

Firm Overview

# Doing Fixed Income Together.

March 31, 2024

WASMER  
SCHROEDER  
STRATEGIES



# Doing Fixed Income Together.

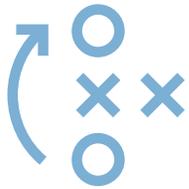
More than 35 years ago, the Wasmer Schroeder philosophy was founded on the principles of an unwavering commitment to service and a dedication to managing fixed income. Originally founded by Martin Wasmer and Michael Schroeder, and now managed by Schwab Asset Management<sup>®</sup>, the Wasmer Schroeder<sup>™</sup> Strategies have grown significantly.

From the beginning, management of the Wasmer Schroeder Strategies has held steadfast in its spirit of collaboration. We remain dedicated to uncovering opportunities and delivering results for our clients by working together every step of the way.

The Strategies leverage an experienced and well-resourced team of portfolio managers and credit analysts who are supported by innovative technology. As an active fixed income manager of tax-exempt and taxable strategies, we are dependable, collaborative, and insightful in our approach.



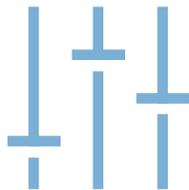
# We Are Client Focused



We get to know our clients' businesses or objectives, understand their goals, and find strategies to help meet their needs.



We are known for our outstanding service and adding value with our flexible, collaborative, and high-touch support.



We provide options based on the client's risk, income, and liquidity goals.



# Wasmer Schroeder™ Strategies

Backed by research and supported by technology, our hands-on team is dedicated to the advisors, investors, and institutions who give us their trust.

What sets the Wasmer Schroeder Strategies apart?

## In-Depth Credit Research

Our analysis reaches a wide range of securities to uncover incremental value and seeks to optimize risk/reward balance.

## Positive Impact Integration

Our Positive Impact investment strategies employ an approach to identifying issues/issuers that exhibit a positive impact on society and the environment to an already rigorous credit process.

## A Mindset for Success

We help our clients by supporting them with various efforts including portfolio reviews and recommendations on fixed income strategies.

## Commitment to Our Clients

Collaborative in our client-focused approach, we lend our expertise to help better serve you.

## High-Tech Analysis

We lean into technology to enable the research team to deepen analysis and widen coverage.



## Investment Philosophy

We believe that certain segments of the fixed income universe are less efficient than others and that research, thoughtful analysis, and active management can provide added value through the ongoing exploitation of inefficiencies in these markets.





# Investment Strategy

We strive to provide better fixed income management through research, technology, and service with a focus on seeking to achieve an optimal balance between risk and return.

Our core investment tenets inform our process:

- ✓ Deep credit research with a team of experienced professionals supported by risk monitoring technology
- ✓ Minimizing transaction and tax costs through seeking efficient trade execution
- ✓ Uncovering and exploiting market inefficiencies
- ✓ Investment team collaboration to provide wide range of strategies for our clients



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# Working Together

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# Proprietary Credit Research

## Long-standing, Specialized Industry Experience

- Proprietary tools are used to score, rank and prioritize our credit universe across a number of selected sector-based metrics. Quantitative trend analysis identifies both performing and under-performing credits.
- We have access to a variety of financial data and third-party research providers, which inform internal views of credit quality.
- CSIM's dedicated research staff that is independent of the portfolio management function.
- Credit assessments are made independently of return considerations, which we believe results in a more objective credit process.





