SCHWAB CAPITAL TRUST

SCHWAB INVESTMENTS

LAUDUS TRUST

(all series)

Supplement dated April 12, 2021 to all currently effective
Statutory Prospectuses and Statements of Additional Information (SAI) for each series (each a fund and collectively, the funds) of the aforementioned Trusts noted above

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This supplement provides new and additional information beyond that contained in the Statutory Prospectuses and SAIs, as applicable, and should be read in conjunction with the Statutory Prospectuses and SAIs.

The Board of Trustees of the Trusts approved the appointment of BNY Mellon Investment Servicing (US) Inc. as the transfer agent to the funds (Transfer Agent) to replace DST Asset Manager Solutions, Inc., the funds' previous Transfer Agent. Accordingly, effective on or about April 16, 2021, the following changes are made to each Statutory Prospectus and SAI:

1. *<u>Statutory Prospectus – Under the "Purchase and Sale of Fund Shares" section of each fund:</u> The second paragraph and its bullet points are deleted and replaced in their entirety with the following:*

    Investors may only invest in the fund through an account at Charles Schwab & Co., Inc. (Schwab) or another financial intermediary. When you place orders to purchase, exchange or redeem fund shares through an account at Schwab or another financial intermediary, you must follow Schwab's or the other financial intermediary's transaction procedures.

2. *<u>Statutory Prospectus – Under "Investing Directly with the Funds:"</u> The section titled "Investor Eligibility Requirements for Placing Direct Orders" is deleted and replaced in its entirety with the following:*

    Placing Direct Orders

    Investors generally may not purchase shares directly from the funds' transfer agent, BNY Mellon Investment Servicing (US) Inc. The funds reserve the right to accept direct purchases from certain eligible shareholders (Eligible Shareholders) and to suspend the privilege of directly purchasing additional shares of the funds at any time.

    Financial intermediaries and Eligible Shareholders may contact the transfer agent by telephone at 1-877-332-2371.

3. *<u>Statutory Prospectus – Under "Investing Directly with the Funds:"</u> The sections titled "Additional Direct Purchases by Wire," "Additional Direct Purchases by Mail," "Direct Redemptions and Exchanges," "Direct Redemptions by Telephone," "Direct Redemptions by Mail," "Additional Direct Redemption Information," "Direct Exchange Privileges," "Direct Exchanges by Telephone," and "Direct Exchanges by Mail" are deleted in their entirety.*

4. *<u>Statutory Prospectus — Under "Additional Policies Affecting Your Investment:"</u> The section titled "Options for Fund Distributions" is deleted and replaced in its entirety with the following:*

   Options for Fund Distributions

   Choose an option for fund distributions. When placing orders through an intermediary, you will select from the options for fund distributions provided by your intermediary. You should consult with your financial intermediary to discuss available options.

5. *<u>SAI — Under "Investment Advisory and Other Services:"</u> The section titled "Transfer Agent" is deleted and replaced in its entirety with the following:*

   Transfer Agent

   BNY Mellon Investment Servicing (US) Inc., 4400 Computer Drive, Westborough, MA 01581, serves as the funds' transfer agent. As part of these services, the firm maintains records pertaining to the sale, redemption and transfer of the funds' shares.

PLEASE RETAIN THIS SUPPLEMENT FOR FUTURE REFERENCE

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Prospectus | February 25, 2021

charles SCHWAB Investment Management

Schwab Funds®

Schwab MarketTrack Portfolios®

Schwab MarketTrack All Equity Portfolio™	**SWEGX**
Schwab MarketTrack Growth Portfolio™	**SWHGX**
Schwab MarketTrack Balanced Portfolio™	**SWBGX**
Schwab MarketTrack Conservative Portfolio™	**SWCGX**

As with all mutual funds, the Securities and Exchange Commission (SEC) has not approved these securities or passed on whether the information in this prospectus is adequate and accurate. Anyone who indicates otherwise is committing a federal crime.

Schwab MarketTrack Portfolios

Schwab MarketTrack All Equity Portfolio™

Ticker Symbol: SWEGX

Investment Objective

The fund seeks high capital growth through an all-stock portfolio.

Fund Fees and Expenses

This table describes the fees and expenses you may pay if you buy, hold and sell shares of the fund. You may pay other fees, such as brokerage commissions and other fees to financial intermediaries, which are not reflected in the table and Example below.

Shareholder Fees (fees paid directly from your investment)	
	None
Annual Fund Operating Expenses (expenses that you pay each year as a % of the value of your investment)	
Management fees	0.13
Distribution (12b-1) fees	None
Other expenses	0.27
Acquired fund fees and expenses (AFFE)[1]	0.13
Total annual fund operating expenses (including AFFE)	**0.53**

(1) AFFE reflect fees and expenses incurred indirectly by the fund through its investments in the underlying funds. The total annual fund operating expenses in the fee table may differ from the expense ratios in the fund's "Financial Highlights" that include only the fund's direct operating expenses and not AFFE.

Example

This example is intended to help you compare the cost of investing in the fund with the cost of investing in other funds. The example assumes that you invest $10,000 in the fund for the time periods indicated and then redeem all of your shares at the end of those time periods. The example also assumes that your investment has a 5% return each year and that the fund's operating expenses remain the same. The figures are based on total annual fund operating expenses (including AFFE) after any expense reduction. Your actual costs may be higher or lower.

Expenses on a $10,000 Investment

1 Year	3 Years	5 Years	10 Years
$54	$170	$296	$665

Portfolio Turnover

The fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover may indicate higher transaction costs and may result in higher taxes when fund shares are held in a taxable account. These costs, which are not reflected in the annual fund operating expenses or in the example, affect the fund's performance. During the most recent fiscal year, the fund's portfolio turnover rate was 18% of the average value of its portfolio.

Principal Investment Strategies

To pursue its goal, the fund maintains a defined asset allocation. The fund's target allocation is 100% in stock investments, with certain percentages for different segments of the stock market. It is the fund's policy that, under normal circumstances, it will invest at least 80% of its net assets (including, for this purpose, any borrowings for investment purposes) in stock investments; typically the actual percentage is considerably higher.

The fund seeks to remain close to the target equity allocations of approximately 50% for U.S. large-cap, 15% for U.S. small-cap, 20% for developed international large-cap, 5% for developed international small-cap, and 5% for emerging markets. In addition, the fund seeks to maintain a target allocation to real estate securities of 5%. Because the fund keeps a small portion of its assets in cash for business operations, the fund's actual investments will typically be slightly less than 100% in stock funds.

The fund invests mainly in other affiliated Schwab Funds, including Schwab index funds and exchange-traded funds (ETFs) (underlying funds), which use a variety of indexing strategies. These underlying funds seek to track or replicate the total returns of various stock market indices. They typically invest in the stocks included in the index they are tracking or replicating, and generally give each stock the same weight as the index does. However, in certain circumstances it may not be possible or practicable for the underlying fund to invest in all of the stocks comprising an index or in proportion to their weightings in an index and it is possible that the investment adviser may utilize instead a "sampling" methodology in seeking to achieve the underlying fund's objective.

Within the equity allocation, the portfolio managers may allocate the fund's investments among underlying funds that track indices based on market capitalization as well as funds that track Russell RAFI™ Indexes based on the "Fundamental Index" methodology. The Russell RAFI™ Index Series selects and weights stocks according to fundamental measures of company size: adjusted sales, retained operating cash flow, and dividends plus buybacks.

The underlying funds may invest in derivatives and lend their securities to minimize the gap in performance that naturally exists between any index fund and its corresponding index. Each underlying fund focuses on a different segment of the stock market.

The portfolio managers monitor the fund's holdings and cash flow and manages them as needed in order to maintain the fund's target allocation. The manager will permit modest deviations from the target allocation for certain periods of time, in order to reduce transaction costs.

The fund intends to invest in a combination of underlying funds; however, the fund may invest directly in individual securities consistent with the fund's investment strategy. For temporary defensive purposes during unusual economic or market conditions or for liquidity purposes, the fund may invest up to 100% of its assets directly in cash, money market instruments, repurchase agreements and other short-term obligations. When the fund engages in such activities, it may not achieve its investment objective. The fund also may lend portfolio securities to earn additional income. Any income realized through securities lending may help fund performance.

Principal Risks

The fund is subject to risks, any of which could cause an investor to lose money. The fund's principal risks include:

Asset Allocation Risk. The fund is subject to the risk that the selection of the underlying funds and the allocation of the fund's assets among the various asset classes and market segments may cause the fund to underperform other funds with a similar investment objective.

Conflicts of Interest Risk. The investment adviser's authority to select and substitute underlying funds from a variety of affiliated and unaffiliated mutual funds and ETFs may create a conflict of interest because the fees paid to it and its affiliates by some underlying funds are higher than the fees paid by other underlying funds. The investment adviser also may have an incentive to select an affiliated underlying fund for other reasons, including to increase assets under management or to support new investment strategies. In addition, other conflicts of interest may exist where the best interests of the affiliated underlying fund may not be aligned with those of the fund. However, the investment adviser is a fiduciary to the fund and is legally obligated to act in the fund's best interests when selecting underlying funds.

Market Risk. Financial markets rise and fall in response to a variety of factors, sometimes rapidly and unpredictably. Markets may be impacted by economic, political, regulatory and other conditions, including economic sanctions and other government actions. In addition, the occurrence of global events, such as war, terrorism, environmental disasters, natural disasters and epidemics, may also negatively affect the financial markets. As with any investment whose performance is tied to these markets, the value of an investment in the fund will fluctuate, which means that an investor could lose money over short or long periods.

Exchange-Traded Fund (ETF) Risk. When the fund invests in an ETF, it will bear a proportionate share of the ETF's expenses. In addition, lack of liquidity in the market for an ETF's shares can result in its value being more volatile than the underlying portfolio of securities.

Direct Investment Risk. The fund may invest directly in cash, cash equivalents and equity and fixed-income securities, including money market securities, to maintain its allocations. The fund's direct investment in these securities is subject to the same or similar risks as an underlying fund's investment in the same securities.

Securities Lending Risk. Securities lending involves the risk of loss of rights in, or delay in recovery of, the loaned securities if the borrower fails to return the security loaned or becomes insolvent.

Underlying Fund Investment Risk. Before investing in the fund, investors should assess the risks associated with the underlying funds in which the fund may invest, which include any combination of the risks described below.

- ***Investment Risk.*** The fund may experience losses with respect to its investment in an underlying fund. Further, there is no guarantee that an underlying fund will be able to achieve its objective.
- ***Investment Style Risk.*** Certain underlying funds seek to track the performance of various segments of the stock market, as measured by their respective indices. Such underlying funds follow these stocks during upturns as well as downturns. Because of their indexing strategy, these underlying funds do not take steps to reduce market exposure or to lessen the effects of a declining market. In addition, because of an underlying fund's expenses, the underlying fund's performance is normally below that of the index. Errors relating to an index may occur from time to time and may not be identified by the underlying fund's index provider for a period time. In addition, market disruptions could cause delays in an underlying fund's index's rebalancing schedule. Such errors and/or market disruptions may result in losses for an underlying fund.
- ***Tracking Error Risk.*** Each underlying index fund seeks to track the performance of its respective index, although it may not be successful in doing so. The divergence between the performance of an underlying fund and its index, positive or negative, is called "tracking error." Tracking error can be caused by many factors and it may be significant. If an underlying fund utilizes a sampling approach, it may not track the return of the index as well as it would if the underlying fund purchased all of the securities in the index.
- ***Equity Risk.*** The prices of equity securities rise and fall daily. These price movements may result from factors affecting individual companies, industries or the securities market as a whole. In addition, equity markets tend to move in cycles, which may cause stock prices to fall over short or extended periods of time.
- ***Market Capitalization Risk.*** Securities issued by companies of different market capitalizations tend to go in and out of favor based on market and economic conditions. During a period when securities of a particular market capitalization fall behind other types of investments, an underlying fund's performance could be impacted.
- ***Real Estate Investment Risk.*** An underlying fund that has a policy of concentrating its investments in real estate companies and companies related to the real estate industry is subject to risks associated with the direct ownership of real estate securities. These risks include, among others, declines in the value of real estate; risks related to general and local economic conditions; possible lack of availability of mortgage funds or other limits to accessing the credit or capital markets; defaults by borrowers or tenants, particularly during an economic downturn; and changes in interest rates.
- ***Money Market Fund Risk.*** The fund may invest in underlying money market funds that either seek to maintain a stable $1.00 net asset value ("stable share price money market funds") or

that have a share price that fluctuates ("variable share price money market funds"). Although an underlying stable share price money market fund seeks to maintain a stable $1.00 net asset value, it is possible to lose money by investing in such a money market fund. Because the share price of an underlying variable share price money market fund will fluctuate, when the fund sells the shares it owns they may be worth more or less than what the fund originally paid for them. In addition, neither type of money market fund is designed to offer capital appreciation. Certain underlying money market funds may impose a fee upon the sale of shares or may temporarily suspend the ability to sell shares if such fund's liquidity falls below required minimums.

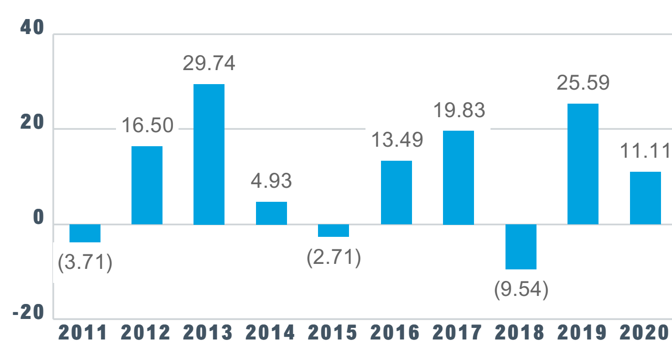
- ***Concentration Risk.*** To the extent that an underlying fund's or the index's portfolio is concentrated in the securities of issuers in a particular market, industry, group of industries, sector, country or asset class, the underlying fund may be adversely affected by the performance of those securities, may be subject to increased price volatility and may be more vulnerable to adverse economic, market, political or regulatory occurrences affecting that market, industry, group of industries, sector, country or asset class.
- ***Foreign Investment Risk.*** An underlying fund's investments in securities of foreign issuers involve certain risks that may be greater than those associated with investments in securities of U.S. issuers. These include risks of adverse changes in foreign economic, political, regulatory and other conditions; changes in currency exchange rates or exchange control regulations (including limitations on currency movements and exchanges); the imposition of economic sanctions or other government restrictions; differing accounting, auditing, financial reporting and legal standards and practices; differing securities market structures; and higher transaction costs. These risks may negatively impact the value or liquidity of an underlying fund's investments, and could impair the underlying fund's ability to meet its investment objective or invest in accordance with its investment strategy. There is a risk that investments in securities denominated in, and/or receiving revenues in, foreign currencies will decline in value relative to the U.S. dollar.
- ***Emerging Markets Risk.*** Emerging market countries may be more likely to experience political turmoil or rapid changes in market or economic conditions than more developed countries. Emerging market countries often have less uniformity in accounting, auditing, financial reporting and recordkeeping requirements and greater risk associated with the custody of securities. In addition, the financial stability of issuers (including governments) in emerging market countries may be more precarious than in developed countries. As a result, there may be an increased risk of illiquidity and price volatility associated with an underlying fund's investments in emerging market countries, which may be magnified by currency fluctuations relative to the U.S. dollar, and, at times, it may be difficult to value such investments.
- ***Derivatives Risk.*** An underlying fund's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. An underlying fund's use of derivatives could reduce the underlying fund's performance, increase volatility, and could cause the underlying fund to lose more than the initial amount invested. In addition, investments in derivatives may involve leverage, which means a small percentage of assets invested in derivatives can have a disproportionately large impact on an underlying fund. However, these risks are less severe when the underlying fund uses derivatives for hedging rather than to enhance the underlying fund's returns or as a substitute for a position or security.
- ***Leverage Risk.*** Certain underlying fund transactions, such as derivatives transactions, short sales, reverse repurchase agreements, and mortgage dollar rolls, may give rise to a form of leverage and may expose an underlying fund to greater risk. Leverage tends to magnify the effect of any decrease or increase in the value of an underlying fund's portfolio securities, which means even a small amount of leverage can have a disproportionately large impact on the underlying fund.
- ***Liquidity Risk.*** An underlying fund may be unable to sell certain securities, such as illiquid securities, readily at a favorable time or price, or the underlying fund may have to sell them at a loss.
- ***Portfolio Turnover Risk.*** Certain of the underlying funds may buy and sell portfolio securities actively. If they do, their portfolio turnover rate and transaction costs will rise, which may lower the underlying fund's performance and may increase the likelihood of capital gains distributions.

For more information on the risks of investing in the fund and the underlying funds, please see the "Fund Details" section in the prospectus.

Performance

The bar chart below shows how the fund's investment results have varied from year to year, and the following table shows how the fund's average annual total returns for various periods compared to that of a broad-based index and a composite index based on the fund's target allocation. This information provides some indication of the risks of investing in the fund. All figures assume distributions were reinvested. Keep in mind that future performance (both before and after taxes) may differ from past performance. For current performance information, please see **www.schwabfunds.com/schwabfunds_prospectus**.

Annual Total Returns (%) as of 12/31



Best Quarter: 19.08% Q2 2020
Worst Quarter: (24.96%) Q1 2020

Average Annual Total Returns as of 12/31/20	1 Year	5 Years	10 Years
Before taxes	11.11%	11.41%	9.82%
After taxes on distributions	9.51%	10.10%	8.73%
After taxes on distributions and sale of shares	7.86%	8.93%	7.85%
Comparative Indices (reflect no deduction for expenses or taxes)			
S&P 500® Index	18.40%	15.22%	13.88%
All Equity Composite Index[1]	11.47%	11.93%	10.40%

(1) The All Equity Composite Index is a custom blended index developed by Charles Schwab Investment Management, Inc. based on a comparable portfolio asset allocation. Effective July 1, 2020, the index is composed of 31.33% S&P 500 Index, 5.0% Russell 1000® Growth Index, 13.5% Russell RAFI US Large Company Index, 10.33% Russell 2000® Index, 4.5% Russell RAFI US Small Company Index, 13.83% MSCI EAFE Index (Net), 6.0% Russell RAFI Developed ex-US Large Company Index (Net), 5.0% Russell RAFI Developed ex-US Small Company Index (Net), 5.0% Russell RAFI Emerging Markets Large Company Index (Net), 5.0% Dow Jones Equity All REIT Capped Index and 0.5% Bloomberg Barclays US Treasury Bills 1-3 Month Index. From February 28, 2020 through June 30, 2020 the index was composed of 31.33% S&P 500 Index, 5.0% Russell 1000 Growth Index, 13.5% Russell RAFI US Large Company Index, 10.33% Russell 2000 Index, 4.5% Russell RAFI US Small Company Index, 13.83% MSCI EAFE Index (Net), 6.0% Russell RAFI Developed ex-US Large Company Index (Net), 5.0% Russell RAFI Developed ex-US Small Company Index (Net), 5.0% Russell RAFI Emerging Markets Large Company Index (Net), 5.0% Dow Jones U.S. Select REIT Index and 0.5% Bloomberg Barclays US Treasury Bills 1-3 Month Index. From December 1, 2014 through February 27, 2020 the index was comprised of 31.33% S&P 500 Index, 17.33% Russell 2000 Index, 13.50% Russell RAFI US Large Company Index, 7.50% Russell RAFI US Small Company Index, 13.83% MSCI EAFE Index (Net), 6.0% Russell RAFI Developed ex-US Large Company Index (Net), 5.0% Russell RAFI Developed ex-US Small Company Index (Net), 5.0% Russell RAFI Emerging Markets Large Company Index (Net) and 0.5% Bloomberg Barclays US Treasury Bills 1-3 Month Index. From March 1, 2014 through November 30, 2014, the index was comprised of 45.0% S&P 500 Index, 25.0% Russell 2000 Index and 30.0% MSCI EAFE Index (Net). On March 1, 2014, the combination of the S&P 500 Index and Russell 2000 Index replaced the Dow Jones U.S. Total Stock Market Index in the custom index. Prior to March 1, 2014, the index was comprised of 70.0% Dow Jones U.S. Total Stock Market Index and 30.0% MSCI EAFE Index (Net). Percentages listed may not total to 100% due to rounding. The components that make up the composite may vary over time.

