



Schwab Equity Index Funds[®]

Schwab S&P 500 Index Fund
Schwab 1000 Index[®] Fund
Schwab Small-Cap Index Fund[®]
Schwab Total Stock Market Index Fund[®]
Schwab U.S. Large-Cap Growth
Index Fund
Schwab U.S. Large-Cap Value
Index Fund
Schwab U.S. Mid-Cap Index Fund
Schwab International Index Fund[®]

Current performance may be substantially different from what is contained in this report. Please click here for more current fund performance and other information.

This report is not authorized for distribution to prospective investors unless preceded or accompanied by a current prospectus.

New Notice Regarding Shareholder Report Delivery Options

Beginning on January 1, 2021, paper copies of a fund's shareholder reports will no longer be sent by mail, unless you specifically request paper copies of the reports from a fund or from your financial intermediary (such as a bank or broker-dealer). Instead, the reports will be made available on a fund's website www.schwabfunds.com/schwabfunds_prospectus, and you will be notified by mail each time a report is posted and the mailing will provide a website link to access the report. You will continue to receive other fund regulatory documents (such as prospectuses or supplements) in paper unless you have elected to receive all fund documents electronically.

If you would like to receive a fund's future shareholder reports in paper free of charge after January 1, 2021, you can make that request:

- If you invest through Charles Schwab & Co, Inc. (broker-dealer), by calling 1-866-345-5954 and using the unique identifier attached to this mailing;
- If you invest through another financial intermediary (such as a bank or broker-dealer) by contacting them directly; or
- If owned directly through a fund by calling 1-800-407-0256.

If you already receive shareholder reports and other fund documents electronically, you will not be affected by this change and you need not take any action.

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Eight cost-efficient ways to tap into the power of the stock market for long-term growth potential.

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Fund investment adviser: Charles Schwab Investment Management, Inc. (CSIM)
Distributor: Charles Schwab & Co., Inc. (Schwab)

The Sector/Industry classifications in this report use the Global Industry Classification Standard (GICS) which was developed by and is the exclusive property of MSCI Inc. (MSCI) and Standard & Poor's (S&P). GICS is a service mark of MSCI and S&P and has been licensed for use by Schwab. The Industry classifications used in the schedules of Condensed Portfolio Holdings are sub-categories of Sector classifications.

Performance at a Glance

The performance data quoted represents past performance. Past performance does not guarantee future results. Investment returns and principal value of an investment will fluctuate so that an investor's shares may be worth more or less than their original cost. Current performance may be lower or higher than performance data quoted. To obtain performance information current to the most recent month end, please visit

www.schwabfunds.com/schwabfunds_prospectus.

TOTAL RETURN FOR THE 12 MONTHS ENDED OCTOBER 31, 2020

Schwab S&P 500 Index Fund (Ticker Symbol: SWPPX)	9.69%
S&P 500® Index	9.71%
Fund Category: Morningstar Large Blend ¹	6.30%
<i>Performance Details</i>	<i>pages 7-9</i>
Schwab 1000 Index Fund (Ticker Symbol: SNXFX)	10.60%
Schwab 1000 Index®	10.65%
Russell 1000® Index	10.87%
Fund Category: Morningstar Large Blend ¹	6.30%
<i>Performance Details</i>	<i>pages 10-12</i>
Schwab Small-Cap Index Fund (Ticker Symbol: SWSSX)	0.00%
Russell 2000® Index	-0.14%
Fund Category: Morningstar Small Blend ¹	-6.45%
<i>Performance Details</i>	<i>pages 13-15</i>
Schwab Total Stock Market Index Fund (Ticker Symbol: SWTSX)	9.94%
Dow Jones U.S. Total Stock Market Index SM	9.99%
Fund Category: Morningstar Large Blend ¹	6.30%
<i>Performance Details</i>	<i>pages 16-18</i>

TOTAL RETURN FOR THE 12 MONTHS ENDED OCTOBER 31, 2020

Schwab U.S. Large-Cap Growth Index Fund (Ticker Symbol: SWLGX)	29.16%
Russell 1000® Growth Index	29.22%
Fund Category: Morningstar Large Growth ¹	25.92%
<i>Performance Details</i>	<i>pages 19-21</i>
Schwab U.S. Large-Cap Value Index Fund (Ticker Symbol: SWLVX)	-7.69%
Russell 1000® Value Index	-7.57%
Fund Category: Morningstar Large Value ¹	-7.37%
<i>Performance Details</i>	<i>pages 22-24</i>
Schwab U.S. Mid-Cap Index Fund (Ticker Symbol: SWMCX)	4.04%
Russell Midcap® Index	4.12%
Fund Category: Morningstar Mid-Cap Blend ¹	-0.89%
<i>Performance Details</i>	<i>pages 25-27</i>
Schwab International Index Fund² (Ticker Symbol: SWISX)	-6.56%
MSCI EAFE® Index (Net) ³	-6.86%
Fund Category: Morningstar Foreign Large Blend ¹	-4.19%
<i>Performance Details</i>	<i>pages 28-30</i>

All total returns on this page assume dividends and distributions were reinvested. Index figures do not include trading and management costs, which would lower performance. Indices are unmanaged and cannot be invested in directly. Performance results less than one year are not annualized.

For index definitions, please see the Glossary.

Performance does not reflect the deduction of taxes that a shareholder would pay on fund distributions or on the redemption of fund shares.

¹ Source for category information: Morningstar, Inc. The Morningstar Category return represents all active and index mutual funds within the category as of the report date.

² The fund's performance relative to the index may be affected by fair-value pricing and timing differences in foreign exchange calculations. See financial note 2 for more information.

³ The net version of the index reflects reinvested dividends net of withholding taxes, but reflects no deductions for expenses or other taxes.

From the President



Jonathan de St. Paer
President of Charles Schwab
Investment Management, Inc.
and the funds covered
in this report.

“A commitment to a long-term investing plan can help make it significantly easier and less stressful to stay the course when market volatility rises.”

Dear Shareholder,

Equity market performance for the 12-month reporting period ended October 31, 2020 barely hints at the market turmoil investors endured this year. U.S. and international equity markets ended the period with mixed gains, including a 9.7% rise for the S&P 500[®] Index, a bellwether for the overall U.S. stock market. However, the past year was one of the most volatile in history. Market gains were robust through the last week of February 2020 before being wiped out as the spreading COVID-19 pandemic drove equities sharply lower. In mid-March, market volatility spiked to its highest level since the peak of the Great Recession in 2008 with the S&P 500[®] Index dropping 30% over just 22 trading days in late February and early March. By early September, however, most broad U.S. equity markets had regained all the ground they lost in March, propelling the S&P 500[®] Index to new record highs. However, markets retreated and volatility began to increase again throughout September and October in the face of a resurgence of COVID-19 infections, corporate earnings concerns and growing uncertainty regarding the U.S. election.

High levels of volatility can undermine our confidence as investors, which can lead to emotion-based trading. Although it is important to reassess your individual risk tolerance and make strategic adjustments to your portfolio from time to time, impulsive reactions driven by fear can often make investing outcomes worse. At Charles Schwab Investment Management, we believe that the best way to avoid these pitfalls is to maintain a long-term investing plan. A commitment to a long-term investing plan can help make it significantly easier and less stressful to stay the course when market volatility rises.

At Charles Schwab Investment Management, we provide a range of foundational products that are designed to suit a variety of risk appetites. The Schwab Equity Index Funds play a role in our goal to provide investors with a diverse variety of investment choices. The funds provide access to broad segments of the equities markets with different risk and return profiles, including small-cap, mid-cap, and large-cap stocks, those oriented toward value or growth, and equities from both U.S. and international markets. In addition, the Schwab Equity Index Funds can help investors achieve their financial goals by keeping investing costs down. The funds have among the lowest expenses in the industry, along with no investment minimums.

Thank you for investing with Charles Schwab Investment Management, and for trusting us to help you achieve your financial goals. For more information about the Schwab Equity Index Funds, please continue reading this report. In addition, you can find further details about these funds by visiting our website at www.schwabfunds.com. We are also happy to hear from you at 1-877-824-5615.

Sincerely,

A handwritten signature in dark ink, appearing to read 'J de St. Paer'.

Past performance is no guarantee of future results.

Management views may have changed since the report date.

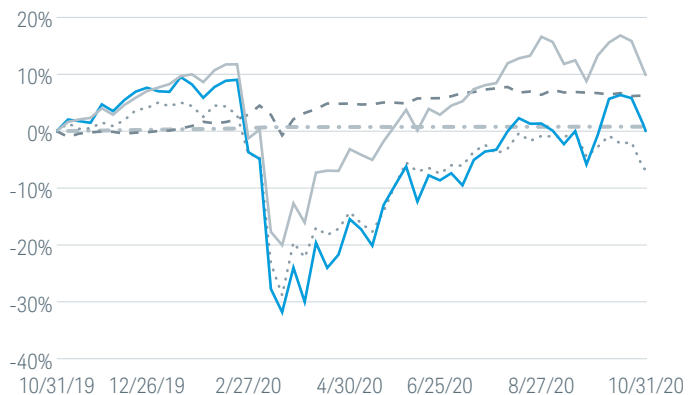
The Investment Environment

The 12-month reporting period ended October 31, 2020, was a historically volatile one for global equity markets. Up until the final week of February 2020, U.S. and international equity markets had risen steadily, with several major market indices hitting new highs in mid-February. However, beginning in late February, the COVID-19 outbreak wreaked havoc on the global economy, prompting dramatic social distancing restrictions, shuttering businesses, and resulting in a new record for the fastest U.S. market decline with the S&P 500® Index, a bellwether for the overall U.S. stock market, dropping 30% in just 22 trading days in late February and early March. By the end of March, governments and central banks around the world had begun passing extensive emergency rescue and fiscal stimulus measures in an effort to support their economies. The extraordinary response prompted a rally in global equity markets from their March lows, particularly in the U.S. By early September, key U.S. market indices hit new record highs before falling back slightly by the end of the reporting period as COVID-19 infection rates spiked, raising fears of a resurgence as well as the possibility of increased social distancing restrictions and shuttering of businesses. Over the reporting period, the U.S. dollar weakened against a basket of international currencies, generally increasing the returns on overseas investments in U.S. dollar terms. For the reporting period, the S&P 500® Index returned 9.71%, with sectors that benefitted as a result of the COVID-19 pandemic and associated stay-at-home orders, such as the information technology sector, outperforming other sectors that were more impacted by the COVID-19 pandemic. U.S. large-cap stocks outperformed small-cap stocks, with the Russell 1000® Index and the Russell 2000® Index returning 10.87% and -0.14%, respectively, for the reporting period. Among large-cap stocks, growth stocks outperformed value stocks by a large margin, with the Russell 1000® Growth Index and Russell 1000® Value Index returning 29.22% and -7.57%, respectively, for the reporting period. Among international markets, the MSCI EAFE® Index (Net)*, a broad measure of developed international equity performance, returned -6.86% for the reporting period.

ASSET CLASS PERFORMANCE COMPARISON % RETURNS DURING THE 12 MONTHS ENDED OCTOBER 31, 2020

This graph compares the performance of various asset classes during the report period. Final performance figures for the period are in the key below.

- 9.71% **S&P 500® Index:** measures U.S. large-cap stocks
- -0.14% **Russell 2000® Index:** measures U.S. small-cap stocks
- -6.86% **MSCI EAFE® Index (Net)*:** measures (in U.S. dollars) large-cap stocks in Europe, Australasia and the Far East
- - 6.19% **Bloomberg Barclays US Aggregate Bond Index:** measures the U.S. bond market
- - 0.79% **Bloomberg Barclays US Treasury Bills 1-3 Month Index:** measures short-term U.S. Treasury obligations



Index figures assume dividends and distributions were reinvested. Index figures do not include trading and management costs, which would lower performance. Indices are unmanaged and cannot be invested in directly. Performance results less than one year are not annualized. Past performance is not an indication of future results.

For index definitions, please see the Glossary.

Data source: Index provider websites and CSIM.

Nothing in this report represents a recommendation of a security by the investment adviser.

Management views may have changed since the report date.

* The net version of the index reflects reinvested dividends net of withholding taxes, but reflects no deductions for expenses or other taxes.

The Investment Environment (continued)

Prior to the onset of the COVID-19 pandemic, the U.S. economy, despite ongoing trade tensions with China, maintained steady growth, albeit at a slowing pace. However, amid the fallout of the COVID-19 pandemic, the U.S. entered recessionary territory with record speed. U.S. gross domestic product (GDP) fell steeply, declining 5.0% and 31.4% for the first and second quarters of 2020, respectively, with the second quarter representing the largest contraction in U.S. GDP since 1947 when modern GDP measurements began. GDP subsequently jumped by 33.1% for the third quarter of 2020, reflecting increased consumer and business spending. Unemployment remained at record lows through February before a record number of unemployment claims in March resulted in the largest monthly increase in the U.S. unemployment rate since January 1975. In April, this record was broken again when unemployment skyrocketed, rising to the highest level since the Great Depression. Unemployment declined in May through October, dropping below double digits beginning in August. Consumer confidence remained solid through February, but was volatile over the remainder of the reporting period.

Outside the U.S., conditions continued to soften, dampened by slowing economic output, slumping world trade, geopolitical concerns, and the COVID-19 pandemic. The COVID-19 pandemic exacerbated economic weakness around the globe, dramatically slowing growth amid stay-at-home orders, supply chain disruptions, and broadly diminishing demand. In the first half of the reporting period, oil prices deteriorated amid significantly reduced demand, coupled with rising U.S. crude production and a price war between Russia and Saudi Arabia. In April, oil futures briefly fell into negative territory as storage capacity evaporated and demand waned. However, as production was slashed, relieving pressure on constrained storage capacity, demand also stabilized. First and second quarter 2020 growth was negative in the eurozone and the United Kingdom. In January, Brexit occurred with the formal departure of the United Kingdom from the European Union resulting in an 11-month transition period with respect to economic and customs matters. Japan fared slightly better, although GDP still contracted for the first and second quarters of 2020. Even China and India, which had maintained stronger growth than many developed countries, showed weakness. In China, GDP contracted in the first quarter, but rebounded in the second and third quarters. While India's second quarter GDP contracted, third quarter GDP was positive.

Many central banks around the world, including the U.S. Federal Reserve (Fed), reduced their policy rates over the reporting period, while others maintained low—and for some international central banks, negative—interest rates. In the U.S., after enacting three interest rate cuts in the second half of 2019 and as the economic implications of the COVID-19 pandemic grew, the Fed cut interest rates by 0.50% in early March and by 1.00% in mid-March, resulting in a federal funds rate of 0.00% to 0.25%. In addition, the Fed also announced extensive emergency measures to support the economy in light of the COVID-19 pandemic, including large purchases of U.S. Treasuries and other securities to support smooth market function, facilitating the flow of credit to municipalities, new financing for employers, consumers, and businesses, and the establishment of facilities to support credit to businesses and consumers alike. In August, the Fed announced that it was shifting its interest rate policy approach to potentially allow inflation to rise above its 2% target for periods of time even in times of rising employment. Outside the U.S., central banks were similarly accommodative. The European Central Bank held its policy rate at 0.00%, unchanged since March 2016, and launched a new asset purchase program to help counter the impact of the COVID-19 pandemic. The Bank of Japan upheld its short-term interest rate target of -0.1%, also unchanged since 2016, and increased the annual pace of its purchases of exchange-traded funds (ETFs) and other assets. The Bank of England lowered its key official bank rate from 0.75% to 0.10% in two emergency rate cuts in March. Central banks in key emerging market economies—including China, India, Mexico, Russia, and Thailand—lowered their policy rates or maintained already low rates in response to pandemic-driven pressures.

Fund Management



Christopher Bliss, CFA, Vice President and Head of Passive Equity Strategies, leads the portfolio management team for Schwab's passive equity mutual funds and ETFs. He also has overall responsibility for all aspects of the management of the funds. Before joining CSIM in 2016, Mr. Bliss spent 12 years at BlackRock (formerly Barclays Global Investors) managing and leading institutional index teams, most recently as a managing director and the head of the Americas institutional index team. Prior to BlackRock, he worked as an equity analyst and portfolio manager for Harris Bretall and before that, as a research analyst for JP Morgan.



Jeremy Brown, Portfolio Manager, is responsible for the day-to-day co-management of the the funds, except for the Schwab International Index Fund. Prior to joining CSIM in 2017, Mr. Brown spent six years with ALPS Advisors, Inc. in Denver, most recently as a senior analyst on the ETF portfolio management and research team where he performed portfolio management, trading, and analytics/research functions for ALPS ETFs and passive funds. Additionally, Mr. Brown led a number of investment research, commentary, industry trend analysis, and sales and marketing support initiatives.



Chuck Craig, CFA, Senior Portfolio Manager, is responsible for the day-to-day co-management of the Schwab International Index Fund. Prior to joining CSIM in 2012, Mr. Craig worked at Guggenheim Funds (formerly Claymore Group), where he spent more than five years as a managing director of portfolio management and supervision, and three years as vice president of product research and development. Prior to that, he worked as an equity research analyst at First Trust Portfolios (formerly Niké Securities), and a trader and analyst at PMA Securities, Inc.



Ferian Juwono, CFA, Senior Portfolio Manager, is responsible for the day-to-day co-management of the the funds, except for the Schwab International Index Fund. Prior to joining CSIM in 2010, Mr. Juwono worked at BlackRock (formerly Barclays Global Investors) where he spent more than three years as a portfolio manager, managing equity index funds for institutional clients, and two years as a senior business analyst. Prior to that, Mr. Juwono worked for more than four years as a senior financial analyst with Union Bank of California.



Jane Qin, Portfolio Manager, is responsible for the day-to-day co-management of the Schwab International Index Fund. Prior to joining CSIM in 2012, Ms. Qin spent more than four years at The Bank of New York Mellon Corporation. During that time, Ms. Qin spent more than two years as an associate equity portfolio manager and nearly two years as a performance analyst. She also worked at Wells Fargo Funds Management as a mutual fund analyst and at CIGNA Reinsurance in the risk management group as a risk analyst.



David Rios, Portfolio Manager, is responsible for the day-to-day co-management of the Schwab International Index Fund. Prior to this role, Mr. Rios was an associate portfolio manager on the Schwab equity index strategies team for four years. His first role with CSIM was as a trade operations specialist. Prior to joining CSIM in 2008, Mr. Rios was a senior fund accountant at Investors Bank & Trust (subsequently acquired by State Street Corporation).



Sabya Sinha, Portfolio Manager, is responsible for the day-to-day co-management of the the funds, except for the Schwab International Index Fund. Prior to joining CSIM in 2015, Mr. Sinha spent a year at F-Squared Investments on the product development and analytics team. Prior to F-Squared, he worked at IndexIQ Advisors as a senior index portfolio manager for three years and for Bank of America's Columbia Management subsidiary as a portfolio manager for three years.

Schwab S&P 500 Index Fund as of October 31, 2020

The Schwab S&P 500 Index Fund's (the fund) goal is to track the total return of the S&P 500® Index (the index), which includes the stocks of 500 leading U.S. publicly traded companies from a broad range of industries. To pursue its goal, the fund seeks to replicate the performance of the index by giving the same weight to a given stock as the index does. For more information concerning the fund's investment objective, strategies, and risks, please see the fund's prospectus.

Market Highlights. The 12-month reporting period ended October 31, 2020, was a historically volatile one for global equity markets. Up until the final week of February 2020, U.S. equity markets had risen steadily, with several major market indices hitting new highs in mid-February. However, beginning in late February, the COVID-19 outbreak wreaked havoc on the global economy, prompting dramatic social distancing restrictions, shuttering businesses, and resulting in a new record for the fastest U.S. market decline with the S&P 500® Index, a bellwether for the overall U.S. stock market, dropping 30% in just 22 trading days in late February and early March. By the end of March, governments and central banks around the world had begun passing extensive emergency rescue and fiscal stimulus measures in an effort to support their economies. The extraordinary response prompted a rally in global equity markets from their March lows, particularly in the U.S. By early September, key U.S. market indices hit new record highs before falling back slightly by the end of the reporting period as COVID-19 infection rates spiked, raising fears of a resurgence as well as the possibility of increased social distancing restrictions and shuttering of businesses. From a sector standpoint within the index, the information technology and consumer discretionary sectors outperformed over the 12-month reporting period, while the energy and financials sectors underperformed.

Performance. The fund generally tracked the index for the reporting period. The fund returned 9.69% for the 12-month reporting period ended October 31, 2020, compared with the index, which returned 9.71%. Differences between the return of the fund and the return of the index may be attributable to, among other things, the operational and transactional costs incurred by the fund and not the index.

Contributors and Detractors. The fund's holdings in the financials sector were the largest detractors from the total return of the fund. Financials stocks represented an average weight of approximately 11% of the fund's investments and returned approximately -15% for the reporting period. One example from this sector is Wells Fargo & Co. The fund's holdings of Wells Fargo & Co. returned approximately -57% for the reporting period.

The energy sector also detracted from the total return of the fund. Energy stocks represented an average weight of approximately 3% of the fund's investments and returned approximately -46% for the reporting period.

The fund's holdings in the information technology sector were the largest contributors to the total return of the fund. Information technology stocks represented an average weight of approximately 26% of the fund's investments and returned approximately 34% for the reporting period. The fund's holdings of Apple Inc. are one example from this sector, returning approximately 77% for the reporting period.

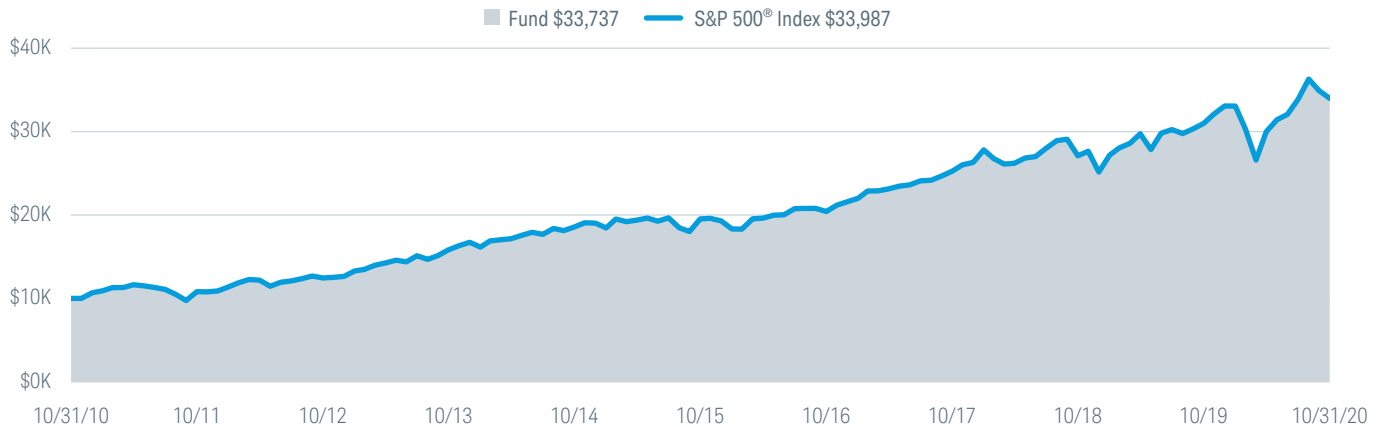
Stocks in the consumer discretionary sector also contributed to the total return of the fund. Consumer discretionary stocks represented an average weight of approximately 10% of the fund's investments and returned approximately 25% for the reporting period.

Management views and portfolio holdings may have changed since the report date.

Performance and Fund Facts as of October 31, 2020

The performance data quoted represents past performance. Past performance does not guarantee future results. Investment returns and principal value of an investment will fluctuate so that an investor's shares may be worth more or less than their original cost. Current performance may be lower or higher than performance data quoted. To obtain performance information current to the most recent month end, please visit www.schwabfunds.com/schwabfunds_prospectus.

PERFORMANCE OF HYPOTHETICAL \$10,000 INVESTMENT (OCTOBER 31, 2010 - OCTOBER 31, 2020)¹



AVERAGE ANNUAL TOTAL RETURNS¹

FUND AND INCEPTION DATE	1 YEAR	5 YEARS	10 YEARS
Fund: Schwab S&P 500 Index Fund (5/19/97)	9.69%	11.65%	12.93%
S&P 500® Index	9.71%	11.71%	13.01%
Fund Category: Morningstar Large Blend ²	6.30%	9.64%	11.28%

Fund Expense Ratio³: 0.02%

All total returns on this page assume dividends and distributions were reinvested. Index figures do not include trading and management costs, which would lower performance. Indices are unmanaged and cannot be invested in directly. Performance results less than one year are not annualized.

For index definitions, please see the Glossary.

Index ownership - "Standard & Poor's®," "S&P®," and "S&P 500®" are registered trademarks of Standard & Poor's Financial Services LLC (S&P), and "Dow Jones®" is a registered trademark of Dow Jones Trademark Holdings LLC (Dow Jones) and have been licensed for use by S&P Dow Jones Indices LLC and its affiliates and sublicensed for certain purposes by CSIM. The "S&P 500® Index" is a product of S&P Dow Jones Indices LLC or its affiliates, and has been licensed for use by CSIM. The Schwab S&P 500 Index Fund is not sponsored, endorsed, sold or promoted by S&P Dow Jones Indices LLC, Dow Jones, S&P, or their respective affiliates, and neither S&P Dow Jones Indices LLC, Dow Jones, S&P, nor their respective affiliates make any representation regarding the advisability of investing in the fund.

¹ Performance does not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

² Source for category information: Morningstar, Inc. The Morningstar Category return represents all active and index mutual funds within the category as of the report date.

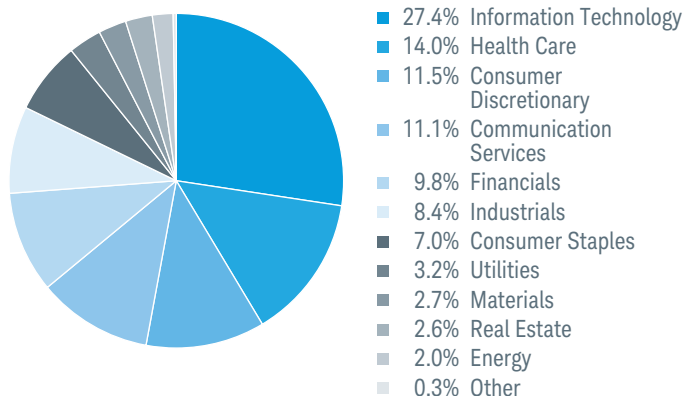
³ As stated in the prospectus.

Performance and Fund Facts as of October 31, 2020 (continued)

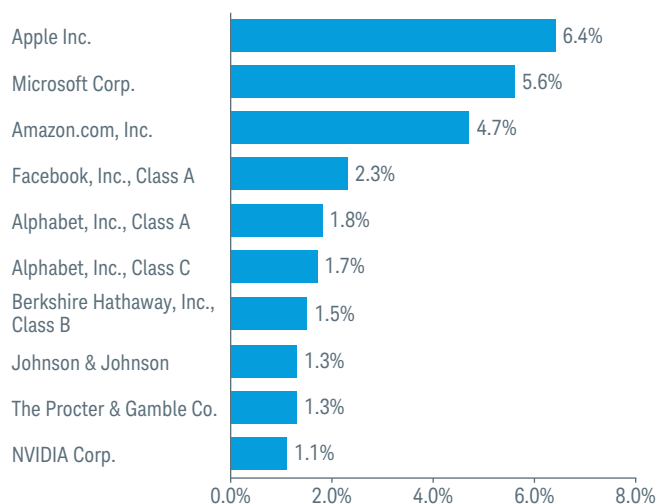
STATISTICS¹

Number of Holdings	508
Weighted Average Market Cap (millions)	\$433,361
Price/Earnings Ratio (P/E)	25.1
Price/Book Ratio (P/B)	3.4
Portfolio Turnover Rate	4%

SECTOR WEIGHTINGS % OF INVESTMENTS²



TOP EQUITY HOLDINGS % OF NET ASSETS³



Portfolio holdings may have changed since the report date.

Source of Sector Classification: S&P and MSCI.

¹ Excludes derivatives.

² The percentage may differ from the Portfolio Holdings because the above calculation is based on a percentage of total investments, excluding derivatives, whereas the calculation in the Portfolio Holdings is based on a percentage of net assets.

³ This list is not a recommendation of any security by the investment adviser.

Schwab 1000 Index Fund as of October 31, 2020

The Schwab 1000 Index Fund's (the fund) goal is to match the total return of the Schwab 1000 Index® (the index), which includes the 1,000 largest stocks of publicly traded companies in the U.S., with size being determined by market capitalization (total market value of all shares outstanding). To pursue its goal, the fund seeks to replicate the performance of the index by giving the same weight to a given stock as the index does. For more information concerning the fund's investment objective, strategies, and risks, please see the fund's prospectus.

Market Highlights. The 12-month reporting period ended October 31, 2020, was a historically volatile one for global equity markets. Up until the final week of February 2020, U.S. equity markets had risen steadily, with several major market indices hitting new highs in mid-February. However, beginning in late February, the COVID-19 outbreak wreaked havoc on the global economy, prompting dramatic social distancing restrictions, shuttering businesses, and resulting in a new record for the fastest U.S. market decline. By the end of March, governments and central banks around the world had begun passing extensive emergency rescue and fiscal stimulus measures in an effort to support their economies. The extraordinary response prompted a rally in global equity markets from their March lows, particularly in the U.S. By early September, key U.S. market indices hit new record highs before falling back slightly by the end of the reporting period as COVID-19 infection rates spiked, raising fears of a resurgence as well as the possibility of increased social distancing restrictions and shuttering of businesses. From a sector standpoint within the index, the information technology and consumer discretionary sectors outperformed over the 12-month reporting period, while the energy and financials sectors underperformed.

Performance. The fund generally tracked the index for the reporting period. The fund returned 10.60% for the 12-month reporting period ended October 31, 2020, compared with the index, which returned 10.65%. Differences between the return of the fund and the return of the index may be attributable to, among other things, the operational and transactional costs incurred by the fund and not the index.

Contributors and Detractors. The fund's holdings in the financials sector were the largest detractors from the total return of the fund. The financials sector represented an average weight of approximately 11% of the fund's investments and returned approximately -15% for the reporting period. One example from this sector is Wells Fargo & Co. The fund's holdings of Wells Fargo & Co. returned approximately -57% for the reporting period.

The energy sector also detracted from the total return of the fund. Energy stocks represented an average weight of approximately 3% of the fund's investments and returned approximately -47% for the reporting period.

The fund's holdings in the information technology sector were the largest contributors to the total return of the fund. Information technology stocks represented an average weight of approximately 25% of the fund's investments and returned approximately 35% for the reporting period. The fund's holdings of Apple Inc. are one example from this sector, returning approximately 77% for the reporting period.

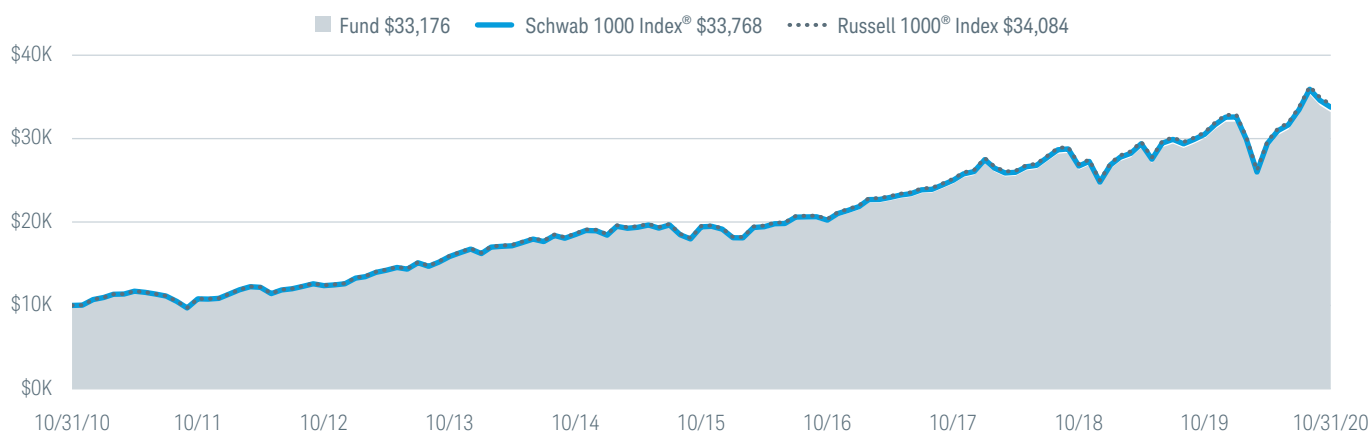
Stocks in the consumer discretionary sector were another contributor to the total return of the fund. Consumer discretionary stocks represented an average weight of approximately 11% of the fund's investments and returned approximately 33% for the reporting period.

Management views and portfolio holdings may have changed since the report date.

Performance and Fund Facts as of October 31, 2020

The performance data quoted represents past performance. Past performance does not guarantee future results. Investment returns and principal value of an investment will fluctuate so that an investor's shares may be worth more or less than their original cost. Current performance may be lower or higher than performance data quoted. To obtain performance information current to the most recent month end, please visit www.schwabfunds.com/schwabfunds_prospectus.

PERFORMANCE OF HYPOTHETICAL \$10,000 INVESTMENT (OCTOBER 31, 2010 - OCTOBER 31, 2020)¹



AVERAGE ANNUAL TOTAL RETURNS¹

FUND AND INCEPTION DATE	1 YEAR	5 YEARS	10 YEARS
Fund: Schwab 1000 Index Fund (4/2/91)	10.60%	11.60%	12.74%
Schwab 1000 Index [®]	10.65%	11.70%	12.94%
Russell 1000 [®] Index	10.87%	11.79%	13.05%
Fund Category: Morningstar Large Blend ²	6.30%	9.64%	11.28%

Fund Expense Ratio³: 0.05%

All total returns on this page assume dividends and distributions were reinvested. Index figures do not include trading and management costs, which would lower performance. Indices are unmanaged and cannot be invested in directly. Performance results less than one year are not annualized.

For index definitions, please see the Glossary.

¹ Performance does not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

² Source for category information: Morningstar, Inc. The Morningstar Category return represents all active and index mutual funds within the category as of the report date.

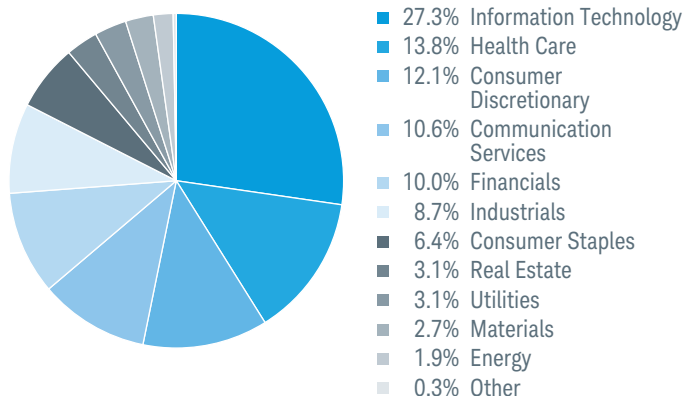
³ As stated in the prospectus.

Performance and Fund Facts as of October 31, 2020 (continued)

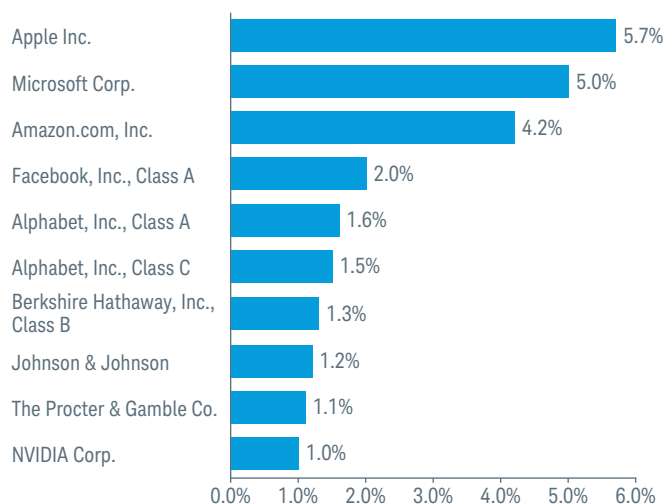
STATISTICS¹

Number of Holdings	992 ²
Weighted Average Market Cap (millions)	\$387,635
Price/Earnings Ratio (P/E)	25.5
Price/Book Ratio (P/B)	3.4
Portfolio Turnover Rate	4%

SECTOR WEIGHTINGS % OF INVESTMENTS³



TOP EQUITY HOLDINGS % OF NET ASSETS⁴



Portfolio holdings may have changed since the report date.

Source of Sector Classification: S&P and MSCI.

¹ Excludes derivatives.

² As a result of the Schwab 1000 Index®'s once per year reconstitution and the effects of certain corporate actions, the fund may hold more or less than 1,000 securities.

³ The percentage may differ from the Portfolio Holdings because the above calculation is based on a percentage of total investments, excluding derivatives, whereas the calculation in the Portfolio Holdings is based on a percentage of net assets.

⁴ This list is not a recommendation of any security by the investment adviser.

