Schwab Funds®

Schwab® Government Money Market Portfolio SWPXX

STATEMENT OF ADDITIONAL INFORMATION

April 28, 2023

The Statement of Additional Information (SAI) is not a prospectus. It should be read in

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investment from the issuer of the security to the support provider. The investment adviser may rely on its evaluation of the credit and li support provider in determining whether to purchase or hold a security enhanced by such a support. Changes in the credit quality of a support provider could cause losses to the fund.

Cyber Security Risk. As the fund increasingly relies on technology and information systems to operate, it becomes susceptible to operati risks linked to security breaches in those information systems. Both calculated attacks and unintentional events can cause failures in t information systems. Cyber attacks can include acquiring unauthorized access to information systems, usually through hacking or the malicious software, for purposes of stealing assets or confidential information, corrupting data, or disrupting fund operations. Cyber at also occur without direct access to information systems, for example by making network services unavailable to intended users. Cybe security failures by, or breaches of the information systems of, the investment adviser, distributors, broker-dealers, other service prov (including, but not limited to, index providers, fund accountants, custodians, transfer agents and administrators), or the issuers of secu fund invests in may also cause disruptions and impact the fund's business operations. Breaches in information security may result in financial losses, interference with the fund's ability to calculate net asset value (NAV), impediments to trading, inability of fund shareho transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or compensation costs, or additional compliance costs. The fund has business continuity plans in the event of, and risk management syst prevent, such cyber attacks, but these plans and systems have limitations including the possibility that certain risks have not been ide Moreover, the fund does not control the cyber security plans and systems of its service providers and other third party business partners and its shareholders could be negatively impacted as a result.

Debt Securities are obligations issued by domestic and foreign entities, including governments and corporations, in order to raise mone are basically "IOUs," but are commonly referred to as bonds or money market securities. These securities normally require the issuer a fixed-, variable- or floating-rate of interest on the amount of money borrowed (the principal) until it is paid back upon maturity.

Debt securities experience price changes when interest rates change. For example, when interest rates fall, the prices of debt securiti generally rise. Conversely, when interest rates rise, the prices of debt securities generally fall. Certain debt securities have call feature allow the issuer to redeem their outstanding debts prior to final maturity. Depending on the call feature, an issuer may pre-pay its out debts and issue new ones paying lower interest rates. If an issuer redeems its debt securities prior to final maturity, the fund may have replace these securities with lower yielding securities, which could result in a lower return. This is known as prepayment risk and is mo to occur in a falling interest rate environment. In a rising interest rate environment, prepayment on outstanding debt securities is less li to occur. This is known as extension risk and may cause the value of debt securities to depreciate as a result of the higher market inte Typically, longer-maturity securities react to interest rate changes more severely than shorter-term securities (all things being equal), generally offer greater rates of interest.

A change in a central bank's monetary policy or economic conditions may lead to a change in interest rates, which could have sudden unpredictable effects on the markets and significantly impact the value of debt securities in which the fund invests. Some debt securiti as bonds with longer durations, are more sensitive to interest rate changes than others and may experience an immediate and consid reduction in value if interest rates rise. Longer duration securities tend to be more volatile than shorter duration securities. As the value securities in the fund's portfolio adjust to a rise in interest rates, the fund's share price may fall. In the event that the fund holds a large portion of its portfolio in longer duration securities when interest rates increase, the share price of the fund may fall significantly.

Debt securities also are subject to the risk that the issuers will not make timely interest and/or principal payments or fail to make them This is called credit risk. Corporate debt securities (bonds) tend to have higher credit risk generally than U.S. government debt secur securities also may be subject to price volatility due to market perception of future interest rates, the creditworthiness of the issuer and general market liquidity (market risk).

Corporate bonds are debt securities issued by corporations. Although a higher return is expected from corporate bonds, these securit subject to the same general risks as U.S. government securities, are subject to greater credit risk than U.S. government securities. Th prices may be affected by the perceived credit quality of their issuer.

Delayed-Delivery Transactions include purchasing and selling securities on a delayed-delivery or when-issued basis. These transactions a commitment to buy or sell specific securities at a predetermined price or yield, with payment and delivery taking place after the custo settlement period for that type of security. When purchasing securities on a delayed-delivery basis, the fund assumes the rights and ri of ownership, including the risk of price and yield fluctuations. Typically, no interest will accrue to the fund until the security is delivered the fund sells a security on a delayed-delivery basis, the fund does not participate in further gains or losses with respect to that securit the other party to a delayed-delivery transaction fails to deliver or pay for the securities, the fund could suffer losses. Under Rule 18f-4 the 1940 Act, a money market fund is only permitted to invest in a security on a when-issued or forward-settling basis, or with a non-s settlement cycle, and the transaction will be deemed not to involve a senior security (as defined under Section 18(g) of the 1940 Act), provided that, (i) the fund intends to physically settle the transaction and (ii) the transaction will settle within 35 days of its trade date. T requirements may limit the ability of the fund to invest in securities on a when-issued or forward-settling basis, or with a non-standard se cycle, as part of its investment strategies.

