



Schwab S&P 500 Index Portfolio

Current performance may be substantially different from what is contained in this report. [Please click here for more current fund performance and other information.](#)

This report is not authorized for distribution to prospective investors unless preceded or accompanied by a current prospectus.

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, the SEC's website at 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 or the SEC's website at 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™

The Investment Environment

For the six-month reporting period ended June 30, 2022, U.S. equity markets lost ground as inflation accelerated, interest rates rose, and, in late February, Russia invaded Ukraine. The commodities market was one of the few rising markets, as oil prices surged to over \$100 per barrel for the first time since 2014. Economic growth slowed around the world and fears of an impending recession rose. The spread of COVID-19 continued to weigh on economic growth worldwide, with the highly transmissible Omicron variant and subvariants keeping infection rates high in many areas. For the six-month reporting period, the S&P 500[®] Index, a bellwether for the overall U.S. stock market, returned -19.96%.

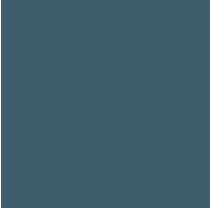
Amid fading government stimuli, ongoing supply chain disruptions, persisting inflation, and a widening U.S. trade



Over the reporting period, growth stocks significantly underperformed value stocks, and small-cap stocks slightly underperformed large-cap stocks. All but one of the 11 sectors in the S&P 500[®] Index posted negative returns for the reporting period. The weakest sector of the index was the consumer discretionary sector. Throughout the period, earnings estimates of major retailers were revised downward as high inflation, gasoline prices, and borrowing costs impacted spending on non-essential goods. The communication services and information technology sectors were also weak, as stocks including Tesla, Inc., Amazon.com, Inc., Alphabet, Inc., Apple Inc., and Microsoft Corp. all posted their worst quarterly returns in years on continuing component shortages and reduced demand. The energy sector was the only sector in the index to post a positive return. Amid ongoing shortages and the continuing war in Ukraine, demand for oil outstripped supply, driving prices significantly higher.



Portfolio Management



Christopher Bliss, CFA, Managing Director and Head of Passive Equity Strategies for Schwab Asset Management, is responsible for overseeing the investment process, portfolio management and implementation, and development 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



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.

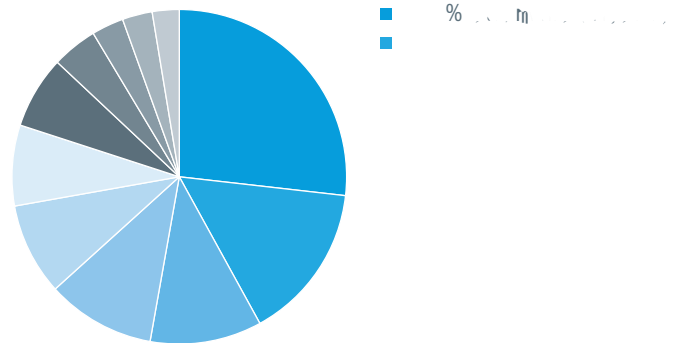
AVERAGE ANNUAL TOTAL RETURNS¹



STATISTICS¹

Number of Holdings	503
Weighted Average Market Cap (\$ x 1,000,000)	\$483,540
Price/Earnings Ratio (P/E)	18.5
Price/Book Ratio (P/B)	3.5
Portfolio Turnover Rate	7% ²

SECTOR WEIGHTINGS % OF INVESTMENTS³



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 January 1, 2022 and held through June 30, 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, simply divide your account value by \$1,000 (for example, an \$8,600 account value ÷ \$1,000 = 8.6), then multiply the result by the number given for the fund under the heading entitled "Expenses Paid During Period."

The **Hypothetical Return** line in the table below provides information about hypothetical account values and hypothetical expenses based on the fund's actual expense ratio and an assumed return of 5% per year before expenses. Because the return used is not an actual return, it may not be used to estimate the actual ending account value or expenses you paid for the period.

