

Portfolio Management



Linda Klingman, Managing Director and Head of Money Market Strategies for Schwab Asset Management, leads the portfolio management teams for taxable and tax-exempt Schwab Money Funds, and has overall responsibility for all aspects of the management of the fund. Prior to joining Schwab in 1990, she was a senior money market trader with AIM Management, Inc. for five years. She has managed money market funds since 1988.



Lynn Paschen, Senior Portfolio Manager for Schwab Asset Management, is responsible for the day-to-day co-management of the fund. Prior to joining Schwab in 2011, Ms. Paschen held a number of positions at American Century Investments. She was most recently a portfolio manager and, from 2000 to 2003, worked as a fixed-income trader. She has managed money market funds since 2003.



Nicole Perret-Gentil, Portfolio Manager for Schwab Asset Management, is responsible for the day-to-day co-management of the fund. Prior to joining Schwab in 2016, Ms. Perret-Gentil worked at Freddie Mac for 15 years, most recently as a senior portfolio manager where she managed and executed trades for a fixed-income strategy. Prior to that role, she served as a portfolio manager performing fixed-income analysis, a senior research analyst for investor and dealer relations, a senior securities operations analyst in loan and securities operations, and a lead mortgage securities operations specialist. She also worked at Merrill Lynch for a year as a senior specialist in fixed-income global banking and investments.

The Schwab Government Money Market Portfolio's (the fund) goal is to seek the highest current income consistent with stability of capital and liquidity. To pursue its goal, the fund invests in U.S. government securities such as U.S. Treasury bills and notes, other obligations that are issued by the U.S. government, its agencies, or instrumentalities, repurchase agreements that are collateralized fully by cash and/or U.S. government securities, and obligations that are issued by private issuers that are guaranteed as to principal or interest by the U.S. government, its agencies, or instrumentalities. The fund will invest at least 99.5% of its total assets in cash, U.S. government securities and/or repurchase agreements that are collateralized fully by cash and/or U.S. government securities; under normal circumstances, at least 80% of the fund's net assets (including, for this purpose, any borrowings for investment purposes) will be invested in U.S. government securities, including repurchase agreements that are collateralized fully by U.S. government securities. For more information concerning the fund's investment objective, strategy, and risks, please see the fund's prospectus.

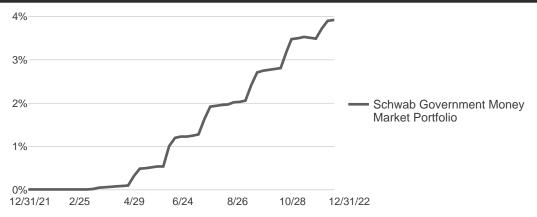
Market Highlights. During the 12-month reporting period ended December 31, 2022, interest rates rose as a result of persistently high inflation stemming from a tight labor market, supply chain constraints, and high energy prices in the wake of the COVID-19 pandemic and the war in Ukraine. After maintaining the federal funds rate in a range of 0.00% to 0.25% through mid-March, the U.S. Federal Reserve (Fed) shifted its stance as inflation continued to rise and indicators of economic activity and employment continued to strengthen. After issuing successively stronger signals that interest rates could begin to rise sooner in 2022 than previously anticipated, the Fed increased the federal funds rate seven times by the end of the year to end the reporting period in a range of 4.25% to 4.50%. In addition, the Fed's bond-buying program, which had begun to scale back in November 2021, was ended altogether in early March 2022. In June, the Fed also began to reduce the \$9 trillion in assets it holds on its balance sheet.

Given expectations of further rate hikes into 2023, along with persistently high—albeit declining in the second half of the year—inflation, longer-term bond and equity markets weakened, with the S&P 500^{®Ukraine.f USIyalongweaken78dex8-278(36.797ing)-278(frstet)-278(perioi0)}

range of57358.987, v-2ntoAf27return27(in)-278(telfocuAfter)-2Bo-27-2-19n

The performance data quoted represents past performance. Past performance does not guarantee future results. Current performance may be lower or higher than performance data quoted. To obtain more current performance information, please visit www.schwabassetmanagement.com/schwabfunds_prospectus.





SEVEN-DAY YIELDS

The seven-day yield is the income generated by the fund's holdings minus the fund's operating expenses. The seven-day yields are calculated using standard SEC formulas. The effective yield includes the effect of reinvesting daily dividends. Please remember that money market fund yields fluctuate.

	SCHWAB GOVERNMENT MONEY MARKET POR					
FICKER SYMBOL	SWPXX					

Financial Statements

FINANCIAL HIGHLIGHTS	

This section shows all the securities in the fund's portfolio and their values as of the report date.