Diversification involves investing in a wide range of securities and thereby spreading and reducing the risks of investment. The fund is a
of an open-end investment management company. The fund is a diversified mutual fund. The fund follows the regulations set forth by

Commercial Paper consists of short term, promissory notes issued by banks, corporations and other institutions to finance short-term cre

Securities of Other Investment Companies. Investment companies generally offer investors the advantages of diversification and professio
investment management, by combining shareholders' money and investing it in securities such as stocks, bonds and money market instruments. Investment companies include: (1) open-end funds (commonly called mutual funds) that issue and redeem their shares o continuous basis; (2) business development companies that generally invest in, and provide services to, privately-held companies or traded public companies; (3) closed-end funds that offer a fixed number of shares, and are usually listed on an exchange; (4) unit investr that generally offer a fixed number of redeemable shares; and (5) money market funds that typically seek current income by investing money market securities (see the sections titled "Money Market Funds" and "Money Market Securities" for more information). Certain funds, closed-end funds and unit investment trusts are traded on exchanges.

Investment companies may make investments and use techniques designed to enhance their performance. These may include delay and when-issued securities transactions; swap agreements; buying and selling futures contracts, illiquid, and/or restricted securities a repurchase agreements; and borrowing or lending money and/or portfolio securities. The risks of investing in a particular investment c will generally reflect the risks of the securities in which it invests and the investment techniques it employs. Also, investment companie charge fees and incur expenses.

Federal law restricts the ability of one registered investment company to invest in another. As a result, the extent to which the fund ma in another investment company may be limited. Except as described below, the 1940 Act currently requires that, as determined immed after a purchase is made, (i) not more than 5% of the value of a fund's total assets will be invested in the securities of any one acquired i company ("acquired fund"), (ii) not more than 10% of the value of its total assets will be invested in the aggregate in securities of acqui funds as a group and (iii) not more than 3% of the outstanding voting stock of any one acquired fund will be owned by a fund.

The limitations described above do not apply to investments in money market funds subject to certain conditions. The fund may invest affiliated and unaffiliated money market funds without limit under Rule 12d1-1 under the 1940 Act subject to the fund's investment poli and restrictions and the conditions of the Rule.

Rule 12d1-4 allows a fund to acquire shares of an acquired fund in excess of the limitations currently imposed by the 1940 Act. Fund o arrangements relying on Rule 12d1-4 will be subject to several conditions, certain of which are specific to a fund's position in the arrangement (i.e., as an acquiring or acquired fund). Notable conditions include those relating to: (i) control and voting that prohibit an fund, its investment adviser (or a sub-adviser) and their respective affiliates from beneficially owning more than 25% of the outstandin voting securities of an unaffiliated acquired fund; (ii) certain required findings relating to complexity, fees and undue influence (among things); (iii) fund of funds investment agreements; and (iv) general limitations on an acquired fund's investments in other investment c and private funds to no more than 10% of the acquired fund's asset, except in certain circumstances. To the extent the fund is an acqu fund, the limitations placed on acquired funds under Rule 12d1-4 may impact the investments made by the fund.

Stripped Securities are securities whose income and principal components are detached and sold separately. While risks associated wi stripped securities are similar to other securities, stripped securities are typically subject to greater changes in value. U.S. Treasury se that have been stripped by the Federal Reserve Bank are obligations of the U.S. Treasury.

U.S. Government Securities are issued by the U.S. Treasury or issued or guaranteed by the U.S. government or any of its agencies or instrumentalities. Not all U.S. government securities are backed by the full faith and credit of the U.S. government. Some U.S. govern securities, such as those issued by the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corpor Mac), the Student Loan Marketing Association (Sallie Mae) and the Federal Home Loan Banks (FHLB), are supported by a line of cre issuing entity has with the U.S. Treasury. Securities issued by other issuers are supported solely by the credit of the issuing agency or instrumentality such as obligations issued by the Federal Farm Credit Banks Funding Corporation (FFCB). There can be no assuranc U.S. government will provide financial support to U.S. government securities of its agencies and instrumentalities if it is not obligated to d law. U.S. government securities, including U.S. Treasury securities, are among the safest securities; however, not unlike other debt se they are still sensitive to interest rate changes, which will cause their yields and prices to fluctuate.

In September 2008, the Federal Housing Finance Agency (FHFA) placed Fannie Mae and Freddie Mac into conservatorship. As the c FHFA succeeded to all rights, titles, powers and privileges of Fannie Mae and Freddie Mac and of any stockholder, officer or director o Fannie Mae and Freddie Mac with respect to Fannie Mae and Freddie Mac and the assets of Fannie Mae and Freddie Mac. In connec the conservatorship, the U.S. Treasury entered into a Senior Preferred Stock Purchase Agreement (SPA) with each of Fannie Mae and pursuant to which the U.S. Treasury agreed to purchase up to 1,000,000 shares of senior preferred stock with an aggregate initial liqu preference of $1 billion and obtained warrants and options for the purchase of common stock of each of Fannie Mae and Freddie Mac SPAs as currently amended, the U.S. Treasury has pledged to provide financial support to a government-sponsored enterprise (GSE quarter in which the GSE has a net worth deficit as defined in the respective SPA. Under the current arrangement, the GSEs have a m amount of funding available to them which will be reduced by any future draws. There is a risk that if a GSE experiences a loss in any fis that results in the GSE having a negative net worth that is greater than the amount available under the U.S. Treasury's funding commi that the FHFA could place the GSE in receivership. In addition, each GSE may only retain a certain amount of its profits at the end of e quarter and the U.S. Treasury's liquidation preference will increase in an amount equal to any increase in a GSE's net worth up to a ce amount. The SPAs contain various covenants that severely limit each enterprise's operations.