You may use this information to compare the ongoing costs of investing in the fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only, and do not reflect any transactional costs. Therefore, the hypothetical return lines of the table are useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	EXPENSE RATIO (ANNUALIZED) ¹	BEGINNING ACCOUNT VALUE AT 1/1/22	ENDING ACCOUNT VALUE (NET OF EXPENSES) AT 6/30/22	EXPENSES PAID DURING PERIOD 1/1/22-6/30/22 ²
Schwab S&P 500 Index Portfolio				
Actual Return	0.03%	\$1,000.00	\$ 800.50	\$0.13
Hypothetical 5% Return	0.03%	\$1,000.00	\$1,024.65	\$0.15

¹ Based on the most recent six-month expense ratio.

² Expenses for the fund are equal to its annualized expense ratio, multiplied by the average account value over the period, multiplied by 181 days of the period, and divided by the 365 days of the fiscal year.



Financial Statements

FINANCIAL HIGHLIGHTS

	1/1/22– 6/30/22*	1/1/21– 12/31/21	1/1/20– 12/31/20	1/1/19– 12/31/19	1/1/18– 12/31/18	1/1/17– 12/31/17
Per-Share Data						
Net asset value at beginning of period	\$70.41	\$55.41	\$47.48	\$37.10	\$39.51	\$33.01
Income (loss) from investment operations:						
Net investment income (loss) ¹	0.48	0.85	0.96	0.91	0.82	0.71
Net realized and unrealized gains (losses)	(14.52)	14.94	7.58	10.64	(2.51)	6.39
Total from investment operations	(14.04)	15.79	8.54	11.55	(1.69)	7.10
Less distributions:						
Distributions from net investment income	(0.77)	(0.79)	(0.53)	(0.78)	(0.68)	(0.59)
Distributions from net realized gains	(0.48)	–	(0.08)	(0.39)	(0.04)	(0.01)
Total distributions	(1.25)	(0.79)	(0.61)	(1.17)	(0.72)	(0.60)
Net asset value at end of period	\$55.12	\$70.41	\$55.41	\$47.48	\$37.10	\$39.51
Total return	(19.95%) ²	28.67%	18.28%	31.48%	(4.40%)	21.72%
Ratios/Supplemental Data						
Ratios to average net assets:						
Total expenses	0.03% ³	0.03%	0.03%	0.03%	0.03%	0.06% ⁴
Net operating expenses	N/A	N/A	N/A	N/A	N/A ⁵	0.06% ⁴
Net investment income (loss)	1.53% ³	1.35%	2.03%	2.13%	2.03%	1.97%
Portfolio turnover rate	7% ²	13%	14%	6%	5%	3%
Net assets, end of period (x 1,000,000)	\$1,401	\$1,468	\$947	\$588	\$340	\$346

* Unaudited.

¹ Calculated based on the average shares outstanding during the period.

² Not annualized.

³ Annualized.

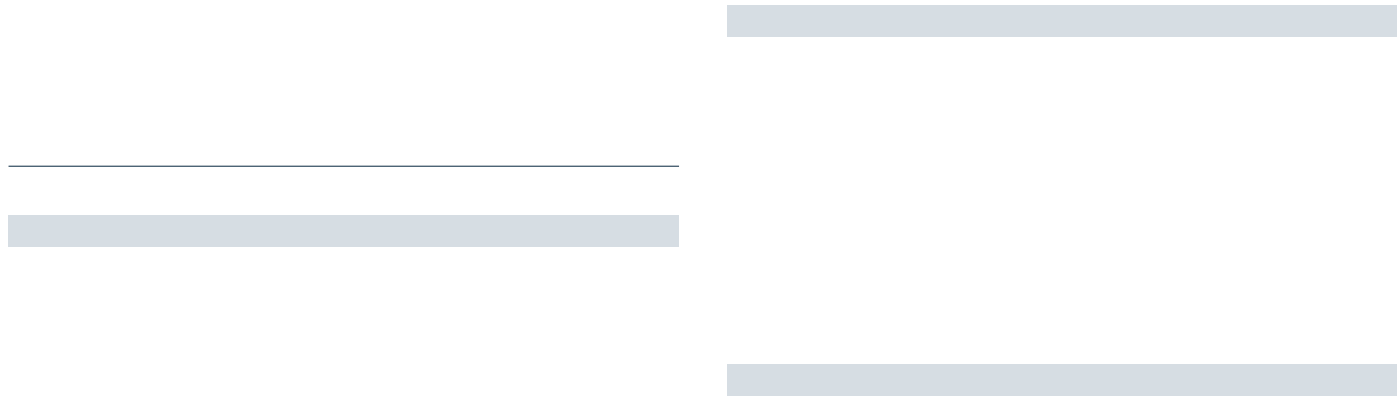
⁴ Effective March 1, 2017, the annual operating expense ratio was reduced. The ratio presented for period ended 12/31/17 is a blended ratio.

