**The following disclosure documents are provided for Schwab Intelligent Portfolios™:**

- **Schwab Wealth Investment Advisory, Inc. Schwab Intelligent Portfolios Disclosure Brochure**
- **Charles Schwab Investment Advisory, Inc. Disclosure Brochure for Schwab Intelligent Portfolios**

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# Schwab Wealth Investment Advisory, Inc.
# Schwab Intelligent Portfolios®
# Disclosure Brochure

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This wrap-fee program brochure provides information about the qualifications and business practices of Schwab Wealth Investment Advisory, Inc. (“SWIA”). If you have any questions about the contents of this brochure, please contact us at the phone number above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. SWIA’s description of itself in this brochure as a registered investment advisor does not imply a certain level of skill or training on the part of SWIA or its representatives. Additional information about SWIA is also available on the SEC’s website at www.adviserinfo.sec.gov.

# Contents

## Services, Fees and Compensation

### Services

Schwab Intelligent Portfolios® is an online investment advisory program (the "Program") sponsored by Schwab Wealth Investment Advisory, Inc. ("SWIA"). SWIA is registered as an investment advisor under the Investment Advisers Act of 1940, as amended, and is a wholly owned subsidiary of The Charles Schwab Corporation ("CSCorp"), a Delaware corporation that is publicly traded and listed on the New York Stock Exchange (symbol: SCHW). The Program is available exclusively to clients who open or maintain brokerage accounts at Charles Schwab & Co., Inc. ("Schwab"), an affiliate of SWIA.

Schwab Intelligent Portfolios provides automated investment advisory services to clients with $5,000 to invest. Clients will receive 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 portfolio of ETFs includes up to 20 asset classes across stocks, fixed income, real estate, and commodities. The Program is designed to monitor a client's portfolio daily and will also 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.

SWIA provides administration and related services for the Program. Charles Schwab Investment Advisory, Inc. ("CSIA") provides portfolio management services for Program accounts on a discretionary basis consistent with each client's chosen investment strategy. Schwab acts as the qualified custodian for Program accounts and provides trade execution, research and related services for Program accounts. CSIA and Schwab are affiliates of SWIA.

The Program is offered online through an interactive website and mobile application (collectively, the "Program Website"). Clients can communicate with SWIA and Schwab via electronic channels (i.e., email, chat, website or mobile application), Schwab branches and via telephone.

Clients use a web or mobile application to determine whether the Program is appropriate for them and, if so, are asked a series of questions to determine their investment risk profile, receive a recommended portfolio, and select an investment strategy. Clients complete their investment profile online and are asked to carefully consider whether their participation in the Program is appropriate for their investment needs and goals prior to enrollment. Clients can change their investment strategy by going online and completing a new web or mobile-based investment profile.

During the online application process, clients agree that records and disclosures for the Program will be delivered, and agreements will be signed, electronically. This is a requirement both now and in the future. 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 with SWIA and Schwab and to ensure that the client has the ability to read, download, print, and retain documents the client receives from SWIA. If a client is unable or unwilling to accept electronic delivery, the client's enrollment in the Program and their account may be terminated. If a client's account is terminated, the client will be required to transfer the client's account assets to another account at Schwab or an account at another custodian; otherwise, the client's account assets will be liquidated and proceeds will be sent to the client.

The Program Website allows prospective clients to review information about the Program including general information on the types of ETFs included as well as information about CSIA'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 Program accounts or open new Program accounts.

Clients give investment discretion to CSIA to manage their account and make trades in their account. Clients will not be allowed to make trades in their account. Clients may request that certain ETFs be excluded from their account, but CSIA is not required to accept account restrictions that it deems unreasonable. A request to exclude certain ETFs from a client's account may result in delays in the management of the account. The client will be notified that the account cannot be managed with the requested investment restrictions. Clients also may request that CSIA 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, which is subject to change).

Accounts in the Program are not margin accounts, meaning clients cannot borrow money to buy securities in their Program account and use the securities in the account as collateral for a margin loan.

#### Investment Strategies

Using asset allocations and ETF selection parameters determined by SWIA, CSIA 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 Charles Schwab Bank ("Schwab Bank"). 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). Certain investment strategies are intended for clients who are looking for some level of income generation.

SWIA may add additional investment strategies or modify the parameters for existing investment strategies at any time without prior notice to clients.

#### Selection of ETFs

Any ETFs are eligible for inclusion in the Program. However, the written parameters established by SWIA place limitations on the universe of ETFs that CSIA may select for the Program.

The parameters require that an ETF be in operation for a certain period of time, have a minimum level of assets, and track its index closely. Also, the difference between the "bid" (the price a buyer is willing to pay for a share of the ETF) and the "ask" (the price a seller wants for that ETF share) must be small. This difference is called the bid-ask spread, and a narrow bid-ask spread usually means that the ETF has a large trading volume.

ETFs that meet these parameters are then ranked according to their fees and expenses. CSIA seeks to select the ETFs most representative of the asset class with the lowest fees and expenses for inclusion in the portfolios. CSIA 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 CSIA, 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 must have a share price less than a cap that SWIA determines is necessary to enable trading in smaller balance accounts.

Eligible ETFs include Schwab ETFs™, which are managed by Charles Schwab Investment Management, Inc. ("CSIM"), which is an affiliate of Schwab, CSIA and SWIA. Schwab ETFs pay fees to CSIM that are described in "Participation or Interest in Client Transactions" below.

The percentage of a client account initially invested in Schwab ETFs varies significantly depending on the asset allocation of the investment strategy. Subject to the written parameters described above, CSIA has discretion to allocate any portion, up to 100%, of an investment strategy into Schwab ETFs (excluding the portion in the Cash Allocation), if they meet the selection criteria described above.

**Rebalancing**
CSIA will use portfolio management software to rebalance accounts if the allocation of the ETFs in a client's account deviates by more than an amount specified in SWIA's parameters from the recommended asset allocation due to changes in ETF values. Rebalancing may also be performed in cases when a client makes changes to their investment profile or when a client requests to impose or modify restrictions on the management of their Program account. Program accounts will be 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 in SWIA's rebalancing parameters as well as 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.