Schwab Small-Cap Index Fund as of October 31, 2020

The Schwab Small-Cap Index Fund's (the fund) goal is to track the performance of a benchmark index that measures the total return of small-capitalization U.S. stocks. To pursue its investment objective, the fund generally invests in stocks that are included in the Russell 2000[®] Index (the index). To pursue its goal, the fund seeks to replicate the performance of the index by giving the same weight to a given stock as the index does. For more information concerning the fund's investment objective, strategies, and risks, please see the fund's prospectus.

Market Highlights. The 12-month reporting period ended October 31, 2020, was a historically volatile one for global equity markets. Up until the final week of February 2020, U.S. equity markets had risen steadily, with several major market indices hitting new highs in mid-February. However, beginning in late February, the COVID-19 outbreak wreaked havoc on the global economy, prompting dramatic social distancing restrictions, shuttering businesses, and resulting in a new record for the fastest U.S. market decline. By the end of March, governments and central banks around the world had begun passing extensive emergency rescue and fiscal stimulus measures in an effort to support their economies. The extraordinary response prompted a rally in global equity markets from their March lows, particularly in the U.S. By early September, key U.S. market indices hit new record highs before falling back slightly by the end of the reporting period as COVID-19 infection rates spiked, raising fears of a resurgence as well as the possibility of increased social distancing restrictions and shuttering of businesses. From a sector standpoint within the index, the health care and consumer discretionary sectors outperformed over the 12-month reporting period, while the energy and real estate sectors underperformed.

Performance. The fund generally tracked the index for the reporting period. The fund returned 0.00% for the 12-month reporting period ended October 31, 2020, compared with the index, which returned -0.14%.

Contributors and Detractors. The fund's holdings in the health care sector were the largest contributors to the total return of the fund. Health care stocks represented an average weight of approximately 20% of the fund's investments and returned approximately 34% for the reporting period. The fund's holdings of Teladoc Health, Inc., a multinational telemedicine and virtual healthcare company, are one example from this sector, returning approximately 152% for the reporting period.

Stocks in the information technology sector also contributed to the total return of the fund. Information technology stocks represented an average weight of approximately 14% of the fund's investments and returned approximately 9% for the reporting period.

The fund's holdings in the financials sector were the largest detractors from the total return of the fund. Financials stocks represented an average weight of approximately 16% of the fund's investments and returned approximately -19% for the reporting period. One example from this sector is Invesco Mortgage Capital, Inc. The fund's holdings of Invesco Mortgage Capital, Inc. returned approximately -79% over the reporting period.

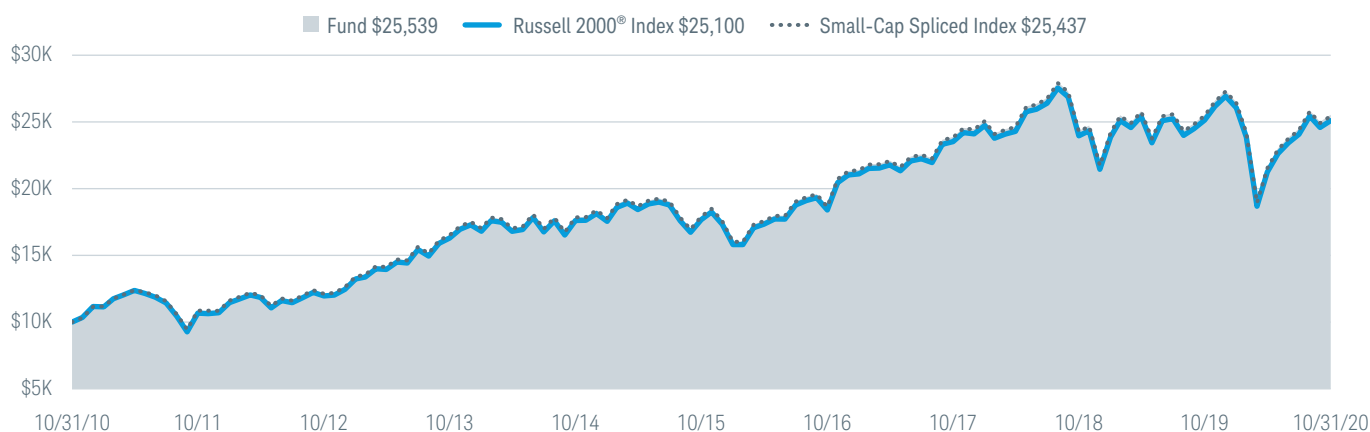
Stocks in the real estate sector also detracted from the total return of the fund. Real estate stocks represented an average weight of approximately 7% of the fund's investments and returned approximately -24% for the reporting period.

Management views and portfolio holdings may have changed since the report date.

Performance and Fund Facts as of October 31, 2020

The performance data quoted represents past performance. Past performance does not guarantee future results. Investment returns and principal value of an investment will fluctuate so that an investor's shares may be worth more or less than their original cost. Current performance may be lower or higher than performance data quoted. To obtain performance information current to the most recent month end, please visit www.schwabfunds.com/schwabfunds_prospectus.

PERFORMANCE OF HYPOTHETICAL \$10,000 INVESTMENT (OCTOBER 31, 2010 - OCTOBER 31, 2020)¹



AVERAGE ANNUAL TOTAL RETURNS¹

FUND AND INCEPTION DATE	1 YEAR	5 YEARS	10 YEARS
Fund: Schwab Small-Cap Index Fund (5/19/97)	0.00%	7.33%	9.83%
Russell 2000® Index	-0.14%	7.27%	9.64%
Small-Cap Spliced Index	-0.14%	7.27%	9.79%
Fund Category: Morningstar Small Blend ²	-6.45%	5.00%	8.48%

Fund Expense Ratio³: 0.04%

All total returns on this page assume dividends and distributions were reinvested. Index figures do not include trading and management costs, which would lower performance. Indices are unmanaged and cannot be invested in directly. Performance results less than one year are not annualized.

The first index listed for the fund is the fund's primary benchmark, as shown in the prospectus. Additional indices shown are provided for comparative purposes.

For index definitions, please see the Glossary.

Index ownership - "Russell 2000®" is a registered mark of the Frank Russell Company (Russell) and has been licensed for use by the Schwab Small-Cap Index Fund. The Schwab Small-Cap Index Fund is not sponsored, endorsed, sold or promoted by Russell and Russell makes no representation regarding the advisability of investing in the fund.

¹ Performance does not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

² Source for category information: Morningstar, Inc. The Morningstar Category return represents all active and index mutual funds within the category as of the report date.

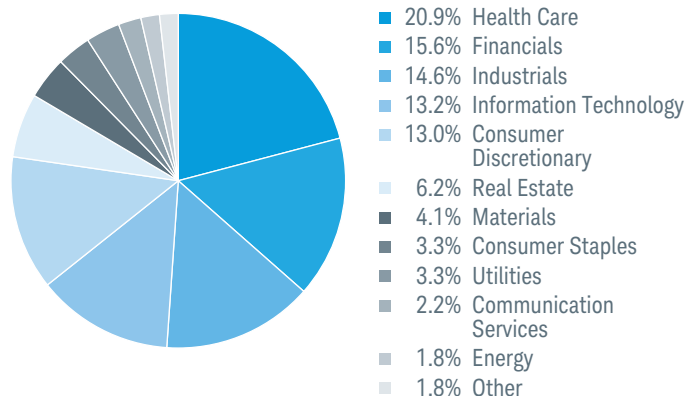
³ As stated in the prospectus.

Performance and Fund Facts as of October 31, 2020 (continued)

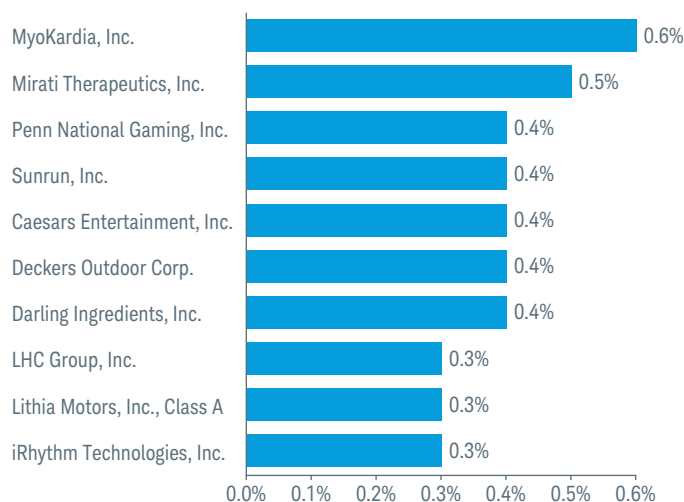
STATISTICS¹

Number of Holdings	2,021
Weighted Average Market Cap (millions)	\$2,518
Price/Earnings Ratio (P/E)	17.4
Price/Book Ratio (P/B)	1.8
Portfolio Turnover Rate	21%

SECTOR WEIGHTINGS % OF INVESTMENTS²



TOP EQUITY HOLDINGS % OF NET ASSETS³



Portfolio holdings may have changed since the report date.

Source of Sector Classification: S&P and MSCI.

Small-company stocks are subject to greater volatility than many other asset classes.

¹ Excludes derivatives.

² The percentage may differ from the Portfolio Holdings because the above calculation is based on a percentage of total investments, excluding derivatives, whereas the calculation in the Portfolio Holdings is based on a percentage of net assets.

³ This list is not a recommendation of any security by the investment adviser.

Schwab Total Stock Market Index Fund as of October 31, 2020

The Schwab Total Stock Market Index Fund's (the fund) goal is to track the total return of the entire U.S. stock market, as measured by the Dow Jones U.S. Total Stock Market IndexSM (the index), which includes all publicly traded stocks of companies headquartered in the U.S. for which pricing information is readily available. To pursue its investment objective, the fund uses a sampling investment approach that involves investing in a representative sample of securities included in the index that, when taken together, are expected to perform similarly to the index as a whole. Due to the use of representative sampling, the fund may not hold all of the securities in the index. For more information concerning the fund's investment objective, strategies, and risks, please see the fund's prospectus.

Market Highlights. The 12-month reporting period ended October 31, 2020, was a historically volatile one for global equity markets. Up until the final week of February 2020, U.S. equity markets had risen steadily, with several major market indices hitting new highs in mid-February. However, beginning in late February, the COVID-19 outbreak wreaked havoc on the global economy, prompting dramatic social distancing restrictions, shuttering businesses, and resulting in a new record for the fastest U.S. market decline. By the end of March, governments and central banks around the world had begun passing extensive emergency rescue and fiscal stimulus measures in an effort to support their economies. The extraordinary response prompted a rally in global equity markets from their March lows, particularly in the U.S. By early September, key U.S. market indices hit new record highs before falling back slightly by the end of the reporting period as COVID-19 infection rates spiked, raising fears of a resurgence as well as the possibility of increased social distancing restrictions and shuttering of businesses. From a sector standpoint within the index, the information technology and consumer discretionary sectors outperformed over the 12-month reporting period, while the energy and real estate sectors underperformed.

Performance. The fund generally tracked the index for the reporting period. The fund returned 9.94% for the 12-month reporting period ended October 31, 2020, compared with the index, which returned 9.99%. Differences between the return of the fund and the return of the index may be attributable to, among other things, the operational and transactional costs incurred by the fund and not the index.

Contributors and Detractors. The fund's holdings in the financials sector were the largest detractors from the total return of the fund. The financials sector represented an average weight of approximately 12% of the fund's investments and returned approximately -15% for the reporting period. One example from this sector is Wells Fargo & Co. The fund's holdings of Wells Fargo & Co. returned approximately -57% for the reporting period.

The energy sector also detracted from the total return of the fund. Energy stocks represented an average weight of approximately 3% of the fund's investments and returned approximately -47% for the reporting period.

The fund's holdings in the information technology sector were the largest contributors to the total return of the fund. Information technology stocks represented an average weight of approximately 25% of the fund's investments and returned approximately 34% for the reporting period. The fund's holdings of Apple Inc. are one example from this sector, returning approximately 77% for the reporting period.

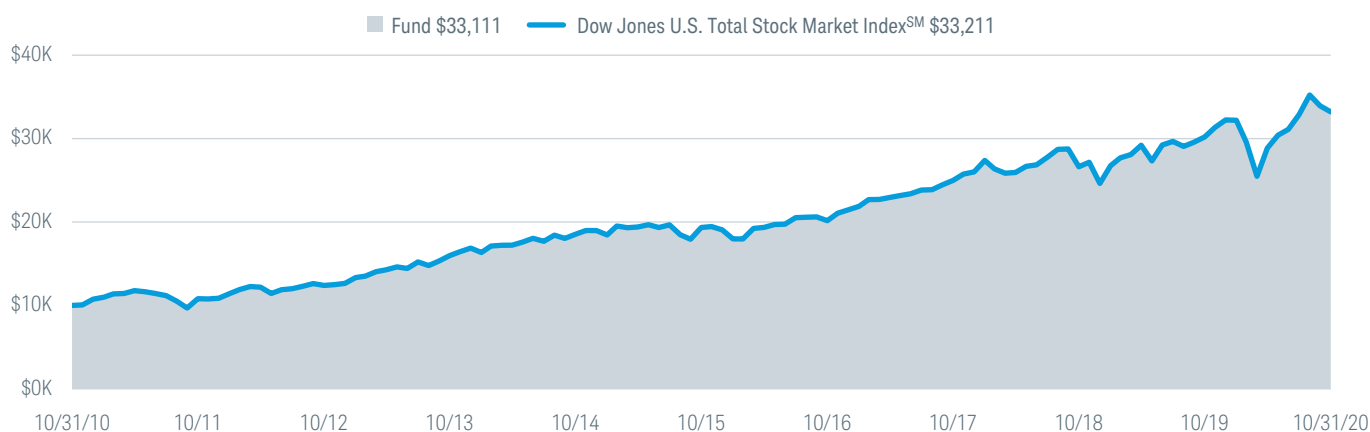
Stocks in the consumer discretionary sector also contributed to the total return of the fund. Consumer discretionary stocks represented an average weight of approximately 11% of the fund's investments and returned approximately 31% for the reporting period.

Management views and portfolio holdings may have changed since the report date.

Performance and Fund Facts as of October 31, 2020

The performance data quoted represents past performance. Past performance does not guarantee future results. Investment returns and principal value of an investment will fluctuate so that an investor's shares may be worth more or less than their original cost. Current performance may be lower or higher than performance data quoted. To obtain performance information current to the most recent month end, please visit www.schwabfunds.com/schwabfunds_prospectus.

PERFORMANCE OF HYPOTHETICAL \$10,000 INVESTMENT (OCTOBER 31, 2010 - OCTOBER 31, 2020)¹



AVERAGE ANNUAL TOTAL RETURNS¹

FUND AND INCEPTION DATE	1 YEAR	5 YEARS	10 YEARS
Fund: Schwab Total Stock Market Index Fund (6/1/99)	9.94%	11.37%	12.72%
Dow Jones U.S. Total Stock Market Index SM	9.99%	11.41%	12.75%
Fund Category: Morningstar Large Blend ²	6.30%	9.64%	11.28%

Fund Expense Ratio³: 0.03%

All total returns on this page assume dividends and distributions were reinvested. Index figures do not include trading and management costs, which would lower performance. Indices are unmanaged and cannot be invested in directly. Performance results less than one year are not annualized.

For index definitions, please see the Glossary.

Index ownership – “Standard & Poor’s[®]” and “S&P[®]” are registered trademarks of Standard & Poor’s Financial Services LLC (S&P), and “Dow Jones[®]” is a registered trademark of Dow Jones Trademark Holdings LLC (Dow Jones) and have been licensed for use by S&P Dow Jones Indices LLC and its affiliates and sublicensed for certain purposes by CSIM. The “Dow Jones U.S. Total Stock Market IndexSM” is a product of S&P Dow Jones Indices LLC or its affiliates, and has been licensed for use by CSIM. The Schwab Total Stock Market Index Fund is not sponsored, endorsed, sold or promoted by S&P Dow Jones Indices LLC, Dow Jones, S&P, or their respective affiliates, and neither S&P Dow Jones Indices LLC, Dow Jones, S&P, nor their respective affiliates make any representation regarding the advisability of investing in the fund.

¹ Performance does not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

² Source for category information: Morningstar, Inc. The Morningstar Category return represents all active and index mutual funds within the category as of the report date.

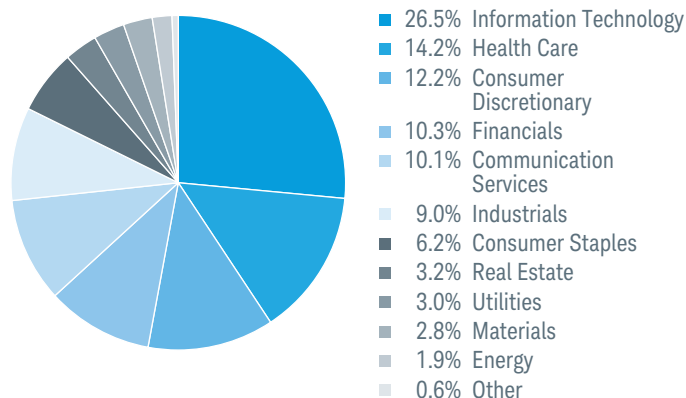
³ As stated in the prospectus.

Performance and Fund Facts as of October 31, 2020 (continued)

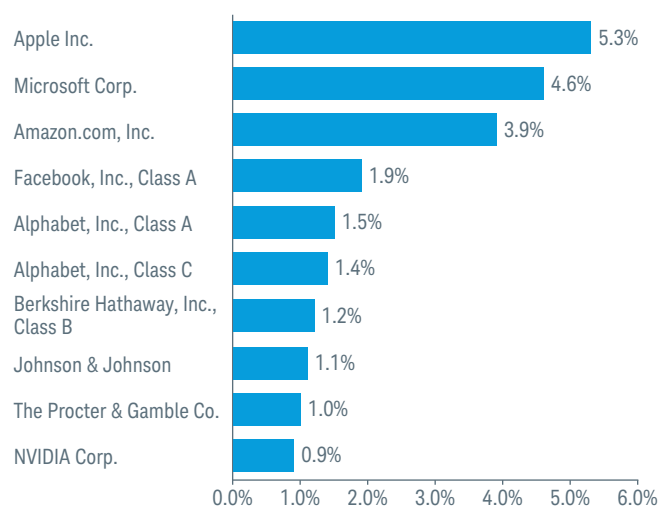
STATISTICS¹

Number of Holdings	3,184
Weighted Average Market Cap (millions)	\$363,282
Price/Earnings Ratio (P/E)	25.1
Price/Book Ratio (P/B)	3.2
Portfolio Turnover Rate	4%

SECTOR WEIGHTINGS % OF INVESTMENTS²



TOP EQUITY HOLDINGS % OF NET ASSETS³



Portfolio holdings may have changed since the report date.

Source of Sector Classification: S&P and MSCI.

¹ Excludes derivatives.

² The percentage may differ from the Portfolio Holdings because the above calculation is based on a percentage of total investments, excluding derivatives, whereas the calculation in the Portfolio Holdings is based on a percentage of net assets.

³ This list is not a recommendation of any security by the investment adviser.

Schwab U.S. Large-Cap Growth Index Fund as of October 31, 2020

The Schwab U.S. Large-Cap Growth Index Fund's (the fund) goal is to track the performance of a benchmark index that measures the total return of large-capitalization U.S. growth stocks. To pursue its investment objective, the fund generally invests in stocks that are included in the Russell 1000® Growth Index (the index). The fund seeks to replicate the performance of the index by giving the same weight to a given stock as the index does. For more information concerning the fund's investment objective, strategies, and risks, please see the fund's prospectus.

Market Highlights. The 12-month reporting period ended October 31, 2020, was a historically volatile one for global equity markets. Up until the final week of February 2020, U.S. equity markets had risen steadily, with several major market indices hitting new highs in mid-February. However, beginning in late February, the COVID-19 outbreak wreaked havoc on the global economy, prompting dramatic social distancing restrictions, shuttering businesses, and resulting in a new record for the fastest U.S. market decline. By the end of March, governments and central banks around the world had begun passing extensive emergency rescue and fiscal stimulus measures in an effort to support their economies. The extraordinary response prompted a rally in global equity markets from their March lows, particularly in the U.S. By early September, key U.S. market indices hit new record highs before falling back slightly by the end of the reporting period as COVID-19 infection rates spiked, raising fears of a resurgence as well as the possibility of increased social distancing restrictions and shuttering of businesses. From a sector standpoint within the index, the information technology and consumer discretionary sectors outperformed over the 12-month reporting period, while the energy and industrials sectors underperformed.

Performance. The fund generally tracked the index for the reporting period. The fund returned 29.16% during the 12-month reporting period ended October 31, 2020, compared with the index, which returned 29.22%. Differences between the return of the fund and the return of the index may be attributable to, among other things, the operational and transactional costs incurred by the fund and not the index.

Contributors and Detractors. The fund's holdings in the industrials sector were the largest detractors from the total return of the fund. The industrials sector represented an average weight of 7% of the fund's investments and returned approximately -1% for the reporting period. One example from this sector is The Boeing Co. The fund's holdings of The Boeing Co. returned approximately -49% for the reporting period.

The energy sector also detracted from the total return of the fund. Energy stocks represented an average weight of less than 1% of the fund's investments and returned approximately -29% for the reporting period.

The fund's holdings in the information technology sector were the largest contributors to the total return of the fund. Information technology stocks represented an average weight of approximately 41% of the fund's investments and returned approximately 43% for the reporting period. The fund's holdings of Apple Inc. are one example from this sector, returning approximately 77% for the reporting period.

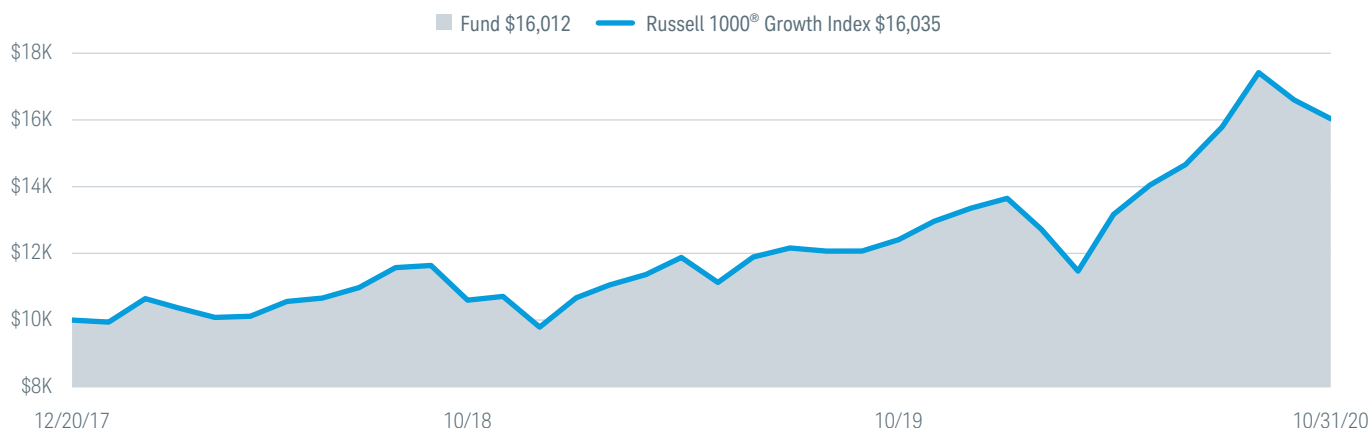
Stocks in the consumer discretionary sector also contributed to the total return of the fund. Consumer discretionary stocks represented an average weight of approximately 15% of the fund's investments and returned approximately 45% for the reporting period.

Management views and portfolio holdings may have changed since the report date.

Performance and Fund Facts as of October 31, 2020

The performance data quoted represents past performance. Past performance does not guarantee future results. Investment returns and principal value of an investment will fluctuate so that an investor's shares may be worth more or less than their original cost. Current performance may be lower or higher than performance data quoted. To obtain performance information current to the most recent month end, please visit www.schwabfunds.com/schwabfunds_prospectus.

PERFORMANCE OF HYPOTHETICAL \$10,000 INVESTMENT (DECEMBER 20, 2017 - OCTOBER 31, 2020)¹



AVERAGE ANNUAL RETURNS¹

FUND AND INCEPTION DATE	1 YEAR	SINCE INCEPTION
Fund: Schwab U.S. Large-Cap Growth Index Fund (12/20/17)	29.16%	17.85%
Russell 1000 [®] Growth Index	29.22%	17.91%
Fund Category: Morningstar Large Growth ²	25.92%	N/A

Fund Expense Ratio³: 0.035%

All total returns on this page assume dividends and distributions were reinvested. Index figures do not include trading and management costs, which would lower performance. Indices are unmanaged and cannot be invested in directly. Performance results less than one year are not annualized.

For index definitions, please see the Glossary.

Index ownership - The Russell 1000[®] Growth Index is a registered mark of the Frank Russell Company (Russell) and has been licensed for use by the Schwab U.S. Large-Cap Growth Index Fund. The Schwab U.S. Large-Cap Growth Index Fund is not sponsored, endorsed, sold or promoted by Russell and Russell makes no representation regarding the advisability of investing in the fund.

¹ Performance does not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

² Source for category information: Morningstar, Inc. The Morningstar Category return represents all active and index mutual funds within the category as of the report date.

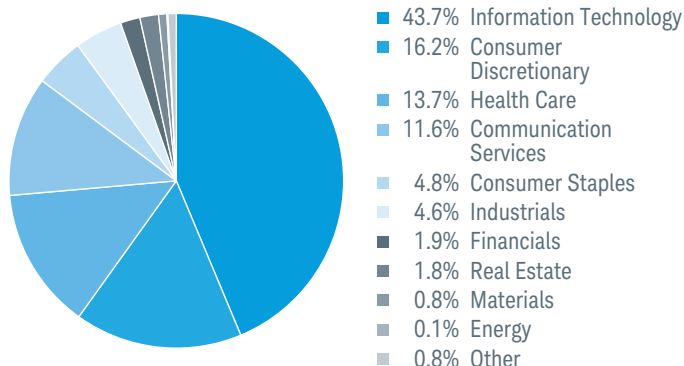
³ As stated in the prospectus.

Performance and Fund Facts as of October 31, 2020 (continued)

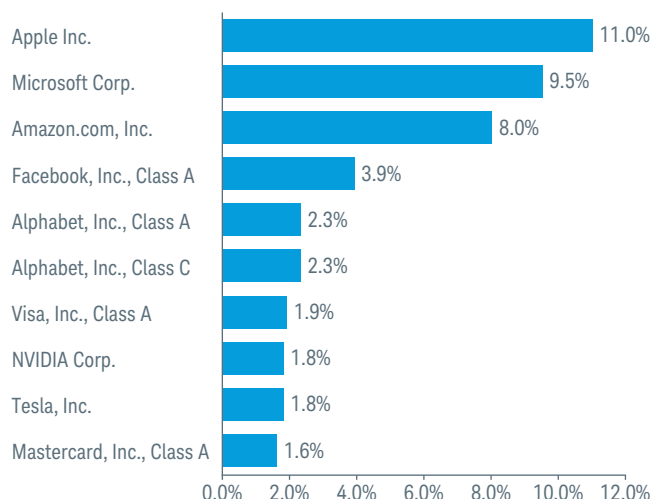
STATISTICS¹

Number of Holdings	450
Weighted Average Market Cap (millions)	\$636,052
Price/Earnings Ratio (P/E)	35.0
Price/Book Ratio (P/B)	10.4
Portfolio Turnover Rate	41%

SECTOR WEIGHTINGS % OF INVESTMENTS²



TOP EQUITY HOLDINGS % OF NET ASSETS³



Portfolio holdings may have changed since the report date.

Source of Sector Classification: S&P and MSCI.

¹ Excludes derivatives.

² The percentage may differ from the Portfolio Holdings because the above calculation is based on a percentage of total investments, excluding derivatives, whereas the calculation in the Portfolio Holdings is based on a percentage of net assets.

³ This list is not a recommendation of any security by the investment adviser.

Schwab U.S. Large-Cap Value Index Fund as of October 31, 2020

The Schwab U.S. Large-Cap Value Index Fund's (the fund) goal is to track the performance of a benchmark index that measures the total return of large-capitalization U.S. value stocks. To pursue its investment objective, the fund generally invests in stocks that are included in the Russell 1000[®] Value Index (the index). The fund seeks to replicate the performance of the index by giving the same weight to a given stock as the index does. For more information concerning the fund's investment objective, strategies, and risks, please see the fund's prospectus.

Market Highlights. The 12-month reporting period ended October 31, 2020, was a historically volatile one for global equity markets. Up until the final week of February 2020, U.S. equity markets had risen steadily, with several major market indices hitting new highs in mid-February. However, beginning in late February, the COVID-19 outbreak wreaked havoc on the global economy, prompting dramatic social distancing restrictions, shuttering businesses, and resulting in a new record for the fastest U.S. market decline. By the end of March, governments and central banks around the world had begun passing extensive emergency rescue and fiscal stimulus measures in an effort to support their economies. The extraordinary response prompted a rally in global equity markets from their March lows, particularly in the U.S. By early September, key U.S. market indices hit new record highs before falling back slightly by the end of the reporting period as COVID-19 infection rates spiked, raising fears of a resurgence as well as the possibility of increased social distancing restrictions and shuttering of businesses. From a sector standpoint within the index, the health care and materials sectors outperformed over the 12-month reporting period, while the energy and real estate sectors underperformed.

Performance. The fund generally tracked the index for the reporting period. The fund returned -7.69% during the 12-month reporting period ended October 31, 2020, compared with the index, which returned -7.57%. Differences between the return of the fund and the return of the index may be attributable to, among other things, the operational and transactional costs incurred by the fund and not the index.

Contributors and Detractors. The fund's holdings in the financials sector were the largest detractors from the total return of the fund. The financials sector represented an average weight of approximately 21% of the fund's investments and returned approximately -18% for the reporting period. One example from this sector is Wells Fargo & Co. The fund's holdings of Wells Fargo & Co. returned approximately -57% for the reporting period.

The energy sector also detracted from the total return of the fund. Energy stocks represented an average weight of approximately 6% of the fund's investments and returned approximately -46% for the reporting period.

The fund's holdings in the health care sector were the largest contributors to the total return of the fund. Health care stocks represented an average weight of approximately 14% of the fund's investments and returned approximately 11% for the reporting period. The fund's holdings of Danaher Corp., a designer and manufacturer of medical, industrial, and commercial products and services, are one example from this sector, returning approximately 67% for the reporting period.

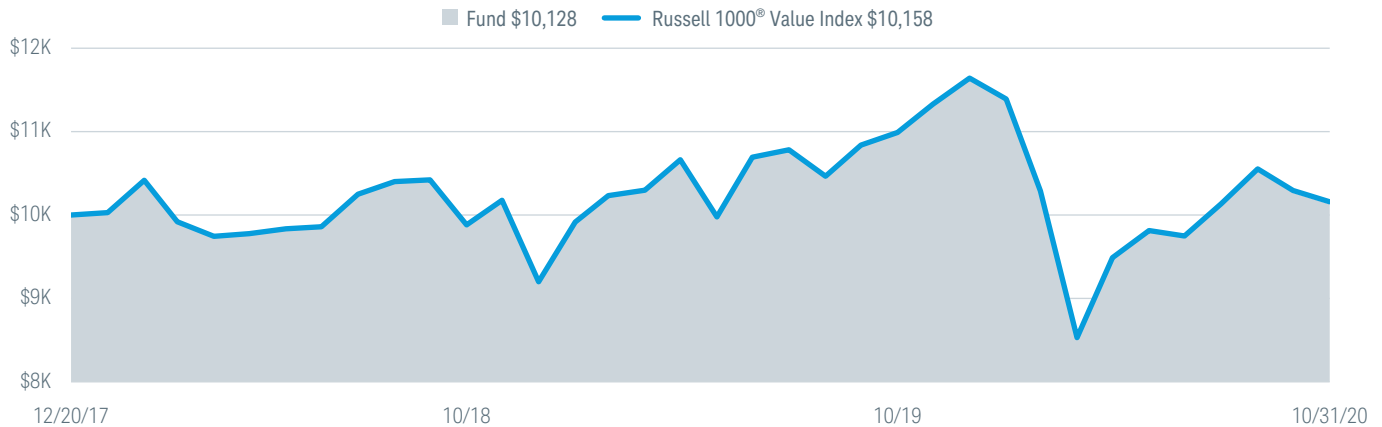
Stocks in the materials sector also contributed to the total return of the fund. The fund's holdings in the materials sector represented an average weight of approximately 4% of the fund's investments and returned approximately 9% for the reporting period.

Management views and portfolio holdings may have changed since the report date.

Performance and Fund Facts as of October 31, 2020

The performance data quoted represents past performance. Past performance does not guarantee future results. Investment returns and principal value of an investment will fluctuate so that an investor's shares may be worth more or less than their original cost. Current performance may be lower or higher than performance data quoted. To obtain performance information current to the most recent month end, please visit www.schwabfunds.com/schwabfunds_prospectus.

PERFORMANCE OF HYPOTHETICAL \$10,000 INVESTMENT (DECEMBER 20, 2017 - OCTOBER 31, 2020)¹



AVERAGE ANNUAL RETURNS¹

FUND AND INCEPTION DATE	1 YEAR	SINCE INCEPTION
Fund: Schwab U.S. Large-Cap Value Index Fund (12/20/17)	-7.69%	0.44%
Russell 1000 [®] Value Index	-7.57%	0.55%
Fund Category: Morningstar Large Value ²	-7.37%	N/A

Fund Expense Ratio³: 0.035%

All total returns on this page assume dividends and distributions were reinvested. Index figures do not include trading and management costs, which would lower performance. Indices are unmanaged and cannot be invested in directly. Performance results less than one year are not annualized.

For index definitions, please see the Glossary.

Index ownership – The Russell 1000[®] Value Index is a registered mark of the Frank Russell Company (Russell) and has been licensed for use by the Schwab U.S. Large-Cap Value Index Fund. The Schwab U.S. Large-Cap Value Index Fund is not sponsored, endorsed, sold or promoted by Russell and Russell makes no representation regarding the advisability of investing in the fund.

¹ Performance does not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

² Source for category information: Morningstar, Inc. The Morningstar Category return represents all active and index mutual funds within the category as of the report date.

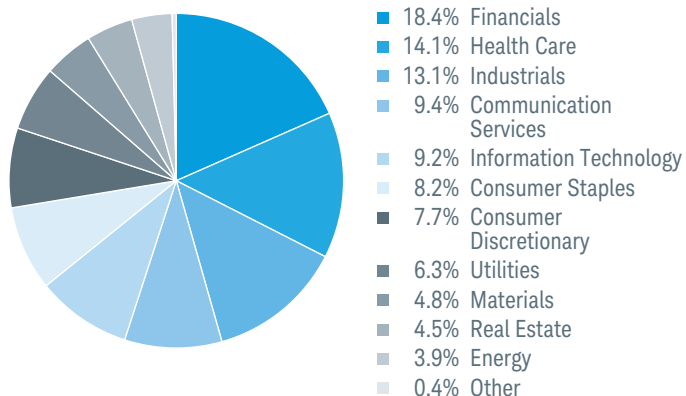
³ As stated in the prospectus.

Performance and Fund Facts as of October 31, 2020 (continued)

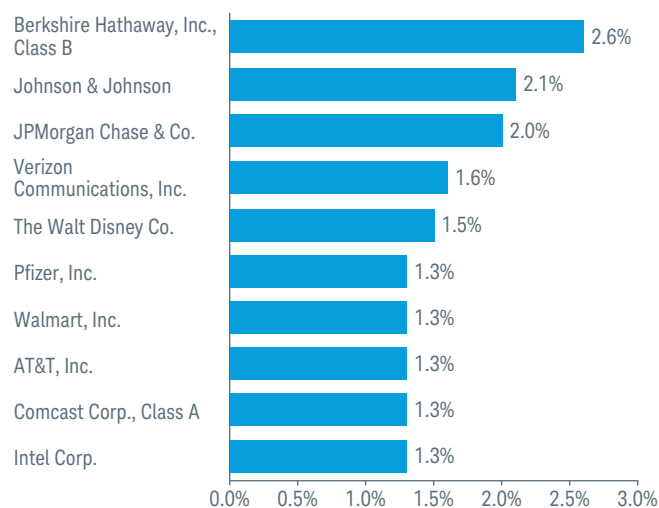
STATISTICS¹

Number of Holdings	850
Weighted Average Market Cap (millions)	\$119,166
Price/Earnings Ratio (P/E)	19.3
Price/Book Ratio (P/B)	1.9
Portfolio Turnover Rate	50%

SECTOR WEIGHTINGS % OF INVESTMENTS²



TOP EQUITY HOLDINGS % OF NET ASSETS³



Portfolio holdings may have changed since the report date.

Source of Sector Classification: S&P and MSCI.

¹ Excludes derivatives.

² The percentage may differ from the Portfolio Holdings because the above calculation is based on a percentage of total investments, excluding derivatives, whereas the calculation in the Portfolio Holdings is based on a percentage of net assets.

³ This list is not a recommendation of any security by the investment adviser.

Schwab U.S. Mid-Cap Index Fund as of October 31, 2020

The Schwab U.S. Mid-Cap Index Fund's (the fund) goal is to track the performance of a benchmark index that measures the total return of mid-capitalization U.S. stocks. To pursue its investment objective, the fund generally invests in securities that are included in the Russell Midcap[®] Index (the index). The fund seeks to replicate the performance of the index by giving the same weight to a given security as the index does. For more information concerning the fund's investment objective, strategies, and risks, please see the fund's prospectus.

