



## 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 Fund's website at [www.schwabassetmanagement.com/schwabfunds\\_prospectus](http://www.schwabassetmanagement.com/schwabfunds_prospectus), the SEC's website at [www.sec.gov](http://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 Schwab's website at [www.schwabassetmanagement.com/schwabfunds\\_prospectus](http://www.schwabassetmanagement.com/schwabfunds_prospectus) or the SEC's website at [www.sec.gov](http://www.sec.gov).

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 Charles Schwab & Co., Inc. The Industry classifications used in the Portfolio Holdings are sub-categories of Sector classifications.

Investment Adviser: Charles Schwab Investment Management, Inc., dba Schwab Asset Management<sup>TM</sup>

# The Investment Environment

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For the 12-month reporting period ended December 31, 2022, several key U.S. stock indices posted their largest calendar year drop since the 2008 recession. Inflation spiked, interest rates rose, and economic growth around the world slowed. The ongoing war between Russian and Ukraine and the continuing, albeit uneven, fallout from the



## The Investment Environment<sub>(continued)</sub>

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Among U.S. stocks, small-cap stocks slightly underperformed large-cap stocks over the reporting period, and among U.S. large-cap stocks, growth stocks underperformed value stocks. Nine of the 11 sectors in the S&P 500<sup>®</sup> Index posted negative returns for the reporting period, many in the double digits. The weakest was the communication services sector, dampened by reduced demand, falling advertising spending, and, for some media companies, the continuing shift to streaming versus live broadcasting. The consumer discretionary sector was also weak as consumers shifted spending away from discretionary goods and toward food and other essential items. The information technology sector—the largest sector in the index—was another notably weak performer, as many of the sector's largest companies posted their worst annual returns in years on continuing component shortages, labor issues, and reduced demand. The energy sector was the bright spot among sector performance, up over 60% for the year. Through the first half of the year, ongoing oil shortages and the war in Ukraine resulted in demand outstripping supply, driving prices significantly higher. Oil prices fell during the third quarter as supply began to recover and, despite some volatility, ended the fourth quarter roughly where they began it. The utilities sector, considered a defensive sector and therefore relatively more attractive than others during periods of economic weakness, posted a small positive return for the reporting period amid generally stable revenues.

# Portfolio Management

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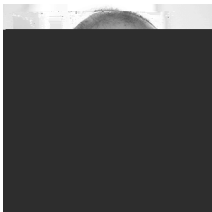
Christopher Bliss, CFA, Managing Director and Head of Passive Equity Strategies for Schwab Asset Management, is responsible for overseeing the investment process and portfolio management of investment strategies for passive equity Schwab Funds and Schwab ETFs. Before joining Schwab in 2016, Mr. Bliss 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. In this role, Mr. Bliss was responsible for overseeing a team of portfolio managers managing domestic, developed international and emerging markets index strategies. 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, CFA, Senior Portfolio Manager for Schwab Asset Management, is responsible for the day-to-day co-management of the fund. Prior to joining Schwab 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.



Ferian Juwono, CFA, Senior Portfolio Manager for Schwab Asset Management, is responsible for the day-to-day co-management of the fund. Prior to joining Schwab 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.



Sabya Sinha, Portfolio Manager for Schwab Asset Management, is responsible for the day-to-day co-management of the fund. Prior to joining Schwab 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. Mr. Sinha also spent time as a software consultant at DPM Mellon, LLC and an equity trader at Jane Street Capital.

The Schwab S&P 500 Index Portfolio's (the fund) goal is to track the total return of the S&P 500<sup>®</sup> 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 generally seeks to replicate the performance of the index by giving the same weight to a given stock as does the index. For more information concerning the fund's investment objective, strategy and risks, please see the fund's prospectus.