The after-tax figures reflect the highest individual federal income tax rates in effect during the period and do not reflect the impact of state and local taxes. Your actual after-tax returns depend on your individual tax situation. In addition, after-tax returns are not relevant if you hold your fund shares through a tax-deferred arrangement, such as a 401(k) plan, an individual retirement account (IRA) or other tax-advantaged account.

Investment Adviser

Charles Schwab Investment Management, Inc.

Portfolio Managers

Zifan Tang, Ph.D., CFA, Senior Portfolio Manager, is responsible for the day-to-day co-management of the fund. She has managed the fund since 2012.

Patrick Kwok, CFA, Portfolio Manager, is responsible for the day-to-day co-management of the fund. He has managed the fund since 2019.

Purchase and Sale of Fund Shares

The fund is open for business each day that the New York Stock Exchange (NYSE) is open. If the NYSE is closed due to weather or other extenuating circumstances on a day it would typically be open for business, or the NYSE has an unscheduled early closing on a day it has opened for business, the fund reserves the right to treat such day as a business day and accept purchase and redemption orders and calculate its share price as of the normally scheduled close of regular trading on the NYSE for that day.

Investors may only invest in the fund through an account at Charles Schwab & Co., Inc. (Schwab) or another financial intermediary. When you place orders to purchase, exchange or redeem fund shares through an account at Schwab or another financial intermediary, you must follow Schwab's or the other financial intermediary's transaction procedures. Shareholders who previously purchased fund shares through the fund's transfer agent and continue to hold such shares directly through the fund's transfer agent may make additional purchases and place exchange and redemption orders through the fund's transfer agent by contacting the transfer agent by phone or in writing as noted below:

- by telephone at 1-800-407-0256; or
- by mail to DST Asset Manager Solutions, Inc., Attn: Schwab Funds, P.O. Box 219647, Kansas City, MO 64121-9647.

There is no minimum initial investment for the fund.

Tax Information

Dividends and capital gains distributions received from the fund will generally be taxable as ordinary income or capital gains, unless you are investing through an IRA, 401(k) or other tax-advantaged account (in which case you may be taxed later, upon withdrawal of your investment from such account).

Payments to Financial Intermediaries

If you purchase shares of the fund through a broker-dealer or other financial intermediary (such as a bank), the fund and its related companies may pay the intermediary for the sale of fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other financial intermediary and your salesperson to recommend the fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

Schwab MarketTrack Growth Portfolio™

Ticker Symbol: SWHGX

Investment Objective

The fund seeks high capital growth with less volatility than an all-stock portfolio.

Fund Fees and Expenses

This table describes the fees and expenses you may pay if you buy, hold and sell shares of the fund. You may pay other fees, such as brokerage commissions and other fees to financial intermediaries, which are not reflected in the table and Example below.

Shareholder Fees (fees paid directly from your investment)	
	None
Annual Fund Operating Expenses (expenses that you pay each year as a % of the value of your investment)	
Management fees	0.13
Distribution (12b-1) fees	None
Other expenses	0.27
Acquired fund fees and expenses (AFFE)[1]	0.11
Total annual fund operating expenses (including AFFE)	**0.51**

(1) AFFE reflect fees and expenses incurred indirectly by the fund through its investments in the underlying funds. The total annual fund operating expenses in the fee table may differ from the expense ratios in the fund's "Financial Highlights" that include only the fund's direct operating expenses and not AFFE.

Example

This example is intended to help you compare the cost of investing in the fund with the cost of investing in other funds. The example assumes that you invest $10,000 in the fund for the time periods indicated and then redeem all of your shares at the end of those time periods. The example also assumes that your investment has a 5% return each year and that the fund's operating expenses remain the same. The figures are based on total annual fund operating expenses (including AFFE) after any expense reduction. Your actual costs may be higher or lower.

Expenses on a $10,000 Investment

1 Year	3 Years	5 Years	10 Years
$52	$164	$285	$640

Portfolio Turnover

The fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover may indicate higher transaction costs and may result in higher taxes when fund shares are held in a taxable account. These costs, which are not reflected in the annual fund operating expenses or in the example, affect the fund's performance. During the most recent fiscal year, the fund's portfolio turnover rate was 19% of the average value of its portfolio.

Principal Investment Strategies

To pursue its goal, the fund maintains a defined asset allocation. The fund's target allocation includes stock, bond and cash investments.

The fund's allocation focuses on stock investments, while including some bonds and cash investments in seeking to reduce the fund's volatility. The fund seeks to remain close to the target allocations of approximately 80% equity, 16% fixed income and 4% cash and cash equivalents (including money market funds).

The equity allocation is further divided into six segments: approximately 43% of assets for U.S. large-cap, 13% for U.S. small-cap, 13% for developed international large-cap, 4% for real estate, 3% for developed international small-cap and 3% for emerging markets.

The fund invests mainly in other affiliated Schwab Funds, including Schwab index funds and exchange-traded funds (ETFs) (underlying funds), which use a variety of indexing strategies. These underlying funds seek to track or replicate the total returns of various market indices. They typically invest in the securities included in the index they are tracking or replicating, and generally give each security the same weight as the index does. However, in certain circumstances it may not be possible or practicable for the underlying fund to invest in all of the securities comprising an index or in proportion to their weightings in an index and it is possible that the investment adviser may utilize instead a "sampling" methodology in seeking to achieve the underlying fund's objective.

Within the equity allocation, the portfolio managers may allocate the fund's investments among underlying funds that track indices based on market capitalization as well as funds that track Russell RAFI™ Indexes based on the "Fundamental Index" methodology. The Russell RAFI™ Index Series selects and weights stocks according to fundamental measures of company size: adjusted sales, retained operating cash flow, and dividends plus buybacks.

The underlying funds may invest in derivatives and lend their securities to minimize the gap in performance that naturally exists between any index fund and its corresponding index. Each underlying fund focuses on a different market segment.

The portfolio managers monitor the fund's holdings and cash flow and manages them as needed in order to maintain the fund's target allocation. The manager will permit modest deviations from the target allocation for certain periods of time, in order to reduce transaction costs.

The fund intends to invest in a combination of underlying funds; however, the fund may invest directly in equity and fixed-income securities and money market securities. For temporary defensive purposes during unusual economic or market conditions or for liquidity purposes, the fund may invest up to 100% of its assets directly in cash, money market instruments, repurchase agreements and other short-term obligations. When the fund engages in such activities, it may not achieve its investment objective. The fund also may lend portfolio securities to earn additional income. Any income realized through securities lending may help fund performance.

Principal Risks

The fund is subject to risks, any of which could cause an investor to lose money. The fund's principal risks include:

Asset Allocation Risk. The fund is subject to the risk that the selection of the underlying funds and the allocation of the fund's assets among the various asset classes and market segments may cause the fund to underperform other funds with a similar investment objective.

Conflicts of Interest Risk. The investment adviser's authority to select and substitute underlying funds from a variety of affiliated and unaffiliated mutual funds and ETFs may create a conflict of interest because the fees paid to it and its affiliates by some underlying funds are higher than the fees paid by other underlying funds. The investment adviser also may have an incentive to select an affiliated underlying fund for other reasons, including to increase assets under management or to support new investment strategies. In addition, other conflicts of interest may exist where the best interests of the affiliated underlying fund may not be aligned with those of the fund. However, the investment adviser is a fiduciary to the fund and is legally obligated to act in the fund's best interests when selecting underlying funds.

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Exchange-Traded Fund (ETF) Risk. When the fund invests in an ETF, it will bear a proportionate share of the ETF's expenses. In addition, lack of liquidity in the market for an ETF's shares can result in its value being more volatile than the underlying portfolio of securities.

Direct Investment Risk. The fund may invest directly in cash, cash equivalents and equity and fixed-income securities, including money market securities, to maintain its allocations. The fund's direct investment in these securities is subject to the same or similar risks as an underlying fund's investment in the same securities.

Securities Lending Risk. Securities lending involves the risk of loss of rights in, or delay in recovery of, the loaned securities if the borrower fails to return the security loaned or becomes insolvent.

Underlying Fund Investment Risk. Before investing in the fund, investors should assess the risks associated with the underlying funds in which the fund may invest, which include any combination of the risks described below.

- ***Investment Risk.*** The fund may experience losses with respect to its investment in an underlying fund. Further, there is no guarantee that an underlying fund will be able to achieve its objective.
- ***Investment Style Risk.*** Certain underlying funds seek to track the performance of various segments of the stock market, as measured by their respective indices. Such underlying funds follow these stocks during upturns as well as downturns. Because of their indexing strategy, these underlying funds do not take steps to reduce market exposure or to lessen the effects of a declining market. In addition, because of an underlying fund's expenses, the underlying fund's performance is normally below that of the index. Errors relating to an index may occur from time to time and may not be identified by the underlying fund's index provider for a period time. In addition, market disruptions could cause delays in an underlying fund's index's rebalancing schedule. Such errors and/or market disruptions may result in losses for an underlying fund.
- ***Tracking Error Risk.*** Each underlying index fund seeks to track the performance of its respective index, although it may not be successful in doing so. The divergence between the performance of an underlying fund and its index, positive or negative, is called "tracking error." Tracking error can be caused by many factors and it may be significant. If an underlying fund utilizes a sampling approach, it may not track the return of the index as well as it would if the underlying fund purchased all of the securities in the index.
- ***Equity Risk.*** The prices of equity securities rise and fall daily. These price movements may result from factors affecting individual companies, industries or the securities market as a whole. In addition, equity markets tend to move in cycles, which may cause stock prices to fall over short or extended periods of time.
- ***Market Capitalization Risk.*** Securities issued by companies of different market capitalizations tend to go in and out of favor based on market and economic conditions. During a period when securities of a particular market capitalization fall behind other types of investments, an underlying fund's performance could be impacted.
- ***Fixed-Income Risk.*** Interest rates rise and fall over time, which will affect an underlying fund's yield and share price. A change in a central bank's monetary policy or economic conditions, among other things, may result in a change in interest rates. A rise in interest rates could cause an underlying fund's share price to fall. The credit quality of a portfolio investment could also cause an underlying fund's share price to fall. An underlying fund could lose money if the issuer or guarantor of a portfolio investment or the counterparty to a derivatives contract fails to make timely principal or interest payments or otherwise honor its obligations. Fixed-income securities may be paid off earlier or later than expected. Either situation could cause an underlying fund to hold securities paying lower-than-market rates of

interest, which could hurt an underlying fund's yield or share price. Below investment-grade bonds (junk bonds) involve greater credit risk, are more volatile, involve greater risk of price declines and may be more susceptible to economic downturns than investment-grade securities.

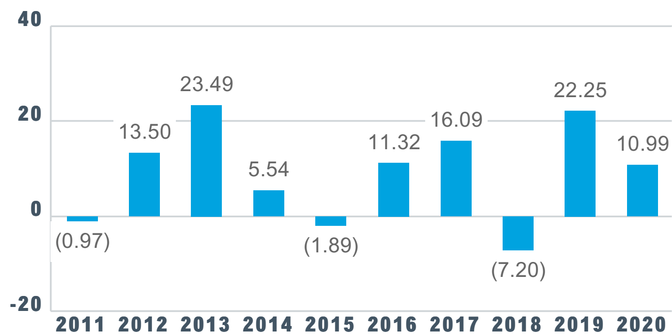
- ***Money Market Fund Risk.*** The fund may invest in underlying money market funds that either seek to maintain a stable $1.00 net asset value ("stable share price money market funds") or that have a share price that fluctuates ("variable share price money market funds"). Although an underlying stable share price money market fund seeks to maintain a stable $1.00 net asset value, it is possible to lose money by investing in such a money market fund. Because the share price of an underlying variable share price money market fund will fluctuate, when the fund sells the shares it owns they may be worth more or less than what the fund originally paid for them. In addition, neither type of money market fund is designed to offer capital appreciation. Certain underlying money market funds may impose a fee upon the sale of shares or may temporarily suspend the ability to sell shares if such fund's liquidity falls below required minimums.
- ***Concentration Risk.*** To the extent that an underlying fund's or the index's portfolio is concentrated in the securities of issuers in a particular market, industry, group of industries, sector, country or asset class, the underlying fund may be adversely affected by the performance of those securities, may be subject to increased price volatility and may be more vulnerable to adverse economic, market, political or regulatory occurrences affecting that market, industry, group of industries, sector, country or asset class.
- ***Foreign Investment Risk.*** An underlying fund's investments in securities of foreign issuers involve certain risks that may be greater than those associated with investments in securities of U.S. issuers. These include risks of adverse changes in foreign economic, political, regulatory and other conditions; changes in currency exchange rates or exchange control regulations (including limitations on currency movements and exchanges); the imposition of economic sanctions or other government restrictions; differing accounting, auditing, financial reporting and legal standards and practices; differing securities market structures; and higher transaction costs. These risks may negatively impact the value or liquidity of an underlying fund's investments, and could impair the underlying fund's ability to meet its investment objective or invest in accordance with its investment strategy. There is a risk that investments in securities denominated in, and/or receiving revenues in, foreign currencies will decline in value relative to the U.S. dollar. These risks may be heightened in connection with investments in emerging markets or securities of issuers that conduct their business in emerging markets.
- ***Real Estate Investment Risk.*** An underlying fund that has a policy of concentrating its investments in real estate companies and companies related to the real estate industry is subject to risks associated with the direct ownership of real estate securities. These risks include, among others, declines in the value of real estate; risks related to general and local economic conditions; possible lack of availability of mortgage funds or other limits to accessing the credit or capital markets; defaults by borrowers or tenants, particularly during an economic downturn; and changes in interest rates.
- ***Derivatives Risk.*** An underlying fund's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. An underlying fund's use of derivatives could reduce the underlying fund's performance, increase volatility, and could cause the underlying fund to lose more than the initial amount invested. In addition, investments in derivatives may involve leverage, which means a small percentage of assets invested in derivatives can have a disproportionately large impact on an underlying fund. However, these risks are less severe when the underlying fund uses derivatives for hedging rather than to enhance the underlying fund's returns or as a substitute for a position or security.
- ***Leverage Risk.*** Certain underlying fund transactions, such as derivatives transactions, short sales, reverse repurchase agreements, and mortgage dollar rolls, may give rise to a form of leverage and may expose an underlying fund to greater risk. Leverage tends to magnify the effect of any decrease or increase in the value of an underlying fund's portfolio securities, which means even a small amount of leverage can have a disproportionately large impact on the underlying fund.
- ***Liquidity Risk.*** An underlying fund may be unable to sell certain securities, such as illiquid securities, readily at a favorable time or price, or the underlying fund may have to sell them at a loss.
- ***Portfolio Turnover Risk.*** Certain of the underlying funds may buy and sell portfolio securities actively. If they do, their portfolio turnover rate and transaction costs will rise, which may lower the underlying fund's performance and may increase the likelihood of capital gains distributions.

For more information on the risks of investing in the fund and the underlying funds, please see the "Fund Details" section in the prospectus.

Performance

The bar chart below shows how the fund's investment results have varied from year to year, and the following table shows how the fund's average annual total returns for various periods compared to those of two broad-based indices and a composite index based on the fund's target allocation. This information provides some indication of the risks of investing in the fund. All figures assume distributions were reinvested. Keep in mind that future performance (both before and after taxes) may differ from past performance. For current performance information, please see **www.schwabfunds.com/schwabfunds_prospectus**.

Annual Total Returns (%) as of 12/31



Best Quarter: 15.83% Q2 2020
Worst Quarter: (19.95%) Q1 2020

Average Annual Total Returns as of 12/31/20

	1 Year	5 Years	10 Years
Before taxes	10.99%	10.23%	8.87%
After taxes on distributions	9.00%	8.77%	7.59%
After taxes on distributions and sale of shares	7.93%	7.90%	6.98%
Comparative Indices (reflect no deduction for expenses or taxes)			
S&P 500® Index	18.40%	15.22%	13.88%
Bloomberg Barclays US Aggregate Bond Index	7.51%	4.44%	3.84%
Growth Composite Index[1]	11.35%	10.72%	9.39%

(1) The Growth Composite Index is a custom blended index developed by Charles Schwab Investment Management, Inc. based on a comparable portfolio asset allocation. Effective July 1, 2020, the index is composed of 28.0% S&P 500 Index, 3.3% Russell 1000® Growth Index, 12.0% Russell RAFI US Large Company Index, 8.9% Russell 2000® Index, 3.8% Russell RAFI US Small Company Index, 9.33% MSCI EAFE Index (Net), 4.0% Russell RAFI Developed ex-US Large Company Index (Net), 3.33% Russell RAFI Developed ex-US Small Company Index (Net), 3.33% Russell RAFI Emerging Markets Large Company Index (Net), 4.0% Dow Jones Equity All REIT Capped Index, 16.0% Bloomberg Barclays US Aggregate Bond Index and 4.0% Bloomberg Barclays US Treasury Bills 1-3 Month Index. From February 28, 2020 through June 30, 2020 the index was composed of 28.0% S&P 500 Index, 3.3% Russell 1000 Growth Index, 12.0% Russell RAFI US Large Company Index, 8.9% Russell 2000 Index, 3.8% Russell RAFI US Small Company Index, 9.33% MSCI EAFE Index (Net), 4.0% Russell RAFI Developed ex-US Large Company Index (Net), 3.33% Russell RAFI Developed ex-US Small Company Index (Net), 3.33% Russell RAFI Emerging Markets Large Company Index (Net), 4.0% Dow Jones U.S. Select REIT Index, 16.0% Bloomberg Barclays US Aggregate Bond Index and 4.0% Bloomberg Barclays US Treasury Bills 1-3 Month Index. From December 1, 2014 through February 27, 2020 the index was composed of 28.0% S&P 500 Index, 14.0% Russell 2000 Index, 12.0% Russell RAFI US Large Company Index, 6.0% Russell RAFI US Small Company Index, 9.33% MSCI EAFE Index (Net), 4.0% Russell RAFI Developed ex-US Large Company Index (Net), 3.33% Russell RAFI Developed ex-US Small Company Index (Net), 3.33% Russell RAFI Emerging Markets Large Company Index (Net), 15% Bloomberg Barclays US Aggregate Bond Index and 5.0% Bloomberg Barclays US Treasury Bills 1-3 Month Index. From March 1, 2014 through November 30, 2014 the index was comprised of 40.0% S&P 500 Index, 20.0% Russell 2000 Index, 20.0% MSCI EAFE Index (Net), 15.0% Bloomberg Barclays US Aggregate Bond Index and 5.0% Bloomberg Barclays US Treasury Bills 1-3 Month Index. On March 1, 2014, the combination of the S&P 500 Index and Russell 2000 Index replaced the Dow Jones U.S. Total Stock Market Index in the custom index. Prior to March 1, 2014, the index was comprised of 60.0% Dow Jones U.S. Total Stock Market Index, 20.0% MSCI EAFE Index (Net), 15.0% Bloomberg Barclays US Aggregate Bond Index and 5.0% Bloomberg Barclays US Treasury Bills 1-3 Month Index. Percentages listed may not total to 100% due to rounding. The components that make up the composite may vary over time.

