has an incentive to choose investments that are riskier or more speculative than might otherwise be chosen.

Item 7 — Types of Clients

CSIM provides discretionary investment advice to Registered Funds and Private Funds. CSIM also provides non-discretionary investment advice to trustees of collective trust funds. In addition, CSIM provides discretionary investment advice to the SMA Strategies. As noted below, the SMA Strategies have minimum investment requirements imposed by CSIM, sponsors of Wrap Fee Programs, including the Schwab Managed Account Programs, brokers and custodians for Broker/Custodian-Related Programs, or by Primary Advisors that can differ from each other. If the market value of a client account falls below this specified minimum due to withdrawal of assets from the account, clients may be required to deposit additional money or securities to bring the account up to the required minimum, and CSIM reserves the right to discontinue management of such client accounts. Exceptions to this policy for Direct Clients are made at CSIM's discretion. In addition, client accounts in the same SMA Strategy may not hold all of the same securities due to a variety of reasons, including, but not limited to, the price of portfolio securities, an account's lower balance, or client imposed investment restrictions. Performance may be lower or higher for such client accounts. Lastly, CSIM provides model portfolios to unaffiliated Sponsors, CSTC and CS&Co.

Schwab Wealth Portfolios

Clients of Schwab Wealth Portfolios offered through Schwab Wealth Advisory™ (the "SWA Program") primarily include individuals, trusts or estates, and corporations or other businesses. Eligible accounts include, but are not limited to, IRAs and retirement accounts for retirement plans that include only self-employed individuals and their spouses. The SWA Program excludes other types of retirement plan accounts, offshore trust accounts, certain pledged asset accounts, charitable gift accounts, and state and municipal government entities. Clients must meet the SWA Program minimums prior to investing in Schwab Wealth Portfolios. The minimum investment required to open an account in Schwab Wealth Portfolios in the SWA Program is at least $25,000 per account. Please refer to Schwab Wealth Advisory, Inc.'s ("SWAI") disclosure brochure and CS&Co.'s disclosure brochure for information on the SWA Program.

Selective Portfolios

Clients of Selective Portfolios in the Schwab Managed Account Programs primarily include individuals, trusts or corporations. Government entities and certain accounts subject to ERISA are not eligible for Selective Portfolios. The minimum investment required to open an account in Selective Portfolios in the Schwab Managed Account

Programs is at least $25,000 per account. The Selective Portfolios strategies are closed to enrollments by new clients. Only clients who already have a Selective Portfolios account as of September 5, 2023, will be able to open new Selective Portfolios accounts.

SGP

Clients of SGP in the Schwab Managed Account Programs primarily include individuals, trusts, estates, charitable organizations, retirement plans, pension and profit-sharing plans, other corporations, business entities, or investment advisers. Government entities and certain accounts subject to ERISA are not eligible for SGP. The minimum investment required to open an account is $25,000 for SGP Wrap accounts in the Schwab Managed Account Programs. SGP is closed to enrollments by new clients. Only clients who already had SGP accounts as of May 26, 2020, can open new SGP accounts.

SIP Program

Pursuant to the enrollment criteria established by CS&Co., clients of the SIP Program primarily include individuals, living trusts, and IRAs. Organizations, such as corporations, limited liability companies, and limited partnerships, may also participate in the SIP Program as a client. These types of clients may not have the same client experience as individuals or trust clients. Government entities and accounts that are subject to ERISA, are not eligible for the SIP Program.

To be initially invested in an investment strategy, clients must meet all requirements of CS&Co. to open an account in the SIP Program and fund it with the applicable minimums. SIP clients must establish their account with a minimum of $5,000 in each account. There is also a minimum balance requirement to request that CSIM employ a tax-loss harvesting strategy, and a minimum balance requirement to maintain a tax-loss harvesting strategy.

CS&Co. may terminate a client from the SIP Program for failing to fund or maintain their account with the required minimum, for failure to maintain a valid email address, or for any other reason, at CS&Co.'s sole discretion. Upon unenrollment from the SIP Program, the client's enrollment in the SIP Sweep Program will terminate and the account will no longer be managed.

SMP Program

Clients of the SMP Program in the Schwab Managed Account Programs primarily include individuals, trusts (including trusts directed by an affiliate), charitable organizations, investment clubs, corporations, and other business organizations. Government entities and certain accounts subject to ERISA are not eligible for the SMP Program. ERISA accounts are only eligible for SMP-Mutual Fund Third Party strategies composed entirely of third-party mutual funds. The minimum investment required to open an account in the SMP Program in the Schwab Managed Account Programs is $25,000 for all account types.

SPI

Clients of SPI primarily include individuals, trusts, corporations, or other business organizations. The minimum investment required to open an account in SPI is at least $100,000 per account. For Direct Clients, exceptions to the minimum investment requirement are made at CSIM's discretion.

ThomasPartners Strategies

Clients of ThomasPartners Strategies primarily include individuals, trusts, estates, charitable organizations, retirement plans, pension and profit-sharing plans, state or municipal government entities, other corporations, business entities, or investment advisers. Certain accounts subject to ERISA are not eligible for the ThomasPartners Strategies on the Schwab Managed Account Programs or for other Wrap Fee Programs. The minimum investment required for a Direct Client in ThomasPartners Strategies is at least $100,000 per account and $500,000 per household. For Direct Clients, exceptions to the minimum investment requirement are made at CSIM's discretion.

Wasmer Schroeder Strategies

Clients of Wasmer Schroeder Strategies primarily include individuals, trusts, banking or thrift institutions, charitable organizations, pension and profit-sharing plans (other than plan participants), investment companies, pooled investment vehicles (other than investment companies), state or municipal government entities, insurance companies, and corporations or other business entities not listed above. Certain accounts subject to ERISA are not eligible for the Wasmer Schroeder Strategies on the Schwab Managed Account Programs. The minimum investment required to open a Direct Client account in a Wasmer Schroeder Strategy varies by strategy, but is at least $250,000 per account. For Direct Clients, exceptions to the minimum investment requirement are made at CSIM's discretion.

Windhaven Schroeder Strategies

Clients of Windhaven Strategies primarily include individuals, trusts, estates, charitable organizations, retirement plans, pension and profit-sharing plans, state or municipal government entities, other corporations, business entities, or investment advisers. The minimum investment required for a Direct Client to open an account in a Windhaven Strategy is at least $100,000 per

account. For Direct Clients, exceptions to the minimum investment requirement are made at CSIM's discretion.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

In managing discretionary client accounts, providing recommendations to non-discretionary clients and creating model portfolios, CSIM uses various investment strategies and methods of analysis, as described below. This section also contains a discussion of the primary risks associated with these investment strategies, although it is not possible to identify all of the risks associated with investing and the particular risks applicable to a client account will depend on the nature of the account, its investment strategy or strategies, and the types of securities held. Where available, please refer to the applicable prospectus or other offering documents for a more detailed discussion of strategies and risks involved with your particular account.

While CSIM seeks to manage accounts so that risks are appropriate to the return potential for the strategy, it is often not possible or desirable to fully mitigate risks. **Any investment includes the risk of loss and there can be no guarantee that a particular level of return will be achieved.** Clients should understand that they could lose some or all of their investment and should be prepared to bear the risk of such potential losses.

Clients should be aware that while CSIM does not limit its advice to particular types of investments, client mandates may be limited to certain types of securities (e.g., equities) or to the recommendation of investment advisers or pooled investment vehicles and may not be diversified. Unless specifically discussed with a client, the accounts managed by CSIM are generally not intended to provide a complete investment program for a client or investor and CSIM expects that the assets it manages typically do not represent all of the client's assets. Clients are responsible for appropriately diversifying their assets to guard against the risk of loss.

CSIM receives a broad range of research from a wide variety of sources that includes CS&Co.-affiliated entities, other brokers, and independent research providers, including issuers and trading partners. CSIM may use written reports prepared by recognized analysts who are specialists in the industry and may use computer-based models to assist in portfolio management. CSIM may also use statistical and other information published by third-party data providers, industry, and government, information gathered at meetings of professionals within the industry, and its own research of investment trends.

Certain CSIM portfolio managers make investment decisions for multiple client types, including with respect to their own accounts, and across multiple strategies or programs using various investment strategies. These portfolio management responsibilities create conflicts of interest. The conflicts of interest that arise in managing multiple accounts include, for example, conflicts among investment strategies, conflicts in the allocation of investment opportunities, or conflicts due to different fees. Some accounts have higher fees than others. Also, clients with larger assets under management generate more revenue for CSIM than smaller accounts. These differences give rise to a conflict that a portfolio manager would favor one account over another or allocate more time to the management of one account over another. CSIM portfolio management personnel make investment decisions based on the investment objectives and parameters set for each strategy or program. In addition, CSIM has adopted policies and procedures to address any conflicts of interest that may arise, including appropriate information barrier policies.

CSIM creates diversified portfolios that primarily consist of ETFs and/or mutual funds in a single account for several SMA Strategies and certain pooled investment vehicles it manages on a discretionary basis. CSIM also creates model portfolios that consist of ETFs and/or mutual funds. Additionally, CSIM provides non-discretionary investment advice to the CSTB collective trust funds regarding investments in ETFs and/or mutual funds. The guidelines for asset allocations CSIM has for each SMA Strategy, pooled investment vehicle, model portfolio, or CSTB collective trust fund differ from the others. However, certain pooled investment vehicles or CSTB collective trust funds may have substantially equivalent strategies. In such circumstances, the guidelines for multiple pooled investment vehicles or CSTB collective trust funds CSIM manages may be substantially similar. There may be times when CSIM chooses the same ETF or mutual fund for different SMA Strategies, pooled investment vehicles, model portfolios, or CSTB collective trust funds; however, portfolio management personnel make investment decisions based on the investment objectives and parameters set for each SMA Strategy, pooled investment vehicle, model portfolio, or CSTB collective trust funds. CSIM has adopted policies and procedures to address conflicts of interest that may arise.

Each SMA Strategy that CSIM manages, except the SIP Program, maintains a cash component which may be invested in short-term debt instruments, a money market fund (which may be a Registered Fund managed by CSIM), a collective trust fund, an index futures contract or an ETF depending on the particular product or strategy. For the SIP program, the SIP Cash Allocation is invested in the SIP Sweep Program, which is described in the Schwab Intelligent Portfolios disclosure brochure provided to SIP Program clients.

Pooled Investment Vehicles Methods of Analysis and Investment Strategies

With respect to the Registered Funds and Private Funds it manages, CSIM utilizes different methods of analysis that are tailored to each Registered Fund's and Private Fund's investment objective and strategies and are described, along with applicable risks, in their respective offering documents. Shareholders of the Registered Funds and potential investors should carefully read the relevant offering documents.

Non-Discretionary Methods of Analysis and Investment Strategies

CSIM provides non-discretionary investment advice to CSTB with respect to collective trust funds that encompass a number of distinct investment strategies, which are governed by each collective trust fund's governing and/or offering documents. Such non-discretionary investment advice includes periodic evaluation of the performance of third party sub-advisers and underlying pooled investment vehicles to the collective trust funds, evaluation of compliance by the sub-advisers with any relevant policies and procedures, including best execution and other broker practices, and recommendations to select or terminate sub-advisers or underlying pooled investment vehicles. When providing recommendations to CSTB about the selection, monitoring and removal of sub-advisers or underlying pooled investment vehicles, CSIM considers both qualitative and quantitative factors. Quantitative statistics considered include, but are not limited to, risk adjusted results over multiple time periods relative to peer groups and benchmarks, and return patterns in rising and falling markets. The qualitative review includes, but is not limited to, strategy philosophy and process, investment team, firm, compliance, investment and operational risks, institutional experience, portfolio characteristics, and fit with other sub-advisers or underlying pooled investment vehicles in a portfolio context.

Schwab Wealth Portfolios Methods of Analysis and Investment Strategies

Schwab Wealth Portfolios are multi-asset class portfolios comprised of Registered Funds or SMA strategies and Registered Funds in a single discretionary account and are only available to clients enrolled in the SWA Program. Eligible SMA strategies can include, but are not limited to, the SMA Strategies managed by CSIM. CSIM may change, add, or remove SMA strategies used in Schwab Wealth Portfolios at any time. Depending upon the amount being invested, Schwab Wealth Portfolios clients can choose portfolios that are comprised of SMAs and Registered Funds or just Registered Funds. Assets in SMAs within Schwab Wealth Portfolios accounts may include, but are not limited to, individual stocks and bonds. Eligible Registered Funds include, but are not limited to, those that are managed by CSIM and those with which CS&Co. has a strategic provider relationship. In selecting Registered Funds for Schwab Wealth Portfolios, CSIM will always consider all applicable Registered Funds managed by CSIM and those with a strategic provider relationship in its determinations of which Registered Funds to invest in for a particular asset class.

Each Schwab Wealth Portfolios strategy applies one of six different broadly diversified, strategic asset allocations. These include five total return asset allocations that span conservative, moderate conservative, moderate, moderate aggressive and aggressive risk profiles, along with one income asset allocation. Strategies, including asset allocation and underlying investments, are reassessed periodically and subject to change as deemed appropriate and without notice. A portion of all Schwab Wealth Portfolios is maintained in cash or cash equivalents, such as a money market fund. CSIM employs both quantitative and qualitative processes to help guide investment decisions and manage portfolio risk. Actual client account asset allocations may also naturally drift from targets over time (for example, in response to changing market conditions). These deviations are systematically reviewed and rebalanced as warranted.

Additionally, strategies may be designed for different investor preferences. For example, some strategies are designed to have exposure to government, corporate, agency, taxable municipal, or other types of bonds subject to state and/or federal taxation. Conversely, other strategies are instead designed to have exposure to municipal bonds whose interest income is typically exempt from federal taxes, as well as potentially state and/or local taxes. Separately, all strategies provide the option for clients to elect additional tactical asset allocation tilts, which involve deviations from the strategic allocation based upon shorter-term financial considerations. CSIM may be limited in its ability to make asset allocation adjustments due to frequent trading restrictions or redemption fee policies of the underlying Registered Funds.

Descriptions of the Schwab Wealth Portfolios asset allocation strategies are below. Please note that although some Schwab Wealth Portfolios asset allocation strategies are designed to be less risky than others, all investments in securities involve a risk of loss, including the loss of all of the money you initially invest. In addition, the portion of the Schwab Wealth Portfolios accounts invested in SMA strategies, including CSIM managed SMA Strategies, can perform differently and be lower or higher than if the client had invested directly in those SMA strategies due, but not limited, to differences

in: (i) timing of reinvestment of mutual fund sale proceeds; (ii) timing of trade generation and execution; and (iii) client-initiated tax-loss harvesting methodology.

Conservative. The strategy is for investors seeking income with lower volatility. The strategy primarily offers exposure to fixed income assets with some equity exposure. The fixed income exposure may be to either taxable bonds or bonds that are exempt from federal taxes, as well as potentially state and local taxes.

Moderately Conservative. The strategy is for investors primarily seeking income and secondarily modest capital appreciation. A majority of the exposure in the strategy is to fixed income but with a significant percentage invested in equity. The fixed income exposure may be to either taxable bonds or bonds that are exempt from federal taxes, as well as potentially state and local taxes.

Moderate. The strategy is for investors seeking a balance between capital appreciation and income. The strategy offers exposure to a mix of fixed income and equity. The fixed income exposure may be to either taxable bonds or bonds that are exempt from federal taxes, as well as potentially state and local taxes.

Moderately Aggressive. The strategy is for investors seeking capital appreciation who are willing to accept moderately higher volatility. The strategy has exposure to both equity and fixed income, with a majority in equity. The fixed income exposure may be to either taxable bonds or bonds that are exempt from federal taxes, as well as potentially state and local taxes.

Aggressive. The strategy is for investors concerned with seeking high levels of capital appreciation who are willing to accept higher volatility. The strategy primarily offers exposure to equity with some fixed income exposure. The fixed income exposure may be to either taxable bonds or bonds that are exempt from federal taxes, as well as potentially state and local taxes.

Income. The strategy is for investors seeking a high level of income rather than potential long-term capital appreciation. The strategy has exposure to both fixed income and equity, with a majority in fixed income. The fixed income exposure may be to either taxable bonds or bonds that are exempt from federal taxes, as well as potentially state and local taxes.

Selective Portfolios Methods of Analysis and Investment Strategies

The Selective Portfolios strategies offer clients a portfolio of investments that may be comprised of mutual funds or ETFs in a single account managed on a discretionary basis. There are three types of Selective Portfolios: Core Mutual Fund, Core ETF and Opportunistic. The Core Mutual Fund and Core ETF strategies use a strategic asset allocation approach. The Opportunistic strategies use a tactical asset allocation approach. The strategies generally consist of broadly diversified asset allocations that are reassessed periodically, including asset allocation and underlying securities, and subject to change as deemed appropriate and without notice. A portion of all Selective Portfolios strategies is maintained in cash or cash equivalents, such as a money market fund. CSIM employs both quantitative and qualitative processes to help guide investment decisions and manage portfolio risk. Each portfolio is designed so that the asset allocation is consistent with a certain combination of investment objectives and risk tolerance. Actual client account asset allocations may also naturally drift from targets over time (for example, in response to changing market conditions). These deviations are systematically reviewed and rebalanced as warranted.

Selective Portfolios Core Mutual Fund. The strategies offer clients a portfolio of investments that is comprised of mutual funds and a portion of the account that is maintained in cash or cash alternatives. Eligible mutual funds include mutual funds that are managed by CSIM. CSIM selects and allocates assets among domestic equity, international equity, domestic fixed income, international fixed income, specialty mutual funds, and cash equivalents. CSIM may be limited in its ability to make asset allocation adjustments due to frequent trading restrictions or redemption fee policies of the underlying mutual fund companies.

Selective Portfolios Core ETF. The strategies offer clients a portfolio of investments that is comprised of ETFs and a portion of the account that is maintained in cash or cash alternatives. Eligible ETFs include Schwab ETFs, which are managed by CSIM. CSIM selects and allocates assets among domestic equity, international equity, domestic fixed income, international fixed income, specialty ETFs, and cash equivalents.

Selective Portfolios Core Mutual Fund and Core ETF strategies are available with five broadly diversified asset allocation models corresponding to risk tolerance levels including aggressive, growth, moderate growth, moderate, and conservative. Please note that although some Selective Portfolios asset allocation strategies are designed to be less risky than others, all investments in securities involve a risk of loss, including the loss of all of the money you initially invest.

Conservative. The strategy may be best suited for those with a low risk tolerance and/or a short time frame before retirement, or those who are simply conservative investors.

Moderate. The strategy is designed for those with a low risk tolerance who want to capitalize on modest or potentially more stable returns.

Moderate Growth. The strategy is designed for investors with a moderate risk tolerance who are in pursuit of modest growth and have several years to do so.

Growth. The strategy is designed for those who invest more aggressively and can tolerate considerable market fluctuations and risk with a longer time frame.

Aggressive. The strategy may be best suited for those who can tolerate large market fluctuations and increased risk and plan to invest over a long period of time.

Selective Portfolios Opportunistic. The strategies seek long-term growth with a more tactically managed investment approach. They are designed for clients who prefer a more active portfolio. The Selective Portfolios Opportunistic strategies offer clients a portfolio of investments that is comprised of ETFs. Eligible ETFs include Schwab ETFs, which are managed by CSIM. The Selective Portfolios Opportunistic strategies use a proprietary tactical investment process. The strategies are broadly diversified across asset classes. including but not limited to domestic equity, international equity, domestic fixed income, international fixed income, liquid alternative ETFs, cash equivalents,. Each strategy is dynamically managed, striving to take advantage of global capital market opportunities by changing allocations in response to the Selective Portfolios portfolio management and research teams' views and market conditions. The Selective Portfolios Opportunistic strategies are evaluated monthly to determine if they need to be rebalanced or reallocated. Since strategies using a tactical approach have more frequent trading, they may also have greater tax implications for taxable accounts.

Selective Portfolios Opportunistic strategies are available in two broadly diversified asset allocation models, including aggressive and moderate growth. Please note that although some Selective Portfolios asset allocation strategies are designed to be less risky than others, all investments in securities involve a risk of loss, including the loss of all of the money you initially invest.

Moderate Growth. Designed for investors with a moderate risk tolerance who are in pursuit of modest growth over a longer time frame and are comfortable with both short- and long-term fluctuations in the market.

Aggressive. May be appropriate for investors who can tolerate large, short- and long-term market fluctuations and increased risk and plan to invest over a long period of time.

SGP Methods of Analysis and Investment Strategies

SGP includes SGP Wrap, a mutual fund and ETF wrap program, managed on a discretionary basis by CSIM. Eligible Registered Funds include, but are not limited to, those that are managed by CSIM. The SGP strategies generally consist of broadly diversified asset allocations that are reassessed periodically, including asset allocation and underlying securities, and subject to change as deemed appropriate and without notice. A portion of all SGP strategies is maintained in cash or cash equivalents, such as a money market fund. CSIM employs both quantitative and qualitative processes to help guide investment decisions and manage portfolio risk. Each portfolio is designed so that the asset allocation is consistent with a certain combination of investment objectives and risk tolerance. Actual client account asset allocations may also naturally drift from targets over time (for example, in response to changing market conditions). These deviations are systematically reviewed and rebalanced as warranted.

SGP strategies are available with six asset allocation models comprised of varying percentages, corresponding to risk tolerance levels including very aggressive, aggressive, moderately aggressive, moderate, moderately conservative, and conservative ("SGP Model Portfolios"). Depending on the asset allocation model selected, CSIM can allocate assets among domestic equity, international equity, domestic fixed income, international fixed income, cash equivalents, and specialty funds. CSIM may restrict or expand the types of securities in which SGP invests at its sole discretion, and without prior notice to you. CSIM may be limited in CSIM's ability to make asset allocation adjustments due to frequent trading restrictions or redemption fee policies of the underlying mutual fund companies. Descriptions of the SGP Model Portfolios offered in SGP are below. Please note that although some SGP Model Portfolios are designed to minimize risk, all investments in securities involve a risk of loss, including the loss of all of the money you initially invest.