**Market Highlights.** For the 12-month reporting period ended December 31, 2022, several key U.S. stock indices posted their largest calendar year drop since the 2008 recession. Inflation spiked, interest rates rose, and economic growth around the world slowed. The ongoing war between Russian and Ukraine and continuing, albeit uneven, fallout from the COVID-19 pandemic weighed on economies and markets around the world. Oil prices peaked at over \$120 per barrel in early March as sanctions were imposed on Russian imports—and again in June on supply-and-demand imbalances—but retreated through most of the rest of the reporting



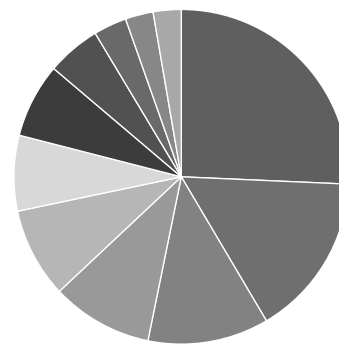
The performance data quoted represents past performance. Past performance does not guarantee future results. Investment returns and principal value will fluctuate so that an investor's shares may be worth more or less than their original cost. Current performance may be lower or higher than performance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



## STATISTICS

Number of Holdings	503
Weighted Average Market Cap (\$ x 1,000,000)	\$417,492
Price/Earnings Ratio (P/E)	19.2
Price/Book Ratio (P/B)	3.6
Portfolio Turnover Rate	9%

## SECTOR WEIGHTINGS % OF INVESTMENTS



- 25.7% Information Technology
- 15.8% Health Care
- 11.7% Financials
- 9.8% Consumer Discretionary
- 8.7% Industrials
- 7.3% Communication





## 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 the 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 July 1, 2022 and held through December 31, 2022.

The Actual Return line in the table below provides 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,





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) 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 at [www.sec.gov](http://www.sec.gov). The fund also makes available its complete schedule of portfolio holdings on the fund's website at [www.schwabassetmanagement.com/schwabfunds\\_prospectus](http://www.schwabassetmanagement.com/schwabfunds_prospectus), typically 60-80 days after the end of the fund's fiscal quarter.

SECURITY	NUMBER OF SHARES	VALUE (\$)
<b>COMMON STOCKS 92% OF NET ASSETS</b>		
<b>Automobiles &amp; Components 1.4%</b>		
Aktiv plc *	20,342	1,894,450
BorgWarner, Inc.	17,636	709,849
Ford Motor Co.	296,294	3,445,899
General Motors Co.	106,579	3,585,318
Tesla, Inc. *	201,393	24,807,590
		34,443,106
<b>Banks 3.8%</b>		
Bank of America Corp.	523,688	17,344,546
Citigroup, Inc.	145,303	6,572,055
Citizens Financial Group, Inc.	36,926	1,453,777
Comerica, Inc.	9,859	659,074
Fifth Third Bancorp	51,585	1,692,504
First Republic Bank	13,736	1,674,281
Huntington Bancshares, Inc.	108,510	1,529,991
JPMorgan Chase & Co.	220,088	29,513,801
KeyCorp	69,923	1,218,059
M&T Bank Corp.	12,932	1,875,916
Regions Financial Corp.	69,971	1,508,575
Signature Bank	4,752	547,525
SVB Financial Group *	4,434	1,020,441
The PNC Financial Services Group, Inc.	30,259	4,779,106
Truist Financial Corp.	99,534	4,282,948
U.S. Bancorp	101,442	4,423,885
Wells Fargo & Co.	285,908	11,805,141
Zions Bancorp NA	11,211	551,133
		92,452,758
<b>Capital Goods 6.0%</b>		
3M Co.	41,467	4,972,723
A.O. Smith Corp.	9,573	547,959
Allegion plc	6,612	695,979
AMETEK, Inc.	17,233	2,407,795
Carrier Global Corp.	62,728	2,587,530
Caterpillar, Inc.	39,048	9,354,339
Cummins, Inc.	10,581	2,563,670
Deere & Co.	20,609	8,836,315
Dover Corp.	10,519	1,424,378
Eaton Corp. plc	29,840	4,683,388
Emerson Electric Co.	44,365	4,261,702
Fastenal Co.	42,977	2,033,672
Fortive Corp.	26,502	1,702,753
Generac Holdings, Inc. *	4,756	478,739

SECURITY	NUMBER OF SHARES	VALUE (\$)
Chipotle Mexican Grill, Inc. *	2,080	2,885,979
Darden Restaurants, Inc.	9,185	1,270,561
Domino's Pizza, Inc.	2,653	918,999
Expedia Group, Inc. *	11,332	992,683
Hilton Worldwide Holdings, Inc.	20,310	2,566,372
Las Vegas Sands Corp. *	24,637	1,184,301
Marriott International, Inc., Class A	20,195	3,006,834
McDonald's Corp.	54,954	14,482,028
MGM Resorts International	23,915	801,870
Norwegian Cruise Line Holdings Ltd. *	31,398	384,311
Royal Caribbean Cruises Ltd. *	16,479	814,557
Starbucks Corp.	86,124	8,543,501
Wynn Resorts Ltd. *	7,711	635,926
Yum! Brands, Inc.	21,152	2,709,148
		48,340,705

