



This Schwab Performance Report provides you with investment performance information for your Schwab accounts(s) as a portfolio.

Reviewing this valuable information allows you to evaluate how your portfolio is doing and compare its returns to market benchmarks.

For up-to-date commentary and market insights please go to: [www.schwab.com/marketinsight](http://www.schwab.com/marketinsight)

Please see Disclosures for more information on performance.

Prepared for:

**Sample Schwab Performance Report - Advised**

**Table of Contents**

---

Portfolio Performance .....	1
Account Performance .....	3
Portfolio Risk & Return .....	4
Model Portfolio Comparison .....	6
Asset Class Performance .....	7
Holdings by Investor .....	8
Disclosure .....	9

# Schwab Performance Report

## Sample SPR - Advised

Report as of: 09/30/2016 Inception Date: 04/01/2010

### Portfolio Performance

	Last Quarter (\$)	Year to Date (\$)	One Year (\$)	Three Years (\$)	Five Years (\$)	Since Inception (\$)
<b>Beginning Value</b>	<b>310,869.73</b>	<b>314,762.96</b>	<b>333,267.53</b>	<b>363,000.12</b>	<b>346,797.01</b>	<b>348,802.35</b>
Interest Not Reinvested	-4,002.50	-6,477.50	-12,955.00	-43,365.00	-71,500.00	N/A
Net Cash In/Out	154,002.50	148,755.50	130,233.00	100,643.00	128,778.00	N/A
<b>Net Contribution</b>	<b>150,000.00</b>	<b>142,278.00</b>	<b>117,278.00</b>	<b>57,278.00</b>	<b>57,278.00</b>	<b>37,406.12<sup>42</sup></b>
Account Value Appreciation/Depreciation	4,558.89	8,655.59	15,697.92	48,603.82	67,348.25	N/A
Dividends Reinvested	0.10	0.10	1.46	5.33	7.18	N/A
Fees	-289.27	-557.20	-1,105.47	-3,747.82	-6,290.99	N/A
<b>Change In Value</b>	<b>4,269.72</b>	<b>8,098.49</b>	<b>14,593.91</b>	<b>44,861.33</b>	<b>61,064.44</b>	<b>78,930.97</b>
<b>Ending Value</b>	<b>465,139.44</b>	<b>465,139.44</b>	<b>465,139.44</b>	<b>465,139.44</b>	<b>465,139.44</b>	<b>465,139.44</b>
<b>Portfolio Return</b>	<b>0.96%</b>	<b>2.22%</b>	<b>4.40%</b>	<b>4.26%</b>	<b>3.47%</b>	<b>3.64%<sup>45</sup></b>

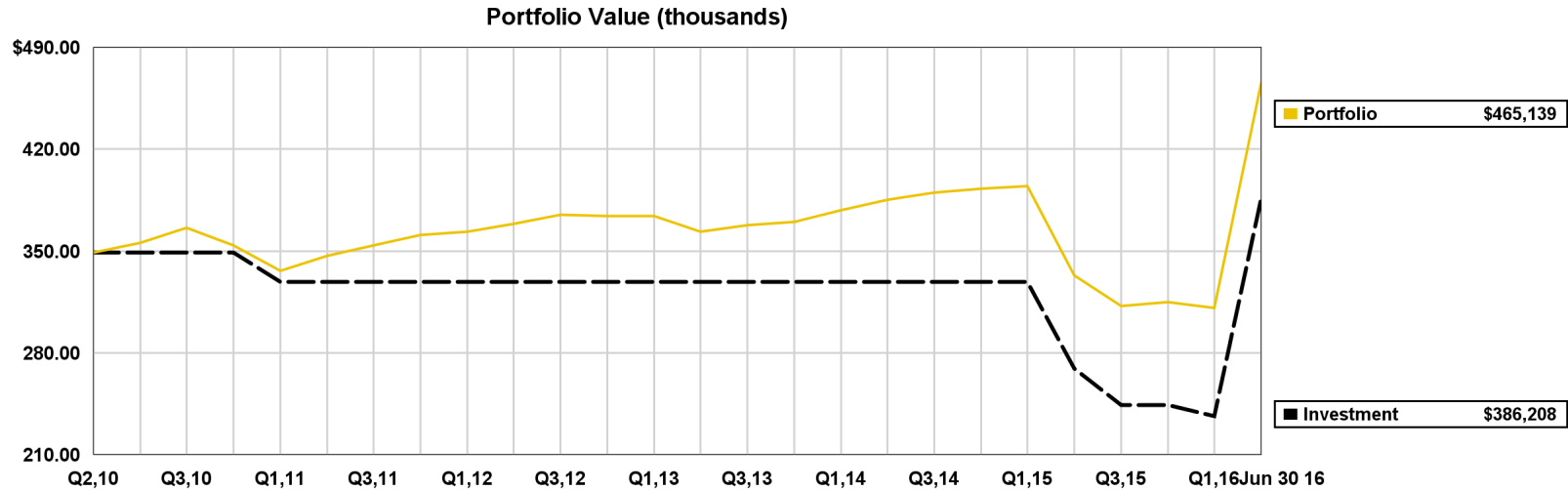
### Benchmark Performance

Common Market Indices	Last Quarter (%)	Year to Date (%)	One Year (%)	Three Years (%)	Five Years (%)	Since Inception (%)
S&P 500	2.46	3.84	3.98	11.64	12.09	12.02
MSCI EAFE (TRN)	-1.46	-4.42	-10.14	2.06	1.68	3.02
Russell 2000	3.79	2.22	-6.71	7.08	8.34	10.18
Barclays U.S. Aggregate Bond	2.21	5.31	5.98	4.06	3.76	4.22
Citigroup 3 Month T-Bill	0.06	0.12	0.14	0.07	0.06	0.08
S&P GSCI	12.67	9.86	-26.02	-19.79	-14.01	-9.84