Fannie Mae and Freddie Mac are continuing to operate as going concerns while in conservatorship and each remain liable for all of its obligations, including its guaranty obligations, associated with its mortgage-backed securities. The SPAs are intended to enhance eac Fannie Mae's and Freddie Mac's ability to meet its obligations. The FHFA has indicated that the conservatorship of each enterprise wi the director of the FHFA determines that the FHFA's plan to restore the enterprise to a safe and solvent condition has been completed Should Fannie Mae and Freddie Mac be taken out of conservatorship, it is unclear whether the U.S. Treasury would continue to enfor or perform its obligations under the SPAs. It also is unclear how the capital structure of Fannie Mae and Freddie Mac would be construct conservatorship, and what effects, if any, the privatization of Fannie Mae and Freddie Mac will have on their creditworthiness and gua certain mortgage-backed securities. Accordingly, should the FHFA take Fannie Mae and Freddie Mac out of conservatorship, there co an adverse impact on the value of their securities which could cause the fund's investments to lose value.

Although the risk of default with the U.S. government securities is considered unlikely, any default on the part of a portfolio investment cause the fund's share price or yield to fall. The risk of default on U.S. government securities may be heightened when there is uncertai to negotiations in the U.S. Congress over increasing the statutory debt ceiling. If the U.S. Congress is unable to negotiate an increase statutory debt ceiling, the U.S. government may default on certain U.S. government securities including those held by the fund, which an adverse impact on the fund. In August 2011, the long-term credit rating of the U.S. government was downgraded by a major rating as a result of concern about the U.S. government's budget deficit and rising debt burden. Similar downgrades in the future could increas in domestic and foreign financial markets, result in higher interest rates, lower prices of U.S. Treasury securities and increase the cost different kinds of debt. Although remote, it is at least theoretically possible that under certain scenarios the U.S. government could def its debt, including U.S. Treasury securities.

U.S. Treasury Securities are obligations of the U.S. Treasury and include bills, notes and bonds. U.S. Treasury securities are backed by t faith and credit of the United States government.

Variable- and Floating-Rate Debt Securities pay an interest rate, which is adjusted either periodically or at specific intervals or which floats continuously according to a formula or benchmark. Although these structures generally are intended to minimize the fluctuations in v occur when interest rates rise and fall, some structures may be linked to a benchmark in such a way as to cause greater volatility to the security's value.

Some variable-rate securities may be combined with a put or demand feature (variable-rate demand securities) that entitles the holde right to demand repayment in full or to resell at a specific price and/or time. While the demand feature is intended to reduce credit risks always unconditional, and may be subject to termination if the particular issuer's credit rating falls below investment grade or if the issu fails to make payments on other debt. While most variable-rate demand securities allow a portfolio to exercise its demand rights at any some such securities may only allow a portfolio to exercise its demand rights at certain times, which reduces the liquidity usually assoc this type of security. There may also be a period of time between when a portfolio exercises its demand rights and when the demand fe provider is obligated to pay. A portfolio could also suffer losses in the event that the issuer defaults on demand feature provider, usual fails to meet its obligation to pay the demand.

Certain variable- and floating-rate debt securities are subject to rates that are tied to another interest rate, such as the London Interba Offered Rate (LIBOR). On March 5, 2021, the UK Financial Conduct Authority (FCA) publicly announced that (i) immediately after Dec 2021, publication of the 1-week and 2-month U.S. Dollar LIBOR settings will permanently cease; (ii) immediately after June 30, 2023, publication of the overnight and 12-month U.S. Dollar LIBOR settings will permanently cease; and (iii) immediately after June 30, 2023 1-month, 3-month and 6-month U.S. Dollar LIBOR settings will cease to be provided or, subject to the FCA's consideration of the case, b on a synthetic basis and no longer be representative of the underlying market and economic reality they are intended to measure and representativeness will not be restored. There is no assurance that the dates announced by the FCA will not change or that the admin LIBOR and/or regulators will not take further action that could impact the availability, composition or characteristics of LIBOR or the currencies and/or tenors for which LIBOR is published. In addition, certain regulated entities ceased entering into most new LIBOR co connection with regulatory guidance or prohibitions. Public and private sector industry initiatives are currently underway to implement or alternative reference rates to be used in place of LIBOR. There is no assurance that any such alternative reference rate will be similar to the same value or economic equivalence as LIBOR or that it will have the same volume or liquidity as did LIBOR prior to its discontinua unavailability or replacement, all of which may affect the value, volatility, liquidity or return on certain of the fund's investments. Costs and resu incurred in connection with changing reference rates used for positions, closing out positions and entering into new trades. Certain of fund's investments may transition from LIBOR prior to the dates announced by the FCA. The transition from LIBOR to alternative refer may result in operational issues for the fund or its investments. No assurances can be given as to the impact of the LIBOR transition (a timing of any such impact) on the fund and its investments. These risks may also apply with respect to changes in connection with other offering rates (e.g., Euribor) and a wide range of other index levels, rates and values that are treated as "benchmarks" and are the sub recent regulatory reform.

INVESTMENT LIMITATIONS AND RESTRICTIONS

The fund may not:

(1) Purchase securities (other than securities issued or guaranteed by the U.S. government, its agencies or instrumentalities), if, as a such purchase, 25% or more of the value of its total assets would be invested in any industry or group of industries.

