

The Schwab Self-Directed Brokerage Account Indicators™

Quarter Ending September 30, 2016

An industry-leading benchmark on retirement plan participant investment activity within self-directed brokerage accounts.

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The Schwab Self-Directed Brokerage Account IndicatorsTM

Key Schwab Observations for the Third Quarter 2016:

Participant Summary

The major stock markets delivered a strong quarterly performance despite uncertainty and volatility, including concerns about the Fed policy. Stocks rallied as the Fed held off on raising rates during the quarter, and the initial shock of the Brexit vote eased. September especially, saw positive gains in equities. The quarter overall finished with healthy gains: the S&P 500 rose 3.3% and the Nasdaq rose 9.6%.

Keeping pace with the market growth in Q3, 2016, participant account balances in the Schwab Personal Choice Retirement Account[®] (PCRA) were up 2.6% from last quarter and up 3.2% from a year ago, with the average participant account balance at \$203,264. Participant activity remained the same as in Q2, 2016 and trading volumes were slightly down by 5%, with the majority of trading activity taking place in Mutual Funds and Equities, the same as last quarter. Apple (AAPL) stock remained as the top overall holding in PCRA, at 9.6%, while the number of participants aged 50 and older continued as the largest age demographic in PCRA at 54.75%.

Investing Behavior and General Investing Characteristics

Asset Allocation

Mutual Funds continued as the top asset allocation at 37%, dropping 2% from last year. Equities remained the same as a year ago, at 27%. Cash Investments, Exchange-Traded Funds (ETFs) and Fixed Income allocations captured a combined 35% of all asset allocation, up 1% from last year.

Equities

Information Technology, the largest sector held in participant accounts at 27%, was down 1% from a year ago. Consumer Discretionary (13%) was the same as a year ago and Financials (11%) was down 3% from a year ago. These rounded out the top 3 equity sector holdings.

Exchange-Traded Funds (ETFs)

US Equity ETFs remained strong with 47%, up 2% from last year. Commodity holdings remained stable at 5%, increasing by 1% from last year. The top four ETF sector holdings for the quarter were US Equity at 47%, International Equity and US Fixed Income, both at 14%, and Industry Sector holdings at 13%.

Mutual Funds

Overall, the Mutual Fund allocation remained very similar to a year ago, with the largest percentage going to Large Cap Funds at 29%, followed by Taxable Bond Funds at 20%, International at 16%, Hybrid Funds at 14% and Small Cap Funds at 13%. Specialized funds were up 1% to 9%.

Asset Flows

For the quarter, net asset flows into Mutual Funds, which tend to perform better amid improving economic conditions, were up significantly from last quarter to 61.2%, while ETFs were down slightly to 35.1% and Fixed Income was up from 7.6% to 21.6%. The top three sectors of net asset flows were Mutual Funds-Taxable Bond Funds (32.8%), Mutual Funds-Large Cap Stock Funds (14.7%) and ETF-US Fixed Income (14.6%). This differed from last quarter, when the top three sectors of net asset flows were ETF-US Equity, Equity-Financials and Mutual Funds-Taxable Bond Funds.

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PCRA Participants Profile Information - All

Average Age	50
Average PCRA Account Balance	\$203,264

Average Positions (per Account)	
Equity	3.96
Mutual Funds	2.69
ETF	1.24
Cash	1.23
Fixed Income	0.18
TOTAL	9.30

Average Trades in Quarter (per Account)	
Mutual Funds	1.57
Equity	1.37
ETF	0.69
Fixed Income	0.02
TOTAL	3.65

**None of the information constitutes a recommendation by Schwab or a solicitation of an offer to buy or sell any securities. Prospectuses containing more information including management fees and expenses are available at Schwab. Please always read the prospectus carefully before investing or sending money. Small cap funds are subject to greater volatility than those in other asset categories. International investments are subject to additional risks such as currency fluctuation, political instability and the potential for illiquid markets. Since sector funds focus investments on companies involved in a particular sector, the funds may involve a greater degree of risk than an investment in other mutual funds with greater diversification.

Figures are based on Schwab's full PCRA participant population with a minimum balance of \$5,000 in their PCRA account (approximately 125,000 accounts). All data is for informational purposes only. Schwab does not guarantee the accuracy, timeliness or completeness of the information.