The fund files its complete schedule of portfolio holdings with the U.S. Securities and Exchange Commission (SEC) monthly on Form N-MFP, which is available immediately upon filing. The fund's Form N-MFP is available on the SEC's website at www.sec.gov. The fund also makes available its complete schedule of portfolio holdings 5 business days after month end on the fund's website at www.schwabassetmanagement.com/schwabfunds_prospectus.

For fixed-rate obligations and repurchase agreements, the rate shown is the coupon rate (the rate established when the obligation was issued) and if the coupon rate is not available, the effective yield at the time of purchase is shown. For variable-rate obligations, the rate shown is the interest rate as of the report date based on each security's rate reset date. The reference rate and spread used is shown parenthetically in the security description, if available; if not, the reference rate is described in a footnote. The date shown in the maturity date column below is either the date on which the principal amount must be paid or the date payment must be made pursuant to a demand feature. If the security's structure includes one of a number of maturity-shortening provisions set forth in Rule 2a-7, such as an interest rate reset, demand feature or put feature, the effective maturity date is also disclosed. If the effective maturity and maturity date are the same, the date will only appear in the maturity date column.

ISSUER	FOOTNO ⁻	TEO I				\/A
ISSUER	FOOTNO	IES I	RAMAETURIT	Y DATE AM	ООИТ (\$)	VALUE (\$)
U.S. GOVERNMENT AGENCY DEBITOF NET ASSETS						
FEDERAL FARM CREDIT BANKS FUNDING CORP						
(3 mo. US TBILL + 0.02%)	(a)	4.42%	01/04/23	3 05/01/23	700,000	700,000
(3 mo. US TBILL + 0.03%)	(a)	4.42%	01/04/23	3 07/13/23	300,000	300,000
(EFFR - 0.01%)	(a)	4.32%	01/03/23	3 07/21/23	900,000	900,000
(SOFR + 0.03%)	(a)	4.33%	01/03/23	3 08/28/23	300,000	300,000
		4.88%		09/25/23	600,000	599,990
(SOFR + 0.06%)	(a)	4.36%	01/03/23	3 11/07/23	200,000	200,000
(SOFR + 0.04%)	(a)	4.34%	01/03/23	3 11/28/23	500,000	500,000
(EFFR + 0.03%)	(a)	4.36%	01/03/23	3 12/08/23	100,000	100,000
(SOFR + 0.12%)	(a)	4.42%	01/03/23	3 12/08/23	300,000	300,169
(SOFR + 0.06%)	(a)	4.36%	01/03/23	3 12/13/23	200,000	200,000
(SOFR + 0.08%)	(a)	4.38%	01/03/23	3 04/26/24	300,000	300,000
(EFFR + 0.06%)	(a)	4.39%	01/03/23	3 06/24/24	300,000	300,000
(SOFR + 0.09%)	(a)	4.39%	01/03/23	3 07/01/24	500,000	500,000
(SOFR + 0.10%)	(a)	4.40%	01/03/23	3 08/08/24	100,000	100,000
(EFFR + 0.08%)	(a)	4.41%	01/03/23	3 08/12/24	400,000	400,060
(SOFR + 0.18%)	(a)	(a)(a)4	.48% 01/	/03/23 11/07	7/23 200	0,000 200,00

(SOFR + 0.06%)

ISSUER	FOOTNOTE			MATURITY DATE AI		VALUE (\$)
		4.38%		02/24/23	300,000	298,124
		4.42%		03/01/23	600,000	595,850
		4.43%		03/03/23	900,000	893,543
		3.50%		03/09/23	600,000	600,011
(SOFR + 0.05%)	(a)	4.36%	01/03/23	03/09/23	700,000	700,000
	()	2.13%		03/10/23	100,000	99,568
		4.48%		03/15/23	1,800,000	1,784,274
		0.13%		03/17/23	100,000	99,127
		1.25%		03/21/23	750,000	750,000
		4.47%		03/23/23	1,200,000	1,188,361
		4.51%		03/24/23	795,000	787,121
	(b)	2.01%		03/30/23	600,000	600,000
	(b)	2.13%		03/30/23	400,000	399,981
(SOFR + 0.05%)	(a)	4.35%	01/03/23	04/04/23	600,000	600,000
	(b)	2.35%		04/05/23	600,000	600,000
(SOFR + 0.06%)	(a)	4.36%	01/03/23	05/01/23	600,000	600,000
	(b)	2.60%		05/02/23	600,000	600,000
		4.66%		05/05/23	300,000	295,374
	(b)	2.50%		05/23/23	600,000	600,000
(SOFR + 0.06%)	(a)	4.36%	01/03/23	05/24/23	300,000	300,000
	(b)	2.40%		06/02/23	400,000	400,000
		3.25%		06/09/23	100,000	99,988
		4.69%		06/16/23	600,000	587,481
		4.70%		06/26/23	600,000	600,000
	(b)	3.50%		07/14/23	700,000	700,000
		3.15%		07/27/23	400,000	400,000
(SOFR + 0.06%)	(a)	4.36%	01/03/23	07/27/23	600,000	600,000
		3.30%		07/28/23	400,000	400,000
		3.36%		08/01/23	300,000	294,295
	(b)	2.75%		08/04/23	700,000	700,000
		3.17%		08/22/23	300,000	300,000
		3.38%		09/01/23	600,000	598,866
		4.85%		09/05/23	100,000	96,822
		4.80%		09/08/23	600,000	600,000
(SOFR + 0.10%)	(a)	4.40%	01/03/23	09/21/23	600,000	600,000