Conservative. The strategy is for investors relatively more concerned with current income than with long-term capital appreciation who are sensitive to risk and fluctuations in value and who may have a short time horizon. Investments are primarily in fixed income with some equity exposure.

Moderately Conservative. The strategy is for investors concerned with modest capital appreciation who are willing to accept portfolio risk that involves fluctuations in value expected to be materially less than those of the overall stock market and who may have an intermediate time horizon. A majority of investments are in fixed income exposures but with a significant percentage invested in equity.

Moderate. The strategy is for investors concerned with moderate levels of capital appreciation who are willing to accept a moderate level of risk that may involve fluctuations in value that are expected to be less volatile than those of the overall stock market and who may have an intermediate to long-term time horizon. Investments

are in a roughly proportionate mix of fixed income and equity exposures.

Moderately Aggressive. The strategy is for investors concerned with seeking meaningful levels of capital appreciation who are willing to accept a moderate level of risk that may involve fluctuations in value that are expected to be less volatile than those of the overall stock market and who may have an intermediate to long-term time horizon. Investments are in both equity and fixed income exposures, with a majority in equity.

Aggressive. The strategy is for investors concerned with seeking high levels of capital appreciation who are willing to accept significant fluctuations in value that are expected to be slightly less than the volatility of the overall stock market and who may have a long-term time horizon. Investments are primarily in equity with some fixed income exposure.

Very Aggressive. The strategy is for investors concerned with aggressively seeking high levels of capital appreciation who are willing to accept fluctuations in value that are similar to being fully invested in the overall stock market and who may have a long-term time horizon. Nearly all investments are in equity exposures.

Strategies may be designed for different investor preferences. For example, some strategies are designed to have exposure to government, corporate, agency, taxable municipal, or other types of bonds subject to state and/or federal taxation. Conversely, other strategies are instead designed to have exposure to municipal bonds whose interest income is typically exempt from federal taxes, as well as potentially state and/or local taxes.

SGP Wrap accounts are available in four different types as described below. The SGP Wrap accounts generally provide the same range of investment styles; however, each type of account varies in the types of investments that can be used to implement the model asset allocation.

SGP Focused Mutual Fund Wrap Program. The strategies are comprised of mutual funds, and can include CSIM managed mutual funds.

SGP Market Place Mutual Fund Wrap Program. The strategies are comprised of mutual funds, and can include CSIM managed mutual funds.

SGP ETF Wrap Program. The strategies are comprised of ETFs, and can include CSIM managed ETFs.

SGP Blend Wrap Program. The strategies are comprised of mutual funds and/or ETFs, and can include CSIM managed Registered Funds.

SIP Program Methods of Analysis and Investment Strategies

The SIP Program offers clients a diversified portfolio composed of ETFs and the SIP Cash Allocation that is based on the client's stated investment objectives and risk tolerance. The portfolio of ETFs could include asset classes across stocks, fixed income, real estate, and commodities. Modifications to the number, and types, of asset classes included may occur at any time without prior notice to clients. The SIP Program is designed to monitor a client's portfolio daily and to automatically rebalance as needed to keep a client's portfolio consistent with their selected risk profile unless such rebalancing may not be in the best interest of the client. The SIP Program is sponsored by CSIM's affiliate, CS&Co., who has chosen CSIM to provide portfolio management services to the SIP Program accounts on a discretionary basis consistent within written investment parameters (the "Parameters") developed by CS&Co. and with clients' chosen investment strategy, and to direct appropriate trades in clients' accounts. The Parameters established by CS&Co. places limitations on the universe of ETFs that CSIM may select for the SIP Program. Also, CS&Co. acts as the qualified custodian for SIP Program accounts and provides trade routing and/or execution and related services for SIP Program accounts.

CS&Co.'s Parameters are designed to support its philosophy of low-cost and index-based investing. In support of providing broadly diversified and risk-adjusted portfolios, eligible ETFs must accurately represent a particular asset class in the portfolio, meet sufficient liquidity standards, and be among the lowest cost (in terms of the OER) in their asset class or category. When it comes to replacing an ETF, CSIM also considers the potential impact to clients such as additional trading costs, or other costs. Eligible ETFs include Schwab ETFs, which are managed by CSIM. CS&Co. has instructed CSIM to select or retain Schwab ETFs in the portfolios as long as CSIM determines that they satisfy the above factors.

Beginning with those SIP Cash Allocation percentages, CSIM designs each SIP Program model portfolio to be consistent with a certain combination of investment return objectives and risk targets. Certain investment strategies are intended for taxable accounts and others for tax-deferred accounts. Certain investment strategies focus on higher-yielding (i.e., interest and dividend) asset classes. Upon request from CS&Co., CSIM may add, remove, or change investment strategies used in the SIP Program.

CSIM will generally select both a primary and secondary ETF for each asset class in consideration of, among other things, tax-loss harvesting and requested investment restrictions. In limited circumstances, as determined by

CSIM, only one ETF may be used in certain asset classes. In such cases, the tax-loss harvesting feature would not be available for execution in the affected asset class(es). To be eligible for consideration, ETFs designated as the primary ETF in an asset class are targeted to have a share price less than a cap that is necessary to enable trading in accounts with lower balances; although, certain accounts that are below the $5,000 minimum may not hold all positions.

CSIM uses the SIP Algorithms, as defined below, to assist in portfolio management. The SIP Program portfolio management team has discretion to override the models and the SIP Algorithms and decline to trade during unusual market conditions or due to system limitations or data feed discrepancies. More information about the Selection of ETFs, SIP Cash Allocation, SIP Sweep Program, and conflicts of interest and how they are addressed can be found in the Schwab Intelligent Portfolios disclosure brochure, as well as the Schwab Intelligent Portfolios Sweep Program Disclosure Statement provided to SIP Program clients.

This brochure, combined with the Schwab Intelligent Portfolios disclosure brochure, contains details about the SIP Program, including a description of the automated daily review of client accounts and holdings to identify rebalancing and tax-loss harvesting opportunities as well as initiate buy/sell orders that are identified (collectively, the "Rebalancing Algorithms").

The Rebalancing Algorithms work to maintain asset class diversification for each portfolio within defined parameters and subject to the limitations described below and in the Schwab Intelligent Portfolios disclosure brochure. Funding an account with a combination of securities that are and are not already included in the client's recommended SIP Program portfolio can cause additional rebalancing transactions in a portfolio.

CS&Co. offers the SIP Program online through an interactive website and mobile application (collectively, the "Website"). Clients use the Website and answer questions from an online questionnaire that help determine whether the SIP Program is appropriate for them. The Website also presents a suggested SIP Program portfolio based on the client information for client's review and approval. Prior to enrollment, clients are asked to carefully consider whether their participation in the SIP Program and whether their selected SIP Program portfolio are appropriate for their investment needs and goals. Once enrolled, SIP Program clients can update their investment profile or monitor their accounts' allocation, activity, and performance. Clients should periodically review their existing investment risk profile and update it when their goals, risk tolerance, or other aspects of their financial situation change.

The Website allows prospective clients to review information about the SIP Program, including general information on the types of ETFs included, as well as information about CSIM's approach to allocating client accounts. Clients may also monitor their portfolio's allocation and activity, monitor their account's performance, and use a goal tracking tool to monitor whether their account is on target to reach their savings or income goal. Clients may also initiate deposits and withdrawals from existing SIP Program accounts or open new SIP Program accounts. The investment strategies employed in each SIP Program account are governed by a client's agreement with CS&Co.

SMP Program Methods of Analysis and Investment Strategies

The SMP Program consists of various investment strategies, selected by clients, and consists of either mutual funds ("SMP-MF") or ETFs ("SMP-ETF"), bought and sold for clients on a discretionary basis. The strategies generally consist of broadly diversified asset allocations that are reassessed periodically, including asset allocation and underlying securities, and subject to change as deemed appropriate and without notice. A portion of all SMP strategies is maintained in cash or cash equivalents, such as a money market fund. CSIM employs both quantitative and qualitative processes to help guide investment decisions and manage portfolio risk. Each portfolio is designed so that the asset allocation is consistent with a certain combination of investment objectives and risk tolerance. Actual client account asset allocations may also naturally drift from targets over time (for example, in response to changing market conditions). These deviations are systematically reviewed and rebalanced as warranted. CSIM may be limited in its ability to make asset allocation adjustments due to frequent trading restrictions or redemption fee policies of the underlying mutual fund companies. Additionally, strategies may be designed for different investor preferences. For example, some strategies are designed to have exposure to government, corporate, agency, taxable municipal, or other types of bonds subject to state and/or federal taxation. Conversely, other strategies are instead designed to have exposure to municipal bonds whose interest income is typically exempt from federal taxes, as well as potentially state and/or local taxes. For SMPMF, in any asset class where there are not sufficient mutual funds that meet CSIM's eligibility criteria, CSIM can substitute third-party ETFs. Please see CS&Co.'s disclosure brochure for Schwab Managed Portfolios for additional details on the SMP Program strategies.

SPI Methods of Analysis and Investment Strategies

Each SPI strategy is designed to provide customizable exposure to a client's selected equity market segment. For taxable accounts, each SPI strategy seeks to enhance after-tax returns relative to the client's designated index. SPI strategies are benchmarked to a specific index chosen by the client. SPI strategies typically invest directly in an optimized subset of the securities that seeks to track the performance of the designated index by attempting to mimic the characteristics of the designated index, such as the designated index's exposure and risk characteristics. SPI strategies invest both in securities of issuers included in the designated index and securities of issuers that are not included in the designated index. The securities selected for a client's account can be individually tailored based on a client's investment restrictions and account size. While each SPI strategy looks to approximate the pre-tax return and risk characteristics of its particular index, it will not always be aligned to the index. For taxable accounts, SPI strategies also consider tax attributes of the assets held in the account and will seek to enhance after-tax returns by actively trading the holdings through the use of tax-efficient optimization methodologies. At times, an index may provide exposure to publicly traded-partnerships which can generate Internal Revenue Service ("IRS") Schedule K-1 tax forms. The following is an overview of the SPI designated indexes that a client can choose for its account:

Schwab 1000 Equity. The strategy seeks to track the performance of and mimic characteristics of the Schwab 1000 Index® through the use of optimization methodologies. The strategy invests primarily in equity securities. The Schwab 1000 Index is a float-adjusted market capitalization weighted index that includes the 1,000 largest stocks of publicly traded companies in the U.S., with size being determined by market capitalization (total market value of all shares outstanding).

S&P Small Cap 600. The strategy seeks to track the performance of and mimic characteristics of the S&P SmallCap 600® Index through the use of optimization methodologies. The strategy invests primarily in equity securities. The S&P SmallCap 600 Index is a float-adjusted market capitalization weighted index that seeks to measure the small-cap segment of the U.S. equity market.

MSCI KLD 400 Social. The strategy seeks to track the performance of and mimic characteristics of the MSCI KLD 400 Social Index through the use of optimization methodologies. The strategy invests primarily in equity securities. The MSCI KLD 400 Social Index is a capitalization weighted index of 400 U.S. securities that provides exposure to companies with outstanding Environmental, Social and Governance ("ESG") ratings and excludes companies whose products have negative social or environmental impacts.

MSCI EAFE International. The strategy seeks to track the performance of and mimic characteristics of the MSCI EAFE Index through the use of optimization methodologies. The strategy invests primarily in American Depositary Receipts ("ADRs") and equity securities of MSCI EAFE Index issuers that are traded on U.S. stock exchanges. The MSCI EAFE Index is a free float-adjusted, market capitalization-weighted index designed to measure large- and mid-capitalization equity market performance of developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada.

US 3000 Broad Market. The strategy seeks to track the performance of and mimic characteristics of the Solactive United States 3000 Index through the use of optimization methodologies. The strategy invests primarily in equity securities. The Solactive United States 3000 Index is a free-float market capitalization weighted index that tracks the performance of the largest 3000 companies from the U.S. stock market, with size being determined by market capitalization (total market value of all shares outstanding).

US 500 Large-Cap. The strategy seeks to track the performance of and mimic characteristics of the Solactive US Large Cap Index through the use of optimization methodologies. The strategy invests primarily in equity securities. The Solactive US Large Cap Index is a free float market capitalization weighted index that tracks the performance of the U.S. large cap segment, selecting the largest 500 companies in the U.S., with size being determined by the free float market capitalization.

For taxable accounts, CSIM seeks to opportunistically harvest net realized capital losses to provide improved returns over the designated index on an after-tax basis. This is achieved by utilizing tax-efficient optimization methodologies such as tax-loss harvesting, while also accounting for tracking the designated index. Tax-loss harvesting generally means selling a security that has lost value in order to offset capital gains on the investor's tax return. In order to preserve a "harvested" loss CSIM will seek to avoid transactions which may cause a violation of applicable wash sale rules. However, while CSIM will monitor for wash sales within an SPI account, CSIM does not prevent wash sales in all cases, and as a result wash sales may occur from trading in multiple accounts held by a client, including multiple SPI accounts held by the same client.

ThomasPartners Strategies Methods of Analysis and Investment Strategies

For the ThomasPartners Strategies, CSIM utilizes a proprietary process to help guide investment decisions. The ThomasPartners Strategies offer two types of investment approaches: strategies that focus primarily on equity securities, and strategies that blend equities and fixed income. For the equity portion of both types of strategies, CSIM invests primarily in dividend paying stocks from companies that it believes have the ability to grow their dividends. Most of the investments are in large-cap U.S.-based stocks, with lesser allocations to mid- and small-cap common stocks, international common stocks, and domestic Master Limited Partnerships ("MLPs") or Real Estate Investment Trusts ("REITs"). Investments may also include mutual funds and ETFs. For the fixed income portion of the strategies, CSIM invests directly and indirectly (typically through ETFs) in U.S. Treasuries, agencies, corporate and/or municipal bonds, high yield bonds, bank loans, and other fixed income sectors deemed appropriate by the ThomasPartners Strategies portfolio management team.

ThomasPartners Strategies use both quantitative and qualitative techniques to identify attractive securities for equity investments. These include primarily foreign and domestic large-cap companies and companies with histories of annual dividend growth. ThomasPartners Strategies can also invest in mid- and small-cap companies. REITs and MLPs are also considered.

Particular attention is paid to a company's current dividend policy as well as its potential to increase its dividend in the future. The companies are then analyzed with respect to:

- Business quality;
- Returns on capital;
- Free cash flow generation and capital intensity;
- Balance sheet strength; and
- Valuation.

Lastly, a discounted cash flow analysis and/or other appropriate valuation techniques are used to develop intrinsic value estimates for the companies identified through the methods above. Companies that are deemed undervalued are recommended to the portfolio management team for inclusion in the portfolio. Portfolio decisions will also incorporate the proposed company's impact on the overall portfolio's dividend yield, income growth potential, and risk.

ThomasPartners Strategies' portfolio management team will allocate a portion of certain accounts to fixed income ETFs in the Balanced Income and Balanced Income Conservative Strategies and may also allocate a portion of certain accounts to fixed income securities, including fixed income ETFs, for Direct Clients. For fixed income investments, ThomasPartners Strategies' portfolio management team uses a combination of top-down and sector research in their analysis of the fixed income markets. The macro, top-down analysis provides a framework and understanding of the current economic environment. The sector analysis seeks to identify the relative opportunities within fixed income. The fixed income sectors that are considered include U.S. Treasuries, government-sponsored enterprises, agencies, corporate and/or municipal bonds, high yield, bank loans, and other fixed income sectors deemed appropriate by ThomasPartners Strategies' portfolio management team.

For the fixed income portion of the strategies, the ThomasPartners Strategies portfolio management team may determine to use another CSIM portfolio management team that specializes in fixed income or a particular segment of the fixed income market to provide trading services and/or portfolio management for fixed income or that particular segment of the fixed income market. The following is a brief overview of the ThomasPartners Strategies.

Dividend Growth. The strategy invests in dividend-paying companies that have the ability to grow their dividends. As an equity offering, this strategy is designed to complement a broader portfolio. There are two versions of the strategy. ThomasPartners Dividend Growth Strategy K-1 Generating may have direct exposure to MLPs that can generate IRS Schedule K-1 tax forms. The other version, ThomasPartners Dividend Growth Strategy Non-K-1 Generating will not invest in any security that can generate IRS Schedule K-1 tax forms.

Balanced Income. The strategy combines the dividend growth portfolio with fixed income investments and has a balanced portfolio's baseline allocation of 60% equities and 40% fixed income. The allocation between dividend stocks and fixed income may be adjusted from time to time and is determined by the ThomasPartners Strategies portfolio management team. Client accounts may drift from this allocation due to market conditions or client activity, but will be rebalanced from time to time.

Balanced Income Conservative. The strategy combines the dividend growth portfolio with fixed income investments and has a baseline of 40% equities and 60% fixed income. The allocation between dividend stocks and fixed income may be adjusted from time to time and is determined by the ThomasPartners Strategies portfolio management team. Client accounts may drift from this allocation due to market conditions or client activity, but will be rebalanced from time to time.

Wasmer Schroeder Strategies Methods of Analysis and Investment Strategies

The Wasmer Schroeder Strategies offer portfolios of fixed income securities with a variety of structures, attributes and characteristics such as, but not limited to, the range of maturities held and the taxability of the income generated by various issues held. Some portfolios may also offer exposure to income earning equity securities. Portfolios within a given strategy may not hold identical securities but they generally share common key attributes and are managed consistent with the strategy-specific investment mandate as more fully described in each client's investment management agreement or investment policy statement. CSIM uses the following methods of analysis in formulating its investment advice and/or managing Wasmer Schroeder Strategies client assets:

Fundamental Analysis. CSIM attempts to measure the intrinsic value of a security by looking at economic and financial factors including the overall economy, industry conditions, and the financial condition and management of the company or issuer to determine if the security is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the issuer.

Cyclical Analysis. Cyclical analysis involves looking at overall macro trends of state, local, national and global economic trends. This includes, but is not limited to, unemployment rates, industrial production, wage growth and other factors. Cyclical trends in the economy are then applied to security selection, yield curve positioning and credit quality decisions.

Quantitative Analysis. CSIM employs a conservative credit approach that emphasizes the investment grade quality, essential purpose sectors in the municipal bond market. CSIM reviews each purchase candidate utilizing various industry specific credit metrics and statistics. These include analyzing relevant economic, demographic, and employment data as well as issuer financial position and debt burden. These credit metrics are evaluated using CSIM's approved credit criteria as a framework. With each corporate issuer CSIM evaluates a range of metrics ranging from broad-based data to ratios that have industry specific relevance. These metrics often reveal areas that need further examination. This spectrum of quantitative analysis provides an identifiable risk assessment.

Qualitative Analysis. CSIM subjectively evaluates non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement and incorporates this analysis into CSIM's investment decision process based on that data. A risk in using qualitative analysis is that CSIM's subjective judgment may prove incorrect.

Positive Impact Analysis. For those Wasmer Schroeder Strategies that have positive impact parameters, after assessing and determining that potential investment credit risk and worthiness is appropriate for a given strategy, CSIM takes an additional step and looks at the bond's stated use of proceeds. CSIM looks at those bonds' proceeds that focus on supporting issues such as education, infrastructure, environmental protection, poverty eradication, and affordable housing. CSIM focuses on key proceeds-based questions to identify bonds that exhibit a positive impact on society and the environment, including whether (i) there are clearly defined and quantifiable community and/or environmental benefits expected from the financing, (ii) the mandate or objectives of the lending program are in line with social, environmental or community benefits, and (iii) for municipal bonds, the proceeds are being used to create, enhance, sustain or improve upon an essential government function.

Risks for all forms of analysis. CSIM's securities analysis methods rely on the assumption that the issuers whose securities CSIM purchases and sells, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While CSIM is alert to indications that data may be incorrect, there is always a risk that CSIM's analysis may be compromised by inaccurate or misleading information.

CSIM focuses on opportunities within a security's credit profile and its structural aspects. Portfolios are structured primarily for maximum income and capital preservation. Investment decisions are based on the client's parameters and current market conditions. Overall planning and long-term strategy are determined through the CSIM governance committee structure with input from portfolio management. Execution of the investment strategy is conducted by the assigned Portfolio Manager and each trade is reviewed by a designated member of senior portfolio management.

CSIM manages portfolios of fixed income securities with a variety of structures, attributes and characteristics such as, but not limited to, the range of maturities held and the taxability of the income generated by various issues held. Portfolios within a given strategy may not hold identical securities but they generally share common key attributes and are managed consistent with the strategy-specific investment mandate as more fully described in each client's Addendum to Agreements or Investment Policy Statement.

The following is a brief overview of the Wasmer Schroeder Strategies. For the equity portion of the strategies, the Wasmer Schroeder Strategies portfolio management team may determine to use another portfolio management team that specializes in equity trading, equity portfolio management or particular segments of the equity market.

Short Tax Exempt. The strategy contains predominantly investment grade U.S. tax exempt municipal fixed income securities which, in the aggregate, exhibit a short-term (≤3 years) overall duration. The strategy is managed primarily for capital preservation, liquidity and tax exempt income.

Intermediate Tax Exempt. The strategy contains predominantly investment grade U.S. tax exempt municipal fixed income securities which, in the aggregate, exhibit an intermediate (3 – 6 year) overall duration. The strategy is managed primarily to maximize tax exempt income and for capital preservation.

Positive Impact Tax Exempt. The strategy contains predominantly investment grade U.S. municipal fixed income securities which, in the aggregate, exhibit an intermediate (3 – 6 year) overall duration. In addition, the strategy invests in tax exempt securities which meet positive impact parameters. The strategy is managed primarily to maximize tax exempt income and for capital preservation.

