

# News Release

## Contact:

Erin Montgomery  
Charles Schwab  
212-403-9271  
[erin.montgomery@schwab.com](mailto:erin.montgomery@schwab.com)

## SCHWAB ANNOUNCES ZERO CAPITAL GAINS DISTRIBUTIONS FOR SCHWAB ETFs™ FOR FIFTH CONSECUTIVE YEAR

**SAN FRANCISCO – Dec. 19, 2014** — Charles Schwab Investment Management, Inc. (CSIM) reported today that there will be no capital gains distributions in 2014 by any of the 21 exchange-traded funds (ETFs) in the Schwab ETFs™ family.

“ETFs are attractive to investors in part because of their tax efficient structure, and Schwab ETFs have delivered on this expectation for the past five years, with no distributed capital gains since the first Schwab ETFs launched in 2009,” said John Sturiale, Senior Vice President, Product Management, Charles Schwab & Co., Inc. “Maintaining the highest standard of tax efficiency is an important piece of delivering on CSIM’s promise to provide investors with simple, low-cost investment products that help them achieve a well-diversified portfolio.”

For the past 25 years, CSIM has built funds that serve as the foundation of an investor’s portfolio. As the eighth largest ETF provider with \$25.9 billion in assets under management (AUM)<sup>1</sup>, Schwab continues to serve as an industry leader for ETF investors. Eleven of Schwab’s 21 proprietary ETF offerings have surpassed \$1 billion in AUM<sup>2</sup>. The Schwab U.S. Broad Market ETF™ (SCHB) has more than \$4B in AUM, and the Schwab U.S. Large-Cap ETF™ (SCHX) has exceeded \$3 billion in AUM.

Schwab’s family of market-cap weighted ETFs continue to have the lowest operating expense ratios (OERs) in their respective Lipper categories<sup>3</sup> and its six Fundamental Index® ETFs – which track the Russell Fundamental Index® Series and began trading in August 2013 – have received meaningful traction from institutional and individual investors alike.

### About Charles Schwab Investment Management, Inc.

Founded in 1989, Charles Schwab Investment Management, Inc. (CSIM), a subsidiary of The Charles Schwab Corporation, is one of the nation’s largest asset management companies with \$252.3 billion in assets under management as of November 30, 2014. It is among the country’s largest money market fund managers and is the third-largest provider of retail index funds<sup>4</sup>. In addition to managing Schwab’s proprietary funds, CSIM provides oversight for the sub-advised Laudus Fund family. CSIM currently manages 76 mutual funds, 22 of which are actively-managed funds, in addition to two separate account model portfolios, and 21 ETF offerings.

### About Schwab

At Charles Schwab we believe in the power of investing to help individuals create a better tomorrow. We have a history of challenging the status quo in our industry, innovating in ways that benefit investors and the advisors and employers who serve them, and championing our clients’ goals with passion and integrity.

More information is available at [www.aboutschwab.com](http://www.aboutschwab.com). Follow us on [Twitter](#), [Facebook](#), [YouTube](#) and [LinkedIn](#).

<sup>1</sup> Data source: ETF.com League Table, as of December 17, 2014; <http://www.etf.com/sections/etf-league-tables/etf-league-table-dec-17-2014>

<sup>2</sup> Schwab ETFs Performance Summary, as of November 30, 2014.

<sup>3</sup> This claim is based on expense ratio data comparisons between Schwab Market-Cap ETFs and non-Schwab Market-Cap ETFs in their respective Lipper categories. Securities in Market-Cap ETFs are selected and weighted based on the size of their market capitalization. Expense ratio data for both Schwab and non-Schwab Market-Cap ETFs was obtained from Strategic Insight Simfund as of 09/30/14. ETFs in the same Lipper category may track different indexes, have differences in holdings, and show different performance. Competitors may offer more than one ETF in a Lipper category. The non-Schwab ETFs utilized represent the funds with the lowest expense ratio within their fund family in their respective Lipper category. Expense ratios are subject to change.

<sup>4</sup> Based on index funds ranking from Strategic Insight, as of November 30, 2014.

## **Disclosures:**

**Investors should carefully consider information contained in the prospectus, including investment objectives, risks, charges and expenses. You can request a prospectus by visiting [SchwabETFs.com](http://SchwabETFs.com) or calling Schwab at 800-435-4000. Please read the prospectus carefully before investing.**

All regulated investment companies are obliged to distribute portfolio gains to shareholders at year's end. There is no guarantee that capital gains distributions will not be made in the future. Trading shares of the Funds will also generate tax consequences and transaction expenses. This material is not intended to be tax advice. The tax consequences vary by individual taxpayer. Please consult your tax professional or financial adviser for more information with regard to your specific situation.

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 are bought and sold at market price, which may be higher or lower than the net asset value (NAV).

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Charles Schwab Investment Management, Inc. is the investment advisor for Schwab ETFs and an affiliate of the Charles Schwab Corporation. Charles Schwab & Co., Inc. is an affiliate of the Charles Schwab Corporation.

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