

# 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	\$554,515,271
Number of fund holdings	62
Distribution frequency	Quarterly
Inception date	09/02/03
Loads/12b-1 fees	None
Gross expense ratio <sup>1</sup>	0.90%
Net expense ratio <sup>1</sup>	0.89%
Minimum initial investment	None
Minimum balance	None

## 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

## Morningstar Rating™ and Style Box<sup>2</sup>

### Fund Category:

Large Value

### Rating

Overall ★★  
Three-Year ★★  
Five-Year ★★  
Ten-Year ★★

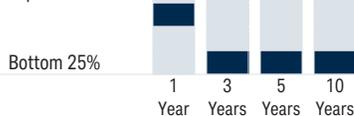


Source: Morningstar, Inc. As of 06/30/22, the Morningstar Rating for the total number of Large Value funds for the three-, five- and ten-year periods were 1041/1145, 974/1077, and 709/779 respectively. The ratings reflect historical risk-adjusted performance and the Overall Rating is derived from a weighted average of the Fund's three-, five- and ten-year Morningstar Rating metrics.

## Quartile rankings within Morningstar category<sup>3</sup>

■ Fund

Top 25%



Rank within category is independently calculated and compares this Fund's total annual return to that of other funds in the same category and its figures are not adjusted for any fees and expenses, loads, sales charges, or taxes. As of 06/30/22, the quartile ranking of Large Value funds for the one-, three-, five- and ten-year periods were 402/1217, 1041/1145, 974/1077, and 709/779, respectively.

Performance (%) as of 6/30/22	Cumulative		Annualized				
	3 Months	Year to Date	1 Year	3 Years	5 Years	10 Years	Since Inception
<b>Fund<sup>4</sup></b>	-9.11	-11.32	-3.10	5.20	5.54	8.54	7.76
Russell 1000® Value Index <sup>3</sup>	-12.21	-12.86	-6.82	6.87	7.17	10.50	8.25
S&P 500® Index <sup>3</sup>	-16.10	-19.96	-10.62	10.60	11.31	12.96	9.44
Dividend Equity Spliced Index <sup>3</sup>	-12.21	-12.86	-6.82	6.87	7.17	10.50	8.17
Category Average <sup>3</sup>	-11.24	-11.33	-4.84	7.95	7.84	10.26	-

## Annual total returns<sup>4</sup> (%) 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](http://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<sup>5, 6</sup> (% of portfolio) as of 6/30/22

Coca-Cola Company	4.52
Johnson & Johnson	3.54
Exxon Mobil Corporation	3.29
Lockheed Martin Corporation	3.09
Pfizer Inc.	3.06
Chevron Corporation	2.94
Verizon Communications Inc.	2.76
Amgen Inc.	2.74
Cisco Systems, Inc.	2.65
Philip Morris International Inc.	2.59
<b>TOTAL</b>	<b>31.18</b>

## Important investment concerns

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

**Characteristics as of 6/30/22**

	Fund	Russell 1000® Value Index
<b>Number of securities</b>	<b>62</b>	859
<b>Wtd. avg. market capitalization (in millions)</b>	<b>\$259,007</b>	\$145,053
<b>Portfolio turnover rate (1-year trailing)<sup>7</sup></b>	<b>58.94%</b>	—
<b>Price-to-earnings ratio</b>	<b>15.81</b>	14.03
<b>Price-to-book ratio</b>	<b>3.01</b>	2.09
<b>Price-to-cash-flow ratio</b>	<b>11.10</b>	9.89
<b>Return on equity</b>	<b>29.96%</b>	18.07%
<b>5-year earnings growth</b>	<b>13.77%</b>	13.45%

Data provided by FactSet as of 06/30/22, unless otherwise noted.

**Statistical information (3 Yr.) as of 6/30/22**

	Fund	Russell 1000® Value Index
<b>Sharpe ratio</b>	<b>0.24</b>	0.32
<b>Information ratio</b>	<b>-0.60</b>	0.00
<b>Standard deviation</b>	<b>18.96%</b>	19.46%
<b>R-squared</b>	<b>98.01%</b>	100.00%
<b>Beta vs. Benchmark</b>	<b>0.96</b>	1.00

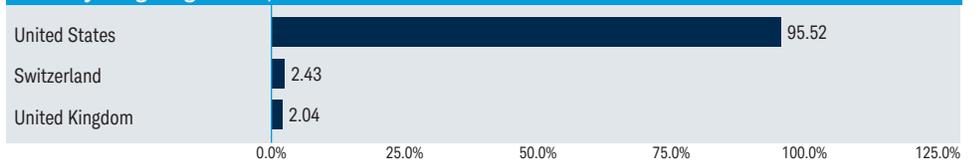
Data provided by Zephyr StyleADVISOR as of 06/30/22.

**Yields<sup>8</sup> as of 6/30/22**

<b>30-day SEC yield</b>	<b>2.14%</b>
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**Sector weightings<sup>6</sup> (% of portfolio) as of 6/30/22**


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.

**Country weightings<sup>6</sup> (% of portfolio) as of 6/30/22**

**Find out more today**

For more information, please visit [www.schwabassetmanagement.com](http://www.schwabassetmanagement.com).

For additional information about the indices and terms shown, please visit [www.schwabassetmanagement.com/resources/glossary](http://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](http://www.schwabassetmanagement.com/prospectus). Please read the prospectus carefully before investing.

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

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.

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

<sup>2</sup> Morningstar proprietary ratings reflect historical risk-adjusted performance. For each fund with at least a 3-year history, Morningstar calculates a Morningstar Rating<sup>™</sup> based on a Morningstar risk-adjusted return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. (Each share class is counted as a fraction of 1 fund within this scale and rated separately, which may cause slight variations in the distribution percentages). The top 10% of the funds in an investment category receive 5 stars, 22.5% receive 4 stars, 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star.

<sup>3</sup> Source: Morningstar, Inc. as of 06/30/22.

<sup>4</sup> Fund expenses may have been partially absorbed by Schwab Asset Management.

<sup>5</sup> 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.

<sup>6</sup> Data provided by FactSet as of 06/30/22.

<sup>7</sup> Data provided by State Street Corporation as of 06/30/22.

<sup>8</sup> **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.

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

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

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