Portfolio Holdings as of December 31, 2022 (continued)

ISSUER	FOOTNOTI	ES RAT	_	DATE A	-	VALUE (\$)
U.S. TREASURY DEB% OF NET ASSETS					. ,	
UNITED STATES TREASURY						
OTTI ES OTTI ES TREMOSTA		0.13%		01/31/23	500,000	498,461
(3 mo. US TBILL + 0.05%)	(a)	4.45%	01/03/23	01/31/23	2,500,000	
,	()	2.86%		02/02/23	400,000	399,059
		2.89%		02/02/23	800,000	798,100
		2.00%		02/15/23	500,000	500,541
		0.13%		02/28/23	600,000	598,440
		2.63%		02/28/23	800,000	800,909
		4.32%		03/07/23	700,000	694,788
		4.38%		03/14/23	700,000	694,123
		4.37%		03/21/23	1,400,000	1,387,093
		0.13%		03/31/23	1,000,000	995,111
		2.50%		03/31/23	500,000	501,039
		0.13%		04/30/23	200,000	198,676
(3 mo. US TBILL + 0.03%)	(a)	4.43%	01/03/23	04/30/23	700,000	700,020
		4.63%		05/25/23	700,000	687,517
(3 mo. US TBILL + 0.03%)	(a)	4.43%	01/03/23	07/31/23	1,500,000	1,500,838
(3 mo. US TBILL + 0.04%)	(a)	4.43%	01/03/23	10/31/23	1,200,000	1,200,775
(3 mo. US TBILL + 0.04%)	(a)	4.44%	01/03/23	07/31/24	5,200,000	5,196,656
(3 mo. US TBILL + 0.14%)	(a)	4.54%	01/03/23	10/31/24	1,800,000	1,797,577
Total U.S. Treasury Debt						
(Cost \$21,649,776)					21,6	649,776
VARIABLE RATE DEMAND NOTES NET ASSETS						
FARR LIFE LLC						
TAXABLE VARIABLE RATE DEMAND NOTES SERIESE DOE	ZFZA(LOC					
HOME LOAN BANKS)	(c)	4.38%		01/06/23	600,000	600,000
Total Variable Rate Demand Notes						
(Cost \$600,000)					6	000,000
INVESTMENT COMPANIESOF NET ASSETS						
MONEY MARKET FUNDS 0.0%						
STATE STREET INSTITUTIONAL U.S. GOVERNMENT MO	ONEY MARKET					
FUND, PREMIER CLASS	(d)	4.12%			45,600	45,600
Total Investment Companies						
(Cost \$45,600)						45,600
		EFF	ECTIVEMA	ATURITY MA	TURITY	
ISSUER	FOOTNOTES			DATE AMO		VALUE (\$)
REPURCHASE AGREEMS 1975 OF NET ASSETS						
KET ORGETIGE NOREELINGIAVEGET NET MODELLO						
U.S. GOVERNMENT AGENCY REPURCHASE AGREEMENT	S* 67.7%					
BANCO SANTANDER SA		4.040/		04/00/00	1 000 47	0 1000.00
Issued 12/30/22, repurchase date 01/03/23	gonev	4.31%		01/03/23	1,000,47	9 1,000,00
(Collateralized by U.S. Treasury and U.S. Government A Securities valued at \$1,030,052, 2.00% - 6.50%, due 04/						
10/01/52)	00/Z1 -					

EFFECTIVEMATURITY FACE

Portfolio Holdings as of December 31, 2022 (continued)

