



# Schwab Government Money Market Portfolio

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### **Proxy Voting Policies, Procedures and Results**

A description of the proxy voting policies and procedures used to determine how to vote proxies on behalf of the funds is available without charge, upon request, by visiting the Schwab Fund's website at [www.schwabassetmanagement.com/schwabfunds\\_prospectus](http://www.schwabassetmanagement.com/schwabfunds_prospectus), the SEC's website at [www.sec.gov](http://www.sec.gov), or by contacting Schwab Funds at 1-877-824-5615.

Information regarding how a fund voted proxies relating to portfolio securities during the most recent twelve-month period ended June 30 is available, without charge, by visiting Schwab's website at [www.schwabassetmanagement.com/schwabfunds\\_prospectus](http://www.schwabassetmanagement.com/schwabfunds_prospectus) or the SEC's website at [www.sec.gov](http://www.sec.gov).

**Investment Adviser:** Charles Schwab Investment Management, Inc., dba Schwab Asset Management™

## Portfolio Management

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**Linda Klingman**, Managing Director and Head of Money Market Strategies for Schwab Asset Management, leads the portfolio management teams for taxable and tax-exempt Schwab Money Funds, and has overall responsibility for all aspects of the management of the fund. Prior to joining Schwab in 1990, she was a senior money market trader with AIM Management, Inc. for five years. She has managed money market funds since 1988.



**Lynn Paschen**, Senior Portfolio Manager for Schwab Asset Management, is responsible for the day-to-day co-management of the fund. Prior to joining Schwab in 2011, Ms. Paschen held a number of positions at American Century Investments. She was most recently a portfolio manager and, from 2000 to 2003, worked as a fixed-income trader. She has managed money market funds since 2003.



**Nicole Perret-Gentil**, Portfolio Manager for Schwab Asset Management, is responsible for the day-to-day co-management of the fund. Prior to joining Schwab in 2016, Ms. Perret-Gentil worked at Freddie Mac for 15 years, most recently as a senior portfolio manager where she managed and executed trades for a fixed-income strategy. Prior to that role, she served as a portfolio manager performing fixed-income analysis, a senior research analyst for investor and dealer relations, a senior securities operations analyst in loan and securities operations, and a lead mortgage securities operations specialist. She also worked at Merrill Lynch for a year as a senior specialist in fixed-income global banking and investments.

# Schwab Government Money Market Portfolio

**The Schwab Government Money Market Portfolio's** (the fund) goal is to seek the highest current income consistent with stability of capital and liquidity. To pursue its goal, the fund invests in U.S. government securities such as U.S. Treasury bills and notes, other obligations that are issued by the U.S. government, its agencies, or instrumentalities, repurchase agreements that are collateralized fully by cash and/or U.S. government securities, and obligations that are issued by private issuers that are guaranteed as to principal or interest by the U.S. government, its agencies, or instrumentalities. The fund will invest at least 99.5% of its total assets in cash, U.S. government securities and/or repurchase agreements that are collateralized fully by cash and/or U.S. government securities; under normal circumstances, at least 80% of the fund's net assets (including, for this purpose, any borrowings for investment purposes) will be invested in U.S. government securities, including repurchase agreements that are collateralized fully by U.S. government securities. For more information concerning the fund's investment objective, strategy, and risks, please see the fund's prospectus.

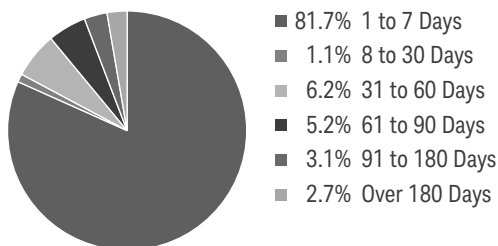
**Market Highlights.** During the 12-month reporting period ended December 31, 2022, interest rates rose as a result of persistently high inflation stemming from a tight labor market, supply chain constraints, and high energy prices in the wake of the COVID-19 pandemic and the war in Ukraine. After maintaining the federal funds rate in a range of 0.00% to 0.25% through mid-March, the U.S. Federal Reserve (Fed) shifted its stance as inflation continued to rise and indicators of economic activity and employment continued to strengthen. After issuing successively stronger signals that interest rates could begin to rise sooner in 2022 than previously anticipated, the Fed increased the federal funds rate seven times by the end of the year to end the reporting period in a range of 4.25% to 4.50%. In addition, the Fed's bond-buying program, which had begun to scale back in November 2021, was ended altogether in early March 2022. In June, the Fed also began to reduce the \$9 trillion in assets it holds on its balance sheet.

Given expectations of further rate hikes into 2023, along with persistently high—albeit declining in the second half of the year—inflation, longer-term bond and equity markets weakened, with the S&P 500® Index and Bloomberg US Aggregate Bond Index posting their worst calendar year returns in more than a decade. Yields on short-term money market securities increased and demand remained high. At the same time, supply of U.S. Treasuries declined as the U.S. Treasury's borrowing needs decreased. As a result, high demand for the Fed's Overnight Reverse Repurchase Agreement facility drove usage to an all-time high.

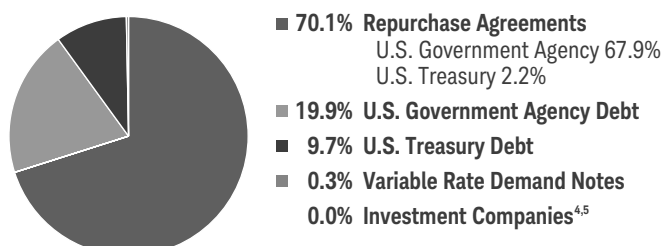
Monetary policy around the world varied as central banks responded to the rapidly changing conditions. Over the reporting period, the European Central Bank raised its interest rate four times and the Bank of England raised its key official bank rate eight times. In contrast, the Bank of Japan continued to uphold its short-term interest rate target of -0.1%, unchanged since 2016, but in late December unexpectedly announced that it would widen the band around the yield target of its 10-year government bond, which pushed the yen higher and effectively marked the end of an extended period in which Japan was the only major developed country to resist raising rates.

**Performance, Positioning, and Strategies.** Throughout the reporting period, the fund's investment adviser remained focused on liquidity and stability of capital as market conditions evolved, and on continuing a rigorous credit review process and ongoing monitoring for all issuers and regions in which the fund invests. In anticipation of the Fed's short-term interest rate increases early in the reporting period, followed by the Fed's subsequent actions, the fund's weighted average maturity (WAM) was shortened, beginning the reporting period at 37 days and ending it at 21 days.

## PORTFOLIO COMPOSITION BY EFFECTIVE MATURITY % OF INVESTMENTS<sup>1</sup>



## PORTFOLIO COMPOSITION BY SECURITY TYPE % OF INVESTMENTS<sup>3</sup>



## STATISTICS

**Weighted Average Maturity<sup>2</sup>** 21 Days

Management views and portfolio holdings may have changed since the report date.

<sup>1</sup> Maturity shown is the date the security matures, the date the interest rate on those securities is reset, or the date those securities can be redeemed through demand.

<sup>2</sup> Money funds must maintain a dollar-weighted average maturity of no longer than 60 days and cannot invest in any security whose effective maturity is longer than 397 days (approximately 13 months).

<sup>3</sup> The percentage may differ from the Portfolio Holdings because the above calculation is based on a percentage of total investments, whereas the calculation in the Portfolio Holdings is based on a percentage of net assets.

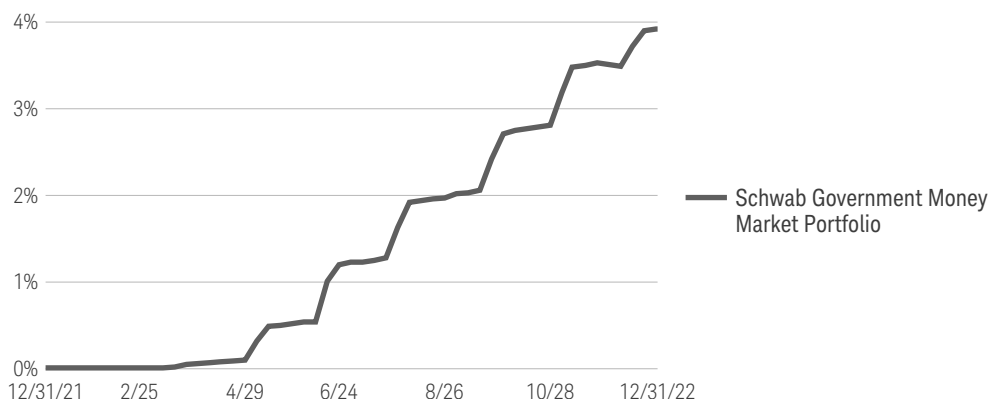
<sup>4</sup> Includes the fund's position in money market mutual funds registered under the Investment Company Act of 1940, as amended.

<sup>5</sup> Less than 0.05%

# Performance and Fund Facts as of December 31, 2022

The performance data quoted represents past performance. Past performance does not guarantee future results. Current performance may be lower or higher than performance data quoted. To obtain more current performance information, please visit [www.schwabassetmanagement.com/schwabfunds\\_prospectus](http://www.schwabassetmanagement.com/schwabfunds_prospectus).

