

Sizing up active small-cap

Why active management continues to show promise in the small-cap space

Consider the Schwab Small-Cap Equity Fund™ (SWSCX), which takes a disciplined approach to capturing market inefficiencies.

SWSCX is true to its “small-cap” name.

Unlike some funds that are labeled small-cap but tend to drift into the mid-cap space, SWSCX is true to its name. In fact, when compared to its largest AUM peers, SWSCX carries a weighted average market cap of \$1.5B versus \$2.6B for the top ten AUM funds across Morningstar’s Small Cap Value, Growth and Blend categories*.

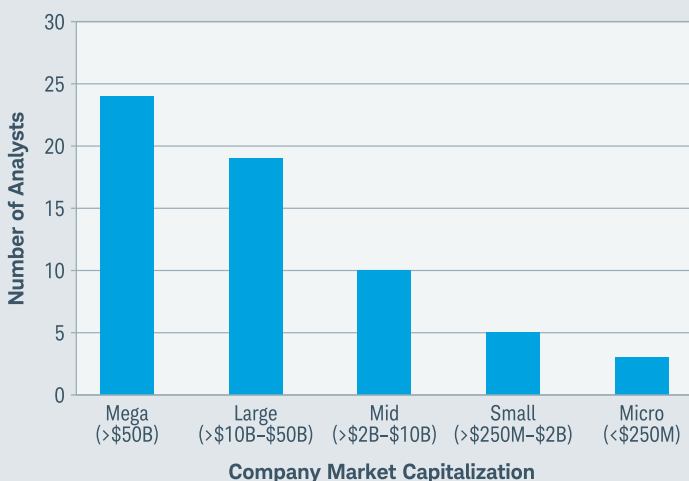
Small-cap active equity managers can benefit from less sell-side analyst coverage.

When a fund is truly small-cap, like SWSCX, its constituents have limited sell-side analyst coverage compared to large-/mega-cap companies. This can offer the potential to benefit from inefficient markets.

Asking the right questions

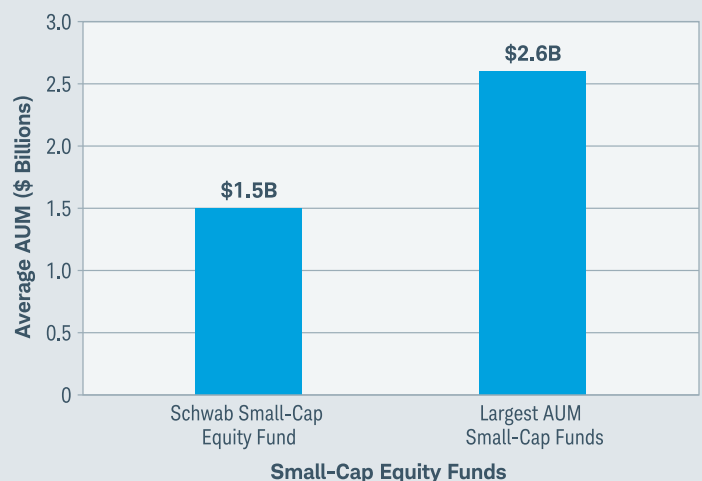
To learn more about why we believe an integrated approach to investing is well-suited for small-caps, please read our white paper: [The Evolution of Integrated Management](#)

Sell-side Analyst Coverage (Average)



Source: Charles Schwab Investment Management, Inc. FactSet. Data as of 9/30/2016. Companies comprise the Russell 3000 Index.

Weighted Average Market Cap



Source: MorningStar. As of 9/30/2016.

