7 fundamentals you need for investing success

We look at the world through clients’ eyes.

We believe in the power of investing to transform peoples’ lives.

And, we believe you create the best outcomes when you’re fully engaged.

We challenge you to challenge us.

Today we’ll discuss

01
Start with a plan that reflects your goals

02
Implement your plan with core investing principles

03
Monitor your results and stay on track

Schwab Investing Principles

The fundamentals you need for success

01

Establish a financial plan based on your goals

02

Start saving and investing today

03

Build a diversified portfolio based on your tolerance for risk

04

Minimize fees and taxes

05

Build in protection against significant losses

06

Rebalance your portfolio regularly

07

Ignore the noise

01

Establish a financial plan based on your goals

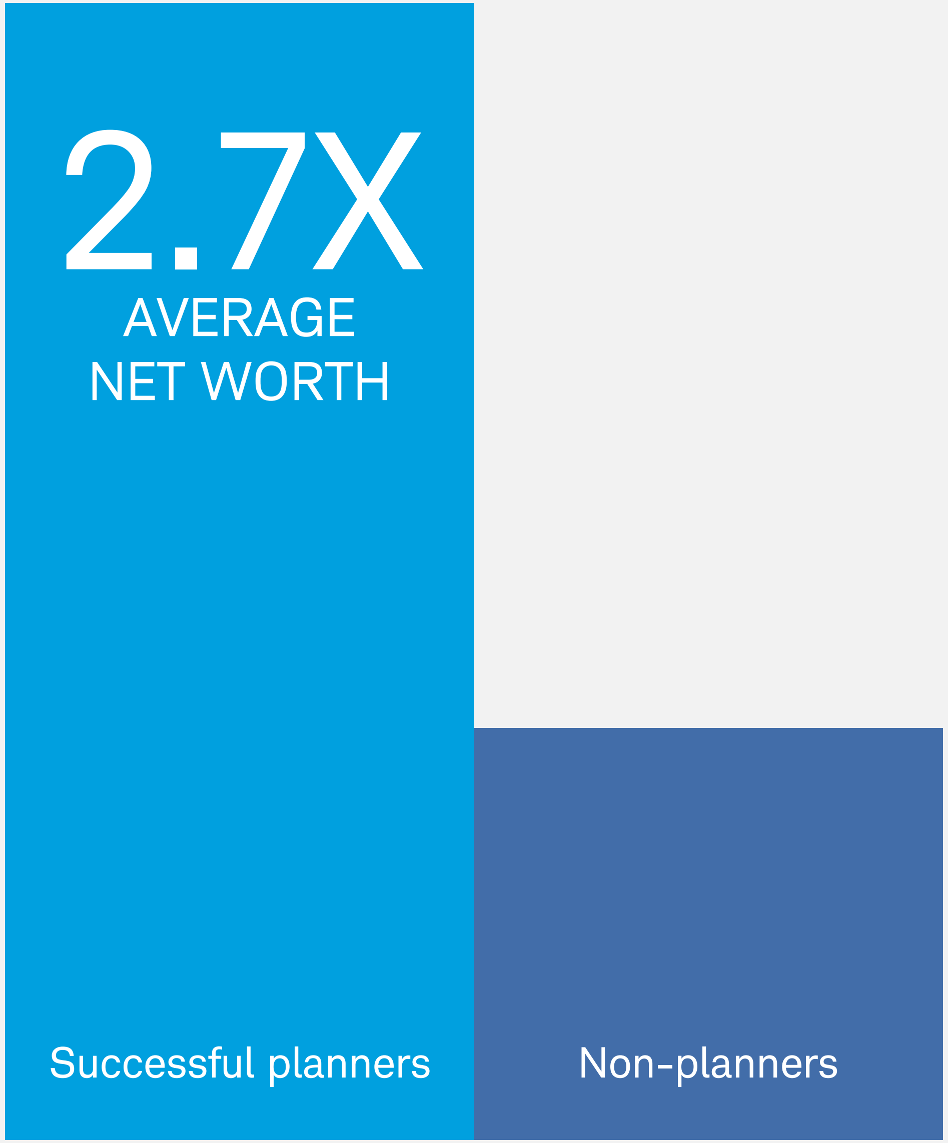
Be realistic about your goals

Review your plan at least annually

Make changes as your life circumstances change

01

Successful planners—those who stuck with their plans—can have an average total net worth 2.7 times higher than those without a plan.



For illustrative purposes only. Data Source: Strategic Business Insights MacroMonitor 2020-2021 Report.