⁵ Effective March 1, 2017, the fund instituted a new fee structure and the contractual expense limitation was terminated.

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. The fund also makes available its complete schedule of portfolio holdings on the fund's website at www.schwabassetmanagement.com/schwabfunds_prospectus, typically 60-80 days after the end of the fund's fiscal quarter.

SECURITY	NUMBER OF SHARES	VALUE (\$)
COMMON STOCKS 99.5% OF NET ASSETS		
Automobiles & Components 2.2%		
Aptiv plc *	11,836	1,054,232
BorgWarner, Inc.	10,463	349,150
Ford Motor Co.	172,506	1,919,992
General Motors Co. *	63,692	2,022,858
Tesla, Inc. *	36,659	24,686,904
		30,033,136
Banks 3.7%		
Bank of America Corp.	309,730	9,641,895
Citigroup, Inc.	84,831	3,901,378
Citizens Financial Group, Inc.	21,426	764,694
Comerica, Inc.	5,712	4187p,W%



SECURITY	NUMBER OF SHARES	VALUE (\$)
Consumer Services 1.8%		
Booking Holdings, Inc. *	1,775	3,104,457
Caesars Entertainment, Inc. *	9,365	358,679
Carnival Corp. *	35,455	306,686
Chipotle Mexican Grill, Inc. *	1,222	1,597,472



SECURITY	NUMBER OF SHARES	VALUE (\$)
Laboratory Corp. of America Holdings	4,049	948,924
McKesson Corp.	6,350	2,071,434
Medtronic plc	58,605	5,259,799
Molina Healthcare, Inc. *	2,564	716,920
Quest Diagnostics, Inc.	5,127	681,788
ResMed, Inc.	6,391	1,339,745
STERIS plc	4,374	901,700
Stryker Corp.	14,702	2,924,669
Teleflex, Inc.	2,049	503,747
The Cooper Cos., Inc.	2,154	674,460
UnitedHealth Group, Inc.	40,984	21,050,612
Universal Health Services, Inc., Class B	2,932	295,282
Zimmer Biomet Holdings, Inc.	9,155	961,824
		86,779,077

Household & Personal Products 1.7%



SECURITY	NUMBER OF SHARES	VALUE (\$)
Thermo Fisher Scientific, Inc.	17,101	9,290,631
Vertex Pharmaceuticals, Inc. *	11,173	3,148,440
Viatis, Inc.	52,955	554,439
Waters Corp. *	2,631	870,808
West Pharmaceutical Services, Inc.	3,236	978,469
Zoetis, Inc.	20,559	3,533,887
		124,259,581

Real Estate 2.9%

Alexandria Real Estate Equities, Inc.	6,488	940,955
American Tower Corp.	20,300	5,188,477
AvalonBay Communities, Inc.	6,108	1,186,479
Boston Properties, Inc.	6,229	554,256
Camden Property Trust	4,653	625,735
CBRE Group, Inc., Class A *	14,280	1,051,151
Crown Castle International Corp.	18,918	3,185,413
Digital Realty Trust, Inc.	12,436	1,614,566
Duke Realty Corp.	16,795	922,885
Equinix, Inc.	3,976	2,612,311
Equity Residential	14,949	1,079,617
Essex Property Trust, Inc.	2,854	746,349
Extra Space Storage, Inc.	5,866	997,924
Federal Realty OP LP	3,121	298,805
Healthpeak Properties, Inc.	23,567	610,621
Host Hotels & Resorts, Inc.	31,227	489,639
Iron Mountain, Inc.	12,693	618,022
Kimco Realty Corp.	26,996	533,711
Mid-America Apartment Communities, Inc.	5,043	880,861
Prologis, Inc.	32,339	3,804,683
Public Storage	6,671	2,085,822
Realty Income Corp.	26,279	1,793,804
Regency Centers Corp.	6,776	401,885
SBA Communications Corp.	4,711	1,507,756
Simon Property Group, Inc.	14,343	1,818,090