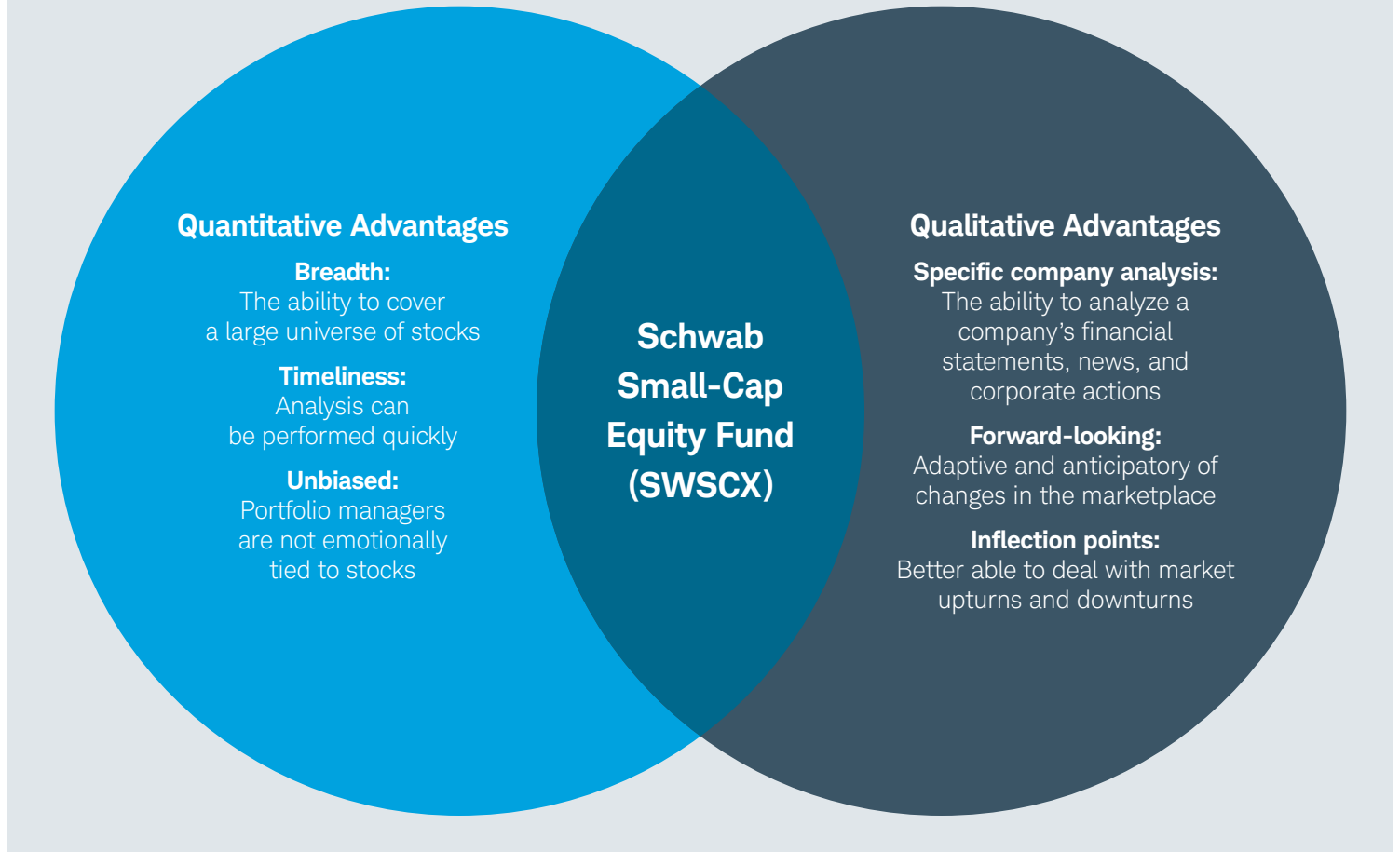


INVESTMENT
MANAGEMENT

An integrated investment approach may offer the potential for consistent returns.

SWSCX's integrated investment approach is focused on delivering consistent performance through stock selection. This stands in contrast to active strategies that rely upon a top-down approach and take on risks at the industry or sector level, introducing the potential for more volatile returns. With an integrated approach, investors can further benefit from a manager's ability to research opportunities farther down the market cap spectrum that might otherwise be missed.

Capturing Opportunities and Managing Risks – The Benefits of an Integrated Approach



For more information

Find out more about [SWSCX](#)

Visit: www.csimfunds.com

Call: 877-824-5615

Past performance does not guarantee future returns.

Investors should consider carefully information contained in the prospectus, including investment objectives, risks, charges and expenses. You can view and download a prospectus by visiting www.csimfunds.com. Please read the prospectus carefully before investing.

* Source: MorningStar. As of 9/30/2016

** Determined by [Schwab Equity Ratings](#)

Small Cap funds are subject to greater volatility than those in other asset classes.

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