## SEVEN-DAY AVERAGE YIELD TREND FOR PREVIOUS 12 MONTHS



## SEVEN-DAY YIELDS<sup>1</sup>

The seven-day yield is the income generated by the fund's holdings minus the fund's operating expenses. The seven-day yields are calculated using standard SEC formulas. The effective yield includes the effect of reinvesting daily dividends. Please remember that money market fund yields fluctuate.

	<b>SCHWAB GOVERNMENT MONEY MARKET PORTFOLIO</b>
TICKER SYMBOL	SWPXX
<b>Seven-Day Yield (with waivers)<sup>2</sup></b>	3.92%
<b>Seven-Day Yield (without waivers)<sup>2</sup></b>	3.92%
<b>Seven-Day Effective Yield (with waivers)<sup>2</sup></b>	4.00%

**You could lose money by investing in the fund. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.**

<sup>1</sup> Fund yields do not reflect the additional fees and expenses imposed by the insurance company under the variable insurance product contract. If those contract fees and expenses were included, the yields would be less than those shown. Please refer to the variable insurance product prospectus for a complete listing of these expenses.

<sup>2</sup> The Seven-Day Yield (with waivers) is the average income paid out over the previous seven days assuming interest income is not reinvested and it reflects the effect of any applicable waivers. Absent such waivers, the fund's yield would have been lower. The Seven-Day Yield (without waivers) is the yield without the effect of any applicable waivers. The Seven-Day Effective Yield is the yield with waivers assuming that all interest income is reinvested in additional shares of the fund. For additional details, see financial note 4.

# Fund Expenses (Unaudited)

## EXAMPLES FOR A \$1,000 INVESTMENT

As a fund shareholder, you may incur two types of costs: (1) transaction costs; and (2) ongoing costs, including management fees, transfer agent fees, and other fund expenses.

The expense examples below are intended to help you understand your ongoing cost (in dollars) of investing in the fund and to compare this cost with the ongoing cost of investing in other mutual funds. These examples are based on an investment of \$1,000 invested for six months beginning July 1, 2022 and held through December 31, 2022.

**The Actual Return** line in the table below provides information about actual account values and actual expenses. You may use this information, together with the amount you invested, to estimate the expenses that you paid over the period. To do so, simply divide your account value by \$1,000 (for example, an \$8,600 account value ÷ \$1,000 = 8.6), then multiply the result by the number given for the fund under the heading entitled "Expenses Paid During Period."

**The Hypothetical Return** line in the table below provides information about hypothetical account values and hypothetical expenses based on the fund's actual expense ratio and an assumed return of 5% per year before expenses. Because the return used is not an actual return, it may not be used to estimate the actual ending account value or expenses you paid for the period.

You may use this information to compare the ongoing costs of investing in the fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only, and do not reflect any transactional costs. Therefore, the hypothetical return lines of the table are useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	EXPENSE RATIO (ANNUALIZED) <sup>1</sup>	BEGINNING ACCOUNT VALUE AT 7/1/22	ENDING ACCOUNT VALUE (NET OF EXPENSES) AT 12/31/22	EXPENSES PAID DURING PERIOD 7/1/22-12/31/22 <sup>2</sup>
<b>Schwab Government Money Market Portfolio</b>				
Actual Return	0.26%	\$1,000.00	\$1,013.10	\$1.32
Hypothetical 5% Return	0.26%	\$1,000.00	\$1,023.89	\$1.33

<sup>1</sup> Based on the most recent six-month expense ratio; may differ from the expense ratio provided in the Financial Highlights.

<sup>2</sup> Expenses for the fund are equal to its annualized expense ratio, multiplied by the average account value over the period, multiplied by 184 days in the period, and divided by 365 days in the fiscal year.

## Financial Statements

## FINANCIAL HIGHLIGHTS

	1/1/22– 12/31/22	1/1/21– 12/31/21	1/1/20– 12/31/20	1/1/19– 12/31/19	1/1/18– 12/31/18
<b>Per-Share Data</b>					
Net asset value at beginning of period	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Income (loss) from investment operations:					
Net investment income (loss) <sup>1</sup>	0.01	0.00 <sup>2</sup>	0.00 <sup>2</sup>	0.02	0.02
Net realized and unrealized gains (losses)	0.00 <sup>2</sup>	0.00 <sup>2</sup>	0.00 <sup>2</sup>	0.00 <sup>2</sup>	(0.00) <sup>2</sup>
Total from investment operations	0.01	0.00 <sup>2</sup>	0.00 <sup>2</sup>	0.02	0.02
Less distributions:					
Distributions from net investment income	(0.01)	(0.00) <sup>2,3</sup>	(0.00) <sup>2</sup>	(0.02)	(0.02)
Net asset value at end of period	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Total return	1.43%	0.06% <sup>3</sup>	0.28%	1.91%	1.52%
<b>Ratios/Supplemental Data</b>					
Ratios to average net assets:					
Net operating expenses	0.23% <sup>4,5</sup>	0.06% <sup>4</sup>	0.26% <sup>6,7</sup>	0.35%	0.35%
Gross operating expenses	0.26% <sup>5</sup>	0.27%	0.41%	0.47%	0.48%
Net investment income (loss)	1.49%	0.06%	0.25%	1.88%	1.55%
Net assets, end of period (x 1,000)	\$223,154	\$184,916	\$185,074	\$148,853	\$138,275

<sup>1</sup> Calculated based on the average shares outstanding during the period.

<sup>2</sup> Per-share amount was less than \$0.005.

<sup>3</sup> These amounts include a non-recurring special distribution. The effect on the distributions from net investment income was less than \$0.005 and the effect on the total return was 0.05%.

<sup>4</sup> Reflects the effect of a voluntary yield waiver (see financial note 4 for additional information).

<sup>5</sup> Ratio includes less than 0.005% of non-routine proxy expenses.

<sup>6</sup> Effective September 24, 2020, the contractual expense limitation changed. The ratio presented for period ended December 31, 2020 is a blended ratio.

<sup>7</sup> Reflects the effect of a voluntary yield waiver in excess of the contractual expense limitation.

# Portfolio Holdings

 as of December 31, 2022

This section shows all the securities in the fund's portfolio and their values as of the report date.

The fund files its complete schedule of portfolio holdings with the U.S. Securities and Exchange Commission (SEC) monthly on Form N-MFP, which is available immediately upon filing. The fund's Form N-MFP is available on the SEC's website at [www.sec.gov](http://www.sec.gov). The fund also makes available its complete schedule of portfolio holdings 5 business days after month end on the fund's website at [www.schwabassetmanagement.com/schwabfunds\\_prospectus](http://www.schwabassetmanagement.com/schwabfunds_prospectus).

For fixed-rate obligations and repurchase agreements, the rate shown is the coupon rate (the rate established when the obligation was issued) and if the coupon rate is not available, the effective yield at the time of purchase is shown. For variable-rate obligations, the rate shown is the interest rate as of the report date based on each security's rate reset date. The reference rate and spread used is shown parenthetically in the security description, if available; if not, the reference rate is described in a footnote. The date shown in the maturity date column below is either the date on which the principal amount must be paid or the date payment must be made pursuant to a demand feature. If the security's structure includes one of a number of maturity-shortening provisions set forth in Rule 2a-7, such as an interest rate reset, demand feature or put feature, the effective maturity date is also disclosed. If the effective maturity and maturity date are the same, the date will only appear in the maturity date column.

ISSUER	FOOTNOTES	RATE	EFFECTIVE MATURITY	MATURITY DATE	FACE AMOUNT (\$)	VALUE (\$)
<b>U.S. GOVERNMENT AGENCY DEBT 19.8% OF NET ASSETS</b>						
<b>FEDERAL FARM CREDIT BANKS FUNDING CORP</b>						
(3 mo. US TBILL + 0.02%)	(a)	4.42%	01/04/23	05/01/23	700,000	700,000
(3 mo. US TBILL + 0.03%)	(a)	4.42%	01/04/23	07/13/23	300,000	300,000
(EFFR - 0.01%)	(a)	4.32%	01/03/23	07/21/23	900,000	900,000
(SOFR + 0.03%)	(a)	4.33%	01/03/23	08/28/23	300,000	300,000
		4.88%		09/25/23	600,000	599,990
(SOFR + 0.06%)	(a)	4.36%	01/03/23	11/07/23	200,000	200,000
(SOFR + 0.04%)	(a)	4.34%	01/03/23	11/28/23	500,000	500,000
(EFFR + 0.03%)	(a)	4.36%	01/03/23	12/08/23	100,000	100,000
(SOFR + 0.12%)	(a)	4.42%	01/03/23	12/08/23	300,000	300,169
(SOFR + 0.06%)	(a)	4.36%	01/03/23	12/13/23	200,000	200,000
(SOFR + 0.08%)	(a)	4.38%	01/03/23	04/26/24	300,000	300,000
(EFFR + 0.06%)	(a)	4.39%	01/03/23	06/24/24	300,000	300,000
(SOFR + 0.09%)	(a)	4.39%	01/03/23	07/01/24	500,000	500,000
(SOFR + 0.10%)	(a)	4.40%	01/03/23	08/08/24	100,000	100,000
(EFFR + 0.08%)	(a)	4.41%	01/03/23	08/12/24	400,000	400,060
(SOFR + 0.18%)	(a)	4.48%	01/03/23	10/16/24	500,000	500,000
(SOFR + 0.13%)	(a)	4.43%	01/03/23	11/01/24	700,000	700,000
(SOFR + 0.14%)	(a)	4.44%	01/03/23	11/07/24	300,000	300,000
<b>FEDERAL HOME LOAN BANKS</b>						
		3.84%		01/03/23	300,000	300,000
		2.64%		01/11/23	700,000	699,596
		4.02%		01/20/23	400,000	399,248
		4.10%		01/25/23	600,000	598,511
		4.09%		01/27/23	800,000	797,840
		4.14%		02/01/23	600,000	598,018
		4.23%		02/03/23	300,000	298,915
		2.17%		02/06/23	200,000	200,100
		2.15%		02/08/23	300,000	300,153
		4.22%		02/10/23	1,500,000	1,493,391
		4.27%		02/13/23	300,000	298,557
		4.30%		02/13/23	1,300,000	1,293,700
(SOFR + 0.04%)	(a)	4.34%	01/03/23	02/13/23	600,000	600,000
		4.26%		02/15/23	3,000,000	2,984,896
		4.36%		02/22/23	1,900,000	1,888,626



