December 2021

Schwab ETF Model Portfolios

Long-term portfolios built to help your clients reach their goals

Strategy

Designed to be straightforward, transparent and easy to understand. Schwab Model Portfolios are built using Schwab Asset Management's asset allocation framework, engineered with a deep understanding of investor behaviors.

Highlights

- Low cost, well diversified portfolios that combine various investment products in a building block approach.
- Advisors can choose from two different portfolio series: A Series and AB Series. Both utilize a behavioral approach to investments. Select one that's right for your clients based on their individual goals, circumstances, and behavioral biases.

Implementation Approaches

A SERIES
Low cost, core allocations

- Simple using all cap-weighted ETFs
- Well diversified
- Lowest cost

AB SERIES
Enhanced risk/return potential

- Incorporates strategic beta, style and sub-asset classes
- Enhanced diversification, potential alpha
- Low cost

A Series	Average-Weighted Expense Ratio[1]
A Series 24 Equity/76 Fixed Income	0.04%
A Series 32 Equity/68 Fixed Income	0.04%
A Series 48 Equity/52 Fixed Income	0.04%
A Series 64 Equity/36 Fixed Income	0.04%
A Series 72 Equity/28 Fixed Income	0.05%
A Series 88 Equity/12 Fixed Income	0.05%
A Series 96 Equity/4 Fixed Income	0.05%

AB Series	Average-Weighted Expense Ratio[1]
AB Series 24 Equity/76 Fixed Income	0.05%
AB Series 32 Equity/68 Fixed Income	0.06%
AB Series 48 Equity/52 Fixed Income	0.07%
AB Series 64 Equity/36 Fixed Income	0.08%
AB Series 72 Equity/28 Fixed Income	0.10%
AB Series 88 Equity/12 Fixed Income	0.11%
AB Series 96 Equity/4 Fixed Income	0.12%

1. Average-Weighted Expense Ratios as of December 31, 2021, Schwab Asset Management. Average-weighted expense ratios based on underlying ETFs. Expense ratios may change without notice.

What is behavioral finance?

Behavioral finance is the study of the influence of psychology on investor behavior and the subsequent effects on the markets.

It suggests that investors:

- Are not always rational
- Have limits to their self-control
- Are influenced by their own biases
- Make cognitive errors that can lead to wrong decisions

A behaviorally based approach to investing:

Asset allocations designed with investor behavioral tendencies in mind.

Aims to balance investor emotional "wants" with the investment results they "need."

The "best" outcome does not necessarily mean the highest return.

- We seek to provide two series of optimal asset allocation under a variety of assumptions and inputs about investor preferences and rationality.

What is market cap index and Fundamental Index investing?

Market cap index strategies weight each company by its market capitalization. Fundamental Index® strategies weight each company's economic footprint using a company's fundamental measures such as adjusted sales, retained operating cash flow, and dividends plus buybacks.

Potential advantages of combining market cap index and Fundamental Index investing strategies:

Similar stocks–different weights–are in a single portfolio.

Market cap strategies tend to perform best when the largest companies outperform in momentum-driven market conditions.

Fundamental Index strategies are designed to overweight undervalued stocks and underweight overvalued stocks.

Pairing Fundamental Index and market cap index strategies together can possibly provide an additional dimension of diversification.

Contact us

To learn how to access the Schwab ETF Model Portfolios on Third-Party Platforms, and for additional resources, contact your **Schwab Asset Management representative.**

Schwab Asset Management

As one of the industry's largest and most experienced asset managers, we offer a focused lineup of competitively priced ETFs, mutual funds and separately managed account strategies designed to serve the central needs of most investors. Learn more at **schwabassetmanagement.com**.

Disclosures

Investors should consider carefully information contained in a fund's prospectus, or if available, the summary prospectus, including investment objectives, risks, charges and expenses. You can view and download a prospectus by visiting schwabassetmanagement.com. Please read the prospectus carefully before investing.

Investment returns will fluctuate and are subject to market volatility, so that an investor's shares, when redeemed or sold, may be worth more or less than their original cost. Shares of ETFs are not individually redeemable directly with the ETF. Shares of ETFs are bought and sold at market price, which may be higher or lower than the net asset value (NAV).

Past performance does not guarantee or indicate future results. This information should not be relied upon as investment advice, research, or a recommendation by Schwab Asset Management regarding (i) the ETFs, (ii) the use or suitability of the model portfolio allocations or (iii) any security in particular. This information is intended for use only by third party financial advisors, with other information, as a resource to help build a portfolio or as an input in the development of investment advice for their own clients. Such financial advisors are responsible for making their own independent judgment as to how to use this information, and only clients and their advisors know enough about their financial circumstances to make investment decisions. Schwab Asset Management does not have investment discretion over or place trade orders for any portfolios or accounts derived from this information. Performance of any account or portfolio derived from this information may vary materially from the performance shown herein. There is no guarantee that any investment strategy illustrated will be successful or achieve any particular level of results. Some specialized exchange-traded funds can be subject to additional market risks.

Diversification and asset allocation strategies do not ensure a profit and cannot protect against losses in a declining market.

There can be no assurance that the Fundamental Index methodologies will achieve their desired outcomes. Each investing strategy brings with it its own set of unique risks and benefits.

Fundamental Index® is a registered trademark of Research Affiliates LLC.

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Schwab Asset Management has no obligation to inform you of any future changes or differences, including the retirement of these allocations.

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