charles SCHWAB

Schwab Financial Services Fund™

Ticker Symbol **SWFFX**

All information as of **September 30, 2013** **unless otherwise indicated**

Goal and Strategy

The Fund seeks long-term capital growth. To pursue its goal, the Fund primarily invests in equity securities issued by companies in the financial services sector, such as asset management firms, brokerage companies, commercial banks, financial services firms, insurance companies, real estate investment trusts and savings and loans. The portfolio managers utilize portfolio optimization techniques, seeking to balance risk and return, and use Schwab Equity Ratings®[1] to aid their stock selection. Schwab Equity Ratings is Schwab's proprietary stock evaluation approach that rates stocks based on numerous factors that Schwab Center for Financial Research has found to be correlated with stock performance.

Fund Highlights

The Fund is designed to offer:

- A convenient, cost-effective way to gain exposure to financial services stocks with one investment

Since the fund focuses its investment on companies involved in financial services, it may involve a greater degree of risk than an investment in other mutual funds with greater sector diversification.

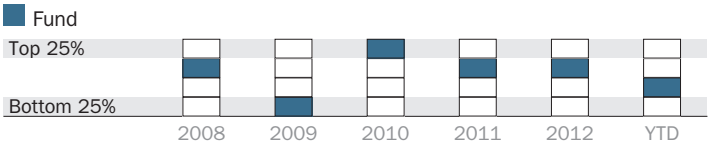
Performance

as of 9/30/13

	Cumulative		Annualized			
	Year to Date	3 Months	1 Year	5 Years	10 Years	Since Inception
Fund[2]	**20.58%**	**2.94%**	**26.68%**	**3.58%**	**4.30%**	**4.39%**
S&P Financials Sector Index[3]	22.25%	2.94%	28.70%	2.32%	0.67%	1.82%
Category Average[4]	22.07%	5.46%	27.51%	6.62%	3.59%	—

Performance data quoted represents past performance and does not indicate future results. Visit schwab.com for month-end performance information. Current performance may be lower or higher. Investment value will fluctuate, and shares when redeemed, may be worth more or less than original cost.

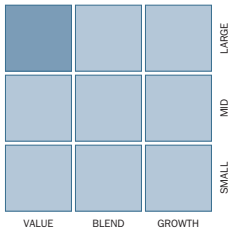
Performance Quartile within Morningstar Category[4]



Style Box and Morningstar Rating[4,5]

Fund Category
Financial

Rating	
Overall	★★★
Three-Year	★★★
Five-Year	★★
Ten-Year	★★★



As of 09/30/13 the total number of Financial funds for the overall, three-, five- and ten-year periods were 86, 86, 75 and 59, respectively. The ratings reflect historical risk-adjusted performance, and the overall rating is derived from a weighted average of the fund's three-, five- and ten-year Morningstar Rating metrics.

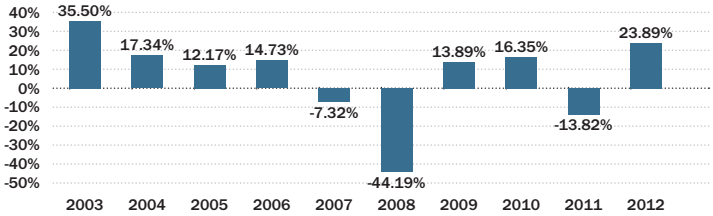
Fund Details

Historical Return[4]
Average LO HI

Historical Risk[4]
Average LO HI

Net Assets	$64,393,909
Number of Fund Holdings	66
Distribution Frequency	Annually
Portfolio Turnover Rate	79%
Inception	07/03/00
Loads, 12b-1 Fees	None
Expense Ratio[6]	0.94%
Contingent Redemption Fee for shares sold or exchanged 30 days or less after purchase	2.00%
Minimum Initial Investment	$100
Minimum Balance	None

Annual Total Returns (as of 12/31)[2]



Year-to-date performance as of 09/30/13: 20.58%

[1] Schwab Equity Ratings are produced by the Schwab Center for Financial Research (SCFR). SCFR is a division of Charles Schwab & Co. Inc. (Schwab).

[2] Fund expenses may have been partially absorbed by Charles Schwab Investment Management (CSIM) and its affiliates. Without these reductions, the fund's returns would have been lower. Performance does not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

[3] The fund's comparative index is the S&P 1500 SuperComposite Financial Sector Index, which is a capitalization-weighted index of all stocks designed to measure the performance of the financial sector of the Standard & Poor's 1500 SuperComposite Index. Index figures do not include trading and management costs, which would lower performance. Indices are unmanaged, and you cannot invest in them directly.

[4] Source: Morningstar, Inc.

[5] Morningstar proprietary ratings reflect historical risk-adjusted performance as of 9/30/2013. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar risk-adjusted return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages). The top 10% of the funds in an investment category receive 5 stars, 22.5% receive 4 stars, 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star.

[6] As stated in the prospectus, the investment adviser and its affiliates have agreed to limit the total annual fund operating expenses (excluding interest, taxes and certain non-routine expenses) of the fund to 0.94% for so long as the investment adviser serves as the adviser to the fund. This agreement may only be amended or terminated with the approval of the fund's Board of Trustees.