# Schwab Performance Report

## Sample SPR - Advised

Report as of: 09/30/2016 Inception Date: 04/01/2010



Net Investment: **BEGINNING VALUE + INVESTMENTS**

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

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

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

# Schwab Performance Report

## Sample SPR - Advised

Report as of: 09/30/2016

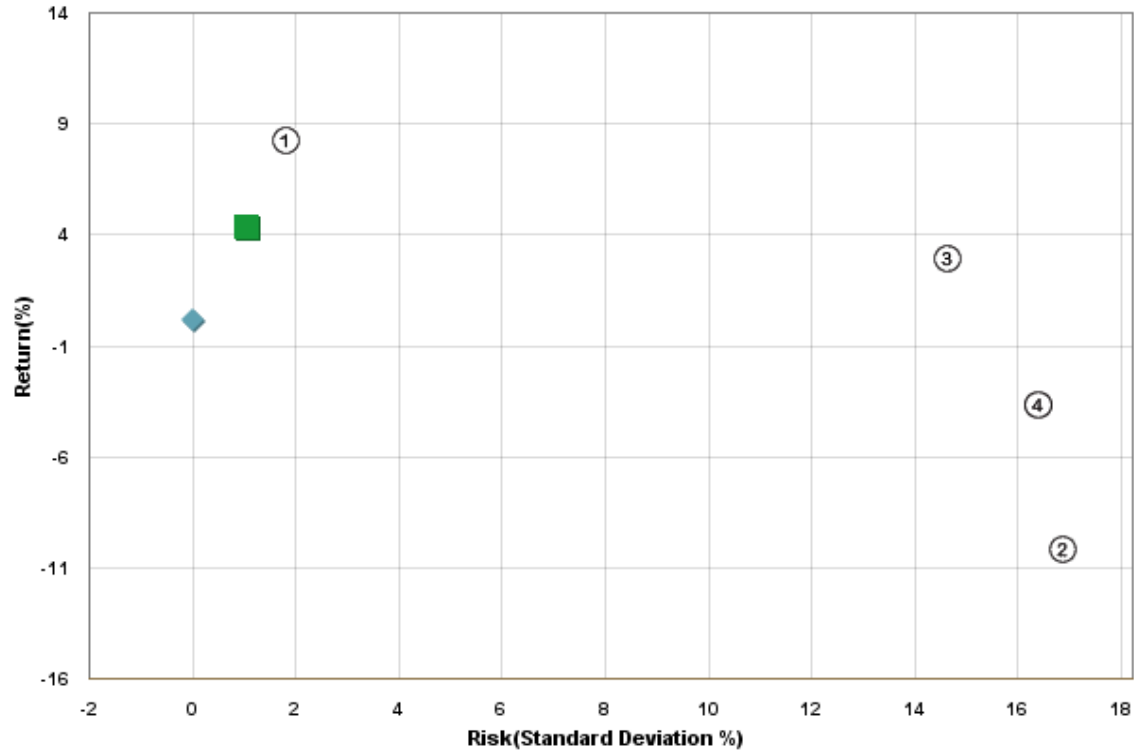
### Account Performance

Account Name	Account Number	Value(\$)	Last Quarter (%)	Year to Date (%)	One Year (%)	Three Years (%)	Five Years (%)	Since Inception (%)	Inception Date
PIMCO PIMCO 1-18 Year California Municipal Bond Ladder	00000000	465,139	0.96	2.22	4.40	4.26	3.47	3.64	04/01/2010
<b>Total</b>		<b>\$465,139</b>							

If you are a Client who enrolled in Schwab Private Client™ ("SPC"), Managed Account Select® ("Select"), Schwab Managed Portfolios™ ("SMP"), or Managed Account Connection® ("Connection"): For your portfolio tagged "---Advised", note that performance percentages shown above reflect performance of your account while under its current manager only or, for SPC, since you enrolled in SPC. If you have an account which ceases to be enrolled in SPC, Select, SMP or Connection, that account will no longer be reflected in the Account Performance Report. This is a reporting change instituted in April, 2015 to the Account Performance Report only and is intended to help clarify for you the performance of your account under your current manager or since you enrolled in SPC. You can still see all performance history on such account(s), including performance under a prior manager or prior to enrollment in SPC, by going to [schwab.com/performance](http://schwab.com/performance), selecting "All Brokerage Accounts", and selecting Account Performance. See disclosure for details on SMP and Windhaven benchmarks.