The after-tax figures reflect the highest individual federal income tax rates in effect during the period and do not reflect the impact of state and local taxes. Your actual after-tax returns depend on your individual tax situation. In addition, after-tax returns are not relevant if you hold your fund shares through a tax-deferred arrangement, such as a 401(k) plan, an individual retirement account (IRA) or other tax-advantaged account.

Investment Adviser

Charles Schwab Investment Management, Inc.

Portfolio Managers

Zifan Tang, Ph.D., CFA, Senior Portfolio Manager, is responsible for the day-to-day co-management of the fund. She has managed the fund since 2012.

Patrick Kwok, CFA, Portfolio Manager, is responsible for the day-to-day co-management of the fund. He has managed the fund since 2019.

Purchase and Sale of Fund Shares

The fund is open for business each day that the New York Stock Exchange (NYSE) is open. If the NYSE is closed due to weather or other extenuating circumstances on a day it would typically be open for business, or the NYSE has an unscheduled early closing on a day it has opened for business, the fund reserves the right to treat such day as a business day and accept purchase and redemption orders and calculate its share price as of the normally scheduled close of regular trading on the NYSE for that day.

Investors may only invest in the fund through an account at Charles Schwab & Co., Inc. (Schwab) or another financial intermediary. When you place orders to purchase, exchange or redeem fund shares through an account at Schwab or another financial intermediary, you must follow Schwab's or the other financial intermediary's transaction procedures. Shareholders who previously purchased fund shares through the fund's transfer agent and continue to hold such shares directly through the fund's transfer agent may make additional purchases and place exchange and redemption orders through the fund's transfer agent by contacting the transfer agent by phone or in writing as noted below:

- by telephone at 1-800-407-0256; or
- by mail to DST Asset Manager Solutions, Inc., Attn: Schwab Funds, P.O. Box 219647, Kansas City, MO 64121-9647.

There is no minimum initial investment for the fund.

Tax Information

Dividends and capital gains distributions received from the fund will generally be taxable as ordinary income or capital gains, unless you are investing through an IRA, 401(k) or other tax-advantaged account (in which case you may be taxed later, upon withdrawal of your investment from such account).

Payments to Financial Intermediaries

If you purchase shares of the fund through a broker-dealer or other financial intermediary (such as a bank), the fund and its related companies may pay the intermediary for the sale of fund shares

and related services. These payments may create a conflict of interest by influencing the broker-dealer or other financial intermediary and your salesperson to recommend the fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

Schwab MarketTrack Balanced Portfolio™

Ticker Symbol: SWBGX

Investment Objective

The fund seeks both capital growth and income.

Fund Fees and Expenses

This table describes the fees and expenses you may pay if you buy, hold and sell shares of the fund. You may pay other fees, such as brokerage commissions and other fees to financial intermediaries, which are not reflected in the table and Example below.

Shareholder Fees (fees paid directly from your investment)	
	None

Annual Fund Operating Expenses (expenses that you pay each year as a % of the value of your investment)	
Management fees	0.13
Distribution (12b-1) fees	None
Other expenses	0.27
Acquired fund fees and expenses (AFFE)[(1)]	0.09
Total annual fund operating expenses (including AFFE)	**0.49**

(1) AFFE reflect fees and expenses incurred indirectly by the fund through its investments in the underlying funds. The total annual fund operating expenses in the fee table may differ from the expense ratios in the fund's "Financial Highlights" that include only the fund's direct operating expenses and not AFFE.

Example

This example is intended to help you compare the cost of investing in the fund with the cost of investing in other funds. The example assumes that you invest $10,000 in the fund for the time periods indicated and then redeem all of your shares at the end of those time periods. The example also assumes that your investment has a 5% return each year and that the fund's operating expenses remain the same. The figures are based on total annual fund operating expenses (including AFFE) after any expense reduction. Your actual costs may be higher or lower.

Expenses on a $10,000 Investment

1 Year	3 Years	5 Years	10 Years
$50	$157	$274	$616

Portfolio Turnover

The fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover may indicate higher transaction costs and may result in higher taxes when fund shares are held in a taxable account. These costs, which are not reflected in the annual fund operating expenses or in the example, affect the fund's performance. During the most recent fiscal year, the fund's portfolio turnover rate was 22% of the average value of its portfolio.

Principal Investment Strategies

To pursue its goal, the fund maintains a defined asset allocation. The fund's target allocation includes bond, stock and cash investments.

The fund's allocation is weighted toward stock investments, while including substantial bond investments in seeking to add income and reduce the fund's volatility. The fund seeks to remain close to the target allocations of approximately 60% equity, 36% fixed income and 4% cash and cash equivalents (including money market funds).

The equity allocation is further divided into six segments: approximately 33% of assets for U.S. large-cap, 9% for U.S. small-cap, 10% for developed international large-cap, 3% for real estate, 2.5% for developed international small-cap and 2.5% for emerging markets.

The fund invests mainly in other affiliated Schwab Funds, including Schwab index funds and exchange-traded funds (ETFs) (underlying funds), which use a variety of indexing strategies. These underlying funds seek to track or replicate the total returns of various market indices. They typically invest in the securities included in the index they are tracking or replicating, and generally give each security the same weight as the index does. However, in certain circumstances it may not be possible or practicable for the underlying fund to invest in all of the securities comprising an index or in proportion to their weightings in an index and it is possible that the investment adviser may utilize instead a "sampling" methodology in seeking to achieve the underlying fund's objective.

Within the equity allocation, the portfolio managers may allocate the fund's investments among underlying funds that track indices based on market capitalization as well as funds that track Russell RAFI™ Indexes based on the "Fundamental Index" methodology. The Russell RAFI™ Index Series selects and weights stocks according to fundamental measures of company size: adjusted sales, retained operating cash flow, and dividends plus buybacks.

The underlying funds may invest in derivatives and lend their securities to minimize the gap in performance that naturally exists between any index fund and its corresponding index. Each underlying fund focuses on a different market segment.

The portfolio managers monitor the fund's holdings and cash flow and manages them as needed in order to maintain the fund's target allocation. The manager will permit modest deviations from the target allocation for certain periods of time, in order to reduce transaction costs.

The fund intends to invest in a combination of underlying funds; however, the fund may invest directly in equity and fixed-income securities and money market securities. For temporary defensive purposes during unusual economic or market conditions or for liquidity purposes, the fund may invest up to 100% of its assets directly in cash, money market instruments, repurchase agreements and other short-term obligations. When the fund engages in such activities, it may not achieve its investment objective. The fund also may lend portfolio securities to earn additional income. Any income realized through securities lending may help fund performance.

Principal Risks

The fund is subject to risks, any of which could cause an investor to lose money. The fund's principal risks include:

Asset Allocation Risk. The fund is subject to the risk that the selection of the underlying funds and the allocation of the fund's assets among the various asset classes and market segments may cause the fund to underperform other funds with a similar investment objective.

Conflicts of Interest Risk. The investment adviser's authority to select and substitute underlying funds from a variety of affiliated and unaffiliated mutual funds and ETFs may create a conflict of interest because the fees paid to it and its affiliates by some underlying funds are higher than the fees paid by other underlying funds. The investment adviser also may have an incentive to select an affiliated underlying fund for other reasons, including to increase assets under management or to support new investment strategies. In addition, other conflicts of interest may exist where the best interests of the affiliated underlying fund may not be aligned with those of the fund. However, the investment adviser is a fiduciary to the fund and is legally obligated to act in the fund's best interests when selecting underlying funds.

Market Risk. Financial markets rise and fall in response to a variety of factors, sometimes rapidly and unpredictably. Markets may be impacted by economic, political, regulatory and other conditions, including economic sanctions and other government actions. In addition, the occurrence of global events, such as war, terrorism, environmental disasters, natural disasters and epidemics, may also negatively affect the financial markets. As with any investment whose performance is tied to these markets, the value of an investment in the fund will fluctuate, which means that an investor could lose money over short or long periods.

Exchange-Traded Fund (ETF) Risk. When the fund invests in an ETF, it will bear a proportionate share of the ETF's expenses. In addition, lack of liquidity in the market for an ETF's shares can result in its value being more volatile than the underlying portfolio of securities.

Direct Investment Risk. The fund may invest directly in cash, cash equivalents and equity and fixed-income securities, including money market securities, to maintain its allocations. The fund's direct investment in these securities is subject to the same or similar risks as an underlying fund's investment in the same securities.

Securities Lending Risk. Securities lending involves the risk of loss of rights in, or delay in recovery of, the loaned securities if the borrower fails to return the security loaned or becomes insolvent.

Underlying Fund Investment Risk. Before investing in the fund, investors should assess the risks associated with the underlying funds in which the fund may invest, which include any combination of the risks described below.

- ***Investment Risk.*** The fund may experience losses with respect to its investment in an underlying fund. Further, there is no guarantee that an underlying fund will be able to achieve its objective.
- ***Investment Style Risk.*** Certain underlying funds seek to track the performance of various segments of the stock market, as measured by their respective indices. Such underlying funds follow these stocks during upturns as well as downturns. Because of their indexing strategy, these underlying funds do not take steps to reduce market exposure or to lessen the effects of a declining market. In addition, because of an underlying fund's expenses, the underlying fund's performance is normally below that of the index. Errors relating to an index may occur from time to time and may not be identified by the underlying fund's index provider for a period time. In addition, market disruptions could cause delays in an underlying fund's index's rebalancing schedule. Such errors and/or market disruptions may result in losses for an underlying fund.
- ***Tracking Error Risk.*** Each underlying index fund seeks to track the performance of its respective index, although it may not be successful in doing so. The divergence between the performance of an underlying fund and its index, positive or negative, is called "tracking error." Tracking error can be caused by many factors and it may be significant. If an underlying fund utilizes a sampling approach, it may not track the return of the index as well as it would if the underlying fund purchased all of the securities in the index.
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- ***Fixed-Income Risk.*** Interest rates rise and fall over time, which will affect an underlying fund's yield and share price. A change in a central bank's monetary policy or economic conditions, among other things, may result in a change in interest rates. A rise in interest rates could cause an underlying fund's share price to fall. The credit quality of a portfolio investment could also cause an underlying fund's share price to fall. An underlying fund

could lose money if the issuer or guarantor of a portfolio investment or the counterparty to a derivatives contract fails to make timely principal or interest payments or otherwise honor its obligations. Fixed-income securities may be paid off earlier or later than expected. Either situation could cause an underlying fund to hold securities paying lower-than-market rates of interest, which could hurt an underlying fund's yield or share price. Below investment-grade bonds (junk bonds) involve greater credit risk, are more volatile, involve greater risk of price declines and may be more susceptible to economic downturns than investment-grade securities.

- ***Money Market Fund Risk.*** The fund may invest in underlying money market funds that either seek to maintain a stable $1.00 net asset value ("stable share price money market funds") or that have a share price that fluctuates ("variable share price money market funds"). Although an underlying stable share price money market fund seeks to maintain a stable $1.00 net asset value, it is possible to lose money by investing in such a money market fund. Because the share price of an underlying variable share price money market fund will fluctuate, when the fund sells the shares it owns they may be worth more or less than what the fund originally paid for them. In addition, neither type of money market fund is designed to offer capital appreciation. Certain underlying money market funds may impose a fee upon the sale of shares or may temporarily suspend the ability to sell shares if such fund's liquidity falls below required minimums.
- ***Concentration Risk.*** To the extent that an underlying fund's or the index's portfolio is concentrated in the securities of issuers in a particular market, industry, group of industries, sector, country or asset class, the underlying fund may be adversely affected by the performance of those securities, may be subject to increased price volatility and may be more vulnerable to adverse economic, market, political or regulatory occurrences affecting that market, industry, group of industries, sector, country or asset class.
- ***Foreign Investment Risk.*** An underlying fund's investments in securities of foreign issuers involve certain risks that may be greater than those associated with investments in securities of U.S. issuers. These include risks of adverse changes in foreign economic, political, regulatory and other conditions; changes in currency exchange rates or exchange control regulations (including limitations on currency movements and exchanges); the imposition of economic sanctions or other government restrictions; differing accounting, auditing, financial reporting and legal standards and practices; differing securities market structures; and higher transaction costs. These risks may negatively impact the value or liquidity of an underlying fund's investments, and could impair the underlying fund's ability to meet its investment objective or invest in accordance with its investment strategy. There is a risk that investments in securities denominated in, and/or receiving revenues in, foreign currencies will decline in value relative to the U.S. dollar. These risks may be heightened in connection with investments in emerging markets or securities of issuers that conduct their business in emerging markets.
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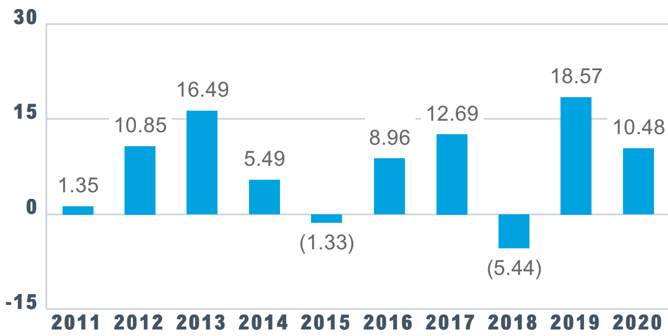
For more information on the risks of investing in the fund and the underlying funds, please see the "Fund Details" section in the prospectus.

Performance

The bar chart below shows how the fund's investment results have varied from year to year, and the following table shows how the fund's average annual total returns for various periods compared to those of two broad-based indices and a composite index based on the fund's target allocation. This information provides some indication of the risks of investing in the fund. All figures assume distributions were reinvested. Keep in mind that future performance (both before and after taxes) may differ from past performance. For current performance information, please see **www.schwabfunds.com/schwabfunds_prospectus**.

Annual Total Returns (%) as of 12/31



Best Quarter: 12.36% Q2 2020
Worst Quarter: (14.35%) Q1 2020

Average Annual Total Returns as of 12/31/20

	1 Year	5 Years	10 Years
Before taxes	10.48%	8.75%	7.56%
After taxes on distributions	8.80%	7.30%	6.23%
After taxes on distributions and sale of shares	7.24%	6.60%	5.77%
Comparative Indices (reflect no deduction for expenses or taxes)			
S&P 500® Index	18.40%	15.22%	13.88%
Bloomberg Barclays US Aggregate Bond Index	7.51%	4.44%	3.84%
Balanced Composite Index(1)	10.80%	9.27%	8.09%

(1) The Balanced Composite Index is a custom blended index developed by Charles Schwab Investment Management, Inc. based on a comparable portfolio asset allocation. Effective July 1, 2020, the index is composed of 21.0% S&P 500 Index, 3.0% Russell 1000® Growth Index, 9.0% Russell RAFI US Large Company Index, 6.3% Russell 2000® Index, 2.7% Russell RAFI US Small Company Index, 7.0% MSCI EAFE Index (Net), 3.0% Russell RAFI Developed ex-US Large Company Index (Net), 2.5% Russell RAFI Developed ex-US Small Company Index (Net), 2.5% Russell RAFI Emerging Markets Large Company Index (Net), 3.0% Dow Jones Equity All REIT Capped Index, 35.0% Bloomberg Barclays US Aggregate Bond Index, 1.0% Bloomberg Barclays US Government/Credit 1-5 Year Index and 4.0% Bloomberg Barclays US Treasury Bills 1-3 Month Index. From February 28, 2020 through June 30, 2020 the index was composed of 21.0% S&P 500 Index, 3.0% Russell 1000 Growth Index, 9.0% Russell RAFI US Large Company Index, 6.3% Russell 2000 Index, 2.7% Russell RAFI US Small Company Index, 7.0% MSCI EAFE Index (Net), 3.0% Russell RAFI Developed ex-US Large Company Index (Net), 2.5% Russell RAFI Developed ex-US Small Company Index (Net), 2.5% Russell RAFI Emerging Markets Large Company Index (Net), 3.0% Dow Jones U.S. Select REIT Index, 35.0% Bloomberg Barclays US Aggregate Bond Index, 1.0% Bloomberg Barclays US Government/Credit 1-5 Year Index and 4.0% Bloomberg Barclays US Treasury Bills 1-3 Month Index. From December 1, 2014 through February 27, 2020 the index was composed of 21.0% S&P 500 Index, 10.5% Russell 2000 Index, 9.0% Russell RAFI US Large Company Index, 4.5% Russell RAFI US Small Company Index, 7.0% MSCI EAFE Index (Net), 3.0% Russell RAFI Developed ex-US Large Company Index (Net), 2.5% Russell RAFI Developed ex-US Small Company Index (Net), 2.5% Russell RAFI Emerging Markets Large Company Index (Net), 35.0% Bloomberg Barclays US Aggregate Bond Index and 5.0% Bloomberg Barclays US Treasury Bills 1-3 Month Index. From March 1, 2014 through November 30, 2014, the index was comprised of 30.0% S&P 500 Index, 15.0% Russell 2000 Index, 15.0% MSCI EAFE Index (Net), 35.0% Bloomberg Barclays US Aggregate Bond Index and 5.0% Bloomberg Barclays US Treasury Bills 1-3 Month Index. On March 1, 2014, the combination of the S&P 500 Index and Russell 2000 Index replaced the Dow Jones U.S. Total Stock Market Index in the custom index. Prior to March 1, 2014, the index was comprised of 45.0% Dow Jones U.S. Total Stock Market Index, 15.0% MSCI EAFE Index (Net), 35.0% Bloomberg Barclays US Aggregate Bond Index and 5.0% Bloomberg Barclays US Treasury Bills 1-3 Month Index. Percentages listed may not total to 100% due to rounding. The components that make up the composite may vary over time.