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Portfolio Holdings as of June 30, 2022 (Unaudited) (continued)

The following is a summary of the inputs used to value the fund's investments as of June 30, 2022 (see financial note 2(a) for additional information):

DESCRIPTION	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	OTHER SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	TOTAL
Assets				
Common Stocks ¹	\$1,393,686,197	\$—	\$—	\$1,393,686,197
Futures Contracts ²	43,296	—	—	43,296
Total	\$1,393,729,493	\$—	\$—	\$1,393,729,493

¹ As categorized in the Portfolio Holdings.

² Futures contracts are reported at cumulative unrealized appreciation or depreciation.

Statement of Assets and Liabilities

As of June 30, 2022; unaudited

ASSETS

Investments in securities, at value - affiliated (cost \$2,772,794)	\$4,150,989
Investments in securities, at value - unaffiliated (cost \$973,374,945)	1,389,535,208
Cash	3,783,603
Deposit with broker for futures contracts	273,000
Receivables:	
Fund shares sold	230,649,400
Dividends	+ 931,715
Total assets	1,629,323,915

LIABILITIES

Payables:	
Investments bought	228,039,168
Fund shares redeemed	161,844
Variation margin on futures contracts	44,968
Investment adviser fees	_____



Statement of Operations

For the period January 1, 2022 through June 30, 2022; unaudited

INVESTMENT INCOME	
Dividends received from securities - unaffiliated (net of foreign withholding tax of \$2,492)	\$10,290,028
Dividends received from securities - affiliated	21,806
Interest received from securities - unaffiliated	4,662
Securities on loan, net	+ 157
Total investment income	10,316,653
EXPENSES	
Investment adviser fees	197,957
Total expenses	- 197,957



Statement of Changes in Net Assets

For the current and prior report periods

Figures for the current period are unaudited

OPERATIONS		
	1/1/22-6/30/22	1/1/21-12/31/21
Net investment income	\$10,118,696	\$15,981,303
Net realized gains (losses)	(18,571,991)	8,570,083
Net change in unrealized appreciation (depreciation)	+ (286,816,269)	272,288,798
Increase (decrease) in net assets resulting from operations	(\$295,269,564)	\$296,840,184

DISTRIBUTIONS TO SHAREHOLDERS		
Total distributions	(\$25,887,213)	(\$15,017,859)

TRANSACTIONS IN FUND SHARES				
	1/1/22-6/30/22		1/1/21-12/31/21	
	SHARES	VALUE	SHARES	VALUE
Shares sold	7,063,760	\$415,032,771	7,110,963	\$452,221,843
Shares reinvested	469,652	25,887,213	238,190	15,017,859
Shares redeemed	+ (2,959,520)	(186,300,097)	(3,588,771)	(228,019,959)
Net transactions in fund shares	4,573,892	\$254,619,887	3,760,382	\$239,219,743

SHARES OUTSTANDING AND NET ASSETS				
	1/1/22-6/30/22		1/1/21-12/31/21	
	SHARES	NET ASSETS	SHARES	NET ASSETS





2. Significant Accounting Policies (continued):

(f) Distributions to Shareholders:

The fund makes distributions from net investment income and net realized capital gains, if any, once a year. To receive a distribution, you must be a registered shareholder on the record date. Distributions are paid to shareholders on the payable date.

(g) Accounting Estimates:

The accounting policies described in this report conform to GAAP. Notwithstanding this, shareholders should understand that in order to follow these principles, fund management has to make estimates and assumptions that affect the information reported in the financial statements. It's possible that once the results are known, they may turn out to be different from these estimates and these differences may be material.

(h) Federal Income Taxes:

The fund intends to meet federal income and excise tax requirements for regulated investment companies under subchapter M of the Internal Revenue Code, as amended. Accordingly, the fund distributes substantially all of its net investment income and net realized capital gains, if any, to the participating insurance company's (shareholders) separate accounts each year. As long as the fund meets the tax requirements, it is not required to pay federal income tax.