#### Diversified Financials 5.3%

American Express Co.	44,850	6,626,588
Ameriprise Financial, Inc.	7,993	2,488,780
Berkshire Hathaway, Inc., Class B *	135,194	41,761,427
BlackRock, Inc.	11,271	7,986,969
Capital One Financial Corp.	28,678	2,665,907
Cboe Global Markets, Inc.	7,965	999,369
CME Group, Inc.	26,997	4,539,816
Discover Financial Services	20,500	2,005,515
FactSet Research Systems, Inc.	2,866	1,149,868
Franklin Resources, Inc.	21,188	558,939
Intercontinental Exchange, Inc.	41,922	4,300,778
Invesco Ltd.	34,312	617,273
MarketAxess Holdings, Inc.	2,832	789,816
Moody's Corp.	11,825	3,294,682
Morgan Stanley	98,925	8,410,603
MSCI, Inc.	6,001	2,791,485
Nasdaq, Inc.	25,509	1,564,977
Northern Trust Corp.	15,617	1,381,948
Raymond James Financial, Inc.	14,547	1,554,347
S&P Global, Inc.	24,989	8,369,816
State Street Corp.	27,492	2,132,554
Synchrony Financial	33,780	1,110,011

SECURITY	NUMBER OF SHARES	VALUE (\$)
Quest Diagnostics, Inc.	8,538	1,335,685
ResMed, Inc.	10,992	2,287,765
STERIS plc	7,492	1,383,697
Stryker Corp.	25,271	6,178,507
Teleflex, Inc.	3,524	879,696
The Cooper Cos., Inc.	3,699	1,223,148
UnitedHealth Group, Inc.	70,109	37,170,390
Universal Health Services, Inc., Class B	4,820	679,090
Zimmer Biomet Holdings, Inc.	15,749	2,007,998
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		156,775,754



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SECURITY	NUMBER OF SHARES	VALUE (\$)
<b>Technology Hardware &amp; Equipment 7.8%</b>		
Amphenol Corp., Class A	44,654	3,399,956
Apple Inc.	1,122,012	145,783,019
Arista Networks, Inc. *	18,574	2,253,955
CDW Corp.	10,157	1,813,837
Cisco Systems, Inc.	308,106	14,678,170
Corning, Inc.	57,134	1,824,860
F5, Inc. *	4,487	643,929
Hewlett Packard Enterprise Co.	96,335	1,537,507
HP, Inc.	66,319	1,781,991
Juniper Networks, Inc.	24,262	775,413
Keysight Technologies, Inc. *	13,415	2,294,904
Motorola Solutions, Inc.	12,548	3,233,745
NetApp, Inc.	16,377	983,603
Seagate Technology Holdings plc	14,410	758,110
TE Connectivity Ltd.	23,861	2,739,243
Teledyne Technologies, Inc. *	3,510	1,403,684
Trimble, Inc. *	18,453	932,984
Western Digital Corp. *	23,930	754,991
Zebra Technologies Corp., Class A *	3,888	996,922
		188,590,823

<b>Telecommunication Services 1.2%</b>		
AT&T, Inc.	534,768	9,845,079
Lumen Technologies, Inc.	70,945	370,333
T-Mobile US, Inc. *	44,819	6,274,660
Verizon Communications, Inc.	315,139	12,416,476
		28,906,548

<b>Transportation 1.7%</b>		
Alaska Air Group, Inc. *	9,442	405,439
American Airlines Group, Inc. *	48,986	623,102
C.H. Robinson Worldwide, Inc.	8,833	808,750
CSX Corp.	157,754	4,887,219
Delta Air Lines, Inc. *	47,998	1,577,214
Expeditors International of Washington, Inc.	11,929	1,239,662
FedEx Corp.	17,960	3,110,672
JB Hunt Transport Services, Inc.	6,229	1,086,088
Norfolk Southern Corp.	17,372	4,280,808
Old Dominion Freight Line, Inc.	6,786	1,925,731
Southwest Airlines Co. *	44,607	1,501,918
Union Pacific Corp.	46,131	9,552,346
United Airlines Holdings, Inc. *	24,527	924,668
United Parcel Service, Inc., Class B	54,764	9,520,174