(2) Purchase or sell commodities, commodity contracts or real estate, including interests in real estate limited partnerships, provided fund may (i) purchase securities of companies that deal in real estate or interests therein (including REITS), (ii) purchase or sell fut contracts, options contracts, equity index participations, and index participation contracts, and (iii) purchase securities of companie deal in precious metals or interests therein.

(3) Purchase securities of other investment companies, except as permitted by the 1940 Act, the rules or regulations thereunder or an exemption therefrom, as such statute, rules or regulations may be amended or interpreted from time to time.

(4) Lend any security or make any other loan if, as a result, more than 33 1/3% of its total assets would be lent to other parties (this restriction does not apply to purchases of debt securities or repurchase agreements).

(5) Borrow money except that the fund may (i) borrow money from banks or through an interfund lending facility, if any, only for tempo emergency purposes (and not for leverage) and (ii) engage in reverse repurchase agreements with any party; provided that (i) and combination do not exceed 33 1/3% of its total assets (any borrowings that come to exceed this amount will be reduced to the extent nece to comply with the limitation within three business days).

(6) Sell securities short unless it owns the security or the right to obtain the security or equivalent securities, or unless it covers such s as required by current SEC rules and interpretations (transactions in futures contracts, options and other derivative instruments ar considered selling securities short).

(7) Purchase securities on margin, except such short-term credits as may be necessary for the clearance of purchases and sales of s and provided that margin deposits in connection with futures or other derivative instruments shall not constitute purchasing securit on margin.

Policies and investment limitations that state a maximum percentage of assets that may be invested in a security or other asset, or tha forth a quality standard shall be measured immediately after and as a result of the fund's acquisition of such security or asset, unless o noted. Except with respect to limitations on borrowing and futures and option contracts, any subsequent change in total or net assets, applicable, or other circumstances does not require the fund to sell an investment if it could not then make the same investment. With to the limitation on illiquid securities, in the event that a subsequent change in net assets or other circumstances cause the fund to exc its limitation, the fund will take steps to bring the aggregate amount of illiquid instruments back within the limitations as soon as reasonably practicable.

MANAGEMENT OF THE FUND

The fund is overseen by a Board of Trustees. The trustees are responsible for protecting shareholder interests. The trustees regularly

Name, Year of Birth, and Position(s) with the Trust (Term 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 During the Past Five Years
Kimberly S. Patmore 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 2016)			

Name, Year of Birth, and Position(s) with the Trust (Term of Office and Length of Time Served[4])	Principal Occupations During the Past Five Years
Mark Fischer 1970 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)	Chief Operating Officer (Dec. 2020-present) and Treasurer and Chief Financ Officer (Jan. 2016-Dec. 2022), Schwab Funds, Laudus Trust FeO.7657 730 (Officer1 Tu.8(8(Jan.)-218.present))-218.8(and)-21T* (Treasurer)-218.8(an Title9.1b Fceof Fb Capit& [((Ob)8o.us Capital Trust, Capit8(Annuity)-218.8(Portfolios,)-218.8(Schwab)-218.8(Strategic)-218.8(T Fb(O8.ostments,Offi/TT4 1 Tf 9.978 0 0 9.978 253.2812 222.429 Tm [(Boa and8.ostments,Strategi(75Of7i(i.e.tfolios, [(Cap7ttChiee.s).(hwab)-2amily)-

Board Oversight of Risk Management

Like most investment companies, fund management and its other service providers have responsibility for day-to-day risk manageme fund. The Board’s duties, as part of its risk oversight of the Trust, consist of monitoring risks identified during regular and special repor the Committees of the Board, as well as regular and special reports to the full Board. In addition to monitoring such risks, the Committe the Board oversee efforts of fund management and service providers to manage risks to which the funds of the Trust may be exposed example, the Investment Oversight Committee meets with portfolio managers and receives regular reports regarding investment risk risk of the fund’s portfolio. The Audit, Compliance and Valuation Committee meets with the fund’s Chief Compliance Officer and Chief Financial Officer and receives regular reports regarding compliance risks, operational risks and risks related to the valuation and liqui portfolio securities. From its review of these reports and discussions with management, each Committee receives information about1. ehi218.7(Cciknowled(to)-218.8mittees)72Officermads of18.8(78besponusment)-21ind8(tryhe)-218.7(nagers)-21.8(with)-21exrisiebe

Trustee Committees

The Board has established certain committees and adopted Committee charters with respect to those committees, each as described

- The Audit, Compliance and Valuation Committee reviews the integrity of the Trust's financial reporting processes and complian policies, procedures and processes, and the Trust's overall system of internal controls. The Audit, Compliance and Valuation C also reviews and evaluates the qualifications, independence and performance of the Trust's independent auditors, and the implementation and operation of the Trust's valuation policy and procedures. This Committee is comprised of at least three inde trustees and currently has the following members: Kimberly S. Patmore (Chair), Michael J. Beer and J. Derek Penn. The Comm met four times during the most recent fiscal year.
- The Governance Committee reviews and makes recommendations to the Board regarding Trust governance-related matters, i but not limited to Board compensation practices, retirement policies and term limits, Board self-evaluations, the effectiveness a

Securities Beneficially Owned by Each Trustee

The following table provides each trustee’s equity ownership of the fund and ownership of all registered investment companies overse
each trustee in the Family of Investment Companies as of December 31, 2022.