The after-tax figures reflect the highest individual federal income tax rates in effect during the period and do not reflect the impact of state and local taxes. Your actual after-tax returns depend on your individual tax situation. In addition, after-tax returns are not relevant if you hold your fund shares through a tax-deferred arrangement, such as a 401(k) plan, an individual retirement account (IRA) or other tax-advantaged account.

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Charles Schwab Investment Management, Inc.

Portfolio Managers

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Patrick Kwok, CFA, Portfolio Manager, is responsible for the day-to-day co-management of the fund. He has managed the fund since 2019.

Purchase and Sale of Fund Shares

The fund is open for business each day that the New York Stock Exchange (NYSE) is open. If the NYSE is closed due to weather or other extenuating circumstances on a day it would typically be open for business, or the NYSE has an unscheduled early closing on a day it has opened for business, the fund reserves the right to treat such day as a business day and accept purchase and redemption orders and calculate its share price as of the normally scheduled close of regular trading on the NYSE for that day.

Investors may only invest in the fund through an account at Charles Schwab & Co., Inc. (Schwab) or another financial intermediary. When you place orders to purchase, exchange or redeem fund shares through an account at Schwab or another financial intermediary, you must follow Schwab's or the other financial intermediary's transaction procedures. Shareholders who previously purchased fund shares through the fund's transfer agent and continue to hold such shares directly through the fund's transfer agent may make additional purchases and place exchange and redemption orders through the fund's transfer agent by contacting the transfer agent by phone or in writing as noted below:

- by telephone at 1-800-407-0256; or
- by mail to DST Asset Manager Solutions, Inc., Attn: Schwab Funds, P.O. Box 219647, Kansas City, MO 64121-9647.

There is no minimum initial investment for the fund.

Tax Information

Dividends and capital gains distributions received from the fund will generally be taxable as ordinary income or capital gains, unless you are investing through an IRA, 401(k) or other tax-advantaged account (in which case you may be taxed later, upon withdrawal of your investment from such account).

Payments to Financial Intermediaries

If you purchase shares of the fund through a broker-dealer or other financial intermediary (such as a bank), the fund and its related companies may pay the intermediary for the sale of fund shares

and related services. These payments may create a conflict of interest by influencing the broker-dealer or other financial intermediary and your salesperson to recommend the fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

Schwab MarketTrack Conservative Portfolio™

Ticker Symbol: SWCGX

Investment Objective

The fund seeks income and more growth potential than an all-bond portfolio.

Fund Fees and Expenses

This table describes the fees and expenses you may pay if you buy, hold and sell shares of the fund. You may pay other fees, such as brokerage commissions and other fees to financial intermediaries, which are not reflected in the table and Example below.

Shareholder Fees (fees paid directly from your investment)	
	None
Annual Fund Operating Expenses (expenses that you pay each year as a % of the value of your investment)	
Management fees	0.13
Distribution (12b-1) fees	None
Other expenses	0.29
Acquired fund fees and expenses (AFFE)[1]	0.08
Total annual fund operating expenses (including AFFE)	**0.50**

(1) AFFE reflect fees and expenses incurred indirectly by the fund through its investments in the underlying funds. The total annual fund operating expenses in the fee table may differ from the expense ratios in the fund's "Financial Highlights" that include only the fund's direct operating expenses and not AFFE.

Example

This example is intended to help you compare the cost of investing in the fund with the cost of investing in other funds. The example assumes that you invest $10,000 in the fund for the time periods indicated and then redeem all of your shares at the end of those time periods. The example also assumes that your investment has a 5% return each year and that the fund's operating expenses remain the same. The figures are based on total annual fund operating expenses (including AFFE) after any expense reduction. Your actual costs may be higher or lower.

Expenses on a $10,000 Investment

1 Year	3 Years	5 Years	10 Years
$51	$160	$280	$628

Portfolio Turnover

The fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover may indicate higher transaction costs and may result in higher taxes when fund shares are held in a taxable account. These costs, which are not reflected in the annual fund operating expenses or in the example, affect the fund's performance. During the most recent fiscal year, the fund's portfolio turnover rate was 35% of the average value of its portfolio.

Principal Investment Strategies

To pursue its goal, the fund maintains a defined asset allocation. The fund's target allocation includes bond, stock and cash investments.

The fund's allocation is weighted toward bond investments, while including substantial stock investments in seeking to obtain long-term growth. The fund seeks to remain close to the target allocations of approximately 56% fixed income, 40% equity and 4% cash and cash equivalents (including money market funds).

The equity allocation is further divided into six segments: approximately 22% of assets for U.S. large-cap, 6% for U.S. small-cap, 7% for developed international large-cap, 2% for real estate, 2% for developed international small-cap and 2% for emerging markets.

The fund invests mainly in other affiliated Schwab Funds, including Schwab index funds and exchange-traded funds (ETFs) (underlying funds), which use a variety of indexing strategies. These underlying funds seek to track or replicate the total returns of various market indices. They typically invest in the securities included in the index they are tracking or replicating, and generally give each security the same weight as the index does. However, in certain circumstances it may not be possible or practicable for the underlying fund to invest in all of the securities comprising an index or in proportion to their weightings in an index and it is possible that the investment adviser may utilize instead a "sampling" methodology in seeking to achieve the underlying fund's objective.

Within the equity allocation, the portfolio managers may allocate the fund's investments among underlying funds that track indices based on market capitalization as well as funds that track Russell RAFI™ Indexes based on the "Fundamental Index" methodology. The Russell RAFI™ Index Series selects and weights stocks according to fundamental measures of company size: adjusted sales, retained operating cash flow, and dividends plus buybacks.

The underlying funds may invest in derivatives and lend their securities to minimize the gap in performance that naturally exists between any index fund and its corresponding index. Each underlying fund focuses on a different market segment.

The portfolio managers monitor the fund's holdings and cash flow and manages them as needed in order to maintain the fund's target allocation. The manager will permit modest deviations from the target allocation for certain periods of time, in order to reduce transaction costs.

The fund intends to invest in a combination of underlying funds; however, the fund may invest directly in equity and fixed-income securities and money market securities. For temporary defensive purposes during unusual economic or market conditions or for liquidity purposes, the fund may invest up to 100% of its assets directly in cash, money market instruments, repurchase agreements and other short-term obligations. When the fund engages in such activities, it may not achieve its investment objective. The fund also may lend portfolio securities to earn additional income. Any income realized through securities lending may help fund performance.

Principal Risks

The fund is subject to risks, any of which could cause an investor to lose money. The fund's principal risks include:

Asset Allocation Risk. The fund is subject to the risk that the selection of the underlying funds and the allocation of the fund's assets among the various asset classes and market segments may cause the fund to underperform other funds with a similar investment objective.

Conflicts of Interest Risk. The investment adviser's authority to select and substitute underlying funds from a variety of affiliated and unaffiliated mutual funds and ETFs may create a conflict of interest because the fees paid to it and its affiliates by some underlying funds are higher than the fees paid by other underlying funds. The investment adviser also may have an incentive to select an affiliated underlying fund for other reasons, including to increase assets under management or to support new investment strategies. In addition, other conflicts of interest may exist where the best interests of the affiliated underlying fund may not be aligned with those of the fund. However, the investment adviser is a fiduciary to the fund and is legally obligated to act in the fund's best interests when selecting underlying funds.

Market Risk. Financial markets rise and fall in response to a variety of factors, sometimes rapidly and unpredictably. Markets may be impacted by economic, political, regulatory and other conditions, including economic sanctions and other government actions. In addition, the occurrence of global events, such as war, terrorism, environmental disasters, natural disasters and epidemics, may also negatively affect the financial markets. As with any investment whose performance is tied to these markets, the value of an investment in the fund will fluctuate, which means that an investor could lose money over short or long periods.

Exchange-Traded Fund (ETF) Risk. When the fund invests in an ETF, it will bear a proportionate share of the ETF's expenses. In addition, lack of liquidity in the market for an ETF's shares can result in its value being more volatile than the underlying portfolio of securities.

Direct Investment Risk. The fund may invest directly in cash, cash equivalents and equity and fixed-income securities, including money market securities, to maintain its allocations. The fund's direct investment in these securities is subject to the same or similar risks as an underlying fund's investment in the same securities.

Securities Lending Risk. Securities lending involves the risk of loss of rights in, or delay in recovery of, the loaned securities if the borrower fails to return the security loaned or becomes insolvent.

Underlying Fund Investment Risk. Before investing in the fund, investors should assess the risks associated with the underlying funds in which the fund may invest, which include any combination of the risks described below.

- ***Investment Risk.*** The fund may experience losses with respect to its investment in an underlying fund. Further, there is no guarantee that an underlying fund will be able to achieve its objective.
- ***Investment Style Risk.*** Certain underlying funds seek to track the performance of various segments of the stock market, as measured by their respective indices. Such underlying funds follow these stocks during upturns as well as downturns. Because of their indexing strategy, these underlying funds do not take steps to reduce market exposure or to lessen the effects of a declining market. In addition, because of an underlying fund's expenses, the underlying fund's performance is normally below that of the index. Errors relating to an index may occur from time to time and may not be identified by the underlying fund's index provider for a period time. In addition, market disruptions could cause delays in an underlying fund's index's rebalancing schedule. Such errors and/or market disruptions may result in losses for an underlying fund.
- ***Tracking Error Risk.*** Each underlying index fund seeks to track the performance of its respective index, although it may not be successful in doing so. The divergence between the performance of an underlying fund and its index, positive or negative, is called "tracking error." Tracking error can be caused by many factors and it may be significant. If an underlying fund utilizes a sampling approach, it may not track the return of the index as well as it would if the underlying fund purchased all of the securities in the index.
- ***Fixed-Income Risk.*** Interest rates rise and fall over time, which will affect an underlying fund's yield and share price. A change in a central bank's monetary policy or economic conditions, among other things, may result in a change in interest rates. A rise in interest rates could cause an underlying fund's share price to fall. The credit quality of a portfolio investment could also cause an underlying fund's share price to fall. An underlying fund could lose money if the issuer or guarantor of a portfolio investment or the counterparty to a derivatives contract fails to make timely principal or interest payments or otherwise honor its obligations. Fixed-income securities may be paid off earlier or later than expected. Either situation could cause an underlying fund to hold securities paying lower-than-market rates of interest, which could hurt an underlying fund's yield or share price. Below investment-grade bonds (junk bonds) involve greater credit risk, are more volatile, involve greater risk of price declines and may be more susceptible to economic downturns than investment-grade securities.
- ***Equity Risk.*** The prices of equity securities rise and fall daily. These price movements may result from factors affecting individual companies, industries or the securities market as a whole. In addition, equity markets tend to move in cycles, which may cause stock prices to fall over short or extended periods of time.

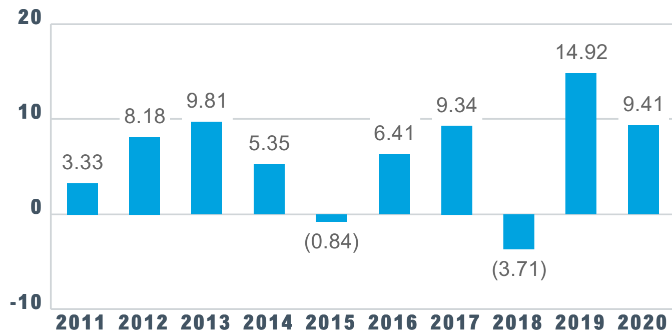
- ***Market Capitalization Risk.*** Securities issued by companies of different market capitalizations tend to go in and out of favor based on market and economic conditions. During a period when securities of a particular market capitalization fall behind other types of investments, an underlying fund's performance could be impacted.
- ***Real Estate Investment Risk.*** An underlying fund that has a policy of concentrating its investments in real estate companies and companies related to the real estate industry is subject to risks associated with the direct ownership of real estate securities. These risks include, among others, declines in the value of real estate; risks related to general and local economic conditions; possible lack of availability of mortgage funds or other limits to accessing the credit or capital markets; defaults by borrowers or tenants, particularly during an economic downturn; and changes in interest rates.
- ***Money Market Fund Risk.*** The fund may invest in underlying money market funds that either seek to maintain a stable $1.00 net asset value ("stable share price money market funds") or that have a share price that fluctuates ("variable share price money market funds"). Although an underlying stable share price money market fund seeks to maintain a stable $1.00 net asset value, it is possible to lose money by investing in such a money market fund. Because the share price of an underlying variable share price money market fund will fluctuate, when the fund sells the shares it owns they may be worth more or less than what the fund originally paid for them. In addition, neither type of money market fund is designed to offer capital appreciation. Certain underlying money market funds may impose a fee upon the sale of shares or may temporarily suspend the ability to sell shares if such fund's liquidity falls below required minimums.
- ***Concentration Risk.*** To the extent that an underlying fund's or the index's portfolio is concentrated in the securities of issuers in a particular market, industry, group of industries, sector, country or asset class, the underlying fund may be adversely affected by the performance of those securities, may be subject to increased price volatility and may be more vulnerable to adverse economic, market, political or regulatory occurrences affecting that market, industry, group of industries, sector, country or asset class.
- ***Foreign Investment Risk.*** An underlying fund's investments in securities of foreign issuers involve certain risks that may be greater than those associated with investments in securities of U.S. issuers. These include risks of adverse changes in foreign economic, political, regulatory and other conditions; changes in currency exchange rates or exchange control regulations (including limitations on currency movements and exchanges); the imposition of economic sanctions or other government restrictions; differing accounting, auditing, financial reporting and legal standards and practices; differing securities market structures; and higher transaction costs. These risks may negatively impact the value or liquidity of an underlying fund's investments, and could impair the underlying fund's ability to meet its investment objective or invest in accordance with its investment strategy. There is a risk that investments in securities denominated in, and/or receiving revenues in, foreign currencies will decline in value relative to the U.S. dollar. These risks may be heightened in connection with investments in emerging markets or securities of issuers that conduct their business in emerging markets.
- ***Derivatives Risk.*** An underlying fund's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. An underlying fund's use of derivatives could reduce the underlying fund's performance, increase volatility, and could cause the underlying fund to lose more than the initial amount invested. In addition, investments in derivatives may involve leverage, which means a small percentage of assets invested in derivatives can have a disproportionately large impact on an underlying fund. However, these risks are less severe when the underlying fund uses derivatives for hedging rather than to enhance the underlying fund's returns or as a substitute for a position or security.
- ***Leverage Risk.*** Certain underlying fund transactions, such as derivatives transactions, short sales, reverse repurchase agreements, and mortgage dollar rolls, may give rise to a form of leverage and may expose an underlying fund to greater risk. Leverage tends to magnify the effect of any decrease or increase in the value of an underlying fund's portfolio securities, which means even a small amount of leverage can have a disproportionately large impact on the underlying fund.
- ***Liquidity Risk.*** An underlying fund may be unable to sell certain securities, such as illiquid securities, readily at a favorable time or price, or the underlying fund may have to sell them at a loss.
- ***Portfolio Turnover Risk.*** Certain of the underlying funds may buy and sell portfolio securities actively. If they do, their portfolio turnover rate and transaction costs will rise, which may lower the underlying fund's performance and may increase the likelihood of capital gains distributions.

For more information on the risks of investing in the fund and the underlying funds, please see the "Fund Details" section in the prospectus.

Performance

The bar chart below shows how the fund's investment results have varied from year to year, and the following table shows how the fund's average annual total returns for various periods compared to those of two broad-based indices and a composite index based on the fund's target allocation. This information provides some indication of the risks of investing in the fund. All figures assume distributions were reinvested. Keep in mind that future performance (both before and after taxes) may differ from past performance. For current performance information, please see **www.schwabfunds.com/schwabfunds_prospectus**.

Annual Total Returns (%) as of 12/31



Best Quarter: 9.06% Q2 2020
Worst Quarter: (8.84%) Q1 2020

Average Annual Total Returns as of 12/31/20

	1 Year	5 Years	10 Years
Before taxes	9.41%	7.09%	6.09%
After taxes on distributions	8.34%	5.99%	5.10%
After taxes on distributions and sale of shares	5.94%	5.22%	4.55%
Comparative Indices (reflect no deduction for expenses or taxes)			
S&P 500® Index	18.40%	15.22%	13.88%
Bloomberg Barclays US Aggregate Bond Index	7.51%	4.44%	3.84%
Conservative Composite Index[1]	9.88%	7.70%	6.69%

(1) The Conservative Composite Index is a custom blended index developed by Charles Schwab Investment Management, Inc. based on a comparable portfolio asset allocation. Effective July 1, 2020, the index is composed of 14.0% S&P 500 Index, 2.0% Russell 1000® Growth Index, 6.0% Russell RAFI US Large Company Index, 4.67% MSCI EAFE Index (Net), 4.2% Russell 2000® Index, 1.8% Russell RAFI US Small Company Index, 2.0% Russell RAFI Developed ex-US Large Company Index (Net), 1.67% Russell RAFI Developed ex-US Small Company Index (Net), 1.67% Russell RAFI Emerging Markets Large Company Index (Net), 2.0% Dow Jones Equity All REIT Capped Index, 55.0% Bloomberg Barclays US Aggregate Bond Index, 1.0% Bloomberg Barclays US Government/Credit 1-5 Year Index and 4.0% Bloomberg Barclays US Treasury Bills 1-3 Month Index. From February 28, 2020 through June 30, 2020 the index was composed of 14.0% S&P 500 Index, 2.0% Russell 1000 Growth Index, 6.0% Russell RAFI US Large Company Index, 4.67% MSCI EAFE Index (Net), 4.2% Russell 2000 Index, 1.8% Russell RAFI US Small Company Index, 2.0% Russell RAFI Developed ex-US Large Company Index (Net), 1.67% Russell RAFI Developed ex-US Small Company Index (Net), 1.67% Russell RAFI Emerging Markets Large Company Index (Net), 2.0% Dow Jones U.S. Select REIT Index, 55.0% Bloomberg Barclays US Aggregate Bond Index, 1.0% Bloomberg Barclays US Government/Credit 1-5 Year Index and 4.0% Bloomberg Barclays US Treasury Bills 1-3 Month Index. From December 1, 2014 through February 27, 2020 the index was composed of 14.0% S&P 500 Index, 7.0% Russell 2000 Index, 6.0% Russell RAFI US Large Company Index, 3.0% Russell RAFI US Small Company Index, 4.67% MSCI EAFE Index (Net), 2.0% Russell RAFI Developed ex-US Large Company Index (Net), 1.67% Russell RAFI Developed ex-US Small Company Index (Net), 1.67% Russell RAFI Emerging Markets Large Company Index (Net), 55.0% Bloomberg Barclays US Aggregate Bond Index and 5.0% Bloomberg Barclays US Treasury Bills 1-3 Month Index. From March 1, 2014 through November 30, 2014, the index was composed of 20.0% S&P 500 Index, 10.0% Russell 2000 Index, 10.0% MSCI EAFE Index (Net), 55.0% Bloomberg Barclays US Aggregate Bond Index and 5.0% Bloomberg Barclays US Treasury Bills 1-3 Month Index. On March 1, 2014, the combination of the S&P 500 Index and Russell 2000 Index replaced the Dow Jones U.S. Total Stock Market Index in the custom index. Prior to March 1, 2014, the index was composed of 30.0% Dow Jones U.S. Total Stock Market Index, 10.0% MSCI EAFE Index (Net), 55.0% Bloomberg Barclays US Aggregate Bond Index and 5.0% Bloomberg Barclays US Treasury Bills 1-3 Month Index. Percentages listed may not total to 100% due to rounding. The components that make up the composite may vary over time.