ISSUER	FOOTNOTES	EFFECTIVEN RATEDATURITY	MATURITY MAT DATE AMOU	_	LUE (\$)
BANK OF MONTREAL Issued 12/30/22, repurchase date 01/03/23 (Collateralized by U.S. Government Agency Securities va \$20,609,843, 5.80% - 5.87%, due 04/20/72 - 05/20/72)	alued at	4.30%	01/03/23	20,009,556	20,000,00
BARCLAYS BANK PLC Issued 12/30/22, repurchase date 01/03/23 (Collateralized by U.S. Government Agency Securities va \$5,152,461, 2.50%, due 09/20/51)	alued at	4.30%	01/03/23	5,002,389	5,000,000
BOFA SECURITIES INC Issued 12/30/22, repurchase date 01/03/23 (Collateralized by U.S. Government Agency Securities va \$30,900,001, 5.00%, due 12/01/52)	alued at	4.30%	01/03/23	30,014,333	30,000,00
DAIWA CAPITAL MARKETS AMERICA INC Issued 12/30/22, repurchase date 01/03/23 (Collateralized by U.S. Government Agency Securities va \$9,360,001, 3.00% - 6.00%, due 09/01/37 - 12/01/52)	alued at	4.30%	01/03/23	9,004,300	9,000,000
DEUTSCHE BANK AG (NEW YORK BRANCH) Issued 12/30/22, repurchase date 01/03/23 (Collateralized by U.S. Treasury Securities valued at \$20, 1.25%, due 05/31/28)	,409,783,	4.30%	01/03/23	20,009,556	20,000,00
FICC - BANK OF NEW YORK Issued 12/30/22, repurchase date 01/03/23 (Collateralized by U.S. Government Agency Securities va \$2,060,001, 3.50% - 4.00%, due 05/01/52 - 12/01/52)	alued at	4.31%	01/03/23	2,000,958	2,000,000
GOLDMAN SACHS & CO LLC Issued 12/28/22, repurchase date 01/04/23 (Collateralized by U.S. Government Agency Securities va \$5,100,000, 2.00% - 4.50%, due 08/01/31 - 02/20/52)	alued at	4.30%	01/04/23	5,004,181	5,000,000
JP MORGAN SECURITIES LLC Issued 12/30/22, repurchase date 01/03/23 (Collateralized by U.S. Government Agency Securities va \$20,600,000, 2.50% - 7.50%, due 04/20/32 - 07/20/62)	alued at	4.30%	01/03/23	20,009,556	20,000,00
MIZUHO SECURITIES USA LLC Issued 12/30/22, repurchase date 01/03/23 (Collateralized by U.S. Treasury Securities valued at \$20, 0.75% - 2.88%, due 10/31/23 - 08/31/26)	,400,037,	4.30%	01/03/23	20,009,556	20,000,00
NOMURA SECURITIES INTERNATIONAL INC Issued 12/30/22, repurchase date 01/03/23 (Collateralized by U.S. Treasury and U.S. Government Ag Securities valued at \$9,180,235, 0.00% - 4.10%, due 04/- 08/15/49)		4.30%	01/03/23	9,004,300	9,000,000
RBC DOMINION SECURITIES INC Issued 12/28/22, repurchase date 01/04/23 (Collateralized by U.S. Treasury and U.S. Government Ag Securities valued at \$9,277,609, 0.13% - 5.50%, due 09/010/20/52)		4.30%	01/04/23	9,007,525	9,000,000

The following is a summary of the inputs used to value the fund's investments as of December 31, 2022 (see financial note 2(a) for additional information):

	QUOTED PRICES I	N		
	ACTIVE MARKETS I	FOR THER SIGNIFICANT	SIGNIFICANT	
	IDENTICAL ASSET	S OBSERVABLE INPUT®	NOBSERVABLE IN	PUTS
DESCRIPTION	(LEVEL 1)	(LEVEL 2)	(LEVEL 3)	TOTAL
Assets				
U.S. Government Agency Debt	\$—	\$44,193,765	\$—	\$44,193,765
U.S. Treasury Debt	_	21,649,776	_	21,649,776
Variable Rate Demand Notes	_	600,000	_	600,000
Investment Comparilies	45,600	_	_	45,600
Repurchase Agreemênts		155,960,102	_	155,960,102
Total	\$45,600	\$222,403,643	\$—	\$222,449,243

¹ As categorized in the Portfolio Holdings.