Top 10 Equity Holdings**	% of Equity Assets
APPLE INC	9.60%
FACEBOOK INC CLASS	2.62%
AMAZON COM INC	2.25%
BERKSHIRE HATHAWAY CLASS	2.17%
GENERAL ELECTRIC CO	1.30%
BANK OF AMERICA CORP	1.20%
MICROSOFT CORP	1.14%
ALPHABET INC. CLASS	1.10%
WALT DISNEY CO	0.99%
A T & T INC	0.96%

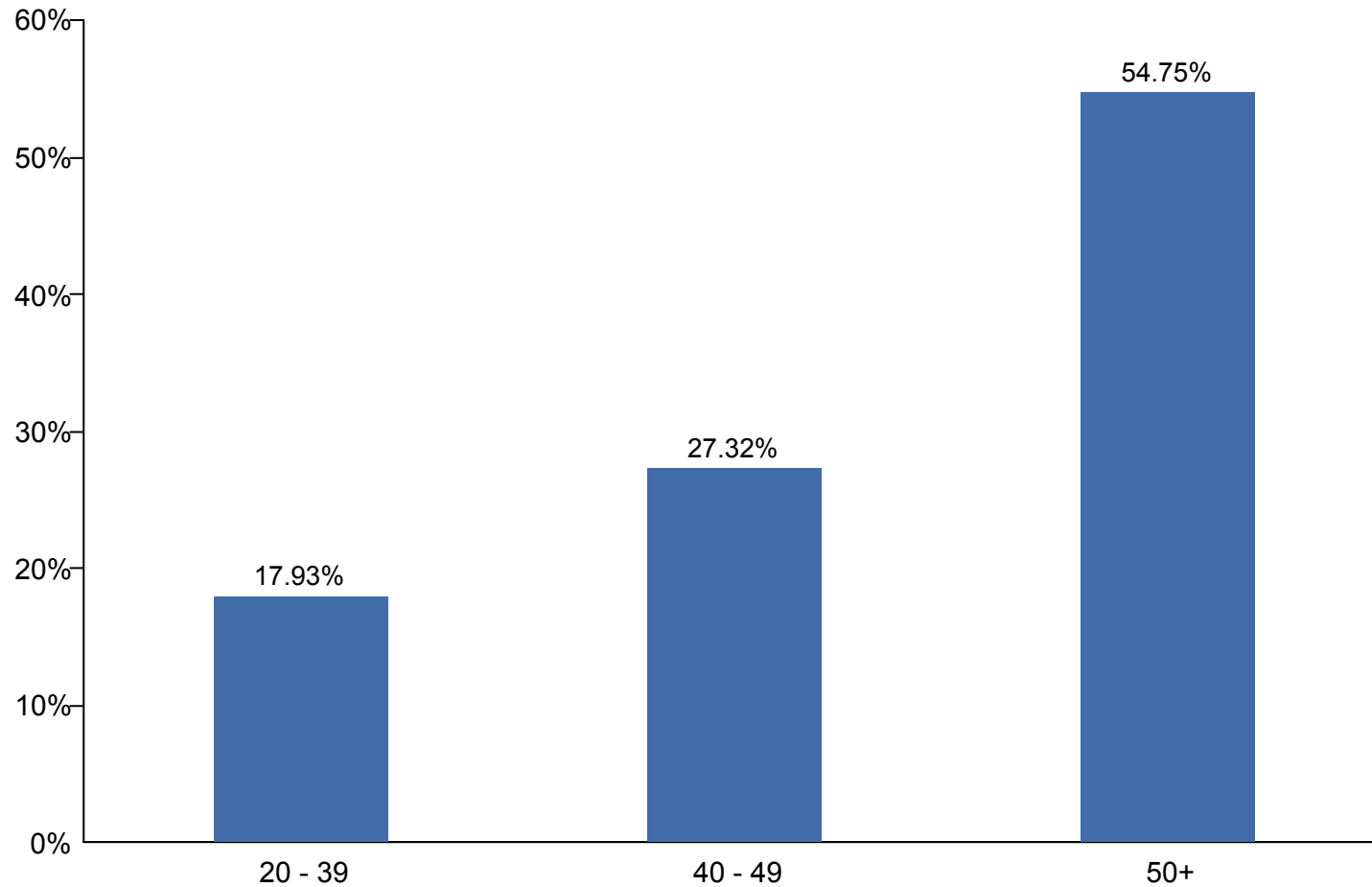
Top 10 ETF Holdings**	% of ETF Assets
SPDR S&P 500 ETF	4.51%
SCHWAB US BROAD MARKET ETF	3.77%
VANGUARD TOTAL STOCK MARKET	3.69%
SCHWAB US LARGE CAP ETF	2.88%
POWERSHARES QQQ TRUST SRS 1	2.80%
SPDR GOLD SHARES ETF	2.35%
SCHWAB US AGGREGATE BONDETF	2.11%
SCHWAB INTERNATIONAL EQUITY	2.08%
VANGUARD REIT ETF	1.57%
SCHWAB US SMALL CAP ETF	1.53%

Top 10 Mutual Fund Holdings**	% of MF Assets
SCHWAB S&P 500 INDEX FD	3.17%
SCHWAB TOTAL STOCK MKT INDEX	1.57%
PIMCO INCM CL D	1.09%
METROPOLITAN WEST TOTAL RETURN	0.84%
DFA US CORE EQTY 2 PORT INSTL	0.77%
PACIFIC FINANCIAL CORE EQTY F	0.77%
VANGUARD 500 INDEX FD INVEST	0.75%
PARNASSUS CORE EQTY FD INV	0.70%
DOUBLELINE TOTAL RETURN BD FD	0.68%
DOUBLELINE TOTAL RETURN BD FD	0.68%