**Tax-Loss Harvesting**
Subject to meeting the minimum balance requirement of $50,000, a client may direct CSIA to employ a tax-loss harvesting strategy in managing their taxable account. This means that once the tax-loss harvesting threshold is met, CSIA will sell ETFs in the client's account at a loss to offset potential capital gains, although the type and amount of capital gains will not be monitored by CSIA for this purpose. If a client chooses to have tax-loss harvesting for their or their spouse's account, CSIA will use portfolio management software to sell one or more ETFs in the client's account and replace the ETFs with other ETFs that CSIA reasonably believes are not substantially similar based upon different ETF indexes used by each ETF. The performance of the new 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 the strategy 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. Losses harvested through the strategy that are not utilized in the tax period when recognized generally may be carried forward to offset future capital gains, if any.

Clients should consult with their professional tax advisors or check the Internal Revenue Service ("IRS") website at www.irs.gov about the consequences of tax-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 SWIA nor CSIA represents that any particular tax consequences will be obtained.

CSIA only monitors for tax-loss harvesting for accounts within the Program. The client is responsible for monitoring their and their spouse's non-Program accounts (at Schwab or with another firm) to ensure that transactions in the same ETF or a substantially similar security do not create a "wash sale." A wash sale is the sale at a loss and purchase of the same ETF or substantially similar security within 30 days of each other. If a wash sale transaction occurs, the IRS may disallow or defer the loss for current tax reporting purposes. More specifically, the wash sale period for any sale at a loss consists of 61 calendar days: the day of the sale, the 30 days before the sale, and the 30 days after the sale. The wash sale rule postpones losses on a sale if replacement shares are bought around the same time.

The effectiveness of the tax-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) non-Program accounts and type of investments (e.g., taxable or non-taxable) or holding period (e.g., short-term or long-term). Except as set forth below, CSIA will monitor only a client's (or a client's spouse's) Program accounts to determine if there are unrealized losses for purposes of determining whether to harvest such losses. Transactions outside 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.

If a client chooses to have tax-loss harvesting for the client's taxable Program account, CSIA will seek to avoid the wash sale disallowance rule in any other Program account with the client's social security number as the primary account holder. A client may also request that CSIA monitor the client's spouse's accounts or their IRAs in the Program to avoid the wash sale disallowance rule. A client may request spousal monitoring online or via the mobile application. If CSIA is monitoring multiple accounts to avoid the wash sale disallowance rule, the first taxable account to trade an ETF will block the other account(s) from trading in that same ETF for 30 days.

**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 Schwab. By enrolling in the Program, 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 SWIA, Schwab and CSIA.

The Sweep Program is a required feature of the Program. If the Deposit Account 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 Schwab'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 SWIA the authority to change the cash investment allocation from the Sweep Program to another cash savings or investment product or vehicle offered by a Schwab entity or a third party.

In accordance with an agreement with Schwab, Schwab Bank has agreed to pay an interest rate to depositors participating in the Sweep Program that will be determined by reference to an index. Currently, that index is the national average of money market deposit account rates at the $10,000 level as calculated by RateWatch. The current rate and RateWatch's methodology can be found at www.rate-watch.com/national-averages.

Under the agreement between Schwab and Schwab Bank, Schwab Bank may change the method of determining the interest rate upon 30 days' notice to Schwab or upon a regulatory requirement. Schwab will notify clients if it receives such notice from Schwab Bank. This indexed 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 Schwab. Schwab does not intend to negotiate for rates that seek to compete with other capital preservation investment options that involve market risk, such as money market funds.

Schwab Bank's revenue from the Cash Allocation in the Deposit Accounts is dependent upon the difference, or "spread," between the interest rate it pays on such deposits and the amount it earns from the investment of such deposits less the FDIC insurance premiums it pays. Therefore, Schwab Bank's ability to earn revenue from the Deposit Accounts is affected by the interest rate negotiated with its affiliated broker-dealer, Schwab. 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 Schwab entities from the Program is the revenue earned by Schwab Bank in offering the Deposit Accounts. Schwab Bank will pay Schwab 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."

### Fees

The Program includes the following services: (i) SWIA's Program administration services; (ii) CSIA's portfolio management services; and (iii) Schwab's trade execution, custody and related services. **Clients are not charged and will not be charged a Program fee for these services.**

In similar programs, 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 Program fee for services, due to retirement accounts in the Program, for purposes of IRS rules, SWIA makes a nominal calculation that fully offsets in the amount of 0.30% the compensation its affiliates receive from ETF transactions in clients' accounts. This includes advisory fees for managing Schwab ETFs™ and fees earned for providing services to third-party ETFs participating in the Schwab ETF OneSource™ program ("ETF OneSource"), if CSIA selects them to include in Program accounts. If this affiliate compensation ever exceeds 0.30% of client assets, SWIA would refund the additional amount to client accounts or use it to pay account administrative expenses. **In all cases, the result is that clients pay no Program fee.**

Clients do not pay brokerage commissions in the Program to Schwab. However, when CSIA uses a broker-dealer other than Schwab that is acting as principal (for its own account) to buy or sell ETF shares for clients, that broker-dealer accepts the risk of market price and liquidity fluctuations when executing customer orders. The broker-dealer adds a fee, called a "spread," to compensate for this risk. The spread is not shown separately on a client's trade confirmation or account statement. Schwab does not act as principal for ETF trades in the Program and does not receive any part of the spread.

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 Program clients who invest in Schwab ETFs.

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 Program accounts.

To the extent that cash used by clients to fund their Program 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.

SWIA has an agreement with Schwab whereby Schwab pays SWIA's expenses. Pursuant to an agreement among SWIA and CSIA, SWIA pays CSIA an annual fee of $200,000 for CSIA's services in the Program, which is subject to change. CSIA does not enter into agreements directly with Program clients and accordingly does not receive direct compensation from or negotiate fees with them.

Schwab Bank will pay Schwab a fee for administrative services provided in support of the Deposit Accounts in an amount up to a $20 annual flat fee for each brokerage account that sweeps into a Deposit Account. 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 stand-alone 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 break points), the historical and expected size or number of trades for an account, and the number and range of supplementary advisory and other services provided to an account.

### Compensation to SWIA Representatives

SWIA representatives are available by web chat, email or telephone to answer questions about the Program, the investment strategies, the ETFs, and account performance. These representatives do not receive differential compensation for recommending the Program, other products and services, or additional investments in the Program.

### Benefits to Schwab Affiliates

Clients do not pay a Program management fee. However, Schwab affiliates do earn revenue from the underlying assets in client 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 CSIA selects to buy and hold in client accounts; (iii) fees received by Schwab from third-party ETFs in client accounts for services Schwab provides to them as participants in ETF OneSource; and (iv) remuneration Schwab may receive from the market centers where it routes ETF trade orders for execution. More information about these revenues and their benefits to Schwab affiliates is set forth under "Schwab Intelligent Portfolios Sweep Program" and "Fees" above and under "Participation or Interest in Client Transactions" below.