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

Statement of Assets and Liabilities

As of December 31, 2022

ASSETS	
Investments in securities, at cost and value - unaffiliated (Note 2a)	\$66,489,14
Repurchase agreements, at cost and value — unaffiliated (Note 2a)	155,960,1
Receivables:	
Fund shares sold	579,487
Interest	340,559
Dividends	161
Prepaid expenses	<u>+ 556</u>
Total assets	223,370,006

LIABILITIES

Payables:

Fund shares redeemed
Investment adviser and administrator fees
Independent trustees' fees
Accrued expenses

87,580
38,182
98
+ 90,509

Statement of Operations

For the period January 1, 2022 through December 31, 2022

INVESTMENT INCOME

Interest received from securities - unaffiliated \$3,670,098

EXPENSES		
Investment adviser and administrator fees		405,583
Portfolio accounting fees		70,439
Professional fees		31,446
Custodian fees		23,670
Independent trustees' fees		14,444
Proxy feels		9,410
Shareholder reports		3,570
Transfer agent fees		694
Other expenses	+	4,804
Total expenses		564,060
Expense reduction	_	73,813
Net expenses	_	490,247
Net investment income		3,179,851

REALIZED GAINS (LOSSES)

Net realized gains on sales of securities - unaffiliated

Statement of Changes in Net Assets

For the current and prior report periods

OPERATIONS	
	1/1/22-12/31/22 1/1/21-12/31/21
Net investment income Net realized gains	\$3,179,851 \$111,865 + 409 880
Increase in net assets from operations	\$3,180,260 \$112,74
DISTRIBUTIONS TO SHAREHOLDERS	
Total distributions	(\$3,180,846) (\$111,865)
TRANSACTIONS IN FUND SHARES*	
Shares sold Shares reinvested Shares redeemed Net transactions in fund shares	169,138,540 151,802,828 3,180,846 111,865 + (134,081,228) (152,073,454) 38,238,158 (158,761)
NET ASSETS	
Beginning of period Total increase (decrease)	\$184,916,065 \$185,073,946 + 38,237,572 (157,881)
End of period	\$223,153,637 \$184,916,065

^{*} Transactions took place at \$1.00 per share; figures for share quantities are the same as for dollars.

Financial Notes

1. Business Structure of the Fund:

Schwab Government Money Market Portfolio (the fund) is a series of Schwab Annuity Portfolios (the trust), a no-load, open-end management investment company. The 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 trust as of the end of the period, including the fund discussed in this report, which is highlighted:

SCHWAB ANNUITY PORTFOLIOS (ORGANIZED JANUARY 21, 1994)

Schwab Government Money Market Portfolio

Schwab S&P 500 Index Portfolio Schwab VIT Balanced Portfolio Schwab VIT Balanced with Growth Portfolio

Schwab VIT Growth Portfolio

The 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 fund's Board of Trustees (the Board) may authorize the issuance of as many shares as necessary.

The fund is available exclusively as an investment vehicle for variable annuity and variable life insurance contracts offered by separate accounts of participating life insurance companies, and in the future may be offered to pension and retirement plans qualified under the Internal Revenue Code of 1986, as amended. At December 31, 2022, 100% of the fund's shares were held through separate accounts of seven insurance companies. Subscriptions and redemptions of these insurance separate accounts could have a material impact on the fund.

The fund maintains its own account for purposes of holding assets and accounting, and is considered a separate entity for tax purposes. Within its account, the 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 fund uses in its preparation of financial statements. The fund follows 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).

(a) Security Valuation:

Pursuant to Rule 2a-5 under the 1940 Act, the Board has designated authority to a Valuation Designee, the fund's investment adviser, to make fair valuation determinations under adopted procedures, subject to Board oversight. The investment adviser has formed a Pricing Committee to administer the pricing and valuation of portfolio securities and other assets and liabilities and to ensure that prices used for internal purposes or provided by third parties reasonably reflect fair value. The Valuation Designee may utilize independent pricing services, quotations from securities and financial instrument dealers and other market sources to determine fair value.

Securities in the fund are valued at amortized cost (which approximates fair value) as permitted in accordance with Rule 2a-7 of the 1940 Act. In the event that security valuations do not approximate fair value, securities may be fair valued as determined by the Valuation Designee. The Valuation Designee considers a number of factors, including unobservable market inputs when arriving at fair value and may employ methods 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. 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.

In accordance with the authoritative guidance on fair value measurements and disclosures under GAAP, the fund discloses the fair value of its investments in a hierarchy that prioritizes the significant inputs to valuation methods 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 categorization is based on the lowest level input that is significant to the valuation. If it is determined 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 the Valuation Designee's judgment will be required to estimate fair value.

2. Significant Accounting Policies (continued):

€ Mutual funds: Mutual funds are valued at their respective NAVs.

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

- € Level 1 —quoted prices in active markets for identical investments —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, mutual funds and exchange-traded funds. Mutual funds are classified as Level 1 prices, without consideration to the classification level of the underlying securities held.
- € 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. Securities held by stable NAV money funds operating pursuant to Rule 2a-7 under the 1940 Act are valued at amortized cost which approximates current fair value and are considered to be valued using Level 2 inputs.
- € Level 3 —significant unobservable inputs (including the fund's 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 readily available for these securities, one or more valuation methods are used for which sufficient and reliable data is available. The inputs used 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 in the absence of market information. Assumptions used due to the lack of observable inputs may significantly impact the resulting fair value and therefore the fund's 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.