Portfolio Risk & Return

Return vs. Risk Selected Period: 07/01/2015 - 06/30/2016



	Risk (%)	Return (%)		Risk (%)	Return (%)
■ Sample SPR - Advised	1.04	4.40	◆ Citigroup 3 Month T-Bill	0.03	0.14
① Barclays U.S. Municipal Bond 10 Year	1.82	8.26	③ Russell 1000	14.62	2.93
② MSCI EAFE (TRN)	16.86	-10.14	④ Russell 2500	16.39	-3.66

Risk Analysis

# Schwab Performance Report

## Sample SPR - Advised

Report as of: 09/30/2016 Inception Date: 04/01/2010

	07/01/2015- 06/30/2016	Three Years	Five Years	Ten Years <sup>36</sup>	Since Inception
<b>Sample SPR - Advised Risk</b>					
Standard Deviation (%)	1.04	2.34	2.89		3.10

Note: (1010-6129)

Standard Deviation (%): A measure of the dispersion of a set of data from its mean. The more spread apart the data, the higher the deviation. Standard deviation is calculated as the square root of variance.

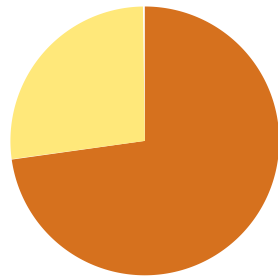
Beta: This is a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the stated benchmark.

Model Portfolio Comparison

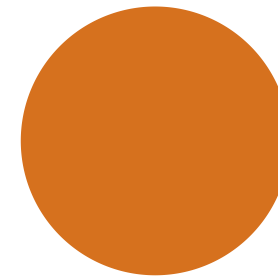
Asset Allocation

100% = \$465,139

Current Allocation



Model Allocation  
Municipal Bonds



Asset Class	Current Value (\$)	Model Value (\$)	Current (%)	Model (%)	Variance (\$)
FIXED INCOME	338,780.29	465,139.44	72.8	100.0	126,359.15
CASH INVESTMENTS	126,359.15	0.00	27.2	0.0	-126,359.15
<b>Total:</b>	<b>\$465,139.44</b>	<b>\$465,139.44</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$0.00</b>

# Schwab Performance Report

## Sample SPR - Advised

Report as of: 09/30/2016 Inception Date: 04/01/2010

### Asset Class Performance

#### Asset Class Performance vs. Benchmark

Asset Class	Last Quarter (%)	Year to Date (%)	One Year (%)	Three Years (%)	Five Years (%)	Since Inception (%)	Start Date
<b>LARGE CAP EQUITY</b>	<b>N/A<sup>14</sup></b>	<b>N/A<sup>14</sup></b>	<b>N/A<sup>14</sup></b>	<b>N/A<sup>14</sup></b>	<b>N/A<sup>14</sup></b>	<b>N/A<sup>14</sup></b>	
Russell 1000	2.54 <sup>6</sup>	N/A <sup>6</sup>	N/A <sup>6</sup>	N/A <sup>6</sup>	N/A <sup>6</sup>	12.01 <sup>6</sup>	
<b>SMALL CAP EQUITY</b>	<b>N/A<sup>14</sup></b>	<b>N/A<sup>14</sup></b>	<b>N/A<sup>14</sup></b>	<b>N/A<sup>14</sup></b>	<b>N/A<sup>14</sup></b>	<b>N/A<sup>14</sup></b>	
Russell 2500	3.57 <sup>6</sup>	N/A <sup>6</sup>	N/A <sup>6</sup>	N/A <sup>6</sup>	N/A <sup>6</sup>	11.30 <sup>6</sup>	
<b>INTERNATIONAL EQUITY</b>	<b>N/A<sup>14</sup></b>	<b>N/A<sup>14</sup></b>	<b>N/A<sup>14</sup></b>	<b>N/A<sup>14</sup></b>	<b>N/A<sup>14</sup></b>	<b>N/A<sup>14</sup></b>	
MSCI EAFE (TRN)	-1.46 <sup>6</sup>	N/A <sup>6</sup>	N/A <sup>6</sup>	N/A <sup>6</sup>	N/A <sup>6</sup>	3.02 <sup>6</sup>	
<b>FIXED INCOME</b>	<b>1.42</b>	<b>2.78</b>	<b>5.16</b>	<b>4.89</b>	<b>4.03</b>	<b>4.13</b>	<b>04/01/2010</b>
Barclays U.S. Municipal Bond 10 Year	2.52	4.47	8.26	5.84	5.53	5.59	
<b>CASH INVESTMENTS</b>	<b>0.00</b>	<b>0.00</b>	<b>0.02</b>	<b>0.01</b>	<b>0.01</b>	<b>0.01</b>	<b>04/01/2010</b>

Quarterly fees for SPC, Select, Connection and SMP are often paid from cash held in one or more enrolled accounts. When this occurs, the quarterly fee is assessed entirely against the performance of the cash asset class and, under certain market conditions, may result in a net negative return for the cash asset class. Returns of mutual funds that have multiple strategies are distributed across multiple asset classes according to the percent holding of each asset class within the mutual fund. For example if 10% of your Cash Investment allocation is coming from a mutual fund with cash holdings, a return of 5% by the mutual fund will result in contributing 0.5% toward the return of the Cash Investment segment of your portfolio. History for the Asset Class Performance report begins on 1/1/2009. If you have a Select or Connection account that is managed to a single asset class, the assets in that account are included in a single asset class in the table. Benchmarks shown if available. Note: (0715-4222)