### Potential Conflicts of Interest and How They Are Addressed

SWIA, not Schwab Bank, sets the parameters for the Cash Allocation in each investment strategy. The parameters are set based on a disciplined portfolio construction methodology designed to balance performance with risk management appropriate for a client's goal, investing time frame, and personal risk tolerance, just as with other Schwab managed products. Schwab Bank earns income on the Cash Allocation for each investment strategy. The higher the Cash Allocation and the lower the interest rate paid, the more Schwab Bank earns, thereby creating a potential conflict of interest. The Cash Allocation can affect both the risk profile and performance of a portfolio. To mitigate any potential conflict, SWIA instructs CSIA to construct the Program strategies primarily pursuant to modern portfolio theory, which seeks to construct an optimal return goal for a portfolio based on the level of risk an investor is willing to take.

The interest rate paid to depositors participating in the Sweep Program was determined by agreement between Schwab and Schwab Bank. Since they are affiliates, any potential conflict in determining the interest rate has been mitigated by having the rate determined by reference to an index. For more information about the Cash Allocation in the investment strategies and the revenue earned by Schwab Bank, see "Schwab Intelligent Portfolios Sweep Program" above.

Because they are affiliated companies, SWIA has a potential incentive to select and keep CSIA to provide portfolio management services for the Program. Similarly, CSIA has a potential conflict of interest in selecting Schwab ETFs, which pay compensation to CSIM, and ETFs in ETF OneSource, which pay compensation to Schwab.

Asset classes in the Program 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. Fundamental ETFs weight holdings based on fundamental factors like sales, cash flow, dividend distribution, and buybacks. The Program invests in both market-cap based and fundamentally weighted ETFs with the goal of helping to increase diversification, reduce volatility, and provide better risk-adjusted results over time. Typically, fundamental ETFs have a higher expense ratio than market-cap ETFs. The current method CSIA 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.

To mitigate these potential conflicts, SWIA establishes written objective criteria that do not allow CSIA to consider compensation to Schwab or other affiliates in connection with selecting ETFs or managing Program portfolios. CSIA must also follow these written criteria in selecting securities for, and removing securities from, Program portfolios. SWIA reviews CSIA's performance in providing portfolio management services for the Program. For more information regarding how ETFs are selected for inclusion in portfolios and on the fees earned by Schwab affiliates on ETFs in client accounts, see "Selection of ETFs" and "Fees" above.

## Account Requirements and Types of Clients

Clients will complete an investment profile, open their account, and sign their Program contracts electronically. Clients of the Program may include individuals, IRAs and revocable living trusts. Clients that are organizations (such as corporations and partnerships) or government entities, and 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. Assistance from a SWIA representative is available by telephone, email or web chat. Deposits to the account must be made by wire transfer, mobile check deposit, transfer from another account, or through the Schwab MoneyLink® service, which allows clients to make electronic transfers of funds to and from their brokerage account.

Clients may be provided the option to fund Program accounts with securities. Clients authorize CSIA and SWIA to instruct Schwab 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 CSIA nor SWIA will have responsibility for the performance of those securities pending their liquidation.

To be initially invested in an investment strategy, clients must meet all requirements of Schwab and SWIA to open their Program account and fund it with a minimum of $5,000. There is also a minimum balance requirement to request CSIA employ a tax-loss harvesting strategy, and a minimum balance requirement to maintain a tax-loss harvesting strategy.

A client that terminates their advisory agreement with SWIA or brokerage agreements with Schwab relating to the Program must also close their Program account and instruct SWIA to either (i) liquidate the account assets and send the proceeds to the client or to an account specified by the client, or (ii) transfer the account assets to another account (at Schwab or another custodian). If the client transfers their assets to another account at Schwab, the Sweep Program will not apply to that account. That account will have its own sweep feature, which may have terms that are more favorable or less favorable than the Sweep Program.

SWIA may terminate a client from the Program for failing to fund their account with the required initial minimum, for failure to maintain a valid email address or for any other reason, in SWIA's sole discretion. SWIA also may terminate a client from the Program if SWIA deems the client's requested investment restrictions to be unreasonable. Before terminating a client from the Program, SWIA will provide at least 30 days' notice. Depending on the reason for the termination, the client may have the opportunity to resolve the reason for their termination. If the client is unable to remedy the reason for their termination and does not make arrangements to transfer the assets in the client's account to another brokerage account at Schwab or another custodian, then the following will occur: (i) the ETFs in the client's account will be sold; (ii) the client's enrollment in the Sweep Program will terminate; (iii) funds will be disbursed to the client; and (iv) the client's Program account will be closed. Upon termination by either the client or SWIA, the account will no longer be managed.

#### Retirement Accounts

SWIA does not and will not render advice on a regular basis pursuant to an arrangement or understanding that such advice shall serve as a primary basis for investment decisions with respect to any retirement account. SWIA and its employees and agents (i) are not fiduciaries as defined under the Internal Revenue Code; (ii) have no investment or other discretion with respect to assets covered by the Program; (iii) will perform no discretionary acts with respect to such assets; (iv) will effect only such transactions as instructed by clients; and (v) will exercise no discretion and provide no advice as to the voting of proxies.

CSIA 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

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

### Client Information Provided to Portfolio Manager

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

### Client Contact With Portfolio Manager

Clients who wish to contact CSIA can do so by making a request to a SWIA representative by telephone or web chat. SWIA and its representatives are the primary points of contact for clients in the Program.

## Additional Information

### Risks

Investing in securities, whether through the Program or otherwise, involves the risk of loss that clients should be prepared to bear. The specific risks associated with the ETFs comprising the Program portfolios, as well as the risks associated with securities held in those ETFs, are described in detail in the CSIA Schwab Intelligent Portfolios® Disclosure Brochure.

### Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of or the integrity of SWIA or its management persons.