The after-tax figures reflect the highest individual federal income tax rates in effect during the period and do not reflect the impact of state and local taxes. Your actual after-tax returns depend on your individual tax situation. In addition, after-tax returns are not relevant if you hold your fund shares through a tax-deferred arrangement, such as a 401(k) plan, an individual retirement account (IRA) or other tax-advantaged account.

Investment Adviser

Charles Schwab Investment Management, Inc.

Portfolio Managers

Zifan Tang, Ph.D., CFA, Senior Portfolio Manager, is responsible for the day-to-day co-management of the fund. She has managed the fund since 2012.

Patrick Kwok, CFA, Portfolio Manager, is responsible for the day-to-day co-management of the fund. He has managed the fund since 2019.

Purchase and Sale of Fund Shares

The fund is open for business each day that the New York Stock Exchange (NYSE) is open. If the NYSE is closed due to weather or other extenuating circumstances on a day it would typically be open for business, or the NYSE has an unscheduled early closing on a day it has opened for business, the fund reserves the right to treat such day as a business day and accept purchase and redemption orders and calculate its share price as of the normally scheduled close of regular trading on the NYSE for that day.

Investors may only invest in the fund through an account at Charles Schwab & Co., Inc. (Schwab) or another financial intermediary. When you place orders to purchase, exchange or redeem fund shares through an account at Schwab or another financial intermediary, you must follow Schwab's or the other financial intermediary's transaction procedures. Shareholders who previously purchased fund shares through the fund's transfer agent and continue to hold such shares directly through the fund's transfer agent may make additional purchases and place exchange and redemption orders through the fund's transfer agent by contacting the transfer agent by phone or in writing as noted below:

- by telephone at 1-800-407-0256; or
- by mail to DST Asset Manager Solutions, Inc., Attn: Schwab Funds, P.O. Box 219647, Kansas City, MO 64121-9647.

There is no minimum initial investment for the fund.

Tax Information

Dividends and capital gains distributions received from the fund will generally be taxable as ordinary income or capital gains, unless you are investing through an IRA, 401(k) or other tax-advantaged account (in which case you may be taxed later, upon withdrawal of your investment from such account).

Payments to Financial Intermediaries

If you purchase shares of the fund through a broker-dealer or other financial intermediary (such as a bank), the fund and its related companies may pay the intermediary for the sale of fund shares

and related services. These payments may create a conflict of interest by influencing the broker-dealer or other financial intermediary and your salesperson to recommend the fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

Fund Details

There can be no assurance that the funds will achieve their objectives. Except as explicitly described otherwise, the investment strategies and policies of each fund may be changed without shareholder approval.

The principal investment strategies and the main risks associated with investing in each fund are summarized in the fund summaries at the front of this prospectus. This section takes a more detailed look at some of the types of securities, the associated risks, and the various investment strategies that may be used in the day-to-day portfolio management of the funds, as described below. In addition to the particular types of securities and strategies that are described in this prospectus, each fund may use strategies that are not described herein in support of its overall investment goal. These additional strategies and the risks associated with them are described in the "Investment Strategies" and "Investments, Securities and Risks" sections in the Statement of Additional Information (SAI).

Investment Objectives, Strategies and Risks

Investment Objectives

The **Schwab MarketTrack All Equity Portfolio** seeks high capital growth through an all-stock portfolio.

The **Schwab MarketTrack Growth Portfolio** seeks high capital growth with less volatility than an all-stock portfolio.

The **Schwab MarketTrack Balanced Portfolio** seeks both capital growth and income.

The **Schwab MarketTrack Conservative Portfolio** seeks income and more growth potential than an all-bond portfolio.

Investment Strategies

The funds seek to achieve their investment objectives by primarily investing in other Schwab Funds and Schwab ETFs and to a lesser degree in unaffiliated third party mutual funds (the underlying funds). These underlying funds may include equity, fixed income and money market funds and will be used by the funds to meet their asset allocations and investment styles, consistent with a fund's investment strategy. Because the funds primarily invest in other funds rather than in individual stocks and bonds, each fund is considered a "fund of funds." A fund of funds bears its own direct expenses in addition to bearing a proportionate share of the expenses charged by the underlying funds in which it invests.

Each fund intends to invest in a combination of underlying funds; however, a fund may invest directly in equity and fixed-income securities and money market securities, consistent with the fund's investment strategy. For temporary defensive purposes during unusual economic or market conditions or for liquidity purposes, a fund may invest up to 100% of its assets directly in cash, money market instruments, repurchase agreements and other short-term obligations. When a fund engages in such activities, it may not achieve its investment objective.

Asset Allocation

The following are each fund's current underlying funds and each underlying fund's investment objective and strategy, listed according to their corresponding category in each fund's asset allocation. The chart provides a brief description of the investment objective and principal investment strategies of each underlying fund. Additional information about the underlying funds is provided in each underlying fund's prospectus.

Schwab MarketTrack Portfolios

Allocation and Underlying Fund	All Equity Portfolio	Growth Portfolio	Balanced Portfolio	Conservative Portfolio
U.S. Large-Cap	✓	✓	✓	✓

Schwab® S&P 500 Index Fund. Seeks to track the total return of the S&P 500 Index. Under normal circumstances, the fund will invest at least 80% of its net assets (including, for this purpose, any borrowings for investment purposes) in stocks that are included in the S&P 500 Index.

Schwab Fundamental US Large Company Index Fund. Seeks investment results that correspond generally (before fees and expenses) to the total return of the Russell RAFI™ US Large Company Index. Under normal circumstances, the fund will invest at least 90% of its net assets (including, for this purpose, any borrowings for investment purposes) in stocks included in the index.

Schwab® U.S. Large-Cap Growth Index Fund. Seeks to track the performance of a benchmark index that measures the total return of large capitalization U.S. growth stocks. Under normal circumstances, the fund will invest at least 90% of its net assets (including, for this purpose, any borrowings for investment purposes) in securities included in the index.

Allocation and Underlying Fund	All Equity Portfolio	Growth Portfolio	Balanced Portfolio	Conservative Portfolio
U.S. Small-Cap	✓	✓	✓	✓

Schwab Small-Cap Index Fund®. Seeks to track the performance of a benchmark index that measures the total return of small capitalization U.S. stocks. Under normal circumstances, the fund will invest at least 80% of its net assets (including, for this purpose, any borrowings for investment purposes) in these stocks; typically, the actual percentage is considerably higher.

Schwab Fundamental US Small Company Index Fund. Seeks investment results that correspond generally (before fees and expenses) to the total return of the Russell RAFI™ US Small Company Index. Under normal circumstances, the fund will invest at least 90% of its net assets (including, for this purpose, any borrowings for investment purposes) in stocks included in the index.

International Large-Cap	✓	✓	✓	✓

Schwab International Index Fund®. Seeks to track the performance of a benchmark index that measures the total return of large, publicly traded non-U.S. companies from countries with developed equity markets outside of the United States. The fund generally will seek to replicate the performance of the index by giving the same weight to a given stock as the index does. The fund generally invests in stocks that are included in the MSCI EAFE® Index.

Schwab Fundamental International Large Company Index Fund. Seeks investment results that correspond generally (before fees and expenses) to the total return of the Russell RAFI™ Developed ex US Large Company Index. Under normal circumstances, the fund will invest at least 90% of its net assets (including, for this purpose, any borrowings for investment purposes) in stocks included in the index.

International Small-Cap	✓	✓	✓	✓

Schwab Fundamental International Small Company Index Fund. Seeks investment results that correspond generally (before fees and expenses) to the total return of the Russell RAFI™ Developed ex US Small Company Index. Under normal circumstances, the fund will invest at least 90% of its net assets (including, for this purpose, any borrowings for investment purposes) in stocks included in the index.

Emerging Markets	✓	✓	✓	✓

Schwab Fundamental Emerging Markets Large Company Index Fund. Seeks investment results that correspond generally (before fees and expenses) to the total return of the Russell RAFI™ Emerging Markets Large Company Index. Under normal circumstances, the fund will invest at least 80% of its net assets (including, for this purpose, any borrowings for investment purposes) in stocks included in the index, including depositary receipts representing securities of the index; which may be in the form of American Depositary receipts (ADRs), Global Depositary receipts (GDRs) and European Depositary receipts (EDRs).

Fixed Income		✓	✓	✓

Schwab® U.S. Aggregate Bond Index Fund. Seeks to track as closely as possible, before fees and expenses, the total return of an index that measures the performance of the broad U.S. investment-grade bond market. The fund generally invests in securities that are included in the Bloomberg Barclays US Aggregate Bond Index. Under normal circumstances, the fund will invest at least 90% of its net assets (including, for this purpose, any borrowings for investment purposes) in securities included in the index, including “to-be-announced” or “TBA” transactions.

Schwab® Short-Term Bond Index Fund. Seeks to track as closely as possible, before fees and expenses, the total return of an index composed of U.S. investment grade government related and corporate bonds with maturities between 1-5 years. The fund generally invests in securities that are included in the Bloomberg Barclays US Government/Credit 1-5 Years Index. It is the fund’s policy that under normal circumstances it will invest at least 90% of its net assets (including, for this purpose, any borrowings for investment purposes) in securities included in the index. Under normal circumstances, the fund may invest up to 10% of its net assets in securities not included in its index.

Real Estate	✓	✓	✓	✓

Schwab® U.S. REIT ETF. Seeks to track as closely as possible, before fees and expenses, the total return of an index composed of U.S. real estate investment trusts classified as equities. The fund invests, under normal circumstances, at least 90% of its net assets (including, for this purpose, any borrowings for investment purposes) in securities included in the index.

Allocation and Underlying Fund	All Equity Portfolio	Growth Portfolio	Balanced Portfolio	Conservative Portfolio
Money Market Funds		✓	✓	✓

Schwab® Government Money Fund. Seeks the highest current income consistent with stability of capital and liquidity. The fund will invest at least 99.5% of its total assets in cash, U.S. government securities and/or repurchase agreements that are collateralized fully by cash and/or U.S. government securities; under normal circumstances, at least 80% of the fund's net assets (including, for this purpose, any borrowings for investment purposes) will be invested solely in U.S. government securities including repurchase agreements that are collateralized fully by U.S. government securities (excluding cash).

Schwab® Treasury Obligations Money Fund. Seeks current income consistent with stability of capital and liquidity. The fund will invest at least 99.5% of its total assets in cash, government securities and/or repurchase agreements that are collateralized fully by cash and/or government securities; under normal circumstances, at least 80% of the fund's net assets (including, for this purpose, any borrowings for investment purposes) will be invested solely in U.S. Treasury obligations or repurchase agreements backed by such obligations (excluding cash).

Schwab® Variable Share Price Money Fund. Seeks current income consistent with stability of capital and liquidity. The fund invests in high-quality short-term money market investments issued by U.S. and foreign issuers. Unlike a traditional stable share price money market fund, the fund will not use the amortized cost method of valuation or round the per share net asset value (NAV) to the nearest whole cent and does not seek to maintain a stable share price. As a result, the fund's share price, which is its NAV, will vary and reflect the effects of unrealized appreciation and depreciation and realized losses and gains.

The underlying funds may invest in derivatives and lend their securities to minimize the gap in performance that naturally exists between any index fund and its corresponding index. In addition, each fund may purchase individual securities to maintain its allocations.

The following chart provides a list of the asset classes and sub-asset classes and the target allocation in which each fund expects to be invested as of the date of this prospectus.

The allocations may not add to 100% due to rounding.

Major Asset Class	Sub-Asset Class	Schwab MarketTrack All Equity Portfolio Allocation Target	Schwab MarketTrack Growth Portfolio Allocation Target	Schwab MarketTrack Balanced Portfolio Allocation Target	Schwab MarketTrack Conservative Portfolio Allocation Target
U.S. Stocks	Large-Cap	49.83%	43.30%	33.00%	22.00%
	Small-Cap	14.83%	12.70%	9.00%	6.00%
International Stocks	Developed Large-Cap	19.83%	13.33%	10.00%	6.67%
	Developed Small-Cap	5.00%	3.33%	2.50%	1.67%
	Emerging Markets	5.00%	3.33%	2.50%	1.67%
Real Estate	U.S. REITs	5.00%	4.00%	3.00%	2.00%
Fixed Income	Intermediate-Term Bonds	0.00%	16.00%	35.00%	55.00%
	Short-Term Bonds	0.00%	0.00%	1.00%	1.00%
Cash and Cash Equivalents (including Money Market Funds)		0.50%	4.00%	4.00%	4.00%
		100%	100%	100%	100%

For more detailed information, including portfolio holdings for each of the funds, please visit the funds' website at **www.schwabfunds.com/schwabfunds_prospectus**.

More Information About Principal Investment Risks

Each fund is subject to risks, any of which could cause an investor to lose money. Principal risks of the funds include:

Conflicts of Interest Risk. The investment adviser's authority to select and substitute underlying funds from a variety of affiliated and unaffiliated mutual funds and ETFs may create a conflict of interest because the fees paid to it and its affiliates by some underlying funds are higher than the fees paid by other underlying funds. The investment adviser also may have an incentive to select an affiliated underlying fund for other reasons, including to increase assets under management or to support new investment strategies. In addition, other conflicts of interest may exist. For example, the investment adviser's decisions to cause a fund to purchase or redeem shares of an affiliated underlying fund could be influenced by its belief that an affiliated underlying fund may benefit from additional assets or that it is in the best interests of the affiliated underlying fund to limit purchases of shares of the underlying fund. In such cases, the best interests of the affiliated underlying fund may not be aligned with those of the fund. However, the investment adviser is a fiduciary to each fund and is legally obligated to act in each fund's best interests when selecting underlying funds.

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

Operational Risk. Each fund is exposed to operational risk arising from a number of factors, including, but not limited to, human error, processing and communication errors, errors of the fund's service providers, counterparties or other third parties, failed or inadequate processes and technology or system failures. Each fund seeks to reduce these operational risks through controls and procedures believed to be reasonably designed to address these risks. However, these controls and procedures cannot address every possible risk and may not fully mitigate the risks that they are intended to address.

Underlying Fund Investment Risk. The value of an investment in a fund is based primarily on the prices of the underlying funds that the fund purchases. In turn, the price of each underlying fund is based on the value of its securities. The fund is subject to the performance, expenses and risks of the underlying funds in which it invests. Before investing in a fund, investors should assess the risks associated with the underlying funds in which the fund may invest and the types of investments made by those underlying funds. These risks include any combination of the risks described below, although the fund's exposure to a particular risk will depend on the fund's overall asset allocation and underlying fund allocation.

- ***Equity Risk.*** The prices of equity securities in which the underlying funds invest rise and fall daily. These price movements may result from factors affecting individual companies, industries or the securities market as a whole. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response. Governmental action, including the imposition of trade embargoes or tariffs, may also impact individual companies or markets as a whole. In addition, equity markets tend to move in cycles which may cause stock prices to fall over short or extended periods of time. Due to their fixed-income features, preferred stocks provide higher income potential than issuers' common stocks, but typically are more sensitive to interest rate changes than the underlying common stock. The rights of common stockholders are generally subordinate to the rights associated with an issuer's preferred stocks and the rights of preferred stockholders are generally subordinate to the rights associated with an issuer's debt securities on the distribution of an issuer's assets in the event of a liquidation.
- ***Tracking Error Risk.*** Each underlying index fund seeks to track the performance of its respective index, although it may not be successful in doing so. The divergence between the performance of an underlying fund and its index, positive or negative, is called "tracking error." Tracking error can be caused by many factors and it may be significant. For example, an underlying fund may not invest in certain securities in its index, match the securities' weighting to the index, or the underlying fund may invest in securities not in the index, due to regulatory, operational, custodial or liquidity constraints; corporate transactions; asset valuations; transaction costs and timing; tax considerations; and index rebalancing, which may result in tracking error. An underlying fund may attempt to offset the effects of not being invested in certain index securities by making substitute investments, but these efforts may not be successful. In addition, cash flows into and out of an underlying fund, operating expenses and trading costs all affect the ability of the underlying fund to match the performance of its index, because the index does not have to manage cash flows and does not incur any costs.
- ***Market Capitalization Risk.*** Securities issued by companies of different market capitalizations tend to go in and out of favor based on market and economic conditions. In addition, there may be less trading volume in securities issued by mid- and small-cap companies than those issued by larger companies and, as a result, trading volatility may have a greater impact on the value of securities of mid- and small-cap companies. Securities issued by large-cap companies, on the other hand, may not be able to attain the high growth rates of some mid- and small-cap companies. During a period when securities of a particular market capitalization fall behind other types of investments, an underlying fund's performance could be impacted.
- ***Large-Cap Company Risk.*** Large-cap companies are generally more mature than smaller companies. They also may have fewer new market opportunities for their products or services, may focus resources on maintaining their market share, and may be unable to respond quickly to new competitive challenges. As a result, the securities issued by these companies may not be able to reach the same levels of growth as the securities issued by small- or mid-cap companies.
- ***Small-Cap Company Risk.*** Small-cap companies may be more vulnerable to adverse business or economic events than larger, more established companies and their securities may be riskier than those issued by larger companies. The value of securities issued by small-cap companies may be based in substantial part on future expectations rather than current achievements and their prices may

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

- ***Foreign Investment Risk.*** An underlying fund's investments in securities of foreign issuers involve certain risks that may be greater than those associated with investments in securities of U.S. issuers. These include risks of adverse changes in foreign economic, political, regulatory and other conditions; changes in currency exchange rates or exchange control regulations (including limitations on currency movements and exchanges); differing accounting, auditing, financial reporting and legal standards and practices; differing securities market structures; and higher transaction costs. In certain countries, legal remedies available to investors may be more limited than those available with respect to investments in the U.S. These risks may negatively impact the value or liquidity of an underlying fund's investments and could impair the underlying fund's ability to meet its investment objective or invest in accordance with its investment strategy. In addition, an underlying fund's investments in foreign securities may be subject to economic sanctions or other government restrictions, including trade tariffs, embargoes or limitations on trade which could have a significant impact on a country's markets overall as well as global economies or markets. There also is the risk that the cost of buying, selling, and holding foreign securities, including brokerage, tax, and custody costs, may be higher than those involved in domestic transactions. The securities of some foreign companies may be less liquid and, at times, more volatile than securities of comparable U.S. companies. An underlying fund may also experience more rapid or extreme changes in value as compared to an underlying fund that invests solely in securities of U.S. companies because the securities markets of many foreign countries are relatively small, with a limited number of companies representing a small number of industries. To the extent an underlying fund's investments in a single country or a limited number of countries represent a large percentage of the underlying fund's assets, the underlying fund's performance may be adversely affected by the economic, political, regulatory and social conditions in those countries, and the underlying fund's price may be more volatile than the price of an underlying fund that is geographically diversified.