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PCRA Participants within Age Bands - All

As of September 30, 2016



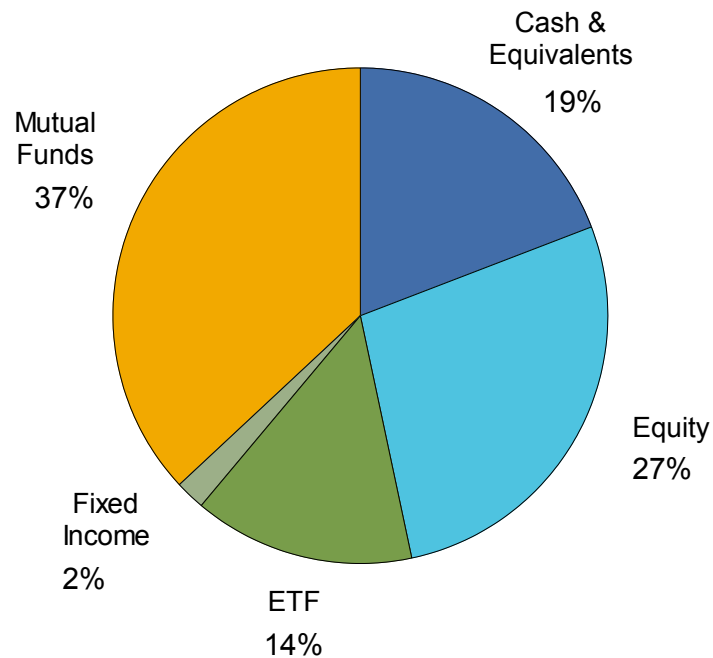
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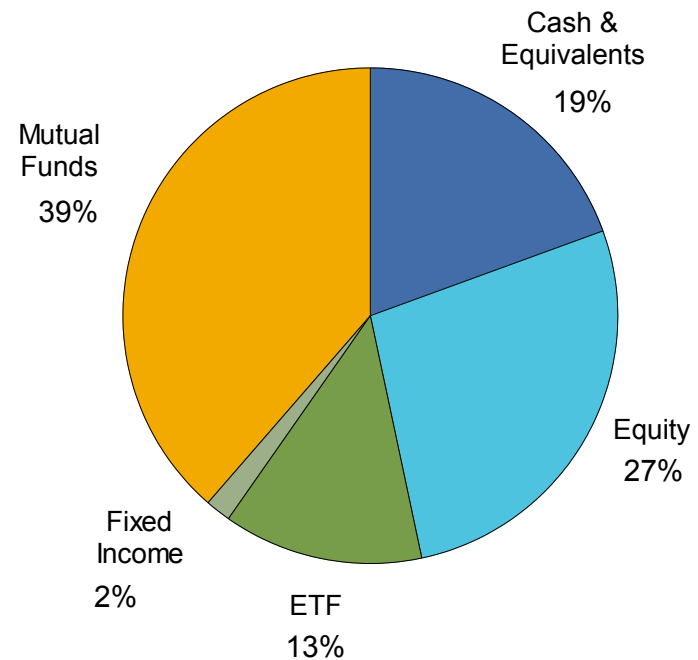
Market Value Allocation - Asset Classes - All

(Year over Year)