# Working Together to Serve Investors

As a Wasmer Schroeder Strategies investor, you should expect:

- A collaborative approach
- Portfolio reviews, including analysis of current holdings
- Deep and thoughtful research
- Strategy and portfolio level performance attribution
- Quarterly market and strategy commentary
- Client reporting
- Prompt and reliable service



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# Strategies Overview

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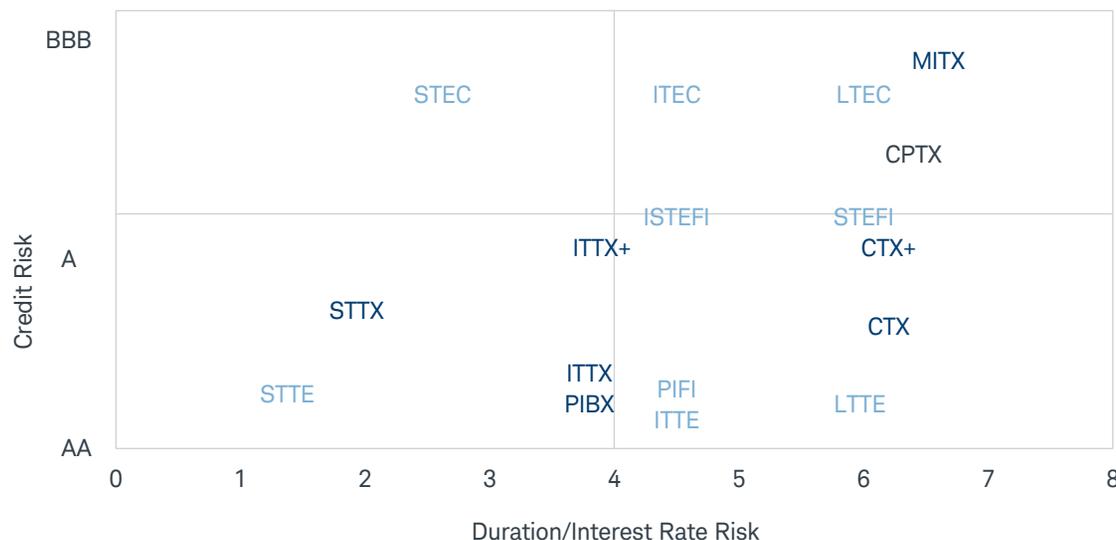


# A Range of Fixed Income Strategies

## Providing a Broad Host of Portfolio Strategies Across the Duration, Credit, and Tax Efficiency Spectrum.

- Creating specific liquidity, credit quality and maturity mandates provides clients the optimal portfolio for their needs
- Wide Range of portfolio strategies to meet specific client objectives
- Specific investment policy statements
- Various strategy options can utilize credit opportunities

### Fixed Income Portfolio Strategies



This table is an illustration of the general risk of our strategies and not intended to be a comprehensive depiction. Performance history & fees are available upon request.

### Tax Exempt

- Short Tax Exempt - STTE
- Intermediate Tax Exempt - ITTE
- Positive Impact Tax Exempt - PIFI
- Long Tax Exempt - LTTE
- Intermediate Strategic Tax Exempt - ISTEFI
- Strategic Tax Exempt - STEFI
- Short Tax Exempt Credit - STEC
- Intermediate Tax Exempt Credit - ITEC
- Long Tax Exempt Credit - LTEC

### Taxable

- Short Duration Bond - STTX
- Intermediate Bond - ITTX
- Intermediate IG Credit - ITTX+
- Positive Impact Bond - PIBX
- Core Bond - CTX
- Core IG Credit - CTX+
- Core Plus Bond - CPTX
- Multi-Sector Income - MITX



# Tax Exempt Strategies Overview

MATURITY

## STTE

Short duration, high credit quality strategy that seeks to generate tax-exempt income with a focus on capital preservation and liquidity.

## ITTE

Intermediate duration strategy that seeks to generate tax-exempt income with a focus on high credit quality.

## PIFI

Intermediate duration strategy that seeks to generate tax-exempt income with a focus on identifying issues with proceeds that exhibit a positive impact on society and the environment.

## LTTE

Long duration strategy that seeks to generate tax-exempt income with a focus on higher credit quality. Call protection is significant as this strategy focuses on locking in long-term tax-exempt yields.