- ***Depositary Receipt Risk.*** Foreign securities also include ADRs, which are U.S. dollar-denominated receipts representing shares of foreign-based corporations. ADRs are issued by U.S. banks or trust companies, and entitle the holder to all dividends and capital gains that are paid out on the underlying foreign shares. Foreign securities also include GDRs, which are similar to ADRs, but are shares of foreign-based corporations generally issued by international banks in one or more markets around the world. In addition, foreign securities include EDRs, which are similar to GDRs, but are shares of foreign-based corporations generally issued by European banks that trade on exchanges outside of the bank's home country. Investment in ADRs, GDRs and EDRs may be less liquid than the underlying shares in their primary trading market and GDRs, many of which are issued by companies in emerging markets, may be more volatile.

- ***Emerging Markets Risk.*** The risks of foreign investments apply to, and may be heightened in connection with, investments in emerging market countries or securities of issuers that conduct their business in emerging markets. Emerging market countries may be more likely to experience political turmoil or rapid changes in market or economic conditions than more developed countries. Emerging market countries often have less uniformity in accounting, auditing, financial reporting and recordkeeping requirements and greater risk associated with the custody of securities. It is sometimes difficult to obtain and enforce court judgments in such countries. Material information about a company in an emerging market country may be unavailable or unreliable, and U.S. regulators may be unable to enforce a company's regulatory obligations. There is often a greater potential for nationalization, expropriation, confiscatory taxation, government regulation, social instability or diplomatic developments (including war) in emerging market countries, which could adversely affect the economies of, or investments in securities of issuers located in, such countries. In addition, emerging markets are substantially smaller than developed markets, and the financial stability of issuers (including governments) in emerging market countries may be more precarious than in developed countries. As a result, there will tend to be an increased risk of illiquidity and price volatility associated with an underlying fund's investments in emerging market countries which may be magnified by currency fluctuations relative to the U.S. dollar, and, at times, it may be difficult to value such investments.

- ***Currency Risk.*** An underlying fund's investments in securities denominated in, and/or receiving revenues in, foreign currencies, will subject the underlying fund to the risk that those currencies will decline in value relative to the U.S. dollar, or, in the case of hedging positions, that the U.S. dollar will decline in value relative to the currency hedged. In either event, the dollar value of an investment in an underlying fund would be adversely affected. Currency exchange rates may fluctuate in response to factors extrinsic to that country's economy, which makes the forecasting of currency market movements extremely difficult. Currency rates in foreign countries may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates; intervention (or failure to intervene) by U.S. or foreign governments, central banks or supranational entities such as the International Monetary Fund; or by the imposition of currency controls or other political developments in the United States or abroad. These can result in losses to an underlying fund if it is unable to deliver or receive currency or monies in settlement of obligations and could also cause hedges it has entered into to be rendered useless, resulting in full currency exposure as well as incurring transaction costs. Forward contracts on foreign currencies are not traded on exchanges; rather, a bank or dealer will act as agent or as principal in order to make or take future delivery of a specified lot of a particular currency for the underlying fund's account. An underlying fund is subject to the risk of a counterparty's failure, inability or refusal to perform with respect to such contracts.

- ***Real Estate Investment Risk.*** Certain of the underlying funds have a policy of concentrating their investments in real estate companies and companies related to the real estate industry. Such an underlying fund is subject to risks associated with the direct ownership of real estate securities and a fund's investment in such an underlying fund will be closely linked to the performance of the real estate markets. An investment by a fund in an underlying fund that invests, but does not concentrate, in real estate companies and companies related to the real estate industry will subject the fund to the risks associated with the direct ownership of real estate securities to a lesser extent. These risks include, among others, declines in the value of real estate; risks related to general and local economic conditions; possible lack of availability of mortgage funds; overbuilding; extended vacancies of properties or defaults by borrowers or tenants, particularly during an economic downturn; increasing competition; increases in property taxes and operating expenses; changes in zoning laws; losses due to costs resulting from the clean-up of environmental problems; liability to third parties for damages resulting from environmental problems; casualty or condemnation losses; limitations on rents; changes in market and sub-market values and the appeal of properties to tenants; and changes in interest rates.

- ***Real Estate Investment Trusts (REITs) Risk.*** Certain of the underlying funds invest in REITs. In addition to the risks associated with investing in securities of real estate companies and real estate related companies, REITs are subject to certain additional risks. Equity REITs may be affected by changes in the value of the underlying properties owned by the trusts, and mortgage REITs may be affected by the quality of any credit extended. Further, REITs are dependent upon specialized management skills and may have their investments in relatively few properties, or in a small geographic area or a single property type. REITs are also subject to heavy cash flow dependency, defaults by borrowers and self-liquidation. In addition, REITs could possibly fail to qualify for tax free pass-through of income under the Internal Revenue Code of 1986, as amended, or to maintain their exemptions from registration under the Investment Company Act of 1940, as amended. The failure of a company to qualify as a REIT under federal tax law may have adverse consequences to an underlying fund that invests in that REIT. The above factors may also adversely affect a borrower's or a lessee's ability to meet its obligations to the REIT. In the event of a default by a borrower or lessee, the REIT may experience delays in enforcing its rights as a mortgagee or lessor and may incur substantial costs associated with protecting its investments. In addition, REITs have their own expenses, and an underlying fund that invests in REITs will bear a proportionate share of those expenses.

- ***Derivatives Risk.*** An underlying fund may use derivatives to enhance returns or hedge against market declines. Examples of derivatives are options, futures, options on futures and swaps. An option is the right, but not the obligation, to buy or sell an instrument at a specific price on or before a specific date. A future is an agreement to buy or sell a financial instrument at a specific price on a specific day. A swap is an agreement whereby two parties agree to exchange payment streams calculated in relation to a rate, index, instrument or certain securities and a predetermined amount. A credit default swap is an agreement in which the seller agrees to make a payment to the buyer in the event of a specified credit event in exchange for a fixed payment or series of fixed payments.

  An underlying fund's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Certain of these risks, such as credit risk, leverage risk, liquidity risk and market risk are discussed elsewhere in this prospectus. An underlying fund's use of derivatives is also subject to lack of availability risk, valuation risk, correlation risk and tax risk. Lack of availability risk is the risk that suitable derivative transactions may not be available in all circumstances for risk management or other purposes. Valuation risk is the risk that a particular derivative may be valued incorrectly. Correlation risk is the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index. Tax risk is the risk that the use of derivatives may cause an underlying fund to realize higher amounts of short-term capital gains. An underlying fund's use of derivatives could reduce the underlying fund's performance, increase its volatility, and could cause the underlying fund to lose more than the initial amount invested. The use of derivatives that are subject to regulation by the Commodity Futures Trading Commission (CFTC) by an underlying fund could cause a fund to become a commodity pool, which would require the fund to comply with certain CFTC rules.

- ***ETF Risk.*** When an underlying fund invests in an ETF, in addition to directly bearing the expenses associated with its own operations, it will bear a proportionate share of the ETF's expenses. Therefore, it may be more costly to own an ETF than to own the underlying securities directly. In addition, while the risks of owning shares of an ETF generally reflect the risks of owning the underlying securities the ETF holds, lack of liquidity in the market for an ETF's shares can result in its value being more volatile than the underlying portfolio securities.

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

- ***Sampling Index Tracking Risk.*** If an underlying fund uses a sampling method, the underlying fund will not fully replicate its comparative index and may hold securities not included in the index. As a result, the underlying fund is subject to the risk that the investment adviser's investment management strategy, the implementation of which is subject to a number of constraints, may not produce the intended results. If the underlying fund utilizes a sampling approach, it may not track the return of the index as well as it would if the underlying fund purchased all of the securities in the index.

- ***Securities Lending Risk.*** An underlying fund may lend its portfolio securities to brokers, dealers, and other financial institutions provided a number of conditions are satisfied, including that the loan is fully collateralized. When an underlying fund lends portfolio securities, its investment performance will continue to reflect changes in the value of the securities loaned, and the underlying fund will also receive a fee or interest on the collateral. Securities lending involves the risk of loss of rights in, or delay in recovery of, the loaned securities if the borrower fails to return the security loaned or becomes insolvent. An underlying fund will also bear the risk of any decline in value of securities acquired with cash collateral. An underlying fund may pay lending fees to a party arranging the loan.

- ***Investment Style Risk.*** Certain underlying funds seek to track the performance of various segments of the stock market, as measured by their respective indices. Such underlying funds follow these stocks during upturns as well as downturns. Because of their indexing strategy, these underlying funds do not take steps to reduce market exposure or to lessen the effects of a declining market. In addition, because of an underlying fund's expenses, the underlying fund's performance is normally below that of the index. A significant percentage of an index may be composed of securities in a single industry or sector of the economy. If an underlying fund is focused in an industry or sector, it may present more risks than if it were broadly diversified over numerous industries and sectors of the economy.

- ***Index-Related Risk.*** An index provider does not provide any warranty as to the timeliness, accuracy or completeness of any data relating to an index. Errors relating to an index, including index data, computations and/or construction, may occur from time to time and may not be identified by an index provider for a period of time or at all. Losses resulting from index errors may be borne by an underlying fund and its shareholders.

  In addition, market disruptions could cause delays in an underlying fund's index's rebalancing schedule which may result in the index and, in turn, the underlying fund experiencing returns different than those that would have been achieved under a normal rebalancing schedule.

- ***Credit Risk.*** A decline in the credit quality of an issuer or guarantor of a portfolio investment could cause an underlying fund to lose money or underperform. An underlying fund could lose money if, due to a decline in credit quality, the issuer or guarantor of a portfolio investment fails to make, or is perceived as being unable or unwilling to make, timely principal or interest payments or otherwise honor its obligations. The credit quality of an underlying fund's portfolio holdings can change rapidly in certain market environments and any default on the part of a single portfolio investment could cause an underlying fund's share price or yield to fall. Certain U.S. government securities that an underlying fund invests in are not backed by the full faith and credit of the U.S. government, which means they are neither issued nor guaranteed by the U.S. Treasury. There can be no assurance that the U.S. government will provide financial support to securities of its agencies and instrumentalities if it is not obligated to do so under law. Also, any government guarantees on securities an underlying fund owns do not extend to the shares of the underlying fund itself. Below investment-grade bonds (junk bonds) involve greater risks of default or downgrade and are more volatile than investment-grade bonds. Below investment-grade bonds also involve greater risk of price declines than investment-grade securities due to actual or perceived changes in an issuer's creditworthiness. In addition, issuers of below investment-grade bonds may be more susceptible than other issuers to economic downturns. Such bonds are subject to the risk that the issuer may not be able to pay interest or dividends and ultimately to repay principal upon maturity. Discontinuation of these payments could substantially adversely affect the market value of the bonds.

- ***Leverage Risk.*** Certain underlying fund transactions, such as derivatives transactions, short sales, reverse repurchase agreements, and mortgage dollar rolls, may give rise to a form of leverage and may expose an underlying fund to greater risk. Leverage tends to magnify the effect of any decrease or increase in the value of an underlying fund's portfolio securities. The use of leverage may cause an underlying fund to liquidate portfolio positions when it would not be advantageous to do so in order to satisfy its obligations.

- ***Mortgage-Backed and Mortgage Pass-Through Securities Risk.*** Mortgage-backed securities tend to increase in value less than other debt securities when interest rates decline, but are subject to similar or greater risk of decline in market value during periods of rising interest rates. Because of prepayment and extension risk, mortgage-backed securities react differently to changes in interest rates than other debt securities. Small movements in interest rates – both increases and decreases – may quickly and significantly affect the value of certain mortgage-backed securities. In addition, certain of the mortgage-backed securities in which an underlying fund may invest are issued or guaranteed by agencies or instrumentalities of the U.S. government but are not backed by the full faith and credit of the U.S. government and there can be no assurance that the U.S. government would provide financial support to its agencies or instrumentalities where it was not obligated to do so which can cause an underlying fund to lose money or underperform. The risks of investing in mortgage-backed securities include, among others, interest rate risk, credit risk, prepayment risk and extension risk, as well as risks associated with the nature of the underlying mortgage assets and the servicing of those assets. These securities are subject to the risk of default on the underlying mortgages, and such risk is heightened during periods of economic downturn. Transactions in mortgage pass-through securities often occur through to-be-announced (TBA) transactions. If a TBA counterparty defaults or goes bankrupt an underlying fund may experience adverse market action, expenses, or delays in connection with the purchase or sale of the pools of mortgage pass-through securities specified in a TBA transaction which can cause an underlying fund to lose money or underperform.

- ***Mortgage Dollar Rolls Risk.*** Mortgage dollar rolls are transactions in which an underlying fund sells mortgage-backed securities to a dealer and simultaneously agrees to repurchase similar securities in the future at a predetermined price. An underlying fund's mortgage dollar rolls could lose money if the price of the mortgage-backed securities sold falls below the agreed upon repurchase price, or if the counterparty is unable to honor the agreement.

- ***Interest Rate Risk.*** Interest rates rise and fall over time. As with any investment whose yield reflects current interest rates, an underlying fund's yield will change over time. During periods when interest rates are low or there are negative interest rates, an underlying fund's yield (and total return) also may be low or the underlying fund may be unable to maintain positive returns. Changes in interest rates also may affect an underlying fund's share price: a rise in interest rates generally causes an underlying fund's share price to fall. This risk is greater when an underlying fund holds fixed-income securities with longer maturities. The longer an underlying fund's portfolio duration, the more sensitive to interest rate movements its share price is likely to be. For example, an underlying fund with a longer portfolio duration is more likely to experience a decrease in its share price as interest rates rise. Duration is an estimate of a security's (or portfolio of securities) sensitivity to changes in prevailing interest rates that is based on certain factors that may prove to be incorrect. It is therefore not an exact measurement and may not be able to reliably predict a particular security's price sensitivity to changes in interest rates.

  Economic conditions and other factors, including a central bank's monetary policy, may result in changes in interest rates, which could have sudden and unpredictable effects on the markets and significantly impact the value of fixed-income securities in which an underlying fund invests. Rising interest rates may decrease liquidity in the fixed-income securities markets, making it more difficult for an underlying fund to sell its fixed-income securities holdings at a time when the investment adviser might wish to sell such securities. In addition, decreased market liquidity also may make it more difficult to value some or all of an underlying fund's fixed-income securities holdings. Certain countries have experienced negative interest rates on certain fixed-income securities. Negative or very low interest rates could magnify the risks associated with changes in interest rates. In general, changing interest rates, including rates that fall below zero, could have unpredictable effects on markets and may expose fixed-income and related markets to heightened volatility. To the extent that the investment adviser of an underlying fund anticipates interest rate trends imprecisely, the underlying fund could miss yield opportunities or its share price could fall. Inflation-protected securities may react differently to interest rate changes than other types of fixed-income securities and tend to react to changes in "real" interest rates.

- ***Prepayment and Extension Risk.*** Certain fixed-income securities are subject to the risk that the securities may be paid off earlier or later than expected, especially during periods of falling or rising interest rates, respectively. Rising interest rates tend to extend the duration of certain fixed-income securities, making them more sensitive to changes in interest rates. As a result, in a period of rising interest rates, an underlying fund could exhibit additional volatility and hold securities paying lower-than-market rates of interest. This is known as extension risk. When interest rates decline, borrowers may pay off their fixed-income securities sooner than expected. This can reduce an underlying fund's returns because the underlying fund will have to reinvest that money at the lower prevailing interest rates. In addition, prepayments and subsequent reinvestments increase the underlying fund's portfolio turnover rate. This is known as prepayment risk. Either situation could hurt an underlying fund's performance.

- ***Money Market Fund Risk.*** In addition to the risks discussed under "Investment Risk" above, an investment by a fund in an underlying money market fund has additional risks. A fund may invest in underlying money market funds that either seek to maintain a stable $1.00 net asset value ("stable share price money market funds") or that have a share price that fluctuates ("variable share price money market funds"). Although an underlying stable share price money market fund seeks to maintain a stable $1.00 net asset value, it is possible to lose money by investing in such a money market fund. Because the share price of an underlying variable share price money market fund will fluctuate, when a fund sells the shares it owns they may be worth more or less than what the fund originally paid for them. In addition, neither type of money market fund is designed to offer capital appreciation. In exchange for their emphasis on stability and liquidity, money market investments may offer lower long-term performance than stock or bond investments. Certain underlying money market funds may impose a fee upon the sale of shares or may temporarily suspend the ability to sell shares if such fund's liquidity falls below required minimums.

Portfolio Holdings

The funds may make various types of portfolio securities information available to shareholders. The funds post a detailed list of the securities held by each fund at **www.schwabfunds.com/schwabfunds_prospectus** (under "Portfolio Holdings") as of month end. This list is generally posted approximately 15-20 days after the end of the month and will remain posted for at least six months. The funds also post in the fund summary section of the funds' website and on fund fact sheets certain summary portfolio attributes, including top ten holdings, approximately 5-25 days after the end of the calendar quarter or month. The funds may exclude any portion of these portfolio holdings from publication when deemed in the best interest of a fund. Further information regarding the funds' policy and procedures on the disclosure of portfolio holdings is available in the SAI.

Financial Highlights

This section provides further details about each fund's financial history for the past five years. Certain information reflects financial results for a single fund share. "Total return" shows the percentage that an investor in a fund would have earned or lost during a given period, assuming all distributions were reinvested. The information for fiscal years/periods ended October 31, 2016 through October 31, 2019 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm. The information for the fiscal year ended October 31, 2020 has been audited by Deloitte & Touche LLP (Deloitte). Deloitte's full report is included in each fund's annual report (see back cover).

Schwab MarketTrack All Equity Portfolio

	11/1/19–10/31/20	11/1/18–10/31/19	11/1/17–10/31/18	11/1/16–10/31/17	11/1/15–10/31/16
Per-Share Data					
Net asset value at beginning of period	$19.15	$18.33	$18.76	$15.90	$17.00
Income (loss) from investment operations:					
Net investment income (loss)[1]	0.37	0.31	0.28	0.27	0.27
Net realized and unrealized gains (losses)	(0.54)	1.30	(0.05)	3.33	0.31
Total from investment operations	(0.17)	1.61	0.23	3.60	0.58
Less distributions:					
Distributions from net investment income	(0.53)	(0.36)	(0.33)	(0.30)	(0.53)
Distributions from net realized gains	(0.72)	(0.43)	(0.33)	(0.44)	(1.15)
Total distributions	(1.25)	(0.79)	(0.66)	(0.74)	(1.68)
Net asset value at end of period	$17.73	$19.15	$18.33	$18.76	$15.90
Total return	(1.35%)	9.58%	1.10%	23.33%	3.99%
Ratios/Supplemental Data					
Ratios to average net assets:					
Net operating expenses[2]	0.40%	0.40%	0.39%	0.40%	0.41%
Gross operating expenses[2]	0.40%	0.40%	0.39%	0.40%	0.42%
Net investment income (loss)	2.08%	1.72%	1.46%	1.56%	1.73%
Portfolio turnover rate	18%	6%	5%	5%	6%
Net assets, end of period (x 1,000,000)	$ 623	$ 691	$ 660	$ 662	$ 553

(1) Calculated based on the average shares outstanding during the period.