As of September 30, 2016



As of September 30, 2015



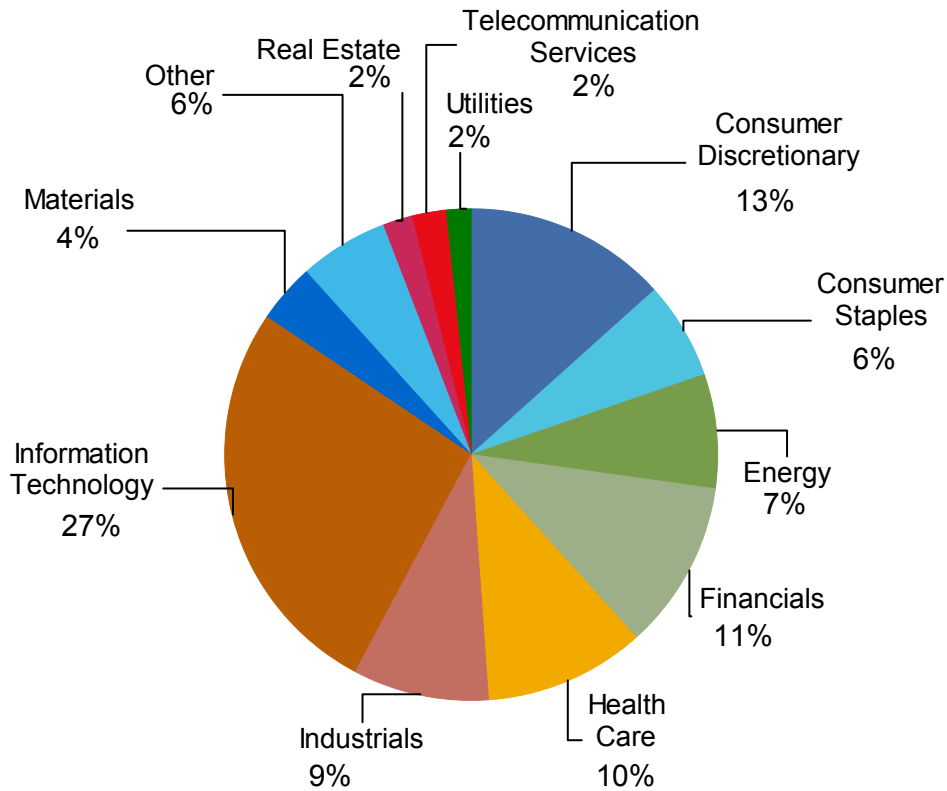
This chart illustrates the percentage of PCRA participant assets in each noted asset class as a percentage of total PCRA assets. Percentages are calculated as of month end, and the percentages may not add up to 100% due to rounding. Money market mutual funds are classified under Cash & Equivalents. Figures are based on all PCRA participants with a minimum balance of \$5,000 in their PCRA account (approximately 125,000 accounts). All data is for informational purposes only. Schwab does not guarantee the accuracy, timeliness or completeness of the information.

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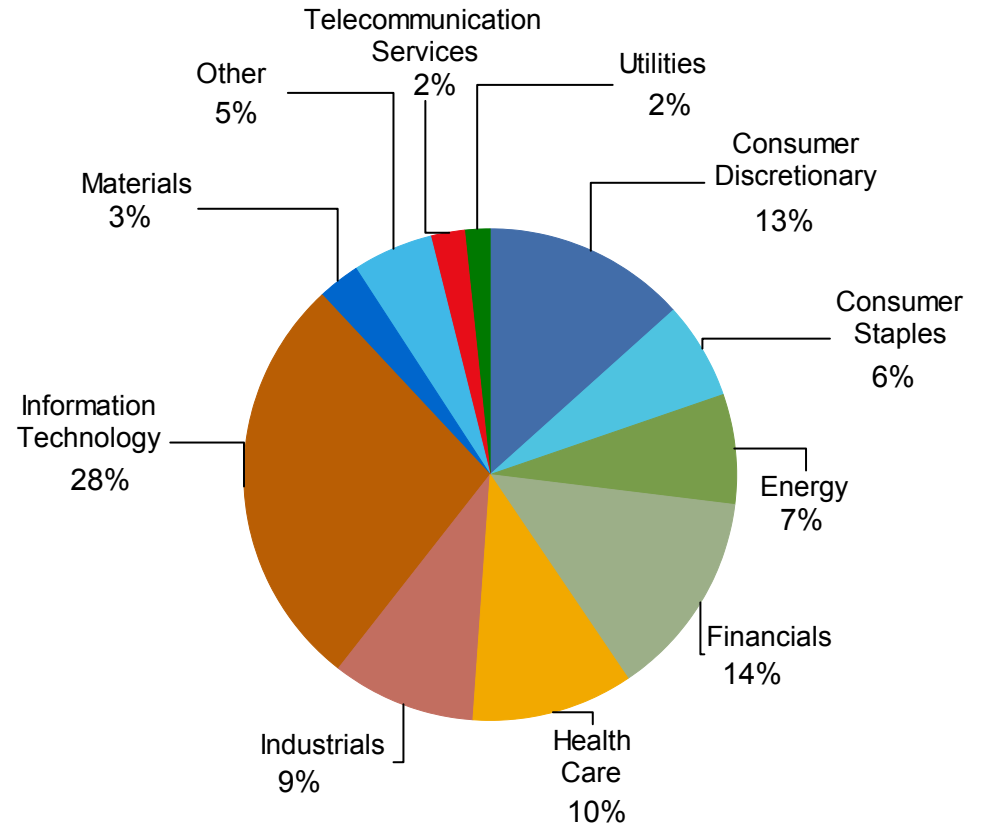
Market Value Allocation - Equity Sectors - All

(Year over Year)