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# Portfolio Holdings

 as of December 31, 2022 (continued)

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):

DESCRIPTION	QUOTED PRICES IN			TOTAL
	ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	OTHER SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	
<u>Assets</u>				
Common Stocks	\$2,411,006,866	\$—	\$—	\$2,411,006,866
<u>Liabilities</u>				
Futures Contracts	(269,253)	—	—	(269,253)
Total	\$2,410,737,613	\$—	\$—	\$2,410,737,613

<sup>1</sup> As categorized in the Portfolio Holdings.

<sup>2</sup> Futures contracts are reported at cumulative unrealized appreciation or depreciation.



# Statement of Assets and Liabilities

As of December 31, 2022

## ASSETS

Investments in securities, at value - affiliated (cost \$6,585,395)	\$9,490,058
Investments in securities, at value - unaffiliated (cost \$1,986,430,703)	2,401,516,800
Cash	10,183,338
Deposit with broker for futures contracts	943,400
Receivables:	
Fund shares sold	6,213,697
Dividends	+ 2,013,459
Total assets	2,430,360,760

## LIABILITIES

Payables:	
Fund shares redeemed	509,789
Investment adviser fees	60,617
Variation margin on futures contracts	+ 31,499
Total liabilities	601,905
Net assets	\$2,429,758,855

## NET ASSETS BY SOURCE

Capital received from investors	\$2,029,076,784
Total distributable earnings	+ 400,682,071
Net assets	\$2,429,758,855

## Net Asset Value (NAV)

Net Assets	÷	Shares Outstanding	=	NAV
\$2,429,758,855		43,093,870		\$56.38

# Statement of Operations

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

## INVESTMENT INCOME

Dividends received from securities - unaffiliated (net of foreign withholding tax of \$6,492)		\$23,949,
Interest received from securities - unaffiliated	60,273	
Dividends received from securities - affiliated	51,887	
Securities on loan, net	+ 157	
Total investment income	24,061,704	

## EXPENSES

Investment adviser fees	446,552	
60,273 Total invT0197(in) 5DeesNe		



# 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	\$23,603,227	\$15,981,303
Net realized gains (losses)	(23,994,364)	8,570,083
Net change in unrealized appreciation (depreciation)	+ (286,676,508)	272,288,79
Increase (decrease) in net assets resulting from operations	(\$287,067,645)	\$296,840,184

## DISTRIBUTIONS TO SHAREHOLDERS

Total distributions	(\$25,887,212)	(\$15,017,859)
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## TRANSACTIONS IN FUND SHARES

	1/1/22-12/31/22		1/1/21-12/31/21	
	SHARES	VALUE	SHARES	VALUE
Shares sold	26,590,753	\$1,541,744,983	7,110,963	\$452,221,843
Shares reinvested	469,652	25,887,212	238,190	15,017,859
Shares redeemed	+ (4,810,109)	(292,503,530)	(3,588,771)	(228,019,95)
Net transactions in fund shares	22,250,296	\$1,275,128,665	3,760,382	\$239,219,743

## SHARES OUTSTANDING AND NET ASSETS

	1/1/22-12/31/22		1/1/21-12/31/21	
	SHARES	NET ASSETS	SHARES	NET ASSETS
Beginning of period	20,843,574	\$1,467,585,047	17,083,192	\$946,542,97
Total increase	+ 22,250,296	962,173,808	3,760,382	521,042,068
End of period	43,093,870	\$2,429,758,855	20,843,574	\$1,467,585,047

# Financial Notes

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## 1. Business Structure of the Fund:

Schwab S&P 500 Index 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 the 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 six 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 held in the fund's portfolio are valued every business day. The following valuation policies and procedures are used by the Valuation Designee 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.
- € Futures contracts: Futures contracts are valued at their settlement prices as of the close of their exchanges.
- € Mutual funds: Mutual funds are valued at their respective NAVs.
- € Cash management sweep time deposits: Balances held in cash management sweep time deposits are accounted for on a cost basis, which approximates fair value.
- € Securities for which no quoted value is available: The Valuation Designee has adopted procedures to fair value the fund's securities when market prices are not "readily available" or are unreliable. For example, a security may be fair valued when it's 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. Fair value determinations are made in good faith in accordance with adopted valuation procedures. The Valuation Designee considers a number of factors, including unobservable market inputs, when arriving at fair value. The Valuation Designee may employ methods such as the review of