(2) Ratio excludes acquired fund fees and expenses, which are indirect expenses incurred by the fund through its investments in underlying funds.

Schwab MarketTrack Growth Portfolio

	11/1/19–10/31/20	11/1/18–10/31/19	11/1/17–10/31/18	11/1/16–10/31/17	11/1/15–10/31/16
Per-Share Data					
Net asset value at beginning of period	$23.54	$22.67	$23.47	$20.54	$22.68
Income (loss) from investment operations:					
Net investment income (loss)[1]	0.43	0.41	0.37	0.34	0.32
Net realized and unrealized gains (losses)	(0.20)	1.62	(0.04)	3.37	0.41
Total from investment operations	0.23	2.03	0.33	3.71	0.73
Less distributions:					
Distributions from net investment income	(0.47)	(0.45)	(0.40)	(0.36)	(0.39)
Distributions from net realized gains	(0.88)	(0.71)	(0.73)	(0.42)	(2.48)
Total distributions	(1.35)	(1.16)	(1.13)	(0.78)	(2.87)
Net asset value at end of period	$22.42	$23.54	$22.67	$23.47	$20.54
Total return	0.74%	9.86%	1.28%	18.52%	3.88%
Ratios/Supplemental Data					
Ratios to average net assets:					
Net operating expenses[2]	0.39%	0.40%	0.39%	0.40%	0.41%
Gross operating expenses[2]	0.40%	0.40%	0.39%	0.40%	0.41%
Net investment income (loss)	1.92%	1.82%	1.59%	1.57%	1.61%
Portfolio turnover rate	19%	7%	7%	20%[3]	12%
Net assets, end of period (x 1,000,000)	$ 748	$ 817	$ 783	$ 804	$ 707

(1) Calculated based on the average shares outstanding during the period.

(2) Ratio excludes acquired fund fees and expenses, which are indirect expenses incurred by the fund through its investments in underlying funds.

(3) The portfolio turnover rate increased due to the in-kind transactions relating to Schwab Total Bond Market Fund and Schwab U.S. Aggregate Bond Index Fund. For comparison purposes, the portfolio turnover rate would have been 6% without including these transactions. There were no transaction costs associated with these transactions.

Schwab MarketTrack Balanced Portfolio

	11/1/19–10/31/20	11/1/18–10/31/19	11/1/17–10/31/18	11/1/16–10/31/17	11/1/15–10/31/16
Per-Share Data					
Net asset value at beginning of period	$18.75	$18.24	$19.12	$17.35	$19.07
Income (loss) from investment operations:					
Net investment income (loss)[1]	0.35	0.36	0.34	0.30	0.27
Net realized and unrealized gains (losses)	0.10	1.32	(0.24)	2.02	0.35
Total from investment operations	0.45	1.68	0.10	2.32	0.62
Less distributions:					
Distributions from net investment income	(0.39)	(0.39)	(0.33)	(0.30)	(0.33)
Distributions from net realized gains	(0.43)	(0.78)	(0.65)	(0.25)	(2.01)
Total distributions	(0.82)	(1.17)	(0.98)	(0.55)	(2.34)
Net asset value at end of period	$18.38	$18.75	$18.24	$19.12	$17.35
Total return	2.37%	10.14%	0.44%	13.71%	3.92%
Ratios/Supplemental Data					
Ratios to average net assets:					
Net operating expenses[2]	0.40%	0.40%	0.40%	0.40%	0.41%
Gross operating expenses[2]	0.40%	0.40%	0.40%	0.40%	0.41%
Net investment income (loss)	1.91%	1.99%	1.79%	1.67%	1.60%
Portfolio turnover rate	22%	11%	8%	46%[3]	15%
Net assets, end of period (x 1,000,000)	$ 518	$ 545	$ 515	$ 551	$ 516

(1) Calculated based on the average shares outstanding during the period.

(2) Ratio excludes acquired fund fees and expenses, which are indirect expenses incurred by the fund through its investments in underlying funds.

(3) The portfolio turnover rate increased due to the in-kind transactions relating to Schwab Total Bond Market Fund and Schwab U.S. Aggregate Bond Index Fund. For comparison purposes, the portfolio turnover rate would have been 10% without including these transactions. There were no transaction costs associated with these transactions.

Schwab MarketTrack Conservative Portfolio

	11/1/19–10/31/20	11/1/18–10/31/19	11/1/17–10/31/18	11/1/16–10/31/17	11/1/15–10/31/16
Per-Share Data					
Net asset value at beginning of period	$16.43	$15.63	$16.27	$15.31	$15.94
Income (loss) from investment operations:					
Net investment income (loss)[1]	0.30	0.35	0.31	0.27	0.24
Net realized and unrealized gains (losses)	0.27	1.18	(0.38)	1.09	0.30
Total from investment operations	0.57	1.53	(0.07)	1.36	0.54
Less distributions:					
Distributions from net investment income	(0.31)	(0.36)	(0.32)	(0.28)	(0.27)
Distributions from net realized gains	(0.19)	(0.37)	(0.25)	(0.12)	(0.90)
Total distributions	(0.50)	(0.73)	(0.57)	(0.40)	(1.17)
Net asset value at end of period	$16.50	$16.43	$15.63	$16.27	$15.31
Total return	3.57%	10.31%	(0.49%)	9.07%	3.68%
Ratios/Supplemental Data					
Ratios to average net assets:					
Net operating expenses[2]	0.42%	0.43%	0.41%	0.42%	0.43%
Gross operating expenses[2]	0.42%	0.43%	0.41%	0.42%	0.44%
Net investment income (loss)	1.84%	2.19%	1.93%	1.71%	1.61%
Portfolio turnover rate	35%	26%	9%	74%[3]	10%
Net assets, end of period (x 1,000,000)	$ 279	$ 263	$ 239	$ 251	$ 238

(1) Calculated based on the average shares outstanding during the period.

(2) Ratio excludes acquired fund fees and expenses, which are indirect expenses incurred by the fund through its investments in underlying funds.

(3) The portfolio turnover rate increased due to the in-kind transactions relating to Schwab Total Bond Market Fund and Schwab U.S. Aggregate Bond Index Fund. For comparison purposes, the portfolio turnover rate would have been 23% without including these transactions. There were no transaction costs associated with these transactions.

Fund Management

The investment adviser for the funds is Charles Schwab Investment Management, Inc. (CSIM), 211 Main Street, San Francisco, CA 94105. CSIM was founded in 1989 and as of December 31, 2020, managed approximately $586.7 billion in assets.

As the investment adviser, CSIM oversees the asset management and administration of the funds. As compensation for these services, CSIM receives a management fee from each fund. For the 12 months ended October 31, 2020, these fees were 0.13% for the Schwab MarketTrack All Equity Portfolio, 0.13% for the Schwab MarketTrack Growth Portfolio, 0.13% for the Schwab MarketTrack Balanced Portfolio and 0.13% for the Schwab MarketTrack Conservative Portfolio. These figures, which are expressed as a percentage of each fund's average daily net assets, represent the actual amounts paid, including the effects of reductions.

The investment adviser and its affiliates have agreed to limit the total annual fund operating expenses (excluding interest, taxes and certain non-routine expenses) of each fund to 0.50% for so long as the investment adviser serves as the adviser to a fund. This agreement may only be amended or terminated with the approval of the fund's Board of Trustees. This agreement is limited to a fund's direct operating expenses and does not apply to AFFE.

A discussion regarding the basis for the Board of Trustees' approval of each fund's investment advisory agreement is available in each fund's 2020 annual report, which covers the period of November 1, 2019 through October 31, 2020.

Zifan Tang, Ph.D., CFA, Senior Portfolio Manager, is responsible for the co-management of the funds. Prior to joining Schwab in January 2012, Ms. Tang was a product manager at Thomson Reuters and from 1997 to 2009 worked as a portfolio manager at Barclays Global Investors (now known as BlackRock).

Patrick Kwok, CFA, Portfolio Manager, is responsible for the co-management of the funds. Previously, Mr. Kwok served as an associate portfolio manager with CSIM from 2012 to 2016. Prior to that, he worked as a fund administration manager for CSIM, where he was responsible for oversight of sub-advisers, trading, cash management and fund administration for the Charles Schwab Trust Bank Collective Investment Trusts and Schwab's multi-asset mutual funds. Prior to joining CSIM in 2008, Mr. Kwok spent two years as an asset operations specialist at Charles Schwab Trust Company. He also worked for one year at State Street Bank & Trust Company as a portfolio accountant and pricing specialist.

Additional information about the portfolio managers' compensation, other accounts managed by the portfolio managers and the portfolio managers' ownership of securities in each fund is available in the SAI.

Investing in the Funds

In this section, you will find information on buying, selling and exchanging shares. Investors may only invest in the funds through an intermediary by placing orders through your brokerage account at Schwab or an account with another broker/dealer, investment adviser, 401(k) plan, employee benefit plan, administrator, bank, or other financial intermediary (intermediary) that is authorized to accept orders on behalf of a fund (intermediary orders). No new accounts can be opened directly with the funds' transfer agent. Eligible Shareholders (as defined herein) who purchased fund shares prior to October 2, 2017 directly from, and continue to hold such shares directly through, the funds' transfer agent may continue to place additional purchase, exchange or redemption orders through the funds' transfer agent (direct orders). You also will see how to choose a distribution option for your investment. Helpful information on taxes is included as well.

The funds generally are not registered for sale in jurisdictions outside the United States and are intended for purchase by persons residing in the United States. A person is considered resident in the United States if at the time of the investment (i) the account has an address of record in the United States or a U.S. territory (including APO/FPO/DPO) and (ii) all account owners are resident in the United States or a U.S. territory and have a valid U.S. taxpayer identification number. If an existing account is updated to reflect a non-U.S. address, the account may be restricted from making additional investments.

Investing Through a Financial Intermediary

Placing Orders Through Your Intermediary

When you place orders through Schwab or other intermediary, you are not placing your orders directly with the funds, and you must follow Schwab's or the other intermediary's transaction procedures. Your intermediary may impose different or additional conditions than the funds on purchases, redemptions and exchanges of fund shares. These differences may include initial, subsequent and maintenance investment requirements, exchange policies, fund choices, cut-off times for investment and trading restrictions. Your intermediary may independently establish and charge its customers transaction fees, account fees and other fees in addition to the fees charged by the funds, and the intermediary may require its customers to pay a commission when transacting in fund shares. These additional fees will vary between intermediaries and may vary over time and would increase the cost of your investment and lower investment returns. You should consult your intermediary directly for information regarding these conditions and fees. The funds are not responsible for the failure of your intermediary to carry out its responsibilities.

Only certain intermediaries are authorized to accept orders on behalf of a fund. If your fund shares are no longer held by an authorized intermediary, a fund may impose restrictions on your ability to manage or maintain your shares. For example, you will not be able to place orders to purchase additional shares. To remove these restrictions, you may move your shares to Schwab or another intermediary that is authorized to accept fund orders.

Buying, Selling and Exchanging Shares Through an Intermediary

To purchase, redeem or exchange shares held in your Schwab account or in your account at another intermediary, you must place your orders with the intermediary that holds your shares. You may not purchase, redeem or exchange shares held in your intermediary account directly with a fund.

When selling or exchanging shares, you should be aware of the following fund policies:

- For accounts held through a financial intermediary, each fund typically expects to pay sale proceeds to the financial intermediary for payment to redeeming shareholders within two business days following receipt of a shareholder redemption order; however, each fund may take up to seven days to pay sale proceeds.
- Each fund reserves the right to honor redemptions in liquid portfolio securities instead of cash when your redemptions over a 90-day period exceed $250,000 or 1% of the fund's assets, whichever is less. You may incur transaction expenses and taxable gains in converting these securities to cash. In addition, a redemption in liquid portfolio securities would be treated as a taxable event for you and may result in the recognition of gain or loss for federal income tax purposes.
- Exchange orders are limited to Schwab Funds (that are not Sweep Investments®) and Laudus Funds, and must meet the minimum investment and other requirements for the fund and share class, if applicable, into which you are exchanging.
- You should obtain and read the prospectus for the fund into which you are exchanging prior to placing your order.

Investing Directly with the Funds

Investor Eligibility Requirements for Placing Direct Orders

Investors may not purchase shares directly from the funds' transfer agent, DST Asset Manager Solutions, Inc. Eligible Shareholders (as defined below) who previously purchased fund shares directly from, and continue to hold such shares directly through, the transfer agent may continue to place additional purchase orders in the same account(s) directly with the transfer agent. Prior to October 2, 2017, Eligible Shareholders that could purchase shares directly from the transfer agent included, but were not limited to, qualified and non-qualified employee benefit plans (including but not limited to defined benefit plans, defined contribution plans and 401(k) plans), foundations and endowments, banks, trusts, investment companies and corporate capital and cash management accounts. Eligible Shareholders may also be shareholders who received shares of a Schwab Fund as a result of a reorganization of a fund. The funds reserve the right to accept direct purchases from Eligible Shareholders and to suspend the privilege of purchasing additional shares of the funds at any time.

Additional Direct Purchases by Wire

Subject to acceptance by a fund, only Eligible Shareholders may make additional purchases of a fund's shares in the same account(s) by wiring federal funds to the transfer agent. You must call the transfer agent at 1-800-407-0256 prior to the close of a fund (generally 4:00 p.m. Eastern time or the close of the NYSE, whichever is earlier) to place your order and to receive wire instructions. Orders received by the transfer agent in good order on or prior to the close of a fund will be processed at the net asset value per share of the fund for that day. Your wired funds must be received and accepted by the transfer agent prior to 6:00 p.m. Eastern time or the deadline for the Fedwire Funds Service for initiating third party transfers, whichever is earlier, on the day your purchase order is placed. Please call the transfer agent at 1-800-407-0256 if you have any questions or need additional information. The funds reserve the right to suspend the privilege of direct purchase of additional shares of the funds at any time.

Additional Direct Purchases by Mail

Subject to acceptance by a fund, only Eligible Shareholders may make additional purchases of a fund's shares in the same account(s) by mail. Additional investments may be made at any time by mailing a check (payable to Schwab Funds) to the transfer agent at DST Asset Manager Solutions, Inc., Attn: Schwab Funds, P.O. Box 219647, Kansas City, MO 64121-9647. Be sure to include your account number on your check. The funds reserve the right to suspend the privilege of direct purchase of additional shares of the funds at any time.

Subject to acceptance by a fund, payment for the purchase of shares received by mail will be credited to a shareholder's account at the net asset value per share of the fund next determined after receipt, even though the check may not yet have been converted into federal funds. For purposes of calculating the purchase price of fund shares, a purchase order is received by a fund on the day that it is in good order unless it is rejected by the fund's transfer agent. For a cash purchase order of fund shares to be in good order on a particular day, a check must be received on or before the close of a fund (generally 4:00 p.m. Eastern time or the close of the NYSE, whichever is earlier) on that day. If the payment is received by a fund after the deadline, the purchase price of fund shares will be based upon the next determination of net asset value of fund shares. No currency, third party checks, foreign checks, starter checks, credit card checks, traveler's checks or money orders will be accepted by a fund.

Direct Redemptions and Exchanges

Eligible Shareholders may continue to exchange and redeem shares held directly with the fund's transfer agent. When selling or exchanging shares directly, you should be aware of the following fund policies:

- Each fund typically expects to pay sale proceeds by wire, ACH, or by mailing a check, to redeeming shareholders within two business days following receipt of a shareholder redemption order; however, each fund may take up to seven days to pay sale proceeds.
- Each fund reserves the right to honor redemptions in liquid portfolio securities instead of cash when your redemptions over a 90-day period exceed $250,000 or 1% of the fund's assets, whichever is less. You may incur transaction expenses and taxable gains in converting these securities to cash. In addition, a redemption in liquid portfolio securities would be treated as a taxable event for you and may result in the recognition of gain or loss for federal income tax purposes.
- Exchange orders are limited to Schwab Funds (that are not Sweep Investments) and Laudus Funds, and must meet the minimum investment and other requirements for the fund and share class, if applicable, into which you are exchanging.
- You should obtain and read the prospectus for the fund into which you are exchanging prior to placing your order.

Direct Redemptions by Telephone

If you authorized the telephone redemption option in the account application, you may place a redemption order by calling the transfer agent at 1-800-407-0256 and requesting that the redemption proceeds be wired per the authorized instructions in the account application or mailed to the primary registration address. Your redemption order will be processed at the net asset value per share of the fund next determined after receipt of your telephone redemption order by the transfer agent. Please note that the transfer agent may only act on telephone instructions believed by the transfer agent to be genuine. The transfer agent's records of such instructions are binding on the shareholder. The funds and their service providers (including the transfer agent, Schwab and CSIM) are not responsible for any losses or costs that may arise from following telephone instructions that the transfer agent reasonably believes to be genuine. The transfer agent will employ reasonable procedures to confirm that instructions communicated are genuine. These procedures include tape recording of telephone instructions and requiring some form of personal identification prior to acting upon instructions received by telephone.

Direct Redemptions by Mail

You may redeem your fund shares by mail by sending a request letter to the funds' transfer agent at DST Asset Manager Solutions, Inc., Attn: Schwab Funds, P.O. Box 219647, Kansas City, MO 64121-9647. Your redemption request will be processed by a fund at the net asset value per share of the fund next determined after the request is received in good order. To be in good order, the redemption request must include the name of the fund and the number of shares or the dollar amount to be redeemed, all required signatures and authorizations and any required signature guarantees.

Additional Direct Redemption Information

To protect you, the funds and their service providers from fraud, signature guarantees may be required to enable the transfer agent to verify the identity of the person who has authorized a redemption from an account. Signature guarantees are required for (1) redemptions where the proceeds are to be sent to someone other than the registered shareholder(s) at the registered address, (2) redemptions if your account address has changed within the last 10 business days, (3) share transfer requests, and (4) redemptions where the proceeds are wired in connection with bank instructions not already on file with the transfer agent. Signature guarantees may be obtained from certain eligible financial institutions, including, but not limited to, the following: U.S. banks, trust companies, credit unions, securities brokers and dealers, savings and loan associations and participants in the Securities and Transfer Association Medallion Program (STAMP), the Stock Exchange Medallion Program (SEMP) or the New York Stock Exchange Medallion Signature Program (MSP). Signature guarantees from non-U.S. banks that do not include a stamp may require a U.S. consulate stamp. You may contact the transfer agent at 1-800-407-0256 for further details.