# Schwab Performance Report

## Sample SPR - Advised

Report as of: 09/30/2016

### Holdings by Investor

Acct No:00000000

Acct Type:Living Trust

Manager:PIMCO

PIMCO 1-18 Year California Municipal Bond Ladder

Asset Name	Ticker	Asset Class	Mgt. Name	Quantity	Price (\$)	Value (\$)
BAY AREA TOLL RV 3.5%19TRAN TOLL DUE 04/01/19OID	072024MF6	FIXED INCOME		20,000.00	107.73	21,719.86
CA ST PUB WKS BD LS 5%32BLDG LEAS DUE 04/01/32XTRO	1306852Y5	FIXED INCOME		30,000.00	118.98	36,063.63
CAL ST DEPT WTR 5.0%18PWR REV DUE 05/01/18		FIXED INCOME		30,000.00	108.03	32,654.23
CALIFORNIA STATE UN 5%33IMPT UNIV DUE 11/01/33		FIXED INCOME		20,000.00	127.69	25,732.44
EAST BAY MUD SYS CA 5%19UTIL WTR DUE 06/01/19NATIONAL PUBLIC FINA	271014QD7	FIXED INCOME		30,000.00	104.27	31,401.83
LOS ANGELES CA USD 4%23SCH IMPT DUE 07/01/23	544646D82	FIXED INCOME		30,000.00	113.69	34,703.07
LOS ANGELES CA W/P 5%25UTIL PWR DUE 07/01/25OID	544495QL1	FIXED INCOME		25,000.00	108.59	27,768.78
LOS ANGELES CO MTA 5%21TAX EXIT DUE 07/01/21ASSURED GUARANTY COR	544712G55	FIXED INCOME		25,000.00	108.92	27,852.78
SAN DIEGO CO WTR 5.0%28WTR REV DUE 05/01/28NOT INSURED		FIXED INCOME		25,000.00	118.92	29,935.86
SAN JUAN CPSTRN CA 5%27VP DUE 08/01/27	798339FX0	FIXED INCOME		25,000.00	112.69	28,689.86
SCH CA MUNI MONEY FD SWEEP SHARES	SWCXX	CASH INVESTMENTS		126,648.42	1.00	126,648.42
UNIV CA 5%31EDUC PUB DUE 05/15/31	91412GHW8	FIXED INCOME		35,000.00	120.11	42,257.95
CASH		CASH INVESTMENTS		-289.27	1.00	-289.27
Account Total						\$465,139.44
<b>Investor Total</b>						<b>\$465,139.44</b>

# Schwab Performance Report

## Sample SPR - Advised

Report as of: 09/30/2016

### Disclosure:

#### IMPORTANT INFORMATION ABOUT THE SCHWAB PERFORMANCE REPORT (1215-7130)

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

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

For Schwab Private Client<sup>™</sup> portfolios with Schwab Models 3.0 target asset allocations from July 2014 to November 2014, the asset class benchmarks for US and international stocks have been changed. The benchmark for US Stocks has been changed from the Russell 3000<sup>®</sup> Index to the S&P US BMI Total Return Index. The benchmark for Int'l Stocks has been changed from the MSCI EAFE Index to the S&P Global Ex-US BMI Total Return Index.

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

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

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

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

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

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

It does not include information about any accounts that are held through Schwab Advisor Services or any account where Charles Schwab & Co. Inc., does not act as custodian. If you have any questions

# Schwab Performance Report

## Sample SPR - Advised

Report as of: 09/30/2016

about the Portfolios included in this Report, please contact your Schwab Representative.

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

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

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

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

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

Charles Schwab Investment Advisory, Inc ("CSIA"), Windhaven Investment Management, Inc. ("Windhaven"), ThomasPartners, Inc. ("ThomasPartners") and Charles Schwab Investment Management, Inc. ("CSIM") are affiliates of Schwab, and with respect to certain Managed Accounts, do exercise investment discretion over account assets. Windhaven and ThomasPartners are also available through Managed Account Connection ("Connection"). With respect to Managed Account Select ("Select") accounts, investment managers who are unaffiliated with Schwab exercise investment discretion over account assets and, with respect to accounts subject to "ERISA", serve as the investment manager to such accounts. You make all decisions with respect to the selection, monitoring and termination of managers appointed under Select and Connection.

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

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

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

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

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

# Schwab Performance Report

## Sample SPR - Advised

Report as of: 09/30/2016

You should review your financial goals, investment time horizon and overall risk periodically. If these factors change, your model allocation may also change and the existing model allocation may not adequately address your needs. For additional information on other Schwab asset allocation models, please contact your Schwab Representative. Performance information obtained from sources other than this Report may differ from those contained in the Report. These differences may be due to different methods of analysis, different pricing sources, treatment of accrued income or different accounting procedures. For example, some less actively traded fixed income securities may be priced utilizing a yield based matrix system, which may vary among pricing sources.

### Key terms used in report:

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

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

**One, Three, and Five Year (\$) Performance:** Performance is displayed for all Portfolios over a rolling time period.

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

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

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

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

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

**Company Stocks:** Includes domestic stocks of companies with a market capitalization equal to or greater than \$9.1 billion; mutual funds with a Morningstar category of Large Cap and certain exchange traded funds, closed end funds, unit investment trusts, real estate investment trusts, etc. **Small Cap Equity / Small Company Stocks:** Includes domestic stocks of companies with a market capitalization less than \$9.1 billion; mutual funds with a Morningstar category of Small or Mid Cap and certain exchange traded funds, closed end funds, unit investment trusts, real estate investment trusts, etc.