2. Significant Accounting Policies (continued):

offshore deposit, was subject to sovereign actions in the jurisdiction of the deposit institution including, but not limited to, freeze, seizure or diminution. The fund assumed the risk associated with the repayment of principal and payment of interest on such





3. Risk Factors (continued):





# Financial Notes (continued)

## 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 interested or non-interested (independent trustees) trustees. The independent trustees are paid by the investment adviser. 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 on September 28, 2023. Under the terms of the Syndicated Credit Facility, in addition to the investment adviser paying the interest charged on any borrowings by the fund, the investment adviser 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 investment adviser 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 paid by the investment adviser. The interest expense is determined based on a negotiated rate above the current Federal Funds Rate.

## 7. Purchases and Sales/Maturities of Investment Securities:

For the period ended December 31, 2022, purchases and sales of securities (excluding short-term obligations) were as follows:

PURCHASES OF SECURITIES	SALES OF SECURITIES
\$1,406,558,765	\$139,827,615

## 8. Derivatives:

The fund entered into equity index futures contracts during the report period. The fund invested in futures contracts to equitize available cash. The value and variation margin on futures contracts held at December 31, 2022 are presented in the Portfolio Holdings and Statement of Assets and Liabilities, respectively. The net realized gains (losses) and change in unrealized appreciation (depreciation) on futures contracts are presented in the Statement of Operations. Refer to financial note 2(b) for the fund’s 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 December 31, 2022, the month-end average notional amounts of futures contracts held by the fund and the month-end average number of contracts held were as follows:

NOTIONAL AMOUNT	NUMBER OF CONTRACTS
\$7,314,487	36

## 9. Federal Income Taxes:

As of December 31, 2022, the tax basis cost of the fund’s investments and gross unrealized appreciation and depreciation were as follows:

TAX COST	GROSS UNREALIZED APPRECIATION	GROSS UNREALIZED DEPRECIATION	NET UNREALIZED APPRECIATION (DEPRECIATION)
\$2,024,446,628	\$465,879,976	(\$79,588,991)	\$386,290,985

9. Federal Income Taxes (continued):

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

UNDISTRIBUTED ORDINARY INCOME	NET UNREALIZED APPRECIATION (DEPRECIATION) ON INVESTMENTS	CAPITAL LOSS CARRYFORWARDS AND OTHER LOSSES	TOTAL
\$23,601,993	\$386,290,985	(\$9,210,907)	\$400,682,071

The primary difference between book basis and tax basis unrealized appreciation or unrealized depreciation of investments is the tax deferral of losses on wash sales and realization for tax purposes of unrealized gains (losses) on futures contracts. The tax cost of the fund's investments, disclosed above, has been adjusted from the book amounts to reflect these unrealized appreciation or depreciation differences, as applicable.

Capital loss carryforwards have no expiration and may be used to offset future realized capital gains for federal income tax



# Report of Independent Registered Public Accounting Firm

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To the Board of Trustees of Schwab Annuity Portfolios and Shareholders of Schwab S&P 500 Index 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 S&P 500 Index 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

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

## Other Federal Tax Information<sub>(unaudited)</sub>

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For corporate shareholders, 79.29% of the fund's dividend distributions paid during the fiscal year ended December 31, 2022, qualify for the corporate dividends received deduction.

Under section 852(b)(3)(C) of the Internal Revenue Code, the fund hereby designates \$6,667,916 as long-term capital gain dividends for the fiscal year ended December 31, 2022.

## Liquidity Risk Management Program (unaudited)

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The fund has 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 fund’s Board of Trustees (the “Board”) has designated the fund’s investment adviser, Charles Schwab Investment Management, Inc., dba Schwab Asset Management, as the administrator of the program. Personnel of the investment adviser or its affiliates conduct the day-to-day operation of the program.

Under the program, the investment adviser 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. The investment adviser’s process of determining the degree of liquidity of each fund’s investments is supported by third-party liquidity assessment vendors.