02

Start saving and investing today

Maximize what you can afford to invest

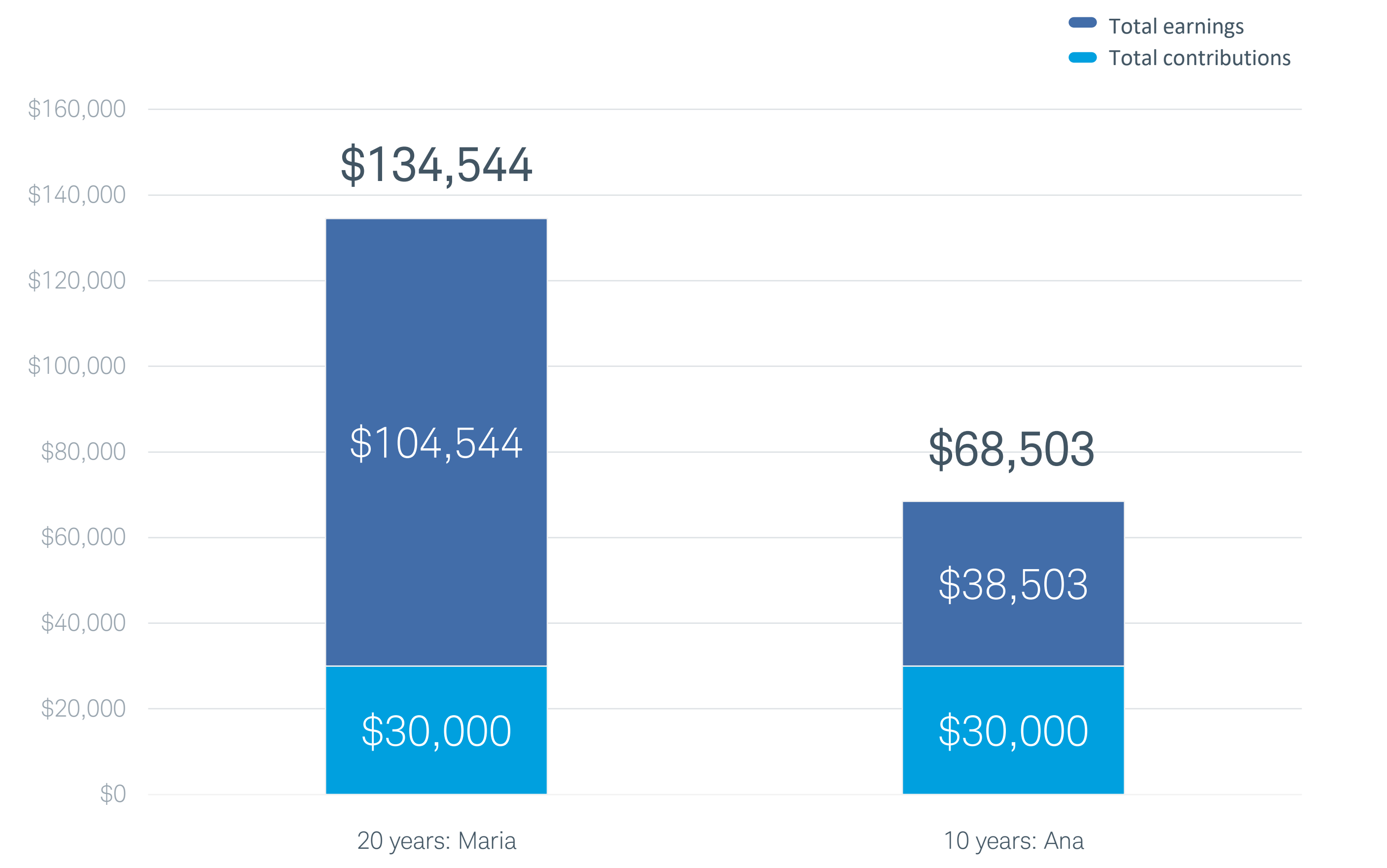
Time in the market is key

Don’t try to time the market—it’s nearly impossible

02

Source: Schwab Center for Financial Research with data from Morningstar. The hypothetical portfolio is invested entirely in the S&P 500 Index® from January 1, 2001–December 31, 2020 for Maria, and from January 1, 2011–December 31, 2020 for Ana. The end amount includes capital appreciation and dividends. Dividends are assumed to be reinvested when received. Fees and expenses would lower returns. Ana's average annual rate of return is 13.88%; Maria's is 7.47%. The actual rate of return will fluctuate with market conditions. **Past performance is no indication of future results.** Indexes are unmanaged, do not incur management fees, costs and expenses, and cannot be invested in directly.

It pays to invest early



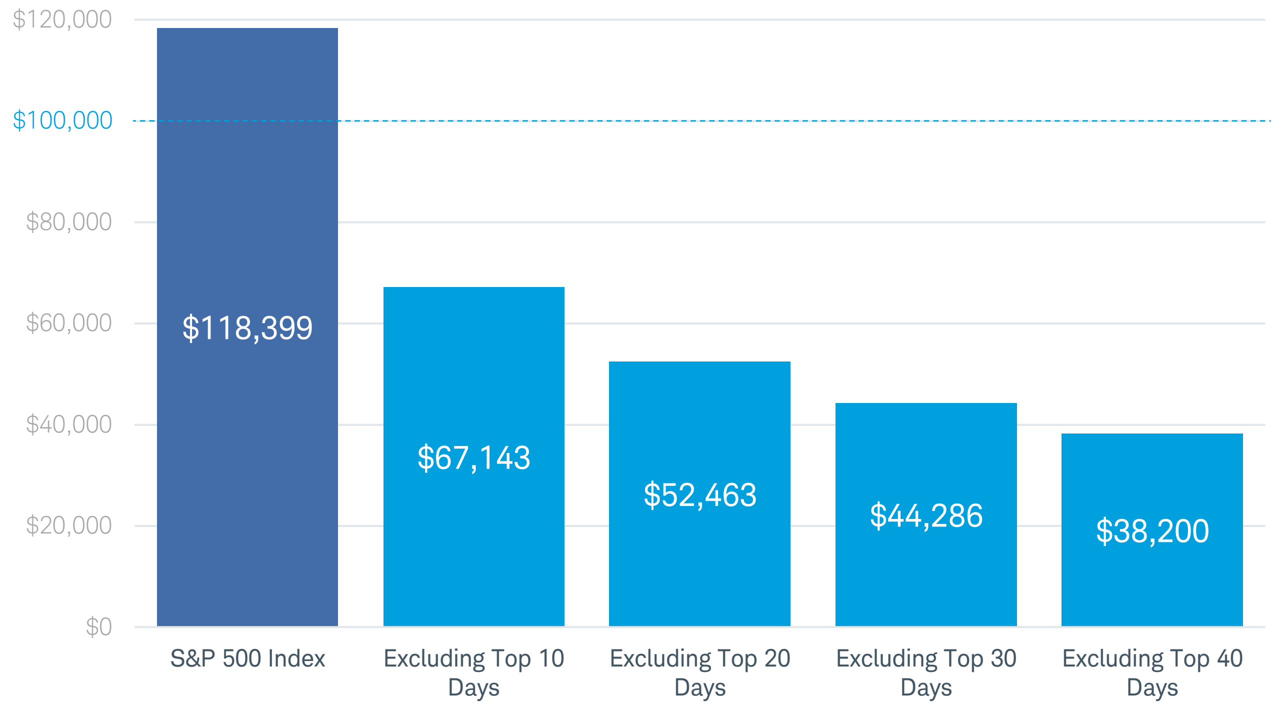
02

Source: Schwab Center for Financial Research with data from Morningstar. The year begins on the first trading day in January and ends on the last trading day of December, and daily total returns were used. Returns assume reinvestment of dividends. Fees and expenses would lower returns. When out of the market, cash is not invested. Market returns are represented by the S&P 500 Index, an index of widely traded stocks. Top days are defined as the best performing days of the S&P 500 during 2020. This chart represents a hypothetical investment and is for illustrative purposes only. Past performance is no guarantee of future results.

