charles SCHWAB

Quarterly Chartbook

Q4 2026



About the Quarterly Chartbook



The Quarterly Chartbook is constructed to provide information around the global economy, equities, sources of income, commodities, and asset allocation opportunities. These charts can provide a visual framework for understanding current market conditions.

We have created this chartbook in collaboration with the investment professionals from Schwab Asset Management® and the market strategists at the Schwab Center for Financial Research. Released at the beginning of Q4, this chartbook contains the latest available data as of the end of Q3 2026.

We hope it will help illuminate what is happening in the economy.

Q3 Market summary | Total returns

Market commentary

- U.S. stocks saw a modest gain in the third quarter as energy prices remained high and interest rates moved sharply higher. Large caps decisively outperformed small caps while international developed stocks outperformed emerging markets.
- Yields for most fixed income investments rose during the quarter which generally resulted in negative total returns for the period. The Federal Reserve raised their benchmark rate by 25 basis points and projected at least one more hike this year, with potentially more to come. Shorter-term and lower credit quality fixed income investments generally outperformed longer-term and higher-rated issuers.
- International bonds were not immune to the increase in yields but generally fared better than domestic fixed income investments.
- The spike in crude oil prices lifted the heavyweight energy sector, while industrial and precious metals also contributed to the strong commodity returns.

	BENCHMARK	Q3 2026	YTD	1-year	3-Year	5-Year	10-Year
U.S. Large-Cap Stocks	S&P 500® Index	2.3%	12.7%	15.7%	22.9%	13.8%	15.3%
U.S. Small-Cap Stocks	Russell 2000® Index	-7.2%	13.9%	16.4%	17.8%	6.3%	9.8%
International Developed Stocks	MSCI EAFE Index	0.9%	10.8%	16.2%	19.0%	9.9%	9.6%
Emerging Market Stocks	MSCI Emerging Markets Index	-0.4%	23.5%	29.4%	24.6%	9.3%	9.5%
U.S. Bonds	Bloomberg US Aggregate Bond Index	-3.5%	-2.9%	-1.8%	4.1%	-0.6%	1.1%
Treasury Inflation Protected Securities	Bloomberg US Treasury Inflation Protected Securities (TIPS) Index	-3.2%	-2.1%	-2.0%	3.8%	0.0%	2.1%
High Yield Bonds	Bloomberg US Corporate High Yield Bond Index	-1.8%	0.1%	1.4%	8.0%	3.6%	5.0%
International Developed Bonds	Bloomberg Global Treasury ex-US Index	-1.8%	-4.2%	-5.5%	2.3%	-3.9%	-1.4%
Commodities	S&P GSCI Index	25.1%	55.2%	56.7%	17.5%	17.3%	10.3%
REITS	Dow Jones U.S. Select REIT Index	-5.7%	10.9%	10.0%	13.1%	4.2%	4.9%

Note: Returns are annualized for periods over one year. Total return includes the reinvestment of dividends, interest, and other cash flows. Source: Bloomberg as of 9/30/2026. Indexes are unmanaged, do not incur management fees, costs, and expenses, and cannot be invested in directly. Returns do not reflect the impact of taxes. Individual results will vary. Investing involves risk, including loss of principal. Not intended to be reflective of results you can expect to achieve nor should they be construed as, a recommendation to buy, sell, or continue to hold any investment. **Past performance is no guarantee of future results. For illustrative purposes only.**

Overview

Economy

The U.S. economy remained robust in the third quarter, supported by business investment, job growth, and steady consumer spending. Although households have increasingly relied on savings, strong asset values have helped support spending. With inflation still above the Federal Reserve's target, the Fed raised the fed funds rate for the first time since 2023. While many factors will influence the economic outlook, low layoffs and continued job growth suggest the economy may be able to keep expanding even if the Federal Reserve continues to raise rates.

Equities

U.S. stocks posted a modest gain in the third quarter, but results varied widely across the market. While the S&P 500 Index gained 2% (price return), driven largely by a handful of the largest companies, many stocks struggled. The equal-weighted S&P 500 Index, which gives each company the same influence, fell 2.3%, and the Russell 2000 Index of smaller companies declined 7.5%. Fewer stocks participated in the market's advance as the quarter progressed, reflecting a narrower rally. Rising oil prices and interest rates weighed on many areas of the market. Those increases were driven in part by the conflict involving Iran and signs of continued economic strength.

Income

Rising Treasury yields were the biggest story in the bond market during the third quarter. The yield on the 10-year Treasury ended the quarter near 5%, close to its highest level in about 20- years. Yields moved higher as some investors shifted their expectations about the timing and pace of the Federal Reserve raising their benchmark rate. During the quarter, the Federal Reserve raised the target range for rates by 0.25% and signaled that more increases could follow. Unless economic growth slows meaningfully or inflation shows clearer signs of easing, longer-term interest rates may remain relatively high.

Commodities

Commodity prices moved higher in the third quarter, led by a surge in oil prices. Concerns about energy supplies stemming from the conflict involving Iran, along with continued uncertainty around global trade, helped push crude oil prices higher and boosted energy-related investments. Industrial and precious metals also posted solid gains, supported by a weaker U.S. dollar, ongoing geopolitical tensions, and strong demand tied to the rapid expansion of AI-related infrastructure. Meanwhile, bitcoin showed signs of recovery after a period of weakness.

Asset allocation

We believe proper asset allocation and diversification in line with investors' time horizon and risk tolerance are essential considerations when constructing a portfolio. Diversification is important both across and within asset classes. Historically, fixed income, especially high-quality bonds, and international investments, have provided diversification when compared to an all-equity portfolio. Investors can help increase their chances of achieving their goals by focusing on time in the market, rather than timing the market, investing in a tax-efficient manner, ignoring outside noise such as politics, and regularly monitoring their investments.