The fund’s Board reviewed a report at its meeting held on September 19, 2022 prepared by the investment adviser regarding the operation and effectiveness of the program for the period June 1, 2021, through May 31, 2022, which included individual fund liquidity metrics. No significant liquidity events impacting the fund were noted in the report. In addition, the investment adviser provided its assessment that the program had been operating effectively in managing the fund’s liquidity risk.

# 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.

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 fund’s 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)	PRINCIPAL OCCUPATIONS DURING THE PAST FIVE YEARS	NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY THE TRUSTEE	OTHER DIRECTORSHIPS
Michael J. Beer 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 2022)	Retired. Director, President and Chief Executive Officer (Dec. 2016 – Sept. 2019), Principal Funds (investment management).	105	Director (2016 – 2019), Principal Funds, Inc.
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.	105	None
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.	105	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.	105	Director (2004 – present), Corcept Therapeutics Incorporated Director (2009 – 2021), Adamas Pharmaceuticals, Inc. Director (2003 – 2019), Symantec Corporation
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).	105	None

**INDEPENDENT TRUSTEES (CONTINUED)**

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

PRINCIPAL OCCUPATIONS  
DURING THE PAST FIVE YEARS

NUMBER OF  
PORTFOLIOS IN  
FUND COMPLEX







# Schwab S&P 500 Index Portfolio

## OFFICERS OF THE TRUST (CONTINUED)

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

PRINCIPAL OCCUPATIONS DURING THE PAST FIVE YEARS

<p>Omar Aguilar 1970 Vice President and Chief Investment Officer (Officer of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2011)</p>	<p>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), Charles Schwab Investment Advisory, Inc.; Vice President and Chief Investment Officer (June 2011 – present), Schwab Funds, Laudus Trust and Schwab ETFs.</p>
<p>Brett Wander 1961 Vice President and Chief Investment Officer (Officer of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2011)</p>	<p>Senior Vice President and Chief Investment Officer (Apr. 2011 – present), Charles Schwab Investment Management, Inc.; Vice President and Chief Investment Officer (June 2011 – present), Schwab Funds, Laudus Trust and Schwab ETFs.</p>
<p>William P. McMahon, Jr. 1972 Vice President and Chief Investment Officer (Officer of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2021)</p>	<p>Senior Vice President and Chief Investment Officer (Jan. 2020 – present), Charles Schwab Investment Management, Inc.; Vice President and Chief Investment Officer (June 2021 – present), Schwab Funds, Laudus Trust and Schwab ETFs; Senior Vice President and Chief Investment Officer – ThomasPartners Strategies (Apr. 2018 – Dec. 2019), Charles Schwab Investment Advisory, Inc.; Senior Vice President and Chief Investment Officer (May 2001 – Apr. 2018), ThomasPartners, Inc.</p>
<p>Catherine MacGregor 1964 Chief Legal Officer and Secretary, Schwab Funds and Schwab ETFs Chief Legal Officer, Vice President and Clerk, Laudus Trust (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)</p>	<p>Chief Legal Officer (Mar. 2022 – present) and Vice President (Sept. 2005 – present), Charles Schwab Investment Management, Inc.; Managing Director (May 2022 – present) and Vice President (July 2005 – May 2022), Charles Schwab &amp; Co., Inc.; Vice President (Dec. 2005 – present) and Chief Legal Officer and Clerk (Mar. 2007 – present), Laudus Trust Chief Legal Officer and Secretary (Oct. 2021 – present), Vice President (Nov. 2005 – Oct. 2021) and Assistant Secretary (June 2007 – Oct. 2021), Schwab Funds; Chief Legal Officer and Secretary (Oct. 2021 – present), Vice President and Assistant Secretary (Oct. 2009 – Oct. 2021), Schwab ETFs.</p>

<sup>1</sup> 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 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 or in the Fund Complex, whichever occurs first.

<sup>2</sup> Mr. Bettinger and Mr. Wurster are Interested Trustees. Mr. Bettinger and Mr. Wurster are Interested Trustees because each owns stock of The Charles Schwab Company (CSC), the parent company of Charles Schwab Investment Management, Inc., the investment adviser for the trusts in the Fund Complex, and is an employee of Charles Schwab & Co., Inc. (Schwab), the principal underwriter for The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios and Laudus Trust.

<sup>3</sup> 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.

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