Don't try to predict market highs and lows

Time in the market is more important than timing the market

Growth of $100,000 fully invested versus missing key 2020 trading days



03

Build a diversified portfolio based on your tolerance

Know your comfort level with temporary losses

Understand that asset classes behave differently

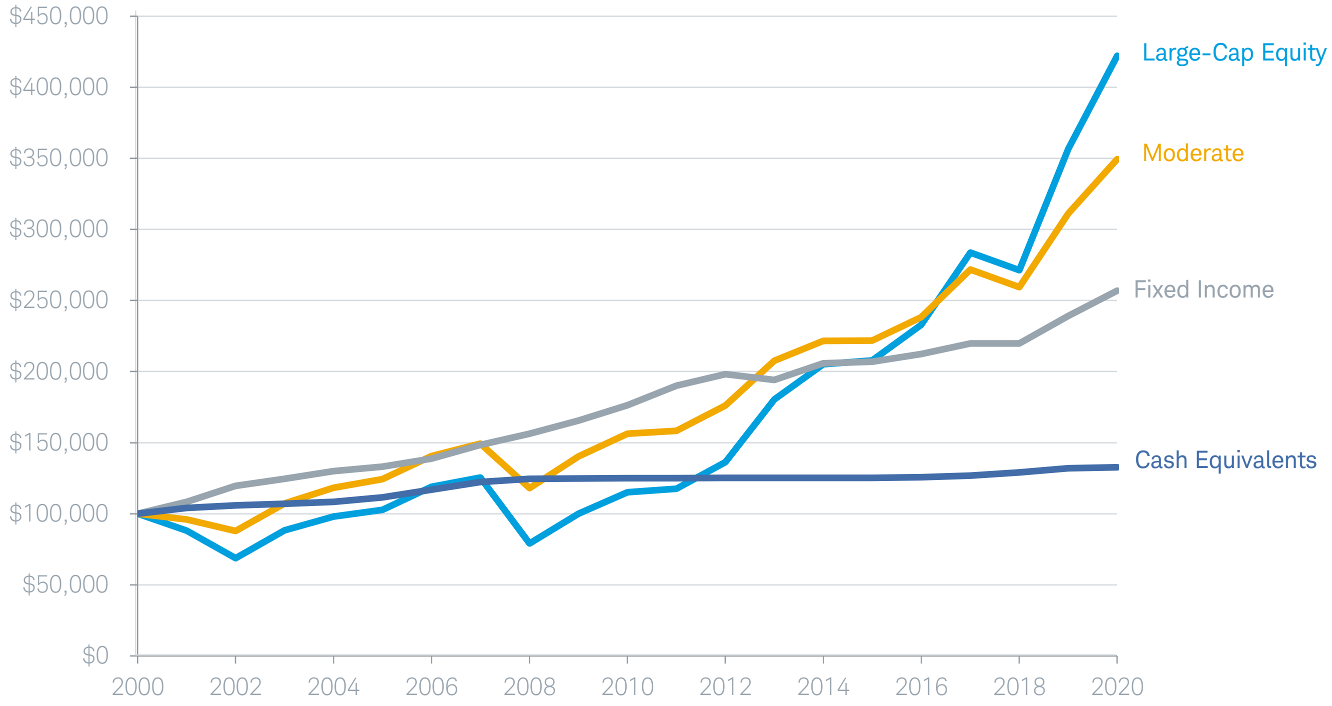
Don’t chase past performance

03

Source: Schwab Center for Financial Research with data from Morningstar. The indexes used are: S&P 500 (large-cap equity), Russell 2000 (small-cap equity), MSCI EAFE Net of Taxes (international equity), Bloomberg Barclays US Aggregate Bond Index (fixed income), FTSE U.S. T-Bills (cash equivalents). The Moderate Allocation is 35% large cap equity, 10% small cap equity, 15% international equity, 35% fixed income, and 5% cash, using the indexes noted. Past performance is no indication of future results. Indexes are unmanaged, do not incur management fees, costs and expenses, and cannot be invested in directly.

Asset classes perform differently

Asset Classes Performance 2000-2020



03

What’s your risk/return comfort zone?

Short-term allocation

- 40% Fixed income
- 60% Cash Investments

Conservative allocation

- 15% Large-cap equity
- 5% International equity
- 50% Fixed income
- 30% Cash investments

Moderately conservative

- 25% Large-cap equity
- 5% Small-cap equity
- 10% International equity
- 50% Fixed income
- 10% Cash investments

Moderate allocation

- 35% Large-cap equity
- 10% Small-cap equity
- 15% International equity
- 35% Fixed income
- 5% Cash investments

Moderately aggressive

- 45% Large-cap equity
- 15% Small-cap equity
- 20% International equity
- 15% Fixed income
- 5% Cash investments

Aggressive allocation

- 50% Large-cap equity
- 20% Small-cap equity
- 25% International equity
- 5% Cash investments

You cannot invest directly in the models. Models presented here are for illustrative purposes only.

Source: Schwab Center for Financial Research with data provided by Morningstar, Inc. The asset allocation plans are weighted averages of the performance of the indices used to represent each asset class in the plans, include reinvestment of dividends and interest, and are rebalanced annually. The indices representing each asset class in the historical asset allocation plans are: S&P 500® Index (large-cap stocks); CRSP 6-8 Index for the period 1970-1978 and Russell 2000 Index for the period 1979-2015 (small-cap stocks); MSCI EAFE Net of Taxes (international stocks); Ibbotson Intermediate-Term Government Bond Index for the period 1970-1975 and Bloomberg Barclays US Aggregate Bond Index for the period 1976-2015 (fixed income); and Ibbotson U.S. 30-day Treasury Bill Index for the period 1970-1977 and FTSE 3-month U.S. Treasury Bills (cash investments). Indexes are unmanaged, do not incur fees and expenses, and cannot be invested in directly.

