

Schwab Health Care Fund

Investment objective

The Fund seeks long-term capital growth.

Fund highlights

- An actively managed fund that offers convenient access to the health care sector
- Provides exposure to a range of health care companies, such as pharmaceuticals and biotechnology companies and medical product manufacturers and suppliers
- 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*
- An experienced portfolio management team evaluates securities based on three components: fundamentals, valuation, and sentiment

Fund details

Total net assets	\$820,242,127
Number of fund holdings	83
Distribution frequency	Annual
Inception date	07/03/00
Loads/12b-1 fees	None
Total annual fund operating expenses ¹	0.80%
Minimum initial investment	None
Minimum balance	None

Portfolio managers

Iain Clayton, CFA, Senior Portfolio Manager

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

Morningstar Rating™ and Style Box²

Fund Category:

Health

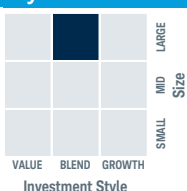
Rating

Overall ★★★★★

Three-Year ★★★★★

Five-Year ★★★★★

Ten-Year ★★★★★



Source: Morningstar, Inc. As of 06/30/22, the Morningstar Rating for the total number of Health funds for the three-, five- and ten-year periods were 25/144, 38/132, and 43/109 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 category³



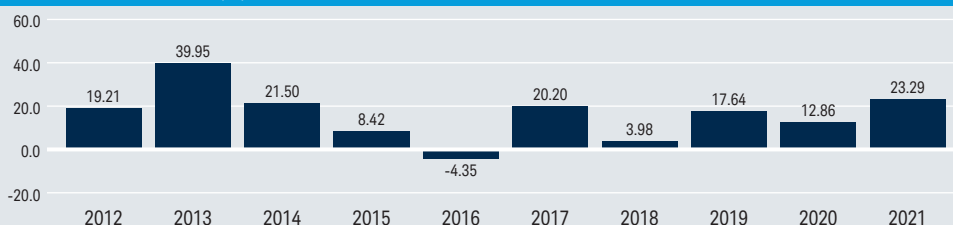
Rank within category is independently calculated and compares this Fund's total annual return to that of other funds in the same category and its figures are not adjusted for any fees and expenses, loads, sales charges, or taxes. As of 06/30/22, the quartile ranking of Health funds for the one-, three-, five- and ten-year periods were 8/169, 25/144, 38/132, and 43/109, respectively.

Performance (%)

as of 6/30/22

	Cumulative		Annualized				
	3 Months	Year to Date	1 Year	3 Years	5 Years	10 Years	Since Inception
Fund ⁴	-6.39	-10.00	-0.25	11.20	9.78	13.47	9.48
Dow Jones Global Health Care Index ³	-7.75	-12.23	-7.42	9.67	9.38	12.25	7.33
Category Average ³	-11.80	-19.32	-18.94	6.50	7.33	12.55	—

Annual total returns⁴ (%) 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.

Top holdings^{5,6} (% of portfolio) as of 6/30/22

UnitedHealth Group Incorporated	6.94
Pfizer Inc.	5.65
Johnson & Johnson	5.32
Bristol-Myers Squibb Company	4.19
Eli Lilly and Company	4.03
AbbVie, Inc.	3.79
Abbott Laboratories	3.61
Merck & Co., Inc.	3.38
Danaher Corporation	3.08
CVS Health Corporation	2.68
TOTAL	42.67

Important investment concerns

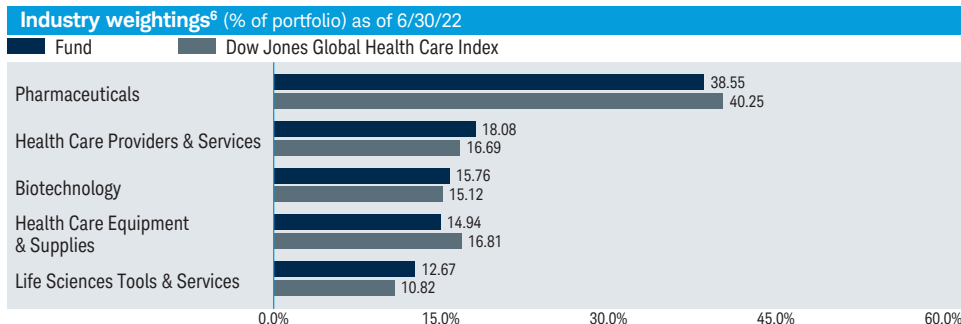
Sector funds are not typically diversified and focus their investments on companies involved in a specific sector. The fund may involve a greater degree of risk than an investment in other funds with greater diversification. International investments involve additional risks, which include differences in financial accounting standards, currency fluctuations, geopolitical risk, foreign taxes and regulations, and the potential for illiquid markets. Diversification strategies do not ensure a profit and do not protect against losses in declining markets.

Characteristics as of 6/30/22		
	Fund	Dow Jones Global Health Care Index
Number of securities	83	772
Wtd. avg. market capitalization (in millions)	\$172,872	\$167,113
Portfolio turnover rate (1-year trailing) ⁷	63.41%	—
Price-to-earnings ratio	19.62	20.75
Price-to-book ratio	4.63	4.05
Price-to-cash-flow ratio	14.55	15.03
Return on equity	30.39%	26.94%
5-year earnings growth	18.98%	17.50%

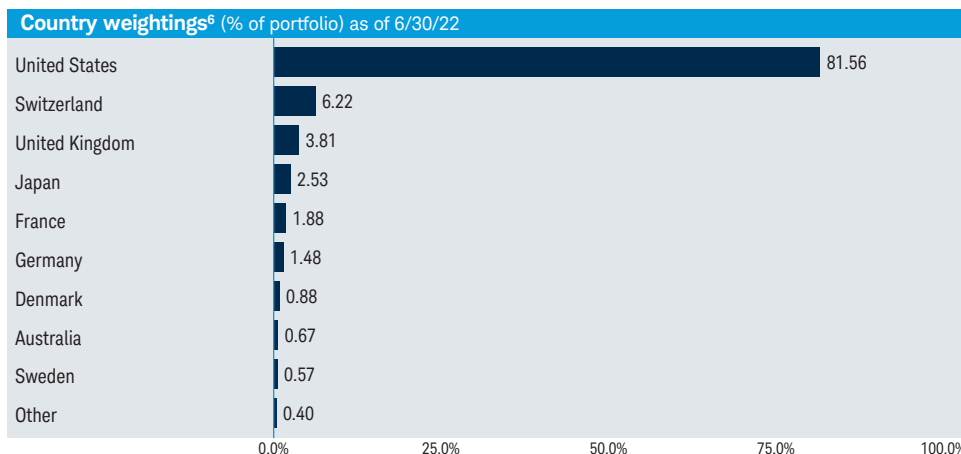
Data provided by FactSet as of 06/30/22, unless otherwise noted.

Statistical information (3 Yr.) as of 6/30/22		
	Fund	Dow Jones Global Health Care Index
Sharpe ratio	0.70	0.61
Information ratio	0.50	0.00
Standard deviation	15.04%	14.90%
R-squared	95.93%	100.00%
Beta vs. Benchmark	0.99	1.00

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



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.



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.

*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).

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

² Morningstar proprietary ratings reflect historical risk-adjusted performance. For each fund with at least a 3-year history, Morningstar calculates a Morningstar Rating[™] 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.

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

⁴ Fund expenses may have been partially absorbed by Schwab Asset Management. Without these reductions, the fund's returns would have been lower.

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 06/30/22.

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

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