(i) Indemnification:

Under the fund's organizational documents, the officers and trustees are indemnified against certain liabilities arising out of the performance of their duties to the fund. In addition, in the normal course of business the fund enters into contracts with its vendors and others that provide general indemnificationholders .8(documents,)d e(otherpmu277.8(estexthauon,)-277.8euon,)-277.8euonã(f.8('s)-27.8(g



3. Risk Factors (continued):

Concentration Risk. To the extent that the fund's or the index's portfolio is concentrated in the securities of issuers in a particular market, industry, group of industries, sector, or asset class, the fund may be adversely affected by the performance of those securities, may be subject to increased price volatility and may be more vulnerable to adverse economic, market, political or regulatory occurrences affecting that market, industry, group of industries, sector, or asset class.

Derivatives Risk. The fund's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. The fund's use of derivatives could reduce the fund's performance, increase its volatility, and could cause the fund to lose more than the initial amount invested. In addition, investments in derivatives may involve leverage, which means a small percentage of assets invested in derivatives can have a disproportionately large impact on the fund.

Liquidity Risk. The fund may be unable to sell certain securities, such as illiquid securities, readily at a favorable time or price, or the fund may have to sell them at a loss.

Securities Lending Risk. Securities lending involves the risk of loss of rights in, or delay in recovery of, the loaned securities if the borrower fails to return the security loaned or becomes insolvent.

Please refer to the fund's prospectus for a more complete description of the principal risks of investing in the fund.

4. Affiliates and Affiliated Transactions:

Investment Adviser

Charles Schwab Investment Management, Inc., dba Schwab Asset Management, a wholly owned subsidiary of The Charles Schwab Corporation, serves as the fund's investment adviser and administrator pursuant to an Advisory Agreement between the investment adviser and the trust.

For its advisory services to the fund, the investment adviser is entitled to receive an annual fee, payable monthly, equal to 0.03% of the fund's average daily net assets.



Financial Notes, unaudited (continued)

9. Federal Income Taxes (continued):

Distributions paid to shareholders are based on net investment income and net realized gains determined on a tax basis, which may differ from net investment income and net realized gains for financial reporting purposes. These differences reflect the differing character of certain income items and net realized gains and losses for financial statement and tax purposes, and may result in reclassification among certain capital accounts on the financial statements. The fund may also designate a portion of the amount paid to redeeming shareholders as a distribution for tax purposes.

As of December 31, 2021, management has reviewed the tax positions for open periods (for federal purposes, three years from the date of filing and for state purposes, four years from the date of filing) as applicable to the fund, and has determined that no provision for income tax is required in the fund's financial statements. The fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the Statement of Operations. During the fiscal year ended December 31, 2021, the fund did not incur any interest or penalties.

10. Subsequent Events:

Management has determined there are no subsequent events or transactions through the date the financial statements were issued that would have materially impacted the financial statements as presented.

Shareholder Vote Results (Unaudited)

A Special Meeting of Shareholders of Schwab Annuity Portfolios (the "Trust") was held on June 1, 2022, for the purpose of seeking shareholder approval to elect the following individuals as trustees of the Trust: Walter W. Bettinger II, Richard A. Wurster, Michael J. Beer, Robert W. Burns, Nancy F. Heller, David L. Mahoney, Jane P. Moncreiff, Kiran M. Patel, Kimberly S. Patmore, and J. Derek Penn. The number of votes necessary to conduct the Special Meeting and approve the proposal was obtained. The results of the shareholder vote are listed below:

PROPOSAL – TO ELECT EACH OF THE FOLLOWING INDIVIDUALS AS TRUSTEES OF THE TRUST:	FOR	WITHHELD
Walter W. Bettinger II	230,987,903.571	12,054,386.634
Richard A. Wurster	230,979,914.087	12,062,376.118
Michael J. Beer	230,823,461.997	12,218,828.208
Robert W. Burns	231,075,703.121	11,966,587.084
Nancy F. Heller	231,085,949.283	11,956,340.922
David L. Mahoney	231,103,532.111	11,938,758.094
Jane P. Moncreiff	231,003,818.140	12,038,472.065
Kiran M. Patel	231,002,127.696	12,040,162.509
Kimberly S. Patmore	229,583,567.139	13,458,723.066
J. Derek Penn	230,848,948.394	12,193,341.811

Investment Advisory Agreement Approval

The Investment Company Act of 1940, as amended (the 1940 Act), requires that the continuation of a fund's investment advisory agreement must be specifically approved (1) by the vote of the trustees or by a vote of the shareholders of the fund, and (2) by the vote of a majority of the trustees who are not parties to the investment advisory agreement or "interested persons" of any party (the Independent Trustees), cast in person at a meeting called for the purpose of voting on such approval. In connection with such approvals, the fund's trustees must request and evaluate, and the investment adviser is required to furnish, such information as may be reasonably necessary to evaluate the terms of the investment advisory agreement.