Market Highlights. The 12-month reporting period ended October 31, 2020, was a historically volatile one for global equity markets. Up until the final week of February 2020, U.S. equity markets had risen steadily, with several major market indices hitting new highs in mid-February. However, beginning in late February, the COVID-19 outbreak wreaked havoc on the global economy, prompting dramatic social distancing restrictions, shuttering businesses, and resulting in a new record for the fastest U.S. market decline. By the end of March, governments and central banks around the world had begun passing extensive emergency rescue and fiscal stimulus measures in an effort to support their economies. The extraordinary response prompted a rally in global equity markets from their March lows, particularly in the U.S. By early September, key U.S. market indices hit new record highs before falling back slightly by the end of the reporting period as COVID-19 infection rates spiked, raising fears of a resurgence as well as the possibility of increased social distancing restrictions and shuttering of businesses. From a sector standpoint within the index, the health care and information technology sectors outperformed over the 12-month reporting period, while the energy and real estate sectors underperformed.

Performance. The fund generally tracked the index for the reporting period. The fund returned 4.04% during the 12-month reporting period ended October 31, 2020, compared with the index, which returned 4.12%. Differences between the return of the fund and the return of the index may be attributable to, among other things, the operational and transactional costs incurred by the fund and not the index.

Contributors and Detractors. The fund's holdings in the real estate sector were the largest detractors from the total return of the fund. The real estate sector represented an average weight of approximately 9% of the fund's investments and returned approximately -23% for the reporting period. One example from this sector is Equity Residential. The fund's holdings of Equity Residential, a real estate investment trust, returned approximately -45% for the reporting period.

The financials sector also detracted from the total return of the fund. Financials stocks represented an average weight of approximately 12% of the fund's investments and returned approximately -13% for the reporting period.

The fund's holdings in the information technology sector were the largest contributors to the total return of the fund. Information technology stocks represented an average weight of approximately 19% of the fund's investments and returned approximately 23% for the reporting period. The fund's Class A holdings of Twilio, Inc., which develops and publishes internet infrastructure solutions, are one example from this sector, returning approximately 189% for the reporting period.

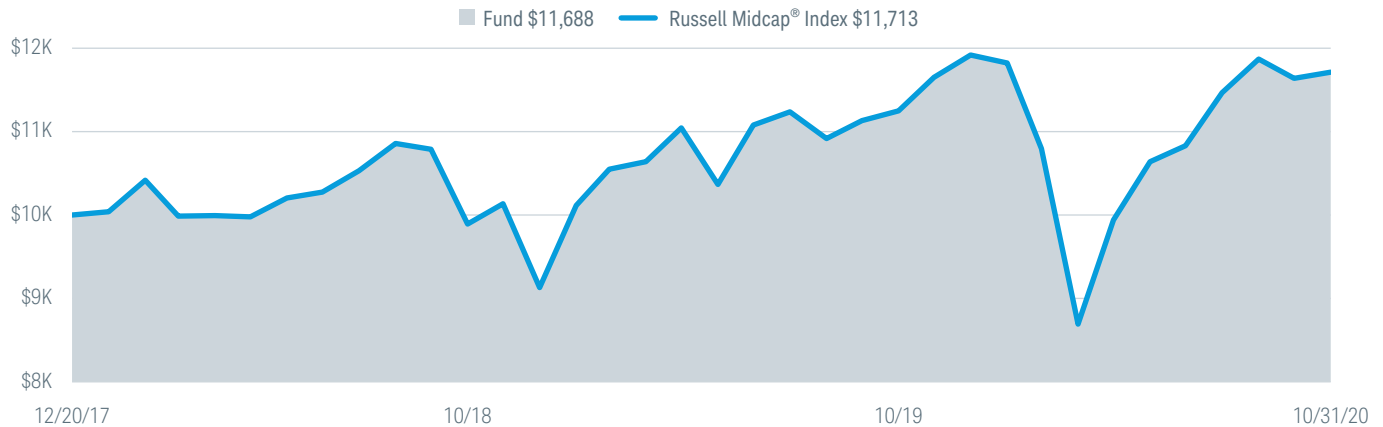
Stocks in the health care sector also contributed to the total return of the fund. Health care stocks represented an average weight of approximately 12% of the fund's investments and returned approximately 31% for the reporting period.

Management views and portfolio holdings may have changed since the report date.

Performance and Fund Facts as of October 31, 2020

The performance data quoted represents past performance. Past performance does not guarantee future results. Investment returns and principal value of an investment will fluctuate so that an investor's shares may be worth more or less than their original cost. Current performance may be lower or higher than performance data quoted. To obtain performance information current to the most recent month end, please visit www.schwabfunds.com/schwabfunds_prospectus.

PERFORMANCE OF HYPOTHETICAL \$10,000 INVESTMENT (DECEMBER 20, 2017 - OCTOBER 31, 2020)¹



AVERAGE ANNUAL RETURNS¹

FUND AND INCEPTION DATE	1 YEAR	SINCE INCEPTION
Fund: Schwab U.S. Mid-Cap Index Fund (12/20/17)	4.04%	5.59%
Russell Midcap [®] Index	4.12%	5.67%
Fund Category: Morningstar Mid-Cap Blend ²	-0.89%	N/A

Fund Expense Ratio³: 0.04%

All total returns on this page assume dividends and distributions were reinvested. Index figures do not include trading and management costs, which would lower performance. Indices are unmanaged and cannot be invested in directly. Performance results less than one year are not annualized.

For index definitions, please see the Glossary.

Index ownership - The Russell Midcap[®] Index is a registered mark of the Frank Russell Company (Russell) and has been licensed for use by the Schwab U.S. Mid-Cap Index Fund. The Schwab U.S. Mid-Cap Index Fund is not sponsored, endorsed, sold or promoted by Russell and Russell makes no representation regarding the advisability of investing in the fund.

¹ Performance does not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

² Source for category information: Morningstar, Inc. The Morningstar Category return represents all active and index mutual funds within the category as of the report date.

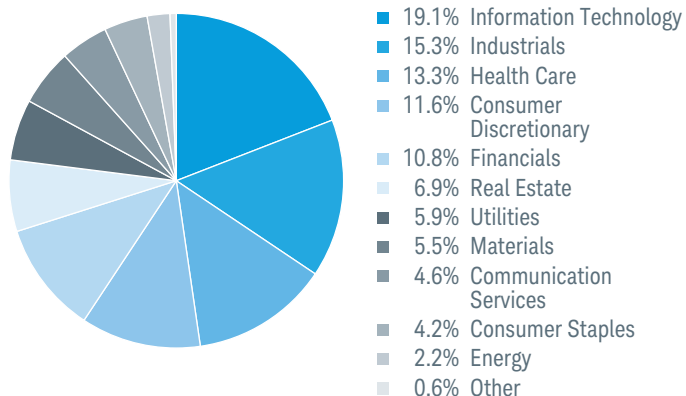
³ As stated in the prospectus.

Performance and Fund Facts as of October 31, 2020 (continued)

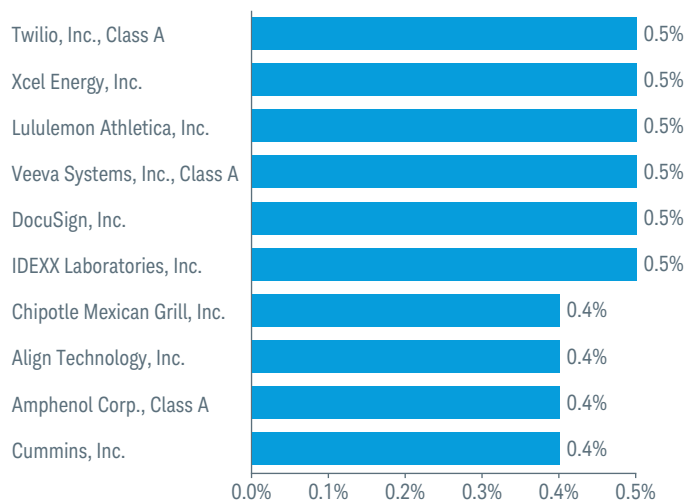
STATISTICS¹

Number of Holdings	820
Weighted Average Market Cap (millions)	\$17,353
Price/Earnings Ratio (P/E)	22.8
Price/Book Ratio (P/B)	2.6
Portfolio Turnover Rate	29%

SECTOR WEIGHTINGS % OF INVESTMENTS²



TOP EQUITY HOLDINGS % OF NET ASSETS³



Portfolio holdings may have changed since the report date.

Source of Sector Classification: S&P and MSCI.

¹ Excludes derivatives.

² The percentage may differ from the Portfolio Holdings because the above calculation is based on a percentage of total investments, excluding derivatives, whereas the calculation in the Portfolio Holdings is based on a percentage of net assets.

³ This list is not a recommendation of any security by the investment adviser.

Schwab International Index Fund as of October 31, 2020

The Schwab International Index Fund's (the fund) goal is 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 U.S. To pursue its investment objective, the fund generally invests in stocks that are included in the MSCI EAFE[®] Index (Net) (the index), which includes stocks from developed markets in Europe, Australasia and the Far East. To pursue its goal, the fund seeks to replicate the performance of the index by giving the same weight to a given stock as the index does. For more information concerning the fund's investment objective, strategies, and risks, please see the fund's prospectus.

Market Highlights. The 12-month reporting period ended October 31, 2020, was a historically volatile one for global equity markets. Up until the final week of February 2020, international equity markets had risen steadily, with several major market indices hitting new highs in mid-February. However, beginning in late February, the COVID-19 outbreak wreaked havoc on the global economy, prompting dramatic social distancing restrictions, shuttering businesses, and plunging markets into bear-market territory with record speed. At their lows, key international stock indices had lost as much as one-third of their former value. By the end of March, governments and central banks around the world had begun passing extensive emergency rescue and fiscal stimulus measures in an effort to support their economies. While the extraordinary response prompted a rally in global equity markets from their March lows, historic volatility remained and international equity markets lost steam during the final two months of the reporting period as COVID-19 infection rates spiked, raising fears of a resurgence as well as the possibility of increased social distancing restrictions and shuttering of businesses. The U.S. dollar weakened against a basket of foreign currencies for the reporting period, generally increasing the returns on overseas investments in U.S. dollar terms.

Performance. The fund generally tracked the index for the reporting period. The fund returned -6.56% for the 12-month reporting period ended October 31, 2020, compared with the index, which returned -6.86%. Timing differences in foreign exchange calculations slightly detracted and fair valuation of the fund's holdings slightly contributed to the fund's relative performance.¹

Contributors and Detractors. From a country perspective, stocks from Denmark contributed the most to the total return of the fund. Representing an average weight of approximately 2% of the fund's investments, Danish stocks returned approximately 34% in U.S. dollar terms for the reporting period. One example from Denmark is the fund's Class B holdings of Novo Nordisk A/S, a multinational pharmaceutical company, which returned approximately 20% in U.S. dollar terms for the reporting period.

Stocks from Switzerland also contributed to the total return of the fund. Representing an average weight of approximately 10% of the fund's investments, Swiss stocks returned approximately 4% in U.S. dollar terms for the reporting period.

Stocks from the United Kingdom detracted the most from the fund's total return. Representing an average weight of approximately 15% of the fund's investments, stocks from the United Kingdom returned approximately -21% in U.S. dollar terms for the reporting period. One example from the United Kingdom is HSBC Holdings plc, a multinational investment bank and financial services holding company, which returned approximately -44% in U.S. dollar terms for the reporting period.

Stocks from France also detracted from the total return of the fund. Representing an average weight of approximately 11% of the fund's investments, French stocks returned approximately -12% in U.S. dollar terms for the reporting period.

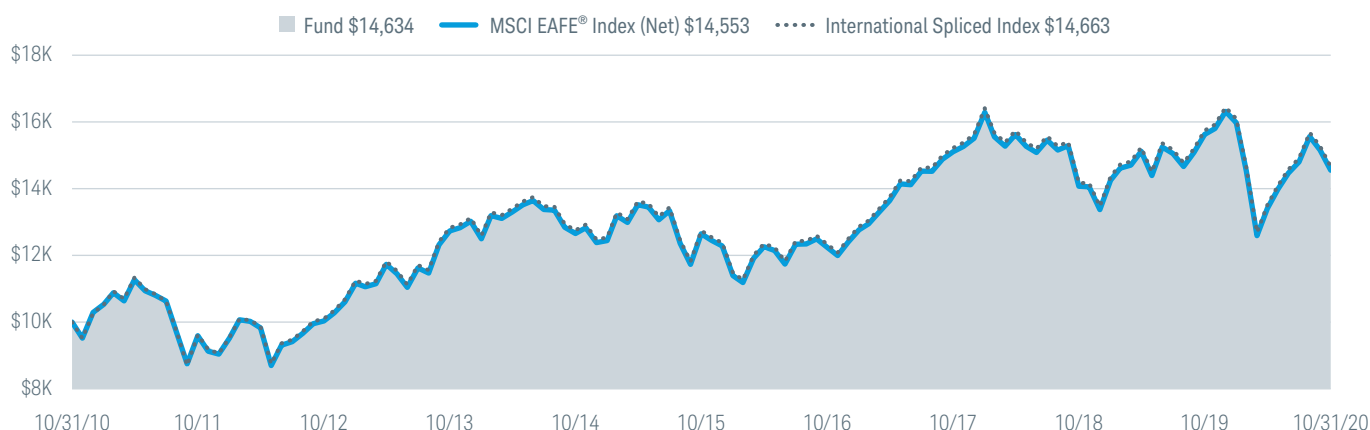
Management views and portfolio holdings may have changed since the report date.

¹ Typically, the securities in the index are valued using foreign exchange rates obtained at the close of the London foreign currency exchange (11:00 AM EST). Securities in the fund, however, are valued using foreign exchange rates obtained at the close of the New York foreign currency exchange (4:00 PM EST). This difference in closing times can result in different foreign currency exchange rates between the two exchanges, and thus different foreign currency exchange rates used in the valuation of the index's and fund's securities.

Performance and Fund Facts as of October 31, 2020

The performance data quoted represents past performance. Past performance does not guarantee future results. Investment returns and principal value of an investment will fluctuate so that an investor's shares may be worth more or less than their original cost. Current performance may be lower or higher than performance data quoted. To obtain performance information current to the most recent month end, please visit www.schwabfunds.com/schwabfunds_prospectus.

PERFORMANCE OF HYPOTHETICAL \$10,000 INVESTMENT (OCTOBER 31, 2010 - OCTOBER 31, 2020)^{1,2}



AVERAGE ANNUAL TOTAL RETURNS^{1,2}

FUND AND INCEPTION DATE	1 YEAR	5 YEARS	10 YEARS
Fund: Schwab International Index Fund (5/19/97)	-6.56%	3.08%	3.88%
MSCI EAFE® Index (Net) ³	-6.86%	2.85%	3.82%
International Spliced Index	-6.86%	2.85%	3.90%
Fund Category: Morningstar Foreign Large Blend ⁴	-4.19%	3.23%	3.65%

Fund Expense Ratio⁵: 0.06%

All total returns on this page assume dividends and distributions were reinvested. Index figures do not include trading and management costs, which would lower performance. Indices are unmanaged and cannot be invested in directly. Performance results less than one year are not annualized.

The first index listed for the fund is the fund's primary benchmark, as shown in the prospectus. Additional indices shown are provided for comparative purposes.

For index definitions, please see the Glossary.

Index ownership – "MSCI EAFE®" is a registered mark of MSCI and has been licensed for use by the Schwab International Index Fund. The Schwab International Index Fund is not sponsored, endorsed, sold or promoted by MSCI and MSCI bears no liability with respect to the fund. The Statement of Additional Information contains a more detailed description of the limited relationship MSCI has with the fund.

¹ Performance does not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

² The fund's performance relative to the index may be affected by fair-value pricing. See financial note 2 for more information.

³ The net version of the index reflects reinvested dividends net of withholding taxes, but reflects no deductions for expenses or other taxes.

⁴ Source for category information: Morningstar, Inc. The Morningstar Category return represents all active and index mutual funds within the category as of the report date.

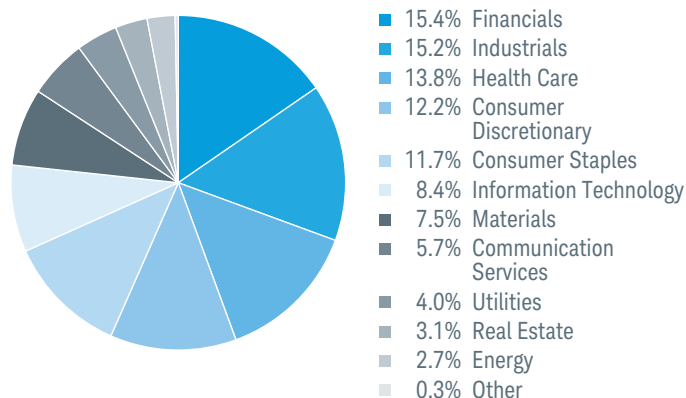
⁵ As stated in the prospectus.

Performance and Fund Facts as of October 31, 2020 (continued)

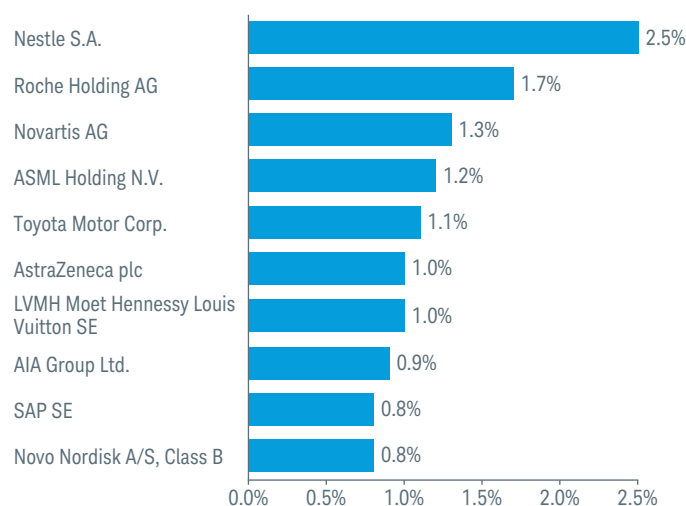
STATISTICS¹

Number of Holdings	913
Weighted Average Market Cap (millions)	\$61,247
Price/Earnings Ratio (P/E)	18.2
Price/Book Ratio (P/B)	1.5
Portfolio Turnover Rate	7%

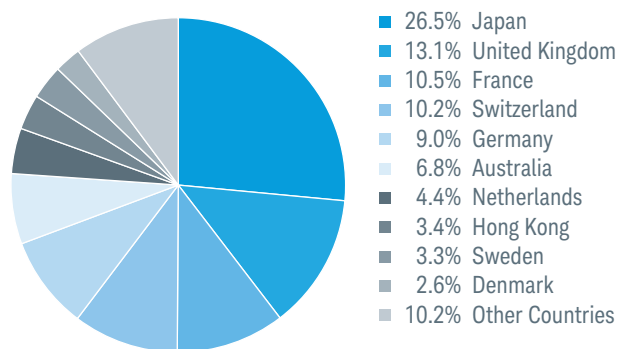
SECTOR WEIGHTINGS % OF INVESTMENTS¹



TOP EQUITY HOLDINGS % OF NET ASSETS²



TOP COUNTRY WEIGHTINGS % OF INVESTMENTS³



Portfolio holdings may have changed since the report date.

Source of Sector Classification: S&P and MSCI.

International investments are subject to additional risks such as currency fluctuation, geopolitical risk and the potential for illiquid markets.

¹ Excludes derivatives.

² This list is not a recommendation of any security by the investment adviser.

³ The percentage may differ from the Portfolio Holdings because the above calculation is based on a percentage of total investments, excluding derivatives, whereas the calculation in the Portfolio Holdings is based on a percentage of net assets.

Fund Expenses (Unaudited)

EXAMPLES FOR A \$1,000 INVESTMENT

As a fund shareholder, you may incur two types of costs: (1) transaction costs; and (2) ongoing costs, including management fees.

The expense examples below are intended to help you understand your ongoing cost (in dollars) of investing in a fund and to compare this cost with the ongoing cost of investing in other mutual funds. These examples are based on an investment of \$1,000 invested for six months beginning May 1, 2020 and held through October 31, 2020.

Actual Return lines in the table below provide information about actual account values and actual expenses. You may use this information, together with the amount you invested, to estimate the expenses that you paid over the period. To do so, simply divide your account value by \$1,000 (for example, an \$8,600 account value ÷ \$1,000 = 8.6), then multiply the result by the number given for your fund under the heading entitled "Expenses Paid During Period."

Hypothetical Return lines in the table below provide information about hypothetical account values and hypothetical expenses based on a fund's actual expense ratio and an assumed return of 5% per year before expenses. Because the return used is not an actual return, it may not be used to estimate the actual ending account value or expenses you paid for the period.

You may use this information to compare the ongoing costs of investing in a fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only, and do not reflect any transactional costs. Therefore, the hypothetical return lines of the table are useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	EXPENSE RATIO (ANNUALIZED) ¹	BEGINNING ACCOUNT VALUE AT 5/1/20	ENDING ACCOUNT VALUE (NET OF EXPENSES) AT 10/31/20	EXPENSES PAID DURING PERIOD 5/1/20-10/31/20 ²
Schwab S&P 500 Index Fund				
Actual Return	0.02%	\$1,000.00	\$1,132.80	\$0.11
Hypothetical 5% Return	0.02%	\$1,000.00	\$1,025.00	\$0.10
Schwab 1000 Index Fund				
Actual Return	0.05%	\$1,000.00	\$1,148.30	\$0.27
Hypothetical 5% Return	0.05%	\$1,000.00	\$1,024.85	\$0.25
Schwab Small-Cap Index Fund				
Actual Return	0.04%	\$1,000.00	\$1,181.70	\$0.22
Hypothetical 5% Return	0.04%	\$1,000.00	\$1,024.90	\$0.20
Schwab Total Stock Market Index Fund				
Actual Return	0.03%	\$1,000.00	\$1,150.60	\$0.16
Hypothetical 5% Return	0.03%	\$1,000.00	\$1,024.95	\$0.15
Schwab U.S. Large-Cap Growth Index Fund				
Actual Return	0.035%	\$1,000.00	\$1,217.70	\$0.20
Hypothetical 5% Return	0.035%	\$1,000.00	\$1,024.92	\$0.18
Schwab U.S. Large-Cap Value Index Fund				
Actual Return	0.035%	\$1,000.00	\$1,069.00	\$0.18
Hypothetical 5% Return	0.035%	\$1,000.00	\$1,024.92	\$0.18
Schwab U.S. Mid-Cap Index Fund				
Actual Return	0.04%	\$1,000.00	\$1,177.80	\$0.22
Hypothetical 5% Return	0.04%	\$1,000.00	\$1,024.90	\$0.20
Schwab International Index Fund				
Actual Return	0.06%	\$1,000.00	\$1,094.30	\$0.32
Hypothetical 5% Return	0.06%	\$1,000.00	\$1,024.80	\$0.31

¹ Based on the most recent six-month expense ratio.

² Expenses for each fund are equal to its annualized expense ratio, multiplied by the average account value over the period, multiplied by the 184 days of the period, and divided by 366 days of the fiscal year.

Financial Statements

FINANCIAL HIGHLIGHTS

	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	\$47.17	\$42.41	\$40.23	\$33.38	\$33.00
Income (loss) from investment operations:					
Net investment income (loss) ¹	1.02	0.92	0.80	0.74	0.69
Net realized and unrealized gains (losses)	3.52	4.86	2.12	6.99	0.69
Total from investment operations	4.54	5.78	2.92	7.73	1.38
Less distributions:					
Distributions from net investment income	(0.87)	(0.84)	(0.72)	(0.69)	(0.68)
Distributions from net realized gains	(0.09)	(0.18)	(0.02)	(0.19)	(0.32)
Total distributions	(0.96)	(1.02)	(0.74)	(0.88)	(1.00)
Net asset value at end of period	\$50.75	\$47.17	\$42.41	\$40.23	\$33.38
Total return	9.69%	14.30%	7.29%	23.57%	4.40%
Ratios/Supplemental Data					
Ratios to average net assets:					
Total expenses	0.02%	0.02% ²	0.03%	0.05% ³	0.09%
Net operating expenses	N/A	N/A	N/A ⁴	0.05% ³	0.09%
Net investment income (loss)	2.11%	2.11%	1.88%	2.01%	2.12%
Portfolio turnover rate	4%	3%	2%	2%	2%
Net assets, end of period (x 1,000,000)	\$44,184	\$40,232	\$34,410	\$29,999	\$22,675

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

² Effective December 20, 2018, the annual operating expense ratio was reduced to 0.02%. The ratio presented for period ended 10/31/19 is a blended ratio.

³ Effective March 1, 2017, the annual operating expense ratio was reduced. The ratio presented for period ended 10/31/17 is a blended ratio.

⁴ Effective March 1, 2017, the fund instituted a new fee structure and the contractual expense limitation was terminated.

Condensed Portfolio Holdings as of October 31, 2020

This section shows the fund's 50 largest portfolio holdings in unaffiliated issuers, any holdings exceeding 1% of the fund's net assets as of the report date, and any affiliated issuers. The remaining securities held by the fund are grouped as "Other Securities" in each category. You can request a complete schedule of portfolio holdings as of the report date, free of charge, by calling Schwab Funds® at 1-877-824-5615. This complete schedule, filed on the fund's N-CSR(S), is also available on the U.S. Securities and Exchange Commission (SEC)'s website at www.sec.gov.

In addition, the fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-PORT Part F. The fund's Form N-PORT Part F is available on the SEC's website and on the fund's website at www.schwabfunds.com/schwabfunds_prospectus. The fund also makes available its complete schedule of portfolio holdings 15 to 20 days after the end of the month on the fund's website.

SECURITY	NUMBER OF SHARES	% OF NET ASSETS	VALUE (\$)
COMMON STOCK 99.5% OF NET ASSETS			
Automobiles & Components 0.4%			
Other Securities		0.4	175,683,366
Banks 3.5%			
Bank of America Corp.	12,355,276	0.7	292,820,041
JPMorgan Chase & Co.	4,939,328	1.1	484,251,717
Other Securities		1.7	750,251,667
		3.5	1,527,323,425
Capital Goods 5.6%			
Other Securities		5.6	2,470,893,683
Commercial & Professional Services 0.7%			
Other Securities		0.7	333,023,013
Consumer Durables & Apparel 1.2%			
NIKE, Inc., Class B	2,017,430	0.5	242,252,994
Other Securities		0.7	271,745,541
		1.2	513,998,535
Consumer Services 1.6%			
McDonald's Corp.	1,206,199	0.6	256,920,387
Other Securities		1.0	473,794,545
		1.6	730,714,932
Diversified Financials 4.5%			
Berkshire Hathaway, Inc., Class B *	3,212,682	1.5	648,640,496
The Charles Schwab Corp. (a)	2,391,011	0.2	98,294,462
Other Securities		2.8	1,259,957,204
		4.5	2,006,892,162
Energy 2.0%			
Chevron Corp.	3,120,307	0.5	216,861,337
Exxon Mobil Corp.	6,855,647	0.5	223,631,205
Other Securities		1.0	444,871,880
		2.0	885,364,422

SECURITY	NUMBER OF SHARES	% OF NET ASSETS	VALUE (\$)
Food & Staples Retailing 1.6%			
Costco Wholesale Corp.	715,756	0.6	255,968,661
Walmart, Inc.	2,250,718	0.7	312,287,122
Other Securities		0.3	125,824,624
		1.6	694,080,407
Food, Beverage & Tobacco 3.4%			
PepsiCo, Inc.	2,244,122	0.7	299,119,021
The Coca-Cola Co.	6,266,381	0.7	301,162,271
Other Securities		2.0	888,880,563
		3.4	1,489,161,855
Health Care Equipment & Services 6.7%			
Abbott Laboratories	2,870,109	0.7	301,677,157
Danaher Corp.	1,023,164	0.5	234,857,065
Medtronic plc	2,178,195	0.5	219,061,071
UnitedHealth Group, Inc.	1,540,479	1.1	470,061,762
Other Securities		3.9	1,739,239,227
		6.7	2,964,896,282
Household & Personal Products 2.0%			
The Procter & Gamble Co.	4,035,300	1.3	553,239,630
Other Securities		0.7	340,890,895
		2.0	894,130,525
Insurance 1.8%			
Other Securities		1.8	806,539,501
Materials 2.7%			
Other Securities		2.7	1,174,667,607
Media & Entertainment 9.3%			
Alphabet, Inc., Class A *	487,031	1.8	787,095,669
Alphabet, Inc., Class C *	475,882	1.7	771,409,481
Comcast Corp., Class A	7,389,397	0.7	312,128,129
Facebook, Inc., Class A *	3,897,113	2.3	1,025,369,402
Netflix, Inc. *	715,005	0.8	340,156,479
The Walt Disney Co.	2,929,198	0.8	355,165,258
Other Securities		1.2	501,059,752
		9.3	4,092,384,170
Pharmaceuticals, Biotechnology & Life Sciences 7.3%			
AbbVie, Inc.	2,860,791	0.6	243,453,314
Amgen, Inc.	949,368	0.5	205,955,894
Bristol-Myers Squibb Co.	3,653,695	0.5	213,558,473
Johnson & Johnson	4,267,622	1.3	585,133,652

Condensed Portfolio Holdings as of October 31, 2020 (continued)

SECURITY	NUMBER OF SHARES	% OF NET ASSETS	VALUE (\$)
Merck & Co., Inc.	4,099,769	0.7	308,343,626
Pfizer, Inc.	9,007,472	0.7	319,585,107
Thermo Fisher Scientific, Inc.	641,234	0.7	303,380,630
Other Securities		2.3	1,038,096,239
		7.3	3,217,506,935

Real Estate 2.6%

Other Securities		2.6	1,152,102,958
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Retailing 8.3%

Amazon.com, Inc. *	690,098	4.7	2,095,241,043
Lowe's Cos., Inc.	1,225,286	0.4	193,717,717
The Home Depot, Inc.	1,744,990	1.1	465,406,283
Other Securities		2.1	913,393,833
		8.3	3,667,758,876

Semiconductors & Semiconductor Equipment 5.0%

Broadcom, Inc.	651,831	0.5	227,899,673
Intel Corp.	6,892,979	0.7	305,221,110
NVIDIA Corp.	1,000,023	1.1	501,371,531
QUALCOMM, Inc.	1,828,475	0.5	225,560,676
Texas Instruments, Inc.	1,484,562	0.5	214,652,820
Other Securities		1.7	728,823,912
		5.0	2,203,529,722

Software & Services 14.3%

Accenture plc, Class A	1,031,319	0.5	223,703,404
Adobe, Inc. *	777,511	0.8	347,625,168
Mastercard, Inc., Class A	1,431,974	0.9	413,324,975
Microsoft Corp.	12,266,451	5.6	2,483,588,334
PayPal Holdings, Inc. *	1,901,872	0.8	353,995,435
salesforce.com, Inc. *	1,474,980	0.8	342,593,605
Visa, Inc., Class A	2,733,066	1.1	496,625,423
Other Securities		3.8	1,662,993,845
		14.3	6,324,450,189

Technology Hardware & Equipment 8.0%

Apple Inc.	26,057,919	6.4	2,836,665,062
Cisco Systems, Inc.	6,861,350	0.6	246,322,465
Other Securities		1.0	455,414,257
		8.0	3,538,401,784

Telecommunication Services 1.8%

AT&T, Inc.	11,550,195	0.7	312,086,269
Verizon Communications, Inc.	6,707,808	0.9	382,277,978
Other Securities		0.2	117,070,779
		1.8	811,435,026

SECURITY	NUMBER OF SHARES	% OF NET ASSETS	VALUE (\$)
Transportation 2.0%			
Union Pacific Corp.	1,100,432	0.4	194,985,546
Other Securities		1.6	684,399,540
		2.0	879,385,086

Utilities 3.2%

NextEra Energy, Inc.	3,174,624	0.5	232,414,223
Other Securities		2.7	1,175,942,214
		3.2	1,408,356,437

Total Common Stock (Cost \$20,594,421,840)			43,962,680,898
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OTHER INVESTMENT COMPANY 0.1% OF NET ASSETS

Securities Lending Collateral 0.1%

Other Securities		0.1	26,288,917
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Total Other Investment Company (Cost \$26,288,917)			26,288,917
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SECURITY	RATE, MATURITY DATE	FACE AMOUNT (\$)	% OF NET ASSETS	VALUE (\$)
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SHORT-TERM INVESTMENTS 0.2% OF NET ASSETS

Time Deposits 0.2%

Other Securities		0.2	98,222,299
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Total Short-Term Investments (Cost \$98,222,299)			98,222,299
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	NUMBER OF CONTRACTS	NOTIONAL AMOUNT (\$)	CURRENT VALUE/ UNREALIZED DEPRECIATION (\$)
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FUTURES CONTRACTS

Long

S&P 500 Index, e-mini, expires 12/18/20	1,185	193,433,475	(3,964,109)
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The following footnotes may not be applicable to the Condensed Portfolio Holdings. Please refer to the complete schedule of portfolio holdings.

- * Non-income producing security.
- (a) Issuer is affiliated with the fund's investment adviser.
- (b) All or a portion of this security is on loan. Securities on loan were valued at \$25,808,897.
- (c) The rate shown is the 7-day yield.
- (d) The rate shown is the current daily overnight rate.

The fund owns shares of an affiliate, The Charles Schwab Corp., since that company is included in its index. Below is the summary of investment activities involving The Charles Schwab Corp. shares owned by the fund during the period ended October 31, 2020:

	VALUE AT 10/31/19	GROSS PURCHASES	GROSS SALES	REALIZED GAINS (LOSSES)	NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION)	VALUE AT 10/31/20	BALANCE OF SHARES HELD AT 10/31/20	DIVIDENDS RECEIVED
The Charles Schwab Corp.	\$74,967,791	\$23,287,026	(\$2,600,906)	(\$1,027,037)	\$3,667,588	\$98,294,462	2,391,011	\$1,316,874

Condensed Portfolio Holdings as of October 31, 2020 (continued)

The following is a summary of the inputs used to value the fund's investments as of October 31, 2020 and reflects the complete schedule of portfolio holdings (see financial note 2(a) for additional information):

DESCRIPTION	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	OTHER SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	TOTAL
Assets				
Common Stock ¹	\$43,962,680,898	\$—	\$—	\$43,962,680,898
Other Investment Company ¹	26,288,917	—	—	26,288,917
Short-Term Investments ¹	—	98,222,299	—	98,222,299
Liabilities				
Futures Contracts ²	(3,964,109)	—	—	(3,964,109)
Total	\$43,985,005,706	\$98,222,299	\$—	\$44,083,228,005

¹ As categorized in the complete schedule of Portfolio Holdings.

² Futures contracts are valued at unrealized appreciation or depreciation.

Fund investments in underlying mutual funds are classified as Level 1, without consideration to the classification level of the investments held by the underlying mutual funds, which could be Level 1, Level 2 or Level 3.