Short Tax Exempt Credit. The strategy contains both investment grade and below investment grade U.S. tax exempt municipal fixed income securities which, in the aggregate, exhibit a short term (≤ 3 year) overall duration. The strategy maintains significant exposure to investment grade issuers, but has the ability to maintain exposure to the entire credit curve, including below investment grade and non-rated issuers. The strategy seeks to add value through CSIM's core competencies of credit research, surveillance, and assessment of relative value.

Intermediate Tax Exempt Credit. The strategy contains both investment grade and below investment grade U.S. tax exempt municipal fixed income securities which, in the aggregate, exhibit an intermediate (3 – 6 year) overall duration. The strategy maintains significant exposure to investment grade issuers, but has the ability to maintain exposure to the entire credit curve, including below investment grade and non-rated issuers. The strategy seeks to maximize tax exempt income by fully utilizing the initial 15 years of the yield curve and the entire municipal credit curve. The strategy seeks to add value through CSIM's core competencies of credit research, surveillance, and assessment of relative value.

Intermediate Strategic Tax Exempt. The strategy contains primarily investment grade U.S. tax exempt municipal fixed income securities which, in the aggregate exhibit an intermediate (3 – 6 year) overall duration. The strategy seeks to add value through CSIM's core competencies of credit research, surveillance, and assessment of relative value.

Strategic Tax Exempt. The strategy contains primarily investment grade U.S. tax exempt municipal fixed income securities. The strategy does not utilize a predetermined duration restriction and may exhibit sensitivity to changes in long-term tax exempt interest rates. The strategy seeks to add value through CSIM's core competencies of credit research, surveillance, and assessment of relative value.

Long Tax Exempt. The strategy contains predominantly investment grade U.S. tax exempt municipal fixed income securities and focuses on maturities predominantly in the 10 to 30-year area of the yield curve. Call protection is significant as this strategy focuses on locking in long-term tax exempt yields. Portfolios consist of predominantly AA and AAA securities to minimize long-term credit risk. A minor portion of the portfolio may be allocated to bonds with maturities of less than 10 years if market conditions warrant.

Long Tax Exempt Credit. The strategy contains both investment grade and below investment grade U.S. tax exempt municipal fixed income securities. The strategy maintains significant exposure to investment grade issuers, but has the ability to maintain exposure to the entire credit curve, including below investment grade and non-rated issuers. The strategy seeks to maximize tax exempt income by fully utilizing the entire municipal yield and credit curves. The strategy seeks to add value through CSIM's core competencies of credit research, surveillance, and assessment of relative value.

Tax Exempt Variable Rate Demand Notes. The strategy contains primarily variable rate demand municipal securities with daily or weekly reset periods. The strategy focuses on capital preservation and liquidity and invests in higher credit quality bonds with a majority of holdings rated AA or higher.

Ultra Short Duration Taxable Bond. The strategy contains predominantly investment grade corporate bonds, U.S. government agency debt and taxable municipal bonds which, in the aggregate, exhibit an ultra-short-term overall duration and a maximum maturity of 24 months. The strategy is managed primarily for capital preservation, liquidity and taxable income in excess of cash and cash alternatives.

Short Duration Bond. The strategy contains predominantly investment grade corporate bonds, U.S. government agency debt and taxable municipal bonds which, in the aggregate, exhibit a short-term (≤3 years) overall duration. The strategy is managed primarily for capital preservation, liquidity and taxable income in excess of cash and cash alternatives.

Intermediate Bond. The strategy contains predominantly investment grade corporate bonds, U.S. government agency debt and taxable municipal bonds which in the aggregate exhibit an intermediate term (3 – 5 years) overall duration. Mortgage-backed securities and asset-backed securities are also utilized. The strategy is managed primarily to maximize income and for capital preservation.

Intermediate Investment Grade (IG) Credit. The strategy contains predominantly investment grade corporate bonds and taxable municipal bonds, which in the aggregate exhibit an intermediate term (3 – 5 years) overall duration. The strategy is managed primarily to maximize income and for capital preservation.

Core Bond. The strategy is an intermediate duration style and contains predominantly investment grade corporate bonds, taxable municipal bonds, government agency bonds and mortgage-backed securities. The strategy is managed primarily to maximize income and for capital preservation.

Core Investment Grade (IG) Credit. The strategy is an intermediate duration style managed primarily for high current income and capital preservation. The strategy contains predominantly investment-grade corporate bonds and taxable municipal bonds.

Multi-Sector Income. The strategy seeks to deliver a consistent, diversified stream of income across multiple asset classes. The strategy derives its income primarily from investments in higher yielding common stocks, preferred securities, and corporate and taxable municipal bonds. Below investment grade securities can be held. The strategy can also hold other securities including, but not limited to, mortgage and asset-backed securities and U.S. Treasury securities.

Core Plus Bond. The strategy is an intermediate duration style managed primarily for high current income and capital preservation. The strategy contains a mix of investment and non-investment grade corporate bonds and taxable municipal bonds. The strategy can also hold securities across multiple asset classes including, but not limited to, preferred securities, mortgage and asset-backed securities and U.S. Treasury securities. Securities included in portfolios can be secured, senior or subordinated in structure depending on the market opportunity. All securities are denominated in U.S. Dollars and can be strategic and/or tactical in nature.

Positive Impact Bond. The strategy contains predominantly investment grade U.S. corporate bonds, U.S. government agency debt, supranational issuers and taxable municipal bonds which in the aggregate exhibit an intermediate term (3 – 5 years) overall duration. Mortgage-backed and asset-backed securities are also utilized. In addition, the strategy invests in taxable securities which meet positive impact parameters. The strategy is managed primarily to maximize income and capital preservation.

Municipal Bond Ladders. The strategies contain predominantly investment grade U.S. tax exempt municipal fixed income securities that target specific maturity years across pre-defined ranges of the yield curve. As bonds mature or roll out of the predefined target ranges, the proceeds are reinvested back into the longer end of the ladder range. The strategy is managed primarily to maximize tax exempt income and for capital preservation.

California Municipal Bond Ladders. The strategies contain predominantly investment grade U.S. tax exempt municipal fixed income securities issued within the State of California that target specific maturity years across pre-defined ranges of the yield curve. As bonds mature or roll out of the pre-defined target ranges, the proceeds are reinvested back into the longer end of the ladder range. The strategy is managed primarily to maximize tax exempt income and for capital preservation.

Taxable Bond Ladders. The strategies contain predominantly investment grade U.S. taxable fixed income securities that target specific maturity years across pre-defined ranges of the yield curve. As bonds mature or roll out of the pre-defined target ranges, the proceeds are reinvested back into the longer end of the ladder range. The strategy is managed primarily to maximize income and for capital preservation.

U.S. Treasury Bond Ladders. The strategies contain U.S. Treasury securities that target specific maturities across pre-defined ranges of the yield curve. As securities mature or roll out each quarter, the proceeds are typically reinvested on the longer end of the ladder range. The strategy invests in U.S. Treasury securities, which are backed by the full faith and credit of the U.S. government. The strategy is managed primarily to generate current income and stability of capital.

Windhaven Strategies Methods of Analysis and Investment Strategies

For the Windhaven Strategies, CSIM utilizes a proprietary investment process and model to help guide investment decisions and seeks to manage portfolio risk. The investment approach is the result of extensive independent research into the economic, fundamental, and behavioral factors that impact the global capital markets. The strategies are broadly diversified across asset classes. The Windhaven Strategies portfolio management team believes it is important to look at both returns and the risk taken to achieve those returns. Assets in the Windhaven Strategies are primarily invested in ETFs.

The Windhaven Strategies portfolios seek capital appreciation over full market cycles while generally maintaining global diversification. Each strategy seeks to achieve its investment objective by obtaining exposure to a wide variety of asset classes, including but not limited to U.S. and international stocks, fixed income securities, and hard assets. The Windhaven Strategies primarily use ETFs to gain exposure to desired allocations. Each strategy is dynamically managed, striving to take advantage of global capital market opportunities by changing allocations in response to the Windhaven Strategies' portfolio management and research teams' views and market conditions.

The following is a brief overview of the Windhaven Strategies.

Diversified Conservative. The strategy seeks current income and low to moderate growth by investing in a portfolio of global equity, debt, and/or hard assets. Asset class mix may differ considerably over time due to tactical investment decisions, but the primary emphasis of the strategy is on fixed income securities. Investments are typically made using ETFs. The strategy may be appropriate for investors with a low to moderate tolerance for risk.

Diversified Growth. The strategy seeks growth of capital with some current income by investing in a portfolio of global equity, debt, and/or hard assets. Asset class mix may differ considerably over time due to tactical investment decisions. Investments are typically made using ETFs. The strategy may be appropriate for investors with a time horizon of greater than five years and who have a moderate or greater tolerance for risk.

Diversified Aggressive. The strategy seeks growth of capital by investing in a portfolio of global equity, debt, and/or hard assets. Asset class mix may differ considerably over time due to tactical investment decisions, but the primary emphasis of the strategy is on equity securities. Investments are typically made using ETFs. The strategy may be appropriate for investors with a time horizon of greater than ten years and who have a substantial tolerance for risk.

Risk of Loss

There are inherent risks to investing in strategies managed by CSIM. The following list of risks does not purport to be a complete enumeration or explanation of the risks involved in those strategies. As the strategies develop and change over time, clients and investors may be subject to additional and different risk factors. No assurance can be made that profits will be achieved or that substantial losses will not be incurred.

With respect to the Registered Funds and Private Funds CSIM manages, the risks associated with their investment strategies are described in their respective offering documents. Shareholders of and investors in the Registered Funds and Private Funds should carefully read the applicable offering documents.

Investment Risks

Investment Risks. Investing in securities is subject to a number of risks, any of which could cause a client to lose money and clients should be prepared to bear the risk of such loss. Clients and prospective clients should be aware that investing in securities involves risk of loss that clients should be prepared to bear.

Management Risks. CSIM applies its own investment techniques and risk analyses in making investment decisions or recommendations for its clients, but there can be no guarantee that they will produce the desired results. In addition, there is no guarantee that a strategy based on historical information will produce the desired results in the future and, if market dynamics change, the effectiveness of the strategy may be limited. Each strategy runs the risk that investment techniques will fail to produce the desired results. There also can be no assurance that all of the key personnel will continue to be associated with the firm for any length of time. Lastly, if permitted by a client's financial intermediary and such client selects for their managed account to participate in a margin or pledging program, the covered entity (the bank or broker permitting the margin or loan) may direct that such client's managed account be frozen or liquidated in accordance with the client's agreement with the covered entity. As a result of the actions by the covered entity, CSIM will be unable to manage the account in accordance with its investment strategy and CSIM may elect to terminate such account.

Market Risks. Financial markets rise and fall in response to a variety of factors, sometimes rapidly and unpredictably. Markets may be impacted by economic, political, regulatory and other conditions, including economic sanctions and other government actions. In addition, the occurrence of global events, such as war, terrorism, environmental disasters, natural disasters or epidemics, may also negatively affect the financial markets. These events could reduce consumer demand or economic output; result in market closures, changes in interest rates, inflation/deflation, travel restrictions or quarantines; and significantly adversely impact the economy. Governmental and quasi-governmental authorities and regulators throughout the world have in the past often responded to serious economic disruptions with a variety of significant fiscal and monetary policy changes which could have an unexpected impact on financial markets and the fund's investments. As with any investment whose performance is tied to these markets, the value of an investment in a client account will fluctuate, which means that an investor could lose money over short or long periods.

Asset Allocation Risks. Asset allocation risk is the risk that the allocation of a client's assets among the various sub-advisers, underlying pooled investment vehicles, asset classes and/or market segments will cause the client's account to underperform other accounts with a similar investment objective but different allocations. Asset allocation decisions may result in more portfolio concentration in a certain asset class or classes, which could reduce overall return if the concentrated assets underperform expectations. The more aggressive the strategy selected, the more likely the portfolio will contain larger weights in riskier asset classes, such as equities. The asset classes in which the strategies seek investment exposure can perform differently from each other at any given time (as well as over the long term), so the strategy will be affected by its allocation among the various asset classes. Depending on market conditions there may be times where diversified strategies perform worse than less diversified strategies.

Inflation/Deflation Risks. Client accounts may be subject to inflation and deflation risk. Inflation risk is the risk that the present value of assets or income from a client's investments will be less in the future as inflation decreases the value of money. As inflation increases, the present value of a client's assets can decline. Deflation risk is the risk that prices throughout the economy decline over time. Deflation may have an adverse effect on the creditworthiness of issuers and may make issuer default more likely, which may result in a decline in the value of a client's assets.

Liquidity Risks. Liquidity risk exists when particular investments may be difficult to purchase, sell or value, especially during stressed market conditions. The market for certain investments may become illiquid due to specific adverse changes in the conditions of a particular issuer or under adverse market or economic conditions independent of the issuer. In addition, limited dealer inventories of certain securities could potentially lead to decreased liquidity. In such cases, a client account with limitations on investments in illiquid securities and the difficulty in readily purchasing and selling such securities at favorable times or prices, may decline in value, experience lower returns and/or be unable to achieve its desired level of exposure to a certain issuer or sector. Further, transactions in illiquid securities may entail transaction costs that are higher than those for transactions in liquid securities. Liquidity risk also includes the risk that market conditions or large redemptions may impact the ability of a client account to meet redemption requests. In order to meet such redemption requests, a client account may be forced to sell securities at inopportune times or prices.

Frequent Trading Risks. CSIM's recommendations may result in frequent trading in certain client accounts. To the extent CSIM engages in frequent trading, those client accounts, portfolio turnover rate and transaction costs will rise, which may lower performance and may have tax consequences.

Model Risks. SGP, the SIP Program, the SMP Program, and Windhaven Strategies each uses quantitative analyses and/or models. Any design flaws, faulty assumptions, other limitations, or data inaccuracies in the analyses and/or models could affect CSIM's ability to implement strategies. By necessity, these tools make simplifying assumptions that may limit their effectiveness. Models that appear to explain prior market data can fail to predict future market events. Further, the data used in models may be inaccurate, and/or it may not include the most current information available. When the quantitative analyses and models rely on inaccurate data, incorrect or incomplete algorithms, or inaccurate assumptions, any decisions or investments made in reliance thereon expose a client account to additional risks.

Algorithm Risks. There are limitations inherent in the use of a Rebalancing Algorithm to manage SIP Program accounts; for instance, the Rebalancing Algorithms are designed to manage SIP Program accounts according to the asset allocation selected for that account and is not designed to actively manage asset allocations based on short-term market fluctuations. The Rebalancing Algorithms are also not designed to consider certain factors such as short-term asset class volatility or individual tax circumstances such as capital gains taxes; rather, its functions consist of identifying opportunities for tax-loss harvesting and rebalancing and initiating buy/sell orders accordingly. Investment advisory personnel of CSIM oversee the Rebalancing Algorithms but do not monitor how the Rebalancing Algorithms impact each individual SIP Program account on a daily basis.

There is also a risk that the Rebalancing Algorithms and related software used in the SIP Program for strategy selection, tax-loss harvesting and rebalancing, and related functions may not perform within intended parameters, which may result in a recommendation of a portfolio that may be more aggressive or conservative than necessary, and trigger or fail to initiate rebalancing and/or tax-loss harvesting trading.

Foreign Investment Risks. Investments in securities of foreign issuers involve certain risks that may be greater than those associated with investments in securities of U.S. issuers. These include risks of adverse changes in foreign economic, political, regulatory and other conditions; changes in currency exchange rates or exchange control regulations (including limitations on currency movements and exchanges); differing accounting, auditing, financial reporting and legal standards and practices; differing securities market structures; and higher transaction costs. In certain

countries, legal remedies available to investors may be more limited than those available with respect to investments in the U.S. These risks may negatively impact the value or liquidity of a client account's investments and could impair that client account's ability to meet its investment objective or invest in accordance with its investment strategy. In addition, investments in foreign securities may be subject to economic sanctions or other government restrictions. There also is the risk that the cost of buying, selling, and holding foreign securities, including brokerage, tax, and custody costs, may be higher than those involved in domestic transactions. The securities of some foreign companies may be less liquid and, at times, more volatile than securities of comparable U.S. companies. A client account invested in foreign securities may also experience more rapid or extreme changes in value as compared to a client account that invests solely in securities of U.S. companies because the securities markets of many foreign countries are relatively small, with a limited number of companies representing a small number of industries. To the extent a client account's investments in a single country or a limited number of countries represent a large percentage of the client account's assets, the client account's performance may be adversely affected by the economic, political, regulatory and social conditions in those countries, and a client account's value may be more volatile than the value of a client account that is geographically diversified. Foreign securities also include ADRs, Global Depositary Receipts ("GDRs") and European Depositary Receipts ("EDRs"), which may be less liquid than the underlying shares in their primary trading market and GDRs, many of which are issued by companies in emerging markets, may be more volatile.

Emerging Markets Risks. The risks of foreign investments apply to, and may be heightened in connection with, investments in emerging market countries or securities of issuers that conduct their business in emerging markets. Emerging market countries may be more likely to experience political turmoil or rapid changes in market or economic conditions than more developed countries. Emerging market countries often have less uniformity in accounting and reporting requirements and greater risk associated with the custody of securities. It is sometimes difficult to obtain and enforce court judgments in such countries. There is often a greater potential for nationalization, expropriation, confiscatory taxation, government regulation, social instability or diplomatic developments (including war) in emerging market countries, which could adversely affect the economies of, or investments in securities of issuers located in, such countries. In addition, emerging markets are substantially smaller than developed markets, and the financial stability of issuers (including governments) in emerging market countries may be more precarious than in developed countries. As a result, there will tend to be an increased risk of illiquidity and price volatility associated with a client account's investments in emerging market countries which may be magnified by currency fluctuations relative to the U.S. Dollar, and, at times, it may be difficult to value such investments. The risks associated with investing in securities, ETFs, or mutual funds that hold foreign or emerging markets generally are magnified in frontier markets, also known as "next emerging" markets. Some frontier markets may operate in politically unstable regions of the world and may be subject to additional geopolitical/disruption-of-markets risks.

Currency Risks. A client account's investments in securities denominated in, receiving revenues in, foreign currencies, and/or that have exposure to foreign currencies (e.g. ADRs, GDRs and EDRs) will subject the account to the risk that those currencies will decline in value relative to the U.S. dollar, adversely affecting the investment. Currency exchange rates may fluctuate in response to factors extrinsic to that country's economy, which makes the forecasting of currency market movements extremely difficult. Currency rates in foreign countries may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates; intervention (or failure to intervene) by U.S. or foreign governments, central banks or supranational entities such as the International Monetary Fund; or by the imposition of currency controls or other political developments in the U.S. or abroad.

Custodian Risks. CS&Co., or a broker-dealer custodian chosen by an SMA Strategies client, is a Securities Investor Protection Corporation ("SIPC") member brokerage firm and maintains SIPC protection. SIPC offers protection of up to $500,000, including a $250,000 limit for cash, if a member brokerage firm fails. SIPC covers most securities such, as stocks, bonds, ETFs, and mutual funds, but does not protect against market loss.

Counterparty Risks. There may be a risk of an executing broker failing to deliver securities. This may result in a loss to the client. Where applicable, CSIM will attempt to mitigate trading counterparty risk through its broker selection program described in "Brokerage Practices." Furthermore, there is the risk that the counterparty to a derivative transaction may not fulfill its contractual obligations either because the financial condition of the counterparty declines, or because the counterparty is otherwise unable or unwilling to perform under the contract.

Commodities Risks. Commodities involve unique risks that may be distinct from those that affect stocks and bonds, including, but not limited to, worldwide supply and demand factors, weather conditions, currency movements, and international government policies regarding commodity reserves and choice of currency for commodity pricing. Commodities investments may also

involve unique risks inherent to investing in derivatives, which may include basis, roll, liquidity, and regulatory risks. A detailed explanation of the risks is available in the prospectus of the respective commodity fund. Commodity pools may be subject to different regulatory requirements than traditional funds governed by 1940 Act.

Derivatives Risks. CSIM may use derivatives to enhance returns or hedge against market declines. Examples of derivatives are options, futures, options on futures, forward contracts and swaps. An option is the right, but not the obligation, to buy or sell an instrument at a specific price on or before a specific date. A future is an agreement to buy or sell a financial instrument at a specific price on a specific day. A forward contract is an over-the-counter derivative transaction between two parties to buy or sell a specified amount of an underlying reference at a specified price (or rate) on a specified date in the future. A forward foreign currency contract is a derivative (forward contract) in which the underlying reference is a country's or region's currency. A swap is an agreement whereby two parties agree to exchange payment streams calculated in relation to a rate, index, instrument or certain securities and a predetermined amount. A credit default swap is an agreement in which the seller agrees to make a payment to the buyer in the event of a specified credit event in exchange for a fixed payment or series of fixed payments.

The use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Certain of these risks, such as Credit Risks, Liquidity Risks, Market Risks, Management Risks, Operational Risks, and Valuation Risks are discussed elsewhere under "Investment Risks". The use of derivatives is also subject to leverage risk, lack of availability risk, correlation risk, and tax risk. Leverage risk is the risk that a small percentage of assets invested in derivatives can have a disproportionately large impact on a client's account. Lack of availability risk is the risk that suitable derivative transactions may not be available in all circumstances for risk management or other purposes. Correlation risk is the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index. Tax risk is the risk that the use of derivatives may cause a client' s account to realize higher amounts of short-term capital gains. The use of derivatives could reduce a client account's performance, increase its volatility, and could cause the account to lose more than the initial amount invested. The use of derivatives also could create a risk of counterparty default under certain transactions, risks that a client account would need to liquidate portfolio positions when it may not be advantageous to do so in order to meet margin and payment obligations, and legal risks relating to insufficient documentation, insufficient capacity or authority of a counterparty, or legality or enforceability of a contract.