As of September 30, 2016



As of September 30, 2015



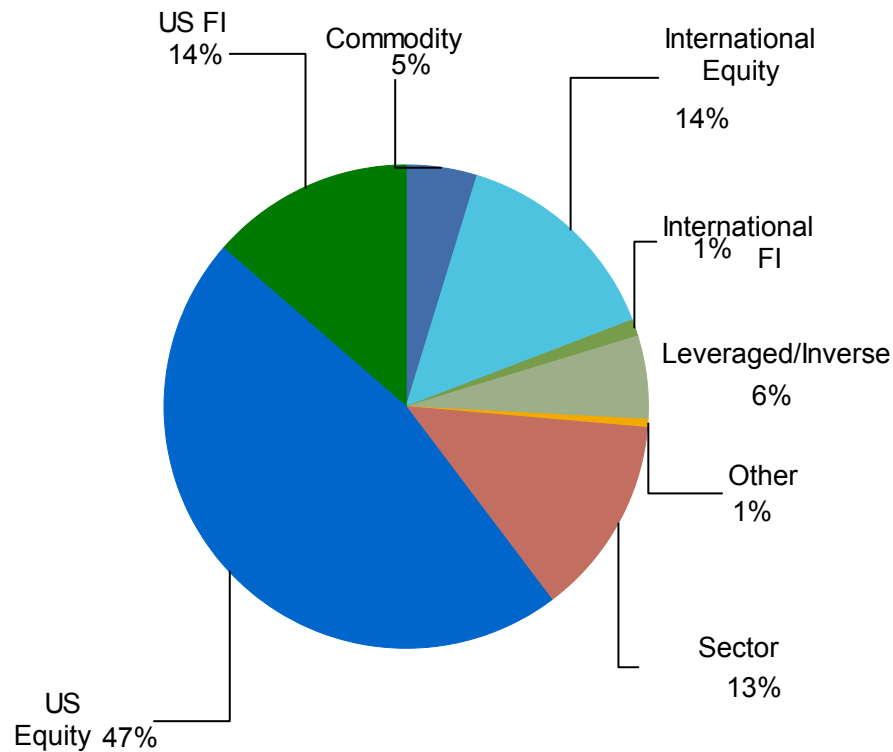
This chart illustrates the percentage of PCRA participant assets in each equity sector, as classified by Standard & Poor's, as a percentage of total PCRA assets within equity securities. Percentages are calculated as of month end, and the percentages may not add up to 100% due to rounding. Figures are based on all PCRA participants with a minimum balance of \$5,000 in their PCRA account (approximately 125,000 accounts). All data is for informational purposes only. Schwab does not guarantee the accuracy, timeliness or completeness of the information.

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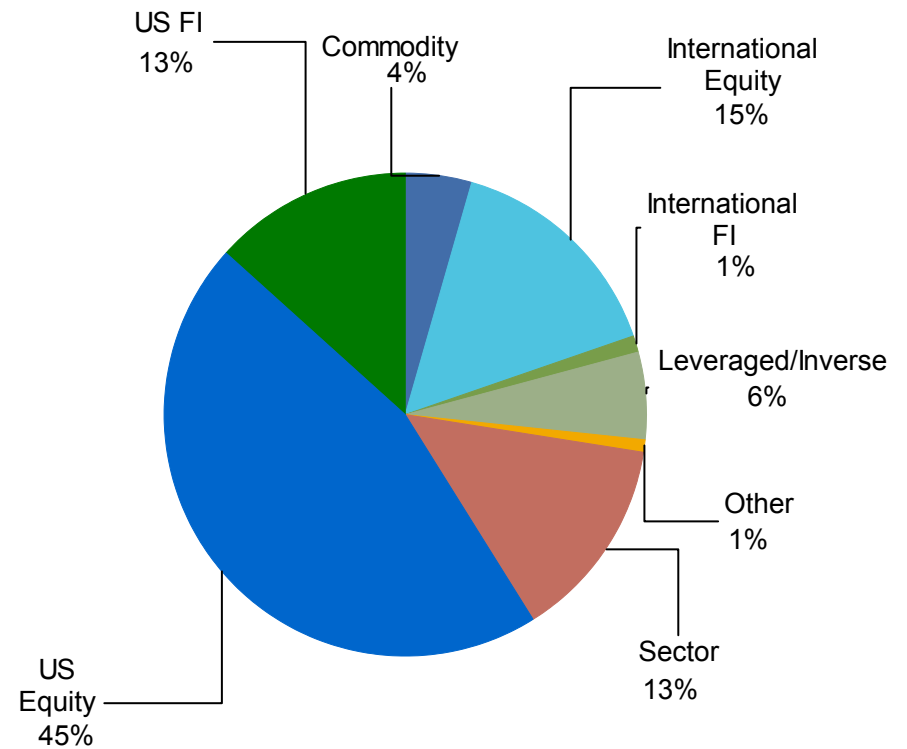
Market Value Allocation - ETFs - All

(Year over Year)