HIGH QUALITY

CREDIT QUALITY

## ISTEFI

Intermediate duration strategy that seeks to generate tax-exempt income from opportunistic, investment grade credit selection.

## STEFI

Long duration strategy that seeks to generate tax-exempt income from opportunistic, investment grade credit selection using the full spectrum of the municipal yield curve.

INVESTMENT GRADE

## STEC

Short duration strategy that seeks to generate tax-exempt income through opportunistic credit selection. Maintains significant exposure to investment grade issuers, but has the ability to maintain exposure to the entire credit spectrum, including below investment grade and non-rated issuers.

## ITEC

Intermediate duration strategy that seeks to generate tax-exempt income through opportunistic credit selection. Maintains significant exposure to investment grade issuers, but has the ability to maintain exposure to the entire credit spectrum, including below investment grade and non-rated issuers.

## LTEC

Long duration strategy that seeks to generate tax-exempt income through opportunistic credit selection. Maintains significant exposure to investment grade issuers, but has the ability to maintain exposure to the entire credit spectrum, including below investment grade and non-rated issuers.

CREDIT

SHORT

INTERMEDIATE

LONG



# Tax Exempt Strategies

As of 03/31/2024

## Composite Characteristics

	Investment Grade Strategies						Credit Strategies		
	Short Tax Exempt Composite	Intermediate Tax Exempt Composite	Positive Impact Tax Exempt Composite	Long Tax Exempt Composite	Intermediate Strategic Tax Exempt Composite	Strategic Tax Exempt Composite	Short Tax Exempt Credit Composite	Intermediate Tax Exempt Credit Composite	Long Tax Exempt Credit Composite
	STTE	ITTE	PIFI	LTTE	ISTEFI	STEFI	STEC	ITEC	LTEC
Yield to Worst	3.16%	2.84%	2.84%	3.69%	3.19%	3.52%	3.47%	3.47%	3.77%
Yield to Maturity	3.17%	3.09%	3.08%	4.25%	3.43%	3.86%	3.50%	3.72%	4.03%
Duration to Worst Range <sup>1</sup>	<3	3-6	3-6	>6	3-6	>6	1-4	3-6	>6
Duration to Worst	1.53	4.39	4.41	7.15	4.20	6.12	2.09	4.11	6.18
Average Credit Quality	AA	AA	AA+	AA	A+	A+	A-	A-	A-
Current Yield	4.71%	4.45%	4.43%	4.45%	4.45%	4.43%	4.57%	4.47%	4.40%
Average Maturity (Years)	1.67	6.29	6.28	22.67	6.65	13.83	2.35	6.85	13.99

**Yield to Worst** reflects the attainable yield of the portfolio while accounting for the amortization (premium) and the accretion (discount) of the portfolio. Yield to Worst utilizes the lowest yield, which is yield to call on a premium issue and yield to maturity on a discount issue.

**Yield to Maturity** is the rate of return anticipated if held until the maturity date.

**Duration to Worst (DTW)** is the duration of the issue when calculating the Yield to Worst. The duration of a premium issue would be to the call date and the duration of a discount would be to the maturity date. Duration is a calculation that represents the price sensitivity of a bond to a change in interest rates.

**Average Credit Quality** for each security is calculated by taking the middle rating of the three (S&P, Moody's, Fitch) credit ratings (ranked lowest to highest) or the lower rating if only two ratings are available. The average portfolio credit quality is the market weighted average of the portfolio.

**Current Yield** is the cash flow generated from the market value invested. The yield calculation does not take into account the amortization or the accretion within the portfolio. Thus, in a portfolio with a premium market value an investor who withdraws the entire amount of income would result in a reduction in the portfolio's principal.