Options Risks. Certain SMA Strategies employ options securities as part of their investment process. If an account buys an option, it buys a legal contract giving it the right to buy or sell a specific amount of the underlying security, at an agreed-upon price typically in exchange for a premium paid by the account. If an account sells an option, it sells to another party the right to buy from or sell to an account a specific amount of the underlying security, at an agreed-upon price during a period of time or on a specific date typically in exchange for a premium received by a client. The use of options involves investment strategies and risks that are different from those associated with ordinary portfolio securities transactions. The prices of options are volatile and can be influenced by several factors, including among other things, actual and anticipated changes in the value of the underlying security and market-implied volatility, which in turn are affected by factors both directly and indirectly related to the underlying security. The effective use of options also depends on CSIM's ability to terminate option positions at times deemed desirable to do so. There is no assurance that CSIM will be able to effect closing transactions at any particular time or at an acceptable price. In addition, there may at times be an imperfect correlation between the movement in value of options and their underlying securities and there may at times not be a liquid secondary market for certain options. Options may also involve the use of leverage, which could result in greater price volatility than other securities.

Writing and buying options are speculative activities and entail investment exposures that are greater than their cost would suggest, meaning that a small investment in an option could have a substantial impact on performance. The use of call and put options can lead to losses because of adverse movements in the price or value of the underlying security, which may be magnified by certain features of the options. These risks are heightened when options are used to enhance a client's return or as a substitute for a position or security. When selling a call or put option, a client will receive a premium; however, this premium may not be enough to offset a loss incurred by the client if the price of the underlying security rises above or falls below the strike price of the option, respectively, by an amount equal to or greater than the premium. The value of an option may be adversely affected if the market for the option becomes less liquid or smaller. Also, the value of an option will be affected by changes in the value or yield of the option's underlying security, a change in interest rates, a change in the actual or implied volatility of the security or stock market, or the option's remaining time to expiration.

Writing a call or put option can lead to assignment of the option upon exercise by the long holder of the respective call or put option. In the case of a short covered call, an assignment can lead to a forced sale of the underlying security being held as collateral at the strike price of the option, thereby limiting upside gains in the underlying security. Being short a covered put option can lead to a forced purchase of the underlying security at the strike price of the option, thereby limiting downside gains associated with a short position in the underlying security. Being short a cash-covered put option can lead to a forced purchase of the underlying security and result in losses should the underlying security fall below the strike price of the option. Such involuntary sale and purchase transactions may occur at inopportune market times, which could result in losses to an account. In the case of a naked call or put sale (a call with no underlying stock position and a put with no cash to cover the possibility of a forced stock purchase) there is the risk of unlimited loss in the call position and substantial loss in the put position. In addition, being short a naked put or call option can lead to the account holder having to contribute additional capital (i.e., "margin call").

Hard Assets Risks. The production and distribution of hard assets, such as precious metals, oil and gas, real estate, and/or agricultural commodities, may be affected by geopolitical and environmental factors and are cyclical in nature. During periods of economic or financial instability, hard asset securities and other instruments may be subject to broad price fluctuations, reflecting volatility of energy and basic materials prices and possible instability of supply of various hard assets. Hard asset securities, hard asset companies, and other instruments may also experience greater price fluctuations than the relevant hard asset. Therefore, the return on hard assets securities can deviate from that of the hard asset itself.

Real Estate Risks. Real estate – related investments (and the pooled investment vehicles that hold them) are subject to risks associated with the direct ownership of real estate securities. These risks include, among others: declines in the value of (or income generated by) real estate; risks related to general and local economic conditions; possible lack of availability of mortgage funds or other limits to accessing the credit or capital markets; defaults by borrowers or tenants, particularly during an economic downturn; and changes in interest rates.

Concentration Risks. If a client account's investments are concentrated in issuers doing business in the same sector, the companies in which such an account invests will be affected by many of the same factors, such as legislative or regulatory changes, intense competition for market share and other competitive challenges.

Geographic Concentration Risks. Portfolios concentrated in any one geographic region can be more susceptible to that region's political and economic risk. For example, a portfolio that is concentrated in the U.S. will be more susceptible to the U.S.' political and economic risk, as compared to a more globally diversified portfolio.

Valuation Risks. The value of a client's investments (whether determined by CSIM or the client's custodian or Primary Adviser) as of a particular date may be materially greater than or less than their value that would be determined if the investments were to be liquidated as of such date. For example, if CSIM was required to sell a certain investment on a particular date, the actual price that a client would realize upon the disposition of such investment could be materially less than the value of such investment as reflected in the value of the client's account. Volatile market conditions could also cause reduced liquidity in the market for certain investments, which could result in liquidation values that are materially less than the values of such investments as reflected in the value of a client's account.

Operational Risks. Client accounts are subject to operational risks arising from various factors, including but not limited to, documentation errors, settlement errors, processing errors, communication failures, human errors, inadequate or failed internal or external processes, fraud by employees or other parties, limitations or failure in systems and technology, changes in personnel and errors caused by third-party service providers. Client accounts which are managed by investment personnel across multiple offices are subject to operational risks due to different systems and technology, potential communication failures and personnel changes. CSIM seeks to reduce these operational risks through controls and procedures believed to be reasonably designed to address these risks. However, these controls and procedures cannot address every possible risk and may not fully mitigate the risks that they are intended to address.

Cybersecurity Risks. Cybersecurity attacks and other information security events remain a risk to financial institutions, in part because of the use of the internet and mobile and cloud technologies to conduct financial transactions, and the increased sophistication and activities, including the use of artificial intelligence technologies, of organized crime, activists, hackers, foreign state actors, and other external parties. Our systems and those of our third-party service providers, have been and will continue to be the target of cyber security attacks, including malicious code, computer viruses, ransomware, phishing, denial of service attacks, and others that could result in unauthorized access to, or the misuse, loss, destruction or alteration of, data (including confidential client information); account takeovers; and the unavailability of service or other events. Our information security program addresses these risks with complementary tools, controls, and

technologies, including from external firms specializing in discrete areas of cybersecurity, to assess our practices, vulnerabilities, and overall cyber risk posture and to protect systems, client accounts and data. Despite our efforts to ensure the integrity of our systems, we may not be able to anticipate or prevent all cybersecurity attacks or other information security events, especially because the techniques used change frequently or are not recognized until launched, and because attacks can originate from a wide variety of sources. Events that would halt or impair our ability to provide advisory services could still occur, and we will respond with appropriate resources to contain and remediate the cause and restore operations.

System Outages Risks. System interruptions, errors or downtime can result from a variety of causes, including changes in client use patterns, technological failure, changes to our systems, linkages with third-party systems and power failures and can have a significant impact on our business and operations. Our systems are vulnerable to disruptions from human error; execution errors; and errors in models such as those used for asset management, risk management, stress testing and compliance, access person misconduct, unauthorized trading, external fraud, computer viruses, distributed denial of service attacks, cybersecurity attacks, terrorist attacks, natural disaster, extreme weather, power outage, capacity constraints, software flaws, events impacting key business partners and vendors, and similar events. 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.

Artificial Intelligence Risks. CSIM uses artificial intelligence ("AI"), machine learning, natural language algorithms, and other data-driven technologies (collectively "AI Tools") to support various aspects of its business and operations. AI Tools can be complex and may rely on internal or third-party data, models, implementation, management, and/or supervision. CSIM relies on third-party models and services which are proprietary to those vendors; as a result, the AI Tools operate outside of, or beyond, CSIM's visibility and oversight. Whether provided internally or by a third-party, AI Tools can hallucinate and may be inaccurate, incomplete, biased, or become unavailable, leading to imperfect or erroneous outputs. Use of AI Tools introduces risks related to cybersecurity; data privacy and integrity; and operational disruptions. Further, the U.S. and global legal and regulatory environment relating to the use of AI Tools is rapidly evolving, thereby introducing the risk of non-compliance; requiring changes to CSIM's implementation of AI Tools (along with potential business interruptions); and/or increased compliance costs. CSIM seeks to mitigate all of these risks through a variety of governance, controls, and workflows. However, such measures cannot eliminate the possibility of adverse impacts.

Equity Securities Investment Risks

Equity Risks. The prices of equity securities, including the value of ETFs or mutual funds that invest in them, REITs, and MLPs rise and fall daily. These price movements may result from factors affecting individual companies, industries or the securities market as a whole. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response. In addition, markets tend to move in cycles, which may cause stock prices to fall over short or extended periods of time.

Market Capitalization Risks. Securities issued by companies of different market capitalizations tend to go in and out of favor based on market and economic conditions. In addition, there may be less trading volume in securities issued by mid- and small-cap companies than those issued by larger companies and, as a result, trading volatility may have a greater impact on the value of securities of mid- and small-cap companies. Securities issued by large-cap companies, on the other hand, may not be able to attain the high growth rates of some mid- and small-cap companies. During a period when securities of a particular market capitalization fall behind other types of investments a client account's performance could be impacted.

Large-Cap Company Risks. Large-cap companies are generally more mature than smaller companies. They also may have fewer new market opportunities for their products or services, may focus resources on maintaining their market share, and may be unable to respond quickly to new competitive challenges. As a result, the securities issued by these companies may not be able to reach the same levels of growth as the securities issued by small- or mid-cap companies.

Mid-Cap Company Risks. Mid-cap companies may be more vulnerable to adverse business or economic events than larger, more established companies and their securities may be riskier than those issued by large-cap companies. The value of securities issued by mid-cap companies may be based in substantial part on future expectations rather than current achievements and their prices may move sharply, especially during market upturns and downturns.

Small-Cap Company Risks. Small-cap companies may be more vulnerable to adverse business or economic events than larger, more established companies, and their securities may be riskier than those issued by larger companies. The value of securities issued by small-cap companies may be based in substantial part on future

expectations rather than current achievements and their prices may move sharply, especially during market upturns and downturns. In addition, small-cap companies may have limited financial resources, management experience, product lines and markets, and their securities may trade less frequently and in more limited volumes than the securities of larger companies. Further, small-cap companies may have less publicly available information and such information may be inaccurate or incomplete.

REITs Risks. Investments in REITs will be subject to the risks associated with the direct ownership of real estate, including fluctuations in the value of underlying properties, defaults by borrowers or tenants, changes in interest rates and risks related to general or local economic conditions. REITs are also subject to certain additional risks, for example, REITs are dependent upon specialized management skills and cash flows, and may have their investments in relatively few properties, a small geographic area or a single property type. Failure of a company to qualify as a REIT under federal tax law may have adverse consequences on a client account. In addition, REITs have their own expenses, and a client account will bear a proportionate share of those expenses.

Risks of Dividend Cuts. Companies may cut their dividends causing investors to sell the stock and the price to fall.

MLP Risks. MLPs are limited partnerships that are publicly traded and which have the tax benefits of a limited partnership. Investments in MLP securities (units) involve risks that differ from an investment in common stock. Holders of the units of MLPs have more limited control and limited rights to vote on matters affecting the partnership. For example, unit holders may not elect the general partner or the directors of the general partner, and they have limited ability to remove a MLP's general partner. MLPs may issue additional common units without unit holder approval, which would dilute existing unit holders. In addition, conflicts of interest may exist between common unit holders, subordinated unit holders, and the general partner of a MLP, including a conflict arising as a result of incentive distribution payments. As an income producing investment, MLPs could be affected by increases in interest rates and inflation. There are also certain tax and related risks associated with an investment in units of MLPs, including that MLPs may convert to a C-Corporation. This conversion could cause a cut in distributions as well as an adverse tax event for longtime owners of the MLP.

Large Investment Risks. CSIM clients may collectively account for a large portion of the assets in certain securities, MLPs, ETFs, or REITs. A decision by CSIM to buy or sell for its clients' accounts some or all of a particular security, MLP, ETF, or REIT where clients hold a significant portion of such security, MLP, ETF, or REIT may negatively impact the value of that security.

Short-selling Risks. Certain strategies seek long exposure to certain financial instruments and short exposure to certain other financial instruments. There is no guarantee that the returns on such strategy's long or short positions will produce positive returns and the strategy could lose money if either or both the strategy's long and short positions produce negative returns. Seeking short exposure may be considered an aggressive investment technique. Any income, dividends, or payments by the assets underlying the strategy's short positions will negatively impact the strategy. In addition, the strategy may gain enhanced long exposure to certain financial instruments (i.e., obtain investment exposure that exceeds the amount directly invested in those assets, a form of leverage) and, under such circumstances, will lose more money in market environments that are adverse to its long positions than strategies that do not employ such leverage. The use of leverage increases the volatility of your returns. The cost of obtaining this leverage will lower your returns.

Short-selling entails special risks. If the strategy makes short sales in securities that increase in value, the strategy will lose value. Any loss on short positions may or may not be offset by investing short-sale proceeds in other investments. Short selling securities could potentially have unlimited loss due to the price of securities sold short increasing beyond the cost of replacement and the limitless increase on the value of a security. In addition, the securities sold short may have to be returned to the lender on short notices, which may result in the account having to buy the securities sold short at an unfavorable price to close out a short position. If this occurs, any anticipated gain to the account may be reduced or eliminated, or the short sales may result in a loss. The long positions could decline in value at the same time that the value of the stocks sold short increase, thereby increasing a client account's overall potential for loss. The price of a borrowed security in a short sale transaction may be more or less than the price at which the security was sold.

Pooled Investment Vehicle Risks

ETF Risks. ETFs in which certain strategies may invest involve certain inherent risks generally associated with investments in a portfolio of underlying securities, including the risk that the general level of underlying security prices may decline, thereby adversely affecting the value of each unit of the ETF. An ETF may not fully replicate the performance of its benchmark index because of the temporary unavailability of certain securities in the secondary market or discrepancies between the ETF and the benchmark index with respect to the weighting of securities or the number of securities

held. Moreover, there is no guarantee that the strategy employed by actively managed and semitransparent ETFs will produce the desired results. Investing in ETFs carries the risk of capital loss. ETFs are not guaranteed or insured by the FDIC or any other government agency. You can lose money investing in ETFs.

ETFs in which CSIM invests have their own fees and expenses as set forth in their prospectuses. These fees and expenses lower investment returns. Although ETFs themselves are generally classified as equities, the underlying holdings of ETFs can include a variety of asset classes, including, but not limited to, equities, bonds, foreign currencies, physical commodities, and derivatives. A full disclosure of the specific risks of ETFs is located in the respective prospectus of each fund.

ETFs may have exposure to derivative instruments, such as futures contracts, forward contracts, options, and swaps. There is a risk that a derivative may not perform as expected. The main risk of derivatives is that some types can amplify a gain or loss, potentially earning or losing substantially more money than the actual cost of the derivative, or that the counterparty may fail to honor its contract terms, causing a loss for the ETF. Use of these instruments may also involve certain costs and risks such as liquidity risk, interest rate risk, market risk, credit risk, management risk, and the risk that an ETF could not close out a position when it would be most advantageous to do so.

Some ETFs may have been recently launched. Accordingly, there is limited data available when assessing investment risk associated with some of these ETFs. Newly launched ETFs may also lack market size or depth, causing shares of the ETFs to trade at excessive premiums or discounts in the secondary market.

Mutual Fund Risks. Mutual fund managers may base investment decisions for funds on historical information. There is no guarantee that a strategy based on historical information will produce the desired results in the future. In addition, if market dynamics change, the effectiveness of that kind of strategy may be limited. Either of these risks may cause the investment strategy of a particular fund to underperform its benchmark or similar funds. Mutual funds in which CSIM invests have their own fees and expenses as set forth in their prospectuses. These fees and expenses lower investment returns.

Mutual funds may have exposure to derivative instruments, such as futures contracts, forward contracts, options, and swaps. There is a risk that a derivative may not perform as expected. The main risk of derivatives is that some types of derivatives can amplify a gain or loss, potentially earning or losing substantially more money than the actual cost of the derivative, or that the counterparty may fail to honor its contract terms, causing a loss for the fund. Use of these instruments may also involve certain costs and risks such as liquidity risk, interest rate risk, market risk, credit risk, management risk, and the risk that a fund could not close out a position when it would be most advantageous to do so.

The value of mutual funds can be impacted by the movement of large positions in and out of a particular fund. Clients may collectively account for a large portion of the assets in certain mutual funds. A decision by CSIM to buy or sell some or all of a particular fund where CSIM clients hold a significant portion of that fund may negatively impact the value of that fund.

Money Market Fund Risks. Client assets may be invested in money market funds that seek to maintain a stable $1.00 net asset value ("stable share price money market funds"). Although a stable share price money market fund seeks to maintain a stable $1.00 net asset value, it is possible to lose money by investing in such a money market fund. A money market fund is not designed to offer capital appreciation. Certain money market funds may impose a fee upon the sale of shares under certain circumstances.

Large Shareholder Risks. The liquidity and value of CSIM's Registered Funds can be impacted by the movement of large positions in and out of a particular fund. CSIM's clients may also collectively account for a large portion of the assets in certain CSIM managed Registered Funds. A decision by CSIM to buy or sell some or all of a particular CSIM managed Registered Fund where CSIM clients hold a significant portion of that fund may negatively impact the liquidity and value of that fund.

Regulatory Risks. Clients could be limited in their ability to invest in certain unaffiliated ETFs. SEC rules governing fund of funds arrangements on which Schwab mutual funds and Schwab ETFs may rely place limits on investments by those Schwab mutual funds and Schwab ETFs, together with their "advisory group" (which could be deemed to include SIP Program clients), in unaffiliated ETFs. Accordingly, to the extent that one or more Schwab mutual funds or Schwab ETFs invest in the same unaffiliated ETF as clients in the SIP Program in reliance on those SEC rules, the Schwab mutual funds, Schwab ETFs and SIP Program clients, collectively, would be limited to owning no more than 25% of the unaffiliated ETFs outstanding shares.

Collective Trust Funds Risks. To the extent permitted by law, a CSTB collective trust fund may invest in other collective trust funds and short-term investment funds that may or may not be affiliated with CSTB. These collective trust funds may not be registered under the 1940 Act (or any other similar state or federal laws). Some of these collective trust funds may also be recently organized and have no operating histories. CSTB generally will have no power to control the management

of certain collective trust funds, including investments, valuation, brokerage policies and conflicts of interest. Certain collective trust funds may use proprietary investment strategies that are based on considerations and factors that are not fully disclosed to CSTB. Such strategies can involve significantly more risk and higher transaction costs than more traditional investment methods.

Schwab Equity Ratings® Risks. Some of the CSIM managed Registered Funds in SMP-MF accounts use Schwab Equity Ratings as a principal means of selecting individual equities. Schwab Equity Ratings is CSIM's proprietary stock evaluation system and evaluates securities on the basis of a wide variety of investment criteria from five broad categories: growth, quality, sentiment, stability, and valuation.

Certain CSIM managed Registered Funds have limitations arising from their use of the Schwab Equity Ratings. Given that systematic stock evaluation approaches cannot capture all the dynamics that affect individual stock returns, Schwab Equity Ratings may not capture more subjective, qualitative influences on return and risk, such as management changes and pending lawsuits. Furthermore, the ratings may not reflect the possible impact of late-breaking news. The quality of the ratings depends on the accuracy of financial data provided by third parties, including the companies rated through the approach.

Fixed Income Investment Risks

Interest Rate Risks. Interest rates rise and fall over time. During periods when interest rates are low or there are negative interest rates, a client account's yield and total return also may be low or the client account may be unable to maintain positive returns. Changes or the anticipation of changes in interest rates also may affect the client account's value: a rise in interest rates generally causes a client account's value to fall. The risk is greater when an account holds fixed income securities with longer maturities. A client account may also lose money if interest rates rise sharply. The longer the client account's duration, the more sensitive to interest rate movements its value is likely to be. For example a client account with a longer portfolio duration is more likely to experience a decrease in its share price as interest rates rise. Duration is an estimate of a security's (or portfolio of securities) sensitivity to changes in prevailing interest rates that is based on certain factors that may prove to be incorrect. It is therefore not an exact measurement and may not be able to reliably predict a particular security's price sensitivity to changes in interest rates. Certain countries have recently experienced negative interest rates on certain fixed-income securities. Economic conditions and other factors, including in a central bank's monetary policy or improving economic conditions may result in a change in interest rates, which could have sudden and unpredictable effects on the markets and significantly impact the value of fixed-income securities. Rising interest rates may decrease liquidity in the fixed income securities markets, making it more difficult for CSIM to sell a client account's fixed income securities holdings at a time when CSIM might wish to sell such securities. In addition, decreased market liquidity also may make it more difficult to value some or all of the client account's fixed income securities holdings. In general, changing interest rates, including rates that fall below zero, could have unpredictable effects on markets and may expose fixed-income and related markets to heightened volatility. To the extent that CSIM anticipates interest rate trends imprecisely, a client account could miss yield opportunities or its share price could fall. Inflation-protected securities may react differently to interest rate changes than other types of debt securities and tend to react to changes in "real" interest rates.

Credit Risks. A decline in the credit quality of a portfolio investment could cause a client's account to lose money or underperform. A client could lose money if the issuer or guarantor of a portfolio investment or the counterparty to a derivatives contract fails to make timely principal or interest payments or otherwise honor its obligations. The negative perceptions of an issuer's ability to make such payments could also cause the price of that investment to decline. The credit quality of a portfolio holding can change rapidly in certain market environments and any default on the part of a single portfolio investment could have a negative impact on the value of a client's account.

High Yield Risks. Client accounts that invest in high yield securities and unrated securities of similar credit quality (sometimes called junk bonds) are subject to greater levels of credit and liquidity risks than client accounts that do not invest in such securities. High yield securities are considered predominately speculative with respect to the issuer's continuing ability to make principal and interest payments. High yield securities may be more volatile than higher-rated securities. An economic downturn or period of rising interest rates could adversely affect the market for these securities and reduce a client account's ability to sell these securities (liquidity risk). If the issuer of a security is in default with respect to interest or principal payments, a client account may lose its entire investment. Because of the risks involved in investing in high yield securities, an investment in a client account that invests in such securities should be considered speculative.

