

Schwab Dividend Equity Fund

Investment objective

The Fund seeks current income and capital appreciation.

Fund highlights

- An actively managed fund that seeks to provide a higher dividend yield but similar risk profile than the fund's comparative index
- A convenient way to take advantage of the reduced tax rate on qualified dividend income
- Seeks to deliver consistent, risk-adjusted excess return through a disciplined investment process that uses Schwab Equity Ratings® and Schwab Equity Ratings International® as part of several inputs*
- A high-conviction, fundamentally-driven approach within the large cap equity universe

Fund details

Total net assets	\$674,393,622
Number of fund holdings	68
Distribution frequency	Quarterly
Inception date	09/02/03
Loads/12b-1 fees	None
Total annual fund operating expenses ¹	0.90%
Minimum initial investment	None
Minimum balance	None

Yields² as of 12/31/21

30-day SEC yield	1.79%
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Portfolio managers

Bill McMahon, CFA, Managing Director
Chief Investment Officer, Active Equity Strategies

Wei Li, Ph.D., CFA, Senior Portfolio Manager

Jim Serhant, CFA, Senior Portfolio Manager

Performance (%) as of 12/31/21	Cumulative		Annualized				
	3 Months	Year to Date	1 Year	3 Years	5 Years	10 Years	Since Inception
Fund³	9.10	28.12	28.12	15.07	9.16	10.59	8.69
Russell 1000® Value Index ⁴	7.77	25.16	25.16	17.64	11.16	12.97	9.30
S&P 500® Index ⁴	11.03	28.71	28.71	26.07	18.47	16.55	11.05
Dividend Equity Spliced Index ⁴	7.77	25.16	25.16	17.64	11.16	13.05	9.21
Category Average ⁴	8.42	26.22	26.22	17.82	11.68	12.39	—

Annual total returns³ (%) as of 12/31



Performance data quoted represents past performance and is no guarantee of future results. Returns are based on total return, which assumes reinvestment of dividends and distributions. Investment returns and principal value will fluctuate so that an investor's shares, when sold or redeemed, 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.schwabassetmanagement.com.

Index performance returns do not reflect any management fees, transaction costs or expenses, which would lower performance. They assume dividends and distributions were reinvested. Indices are unmanaged and cannot be invested in directly.

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.

Top holdings^{5, 6} (% of portfolio) as of 12/31/21

Coca-Cola Company	3.58
Cisco Systems, Inc.	3.33
Pfizer Inc.	2.90
Johnson & Johnson	2.87
JPMorgan Chase & Co.	2.75
Roche Holding Ltd	2.51
Microsoft Corporation	2.47
Accenture Plc Class A	2.46
Philip Morris International Inc.	2.38
Verizon Communications Inc.	2.38
TOTAL	27.63

*To aid its stock selection, the fund uses Schwab Equity Ratings® and Schwab Equity Ratings International®, proprietary stock research produced by the Schwab Center for Financial Research (SCFR). SCFR is a division of Charles Schwab & Co., Inc. (Schwab).

Important investment concerns

Diversification strategies do not ensure a profit and do not protect against losses in declining markets.

Characteristics as of 12/31/21		
	Fund	Russell 1000® Value Index
Number of securities	68	853
Wtd. avg. market capitalization (in millions)	\$311,080	\$166,984
Portfolio turnover rate (1-year trailing) ⁷	83.58%	—
Price-to-earnings ratio	18.22	18.33
Price-to-book ratio	3.30	2.57
Price-to-cash-flow ratio	13.68	13.84
Return on equity	25.33%	11.94%
5-year earnings growth	9.38%	9.99%
	83.58%	—

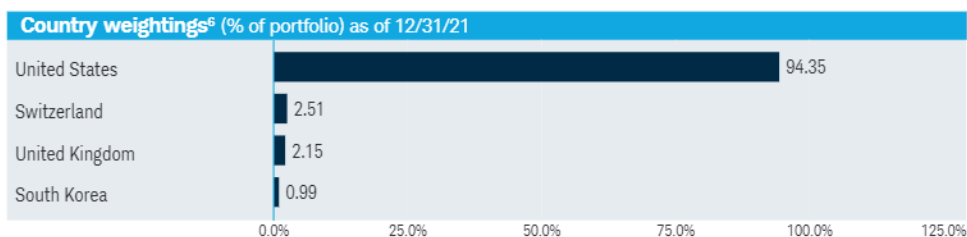
Data provided by FactSet as of 12/31/21, unless otherwise noted.

Statistical information (3 Yr.) as of 12/31/21		
	Fund	Russell 1000® Value Index
Sharpe ratio	0.73	0.86
Information ratio	-1.08	0.00
Standard deviation	19.40%	19.33%
R-squared	98.50%	100.00%
Beta vs. Benchmark	1.00	1.00

Data provided by Zephyr StyleADVISOR as of 12/31/21.



Sector and/or industry weightings for the portfolio are determined using the Global Industry Classification Standard (GICS). GICS was developed by and is the exclusive property of MSCI and Standard & Poor's (S&P). GICS is a service mark of MSCI and S&P and has been licensed for use by Charles Schwab & Co., Inc.



Find out more today

For more information, please visit www.schwabassetmanagement.com.

For additional information about the indices and terms shown, please visit www.schwabassetmanagement.com/resources/glossary.

Investors should consider carefully information contained in the fund's prospectus, or if available, the summary prospectus, including investment objectives, risks, charges and expenses. You can view and download a prospectus by visiting www.schwabassetmanagement.com/prospectus. Please read the prospectus carefully before investing.

International investments involve additional risks, which include differences in financial accounting standards, currency fluctuations, geopolitical risk, foreign taxes and regulations, and the potential for illiquid markets. Investing in emerging markets may accentuate these risks.

¹ As stated in the prospectus. This figure may differ from that presented in the Fund's shareholder report.

² **30-day SEC yield** is the net investment income earned by a fund over a 30-day period and is expressed as an annual percentage rate based on the fund's share price. It is calculated by dividing the net investment income per share for the 30 days ended on the date of calculation by the maximum offering price per share on that date.

³ Fund expenses may have been partially absorbed by Charles Schwab Investment Management, Inc. (CSIM).

⁴ Source: Morningstar, Inc. as of 12/31/21.

⁵ Portfolio holdings are as of the date shown and may not represent current or future holdings and are not a recommendation of individual securities by the investment adviser.

⁶ Data provided by FactSet as of 12/31/21.

⁷ Data provided by State Street Corporation as of 12/31/21.

Dividend Equity Spliced Index An internally calculated index, comprised of the S&P 500® Index from inception of the Schwab Dividend Equity Fund until the close of business on February 27, 2015, and the Russell 1000® Value Index thereafter.

Securities information includes trades posted to the Fund as of trade date.

Schwab Asset Management is the dba name for Charles Schwab Investment Management, Inc. (CSIM), the investment advisor for Schwab Funds. Schwab Funds are distributed by Charles Schwab & Co., Inc. (Schwab) Member SIPC. Schwab Asset Management and Schwab are separate but affiliated companies and subsidiaries of The Charles Schwab Corporation.

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