2. Significant Accounting Policies (continued):

(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.

(d) Investment Income:

Interest income is recorded as it accrues. If the fund buys a debt security at a discount (less than face value) or a premium (more than face value), it amortizes premiums and accretes discounts from the purchase settlement date up to maturity. The fund then increases (in the case of discounts) or reduces (in the case of premiums) the income it records from the security. Certain securities may be callable (meaning that the issuer has the option to pay it off before its maturity date). The fund amortizes the premium and accretes the discount on each callable security to the security's maturity date, except when the purchase price is higher than the

3. Risk Factors:

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

Investment Risk. You could lose money by investing in the fund. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

Interest Rate Risk. Interest rates rise and fall over time. As with any investment whose yield reflects current interest rates, the fund's yield will change over time. During periods when interest rates are low or pactywhose performance iulenInterefverto-Ttm1Tf0.a7.8820T

3. Risk Factors (continued):

can be no guarantee that they will produce the desired results. The investment adviser's maturity decisions will also affect the fund's yield, and potentially could affect its share price. To the extent that the investment adviser anticipates interest rate trends imprecisely, the fund's yield at times could lag the yields of other money market funds.

Redemption Risk. The fund may experience periods of heavy redemptions that could cause the fund to liquidate its assets at inopportune times or at a loss or depressed value, particularly during periods of declining or illiquid markets. Redemptions by a few

4. Affiliates and Affiliated Transactions (continued):

Interfund Transactions

The fund may engage in transactions with certain other funds in the Fund Complex (for definition refer to the Trustees and Officers section) in accordance with procedures adopted by the Board pursuant to Rule 17a-7 under the 1940 Act. 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 December 31, 2022, the fund's total purchases and sales of securities with other funds in the Fund Complex was \$0 and \$2,845,751 respectively, and includes realized gains of \$0.

Interfund Borrowing and Lending

Pursuant to an exemptive order issued by the U.S. Securities and Exchange Commission (SEC), the fund 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 fund had no interfund borrowing or lending activity during the period.

5. Board of Trustees:

The Board may include people who are officers and/or directors of the investment adviser or its affiliates. Federal securities law limits the percentage of such "interested persons" who may serve on a trust's board, and the trust was in compliance with these limitations throughout the report period. The fund did not pay any of these interested persons for their services as trustees, but did pay non-interested persons (independent trustees), as noted on the fund's Statement of Operations. 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 fund was a participant with other funds in the Fund Complex in a joint, syndicated, committed \$850 million line of credit (the Syndicated Credit Facility), which matured on September 29, 2022. On September 29, 2022, the Syndicated Credit Facility was amended to run for a new 364 day period with the line of credit amount increasing to \$1 billion, maturing September 28, 2023. Under the terms of the Syndicated Credit Facility, in addition to the interest charged on any borrowings by the fund, the fund paid a commitment fee of 0.15% per annum on the fund's proportionate share of the unused portion of the Syndicated Credit Facility.

During the period, the fund was a participant with other funds in the Fund Complex in a joint, unsecured, uncommitted \$400 million line of credit (the Uncommitted Credit Facility), with State Street Bank and Trust Company, which matured on September 29, 2022. On September 29, 2022, the Uncommitted Credit Facility was amended to run for a new 364 day period with the line of credit amount remaining unchanged, maturing on September 28, 2023. Under the terms of the Uncommitted Credit Facility, the fund pays interest on the amount the fund borrows. There were no borrowings from either line of credit during the period.

The fund also has access to custodian overdraft facilities. The fund may have utilized the overdraft facility and incurred an interest expense, which is disclosed on the fund's Statement of Operations, if any. The interest expense is determined based on a negotiated rate above the current Federal Funds Rate.

7. Federal Income Taxes:

As of December 31, 2022, the tax basis cost of the fund's investments was \$ 222,403,643 and the unrealized appreciation and depreciation were \$45,600 and (\$0), respectively, with a net unrealized appreciation of \$45,600.

As of December 31, 2022, the components of distributable earnings on a tax basis were as follows:

7. Federal Income Taxes (continued): The tax basis components of distribut	: ions paid during the current and prior fiscal years were as follows:

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Schwab Annuity Portfolios and Shareholders of Schwab Government Money Market Portfolio

Opinion on the Financial Statements and Financial Highlights

We have audited the accompanying statement of assets and liabilities, including the portfolio holdings, of Schwab Government Money Market Portfolio (the "Fund"), one of the funds constituting Schwab Annuity Portfolios, as of December 31, 2022, the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the three years in the period 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 the Fund as of December 31, 2022, and the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the three years in the period then ended in conformity with accounting principles generally accepted in the United States of America. The financial highlights for each of the two years in the period ended December 31, 2019 were audited by other auditors, whose report, dated February 18, 2020, expressed an unqualified opinion on such financial highlights.