Source: Schwab Center for Financial Research. Commentary as of 9/30/2026. Investing involves risk, including loss of principal. Diversification and asset allocation strategies do not ensure a profit and do not protect against losses in declining markets. **Past performance is no guarantee of future results.** Indexes are unmanaged, do not incur management fees, costs, and expenses, and cannot be invested in directly**.** Investing in cryptocurrencies involves risk, including the risk of total loss of principal invested. **Cryptocurrencies such as bitcoin are highly volatile, are not backed or guaranteed by any central bank or government; are not deposits; are not FDIC insured; are not SIPC protected;** and lack many of the regulations and consumer protections that legal-tender currencies and regulated securities have. Due to the high level of risk, investors should view digital currencies as a purely speculative instrument. Some of the statements in this document may be forward looking and contain certain risks and uncertainties. This should not be considered an individualized recommendation or personalized investment advice. The investment strategies mentioned are not suitable for everyone. Each investor needs to review an investment strategy for his or her own particular situation before making any investment decisions.

Manufacturing vs. services activity

Both manufacturing and services activity have continued to rebound over the past several months; Purchasing Managers' Index (PMI) remain in expansion. Leading indicators tracked by the Conference Board remain down in year/year terms, although the trend has continued to improve.

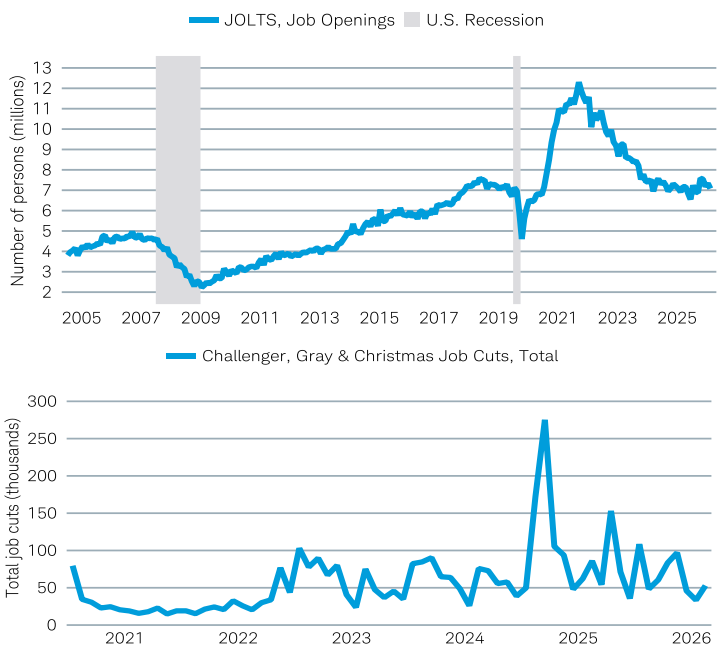


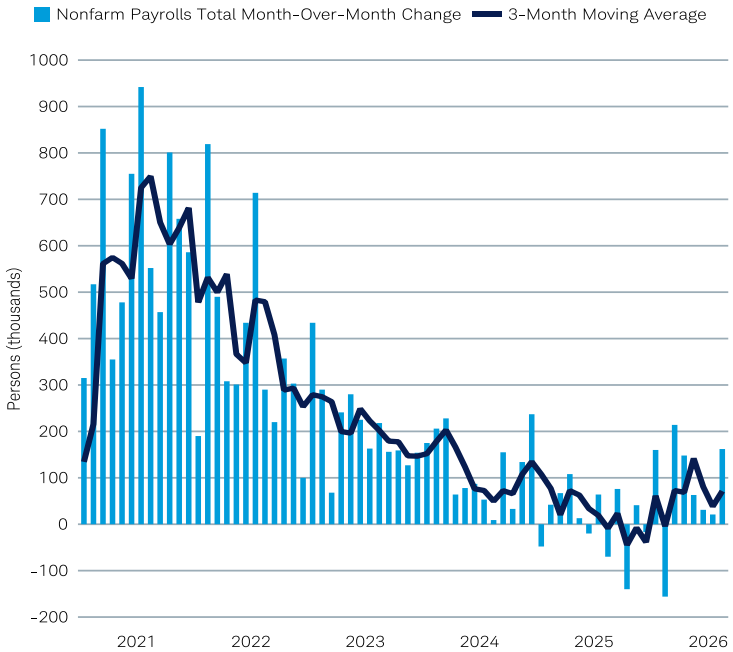


Source: Macrobond as of 9/30/2026. LEI is a composite average of leading indicators designed to signal peaks and troughs in the business cycle. ISM Manufacturing PMI Index monitors employment production inventories, new orders, and supplier deliveries and is based on surveys of more than 300 manufacturing firms. ISM Services PMI Index monitors employment, prices, and new orders in non-manufacturing industries and is based on surveys of more than 400 non-manufacturing firms. Bars represent National Bureau of Economic Research defined recession periods.

Labor demand

The U.S. labor market has shown signs of stabilization over the past several months, with nonfarm payroll growth finishing the summer on strong footing and layoff activity remaining low. While hiring demand isn't outright strong, the labor market is not showing many recessionary signals.