As of September 30, 2016



As of September 30, 2015



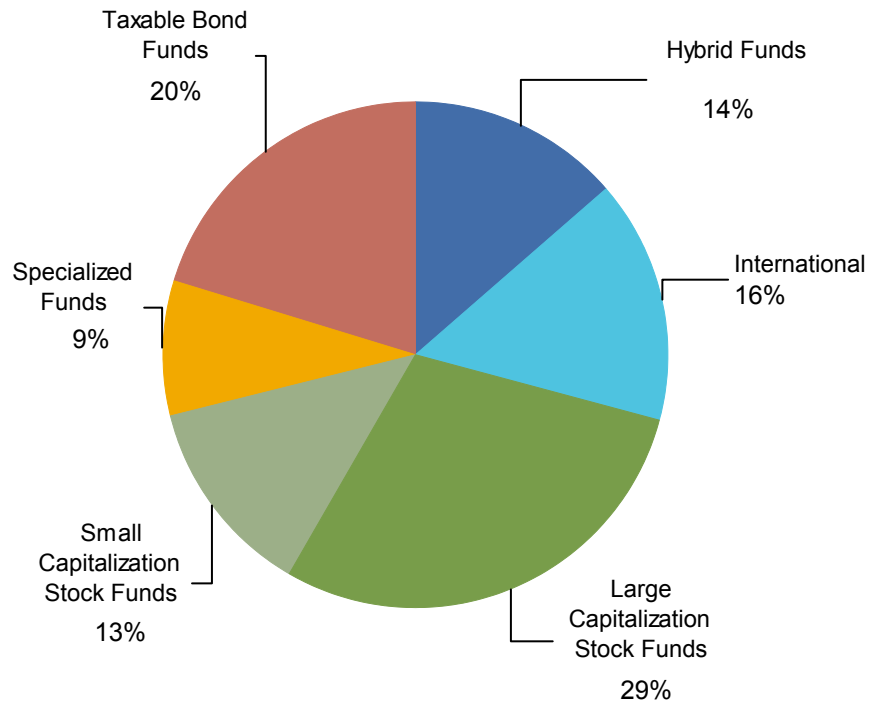
This chart illustrates the percent of PCRA participant assets in each ETF sector, as classified by Morningstar, as a percentage of total PCRA assets within ETF securities. Percentages are calculated as of month end, and the percentages may not add up to 100% due to rounding. Figures are based on all PCRA participants with a minimum balance of \$5,000 in their PCRA account (approximately 125,000 accounts). All data is for informational purposes only. Schwab does not guarantee the accuracy, timeliness or completeness of the information.

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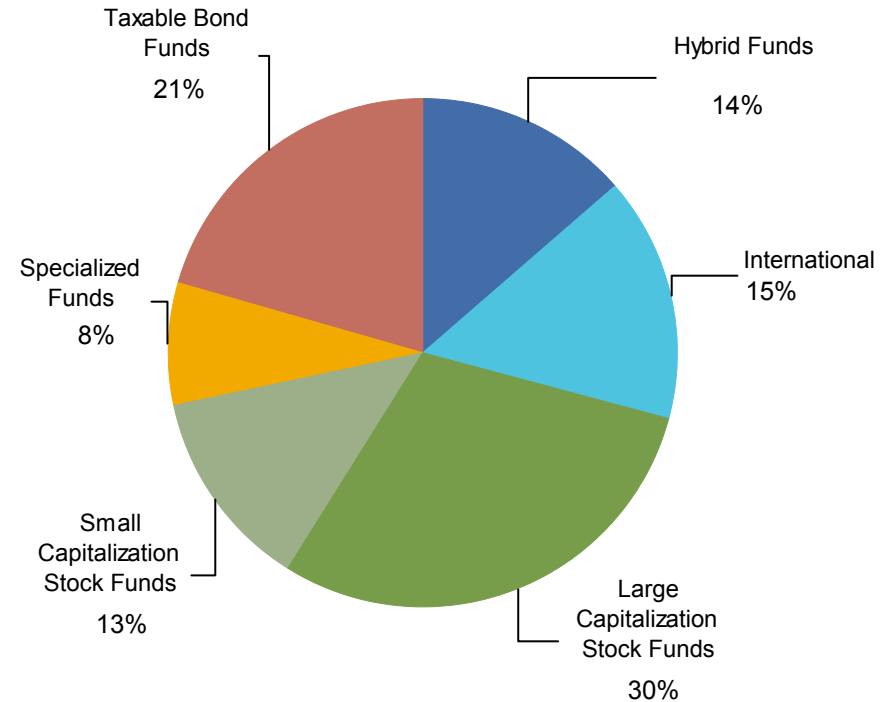
Market Value Allocation - Mutual Funds - All

(Year over Year)