**International Equity:** includes stocks of non-domestic companies, American Depository Receipts, Foreign Ordinaries, international and world mutual funds, etc. **International Developed Market Stocks:** includes stocks of companies from high-income economies outside of North America with stock markets that meet certain criteria for quality, depth, and breadth. Examples of developed countries include most countries in Western Europe, Japan, New Zealand, and Israel. **International Emerging Market Stocks:** includes stocks of companies from nations in the process of rapid growth and industrialization. Examples of emerging markets include China, India, some countries in Latin America, most countries in Eastern Europe, and Russia. **Master Limited Partnerships:** A publically traded type of limited partnerships consisting of limited partners and general partners. **Real Estate:** includes Real Estate Investment Trusts (REITs) or exchange traded corporations that use the pooled capital of many investors to purchase and manage income properties.

**Fixed Income:** Includes bonds, floating rate notes, preferred stocks, certain unit investment trust, closed end funds, bond mutual funds, etc. **Aggressive Income:** includes bonds that are rated below investment grade (BB+ or lower by S&P) at the time of purchase. These bonds have a higher risk of default, but typically pay higher yields than bonds with higher credit quality. **Core Bonds:** includes bonds issued by the U.S. Treasury, U.S. government agencies, and domestic investment grade corporations. Securities backed by a pool of mortgages, such as those issued by Ginnie Mae and Freddie Mac are also included in this asset category. **US Inflation Protected Bonds:** includes Treasury securities whose par value rises with the Consumer Price Index in order to protect investors from the negative effects of inflation. **International Bonds & Currencies:** includes international fixed income and currency-related securities, including TIPS, Emerging Market Bonds, International Treasuries, and currency ETFs.

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

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

**Cash & Cash Investments:** includes money market funds, cash, the Schwab Value Advantage fund, CDs, commercial paper, etc.

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

**Model Allocation Benchmark/Portfolio Benchmark:** The performance figures for the model allocation benchmark are weighted averages of the performance of the indices used to represent each asset class in the model allocation benchmark. The model allocation benchmark is calculated and re-balanced to the model allocation weightings on a monthly basis. All returns assume reinvestment of hypothetical dividends, interest, and capital gains but do not reflect adjustment for transaction, advisory or other costs that may have been incurred if this were an actual portfolio or account. Returns are not based on the performance of specific investments, do not reflect actual trading, and thus do not reflect how an actual portfolio of securities comprising the applicable indices would have performed. In addition, many other considerations such as market conditions, liquidity, risk tolerance and investment objectives could influence actual trading. Past performance is neither a guarantee nor an indication of future performance.

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

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

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

The CSIM Large-Company Core Portfolio strategy changed its underlying benchmark from the Dow Jones U.S. Total Stock Market Index to the S&P 500 on January 31, 2014

Managed Account Select strategies with an all cap investment style (including all cap core, all cap growth and all cap value) may be presented as large cap or small cap in the holdings report and asset class performance report. Additionally, Managed Account Select strategies with a mid cap investment style (including mid cap core, mid cap growth and mid cap value) are presented as small cap in the holdings report and asset class performance report. The designation of an all cap investment strategy as large cap or small cap and the designation of a mid cap investment strategy as small cap should not be construed to mean that the strategy has a large cap or small cap tilt.

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

The indices that may be used in this report include:

**Barclays US Floating Rate Notes Index:** The index measures the performance of U.S. dollar-denominated, investment grade floating rate notes. Securities in the index have a remaining maturity of greater than or equal to one month and less than five years.

**Barclays Emerging Market Bonds Index:** a flagship hard currency Emerging Markets debt benchmark that includes fixed and floating-rate US dollar-denominated debt issued from sovereign, quasi-sovereign, and corporate EM issuers. Country eligibility and classification as Emerging Markets is rules-based and reviewed annually using World Bank income group and International Monetary Fund (IMF) country classifications.

**Barclays Global Aggregate ex-USD Index:** An unmanaged index that provides a broad-based measure of the international investment-grade fixed-rate debt markets.

**Barclays Short Treasury 1-3 Month Index:** Includes all publicly issued zero-coupon U.S. Treasury Bills that have a remaining maturity of less than 3 months and more than 1 month, are rated investment grade, and have \$250 million or more of outstanding face value. In addition, the securities must be denominated in U.S. dollars and must be fixed rate and non convertible.

**Barclays Short Treasury Index:** A market capitalization-weighted index that includes all publicly issued United States Treasury securities with a remaining maturity of between 1 and 12 months, and have more than \$250 million or more of outstanding face value. In addition, the securities must be denominated in United States dollars, and must be fixed-rate and non-convertible securities. Excluded from the Index are certain special issues, such as flower bonds, targeted investor notes, and state and local government series bonds (SLG5), and coupon issues that have been stripped from assets that are already included in the Index.

**Barclays U.S. Aggregate Bond Index:** Includes fixed rate debt issues rated investment grade or higher by Moody's Investors Service, Standard and Poor's, or Fitch Investor's Service. All issues must have at least 1 year left to maturity and have an outstanding par value of at least \$250 million. The U.S. Aggregate Index covers the USD-denominated, investment-grade, fixed-rate, taxable bond market of SEC-registered securities. The index includes bonds from the Treasury, Government-Related, Corporate, Mortgage-Backed Securities (agency fixed-rate and hybrid ARM pass-throughs), Asset-Backed Securities, and Commercial Mortgage-Backed Securities sectors.