**Average Maturity** is the marketed weighted average of the maturities within the portfolio.

**Past performance is no guarantee of future results.**

**Composite characteristic values such as yield would be lower if portfolio-level fees and expenses were taken into account.**

A composite is an aggregation of one or more portfolios that are managed according to similar investment mandate, objective, or strategy. Composite statistics are as of the date referenced above and are subject to change. Statistics represented are based on the composite members as of the previous month end, with the exception of accounts that have either changed their investment mandate or closed intra-month. The actual portfolio holdings and investment rates will differ from what is represented in this proposal and are subject to prevailing supply, availability, and other market conditions. All of the samples shown on the following pages represent a national focus. Additional information on the composites for the strategies represented, including performance data, is available upon request.

Please note the characteristics shown above exclude cash.

<sup>1</sup> Represents the strategy's current duration to worst target.



# Performance History for Tax Exempt Strategies

As of 03/31/2024	1 Year	3 Years	5 Years	10 Years	Since Inception*	Fact Sheets/GIPS Reports
Short Tax Exempt (STTE) (Gross of fees)	2.16%	0.59%	1.01%	0.98%	-	
Short Tax Exempt (STTE) (Net of fees)	1.98%	0.41%	0.83%	0.80%	-	<a href="#">Click here</a>
Bloomberg 1 Year Municipal Bond Index	2.42%	0.81%	1.20%	1.07%	-	
Intermediate Tax Exempt (ITTE) (Gross of fees)	1.73%	-0.15%	1.29%	1.96%	-	
Intermediate Tax Exempt (ITTE) (Net of fees)	1.58%	-0.33%	1.09%	1.74%	-	<a href="#">Click here</a>
Bloomberg 1-15 Year Municipal Index	2.62%	-0.04%	1.60%	2.32%	-	
Positive Impact Tax Exempt (PIFI) (Gross of fees)	1.67%	-0.21%	1.23%	1.95%	-	
Positive Impact Tax Exempt (PIFI) (Net of fees)	1.46%	-0.42%	1.01%	1.73%	-	<a href="#">Click here</a>
Bloomberg 1-15 Year Municipal Index	2.62%	-0.04%	1.60%	2.32%	-	
Long Tax Exempt (LTTE) (Gross of fees)	3.10%	-0.81%	1.75%	3.34%	-	
Long Tax Exempt (LTTE) (Net of fees)	2.87%	-1.06%	1.49%	3.06%	-	<a href="#">Click here</a>
Bloomberg Managed Money Long Index	3.26%	-1.44%	1.41%	3.21%	-	
Intermediate Strategic Tax Exempt (ISTEFI) (Gross of fees)	2.78%	-0.01%	1.62%	-	1.96%	
Intermediate Strategic Tax Exempt (ISTEFI) (Net of fees)	2.60%	-0.20%	1.41%	-	1.73%	<a href="#">Click here</a>
Bloomberg 1-15 Year Municipal Index	2.62%	-0.04%	1.60%	-	1.87%	
Strategic Tax Exempt (STEFI) (Gross of fees)	3.65%	-0.68%	1.78%	3.23%	-	
Strategic Tax Exempt (STEFI) (Net of fees)	3.35%	-0.98%	1.47%	2.89%	-	<a href="#">Click here</a>
Bloomberg Municipal Bond Index	3.13%	-0.41%	1.59%	2.66%	-	
Short Tax Exempt Credit (STEC) (Gross of fees)	2.65%	0.68%	1.55%	-	1.79%	
Short Tax Exempt Credit (STEC) (Net of fees)	2.40%	0.42%	1.29%	-	1.54%	<a href="#">Click here</a>
Bloomberg Municipal Short 1-5 Year Index	1.99%	0.13%	1.11%	-	1.37%	
Intermediate Tax Exempt Credit (ITEC) (Gross of fees)	3.49%	0.10%	1.77%	-	2.45%	
Intermediate Tax Exempt Credit (ITEC) (Net of fees)	3.16%	-0.22%	1.43%	-	2.10%	<a href="#">Click here</a>
Bloomberg 1-15 Year Municipal Index	2.62%	-0.04%	1.60%	-	2.04%	
Long Tax Exempt Credit (LTEC) (Gross of fees)	4.49%	-0.66%	1.78%	-	3.06%	
Long Tax Exempt Credit (LTEC) (Net of fees)	4.11%	-1.13%	1.35%	-	2.64%	<a href="#">Click here</a>
Bloomberg Municipal Bond Index	3.13%	-0.41%	1.59%	-	2.33%	

**Past performance is no guarantee of future results.** Please refer to the GIPS Report included in the links above for important information about the investment strategy referenced in this communication.