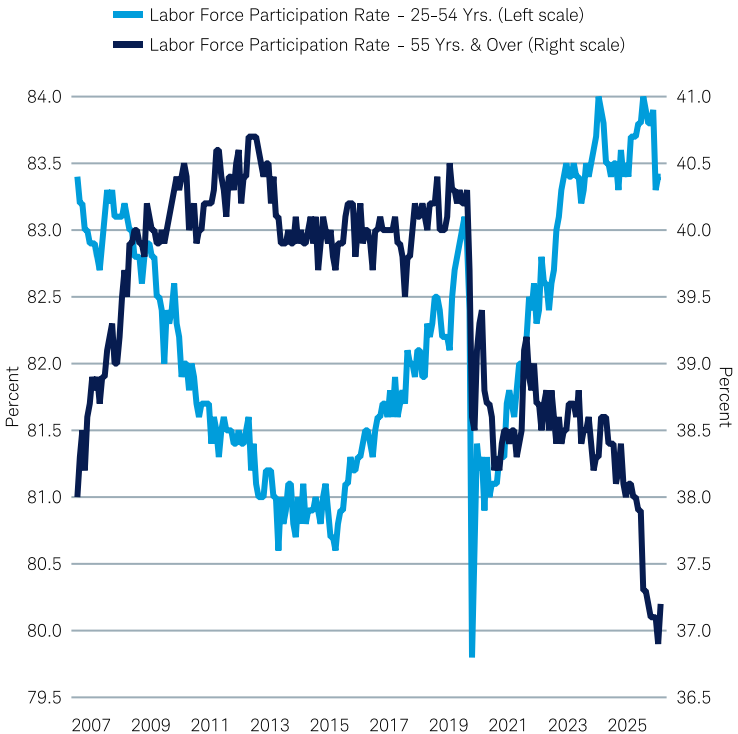


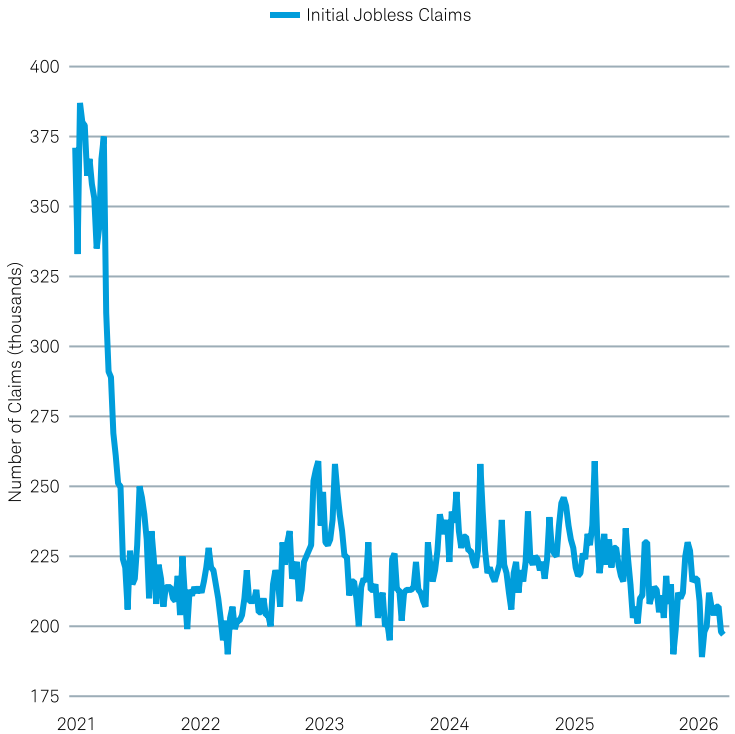


Source: Charles Schwab, Macrobond as of 9/30/2026. Job Openings and Labor Turnover Survey (JOLTS) is a survey conducted by the Bureau of Labor Statistics of the U.S. Department of Labor. It involves the monthly collection, processing, and dissemination of job openings and labor turnover data. The data, collected from sampled establishments on a voluntary basis, include employment, job openings, hires, quits, layoffs and discharges, and other separations. Bars represent National Bureau of Economic Research defined recession periods. Nonfarm Payrolls measures the monthly change in the number of jobs in the U.S., excluding farm workers and a few other categories. Challenger, Gray & Christmas Job Cuts measures announced layoffs by U.S. employers each month.

Labor force participation

A key tenet of the labor market's resilience over the past few years has been the recovery and resilience in the prime-age labor force participation rate. Additionally, initial jobless claims have remained low relative to history, underscoring the fact that mass layoffs are low.