Statement of Assets and Liabilities

As of October 31, 2020

ASSETS

Investment in affiliated issuer, at value (cost \$58,970,924)	\$98,294,462
Investments in unaffiliated issuers, at value (cost \$20,633,673,215) including securities on loan of \$25,808,897	43,962,608,735
Collateral invested for securities on loan, at value (cost \$26,288,917)	26,288,917
Deposit with broker for futures contracts	17,340,000
Receivables:	
Fund shares sold	101,513,339
Dividends	43,845,463
Income from securities on loan	17,131
Interest	+
	55
Total assets	44,249,908,102

LIABILITIES

Collateral held for securities on loan	26,288,917
Payables:	
Investment adviser fees	807,365
Fund shares redeemed	36,480,703
Variation margin on futures contracts	+
	2,072,624
Total liabilities	65,649,609

NET ASSETS

Total assets	44,249,908,102
Total liabilities	-
	65,649,609
Net assets	\$44,184,258,493

Net Assets by Source

Capital received from investors	20,534,552,723
Total distributable earnings	23,649,705,770

Net Asset Value (NAV)

Net Assets	÷	Shares Outstanding	=	NAV
\$44,184,258,493		870,563,401		\$50.75

Statement of Operations

For the period November 1, 2019 through October 31, 2020

INVESTMENT INCOME	
Dividends received from affiliated issuer	\$1,316,874
Dividends received from unaffiliated issuers	899,795,340
Interest	366,683
Securities on loan, net	+ 370,393
Total investment income	901,849,290
EXPENSES	
Investment adviser fees	8,499,556
Total expenses	- 8,499,556
Net investment income	893,349,734
REALIZED AND UNREALIZED GAINS (LOSSES)	
Net realized losses on affiliated issuer	(1,027,037)
Net realized losses on unaffiliated issuers	(302,975,744)
Net realized gains on futures contracts	+ 12,210,279
Net realized losses	(291,792,502)
Net change in unrealized appreciation (depreciation) on affiliated issuer	3,667,588
Net change in unrealized appreciation (depreciation) on unaffiliated issuers	3,168,428,504
Net change in unrealized appreciation (depreciation) on futures contracts	+ (6,049,994)
Net change in unrealized appreciation (depreciation)	+ 3,166,046,098
Net realized and unrealized gains	2,874,253,596
Increase in net assets resulting from operations	\$3,767,603,330

Statement of Changes in Net Assets

For the current and prior report periods

OPERATIONS		
	11/1/19-10/31/20	11/1/18-10/31/19
Net investment income	\$893,349,734	\$777,902,944
Net realized gains (losses)	(291,792,502)	16,453,205
Net change in unrealized appreciation (depreciation)	+ 3,166,046,098	4,213,657,469
Increase in net assets from operations	3,767,603,330	5,008,013,618

DISTRIBUTIONS TO SHAREHOLDERS		
Total distributions	(\$829,255,576)	(\$835,129,475)

TRANSACTIONS IN FUND SHARES				
	11/1/19-10/31/20		11/1/18-10/31/19	
	SHARES	VALUE	SHARES	VALUE
Shares sold	236,073,289	\$11,084,108,165	185,382,757	\$8,015,175,116
Shares reinvested	13,928,557	685,702,860	18,929,002	700,551,667
Shares redeemed	+ (232,288,137)	(10,755,681,037)	(162,770,508)	(7,066,557,661)
Net transactions in fund shares	17,713,709	\$1,014,129,988	41,541,251	\$1,649,169,122

SHARES OUTSTANDING AND NET ASSETS				
	11/1/19-10/31/20		11/1/18-10/31/19	
	SHARES	NET ASSETS	SHARES	NET ASSETS
Beginning of period	852,849,692	\$40,231,780,751	811,308,441	\$34,409,727,486
Total increase	+ 17,713,709	3,952,477,742	41,541,251	5,822,053,265
End of period	870,563,401	\$44,184,258,493	852,849,692	\$40,231,780,751

Financial Statements

FINANCIAL HIGHLIGHTS

	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	\$68.68	\$64.19	\$62.61	\$52.40	\$53.67
Income (loss) from investment operations:					
Net investment income (loss) ¹	1.38	1.38	1.18	1.08	0.95
Net realized and unrealized gains (losses)	5.81	6.73	3.05	10.96	0.92
Total from investment operations	7.19	8.11	4.23	12.04	1.87
Less distributions:					
Distributions from net investment income	(1.29)	(1.28)	(1.10)	(0.97)	(0.96)
Distributions from net realized gains	(0.85)	(2.34)	(1.55)	(0.86)	(2.18)
Total distributions	(2.14)	(3.62)	(2.65)	(1.83)	(3.14)
Net asset value at end of period	\$73.73	\$68.68	\$64.19	\$62.61	\$52.40
Total return	10.60%	14.20%	6.84%	23.52%	3.87%
Ratios/Supplemental Data					
Ratios to average net assets:					
Total expenses	0.05%	0.05%	0.05%	0.14% ²	0.33%
Net operating expenses	N/A	N/A	N/A ³	0.12% ²	0.29%
Net investment income (loss)	1.97%	2.15%	1.82%	1.87%	1.86%
Portfolio turnover rate	4%	5%	4%	5%	3%
Net assets, end of period (x 1,000,000)	\$9,774	\$9,346	\$7,909	\$7,681	\$6,432

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

² Effective March 1, 2017, the annual operating expense ratio was reduced. The ratio presented for period ended 10/31/17 is a blended ratio.

³ Effective March 1, 2017, the fund instituted a new fee structure and the contractual expense limitation was terminated.

Condensed Portfolio Holdings as of October 31, 2020

This section shows the fund's 50 largest portfolio holdings in unaffiliated issuers, any holdings exceeding 1% of the fund's net assets as of the report date, and any affiliated issuers. The remaining securities held by the fund are grouped as "Other Securities" in each category. You can request a complete schedule of portfolio holdings as of the report date, free of charge, by calling Schwab Funds® at 1-877-824-5615. This complete schedule, filed on the fund's N-CSR(S), is also available on the U.S. Securities and Exchange Commission (SEC)'s website at www.sec.gov.

In addition, the fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-PORT Part F. The fund's Form N-PORT Part F is available on the SEC's website and on the fund's website at www.schwabfunds.com/schwabfunds_prospectus. The fund also makes available its complete schedule of portfolio holdings 15 to 20 days after the end of the month on the fund's website.

SECURITY	NUMBER OF SHARES	% OF NET ASSETS	VALUE (\$)
COMMON STOCK 99.6% OF NET ASSETS			
Automobiles & Components 1.4%			
Tesla, Inc. *	235,981	0.9	91,570,067
Other Securities		0.5	43,396,618
		1.4	134,966,685
Banks 3.4%			
Bank of America Corp.	2,413,704	0.6	57,204,785
JPMorgan Chase & Co.	964,793	1.0	94,588,306
Other Securities		1.8	183,253,640
		3.4	335,046,731
Capital Goods 5.7%			
Other Securities		5.7	556,099,919
Commercial & Professional Services 1.0%			
Other Securities		1.0	93,765,359
Consumer Durables & Apparel 1.3%			
NIKE, Inc., Class B	394,251	0.5	47,341,660
Other Securities		0.8	80,629,360
		1.3	127,971,020
Consumer Services 1.8%			
McDonald's Corp.	235,548	0.5	50,171,724
Other Securities		1.3	127,869,672
		1.8	178,041,396
Diversified Financials 4.5%			
Berkshire Hathaway, Inc., Class B *	627,590	1.3	126,710,421
The Charles Schwab Corp. (a)	466,411	0.2	19,174,156
Other Securities		3.0	296,197,457
		4.5	442,082,034
Energy 1.9%			
Chevron Corp.	609,427	0.4	42,355,177
Exxon Mobil Corp.	1,338,557	0.4	43,663,729
Other Securities		1.1	95,551,105
		1.9	181,570,011

SECURITY	NUMBER OF SHARES	% OF NET ASSETS	VALUE (\$)
Food & Staples Retailing 1.4%			
Costco Wholesale Corp.	139,862	0.5	50,017,448
Walmart, Inc.	439,708	0.6	61,009,485
Other Securities		0.3	29,388,918
		1.4	140,415,851
Food, Beverage & Tobacco 3.2%			
PepsiCo, Inc.	438,492	0.6	58,446,599
The Coca-Cola Co.	1,223,525	0.6	58,802,611
Other Securities		2.0	191,611,686
		3.2	308,860,896
Health Care Equipment & Services 6.5%			
Abbott Laboratories	560,663	0.6	58,931,288
Danaher Corp.	199,990	0.5	45,905,705
Medtronic plc	425,702	0.4	42,812,850
UnitedHealth Group, Inc.	300,904	0.9	91,817,847
Other Securities		4.1	398,033,888
		6.5	637,501,578
Household & Personal Products 1.8%			
The Procter & Gamble Co.	788,329	1.1	108,079,906
Other Securities		0.7	68,259,220
		1.8	176,339,126
Insurance 2.0%			
Other Securities		2.0	195,386,105
Materials 2.7%			
Other Securities		2.7	262,770,002
Media & Entertainment 8.9%			
Alphabet, Inc., Class A *	95,124	1.6	153,730,848
Alphabet, Inc., Class C *	92,947	1.5	150,668,017
Comcast Corp., Class A	1,443,215	0.6	60,961,402
Facebook, Inc., Class A *	761,135	2.0	200,262,230
Netflix, Inc. *	139,603	0.7	66,414,731
The Walt Disney Co.	571,960	0.7	69,350,150
Other Securities		1.8	169,373,783
		8.9	870,761,161
Pharmaceuticals, Biotechnology & Life Sciences 7.3%			
AbbVie, Inc.	558,288	0.5	47,510,309
Amgen, Inc.	185,316	0.4	40,202,453
Bristol-Myers Squibb Co.	713,400	0.4	41,698,230
Johnson & Johnson	833,519	1.2	114,283,790

Condensed Portfolio Holdings as of October 31, 2020 (continued)

SECURITY	NUMBER OF SHARES	% OF NET ASSETS	VALUE (\$)
Merck & Co., Inc.	800,788	0.6	60,227,266
Pfizer, Inc.	1,759,131	0.6	62,413,968
Thermo Fisher Scientific, Inc.	125,264	0.6	59,264,904
Other Securities		3.0	286,973,893
		7.3	712,574,813

Real Estate 3.1%

Other Securities		3.1	304,903,139
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Retailing 7.6%

Amazon.com, Inc. *	134,781	4.2	409,215,333
The Home Depot, Inc.	340,886	0.9	90,917,705
Other Securities		2.5	245,716,970
		7.6	745,850,008

Semiconductors & Semiconductor Equipment 4.8%

Broadcom, Inc.	127,339	0.5	44,521,535
Intel Corp.	1,346,773	0.6	59,635,108
NVIDIA Corp.	195,304	1.0	97,917,613
QUALCOMM, Inc.	357,239	0.5	44,069,003
Texas Instruments, Inc.	290,272	0.4	41,970,429
Other Securities		1.8	184,309,733
		4.8	472,423,421

Software & Services 15.1%

Accenture plc, Class A	201,511	0.4	43,709,751
Adobe, Inc. *	151,856	0.7	67,894,818
Mastercard, Inc., Class A	279,643	0.8	80,716,155
Microsoft Corp.	2,395,688	5.0	485,054,949
PayPal Holdings, Inc. *	371,402	0.7	69,129,054
salesforce.com, Inc. *	288,062	0.7	66,908,161
Visa, Inc., Class A	533,770	1.0	96,991,347
Other Securities		5.8	565,804,890
		15.1	1,476,209,125

Technology Hardware & Equipment 7.4%

Apple Inc.	5,089,294	5.7	554,020,545
Cisco Systems, Inc.	1,340,750	0.5	48,132,925
Other Securities		1.2	119,002,944
		7.4	721,156,414

Telecommunication Services 1.7%

AT&T, Inc.	2,256,030	0.6	60,957,931
Verizon Communications, Inc.	1,310,336	0.8	74,676,049
Other Securities		0.3	28,512,296
		1.7	164,146,276

SECURITY	NUMBER OF SHARES	% OF NET ASSETS	VALUE (\$)
Transportation 2.0%			
Union Pacific Corp.	214,949	0.4	38,086,813
Other Securities		1.6	159,114,138
		2.0	197,200,951

Utilities 3.1%

NextEra Energy, Inc.	621,177	0.5	45,476,368
Other Securities		2.6	254,746,523
		3.1	300,222,891

Total Common Stock (Cost \$2,535,785,297)			9,736,264,912
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OTHER INVESTMENT COMPANIES 0.3% OF NET ASSETS

Money Market Fund 0.2%

Other Securities		0.2	26,263,404
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Securities Lending Collateral 0.1%

Other Securities		0.1	5,820,600
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Total Other Investment Companies (Cost \$32,084,004)			32,084,004
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	NUMBER OF CONTRACTS	NOTIONAL AMOUNT (\$)	CURRENT VALUE/ UNREALIZED DEPRECIATION (\$)
FUTURES CONTRACTS			
Long			
S&P 500 Index, e-mini, expires 12/18/20	208	33,952,880	(1,323,653)

The following footnotes may not be applicable to the Condensed Portfolio Holdings. Please refer to the complete schedule of portfolio holdings.

- * Non-income producing security.
- (a) Issuer is affiliated with the fund's investment adviser.
- (b) All or a portion of this security is on loan. Securities on loan were valued at \$5,675,853.
- (c) The rate shown is the 7-day yield.

REIT – Real Estate Investment Trust

The fund owns shares of an affiliate, The Charles Schwab Corp., since that company is included in its index. Below is the summary of investment activities involving The Charles Schwab Corp. shares owned by the fund during the period ended October 31, 2020:

	VALUE AT 10/31/19	GROSS PURCHASES	GROSS SALES	REALIZED GAINS (LOSSES)	NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION)	VALUE AT 10/31/20	BALANCE OF SHARES HELD AT 10/31/20	DIVIDENDS RECEIVED
The Charles Schwab Corp.	\$15,595,187	\$1,594,082	(\$1,049,005)	(\$6,418)	\$3,040,310	\$19,174,156	466,411	\$264,536

Condensed Portfolio Holdings as of October 31, 2020 (continued)

The following is a summary of the inputs used to value the fund's investments as of October 31, 2020 and reflects the complete schedule of portfolio holdings (see financial note 2(a) for additional information):

DESCRIPTION	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	OTHER SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	TOTAL
Assets				
Common Stock ¹	\$9,736,264,912	\$—	\$—	\$9,736,264,912
Other Investment Companies ¹	32,084,004	—	—	32,084,004
Liabilities				
Futures Contracts ²	(1,323,653)	—	—	(1,323,653)
Total	\$9,767,025,263	\$—	\$—	\$9,767,025,263

¹ As categorized in the complete schedule of Portfolio Holdings.

² Futures contracts are valued at unrealized appreciation or depreciation.

Fund investments in underlying mutual funds are classified as Level 1, without consideration to the classification level of the investments held by the underlying mutual funds, which could be Level 1, Level 2 or Level 3.

Statement of Assets and Liabilities

As of October 31, 2020

ASSETS			
Investment in affiliated issuer, at value (cost \$3,294,045)			\$19,174,156
Investments in unaffiliated issuers, at value (cost \$2,558,754,656) including securities on loan of \$5,675,853			9,743,354,160
Collateral invested for securities on loan, at value (cost \$5,820,600)			5,820,600
Deposit with broker for futures contracts			2,844,000
Receivables:			
Investments sold			373,727
Dividends			8,829,736
Fund shares sold			8,286,881
Income from securities on loan		+	4,927
Total assets			9,788,688,187
LIABILITIES			
Collateral held for securities on loan			5,820,600
Payables:			
Investments bought			3,315,253
Investment adviser fees			447,582
Fund shares redeemed			4,764,399
Variation margin on futures contracts		+	399,938
Total liabilities			14,747,772
NET ASSETS			
Total assets			9,788,688,187
Total liabilities		-	14,747,772
Net assets			\$9,773,940,415
Net Assets by Source			
Capital received from investors			2,283,611,583
Total distributable earnings			7,490,328,832
Net Asset Value (NAV)			
Net Assets	÷	Shares Outstanding	= NAV
\$9,773,940,415		132,568,023	\$73.73

Statement of Operations

For the period November 1, 2019 through October 31, 2020

INVESTMENT INCOME	
Dividends received from affiliated issuer	\$264,536
Dividends received from unaffiliated issuers (net of foreign withholding tax of \$4,519)	191,469,491
Securities on loan, net	+ 153,520
Total investment income	191,887,547
EXPENSES	
Investment adviser fees	4,756,649
Total expenses	- 4,756,649
Net investment income	187,130,898
REALIZED AND UNREALIZED GAINS (LOSSES)	
Net realized losses on affiliated issuer	(6,418)
Net realized gains on unaffiliated issuers	111,568,510
Net realized gains on futures contracts	+ 6,175,964
Net realized gains	117,738,056
Net change in unrealized appreciation (depreciation) on affiliated issuer	3,040,310
Net change in unrealized appreciation (depreciation) on unaffiliated issuers	640,546,681
Net change in unrealized appreciation (depreciation) on futures contracts	+ (1,652,329)
Net change in unrealized appreciation (depreciation)	+ 641,934,662
Net realized and unrealized gains	759,672,718
Increase in net assets resulting from operations	\$946,803,616

Statement of Changes in Net Assets

For the current and prior report periods

OPERATIONS			
	11/1/19-10/31/20	11/1/18-10/31/19	
Net investment income	\$187,130,898	\$181,692,334	
Net realized gains	117,738,056	111,070,500	
Net change in unrealized appreciation (depreciation)	+ 641,934,662	831,678,079	
Increase in net assets from operations	946,803,616	1,124,440,913	

DISTRIBUTIONS TO SHAREHOLDERS			
Total distributions	(\$290,754,043)	(\$445,433,607)	

TRANSACTIONS IN FUND SHARES				
	11/1/19-10/31/20		11/1/18-10/31/19	
	SHARES	VALUE	SHARES	VALUE
Shares sold	13,800,508	\$925,426,862	20,231,558	\$1,297,409,694
Shares reinvested	3,367,064	238,859,473	6,798,612	365,978,493
Shares redeemed	+ (20,677,471)	(1,392,525,764)	(14,175,603)	(905,415,456)
Net transactions in fund shares	(3,509,899)	(\$228,239,429)	12,854,567	\$757,972,731

SHARES OUTSTANDING AND NET ASSETS				
	11/1/19-10/31/20		11/1/18-10/31/19	
	SHARES	NET ASSETS	SHARES	NET ASSETS
Beginning of period	136,077,922	\$9,346,130,271	123,223,355	\$7,909,150,234
Total increase or decrease	+ (3,509,899)	427,810,144	12,854,567	1,436,980,037
End of period	132,568,023	\$9,773,940,415	136,077,922	\$9,346,130,271

Financial Statements

FINANCIAL HIGHLIGHTS

	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	\$28.84	\$30.48	\$31.45	\$25.60	\$26.29
Income (loss) from investment operations:					
Net investment income (loss) ¹	0.35	0.40	0.43	0.38	0.39
Net realized and unrealized gains (losses)	(0.23)	0.54	0.20	6.62	0.59
Total from investment operations	0.12	0.94	0.63	7.00	0.98
Less distributions:					
Distributions from net investment income	(0.42)	(0.40)	(0.39)	(0.39)	(0.36)
Distributions from net realized gains	(1.36)	(2.18)	(1.21)	(0.76)	(1.31)
Total distributions	(1.78)	(2.58)	(1.60)	(1.15)	(1.67)
Net asset value at end of period	\$27.18	\$28.84	\$30.48	\$31.45	\$25.60
Total return	0.00%	4.95%	1.93%	27.84%	4.17%
Ratios/Supplemental Data					
Ratios to average net assets:					
Total expenses	0.04%	0.04% ²	0.05%	0.10% ³	0.20%
Net operating expenses	N/A	N/A	N/A ⁴	0.09% ³	0.17%
Net investment income (loss)	1.31%	1.43%	1.33%	1.31%	1.60%
Portfolio turnover rate	21%	14%	17%	11%	17%
Net assets, end of period (x 1,000,000)	\$3,988	\$4,187	\$3,874	\$3,531	\$2,619

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

² Effective December 20, 2018, the annual operating expense ratio was reduced to 0.04%. The ratio presented for period ended 10/31/19 is a blended ratio.

³ Effective March 1, 2017, the annual operating expense ratio was reduced. The ratio presented for period ended 10/31/17 is a blended ratio.

⁴ Effective March 1, 2017, the fund instituted a new fee structure and the contractual expense limitation was terminated.

Condensed Portfolio Holdings as of October 31, 2020

This section shows the fund's 50 largest portfolio holdings in unaffiliated issuers, any holdings exceeding 1% of the fund's net assets as of the report date, and any affiliated issuers. The remaining securities held by the fund are grouped as "Other Securities" in each category. You can request a complete schedule of portfolio holdings as of the report date, free of charge, by calling Schwab Funds® at 1-877-824-5615. This complete schedule, filed on the fund's N-CSR(S), is also available on the U.S. Securities and Exchange Commission (SEC)'s website at www.sec.gov.

In addition, the fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-PORT Part F. The fund's Form N-PORT Part F is available on the SEC's website and on the fund's website at www.schwabfunds.com/schwabfunds_prospectus. The fund also makes available its complete schedule of portfolio holdings 15 to 20 days after the end of the month on the fund's website.

SECURITY	NUMBER OF SHARES	% OF NET ASSETS	VALUE (\$)
COMMON STOCK 99.7% OF NET ASSETS			
Automobiles & Components 1.5%			
Other Securities		1.5	58,627,761
Banks 9.8%			
Essent Group Ltd.	228,604	0.2	9,109,869
South State Corp.	144,934	0.2	8,898,948
Other Securities		9.4	370,788,292
		9.8	388,797,109
Capital Goods 10.2%			
Plug Power, Inc. *	706,281	0.2	9,887,934
SiteOne Landscape Supply, Inc. *	91,090	0.3	10,884,344
Sunrun, Inc. *	302,438	0.4	15,732,825
Other Securities		9.3	371,203,256
		10.2	407,708,359
Commercial & Professional Services 3.2%			
Tetra Tech, Inc.	111,813	0.3	11,283,050
Other Securities		2.9	116,530,771
		3.2	127,813,821
Consumer Durables & Apparel 3.9%			
Deckers Outdoor Corp. *	58,061	0.4	14,710,916
Helen of Troy Ltd. *	52,485	0.2	9,951,156
TopBuild Corp. *	68,573	0.3	10,506,069
Other Securities		3.0	122,207,433
		3.9	157,375,574
Consumer Services 4.0%			
Caesars Entertainment, Inc. *	343,846	0.4	15,411,178
Churchill Downs, Inc.	78,774	0.3	11,749,142
Penn National Gaming, Inc. *	315,382	0.4	17,024,320
Texas Roadhouse, Inc.	136,139	0.2	9,533,814
Other Securities		2.7	103,796,630
		4.0	157,515,084
Diversified Financials 3.7%			
Other Securities		3.7	147,334,219
Energy 1.9%			
Other Securities		1.9	74,113,994

SECURITY	NUMBER OF SHARES	% OF NET ASSETS	VALUE (\$)
Food & Staples Retailing 0.8%			
BJ's Wholesale Club Holdings, Inc. *	283,817	0.3	10,867,353
Performance Food Group Co. *	271,491	0.2	9,124,812
Other Securities		0.3	12,615,951
		0.8	32,608,116
Food, Beverage & Tobacco 1.9%			
Darling Ingredients, Inc. *	333,575	0.4	14,343,725
Freshpet, Inc. *	80,262	0.2	9,189,999
Other Securities		1.3	54,156,981
		1.9	77,690,705
Health Care Equipment & Services 7.5%			
iRhythm Technologies, Inc. *	56,832	0.3	12,017,126
LHC Group, Inc. *	62,938	0.3	13,629,224
Nevro Corp. *	69,617	0.3	10,387,553
Other Securities		6.6	264,712,379
		7.5	300,746,282
Household & Personal Products 0.6%			
Other Securities		0.6	24,750,493
Insurance 2.4%			
Other Securities		2.4	94,578,248
Materials 4.2%			
Other Securities		4.2	165,843,322
Media & Entertainment 1.2%			
Other Securities		1.2	48,286,351
Pharmaceuticals, Biotechnology & Life Sciences 13.7%			
Amicus Therapeutics, Inc. *	526,357	0.2	9,384,945
Arena Pharmaceuticals, Inc. *	120,394	0.3	10,320,174
Arrowhead Pharmaceuticals, Inc. *	207,968	0.3	11,916,566
Blueprint Medicines Corp. *	114,616	0.3	11,722,924
Emergent BioSolutions, Inc. *	92,489	0.2	8,321,235
Invitae Corp. *	239,134	0.2	9,376,444
Mirati Therapeutics, Inc. *	85,554	0.5	18,577,196
MyoKardia, Inc. *	105,111	0.6	23,495,462
Natera, Inc. *	146,661	0.2	9,864,419
NeoGenomics, Inc. *	214,636	0.2	8,420,170
Novavax, Inc. *	127,748	0.3	10,310,541

Condensed Portfolio Holdings as of October 31, 2020 (continued)

SECURITY	NUMBER OF SHARES	% OF NET ASSETS	VALUE (\$)
Ultragenyx Pharmaceutical, Inc. *	119,279	0.3	11,987,539
Other Securities		10.1	400,886,086
		13.7	544,583,701
Real Estate 6.3%			
EastGroup Properties, Inc.	80,123	0.3	10,662,769
Redfin Corp. *	200,903	0.2	8,391,718
STAG Industrial, Inc.	310,776	0.2	9,671,349
Other Securities		5.6	221,868,800
		6.3	250,594,636
Retailing 3.8%			
Lithia Motors, Inc., Class A	52,818	0.3	12,125,428
RH *	32,237	0.3	10,806,809
Other Securities		3.2	130,437,330
		3.8	153,369,567
Semiconductors & Semiconductor Equipment 2.8%			
CMC Materials, Inc.	60,171	0.2	8,555,715
Lattice Semiconductor Corp. *	278,802	0.2	9,730,190
Silicon Laboratories, Inc. *	89,870	0.2	9,208,080
Other Securities		2.2	83,677,751
		2.8	111,171,736
Software & Services 7.4%			
Blackline, Inc. *	104,001	0.3	10,158,818
Envestnet, Inc. *	110,081	0.2	8,447,616
LiveRamp Holdings, Inc. *	132,895	0.2	8,783,031
MAXIMUS, Inc.	126,758	0.2	8,566,306
Q2 Holdings, Inc. *	102,813	0.2	9,380,658
Other Securities		6.3	249,077,408
		7.4	294,413,837
Technology Hardware & Equipment 3.2%			
II-VI, Inc. *	208,882	0.2	9,497,865
Other Securities		3.0	119,552,112
		3.2	129,049,977
Telecommunication Services 1.0%			
Other Securities		1.0	39,112,729
Transportation 1.4%			
Other Securities		1.4	56,393,568
Utilities 3.3%			
Brookfield Renewable Corp., Class A	141,696	0.2	9,461,042
PNM Resources, Inc.	164,492	0.2	8,224,600
Other Securities		2.9	115,367,110
		3.3	133,052,752
Total Common Stock (Cost \$3,189,817,855)			3,975,531,941

SECURITY	NUMBER OF SHARES	% OF NET ASSETS	VALUE (\$)
RIGHTS 0.0% OF NET ASSETS			
Capital Goods 0.0%			
Other Securities		0.0	—
Media & Entertainment 0.0%			
Other Securities		0.0	14,883
Pharmaceuticals, Biotechnology & Life Sciences 0.0%			
Other Securities		0.0	254,263
Total Rights (Cost \$6,703)			269,146
WARRANTS 0.0% OF NET ASSETS			
Energy 0.0%			
Other Securities		0.0	9,962
Total Warrants (Cost \$—)			9,962
OTHER INVESTMENT COMPANY 1.5% OF NET ASSETS			
Securities Lending Collateral 1.5%			
Wells Fargo Government Money Market Fund, Select Class 0.04% (c)	57,653,589	1.5	57,653,589
Total Other Investment Company (Cost \$57,653,589)			57,653,589
SECURITY	FACE AMOUNT (\$)	% OF NET ASSETS	VALUE (\$)
SHORT-TERM INVESTMENT 0.3% OF NET ASSETS			
Time Deposit 0.3%			
Sumitomo Mitsui Banking Corp. 0.01%, 11/02/20 (d)	13,572,108	0.3	13,572,108
Total Short-Term Investment (Cost \$13,572,108)			13,572,108
	NUMBER OF CONTRACTS	NOTIONAL AMOUNT (\$)	CURRENT VALUE/ UNREALIZED DEPRECIATION (\$)
FUTURES CONTRACTS			
Long			
Russell 2000 Index, e-mini, expires 12/18/20	160	12,294,400	(514,409)

Condensed Portfolio Holdings as of October 31, 2020 (continued)

The following footnotes may not be applicable to the Condensed Portfolio Holdings. Please refer to the complete schedule of portfolio holdings.

CVR – Contingent Value Rights
REIT – Real Estate Investment Trust

* Non-income producing security.

(a) All or a portion of this security is on loan. Securities on loan were valued at \$53,460,251.

(b) Fair-valued by management using significant unobservable inputs in accordance with procedures approved by the fund's Board of Trustees.

(c) The rate shown is the 7-day yield.

(d) The rate shown is the current daily overnight rate.

The following is a summary of the inputs used to value the fund's investments as of October 31, 2020 and reflects the complete schedule of portfolio holdings (see financial note 2(a) for additional information):

DESCRIPTION	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	OTHER SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	TOTAL
Assets				
Common Stock ¹	\$3,809,688,619	\$–	\$–	\$3,809,688,619
Materials	165,843,322	–	–*	165,843,322
Rights ¹				
Capital Goods	–	–	–*	–
Media & Entertainment	–	–	14,883	14,883
Pharmaceuticals, Biotechnology & Life Sciences	–	–	254,263*	254,263
Warrants ¹				
Energy	–	–	9,962	9,962
Other Investment Company ¹	57,653,589	–	–	57,653,589
Short-Term Investment ¹	–	13,572,108	–	13,572,108
Liabilities				
Futures Contracts ²	(514,409)	–	–	(514,409)
Total	\$4,032,671,121	\$13,572,108	\$279,108	\$4,046,522,337

* Level 3 amount shown includes securities determined to have no value at October 31, 2020.

¹ As categorized in the complete schedule of Portfolio Holdings.

² Futures contracts are valued at unrealized appreciation or depreciation.

Fund investments in underlying mutual funds are classified as Level 1, without consideration to the classification level of the investments held by the underlying mutual funds, which could be Level 1, Level 2 or Level 3.

Statement of Assets and Liabilities

As of October 31, 2020

ASSETS			
Investments in unaffiliated issuers, at value (cost \$3,203,396,666) including securities on loan of \$53,460,251			\$3,989,383,157
Collateral invested for securities on loan, at value (cost \$57,653,589)			57,653,589
Deposit with broker for futures contracts			1,410,500
Receivables:			
Investments sold			331,369
Fund shares sold			4,274,240
Dividends			1,148,368
Income from securities on loan			560,773
Foreign tax reclaims			888
Total assets			4,054,762,884
LIABILITIES			
Collateral held for securities on loan			57,653,589
Payables:			
Investments bought			2,330,996
Investment adviser fees			137,352
Fund shares redeemed			6,237,449
Variation margin on futures contracts			231,943
Total liabilities			66,591,329
NET ASSETS			
Total assets			4,054,762,884
Total liabilities			66,591,329
Net assets			\$3,988,171,555
Net Assets by Source			
Capital received from investors			3,212,453,051
Total distributable earnings			775,718,504
Net Asset Value (NAV)			
Net Assets	÷	Shares Outstanding	= NAV
\$3,988,171,555		146,713,114	\$27.18

Statement of Operations

For the period November 1, 2019 through October 31, 2020

INVESTMENT INCOME	
Dividends (net of foreign withholding tax of \$60,214)	\$48,336,155
Interest	50,283
Securities on loan, net	+ 5,318,547
Total investment income	53,704,985
EXPENSES	
Investment adviser fees	1,594,282
Total expenses	- 1,594,282
Net investment income	52,110,703
REALIZED AND UNREALIZED GAINS (LOSSES)	
Net realized gains on investments	17,480,900
Net realized losses on futures contracts	+ (1,171,165)
Net realized gains	16,309,735
Net change in unrealized appreciation (depreciation) on investments	(65,407,073)
Net change in unrealized appreciation (depreciation) on futures contracts	+ (802,666)
Net change in unrealized appreciation (depreciation)	+ (66,209,739)
Net realized and unrealized losses	(49,900,004)
Increase in net assets resulting from operations	\$2,210,699

Statement of Changes in Net Assets

For the current and prior report periods

OPERATIONS			
	11/1/19-10/31/20	11/1/18-10/31/19	
Net investment income	\$52,110,703	\$57,367,678	
Net realized gains	16,309,735	164,782,862	
Net change in unrealized appreciation (depreciation)	+ (66,209,739)	(24,103,919)	
Increase in net assets from operations	2,210,699	198,046,621	

DISTRIBUTIONS TO SHAREHOLDERS		
Total distributions	(\$258,984,423)	(\$331,678,196)

TRANSACTIONS IN FUND SHARES				
	11/1/19-10/31/20		11/1/18-10/31/19	
	SHARES	VALUE	SHARES	VALUE
Shares sold	42,497,497	\$1,056,026,388	34,352,492	\$953,623,893
Shares reinvested	7,453,061	217,331,235	12,063,839	284,224,067
Shares redeemed	+ (48,388,038)	(1,215,269,449)	(28,348,900)	(791,168,893)
Net transactions in fund shares	1,562,520	\$58,088,174	18,067,431	\$446,679,067

SHARES OUTSTANDING AND NET ASSETS				
	11/1/19-10/31/20		11/1/18-10/31/19	
	SHARES	NET ASSETS	SHARES	NET ASSETS
Beginning of period	145,150,594	\$4,186,857,105	127,083,163	\$3,873,809,613
Total increase or decrease	+ 1,562,520	(198,685,550)	18,067,431	313,047,492
End of period	146,713,114	\$3,988,171,555	145,150,594	\$4,186,857,105

Financial Statements

FINANCIAL HIGHLIGHTS

	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	\$53.42	\$48.38	\$46.25	\$38.19	\$37.69
Income (loss) from investment operations:					
Net investment income (loss) ¹	1.07	0.99	0.88	0.80	0.75
Net realized and unrealized gains (losses)	4.21	5.18	2.12	8.19	0.75
Total from investment operations	5.28	6.17	3.00	8.99	1.50
Less distributions:					
Distributions from net investment income	(0.94)	(0.90)	(0.76)	(0.74)	(0.70)
Distributions from net realized gains	(0.14)	(0.23)	(0.11)	(0.19)	(0.30)
Total distributions	(1.08)	(1.13)	(0.87)	(0.93)	(1.00)
Net asset value at end of period	\$57.62	\$53.42	\$48.38	\$46.25	\$38.19
Total return	9.94%	13.37%	6.51%	23.89%	4.19%
Ratios/Supplemental Data					
Ratios to average net assets:					
Total expenses	0.03%	0.03%	0.03%	0.05% ²	0.10%
Net operating expenses	N/A	N/A	N/A ³	0.05% ²	0.09%
Net investment income (loss)	1.96%	1.99%	1.80%	1.89%	2.03%
Portfolio turnover rate	4%	3%	4%	2%	1%
Net assets, end of period (x 1,000,000)	\$11,487	\$10,220	\$8,410	\$6,720	\$4,850

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

² Effective March 1, 2017, the annual operating expense ratio was reduced. The ratio presented for period ended 10/31/17 is a blended ratio.

³ Effective March 1, 2017, the fund instituted a new fee structure and the contractual expense limitation was terminated.

Condensed Portfolio Holdings as of October 31, 2020

This section shows the fund's 50 largest portfolio holdings in unaffiliated issuers, any holdings exceeding 1% of the fund's net assets as of the report date, and any affiliated issuers. The remaining securities held by the fund are grouped as "Other Securities" in each category. You can request a complete schedule of portfolio holdings as of the report date, free of charge, by calling Schwab Funds® at 1-877-824-5615. This complete schedule, filed on the fund's N-CSR(S), is also available on the U.S. Securities and Exchange Commission (SEC)'s website at www.sec.gov.

In addition, the fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-PORT Part F. The fund's Form N-PORT Part F is available on the SEC's website and on the fund's website at www.schwabfunds.com/schwabfunds_prospectus. The fund also makes available its complete schedule of portfolio holdings 15 to 20 days after the end of the month on the fund's website.