Name of Trustee	Dollar Range of Trustee Ownership of the Fund Included in the SAI	Aggregate Dollar Range of Trustee Ownership in the Family of Investment Companies
INTERESTED TRUSTEES		

Fund	Name and Address	Percent owned
Schwab Government Money Market Portfolio	Great-West Life & Annuity VA-1 Signature 8515 E Orchard Rd Greenwood Village, CO 80111-5002	32.39%
	Protective Life Insurance Company 2801 Highway 280 S Birmingham, AL 35223-2488	16.36%
	Great-West Life & Annuity FBO Schwab Annuities Advisor Choice 8515 E Orchard Rd 2T2 Greenwood Village, CO 80111-5002	15.42%
	Great-West Life & Annuity FBO Schwab Annuities One Source Choice 8515 E Orchard Rd 2T2 Greenwood Village, CO 80111-5002	15.10%
	Great-West Life & Annuity VA-1 Signature	13.36%

contractual expense limitation agreement may only be amended or terminated with the approval of the fund’s Board of Trustees. From
3, 2017 to September 24, 2020, Schwab Asset Management and its affiliates had agreed to limit total annual operating expenses to 0.
of the fund. Schwab Asset Management and/or its affiliates also may, if applicable, voluntarily waive and/or reimburse expenses in exc
current fee waiver and reimbursement commitment to the extent necessary to maintain a non-negative net yield for the fund (the volun
yield waiver). The voluntary yield waiver cannot be recaptured by Schwab Asset Management and/or its affiliates. Amounts waived or
under the contractual expense limitation agreement is applied prior to and without regard to the voluntary yield waiver and may not be
recaptured by the investment adviser and/or its affiliates.

The amount of the expense limitation is determined in coordination with the Board of Trustees, and the expense limitation is intended
the effects on shareholders of expenses incurred in the ordinary operation of the fund. The expense limitation is not intended to cove
expenses, and the fund’s expenses may exceed the expense limitation. For example, the expense limitation does not cover investme
related expenses, such as brokerage commissions, interest, taxes and the fees and expenses of pooled investment vehicles, such as
and other investment companies, that are held by the fund, nor does it cover extraordinary or non-routine expenses, such as shareho
meeting costs.

The following table shows the net advisory fees paid by the fund and gross fees reduced by the fund for the past three fiscal years. Th
in the “net fees paid” row represent the actual amounts paid to the investment adviser, which include the effect of any reductions due t
the application of the fund’s contractual expense limitation agreement. The figures in the “gross fees reduced by” row represent the a
any, the advisory fees payable to Schwab Asset Management were reduced due to the application of the fund’s contractual expense
limitation agreement.

Fund		2022	2021	2020
Schwab Government Money Market Portfolio	Net fees paid	$405,583	$351,411	$442,736
	Gross fees reduced by	$ 0	$ 0	$120,713

Distributor

Pursuant to a Distribution Agreement between Schwab and the Trust, Schwab, located at 211 Main Street, San Francisco, CA 94105,
principal underwriter for shares of the fund and is the Trust’s agent for the purpose of the continuous offering of the fund’s shares. The
for prospectuses and shareholder reports to be prepared and delivered to existing shareholders. Schwab pays such costs when the d
materials are used in connection with the offering of shares to prospective investors and for supplemental sales literature and advertisin
receives no fee under the Distribution Agreement; however, as described below in “Payments to Financial Intermediaries,” Schwab A
Management compensates Schwab, in its capacity as a financial intermediary and not in its capacity as distributor and principal under
the fund, for providing certain additional services that may be deemed to be distribution-related.

Payments to Financial Intermediaries

Schwab Asset Management and its affiliates make payments to certain broker-dealers, banks, trust companies, insurance companies
retirement plan service providers, consultants and other financial intermediaries (Intermediaries) for services and expenses incurred in
with certain activities or services which may educate financial advisors or facilitate, directly or indirectly, investment in the fund and oth
investment companies advised by Schwab Asset Management, including the Schwab ETFs. These payments are made by Schwab A
Management or its affiliates at their own expense, and not from the assets of the fund. Although a portion of Schwab Asset Manageme
its affiliates’ revenue comes directly or indirectly in part from fees paid by the fund, these payments do not increase the expenses paid
investors for the purchase of fund shares, or the cost of owning the fund.

These payments may relate to educational efforts regarding the fund, or for other activities, such as marketing and/or fund promotion
and presentations, educational training programs, conferences, data analytics and support, or the development and support of techno
platforms and/or reporting systems. In addition, Schwab Asset Management or its affiliates make payments to certain Intermediaries t
shares of the fund available to their customers or otherwise promote the fund, which may include Intermediaries that allow customers
buy and sell fund shares without paying a commission or other transaction charge. Payments of this type are sometimes referred to as
sharing or marketing support.

Payments made to Intermediaries may be significant and may cause an Intermediary to make decisions about which investment optio
recommend or make available to its clients or what services to provide for various products based on payments it receives or is eligibl
receive. As a result, these payments could create conflicts of interest between an Intermediary and its clients and these financial incer
cause the Intermediary to recommend the fund over other investments.