04

1040

Minimize fees and taxes

Markets are uncertain;
fees are certain

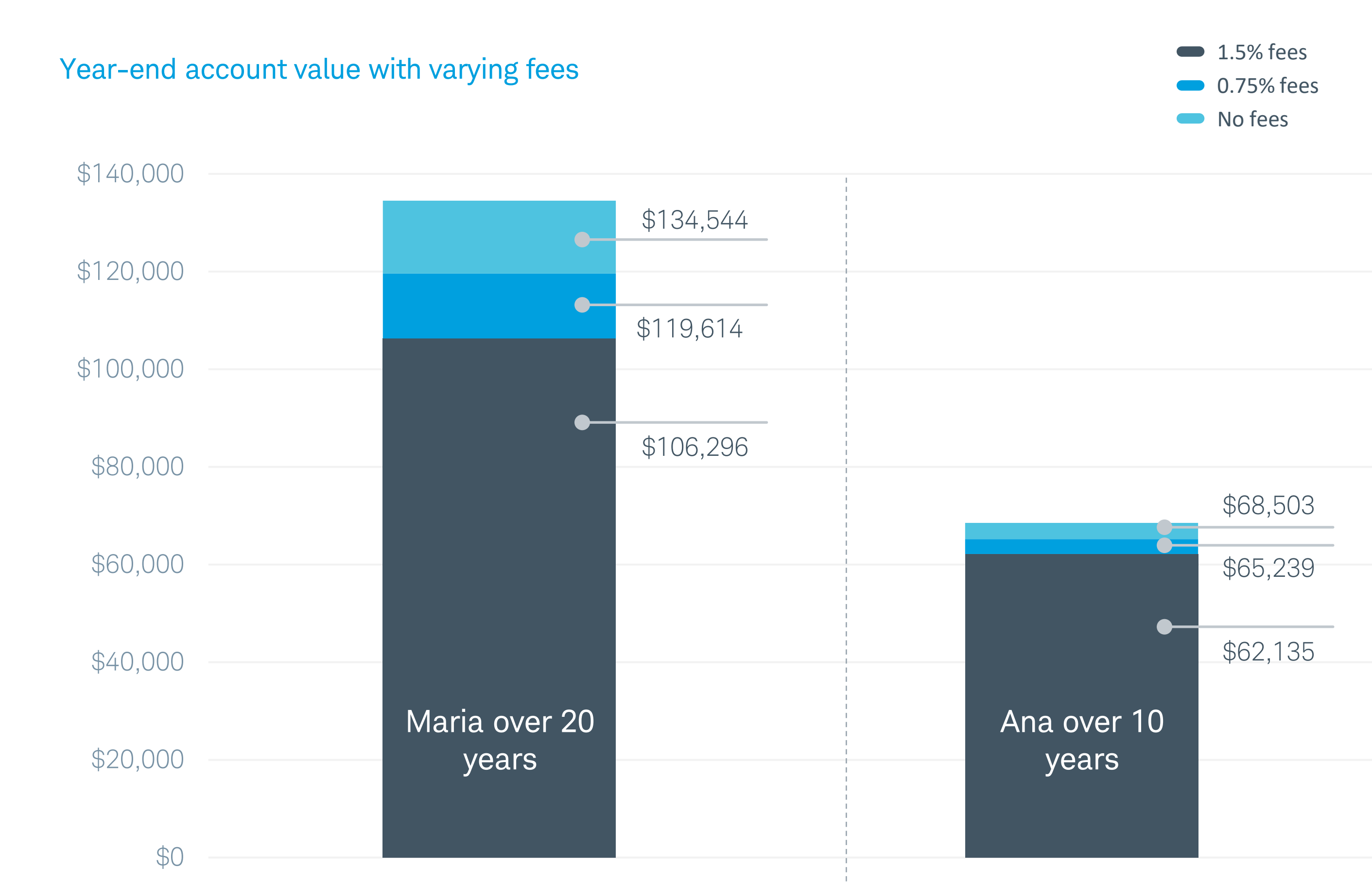
Pay attention to net returns

Minimizing taxes can help maximize returns

1040

Source: Schwab Center for Financial Research with data from Morningstar. The hypothetical investor invests $3,000 on the first day of January of every year for 10 years. Returns are assessed a fee at year-end. The hypothetical portfolio is invested entirely in the S&P 500 Index from January 1, 2000 to December 31, 2020 with $3,000 in annual contributions for the first 10 years. In scenarios involving fees, those fees are paid annually for 20 years. Chart does not take into account the effects of any possible taxes. Indexes are unmanaged, do not incur management fees, costs and expenses, and cannot be invested in directly.

Fees can eat away at your returns



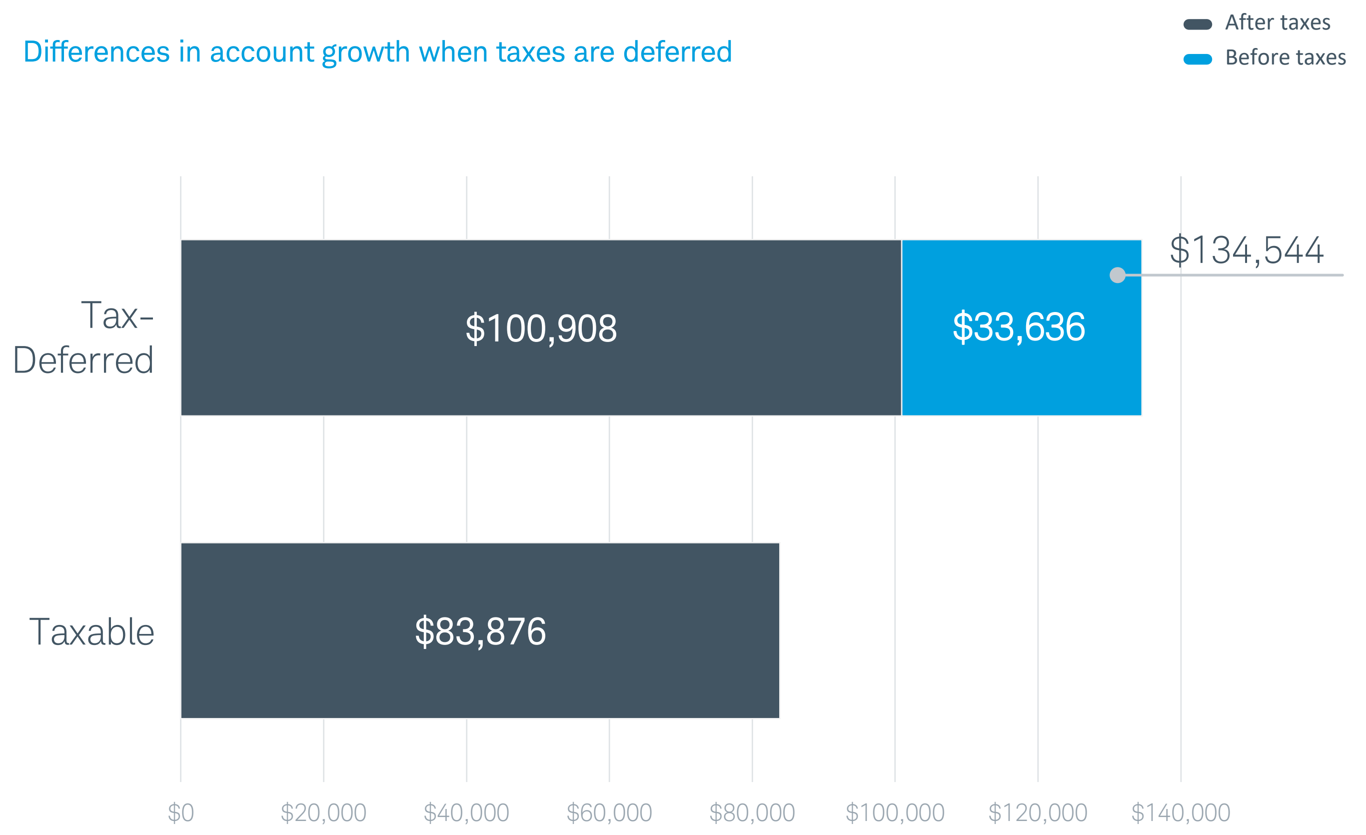
04

1040

Source: Schwab Center for Financial Research with data from Morningstar. In the tax-deferred hypothetical scenario, $3,000 is invested in the S&P 500 Index every year for 10 years, then nothing is invested for the next 10 years. The account earns capital appreciation and dividends. Dividends are assumed to be reinvested when received. Maria makes a lump-sum withdrawal in year 20, when she is in the 25% marginal tax bracket. In the taxable scenario, Maria is in the 25% marginal tax bracket and after taxes invests $2,250 in the S&P 500 Index every year for 10 years. She invests nothing for the next 10 years, leaving her money fully invested. The account earns dividends, which are taxed at 15%, and recognizes capital gains every 5 years, which are taxed at 15% with net proceeds reinvested. All capital losses were assumed to be carried forward to offset future capital gains. Performance is based on historical returns of the S&P 500 from 2001-2020. This information does not constitute and is not intended to be a substitute for specific individualized tax, legal, or investment planning advice. Where specific advice is necessary or appropriate, Schwab recommends consultation with a qualified tax advisor, CPA, financial planner, or investment manager.