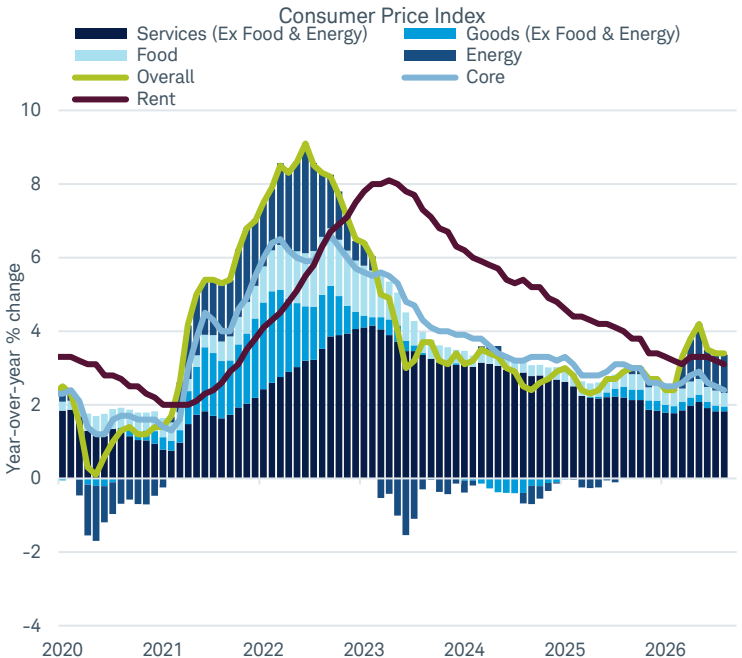


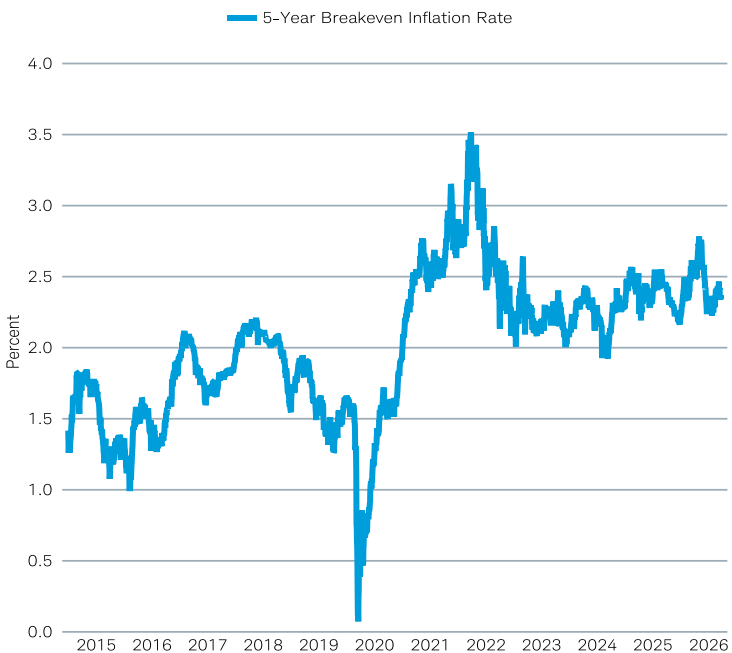


Source: Macrobond as of 9/30/2026. Labor Force Participation Rate measures the share of the population that is working or actively looking for work. Initial Jobless Claims measures first-time filings for unemployment benefits.

Services-driven inflation

The services sector is responsible for the bulk of inflationary pressure in the current cycle. Energy-driven inflation pressure has not receded as the war in the Middle East—and its attendant impact on oil prices—has continued for more than six months.

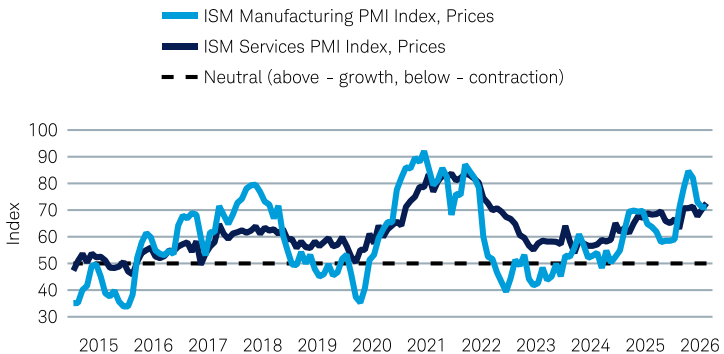




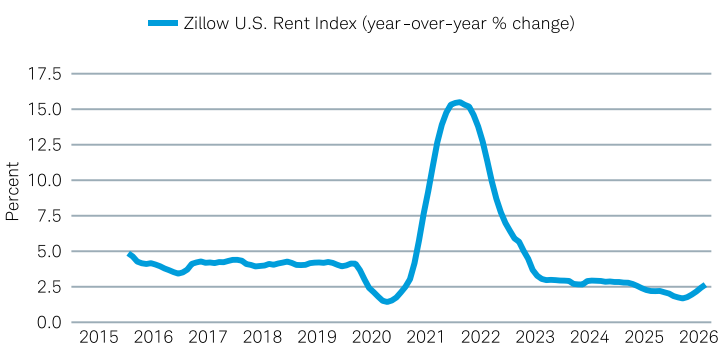
Source: Bloomberg, U.S. Bureau of Labor Statistics. Table 7. Consumer Price Index for All Urban Consumers (CPI-U) and selected categories: U.S. city average, by expenditure category, August 2026, 12-month analysis table. Selected categories are as follows: "Overall" does not exclude any services or goods, "Core" excludes energy and food from the overall number, and remaining categories look at each component of the CPI individually. Macrobond, as of 9/30/2026. The 5-year breakeven inflation rate is a measure of what the market expects inflation to be in the next 5 years on average. **Past performance is no guarantee of future results.**

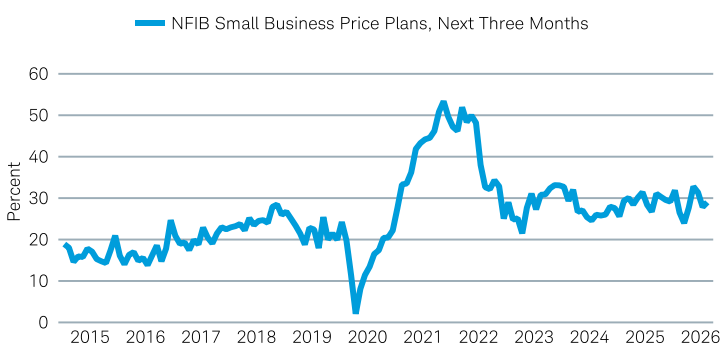
Inflation watch

Inflation remains sticky and is averaging well above the Federal Reserve's 2% target. Fortunately, as several wage metrics continue to underscore, the labor market is not a major source of inflation right now. This helps keep the likelihood of a wage-price spiral low.