Municipal Securities Risk. If certain types of investments CSIM buys as tax-exempt are later ruled to be taxable, a portion of a client's income could be taxable. In addition, for clients that reside in states that levy a state income tax, it is possible that income from municipal securities

issued from other states could be subject to such state income tax. To the extent that a client account is invested in municipal securities from a given state or geographic region, such client account's performance could be affected by local, state and regional factors, including erosion of the tax base and changes in the economic climate. National governmental actions, such as the elimination of tax-exempt status or the reduction of financial support to municipalities, also could affect performance. Some municipalities are experiencing difficulties in the current economic and political environment. A client account may be more sensitive to adverse economic, business or political developments if a substantial portion of its assets is invested in municipal securities financing similar projects (especially those relating to the education, health care, utilities and transportation sectors). A change that affects one project, such as proposed legislation on the financing of the project, a shortage of the materials needed for the project, or a declining need for the project, may affect similar projects and the overall municipal securities market. Furthermore, a credit rating downgrade relating to, default by, or insolvency or bankruptcy of one or several municipal security issuers could affect the market values, marketability, and liquidity of other municipal securities, which could impact a client account's performance.

Bank Loans Risks. Investments in ETFs or mutual funds that hold bank loans are typically below investment grade credit quality and may be subject to more credit risk, including the risk of nonpayment of principal or interest. Most bank loans are floating rate, whose interest rates are tied to a short-term reference rate, so substantial increases in interest rates may make it more difficult for issuers to service their debt and cause an increase in loan defaults. Bank loans are typically secured by collateral posted by the issuer, or guarantees of its affiliates, the value of which may decline and be insufficient to cover repayment of the loan. Many loans are relatively illiquid or are subject to restrictions on resales, have delayed settlement periods, and may be difficult to value, which could have an adverse impact on the ability of the ETF or mutual fund to sell loans at an advantageous time and/or price. Loans are also subject to maturity extension risk and prepayment risk.

Government Securities Risks. Many U.S. government securities are not backed by the full faith and credit of the U.S. government, which means they are neither issued nor guaranteed by the U.S. Treasury. Although maintained in conservatorship by the Federal Housing Finance Agency since September 2008, the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) maintain only lines of credit with the U.S. Treasury. Other securities, such as obligations issued by the Federal Farm Credit Banks Funding Corporation, are supported solely by the credit of the issuer. There can be no assurance that the U.S. government will provide financial support to securities of its agencies and instrumentalities if it is not obligated to do so under law. Also, any government guarantees on securities a client account owns do not extend to the client account itself. Although the risk of default with U.S. government securities is considered unlikely, any default on the part of a portfolio investment could cause the client account's value to fall. The risk of default may be heightened when there is uncertainty relating to negotiations in the U.S. Congress over increasing the statutory debt ceiling or periodic legislation to fund the government. If the U.S. Congress is unable to negotiate an increase to the statutory debt ceiling or pass legislation to fund the government, the U.S. government may default on certain U.S. government securities including those held by a client account, which could have an adverse impact on that client account. In August 2011, the long-term credit rating of the U.S. government was downgraded by a major rating agency as a result of concern about the U.S. government's budget deficit and rising debt burden. More recently, in August 2023, another major rating agency downgraded the long-term credit rating of the U.S. government due to a combination of expected fiscal deterioration, a high and growing government debt burden and an erosion of governance relative to peers. Similar downgrades in the future could increase volatility in domestic and foreign financial markets, result in higher interest rates, lower prices of U.S. Treasury securities and increase the costs of different kinds of debt. Although remote, it is at least theoretically possible that under certain scenarios the U.S. government could default on its debt, including U.S. Treasury securities.

Prepayment and Extension Risks. An investment in fixed income securities is subject to the risk that the securities may be paid off earlier or later than expected. Either situation could cause you to hold securities paying lower-than-market rates of interest, which could hurt an account's yield. In addition, rising interest rates tend to extend the duration of certain fixed income securities, making them more sensitive to changes in interest rates. As a result, in a period of rising interest rates, your account may exhibit additional volatility. This is known as extension risk. When interest rates decline, borrowers may pay off their fixed income securities sooner than expected. This can reduce the returns of an account because the account will have to reinvest that money at the lower prevailing interest rates. This is known as prepayment risk.

State and Regional Risks. To the extent that an SMA Strategy, ETF, or mutual fund invests in securities from a given state or geographic region, its value and performance could be affected by local, state, and regional factors, including erosion of the tax base and changes in the economic climate. National governmental

actions, such as the elimination of tax-exempt status, also could affect performance. In addition, an SMA Strategy, ETF or mutual fund may be more sensitive to adverse economic, business, or political developments if a substantial portion of it is invested in municipal securities that are financing similar projects.

Inflation Risks. The value of assets or income from investments may be lower in the future as inflation decreases the value of money. As inflation increases, the value of a portfolio's assets can decline, as can the value of a portfolio's distributions.

Positive Impact Analysis Risks. Because certain Wasmer Schroeder Strategies utilize positive impact analysis, such strategies may perform differently than strategies that do not apply a positive impact analysis. A strategy's use of positive impact analysis may exclude securities of certain issuers for non-investment reasons and therefore the strategy may forgo some market opportunities available to strategies that do not use positive impact analysis. Additionally, the criteria used to select bonds such a strategy utilizes may result in exposure to certain sectors and/or types of investments which may adversely impact the strategy's performance depending on whether such sectors or investments are in or out of favor in the market. In addition, there is a risk that the bonds identified for the strategies do not create the expected social, environmental or community benefits. Positive impact analysis is not a uniformly defined characteristic and applying it involves a subjective assessment.

SPI Risks

Index-Related Risks. The index providers do not provide any warranty as to the timeliness, accuracy or completeness of any data relating to any index utilized by SPI. Errors relating to the index, including index data, computations and/or construction, may occur from time to time and may not be identified by the index provider for a period of time or at all. Losses resulting from index errors may be borne by client accounts. There can be no guarantee that the index will operate as intended during volatile market conditions or over the course of a full market cycle. In addition, market disruptions could cause delays in an index's rebalancing schedule which may result in the index and, in turn, a client account experiencing returns different than those that would have been achieved under a normal rebalancing schedule.

Tracking Error Risks. The SPI strategies seek to track the performance of the designated index by attempting to mimic the characteristics of the designated index, such as the designated index's exposure and risk characteristics, although they may not be successful in doing so. The divergence between the performance of a client's account and the designated index, positive or negative, is called "tracking error." Tracking error can be caused by many factors, such as restrictions imposed by a client on the types of securities held in the account; available loss harvesting opportunities for taxable accounts; regulatory, operational, custodial or liquidity constraints; corporate transactions; asset valuations; transaction costs and timing; tax considerations for taxable accounts; investments in securities not included in the index or ADRs; and index rebalancing. In addition, cash flows into and out of a client account, purchases and sales of securities, expenses and trading costs all affect the ability of a client account to track the performance of the index, because the index does not have to manage cash flows and does not incur any costs.

Optimization Tools Risks. There are limitations inherent in the use of an optimization methodology to manage SPI accounts relative to a designated index; for instance, the optimization tools are not designed to account for current market conditions and any short-term market fluctuations. Rather, the optimization tools propose buy/sell orders according to the strategy framework and guidelines. For taxable accounts, the optimization tools are not designed to consider certain factors such as individual tax circumstances; rather, its functions consist of identifying opportunities for tax-loss harvesting.

There is also a risk that the optimization tools and related software used for SPI accounts may not perform within intended parameters, which may result in a portfolio that does not mimic the characteristics of the designated index, and trigger or fail to initiate rebalancing and/or tax-loss harvesting trading.

ESG Risks. Because the MSCI KLD 400 Social strategy utilizes an index that considers certain ESG metrics, the strategy may perform differently than strategies that do not screen for ESG attributes. The strategy's use of an index that incorporates ESG considerations in the index construction process may exclude securities of certain issuers for non-investment reasons and therefore the strategy may forgo some market opportunities available to strategies that do not screen for ESG attributes. Additionally, the criteria used to select companies for inclusion in the index that the strategy utilizes may result in exposure to certain sectors and/or types of investments which may adversely impact the strategy's performance depending on whether such sectors or investments are in or out of favor in the market. In addition, there is a risk that the companies identified for inclusion in the index do not operate as expected when addressing ESG issues. ESG is not a uniformly defined characteristic and applying ESG criteria often involves a subjective assessment.

Tax and Tax Gain/Loss Harvesting Risks

Tax Risks – SMA Strategies. The SMA Strategies are not designed to address specific tax objectives. Tax treatment of dividends under federal and state law may change over time. Ongoing investment income, capital

gains, capital losses, and miscellaneous deductions for some MLPs and certain commodity and currency ETFs, are reported annually on the Schedule K-1, and when MLPs are sold in a taxable account, proceeds will be reported on Form 1099-B. The Schedule K-1 is mailed separately to clients each year and needs to be included in the clients' income tax returns. In cases where the entity generating the Schedule K-1 files for a tax extension beyond April 15, clients may receive their Schedule K-1 after the due date for their income tax return. 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 a professional tax advisor or check the Internal Revenue Service ("IRS") website at www.irs.gov about the consequences of tax-managed strategies in light of their particular circumstances and its impact on their tax return. Further, clients should consult their professional tax advisor with respect to suitability and likely treatment of long/short or options strategies before making any investment decisions. Tax treatment of long/short and options strategies cannot be guaranteed, may constitute deferral, and may not be suitable for all clients to pursue. Neither the tax-loss/gain harvesting strategies for the SMA Programs discussed below, nor any discussion herein, is intended as tax advice, and CSIM does not represent that any particular tax consequences will be obtained.

Wash Sale Risks – SMA Strategies. A wash sale is the sale at a loss of a security (such as an ETF) and the purchase of the same or a substantially similar security within 30 calendar days either before or after that sale. If a wash sale 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 substantially similar replacement shares are bought during the 61-day period.

While CSIM will monitor for wash sales, CSIM does not and cannot prevent wash sales in all cases, and as a result wash sales may occur from trading activity, including, but not limited to, trading in multiple accounts held by a client, including multiple accounts in the same SMA Strategy held by the same client. Furthermore, CSIM cannot prevent wash sales that may occur due to client requests that impact trading in a particular account. Additional information regarding wash sales specific to an SMA Strategy are described below.

Tax Risks – SPI. For taxable accounts, SPI is not designed to address specific tax objectives. The potential federal income tax consequences of holding, buying, and selling securities are considered as part of the investment services, but CSIM does not consider state or local taxes; foreign taxes, including those applied to dividends and any potential reclaim; federal tax rules applicable to entities; or estate, gift, or generation-skipping taxes. CSIM can implement trades in accounts that may trigger significant tax consequences as they seek to manage the accounts consistently with strategy investment objectives, including, if required, to sell securities used to fund a clients' account. Client generated activity in an account such as fund withdrawal requests and incoming stock transfers may trigger significant tax consequences when CSIM rebalances the client's account to their SPI strategy.

CSIM cannot guarantee the effectiveness of its tax-efficient optimization methodologies used for taxable accounts in serving to reduce or minimize a client's overall tax liability. There are several investment-related risks associated with tax-loss harvesting. There is potential that the tax-loss harvesting may: (i) negatively affect the overall performance of a client's portfolio; and (ii) result in a temporary overweight and/or underweight of certain sectors, securities, and/or cash in a client's portfolio.

Individual stock positions can experience price declines, possibly below a client's adjusted tax basis in the security (as determined by the tax basis information on record for the client's SPI account). In such instances, losses can be realized in the client's SPI account for tax purposes. In cases where a position is sold to realize a capital loss for tax purposes, the position usually will be replaced with investments CSIM believes will maintain consistent benchmark exposure. In harvesting tax losses, CSIM does not attempt to harvest every tax loss that occurs in the client's SPI account. Furthermore, each specific lot of securities in a client's SPI account—a block of shares bought at a particular time at a particular price—is reviewed and the potential federal income tax burden associated with selling that lot is weighed against the potential investment merits of the sale, such as performance potential, added diversification, and support of risk-management strategies. Once CSIM decides to sell an eligible security, it will attempt to sell the lot(s) that will generate the lowest overall federal income tax burden (or generate a loss for tax purposes) using the tax basis and holding period information on record.

When calculating after-tax returns, CSIM makes assumptions on applicable U.S. federal tax rates. Applying these U.S. federal tax rates may cause the after-tax performance shown to be different than an investor's actual experience. There is a material risk that investors' actual tax rates, the presence of current or future capital loss carryforwards, and other investor tax circumstances may materially and negatively affect the

investor's actual returns. Clients should consult a professional tax advisor to help determine the potential impact of a tax harvesting request on their tax situation.

CSIM considers the ability to harvest losses as part of its tax-efficient optimization methodologies employed for an SPI account. There is no guarantee that the tax-loss harvesting optimization used for SPI will reduce, defer or eliminate the tax liability generated by a client's investment portfolio in any given tax year. CSIM may repurchase securities after the end of the tax-loss "wash sale" period at a price higher than that for which they were sold. Securities sold for the purpose of tax-loss may or may not be repurchased by CSIM following the 30-day wash sale period.

There is the risk that the investment management activity in the client's account subsequent to the tax-loss sale may result in additional realized gains that partially or completely offset the losses realized from the tax-loss sale.

Tax Gain/Loss Harvesting Risks – Schwab Wealth Portfolios, Selective Portfolios, SGP, SMP Program, ThomasPartners Strategies, Wasmer Schroeder Strategies and Windhaven Strategies. Clients are able to agree to or request limited tax gain or loss harvesting opportunities in their accounts. CSIM can accommodate tax gain/loss harvest requests; however, there is a minimum gain or loss per security in order for CSIM to implement a request. The request is subject to CSIM approval, and CSIM reserves the right to decline the request if, in its discretion, the security or market changes are such that the requested action is not or is no longer appropriate for tax harvesting. Clients may not request tax gain/loss harvesting for the Wasmer Schroeder Strategies and SPI portions of Schwab Wealth Portfolios. For tax-loss harvesting in SPI taxable accounts, including those in Schwab Wealth Portfolios, please see "Tax Risk - SPI" above. There is no guarantee that a client tax gain/loss harvesting request will reduce, defer, or eliminate the tax liability generated by a client's investment portfolio in any given tax year. Clients should consult a professional tax advisor to help determine the potential impact of a tax harvesting request on their tax situation.

There are several investment-related risks associated with client-requested tax gain/loss harvesting. There is potential that the gain/loss request may: (i) negatively affect the overall performance of a client's portfolio; (ii) prevent a client's account from being included in large block trades; instead, the account will be traded separately afterward, which could result in an execution price better or worse than the execution price of the large block trade; (iii) result in a temporary overweight and/or underweight of certain sectors, securities, and/or cash in a client's portfolio; and (iv) have negative tax consequences resulting from the recognition of additional capital gains or by having a capital loss disallowed/deferred (such as, a wash sale). CSIM will not consider any other account that the client may have. CSIM has discretion as to the placement of the tax-sale proceeds. Proceeds will either be held in cash or cash equivalents or be reinvested in a security chosen by CSIM. CSIM may repurchase securities after tax gain harvesting or after the end of the tax-loss "wash sale" period at a price higher than that for which they were sold. Securities sold for the purpose of tax-loss may or may not be repurchased by CSIM following the 30-day wash sale period. CSIM cannot prevent wash sales that may occur in other accounts besides the one in which the harvest was requested as a result of the requested gain/loss harvesting activity.

Generally, CSIM will harvest gains and/or losses at the security level only and will not take tax lots into consideration. This means there is potential for a gain to be generated with the sale of the requested security position, despite the security being at a loss overall when combining all tax lots. This may result in partially offsetting the loss being generated and could result in taxes being due on the gains from the sale. This also means that all shares held in this account for the requested security will be sold. At certain times, CSIM may also consider tax lots when harvesting gains and/or losses.

There is the risk that the investment management activity in the client's account subsequent to the tax gain/loss sale may result in additional realized gains or losses that partially or completely offset the losses realized from the tax gain/loss sale requested.

Limitations of Disclosure. The foregoing list of risks does not purport to be a complete enumeration or explanation of the risks involved in CSIM's strategies. As the strategies develop and change over time, clients and investors may be subject to additional and different risk factors. No assurance can be made that profits will be achieved or that substantial losses will not be incurred.

Tax-Loss Harvesting Risks – SIP Program. Clients may request CS&Co. (and CSIM through CS&Co.) to employ a tax-loss harvesting strategy with any taxable SIP Program account; however, the account must meet the minimum balance requirement of $50,000 for the tax-loss harvesting strategy to become active on the account. There is also a lower minimum balance requirement to maintain a tax-loss harvesting strategy; for any accounts falling below this minimum balance, the tax-loss harvesting strategy will become inactive until such time as the minimum balance requirement is met. These minimums are designed to limit, but cannot always prevent, scenarios where tax-loss harvesting sales are made and a single share of the replacement ETF is too expensive to purchase. As a result, a portion of the

proceeds from the sale of the ETF could remain in cash, rather than being used to purchase a replacement ETF.

The Rebalancing Algorithms are designed to conduct a daily review of client accounts for tax-loss harvesting opportunities. When the tax-loss harvesting threshold is met, the Rebalancing Algorithms are designed to initiate a tax-loss harvesting trade order for accounts in the SIP Program unless there are currently restrictions within the asset class, such as to avoid wash sales. During this process, certain ETFs in the client's account are sold at a loss to offset potential capital gains (although CSIM does not monitor the type and amount of capital gains). If the tax-loss harvesting sale causes the asset class to become underweight, the Rebalancing Algorithms can recommend a buy order to replace the ETFs sold for tax-loss harvesting purposes with the ETF(s) that CSIM reasonably believes are not substantially similar based upon different ETF indices used by each ETF.

When CSIM sells an ETF to harvest a tax loss, and purchases another ETF to replace it, CSIM will generally be unable to sell the replacement ETF for 30 days if it contains lots held at a loss, even if it could sell other lots in the same position at a gain and not cause a wash sale. If an account needs to be rebalanced in that 30-day period, CSIM will generally not be able to sell the replacement ETF as part of that rebalancing if it contains lots held at a loss. As a result, the account may not be allocated according to the chosen investment strategy until the 30-day period has expired, which could affect its performance.

The Rebalancing Algorithms attempt to avoid wash sales in all taxable SIP Program accounts, not only those enrolled in tax loss harvesting. In an effort to avoid wash sales, in certain circumstances, the Rebalancing Algorithms will prevent rebalancing and tax-loss harvesting transactions from occurring. In those cases, the Rebalancing Algorithms could be unable to rebalance towards the target allocation for 30 or more days, which can impact performance. This can also result in not utilizing all tax-loss harvesting opportunities. The Rebalancing Algorithms cannot perfectly detect wash sales, which means that they will sometimes fail to prevent a wash sale or, conversely, prevent trades that would not have resulted in a wash sale, which will also impact performance.

CSIM will seek to avoid wash sales in any SIP Program account(s) associated with the same primary account holder (with the exception of certain types of accounts, including custodial, trust accounts, and minor inherited IRAs). This means that non-taxable accounts (such as IRAs) that are linked to taxable accounts will sometimes be blocked or delayed from rebalancing. If CSIM is monitoring multiple accounts to avoid the wash sale disallowance rule, the first taxable account to sell an ETF at a loss will block the other account(s) including any linked non-taxable accounts from buying in that same ETF for 30 days. Similarly, the first taxable or non-taxable account to buy an ETF will block the other taxable accounts from selling that same ETF at a loss for 30 days.

Although the Rebalancing Algorithms seek to avoid wash sales, they are not designed to and cannot avoid all wash sales. For instance, in the event that securities need to be sold in order to enable withdrawals, those sales will take place even if they could result in wash sales. If a client sells ETF shares at a loss and uses the proceeds to fund their SIP Program account or other account, CSIM may purchase the same ETF shares for their SIP Program account within 30 days, thereby creating a wash sale. CSIM only monitors for wash sale avoidance for accounts enrolled in the SIP Program, and clients are responsible for monitoring their and their spouse's other accounts (at CS&Co. or with another firm) to ensure that transactions in the same ETF or a substantially similar security do not create a wash sale.

If a client has two or more SIP Program accounts that are being monitored together to avoid the wash sale disallowance rule, and the accounts hold different ETFs in the same asset class, if the Rebalancing Algorithms recommend selling ETFs in that asset class to harvest tax losses, the Rebalancing Algorithms will choose to do so in the earliest-enrolled account and skip the other account(s), and therefore do not prioritize selling the ETF that will generate the greatest tax loss.

The performance of the replacement ETFs may be better or worse than the performance of the ETFs that are sold for tax-loss harvesting purposes. The utilization of losses harvested through tax-loss harvesting will depend upon the recognition of capital gains in the same or a future tax period, and in addition may be subject to limitations under applicable tax laws.

The effectiveness of the tax-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 SIP Program and type of investments (e.g., taxable or non-taxable) or holding period (e.g., short-term or long-term). The tax-loss harvesting strategy is not designed to ensure that it will reduce, defer, or eliminate the tax liability generated by a client's investment portfolio in any given tax year. The Rebalancing Algorithms only monitor accounts enrolled in the SIP Program to determine if there are unrealized losses for purposes of determining whether to harvest such losses. Transactions in accounts not enrolled in the SIP Program may affect whether a loss is successfully harvested and, if so, whether that loss is usable by the client in the most efficient manner.

Lastly, there is the risk that the investment management activity in the client's account subsequent to the tax-loss sale may result in additional realized gains or losses that partially or completely offset the losses realized from the tax-loss sale requested.