Try to minimize taxes

Differences in account growth when taxes are deferred



05

Build in protection against significant losses

Modest temporary losses are okay, but recovery from significant losses can take years.

Use cash investments and bonds for diversification.

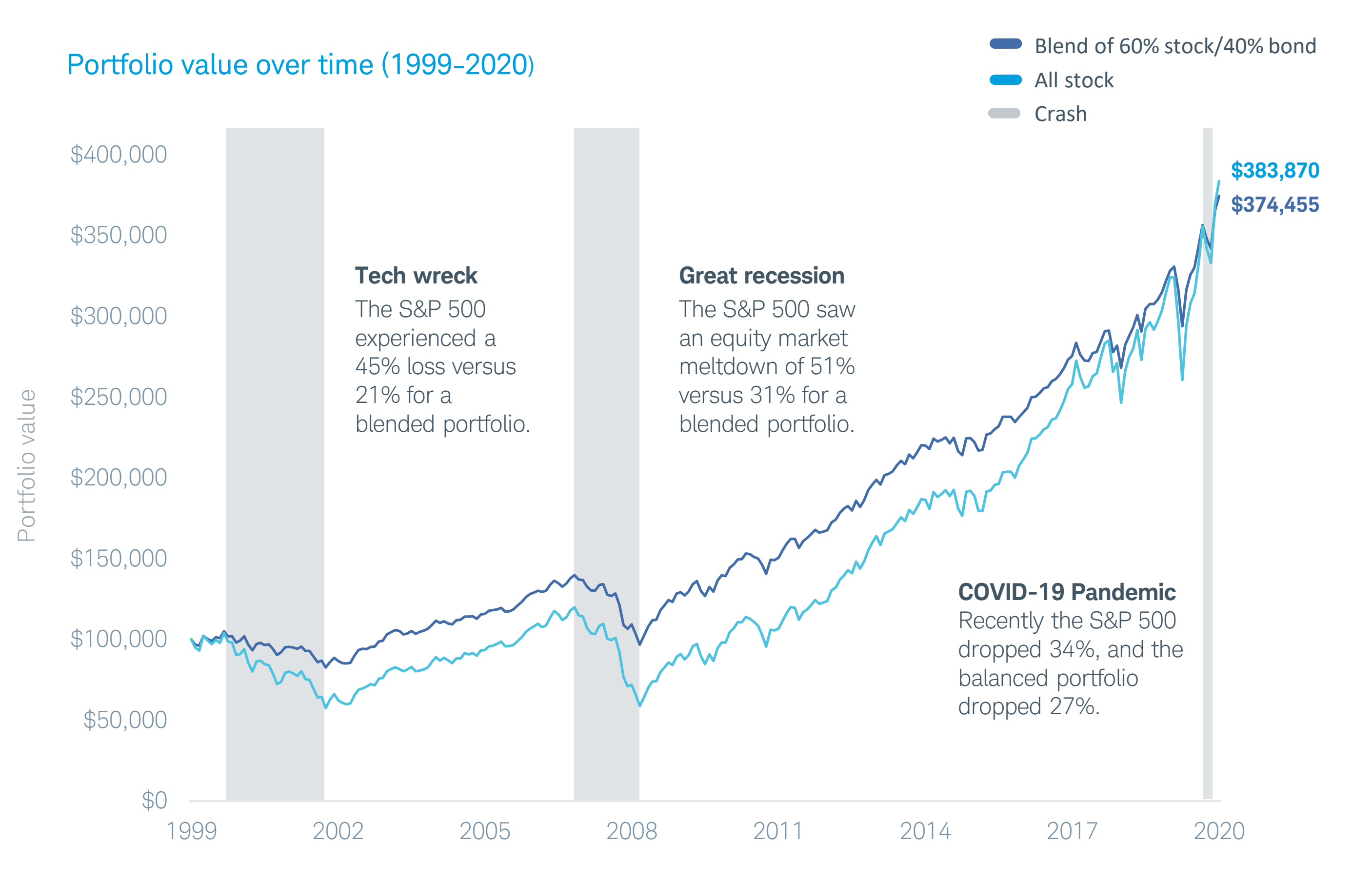
Asset allocation and diversification are two ways to approach managing risk in your portfolio.

05

Source: Schwab Center for Financial Research, with data provided by Morningstar, Inc. Stocks are represented by total annual returns of the S&P 500® Index, and bonds are represented by total annual returns of the Bloomberg Barclays US Aggregate Bond Index. The 60/40 portfolio is a hypothetical portfolio consisting of 60% S&P 500 Index stocks and 40% Bloomberg Barclays US Aggregate Bond Index bonds. The portfolio is rebalanced annually. Returns include reinvestment of dividends, interest, and capital gains. Indices are unmanaged, do not incur fees or expenses, and cannot be invested in directly. Diversification does not eliminate the risk of investment losses. Past performance is no guarantee of future results.