### Other Financial Industry Activities and Affiliations

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

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

### Code of Ethics

SWIA has a code of ethics adopted pursuant to SEC Rule 204A-1 under the Investment Advisers Act of 1940 (the "Code"). The Code reflects the fiduciary principles that govern the conduct of SWIA and its employees and agents when we are acting as an investment advisor. The Code requires that SWIA's covered employees and agents comply with applicable federal securities laws and report violations of the Code. Covered employees and agents who are deemed "access persons" by virtue of providing investment advice or having access to certain related information are prohibited from disclosing Program transactions or any other nonpublic information to anyone except as required to effect securities transactions for clients. The Code also prohibits access persons from using the information for personal profit or the profit of others. Access persons may not engage in deceptive conduct in connection with the purchase or sale of securities for client accounts. The Code is subject to change as necessary to remain current with regulatory requirements and internal business policies and procedures. SWIA also monitors its representatives for compliance with the Code and has established policies and guidelines that SWIA representatives must follow when assisting clients in the Program. SWIA representatives are supervised by their direct managers for compliance with SWIA's policies and guidelines. A copy of the Code is available at intelligent.schwab.com.

### Participation or Interest in Client Transactions

#### ETF Trade Execution

Schwab, as broker for Program accounts, routes ETF orders for execution to third-party broker-dealers, who may act as market maker or manage execution of the orders in other market venues. Schwab also routes orders directly to all major exchanges and alternative trading systems, including ECNs (electronic trading networks). Schwab may receive remuneration such as liquidity or order flow rebates from a market or firm to which orders are routed, but at all times is committed to best execution.

Schwab considers a number of factors in evaluating execution quality among markets and firms, including execution price and opportunities for price improvement, market depth and order size, the trading characteristics of the security, speed and accuracy of executions, the availability of efficient and reliable order handling systems, liquidity and automatic execution guarantees, and service levels and the cost of executing orders at a particular market or firm. Price improvement occurs when an order is executed at a price more favorable than the displayed national best bid or offer. Schwab regularly monitors the execution quality provided by the various markets and firms to ensure orders are routed to market venues that have provided high-quality executions over time.

#### 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 (a Schwab affiliate) will earn fees from Schwab ETFs™ that are held in Program accounts.

ETFs in the ETF OneSource program are also eligible to be selected for inclusion in the Program. Schwab has established the ETF OneSource program under which ETFs can be traded without a commission on buy and sell transactions. Schwab receives payments from the third-party ETF sponsors or their affiliates participating in ETF OneSource for recordkeeping, shareholder services and other administrative services that Schwab provides to participating ETFs. In addition, Schwab promotes the ETF OneSource program to its customers, and a portion of the fees paid to Schwab offsets some or all of Schwab's costs of promoting and administering ETF OneSource. Schwab does not receive payment to promote any particular ETF to its customers.

ETF sponsors or their affiliates pay a fixed ETF OneSource program fee to Schwab each year for each ETF participating in ETF OneSource. The program fees vary, but can range up to $250,000 per year for each participating ETF. ETF sponsors or their affiliates also pay Schwab an asset-based fee based on a percentage of total ETF assets purchased by Schwab customers after the ETF was added to ETF OneSource. The amount of the asset-based fee can range up to 0.20% annually. Schwab ETFs do not pay any program or asset-based fees to participate in ETF OneSource.

Assets in Program accounts are included in the calculation of the asset-based ETF OneSource fee to be paid to Schwab by an ETF sponsor or its affiliates. Schwab may exclude other assets or other types of transactions from the asset-based ETF OneSource fee paid by an ETF sponsor or its affiliates.

### Personal Trading

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

### Review of Accounts

SWIA will contact Program clients at least once a year via electronic channels to ask them to update their information on the Program 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 Program Website. SWIA will not change a client's portfolio selection unless the client updates their investment profile through the Program Website.

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

## Client Referrals and Other Compensation

SWIA does not make payments to its representatives or other persons for referring clients to the Program. Schwab makes payments to its representatives for referring clients to the Program, which are described in a separate Schwab brochure relating to the Program.

## Financial Information

SWIA does not require or solicit prepayment of the Program fee and is therefore not required to include a balance sheet for its most recent fiscal year. SWIA is not the subject of any financial condition that is reasonably likely to impair its ability to meet its contractual obligations to its clients. SWIA 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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Effective March 31, 2017

# Charles Schwab Investment Advisory, Inc.
# Schwab Intelligent Portfolios®
# Disclosure Brochure

Charles Schwab Investment Advisory, Inc.
211 Main Street
San Francisco, CA 94105
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**This brochure provides information about the qualifications and business practices of Charles Schwab Investment Advisory, Inc. (CSIA) as an advisor in the Schwab Intelligent Portfolios program. If you have any questions about the contents of this brochure, please contact us at the phone number above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. CSIA's description of itself in this brochure as a registered investment advisor does not imply a certain level of skill or training on the part of CSIA or its representatives.**

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

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## Advisory Business

CSIA is a wholly owned subsidiary of The Charles Schwab Corporation, a Delaware corporation that is publicly traded and listed on the New York Stock Exchange (symbol: SCHW). CSIA has been registered as an investment advisor since November 5, 2009.

This brochure relates to the portfolio management services that CSIA provides for the Schwab Intelligent Portfolios® program (the "SIP Program"). The SIP Program offers clients 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 portfolio of ETFs includes up to 20 asset classes across stocks, fixed income, real estate, and commodities. The SIP Program is designed to monitor a client's portfolio daily and will also 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 CSIA's affiliate, Schwab Wealth Investment Advisory, Inc. ("SWIA"), which sets investment policy and parameters and provides administrative and related services for the SIP Program.

The SIP Program is also used to provide discretionary portfolio management in Schwab Intelligent Advisory™ (the "SIA Program") sponsored by Charles Schwab & Co., Inc. ("Schwab"). The SIA Program combines the SIP Program with additional financial planning services provided through Schwab. This brochure combined with the SWIA SIP disclosure brochure and the Schwab SIA disclosure brochure (collectively, "the SIP and SIA Brochures") contain details about the SIP Program and SIA Program. Unless otherwise noted, statements in this brochure about the SIP Program are equally applicable to discretionary portfolio management that occurs in accounts enrolled in the SIA Program.

SWIA has chosen CSIA to provide portfolio management services to the SIP Program accounts on a discretionary basis consistent with investment policy and parameters developed by SWIA and with clients' chosen investment strategy, and to direct appropriate trades in clients' accounts. Schwab acts as the qualified custodian for SIP Program accounts and provides trade routing and/or execution and related services for SIP Program accounts. Some ETFs in the investment strategies are managed by Charles Schwab Investment Management, Inc. (CSIM), which is also an affiliate of Schwab, SWIA, and CSIA.