**Barclays U.S. Intermediate Government / Credit Bond Index:** A subset of the Barclays U.S. Government / Credit Bond Index, with securities limited in maturity to a period of 1-10 years. The Government/Credit Index includes Treasuries (i.e., public obligations of the U.S. Treasury that have remaining maturities of more than one year), Government-Related issues (i.e., agency, sovereign, supranational, and local authority debt), and Corporates.

**Barclays U.S. Government/Credit 1-5 Year Bond Index :** A subset of the Barclays U.S. Government / Credit Bond Index, with securities limited in maturity to a period of 1-5 years. The Government/Credit Index includes Treasuries (i.e., public obligations of the U.S. Treasury that have remaining maturities of more than one year), Government-Related issues (i.e., agency, sovereign, supranational, and local authority debt), and Corporates.

**Barclays 1 Year Municipal Bond Index:** Comprised of investment grade, fixed rate municipal securities issued after 01/01/91 with greater than \$7 million in principal outstanding issued as part of a transaction of at least \$75 million and maturing in 1 to 2 years. The index is market value weighted.

**Barclays 5 Year Municipal Bond Index:** Comprised of investment grade, fixed rate municipal securities issued after 01/01/91 with greater than \$7 million in principal outstanding issued as part of a transaction of at least \$75 million and maturing in 4 to 6 years. The index is market value weighted.

**Barclays 7 Year Municipal Bond Index:** Comprised of investment grade, fixed rate municipal securities issued after 01/01/91 with greater than \$7 million in principal outstanding issued as part of a transaction of at least \$75 million and maturing in 6 to 8 years. The index is market value weighted.

**Barclays 10 Year Municipal Bond Index:** Comprised of investment grade, fixed rate municipal securities issued after 01/01/91 with greater than \$7 million in principal outstanding issued as part of a transaction of at least \$75 million and maturing in 8 to 12 years. The index is market value weighted.

**Barclays U.S. Municipal Bond Index:** The Barclays Municipal Bond Index is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market. The index has four main sectors: general obligation bonds, revenue bonds, insured bonds (including all insured bonds with a Aaa/AAA rating), and prerefunded bonds. Most of the index has historical data to January 1980. In addition, subindices have been created based on maturity, state, sector, quality, and revenue source, with inception dates later than January 1980.

**Barclays U.S. Corporate Investment Grade Index:** The U.S. Corporate Investment Grade Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate, taxable corporate bond market. It includes USD-denominated securities publicly issued by U.S. and non-U.S. industrial, utility, and financial issuers that meet specified maturity, liquidity, and quality requirements. The U.S. Corporate Investment Grade Index rolls up to other Barclays flagship indices, such as the U.S. Aggregate and the multi-currency Global Aggregate Index. The U.S. Corporate Investment Grade Index was incepted January 1, 1973.

**Barclays U.S. Corporate Baa Index:** Also known as the Barclays U.S. Corporate BBB Index, it is a component of the Barclays U.S. Aggregate Index and includes corporate fixed rate debt issues rated investment grade by Moody's Investors Service, Standard and Poor's, or Fitch Investor's Service. All issues must have at least 1 year left to maturity and have an outstanding par value of at least \$250 million. The Barclays U.S. Corporate BBB Index covers the U.S. denominated, investment-grade, fixed-rate, taxable bond market of SEC-registered securities.

**Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index (Series-L) :** A part of the Barclays family of global inflation-linked bond indices, the Barclays US Government Inflation-linked bond index (US TIPS) measures the performance of the TIPS market. TIPS form the largest component of the Barclays Global Inflation-Linked Bond Index. Inflation-linked indices include only capital indexed bonds with a remaining maturity of one year or more.

**Barclays U.S. High-Yield Very Liquid (VLI) Index :** Measures the market of U.S. dollar-denominated, non-investment grade, fixed-rate, taxable corporate bonds. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. The U.S. Corporate High-Yield Index was created in 1986, with history backfilled to July 1, 1983, and rolls up into the Barclays U.S. Universal and Global High-Yield Indices.

The Barclays U.S. Aggregate Bond Index, Barclays U.S. Commercial Mortgage-Backed Securities Index, Barclays U.S. Asset-Backed Securities Index, Barclays U.S. Mortgage-Backed Securities Index, Barclays U.S. Government/Credit Bond Index, Barclays U.S. Intermediate Government / Credit Bond Index, Barclays U.S. Government / Credit 1-5 Yr. Bond Index, Barclays 1,5,7,10 Year Municipal Bond Indexes, Barclays U.S. Municipal Bond Index, Barclays U.S. Corporate Investment Grade Index, Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index (Series-L), and Barclays U.S. High-Yield Very Liquid (VLI) Index are trademarks of, and proprietary to, Barclays, Inc. or its affiliates.

**Citigroup World Government Bond Index Non-USD :** The index is a market capitalization weighted bond index consisting of the government bond markets of 23 countries, excluding U.S. Bonds.

Eligibility for inclusion is based upon market size, credit quality, and low barriers to entry. The index is published by Citigroup Index LLC.

**Citigroup World Government Bond UnHedged Index:** The index is a market capitalization weighted bond index consisting of the government bond markets of 23 countries. Eligibility for inclusion is based upon market size, credit quality, and low barriers to entry. The index is published by Citigroup Index LLC.

**Citigroup 3-month U.S. Treasury Bill Index :** This index measures the total return equivalent of 3-month U.S. Treasury securities. The index consists of the last three 3-month Treasury bill issues, based on the month-end rate. Returns for the index are calculated on a monthly basis only. The index is published by Citigroup Index LLC.

