

Active

# Schwab Active Equity Funds

Managed by Charles Schwab Investment Management, Inc.

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SCHWAB

Investment  
Management

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For more than 25 years, Charles Schwab Investment Management, Inc. (CSIM) has been committed to building funds designed to serve as the foundation of a well-diversified portfolio. Managed by CSIM, the Schwab Active Equity Funds (the Funds) comprise a suite of mutual funds that share a common foundation with respect to the four Ps: purpose, philosophy, process, and people.

### Purpose

The Funds offer an array of actively managed investment strategies ranging from broad asset-class coverage to sector-specific exposure. Through a disciplined investment process, the Funds seek to deliver consistent, risk-adjusted excess returns to provide shareholders with long-term value. The portfolios that are constructed by our experienced Active Equity Portfolio Management & Research Team (“the Team”) are thoughtfully developed and well diversified, with a keen eye toward risk management, in their pursuit of optimizing potential returns.

### Philosophy

The Funds are guided by our belief that inefficiencies exist in the U.S. and international equity markets and that a disciplined investment process can exploit those inefficiencies. As such, our Team views active equity analysis as a dynamic process that demands both quantitative and qualitative approaches. In integrating the two, we overlay quantitative signals with a deep understanding of companies, economics, and market dynamics—and the interactions among them—as we strive to build portfolios that can best serve investors over a long time horizon.

### Benefits of both approaches

Quantitative	Qualitative
<b>Breadth:</b> The ability to cover a large universe of stocks	<b>Specific company analysis:</b> The ability to analyze a company’s financial statements, news, and corporate actions
<b>Timeliness:</b> Analysis can be performed quickly	<b>Forward-looking:</b> Adaptive and anticipatory of changes in the marketplace
<b>Unbiased:</b> Portfolio managers are not emotionally tied to stocks	<b>Inflection points:</b> Better able to deal with market upturns and downturns

A keen eye toward portfolio construction and how securities work together

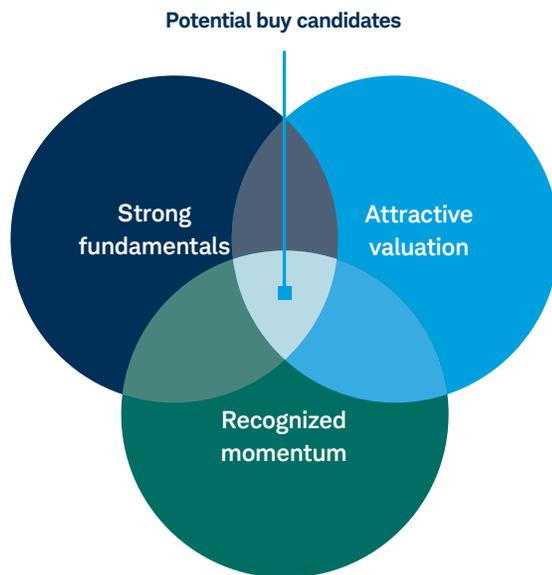
### Schwab Active Equity Funds: The four Ps

These four Ps offer a framework for what distinguishes the Funds from the competition. In addition, our Team is highly mindful of risk, managing it at every step of the investment process. Through thorough research and testing, we diligently monitor and evaluate our theses in an effort to continuously improve and optimize the portfolios.



## Process

In managing the Funds, we believe that success comes from discipline and strict adherence to a clearly defined process. In addition to applying Schwab's proprietary stock research, Schwab Equity Ratings,\* CSIM's Team evaluates potential investments from the standpoint of three key characteristics:



**Strong fundamentals:** By reviewing and analyzing company financial statements, including balance sheets, cash flow and income statements, and other financial reports, we seek to determine a company's financial health and its capability to repeat favorable past results.

**Attractive valuation:** By evaluating current and historic security prices, we seek to determine whether a stock is undervalued or overvalued relative to its long-term potential.

**Recognized momentum:** By effectively analyzing a stock's momentum, we are better able to test our theses and calibrate optimal entry and exit points.

Our Team applies our findings of the three components through a bottom-up stock selection process that starts with company fundamentals; we do not seek to identify investment opportunities from a top-down, macroeconomic standpoint. Such a bottom-up approach not only allows our team to analyze individual attributes of the stocks we are considering but also allows us to evaluate individual companies within the context of an entire portfolio.

## People

Drawing from expertise across many disciplines, the Funds are managed by investment professionals with extensive expertise in portfolio management and investment research. Beyond the relevant educational and business credentials, every member of CSIM's Active Equity Portfolio Management & Research Team possesses a specific and unique set of qualifications—from experience across a range of economic conditions and market cycles to a deep understanding of the strengths and weaknesses of quantitative and qualitative analysis. These diverse attributes and qualifications coalesce to create open, insightful collaboration where ideas can freely be shared, tested, and analyzed for implementation.

### The Schwab Active Equity Fund lineup

Fund	Ticker	Morningstar category	Inception date
Schwab Core Equity Fund	SWANX	Large Blend	7/1/1996
Schwab Dividend Equity Fund	SWDSX	Large Value	9/2/2003
Schwab Health Care Fund	SWHFX	Health	7/3/2000
Schwab Hedged Equity Fund	SWHEX	Long/Short Equity	9/3/2002
Schwab Large-Cap Growth Fund	SWLSX	Large Growth	10/3/2005
Schwab Small-Cap Equity Fund	SWSCX	Small Blend	7/1/2003
Schwab International Core Equity Fund	SICNX	Foreign Large Blend	5/30/2008
Schwab Global Real Estate Fund	SWASX	Global Real Estate	5/31/2007

\*Schwab Global Real Estate Fund does not use Schwab Equity Ratings in determining or evaluating the investment universe.

# Charles Schwab Investment Management

With a straightforward lineup of core products and solutions for building the foundation of a portfolio, Charles Schwab Investment Management advocates for investors of all sizes with a steadfast focus on lowering costs and reducing unnecessary complexity.

Visit [schwabfunds.com/contact](https://schwabfunds.com/contact) to find the contact information of your representative.

## Important disclosures

**Investors should consider carefully information contained in the prospectus or, if available, the summary prospectus, including investment objectives, risks, charges, and expenses. You can request a prospectus for Schwab Funds® by visiting [schwabfunds.com](https://schwabfunds.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, maybe worth more or less than their original cost.

**Not FDIC insured • No bank guarantee • May lose value**

There can be no assurance that the portfolio selection processes discussed will result in excess or positive results.

Charles Schwab Investment Management, Inc. (CSIM) is the investment advisor for Schwab Funds. Schwab Funds are distributed by Charles Schwab & Co., Inc. (Schwab), Member SIPC. CSIM and Schwab are separate but affiliated companies and subsidiaries of The Charles Schwab Corporation.

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