SECURITY	NUMBER OF SHARES	% OF NET ASSETS	VALUE (\$)
COMMON STOCK 99.3% OF NET ASSETS			
Automobiles & Components 1.4%			
Tesla, Inc. *	258,880	0.9	100,455,795
Other Securities		0.5	58,479,721
		1.4	158,935,516
Banks 3.7%			
Bank of America Corp.	2,648,462	0.5	62,768,549
JPMorgan Chase & Co.	1,058,399	0.9	103,765,438
Other Securities		2.3	258,500,472
		3.7	425,034,459
Capital Goods 5.9%			
Other Securities		5.9	679,683,978
Commercial & Professional Services 1.1%			
Other Securities		1.1	123,147,922
Consumer Durables & Apparel 1.5%			
NIKE, Inc., Class B	431,771	0.5	51,847,062
Other Securities		1.0	120,187,104
		1.5	172,034,166
Consumer Services 1.9%			
McDonald's Corp.	258,413	0.5	55,041,969
Other Securities		1.4	164,459,452
		1.9	219,501,421
Diversified Financials 4.5%			
Berkshire Hathaway, Inc., Class B *	688,318	1.2	138,971,404
The Charles Schwab Corp. (c)	514,196	0.2	21,138,598
Other Securities		3.1	363,304,530
		4.5	523,414,532
Energy 1.9%			
Chevron Corp.	668,886	0.4	46,487,577
Exxon Mobil Corp.	1,467,442	0.4	47,867,958
Other Securities		1.1	120,143,497
		1.9	214,499,032

SECURITY	NUMBER OF SHARES	% OF NET ASSETS	VALUE (\$)
Food & Staples Retailing 1.4%			
Costco Wholesale Corp.	153,276	0.5	54,814,563
Walmart, Inc.	482,312	0.6	66,920,790
Other Securities		0.3	38,661,951
		1.4	160,397,304
Food, Beverage & Tobacco 3.1%			
PepsiCo, Inc.	480,930	0.6	64,103,160
The Coca-Cola Co.	1,342,562	0.6	64,523,530
Other Securities		1.9	224,524,166
		3.1	353,150,856
Health Care Equipment & Services 6.6%			
Abbott Laboratories	614,510	0.6	64,591,146
Danaher Corp.	218,952	0.4	50,258,242
Medtronic plc	466,769	0.4	46,942,958
UnitedHealth Group, Inc.	330,093	0.9	100,724,578
Other Securities		4.3	494,450,833
		6.6	756,967,757
Household & Personal Products 1.7%			
The Procter & Gamble Co.	864,619	1.0	118,539,265
Other Securities		0.7	82,063,289
		1.7	200,602,554
Insurance 2.0%			
Other Securities		2.0	230,583,323
Materials 2.8%			
Other Securities		2.8	318,876,203
Media & Entertainment 8.4%			
Alphabet, Inc., Class A *	104,341	1.5	168,626,534
Alphabet, Inc., Class C *	101,954	1.4	165,268,454
Comcast Corp., Class A	1,581,730	0.6	66,812,275
Facebook, Inc., Class A *	835,106	1.9	219,724,740
Netflix, Inc. *	153,279	0.6	72,920,951
The Walt Disney Co.	627,587	0.7	76,094,924
Other Securities		1.7	199,131,635
		8.4	968,579,513
Pharmaceuticals, Biotechnology & Life Sciences 7.7%			
AbbVie, Inc.	613,266	0.5	52,188,937
Amgen, Inc.	203,408	0.4	44,127,332
Bristol-Myers Squibb Co.	783,757	0.4	45,810,597
Johnson & Johnson	914,373	1.1	125,369,682

Condensed Portfolio Holdings as of October 31, 2020 (continued)

SECURITY	NUMBER OF SHARES	% OF NET ASSETS	VALUE (\$)
Merck & Co., Inc.	878,448	0.6	66,068,074
Pfizer, Inc.	1,929,965	0.6	68,475,158
Thermo Fisher Scientific, Inc.	137,337	0.6	64,976,881
Other Securities		3.5	413,572,103
		7.7	880,588,764
Real Estate 3.2%			
Other Securities		3.2	372,856,413
Retailing 7.4%			
Amazon.com, Inc. *	147,856	3.9	448,912,994
The Home Depot, Inc.	373,887	0.9	99,719,402
Other Securities		2.6	298,407,323
		7.4	847,039,719
Semiconductors & Semiconductor Equipment 4.8%			
Broadcom, Inc.	139,654	0.4	48,827,228
Intel Corp.	1,477,190	0.6	65,409,973
NVIDIA Corp.	214,201	0.9	107,391,813
QUALCOMM, Inc.	391,263	0.4	48,266,204
Texas Instruments, Inc.	317,623	0.4	45,925,110
Other Securities		2.1	232,427,802
		4.8	548,248,130
Software & Services 14.6%			
Accenture plc, Class A	220,847	0.4	47,903,923
Adobe, Inc. *	166,590	0.6	74,482,389
Mastercard, Inc., Class A	306,804	0.8	88,555,907
Microsoft Corp.	2,627,948	4.6	532,080,632
PayPal Holdings, Inc. *	407,785	0.7	75,901,022
salesforce.com, Inc. *	316,156	0.6	73,433,554
Visa, Inc., Class A	585,552	0.9	106,400,654
Other Securities		6.0	682,219,977
		14.6	1,680,978,058
Technology Hardware & Equipment 7.1%			
Apple Inc.	5,582,864	5.3	607,750,575
Cisco Systems, Inc.	1,470,037	0.5	52,774,328
Other Securities		1.3	154,472,404
		7.1	814,997,307
Telecommunication Services 1.6%			
AT&T, Inc.	2,474,722	0.6	66,866,988
Verizon Communications, Inc.	1,437,058	0.7	81,897,935
Other Securities		0.3	38,639,222
		1.6	187,404,145
Transportation 2.0%			
Other Securities		2.0	226,973,386
Utilities 3.0%			
NextEra Energy, Inc.	679,260	0.4	49,728,625
Other Securities		2.6	293,880,727
		3.0	343,609,352
Total Common Stock (Cost \$6,454,404,116)			11,408,103,810

SECURITY	NUMBER OF SHARES	% OF NET ASSETS	VALUE (\$)
RIGHTS 0.0% OF NET ASSETS			
Capital Goods 0.0%			
Other Securities		0.0	—
Media & Entertainment 0.0%			
Other Securities		0.0	1,566
Pharmaceuticals, Biotechnology & Life Sciences 0.0%			
Other Securities		0.0	17,337
Total Rights (Cost \$1,204)			18,903
WARRANTS 0.0% OF NET ASSETS			
Energy 0.0%			
Other Securities		0.0	1,219
Total Warrants (Cost \$—)			1,219
OTHER INVESTMENT COMPANY 0.1% OF NET ASSETS			
Securities Lending Collateral 0.1%			
Other Securities		0.1	18,771,910
Total Other Investment Company (Cost \$18,771,910)			18,771,910
SECURITY	FACE AMOUNT (\$)	% OF NET ASSETS	VALUE (\$)
RATE, MATURITY DATE			
SHORT-TERM INVESTMENT 0.5% OF NET ASSETS			
Time Deposit 0.5%			
Skandinaviska Enskilda Banken			
0.01%, 11/02/20 (e)	53,766,597	0.5	53,766,597
Total Short-Term Investment (Cost \$53,766,597)			53,766,597
	NUMBER OF CONTRACTS	NOTIONAL AMOUNT (\$)	CURRENT VALUE/ UNREALIZED APPRECIATION (DEPRECIATION) (\$)
FUTURES CONTRACTS			
Long			
Russell 2000 Index, e-mini, expires 12/18/20	150	11,526,000	105,271
S&P 500 Index, e-mini, expires 12/18/20	404	65,946,940	(1,624,776)
Net Unrealized Depreciation			(1,519,505)

Condensed Portfolio Holdings as of October 31, 2020 (continued)

The following footnotes may not be applicable to the Condensed Portfolio Holdings. Please refer to the complete schedule of portfolio holdings.

CVR – Contingent Value Rights
REIT – Real Estate Investment Trust

* Non-income producing security.

(a) All or a portion of this security is on loan. Securities on loan were valued at \$17,807,791.

(b) Fair-valued by management using significant unobservable inputs in accordance with procedures approved by the fund's Board of Trustees.

(c) Issuer is affiliated with the fund's investment adviser.

(d) The rate shown is the 7-day yield.

(e) The rate shown is the current daily overnight rate.

The fund owns shares of an affiliate, The Charles Schwab Corp., since that company is included in its index. Below is the summary of investment activities involving The Charles Schwab Corp. shares owned by the fund during the period ended October 31, 2020:

	VALUE AT 10/31/19	GROSS PURCHASES	GROSS SALES	REALIZED GAINS (LOSSES)	NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION)	VALUE AT 10/31/20	BALANCE OF SHARES HELD AT 10/31/20	DIVIDENDS RECEIVED
The Charles Schwab Corp.	\$15,925,101	\$4,347,073	(\$421,136)	(\$78,452)	\$1,366,012	\$21,138,598	514,196	\$282,384

The following is a summary of the inputs used to value the fund's investments as of October 31, 2020 and reflects the complete schedule of portfolio holdings (see financial note 2(a) for additional information):

DESCRIPTION	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	OTHER SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	TOTAL
Assets				
Common Stock ¹	\$10,119,344,124	\$–	\$–	\$10,119,344,124
Automobiles & Components	158,878,137	–	57,379	158,935,516
Health Care Equipment & Services	754,258,764	–	2,708,993	756,967,757
Real Estate	372,856,413	–	–*	372,856,413
Rights ¹				
Capital Goods	–	–	–*	–
Media & Entertainment	–	–	1,566	1,566
Pharmaceuticals, Biotechnology & Life Sciences	–	–	17,337*	17,337
Warrants ¹				
Energy	–	–	1,219	1,219
Other Investment Company ¹	18,771,910	–	–	18,771,910
Short-Term Investment ¹	–	53,766,597	–	53,766,597
Futures Contracts ²	105,271	–	–	105,271
Liabilities				
Futures Contracts ²	(1,624,776)	–	–	(1,624,776)
Total	\$11,422,589,843	\$53,766,597	\$2,786,494	\$11,479,142,934

* Level 3 amount shown includes securities determined to have no value at October 31, 2020.

¹ As categorized in the complete schedule of Portfolio Holdings.

² Futures contracts are valued at unrealized appreciation or depreciation.

Fund investments in underlying mutual funds are classified as Level 1, without consideration to the classification level of the investments held by the underlying mutual funds, which could be Level 1, Level 2 or Level 3.

Statement of Assets and Liabilities

As of October 31, 2020

ASSETS

Investment in affiliated issuer, at value (cost \$15,612,346)	\$21,138,598
Investments in unaffiliated issuers, at value (cost \$6,492,559,571) including securities on loan of \$17,807,791	11,440,751,931
Collateral invested for securities on loan, at value (cost \$18,771,910)	18,771,910
Deposit with broker for futures contracts	5,674,999
Receivables:	
Investments sold	488,093
Fund shares sold	16,385,725
Dividends	9,874,920
Income from securities on loan	146,956
Foreign tax reclaims	159
Interest	+
	45
Total assets	11,513,233,336

LIABILITIES

Collateral held for securities on loan	18,771,910
Payables:	
Investments bought	1,166,947
Investment adviser fees	291,264
Fund shares redeemed	4,721,387
Variation margin on futures contracts	+
	844,058
Total liabilities	25,795,566

NET ASSETS

Total assets	11,513,233,336
Total liabilities	-
	25,795,566
Net assets	\$11,487,437,770

Net Assets by Source

Capital received from investors	6,454,783,428
Total distributable earnings	5,032,654,342

Net Asset Value (NAV)

Net Assets	÷	Shares Outstanding	=	NAV
\$11,487,437,770		199,376,459		\$57.62

Statement of Operations

For the period November 1, 2019 through October 31, 2020

INVESTMENT INCOME	
Dividends received from affiliated issuer	\$282,384
Dividends received from unaffiliated issuers (net of foreign withholding tax of \$16,788)	214,139,541
Interest	90,763
Securities on loan, net	+ 1,244,377
Total investment income	215,757,065
EXPENSES	
Investment adviser fees	3,259,136
Total expenses	- 3,259,136
Net investment income	212,497,929
REALIZED AND UNREALIZED GAINS (LOSSES)	
Net realized losses on affiliated issuer	(78,452)
Net realized losses on unaffiliated issuers	(31,263,854)
Net realized gains on futures contracts	+ 5,938,005
Net realized losses	(25,404,301)
Net change in unrealized appreciation (depreciation) on affiliated issuer	1,366,012
Net change in unrealized appreciation (depreciation) on unaffiliated issuers	847,824,605
Net change in unrealized appreciation (depreciation) on futures contracts	+ (1,503,468)
Net change in unrealized appreciation (depreciation)	+ 847,687,149
Net realized and unrealized gains	822,282,848
Increase in net assets resulting from operations	\$1,034,780,777

Statement of Changes in Net Assets

For the current and prior report periods

OPERATIONS				
	11/1/19-10/31/20		11/1/18-10/31/19	
Net investment income		\$212,497,929		\$184,998,541
Net realized gains (losses)		(25,404,301)		606,877
Net change in unrealized appreciation (depreciation)		+ 847,687,149		1,012,024,065
Increase in net assets from operations		1,034,780,777		1,197,629,483
DISTRIBUTIONS TO SHAREHOLDERS				
Total distributions		(\$207,148,798)		(\$199,442,079)
TRANSACTIONS IN FUND SHARES				
	11/1/19-10/31/20		11/1/18-10/31/19	
	SHARES	VALUE	SHARES	VALUE
Shares sold	47,954,413	\$2,507,068,155	41,564,151	\$2,031,277,091
Shares reinvested	2,723,498	151,971,124	3,549,021	149,293,091
Shares redeemed	+ (42,603,146)	(2,219,143,615)	(27,643,143)	(1,368,397,596)
Net transactions in fund shares	8,074,765	\$439,895,664	17,470,029	\$812,172,586
SHARES OUTSTANDING AND NET ASSETS				
	11/1/19-10/31/20		11/1/18-10/31/19	
	SHARES	NET ASSETS	SHARES	NET ASSETS
Beginning of period	191,301,694	\$10,219,910,127	173,831,665	\$8,409,550,137
Total increase	+ 8,074,765	1,267,527,643	17,470,029	1,810,359,990
End of period	199,376,459	\$11,487,437,770	191,301,694	\$10,219,910,127

Financial Statements

FINANCIAL HIGHLIGHTS

	11/1/19– 10/31/20	11/1/18– 10/31/19	12/20/17 ¹ – 10/31/18
Per-Share Data			
Net asset value at beginning of period	\$49.06	\$42.37	\$40.00
Income (loss) from investment operations:			
Net investment income (loss) ²	0.55	0.57	0.46
Net realized and unrealized gains (losses)	13.65	6.52	1.91 ³
Total from investment operations	14.20	7.09	2.37
Less distributions:			
Distributions from net investment income	(0.50)	(0.40)	–
Net asset value at end of period	\$62.76	\$49.06	\$42.37
Total return	29.16%	17.04%	5.93% ⁴
Ratios/Supplemental Data			
Ratios to average net assets:			
Total expenses	0.035%	0.035% ⁵	0.040% ^{6,7}
Net operating expenses	N/A	N/A	0.02% ^{6,7}
Net investment income (loss)	0.97%	1.27%	1.23% ⁶
Portfolio turnover rate	41%	46%	23% ⁴
Net assets, end of period (x 1,000,000)	\$487	\$166	\$93

¹ Commencement of operations.

² Calculated based on the average shares outstanding during the period.

³ The per share amount does not accord with the change in aggregate gains and losses in securities during the period because of the timing of sales and repurchases of fund shares in relation to fluctuating market values.

⁴ Not annualized.

⁵ Effective December 20, 2018, the annual operating expense ratio was reduced to 0.035%. The ratio presented for period ended 10/31/19 is a blended ratio.

⁶ Annualized.

⁷ The investment adviser voluntarily agreed to waive the fund's management fees to 0.00% beginning with the fund's commencement of operations through June 30, 2018. The ratio presented for period ended 10/31/18 is a blended ratio.

Condensed Portfolio Holdings as of October 31, 2020

This section shows the fund's 50 largest portfolio holdings in unaffiliated issuers, any holdings exceeding 1% of the fund's net assets as of the report date, and any affiliated issuers. The remaining securities held by the fund are grouped as "Other Securities" in each category. You can request a complete schedule of portfolio holdings as of the report date, free of charge, by calling Schwab Funds® at 1-877-824-5615. This complete schedule, filed on the fund's N-CSR(S), is also available on the U.S. Securities and Exchange Commission (SEC)'s website at www.sec.gov.

In addition, the fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-PORT Part F. The fund's Form N-PORT Part F is available on the SEC's website and on the fund's website at www.schwabfunds.com/schwabfunds_prospectus. The fund also makes available its complete schedule of portfolio holdings 15 to 20 days after the end of the month on the fund's website.

SECURITY	NUMBER OF SHARES	% OF NET ASSETS	VALUE (\$)
COMMON STOCK 99.6% OF NET ASSETS			
Automobiles & Components 1.8%			
Tesla, Inc. *	22,490	1.8	8,727,019
Other Securities		0.0	31,692
		1.8	8,758,711
Banks 0.0%			
Other Securities		0.0	20,636
Capital Goods 2.3%			
3M Co.	11,287	0.4	1,805,468
Lockheed Martin Corp.	7,529	0.5	2,636,129
Other Securities		1.4	6,654,179
		2.3	11,095,776
Commercial & Professional Services 1.0%			
Other Securities		1.0	5,116,928
Consumer Durables & Apparel 1.2%			
NIKE, Inc., Class B	36,845	0.9	4,424,348
Other Securities		0.3	1,458,140
		1.2	5,882,488
Consumer Services 1.1%			
Starbucks Corp.	20,521	0.4	1,784,506
Other Securities		0.7	3,511,980
		1.1	5,296,486
Diversified Financials 1.2%			
Other Securities		1.2	5,935,783
Energy 0.1%			
Other Securities		0.1	344,508
Food & Staples Retailing 1.0%			
Costco Wholesale Corp.	11,850	0.9	4,237,797
Other Securities		0.1	695,913
		1.0	4,933,710

SECURITY	NUMBER OF SHARES	% OF NET ASSETS	VALUE (\$)
Food, Beverage & Tobacco 2.3%			
PepsiCo, Inc.	30,982	0.8	4,129,591
The Coca-Cola Co.	69,032	0.7	3,317,678
Other Securities		0.8	3,819,783
		2.3	11,267,052
Health Care Equipment & Services 6.0%			
Abbott Laboratories	20,191	0.4	2,122,276
Intuitive Surgical, Inc. *	3,521	0.5	2,348,789
UnitedHealth Group, Inc.	23,893	1.5	7,290,710
Other Securities		3.6	17,334,192
		6.0	29,095,967
Household & Personal Products 1.5%			
The Procter & Gamble Co.	33,124	0.9	4,541,300
Other Securities		0.6	2,632,552
		1.5	7,173,852
Insurance 0.7%			
Other Securities		0.7	3,331,556
Materials 0.9%			
Other Securities		0.9	4,170,270
Media & Entertainment 11.6%			
Alphabet, Inc., Class A *	7,084	2.3	11,448,523
Alphabet, Inc., Class C *	6,992	2.3	11,334,102
Charter Communications, Inc., Class A *	4,108	0.5	2,480,493
Facebook, Inc., Class A *	73,039	3.9	19,217,291
Netflix, Inc. *	12,937	1.3	6,154,648
Other Securities		1.3	5,859,530
		11.6	56,494,587
Pharmaceuticals, Biotechnology & Life Sciences 7.8%			
AbbVie, Inc.	50,380	0.9	4,287,338
Amgen, Inc.	17,907	0.8	3,884,745
Eli Lilly & Co.	25,620	0.7	3,342,385
Merck & Co., Inc.	67,156	1.0	5,050,803
Thermo Fisher Scientific, Inc.	7,051	0.7	3,335,969
Zoetis, Inc.	13,082	0.4	2,074,151
Other Securities		3.3	15,902,011
		7.8	37,877,402

Condensed Portfolio Holdings as of October 31, 2020 (continued)

SECURITY	NUMBER OF SHARES	% OF NET ASSETS	VALUE (\$)
Real Estate 1.8%			
American Tower Corp.	13,417	0.6	3,081,214
Crown Castle International Corp.	11,791	0.4	1,841,754
Equinix, Inc.	2,673	0.4	1,954,604
Other Securities		0.4	1,983,892
		1.8	8,861,464

Retailing 12.1%			
Amazon.com, Inc. *	12,896	8.0	39,154,190
Booking Holdings, Inc. *	1,243	0.4	2,016,767
Lowe's Cos., Inc.	22,989	0.7	3,634,561
The Home Depot, Inc.	16,336	0.9	4,356,975
Other Securities		2.1	10,050,225
		12.1	59,212,718

Semiconductors & Semiconductor Equipment 6.1%			
Advanced Micro Devices, Inc. *	32,986	0.5	2,483,516
Broadcom, Inc.	11,257	0.8	3,935,785
NVIDIA Corp.	17,957	1.8	9,002,921
QUALCOMM, Inc.	34,237	0.9	4,223,476
Texas Instruments, Inc.	13,907	0.4	2,010,813
Other Securities		1.7	8,334,441
		6.1	29,990,952

Software & Services 26.2%			
Accenture plc, Class A	19,387	0.9	4,205,234
Adobe, Inc. *	14,634	1.3	6,542,861
Intuit, Inc.	7,665	0.5	2,412,022
Mastercard, Inc., Class A	26,835	1.6	7,745,654
Microsoft Corp.	227,751	9.5	46,112,745
Oracle Corp.	51,408	0.6	2,884,503
PayPal Holdings, Inc. *	35,724	1.4	6,649,308
salesforce.com, Inc. *	24,422	1.2	5,672,498
ServiceNow, Inc. *	5,780	0.6	2,875,955
Visa, Inc., Class A	51,358	1.9	9,332,262
Zoom Video Communications, Inc., Class A *	5,079	0.5	2,340,962
Other Securities		6.2	30,725,907
		26.2	127,499,911

Technology Hardware & Equipment 11.6%			
Apple Inc.	490,823	11.0	53,430,992
Other Securities		0.6	2,904,440
		11.6	56,335,432

Transportation 1.3%			
Union Pacific Corp.	10,533	0.4	1,866,342
United Parcel Service, Inc., Class B	14,158	0.5	2,224,363
Other Securities		0.4	2,105,361
		1.3	6,196,066

SECURITY	NUMBER OF SHARES	% OF NET ASSETS	VALUE (\$)
Utilities 0.0%			
Other Securities		0.0	81,833
Total Common Stock (Cost \$360,904,879)			484,974,088

OTHER INVESTMENT COMPANIES 0.8% OF NET ASSETS

Equity Funds 0.1%			
Other Securities		0.1	482,034

Money Market Fund 0.7%			
State Street Institutional U.S. Government Money Market Fund, Premier Class 0.03% (c)	3,525,848	0.7	3,525,848

Securities Lending Collateral 0.0%			
Other Securities		0.0	18,600
Total Other Investment Companies (Cost \$4,005,638)			4,026,482

	NUMBER OF CONTRACTS	NOTIONAL AMOUNT (\$)	CURRENT VALUE/ UNREALIZED DEPRECIATION (\$)
FUTURES CONTRACTS			
Long			
Russell 1000 Index, e-mini, expires 12/18/20	20	2,108,600	(53,043)
S&P 500 Index, e-mini, expires 12/18/20	1	163,235	(10,492)
Net Unrealized Depreciation			(63,535)

The following footnotes may not be applicable to the Condensed Portfolio Holdings. Please refer to the complete schedule of portfolio holdings.

- * Non-income producing security.
- (a) Fair-valued by management using significant unobservable inputs in accordance with procedures approved by fund's Board of Trustees.
- (b) All or a portion of this security is on loan. Securities on loan were valued at \$17,700.
- (c) The rate shown is the 7-day yield.

ETF – Exchange-traded fund
REIT – Real Estate Investment Trust

Condensed Portfolio Holdings as of October 31, 2020 (continued)

During the period, the fund held shares of an affiliate, The Charles Schwab Corp., since that company was included in its index. Below is the summary of investment activities involving The Charles Schwab Corp. shares owned by the fund during the period ended October 31, 2020:

	VALUE AT 10/31/19	GROSS PURCHASES	GROSS SALES	REALIZED GAINS (LOSSES)	NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION)	VALUE AT 10/31/20	BALANCE OF SHARES HELD AT 10/31/20	DIVIDENDS RECEIVED
The Charles Schwab Corp.	\$328,652	\$487,415	(\$658,489)	(\$185,704)	\$28,126	\$—	—	\$5,963

The following is a summary of the inputs used to value the fund's investments as of October 31, 2020 and reflects the complete schedule of portfolio holdings (see financial note 2(a) for additional information):

DESCRIPTION	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	OTHER SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	TOTAL
Assets				
Common Stock ¹	\$455,878,121	\$—	\$—	\$455,878,121
Health Care Equipment & Services	28,893,814	—	202,153	29,095,967
Other Investment Companies ¹	4,026,482	—	—	4,026,482
Liabilities				
Futures Contracts ²	(63,535)	—	—	(63,535)
Total	\$488,734,882	\$—	\$202,153	\$488,937,035

¹ As categorized in the complete schedule of Portfolio Holdings.

² Futures contracts are valued at unrealized appreciation or depreciation.

Fund investments in underlying mutual funds and ETFs are classified as Level 1, without consideration to the classification level of the investments held by the underlying mutual funds and ETFs, which could be Level 1, Level 2 or Level 3.

Statement of Assets and Liabilities

As of October 31, 2020

ASSETS			
Investments in unaffiliated issuers, at value (cost \$364,891,917) including securities on loan of \$17,700			\$488,981,970
Collateral invested for securities on loan, at value (cost \$18,600)			18,600
Deposit with broker for futures contracts			112,800
Receivables:			
Investments sold			64,346
Fund shares sold			1,491,713
Dividends			191,747
Income from securities on loan			+ 264
Total assets			490,861,440
LIABILITIES			
Collateral held for securities on loan			18,600
Payables:			
Investments bought			2,798,047
Investment adviser fees			15,587
Fund shares redeemed			788,205
Variation margin on futures contracts			+ 36,007
Total liabilities			3,656,446
NET ASSETS			
Total assets			490,861,440
Total liabilities			- 3,656,446
Net assets			\$487,204,994
Net Assets by Source			
Capital received from investors			375,282,029
Total distributable earnings			111,922,965
Net Asset Value (NAV)			
Net Assets	÷	Shares Outstanding	= NAV
\$487,204,994		7,763,241	\$62.76

Statement of Operations

For the period November 1, 2019 through October 31, 2020

INVESTMENT INCOME	
Dividends received from affiliated issuer	\$5,963
Dividends received from unaffiliated issuers	3,381,295
Securities on loan, net	+ 4,016
Total investment income	3,391,274
EXPENSES	
Investment adviser fees	118,739
Total expenses	- 118,739
Net investment income	3,272,535
REALIZED AND UNREALIZED GAINS (LOSSES)	
Net realized losses on affiliated issuer	(185,704)
Net realized losses on unaffiliated issuers	(11,032,513)
Net realized gains on futures contracts	+ 726,432
Net realized losses	(10,491,785)
Net change in unrealized appreciation (depreciation) on affiliated issuer	28,126
Net change in unrealized appreciation (depreciation) on unaffiliated issuers	98,499,456
Net change in unrealized appreciation (depreciation) on futures contracts	+ (62,964)
Net change in unrealized appreciation (depreciation)	+ 98,464,618
Net realized and unrealized gains	87,972,833
Increase in net assets resulting from operations	\$91,245,368

Statement of Changes in Net Assets

For the current and prior report periods

OPERATIONS				
	11/1/19-10/31/20		11/1/18-10/31/19	
Net investment income		\$3,272,535		\$1,673,328
Net realized losses		(10,491,785)		(3,852,313)
Net change in unrealized appreciation (depreciation)	+	98,464,618		25,108,024
Increase in net assets from operations		91,245,368		22,929,039
DISTRIBUTIONS TO SHAREHOLDERS				
Total distributions		(\$1,890,344)		(\$949,803)
TRANSACTIONS IN FUND SHARES				
	11/1/19-10/31/20		11/1/18-10/31/19	
	SHARES	VALUE	SHARES	VALUE
Shares sold	8,242,661	\$434,758,920	2,776,749	\$120,542,470
Shares reinvested	30,207	1,571,983	22,696	838,591
Shares redeemed	+ (3,889,701)	(204,300,295)	(1,608,317)	(70,292,844)
Net transactions in fund shares	4,383,167	\$232,030,608	1,191,128	\$51,088,217
SHARES OUTSTANDING AND NET ASSETS				
	11/1/19-10/31/20		11/1/18-10/31/19	
	SHARES	NET ASSETS	SHARES	NET ASSETS
Beginning of period	3,380,074	\$165,819,362	2,188,946	\$92,751,909
Total increase	+ 4,383,167	321,385,632	1,191,128	73,067,453
End of period	7,763,241	\$487,204,994	3,380,074	\$165,819,362

Financial Statements

FINANCIAL HIGHLIGHTS

	11/1/19– 10/31/20	11/1/18– 10/31/19	12/20/17 ¹ – 10/31/18
Per-Share Data			
Net asset value at beginning of period	\$43.06	\$39.51	\$40.00
Income (loss) from investment operations:			
Net investment income (loss) ²	1.00	1.13	0.82
Net realized and unrealized gains (losses)	(4.07)	3.10	(1.31)
Total from investment operations	(3.07)	4.23	(0.49)
Less distributions:			
Distributions from net investment income	(1.06)	(0.62)	–
Distributions from net realized gains	(0.84)	(0.06)	–
Total distributions	(1.90)	(0.68)	–
Net asset value at end of period	\$38.09	\$43.06	\$39.51
Total return	(7.69%)	11.08%	(1.23%) ³
Ratios/Supplemental Data			
Ratios to average net assets:			
Total expenses	0.035%	0.035% ⁴	0.040% ^{5,6}
Net operating expenses	N/A	N/A	0.02% ^{5,6}
Net investment income (loss)	2.57%	2.79%	2.36% ⁵
Portfolio turnover rate	50%	22%	22% ³
Net assets, end of period (x 1,000,000)	\$331	\$212	\$70

¹ Commencement of operations.

² Calculated based on the average shares outstanding during the period.

³ Not annualized.

⁴ Effective December 20, 2018, the annual operating expense ratio was reduced to 0.035%. The ratio presented for period ended 10/31/19 is a blended ratio.

⁵ Annualized.

⁶ The investment adviser voluntarily agreed to waive the fund's management fees to 0.00% beginning with the fund's commencement of operations through June 30, 2018. The ratio presented for period ended 10/31/18 is a blended ratio.

Condensed Portfolio Holdings as of October 31, 2020

This section shows the fund's 50 largest portfolio holdings in unaffiliated issuers, any holdings exceeding 1% of the fund's net assets as of the report date, and any affiliated issuers. The remaining securities held by the fund are grouped as "Other Securities" in each category. You can request a complete schedule of portfolio holdings as of the report date, free of charge, by calling Schwab Funds® at 1-877-824-5615. This complete schedule, filed on the fund's N-CSR(S), is also available on the U.S. Securities and Exchange Commission (SEC)'s website at www.sec.gov.

In addition, the fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-PORT Part F. The fund's Form N-PORT Part F is available on the SEC's website and on the fund's website at www.schwabfunds.com/schwabfunds_prospectus. The fund also makes available its complete schedule of portfolio holdings 15 to 20 days after the end of the month on the fund's website.

SECURITY	NUMBER OF SHARES	% OF NET ASSETS	VALUE (\$)
COMMON STOCK 99.7% OF NET ASSETS			
Automobiles & Components 0.9%			
Other Securities		0.9	2,940,409
Banks 7.0%			
Bank of America Corp.	174,717	1.2	4,140,793
Citigroup, Inc.	47,034	0.6	1,948,148
JPMorgan Chase & Co.	68,420	2.0	6,707,897
Wells Fargo & Co.	84,818	0.5	1,819,346
Other Securities		2.7	8,460,201
		7.0	23,076,385
Capital Goods 9.4%			
Caterpillar, Inc.	12,230	0.6	1,920,721
Deere & Co.	6,367	0.4	1,438,369
General Electric Co.	196,294	0.4	1,456,501
Honeywell International, Inc.	15,860	0.8	2,616,107
Raytheon Technologies Corp.	32,198	0.5	1,748,995
The Boeing Co.	12,062	0.5	1,741,632
Other Securities		6.2	20,107,854
		9.4	31,030,179
Commercial & Professional Services 0.8%			
Other Securities		0.8	2,849,841
Consumer Durables & Apparel 1.4%			
Other Securities		1.4	4,584,046
Consumer Services 2.7%			
McDonald's Corp.	14,411	0.9	3,069,543
Other Securities		1.8	5,744,350
		2.7	8,813,893
Diversified Financials 8.0%			
Berkshire Hathaway, Inc., Class B *	43,277	2.6	8,737,626
BlackRock, Inc.	3,324	0.6	1,991,774
Morgan Stanley	30,120	0.4	1,450,278
The Charles Schwab Corp. (a)	32,350	0.4	1,329,909
Other Securities		4.0	12,922,206
		8.0	26,431,793

SECURITY	NUMBER OF SHARES	% OF NET ASSETS	VALUE (\$)
Energy 3.9%			
Chevron Corp.	43,505	0.9	3,023,598
Exxon Mobil Corp.	95,600	0.9	3,118,472
Other Securities		2.1	6,649,743
		3.9	12,791,813
Food & Staples Retailing 1.9%			
Walmart, Inc.	31,479	1.3	4,367,711
Other Securities		0.6	2,003,193
		1.9	6,370,904
Food, Beverage & Tobacco 4.1%			
Mondelez International, Inc., Class A	31,888	0.5	1,693,891
Philip Morris International, Inc.	35,145	0.8	2,495,998
The Coca-Cola Co.	36,057	0.5	1,732,899
Other Securities		2.3	7,657,730
		4.1	13,580,518
Health Care Equipment & Services 7.2%			
Abbott Laboratories	24,051	0.8	2,528,001
Becton, Dickinson & Co.	6,231	0.4	1,440,171
CVS Health Corp.	29,522	0.5	1,655,889
Danaher Corp.	14,140	1.0	3,245,696
Medtronic plc	30,300	0.9	3,047,271
Other Securities		3.6	11,985,683
		7.2	23,902,711
Household & Personal Products 2.2%			
Colgate-Palmolive Co.	19,030	0.5	1,501,277
The Procter & Gamble Co.	30,437	1.3	4,172,913
Other Securities		0.4	1,547,808
		2.2	7,221,998
Insurance 3.4%			
Other Securities		3.4	11,438,479
Materials 4.8%			
Linde plc	11,863	0.8	2,613,893
Other Securities		4.0	13,272,346
		4.8	15,886,239
Media & Entertainment 6.0%			
Alphabet, Inc., Class A *	1,519	0.7	2,454,871
Alphabet, Inc., Class C *	1,499	0.7	2,429,894
Comcast Corp., Class A	102,351	1.3	4,323,306

Condensed Portfolio Holdings as of October 31, 2020 (continued)

SECURITY	NUMBER OF SHARES	% OF NET ASSETS	VALUE (\$)
The Walt Disney Co.	40,824	1.5	4,949,910
Other Securities		1.8	5,601,564
		6.0	19,759,545

Pharmaceuticals, Biotechnology & Life Sciences 6.9%

Bristol-Myers Squibb Co.	32,574	0.6	1,903,950
Gilead Sciences, Inc.	28,364	0.5	1,649,367
Johnson & Johnson	51,580	2.1	7,072,134
Pfizer, Inc.	125,613	1.3	4,456,749
Thermo Fisher Scientific, Inc.	3,684	0.5	1,742,974
Other Securities		1.9	6,210,334
		6.9	23,035,508

Real Estate 4.5%

Prologis, Inc.	16,623	0.5	1,649,002
Other Securities		4.0	13,229,351
		4.5	14,878,353

Retailing 2.7%

Target Corp.	11,289	0.5	1,718,412
The Home Depot, Inc.	12,134	1.0	3,236,259
Other Securities		1.2	4,097,694
		2.7	9,052,365

Semiconductors & Semiconductor Equipment 3.2%

Intel Corp.	95,750	1.3	4,239,810
Texas Instruments, Inc.	10,410	0.5	1,505,182
Other Securities		1.4	4,969,977
		3.2	10,714,969

Software & Services 3.3%

Fidelity National Information Services, Inc.	13,945	0.5	1,737,408
International Business Machines Corp.	20,068	0.7	2,240,793
Other Securities		2.1	7,076,487
		3.3	11,054,688

Technology Hardware & Equipment 2.7%

Cisco Systems, Inc.	95,914	1.0	3,443,313
Other Securities		1.7	5,425,043
		2.7	8,868,356

Telecommunication Services 3.5%

AT&T, Inc.	161,063	1.3	4,351,922
Verizon Communications, Inc.	93,583	1.6	5,333,295
Other Securities		0.6	1,802,630
		3.5	11,487,847

SECURITY	NUMBER OF SHARES	% OF NET ASSETS	VALUE (\$)
Transportation 2.9%			

Other Securities		2.9	9,565,540
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Utilities 6.3%

Dominion Energy, Inc.	18,933	0.5	1,521,077
Duke Energy Corp.	16,581	0.5	1,527,276
NextEra Energy, Inc.	44,212	1.0	3,236,761
Other Securities		4.3	14,602,694
		6.3	20,887,808

Total Common Stock (Cost \$308,297,025)			330,224,187
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OTHER INVESTMENT COMPANIES 0.4% OF NET ASSETS
Equity Funds 0.1%

Other Securities		0.1	303,498
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Money Market Fund 0.2%

Other Securities		0.2	686,767
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Securities Lending Collateral 0.1%

Other Securities		0.1	356,750
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Total Other Investment Companies (Cost \$1,347,755)			1,347,015
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	NUMBER OF CONTRACTS	NOTIONAL AMOUNT (\$)	CURRENT VALUE/ UNREALIZED DEPRECIATION (\$)
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FUTURES CONTRACTS

Long			
Russell 1000 Index, e-mini, expires 12/18/20	21	1,204,245	(58,082)
S&P 500 Index, e-mini, expires 12/18/20	1	163,235	(342)
Net Unrealized Depreciation			(58,424)

The following footnotes may not be applicable to the Condensed Portfolio Holdings. Please refer to the complete schedule of portfolio holdings.

- * Non-income producing security.
- (a) Issuer is affiliated with the fund's investment adviser.
- (b) All or a portion of this security is on loan. Securities on loan were valued at \$349,151.
- (c) The rate shown is the 7-day yield.

ETF – Exchange-traded fund
REIT – Real Estate Investment Trust

Condensed Portfolio Holdings as of October 31, 2020 (continued)

The fund owns shares of an affiliate, The Charles Schwab Corp., since that company is included in its index. Below is the summary of investment activities involving The Charles Schwab Corp. shares owned by the fund during the period ended October 31, 2020:

	VALUE AT 10/31/19	GROSS PURCHASES	GROSS SALES	REALIZED GAINS (LOSSES)	NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION)	VALUE AT 10/31/20	BALANCE OF SHARES HELD AT 10/31/20	DIVIDENDS RECEIVED
The Charles Schwab Corp.	\$293,723	\$937,495	(\$106,717)	(\$15,581)	\$220,989	\$1,329,909	32,350	\$8,996

The following is a summary of the inputs used to value the fund's investments as of October 31, 2020 and reflects the complete schedule of portfolio holdings (see financial note 2(a) for additional information):

DESCRIPTION	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	OTHER SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	TOTAL
Assets				
Common Stock ¹	\$330,224,187	\$—	\$—	\$330,224,187
Other Investment Companies ¹	1,347,015	—	—	1,347,015
Liabilities				
Futures Contracts ²	(58,424)	—	—	(58,424)
Total	\$331,512,778	\$—	\$—	\$331,512,778

¹ As categorized in the complete schedule of Portfolio Holdings.

² Futures contracts are valued at unrealized appreciation or depreciation.

Fund investments in underlying mutual funds and ETFs are classified as Level 1, without consideration to the classification level of the investments held by the underlying mutual funds and ETFs, which could be Level 1, Level 2 or Level 3.