The Citigroup 3-month U.S. Treasury Bill Index and the Citigroup World Government Bond Index are copyright 2012, Citigroup Index LLC ("Citi Index"). All rights reserved. "Citigroup" is a registered trademark and service mark of Citigroup Inc. or its affiliates, and is used and registered throughout the world. Citi Index data and information is the property of Citi Index or its licensors, and reproduction in any form is prohibited except with the prior written permission of Citi Index. Because of the possibility of human or mechanical error, Citi Index does not guarantee the accuracy, adequacy, timeliness, completeness or availability of any data and information and is not responsible for any errors or omissions or for the results obtained from the use of such data and information. CITI INDEX GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall Citi Index be liable for damages of any kind in connection with any use of the Citi Index data and information.

**DBIQ Optimum Yield Diversified Commodity Index:** The index aims to represent the performance of the commodity market. It invests in futures contracts which track fourteen underlying commodities: Aluminum, Brent Crude, Copper-Grade A, Corn, Gold, Heating oil, Sweet Light Crude Oil (WTI), Natural Gas, RBOB Gasoline, Silver, Soybeans, Sugar, Wheat and Zinc. The weights are fixed on an annual basis and have been designed to be broadly representative of the commodity markets. The index is published by Deutsche Bank AG.

**Dow Jones U.S. Large-Cap Total Stock Market Index :** The index is a subset of the Dow Jones U.S. Total Stock Market Index, which measures all U.S. equity securities with readily available prices. It represents the largest 750 stocks traded on U.S. exchanges, is float market cap weighted, and is quoted in U.S. dollars. The index is a trademark of, and proprietary to, Dow Jones & Company, Inc.

**Dow Jones U.S. Small-Cap Total Stock Market Index :** The index is a subset of the Dow Jones U.S. Total Stock Market Index, which measures all U.S. equity securities with readily available prices. It represents the largest 1,750 stocks traded on U.S. exchanges, after the top 750. It is float market cap weighted, and quoted in U.S. dollars. The index is a trademark of, and proprietary to, Dow Jones & Company, Inc.

**Dow Jones U.S. Select REIT Index:** The index measures U.S. REITs and REIT-like securities. It screens for market cap, liquidity and percentage of revenue derived from ownership and operation of real estate securities. It is float market cap weighted and quoted in U.S. dollars. The index is a trademark of, and proprietary to, Dow Jones & Company, Inc.

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

licensed for certain use by Charles Schwab Investment Advisory, Inc. S&P® is a trademark of Standard & Poor's Financial Services LLC, Dow Jones® is a trademark of Dow Jones Trademark Holdings LLC and "UBS" is a trademark of UBS AG, and have been licensed for use.

**FTSE Developed All Cap ex-US Liquid Index Net :** FTSE Developed All Cap ex-US Liquid Index Net is a market-capitalization weighted index representing the performance of large, mid and small cap stocks in developed markets (excluding US stocks) and is suitable as the basis for investment products, such as funds, derivatives and exchange-traded funds.

**FTSE Emerging Index:** FTSE Emerging Markets indices are part of the FTSE Global Equity Index Series (GEIS). The series includes large and mid cap securities from advanced and secondary emerging markets, classified in accordance with FTSE's transparent Country Classification Review Process. The FTSE Emerging Index provides investors with a comprehensive means of measuring the performance of the most liquid companies in the emerging markets.

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

**Bank of America Merrill Lynch Preferred Stock Fixed Rate Index:** Consists of fixed rate U.S. dollar denominated preferred securities and fixed-to-floating rate securities that are callable prior to the floating rate period and are at least one year from the start of the floating rate period. Securities must be rated investment grade including the country of risk and must be issued as public securities or 144a filing and a minimum outstanding of \$100 million. The index includes perpetual preferred securities, American Depository Shares/Receipts (ADS/R), domestic and Yankee trust preferred securities having a minimum remaining term of at least one year, both DRD-eligible and non-DRD eligible preferred stock and senior debt.

**MSCI EAFE Index:** A free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US and Canada.

**MSCI EAFE Small Cap Index:** The index captures small cap representation across Developed Markets countries around the world, excluding the US and Canada. The index covers approximately 14% of the free float-adjusted market capitalization in each country.

**MSCI All World Country Index (ACWI):** A free float-adjusted market capitalization index that is designed to capture equity market representation across 24 Developed and 21 Emerging Markets countries, covering approximately 85% of the global investable equity opportunity set.

**MSCI US REIT Index:** A free float-adjusted market capitalization weighted index that is comprised of equity Real Estate Investment Trusts (REITs) that are included in the MSCI US Investable Market

2500 Index, with the exception of specialty equity REITs that do not generate a majority of their revenue and income from real estate rental and leasing operations. The index represents approximately 85% of the U.S. REIT universe. The MSCI US REIT Index and the MSCI U.S. Investable Market 2500 Index are trademarks of, and proprietary to, MSCI Inc. and its affiliates. The source for MSCI EAFE Net Return Index, MSCI EAFE Small Cap Net Return Index and MSCI Emerging Markets Index is MSCI (www.msci.com). The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages.

**Russell 1000® Index:** Measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000® Index and includes approximately 1,000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 represents approximately 90% of the U.S. market.