\*Since inception date for ISTEFI, STEC, ITEC and LTEC was 05/31/2017, 06/30/2018, 10/31/2015 and 08/31/2015, respectively.



# Taxable Strategies Overview

MATURITY

## STTX

Short duration strategy that seeks to generate income with a focus on capital preservation and liquidity.

## ITTX

Intermediate duration strategy that seeks to generate income with a focus on higher credit quality.

## PIBX

Intermediate duration strategy that seeks to generate income with a focus on identifying issues with proceeds that exhibit a positive impact on society and the environment in a high quality bond portfolio.

## CTX

Intermediate duration strategy that seeks to generate income through a well diversified, investment grade portfolio.

## ITTX+

Intermediate duration strategy, containing predominantly investment grade corporate bonds and taxable municipal bonds, that seeks to generate income with a focus on higher yielding sectors and securities.

## CTX+

Intermediate duration strategy that seeks to generate income through a well diversified, investment grade portfolio, with a focus on higher yielding sectors and securities.

## CPTX

Intermediate duration strategy that seeks to generate high current income. Can hold securities across multiple asset classes including, but not limited to, corporate bonds, taxable municipal bonds, and preferred securities. Below investment grade securities can be held.

## MITX

Seeks to generate current income through the use of multiple asset classes, including, but not limited to, corporate and taxable municipal bonds as well as common and preferred securities. Below investment grade securities can be held.

SHORTER

INTERMEDIATE

LONGER

CREDIT QUALITY

HIGH QUALITY

INVESTMENT GRADE

LIMITED BELOW IG

MULTI-SECTOR



# Taxable Strategies

As of 03/31/2024

## Composite Characteristics

	Short Duration Bond Composite	Intermediate Bond Composite	Intermediate IG Credit Composite	Positive Impact Bond Composite	Core Bond Composite	Core IG Credit Composite	Core Plus Bond Composite	Multi-Sector Income Composite
	STTX	ITTX	ITTX+	PIBX	CTX	CTX+	CPTX	MITX
Yield to Worst	5.06%	4.86%	4.98%	4.97%	4.95%	5.08%	5.60%	5.60% <sup>1</sup>
Yield to Maturity	5.06%	4.86%	4.98%	4.97%	4.95%	5.09%	5.68%	5.60% <sup>1</sup>
Effective Duration Range	<3	3-5	3-5	3-5	>5	>5	>5	2-10 <sup>1</sup>
Effective Duration	1.41	3.70	3.61	3.41	6.13	5.60	5.34	6.36 <sup>1</sup>
Average Credit Quality	AA-	A+	A	AA-	A+	A	BBB+	BBB <sup>1</sup>
Current Yield	2.89%	3.36%	3.52%	2.72%	3.81%	3.94%	4.55%	5.02% <sup>1</sup>
Average Maturity (Years)	1.72	4.55	4.39	4.17	13.36	7.76	12.31	11.00 <sup>1</sup>

**Yield to Worst** reflects the attainable yield of the portfolio while accounting for the amortization (premium) and the accretion (discount) of the portfolio. Yield to Worst utilizes the lowest yield, which is yield to call on a premium issue and yield to maturity on a discount issue.

**Yield to Maturity** is the rate of return anticipated if held until the maturity date.

**Effective Duration** is the duration for a bond that contains embedded options. The calculations takes into account the shifting of cash flows as interest rates change.