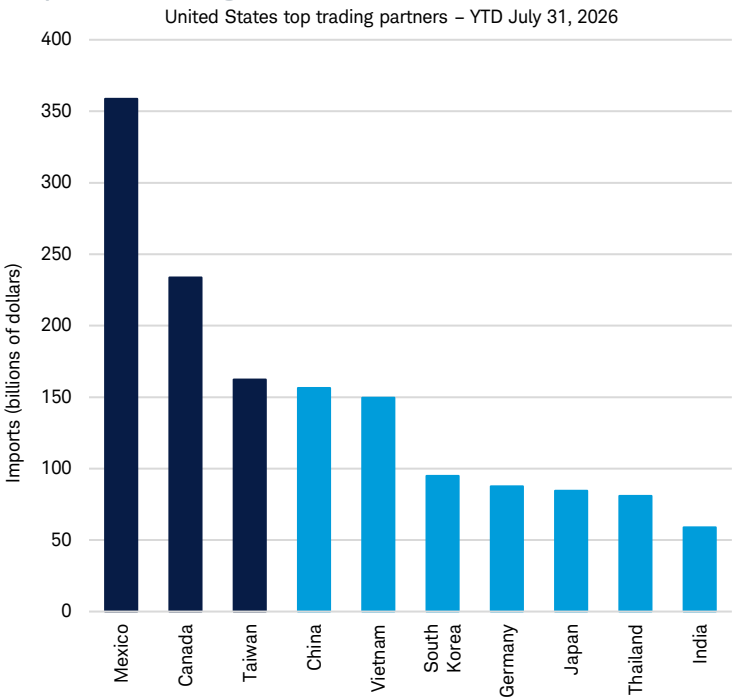


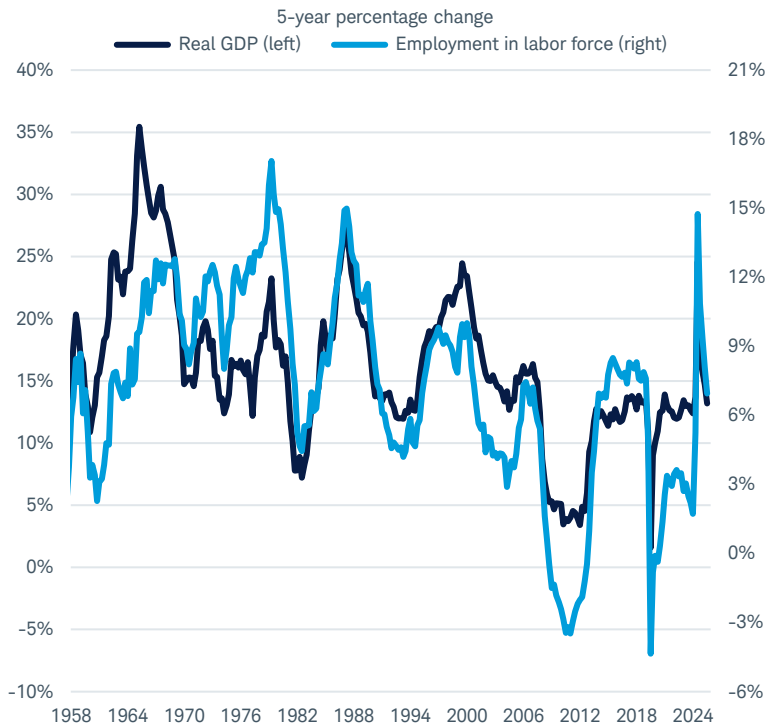


Source: Charles Schwab, Macrobond, using monthly data available as of 9/30/2026. The Atlanta Fed Wage Growth Tracker measures the median growth in individuals' hourly wages over the past 12 months. The Zillow U.S. Rent Index measures the typical market-rate rent across the U.S. NFIB Small Business Price Plans measures the net percent of small businesses planning to raise prices over the next three months. ISM Manufacturing PMI Index, Prices measures changes in prices paid by manufacturers for production inputs. ISM Services PMI Index, Prices measures changes in prices paid by service-sector businesses for inputs and supplies.

Trade and immigration

Despite high tariff rates (relative to pre-Liberation Day levels), the United States continues to import products from major trading partners, especially those who are major suppliers of artificial intelligence-related equipment. This, in addition to weaker immigration, is putting some downward pressure on growth.