Limitations of Disclosure. The foregoing list of risks does not purport to be a complete enumeration or explanation of the risks involved in CSIM's strategies. As the strategies develop and change over time, clients and investors may be subject to additional and different risk factors. No assurance can be made that profits will be achieved or that substantial losses will not be incurred.

Item 9 – Disciplinary Information

In June 2022, Charles Schwab Investment Advisory, Inc. and its affiliate CS&Co. (collectively, "Schwab," for purposes of this matter description only) reached an agreement with the SEC to settle a matter related to historical disclosures and marketing of the SIP Program. Although CSIM was not a party to this matter, because CSIM has become the investment adviser to the SIP Program, the disclosure regarding this matter has been included in CSIM's disclosure brochure.

The SEC found that Schwab, along with its former affiliate, Schwab Wealth Investment Advisory, Inc., violated certain provisions of the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and the rules thereunder, from March 2015 through November 2018. The SEC found that Schwab made false and misleading statements in Form ADV Part 2A brochures about the cash allocations in SIP 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 SIP 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 SIP 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 Program-related disclosures, advertising, and marketing communications comply with the requirements of the Advisers Act, and the rules thereunder, and with other applicable federal securities laws with respect to the SIP Program; and (2) submit a report to both Schwab and the SEC describing the independent consultant's findings and making recommendations. Schwab was required to adopt and implement the independent consultant's final recommendations.

Item 10 – Other Financial Industry Activities and Affiliations

As a wholly owned subsidiary of CSC, CSIM leverages the resources of CSC, CS&Co., and their affiliated companies, such as personnel including, but not limited to, its Chief Compliance Officer ("CCO"); Chief Legal Officer; legal and compliance support; sales, marketing, technology, operations, finance, human resources, and risk management personnel. CSIM pays CS&Co. for the services of certain employees and for the facilities and equipment necessary to enable it to provide advisory services to clients. Certain CSIM and CS&Co. personnel have reporting relationships to personnel of affiliated entities. These arrangements and others noted below create the potential for conflicts of interest to arise. These potential conflicts of interest are governed by various policies adopted by CSIM. For example, CSIM has adopted policies and procedures reasonably designed to protect against the misuse of information (and mitigate potential conflicts of interest) whether among CSC affiliated entities or entities or individuals outside of CSC and its affiliates. Other wholly owned subsidiaries of CSC are engaged in investment advisory, brokerage, trust, custody, or banking services.

Charles Schwab & Co., Inc.

CSIM is under common control with CS&Co., which is both a registered broker-dealer and a registered investment adviser, and a wholly-owned subsidiary of CSC. CS&Co. serves as the principal underwriter for certain Registered Funds managed by CSIM but does not receive any compensation in that capacity. However, CS&Co. receives recordkeeping, shareholder servicing and other administrative servicing fees from certain Registered Funds managed by CSIM. CSIM also pays CS&Co. for the services of certain employees that primarily provide sales and marketing services. CS&Co. may act as a placement agent to a Private Fund but generally does not receive compensation from a Private Fund for the role. CSIM will pay CS&Co. for the services of certain employees that provide services to a Private Fund.

CS&Co., as an insurance agency, offers insurance products that make available Registered Funds managed by CSIM as part of the insurance product offering.

CSIM selects and recommends investment advisers to act as (i) sub-advisers for Registered Funds advised by CSIM, (ii) sub-advisers to CSTB collective trust funds, (iii) investment advisers of Registered Funds in which CSIM advised Registered Funds or SMAs invest, or (iv)

investment advisers to Registered Funds that are part of model portfolios or are used in CSTB collective trust funds. Such investment advisers may have a business relationship with CS&Co. whereby CS&Co. has agreed to make mutual funds advised by such investment advisers available through CS&Co.'s Mutual Fund Marketplace. CS&Co. receives fees from mutual funds and/or their affiliates for the services CS&Co. provides in connection with CS&Co.'s Mutual Fund Marketplace. In addition, such investment advisers or their affiliates, as third-party ETF sponsors, may pay compensation to CS&Co. for administrative and shareholder services. CSIM does not take into consideration whether an investment adviser advises Registered Funds that compensate CS&Co. when making its recommendations or selections. CS&Co. also makes available certain Registered Funds advised by CSIM through its Schwab Mutual Fund OneSource® service, CS&Co.'s no load, no transaction fee platform.

In its role as sponsor of the SMP Program, CSIM's affiliate, CS&Co., sets the target asset allocations for each SMP Program portfolio and creates the parameters that determine mutual fund and ETF eligibility for the SMP Program. Although CSIM does not favor its own Registered Funds, or disfavor any third-party mutual fund or ETF, in its selection of investments or allocation among investments for the SMP Program portfolios, the parameters and eligibility criteria created by CS&Co. are designed, in part, to favor certain CSIM managed Registered Funds and to disfavor certain third-party mutual funds and ETFs.

In its role as sponsor of the SIP Program, CSIM's affiliate, CS&Co., sets the target asset allocations for each SIP Program portfolio and creates the parameters that determine ETF eligibility for the SIP Program. Although CSIM does not favor its own Registered Funds, or disfavor any third-party ETF, in its selection of investments or allocation among investments for the SIP Program portfolios, the parameters and eligibility criteria created by CS&Co. are designed, in part, to favor certain CSIM managed Registered Funds and to disfavor certain third-party ETFs. CS&Co. has a financial interest in certain CSIM managed Registered Funds because it or its affiliates receive advisory and recordkeeping, shareholder servicing and other administrative servicing fees from those Registered Funds. This results in higher overall compensation to CS&Co., CSIM, and the ultimate parent entity, CSC. CS&Co. also receives fees from certain third party funds (or their affiliates) in the SMA Strategies and CSIM managed Registered Funds for record keeping, shareholder services, and other administrative services and in certain cases, for marketing and promotion of a third party fund. The aggregate fees CS&Co. or its affiliates receive from the CSIM managed Registered Funds may be greater than the fees CS&Co. receives from third party funds.

CS&Co. sponsors the SWA Program, an investment advisory wrap fee program. The SWA Program is a fee-based program, which offers periodic non-discretionary investment advice by representatives of SWAI, a registered investment adviser. The SWA Program also includes advice on the use of Schwab Wealth Portfolios managed by CSIM and available only to SWA Program clients.

If an SMA Strategies client's account(s), other than those in the SIP Program, is custodied at CS&Co., uninvested cash, or free credit balance, in the account(s) may be invested in: (1) a money market fund that is managed by CSIM or distributed by CS&Co.; (2) a noninterest-bearing Schwab One® Interest feature; or (3) an interest-bearing Schwab One® Interest feature (collectively, "Schwab Cash Vehicles"). In addition, Direct Client accounts may also have investments in CSIM managed Registered Funds. This presents a conflict of interest because CSIM, CS&Co. and its affiliates can earn income on investments in Schwab Cash Vehicles. The CSIM fees Direct Clients pay will be adjusted relative to the Schwab Cash Vehicle and CSIM managed Registered Funds for retirement accounts, including IRAs and accounts subject to ERISA. CSIM reserves the right to change the manner in which it makes accommodations, to the extent permitted by applicable law. More information about Schwab Cash Vehicles may be found in clients' brokerage account agreement(s) with CS&Co.

CS&Co. effects securities transactions for clients in the SMA Strategies on an agency basis, except in limited circumstances such as when executing certain fractional shares trades. Acting as principal on a trade is a conflict of interest because CS&Co. is on the other side of the transaction from the client. CS&Co. does not charge additional fees on fractional share trades. When CSIM executes fractional shares through CS&Co., the client may receive a price that differs from that of whole shares executed through CS&Co. or another broker-dealer.

Schwab Wealth Portfolios, Selective Portfolios, SGP, SPI, ThomasPartners Strategies, and Windhaven Strategies clients, that invest through the Schwab Managed Account Programs should note that over time only a portion of transactions are executed for their accounts through CS&Co. Wasmer Schroeder Strategies clients that invest through the Schwab Managed Account Programs should note that only the equity portion of transactions may be executed for their accounts through CS&Co.

In connection with the SMA Strategies, CSIM provides CS&Co. with composite performance reporting data resources and support, for which CSIM is paid a fee.

CSIM provides non-discretionary model portfolios to CS&Co. for its model platform. CSIM is not responsible

for determining which securities to buy or sell for those who invest in model portfolios provided to CS&Co.

Lastly, CSIM provides Schwab Equity Ratings and Schwab Equity Ratings International to CS&Co. for use by CS&Co.'s clients.

Pooled Investment Vehicles

CSIM provides investment advice to a number of Registered Funds, and may be deemed to control such funds, although CSIM disclaims any control relationship. CSIM also makes recommendations in connection with the management of certain collective trust funds although CSTB retains ultimate investment discretion over those funds.

Charles Schwab Bank, SSB

CSIM is under common control with Schwab Bank. Schwab Bank earns income on cash balances participating in the SIP Sweep Program, which presents a conflict of interest. Additional details regarding the SIP Sweep Program can be found in the Schwab Intelligent Portfolios Sweep Program Disclosure Statement and the Schwab Intelligent Portfolios disclosure brochure. Clients should carefully consider these conflicts of interest prior to enrolling in the SIP Program. Schwab Bank earns income on some of the cash of other SMA Strategies clients custodied at CS&Co.

Charles Schwab Trust Bank

CSIM is under common control with CSTB. CSIM provides non-discretionary investment management advice to CSTB pursuant to an agreement between CSIM and CSTB with respect to collective trust funds maintained by CSTB. CSIM also provides CSTB with trading and allocation support, at CSTB's request. CSTB, however, retains the authority to accept or reject CSIM's recommendations. In addition, CSIM provides administrative and proxy voting services to, and receives compensation from, CSTB. CSTB further provides custodial and other trust services to certain of CS&Co.'s customers and affiliates. CSTB provides directed trust and custody services to employee benefit or similar types of plans, and makes certain Registered Funds advised by CSIM available to these clients.

Charles Schwab Trust Company

CSIM is under common control with CSTC. CSIM creates certain non-discretionary model portfolios for CSTC ("CSTC Models") in connection with the management of trust assets. CSIM also offers access to other model portfolios and SMA Strategies to CSTC in connection with the management of trust assets. CSTC is responsible for determining the models to be used for trust assets and has the ultimate decision making and discretionary responsibility for the determination of which securities are to be purchased and sold for trust accounts. At CSTC's direction, CSIM directs trades to its affiliate, CS&Co., for trust accounts invested in the CSTC Models. CSIM also provides proxy voting guidance to CSTC under an inter-company agreement for which CSIM is compensated. CSIM receives a fee from CSTC for the CSTC Models based on a percentage of CSTC's client assets being managed pursuant to the CSTC Models. For certain trust accounts, CSTC is responsible for determining which of the SMA Strategies are to be used for trust assets and CSIM receives a fee from CSTC for such trust accounts based on a percentage of such trust accounts' assets managed pursuant to the SMA Strategies.

Schwab Wealth Advisory, Inc.

CSIM is under common control with SWAI. SWAI representatives offer periodic non-discretionary investment advice in the SWA Program, which is a fee-based program. The SWA program also includes advice on the use of Schwab Wealth Portfolios managed by CSIM and available only to SWA Program clients. SWAI representatives can also make recommendations on other discretionary SMAs managed by CSIM and offered through other Schwab Managed Account Programs or on investments into Registered Funds managed by CSIM.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics - General

CSIM has adopted a code of ethics (the "Code") pursuant to Rule 204A-1 under the Advisers Act. The Code sets forth standards of business conduct that reflect CSIM's fiduciary obligations to its clients and requires CSIM employees to comply with all applicable laws, rules and regulations and to promptly report any violation of the Code to a supervisor or CSIM's CCO or their designee. The Code also requires CSIM's officers, directors, employees, contractors and any person who is determined to have access to nonpublic information regarding any client or CSIM ("access persons") to (i) report, and CSIM to review, personal securities transactions and securities holdings periodically, (ii) pre-clear transactions in covered securities when required, and (iii) confirm compliance with the provisions of the Code on a periodic basis. Covered securities do not include direct obligations of the U.S. government, high quality short-term debt instruments, investments in non-CS&Co. affiliated 529 college savings plans, investment in the Schwab Fund for Charitable Giving, and shares of affiliated and non-affiliated funds. The Code may be

changed as necessary to remain current with regulatory requirements and internal policies and procedures.

A client or prospective client may obtain a copy of CSIM's Code without charge by calling CSIM at (800) 650-9744.

Material Non-Public Information

The Code prohibits access persons from disclosing portfolio transactions or any other material non-public information to anyone, other than those who have a business need to know, except as required to effect securities transactions for clients. The Code also prohibits access persons from using material nonpublic information for personal profit or to cause others to profit. Access persons are also prohibited from engaging in deceptive conduct in connection with the purchase or sale of securities for client accounts.

Gifts and Business Entertainment

CSIM access persons may not give or accept gifts or business entertainment that violate applicable laws or create a conflict of interest or the appearance of impropriety.

Participation or Interest in Client Transactions

CSIM or CS&Co. may recommend that a client purchase securities of CSC, the parent company of both CSIM and CS&Co. Certain Registered Funds managed by CSIM may purchase securities in an underwriting in which CS&Co. participates, to the extent consistent with the 1940 Act and the rules and regulations thereunder. CS&Co., as an insurance agency, offers insurance products that make available Registered Funds managed by CSIM as part of the insurance product offering.

CSIM has a conflict of interest because it selects or makes recommendations with respect to the selection of Registered Funds, including CSIM managed Registered Funds, for various SMA Strategies client accounts, certain Registered Funds it manages, and for CSTB. Other affiliates of CSIM may buy or sell the same securities for client accounts. CSIM earns compensation from any Registered Funds managed by CSIM held in the SMA Strategies. In addition, CS&Co. receives compensation from mutual funds and ETFs held in SMA Strategies accounts. CS&Co. may enter into relationships with mutual fund and ETF sponsors and receive marketing and promotional compensation from such sponsors for customer shares of such sponsors' mutual funds and ETFs (collectively, "Strategic Provider Funds") custodied at CS&Co. As a result, CS&Co. may receive additional compensation for the use of Strategic Provider Funds in the SMA Strategies and model portfolios provided by CSIM. This compensation is in addition to the explicit asset-based fee that SMA Strategies clients pay to CS&Co. or CSIM. These are all inherent conflicts of interest within and among CSIM, CS&Co., and its affiliates. CSIM mitigates these conflicts of interest through its policies and procedures, which include the evaluation of the selection and investment in Registered Funds, including Registered Funds managed by CSIM, consistent with CSIM's fiduciary duty. Subject to CS&Co.'s oversight as the SMP Program and SIP Program sponsor, the investment decision-making processes of CSIM portfolio management teams are separate and independent from CS&Co.

Certain Registered Funds to which CSIM provides investment advice are fund-of-funds. Consistent with the funds-of-funds' investment objectives and strategies, CSIM may recommend that these funds-of-funds allocate a portion of their portfolios to other Registered Funds advised by CSIM for which CSIM receives investment advisory and/or administration fees. CSIM has policies and procedures in place to establish appropriate controls to identify, and to limit use and distribution of, confidential information about the firm, its businesses and its clients. CSIM does not receive investment management fees from many of the fund-of-funds that it manages. For those funds-of-funds that do pay CSIM an investment management fee, the board of trustees of such funds-of-funds meets annually to determine that the amount of the fee is appropriate given the services provided by CSIM. Similarly, CSIM may recommend that certain collective trust funds maintained by CSTB invest in Registered Funds managed by CSIM and other collective trust funds advised by CSTB.

When recommending that the CSIM advised funds-of-funds invest in other Registered Funds with multiple share classes, CSIM will recommend that the funds-of-funds invest in the lowest cost share class for which the funds-of-funds are eligible. Similarly, when recommending to CSTB that a collective trust fund invest in underlying pooled investment vehicles or Registered Funds with multiple share classes, CSIM will recommend to CSTB the lowest cost share class for which the collective trust fund is eligible.

When recommending that SMA Strategies client accounts invest in Registered Funds with multiple share classes, CSIM will recommend that such client accounts invest in the lowest cost share class for which the client accounts are eligible. As noted above, the fees CSIM receives from the SMA Strategies will be adjusted relative to the CSIM managed Registered Funds for retirement accounts, including IRAs and accounts subject to ERISA for client accounts custodied at CS&Co.

CS&Co., a related person of CSIM, is a registered broker-dealer that effects securities transactions for its brokerage customers. CS&Co. may act as a principal or agent in these transactions. In the normal course of the conduct of its business as a broker-dealer, CS&Co. may

enter into purchase and sale transactions in securities that CSIM has recommended to its clients.

CSC, CS&Co. and CSTB may invest for the benefit of their own accounts in the same securities that CSIM recommends to its clients. From time to time CSIM maintains test brokerage accounts ("test accounts") to facilitate operational matters. These affiliates and CSIM test accounts may buy or sell securities at the same time that CSIM clients are buying or selling the same security and may take positions that are the same or contrary to one that CSIM has recommended. In addition, directors, officers and employees of CSIM may buy or sell for themselves (through personal accounts or through accounts of which they are direct or indirect beneficiaries) securities that are also recommended to, or purchased or sold on behalf of, clients.

Personal Trading

CSIM and its affiliates have established policies and procedures designed to prevent the exchange of information between employees at each organization relating to securities holdings and possible trades. Additionally, the personal securities transactions of CSIM's access persons are subject to the Code, which is designed to detect and mitigate or prevent conflicts of interest and unlawful practices that may arise in connection with an access person's personal securities transactions. For example, as described above, the Code requires periodic reporting and review of personal securities transactions and securities holdings. Furthermore, the Code requires access persons to obtain prior approval from the compliance department prior to engaging in a security transaction except for certain types of transactions deemed not to present conflicts of interest with CSIM's advisory activities on behalf of its clients ("Exempted Transactions"), such as purchases pursuant to an automatic investment plan. Access persons are restricted from executing personal transactions in securities, except for Exempted Transactions, when they know or should have known at the time that there is a pending "buy" or "sell" order in the same security for any client account. Portfolio managers are subject to a blackout period of seven calendar days for both when a security is traded, or is expected to be traded on behalf of a client account and after a security has been traded on behalf of a client. In addition, certain access persons are prohibited from realizing a profit from purchasing and selling, or selling and purchasing, the same security on a short term basis. All access persons are also prohibited from executing a personal transaction in securities when the access person has material non-public information regarding the security or issuer. Certain personal transactions in securities may be subject to further review by CSIM's CCO or their designee.

Item 12 – Brokerage Practices

Generally, for equity and multi-asset SMA Strategies, Registered Funds and collective trust funds, CSIM has separate portfolio management teams and a joint trading group (the "Trading Group"). For certain multi-asset Registered Funds, the portfolio managers conduct the trades. For fixed income SMA Strategies and Registered Funds, both portfolio managers and traders conduct the trades. Each SMA Strategy, Registered Fund, and/or collective trust fund has its designated portfolio management team. The Trading Group supports multiple portfolio management teams. Generally, the Trading Group trades the products and strategies for which it is designated and each portfolio management team provides advice to the products and strategies for which it is designated. However, the Trading Group or a portfolio management team may provide services to products and strategies for which it is not designated. For example, a portfolio management team may determine to use the Trading Group or another portfolio management team that specializes in a particular segment of the financial markets to provide trading services and/or portfolio management for that segment of the financial market within its designated product or strategy. In addition, the head of the Trading Group or a portfolio management team has discretion to assign the necessary personnel to trade and/or provide investment advice for a specific product or strategy.

CSIM has established informational barriers and procedures that seek to prohibit personnel from communicating or distributing any non-public information related to the trading activities of a product or strategy such personnel support (including information regarding pending orders for clients) to other CSIM personnel that should not be privy to such information. When CSIM personnel are part of separate portfolio management teams, on the Trading Group or trade for products and strategies for which they are not designated, CSIM has adopted procedures governing such trading activities to seek to ensure such CSIM personnel are not communicating or distributing any non-public information related to their trading activities of a product or strategy (including information regarding pending orders for clients) to personnel on the Trading Group or a portfolio management team that are not involved in trading for and management of that product or strategy or utilize such non-public information among products or strategies in a manner that is not consistent with policies and procedures.

The Trading Group and each portfolio management team seeks to obtain best execution on orders it originates that are not directed brokerage; however, clients serviced by the Trading Group or different portfolio management teams could receive or appear to receive more favorable outcomes.

Generally, the Trading Group or a portfolio management team will aggregate and allocate orders only among those clients that it services and independently of each other. However, at times a portfolio management team that trades for client accounts for which it is not designated as the portfolio management team may aggregate trades for those client accounts with trades for client accounts for which it is designated as the portfolio management team only if it is in the best interests of one or more clients to execute their trades on an aggregated basis.

Selecting or Recommending Broker-Dealers

CSIM is responsible for selecting brokers or dealers to execute transactions for client accounts, except for client accounts with a directed brokerage agreement and assets under the management of sub-advisers. For more information about directed brokerage see the "Directed Brokerage" section. The sub-advisers that are responsible for recommending brokers or dealers are subject to the general oversight of CSIM and, with respect to CSTB, CSIM provides assistance to CSTB with respect to policies and procedures for selecting and monitoring collective trust fund brokers.