Basis for Opinion

These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's 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 Fund 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 Fund is not required to have, nor were we engaged to perform, an audit of its 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 Fund's 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 December 31, 2022, 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 February 16, 2023

Trustees and Officers

The tables below give information about the trustees and officers of Schwab Annuity Portfolios, which includes the fund 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 105 funds.

Schwab Government Money Market Portfolio

INDEPENDENT TRUSTEES ((CONTINUED)		
NAME, YEAR OF BIRTH, AND POSITION(S) WITH THE TRUST (TERMS OF OFFICE, AND LENGTH OF TIME SE®VED	PRINCIPAL OCCUPATIONS DURING THE PAST FIVE YEARS	NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY THE TRUSTEE	
Kimberly S. Patmore 1956 Trustee (Trustee of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Tr Schwab Annuity Portfolios, Schw Strategic Trust and Laudus Trus since 2016)	rust, wab	105	None
J. Derek Penn 1957 Trustee (Trustee of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Tr Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trus since 2021)	rust, wab	nancial105	None

INTERESTED TRUSTEES			
NAME, YEAR OF BIRTH, AND POSITION(S) WITH THE TRUST (TERMS OF OFFICE, AND LENGTH OF TIME SE'RVED	PRINCIPAL OCCUPATIONS DURING THE PAST FIVE YEARS	NUMBER OF PORTFOLIOS I FUND COMPLE OVERSEEN BY THE TRUSTEE	EX ′
Family of Funds, Schwab Investments, Schwab Capital Tr and Schwab Annuity Portfolios s 2008; Schwab Strategic Trust sir	Co-Chairman of the Board (July 2022 – present), Director and Ch Executive Officer (Oct. 2008 – present) and President (Feb. 2007 – Oct. 2021), The Charles Schwab Corporation; Pres Chief Executive Officer (Oct. 2008 – Oct. 2021) and Director (May 2008 – Oct. 2021), Charles Schwab & Co., Inc.; Director us Apr. 2006 – present), Charles Schwab Bank, SSB; Director in Sev. 2017 – present), Charles Schwab Premier Bank, SSB; Director (May 2008 – present), Charles Schwab Trust Bank; Director (May 2008 – present), Chief Executive Officer (Aug. 2017 – present), President (Aug. 2017 – Nov. 2021), Schwab Holdings, Inc.; Director (Oct. 2020 – present), TD Ameritrade Holding Corporation; Director (July 2016 – Oct. 2021), Charles Schwab Investment Management	ident and ector ent) and tor tor	Director (2008 – present), The Charles Schwab Corporation
Family of Funds, Schwab Investments, Schwab Capital Tri Schwab Annuity Portfolios, Schw	President (Oct. 2021 – present) and Executive Vice President – S Asset Management Solutions (Apr. 2019 – Oct. 2021), The Charl Schwab Corporation; President, Director (Oct. 2021 – present), E Vice President – Schwab Asset Management Solutions (July 2019 – Oct. 2021) and Senior Vice President – Advisory UKMay 2016 – July 2019), Charles Schwab & Co., Inc.; President WKMov. 2021 – present), Schwab Holdings, Inc.; Director t (Oct. 2021 – present) and Chief Executive Officer (Nov. 2019 – Jac Charles Schwab Investment Management, Inc.; Director, Chief E Officer and President (Mar. 2018 – Oct. 2022), Charles Schwab I Advisory, Inc.; Chief Executive Officer (July 2016 – Apr. 2018) and President (Mar. 2017 – Apr. 2018), Thomas Partners, Inc.; Chief E Officer (July 2016 – Apr. 2018), Windhaven Investment Manager	es Executive an. 2022), executive nvestment d Executive	None
OFFICERS OF THE TRUST			