SWIA offers the SIP Program online through an interactive website and mobile application (collectively, the "SIP Program Website"). Clients use a web application to determine whether the SIP Program is appropriate for them and, if so, are asked a series of questions to determine their investment risk profile, receive a recommended strategy, and select an investment strategy. Clients complete their investment profile online and are asked to carefully consider whether their participation in the SIP Program is appropriate for their investment needs and goals prior to enrollment in the Program. Clients can change their investment strategy by going online and completing a new web-based investment profile.

Clients agree to accept electronic delivery of contracts, disclosure documents, prospectuses, statements, and other materials. Clients can communicate with SWIA via electronic channels (i.e., email, chat, website and mobile application), Schwab branches and telephone. More information about the SIP Program is available in the SWIA disclosure brochure provided to SIP Program clients.

The SIP Program 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 CSIA'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 SWIA and by any reasonable restriction(s) on the management of the account that may be requested by a client and accepted by CSIA.

In the SIA Program, clients respond to a series of planning-related questions through an interactive SIA website and a Schwab Planning Consultant provides financial planning advice and recommends an appropriate SIP Program investment strategy or strategies.

CSIA also provides portfolio management services for the Schwab Managed Portfolios™ ("SMP") wrap-fee program ("SMP Program"), which is sponsored by its affiliate Schwab. The SMP Program consists of various investment strategies selected by clients and consisting of either mutual funds ("SMP – MFs") or ETFs ("SMP – ETFs") bought and sold for clients on a discretionary basis as well as a cash investment. For more information on SMP, please refer to Schwab's SMP disclosure brochure, available at www.adviserinfo.sec.gov. As of December 31, 2016, CSIA managed approximately $31,200,000,000 in assets in the Programs. CSIA does not manage any assets on a nondiscretionary basis.

## Fees and Compensation

Pursuant to an agreement between CSIA and SWIA, SWIA pays CSIA a fixed annual fee for CSIA's services in the SIP Program, or such other amount as the parties may agree on from time to time.

## Performance-Based Fees and Side-by-Side Management

CSIA does not receive performance-based fees.

## Types of Clients

Pursuant to the enrollment criteria established by SWIA, clients of the SIP Program may include individuals, revocable living trusts, and individual retirement accounts ("IRAs"). Business entities, government entities, and accounts that are subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended, are not eligible for the SIP Program.

To be initially invested in an investment strategy, SIP clients must meet all requirements of Schwab and SWIA to open their SIP Program account and fund it with a minimum of $5,000. There is also a minimum balance requirement to employ a tax-loss harvesting strategy, and a minimum balance requirement to maintain a tax-loss harvesting strategy.

SWIA may terminate a client from the SIP Program for failing to fund their account with the required minimum, for withdrawing cash from their account that brings their account balance below the minimum, for failure to maintain a valid email address, or for any other reason, in SWIA's sole discretion. As a result of the account termination, the account will no longer be managed.

## Methods of Analysis, Investment Strategies, and Risk of Loss

Pursuant to written investment policy and parameters provided by SWIA (the "Parameters"), CSIA has created a number of investment strategies for the SIP Program that consist of diversified portfolios of ETFs combined with the Cash Allocation in a single account. The Cash Allocation is an allocation to the Schwab Intelligent Portfolios Sweep Program ("Sweep Program"). Each investment strategy is designed to be consistent with a certain combination of investment return objectives and risk tolerances. Certain strategies are intended for taxable accounts and others for tax-deferred accounts. Certain strategies are intended for clients who are looking for a level of income generation. Upon request from SWIA, CSIA may add, remove, or change investment strategies used in the SIP Program.

SWIA sets the Parameters for the Cash Allocation for each investment strategy. These Parameters are set based on a disciplined portfolio construction methodology designed to balance performance with risk management appropriate for a client's goal, investing time frame, and personal risk tolerance, just as with other Schwab managed products. Charles Schwab Bank ("Schwab Bank") earns income on the Cash Allocation for each investment strategy. The higher the Cash Allocation and the lower the interest rate paid the more Schwab Bank earns, thereby creating a potential conflict of interest for SWIA. The Cash Allocation can affect both the risk profile and performance of a portfolio. To mitigate any potential conflict, SWIA instructs CSIA to construct the SIP Program strategies pursuant to modern portfolio theory and behavioral factors seeking an optimal return goal for a portfolio based on the level of risk an investor is willing to take. More information about the Cash Allocation and Sweep Program can be found in the SWIA disclosure brochure provided to SIP Program clients.

Any ETFs are eligible for inclusion in the SIP Program. However, the written Parameters established by SWIA place limitations on the universe of ETFs that CSIA may select for the SIP Program.

The Parameters require that an ETF be in operation for a certain period of time, have a minimum level of assets, and track its index closely. Also, the difference between the "bid" (the price a buyer is willing to pay for a share of the ETF) and the "ask" (the price a seller wants for that ETF share) must be small. This difference is called the bid-ask spread, and a narrow bid-ask spread usually means that the ETF has a large trading volume.

ETFs that meet these Parameters are then ranked according to their fees and expenses. CSIA seeks to select the ETFs most representative of the asset class with the lowest fees and expenses for inclusion in the portfolios. CSIA will select both a primary and secondary ETF for each asset class in consideration of, among other factors, tax-loss harvesting and requested investment restrictions. In limited circumstances, as determined by CSIA, 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 must have a share price less than a cap that SWIA determines is necessary to enable trading in smaller balance accounts.

Eligible ETFs include Schwab ETFs™, which are managed by CSIM, which is an affiliate of Schwab, CSIA and SWIA. Schwab ETFs pay fees to CSIM that are described in "Participation or Interest in Client Transactions" below.

The percentage of a client account initially invested in Schwab ETFs varies significantly depending on the asset allocation of the investment strategy. Subject to the written Parameters described above, CSIA has discretion to allocate any portion, up to 100%, of an investment strategy into Schwab ETFs (excluding the portion in the Cash Allocation), if they meet the selection criteria described above.

CSIA also creates diversified portfolios of ETFs combined with a cash investment in a single account for the SMP Program. The parameters for asset allocation and ETF selection for SMP accounts are established by Schwab and differ from the SIP Program Parameters. There may be times when SIP clients and SMP clients are investing in the same ETF; however, each Program has its own contractual terms of service, different parameters and separate portfolio management teams making trading and investing decisions. The performance of SIP and SMP accounts will differ over time.

CSIA may use written reports prepared by recognized analysts in the industry and may use computer-based models to assist in portfolio management. CSIA may also use statistical and other information published by third-party data providers, industry and government, meetings of professionals within the industry, and research of investment trends.