CSIM seeks best execution for its clients' portfolio transactions that are not directed brokerage. CSIM places trades in various manners including through different broker/dealers, agency brokers, principal marketmaking dealers, smaller brokers and dealers, which may specialize in particular regions or asset classes, futures commission merchants and over-the-counter derivatives dealers (each, a "broker" for purposes of the discussion in this section). CSIM also uses electronic trading methods, including alternative trading systems ("ATSs"). CSIM evaluates the quality and cost of services received from broker-dealers on a periodic and systematic basis and considers a number of factors in selecting brokers or dealers to execute these transactions. These factors can include, without limitation, the following: execution price; transaction fees inclusive of commissions, mark-ups and mark-downs, dealer spread and other brokerage fees; size or type of the transaction; nature or character of the markets; clearance or settlement capability; reputation; financial strength and stability of the broker or dealer; promptness, reliability and efficiency of execution related services and error resolution; accuracy of trades; block trading capabilities; ability to execute trades in difficult market conditions; ability to source liquidity; willingness to use balance sheet; confidentiality; and provision of additional brokerage or research services or products. In seeking best execution, CSIM considers whether the transaction represents the best qualitative and quantitative execution under the circumstances, which is not solely determined by the lowest brokerage fee available. CSIM does not consider sales of Registered Funds advised by CSIM or the receipt of client referrals as a factor in selecting a broker to effect a portfolio transaction; however, CSIM can execute through brokers that sell shares of Registered Funds advised by CSIM or provide client referrals. In addition, CSIM can execute through Authorized Participants (institutional investors who have entered into an authorized participant agreement with the Schwab ETFs) for the Schwab ETFs or through Authorized Participants' affiliated broker-dealers.

CSIM can place orders directly with ATSs. Placing orders with ATSs could enable clients to trade directly with other institutional holders. At times, this allows clients to trade larger blocks at more favorable prices than would be possible trading through another market venue.

In determining when and to what extent to use CS&Co. or any other affiliated broker-dealer as a broker for executing orders for clients, CSIM follows procedures that are designed to assure that affiliated brokerage commissions (if relevant) are reasonable and fair in comparison to unaffiliated brokerage commissions for comparable transactions.

Additional information about CSIM's brokerage practices with respect to the Registered Funds and Private Funds is included in their respective offering documents.

Soft Dollars

CSIM generally will not enter into formal soft-dollar arrangements with brokers or third parties to obtain brokerage or research services in exchange for brokerage commissions paid by advised accounts. However, CSIM does receive various forms of eligible proprietary research that is bundled with brokerage services at no additional cost from certain of the brokers with whom CSIM executes equity or fixed income trades. These include brokers CSIM is affiliated with such as CS&Co. or from participation in Broker/Custodian-Related Programs for certain separately managed account strategies. These services or products can typically include: company financial data and economic data (e.g., unemployment, inflation rates and GDP figures), stock quotes, last sale prices and trading volumes, research reports analyzing the performance of a particular company or stock, access to websites that contain data about various securities markets, narrowly distributed trade magazines or technical journals covering specific industries, products, or issuers, seminars or conferences registration fees which provide substantive content relating to eligible research, discussions with research analysts or meetings with corporate executives which provide a means of obtaining oral advice on securities, markets or particular issuers, short-term custody related to effecting particular transactions and clearance and settlement of those trades, lines between the broker-dealer and order management systems operated by a

third party vendor, dedicated lines between the broker-dealer and CSIM's order and execution management system, dedicated lines providing direct dial-up service between CSIM and the trading desk at the broker-dealer, and message services used to transmit orders to broker-dealers for execution. CSIM can use research services furnished by brokers or dealers in servicing all client accounts, and not all services will necessarily be used in connection with the account that paid commissions or spreads to the broker or dealer providing such services.

Although CSIM does not have arrangements to cause a client to pay higher commissions to obtain soft dollar benefits, CSIM benefits from its receipt of bundled research because it does not have to produce or pay for the research, products or services. Consequently, CSIM has an incentive to select or recommend a broker-dealer based on its interest in receiving the proprietary research or other products or services.

CSIM will sometimes purchase for clients new issues of securities in a fixed price offering. In these situations, the seller may be a member of the selling group that will, in addition to selling securities, provide CSIM with research services, in accordance with applicable rules and regulations permitting these types of arrangements. Generally, the seller will provide research "credits" in these situations at a rate that is higher than that which is available for typical secondary market transactions.

CSIM has an internal committee to oversee trading practices, and has established policies and procedures applicable to best execution, soft dollars and other client commissions practices. The policies and procedures require CSIM portfolio management to obtain approval from that committee for certain arrangements with a broker to obtain a research product or brokerage services. CSIM is not obligated to direct client transactions to broker-dealers that provide research information. During its last fiscal year, CSIM did not pay commissions to a particular broker-dealer in return for brokerage and research services but, as noted above, CSIM may have executed through "full service" broker dealers at a rate higher than might otherwise be available.

Directed Brokerage

CSIM does not recommend, request, require or permit any Registered Fund or collective investment vehicle to direct CSIM to execute transactions through a specified broker-dealer. Also, CSIM does not recommend, request, require or permit any Schwab Wealth Portfolios, Selective Portfolios, SGP, SPI, ThomasPartners Strategies, Wasmer Schroeder Strategies or Windhaven Strategies client to direct CSIM to execute transactions through a specified broker-dealer.

Clients in the SIP Program, SMP Program, and certain custom investment mandates agree in their account agreements with CS&Co. or their investment management agreement with CSIM, as applicable, that all brokerage transactions for equity securities will be executed by CS&Co. SMA clients of CSTC, other than those invested in ThomasPartners Strategies and Wasmer Schroeder Strategies, agree in their account agreements with CSTC that all brokerage transactions for equity securities will be executed by CS&Co. As a result, a client might not always obtain as favorable a price or execution as could have been available through another broker-dealer. Directed brokerage arrangement monitoring and trading are subject to systems and technology constraints and availability and, while unlikely, may not take place daily. Not all broker-dealers or investment advisers require their clients to direct trades to a particular broker-dealer (also known as "directed brokerage").

Because CS&Co. receives a portion of the wrap fee for its brokerage and other services in the SMP Program, CSIM and its affiliates could make more money than if CSIM provided its investment advisory services outside of the SMP Program. Clients should consider that, depending upon the level of the wrap fee charged by CS&Co., the amount of portfolio activity in the client's account, the value of custodial and other services provided by CS&Co., 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. In reviewing CS&Co. execution quality, CSIM considers whether a transaction represents the best qualitative and quantitative execution under the circumstances, which may not be solely determined by the lowest brokerage fee available. More specific information about the Schwab Managed Account Programs and CS&Co.'s brokerage practices for clients who participate in the Schwab Managed Account Programs appears in CS&Co.'s disclosure brochures for those programs, which are provided to program clients directly by CS&Co.

Trading Process

Trade orders for the different strategies CSIM manages are generated by each strategy's portfolio management team and/or trade operations, on various systems. Each strategy's portfolio management team and/or trade operations require time to construct trades in client accounts and require that activities such as account setup, mandate changes, or cash flows be submitted by particular deadlines. The orders are executed by the Trading Group or portfolio management, or transmitted to CS&Co., as applicable, utilizing one or more trading strategies seeking to achieve a specific trading benchmark (e.g., price at the time of order arrival, market closing price, volume weighted average price over some

specified period). Certain trading strategies place relatively greater emphasis on price, others on speed of execution, while others place greater emphasis on reducing market impact cost. As a result, the speed of trade order fulfillment and the prices achieved for the same security are likely to vary. Certain strategies or accounts utilizing the same strategy, which also include accounts in programs with different fee structures, may trade in advance of or after other strategies or accounts or their trades could be completed more quickly, and, in these cases, could achieve different execution on the same or similar securities. In addition, asset class, market, regulatory, and/or country limitations (especially in the case of emerging markets) may contribute to differences in security prices.

Execution timing varies by strategy and assets class. There are many reasons why trades can be delayed or extended, including client requests, market activity, liquidity, data verification, system issues, or vendor issues. CSIM does not guarantee a specific time period for processing or onboarding an account, and may experience delays in implementing trading activity due to a number of reasons, including but not limited to abnormal market activity, shortened market days, high account activity volume, and incomplete account opening information.

SIP Program, SMP Program, and certain custom investment mandate clients direct CSIM and certain CSTC clients direct CSTC, to use CS&Co. to effect securities trades for their account.

Large share trade orders can occur when there are large daily flows into or out of an SMA Strategy, CSIM reallocates/rebalances or engages in tax-loss/gain harvesting in clients' accounts, or CSIM replaces an ETF with another ETF across all applicable client accounts. For these large trade orders, CS&Co. may solicit bids and offers from other broker-dealers that may act as principal in the transaction, meaning that the other broker-dealer executes the trade in an account in which the broker-dealer has a beneficial ownership interest or may execute a riskless-principal trade where the other broker-dealer buys (sells) a security from (to) a third party (e.g., another customer or broker-dealer).

Aggregation and Allocation of Securities Transactions – Pooled Investment Vehicles

In certain market circumstances, CSIM could determine that it is in the best interests of one or more clients to execute their trades on an aggregated basis. CSIM will not aggregate transactions if it determines that to do so (i) would be unfair or inequitable in the circumstances; (ii) is impractical; or (iii) is otherwise inappropriate in the circumstances. Clients could pay higher transaction costs or otherwise receive less favorable prices or execution if CSIM does not aggregate trades when it has an opportunity to do so.

CSIM's aggregation and allocation procedures are reasonably designed to provide that trade allocations are timely, that no set of trade allocations is accomplished to the unfair advantage of one client over another and that, over time, client accounts are treated fairly and equitably, even though a specific trade could have the effect of benefiting one account over another when viewed in isolation. To aggregate purchase and sale orders for two or more client accounts:

(1) CSIM will not receive additional compensation or remuneration of any kind as a result of aggregating transactions for clients.

(2) CSIM, for each client, will determine that the purchase or sale of each particular security involved is appropriate for the client and consistent with its investment objectives and its investment guidelines or restrictions.

(3) Each client that participates in a block trade will participate at the average security price with all transaction costs shared on a pro-rata basis.

(4) Client account information at CSIM will separately reflect the securities that have been bought, sold and held for each client.

For equity transactions (except shares of mutual funds), trade orders received contemporaneously for the same security, trading in the same direction (buy/sell) and which use the same trading strategy are candidates for aggregation. However, such trades will only be aggregated if CSIM believes that aggregation is appropriate and consistent with CSIM's duty to seek best execution. CSIM could encounter other circumstances where they believe it is appropriate to aggregate trades across multiple Registered Fund accounts. CSIM is permitted to aggregate orders not meeting the above criteria provided that CSIM believes that such aggregation is in the best interest of each client account and consistent with CSIM's duty to seek best execution. Adjustments to a pro-rata allocation can be made to avoid having odd lots or fractions of shares held in any client account, or to avoid conflicts with limitations established for a client.

When CSIM aggregates orders for the same fixed income security for different Registered Funds, those orders are generally allocated after execution. For fixed income and money market fund accounts that have similar strategies, CSIM determines allocations with the general purpose of achieving, as nearly as possible, performance and portfolio characteristic parity/proportionality among such accounts over time. Additional factors considered in determining allocations include, but are not limited to: (i) duration; (ii) sector weights relative to benchmarks; (iii)

capacity available for a particular name or sector; (iv) cash flow/liquidity; (v) portfolio yield; and (vi) weighted average maturity or weighted average life. In furtherance of our general goal, similar money market fund accounts furthest from achieving performance and portfolio characteristic parity typically receive priority in allocations. For fixed income and money market fund accounts that do not have similar strategies, CSIM personnel document target ranges for significant portfolio characteristics ("Target Ranges") and determine allocations among such accounts in accordance with the Target Ranges in effect at the time of the trade. CSIM personnel can give priority to a particular account in circumstances where the transaction is necessary to meet that account's investment objective, and can consider additional factors including, but not limited to: (i) the factors set forth for similar client accounts; (ii) alternative minimum tax; (iii) issuing state; (iv) tax exempt versus taxable income status of the security; and (v) portfolio characteristics of client accounts.

Trade allocations made in a manner other than as described above, other than adjustments to equity pro-rata allocations to avoid odd lots or partial executions, must be made in accordance with CSIM's policies and procedures.

Additional information about CSIM's aggregation and allocation of securities practices with respect to the Registered Funds is included in their respective statements of additional information.

Aggregation and Allocation of Securities Transactions – Schwab Wealth Portfolios, Selective Portfolios, SGP, SIP Program, SMP Program, SPI, ThomasPartners Strategies, and Windhaven Strategies

CSIM will not aggregate trades unless it believes that aggregation is consistent with its duty to seek best execution for affected clients in the aggregate and consistent with the terms of the client's investment advisory agreement. If CSIM aggregates trades, it can aggregate securities sales or purchases across the strategies and products for which it provides trading services when there are no systematic, custodial or other limitations preventing such aggregation (i.e., directed brokerage arrangements). If trades are not aggregated, clients could pay prices for the transactions that are different from what they might have paid had the trades been aggregated. When aggregating, CSIM can, consistent with its policies and procedures and fiduciary duties, include employee accounts in an aggregated order. CSIM can exclude from aggregation those client accounts that have relevant restrictions (e.g., a custodian that does not allow or cannot process explicit commissions paid to an executing broker) or client activity (e.g., withdrawals pending). In addition, CSIM has discretion not to aggregate securities in client accounts or across strategies that could at times be executed through aggregation and may also trade securities on an individual account basis. Trade allocation procedures are reasonably designed to provide that trade allocations are timely, that no set of trade allocations is accomplished to the unfair advantage of one client over another, and that over time client accounts are treated fairly and equitably, even though a specific trade may have the effect of benefiting one account over another when viewed in isolation.

Unless clients have directed CSIM to execute trades through a particular broker, CSIM may decide either to send the blocks to the client's custodian for execution or trade away the block to an executing broker as described further below. The method of execution will depend on a variety of factors and will be at the discretion of CSIM in seeking best execution.

For all client accounts, trade orders that can be only partially filled are generally allocated on a pro-rata basis or allocated on some other basis consistent with the goal of giving all clients equitable opportunities over time. CSIM could elect to execute trades in a single aggregated trade over multiple days due to volume, liquidity, or other factors. This could include an aggregated trade that is executed over multiple days, where at the end of each day, whatever portion of the trade has been executed is allocated to client accounts. Client accounts will receive the average price for those aggregated trades allocated to their account(s) at the end of each day of the trade. There can be some variations in allocations based on account size and security price due to full share allocation methodology. In some cases, CSIM could execute a trade order at the same time it is executing a different trade order for the same security, with the same or a different broker, to meet account or strategy-specific requirements, in which case the two trades would be treated as distinct trades and may not be subject to pro rata allocation. These independent orders could also interact in the secondary market.

When opportunities are limited (collectively, "limited opportunities"), CSIM will generally consider the needs of clients across programs. When it is not practicable to allocate an opportunity across all eligible accounts, CSIM uses various methods to give all accounts using the same trading strategy equitable opportunities for allocation over time. This would result in a limited opportunity being allocated to only some of the eligible accounts.

Aggregation and Allocation of Securities Transactions – Wasmer Schroeder Strategies

For the Wasmer Schroeder Strategies, CSIM will execute block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from

multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow CSIM to execute trades in a timelier, more equitable manner, at an average price. CSIM will typically aggregate trades among clients whose accounts can be traded at a given broker. Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with CSIM, or CSIM's order allocation policy. CSIM must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account. The portfolio manager or trader must reasonably believe that the order aggregation will benefit, and will enable CSIM to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. Best execution includes the duty to seek the best quality of execution as well as the best price. If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day will be allocated. Adjustments to this allocation may be made to client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd-lot amounts of securities held in any client account, or to avoid excessive ticket charges in smaller accounts according to the firm allocation policy. Allocations are determined by strategy and client type. Considerations for allocation in municipal accounts include, but are not limited to, positive impact security/portfolio designation, client state of residence, cash as a percentage of assets, lot size, and structural needs. For taxable accounts considerations include, but are not limited to, positive impact security/portfolio designation, cash as a percentage of assets, lot size, asset class needs, maturity needs, and ratings needs. Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the transaction costs on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of securities traded for each client. No client or account will be unfairly favored over another.

Trade Away

For certain SMA Strategies including Schwab Wealth Portfolios, Selective Portfolios, SGP, SPI, ThomasPartners Strategies, Wasmer Schroeder Strategies, and Windhaven Strategies, CSIM places a significant amount of trades with selected broker-dealers other than the Wrap Fee Program sponsor or client selected broker/custodian to the extent that such a trade ("trade away") will, in CSIM's opinion, achieve best execution in aggregate over time. Certain Wrap Fee Program sponsors or client selected brokers/custodians may have restrictions on accommodating trading away which can affect execution quality. Please see "Program Fees" below for additional information.

Program Fees

For Wrap Fee Program clients, including those in the Schwab Managed Account Programs, and Broker/Custodian-Related clients, the fee does not cover brokerage fees charged by the trade away brokers, which are fees that are in addition to any wrap or broker/custodian fees. This is because clients participating in a Wrap Fee Program pay a single, all-inclusive fee to cover any brokerage fees on trades executed by the sponsor, but the wrap fee does not cover brokerage fees charged by other brokers. The wrap fee or all-inclusive fee described above will not be reduced or offset by these brokerage fees. Instead, any additional brokerage fees will reduce the overall return of a Wrap Fee Program client's account. Regardless of embedded brokerage fees, it is the responsibility of CSIM to determine whether the Wrap Fee Program sponsor or trade away broker can provide best overall execution of any given trade. For trades away, brokerage fees may be included in the price of the security and may not be shown separately on a confirmation or statement.

For the Schwab Managed Account Programs, the wrap fee covers commissions or other execution charges for equity trades routed by CS&Co. to other brokers. However, the wrap fee does not cover commissions or execution charges that may be assessed for trades that CSIM trades away from CS&Co. Such commissions may be in addition to or included in the price you receive for your transactions, but in either case are in addition to, and will not reduce or offset, the wrap fee. Instead, they will reduce the overall return of your account. CS&Co. incurs costs in processing trades that CSIM executes through other broker-dealers, which are covered by the wrap fee. Because Schwab Managed Account Program fees cover execution through CS&Co., CSIM may have an incentive to execute most transactions in equity securities through CS&Co.

For the SIP Program and SMP Program, in transactions where CS&Co. uses another broker-dealer acting as principal, the other broker-dealer typically accepts the risk of market price and liquidity fluctuations of executing the transactions. The broker-dealer adds a brokerage fee to compensate for this risk. In transactions where CS&Co. uses another broker-dealer acting as an agent, the other broker-dealer may charge a brokerage fee. Brokerage fees for any trades where CS&Co. uses another broker-dealer acting as either principal or agent

are not shown separately on a client's trade confirmation or account statements. CS&Co. does not charge a commission itself or receive the third-party broker-dealer's fee or commission. Any brokerage fees will reduce the overall return of a client's account. The SMP Program fee will not be reduced or offset by third-party brokerage fees. Instead, any brokerage fees will reduce the overall return of a client's account.

CS&Co. receives remuneration, such as liquidity or order flow rebates, from a market or firm to which some orders are routed, but its trading practices are designed to achieve best execution. Clients will not be compensated or reimbursed for such third-party rebates.

Trade Rotation – SMA Strategies

CSIM has a trade rotation and order of execution process that it uses among client accounts within a single strategy or program or across different strategies or programs that seek to prevent any client from being systematically disadvantaged. It is possible that certain client accounts within a particular strategy or program or across the different strategies or programs trade first or last on a regular basis due to the investment process and trading approach employed by CSIM. Trades done on the same day or on different days are not guaranteed to receive the same trading price. CSIM will review its rotation and order of execution procedures at least annually to confirm that they are adequate to prevent any client from being systematically disadvantaged.

Trade Errors

CSIM maintains policies and procedures that address the identification and correction of trade errors. On those occasions when such an error does occur, CSIM will use reasonable efforts to identify and resolve errors as promptly as possible. CSIM will address and resolve errors on a case-by-case basis, in its discretion, based on the facts and circumstances. CSIM is not obligated to follow any single method of resolving errors but will seek to treat all clients fairly in the resolution of trade errors.

Model Portfolios

In non-discretionary model portfolio arrangements with unaffiliated Sponsors, including custom model portfolios, CSIM is ultimately not responsible for determining which securities to buy or sell and is not responsible for executing such trades. For Wasmer Schroeder Strategies model portfolio arrangements CSIM is responsible for determining which securities to buy or sell and is not responsible for executing such trades. CSIM also provides non-discretionary model portfolios to its affiliate, CSTC. CSTC is responsible for determining the models to be used for trust assets and has the ultimate decision making and discretionary responsibility for the determination of which securities are to be purchased and sold for their account and effect all security transactions in connection with such determinations. CSIM does not have any transparency into which securities are ultimately purchased or sold or the ending portfolio weighting of the CSTC client accounts. CSIM also provides non-discretionary model portfolios to its affiliate CS&Co. for its platform. CSIM is not responsible for determining which securities to buy or sell for those who invest in model portfolios provided to CS&Co. The unaffiliated Sponsors may be buying or selling the same securities that CSIM is buying or selling on behalf of its own clients or its affiliates' clients. As a result, these unaffiliated Sponsors may be in the market at or near the same time as CSIM, which may have an adverse impact on the price CSIM is able to obtain for certain securities for its own clients or its affiliates' clients and may likewise have an adverse impact on the price such unaffiliated Sponsor is able to obtain for such securities.

CSIM utilizes a trade rotation procedure that seeks to disseminate changes to its securities recommendations, as well as securities in model portfolios to CSIM clients, CSTC, CS&Co., and unaffiliated Sponsors in a fair and equitable manner. CSIM can communicate model changes to CSTC, CS&Co., and unaffiliated Sponsors in a variety of ways depending on the investment strategy, the advisory program parameters and the advisory agreements. For certain investment strategies, CSIM can provide notification of model portfolio changes on a delayed basis as compared to placing trade orders for CSIM's clients. As a result, certain unaffiliated Sponsors, CS&Co., or CSTC can receive notification of model portfolio changes after CSIM has executed at least a portion of trade orders on behalf of its clients. It should be noted that certain portfolio securities will overlap among investment strategies, including those used by CSTC and unaffiliated Sponsors, and orders for such securities may be placed by the unaffiliated Sponsors' clients concurrently or at a different time than orders placed by CSIM or with the same brokers utilized by CSIM.