**Average Credit Quality** for each security is calculated by taking the middle rating of the three (S&P, Moody's, Fitch) credit ratings (ranked lowest to highest) or the lower rating if only two ratings are available. The average portfolio credit quality is the market weighted average of the portfolio.

**Current Yield** is the cash flow generated from the market value invested. The yield calculation does not take into account the amortization or the accretion within the portfolio. Thus, in a portfolio with a premium market value an investor who withdraws the entire amount of income would result in a reduction in the portfolio's principal.

**Average Maturity** is the marketed weighted average of the maturities within the portfolio.

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**Composite characteristic values such as yield would be lower if portfolio-level fees and expenses were taken into account.**

A composite is an aggregation of one or more portfolios that are managed according to similar investment mandate, objective, or strategy. Composite statistics are as of the date referenced above and are subject to change. Statistics represented are based on the composite members as of the previous month end, with the exception of accounts that have either changed their investment mandate or closed intra-month. The actual portfolio holdings and investment rates will differ from what is represented in this proposal and are subject to prevailing supply, availability, and other market conditions. All of the samples shown on the following pages represent a national focus. Additional information on the composites for the strategies represented, including performance data, is available upon request.

Please note the characteristics shown above exclude cash.

<sup>1</sup> Represents the strategy's current duration to worst target.



# Performance History for Taxable Strategies

As of 03/31/2024	1 Year	3 Years	5 Years	10 Years	Since Inception*	Fact Sheets/GIPS Reports
Short Duration Bond (STTX) (Gross of fees)	4.48%	0.86%	1.84%	1.73%	-	
Short Duration Bond (STTX) (Net of fees)	4.35%	0.69%	1.66%	1.55%	-	<a href="#">Click here</a>
Bloomberg 1-3 Year US Government/Credit Index	3.49%	0.25%	1.36%	1.29%	-	
Intermediate Bond (ITTX) (Gross of fees)	4.22%	-0.31%	1.64%	2.13%	-	
Intermediate Bond (ITTX) (Net of fees)	3.99%	-0.54%	1.40%	1.86%	-	<a href="#">Click here</a>
Bloomberg Intermediate US Government/Credit Index	2.69%	-1.06%	1.09%	1.61%	-	
Intermediate IG Credit (ITTX+) (Gross of fees)	4.36%	-0.25%	1.88%	2.49%	-	
Intermediate IG Credit (ITTX+) (Net of fees)	4.05%	-0.53%	1.57%	2.15%	-	<a href="#">Click here</a>
Bloomberg Intermediate US Government/Credit Index	2.69%	-1.06%	1.09%	1.61%	-	
Positive Impact Bond (PIBX) (Gross of fees)	4.10%	-0.33%	1.56%	-	1.94%	
Positive Impact Bond (PIBX) (Net of fees)	3.80%	-0.61%	1.28%	-	1.61%	<a href="#">Click here</a>
Bloomberg Intermediate US Government/Credit Index	2.69%	-1.06%	1.09%	-	1.50%	
Core Bond (CTX) (Gross of fees)	3.59%	-1.36%	1.44%	2.53%	-	
Core Bond (CTX) (Net of fees)	3.28%	-1.63%	1.16%	2.22%	-	<a href="#">Click here</a>
Bloomberg US Aggregate Bond Index	1.70%	-2.46%	0.36%	1.54%	-	
Core IG Credit (CTX+) (Gross of fees)	4.47%	-1.08%	1.85%	-	2.59%	
Core IG Credit (CTX+) (Net of fees)	4.10%	-1.42%	1.49%	-	2.17%	<a href="#">Click here</a>
Bloomberg US Aggregate Bond Index	1.70%	-2.46%	0.36%	-	1.25%	
Core Plus Bond (CPTX) (Gross of fees)	6.76%	0.34%	-	-	2.82%	
Core Plus Bond (CPTX) (Net of fees)	6.37%	-0.05%	-	-	2.40%	<a href="#">Click here</a>
Bloomberg US Aggregate Bond Index	1.70%	-2.46%	-	-	-0.26%	
Multi-Sector Income (MITX) (Gross of fees)	9.08%	3.03%	5.71%	-	6.65%	
Multi-Sector Income (MITX) (Net of fees)	8.43%	2.41%	5.06%	-	5.97%	<a href="#">Click here</a>
Blended Benchmark**	8.75%	1.67%	4.69%	-	5.38%	