As of April 28, 2023, Schwab Asset Management anticipates that Envestnet Asset Management, Inc., E*TRADE Securities LLC, Fide
Services LLC/National Financial Services LLC, Empower Annuity Insurance Company of America, Minnesota Life Insurance Compar
Stanley Smith Barney LLC, Principal Life Insurance Company and Teachers Insurance and Annuity Association of America will receiv
these payments. Schwab Asset Management may enter into similar agreements with other FINRA member firms (or their affiliates) in

including ETF shares, or certain riskless principal transactions placed on NASDAQ are typically effected through brokers who charge
commission for their services. Exchange fees may also apply to transactions effected on an exchange. Purchases and sales of fixed i
securities may be transacted with the issuer, the issuer's underwriter, or a dealer. The fund does not usually pay brokerage commissio
on purchases and sales of fixed income securities, although the price of the securities generally includes compensation, in the form of
or a mark-up or mark- down, which is not disclosed separately. The prices the fund pays to underwriters of newly-issued securities usu
include a commission paid by the issuer to the underwriter. Transactions placed through dealers who are serving as primary market ma
the spread between the bid and asked prices. The money market securities in which the fund invests are traded primarily in the over-tl

The investment adviser may aggregate securities sales or purchases among two or more funds. The investment adviser will not aggre
transactions unless it believes such aggregation is consistent with its duty to seek best execution for each affected fund and is consist
the terms of the investment advisory agreement for such fund. In any single transaction in which purchases and/or sales of securities o
any issuer for the account of the fund are aggregated with other accounts managed by the investment adviser, the actual prices applic
the transaction will be averaged among the accounts for which the transaction is effected, including the account of the fund.

In determining when and to what extent to use Schwab or any other affiliated broker-dealer as its broker for executing orders for the fu
securities exchanges, the investment adviser follows procedures, adopted by the fund's Board of Trustees, that are designed to ensure t
brokerage commissions (if relevant) are reasonable and fair in comparison to unaffiliated brokerage commissions for comparable
transactions. The Board reviews the procedures annually and approves and reviews transactions involving affiliated brokers quarterly

The fund expects that purchases and sales of portfolio securities will usually be principal transactions. Securities will normally be purc
directly from the issuer or from an underwriter or market maker for the securities. Purchases from underwriters will include a commiss
or concession paid by the issuer to the underwriter, and purchases from dealers serving as market makers will include the spread betw
bid and asked prices, although in some cases they may include a commission like charge.

Brokerage Commissions

During the last three fiscal years, the fund paid no brokerage commissions.

Regular Broker-Dealers

During the fiscal year, the fund held securities issued by its respective "regular broker-dealers" (as defined in Rule 10b-1 under the 19
indicated below as of December 31, 2022.

Fund	Regular Broker-Dealer	Value of Holdings
Schwab Government Money Market Portfolio	None	N/A

PROXY VOTING

The Board has delegated the responsibility for voting proxies to Schwab Asset Management, pursuant to the investment adviser's Pro
Policy with respect to proxies voted on behalf of the various Schwab Funds' portfolios. A description of such Proxy Voting Policy is inc
in Appendix – Proxy Voting Policy.

The Trust is required to disclose annually the fund's complete proxy voting record on Form N-PX. The fund's proxy voting record for th
recent 12-month period ended June 30th is available by visiting the Schwab Funds' website at www.schwabassetmanagement.com/
schwabfunds_prospectus. The fund's Form N-PX will also be available on the SEC's website at www.sec.gov

PORTFOLIO HOLDINGS DISCLOSURE

For this section only, the following disclosure relates to The Charles Schwab Family of Funds, Schwab Investments, Schwab Annuity
Portfolios, Schwab Capital Trust, Schwab Strategic Trust and Laudus Trust (collectively, the Trusts) and each series thereunder (each
and collectively, the funds).

The Trusts' Board has approved policies and procedures that govern the timing and circumstances regarding the disclosure of fund p
holdings information theno.rs) a8(the)-218n218.7r8.8(to)-2Q by.18 B8(th)-218.p8(proceduto)-2Q governtoth a8(the)-ennd fund then

serves a legitimate business purpose. Agreements entered into with such entities will describe the permitted use of portfolio holdings provide that, among other customary confidentiality provisions: (i) the portfolio holdings will be kept confidential; (ii) the person will not the basis of any material non-public information; and (iii) the information will be used only for the purpose described in the agreement.

If the fund’s NAV calculated using market values declined, or was expected to decline, below its $1.00 NAV calculated using amortize
Board of Trustees might temporarily reduce or suspend dividend payments in an effort to maintain its $1.00 NAV. As a result of such

The fund intends to meet these requirements. Internal Revenue Service regulations also limit the types of investors that may invest in
fund. The fund intends to meet this limitation by offering shares only to participating insurance companies and their separate accounts

APPENDIX – RATINGS OF INVESTMENT SECURITIES

From time to time, the fund may report the percentage of its assets that fall into the rating categories set forth below, as defined by the agencies.

MOODY'S INVESTORS SERVICE

Global Long-Term Rating Scale

Aaa: Obligations rated Aaa are judged to be of the highest quality, subject to the lowest level of credit risk.

Aa: Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.

A: Obligations rated A are judged to be upper-medium grade and are subject to low credit risk.

Baa: Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess speculative characteristics.

Ba: Obligations rated Ba are judged to be speculative and are subject to substantial credit risk.

B: Obligations rated B are considered speculative and are subject to high credit risk.

Caa: Obligations rated Caa are judged to be speculative of poor standing and are subject to very high credit risk.