Direct Exchange Privileges

Exchange orders are limited to Schwab Funds (that are not Sweep Investments) and Laudus Funds, and must meet the minimum investment and other requirements for the fund and share class, if applicable, into which you are exchanging. Further, you should obtain and read the prospectus for the fund into which you are exchanging prior to placing your order. A new account opened by exchange must be established with the same name(s), address(es) and tax identification number(s) as the existing account. All exchanges will be made based on the respective net asset values next determined following receipt of the request by a fund containing the information indicated below.

The funds reserve the right to suspend the privilege of exchanging shares of the funds by mail or by telephone at any time. The funds further reserve the right to materially modify or terminate the exchange privilege upon 60 days' written notice to shareholders.

Direct Exchanges by Telephone

If you authorized the telephone redemption option in the account application, you may exchange fund shares by telephone by calling the funds' transfer agent at 1-800-407-0256. Please be prepared to provide the following information: (a) the account number, tax identification number and account registration; (b) the class of shares to be exchanged (if applicable); (c) the name of the fund from which and the fund into which the exchange is to be made; and (d) the dollar or share amount to be exchanged. Please note that the transfer agent may act only on telephone instructions believed by the transfer agent to be genuine. Please see the section entitled "Direct Redemptions by Telephone" for more information regarding transacting with the funds' transfer agent via telephone.

Direct Exchanges by Mail

To exchange fund shares by mail, simply send a letter of instruction to the funds' transfer agent at DST Asset Manager Solutions, Inc., Attn: Schwab Funds, P.O. Box 219647, Kansas City, MO 64121-9647. The letter of instruction must include: (a) your account number; (b) the class of shares to be exchanged (if applicable); (c) the fund from and the fund into which the exchange is to be made; (d) the dollar or share amount to be exchanged; and (e) the signatures of all registered owners or authorized parties.

Share Price

The funds are open for business each day that the NYSE is open. Each fund calculates its share price each business day as of the close of the NYSE (generally 4:00 p.m. Eastern time). If the NYSE is closed due to weather or other extenuating circumstances on a day it would typically be open for business, or the NYSE has an unscheduled early closing on a day it has opened for business, the funds reserve the right to treat such day as a business day and accept purchase and redemption orders and calculate their share prices as of the normally scheduled close of regular trading on the NYSE for that day. A fund's share price is its net asset value per share, or NAV, which is the fund's net assets divided by the number of its shares outstanding. Orders received by a fund in good order at or prior to the close of the fund (generally 4:00 p.m. Eastern time) will be executed at the next share price calculated that day.

If you place an order through your Schwab account or an account at another intermediary, please consult with your intermediary to determine when your order will be executed. Generally, you will receive the share price next calculated after a fund receives your order from your intermediary. However, some intermediaries, such as Schwab, may arrange with a fund for you to receive the share price next calculated after your intermediary has received your order. Some intermediaries may require that they receive orders prior to a specified cut-off time.

In valuing underlying fund investments, the funds use the NAVs reported by their underlying funds. In valuing other portfolio securities, the funds use market quotes or official closing prices if they are readily available. In cases where quotes are not readily available or the adviser deems them unreliable, a fund may value securities based on fair values developed using methods approved by the fund's Board of Trustees.

Shareholders of a fund should be aware that because foreign markets are often open on weekends and other days when the fund is closed, the value of the fund's portfolio may change on days when it is not possible to buy or sell shares of the fund.

Additional Policies Affecting Your Investment

Each fund reserves certain rights, including the following:

- To materially modify or terminate the exchange privilege upon 60 days' written notice to shareholders.
- To change or waive a fund's investment minimums.
- To suspend the right to sell shares back to the fund, and delay sending proceeds, during times when trading on the NYSE is restricted or halted, or otherwise as permitted by the SEC.
- To withdraw or suspend any part of the offering made by this prospectus.

Minimum Investment

None

Options for Fund Distributions

Choose an option for fund distributions. If you are an Eligible Shareholder who previously placed direct orders with a fund's transfer agent, you had one of the three options described below for fund distributions. If you did not indicate a choice, you received the first option. If you are placing orders through an intermediary, you will select from the options for fund distributions provided by your intermediary, which may be different than those provided by the funds to Eligible Shareholders. You should consult with your financial intermediary to discuss available options.

Option	Feature
Reinvestment	All dividends and capital gains distributions are invested automatically in shares of the fund.
Cash/reinvestment mix	You receive payment for dividends, while any capital gains distributions are invested in shares of the fund.
Cash	You receive payment for all dividends and capital gains distributions.

Payments by the Investment Adviser or its Affiliates

The investment adviser or its affiliates make payments out of their own resources, or provide products and services at a discount, to certain brokerage firms, banks, insurance companies, retirement plan service providers and other financial intermediaries that perform shareholder, recordkeeping, sub-accounting and other administrative services in connection with investments in fund shares. These payments or discounts are separate from, and may be in addition to, any shareholder service fees or other administrative fees the funds may pay to those intermediaries. The investment adviser or its affiliates also make payments out of their own resources, or provide products and services at a discount, to certain financial intermediaries in connection with certain activities or services which may facilitate, directly or indirectly, investment in the funds. These payments may relate to marketing and/or fund promotion activities and presentations, educational training programs, conferences, the development and support of technology platforms and/or reporting systems, data analytics and support, or making shares of the funds available to their customers. These payments, which may be significant, are paid by the investment adviser or its affiliates out of their own resources and not from the assets of the funds.

Payments to a financial intermediary may create potential conflicts of interest between the intermediary and its clients as the payments may provide such intermediary with an incentive to favor sales of shares of the funds over other investment options they make available to their customers. Please see the SAI for additional information.

Shareholder Servicing Plan

The Board of Trustees has adopted a Shareholder Servicing Plan (the Plan) on behalf of the funds. The Plan enables each fund to bear expenses relating to the provision by financial intermediaries, including Schwab (together, service providers), of certain account maintenance, customer liaison and shareholder services to the current shareholders of the funds.

Pursuant to the Plan, each fund's shares are subject to an annual shareholder servicing fee of up to 0.25%. The shareholder servicing fee paid to a particular service provider is made pursuant to its written agreement with Schwab, as distributor of the funds (or, in the case of payments made to Schwab acting as a service provider, pursuant to Schwab's written agreement with the funds). Payments under the Plan are made as described above without regard to whether the fee is more or less than the service provider's actual cost of providing the services, and if more, such excess may be retained as profit by the service provider.

Policy Regarding Short-Term or Excessive Trading

The funds are intended for long-term investment and not for short-term or excessive trading (collectively market timing). Market timing may adversely impact the funds' performance by disrupting the efficient management of the funds, increasing fund transaction costs and taxes, causing the funds to maintain higher cash balances, and diluting the value of the funds' shares.

To discourage market timing, the funds' Board of Trustees has adopted policies and procedures that are reasonably designed to reduce the risk of market timing by fund shareholders. Each fund seeks to deter market timing through several methods. These methods may include fair value pricing and trade activity monitoring. Fair value pricing is discussed more thoroughly in the subsequent pages of this prospectus and is considered an element of the funds' policy regarding short-term or excessive trading. Trade activity monitoring is risk based and seeks to identify patterns of activity in amounts that might be detrimental to the funds. Certain trading activity will not be treated as short-term or excessive trading, such as transactions involving in-kind purchases or redemptions of shares of a fund.

The funds and their service providers maintain risk-based surveillance procedures designed to detect market timing in fund shares in amounts that might be detrimental to the fund. Under these procedures, the funds have requested that service providers to the funds monitor transactional activity in amounts and frequency determined by each fund to be significant to the fund and in a pattern of activity that potentially could be detrimental to the fund. Generally, excessive trading activity in a fund is measured by the number of roundtrip transactions in a shareholder's account. A roundtrip transaction occurs when a shareholder completes a purchase of shares and then sells the same fund's shares (including exchanges). If an investor engages in multiple roundtrips in a fund within a 60-day period or the fund, in its sole discretion based on these or other factors, determines that a shareholder has engaged in market timing, it may refuse to process future purchases or exchanges into such fund by that shareholder for a period of 90 days. Subsequent violations within a 12-month period will be evaluated to determine whether a permanent block is appropriate. These procedures may be modified from time to time as appropriate to improve the detection of market timing and to comply with applicable laws.

If trades are effected through a financial intermediary, each fund or its service providers will work with the intermediary to monitor possible market timing activity. The funds reserve the right to request that the intermediary provide certain shareholder transaction information to the funds and may require the intermediary to restrict the shareholder from future purchases or exchanges in the funds. Transactions by fund shareholders investing through intermediaries may also be subject to the restrictions of the intermediary's own frequent trading policies, which may differ from those of the funds. Each fund may defer to an intermediary's frequent trading policies with respect to those shareholders who invest in the fund through such intermediary if the fund determines that the intermediary's frequent trading policies are reasonably designed to deter transactional activity in amounts and frequency that are deemed to be significant to the fund and in a pattern of activity that potentially could be detrimental to the fund. Shareholders should consult with their intermediary to determine if additional frequent trading restrictions apply to their fund transactions. A fund's ability to impose restrictions with respect to accounts traded through particular intermediaries may vary depending on the systems' capabilities, applicable contractual and legal restrictions and cooperation of those intermediaries.

Although these methods are designed to discourage market timing, there can be no guarantee that the funds will be able to identify and restrict investors that engage in such activities. In addition, some of these methods are inherently subjective and involve judgment in their application. Each fund and its service providers seek to make these judgments and applications uniformly and in a manner that they believe is consistent with interests of the fund's long-term shareholders. The funds may amend these policies and procedures without prior notice in response to changing regulatory requirements or to enhance the effectiveness of the program.

The funds reserve the right to restrict, reject or cancel within a reasonable time, without prior notice, any purchase or exchange order for any reason.

Fair Value Pricing

The Board of Trustees has adopted procedures to fair value the funds' securities when market prices are not "readily available" or are unreliable. For example, a fund may fair value a security when a security is de-listed or its trading is halted or suspended; when a security's primary pricing source is unable or unwilling to provide a price; when a security's primary trading market is closed during regular market hours; or when a security's value is materially affected by events occurring after the close of the security's primary trading market.

By fair valuing securities whose prices may have been affected by events occurring after the close of trading, the funds seek to establish prices that investors might expect to realize upon the current sales of these securities. This methodology is designed to deter "arbitrage" market timers, who seek to exploit delays between the change in the value of a fund's portfolio holdings and the net asset value of its shares, and seeks to help ensure that the prices at which the fund's shares are purchased and redeemed are fair and do not result in dilution of shareholder interest or other harm to shareholders.

Each fund makes fair value determinations in good faith in accordance with the fund's valuation procedures. Due to the subjective and variable nature of fair value pricing, there can be no assurance that a fund could obtain the fair value assigned to the security upon the sale of such security. The respective prospectuses for the underlying funds in which the funds invest explain the circumstances in which those funds will use fair value pricing and the effect of fair value pricing.

Methods to Meet Redemptions

Under normal market conditions, each fund expects to meet redemption orders by using holdings of cash/cash equivalents or by the sale of portfolio investments. In unusual or stressed market conditions or as CSIM determines appropriate, each fund may borrow through the fund's bank lines of credit or through the fund's interfund lending facility to meet redemption requests. Each fund may also utilize its custodian overdraft facility to meet redemptions, if necessary. As noted above, each fund also reserves the right to honor redemptions in liquid portfolio securities instead of cash when your redemptions over a 90-day period exceed $250,000 or 1% of the fund's assets, whichever is less. You may be subject to market risk and you may incur transaction expenses and taxable gains in converting the securities to cash. In addition, a redemption in liquid portfolio securities would be treated as a taxable event for you and may result in the recognition of gain or loss for federal income tax purposes.

Large Shareholder Redemptions

Certain accounts or Schwab affiliates may from time to time own (beneficially or of record) or control a significant percentage of a fund's shares. Redemptions by these shareholders of their holdings in a fund may impact the fund's liquidity and NAV. These redemptions may also force a fund to sell securities, which may negatively impact the fund's brokerage costs.

Customer Identification and Verification and Anti-Money Laundering Program

Customer identification and verification is part of each fund's overall obligation to deter money laundering under federal law. Each fund has adopted an Anti-Money Laundering Compliance Program designed to prevent the fund from being used for money laundering or the financing of terrorist activities. In this regard, the funds reserve the right to (i) refuse, cancel or rescind any purchase or exchange order; (ii) freeze any account and/or suspend account services; or (iii) involuntarily close your account in cases of threatening conduct or suspected fraudulent or illegal activity. These actions will be taken when, in the sole discretion of fund management, they are deemed to be in the best interest of a fund or in cases when a fund is requested or compelled to do so by governmental or law enforcement authority. If your account is closed at the request of governmental or law enforcement authority, you may not receive proceeds of the redemption if a fund is required to withhold such proceeds.

Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. When you open your account, you will have to provide your name, address, date of birth, identification number and other information that will allow your financial intermediary to identify you. This information is subject to verification to ensure the identity of all persons opening an account.

Your financial intermediary is required by law to reject your new account application if the required identifying information is not provided. Your financial intermediary may contact you in an attempt to collect any missing information required on the application, and your application may be rejected if they are unable to obtain this information. In certain instances, your financial intermediary is required to collect documents that will be used solely to establish and verify your identity.

Each fund reserves the right to close and/or liquidate your account at the then-current day's price if the fund or your financial intermediary is unable to verify your identity. As a result, you may be subject to a gain or loss on fund shares and will be subject to corresponding tax consequences.

Distributions and Taxes

Any investment in a fund typically involves several tax considerations. The information below is meant as a general summary for U.S. citizens and residents. Please see the SAI for additional information. Because each person's tax situation is different, you should consult your tax advisor about the tax implications of your investment in a fund. You also can visit the Internal Revenue Service (IRS) website at **www.irs.gov**.

As a shareholder, you are entitled to your share of the dividends and gains a fund earns. Every year, each fund distributes to its shareholders substantially all of its net investment income and net capital gains, if any. These distributions typically are paid in December to all shareholders of record, except for the Schwab MarketTrack Conservative Portfolio, which typically makes income distributions at the end of each calendar quarter. During the fourth quarter of the year, typically in early November, an estimate of each fund's capital gains distributions, if any, may be made available on the funds' website: **www.schwabfunds.com**.

Unless you are investing through an IRA, 401(k) or other tax-advantaged account, your fund distributions generally have tax consequences. Each fund's net investment income and short-term capital gains are distributed as dividends and will be taxable as ordinary income or qualified dividend income. Other capital gains distributions are taxable as long-term capital gains, regardless of how long you have held your shares in a fund. The maximum individual rate applicable to "qualified dividend income" and long-term capital gains is generally either 15% or 20%, depending on whether the individual's income exceeds certain threshold amounts. Distributions generally are taxable in the tax year in which they are declared, whether you reinvest them or take them in cash.

Generally, any sale or exchange of your shares is a taxable event. For tax purposes, an exchange of your shares for shares of another Schwab Fund or Laudus Fund is treated the same as a sale. A sale may result in a capital gain or loss for you. The gain or loss generally will be treated as short term if you held the shares for one year or less, long term if you held the shares longer. The maximum individual rate applicable to long-term capital gains is generally either 15% or 20%, depending on whether the individual's income exceeds certain threshold amounts. Any loss realized upon a taxable disposition of shares held for six months or less will be treated as long-term, rather than short-term, to the extent of any long-term capital gains distributions received (or deemed received) by you with respect to the shares. All or a portion of any loss realized upon a taxable disposition of shares will be disallowed if you purchase other substantially identical shares within 30 days before or after the disposition. In such a case, the basis of the newly purchased shares will be adjusted to reflect the disallowed loss.

An additional 3.8% Medicare tax is imposed on certain net investment income (including ordinary dividends and capital gains distributions received from a fund and net gains from redemptions or other taxable dispositions of fund shares) of U.S. individuals, estates and trusts to the extent that such person's "modified adjusted gross income" (in the case of an individual) or "adjusted gross income" (in the case of an estate or trust) exceeds a threshold amount.

Shareholders in a fund may have additional tax considerations as a result of foreign tax payments made by the fund. Typically, these payments will reduce the fund's dividends but, if eligible, the fund may elect for these payments to be included in your taxable income. In such event, you may be able to claim a tax credit or deduction for your portion of foreign taxes paid by the fund.

At the beginning of every year, the funds provide shareholders with information detailing the tax status of any distributions a fund paid during the previous calendar year. Schwab customers also receive information on distributions and transactions in their monthly account statements.

Prior to January 1, 2012, when shareholders sold fund shares from a taxable account, they typically received information on their tax forms that calculated their gain or loss using the average cost method. This information was not previously reported to the IRS, and shareholders had the option of calculating gains or losses using an alternative IRS permitted method. However, in accordance with legislation passed by Congress in 2008, each fund reports cost basis information to the IRS for shares purchased on or after January 1, 2012 and sold thereafter. Shareholders elect their preferred cost basis method; however, in the absence of an election, a fund will use an average cost basis method. Please consult your tax advisor to determine the appropriate cost basis method for your particular tax situation and to learn more about how the new cost basis reporting laws apply to you and your investments, including investments made prior to January 1, 2012 and sold thereafter.

A fund may be required to withhold U.S. federal income tax on all taxable distributions and redemption proceeds payable to shareholders if they fail to provide the fund with their correct taxpayer identification number or to make required certifications, or if they have been notified by the IRS that they are subject to backup withholding. Backup withholding is not an additional tax. Any amounts withheld may be credited against U.S. federal income tax liability.

Foreign shareholders may be subject to different U.S. federal income tax treatment, including withholding tax at the rate of 30% on amounts treated as ordinary dividends from a fund, as discussed in more detail in the SAI. Furthermore, each fund is required to withhold U.S. tax (at a 30% rate) on payments of taxable dividends made to certain non-U.S. entities that fail to comply (or be deemed compliant) with extensive reporting and withholding requirements designed to inform the U.S. Department of the Treasury of U.S.-owned foreign investment accounts. Shareholders may be requested to provide additional information to a fund to enable the fund to determine whether withholding is required.

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Schwab MarketTrack Portfolios

To Learn More

This prospectus contains important information on the funds and should be read and kept for reference. You also can obtain more information from the following sources:

Annual and semiannual reports, which are sent to current fund investors, contain more information about the funds' holdings and detailed financial information about the funds. Annual reports also contain information from the funds' manager(s) about strategies, recent market conditions and trends and their impact on fund performance during the funds' last fiscal period.

The **Statement of Additional Information (SAI)** includes a more detailed discussion of investment policies and the risks associated with various investments. The SAI is incorporated by reference into the prospectus, making it legally part of the prospectus.

For a free copy of any of these documents or to request other information or ask questions about the funds, call Schwab Funds at 1-877-824-5615. In addition, you may visit the Schwab Funds' website at **www.schwabfunds.com/schwabfunds_prospectus** for a free copy of a prospectus, SAI or an annual or semiannual report.

The SAI, the funds' annual and semiannual reports and other related materials are available from the EDGAR Database on the SEC's website (**www.sec.gov**). You can obtain copies of this information, after paying a duplicating fee, by sending a request by e-mail to publicinfo@sec.gov.

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