**Past performance is no guarantee of future results.** Please refer to the GIPS Report included in the links above for important information about the investment strategy referenced in this communication.

\*Since inception date for PIBX, CTX+, CPTX, and MITX was 06/30/2015, 07/31/2015, 06/30/2019 and 10/31/2015, respectively.

\*\*Beginning 10/1/2021, a custom Blended Benchmark is used for MITX. There was no benchmark prior to this date. The custom Blended Benchmark is composed of 70% Bloomberg Corporate Bond Index and 30% NASDAQ U.S. Broad Dividend Achievers Index, which is rebalanced monthly. The Bloomberg Corporate Bond Index is an unmanaged index of industrial, utility and financial corporate issuers. The NASDAQ U.S. Broad Dividend Achievers Index is an unmanaged index made up of U.S. accepted securities with at least ten consecutive years of increasing annual regular dividend payments. The custom Blended Benchmark is not a managed portfolio and is not subject to advisory fees or trading costs. Investors cannot invest directly the Blended Benchmark or the underlying indexes. Additional details regarding the addition of the Blended Benchmark are available upon request.



# Investing and Positive Impact

At Schwab Asset Management, we recognize that investing can be a form of personal expression, and it is a way for clients to convey their unique perspectives and beliefs through their investing.

Schwab Asset Management offers resources, guidance and investment choices.



**Environmental:** Impact on the planet



**Social:** Relationships with employees, customers and community



**Governance:** Corporate leadership standards

The **Wasmer Schroeder™ Positive Impact Strategies** enable clients to invest in taxable and tax-exempt securities which meet positive impact parameters.

PIBX

## Positive Impact Bond

Intermediate duration strategy that seeks to generate income with a focus on identifying issues with proceeds that exhibit a positive impact on society and the environment in a high-quality bond portfolio.

PIFI

## Positive Impact Tax Exempt

Intermediate duration strategy that seeks to generate tax-exempt income with a focus on identifying issues with proceeds that exhibit a positive impact on society and the environment.



# Our Approach

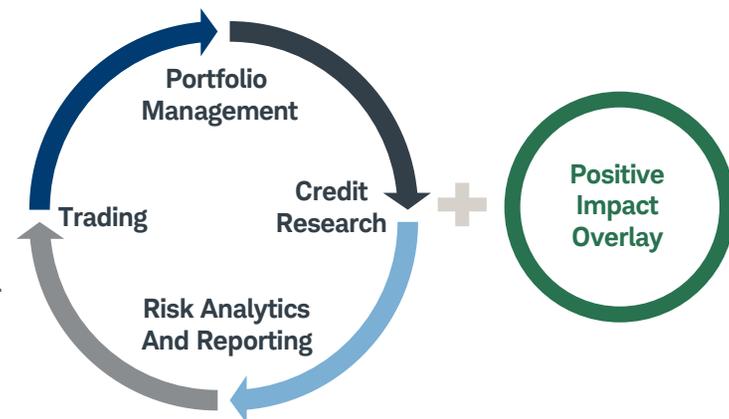
After assessing and determining that potential investment credit risk and worthiness is appropriate for a given strategy, we take an additional step and look at the bond's **stated use of proceeds**. Focusing on those bonds' proceeds that **focus on supporting issues** such as **education, infrastructure, environmental protection, poverty eradication, and affordable housing**.