Steep declines make it hard to recover

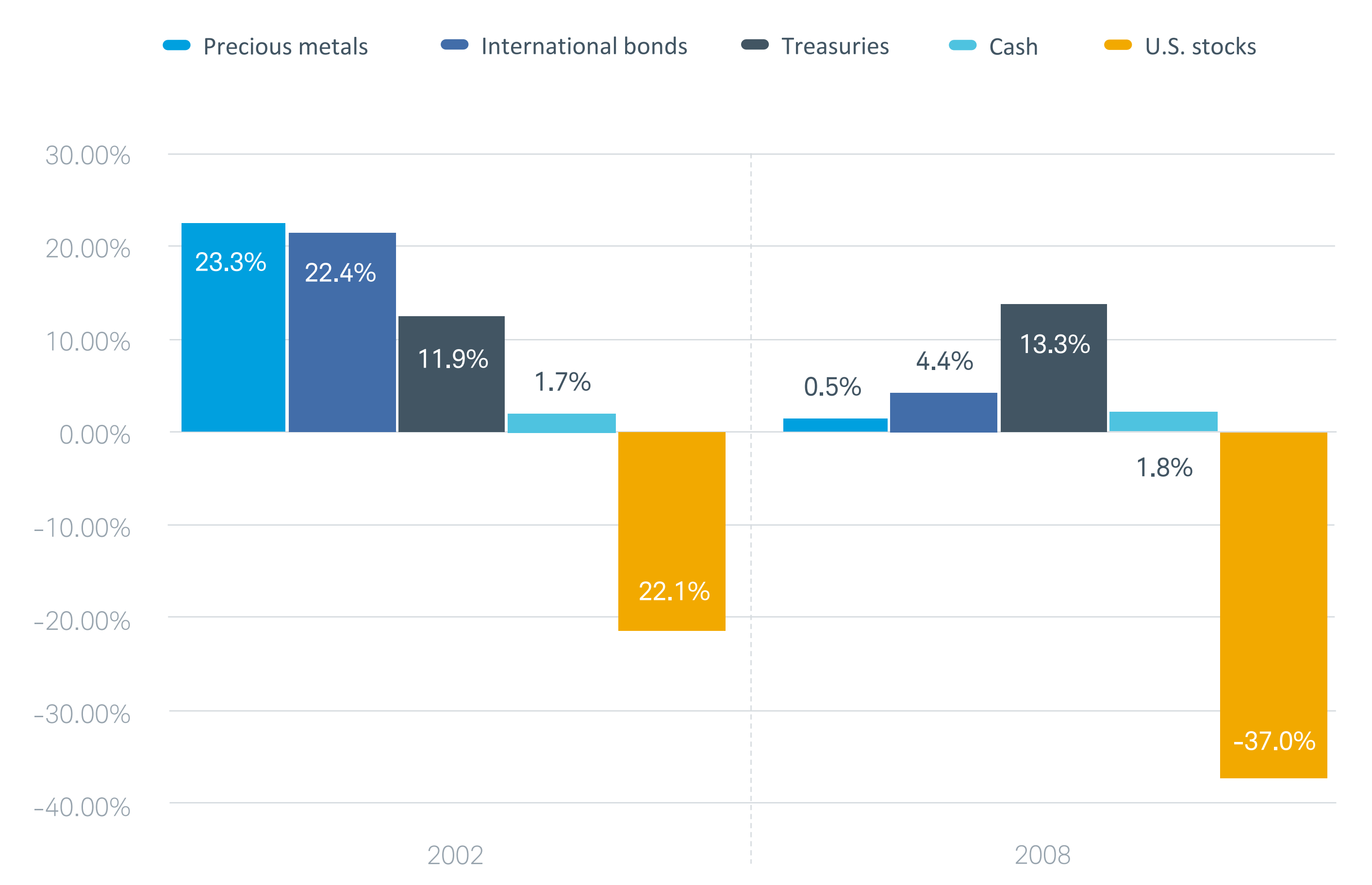
A balanced portfolio has helped reduce volatility over time



05

Source: Schwab Center for Financial Research with data provided by Morningstar. The two periods were selected to show how defensive asset classes performed when US stocks decrease by more than 20% annually within the last 20 years (2000-2020). Indexes representing each asset class are S&P 500® TR Index (US stocks), FTSE 3-month U.S. Treasury Bills Index Treasury Bill 3 Month Index (cash), Bloomberg Barclays US Treasury 3-7 Year TR Index (treasuries), S&P GSCI Precious Metal TR Index (precious metals), Bloomberg Barclays Global Aggregate Ex-US Bond TR Index (international bonds). Returns assume reinvestment of dividends and interest. Fees and expenses would lower returns. International investing may involve greater risk than U.S. investments due to currency fluctuations, unforeseen political and economic events, and legal and regulatory structures in foreign countries. Such circumstances can potentially result in a loss of principal. Past performance is no indication of future results.

Defensive asset classes have performed better when stocks break down



06

Rebalance your portfolio regularly

Be disciplined about your tolerance for risk

Stay engaged with your investments

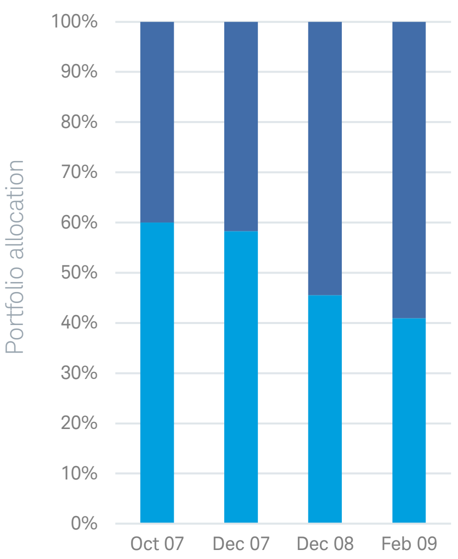
Understand that asset classes behave differently

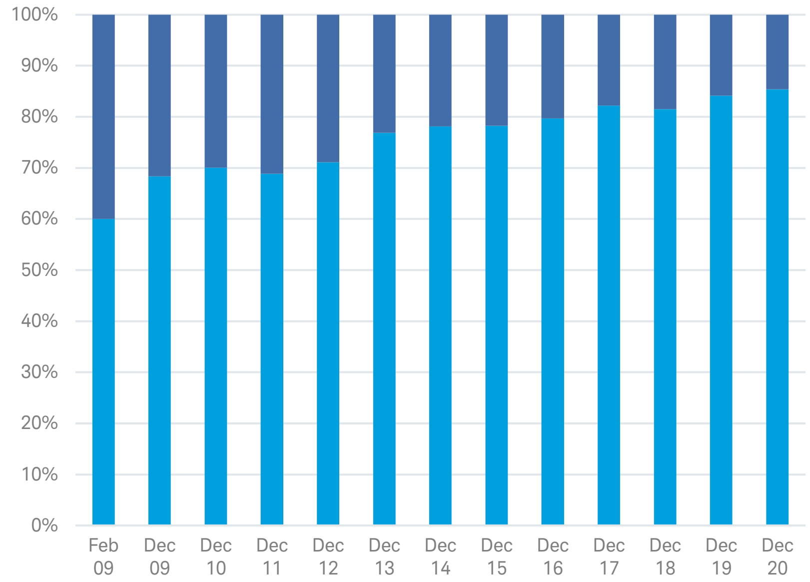
06

Source: Schwab Center for Financial Research with data from Morningstar, Inc. The portfolio above is composed of 60% stocks and 40% bonds on 10/31/2007, and is not rebalanced through 02/28/2009. It is rebalanced to 60% stocks and 40% bonds on 02/28/09 and not rebalanced through 12/31/2020. Asset class allocations are derived from a weighted average of the total monthly returns of indices representing each asset class. The indices representing the asset classes are the S&P 500 Index (stocks) and the Bloomberg Barclays US Aggregate Bond Index (bonds). Returns assume reinvestment of dividends and interest. Indices are unmanaged, do not incur fees and expenses, and cannot be invested in directly. Rebalancing may cause investors to incur transaction costs and, when rebalancing a non-retirement account, taxable events will be created that may increase your tax liability. Rebalancing a portfolio cannot assure a profit or protect against a loss in any given market environment. Past performance is no guarantee of future results.