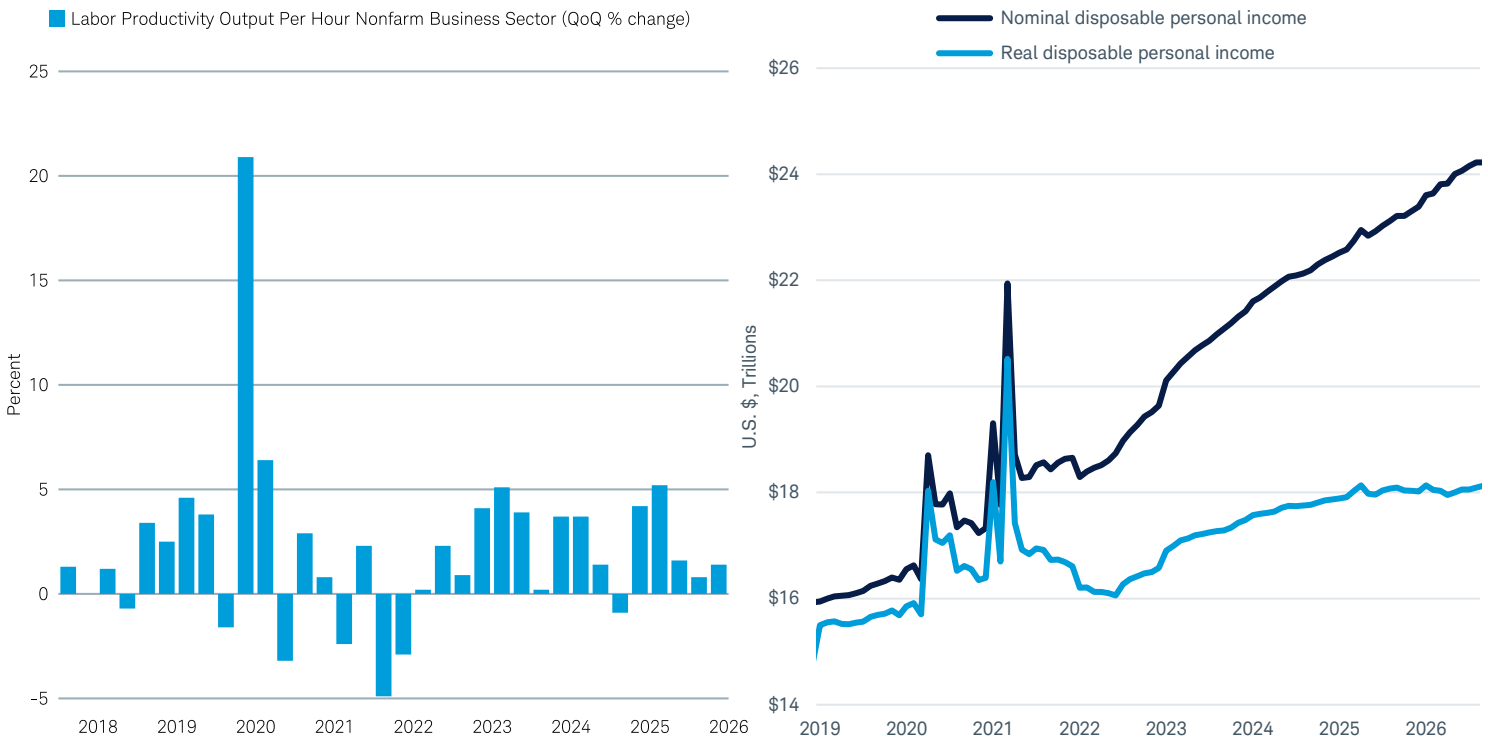




Source: Charles Schwab. Left: United States Census Bureau from 1/1/2026 to 7/31/2026. Right: Bloomberg as of 6/30/2026. Real Gross Domestic Product (Real GDP) measures economic output after adjusting for inflation. The policy analysis provided by the Charles Schwab & Co., Inc., does not constitute and should not be interpreted as an endorsement of any political party.

Productivity and income

A stabilization in productivity over the past year has been a key support in the battle against inflation, although this doesn't mean inflation is no longer an issue – given that the spread between nominal and real disposable personal income remains extremely wide.

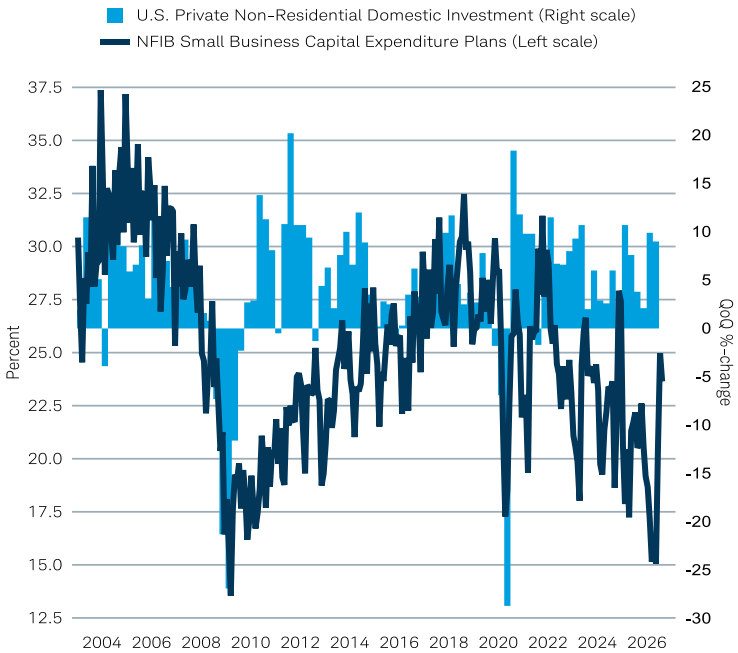


Source: Left: Macrobond as of 6/30/2026. Labor productivity tracks the total output that can be produced with a given input of labor. Right: Bloomberg as of 8/31/2026. Disposable Personal Income measures after-tax income available for spending or saving. Nominal is not adjusted for inflation but Real is inflation adjusted.

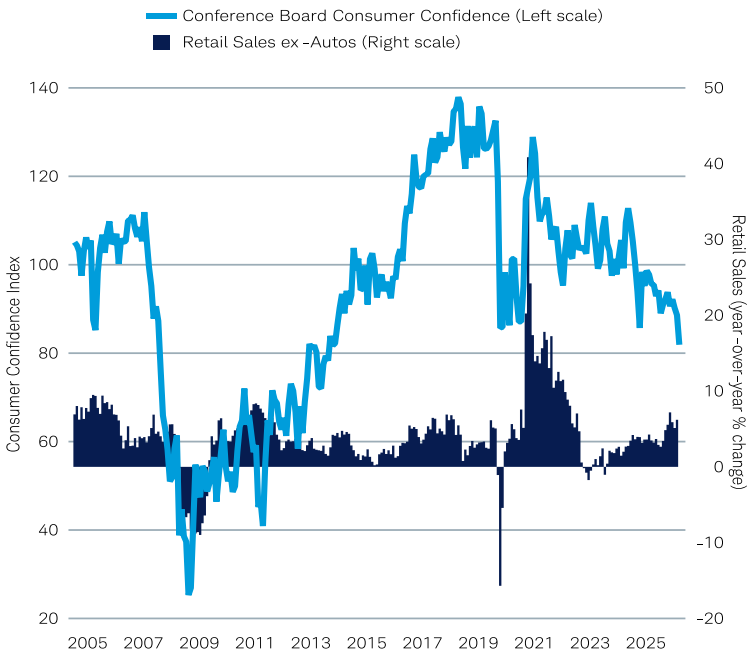
Business and consumer confidence

Small business capital spending plans have rebounded following a considerable decline over the past several years. Despite consumer confidence remaining weak, retail sales have not slowed—especially in the services sector, which continues to provide strong support for the economy.