The Board of Trustees (the Board or the Trustees, as appropriate) calls and holds one or more meetings each year that are dedicated, in whole or in part, to considering whether to renew the amended and restated investment advisory and administration agreement (the Agreement) between Schwab Annuity Portfolios (the Trust) and Charles Schwab Investment Management, Inc. (dba Schwab Asset Management) (the investment adviser) with respect to the existing funds in the Trust, including Schwab S&P 500 Index Portfolio (the Fund), and to review certain other agreements pursuant to which the investment adviser provides investment advisory services to certain other registered investment companies. In preparation for the meeting(s), the Board requests and reviews a wide variety of materials provided by the investment adviser, including information about the investment adviser's affiliates, personnel, business goals and priorities, profitability, third-party oversight, corporate structure and operations. As part of the renewal process, the Independent Trustees' legal counsel, on behalf of the Independent Trustees, sends an information request letter to the investment adviser seeking certain relevant information. The responses by the investment adviser are provided to the Trustees in the Board materials for their review prior to their meeting, and the Trustees are provided with the opportunity to request any additional materials. The Board also receives data provided by an independent provider of investment company data. This information is in addition to the detailed information about the Fund that the Board reviews during the course of each year, including information that relates to the Fund's operations and performance, legal and compliance matters, risk management, portfolio turnover, and sales and marketing activity. In considering the renewal, the Independent Trustees receive advice from Independent Trustees' legal counsel, including a memorandum regarding the responsibilities of trustees for the approval of investment advisory agreements. In addition, the Independent Trustees participate in question and answer sessions with representatives of the investment adviser and meet in executive session outside the presence of Fund management.

The Board, including a majority of the Independent Trustees, considered information specifically relating to the continuance of the Agreement with respect to the Fund at meetings held on

May 16, 2022 and June 8, 2022, and approved the renewal of the Agreement with respect to the Fund for an additional one-year term at the meeting on June 8, 2022 called for the purpose of voting on such approval.

The Board's approval of the continuance of the Agreement with respect to the Fund was based on consideration and evaluation of a variety of specific factors discussed at these meetings and at prior meetings, including:

1. the nature, extent and quality of the services provided to the Fund under the Agreement, including the resources of the the Fund was based]TJ 1.33(provided)-277.8(bD [(1.)-7.8(e)]TJ 0 -1 The7.8(discus8-2rariety)-simil8, 7utu



account features that benefit Fund shareholders who are brokerage clients of Schwab. Following such evaluation, the Board concluded, within the context of its full deliberations, that the nature, extent and quality of services provided by the investment adviser to the Fund and the resources of the investment adviser and its affiliates dedicated to the Fund supported renewal of the Agreement with respect to the Fund.

Fund Performance. The Board considered the Fund's performance in determining whether to renew the Agreement with respect to the Fund. Specifically, the Trustees considered the Fund's performance relative to a peer category of other mutual funds and applicable indices/benchmarks, in light of total return and market trends, as well as in consideration of the Fund's investment style and strategy attributes and disclosures. As part of this review, the Trustees considered the composition of the peer category, selection criteria and the reputation of the independent provider of investment company data who prepared the peer category analysis. In evaluating the performance of the Fund, the Trustees considered the risk profile for the Fund and the Fund's demonstrated performance in tracking its benchmark index. The Trustees further considered the level of Fund performance in the context of their review of Fund expenses and the investment adviser's profitability discussed below and also noted that the Board and a designated committee of the Board review performance throughout the year. Following such evaluation, the Board concluded, within the context of its full deliberations, that the performance of the Fund supported renewal of the Agreement with respect to the Fund.