## General Risks

### Management Risks

CSIA applies its 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 CSIA's investment techniques will fail to produce the desired results. There also can be no assurance that all of CSIA's key personnel will continue to be associated with CSIA for any length of time.

### Investment Risks

Investments in securities, including ETFs and the securities that they in turn invest in, involve various risks, including those summarized below. In addition, each ETF has its own investment style, which may involve risks different from those described below. Clients and prospective clients should be aware that investing in securities involves risk of loss that clients should be prepared to bear.

### Model Risks

CSIA may use quantitative analyses and/or models. Any imperfections, limitations or inaccuracies in its analyses and/or models could affect its 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.

### ETF General Risks

ETFs in which the strategy may invest involve certain inherent risks generally associated with investments in a portfolio of securities, including the risk that the general level of security prices may decline, thereby adversely affecting the value of each unit of the ETF. Moreover, an ETF may not fully replicate the performance of its benchmark index because of the temporary unavailability of certain index securities in the secondary market or discrepancies between the ETF and the index with respect to the weighting of securities or the number of securities held. ETFs in which the strategies invest have their own fees and expenses as set forth in the ETF prospectuses.

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 with 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.

### Market/Systemic Risks

Equity and fixed income markets rise and fall daily. The performance of client investments is, to varying degrees, tied to these markets. When markets fall, the value of a client's investments will fluctuate, which means a client could lose money.

### Asset Allocation/Strategy/Diversification Risks

The asset classes in which an investment strategy in the SIP Program seeks investment exposure can perform differently from each other at any given time (as well as over the long term), so the investment strategy will be affected by its allocation among the various asset classes. The asset allocation decisions can result in more portfolio concentration in a certain asset class or classes, which could reduce overall return if the concentrated assets underperform CSIA's expectations. The more aggressive the investment strategy selected, the more likely the portfolio will contain larger weights in riskier asset classes, such as equities. Depending on market conditions, there may be times where diversified portfolios perform worse than less diversified portfolios.

### Investment Strategy Risks

There are risks associated with the long-term core strategic holdings for each of the investment strategies. The more aggressive the investment strategy selected, the more likely the portfolio will contain larger weights in riskier asset classes, such as equities.

### Trading/Liquidity Risks

A particular ETF may be difficult to purchase or sell or may become difficult to sell after being purchased for a client account. CSIA may be unable to sell ETFs on behalf of a client at an advantageous time and/or price due to then-existing trading market conditions.

### Large Investment Risks

SIP Program clients may collectively account for a large portion of the assets in certain ETFs. A decision by CSIA to buy or sell some or all of a particular ETF where SIP Program clients hold a significant portion of that ETF may negatively impact the value of that ETF.

## Underlying Securities Risks

### Equity-Related Risks

#### General Risks

The prices of equity securities, and thus the value of ETFs that invest in them, will rise and fall. 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, the equity market tends to move in cycles, which may cause stock prices to fall over short or extended periods of time.

#### Large- and Mid-Cap Risks

ETFs that focus on large- and/or mid-cap segments of the stock market bear the risk that these types of stocks tend to go in and out of favor based on market and economic conditions. However, stocks of mid-cap companies tend to be more volatile than those of large-cap companies because mid-cap companies tend to be more susceptible to adverse business or economic events than larger, more established companies. During a period when large- and mid-cap U.S. stocks fall behind other types of investments—bonds or small-cap stocks, for instance—the performance of investment strategies focused on large- and/or mid-cap stocks will lag the performance of these other investments.

#### Small-Cap and International Risks

Historically, small-cap and international stocks have been riskier than large- and mid-cap U.S. stocks (see the "Foreign Investment–Related Risks" section below for additional information). During a period when small-cap and/or international stocks fall behind other types of investments—U.S. large- and mid-cap stocks, for instance—the performance of investment strategies focused on small-cap or international stocks may lag the performance of these other investments.

### Fixed Income–Related Risks

#### General Risks

Bond markets rise and fall daily, and fixed income investments, which generally also include instruments with variable or floating rates, are subject to various risks. As with any investment whose performance is tied to bond markets, the value of a fixed income ETF will fluctuate, which means that you could lose money.

#### Interest Rate Risks

When interest rates rise, bond prices usually fall, and with them the value of an ETF holding the bonds. A decline in interest rates generally raises bond prices, and with them potentially the value of an ETF share, but could also hurt the performance of an ETF by lowering its yield. The longer the duration of the investments held by an ETF, the more sensitive to interest rate movements its value is likely to be.

#### Credit Risks

A decline in the credit quality of a fixed income investment could cause the value of a fixed income ETF to fall. The ETF could lose value if the issuer or guarantor of a portfolio investment fails to make timely principal or interest payments or otherwise honor its obligations. The emphasis of a fixed income strategy on quality and preservation of capital also could cause an ETF to underperform certain other types of bond investments, particularly those that take greater maturity and credit risks.

#### High-Yield Risks

High-yield securities and unrated securities of similar credit quality (sometimes called junk bonds) are subject to greater levels of credit and liquidity risks. High-yield securities and the ETFs that invest in them may be considered speculative.

#### Government Securities Risks

Many U.S. government securities are not backed by the full faith and credit of the United States government, which means they are neither issued nor guaranteed by the U.S. Treasury. Certain issuers of securities, such as the Federal Home Loan Banks, maintain limited lines of credit with the U.S. Treasury. Securities issued by other issuers, such as 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.

#### State and Regional Risks
To the extent that an ETF is invested 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 ETF 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.

#### Foreign Risks
Investments in securities of foreign issuers or securities with credit or liquidity enhancements provided by foreign entities may involve certain risks such as adverse changes in foreign economic, political, regulatory, and other conditions; differing accounting, auditing, financial reporting, and legal standards and practices; differing securities market structures; and higher transaction costs. In addition, sovereign risk, or the risk that a government may become unwilling or unable to meet its loan obligations or guarantees, could increase the credit risk of financial institutions connected to that particular country.

### Foreign Investment–Related Risks

#### General Risks
Investments in securities of foreign issuers may involve certain risks that are 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, taxes, and legal standards and practices; differing securities market structures; and higher transaction costs.

#### Emerging Markets Risks
These and other risks (e.g., nationalization, expropriation, or other confiscation of assets of foreign issuers) are greater for those ETFs investing in companies tied economically to emerging countries, the economies of which tend to be more volatile than the economies of developed countries.

#### Frontier Markets Risks
The risks associated with investing in 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.