Regular rebalancing keeps your portfolio aligned with your risk tolerance

Annual rebalancing can add needed discipline





Without rebalancing during the credit crisis, a moderate portfolio lost recovery potential.

Without rebalancing in 2009-2020, a moderate portfolio took on too much risk.

07

Ignore the noise

Press makes noise to sell advertising

Markets fluctuate

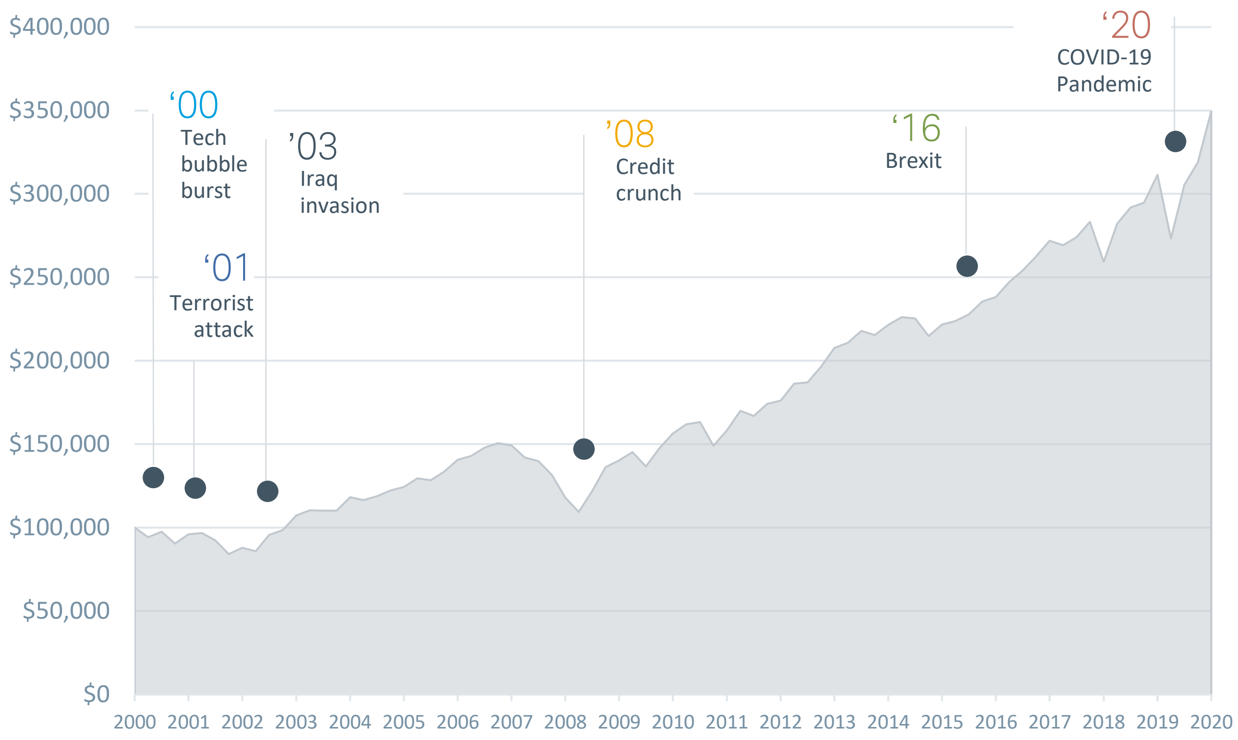
Stay focused on your plan

07

Source: Schwab Center for Financial Research with data from Morningstar. The chart illustrates the growth of $100,000 invested in the Schwab Moderate Allocation Model. The asset allocation plan is weighted averages of the performance of the indexes used to represent each asset class in the plans and are rebalanced annually. Returns include reinvestment of dividends and interest. The indexes representing each asset class are S&P 500® Index (large-cap stocks), Russell 2000® Index (small-cap stocks), MSCI EAFE® Net of Taxes (international stocks), Bloomberg Barclays US Aggregate Index (bonds), and FTSE U.S. 3-month Treasury bills (cash investments). The Moderate allocation is 35% large-cap stocks, 10% small-cap stocks, 15% international stocks, 35% bonds, and 5% cash investments. Indexes are unmanaged, do not incur fees and expenses, and cannot be invested in directly. **Past performance is no indication of future results.**

Progress towards your goal is more important than short-term performance

Portfolio value over time (2000-2020)