Small business spending plans and business investment



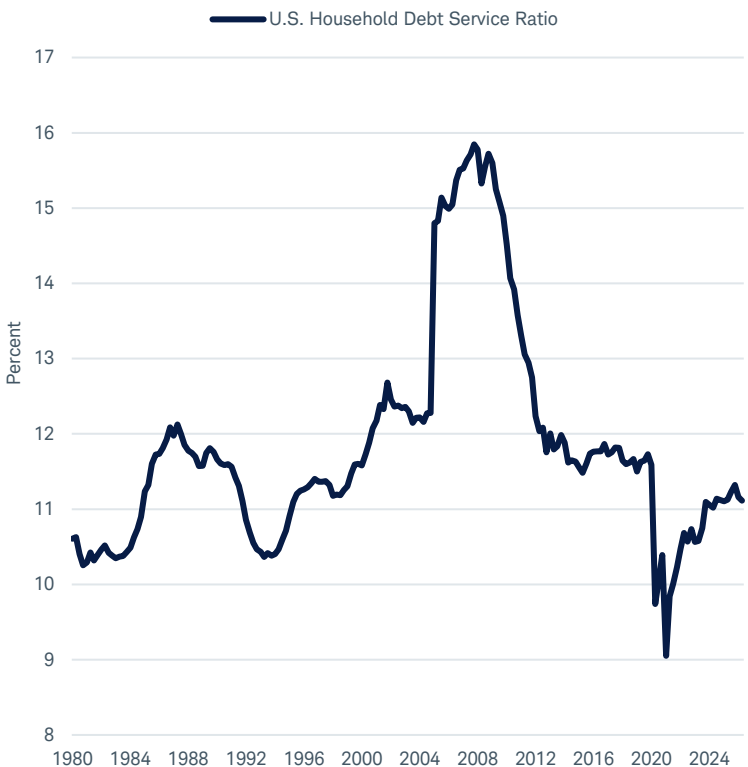
Consumer optimism and retail sales

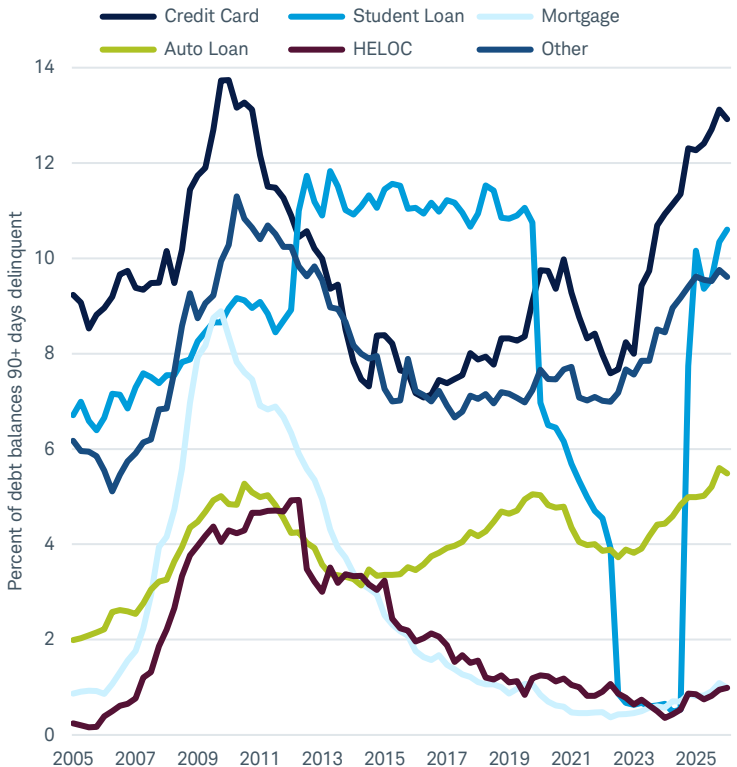


Source: Charles Schwab, Macrobond as of 9/30/2026. NFIB Small Business Capital Expenditure Plans measures the net percent of surveyed small businesses planning to increase or decrease capital expenditures over the next three to six months. US Private Non-Residential Domestic Investment Measures business investment in productive assets, excluding housing. Conference Board Consumer Confidence Index measures consumers' assessment of current economic conditions and their expectations for the economy, labor market, and income over the next six months. Retail Sales Ex-Auto Measures consumer spending at retailers excluding auto sales.

Consumer health

In aggregate, household debt dynamics are not flashing a warning sign, considering that debt service ratios remain at modest levels relative to history. However, serious delinquency rates have picked up sharply this cycle, particularly for credit cards and student loans.