Statement of Assets and Liabilities

As of October 31, 2020

ASSETS			
Investment in affiliated issuer, at value (cost \$1,104,535)			\$1,329,909
Investments in unaffiliated issuers, at value (cost \$308,183,495) including securities on loan of \$349,151			329,884,543
Collateral invested for securities on loan, at value (cost \$356,750)			356,750
Deposit with broker for futures contracts			106,000
Receivables:			
Dividends			482,685
Fund shares sold			410,843
Income from securities on loan			+ 280
Total assets			332,571,010
LIABILITIES			
Collateral held for securities on loan			356,750
Payables:			
Investments bought			93,390
Investment adviser fees			10,550
Fund shares redeemed			785,297
Variation margin on futures contracts			+ 2,636
Total liabilities			1,248,623
NET ASSETS			
Total assets			332,571,010
Total liabilities			- 1,248,623
Net assets			\$331,322,387
Net Assets by Source			
Capital received from investors			329,958,653
Total distributable earnings			1,363,734
Net Asset Value (NAV)			
Net Assets	÷	Shares Outstanding	= NAV
\$331,322,387		8,698,237	\$38.09

Statement of Operations

For the period November 1, 2019 through October 31, 2020

INVESTMENT INCOME	
Dividends received from affiliated issuer	\$8,996
Dividends received from unaffiliated issuers (net of foreign withholding tax of \$316)	7,062,218
Securities on loan, net	+ 5,530
Total investment income	7,076,744
EXPENSES	
Investment adviser fees	95,176
Total expenses	- 95,176
Net investment income	6,981,568
REALIZED AND UNREALIZED GAINS (LOSSES)	
Net realized losses on affiliated issuer	(15,581)
Net realized losses on unaffiliated issuers	(24,809,148)
Net realized gains on futures contracts	+ 34,355
Net realized losses	(24,790,374)
Net change in unrealized appreciation (depreciation) on affiliated issuer	220,989
Net change in unrealized appreciation (depreciation) on unaffiliated issuers	6,994,920
Net change in unrealized appreciation (depreciation) on futures contracts	+ (58,390)
Net change in unrealized appreciation (depreciation)	+ 7,157,519
Net realized and unrealized losses	(17,632,855)
Decrease in net assets resulting from operations	(\$10,651,287)

Statement of Changes in Net Assets

For the current and prior report periods

OPERATIONS		
	11/1/19-10/31/20	11/1/18-10/31/19
Net investment income	\$6,981,568	\$4,561,029
Net realized gains (losses)	(24,790,374)	3,255,061
Net change in unrealized appreciation (depreciation)	+ 7,157,519	16,353,464
Increase (decrease) in net assets from operations	(10,651,287)	24,169,554

DISTRIBUTIONS TO SHAREHOLDERS		
Total distributions	(\$9,633,049)	(\$1,536,515)

TRANSACTIONS IN FUND SHARES				
	11/1/19-10/31/20		11/1/18-10/31/19	
	SHARES	VALUE	SHARES	VALUE
Shares sold	7,976,599	\$290,627,433	4,104,466	\$157,914,398
Shares reinvested	182,880	7,979,022	38,320	1,344,745
Shares redeemed	+ (4,389,206)	(159,213,048)	(979,981)	(39,427,758)
Net transactions in fund shares	3,770,273	\$139,393,407	3,162,805	\$119,831,385

SHARES OUTSTANDING AND NET ASSETS				
	11/1/19-10/31/20		11/1/18-10/31/19	
	SHARES	NET ASSETS	SHARES	NET ASSETS
Beginning of period	4,927,964	\$212,213,316	1,765,159	\$69,748,892
Total increase	+ 3,770,273	119,109,071	3,162,805	142,464,424
End of period	8,698,237	\$331,322,387	4,927,964	\$212,213,316

Financial Statements

FINANCIAL HIGHLIGHTS

	11/1/19– 10/31/20	11/1/18– 10/31/19	12/20/17 ¹ – 10/31/18
Per-Share Data			
Net asset value at beginning of period	\$44.29	\$39.55	\$40.00
Income (loss) from investment operations:			
Net investment income (loss) ²	0.72	0.70	0.59
Net realized and unrealized gains (losses)	1.09	4.54	(1.04)
Total from investment operations	1.81	5.24	(0.45)
Less distributions:			
Distributions from net investment income	(0.64)	(0.42)	–
Distributions from net realized gains	(0.48)	(0.08)	–
Total distributions	(1.12)	(0.50)	–
Net asset value at end of period	\$44.98	\$44.29	\$39.55
Total return	4.04%	13.61%	(1.13%) ³
Ratios/Supplemental Data			
Ratios to average net assets:			
Total expenses	0.04%	0.04% ⁴	0.05% ^{5,6}
Net operating expenses	N/A	N/A	0.03% ^{5,6}
Net investment income (loss)	1.69%	1.67%	1.65% ⁵
Portfolio turnover rate	29%	21%	15% ³
Net assets, end of period (x 1,000,000)	\$483	\$357	\$171

¹ Commencement of operations.

² Calculated based on the average shares outstanding during the period.

³ Not annualized.

⁴ Effective December 20, 2018, the annual operating expense ratio was reduced to 0.04%. The ratio presented for period ended 10/31/19 is a blended ratio.

⁵ Annualized.

⁶ The investment adviser voluntarily agreed to waive the fund's management fees to 0.00% beginning with the fund's commencement of operations through June 30, 2018. The ratio presented for period ended 10/31/18 is a blended ratio.

Condensed Portfolio Holdings as of October 31, 2020

This section shows the fund's 50 largest portfolio holdings in unaffiliated issuers, any holdings exceeding 1% of the fund's net assets as of the report date, and any affiliated issuers. The remaining securities held by the fund are grouped as "Other Securities" in each category. You can request a complete schedule of portfolio holdings as of the report date, free of charge, by calling Schwab Funds® at 1-877-824-5615. This complete schedule, filed on the fund's N-CSR(S), is also available on the U.S. Securities and Exchange Commission (SEC)'s website at www.sec.gov.

In addition, the fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-PORT Part F. The fund's Form N-PORT Part F is available on the SEC's website and on the fund's website at www.schwabfunds.com/schwabfunds_prospectus. The fund also makes available its complete schedule of portfolio holdings 15 to 20 days after the end of the month on the fund's website.

SECURITY	NUMBER OF SHARES	% OF NET ASSETS	VALUE (\$)
COMMON STOCK 99.4% OF NET ASSETS			
Automobiles & Components 1.1%			
Aptiv plc	16,414	0.3	1,583,787
Ford Motor Co.	239,016	0.4	1,847,594
Other Securities		0.4	1,975,578
		1.1	5,406,959
Banks 2.7%			
Other Securities		2.7	13,283,859
Capital Goods 10.0%			
Carrier Global Corp.	53,224	0.4	1,777,149
Cummins, Inc.	9,034	0.4	1,986,486
Johnson Controls International plc	45,656	0.4	1,927,140
PACCAR, Inc.	20,786	0.4	1,774,709
Parker-Hannifin Corp.	7,845	0.3	1,634,584
Rockwell Automation, Inc.	7,104	0.3	1,684,500
Stanley Black & Decker, Inc.	9,449	0.3	1,570,424
Trane Technologies plc	14,641	0.4	1,943,593
Other Securities		7.1	33,879,204
		10.0	48,177,789
Commercial & Professional Services 3.2%			
Cintas Corp.	5,409	0.4	1,701,401
CoStar Group, Inc. *	2,389	0.4	1,967,604
IHS Markit Ltd.	24,325	0.4	1,967,163
Verisk Analytics, Inc.	9,718	0.4	1,729,513
Other Securities		1.6	7,918,711
		3.2	15,284,392
Consumer Durables & Apparel 3.2%			
Lululemon Athletica, Inc. *	6,963	0.5	2,223,216
Other Securities		2.7	13,185,682
		3.2	15,408,898
Consumer Services 3.0%			
Chipotle Mexican Grill, Inc. *	1,707	0.4	2,050,926
Other Securities		2.6	12,388,895
		3.0	14,439,821

SECURITY	NUMBER OF SHARES	% OF NET ASSETS	VALUE (\$)
Diversified Financials 4.6%			
MSCI, Inc.	4,990	0.4	1,745,702
T. Rowe Price Group, Inc.	13,864	0.4	1,756,014
Other Securities		3.8	18,570,577
		4.6	22,072,293
Energy 2.2%			
Other Securities		2.2	10,748,985
Food & Staples Retailing 0.5%			
Other Securities		0.5	2,560,087
Food, Beverage & Tobacco 2.9%			
Other Securities		2.9	13,981,353
Health Care Equipment & Services 7.3%			
Align Technology, Inc. *	4,784	0.4	2,038,367
IDEXX Laboratories, Inc. *	5,155	0.5	2,189,947
ResMed, Inc.	8,783	0.3	1,685,809
Veeva Systems, Inc., Class A *	8,187	0.5	2,210,899
Zimmer Biomet Holdings, Inc.	12,695	0.3	1,677,009
Other Securities		5.3	25,269,949
		7.3	35,071,980
Household & Personal Products 0.8%			
The Clorox Co.	7,732	0.3	1,602,457
Other Securities		0.5	2,167,523
		0.8	3,769,980
Insurance 3.4%			
Other Securities		3.4	16,613,871
Materials 5.5%			
Ball Corp.	19,548	0.4	1,739,772
PPG Industries, Inc.	14,456	0.4	1,875,232
Other Securities		4.7	22,839,174
		5.5	26,454,178
Media & Entertainment 4.3%			
Spotify Technology S.A. *	8,023	0.4	1,924,637
Twitter, Inc. *	47,139	0.4	1,949,669
Other Securities		3.5	16,978,690
		4.3	20,852,996

Condensed Portfolio Holdings as of October 31, 2020 (continued)

SECURITY	NUMBER OF SHARES	% OF NET ASSETS	VALUE (\$)
Pharmaceuticals, Biotechnology & Life Sciences 6.0%			
Agilent Technologies, Inc.	18,958	0.4	1,935,422
IQVIA Holdings, Inc. *	11,651	0.4	1,794,138
Other Securities		5.2	25,232,929
		6.0	28,962,489
Real Estate 6.9%			
Other Securities		6.9	33,231,663
Retailing 4.3%			
AutoZone, Inc. *	1,431	0.3	1,615,570
O'Reilly Automotive, Inc. *	4,486	0.4	1,958,588
Other Securities		3.6	17,102,879
		4.3	20,677,037
Semiconductors & Semiconductor Equipment 3.5%			
KLA Corp.	9,514	0.4	1,875,971
Xilinx, Inc.	14,969	0.4	1,776,671
Other Securities		2.7	13,379,963
		3.5	17,032,605
Software & Services 11.6%			
ANSYS, Inc. *	5,251	0.3	1,598,247
Cadence Design Systems, Inc. *	16,899	0.4	1,848,244
DocuSign, Inc. *	10,927	0.5	2,209,986
Paychex, Inc.	19,661	0.3	1,617,117
Splunk, Inc. *	9,744	0.4	1,929,702
Synopsys, Inc. *	9,175	0.4	1,962,165
Twilio, Inc., Class A *	8,394	0.5	2,341,674
Other Securities		8.8	42,320,992
		11.6	55,828,127
Technology Hardware & Equipment 4.1%			
Amphenol Corp., Class A	17,692	0.4	1,996,365
HP, Inc.	87,711	0.3	1,575,290
Motorola Solutions, Inc.	10,423	0.3	1,647,459
Other Securities		3.1	14,438,141
		4.1	19,657,255
Telecommunication Services 0.2%			
Other Securities		0.2	1,199,172
Transportation 2.2%			
Other Securities		2.2	10,656,139

SECURITY	NUMBER OF SHARES	% OF NET ASSETS	VALUE (\$)
Utilities 5.9%			
American Water Works Co., Inc.	11,103	0.3	1,671,112
Consolidated Edison, Inc.	20,533	0.3	1,611,635
Eversource Energy	21,043	0.4	1,836,423
Public Service Enterprise Group, Inc.	30,965	0.4	1,800,615
WEC Energy Group, Inc.	19,356	0.4	1,946,246
Xcel Energy, Inc.	32,214	0.5	2,255,946
Other Securities		3.6	17,642,488
		5.9	28,764,465

Total Common Stock
(Cost \$433,487,343) **480,136,393**

OTHER INVESTMENT COMPANIES 0.6% OF NET ASSETS

Equity Funds 0.1%

Other Securities **0.1** **534,188**

Money Market Fund 0.3%

Other Securities **0.3** **1,321,608**

Securities Lending Collateral 0.2%

Other Securities **0.2** **1,047,925**

Total Other Investment Companies
(Cost \$2,904,664) **2,903,721**

	NUMBER OF CONTRACTS	NOTIONAL AMOUNT (\$)	CURRENT VALUE/ UNREALIZED DEPRECIATION (\$)
--	------------------------	----------------------------	--

FUTURES CONTRACTS

Long

S&P 400 Mid-Cap Index, e-mini,
expires 12/18/20 12 2,274,720 **(107,774)**

The following footnotes may not be applicable to the Condensed Portfolio Holdings. Please refer to the complete schedule of portfolio holdings.

- * Non-income producing security.
- (a) All or a portion of this security is on loan. Securities on loan were valued at \$1,016,695.
- (b) Fair-valued by management using significant unobservable inputs in accordance with procedures approved by fund's Board of Trustees.
- (c) The rate shown is the 7-day yield.

ETF – Exchange-traded fund
REIT – Real Estate Investment Trust

Condensed Portfolio Holdings as of October 31, 2020 (continued)

The following is a summary of the inputs used to value the fund's investments as of October 31, 2020 and reflects the complete schedule of portfolio holdings (see financial note 2(a) for additional information):

DESCRIPTION	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	OTHER SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	TOTAL
Assets				
Common Stock ¹	\$445,064,413	\$—	\$—	\$445,064,413
Health Care Equipment & Services	34,663,817	—	408,163	35,071,980
Other Investment Companies ¹	2,903,721	—	—	2,903,721
Liabilities				
Futures Contracts ²	(107,774)	—	—	(107,774)
Total	\$482,524,177	\$—	\$408,163	\$482,932,340

¹ As categorized in the complete schedule of Portfolio Holdings.

² Futures contracts are valued at unrealized appreciation or depreciation.

Fund investments in underlying mutual funds and ETFs are classified as Level 1, without consideration to the classification level of the investments held by the underlying mutual funds and ETFs, which could be Level 1, Level 2 or Level 3.

Statement of Assets and Liabilities

As of October 31, 2020

ASSETS

Investments in unaffiliated issuers, at value (cost \$435,344,082) including securities on loan of \$1,016,695	\$481,992,189
Collateral invested for securities on loan, at value (cost \$1,047,925)	1,047,925
Deposit with broker for futures contracts	175,500
Receivables:	
Fund shares sold	796,078
Dividends	234,190
Income from securities on loan	+ 2,577
Total assets	484,248,459

LIABILITIES

Collateral held for securities on loan	1,047,925
Payables:	
Investments bought	43,308
Investment adviser fees	17,493
Fund shares redeemed	149,748
Variation margin on futures contracts	+ 13,134
Total liabilities	1,271,608

NET ASSETS

Total assets	484,248,459
Total liabilities	- 1,271,608
Net assets	\$482,976,851

Net Assets by Source

Capital received from investors	445,422,545
Total distributable earnings	37,554,306

Net Asset Value (NAV)

Net Assets	÷	Shares Outstanding	=	NAV
\$482,976,851		10,737,482		\$44.98

Statement of Operations

For the period November 1, 2019 through October 31, 2020

INVESTMENT INCOME	
Dividends (net of foreign withholding tax of \$948)	\$7,790,069
Securities on loan, net	+ 30,924
Total investment income	7,820,993
EXPENSES	
Investment adviser fees	181,186
Total expenses	- 181,186
Net investment income	7,639,807
REALIZED AND UNREALIZED GAINS (LOSSES)	
Net realized losses on investments	(10,409,510)
Net realized gains on futures contracts	+ 617,857
Net realized losses	(9,791,653)
Net change in unrealized appreciation (depreciation) on investments	20,499,049
Net change in unrealized appreciation (depreciation) on futures contracts	+ (104,189)
Net change in unrealized appreciation (depreciation)	+ 20,394,860
Net realized and unrealized gains	10,603,207
Increase in net assets resulting from operations	\$18,243,014

Statement of Changes in Net Assets

For the current and prior report periods

OPERATIONS				
	11/1/19-10/31/20		11/1/18-10/31/19	
Net investment income		\$7,639,807		\$4,785,991
Net realized losses		(9,791,653)		(662,598)
Net change in unrealized appreciation (depreciation)	+	20,394,860		35,427,266
Increase in net assets from operations		18,243,014		39,550,659
DISTRIBUTIONS TO SHAREHOLDERS				
Total distributions		(\$9,582,557)		(\$2,951,274)
TRANSACTIONS IN FUND SHARES				
	11/1/19-10/31/20		11/1/18-10/31/19	
	SHARES	VALUE	SHARES	VALUE
Shares sold	7,486,752	\$310,557,071	6,140,825	\$247,965,349
Shares reinvested	166,927	7,635,275	76,761	2,670,904
Shares redeemed	+ (4,967,958)	(200,471,749)	(2,496,685)	(101,917,905)
Net transactions in fund shares	2,685,721	\$117,720,597	3,720,901	\$148,718,348
SHARES OUTSTANDING AND NET ASSETS				
	11/1/19-10/31/20		11/1/18-10/31/19	
	SHARES	NET ASSETS	SHARES	NET ASSETS
Beginning of period	8,051,761	\$356,595,797	4,330,860	\$171,278,064
Total increase	+ 2,685,721	126,381,054	3,720,901	185,317,733
End of period	10,737,482	\$482,976,851	8,051,761	\$356,595,797

Financial Statements

FINANCIAL HIGHLIGHTS

	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	\$20.48	\$19.00	\$21.01	\$17.52	\$18.49
Income (loss) from investment operations:					
Net investment income (loss) ¹	0.47	0.64	0.62	0.55	0.53
Net realized and unrealized gains (losses)	(1.75)	1.39	(2.06)	3.49	(1.03)
Total from investment operations	(1.28)	2.03	(1.44)	4.04	(0.50)
Less distributions:					
Distributions from net investment income	(0.64)	(0.55)	(0.57)	(0.55)	(0.47)
Net asset value at end of period	\$18.56	\$20.48	\$19.00	\$21.01	\$17.52
Total return	(6.56%)	11.27%	(7.11%)	23.76%	(2.64%)
Ratios/Supplemental Data					
Ratios to average net assets:					
Total expenses	0.06%	0.06%	0.06%	0.11% ²	0.23%
Net operating expenses	N/A	N/A	N/A ³	0.10% ²	0.19%
Net investment income (loss)	2.47%	3.32%	2.99%	2.88%	3.06%
Portfolio turnover rate	7%	5%	5%	3%	4%
Net assets, end of period (x 1,000,000)	\$5,937	\$5,443	\$4,314	\$4,128	\$2,900

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

² Effective March 1, 2017, the annual operating expense ratio was reduced. The ratio presented for period ended 10/31/17 is a blended ratio.

³ Effective March 1, 2017, the fund instituted a new fee structure and the contractual expense limitation was terminated.

Condensed Portfolio Holdings as of October 31, 2020

This section shows the fund's 50 largest portfolio holdings in unaffiliated issuers, any holdings exceeding 1% of the fund's net assets as of the report date, and any affiliated issuers. The remaining securities held by the fund are grouped as "Other Securities" in each category. You can request a complete schedule of portfolio holdings as of the report date, free of charge, by calling Schwab Funds® at 1-877-824-5615. This complete schedule, filed on the fund's N-CSR(S), is also available on the U.S. Securities and Exchange Commission (SEC)'s website at www.sec.gov.

In addition, the fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-PORT Part F. The fund's Form N-PORT Part F is available on the SEC's website and on the fund's website at www.schwabfunds.com/schwabfunds_prospectus. The fund also makes available its complete schedule of portfolio holdings 15 to 20 days after the end of the month on the fund's website.

SECURITY	NUMBER OF SHARES	% OF NET ASSETS	VALUE (\$)
COMMON STOCK 98.7% OF NET ASSETS			
Australia 6.8%			
BHP Group Ltd.	1,318,528	0.5	31,607,261
Commonwealth Bank of Australia	793,999	0.6	38,549,866
CSL Ltd.	203,506	0.7	41,201,270
Westpac Banking Corp.	1,614,101	0.3	20,429,451
Other Securities		4.7	272,441,652
		6.8	404,229,500
Austria 0.2%			
Other Securities		0.2	9,495,608
Belgium 0.9%			
Other Securities		0.9	56,306,882
Denmark 2.6%			
Novo Nordisk A/S, Class B	770,680	0.8	49,142,899
Other Securities		1.8	102,333,029
		2.6	151,475,928
Finland 1.0%			
Other Securities		1.0	59,618,351
France 10.5%			
Air Liquide S.A.	211,543	0.5	30,935,683
Kering S.A.	33,897	0.3	20,484,503
L'Oreal S.A.	112,611	0.6	36,394,218
LVMH Moët Hennessy Louis Vuitton SE	124,438	1.0	58,330,025
Sanofi	505,958	0.8	45,684,637
Schneider Electric SE	247,382	0.5	30,058,500
TOTAL SE	1,109,150	0.6	33,603,594
Other Securities		6.2	367,546,309
		10.5	623,037,469
Germany 8.4%			
adidas AG *	85,079	0.4	25,277,384
Allianz SE	186,907	0.6	32,924,527
BASF SE	412,205	0.4	22,571,598
Bayer AG	438,762	0.3	20,617,653
Deutsche Telekom AG	1,489,569	0.4	22,639,583
SAP SE	467,434	0.8	49,867,998
Siemens AG	342,762	0.7	40,211,478
Other Securities		4.8	283,514,123
		8.4	497,624,344

SECURITY	NUMBER OF SHARES	% OF NET ASSETS	VALUE (\$)
Hong Kong 3.4%			
AIA Group Ltd.	5,417,400	0.9	51,558,335
Hong Kong Exchanges & Clearing Ltd.	539,765	0.4	25,864,841
Other Securities		2.1	124,380,741
		3.4	201,803,917
Ireland 0.7%			
Other Securities		0.7	42,872,191
Israel 0.6%			
Other Securities		0.6	35,952,656
Italy 2.2%			
Enel S.p.A.	3,636,304	0.5	28,910,444
Other Securities		1.7	99,049,100
		2.2	127,959,544
Japan 26.4%			
Daikin Industries Ltd.	111,700	0.4	20,902,781
Keyence Corp.	81,600	0.6	37,031,916
Mitsubishi UFJ Financial Group, Inc.	5,488,909	0.4	21,636,756
Nintendo Co., Ltd.	49,939	0.5	27,001,455
Recruit Holdings Co., Ltd.	568,300	0.4	21,624,182
Shin-Etsu Chemical Co., Ltd.	158,060	0.4	21,111,561
SoftBank Group Corp.	702,000	0.8	45,723,908
Sony Corp.	564,700	0.8	47,077,019
Takeda Pharmaceutical Co., Ltd.	704,590	0.4	21,773,654
Toyota Motor Corp.	950,103	1.1	62,371,304
Other Securities		20.6	1,239,233,739
		26.4	1,565,488,275
Netherlands 4.4%			
ASML Holding N.V.	190,496	1.2	68,922,001
Prosus N.V. *	217,776	0.4	21,741,874
Unilever N.V.	654,584	0.6	36,901,344
Other Securities		2.2	132,215,926
		4.4	259,781,145
New Zealand 0.3%			
Other Securities		0.3	19,146,079
Norway 0.5%			
Other Securities		0.5	32,012,665

Condensed Portfolio Holdings as of October 31, 2020 (continued)

SECURITY	NUMBER OF SHARES	% OF NET ASSETS	VALUE (\$)
Portugal 0.2%			
Other Securities		0.2	9,863,809
Singapore 1.0%			
Other Securities		1.0	61,941,845
Spain 2.2%			
Iberdrola S.A.	2,663,602	0.5	31,450,684
Other Securities		1.7	100,853,812
		2.2	132,304,496
Sweden 3.3%			
Other Securities		3.3	194,935,484
Switzerland 10.1%			
Nestle S.A.	1,332,710	2.5	149,900,407
Novartis AG	993,909	1.3	77,447,953
Roche Holding AG	314,600	1.7	101,090,840
Zurich Insurance Group AG	67,397	0.4	22,385,615
Other Securities		4.2	251,633,495
		10.1	602,458,310
United Kingdom 13.0%			
AstraZeneca plc	587,537	1.0	58,991,928
BP plc	9,098,280	0.4	23,206,830
British American Tobacco plc	1,024,938	0.5	32,485,790
Diageo plc	1,044,131	0.6	33,744,065
GlaxoSmithKline plc	2,248,150	0.6	37,540,685
HSBC Holdings plc *	9,122,150	0.6	38,227,214
Reckitt Benckiser Group plc	317,104	0.5	27,933,218
Rio Tinto plc	502,453	0.5	28,419,425
Royal Dutch Shell plc, A Shares	1,840,483	0.4	23,152,318
Unilever plc	522,149	0.5	29,756,653
Other Securities		7.4	439,917,229
		13.0	773,375,355
Total Common Stock			
(Cost \$5,183,940,803)			5,861,683,853

PREFERRED STOCK 0.6% OF NET ASSETS

Germany 0.6%			
Other Securities		0.6	33,156,426
Total Preferred Stock			
(Cost \$30,108,759)			33,156,426

RIGHTS 0.0% OF NET ASSETS

Singapore 0.0%			
Other Securities		0.0	—

United Kingdom 0.0%			
Other Securities		0.0	1,479,160
Total Rights			
(Cost \$4,351,445)			1,479,160

OTHER INVESTMENT COMPANY 0.1% OF NET ASSETS

United States 0.1%			
Securities Lending Collateral 0.1%			
Other Securities		0.1	6,847,633
Total Other Investment Company			
(Cost \$6,847,633)			6,847,633

SECURITY	RATE, MATURITY DATE	FACE AMOUNT (\$)	% OF NET ASSETS	VALUE (\$)
SHORT-TERM INVESTMENTS 0.1% OF NET ASSETS				
Time Deposits 0.1%				
Other Securities			0.1	6,922,042
Total Short-Term Investments				
(Cost \$6,922,042)				6,922,042

	NUMBER OF CONTRACTS	NOTIONAL AMOUNT (\$)	CURRENT VALUE/ UNREALIZED DEPRECIATION (\$)
FUTURES CONTRACTS			
Long			
MSCI EAFE Index, expires 12/18/20	406	36,213,170	(1,705,238)

The following footnotes may not be applicable to the Condensed Portfolio Holdings. Please refer to the complete schedule of portfolio holdings.

- * Non-income producing security.
- (a) Fair-valued by management using significant unobservable inputs in accordance with procedures approved by fund's Board of Trustees.
- (b) All or a portion of this security is on loan. Securities on loan were valued at \$5,890,477.
- (c) Securities are traded on separate exchanges for the same entity.
- (d) The rate shown is the 7-day yield.
- (e) The rate shown is the current daily overnight rate.
- (f) Rate is negative due to the current daily overnight rate at the central bank of the denominated currency and therefore is non-income producing.

ADR – American Depositary Receipt
CVA – Dutch Certificate
REIT – Real Estate Investment Trust
RSP – Risparmio (Convertible Savings Shares)

Condensed Portfolio Holdings as of October 31, 2020 (continued)

The following is a summary of the inputs used to value the fund's investments as of October 31, 2020 and reflects the complete schedule of portfolio holdings (see financial note 2(a) for additional information):

DESCRIPTION	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	OTHER SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	TOTAL
Assets				
Common Stock ¹	\$—	\$1,207,859,717	\$—	\$1,207,859,717
Australia	—	401,971,363	2,258,137	404,229,500
Belgium	1,545,564	54,761,318	—	56,306,882
Denmark	13,357,054	138,118,874	—	151,475,928
France	4,808,763	618,228,706	—	623,037,469
Germany	13,284,712	484,339,632	—	497,624,344
Hong Kong	6,890,443	194,913,474	—	201,803,917
Ireland	5,959,742	36,912,449	—	42,872,191
Israel	17,410,289	18,542,367	—	35,952,656
Japan	1,727,017	1,563,761,258	—	1,565,488,275
Netherlands	6,289,582	253,491,563	—	259,781,145
Norway	1,664,276	30,348,389	—	32,012,665
Portugal	—	9,863,809	*	9,863,809
United Kingdom	—	773,359,755	15,600	773,375,355
Preferred Stock ¹	—	33,156,426	—	33,156,426
Rights				
Singapore	—	—	*	—
United Kingdom	1,479,160	—	—	1,479,160
Other Investment Company ¹	6,847,633	—	—	6,847,633
Short-Term Investments ¹	—	6,922,042	—	6,922,042
Liabilities				
Futures Contracts ²	(1,705,238)	—	—	(1,705,238)
Total	\$79,558,997	\$5,826,551,142	\$2,273,737	\$5,908,383,876

* Level 3 amount shown includes securities determined to have no value at October 31, 2020.

¹ As categorized in the complete schedule of Portfolio Holdings.

² Futures contracts are valued at unrealized appreciation or depreciation.

Fund investments in underlying mutual funds are classified as Level 1, without consideration to the classification level of the investments held by the underlying mutual funds, which could be Level 1, Level 2 or Level 3.

Statement of Assets and Liabilities

As of October 31, 2020

ASSETS			
Investments in unaffiliated issuers, at value (cost \$5,225,323,049) including securities on loan of \$5,890,477			\$5,903,241,481
Collateral invested for securities on loan, at value (cost \$6,847,633)			6,847,633
Deposit with broker for futures contracts			2,993,760
Receivables:			
Investments sold			3,741,894
Dividends			14,507,276
Fund shares sold			10,178,586
Foreign tax reclaims			9,414,673
Income from securities on loan			+ 25,639
Total assets			5,950,950,942
LIABILITIES			
Collateral held for securities on loan			6,847,633
Payables:			
Investments bought			3,017,004
Investment adviser fees			326,495
Fund shares redeemed			3,077,265
Variation margin on futures contracts			+ 190,527
Total liabilities			13,458,924
NET ASSETS			
Total assets			5,950,950,942
Total liabilities			- 13,458,924
Net assets			\$5,937,492,018
Net Assets by Source			
Capital received from investors			5,576,714,080
Total distributable earnings			360,777,938
Net Asset Value (NAV)			
Net Assets	÷	Shares Outstanding	= NAV
\$5,937,492,018		319,898,201	\$18.56

Statement of Operations

For the period November 1, 2019 through October 31, 2020

INVESTMENT INCOME	
Dividends (net of foreign withholding tax of \$14,713,020)	\$133,750,062
Income from non-cash dividends	9,085,074
Interest	44,303
Securities on loan, net	+ 797,929
Total investment income	143,677,368
EXPENSES	
Investment adviser fees	3,421,849
Professional fees	+ 37,098*
Total expenses	3,458,947
Expense reduction by CSIM	- 37,098*
Net expenses	- 3,421,849
Net investment income	140,255,519
REALIZED AND UNREALIZED GAINS (LOSSES)	
Net realized losses on investments	(166,722,849)
Net realized losses on futures contracts	(4,249,319)
Net realized losses on foreign currency transactions	+ (741,956)
Net realized losses	(171,714,124)
Net change in unrealized appreciation (depreciation) on investments	(259,943,014)
Net change in unrealized appreciation (depreciation) on futures contracts	(2,550,688)
Net change in unrealized appreciation (depreciation) on foreign currency translations	+ 542,350
Net change in unrealized appreciation (depreciation)	+ (261,951,352)
Net realized and unrealized losses	(433,665,476)
Decrease in net assets resulting from operations	(\$293,409,957)

* Professional fees associated with the filing of tax claims in the European Union deemed to be non-routine expenses of the fund. See financial notes 2(d) and 4 for additional information.

Statement of Changes in Net Assets

For the current and prior report periods

OPERATIONS		
	11/1/19-10/31/20	11/1/18-10/31/19
Net investment income	\$140,255,519	\$161,653,306
Net realized losses	(171,714,124)	(81,047,333)
Net change in unrealized appreciation (depreciation)	+ (261,951,352)	450,579,679
Increase (decrease) in net assets from operations	(293,409,957)	531,185,652

DISTRIBUTIONS TO SHAREHOLDERS		
Total distributions	(\$172,919,468)	(\$132,253,839)

TRANSACTIONS IN FUND SHARES				
	11/1/19-10/31/20		11/1/18-10/31/19	
	SHARES	VALUE	SHARES	VALUE
Shares sold	137,962,023	\$2,458,528,501	101,475,911	\$1,918,826,792
Shares reinvested	6,184,493	127,647,953	5,815,026	99,611,394
Shares redeemed	+ (90,042,895)	(1,625,600,717)	(68,493,022)	(1,288,104,681)
Net transactions in fund shares	54,103,621	\$960,575,737	38,797,915	\$730,333,505

SHARES OUTSTANDING AND NET ASSETS				
	11/1/19-10/31/20		11/1/18-10/31/19	
	SHARES	NET ASSETS	SHARES	NET ASSETS
Beginning of period	265,794,580	\$5,443,245,706	226,996,665	\$4,313,980,388
Total increase	+ 54,103,621	494,246,312	38,797,915	1,129,265,318
End of period	319,898,201	\$5,937,492,018	265,794,580	\$5,443,245,706

Financial Notes

1. Business Structure of the Funds:

Each of the funds in this report is a series of Schwab Capital Trust, except Schwab 1000 Index Fund, which is a series of Schwab Investments. Both Schwab Capital Trust and Schwab Investments (the trusts) are no-load, open-end management investment companies. Each trust is organized as a Massachusetts business trust and is registered under the Investment Company Act of 1940, as amended (the 1940 Act). The list below shows all the funds in the trusts as of the end of the period, including the funds discussed in this report, which are highlighted:

SCHWAB CAPITAL TRUST (ORGANIZED MAY 7, 1993)

Schwab S&P 500 Index Fund	Schwab Target 2040 Fund
Schwab Small-Cap Index Fund	Schwab Target 2045 Fund
Schwab Total Stock Market Index Fund	Schwab Target 2050 Fund
Schwab U.S. Large-Cap Growth Index Fund	Schwab Target 2055 Fund
Schwab U.S. Large-Cap Value Index Fund	Schwab Target 2060 Fund
Schwab U.S. Mid-Cap Index Fund	Schwab Fundamental US Large Company Index Fund
Schwab International Index Fund	Schwab Fundamental US Small Company Index Fund
Schwab MarketTrack All Equity Portfolio™	Schwab Fundamental International Large Company Index Fund
Schwab MarketTrack Growth Portfolio™	Schwab Fundamental International Small Company Index Fund
Schwab MarketTrack Balanced Portfolio™	Schwab Fundamental Emerging Markets Large Company Index Fund
Schwab MarketTrack Conservative Portfolio™	Schwab Fundamental Global Real Estate Index Fund
Laudus International MarketMasters Fund™	Schwab Target 2010 Index Fund
Schwab Balanced Fund	Schwab Target 2015 Index Fund
Schwab Core Equity Fund	Schwab Target 2020 Index Fund
Schwab Dividend Equity Fund	Schwab Target 2025 Index Fund
Schwab Large-Cap Growth Fund	Schwab Target 2030 Index Fund
Schwab Small-Cap Equity Fund	Schwab Target 2035 Index Fund
Schwab Hedged Equity Fund	Schwab Target 2040 Index Fund
Schwab Health Care Fund	Schwab Target 2045 Index Fund
Schwab International Core Equity Fund	Schwab Target 2050 Index Fund
Schwab Target 2010 Fund	Schwab Target 2055 Index Fund
Schwab Target 2015 Fund	Schwab Target 2060 Index Fund
Schwab Target 2020 Fund	Schwab Monthly Income Fund – Moderate Payout
Schwab Target 2025 Fund	Schwab Monthly Income Fund – Enhanced Payout
Schwab Target 2030 Fund	Schwab Monthly Income Fund – Maximum Payout
Schwab Target 2035 Fund	

SCHWAB INVESTMENTS (ORGANIZED OCTOBER 26, 1990)

Schwab 1000 Index Fund	Schwab Tax-Free Bond Fund
Schwab Treasury Inflation Protected Securities Index Fund	Schwab California Tax-Free Bond Fund
Schwab U.S. Aggregate Bond Index Fund	Schwab High Yield Municipal Bond Fund
Schwab Short-Term Bond Index Fund	Schwab Global Real Estate Fund

Each fund in this report offers one share class. Shares are bought and sold at closing net asset value per share (NAV), which is the price for all outstanding shares of a fund. Each share has a par value of 1/1,000 of a cent, and the funds' Board of Trustees (the Board) may authorize the issuance of as many shares as necessary.

Each fund maintains its own account for purposes of holding assets and accounting, and is considered a separate entity for tax purposes. Within its account, each fund may also keep certain assets in segregated accounts, as required by securities law.

2. Significant Accounting Policies:

The following is a summary of the significant accounting policies the funds use in their preparation of financial statements. The funds follow the investment company accounting and reporting guidance of the Financial Accounting Standards Board (FASB) Accounting Standard Codification *Topic 946 Financial Services – Investment Companies*. The accounting policies are in conformity with accounting principles generally accepted in the United States of America (GAAP).

Financial Notes (continued)

2. Significant Accounting Policies (continued):

The funds may invest in certain other investment companies (underlying funds). For specific investments in underlying funds, please refer to the complete schedule of portfolio holdings on Form N-CSR(S) for this reporting period, which is filed with the U.S. Securities and Exchange Commission (SEC). For more information about the underlying funds' operations and policies, please refer to those funds' semiannual and annual reports, which are filed with the SEC and available on the SEC's website at www.sec.gov.