**NASDAQ US Broad Dividend Achievers Index:** Comprised of US accepted securities with at least ten consecutive years of increasing annual regular dividend payments.

**Russell 1000® Growth Index:** Measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

**Russell 1000® Value Index:** Measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values.

**Russell 2000® Index:** Measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000® Index representing approximately 8% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership.

**Russell 2000® Growth Index:** Measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.

**Russell 2000® Value Index:** Measures the performance of small-cap value segment of the U.S. equity universe. It includes those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

**Russell 2500™ Index:** Measures the performance of the small to mid-cap segment of the U.S. equity universe, commonly referred to as "smid" cap. The Russell 2500 Index is a subset of the Russell 3000® Index. It includes approximately 2,500 of the smallest securities based on a combination of their market cap and current index membership.

**Russell 2500™ Growth Index:** Measures the performance of the small to mid-cap growth segment of the U.S. equity universe. It includes those Russell 2500 companies with higher price-to-book ratios and higher forecasted growth values.

**Russell 3000® Index:** Measures the performance of the largest 3000 U.S. companies, representing approximately 98% of the investable U.S. equity market.

**Russell 3000® Growth Index:** Measures the performance of the broad growth segment of the U.S. equity universe. It includes those Russell 3000 companies with higher price-to-book ratios and higher forecasted growth values.

**Russell 3000® Value Index:** Measures the performance of the broad value segment of the U.S. equity universe. It includes those Russell 3000 companies with lower price-to-book ratios and lower forecasted growth values.

**Russell Midcap® Index:** Measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap Index is a subset of the Russell 1000® Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap Index represents approximately 27% of the total market capitalization of the Russell 1000 companies.

**Russell Midcap® Growth Index:** Measures the performance of the mid-cap growth segment of the U.S. equity universe. It includes those Russell Midcap Index companies with higher price-to-book ratios and higher forecasted growth values.

**Russell Midcap® Value Index:** Measures the performance of the mid-cap value segment of the U.S. equity universe. It includes those Russell Midcap Index companies with lower price-to-book ratios and lower forecasted growth values.

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

**S&P GSCI® Index:** World production-weighted commodity index which includes energy, industrial metals, precious metals, agricultural and livestock futures contracts. S&P GSCI is a registered



trademark of Standard & Poor's Financial Services LLC.

**S&P 500® Index:** Standard & Poor's market-capitalization weighted index focuses on the large-cap segment of the U.S. equities market. It consists of 500 widely traded stocks that are chosen for market size, liquidity, and industry group representation. S&P 500 is a registered trademark of, and proprietary to, S&P Dow Jones LLC. The S&P 500, S&P Global REIT, S&P GSCI Agriculture Index, S&P GSCI Precious Metals Index, S&P GSCI Industrial Metals Index, S&P GSCI Energy Index, S&P GSCI Index, S&P GSCI Index, S&P United States BMI Total Return Index, S&P Global Ex-US BMI Total Return Index, S&P Global Property Index, and S&P US REIT Index are products of S&P Dow Jones Indices LLC and/or affiliates and have been licensed for use by Charles Schwab & Co. Copyright© 2014 by S&P Dow Jones Indices LLC, a subsidiary of McGraw Hill Finance, Inc. All rights reserved. Redistribution or reproduction in whole or in part is prohibited without written permission of S&P Dow Jones Indices LLC.

### HOLDING BY INVESTOR PAGE(S) INFORMATION

In reports generated prior to 7/1/2010 the market values for each fixed income security position did not include the accrued income for the reporting period. Accrued income was listed as a separate line item in the report. After 7/1/2010 each fixed income position includes the market value plus the accrued income for the period.

This Report displays options as the underlying shares represented; the SPS displays the number of contracts held.

Mortgage/Asset Backed Securities on Performance Reports display the unit price multiplied by the pay down factor. The SPS displays the unit price without the pay down factor. The price is only for display purposes and, in both cases the resulting market value is the same and reflects the pay down factor.

This Report rounds all prices to two decimal places while SPS displays five decimal places. The SPS should be used as the definitive source for prices.

Pie chart slices labeled as "other" may include securities classified as "other" by the provider of asset classification data, as well as securities that did not fit in the other slices displayed.

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

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

<sup>6</sup> The return for this holding represents a partial period relative to the report period requested on the report. At some time during the reporting period, the holding was not in the portfolio. The partial period asset will affect the total account's rate of return.

<sup>14</sup> No data found on which to make ROR calculations.

<sup>36</sup> The risk calculation was not performed as it was a partial period.

<sup>42</sup> A reconciliation transaction was added to Net Contributions to compensate for balance differences between the old reporting system and this report. This transaction does not impact the portfolio return.

<sup>45</sup> The transaction details associated with this return could not be calculated because transactional data was not available for the entire period.

### PORTFOLIO RISK AND RETURN PAGE(S) INFORMATION

Definition of Key Terms Used in the Report:

**Risk - (Standard Deviation (%)):** Calculated as the Standard Deviation of monthly returns for the entity (Account, Manager or Portfolio).

**Standard Deviation (%):** A measure of the dispersion of a set of data from its mean. The more spread apart the data, the higher the deviation. Standard deviation is calculated as the square root of

variance.

### PORTFOLIO PERFORMANCE PAGE(S) INFORMATION

Definitions of Key Terms Used in the report:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### Discrepancies with other Reporting Products

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

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