OFF	ICERS	OF TH	IE TRI	UST

NAME, YEAR OF BIRTH, AND POSITION(S) WITH THE (TERMS OF OFFICE, AND LENGTH OF TIME SERVED	TRUST PRINCIPAL OCCUPATIONS DURING THE PAST FIVE YEARS
Investments, Schwab Capital Trust, Schwab Annuit	Director (Apr. 2019 – present), President (Oct. 2018 – present), Chief Operating Officer (Jan. 2021 – present), and Chief Executive Officer (Apr. 2019 – Nov. 2019), Charles Schw Investment Management, Inc.; Senior Vice President (June 2020 – Mar. 2022) and Chief Chwaperating Officer (Jan. 2021 – Mar. 2022), Charles Schwab Investment Advisory, Inc.; Chy Executive Officer (Apr. 2019 – present), President (Nov. 2018 – present) and Trustee tsi(Appr. 2019 – Dec. 2020), Schwab Funds, Laudus Trust and Schwab ETFs; Managing Direc (May 2022 – present), Senior Vice President (Apr. 2019 – May 2022) and Senior Vice President – Strategy and Product Development (CSIM) (Jan. 2014 – Mar. 2019), Charles Schwab & Co., Inc.
Mark Fischer 1970 Chief Operating Officer (Officer of The Charles Schwah Family of Funds Sch	Chief Operating Officer (Dec. 2020 – present) and Treasurer and Chief Financial Officer (Jan. 2016 – Dec. 2022), Schwab Funds, Laudus Trust and Schwab ETFs; Chief Financia Officer (Mar. 2020 – present) and Vice President (Oct. 2013 – present), Charles Schwab

(Officer of The Charles Schwab Family of Funds, Schwabestment Management, Inc.

Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since

2013)

Dana Smith Treasurer and Chief Financial Officer (Jan. 2023 - present) and Assistant Treasurer 1965 (Dec. 2015 - Dec. 2022), Schwab Funds, Laudus Trust and Schwab ETFs; Vice President

Treasurer and Chief Financial Officer (Mar. 2022 – present) and Director (Oct. 2015 – Mar. 2022), Charles Schwab Investment (Officer of The Charles Schwab Family of Funds, Schwabnagement, Inc.

Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2023)

OFFICERS OF THE TRUST (CONTINUED)	
NAME, YEAR OF BIRTH, AND POSITION(S) WITH THE T (TERMS OF OFFICE, AND LENGTH OF TIME SERVED	RUST PRINCIPAL OCCUPATIONS DURING THE PAST FIVE YEARS
	Chief Executive Officer (Jan. 2022 – present), Chief Investment Officer (Apr. 2011 – present and Senior Vice President (Apr. 2011 – Dec. 2021), Charles Schwab Investment Management, Inc.; Director, Chief Executive Officer and President (Oct. 2022 – present), and Chief Investment Advisory, Inc.; Vice President and Chief Investment Officer (June 2011 – present), Schwab Funds, Laudus Trust and Schwab ETFs. since
Brett Wander 1961 Vice President and Chief Investment Officer (Officer of The Charles Schwab Family of Funds, Sch Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust 2011)	
	Senior Vice President and Chief Investment Officer (Jan. 2020 – present), Charles Schwal Investment Management, Inc.; Vice President and Chief Investment Officer (June 2021 – present), Schwab Funds, Laudus Trust and Schwab ETFs; Senior Vice President Chief Investment Officer – ThomasPartners Strategies (Apr. 2018 – Dec. 2019), Charles Schwab Investment Advisory, Inc.; Senior Vice President and Chief Investment Officer si(May 2001 – Apr. 2018), ThomasPartners, Inc.
Catherine MacGregor	Chief Legal Officer (Mar. 2022 – present) and Vice President (Sept. 2005 – present), Char

Chief Legal Officer (Mar. 2022 – present) and vice President (Sept. 2005 – present), Chan Schwab Investment Management, Inc.; Managing Director (May 2022 – present) and Vice Chief Legal Officer and Secretary, Schwab Funds and President (July 2005 – May 2022), Charles Schwab & Co., Inc.; Vice President Schwab ETFs (Dec. 2005 – present) and Chief Legal Officer and Clerk (Mar. 2007 – present), Laudus Tru Chief Legal Officer, Vice President and Clerk, Laudus Thief Legal Officer and Secretary (Oct. 2021 – present), Vice President (Officer of The Charles Schwab Family of Funds, Schwab V. 2005 – Oct. 2021) and Assistant Secretary (June 2007 – Oct. 2021), Schwab Funds Investments, Schwab Capital Trust, Schwab Annuity Chief Legal Officer and Secretary (Oct. 2021 – present), Vice President and Assistant Portfolios and Laudus Trust since 2005; Schwab Strat@icretary (Oct. 2009 – Oct. 2021), Schwab ETFs.

Trust since 2009)

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 requests 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 of in the Fund Complex, which ever occurs first

in the Fund Complex, whichever occurs first.

Mr. Bettinger and Mr.Mr97(F) 20(unds;)(Betting)h[(Secr)10(etary) -197((Oct) -40(.) -197lgSecr 7lgSecrunRe68 0 0 6.570 6.5 20ar.97lgSe219(year) -219(of) ti

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