(a) Security Valuation:

Under procedures approved by the Board, the investment adviser has formed a Pricing Committee to administer the pricing and valuation of portfolio securities and other assets and to ensure that prices used for internal purposes or provided by third parties reasonably reflect fair value. Among other things, these procedures allow the funds to utilize independent pricing services, quotations from securities and financial instrument dealers and other market sources to determine fair value.

The funds value the securities in their portfolios every business day. The funds use the following policies to value various types of securities:

- **Securities traded on an exchange or over-the-counter:** Traded securities are valued at the closing value for the day, or, on days when no closing value has been reported, at the mean of the most recent bid and ask quotes. Securities that are primarily traded on foreign exchanges are valued at the official closing price or the last sales price on the exchange where the securities are principally traded with these values then translated into U.S. dollars at the current exchange rate, unless these securities are fair valued as discussed below.
- **Securities for which no quoted value is available:** The Board has adopted procedures to fair value each fund's securities when market prices are not "readily available" or are unreliable. For example, a fund may fair value a security when it 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; or when a security's primary trading market is closed during regular market hours. Each fund makes fair value determinations in good faith in accordance with the fund's valuation procedures. The Pricing Committee considers a number of factors, including unobservable market inputs when arriving at fair value. The Pricing Committee may employ techniques such as the review of related or comparable assets or liabilities, related market activities, recent transactions, market multiples, book values, transactional back-testing, disposition analysis and other relevant information. The Pricing Committee regularly reviews these inputs and assumptions to calibrate the valuations. 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 Board convenes on a regular basis to review fair value determinations made by the funds pursuant to the valuation procedures.
- **Foreign equity security fair valuation:** The Board has adopted procedures to fair value foreign equity securities that are traded in markets that close prior to the funds valuing their holdings. By fair valuing securities whose prices may have been affected by events occurring after the close of trading, each fund seeks 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 NAV of the fund's 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. When fair value pricing is used at the open or close of a reporting period, it may cause a temporary divergence between the return of a fund and that of its comparative index or benchmark. The Board regularly reviews fair value determinations made by the funds pursuant to these procedures.
- **Futures contracts:** Futures contracts are valued at their settlement prices as of the close of their exchanges.
- **Underlying funds:** Mutual funds are valued at their respective NAVs. Exchange-traded funds (ETFs) traded on a recognized securities exchange are valued at the last reported sale price that day or the official closing price, if applicable.
- **Cash management sweep time deposits:** Balances held in cash management sweep time deposits are accounted for on a cost basis, which approximates fair value.

In accordance with the authoritative guidance on fair value measurements and disclosures under GAAP, the funds disclose the fair value of their investments in a hierarchy that prioritizes the significant inputs to valuation techniques used to measure the fair value. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (Level 3 measurements). If inputs used to measure the financial instruments fall within different levels of the hierarchy, the

Financial Notes (continued)

2. Significant Accounting Policies (continued):

categorization is based on the lowest level input that is significant to the valuation. If the funds determine that either the volume and/or level of activity for an asset or liability has significantly decreased (from normal conditions for that asset or liability) or price quotations or observable inputs are not associated with orderly transactions, increased analysis and management judgment will be required to estimate fair value.

The three levels of the fair value hierarchy are as follows:

- Level 1 – quoted prices in active markets for identical securities – Investments whose values are based on quoted market prices in active markets, and whose values are therefore classified as Level 1 prices, include active listed equities, ETFs and futures contracts. Investments in mutual funds are valued daily at their NAVs, and investments in ETFs are valued daily at the last reported sale price or the official closing price, which are classified as Level 1 prices, without consideration to the classification level of the specific investments held by an underlying fund.
- Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.) – Investments that trade in markets that are not considered to be active, but whose values are based on quoted market prices, dealer quotations or valuations provided by alternative pricing sources supported by observable inputs are classified as Level 2 prices. These generally include U.S. government and sovereign obligations, most government agency securities, investment-grade corporate bonds, certain mortgage products, less liquid listed equities, and state, municipal and provincial obligations. In addition, international securities whose markets close hours before the funds value their holdings may require fair valuations due to significant movement in the U.S. markets occurring after the daily close of the foreign markets. The Board has approved a vendor that calculates fair valuations of international equity securities based on a number of factors that appear to correlate to the movements in the U.S. markets.
- Level 3 – significant unobservable inputs (including the funds' own assumptions in determining the fair value of investments) – Investments whose values are classified as Level 3 prices have significant unobservable inputs, as they may trade infrequently or not at all. When observable prices are not available for these securities, the funds use one or more valuation techniques for which sufficient and reliable data is available. The inputs used by the funds in estimating the value of Level 3 prices may include the original transaction price, quoted prices for similar securities or assets in active markets, completed or pending third-party transactions in the underlying investment or comparable issuers, and changes in financial ratios or cash flows. Level 3 prices may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the funds in the absence of market information. Assumptions used by the funds due to the lack of observable inputs may significantly impact the resulting fair value and therefore the funds' results of operations.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The levels associated with valuing the funds' investments as of October 31, 2020 are disclosed in the Condensed Portfolio Holdings.

(b) Accounting Policies for certain Portfolio Investments (if held):

Futures Contracts: Futures contracts are instruments that represent an agreement between two parties that obligates one party to buy, and the other party to sell, specific instruments at an agreed upon price on a stipulated future date. A fund must give the broker a deposit of cash and/or securities (initial margin) whenever it enters into a futures contract. The amount of the deposit may vary from one contract to another. Subsequent payments (variation margin) are made or received by a fund depending on the daily fluctuations in the value of the futures contract and are accounted for as unrealized appreciation or depreciation until the contract is closed, at which time the gains or losses are realized. Futures contracts are traded publicly on exchanges, and their fair value may change daily.

Securities Lending: Under the trusts' Securities Lending Program, a fund (lender), may make short-term loans of its securities to another party (borrower) to generate additional revenue for the fund. The borrower pledges collateral in the form of cash, securities issued or fully guaranteed by the U.S. government or foreign governments, or letters of credit issued by a bank. Collateral at the individual loan level is required to be maintained on a daily marked-to-market basis in an amount at least equal to the current value of the securities loaned. The lending agent provides a fund with indemnification against borrower default (the borrower fails to return the security on loan) reducing the risk of loss as a result of default. The cash collateral of securities loaned is currently invested in money market portfolios operating under Rule 2a-7 of the 1940 Act. Each fund bears the risk of loss with respect to the investment of cash collateral. The terms of the securities lending agreement allow the funds or the lending agent to terminate any loan at any given time and the securities must be returned within the earlier of the standard trade settlement period or the specified time period under the relevant securities lending agreement. Securities lending income, as disclosed in each fund's Statement of Operations, if applicable, represents the income earned from the investment of the cash collateral plus any fees paid by borrowers,

Financial Notes (continued)

2. Significant Accounting Policies (continued):

less the fees paid to the lending agent and broker rebates which are subject to adjustments pursuant to the securities lending agreement. On loans not collateralized by cash, a fee is received from the borrower, and is allocated between a fund and the lending agent. The aggregate fair value of securities loaned will not at any time exceed one-third of the total assets of a fund, including collateral received from the loan. Securities lending fees paid to the unaffiliated lending agents start at 10% of gross lending revenue, with subsequent breakpoints to a low of 7.5%. In this context, the gross lending revenue equals the income received from the investment of cash collateral and fees paid by borrowers less any rebates paid to the borrowers. Any expenses charged by the cash collateral fund are in addition to these fees. All remaining revenue is retained by the fund, as applicable. No portion of lending revenue is paid to or retained by Charles Schwab Investment Management, Inc. (CSIM or the investment adviser) or any affiliate of CSIM.

As of October 31, 2020, the funds had securities on loan, all of which were classified as common stocks and rights. The value of the securities on loan and the related collateral as of October 31, 2020, if any, are disclosed in each fund's Condensed Portfolio Holdings and Statement of Assets and Liabilities.

Cash Management Transactions: The funds, except for Schwab 1000 Index Fund, Schwab U.S. Large-Cap Growth Index Fund, Schwab U.S. Large-Cap Value Index Fund and Schwab U.S. Mid-Cap Index Fund may subscribe to the Brown Brothers Harriman & Co. (BBH) Cash Management Service Sweep (CMS Sweep). The BBH CMS Sweep is an investment product that automatically sweeps the funds' cash balances into overnight offshore time deposits with either the BBH Grand Cayman branch or a branch of a pre-approved commercial bank. This fully automated program allows the funds to earn interest on cash balances, however, interest rates may be negative due to overnight rates at the central bank of the denominated currency. Excess cash invested with deposit institutions domiciled outside of the U.S., as with any offshore deposit, may be subject to sovereign actions in the jurisdiction of the deposit institution including, but not limited to, freeze, seizure or diminution. The funds bear the risk associated with the repayment of principal and payment of interest on such instruments by the institution with which the deposit is ultimately placed.

(c) Security Transactions:

Security transactions are recorded as of the date the order to buy or sell the security is executed. Realized gains and losses from security transactions are based on the identified costs of the securities involved.

Assets and liabilities denominated in foreign currencies are reported in U.S. dollars. For assets and liabilities held on a given date, the dollar value is based on market exchange rates in effect on that date. Transactions involving foreign currencies, including purchases, sales, income receipts and expense payments, are calculated using exchange rates in effect on the transaction date. Realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions and the differences between the recorded amounts of dividends, interest, and foreign withholding taxes and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange appreciation or depreciation arises from changes in foreign exchange rates on foreign denominated assets and liabilities other than investments in securities held at the end of the reporting period. These realized and unrealized foreign exchange gains or losses are reported in foreign currency transactions or translations in the Statement of Operations. The funds do not isolate the portion of the fluctuations on investments resulting from changes in foreign currency exchange rates from the fluctuations in market prices of investments held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

Gains realized by the funds on the sale of securities in certain foreign countries may be subject to non-U.S. taxes. In those instances, the funds record a liability based on unrealized appreciation to provide for potential non-U.S. taxes payable upon the sale of these securities.

When a fund closes out a futures contract position, it calculates the difference between the value of the position at the beginning and at the end of the contract, and records a realized gain or loss accordingly.

(d) Investment Income:

Interest income is recorded as it accrues. Dividends, in the form of cash or non-cash income such as in the form of additional securities, and distributions from portfolio securities and underlying funds are recorded on the date they are effective (the ex-dividend date), although the funds record certain foreign security dividends on the date the ex-dividend date is confirmed. Any distributions from underlying funds are recorded in accordance with the character of the distributions as designated by the underlying funds.

Financial Notes (continued)

2. Significant Accounting Policies (continued):

Income received from foreign sources may result in withholding tax. Withholding taxes are accrued at the same time as the related income if the tax rate is fixed and known, unless a tax withheld is reclaimable from the local tax authorities in which case it is recorded as receivable. If the tax rate is not known or estimable, such expense or reclaim receivable is recorded when the net proceeds are received.

The Schwab International Index Fund filed claims to recover taxes previously withheld in certain European Union countries on the basis that those countries had purportedly violated certain provisions in the Treaty on the Functioning of the European Union. These filings are subject to various administrative and judicial proceedings within these countries, and all professional fees associated with these filings have been paid by the investment adviser. For additional details see Affiliates and Affiliated Transactions in financial note 4, Other Affiliated Transactions.

(e) Expenses:

Pursuant to an Amended and Restated Investment Advisory and Administration Agreement (Advisory Agreement) between CSIM and each trust, CSIM pays the operating expenses of each fund, excluding acquired fund fees and expenses, taxes, any brokerage expenses, and extraordinary or non-routine expenses. Taxes, any brokerage expenses and extraordinary or non-routine expenses that are specific to a fund are charged directly to the fund.

(f) Distributions to Shareholders:

The funds make distributions from net investment income and net realized capital gains, if any, once a year.

(g) Accounting Estimates:

The accounting policies described in this report conform to GAAP. Notwithstanding this, shareholders should understand that in order to follow these principles, fund management has to make estimates and assumptions that affect the information reported in the financial statements. It's possible that once the results are known, they may turn out to be different from these estimates and these differences may be material.

(h) Federal Income Taxes:

The funds intend to meet federal income and excise tax requirements for regulated investment companies under subchapter M of the Internal Revenue Code, as amended. Accordingly, the funds distribute substantially all of their net investment income and net realized capital gains, if any, to their shareholders each year. As long as a fund meets the tax requirements, it is not required to pay federal income tax.

(i) Foreign Taxes:

The funds may be subject to foreign taxes (a portion of which may be reclaimable) on income, corporate events, foreign currency exchanges and capital gains on investments. All foreign taxes are recorded in accordance with the applicable foreign tax regulations and rates that exist in foreign markets in which the funds invest. These foreign taxes, if any, are paid by the funds and are disclosed in the Statement of Operations. Foreign taxes accrued as of October 31, 2020, if any, are reflected in each fund's Statement of Assets and Liabilities.

(j) Indemnification:

Under the funds' organizational documents, the officers and trustees are indemnified against certain liabilities arising out of the performance of their duties to the funds. In addition, in the normal course of business the funds enter into contracts with their vendors and others that provide general indemnifications. The funds' maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the funds. However, based on experience, the funds expect the risk of loss attributable to these arrangements to be remote.

3. Risk Factors:

Investing in the funds may involve certain risks, as discussed in the funds' prospectuses, including, but not limited to, those described below. Any of these risks could cause an investor to lose money.

Financial Notes (continued)

3. Risk Factors (continued):

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 a fund will fluctuate, which means that an investor could lose money over short or long periods.

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.

Tracking Error Risk. As an index fund, each 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 a fund and the index, positive or negative, is called “tracking error.” Tracking error can be caused by many factors and it may be significant.

Investment Style Risk. The funds are index funds. Therefore, each fund follows the securities included in its respective index during upturns as well as downturns. Because of its indexing strategy, a fund does not take steps to reduce market exposure or to lessen the effects of a declining market. In addition, because of a fund’s expenses, a fund’s performance may be below that of the index. Market disruptions could cause delays in an index’s rebalancing schedule which may result in the index and, in turn, a fund experiencing returns different than those that would have been achieved under a normal rebalancing schedule.

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

Concentration Risk. To the extent that a fund’s or its respective index’s portfolio is concentrated in the securities of issuers in a particular market, industry, group of industries, sector, country or asset class, the 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.

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, a fund’s performance could be impacted.

Large-Cap Company Risk. Large-cap companies are generally more mature and the securities issued by these companies may not be able to reach the same levels of growth as the securities issued by small- or mid-cap companies.

Mid-Cap Company Risk. Mid-cap companies may be more vulnerable to adverse business or economic events than larger, more established companies and the value of securities issued by these companies may move sharply.

Small-Cap Company Risk. Securities issued by small-cap companies may be riskier than those issued by larger companies, and their prices may move sharply, especially during market upturns and downturns.

Growth Investing Risk. Growth stocks can be volatile. Growth companies usually invest a high portion of earnings in their businesses and may lack the dividends of value stocks that can cushion stock prices in a falling market. The prices of growth stocks are based largely on projections of the issuer’s future earnings and revenues. If a company’s earnings or revenues fall short of expectations, its stock price may fall dramatically. Growth stocks may also be more expensive relative to their earnings or assets compared to value or other stocks.

Value Investing Risk. A fund may emphasize “value” style of investing, which targets undervalued companies with characteristics for improved valuations. This style of investing is subject to the risk that the valuations never improve or that the returns on “value” securities may not move in tandem with the returns on other styles of investing or the stock market in general.

Foreign Investment Risk. A 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 a fund’s investments, and could impair the 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. To the extent a fund’s investments

Financial Notes (continued)

3. Risk Factors (continued):

in a single country or a limited number of countries represent a large percentage of the fund's assets, the fund's performance may be adversely affected by the economic, political, regulatory and social conditions in those countries, and the fund's price may be more volatile than the price of a fund that is geographically diversified.

Derivatives Risk. A fund may use derivatives to enhance returns or hedge against market declines. Examples of derivatives are futures and options on futures. An option is the right to buy or sell an instrument at a specific price before a specific date. A future is an agreement to buy or sell a financial instrument at a specific price on a specific day. The use of derivatives that are subject to regulation by the Commodity Futures Trading Commission (CFTC) could cause the fund to become a commodity pool, which would require the fund to comply with certain CFTC rules.

A 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 liquidity risk and market risk, are discussed elsewhere in this section. A fund's use of derivatives is also subject to lack of availability risk, credit risk, leverage 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. Credit risk is the risk that the counterparty to a derivatives transaction may not fulfill its obligations. Leverage risk is the risk that a small percentage of assets invested in derivatives can have a disproportionately large impact on a fund. 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 a fund to realize higher amounts of short-term capital gains. A fund's use of derivatives could reduce the fund's performance, increase its volatility, and could cause the fund to lose more than the initial amount invested.

Liquidity Risk. A fund may be unable to sell certain securities, such as illiquid securities, readily at a favorable time or price, or the fund may have to sell them at a loss.

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.

Please refer to the funds' prospectuses for a more complete description of the principal risks of investing in the funds.

4. Affiliates and Affiliated Transactions:

Investment Adviser

CSIM, a wholly owned subsidiary of The Charles Schwab Corporation, serves as each fund's investment adviser and administrator pursuant to an Advisory Agreement between CSIM and each trust.

For its advisory and administrative services to the funds, CSIM is entitled to receive an annual fee, payable monthly, based on a percentage of each fund's average daily net assets as follows:

Schwab S&P 500 Index Fund	Schwab 1000 Index Fund	Schwab Small-Cap Index Fund	Schwab Total Stock Market Index Fund	Schwab U.S. Large-Cap Growth Index Fund	Schwab U.S. Large-Cap Value Index Fund	Schwab U.S. Mid-Cap Index Fund	Schwab International Index Fund
0.02%	0.05%	0.04%	0.03%	0.035%	0.035%	0.04%	0.06%

Financial Notes (continued)

4. Affiliates and Affiliated Transactions (continued):

Investments from Affiliates

Certain funds in the Fund Complex (for definition refer to Trustees and Officers section) may own shares of other funds in the Fund Complex. The table below reflects the percentages of shares of each fund in this report that are owned by other funds in the Fund Complex as of October 31, 2020, as applicable:

	UNDERLYING FUNDS				
	SCHWAB S&P 500 INDEX FUND	SCHWAB SMALL-CAP INDEX FUND	SCHWAB U.S. LARGE-CAP GROWTH INDEX FUND	SCHWAB U.S. MID-CAP INDEX FUND	SCHWAB INTERNATIONAL INDEX FUND
Schwab MarketTrack All Equity Portfolio	0.4%	1.6%	6.4%	—%	1.4%
Schwab MarketTrack Balanced Portfolio	0.2%	0.8%	3.3%	—%	0.6%
Schwab MarketTrack Conservative Portfolio	0.1%	0.3%	1.2%	—%	0.2%
Schwab MarketTrack Growth Portfolio	0.5%	1.7%	5.2%	—%	1.2%
Schwab Target 2010 Fund	0.0%*	—%	—%	0.1%	—%
Schwab Target 2015 Fund	0.0%*	—%	—%	0.1%	—%
Schwab Target 2020 Fund	0.1%	—%	—%	0.9%	—%
Schwab Target 2025 Fund	0.2%	—%	—%	1.4%	—%
Schwab Target 2030 Fund	0.3%	—%	—%	2.4%	—%
Schwab Target 2035 Fund	0.2%	—%	—%	1.5%	—%
Schwab Target 2040 Fund	0.3%	—%	—%	3.2%	—%
Schwab Target 2045 Fund	0.1%	—%	—%	0.6%	—%
Schwab Target 2050 Fund	0.1%	—%	—%	0.6%	—%
Schwab Target 2055 Fund	0.0%*	—%	—%	0.4%	—%
Schwab Target 2060 Fund	0.0%*	—%	—%	0.1%	—%

* Less than 0.05%

Other Affiliated Transactions

The professional fees related to foreign withholding tax claims discussed in financial note 2 were non-routine expenses. The investment adviser agreed to pay these professional fees, which are subject to reimbursement by the Schwab International Index Fund to the extent the fund is able to successfully recover taxes withheld in the future.

The professional fees incurred by the Schwab International Index Fund were \$37,098 and the fund made no reimbursement to the investment adviser during the period ended October 31, 2020.

As of October 31, 2020, the balance of professional fees related to foreign withholding tax subject to future reimbursement by the fund to the investment adviser was \$158,346 for the Schwab International Index Fund.

No other amounts for additional tax reclaims are reflected in the financial statements due to the uncertainty surrounding the ultimate resolution of proceedings, the likelihood of receipt of these claims, and the potential timing of payment.

Interfund Borrowing and Lending

Pursuant to an exemptive order issued by the SEC, the funds may enter into interfund borrowing and lending transactions with other funds in the Fund Complex. All loans are for temporary or emergency purposes and the interest rate to be charged will be the average of the overnight repurchase agreement rate and the short-term bank loan rate. All loans are subject to numerous conditions designed to ensure fair and equitable treatment of all participating funds. The interfund lending facility is subject to the oversight and periodic review by the Board. The funds had no interfund borrowing or lending activity during the period.

Financial Notes (continued)

4. Affiliates and Affiliated Transactions (continued):

Interfund Transactions

The funds may engage in transactions with certain other funds in the Fund Complex when permitted by applicable law. When one fund is seeking to sell a security that another is seeking to buy, an interfund transaction can allow both funds to benefit by reducing transaction costs. This practice is limited to funds that share the same investment adviser, trustees and/or officers. For the period ended October 31, 2020, each fund's total aggregate security transactions with other funds in the Fund Complex as well as any realized gains (losses) were as follows:

	TOTAL AGGREGATE TRANSACTIONS	REALIZED GAINS (LOSSES)
Schwab S&P 500 Index Fund	\$448,719,008	(\$30,147,012)
Schwab 1000 Index Fund	168,360,448	28,715,127
Schwab Small-Cap Index Fund	92,871,145	(11,738,204)
Schwab Total Stock Market Index Fund	152,380,599	(23,064,132)
Schwab U.S. Large-Cap Growth Index Fund	61,408,968	(3,005,199)
Schwab U.S. Large-Cap Value Index Fund	60,679,072	(566,260)
Schwab U.S. Mid-Cap Index Fund	30,988,721	(4,440,043)
Schwab International Index Fund	9,325,639	(2,176,395)

5. Board of Trustees:

The Board may include people who are officers and/or directors of CSIM or its affiliates. Federal securities law limits the percentage of such "interested persons" who may serve on a trust's board, and the trusts were in compliance with these limitations throughout the report period. The funds do not pay any interested or non-interested (independent trustees) trustees. The independent trustees are paid by CSIM. For information regarding the trustees, please refer to the Trustees and Officers table at the end of this report.

6. Borrowing from Banks:

During the period, the funds were participants with other funds in the Fund Complex in a joint, syndicated, committed \$750 million line of credit (the Syndicated Credit Facility), which matured on October 1, 2020. On October 1, 2020, the Syndicated Credit Facility was amended to run for a new 364 day period with a line of credit of \$850 million, maturing on September 30, 2021. Under the terms of the Syndicated Credit Facility, in addition to CSIM paying the interest charged on any borrowings by a fund, CSIM paid a commitment fee of 0.15% per annum on the funds' proportionate share of the unused portion of the Syndicated Credit Facility.

During the period, the funds were participants with other funds in the Fund Complex in a joint, unsecured, uncommitted \$500 million line of credit (the Uncommitted Credit Facility), with State Street Bank and Trust Company, which matured on November 29, 2019. On November 29, 2019, the Uncommitted Credit Facility was amended to run for a new 364 day period, which was scheduled to mature on November 27, 2020. However, on October 1, 2020, the Uncommitted Credit Facility was amended to run for a new 364 day period with a line of credit of \$400 million, maturing on September 30, 2021. Under the terms of the Uncommitted Credit Facility, CSIM pays interest on the amount a fund borrows. There were no borrowings from either line of credit during the period.

The funds also have access to custodian overdraft facilities. A fund may have utilized the overdraft facility and incurred an interest expense, which is paid by CSIM. The interest expense is determined based on a negotiated rate above the current Federal Funds Rate.

7. Derivatives:

Certain funds entered into equity index futures contracts during the report period. The funds invested in futures contracts to equitize available cash. The current value and variation margin for futures contracts held at October 31, 2020 are presented on the Condensed Portfolio Holdings and Statement of Assets and Liabilities, respectively. The net realized and change in unrealized gains (losses) on futures contracts are presented on the Statement of Operations, if any. Refer to financial note 2(b) for the funds'

Financial Notes (continued)

7. Derivatives (continued):

accounting policies with respect to futures contracts and financial note 3 for disclosures concerning the risks of investing in futures contracts. During the period ended October 31, 2020, the month-end average notional amounts of futures contracts held by the funds and the month-end average number of contracts held were as follows:

	NOTIONAL AMOUNTS	NUMBER OF CONTRACTS
Schwab S&P 500 Index Fund	\$169,972,343	1,099
Schwab 1000 Index Fund	30,491,298	196
Schwab Small-Cap Index Fund	17,654,672	242
Schwab Total Stock Market Index Fund	48,355,711	359
Schwab U.S. Large-Cap Growth Index Fund	1,596,768	16
Schwab U.S. Large-Cap Value Index Fund	1,251,215	21
Schwab U.S. Mid-Cap Index Fund	1,904,547	11
Schwab International Index Fund	34,885,241	388

8. Purchases and Sales of Investment Securities:

For the period ended October 31, 2020, purchases and sales of securities (excluding short-term obligations) were as follows:

	PURCHASES OF SECURITIES	SALES OF SECURITIES
Schwab S&P 500 Index Fund	\$2,754,606,077	\$1,769,182,368
Schwab 1000 Index Fund	344,582,891	666,920,752
Schwab Small-Cap Index Fund	848,379,644	851,080,072
Schwab Total Stock Market Index Fund	862,924,648	417,298,633
Schwab U.S. Large-Cap Growth Index Fund	372,824,528	138,714,079
Schwab U.S. Large-Cap Value Index Fund	274,028,025	135,725,291
Schwab U.S. Mid-Cap Index Fund	247,687,257	127,707,214
Schwab International Index Fund	1,287,465,490	376,546,823

9. Federal Income Taxes:

As of October 31, 2020, the tax basis cost of the funds' investments and gross unrealized appreciation and depreciation were as follows:

	SCHWAB S&P 500 INDEX FUND	SCHWAB 1000 INDEX FUND	SCHWAB SMALL-CAP INDEX FUND	SCHWAB TOTAL STOCK MARKET INDEX FUND	SCHWAB U.S. LARGE-CAP GROWTH INDEX FUND
Tax cost	\$20,994,325,511	\$2,546,627,985	\$3,383,267,705	\$6,598,856,301	\$374,201,023
Gross unrealized appreciation	\$24,820,020,911	\$7,436,920,050	\$1,310,999,799	\$5,533,184,724	\$126,539,263
Gross unrealized depreciation	(1,731,118,417)	(216,522,772)	(647,745,167)	(652,898,091)	(11,803,251)
Net unrealized appreciation (depreciation)	\$23,088,902,494	\$7,220,397,278	\$663,254,632	\$4,880,286,633	\$114,736,012

	SCHWAB U.S. LARGE-CAP VALUE INDEX FUND	SCHWAB U.S. MID-CAP INDEX FUND	SCHWAB INTERNATIONAL INDEX FUND
Tax cost	\$334,833,790	\$448,373,995	\$5,463,982,136
Gross unrealized appreciation	\$39,111,681	\$90,388,626	\$1,445,722,017
Gross unrealized depreciation	(42,432,693)	(55,830,281)	(1,001,320,277)
Net unrealized appreciation (depreciation)	(\$3,321,012)	\$34,558,345	\$444,401,740

Financial Notes (continued)

9. Federal Income Taxes (continued):

As of October 31, 2020, the components of distributable earnings on a tax basis were as follows:

	SCHWAB S&P 500 INDEX FUND	SCHWAB 1000 INDEX FUND	SCHWAB SMALL-CAP INDEX FUND	SCHWAB TOTAL STOCK MARKET INDEX FUND	SCHWAB U.S. LARGE-CAP GROWTH INDEX FUND
Undistributed ordinary income	\$738,207,831	\$152,829,210	\$39,685,604	\$173,485,433	\$2,759,338
Undistributed long-term capital gains	—	117,102,344	72,778,268	—	—
Net unrealized appreciation (depreciation) on investments	23,088,902,494	7,220,397,278	663,254,632	4,880,286,633	114,736,012
Net other unrealized appreciation (depreciation)	—	—	—	—	—
Total	\$23,827,110,325	\$7,490,328,832	\$775,718,504	\$5,053,772,066	\$117,495,350

	SCHWAB U.S. LARGE-CAP VALUE INDEX FUND	SCHWAB U.S. MID-CAP INDEX FUND	SCHWAB INTERNATIONAL INDEX FUND
Undistributed ordinary income	\$5,774,891	\$6,125,106	\$118,175,088
Undistributed long-term capital gains	—	—	—
Net unrealized appreciation (depreciation) on investments	(3,321,012)	34,558,345	444,401,740
Net other unrealized appreciation (depreciation)	—	—	573,654
Total	\$2,453,879	\$40,683,451	\$563,150,482

The primary differences between book basis and tax basis unrealized appreciation or unrealized depreciation of investments are the tax deferral of losses on wash sales, realization for tax purposes of unrealized gains (losses) on futures contracts and the realization for tax purposes of unrealized appreciation on investments in Passive Foreign Investment Companies (PFIC) and partnership investments. The tax cost of the funds' investments, disclosed above, have been adjusted from their book amounts to reflect these unrealized appreciation or depreciation differences, as applicable.

Capital loss carryforwards may be used to offset future realized capital gains for federal income tax purposes. As of October 31, 2020, the funds had capital loss carryforwards available to offset future net capital gains as follows:

EXPIRATION DATE	SCHWAB S&P 500 INDEX FUND	SCHWAB 1000 INDEX FUND	SCHWAB SMALL-CAP INDEX FUND	SCHWAB TOTAL STOCK MARKET INDEX FUND	SCHWAB U.S. LARGE-CAP GROWTH INDEX FUND
No expiration	\$177,404,555	\$—	\$—	\$21,117,724	\$5,572,385
Total	\$177,404,555	\$—	\$—	\$21,117,724	\$5,572,385

EXPIRATION DATE	SCHWAB U.S. LARGE-CAP VALUE INDEX FUND	SCHWAB U.S. MID-CAP INDEX FUND	SCHWAB INTERNATIONAL INDEX FUND
No expiration	\$1,090,145	\$3,129,145	\$202,372,544
Total	\$1,090,145	\$3,129,145	\$202,372,544

The Schwab U.S. Large-Cap Growth Index Fund had an ownership change due to shareholder activity which subjects the fund to certain annual limitations under Internal Revenue Code Section 382 in regard to the availability of capital loss carryforwards to offset potential future capital gains.

For the fiscal year ended October 31, 2020, the funds had no capital loss carryforwards utilized.

Financial Notes (continued)

9. Federal Income Taxes (continued):

The tax basis components of distributions paid during the current and prior fiscal years were as follows:

	SCHWAB S&P 500 INDEX FUND	SCHWAB 1000 INDEX FUND	SCHWAB SMALL-CAP INDEX FUND	SCHWAB TOTAL STOCK MARKET INDEX FUND	SCHWAB U.S. LARGE-CAP GROWTH INDEX FUND
Current fiscal year end distributions					
Ordinary income	\$752,543,848	\$175,073,765	\$71,467,544	\$180,871,651	\$1,890,344
Long-term capital gains	76,711,728	115,680,278	187,516,879	26,277,147	–
Prior fiscal year end distributions					
Ordinary income	\$696,643,335	\$157,630,133	\$75,407,201	\$163,508,663	\$949,803
Long-term capital gains	138,486,140	287,803,474	256,270,995	35,933,416	–
	SCHWAB U.S. LARGE-CAP VALUE INDEX FUND	SCHWAB U.S. MID-CAP INDEX FUND	SCHWAB INTERNATIONAL INDEX FUND		
Current fiscal year end distributions					
Ordinary income	\$7,613,944	\$7,422,021	\$172,919,468		
Long-term capital gains	2,019,105	2,160,536	–		
Prior fiscal year end distributions					
Ordinary income	\$1,536,515	\$2,937,860	\$132,253,839		
Long-term capital gains	–	13,414	–		

Distributions paid to shareholders are based on net investment income and net realized gains determined on a tax basis, which may differ from net investment income and net realized gains for financial reporting purposes. These differences reflect the differing character of certain income items and net realized gains and losses for financial statement and tax purposes, and may result in reclassification among certain capital accounts on the financial statements.

Permanent book and tax basis differences may result in reclassifications between components of net assets as required. The adjustments will have no impact on net assets or the results of operations.

As of October 31, 2020, management has reviewed the tax positions for open periods (for federal purposes, three years from the date of filing and for state purposes, four years from the date of filing) as applicable to the funds, and has determined that no provision for income tax is required in the funds' financial statements. The funds recognize interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the Statement of Operations. During the fiscal year ended October 31, 2020, the funds did not incur any interest or penalties.

10. Independent Registered Public Accounting Firm:

On June 8, 2020, the Audit, Compliance and Valuation Committee of the Board approved, and on June 9, 2020, the Board approved, Deloitte & Touche LLP as the independent registered accounting firm of the Schwab Funds Complex for fiscal periods ending after June 8, 2020.

On June 8, 2020, PricewaterhouseCoopers LLP (the "Prior Auditor") resigned as the independent registered public accounting firm of the Schwab Funds Complex. The Prior Auditor's reports on the financial statements of the Schwab 1000 Index Fund, Schwab S&P 500 Index Fund, Schwab Small-Cap Index Fund, Schwab Total Stock Market Index Fund and Schwab International Index Fund for the past two fiscal years, October 31, 2018 and October 31, 2019, and the Schwab U.S. Large-Cap Growth Index Fund, Schwab U.S. Large-Cap Value Index Fund and Schwab U.S. Mid-Cap Index Fund for the period December 20, 2017 (commencement of operations) through October 31, 2018 and the year ended October 31, 2019, did not contain an adverse opinion or disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope or accounting principles. During the last two period year-ends detailed above and through June 8, 2020, there were no (1) disagreements with the Prior Auditor on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the Prior Auditor's satisfaction, would have caused it to make reference to that matter in connection with its reports on the funds' financial statements for such periods; or (2) "reportable events," as that term is defined in Item 304 (a)(1)(v) of Regulation S-K under the Securities Exchange Act of 1934.

Financial Notes (continued)

11. Subsequent Events:

Management has determined there are no subsequent events or transactions through the date the financial statements were issued that would have materially impacted the financial statements as presented.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Schwab Investments and Schwab Capital Trust and Shareholders of Schwab 1000 Index Fund, Schwab S&P 500 Index Fund, Schwab Small-Cap Index Fund, Schwab Total Stock Market Index Fund, Schwab U.S. Large-Cap Growth Index Fund, Schwab U.S. Large-Cap Value Index Fund, Schwab U.S. Mid-Cap Index Fund and Schwab International Index Fund:

Opinion on the Financial Statements and Financial Highlights

We have audited the accompanying statements of assets and liabilities, including the condensed portfolio holdings, of Schwab 1000 Index Fund, one of the funds constituting Schwab Investments, and Schwab S&P 500 Index Fund, Schwab Small-Cap Index Fund, Schwab Total Stock Market Index Fund, Schwab U.S. Large-Cap Growth Index Fund, Schwab U.S. Large-Cap Value Index Fund, Schwab U.S. Mid-Cap Index Fund and Schwab International Index Fund (the “Funds”), seven of the funds constituting Schwab Capital Trust, as of October 31, 2020, and the related statements of operations, statements of changes in net assets, and the financial highlights for the year then ended, and the related notes. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of each of the Funds as of October 31, 2020, and the results of their operations, the changes in their net assets, and the financial highlights for the year then ended in conformity with accounting principles generally accepted in the United States of America. The statements of changes in net assets for the year ended October 31, 2019 and the financial highlights for each of the four years in the period ended October 31, 2019; except for Schwab U.S. Large-Cap Growth Index Fund, Schwab U.S. Large-Cap Value Index Fund, and Schwab U.S. Mid-Cap Index Fund, the financial highlights for the year ended October 31, 2019 and for the period from December 20, 2017 to October 31, 2018, were audited by other auditors, whose report, dated December 16, 2019, expressed an unqualified opinion on such statements of changes in net assets and financial highlights.

Basis for Opinion

These financial statements and financial highlights are the responsibility of the Funds’ management. Our responsibility is to express an opinion on the Funds’ financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Funds in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. The Funds are not required to have, nor were we engaged to perform, an audit of their internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Funds’ internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. Our procedures included confirmation of securities owned as of October 31, 2020, by correspondence with the custodian and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

Deloitte & Touche LLP

Denver, Colorado
December 16, 2020

We have served as the auditor of one or more investment companies in the Schwab Funds Complex since 2020.

Other Federal Tax Information (unaudited)

Schwab International Index Fund may elect to pass on the benefits of the foreign tax credit of \$13,625,982 to its shareholders for the fiscal year ended October 31, 2020. The respective foreign source income on the fund is \$157,548,156.