## Portfolio Holdings as of December 31, 2022 (continued)

ISSUER	FOOTNOTES	RATE	EFFECTIVE MATURITY	MATURITY DATE	FACE AMOUNT (\$)	VALUE (\$)
		4.38%		02/24/23	300,000	298,124
		4.42%		03/01/23	600,000	595,850
		4.43%		03/03/23	900,000	893,543
		3.50%		03/09/23	600,000	600,011
(SOFR + 0.05%)	(a)	4.36%	01/03/23	03/09/23	700,000	700,000
		2.13%		03/10/23	100,000	99,568
		4.48%		03/15/23	1,800,000	1,784,274
		0.13%		03/17/23	100,000	99,127
		1.25%		03/21/23	750,000	750,000
		4.47%		03/23/23	1,200,000	1,188,361
		4.51%		03/24/23	795,000	787,121
	(b)	2.01%		03/30/23	600,000	600,000
	(b)	2.13%		03/30/23	400,000	399,981
(SOFR + 0.05%)	(a)	4.35%	01/03/23	04/04/23	600,000	600,000
	(b)	2.35%		04/05/23	600,000	600,000
(SOFR + 0.06%)	(a)	4.36%	01/03/23	05/01/23	600,000	600,000
	(b)	2.60%		05/02/23	600,000	600,000
		4.66%		05/05/23	300,000	295,374
	(b)	2.50%		05/23/23	600,000	600,000
(SOFR + 0.06%)	(a)	4.36%	01/03/23	05/24/23	300,000	300,000
	(b)	2.40%		06/02/23	400,000	400,000
		3.25%		06/09/23	100,000	99,988
		4.69%		06/16/23	600,000	587,481
		4.70%		06/26/23	600,000	600,000
	(b)	3.50%		07/14/23	700,000	700,000
		3.15%		07/27/23	400,000	400,000
(SOFR + 0.06%)	(a)	4.36%	01/03/23	07/27/23	600,000	600,000
		3.30%		07/28/23	400,000	400,000
		3.36%		08/01/23	300,000	294,295
	(b)	2.75%		08/04/23	700,000	700,000
		3.17%		08/22/23	300,000	300,000
		3.38%		09/01/23	600,000	598,866
		4.85%		09/05/23	100,000	96,822
		4.80%		09/08/23	600,000	600,000
(SOFR + 0.10%)	(a)	4.40%	01/03/23	09/21/23	600,000	600,000
(SOFR + 0.04%)	(a)	4.34%	01/03/23	10/06/23	700,000	700,000
		4.75%		10/24/23	100,000	100,000
(SOFR + 0.10%)	(a)	4.40%	01/03/23	07/26/24	700,000	700,000
<b>FEDERAL HOME LOAN MORTGAGE CORPORATION</b>						
	(b)	2.50%		04/21/23	600,000	600,000
		0.38%		05/05/23	300,000	297,337
		0.25%		06/26/23	600,000	592,358
<b>FEDERAL NATIONAL MORTGAGE ASSOCIATION</b>						
		0.25%		05/22/23	700,000	694,730
		0.25%		07/10/23	800,000	788,784
		5.00%		12/20/23	400,000	400,000
<b>Total U.S. Government Agency Debt</b> <b>(Cost \$44,193,765)</b>						<b>44,193,765</b>

## Portfolio Holdings as of December 31, 2022 (continued)

ISSUER	FOOTNOTES	RATE	EFFECTIVE MATURITY	MATURITY DATE	FACE AMOUNT (\$)	VALUE (\$)
<b>U.S. TREASURY DEBT 9.7% OF NET ASSETS</b>						
<b>UNITED STATES TREASURY</b>						
		0.13%		01/31/23	500,000	498,461
(3 mo. US TBILL + 0.05%)	(a)	4.45%	01/03/23	01/31/23	2,500,000	2,500,053
		2.86%		02/02/23	400,000	399,059
		2.89%		02/02/23	800,000	798,100
		2.00%		02/15/23	500,000	500,541
		0.13%		02/28/23	600,000	598,440
		2.63%		02/28/23	800,000	800,909
		4.32%		03/07/23	700,000	694,788
		4.38%		03/14/23	700,000	694,123
		4.37%		03/21/23	1,400,000	1,387,093
		0.13%		03/31/23	1,000,000	995,111
		2.50%		03/31/23	500,000	501,039
		0.13%		04/30/23	200,000	198,676
(3 mo. US TBILL + 0.03%)	(a)	4.43%	01/03/23	04/30/23	700,000	700,020
		4.63%		05/25/23	700,000	687,517
(3 mo. US TBILL + 0.03%)	(a)	4.43%	01/03/23	07/31/23	1,500,000	1,500,838
(3 mo. US TBILL + 0.04%)	(a)	4.43%	01/03/23	10/31/23	1,200,000	1,200,775
(3 mo. US TBILL + 0.04%)	(a)	4.44%	01/03/23	07/31/24	5,200,000	5,196,656
(3 mo. US TBILL + 0.14%)	(a)	4.54%	01/03/23	10/31/24	1,800,000	1,797,577

**Total U.S. Treasury Debt**  
(Cost \$21,649,776)

**21,649,776**

**VARIABLE RATE DEMAND NOTES 0.3% OF NET ASSETS**

**FARR LIFE LLC**

TAXABLE VARIABLE RATE DEMAND NOTES SERIES 2022 (LOC: FEDERAL HOME LOAN BANKS)

(c) 4.38% 01/06/23 600,000 600,000

**Total Variable Rate Demand Notes**  
(Cost \$600,000)

**600,000**

**INVESTMENT COMPANIES 0.0% OF NET ASSETS**

**MONEY MARKET FUNDS 0.0%**

STATE STREET INSTITUTIONAL U.S. GOVERNMENT MONEY MARKET FUND, PREMIER CLASS

(d) 4.12% 45,600 45,600

**Total Investment Companies**  
(Cost \$45,600)

**45,600**

ISSUER	FOOTNOTES	RATE	EFFECTIVE MATURITY	MATURITY DATE	MATURITY AMOUNT (\$)	VALUE (\$)
<b>REPURCHASE AGREEMENTS 69.9% OF NET ASSETS</b>						

**U.S. GOVERNMENT AGENCY REPURCHASE AGREEMENTS\* 67.7%**

**BANCO SANTANDER SA**

Issued 12/30/22, repurchase date 01/03/23  
(Collateralized by U.S. Treasury and U.S. Government Agency Securities valued at \$1,030,052, 2.00% - 6.50%, due 04/30/27 - 10/01/52)