#### Geopolitical/Disruption-of-Markets Risks
Geopolitical events may adversely affect global economies and markets and thereby decrease the value of and/or the ease of trading the ETFs invested in those affected markets. Those events as well as other changes in foreign and domestic economic and political conditions could adversely affect the value of the strategy’s investments.

#### Currency Risks
Fluctuations in exchange rates may adversely affect the value of a strategy’s foreign currency holdings and investments denominated in foreign currencies.

### Risks Related to Other Asset Classes

#### Commodities Risks
Commodities involve unique risks that may be distinct from those that affect stocks and bonds, including worldwide supply and demand factors, weather conditions, currency movements, and international government policies regarding commodity reserves and choice of currency for commodity pricing.

#### Hard Asset Risks
The production and marketing 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. In periods of rising hard asset prices, such securities or instruments may rise at a faster rate, and conversely, in times of falling hard asset prices, such securities may suffer a greater price decline.

#### Real Estate Risks
Real estate–related investments may be adversely affected by factors affecting the real estate industry, which may include changes in interest rates and social and economic trends. Real estate investment trusts (“REITs”) may also be subject to the risk of fluctuations in income from underlying real estate assets, poor performance by the REITs’ managers, prepayments and defaults by borrowers, adverse changes in tax laws, and, with respect to U.S. REITs, their failure to qualify for the special tax treatment granted to REITs under the Internal Revenue Code of 1986 and/or to maintain exempt status under the Investment Company Act.

## Limitations of Disclosure
The foregoing list of risks does not purport to be a complete enumeration or explanation of the risks involved in CSIA’s investment strategies. As CSIA’s investment 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.

## Disciplinary Information
CSIA has no legal or disciplinary events that it is required to report.

## Other Financial Industry Activities and Affiliations
Pursuant to the Parameters provided by SWIA, CSIA sets the target asset allocations and chooses the ETFs for each investment strategy in the SIP Program.

Eligible ETFs include Schwab ETFs™, which are managed by CSIM, which is an affiliate of Schwab, CSIA and SWIA. Schwab ETFs pay fees to CSIM that are described in “Participation or Interest in Client Transactions” below.

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

### Code of Ethics
CSIA has a code of ethics adopted pursuant to SEC Rule 204A-1 under the Investment Advisers Act of 1940 (the “Code”). The Code

reflects the fiduciary principles that govern the conduct of CSIA and its employees when acting as investment adviser. The Code requires that CSIA's covered employees comply with applicable federal securities laws and report violations of the Code. Covered employees who are deemed "access persons" by virtue of providing investment advice or having access to certain related information must report their personal transactions and holdings in, and obtain clearance before buying ETFs used in SIP and SMP Program portfolios. The Code prohibits access persons from disclosing SIP and SMP Program transactions or any other non-public information to anyone except certain designated employees of CSIA, SWIA and Schwab. The Code also prohibits access persons from using the information for personal profit or the profit of others. Access persons may not engage in deceptive conduct in connection with the purchase or sale of securities for client accounts. The Code is subject to change as necessary to remain current with regulatory requirements and internal business policies and procedures.

You can get a copy of the Code by calling SWIA at (855) 694-5208.

### Participation or Interest in Client Transactions

ETFs are eligible for inclusion in the SIP Program, whether they are Schwab ETFs or third-party ETFs. However, the written parameters established by SWIA place limitations on the universe of ETFs that CSIA may select for the Program as described in "Methods of Analysis, Investment Strategies, and Risk of Loss" above.

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 (a CSIA affiliate) will earn fees from Schwab ETFs™ that are held in SIP Program accounts.

Schwab has established the Schwab ETF OneSource™ program ("ETF OneSource") under which ETFs can be traded without a commission on buy and sell transactions. SIP Program accounts may include ETFs that participate in ETF OneSource. Schwab receives payments from the third-party ETF sponsors or their affiliates participating in ETF OneSource for recordkeeping, shareholder services and other administrative services that Schwab provides to participating ETFs. In addition, Schwab promotes the ETF OneSource program to its customers, and a portion of the fees paid to Schwab offsets some or all of Schwab's costs of promoting and administering ETF OneSource. Schwab does not receive payment to promote any particular ETF to its customers.

ETF sponsors or their affiliates pay a fixed program fee to Schwab each year for each ETF participating in ETF OneSource. The program fees vary, but can range up to $250,000 per year for each participating ETF. ETF sponsors or their affiliates also pay Schwab an asset-based fee based on a percentage of total ETF assets purchased by Schwab customers after the ETF was added to ETF OneSource. The amount of the asset-based fee can range up to 0.20% annually. Schwab ETFs do not pay any program or asset-based fees to participate in ETF OneSource.

Assets in SIP Program accounts are included in the calculation of the asset-based fee to be paid to Schwab by an ETF sponsor or its affiliates. Schwab may exclude other assets or other types of transactions from the asset-based fee paid by an ETF sponsor or its affiliates.

### Personal Trading

As described above, the Code is designed to detect and prevent conflicts of interest and unlawful practices that may arise in connection with an access person's personal securities transactions. Accordingly, the Code requires access persons to obtain prior approval before placing personal trades for ETFs used in SIP and SMP Program portfolios.

## Brokerage Practices

All brokerage transactions for securities in SIP Program accounts will be routed to Schwab for execution, which may not always obtain as favorable a price as another broker-dealer. Program monitoring and trading are subject to systems and technology constraints and availability and, while unlikely, may not take place daily.

CSIA may aggregate securities sales or purchases (a trade order) among two or more clients within a single strategy and, where possible and as appropriate, like trades across strategies within SIP. CSIA 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. CSIA's trading practices (aggregations of trades, allocation of trades, and use of trade rotation and other processes) are designed so that the practices do not unfairly and systematically favor one client over another and that, over time, client accounts are treated equitably.

CSIA may exclude from aggregation those client accounts that have relevant restrictions or client activity (e.g., withdrawals pending) and, therefore, should not participate in the aggregated trade. CSIA reserves the right to not aggregate transactions when to do so would be (i) unfair under the circumstances; (ii) impractical; or (iii) otherwise inappropriate. CSIA generally allocates trade orders pro rata among clients who participated in the aggregated trade order. CSIA will review its aggregation procedures at least annually to confirm that they are adequate to prevent any client from being systematically disadvantaged as a result of the aggregated transactions.