For corporate shareholders, the following percentage of the funds' dividend distributions paid during the fiscal year ended October 31, 2020, qualify for the corporate dividends received deduction:

	PERCENTAGE
Schwab S&P 500 Index Fund	91.09
Schwab 1000 Index Fund	90.97
Schwab Small-Cap Index Fund	62.00
Schwab Total Stock Market Index Fund	88.23
Schwab U.S. Large-Cap Growth Index Fund	95.14
Schwab U.S. Large-Cap Value Index Fund	64.73
Schwab U.S. Mid-Cap Index Fund	61.70
Schwab International Index Fund	—

For the fiscal year ended October 31, 2020, the funds designate the following amounts of the dividend distributions as qualified dividends for the purpose of the maximum rate under section 1(h)(11) of the Internal Revenue Code. Shareholders will be notified in January 2021 via IRS Form 1099 of the amounts for use in preparing their 2020 income tax return.

Schwab S&P 500 Index Fund	\$752,543,848
Schwab 1000 Index Fund	166,557,709
Schwab Small-Cap Index Fund	44,664,481
Schwab Total Stock Market Index Fund	168,043,272
Schwab U.S. Large-Cap Growth Index Fund	1,830,390
Schwab U.S. Large-Cap Value Index Fund	5,059,613
Schwab U.S. Mid-Cap Index Fund	4,903,160
Schwab International Index Fund	162,726,986

Under section 852(b)(3)(C) of the Internal Revenue Code, certain funds hereby designate the following amounts as long-term capital gain dividends for the fiscal year ended October 31, 2020:

Schwab S&P 500 Index Fund	\$76,711,728
Schwab 1000 Index Fund	115,680,278
Schwab Small-Cap Index Fund	187,516,879
Schwab Total Stock Market Index Fund	26,277,147
Schwab U.S. Large-Cap Growth Index Fund	—
Schwab U.S. Large-Cap Value Index Fund	2,019,105
Schwab U.S. Mid-Cap Index Fund	2,160,536
Schwab International Index Fund	—

Liquidity Risk Management Program (Unaudited)

The Funds have adopted and implemented a liquidity risk management program (the “program”) as required by Rule 22e-4 under the Investment Company Act of 1940, as amended. The Funds’ Board of Trustees (the “Board”) has designated the Funds’ investment adviser, Charles Schwab Investment Management, Inc. (“CSIM”) as the administrator of the program. Personnel of CSIM or its affiliates conduct the day-to-day operation of the program.

Under the program, CSIM manages a Fund’s liquidity risk, which is the risk that the Fund could not meet shareholder redemption requests without significant dilution of remaining shareholders’ interests in the Fund. The program is reasonably designed to assess and manage a Fund’s liquidity risk, taking into consideration the Fund’s investment strategy and the liquidity of its portfolio investments during normal and reasonably foreseeable stressed conditions; its historical redemption history and shareholder concentrations; and its cash holdings and access to other funding sources, including the custodian overdraft facility and lines of credit. CSIM’s process of determining the degree of liquidity of each Fund’s investments is supported by third-party liquidity assessment vendors.

The Funds’ Board reviewed a report at its meeting held on September 22, 2020 prepared by CSIM regarding the operation and effectiveness of the program for the period June 1, 2019, through May 31, 2020. No significant liquidity events impacting any of the Funds were noted in the report. In addition, CSIM provided its assessment that the program had been operating effectively in managing each Fund’s liquidity risk.

Investment Advisory Agreement Approval

The Investment Company Act of 1940, as amended (the 1940 Act), requires that the continuation of a fund's investment advisory agreement must be specifically approved (1) by the vote of the trustees or by a vote of the shareholders of the fund, and (2) by the vote of a majority of the trustees who are not parties to the investment advisory agreement or "interested persons" of any party (the Independent Trustees), cast in person at a meeting called for the purpose of voting on such approval. In connection with such approvals, the fund's trustees must request and evaluate, and the investment adviser is required to furnish, such information as may be reasonably necessary to evaluate the terms of the investment advisory agreement.

The Board of Trustees (the Board or the Trustees, as appropriate) calls and holds one or more meetings each year that are dedicated, in whole or in part, to considering whether to renew the amended and restated investment advisory and administration agreements (the Agreements) between Schwab Capital Trust and Schwab Investments (collectively, the Trusts) and Charles Schwab Investment Management, Inc. (CSIM) with respect to the existing funds in the Trusts, including Schwab S&P 500 Index Fund, Schwab 1000 Index Fund, Schwab Small-Cap Index Fund, Schwab Total Stock Market Index Fund, Schwab International Index Fund, Schwab U.S. Large-Cap Growth Index Fund, Schwab U.S. Large-Cap Value Index Fund, and Schwab U.S. Mid-Cap Index Fund (each, a Fund and collectively, the Funds), and to review certain other agreements pursuant to which CSIM provides investment advisory services to certain other registered investment companies. In preparation for the meeting(s), the Board requests and reviews a wide variety of materials provided by CSIM, including information about CSIM's affiliates, personnel, business goals and priorities, profitability, third-party oversight, corporate structure and operations. As part of the renewal process, the Independent Trustees' legal counsel, on behalf of the Independent Trustees, sends an information request letter to CSIM seeking certain relevant information. The responses by CSIM are provided to the Trustees in the Board materials for their review prior to their meeting, and the Trustees are provided with the opportunity to request any additional materials. The Board also receives data provided by an independent provider of investment company data. This information is in addition to the detailed information about the Funds that the Board reviews during the course of each year, including information that relates to the Funds' operations and performance, legal and compliance matters, risk management, portfolio turnover, and sales and marketing activity. In considering the renewal, the Independent Trustees receive advice from Independent Trustees' legal counsel, including a memorandum regarding the responsibilities of trustees for the approval of investment advisory agreements. In addition, the Independent Trustees participate in question and

answer sessions with representatives of CSIM and meet in executive session outside the presence of Fund management.

The Board, including a majority of the Independent Trustees, considered information relating to the continuance of the Agreements with respect to the Funds at meetings held on May 11, 2020 and June 9, 2020, and approved the renewal of the Agreements with respect to the Funds for an additional one-year term at the meeting on June 9, 2020 called for the purpose of voting on such approval.¹

The Board's approval of the continuance of the Agreements with respect to the Funds was based on consideration and evaluation of a variety of specific factors discussed at these meetings and at prior meetings, including:

1. the nature, extent and quality of the services provided to each Fund under the Agreements, including the resources of CSIM and its affiliates dedicated to the Funds;
2. each Fund's investment performance and how it compared to that of certain other comparable mutual funds and benchmark data;
3. each Fund's expenses and how those expenses compared to those of certain other similar mutual funds;
4. the profitability of CSIM and its affiliates, including Charles Schwab & Co., Inc. (Schwab), with respect to each Fund, including both direct and indirect benefits accruing to CSIM and its affiliates; and
5. the extent to which economies of scale would be realized as each Fund grows and whether fee levels in the Agreements reflect those economies of scale for the benefit of Fund investors.

Nature, Extent and Quality of Services. The Board considered the nature, extent and quality of the services provided by CSIM to the Funds and the resources of CSIM and its affiliates dedicated to the Funds. In this regard, the Trustees evaluated, among other things, CSIM's experience, track record, compliance program, resources dedicated to hiring and retaining skilled personnel and specialized talent, and information security resources. The Trustees also considered information provided by CSIM relating to services and support provided with respect to each Fund's portfolio management team, portfolio strategy, and internal investment guidelines, as well as trading infrastructure, liquidity management, product design and analysis, shareholder communications, securities valuation, fund accounting and custody, and vendor and risk oversight. The Trustees also considered investments CSIM has made in its infrastructure, including modernizing CSIM's technology and use of data, increasing expertise in key areas (including portfolio management and trade operations), and improving business continuity, cybersecurity, due diligence, risk management processes, and information security programs,

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which are designed to provide enhanced services to each Fund and its shareholders. The Trustees also considered Schwab's wide range of products, services, and channel alternatives such as investment research tools and an array of account features that benefit Fund shareholders who are brokerage clients of Schwab. Finally, the Trustees also considered Schwab's reputation as a full service brokerage firm and its overall financial condition, including Schwab's ability to maintain consistent operations and service levels during recent periods of remote work and market volatility. Following such evaluation, the Board concluded, within the context of its full deliberations, that the nature, extent and quality of services provided by CSIM to the Funds and the resources of CSIM and its affiliates dedicated to the Funds supported renewal of the Agreements with respect to the Funds.

Fund Performance. The Board considered each Fund's performance in determining whether to renew the Agreements with respect to such Fund. Specifically, the Trustees considered each Fund's performance relative to a peer category of other mutual funds and applicable indices/benchmarks, in light of total return, yield, if applicable, and market trends, as well as in consideration of each Fund's investment style and strategy attributes and disclosures. As part of this review, the Trustees considered the composition of the peer category, selection criteria and the reputation of the independent provider of investment company data who prepared the peer category analysis. In evaluating the performance of each Fund, the Trustees considered the risk profile for such Fund and each Fund's demonstrated performance in tracking its benchmark index. The Trustees further considered the level of Fund performance in the context of their review of Fund expenses and adviser profitability discussed below and also noted that the Board and a designated committee of the Board review performance throughout the year. Following such evaluation, the Board concluded, within the context of its full deliberations, that with respect to each Fund, the performance of such Fund supported renewal of the Agreements with respect to such Fund.

Fund Expenses. With respect to each Fund's expenses, the Trustees considered the rate of compensation called for by the Agreements, and each Fund's net operating expense ratio, in each case, in comparison to those of other similar mutual funds, such peer groups and comparisons having been selected and calculated by an independent provider of investment company data. CSIM reported to the Board, and the Board took into account, the risk assumed by CSIM in the development of products and provision of services as well as the competitive marketplace for financial products. The Trustees also considered fees charged by CSIM to other mutual funds and to other types of accounts, but, with respect to such other types of accounts, accorded less weight to such comparisons due to the different legal, regulatory, compliance and operating features of mutual funds as compared to these other types of accounts, and any differences in the nature and

scope of the services CSIM provides to these other accounts, as well as differences in the market for these types of accounts. Following such evaluation, the Board concluded, within the context of its full deliberations, that, with respect to each Fund, the expenses of such Fund are reasonable and supported renewal of the Agreements with respect to such Fund.

Profitability. The Trustees considered the compensation flowing to CSIM and its affiliates, directly or indirectly and reviewed profitability on a pre-tax basis, without regard to distribution expenses. In this connection, the Trustees reviewed management's profitability analyses. The Trustees also reviewed profitability of CSIM relating to the Schwab fund complex as a whole, noting the benefits to Fund shareholders of being part of the Schwab fund complex, including the allocations of certain fixed costs across the Funds and other funds in the complex. The Trustees also considered any other benefits derived by CSIM from its relationship with the Funds, such as whether, by virtue of its management of the Funds, CSIM obtains investment information or other research resources that aid it in providing advisory services to other clients. The Trustees considered whether the compensation and profitability with respect to the Funds under the Agreements and other service agreements were reasonable and justified in light of the quality of all services rendered to each Fund by CSIM and its affiliates. The Trustees noted that CSIM continues to invest substantial sums in its business in order to provide enhanced research capabilities, services, and systems to benefit the Funds. Based on this evaluation, the Board concluded, within the context of its full deliberations, that the profitability of CSIM with respect to each Fund is reasonable and supported renewal of the Agreements with respect to such Fund.

Economies of Scale. Although the Trustees recognized the difficulty of determining economies of scale with precision, the Trustees considered the potential existence of any economies of scale and whether those are passed along to a Fund's shareholders by way of the relatively low advisory fee and unitary fee structure of the Funds through (i) the enhancement of services provided to the Funds in return for fees paid, including through investments by CSIM in CSIM's infrastructure, including modernizing CSIM's technology and use of data, increasing expertise and capabilities in key areas (including portfolio and trade operations), and improving business continuity, cybersecurity, due diligence, and information security programs, which are designed to provide enhanced services to the Funds and their shareholders; (ii) graduated investment advisory fee schedules or unitary fee structures, fee waivers, or expense caps by CSIM and its affiliates for those funds in the Schwab fund complex with such features; and (iii) pricing a fund to scale and keeping overall expenses down as the fund grows. The Trustees acknowledged that CSIM has shared any economies of scale with the Funds by investing in CSIM's infrastructure, as discussed above, over time and that CSIM's internal costs of

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providing investment management, technology, administrative, legal and compliance services to the Funds continues to increase as a result of regulatory or other developments. The Trustees considered that CSIM and its affiliates may employ contractual expense caps to protect shareholders from high fees when fund assets were relatively small, for example, in the case of newer funds or funds with investment strategies that are from time to time out of favor, because, among other reasons, shareholders may benefit from the continued availability of such funds at subsidized expense levels. Based on this evaluation, the Board concluded, within the context of its full deliberations, that each Fund obtains reasonable benefits from economies of scale.

In the course of their deliberations, the Trustees may have accorded different weights to various factors and did not identify any particular information or factor that was all important or controlling. Based on the Trustees' deliberation and their evaluation of the information described above, the Board, including all of the Independent Trustees, approved the continuation of the Agreements with respect to the Funds and concluded that the compensation under the Agreements with respect to the Funds is fair and reasonable in light of such services and expenses and such other matters as the Trustees have considered to be relevant in the exercise of their reasonable judgment.

¹ The meeting on June 9, 2020 was held telephonically in reliance on exemptive relief from the in-person voting requirement under the 1940 Act as provided by the Securities and Exchange Commission.

Trustees and Officers

The tables below give information about the trustees and officers of Schwab Capital Trust and Schwab Investments, which includes the funds covered in this report. The “Fund Complex” includes The Charles Schwab Family of Funds, Schwab Capital Trust, Schwab Investments, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust. The Fund Complex includes 100 funds.

The address for all trustees and officers is 211 Main Street, San Francisco, CA 94105. You can find more information about the trustees and officers in the funds’ Statement of Additional Information, which is available free by calling 1-877-824-5615.

INDEPENDENT TRUSTEES

NAME, YEAR OF BIRTH, AND POSITION(S) WITH THE TRUST (TERMS OF OFFICE, AND LENGTH OF TIME SERVED ¹)	PRINCIPAL OCCUPATIONS DURING THE PAST FIVE YEARS	NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY THE TRUSTEE	OTHER DIRECTORSHIPS
Robert W. Burns 1959 Trustee (Trustee of Schwab Strategic Trust since 2009; The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios and Laudus Trust since 2016)	Retired/Private Investor (Jan. 2009 – present). Formerly, Managing Director, Pacific Investment Management Company, LLC (PIMCO) (investment management firm) and President, PIMCO Funds.	100	None
John F. Cogan 1947 Trustee (Trustee of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust and Schwab Annuity Portfolios since 2008; Laudus Trust since 2010; Schwab Strategic Trust since 2016)	Senior Fellow (Oct. 1979 – present), The Hoover Institution at Stanford University (public policy think tank); Senior Fellow (2000 – present), Stanford Institute for Economic Policy Research; Professor of Public Policy (1994 – 2015), Stanford University.	100	Director (2005 – 2020), Gilead Sciences, Inc.
Nancy F. Heller 1956 Trustee (Trustee of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2018)	Retired. President and Chairman (2014 – 2016), TIAA Charitable (financial services); Senior Managing Director (2003 – 2016), TIAA (financial services).	100	None
Stephen Timothy Kochis 1946 Trustee (Trustee of Schwab Strategic Trust since 2012; The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios and Laudus Trust since 2016)	CEO and Owner (May 2012 – present), Kochis Global (wealth management consulting).	100	None
David L. Mahoney 1954 Trustee (Trustee of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios and Laudus Trust since 2011; Schwab Strategic Trust since 2016)	Private Investor.	100	Director (2004 – present), Corcept Therapeutics Incorporated Director (2009 – present), Adamas Pharmaceuticals, Inc. Director (2003 – 2019), Symantec Corporation

INDEPENDENT TRUSTEES (CONTINUED)

NAME, YEAR OF BIRTH, AND POSITION(S) WITH THE TRUST (TERMS OF OFFICE, AND LENGTH OF TIME SERVED ¹)	PRINCIPAL OCCUPATIONS DURING THE PAST FIVE YEARS	NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY THE TRUSTEE	OTHER DIRECTORSHIPS
Jane P. Moncreiff 1961 Trustee (Trustee of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2019)	Consultant (2018 – present), Fulham Advisers LLC (management consulting); Chief Investment Officer (2009 – 2017), CareGroup Healthcare System, Inc. (healthcare).	100	None
Kiran M. Patel 1948 Trustee (Trustee of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios and Laudus Trust since 2011; Schwab Strategic Trust since 2016)	Retired. Executive Vice President and General Manager of Small Business Group (Dec. 2008 – Sept. 2013), Intuit, Inc. (financial software and services firm for consumers and small businesses).	100	Director (2008 – present), KLA-Tencor Corporation
Kimberly S. Patmore 1956 Trustee (Trustee of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2016)	Consultant (2008 – present), Patmore Management Consulting (management consulting).	100	None
Gerald B. Smith 1950 Trustee (Trustee of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust and Schwab Annuity Portfolios since 2000; Laudus Trust since 2010; Schwab Strategic Trust since 2016)	Chairman, Chief Executive Officer and Founder (Mar. 1990 – present), Smith Graham & Co. (investment advisors).	100	Director (2012 – present), Eaton Corporation plc

INTERESTED TRUSTEES

NAME, YEAR OF BIRTH, AND POSITION(S) WITH THE TRUST (TERMS OF OFFICE, AND LENGTH OF TIME SERVED ¹)	PRINCIPAL OCCUPATIONS DURING THE PAST FIVE YEARS	NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY THE TRUSTEE	OTHER DIRECTORSHIPS
Walter W. Bettinger II² 1960 Chairman and Trustee (Trustee of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust and Schwab Annuity Portfolios since 2008; Schwab Strategic Trust since 2009; Laudus Trust since 2010)	Director, President and Chief Executive Officer (Oct. 2008 – present), The Charles Schwab Corporation; President and Chief Executive Officer (Oct. 2008 – present) and Director (May 2008 – present), Charles Schwab & Co., Inc.; Director (Apr. 2006 – present), Charles Schwab Bank, SSB; Director (Nov. 2017 – present), Charles Schwab Premier Bank, SSB; Director (July 2019 – present), Charles Schwab Trust Bank; Director (May 2008 – present) and President and Chief Executive Officer (Aug. 2017 – present), Schwab Holdings, Inc.; Director (Oct. 2020 – present), TD Ameritrade Holding Corporation; Director (July 2016 – present), Charles Schwab Investment Management, Inc.	100	Director (2008 – present), The Charles Schwab Corporation

INTERESTED TRUSTEES (CONTINUED)

NAME, YEAR OF BIRTH, AND POSITION(S) WITH THE TRUST (TERMS OF OFFICE, AND LENGTH OF TIME SERVED ¹)	PRINCIPAL OCCUPATIONS DURING THE PAST FIVE YEARS	NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY THE TRUSTEE	OTHER DIRECTORSHIPS
Jonathan de St. Paer² 1973 Trustee (Trustee of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2019)	Director (Apr. 2019 – present), President (Oct. 2018 – present), and Chief Executive Officer (Apr. 2019 – Nov. 2019), Charles Schwab Investment Management, Inc.; Senior Vice President (June 2020 – present), Charles Schwab Investment Advisory, Inc.; Trustee and Chief Executive Officer (Apr. 2019 – present) and President (Nov. 2018 – present), Schwab Funds, Laudus Funds and Schwab ETFs; Director (Apr. 2019 – present), Charles Schwab Worldwide Funds plc and Charles Schwab Asset Management (Ireland) Limited; Senior Vice President (Apr. 2019 – present), Senior Vice President – Strategy and Product Development (CSIM) (Jan. 2014 – Mar. 2019), and Vice President (Jan. 2009 – Dec. 2013), Charles Schwab & Co., Inc.	100	None
Joseph R. Martinetto² 1962 Trustee (Trustee of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2016)	Chief Operating Officer (Feb. 2018 – present) and Senior Executive Vice President (July 2015 – Feb. 2018), The Charles Schwab Corporation; Senior Executive Vice President (July 2015 – present), Charles Schwab & Co., Inc.; Chief Financial Officer (July 2015 – Aug. 2017) and Executive Vice President and Chief Financial Officer (May 2007 – July 2015), The Charles Schwab Corporation and Charles Schwab & Co., Inc.; Director (May 2007 – present), Charles Schwab & Co., Inc.; Director (Apr. 2010 – present) and Chief Executive Officer (July 2013 – Apr. 2015), Charles Schwab Bank, SSB; Director (Nov. 2017 – present), Charles Schwab Premier Bank, SSB; Director (May 2007 – present), Chief Financial Officer (May 2007 – Aug. 2017), Senior Executive Vice President (Feb. 2016 – present), and Executive Vice President (May 2007 – Feb. 2016), Schwab Holdings, Inc.; Director (Oct. 2020 – present), TD Ameritrade Holding Corporation.	100	None

OFFICERS OF THE TRUST

NAME, YEAR OF BIRTH, AND POSITION(S) WITH THE TRUST (TERMS OF OFFICE, AND LENGTH OF TIME SERVED ³)	PRINCIPAL OCCUPATIONS DURING THE PAST FIVE YEARS
Jonathan de St. Paer 1973 President and Chief Executive Officer (Officer of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2018)	Director (Apr. 2019 – present), President (Oct. 2018 – present), and Chief Executive Officer (Apr. 2019 – Nov. 2019), Charles Schwab Investment Management, Inc.; Senior Vice President (June 2020 – present), Charles Schwab Investment Advisory, Inc.; Trustee and Chief Executive Officer (Apr. 2019 – present) and President (Nov. 2018 – present), Schwab Funds, Laudus Funds and Schwab ETFs; Director (Apr. 2019 – present), Charles Schwab Worldwide Funds plc and Charles Schwab Asset Management (Ireland) Limited; Senior Vice President (Apr. 2019 – present), Senior Vice President – Strategy and Product Development (CSIM) (Jan. 2014 – Mar. 2019), and Vice President (Jan. 2009 – Dec. 2013), Charles Schwab & Co., Inc.
Mark Fischer 1970 Treasurer, Chief Financial Officer and Chief Operating Officer (Officer of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2013)	Treasurer and Chief Financial Officer (Jan. 2016 – present) and Chief Operating Officer (Dec. 2020 – present), Schwab Funds, Laudus Funds and Schwab ETFs; Assistant Treasurer (Dec. 2013 – Dec. 2015), Schwab Funds and Laudus Funds; Assistant Treasurer (Nov. 2013 – Dec. 2015), Schwab ETFs; Chief Financial Officer (Mar. 2020 – present) and Vice President (Oct. 2013 – present), Charles Schwab Investment Management, Inc.; Executive Director (Apr. 2011 – Sept. 2013), J.P. Morgan Investor Services; Assistant Treasurer (May 2005 – Mar. 2011), Massachusetts Financial Service Investment Management.
Omar Aguilar 1970 Senior Vice President and Chief Investment Officer – Equities and Multi-Asset Strategies (Officer of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2011)	Senior Vice President and Chief Investment Officer (Apr. 2011 – present), Charles Schwab Investment Management, Inc.; Senior Vice President and Chief Investment Officer – Equities and Multi-Asset Strategies (June 2011 – present), Schwab Funds, Laudus Funds and Schwab ETFs; Head of the Portfolio Management Group and Vice President of Portfolio Management (May 2009 – Apr. 2011), Financial Engines, Inc. (investment management firm); Head of Quantitative Equity (July 2004 – Jan. 2009), ING Investment Management.

OFFICERS OF THE TRUST (CONTINUED)NAME, YEAR OF BIRTH, AND POSITION(S) WITH THE TRUST
(TERMS OF OFFICE, AND LENGTH OF TIME SERVED³)

PRINCIPAL OCCUPATIONS DURING THE PAST FIVE YEARS

Brett Wander

1961

Senior Vice President and Chief Investment Officer – Fixed Income

(Officer of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2011)

Senior Vice President and Chief Investment Officer (Apr. 2011 – present), Charles Schwab Investment Management, Inc.; Senior Vice President and Chief Investment Officer – Fixed Income (June 2011 – present), Schwab Funds, Laudus Funds and Schwab ETFs; Senior Managing Director and Global Head of Active Fixed-Income Strategies (Jan. 2008 – Oct. 2010), State Street Global Advisors; Director of Alpha Strategies (Apr. 2006 – Jan. 2008), Loomis, Sayles & Company (investment management firm).

David Lekich

1964

Chief Legal Officer and Secretary, Schwab Funds and Schwab ETFs

Vice President and Assistant Clerk, Laudus Funds (Officer of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2011)

Senior Vice President (Sept. 2011 – present) and Vice President (Mar. 2004 – Sept. 2011), Charles Schwab & Co., Inc.; Senior Vice President and Chief Counsel (Sept. 2011 – present) and Vice President (Jan. 2011 – Sept. 2011), Charles Schwab Investment Management, Inc.; Secretary (Apr. 2011 – present) and Chief Legal Officer (Dec. 2011 – present), Schwab Funds; Vice President and Assistant Clerk (Apr. 2011 – present), Laudus Funds; Secretary (May 2011 – present) and Chief Legal Officer (Nov. 2011 – present), Schwab ETFs.

Catherine MacGregor

1964

Vice President and Assistant Secretary, Schwab Funds and Schwab ETFs

Chief Legal Officer, Vice President and Clerk, Laudus Funds (Officer of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios and Laudus Trust since 2005; Schwab Strategic Trust since 2009)

Vice President (July 2005 – present), Charles Schwab & Co., Inc.; Vice President (Sept. 2005 – present), Charles Schwab Investment Management, Inc.; Vice President (Dec. 2005 – present) and Chief Legal Officer and Clerk (Mar. 2007 – present), Laudus Funds; Vice President (Nov. 2005 – present) and Assistant Secretary (June 2007 – present), Schwab Funds; Vice President and Assistant Secretary (Oct. 2009 – present), Schwab ETFs.

¹ Each Trustee shall hold office until the election and qualification of his or her successor, or until he or she dies, resigns or is removed. The retirement policy requires that each independent trustee retire by December 31 of the year in which the Trustee turns 74 or the Trustee's twentieth year of service as an independent trustee on any trust in the Fund Complex, whichever occurs first.

² Mr. Bettinger, Mr. de St. Paer and Mr. Martinetto are Interested Trustees. Mr. Bettinger is an Interested Trustee because he owns stock of The Charles Schwab Corporation (CSC), the parent company of Charles Schwab Investment Management, Inc. (CSIM), the investment adviser for the trusts in the Fund Complex, is an employee and director of Charles Schwab & Co., Inc. (CS&Co), the principal underwriter for The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios and Laudus Trust, and is a director of CSIM. Mr. de St. Paer is an Interested Trustee because he owns stock of CSC and is an employee and director of CSIM. Mr. Martinetto is an Interested Trustee because he owns stock of CSC and is an employee and director of CS&Co.

³ The President, Treasurer and Secretary/Clerk hold office until their respective successors are chosen and qualified or until he or she sooner dies, resigns, is removed or becomes disqualified. Each of the other officers serves at the pleasure of the Board.

Glossary

asset allocation The practice of dividing a portfolio among different asset classes, with each asset class assigned a particular percentage.

asset class A group of securities with similar structure and basic characteristics. Stocks, bonds and cash are the three main examples of asset classes.

Bloomberg Barclays US Aggregate Bond Index An index that is a broad-based benchmark measuring the performance of the U.S. investment grade, taxable bond market, including U.S. Treasuries, government-related and corporate bonds, mortgage pass-through securities, commercial mortgage-backed securities, and asset-backed securities that are publicly available for sale in the United States. To be eligible for inclusion in the index, securities must be fixed rate, non-convertible, U.S. dollar-denominated with at least \$300 million or more of outstanding face value and have one or more years remaining to maturity. The index excludes certain types of securities, including tax-exempt state and local government series bonds, structured notes embedded with swaps or other special features, private placements, floating rate securities, inflation-linked bonds and Eurobonds. The index is market capitalization weighted and the securities in the index are updated on the last business day of each month.

Bloomberg Barclays US Treasury Bills 1–3 Month Index An index that includes all publicly issued zero-coupon U.S. Treasury Bills that have a remaining maturity of less than 3 months but more than 1 month, are rated investment grade and have \$300 million or more of outstanding face value. It excludes zero-coupon STRIPS.

bond A security representing a loan from the investor to the issuer. A bond typically pays interest at a fixed rate (the coupon rate) until a specified date (the maturity date), at which time the issuer returns the money borrowed (principal or face value) to the bondholder. Because of their structure, bonds are sometimes called “fixed income securities” or “debt securities.”

An individual bond is subject to the credit risk of the issuer. Changes in interest rates can affect a bond's market value prior to call or maturity. There is no guarantee that a bond's yield to call or maturity will provide a positive return over the rate of inflation.

bond fund A bond fund is subject to the same credit, interest rate, and inflation risks as bonds. In addition, a bond fund incurs ongoing fees and expenses. A bond fund's net asset value will fluctuate with the price of the underlying bonds and the portfolio turnover activity; return of principal is not guaranteed.

cap, capitalization See “market cap.”

capital gain, capital loss the difference between the amount paid for an investment and its value at a later time. If the investment has been sold, the capital gain or loss is considered a realized gain or loss. If the investment is still held, the capital gain or loss is considered unrealized appreciation or depreciation.

Dow Jones U.S. Total Stock Market Index An index which includes all publicly traded stocks of companies headquartered in the United States for which pricing information is readily available. The index is a float-adjusted market capitalization weighted index that reflects the shares of securities actually available to investors in the marketplace.

expense ratio The amount that is taken from a mutual fund's assets each year to cover the fund's operating expenses. An expense ratio of 0.50% means that a fund's expenses amount to half of one percent of its average net assets a year.

International Spliced Index An internally calculated index comprised of the Schwab International Index from inception of the Schwab International Index Fund until the close of business on December 20, 2011, the MSCI EAFE Index from December 21, 2011 until the close of business on February 28, 2013, and the MSCI EAFE Index (Net) from March 1, 2013 forward.

market cap, market capitalization The value of a company as determined by the total value of all shares of its stock outstanding.

MSCI EAFE Index (Net) A free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets in Europe, Australasia, and the Far East. The Net version of the index reflects reinvested dividends net of withholding taxes, but reflects no deductions for expenses or other taxes; returns are calculated applying dividend withholding rates applicable to non-resident persons who do not benefit from double taxation treaties.

net asset value (NAV) The value of one share of a mutual fund. NAV is calculated by taking the fund's total assets, subtracting liabilities, and dividing by the number of shares outstanding.

outstanding shares, shares outstanding When speaking of a company or mutual fund, indicates all shares currently held by investors.

price-to-book ratio (P/B) The market price of a company's stock compared with its “book value.” A mutual fund's P/B is the weighted average of the P/B of all stocks in the fund's portfolio.

price-to-earnings ratio (P/E) The market price of a company's stock compared with earnings over the past year. A mutual fund's P/E is the weighted average of the P/E of all stocks in the fund's portfolio.

restricted and illiquid securities Restricted securities are securities that are subject to legal restrictions on their sale. Restricted securities generally can be sold in privately negotiated transactions, pursuant to an exemption from registration under the Securities Act of 1933 (the 1933 Act), or in a registered public offering. Certain restricted securities, such as Section 4(a)(2) commercial paper and Rule 144A securities under the 1933 Act, may be considered to be liquid if they meet the criteria for liquidity established by the Board. Illiquid securities generally are any securities that cannot be disposed of promptly and in the ordinary course of business at approximately the amount at which a fund has valued the instruments. The liquidity of a fund's investments is monitored under the supervision and direction of the Board. Investments currently not considered liquid include repurchase agreements not maturing within seven days and certain restricted securities.

return on equity (ROE) The average yearly rate of return for each dollar of investors' money, measured over the past five years.

Russell 1000 Growth Index An index that measures the performance of those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values.

Russell 1000 Index An index that measures the performance of the 1,000 largest companies in the Russell 3000 Index, and represents approximately 92% of the total market capitalization of the Russell 3000 Index. The Russell 3000 Index measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

Russell 1000 Value Index An index that measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower expected growth values.

Schwab Equity Index Funds

Russell 2000 Index An index that measures the performance of the 2,000 smallest companies in the Russell 3000 Index. The Russell 3000 Index measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

Russell Midcap Index An index that measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap Index is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership.

S&P 500 Index An index that is designed to measure the performance of 500 leading publicly traded companies from a broad range of industries.

Schwab 1000 Index A float-adjusted market capitalization weighted index developed by Charles Schwab & Co., Inc. that represents the performance of the largest 1,000 publicly traded companies in the United States. As a result of corporate actions, the index may be comprised of more or less than 1,000 securities.

Small-Cap Spliced Index An internally calculated index comprised of the Schwab Small-Cap Index from inception of the Schwab Small-Cap Index Fund until the close of business on December 14, 2011, and the Russell 2000 Index from December 15, 2011 forward.

stock A share of ownership, or equity, in the issuing company.

total return The percentage that an investor would have earned or lost on an investment in the fund assuming dividends and distributions were reinvested.

weighted average For mutual funds, an average that gives the same weight to each security as the security represents in the fund's portfolio.

yield The income paid out by an investment, expressed as a percentage of the investment's market value.

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We are committed to protecting the privacy of information we maintain about you. Below are details about our commitment, including the types of information we collect and how we use and share that information. This Privacy Notice applies to you only if you are an individual who invests directly in the funds by placing orders through the funds' transfer agent. If you place orders through your brokerage account at Charles Schwab & Co., Inc. or an account with another broker-dealer, investment advisor, 401(k) plan, employee benefit plan, administrator, bank or other financial intermediary, you are covered by the privacy policies of that financial institution and should consult those policies.

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- when we use other companies to provide services for us, such as printing and mailing your account statements; and
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We maintain physical, electronic and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

Contact Us

To provide us with updated information, report suspected fraud or identity theft, or for any other questions, please call the number below.

Schwab Funds® direct investors: 1-800-407-0256

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Notes

Notes

Charles Schwab Investment Management

With a straightforward lineup of core products and solutions for building the foundation of a portfolio, Charles Schwab Investment Management advocates for investors of all sizes with a steadfast focus on lowering costs and reducing unnecessary complexity. The list below shows all currently available Schwab Funds®.

Investors should carefully consider information contained in the prospectus, or if available, the summary prospectus, including investment objectives, risks, charges and expenses before investing. Please call 1-877-824-5615 for a prospectus for any Schwab Fund. Please read the prospectus carefully before you invest. This report must be preceded or accompanied by a current prospectus.

Proxy Voting Policies, Procedures and Results

A description of the proxy voting policies and procedures used to determine how to vote proxies on behalf of the funds is available without charge, upon request, by visiting the Schwab Funds' website at www.schwabfunds.com/schwabfunds_prospectus, the SEC's website at www.sec.gov, or by contacting Schwab Funds at 1-877-824-5615.

Information regarding how a fund voted proxies relating to portfolio securities during the most recent twelve-month period ended June 30 is available, without charge, by visiting the fund's website at www.schwabfunds.com/schwabfunds_prospectus or the SEC's website at www.sec.gov.

Schwab Funds

Equity Funds

Schwab Core Equity Fund
Schwab Dividend Equity Fund
Schwab Large-Cap Growth Fund
Schwab Small-Cap Equity Fund
Schwab Hedged Equity Fund
Schwab Health Care Fund
Schwab International Core Equity Fund
Schwab Fundamental US Large Company Index Fund
Schwab Fundamental US Small Company Index Fund
Schwab Fundamental International Large Company Index Fund
Schwab Fundamental International Small Company Index Fund
Schwab Fundamental Emerging Markets Large Company Index Fund
Schwab Fundamental Global Real Estate Index Fund
Schwab Global Real Estate Fund
Schwab S&P 500 Index Fund
Schwab 1000 Index® Fund
Schwab Small-Cap Index Fund®
Schwab Total Stock Market Index Fund®
Schwab U.S. Large-Cap Growth Index Fund
Schwab U.S. Large-Cap Value Index Fund
Schwab U.S. Mid-Cap Index Fund
Schwab International Index Fund®

Asset Allocation Funds

Schwab Balanced Fund
Schwab MarketTrack Portfolios®
Schwab Target Funds
Schwab Target Index Funds
Schwab Monthly Income Funds

Bond Funds

Schwab Treasury Inflation Protected Securities Index Fund
Schwab U.S. Aggregate Bond Index Fund
Schwab Short-Term Bond Index Fund
Schwab Tax-Free Bond Fund¹
Schwab California Tax-Free Bond Fund¹
Schwab High Yield Municipal Bond Fund

Schwab Money Funds²

Schwab provides a broad choice of taxable and tax-exempt money market funds for both retail and institutional client types.

Investment Adviser

Charles Schwab Investment Management, Inc.
211 Main Street, San Francisco, CA 94105

Funds

Schwab Funds
1-877-824-5615

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¹ State, local, and the Federal Alternative Minimum Tax may apply. Capital gains are not exempt from Federal Taxation.

² You could lose money by investing in the Schwab Money Funds. All Schwab Money Funds with the exception of Schwab Variable Share Price Money Fund seek to preserve the value of your investment at \$1.00 per share, but cannot guarantee they will do so. Because the share price of Schwab Variable Share Price Money Fund will fluctuate, when you sell your shares they may be worth more or less than what you originally paid for them. All Schwab Money Funds with the exception of Schwab Government Money Fund, Schwab Retirement Government Money Fund, Schwab U.S. Treasury Money Fund, Schwab Treasury Obligations Money Fund and Schwab Government Money Market Portfolio may impose a fee upon the sale of your shares or may temporarily suspend your ability to sell shares if the Fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the Schwab Money Funds is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Schwab Money Funds' sponsor has no legal obligation to provide financial support to the Funds, and you should not expect that the sponsor will provide financial support to the Funds at any time.

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Investment
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