4.31% 01/03/23 1,000,479 1,000,000

## Portfolio Holdings as of December 31, 2022 (continued)

ISSUER	FOOTNOTES	RATE	EFFECTIVE MATURITY	MATURITY DATE	MATURITY AMOUNT (\$)	VALUE (\$)
<b>BANK OF MONTREAL</b>						
Issued 12/30/22, repurchase date 01/03/23 (Collateralized by U.S. Government Agency Securities valued at \$20,609,843, 5.80% - 5.87%, due 04/20/72 - 05/20/72)		4.30%		01/03/23	20,009,556	20,000,000
<b>BARCLAYS BANK PLC</b>						
Issued 12/30/22, repurchase date 01/03/23 (Collateralized by U.S. Government Agency Securities valued at \$5,152,461, 2.50%, due 09/20/51)		4.30%		01/03/23	5,002,389	5,000,000
<b>BOFA SECURITIES INC</b>						
Issued 12/30/22, repurchase date 01/03/23 (Collateralized by U.S. Government Agency Securities valued at \$30,900,001, 5.00%, due 12/01/52)		4.30%		01/03/23	30,014,333	30,000,000
<b>DAIWA CAPITAL MARKETS AMERICA INC</b>						
Issued 12/30/22, repurchase date 01/03/23 (Collateralized by U.S. Government Agency Securities valued at \$9,360,001, 3.00% - 6.00%, due 09/01/37 - 12/01/52)		4.30%		01/03/23	9,004,300	9,000,000
<b>DEUTSCHE BANK AG (NEW YORK BRANCH)</b>						
Issued 12/30/22, repurchase date 01/03/23 (Collateralized by U.S. Treasury Securities valued at \$20,409,783, 1.25%, due 05/31/28)		4.30%		01/03/23	20,009,556	20,000,000
<b>FICC - BANK OF NEW YORK</b>						
Issued 12/30/22, repurchase date 01/03/23 (Collateralized by U.S. Government Agency Securities valued at \$2,060,001, 3.50% - 4.00%, due 05/01/52 - 12/01/52)		4.31%		01/03/23	2,000,958	2,000,000
<b>GOLDMAN SACHS &amp; CO LLC</b>						
Issued 12/28/22, repurchase date 01/04/23 (Collateralized by U.S. Government Agency Securities valued at \$5,100,000, 2.00% - 4.50%, due 08/01/31 - 02/20/52)		4.30%		01/04/23	5,004,181	5,000,000
<b>JP MORGAN SECURITIES LLC</b>						
Issued 12/30/22, repurchase date 01/03/23 (Collateralized by U.S. Government Agency Securities valued at \$20,600,000, 2.50% - 7.50%, due 04/20/32 - 07/20/62)		4.30%		01/03/23	20,009,556	20,000,000
<b>MIZUHO SECURITIES USA LLC</b>						
Issued 12/30/22, repurchase date 01/03/23 (Collateralized by U.S. Treasury Securities valued at \$20,400,037, 0.75% - 2.88%, due 10/31/23 - 08/31/26)		4.30%		01/03/23	20,009,556	20,000,000
<b>NOMURA SECURITIES INTERNATIONAL INC</b>						
Issued 12/30/22, repurchase date 01/03/23 (Collateralized by U.S. Treasury and U.S. Government Agency Securities valued at \$9,180,235, 0.00% - 4.10%, due 04/13/23 - 08/15/49)		4.30%		01/03/23	9,004,300	9,000,000
<b>RBC DOMINION SECURITIES INC</b>						
Issued 12/28/22, repurchase date 01/04/23 (Collateralized by U.S. Treasury and U.S. Government Agency Securities valued at \$9,277,609, 0.13% - 5.50%, due 09/01/24 - 10/20/52)		4.30%		01/04/23	9,007,525	9,000,000

## Portfolio Holdings as of December 31, 2022 (continued)

ISSUER	FOOTNOTES	RATE	EFFECTIVE MATURITY	MATURITY DATE	MATURITY AMOUNT (\$)	VALUE (\$)
<b>WELLS FARGO SECURITIES LLC</b>						
Issued 12/30/22, repurchase date 01/03/23 (Collateralized by U.S. Government Agency Securities valued at \$1,040,499, 2.50%, due 09/01/51)		4.31%		01/03/23	1,000,479	1,000,000
						<b>151,000,000</b>
<b>U.S. TREASURY REPURCHASE AGREEMENTS 2.2%</b>						
<b>BARCLAYS BANK PLC</b>						
Issued 12/30/22, repurchase date 01/03/23 (Collateralized by U.S. Treasury Securities valued at \$3,020,798, 1.25%, due 11/30/26)		4.30%		01/03/23	2,961,516	2,960,102
<b>FICC - BANK OF NEW YORK</b>						
Issued 12/30/22, repurchase date 01/03/23 (Collateralized by U.S. Treasury Securities valued at \$2,040,032, 0.63%, due 07/15/32)		4.30%		01/03/23	2,000,956	2,000,000
						<b>4,960,102</b>
<b>Total Repurchase Agreements (Cost \$155,960,102)</b>						<b>155,960,102</b>
<b>Total Investments in Securities (Cost \$222,449,243)</b>						<b>222,449,243</b>

\* Collateralized via U.S. Government Agency Securities or less frequently by higher rated U.S. Treasury Securities.

(a) Variable rate security; rate shown is effective rate at period end.

(b) Step up bond that pays an initial coupon rate for a set period and increased coupon rates at one or more preset intervals. Rate shown is as of period end.

(c) VRDN is a municipal security which allows holders to sell their security through a put or tender feature, at par value plus accrued interest. The interest rate resets on a periodic basis, the majority of which are weekly but may be daily or monthly. Unless a reference rate and spread is shown parenthetically, the Remarketing Agent, generally a dealer, determines the interest rate for the security at each interest rate reset date. The rate is typically based on the SIFMA Municipal Swap Index.

(d) The rate shown is the annualized 7-day yield.

EFFR – Effective Federal Funds Rate is published daily by the Federal Reserve Bank of New York and is based on the interest rate financial institutions charge each other for overnight funds.

FICC – Fixed Income Clearing Corp

LOC – Letter of credit

SIFMA – Securities Industry and Financial Markets Association. The SIFMA Municipal Swap Index is a market index comprised of high-grade 7-day tax-exempt Variable Rate Demand Obligations with certain characteristics.

SOFR – Secured Overnight Financing Rate is published daily by the Federal Reserve Bank of New York and is based on the cost of borrowing cash overnight collateralized by U.S. Treasury securities.

US TBILL – The reference rate is the weekly auction stop for the U.S. Treasury Bill.

VRDN – Variable rate demand note

# Portfolio Holdings

 as of December 31, 2022 (continued)

The following is a summary of the inputs used to value the fund's investments as of December 31, 2022 (see financial note 2(a) for additional information):

DESCRIPTION	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	OTHER SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	TOTAL
<b>Assets</b>				
U.S. Government Agency Debt <sup>1</sup>	\$–	\$44,193,765	\$–	\$44,193,765
U.S. Treasury Debt <sup>1</sup>	–	21,649,776	–	21,649,776
Variable Rate Demand Notes <sup>1</sup>	–	600,000	–	600,000
Investment Companies <sup>1</sup>	45,600	–	–	45,600
Repurchase Agreements <sup>1</sup>	–	155,960,102	–	155,960,102
<b>Total</b>	<b>\$45,600</b>	<b>\$222,403,643</b>	<b>\$–</b>	<b>\$222,449,243</b>

<sup>1</sup> As categorized in the Portfolio Holdings.

Fund investments in mutual funds are classified as Level 1, without consideration to the classification level of the underlying securities held by the mutual funds, which could be Level 1, Level 2 or Level 3.

# Statement of Assets and Liabilities

As of December 31, 2022

## ASSETS

Investments in securities, at cost and value - unaffiliated (Note 2a)	\$66,489,141
Repurchase agreements, at cost and value – unaffiliated (Note 2a)	155,960,102
Receivables:	
Fund shares sold	579,487
Interest	340,559
Dividends	161
Prepaid expenses	+ 556
<b>Total assets</b>	<b>223,370,006</b>

## LIABILITIES

Payables:	
Fund shares redeemed	87,580
Investment adviser and administrator fees	38,182
Independent trustees' fees	98
Accrued expenses	+ 90,509
<b>Total liabilities</b>	<b>216,369</b>
<b>Net assets</b>	<b>\$223,153,637</b>

## NET ASSETS BY SOURCE

Capital received from investors	\$223,107,627
Total distributable earnings	+ 46,010
<b>Net assets</b>	<b>\$223,153,637</b>

## Net Asset Value (NAV)

<b>Net Assets</b>	÷	<b>Shares Outstanding</b>	=	<b>NAV</b>
\$223,153,637		223,154,452		\$1.00

# Statement of Operations

For the period January 1, 2022 through December 31, 2022

<b>INVESTMENT INCOME</b>	
Interest received from securities - unaffiliated	<b>\$3,670,098</b>
<b>EXPENSES</b>	
Investment adviser and administrator fees	405,583
Portfolio accounting fees	70,439
Professional fees	31,446
Custodian fees	23,670
Independent trustees' fees	14,444
Proxy fees <sup>1</sup>	9,410
Shareholder reports	3,570
Transfer agent fees	694
Other expenses	+ 4,804
<b>Total expenses</b>	<b>564,060</b>
Expense reduction	- 73,813
<b>Net expenses</b>	<b>- 490,247</b>
<b>Net investment income</b>	<b>3,179,851</b>
<b>REALIZED GAINS (LOSSES)</b>	
Net realized gains on sales of securities - unaffiliated	409
Increase in net assets resulting from operations	<b>\$3,180,260</b>

<sup>1</sup> Proxy fees are non-routine expenses (see financial note 4 for additional information).