Trade orders for different programs (e.g., the SMP Program and the SIP Program) are generated by different investment teams and typically on different systems and may utilize one or more trading strategies (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 timing, 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 may vary in different programs or strategies. Certain trading strategies, which may include accounts in programs with different fee structures, may trade in advance of other trade strategies or may be completed more quickly, and, as a result, may achieve different execution on the same or similar securities. In addition, market, regulatory, and/or country limitations (especially in the case of emerging markets) may contribute to differences in security prices.

Clients in the SIP Program direct CSIA to use Schwab to effect securities trades for their account. Large share trade orders can occur when there are large daily flows into or out of the program, CSIA reallocates/rebalances clients' accounts, or CSIA replaces an ETF with another ETF across all applicable client accounts. For these large trade orders, Schwab may solicit bids 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).

In transactions where Schwab 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 fee, called a markup or markdown (or "spread"), to compensate for this risk. The spread is not shown separately on a client's trade confirmation or account statement. Schwab does not act as principal for ETF trades in the SIP Program and does not receive the spread. In transactions where Schwab uses another broker-dealer acting as an agent, the other broker-dealer may charge a fee or commission. This fee or commission is not shown separately on a client's trade confirmation or account statements. Schwab does not charge a commission itself or receive the third-party broker-dealer's fee or commission.

Schwab may receive remuneration such as liquidity or order flow rebates from a market or firm to which orders are routed, but its trading practices are designed to achieve best execution. There will be no offset of the SIP Program fee by third-party broker-dealer markups and markdowns or other fees. Instead, these markups and markdowns will reduce the overall return of a client's account.

CSIA may use a trade rotation process among client accounts within a single program or across programs (e.g., within the SMP Program or within the SIP Program, or across the SMP and SIP Programs) when trades need to be executed over more than one trading day. Trades done on the same day or on different days are not guaranteed to receive the same trading price. CSIA may also use a trade rotation process across programs (SMP and SIP) on a daily basis. CSIA will review its rotation procedures at least annually to confirm that they are adequate to prevent any client from being systematically disadvantaged.

Trading orders that can only be partially filled are generally allocated on a pro rata basis, randomly allocated, or allocated on some other basis consistent with the goal of giving all clients equitable opportunities over time. If a single aggregated trade order is filled at varying prices, client accounts subject to the same trading strategy generally receive an average price for trades placed through the same broker, or other steps are taken so that all similarly situated accounts receive fair consideration over time. In some cases, the trading desk may execute one trading strategy at the same time it is executing a 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 may be treated as distinct trades and may not be subject to pro rata allocation.

When investment opportunities are expected to be in very limited supply (collectively, "limited opportunities"), CSIA will generally consider the needs of clients across programs. When it is not practicable to allocate an opportunity across all eligible accounts, CSIA uses various methods, such as random allocation and sequencing, to give all accounts using the same trading strategy equitable opportunities for allocation over time. This may result in a limited opportunity being allocated to only some of the eligible accounts.

## Review of Accounts

CSIA's portfolio managers review, at least quarterly, the performance of the SIP Program investment strategies. SWIA contacts clients participating in the SIP Program at least annually by email 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. SWIA communicates the information obtained from clients to CSIA as necessary for the management of the account. Schwab Planning Consultants contact clients participating in the SIA Program at least annually to determine whether there have been any changes in their financial circumstances or investment objectives.

## Client Referrals and Other Compensation

Neither CSIA nor SWIA makes payments to their respective representatives or other persons for referring clients to the SIP Program. Schwab makes payments to its representatives for referring clients to the SIP Program and SIA Program as detailed in the Schwab SIP disclosure brochure and the Schwab SIA brochure, respectively.

## Custody

Schwab has custody of client assets in SIP Program accounts and, at least quarterly, sends SIP Program clients account statements detailing account positions and activities during the preceding period. Account statements include a summary of all transactions made on behalf of the account, all deposits and withdrawals made to or from the account, all fees and expenses charged to the account, and the value of the account at the beginning and end of the period. Clients should review these statements carefully.

## Investment Discretion

SWIA has discretionary authority to manage accounts enrolled in the SIP Program, which authority it has granted in turn to CSIA as portfolio manager. This discretionary authority is subject to the reasonable restrictions requested by SIP Program clients and accepted by CSIA or another portfolio manager, as applicable.

Subject to meeting minimum balance requirements, a client may also direct CSIA to employ a tax-loss harvesting strategy in managing the client's taxable account. This means that CSIA will sell ETFs in the client's account at a loss to offset a potential capital gains tax liability. The rebalancing and tax-loss harvesting opportunities may be affected by programming limitations and information clients make available to SWIA. For more information about tax-loss harvesting and rebalancing strategies, please refer to the SWIA brochure, the SWIA website and mobile applications. In addition, clients may restrict up to three ETFs (limited to one per asset class or sub-asset class) in each SIP Program account. ETFs designated for restriction by clients will be replaced with alternatives selected by CSIA, in which case the client will forego the opportunity for tax-loss harvesting from this asset class.

## Voting Client Securities

CSIA has adopted written proxy voting policies and procedures ("Procedures"). For proxies voted by CSIA on behalf of each client who delegates voting authority to CSIA ("Delegating Clients"), procedures may be changed as necessary to comply with regulatory requirements and internal policies and procedures and are designed to maximize the economic benefit to Delegating Clients. CSIA has retained a third-party vendor to manage this process and reviews the vendor's own written policies no less than annually to determine consistency with the Procedures and with CSIA's fiduciary duty to Delegating Clients.

For proxy issues which are deemed by CSIA portfolio management staff to raise significant concerns and which relate to those securities that are managed through the Program, CSIA reviews the analysis and recommendation of the vendor. Examples of factors that could cause a matter to raise significant concerns include, but are not limited to: issues whose outcomes have the potential to materially affect a company's industry, or regional or national economy, and matters that involve broad public policy developments that may materially affect the environment in which the company operates. After evaluating all such recommendations, CSIA decides how to vote the shares and will instruct the vendor to vote consistent with its decision.

To address any potential conflicts of interest, CSIA votes proxies of affiliated ETFs in the same proportion as the vote of all other shareholders of the ETF (i.e., "echo vote"), unless otherwise required by law. When required by law, CSIA also "echo votes" proxies of unaffiliated ETFs. When not required to "echo vote," CSIA delegates to the vendor responsibility for voting proxies of an unaffiliated ETF in accordance with the vendor's procedures.

Program clients can get a copy of the Procedures and information about how CSIA has voted their securities in a particular proxy vote by calling SWIA at (855) 694-5208.

## Financial Information

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