Item 13 – Review of Accounts

CSIM periodically reviews client accounts, including Registered Funds, utilizing product-specific review processes. Accordingly, account review may differ across client and product types. CSIM's portfolio managers are generally responsible for the daily management and review of the client accounts under their supervision. Such reviews may examine compliance with client's investment objectives and account guidelines, account performance, and CSIM's current investment process and practices, as applicable. Below are more detailed descriptions of account reviews conducted by CSIM.

Collective Trust Funds

A team of investment professionals are responsible for overseeing the sub-advisers to and underlying pooled investment vehicles held by collective trust funds, which are maintained by CSTB. The team monitors each collective trust fund for asset allocation, sub-adviser and underlying pooled investment vehicles performance, and sub-adviser exposure as compared to the fund's guidelines on a daily basis, with additional meetings or reviews on monthly basis. CSIM meets with CSTB at least quarterly to review sub-adviser performance, provide updates relating to general economic conditions and matters related to the collective trust funds and to recommend changes when deemed appropriate. CSIM also performs reviews on an as needed basis, including review of a new asset class or sub-adviser searches.

SMA Strategies on Schwab Managed Account Programs

CSIM's portfolio managers review, on an ongoing basis, the performance of SMA Strategies on the Schwab Managed Account Programs against their applicable benchmarks. CS&Co. contacts clients on an ongoing basis, including for SIP Program through electronic channels, to determine whether there have been any changes in their financial situation or investment objectives and whether clients wish to impose any reasonable restrictions on the management of their accounts or reasonably modify existing restrictions. SIP Program clients may update their investment profile online at any time. CS&Co. communicates the information obtained from clients to CSIM as necessary for the management of the account.

SWAI representatives contact clients participating in Schwab Wealth Portfolios on a periodic basis to determine whether there have been any changes in their financial situation or investment objectives and whether clients wish to impose any reasonable restrictions on the management of their accounts or reasonably modify existing restrictions. SWAI representatives coordinate with CS&Co. to communicate the information obtained from clients to CSIM as necessary for the management of the account.

SPI, ThomasPartners Strategies, Wasmer Schroeder Strategies, and Windhaven Strategies

Direct Client accounts are reviewed on an ongoing basis. The reviews are performed by Relationship Managers and/or the Client Service team members and generally focus on the client's personal financial situation, liquidity needs, and comfort with risk level; a review of account restrictions; an overview of the client's current portfolio; and any questions the client may have on their accounts and strategies. For clients who establish and maintain their relationship through their Primary Advisor, sub-adviser or Wrap Fee Program sponsor, account reviews would typically be performed by personnel of the Primary Advisor, sub-adviser or Wrap Fee Program sponsor. Reviews of accounts custodied at CS&Co. may be assisted by CS&Co. personnel, as applicable. Direct Clients generally receive quarterly written reports, which include the client's investment positions and the performance of their account(s). This is in addition to the monthly and quarterly statements from custodians and Primary Advisors and confirmations of transactions that clients receive from various broker-dealers. For certain sub-advised relationships, CSIM may send client statements and other materials to the Primary Adviser in the client relationship or directly to the client.

Item 14 – Client Referrals and Other Compensation

Certain employees of CSIM's affiliates are compensated based on net sales in Registered Funds and SMA Strategies managed by CSIM and in the CSTB collective trust funds for which CSIM provides non-discretionary investment management advice. Certain employees of CSIM's affiliates may earn additional incentive compensation by referring clients to certain SMA Strategies. Consequently, these employees may have an incentive to recommend CSIM advised Registered Funds and SMA Strategies and CSTB collective trust funds over other types of accounts.

CSIM does not make payments to its representatives or those of its affiliates for referring clients to Schwab Wealth Portfolios, Selective Portfolios, SGP, SIP Program, and SMP Program.

CSIM may recommend that ThomasPartners Strategies, Wasmer Schroeder Strategies, and Windhaven Strategies clients establish brokerage accounts with CS&Co., an affiliate registered broker-dealer, to maintain custody of clients' assets and to effect trades for their accounts.

CS&Co. provides CSIM, its affiliate, with access to its institutional trading and operations services, which are typically not available to CS&Co. clients. CS&Co.'s services include research, brokerage, custody, and access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment. CS&Co. also makes available to CSIM other products and services that benefit CSIM but may not benefit clients' accounts. Some of these other products and services assist CSIM in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements);

facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information, and other market data; facilitate payment of CSIM's fees from its clients' accounts in SPI, ThomasPartners Strategies, Wasmer Schroeder Strategies, and Windhaven Strategies; and assist with back-office support, recordkeeping, and client reporting. Many of these services generally may be used to service all or a substantial number of the SMA Strategies client accounts, including accounts not maintained at CS&Co.

CS&Co. may also provide CSIM with other services intended to help CSIM manage and further develop its business. These services may include consulting, publications and presentations on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, CS&Co. may make available, arrange, and/or pay for these types of services to CSIM by independent third parties. CS&Co. may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to CSIM.

Other Broker/Custodian-Related Programs

For certain SMA Strategies, CSIM participates in a number of Broker/ Custodian-Related Programs sponsored by unaffiliated firms. These Broker/Custodian-Related Programs and their affiliates provide CSIM with certain economic benefits and access to products and services not typically available to retail clients as a result of CSIM's participation in their programs. These benefits may include the following products and services:

- access to client account data (such as program client statements and trade confirmations);
- research, pricing and other market data;
- equity trade fee waivers;
- consulting services;
- access to a trading desk serving program clients;
- facilitation of trade execution and access to block trading (which provides the ability to bundle securities transactions for execution and then allocate the appropriate shares to program client accounts);
- the ability to have advisory fees deducted directly from program client accounts;
- access to an electronic communications network for client order entry and account information;
- access to mutual funds with no transaction fees and to certain institutional money managers;
- assistance with back-office functions, recordkeeping, and program client reporting;
- discounts on compliance, marketing, research, technology, and practice management products;
- compliance, legal and business consulting; publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers

Some of the products and services made available by these custodians through their program benefit program clients; some products and services may benefit CSIM but not the clients. These products or services may assist CSIM in managing and administering client accounts, including accounts not maintained at the custodian. As part of its fiduciary duties to clients, CSIM strives at all times to put the interests of its clients first.

These benefits and services may be useful for all client accounts. Although we recommend that clients establish accounts with specific custodians, it is the client's decision to determine the custodian to custody their assets. As a result of receiving benefits and such services for no additional cost, we may have an incentive to continue to use or expand the use of the custodians' services. We examined this potential conflict of interest when we chose to enter into the relationships and periodically review such conflicts and have determined that these arrangements are in the best interests of CSIM's clients and satisfy our client obligations, including our duty to seek best execution.

Client Referrals from Solicitors

CSIM may contract with independent solicitors (also known as promoters) and its affiliate, CS&Co. (and/or CS&Co. affiliates), to obtain new ThomasPartners Strategies, Wasmer Schroeder Strategies, and Windhaven Strategies clients. Client fees are generally not higher than CSIM's standard Wasmer Schroeder Strategies' fees or Windhaven Strategies fees because of payments to a solicitor. CSIM currently has two arrangements where terminated solicitors are paid an ongoing fee for client referrals, one for ThomasPartners Strategies and one for Wasmer Schroeder Strategies. No new clients are referred under these terminated solicitation arrangements. For one solicitor arrangement, client fees in the majority of these accounts are higher than the ThomasPartners Strategy standard fee because of payments to this solicitor.

Some solicitors may require CSIM to meet certain minimum participation criteria, or may select CSIM as a result of its other business relationships with the solicitor and its affiliates. As a result, CSIM may have a conflict of interest in using or recommending the solicitor or its

affiliates to provide services such as brokerage and custody to its advisory clients.

Fidelity Wealth Advisor Solutions

CSIM participates in the Fidelity Wealth Advisor Solutions® program (the "WAS Program"), through which CSIM receives Wasmer Schroeder Strategies referrals from Fidelity Personal and Workplace Advisors LLC ("FPWA"), a registered investment adviser and indirect wholly owned subsidiary of FMR LLC, the parent company of Fidelity Investments. CSIM is independent and not affiliated with FPWA or FMR LLC. FPWA does not supervise or control CSIM, and FPWA has no responsibility or oversight of CSIM's provision of Wasmer Schroeder Strategies portfolio management or other advisory services. Currently, CSIM does not receive any new referrals in the program. CSIM continues to pay referral fees to FPWA for referrals previously received based on CSIM's assets under management attributable to each client referred by FPWA or members of each client's household. These referral fees are paid by CSIM and not the client.

CSIM also receives ThomasPartners Strategy referrals through the WAS Program from Strategic Advisers, Inc. ("SAI"), a registered investment adviser and subsidiary of FMR LLC. CSIM is independent and not affiliated with SAI or FMR LLC. SAI does not supervise or control CSIM, and SAI has no responsibility or oversight of CSIM's provision of ThomasPartners Strategies portfolio management or other advisory services. There are two versions of this program, referral fee based and non-referral fee based. Currently, CSIM has no ThomasPartners Strategies clients in the referral fee-based program and does not receive any new referrals in either program.

Item 15 – Custody

With respect to the Registered Funds and collective trust funds, CSIM generally does not maintain physical custody of its clients' assets. Client assets are typically held by a qualified custodian pursuant to a separate custody agreement.

Clients use CS&Co. as custodian for their Schwab Wealth Portfolios (including those account portions invested in SMA strategies), Selective Portfolios, SGP, SMP Program, SIP Program, and SPI accounts. CS&Co., on at least a quarterly basis, will send clients account statements detailing account positions and activities during the preceding period. Clients should review these statements carefully.

For those SPI, ThomasPartners Strategies, Wasmer Schroeder Strategies, and Windhaven Strategies clients that have CS&Co. as custodian for their account, CS&Co., on at least a quarterly basis, will send client account statements detailing account positions and activities during the preceding period. A portion of ThomasPartners Strategies, Wasmer Schroeder Strategies, and Windhaven Strategies client accounts are held in custody by unaffiliated broker-dealers or banks. These unaffiliated broker-dealers or banks will also send client account statements on at least a quarterly basis. SPI, ThomasPartners Strategies, Wasmer Schroeder Strategies, and Windhaven Strategies clients should carefully review these statements, and should compare these statements to any account information provided by CSIM, as the information provided in CSIM's quarterly reports for Direct Clients may vary based on accounting procedures, reporting dates, or valuation methodologies. ThomasPartners Strategies, Wasmer Schroeder Strategies, and Windhaven Strategies clients may elect to custody their accounts at any custodian of their choosing, subject to the acceptance of CSIM. However, the selection of a custodian may or may not put a client at a disadvantage for obtaining best execution for their trades.

CSIM may directly deduct advisory fees from SPI, ThomasPartners Strategies, Wasmer Schroeder Strategies, and Windhaven Strategies client accounts based on the specific arrangement with each client. As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

Item 16 – Investment Discretion

CSIM has investment discretion over the Registered Funds pursuant to investment management/advisory agreements between the Registered Funds and CSIM. As described in the Advisory Business section, CSIM manages the Registered Funds and Private Funds in accordance with their respective offering documents. The Registered Funds' boards of trustees and applicable law may also place additional restrictions on CSIM's investment discretion.

When clients choose the SMA Strategies they sign the custodian's applicable new account paperwork giving CSIM authorization to make trades in their account. This investment management discretion is limited to the purchase and sale of securities and investment of cash, and does not include discretion for distributions of cash or securities (except for limited grants of authority to

facilitate withdrawal of money and direct payments to third parties according to clients' instructions). Clients may impose reasonable restrictions on the management of their account, subject to the acceptance of CSIM. SPI clients can request to restrict one or more individual securities and/or industries, subject to the acceptance of CSIM. For the Schwab Managed Account Programs, clients in ThomasPartners Strategies and Windhaven Strategies can request to restrict up to three ticker symbols in total. Clients in Wasmer Schroeder Strategies in the Schwab Managed Account Programs can request to restrict up to three issuers. Direct Clients in SPI, ThomasPartners Strategies, Wasmer Schroeder Strategies, and Windhaven Strategies have the ability to request restrictions to their accounts beyond those restrictions available to Schwab Managed Account Platform clients subject to acceptance by CSIM.

The investment restrictions that clients in Schwab Wealth Portfolios may impose depend on the strategy selected by the client for their account. Schwab Wealth Portfolios clients should contact their SWAI representatives to determine the types of investment restrictions they may impose.

Clients invested in SGP can request to restrict up to three ticker symbols in total (mutual funds and ETFs combined) in each SGP account. Mutual funds and ETFs designated for restriction by clients will be replaced with alternatives selected by CSIM.

Clients invested in the SIP Program can request to restrict up to three ETFs (limited to one per asset class) in each account. ETFs designated for restriction by clients will be replaced with alternatives selected by CSIM. CSIM does not permit clients to restrict ETFs in asset classes where there are no alternatives. If an asset class has only one ETF available for investment (due to client restrictions or otherwise), the client will forego the opportunity for tax-loss harvesting from the asset class.

Clients invested in SMP-ETF, Selective Portfolios Core ETF, and Selective Portfolios Opportunistic, can request to restrict up to three ETFs in each account. Clients invested in SMP-MF and Selective Portfolios Core Mutual Fund may restrict up to three mutual funds in each account. Mutual funds and ETFs designated for restriction by clients will be replaced with alternatives selected by CSIM.

Accounts with investment restrictions may perform differently than accounts without restrictions; performance may be lower or higher for accounts with restrictions than for those without restrictions. The performance of your account may be different than CSIM's performance composite if your account has restrictions. In addition, your account's performance may be different than its relevant composite due to client generated activity such as fund withdrawal or deposit requests. CSIM reserves the right to not accept certain restrictions. After an account is opened, should a client make changes to their imposed restrictions, and CSIM believes it no longer can manage the client's account effectively, CSIM may elect to terminate the account.

Subject to meeting minimum security gain/loss thresholds and CSIM's approval, CSIM can accommodate client requested tax gain/loss harvesting for certain SMA Strategies. CSIM reserves the right to decline the request. See the "Tax and Tax Gain/Loss Harvesting Risks" section for more details on the risks associated with client requested tax gain/loss harvesting for these SMA Strategies.

Item 17 – Voting Client Securities

The following is a summary of CSIM's Proxy Voting Policy (the "Proxy Voting Policy") concerning proxies voted by CSIM on behalf of each investment advisory client who delegates voting authority to CSIM ("Delegating Client"). The Proxy Voting Policy may be changed as necessary to comply with regulatory requirements and internal policies and procedures. An internal proxy committee (the "Proxy Committee") exercises and documents CSIM's responsibility with regard to voting of client proxies, including the review and approval of the Proxy Voting Policy.

To assist CSIM in its responsibility for voting proxies and the overall proxy voting process, CSIM has retained proxy advisers. The services provided by the proxy adviser include global issuer research and analysis, as well as a voting platform used to submit votes, reporting and record keeping. The proxy adviser also provides research and analysis on certain topics and CSIM may retain additional experts in the proxy voting, corporate governance and other areas of material risk in the future.

The Proxy Committee has the ultimate responsibility for developing the Proxy Voting Policy to determine how to vote the shares. CSIM's Investment Stewardship Team has the primary responsibility to oversee that voting is carried out consistent with the Proxy Voting Policy. The Investment Stewardship Team also conducts research into proxy issues and carries out engagement activities with companies. The Proxy Committee receives reports from the Investment Stewardship Team on these activities on a regular basis.

As a leading asset manager, it is CSIM's responsibility to use its proxy votes to encourage transparency, corporate governance structures and the management of material risks that it believes protect and promote shareholder value. CSIM takes a long-term, measured approach to investment stewardship. CSIM's client-first philosophy drives all of its efforts, including its approach to decision making. In the investment stewardship context, that unfolds through CSIM's efforts to appropriately manage

risk by encouraging transparency and focusing on corporate governance structures that will help protect and promote shareholder value. Therefore, CSIM's focus on maximizing long-term shareholder value includes consideration of potential environmental and social impacts that we believe are relevant to individual companies. In general, CSIM believes corporate directors, as the elected representatives of all shareholders, are best positioned to oversee the management of their companies. Accordingly, CSIM typically supports a board of directors' and management's recommendations on proxy matters. However, CSIM will vote against management's recommendations when it believes doing so will protect or promote long-term shareholder value.

CSIM invests on behalf of its clients in companies domiciled all over the world. Since corporate governance standards and best practices differ by country and jurisdiction, the market context is taken into account in the analysis of proposals. Furthermore, there are instances where CSIM may determine that voting is not in the best interests of its Delegating Clients (typically due to costs or to trading restrictions) and will refrain from submitting votes.

As part of CSIM's regular proxy voting guideline development and updating process, the Proxy Committee reviews CSIM's proxy voting guidelines with input from the Investment Stewardship Team at least annually and evaluates them in light of the long-term best interests of shareholders. CSIM utilizes its own Proxy Voting Guidelines to vote, which include using discretion when deciding how to vote on a number of different issues. For U.S. companies, contested director elections, "vote no" campaigns, mergers and acquisitions, some executive compensation and election of director proposals, changes to state of incorporation, and many shareholder proposals, including environmental, social and governance-related proposals, are voted on a case-by-case basis by the Investment Stewardship Team.

While the CSIM Proxy Voting Policy is in place to provide structure and guidance and ensure CSIM's approach is consistent and repeatable, CSIM recognizes instances may arise that would benefit from additional research and analysis to determine CSIM's policy recommendation. As such, CSIM reserves the right to use discretion and apply a case-by-case approach when determining its vote decision for any proposal that it believes warrants added scrutiny by the Investment Stewardship Team.

CSIM has adopted proxy voting principles addressing common proxy voting issues including: election of directors, ratification of auditors, contested director elections, classified boards, majority voting, proxy access, separation of chair and CEO role, independent chair, executive compensation and frequency, equity compensation plans, employee stock purchase plans, re-price/ exchange option plans, compensation-related shareholder proposals, shareholder rights plans, right to call special meetings, right to act by written consent, supermajority voting, increase in authorized common shares, preferred shares, mergers and acquisitions, and environmental and social shareholder proposals.

CSIM maintains the following practices that seek to prevent undue influence on its proxy voting activity. Such influence might arise from any relationship between the company holding the proxy (or any shareholder or board member of the company) and CSIM, CSIM's affiliates, a Registered Fund managed by CSIM or its affiliate, a client or client's affiliate, or a CSIM employee.

With respect to proxies of an underlying Registered Fund managed by CSIM, the Investment Stewardship Team will ensure that such proxies are "echo voted", unless otherwise required by law. When required by law or applicable exemptive order, the Investment Stewardship Team will also ensure the "echo voting" of an unaffiliated mutual fund or exchange traded fund. In addition, with respect to holdings of CSC, the Investment Stewardship Team will ensure such proxies are echo-voted, unless otherwise required by law.

Where the Proxy Committee has delegated an item to the Investment Stewardship Team, CSIM has taken certain steps to mitigate perceived or potential conflicts of interest, including, but not limited to, the following: (i) maintaining a reporting structure that separates employees with voting authority from those with sales or business relationship authority; (ii) reporting of potential conflicts to the Proxy Committee to review the conflict and provide final vote determination; and (iii) defaulting to the standard CSIM Proxy Voting Policy.

In all other cases, proxy issues that present material conflicts of interest between CSIM and/or any of its affiliates, and CSIM's clients, will be delegated to the Service to be voted in accordance with CSIM's proxy voting guidelines which are set each year based on governance criteria and not influenced by any individual issuer or ballot item.

Voting proxies with respect to shares of foreign securities may involve significantly greater effort and corresponding cost than voting proxies with respect to domestic securities due to the variety of regulatory schemes and corporate practices in foreign countries with respect to proxy voting. In consideration of the foregoing issues, the Service uses its best efforts to vote foreign proxies. As part of its ongoing oversight, the Proxy Committee will monitor the voting of foreign proxies to determine whether all reasonable steps are taken to vote foreign proxies. If the Proxy Committee determines that the cost associated with the attempt to vote outweighs the potential benefits Delegating Clients may derive from

voting, the Proxy Committee may decide not to attempt to vote. In addition, certain foreign countries impose restrictions on the sale of securities for a period of time before and/or after the shareholder meeting. To avoid these trading restrictions, the Proxy Committee instructs the Service not to vote such foreign proxies (share-blocking).

Where CSIM has delegated day-to-day investment management responsibilities for a client account to a sub-adviser, CSIM may (but generally does not) delegate proxy voting responsibility to such sub-adviser. Each sub-adviser to whom proxy voting responsibility has been delegated will be required to review all proxy solicitation material and to make voting decisions in the best interest of each investment company and its shareholders, or other client associated with the securities it has been allocated. Each sub-adviser to whom proxy voting has been delegated must inform CSIM of its voting decisions to allow CSIM to implement the votes or in the case of shared voting responsibility, potentially override the sub-adviser's vote recommendation. Prior to delegating the proxy voting responsibility, CSIM will review each sub-adviser's proxy voting policy to determine whether it believes that each sub-adviser's proxy voting policy is generally consistent with the maximization of the value of CSIM's clients' investments by protecting the long term best interest of a company's shareholders.

Delegating Clients may not direct voting in a particular solicitation. Clients in the SMA Strategies wishing to retain the ability to vote proxies must submit a separate form to their custodian.

Additional information about CSIM's proxy voting practices with respect to the Registered Funds is included in their respective prospectuses and statements of additional information. A client may obtain a copy of CSIM's Proxy Voting Policy, or information regarding how his or her securities were voted, by calling CSIM at (800) 650-9744.

Item 18 – Financial Information

CSIM does not require nor solicit prepayment of investment advisory fees in excess of $1,200 more than six months in advance of services rendered from its clients. CSIM is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients, nor has CSIM been the subject of a bankruptcy petition at any time during the past ten years.