# Statement of Changes in Net Assets

For the current and prior report periods

<b>OPERATIONS</b>		
	1/1/22-12/31/22	1/1/21-12/31/21
Net investment income	\$3,179,851	\$111,865
Net realized gains	+ 409	880
<b>Increase in net assets from operations</b>	<b>\$3,180,260</b>	<b>\$112,745</b>
<b>DISTRIBUTIONS TO SHAREHOLDERS</b>		
<b>Total distributions</b>	<b>(\$3,180,846)</b>	<b>(\$111,865)</b>
<b>TRANSACTIONS IN FUND SHARES*</b>		
Shares sold	169,138,540	151,802,828
Shares reinvested	3,180,846	111,865
Shares redeemed	+ (134,081,228)	(152,073,454)
<b>Net transactions in fund shares</b>	<b>38,238,158</b>	<b>(158,761)</b>
<b>NET ASSETS</b>		
Beginning of period	\$184,916,065	\$185,073,946
Total increase (decrease)	+ 38,237,572	(157,881)
<b>End of period</b>	<b>\$223,153,637</b>	<b>\$184,916,065</b>

\* Transactions took place at \$1.00 per share; figures for share quantities are the same as for dollars.



# Financial Notes

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## 1. Business Structure of the Fund:

Schwab Government Money Market Portfolio (the fund) is a series of Schwab Annuity Portfolios (the trust), a no-load, open-end management investment company. The trust is organized as a Massachusetts business trust and is registered under the Investment Company Act of 1940, as amended (the 1940 Act). The list below shows all the funds in the trust as of the end of the period, including the fund discussed in this report, which is highlighted:

### **SCHWAB ANNUITY PORTFOLIOS (ORGANIZED JANUARY 21, 1994)**

#### **Schwab Government Money Market Portfolio**

Schwab S&P 500 Index Portfolio

Schwab VIT Balanced Portfolio

Schwab VIT Balanced with Growth Portfolio

Schwab VIT Growth Portfolio

The fund in this report offers one share class. Shares are bought and sold at closing net asset value per share (NAV), which is the price for all outstanding shares of a fund. Each share has a par value of 1/1,000 of a cent, and the fund's Board of Trustees (the Board) may authorize the issuance of as many shares as necessary.

The fund is available exclusively as an investment vehicle for variable annuity and variable life insurance contracts offered by separate accounts of participating life insurance companies, and in the future may be offered to pension and retirement plans qualified under the Internal Revenue Code of 1986, as amended. At December 31, 2022, 100% of the fund's shares were held through separate accounts of seven insurance companies. Subscriptions and redemptions of these insurance separate accounts could have a material impact on the fund.

The fund maintains its own account for purposes of holding assets and accounting, and is considered a separate entity for tax purposes. Within its account, the fund may also keep certain assets in segregated accounts, as required by securities law.

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## 2. Significant Accounting Policies:

The following is a summary of the significant accounting policies the fund uses in its preparation of financial statements. The fund follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (FASB) Accounting Standard Codification Topic 946 Financial Services – Investment Companies. The accounting policies are in conformity with accounting principles generally accepted in the United States of America (GAAP).

### (a) Security Valuation:

Pursuant to Rule 2a-5 under the 1940 Act, the Board has designated authority to a Valuation Designee, the fund's investment adviser, to make fair valuation determinations under adopted procedures, subject to Board oversight. The investment adviser has formed a Pricing Committee to administer the pricing and valuation of portfolio securities and other assets and liabilities and to ensure that prices used for internal purposes or provided by third parties reasonably reflect fair value. The Valuation Designee may utilize independent pricing services, quotations from securities and financial instrument dealers and other market sources to determine fair value.

Securities in the fund are valued at amortized cost (which approximates fair value) as permitted in accordance with Rule 2a-7 of the 1940 Act. In the event that security valuations do not approximate fair value, securities may be fair valued as determined by the Valuation Designee. The Valuation Designee considers a number of factors, including unobservable market inputs when arriving at fair value and may employ methods such as the review of related or comparable assets or liabilities, related market activities, recent transactions, market multiples, book values, transactional back-testing, disposition analysis and other relevant information. Due to the subjective and variable nature of fair value pricing, there can be no assurance that a fund could obtain the fair value assigned to the security upon the sale of such security.

In accordance with the authoritative guidance on fair value measurements and disclosures under GAAP, the fund discloses the fair value of its investments in a hierarchy that prioritizes the significant inputs to valuation methods used to measure the fair value. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (Level 3 measurements). If inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the valuation. If it is determined that either the volume and/or level of activity for an asset or liability has significantly decreased (from normal conditions for that asset or liability) or price quotations or observable inputs are not associated with orderly transactions, increased analysis and the Valuation Designee's judgment will be required to estimate fair value.

# Financial Notes (continued)

## 2. Significant Accounting Policies (continued):

- **Mutual funds:** Mutual funds are valued at their respective NAVs.

The three levels of the fair value hierarchy are as follows:

- Level 1 – quoted prices in active markets for identical investments – Investments whose values are based on quoted market prices in active markets, and whose values are therefore classified as Level 1 prices, include active listed equities, mutual funds and exchange-traded funds. Mutual funds are classified as Level 1 prices, without consideration to the classification level of the underlying securities held.
- Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.) – Investments that trade in markets that are not considered to be active, but whose values are based on quoted market prices, dealer quotations or valuations provided by alternative pricing sources supported by observable inputs are classified as Level 2 prices. These generally include U.S. government and sovereign obligations, most government agency securities, investment-grade corporate bonds, certain mortgage products, less liquid listed equities, and state, municipal and provincial obligations. Securities held by stable NAV money funds operating pursuant to Rule 2a-7 under the 1940 Act are valued at amortized cost which approximates current fair value and are considered to be valued using Level 2 inputs.
- Level 3 – significant unobservable inputs (including the fund's own assumptions in determining the fair value of investments) – Investments whose values are classified as Level 3 prices have significant unobservable inputs, as they may trade infrequently or not at all. When observable prices are not readily available for these securities, one or more valuation methods are used for which sufficient and reliable data is available. The inputs used in estimating the value of Level 3 prices may include the original transaction price, quoted prices for similar securities or assets in active markets, completed or pending third-party transactions in the underlying investment or comparable issuers, and changes in financial ratios or cash flows. Level 3 prices may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated in the absence of market information. Assumptions used due to the lack of observable inputs may significantly impact the resulting fair value and therefore the fund's results of operations.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The levels associated with valuing the fund's investments as of December 31, 2022 are disclosed in the Portfolio Holdings.

### (b) Accounting Policies for certain Portfolio Investments (if held):

**Repurchase Agreements:** In a repurchase agreement, a fund buys a security from another party (the counterparty), usually a financial institution, with the agreement that it be sold back in the future. Repurchase agreements subject a fund to counterparty risk, meaning that the fund could lose money if the other party fails to perform under the terms of the agreement. The fund mitigates this risk by ensuring that a fund's repurchase agreements are collateralized by cash and/or U.S. government securities. All collateral is held by the fund's custodian (or, with multi-party agreements, the agent's bank) and is monitored daily to ensure that its fair value is at least equal to the maturity amount under the agreement. In the event of a default by the counterparty, realization of the collateral proceeds could be delayed or limited and the value of the collateral may decline. Investments in repurchase agreements are also based on a review of the credit quality of the repurchase agreement counterparty.

As of December 31, 2022, the fund had investments in repurchase agreements with a gross value of \$155,960,102 as disclosed in the Portfolio Holdings and the Statement of Assets and Liabilities. The value of the related collateral disclosed in the Portfolio Holdings exceeded the value of the repurchase agreements at period end.

**Delayed-Delivery and When-Issued Transactions:** The fund may transact in securities on a delayed-delivery or when-issued basis. Payment and delivery may take place after the customary settlement period for that security. The price of the underlying securities and the date when the securities will be delivered and paid for are fixed at the time the transaction is negotiated. The securities purchased on a delayed-delivery or when-issued basis are identified as such in the fund's Portfolio Holdings, if any. The fund may receive compensation for interest forgone in the purchase of a delayed-delivery or when-issued security. Losses may arise due to changes in the value of the underlying securities or if the counterparty does not perform under the contract's terms, or if the issuer does not issue the securities due to political, economic, or other factors. Effective August 19, 2022, the fund complies with Rule 18f-4 under the 1940 Act, where money market funds are only permitted to invest in a security on a delayed-delivery or when-issued basis, or with a non-standard settlement cycle, and the transaction will be deemed not to involve a senior security, provided that, (i) the fund intends to physically settle the transaction and (ii) the transaction will settle within 35 days of its trade date. Pursuant to Rule 18f-4 portfolio securities are no longer required to be segregated as collateral to cover delayed-delivery or when-issued securities held within the fund.

## Financial Notes (continued)

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### **2. Significant Accounting Policies (continued):**

#### **(c) Security Transactions:**

Security transactions are recorded as of the date the order to buy or sell the security is executed. Realized gains and losses from security transactions are based on the identified costs of the securities involved.

#### **(d) Investment Income:**

Interest income is recorded as it accrues. If the fund buys a debt security at a discount (less than face value) or a premium (more than face value), it amortizes premiums and accretes discounts from the purchase settlement date up to maturity. The fund then increases (in the case of discounts) or reduces (in the case of premiums) the income it records from the security. Certain securities may be callable (meaning that the issuer has the option to pay it off before its maturity date). The fund amortizes the premium and accretes the discount on each callable security to the security's maturity date, except when the purchase price is higher than the call price at the security's call date (in which case the premium is amortized to the call date). Dividends and distributions are recorded on the date they are effective.

#### **(e) Expenses:**

Expenses that are specific to the fund are charged directly to the fund. Expenses that are common to more than one fund in the trusts generally are allocated among those funds in proportion to their average daily net assets.