Ca: Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of p and interest.

C: Obligations rated C are the lowest rated and are typically in default, with little prospect for recovery of principal or inte

Global Short-Term Rating Scale

P-1: Ratings of Prime-1 reflect a superior ability to repay short-term debt obligations.

P-2: Ratings of Prime-2 reflect a strong ability to repay short-term debt obligations.

P-3: Ratings of Prime-3 reflect an acceptable ability to repay short-term obligations.

STANDARD & POOR'S FINANCIAL SERVICES LLC

Long-Term Issue Credit Ratings

AAA: An obligation rated 'AAA' has the highest rating assigned by S&P Global Ratings. The obligor's capacity to meet its f commitment on the obligation is extremely strong.

AA: An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to me financial commitment on the obligation is very strong.

A: An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and econon conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitme the obligation is still strong.

BBB: An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or chang circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obl

BB: An obligation rated 'BB' is less vulnerable to nonpayment than other speculative issues. However, it faces major ong uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inac capacity to meet its financial commitment on the obligation.

B: An obligation rated 'B' is more vulnerable to nonpayment than obligations rated 'BB', but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will li impair the obligor's capacity or willingness to meet its financial commitment on the obligation.

CCC: An obligation rated 'CCC' is currently vulnerable to nonpayment, and is dependent upon favorable business, financi economic conditions for the obligor to meet its financial commitment on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitm the obligation.

CC: An obligation rated ‘CC’ is currently highly vulnerable to nonpayment. The ‘CC’ rating is used when a default has not occurred, but S&P Global Ratings expects default to be a virtual certainty, regardless of the anticipated time to defaul

C: An obligation rated ‘C’ is currently highly vulnerable to nonpayment, and the obligation is expected to have lower rela seniority or lower ultimate recovery compared to obligations that are rated higher.

D: An obligation rated ‘D’ is in default or in breach of an imputed promise. For non-hybrid capital instruments, the ‘D’ ratin category is used when payments on an obligation are not made on the date due, unless S&P Global Ratings believes payments will be made within the next five business days in the absence of a stated grace period or within the earlier o the stated grace period or the next 30 calendar days. The ‘D’ rating also will be used upon the filing of a bankruptcy pe or the taking of similar action and where default on an obligation is a virtual certainty, for example due to automatic sta provisions. A rating on an obligation is lowered to ‘D’ if it is subject to a distressed debt restructuring.

Short-Term Issue Credit Ratings

A-1: A short-term obligation rated ‘A-1’ is rated in the highest category by S&P Global Ratings. The obligor’s capacity to m financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor’s capacity to meet its financial commitment on these obligations is extremely st

A-2: A short-term obligation rated ‘A-2’ is somewhat more susceptible to the adverse effects of changes in circumstances economic conditions than obligations in higher rating categories. However, the obligor’s capacity to meet its financial commitment on the obligation is satisfactory.

A-3: A short-term obligation rated ‘A-3’ exhibits adequate protection parameters. However, adverse economic conditions changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitmen the obligation.

FITCH, INC.

Long-Term Ratings Scales

AAA: ‘AAA’ ratings denote the lowest expectation of default risk. They are assigned only in cases of exceptionally strong c for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA: ‘AA’ ratings denote expectations of very low default risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A: ‘A’ ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered s This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

BBB: ‘BBB’ ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commit is considered adequate but adverse business or economic conditions are more likely to impair this capacity.

BB: ‘BB’ ratings indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business economic conditions over time; however, business or financial flexibility exists which supports the servicing of financial commitments.

B: ‘B’ ratings indicate that material default risk is present, but a limited margin of safety remains. Financial commitments currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.

CCC: Very low margin for safety. Default is a real possibility.

CC: Default of some kind appears probable.

C: A default or default-like process has begun, or the issuer is in standstill, or for a closed funding vehicle, payment capa irrevocably impaired. Conditions that are indicative of a ‘C’ category rating for an issuer include:

i. the issuer has entered into a grace or cure period following non-payment of a material financial obligation;

ii. the issuer has entered into a temporary negotiated waiver or standstill agreement following a payment default on a material financial obligation;

iii. the formal announcement by the issuer or their agent of a distressed debt exchange;

iv. a closed financing vehicle where payment capacity is irrevocably impaired such that it is not expected to pay intere and/or principal in full during the life of the transaction, but where no payment default is imminent.

RD: ‘RD’ ratings indicate an issuer that in Fitch’s opinion has experienced an uncured payment default or distressed debt exchange on a bond, loan or other material financial obligation, but has not entered into bankruptcy filings, administra receivership, liquidation or other formal winding-up procedure, and has not otherwise ceased operating.

This would include:

i. the selective payment default on a specific class or currency of debt;

ii. the uncured expiry of any applicable grace period, cure period or default forbearance period following a payment d on a bank loan, capital markets security or other material financial obligation;

iii.

The Charles Schwab Family of Funds
Schwab Investments
Schwab Capital Trust
Schwab Annuity Portfolios
Laudus Trust
Schwab Strategic Trust

PROXY VOTING POLICY
AS OF MARCH 2023

The Boards of Trustees (the "Board") of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Sc
Annuity Portfolios, and Laudus Trust ("Schwab Funds") and Schwab Strategic Trust ("Schwab ETFs"; collectively with Schwab Funds

Charles Schwab Investment Management, Inc.