Fund Expenses. With respect to the Fund's expenses, the Trustees considered the rate of compensation called for by the Agreement in comparison to that of other similar mutual funds, such peer groups and comparisons having been selected and calculated by an independent provider of investment company data. The investment adviser reported to the Board, and the Board took into account, the risk assumed by the investment adviser in the development of the Fund and provision of services as well as the competitive marketplace for financial products. The Trustees also considered fees charged by the investment adviser to other mutual funds and the unique insurance dedicated distribution arrangements of the Fund as compared to other funds managed by the investment adviser. Following such evaluation, the Board concluded, within the context of its full deliberations, that the expenses of the Fund are reasonable and supported renewal of the Agreement with respect to the Fund.

Profitability. The Trustees considered the compensation flowing to the investment adviser and its affiliates, directly or indirectly, and reviewed profitability on a pre-tax basis, without regard to distribution expenses. In this connection, the Trustees reviewed management's profitability analyses. The Trustees also reviewed profitability of the investment adviser relating to the Schwab fund complex as a whole, noting the benefits to Fund shareholders of being part of the Schwab fund complex, including the allocations of certain fixed costs across the Fund and other funds in the complex. The Trustees

also considered any other benefits derived by the investment adviser from its relationship with the Fund, such as whether, by virtue of its management of the Fund, the investment adviser obtains investment information or other research resources that aid it in providing advisory services to other clients. The Trustees considered whether the compensation areTTJ 0,liates2oheligh7.8(of)-277.8(its)-277.8(managq)-2 reviewed provided to the investment adviser to other



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 104 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 ¹)	PRINCIPAL OCCUPATIONS DURING THE PAST FIVE YEARS	NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY THE TRUSTEE	OTHER DIRECTORSHIPS
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.	104	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.	104	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.	104	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).	104	None
Kiran M. Patel 1948 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)	Retired.	104	Director (2008 – present), KLA-Tencor Corporation



Schwab S&P 500 Index Portfolio

OFFICERS OF THE TRUST

NAME, YEAR OF BIRTH, AND POSITION(S) WITH THE TRUST (TERMS OF OFFICE, AND LENGTH OF TIME SERVED³)

PRINCIPAL OCCUPATIONS DURING THE PAST FIVE YEARS

<p>Jonathan de St. Paer 1973 President and Chief Executive Officer (Officer of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2018)</p>	<p>Director (Apr. 2019 – present), President (Oct. 2018 – present), Chief Operating Officer (Jan. 2021 – present), and Chief Executive Officer (Apr. 2019 – Nov. 2019), Charles Schwab Investment Management, Inc.; Senior Vice President (June 2020 – Mar. 2022) and Chief Operating Officer (Jan. 2021 – Mar. 2022), Charles Schwab Investment Advisory, Inc.; Chief Executive Officer (Apr. 2019 – present), President (Nov. 2018 – present) and Trustee (Apr. 2019 – Dec. 2020), Schwab Funds, Laudus Trust and Schwab ETFs; Director (Mar. 2019 – Apr. 2022), Charles Schwab Worldwide Funds plc and Charles Schwab Asset Management (Ireland) Limited; Managing Director (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.</p>
<p>Mark Fischer 1970 Treasurer, Chief Financial Officer and Chief Operating Officer (Officer of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2013)</p>	<p>Treasurer and Chief Financial Officer (Jan. 2016 – present) and Chief Operating Officer (Dec. 2020 – present), Schwab Funds, Laudus Trust and Schwab ETFs; Chief Financial Officer (Mar. 2020 – present) and Vice President (Oct. 2013 – present), Charles Schwab Investment Management, Inc.; Director (July 2020 – Apr. 2022), Charles Schwab Worldwide Funds plc and Charles Schwab Asset Management (Ireland) Limited.</p>
<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.; 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 & 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>

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 requires that 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 on any trust in the Fund Complex, whichever occurs first.

² Mr. Bettinger and Mr. Martinetto are Interested Trustees. Mr. Bettinger is an Interested Trustee because he owns stock of The Charles Schwab Corporation (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. Mr. Martinetto is an Interested Trustee because he owns stock of CSC and is an employee and director of Schwab.

³ 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.

Notes