#### **(f) Distributions to Shareholders:**

The fund declares distributions from net investment income, if any, every day it is open for business. The fund makes distributions from net realized capital gains, if any, once a year. To receive a distribution, you must be a registered shareholder on the record date. Distributions are paid to shareholders on the payable date.

#### **(g) Accounting Estimates:**

The accounting policies described in this report conform to GAAP. Notwithstanding this, shareholders should understand that in order to follow these principles, fund management has to make estimates and assumptions that affect the information reported in the financial statements. It's possible that once the results are known, they may turn out to be different from these estimates and these differences may be material.

#### **(h) Federal Income Taxes:**

The fund intends to meet federal income and excise tax requirements for regulated investment companies under subchapter M of the Internal Revenue Code, as amended. Accordingly, the fund distributes substantially all of its net investment income and net realized capital gains, if any, to the participating insurance company's (shareholders) separate accounts each year. As long as the fund meets the tax requirements, it is not required to pay federal income tax.

#### **(i) Indemnification:**

Under the fund's organizational documents, the officers and trustees are indemnified against certain liabilities arising out of the performance of their duties to the fund. In addition, in the normal course of business the fund enters into contracts with its vendors and others that provide general indemnifications. The fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the fund. However, based on experience, the fund expects the risk of loss attributable to these arrangements to be remote.

#### **(j) Regulatory Update:**

Effective January 24, 2023, the SEC adopted rule and form amendments to require mutual funds and ETFs to transmit concise and visually engaging streamlined annual and semiannual reports to shareholders that highlight key information deemed important for retail investors to assess and monitor their fund investments. Other information, including financial statements, will no longer appear in a streamlined shareholder report but must be available online, delivered free of charge upon request, and filed on a semiannual basis on Form N-CSR. The rule and form amendments have a compliance date of July 24, 2024. At this time, management is evaluating the impact of these rule and form amendment changes on the content of the current shareholder report and the newly created annual and semiannual streamlined shareholder reports.

# Financial Notes (continued)

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### 3. Risk Factors:

**Market Risk.** Financial markets rise and fall in response to a variety of factors, sometimes rapidly and unpredictably. Markets may be impacted by economic, political, regulatory and other conditions, including economic sanctions and other government actions. In addition, the occurrence of global events, such as war, terrorism, environmental disasters, natural disasters and epidemics may also negatively affect the financial markets. These events could reduce consumer demand or economic output; result in market closures, low or negative interest rates, travel restrictions or quarantines; and significantly adversely impact the economy. Governmental and quasi-governmental authorities and regulators throughout the world have in the past often responded to serious economic disruptions with a variety of significant fiscal and monetary policy changes which could have an unexpected impact on financial markets and the fund's investments. As with any investment whose performance is tied to these markets, the value of an investment in the fund will fluctuate, which means that an investor could lose money over short or long periods.

**Investment Risk.** You could lose money by investing in the fund. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

**Interest Rate Risk.** Interest rates rise and fall over time. As with any investment whose yield reflects current interest rates, the fund's yield will change over time. During periods when interest rates are low or there are negative interest rates, the fund's yield (and total return) also could be low or even negative. In addition, the fund may be unable to pay expenses out of fund assets or maintain a stable \$1.00 share price. Also, a change in a central bank's monetary policy or economic conditions may result in a change in interest rates, which could have sudden and unpredictable effects on the markets. A sudden or unpredictable rise or decline in interest rates may cause volatility. Volatility in the market may decrease liquidity in the money market securities markets, making it more difficult for the fund to sell its money market investments at a time when the investment adviser might wish to sell such investments. Decreased market liquidity also may make it more difficult to value some or all of the fund's money market securities holdings.

**Stable Net Asset Value Risk.** If the fund or another money market fund fails to maintain a stable net asset value (or such perception exists in the market place), the fund could experience increased redemptions, which may adversely impact the fund's share price. The fund is permitted, among other things, to reduce or withhold any income and/or gains generated by the fund to maintain a stable \$1.00 share price.

**Repurchase Agreements Risk.** When the fund enters into a repurchase agreement, the fund is exposed to the risk that the other party (i.e. the counterparty) will not fulfill its contractual obligation. In a repurchase agreement, there exists the risk that, when the fund buys a security from a counterparty that agrees to repurchase the security at an agreed upon price (usually higher) and time, the counterparty will not repurchase the security.

**Credit Risk.** A decline in the credit quality of an issuer, guarantor or liquidity provider of a portfolio investment or a counterparty could cause the fund to lose money or underperform. The fund could lose money if, due to a decline in credit quality, the issuer, guarantor or liquidity provider of a portfolio investment or a counterparty fails to make, or is perceived as being unable or unwilling to make, timely principal or interest payments or otherwise honor its obligations. Even though the fund's investments in repurchase agreements are collateralized at all times, there is some risk to the fund if the other party should default on its obligations and the fund is delayed or prevented from recovering or disposing of the collateral. The credit quality of the fund's portfolio holdings can change rapidly in certain market environments and any downgrade or default on the part of a single portfolio investment could cause the fund's share price or yield to fall.

Certain U.S. government securities that the fund invests in are not backed by the full faith and credit of the U.S. government, which means they are neither issued nor guaranteed by the U.S. Treasury. Although maintained in conservatorship by the Federal Housing Finance Agency (FHFA) since September 2008, the Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac) maintain only lines of credit with the U.S. Treasury. The Federal Home Loan Banks maintain limited access to credit lines from the U.S. Treasury. Other securities, such as obligations issued by the Federal Farm Credit Banks Funding Corporation, are supported solely by the credit of the issuer. There can be no assurance that the U.S. government will provide financial support to securities of its agencies and instrumentalities if it is not obligated to do so under law. Also, any government guarantees on securities the fund owns do not extend to the shares of the fund itself.

**Management Risk.** Any actively managed mutual fund is subject to the risk that its investment adviser will select investments or allocate assets in a manner that could cause the fund to underperform or otherwise not meet its investment objective. The fund's investment adviser applies its own investment techniques and risk analyses in making investment decisions for the fund, but there

## Financial Notes (continued)

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### 3. Risk Factors (continued):

can be no guarantee that they will produce the desired results. The investment adviser's maturity decisions will also affect the fund's yield, and potentially could affect its share price. To the extent that the investment adviser anticipates interest rate trends imprecisely, the fund's yield at times could lag the yields of other money market funds.

**Redemption Risk.** The fund may experience periods of heavy redemptions that could cause the fund to liquidate its assets at inopportune times or at a loss or depressed value, particularly during periods of declining or illiquid markets. Redemptions by a few large investors in the fund may have a significant adverse effect on the fund's ability to maintain a stable \$1.00 share price. In the event any money market fund fails to maintain a stable net asset value, other money market funds, including the fund, could face a market-wide risk of increased redemption pressures, potentially jeopardizing the stability of their \$1.00 share prices.

**Money Market Fund Regulation Risk.** The SEC and other regulatory agencies continue to review the regulation of money market funds. As of the date of this shareholder report, the SEC has proposed amendments to the rules that govern money market funds. These proposed amendments, if implemented, may affect the fund's investment strategies, performance, yield, expenses, operations and continued viability.

**Money Market Fund Risk.** The fund is not designed to offer capital appreciation. In exchange for their emphasis on stability and liquidity, money market investments may offer lower long-term performance than stock or bond investments.

**Tax Diversification Risk.** As described above, the fund intends to operate as a government money market fund under the regulations governing money market funds. Additionally, the fund intends to meet the diversification requirements that are applicable to insurance company separate accounts under Subchapter L of the Internal Revenue Code of 1986, as amended (the Diversification Requirements). To satisfy the Diversification Requirements applicable to variable annuity contracts, the value of the assets of the fund invested in securities issued by the U.S. government, its agencies or instrumentalities must remain below specified thresholds. For these purposes, each U.S. government agency or instrumentality is treated as a separate issuer.

Operating as a government money market fund may make it difficult for the fund to meet the Diversification Requirements. This difficulty may be exacerbated by the potential increase in demand for the types of securities in which the fund invests as a result of changes to the rules that govern SEC registered money market funds. A failure to satisfy the Diversification Requirements could have significant adverse tax consequences for variable life insurance and variable annuity contract owners whose contract values are determined by investment in the fund.

Please refer to the fund's prospectus for a more complete description of the principal risks of investing in the fund.

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### 4. Affiliates and Affiliated Transactions:

#### Investment Adviser

Charles Schwab Investment Management, Inc., dba Schwab Asset Management, a wholly owned subsidiary of The Charles Schwab Corporation, serves as the fund's investment adviser and administrator pursuant to an Investment Advisory and Administration Agreement between the investment adviser and the trust.

For its advisory and administrative services to the fund, the investment adviser is entitled to receive an annual fee, payable monthly, equal to 0.19% of the fund's average daily net assets.

#### Contractual Expense Limitation

The investment adviser and its affiliates have made an additional agreement with the fund, for so long as the investment adviser serves as the investment adviser to the fund, which may only be amended or terminated with the approval of the Board, to limit the total annual fund operating expenses charged, excluding interest, taxes, and certain non-routine expenses (expense limitation) to 0.34%.