As of September 30, 2016



As of September 30, 2015

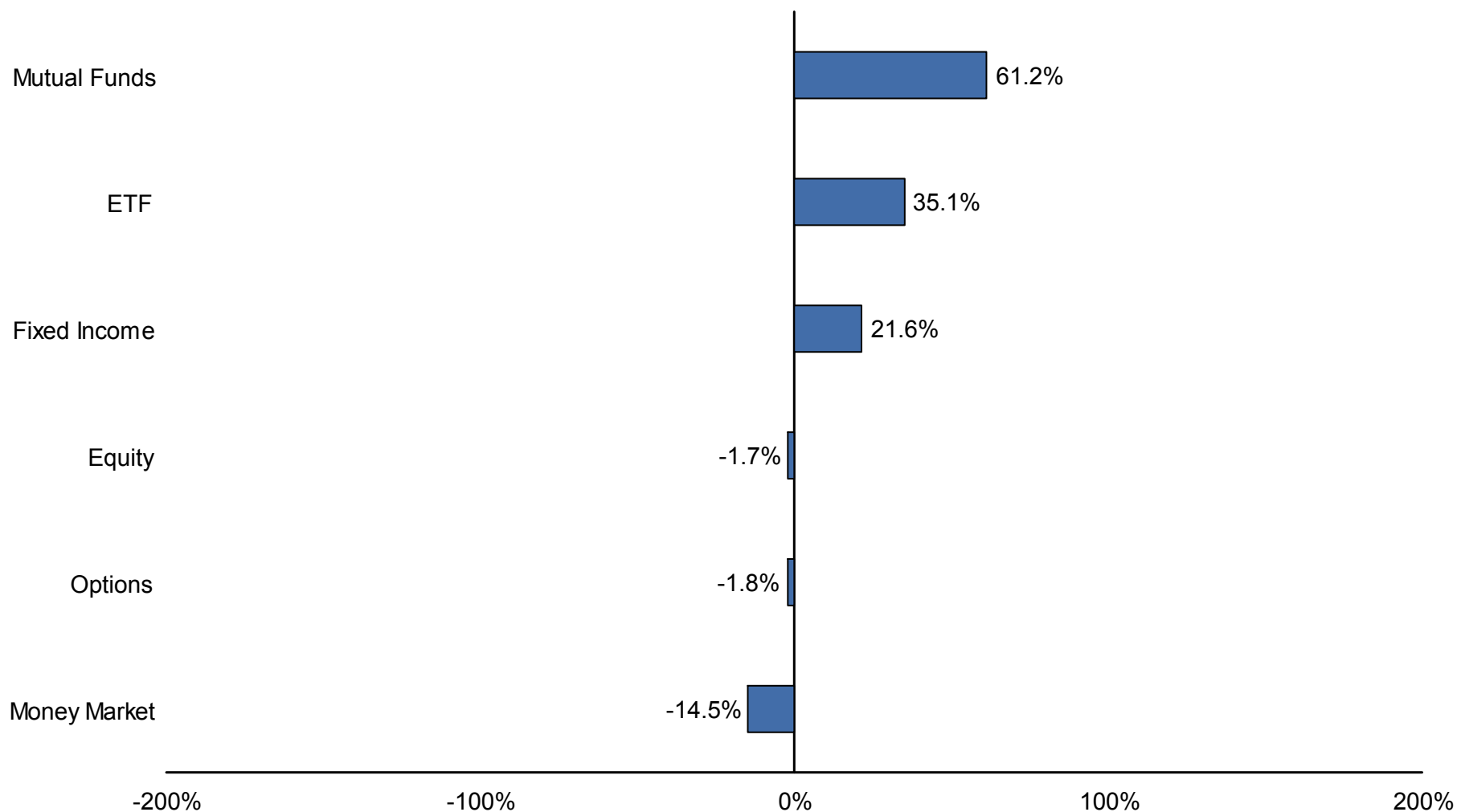


This chart illustrates the percentage of PCRA participant assets in each mutual fund category, as classified by Morningstar Inc., as a percentage of total PCRA long-term mutual fund assets. Percentages are calculated as of month end, and the percentages may not add up to 100% due to rounding. Figures are based on all PCRA participants with a minimum balance of \$5,000 in their PCRA account (approximately 125,000 accounts). Small cap funds are subject to greater volatility than those in other asset categories. International investments are subject to additional risks such as currency fluctuation, political instability and the potential for illiquid markets. Since sector funds focus investments on companies involved in a particular sector, the funds may involve a greater degree of risk than an investment in other mutual funds with greater diversification. Data is for informational purposes only. Schwab does not guarantee the accuracy, timeliness or completeness of the information.

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Net Asset Flow - Asset Class - All