PROXY VOTING POLICY
AS OF MARCH 2023

I. INTRODUCTION

Charles Schwab Investment Management, Inc. ("CSIM"), as an investment adviser, is responsible for voting proxies with respe securities held in accounts of investment companies and other clients that have delegated the authority to vote proxies to CSIM. CSIM Committee exercises and documents CSIM's responsibility with regard to voting of client proxies, including the review and approval o Proxy Voting Policy (the "Proxy Policy"). CSIM's Investment Stewardship Team has the primary responsibility to oversee that voting is consistent with the Proxy Policy. The Investment Stewardship Team also conducts research into proxy issues and carries out engage activities with companies. The Proxy Committee receives reports from the Investment Stewardship Team on these activities.

II. PHILOSOPHY

As a leading asset manager, it is CSIM's responsibility to use its proxy votes to encourage transparency, corporate governance structures, and the management of environmental, social and governance (ESG) issues that it believes protect and promote sharehol

Just as the investors in CSIM's equity funds generally have a long-term investment horizon, CSIM takes a long-term, measured

A. DIRECTORS AND AUDITORS

i. Directors

As a starting point, CSIM expects the board to be composed of at least a majority of independent directors and to be responsive to shareholders. CSIM also expects directors that serve on a company's nominating, compensation or audit committee to be independent. CSIM believes that diversity of background, experience and skills, and personal characteristics, including gender, race, ethnicity and age, meaningfully contribute to a board's ability to make effective decisions on behalf of shareholders.

Factors that may result in a vote against one or more directors:

- The board is not majority independent
- A large-cap company board does not have at least two female directors, or a mid- or small-cap company does n have any female directors, and the board has not provided a reasonable explanation for its lack of gender diver
- A large-cap company board does not have at least one racially/ethnically diverse director, or has not provided e disclosure of director diversity and skills
- Non-independent directors serve on the nominating, compensation or audit committees
- A director recently failed to attend at least 75% of meetings or serves on an excessive number of publicly trade company boards
-

Factors that may result in a vote against Equity Compensation Plans:

- Plan's total potential dilution appears excessive
- Plan's burn rate appears excessive compared to industry peers
- Plan allows for the re-pricing of options without shareholder approval
- Plan has an evergreen feature

iii. Employee Stock Purchase Plans

CSIM supports the concept of broad employee participation in a company's equity. Therefore, CSIM typically support employee stock purchase plans when the shares can be purchased at 85% or more of the shares' market value.

iv. Re-price/Exchange Option Plans

CSIM generally only supports management proposals to re-price options when the plan excludes senior managemen

F. ENVIRONMENTAL AND SOCIAL PROPOSALS

Effective oversight of material ESG risks relevant to a company and its business is an essential board function. In CSIM's appropriate risk oversight of environmental and social issues contributes to sustainable long-term value and companies provide pertinent information on material risks common to their industry and specific to their business. CSIM evaluates, o case-by-case basis, shareholder proposals regarding environmental and social issues, including those calling for addition disclosure of material risks to a company, with emphasis placed on those risks identified within the framework of the Susta Accounting Standards Board (SASB).

CSIM recognizes that financial performance can be impacted by a company's environmental, social and human capital management policies. CSIM's case-by-case evaluation of these proposals takes into consideration a company's current level of reporting, disclosures by its peers, and the existence of controversies or litigation related to the issue.

CSIM believes that, in most instances, the board is best positioned to determine a company's strategy and manage its operations, and generally does not support shareholder proposals seeking a change in business practices.

i. Climate Change Proposals

CSIM believes that companies should provide pertinent information on the management of potential climate change-r risks, with the understanding that the relevance of this disclosure for any specific company will vary depending on its industry and operations. For companies operating in carbon-intensive industries, we believe boards should be consid range of energy demand scenarios. We generally support proposals requesting additional disclosure on climate chan related impacts when the company's current reporting is inadequate.

ii. Corporate Political Activity Proposals

CSIM expects the board of directors to have a stated oversight process for political contributions and lobbying activitie CSIM evaluates proposals asking for disclosure of a company's political contributions and lobbying activities and generally supports them if there is no evidence of board oversight or a company's disclosure is deficient and lags that peers.

V. ADMINISTRATION

A. CONFLICTS OF INTERESTS

CSIM maintains the following practices that seek to prevent undue influence on its proxy voting activity. Such influence m arise from any relationship between the company holding the proxy (or any shareholder or board member of the company) a

Where CSIM's Investment Stewardship Team conducts an engagement meeting with a company, CSIM has taken certa
mitigate perceived or potential conflicts of interest, including, but not limited to, the following:

- ensuring that no members of the Board of (i) CSC or (ii) an Affiliated Fund, that are affiliated with such company, ar
participants in such meetings.

B. FOREIGN SECURITIES/SHAREBLOCKING

Voting proxies with respect to shares of foreign securities may involve significantly greater effort and corresponding cost
voting proxies with respect to domestic securities due to the variety of regulatory schemes and corporate practices in foreign countries with respect to proxy voting. Problems voting foreign proxies may include the following:

- proxy statements and ballots written in a foreign language,
- untimely and/or inadequate notice of shareholder meetings,
- restrictions of foreigner's ability to exercise votes,
- requirements to vote proxies in person,
- requirements to provide local agents with power of attorney to facilitate CSIM's voting instructions.