During the period ended December 31, 2022, the fund waived a total of \$73,813 in expenses, all of which was waived voluntarily.

#### Voluntary Yield Waiver/Reimbursement

The investment adviser and its affiliates may waive and/or reimburse expenses to the extent necessary to maintain a positive net yield for the fund.

# Financial Notes (continued)

## 4. Affiliates and Affiliated Transactions (continued):

### Interfund Transactions

The fund may engage in transactions with certain other funds in the Fund Complex (for definition refer to the Trustees and Officers section) in accordance with procedures adopted by the Board pursuant to Rule 17a-7 under the 1940 Act. When one fund is seeking to sell a security that another is seeking to buy, an interfund transaction can allow both funds to benefit by reducing transaction costs. This practice is limited to funds that share the same investment adviser, trustees and/or officers. For the period ended December 31, 2022, the fund's total purchases and sales of securities with other funds in the Fund Complex was \$0 and \$2,845,751 respectively, and includes realized gains of \$0.

### Interfund Borrowing and Lending

Pursuant to an exemptive order issued by the U.S. Securities and Exchange Commission (SEC), the fund may enter into interfund borrowing and lending transactions with other funds in the Fund Complex. All loans are for temporary or emergency purposes and the interest rate to be charged will be the average of the overnight repurchase agreement rate and the short-term bank loan rate. All loans are subject to numerous conditions designed to ensure fair and equitable treatment of all participating funds. The interfund lending facility is subject to the oversight and periodic review by the Board. The fund had no interfund borrowing or lending activity during the period.

## 5. Board of Trustees:

The Board may include people who are officers and/or directors of the investment adviser or its affiliates. Federal securities law limits the percentage of such "interested persons" who may serve on a trust's board, and the trust was in compliance with these limitations throughout the report period. The fund did not pay any of these interested persons for their services as trustees, but did pay non-interested persons (independent trustees), as noted on the fund's Statement of Operations. For information regarding the trustees, please refer to the Trustees and Officers table at the end of this report.

## 6. Borrowing from Banks

During the period, the fund was a participant with other funds in the Fund Complex in a joint, syndicated, committed \$850 million line of credit (the Syndicated Credit Facility), which matured on September 29, 2022. On September 29, 2022, the Syndicated Credit Facility was amended to run for a new 364 day period with the line of credit amount increasing to \$1 billion, maturing September 28, 2023. Under the terms of the Syndicated Credit Facility, in addition to the interest charged on any borrowings by the fund, the fund paid a commitment fee of 0.15% per annum on the fund's proportionate share of the unused portion of the Syndicated Credit Facility.

During the period, the fund was a participant with other funds in the Fund Complex in a joint, unsecured, uncommitted \$400 million line of credit (the Uncommitted Credit Facility), with State Street Bank and Trust Company, which matured on September 29, 2022. On September 29, 2022, the Uncommitted Credit Facility was amended to run for a new 364 day period with the line of credit amount remaining unchanged, maturing on September 28, 2023. Under the terms of the Uncommitted Credit Facility, the fund pays interest on the amount the fund borrows. There were no borrowings from either line of credit during the period.

The fund also has access to custodian overdraft facilities. The fund may have utilized the overdraft facility and incurred an interest expense, which is disclosed on the fund's Statement of Operations, if any. The interest expense is determined based on a negotiated rate above the current Federal Funds Rate.

## 7. Federal Income Taxes:

As of December 31, 2022, the tax basis cost of the fund's investments was \$ 222,403,643 and the unrealized appreciation and depreciation were \$45,600 and (\$0), respectively, with a net unrealized appreciation of \$45,600.

As of December 31, 2022, the components of distributable earnings on a tax basis were as follows:

UNDISTRIBUTED ORDINARY INCOME	NET UNREALIZED APPRECIATION (DEPRECIATION) ON INVESTMENTS	TOTAL
\$410	\$45,600	\$46,010

# Financial Notes (continued)

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## 7. Federal Income Taxes (continued):

The tax basis components of distributions paid during the current and prior fiscal years were as follows:

CURRENT FISCAL YEAR END DISTRIBUTIONS		PRIOR FISCAL YEAR END DISTRIBUTIONS	
ORDINARY INCOME	LONG-TERM CAPITAL GAINS	ORDINARY INCOME	LONG-TERM CAPITAL GAINS
\$3,180,746	\$100	\$111,865	\$-

Distributions paid to shareholders are based on net investment income and net realized gains determined on a tax basis, which may differ from net investment income and net realized gains for financial reporting purposes. These differences reflect the differing character of certain income items and net realized gains and losses for financial statement and tax purposes, and may result in reclassification among certain capital accounts on the financial statements. The fund may also designate a portion of the amount paid to redeeming shareholders as a distribution for tax purposes.

Permanent book and tax basis differences may result in reclassifications between components of net assets as required. The adjustments will have no impact on net assets or the results of operations.

As of December 31, 2022, management has reviewed the tax positions for open periods (for federal purposes, three years from the date of filing and for state purposes, four years from the date of filing) as applicable to the fund, and has determined that no provision for income tax is required in the fund's financial statements. The fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the Statement of Operations. During the fiscal year ended December 31, 2022, the fund did not incur any interest or penalties.

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## 8. Subsequent Events:

Management has determined there are no subsequent events or transactions through the date the financial statements were issued that would have materially impacted the financial statements as presented.

# Report of Independent Registered Public Accounting Firm

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To the Board of Trustees of Schwab Annuity Portfolios and Shareholders of Schwab Government Money Market Portfolio

## **Opinion on the Financial Statements and Financial Highlights**

We have audited the accompanying statement of assets and liabilities, including the portfolio holdings, of Schwab Government Money Market Portfolio (the “Fund”), one of the funds constituting Schwab Annuity Portfolios, as of December 31, 2022, the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the three years in the period then ended, and the related notes. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund as of December 31, 2022, and the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the three years in the period then ended in conformity with accounting principles generally accepted in the United States of America. The financial highlights for each of the two years in the period ended December 31, 2019 were audited by other auditors, whose report, dated February 18, 2020, expressed an unqualified opinion on such financial highlights.

## **Basis for Opinion**

These financial statements and financial highlights are the responsibility of the Fund’s management. Our responsibility is to express an opinion on the Fund’s financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. Our procedures included confirmation of securities owned as of December 31, 2022, by correspondence with the custodian and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

## **Deloitte & Touche LLP**

Denver, Colorado  
February 16, 2023

We have served as the auditor of one or more investment companies in the Schwab Funds Complex since 2020.



## Other Federal Tax Information (unaudited)

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For the fiscal year ended December 31, 2022, the fund designates 99.99% of dividend income as business interest income under section 163(j) of the Internal Revenue Code.

Under section 852(b)(3)(C) of the Internal Revenue Code, the fund hereby designates \$100 as long-term capital gain dividends for the fiscal year ended December 31, 2022.

## Trustees and Officers

The tables below give information about the trustees and officers of Schwab Annuity Portfolios, which includes the fund covered in this report. The “Fund Complex” includes The Charles Schwab Family of Funds, Schwab Capital Trust, Schwab Investments, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust. The Fund Complex includes 105 funds.

The address for all trustees and officers is 211 Main Street, San Francisco, CA 94105. You can find more information about the trustees and officers in the fund’s Statement of Additional Information, which is available free by calling 1-877-824-5615.

### INDEPENDENT TRUSTEES

NAME, YEAR OF BIRTH, AND POSITION(S) WITH THE TRUST (TERMS OF OFFICE, AND LENGTH OF TIME SERVED <sup>1</sup> )	PRINCIPAL OCCUPATIONS DURING THE PAST FIVE YEARS	NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY THE TRUSTEE	OTHER DIRECTORSHIPS
<b>Michael J. Beer</b> 1961 Trustee (Trustee of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2022)	Retired. Director, President and Chief Executive Officer (Dec. 2016 – Sept. 2019), Principal Funds (investment management).	105	Director (2016 – 2019), Principal Funds, Inc.
<b>Robert W. Burns</b> 1959 Trustee (Trustee of Schwab Strategic Trust since 2009; The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios and Laudus Trust since 2016)	Retired/Private Investor.	105	None
<b>Nancy F. Heller</b> 1956 Trustee (Trustee of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2018)	Retired.	105	None
<b>David L. Mahoney</b> 1954 Trustee (Trustee of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios and Laudus Trust since 2011; Schwab Strategic Trust since 2016)	Private Investor.	105	Director (2004 – present), Corcept Therapeutics Incorporated Director (2009 – 2021), Adamas Pharmaceuticals, Inc. Director (2003 – 2019), Symantec Corporation
<b>Jane P. Moncreiff</b> 1961 Trustee (Trustee of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2019)	Consultant (2018 – present), Fulham Advisers LLC (management consulting); Chief Investment Officer (2009 – 2017), CareGroup Healthcare System, Inc. (healthcare).	105	None