As of September 30, 2016

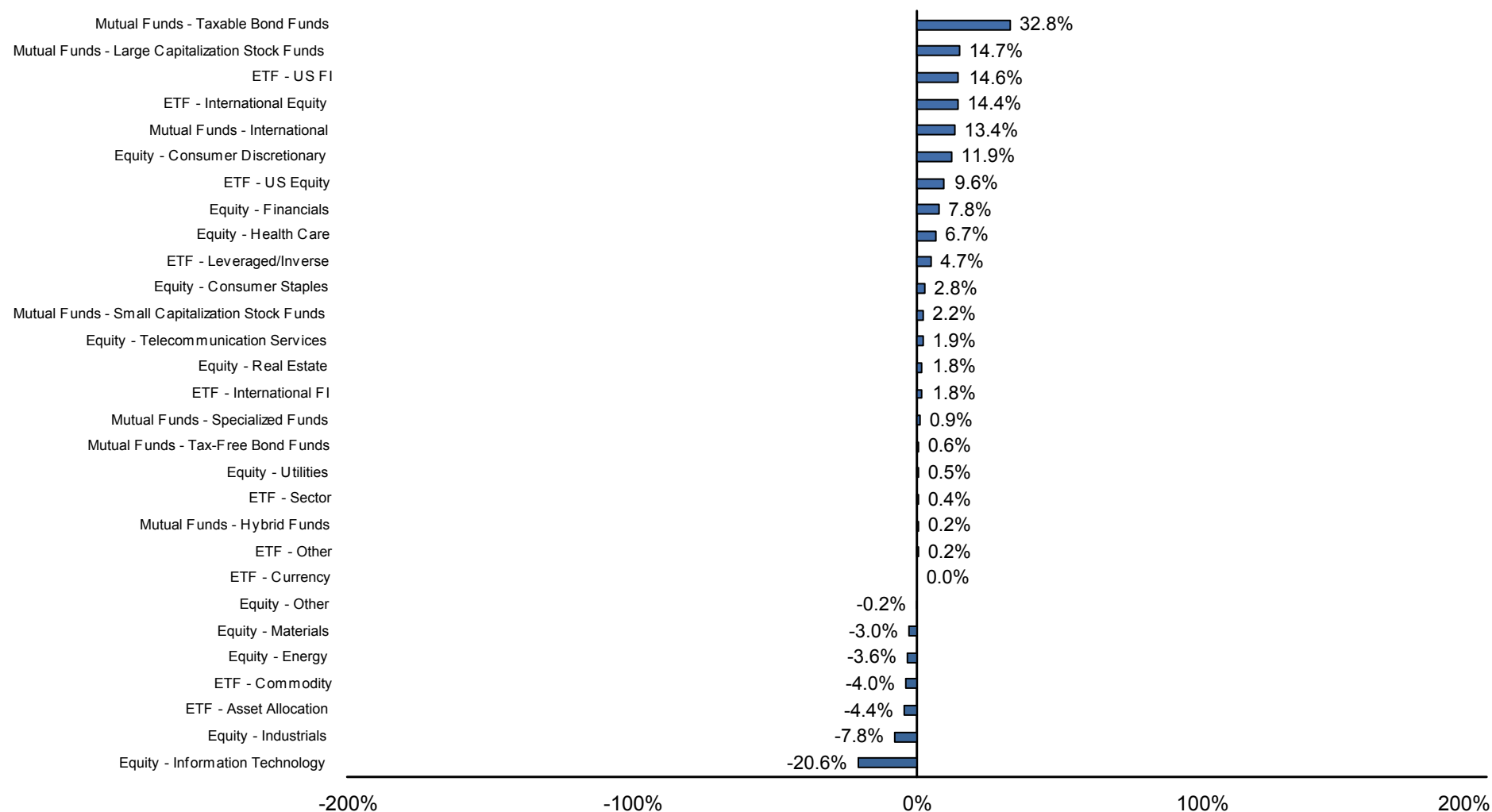


This chart illustrates the percentage of total net flows within each asset class over the three month period ending September 30, 2016. Net flow percentages are calculated by adding the purchases and sales amounts within each respective asset class and dividing by the total net flow over the period. Figures are based on all PCRA participants with a minimum balance of \$5,000 in their PCRA account (approximately 125,000 accounts). All data is for informational purposes only. Schwab does not guarantee the accuracy, timeliness or completeness of the information.

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Net Asset Flow - All Categories - All

As of September 30, 2016



This chart illustrates the percentage of total net flows within each investment category, as classified by Standard & Poor's and Morningstar Inc., over the three month period ending September 30, 2016.

Net flow percentages are calculated by adding the purchases and sales amounts within each respective investment category and dividing by the total net flows over the period. Figures are based on all PCRA participants with a minimum balance of \$5,000 in their PCRA account (approximately 125,000 accounts). Small cap funds are subject to greater volatility than those in other asset categories. International investments are subject to additional risks such as currency fluctuation, political instability and the potential for illiquid markets. Since sector funds focus investments on companies involved in a particular sector, the funds may involve a greater degree of risk than an investment in other mutual funds with greater diversification. Data is for informational purposes only. Schwab does not guarantee the accuracy, timeliness or completeness of the information.

Disclosures

Investors should consider carefully information contained in the prospectus, including investment objectives, risks, charges, and expenses. You can request a prospectus by calling 800-435-4000. Please read the prospectus carefully before investing.

Money Market funds are neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the funds see to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund.

Investment returns will fluctuate and are subject to the market volatility, so that an investor's shares, when redeemed or sold, may be worth more or less than their original cost. Unlike mutual funds, shares of ETFs are not individually redeemable directly with the ETF. Shares are bought and sold at market price, which may be higher or lower than the net asset value (NAV).