Portfolio Managers

Jonas Svallin, CFA, Managing Director, Head of Disciplined Active Equity Strategies

Wei Li, Ph.D., CFA, Portfolio Manager

Top Holdings[7]

	% of Net Assets
Wells Fargo & Co.	8.73%
JPMorgan Chase & Co.	8.02%
Berkshire Hathaway, Inc., Class B	5.13%
Citigroup, Inc.	4.70%
Bank of America Corp.	4.12%
American Express Co.	4.00%
American International Group, Inc.	2.95%
The Bank of New York Mellon Corp.	2.93%
State Street Corp.	2.79%
The Goldman Sachs Group, Inc.	2.65%
TOTAL	**46.02%**

Statistical Information

	Fund	S&P Financials Sector Index
Sharpe Ratio	0.10	-0.04
Information Ratio	0.50	0.00
Standard Deviation	19.34%	21.96%
R-Squared	94.58%	100.00%

Calculation Information: All calculations based on monthly total returns for Fund and Indexes beginning 7/31/00.

The Sharpe Ratio, developed by Professor William F. Sharpe, is a measure of reward per unit of risk - the higher the Sharpe Ratio, the better. It is a portfolio's excess return over the risk-free rate divided by the portfolio's standard deviation. The portfolio's excess return is its geometric mean return minus the geometric mean return of the risk-free instrument (by default, T-bills).

Information Ratio is a measure of the consistency of a portfolio manager's performance. It is calculated by taking the average excess return over the benchmark and dividing by the standard deviation of the excess returns.

Standard deviation is a widely recognized measure of volatility of an investment portfolio, or how widely monthly returns vary from a portfolio's long-term average annual total return.

R-Squared, indicates on a scale of 0 to 100, the percentage of a fund's performance that is explained by movements in its comparative index.

Fund Characteristics

	Fund	S&P Financials Sector Index
Number of Securities	66	276
Wtd. Avg. Market Capitalization (in millions)	73,236	72,050
Portfolio Turnover (1 Year Trailing)	78.55%	—
Price-to-Earnings	16.03	16.35
Price-to-Book	1.29	1.34
Price-to-Cash Flow	10.50	11.40
Return on Equity	10.13%	11.71%
5-Year Earnings Growth	8.12%	9.49%

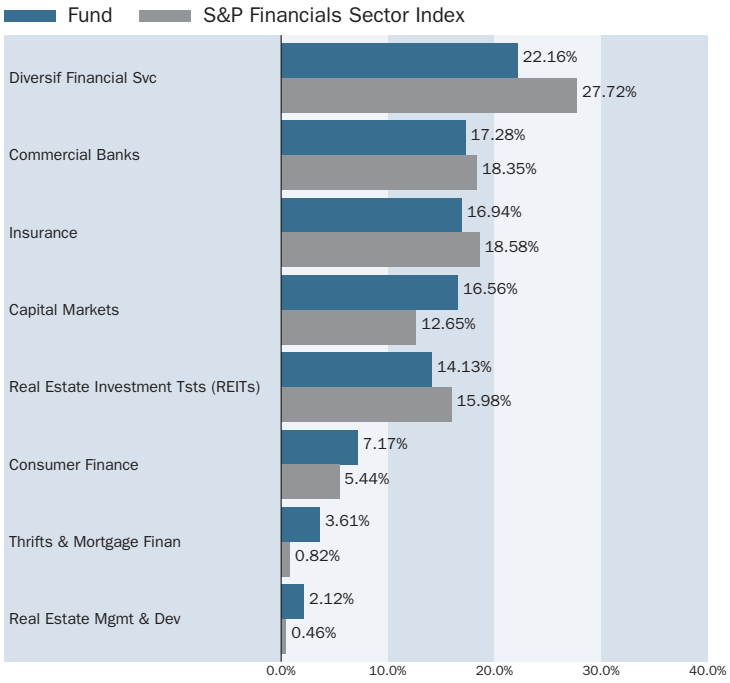
Price-to-Earnings Ratio (P/E) is the price of a stock divided by its historical earnings per share. For the Fund, the P/E Ratio above is a weighted average of all of the available P/E ratios for the stocks in the Fund calculated by Thomson Reuters in accordance with industry standards.

Price-to-Book Ratio (P/B) is the price of a stock divided by its most recently reported book value per share. For the Fund, the P/B Ratio above is a weighted average of all of the available P/B ratios for the stocks in the Fund calculated by Thomson Reuters in accordance with industry standards.

Price-to-Cash Flow (P/CF) is the price per share divided by its historical cash flow per share. For the Fund, the P/CF Ratio above is a weighted average of all of the available P/CF ratios for the stocks in the Fund calculated by Thomson Reuters in accordance with industry standards.

Industry Weightings[8]

% of Portfolio



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Investment advisors, visit schwabfunds.com, or call 1-877-824-5615.
For retirement plan information, call 1-877-456-0777

Investors should carefully consider information contained in the prospectus, including investment objectives, risks, charges and expenses. To request a prospectus, visit schwabfunds.com/prospectus or call 800-435-4000. Please read the prospectus carefully before investing.

[7] This list is not a recommendation of any security by the investment adviser and is subject to change.

[8] Industry weightings for the fund's portfolio are determined using the Global Industry Classification Standard (GICS). GICS was developed by and is the exclusive property of MSCI and Standard & Poor's (S&P). GICS is a service mark of MSCI and S&P and has been licensed for use by Charles Schwab & Co., Inc.

Securities information includes trades posted to the fund as of trade date.

Fund investment adviser: Charles Schwab Investment Management, Inc. (CSIM). Distributor: Charles Schwab & Co., Inc. (Schwab). CSIM and Schwab are subsidiaries of The Charles Schwab Corporation.

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