**INDEPENDENT TRUSTEES (CONTINUED)**

NAME, YEAR OF BIRTH, AND POSITION(S) WITH THE TRUST (TERMS OF OFFICE, AND LENGTH OF TIME SERVED <sup>1</sup> )	PRINCIPAL OCCUPATIONS DURING THE PAST FIVE YEARS	NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY THE TRUSTEE	OTHER DIRECTORSHIPS
<b>Kimberly S. Patmore</b> 1956 Trustee (Trustee of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2016)	Consultant (2008 – present), Patmore Management Consulting (management consulting).	105	None
<b>J. Derek Penn</b> 1957 Trustee (Trustee of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2021)	Head of Equity Sales and Trading (2006 – 2018), BNY Mellon (financial services).	105	None

## INTERESTED TRUSTEES

NAME, YEAR OF BIRTH, AND POSITION(S) WITH THE TRUST (TERMS OF OFFICE, AND LENGTH OF TIME SERVED <sup>1</sup> )	PRINCIPAL OCCUPATIONS DURING THE PAST FIVE YEARS	NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY THE TRUSTEE	OTHER DIRECTORSHIPS
<b>Walter W. Bettinger II<sup>2</sup></b> 1960 Chairman and Trustee (Trustee of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust and Schwab Annuity Portfolios since 2008; Schwab Strategic Trust since 2009; Laudus Trust since 2010)	Co-Chairman of the Board (July 2022 – present), Director and Chief Executive Officer (Oct. 2008 – present) and President (Feb. 2007 – Oct. 2021), The Charles Schwab Corporation; President and Chief Executive Officer (Oct. 2008 – Oct. 2021) and Director (May 2008 – Oct. 2021), Charles Schwab & Co., Inc.; Director (Apr. 2006 – present), Charles Schwab Bank, SSB; Director (Nov. 2017 – present), Charles Schwab Premier Bank, SSB; Director (July 2019 – present), Charles Schwab Trust Bank; Director (May 2008 – present), Chief Executive Officer (Aug. 2017 – present) and President (Aug. 2017 – Nov. 2021), Schwab Holdings, Inc.; Director (Oct. 2020 – present), TD Ameritrade Holding Corporation; Director (July 2016 – Oct. 2021), Charles Schwab Investment Management, Inc.	105	Director (2008 – present), The Charles Schwab Corporation
<b>Richard A. Wurster<sup>2</sup></b> 1973 Trustee (Trustee of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2022)	President (Oct. 2021 – present) and Executive Vice President – Schwab Asset Management Solutions (Apr. 2019 – Oct. 2021), The Charles Schwab Corporation; President, Director (Oct. 2021 – present), Executive Vice President – Schwab Asset Management Solutions (July 2019 – Oct. 2021) and Senior Vice President – Advisory (May 2016 – July 2019), Charles Schwab & Co., Inc.; President (Nov. 2021 – present), Schwab Holdings, Inc.; Director (Oct. 2021 – present) and Chief Executive Officer (Nov. 2019 – Jan. 2022), Charles Schwab Investment Management, Inc.; Director, Chief Executive Officer and President (Mar. 2018 – Oct. 2022), Charles Schwab Investment Advisory, Inc.; Chief Executive Officer (July 2016 – Apr. 2018) and President (Mar. 2017 – Apr. 2018), ThomasPartners, Inc.; Chief Executive Officer (July 2016 – Apr. 2018), Windhaven Investment Management, Inc.	105	None

## OFFICERS OF THE TRUST

NAME, YEAR OF BIRTH, AND POSITION(S) WITH THE TRUST (TERMS OF OFFICE, AND LENGTH OF TIME SERVED <sup>3</sup> )	PRINCIPAL OCCUPATIONS DURING THE PAST FIVE YEARS
<b>Jonathan de St. Paer</b> 1973 President and Chief Executive Officer (Officer of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2018)	Director (Apr. 2019 – present), President (Oct. 2018 – present), Chief Operating Officer (Jan. 2021 – present), and Chief Executive Officer (Apr. 2019 – Nov. 2019), Charles Schwab Investment Management, Inc.; Senior Vice President (June 2020 – Mar. 2022) and Chief Operating Officer (Jan. 2021 – Mar. 2022), Charles Schwab Investment Advisory, Inc.; Chief Executive Officer (Apr. 2019 – present), President (Nov. 2018 – present) and Trustee (Apr. 2019 – Dec. 2020), Schwab Funds, Laudus Trust and Schwab ETFs; Managing Director (May 2022 – present), Senior Vice President (Apr. 2019 – May 2022) and Senior Vice President – Strategy and Product Development (CSIM) (Jan. 2014 – Mar. 2019), Charles Schwab & Co., Inc.
<b>Mark Fischer</b> 1970 Chief Operating Officer (Officer of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2013)	Chief Operating Officer (Dec. 2020 – present) and Treasurer and Chief Financial Officer (Jan. 2016 – Dec. 2022), Schwab Funds, Laudus Trust and Schwab ETFs; Chief Financial Officer (Mar. 2020 – present) and Vice President (Oct. 2013 – present), Charles Schwab Investment Management, Inc.
<b>Dana Smith</b> 1965 Treasurer and Chief Financial Officer (Officer of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2023)	Treasurer and Chief Financial Officer (Jan. 2023 – present) and Assistant Treasurer (Dec. 2015 – Dec. 2022), Schwab Funds, Laudus Trust and Schwab ETFs; Vice President (Mar. 2022 – present) and Director (Oct. 2015 – Mar. 2022), Charles Schwab Investment Management, Inc.

**OFFICERS OF THE TRUST (CONTINUED)**NAME, YEAR OF BIRTH, AND POSITION(S) WITH THE TRUST  
(TERMS OF OFFICE, AND LENGTH OF TIME SERVED<sup>3</sup>)

PRINCIPAL OCCUPATIONS DURING THE PAST FIVE YEARS

**Omar Aguilar**

1970

Vice President and Chief Investment Officer  
(Officer of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2011)

Chief Executive Officer (Jan. 2022 – present), Chief Investment Officer (Apr. 2011 – present) and Senior Vice President (Apr. 2011 – Dec. 2021), Charles Schwab Investment Management, Inc.; Director, Chief Executive Officer and President (Oct. 2022 – present), Charles Schwab Investment Advisory, Inc.; Vice President and Chief Investment Officer (June 2011 – present), Schwab Funds, Laudus Trust and Schwab ETFs.

**Brett Wander**

1961

Vice President and Chief Investment Officer  
(Officer of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2011)

Senior Vice President and Chief Investment Officer (Apr. 2011 – present), Charles Schwab Investment Management, Inc.; Vice President and Chief Investment Officer (June 2011 – present), Schwab Funds, Laudus Trust and Schwab ETFs.

**William P. McMahon, Jr.**

1972

Vice President and Chief Investment Officer  
(Officer of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2021)

Senior Vice President and Chief Investment Officer (Jan. 2020 – present), Charles Schwab Investment Management, Inc.; Vice President and Chief Investment Officer (June 2021 – present), Schwab Funds, Laudus Trust and Schwab ETFs; Senior Vice President and Chief Investment Officer – ThomasPartners Strategies (Apr. 2018 – Dec. 2019), Charles Schwab Investment Advisory, Inc.; Senior Vice President and Chief Investment Officer (May 2001 – Apr. 2018), ThomasPartners, Inc.

**Catherine MacGregor**

1964

Chief Legal Officer and Secretary, Schwab Funds and Schwab ETFs  
Chief Legal Officer, Vice President and Clerk, Laudus Trust  
(Officer of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios and Laudus Trust since 2005; Schwab Strategic Trust since 2009)

Chief Legal Officer (Mar. 2022 – present) and Vice President (Sept. 2005 – present), Charles Schwab Investment Management, Inc.; Managing Director (May 2022 – present) and Vice President (July 2005 – May 2022), Charles Schwab &amp; Co., Inc.; Vice President (Dec. 2005 – present) and Chief Legal Officer and Clerk (Mar. 2007 – present), Laudus Trust; Chief Legal Officer and Secretary (Oct. 2021 – present), Vice President (Nov. 2005 – Oct. 2021) and Assistant Secretary (June 2007 – Oct. 2021), Schwab Funds; Chief Legal Officer and Secretary (Oct. 2021 – present), Vice President and Assistant Secretary (Oct. 2009 – Oct. 2021), Schwab ETFs.

<sup>1</sup> Each Trustee shall hold office until the election and qualification of his or her successor, or until he or she dies, resigns or is removed. The retirement policy requires that each independent trustee retire by December 31 of the year in which the Trustee turns 74 or the Trustee's twentieth year of service as an independent trustee on any trust in the Fund Complex, whichever occurs first.

<sup>2</sup> Mr. Bettinger and Mr. Wurster are Interested Trustees. Mr. Bettinger and Mr. Wurster are Interested Trustees because each owns stock of The Charles Schwab Corporation (CSC), the parent company of Charles Schwab Investment Management, Inc., the investment adviser for the trusts in the Fund Complex, and is an employee of Charles Schwab & Co., Inc. (Schwab), the principal underwriter for The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios and Laudus Trust.

<sup>3</sup> The President, Treasurer and Secretary/Clerk hold office until their respective successors are chosen and qualified or until he or she sooner dies, resigns, is removed or becomes disqualified. Each of the other officers serves at the pleasure of the Board.

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