The **Positive Impact Overlay** focuses on **3 key proceeds-based questions** to identify bonds that exhibit a **positive impact on society and the environment**

1. Are there clearly defined and quantifiable community and/or environmental benefits expected from the financing?
2. Is the mandate or objectives of the lending program in line with social, environmental or community benefits?
3. For municipal bonds, are the proceeds being used to create, enhance, sustain or improve upon an essential government function?

The **Positive Impact Validation Process** *builds on* the existing **Credit Research Process**

- The Positive Impact Overlay, along with the existing groups form a collaborative team to execute Wasmer Schroeder Positive Impact Strategies



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# Disclosures

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# Disclosures

**Past performance is no guarantee of future results.** The material provided is for informational purposes only and contains no investment advice or recommendations to buy or sell any specific securities. The statements contained herein are based upon the opinions of Charles Schwab Investment Management, Inc., dba Schwab Asset Management® and the data available at the time of the presentation which may be subject to change depending on current market conditions. This presentation does not purport to be a complete overview of the topic stated, nor is it intended to be a complete discussion or analysis of the topic or securities discussed. All opinions and views constitute our judgments as of the date of writing and are subject to change at any time without notice. Schwab Asset Management does not accept any liability for any loss or damage arising out of the use of all or any part of this presentation. This report should not be regarded by recipients as a substitute for the exercise of their own judgment and may contain numerous assumptions. Different assumptions could result in materially different outcomes. Please contact Schwab Asset Management for more complete information, including the implications and appropriateness of the strategy or securities discussed herein for any particular portfolio or client.

**Please refer to the [Charles Schwab Investment Management, Inc. Disclosure Brochure](#) for additional information.** Portfolio Management for the Wasmer Schroeder Strategies is provided by Charles Schwab Investment Management, Inc., dba Schwab Asset Management®, a registered investment adviser and an affiliate of Charles Schwab & Co., Inc. (“Schwab”). Both Schwab Asset Management and Schwab are separate entities and subsidiaries of The Charles Schwab Corporation. Diversification strategies do not ensure a profit and do not protect against losses in declining markets. Investments in managed accounts should be considered in view of a larger, more diversified investment portfolio. There are risks associated with any investment approach, the Wasmer Schroeder Strategies have their own set of risks. The Wasmer Schroeder Strategies invests primarily in fixed income instruments and as such the strategies are subject to various risks including, but not limited to interest rate risk, reinvestment risk, credit risk, default risk, and event risk. 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.

The Managed Account Marketplace® (“Marketplace”) platform is not a program sponsored by Schwab. Marketplace is an open architecture platform that gives investment advisors and their clients’ access to separate account managers and turnkey asset management providers (TAMPs). Participating money managers (MMs) and TAMPs need to establish a contract and have system compatibility with Schwab in order to be in Marketplace. The MMs, TAMPs, and their investment strategies available in Marketplace are not evaluated by Schwab. Wasmer Schroeder Strategies may be available on other platforms or directly for certain investors with different minimums and fee structures.

Positive Impact strategies may not take advantage of the same opportunities or market trends as products that do not employ this strategy, because they exclude certain securities. The criteria used may result in investing in securities, industries, or sectors that underperform the market.

**Credit Quality Disclosure:** For periods prior to 10/1/2011, Schwab Asset Management reports credit quality for individual issues based on the highest of the available credit ratings from the three primary rating agencies: Standard & Poor’s, Moody’s, and Fitch. For periods 10/1/2011 and going forward, the rating shown is the middle rating ranked lowest to highest by the three primary rating agencies, if three ratings are available. If only two ratings are available, Schwab Asset Management shows the lower of the two ratings. More information about the ratings assigned to the securities in a portfolio by each ratings agency is available upon request. The ratings shown may not reflect the ratings as of the report date; ratings are updated periodically and are subject to change without notice. During periods of market volatility, ratings may change dramatically.

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