Let's review what we've learned

01

Establish a financial plan based on your goals

02

Start saving and investing today

03

Build a diversified portfolio based on your tolerance for risk

04

Minimize fees and taxes

05

Build in protection against significant losses

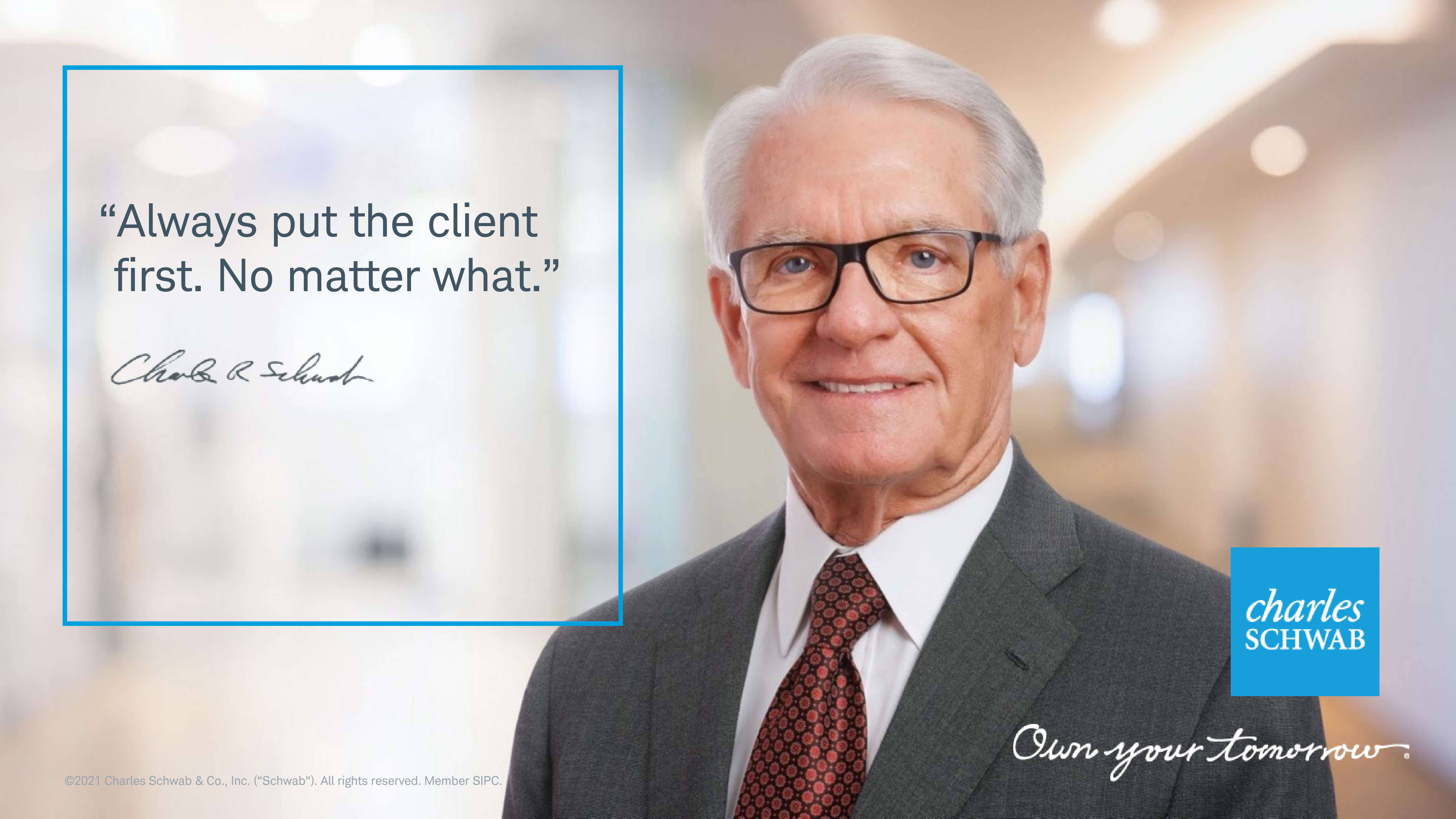
06

Rebalance your portfolio regularly

07

Ignore the noise


To take ownership,
investors must
ask questions
and be engaged.


"Always put the client first. No matter what."
charles SCHWAB
Own your tomorrow

Visit workplace.schwab.com for tools and information.

Important information

This workshop has been provided courtesy of Charles Schwab & Co., Inc.

All expressions of opinion are subject to change without notice in reaction to shifting market conditions. Data contained herein from third-party providers is obtained from what are considered reliable sources. However, its accuracy, completeness or reliability cannot be guaranteed.

Examples provided are for illustrative purposes only and not intended to be reflective of results you can expect to achieve.

This information is not intended to be a substitute for specific individualized tax, legal or investment planning advice. Where specific advice is necessary or appropriate, please consult with a qualified tax advisor, CPA, financial planner, or investment manager.

Fixed income securities are subject to increased loss of principal during periods of rising interest rates. Fixed income investments are subject to various other risks including changes in credit quality, market valuations, liquidity, prepayments, early redemption, corporate events, tax ramifications, and other factors.

Diversification strategies do not ensure a profit and do not protect against losses in declining markets.

International investments involve additional risks, which include differences in financial accounting standards, currency fluctuations, geopolitical risk, foreign taxes and regulations, and the potential for illiquid markets. Investing in emerging markets may accentuate these risks.

High-yield bonds and lower-rated securities are subject to greater credit risk, default risk, and liquidity risk.

Commodity-related products may be extremely volatile, illiquid and can be significantly affected by underlying commodity prices, world events, import controls, worldwide competition, government regulations, and economic conditions, regardless of the length of time shares are held. Investments in commodity-related products may subject the fund to significantly greater volatility than investments in traditional securities and involve substantial risks, including risk of loss of a significant portion of their principal value.

Indexes are unmanaged, do not incur management fees, cost, or expenses, and cannot be invested in directly.

For more information about the indexes shown in this presentation, please see schwab.com/indexdefinitions.

The Schwab Center for Financial Research is a division of Charles Schwab & Co., Inc.

charles SCHWAB

Own your tomorrow®

Important information

“We”, "us" and “our” refers to Charles Schwab & Co. Inc., unless otherwise noted.

If you are not completely satisfied for any reason, at your request Charles Schwab & Co., Inc. (“Schwab”); Charles Schwab Bank, SSB ("Schwab Bank"), as applicable, will refund any eligible fee related to your concern. Refund requests must be received within 90 days of the date the fee was charged. Two kinds of “Fees” are eligible for this guarantee: (1) “Program Fees” for the Schwab Private Client (“SPC”), Schwab Managed Portfolios™ (“SMP”), Schwab Intelligent Portfolios Premium™ (“SIP Premium”), and Managed Account Connection® (“Connection”) investment advisory services sponsored by Schwab (together, the “Participating Services”); and (2) commissions and fees listed in the Charles Schwab Pricing Guide for Individual Investors or the Charles Schwab Bank Pricing Guide.

For more information about Program Fees, please see the disclosure brochure for the Participating Service, made available at enrollment or any time at your request. The Connection service includes only accounts managed by Charles Schwab Investment Management, Inc., an affiliate of Schwab. The guarantee does not cover Program Fees for accounts managed by investment advisors who are not affiliated with Schwab or managed by Schwab-affiliated advisors outside of the SPC, SMP, SIP Premium, and Connection services.

The guarantee is only available to current clients. Refunds will only be applied to the account charged and will be credited within approximately four weeks of a valid request. No other charges or expenses, and no market losses will be refunded. Other restrictions may apply. Schwab reserves the right to change or terminate the guarantee at any time.

The Charles Schwab Corporation provides services to retirement and other benefit plans and participants through its separate but affiliated companies and subsidiaries, Charles Schwab & Co., Inc.; Charles Schwab Bank; Charles Schwab Trust Bank; and Schwab Retirement Plan Services, Inc. Brokerage products and services are offered by Charles Schwab & Co., Inc. (Member SIPC). Trust, custody, deposit, and lending products and services are available through Charles Schwab Bank and Charles Schwab Trust Bank, Members of FDIC. Schwab Retirement Plan Services provides recordkeeping and related services to retirement plans.

charles SCHWAB

Brokerage Products: Not FDIC-Insured. No Bank Guarantee. May Lose Value.

Own your tomorrow®

Visit workplace.schwab.com for tools and information.