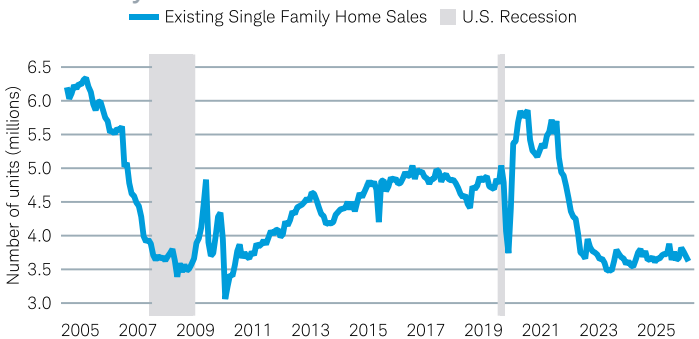


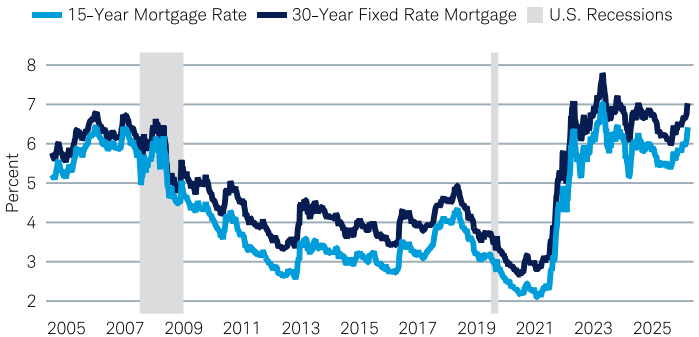


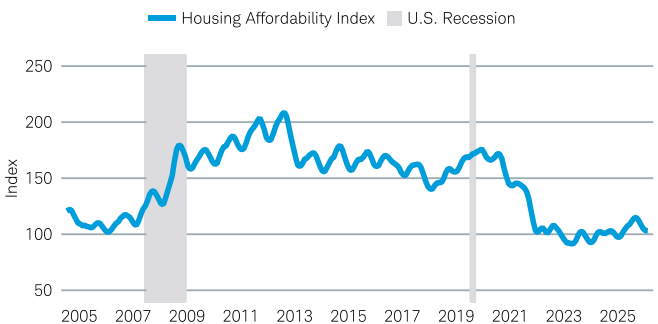
Source: Charles Schwab and Bloomberg. Left: as of 6/30/2026. Right: as of 6/30/2026. Household debt service ratio measures household debt payments divided by disposable personal income.

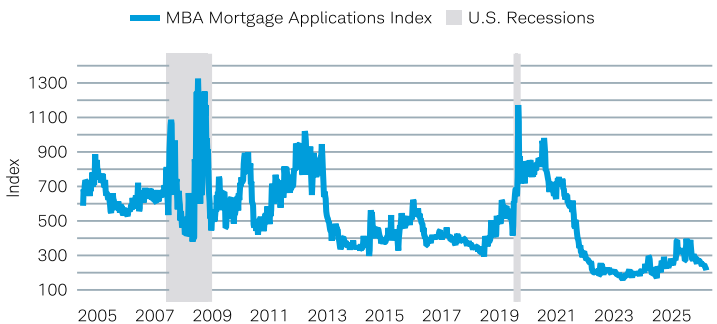
Housing activity

Housing affordability has tumbled due to stubbornly high home prices and elevated mortgage rates. Leading indicators are still struggling to confirm a sustainable rebound—evidenced by the sluggish recovery in homebuilder sentiment.





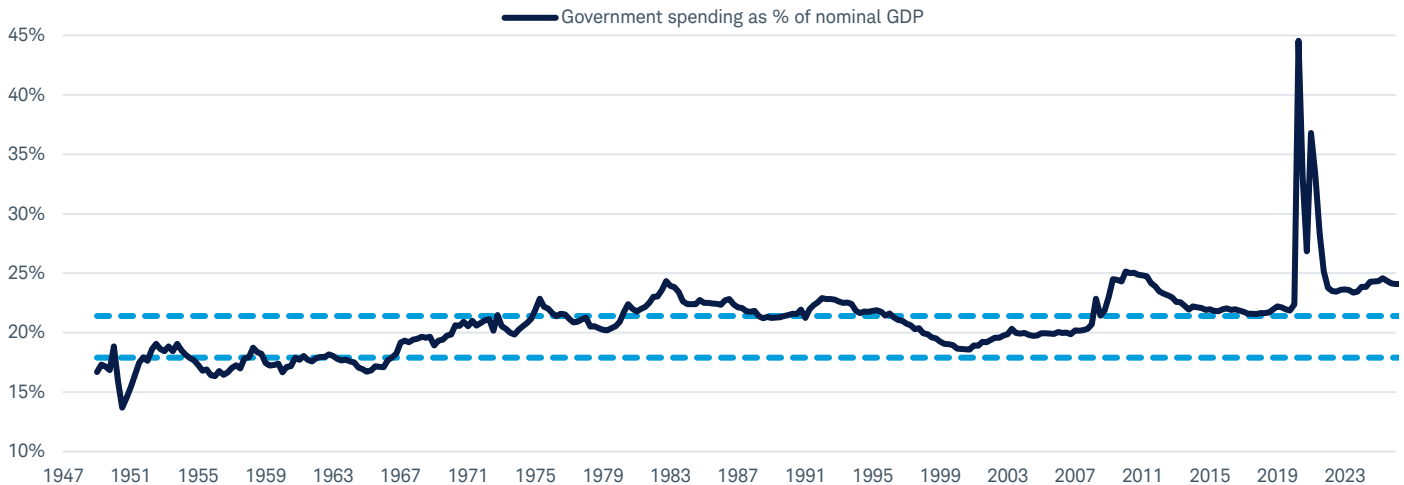




Bars represent National Bureau of Economic Research defined recession periods.
Source: Charles Schwab, Bloomberg, Macrobond as of 9/30/2026. The Housing Affordability Index measures the degree to which a typical family can afford the monthly mortgage payments on a typical home. 100 means a median income family has exactly enough to qualify for a mortgage on a median-priced home. Higher values indicate that the median income family has more than enough income to qualify. MBA Mortgage Applications Index measures mortgage application activity in the U.S. housing market.

Government spending

As a percentage of nominal Gross Domestic Product (GDP), government spending remains elevated relative to history. The current share is consistent with slower growth, investment, and job creation.



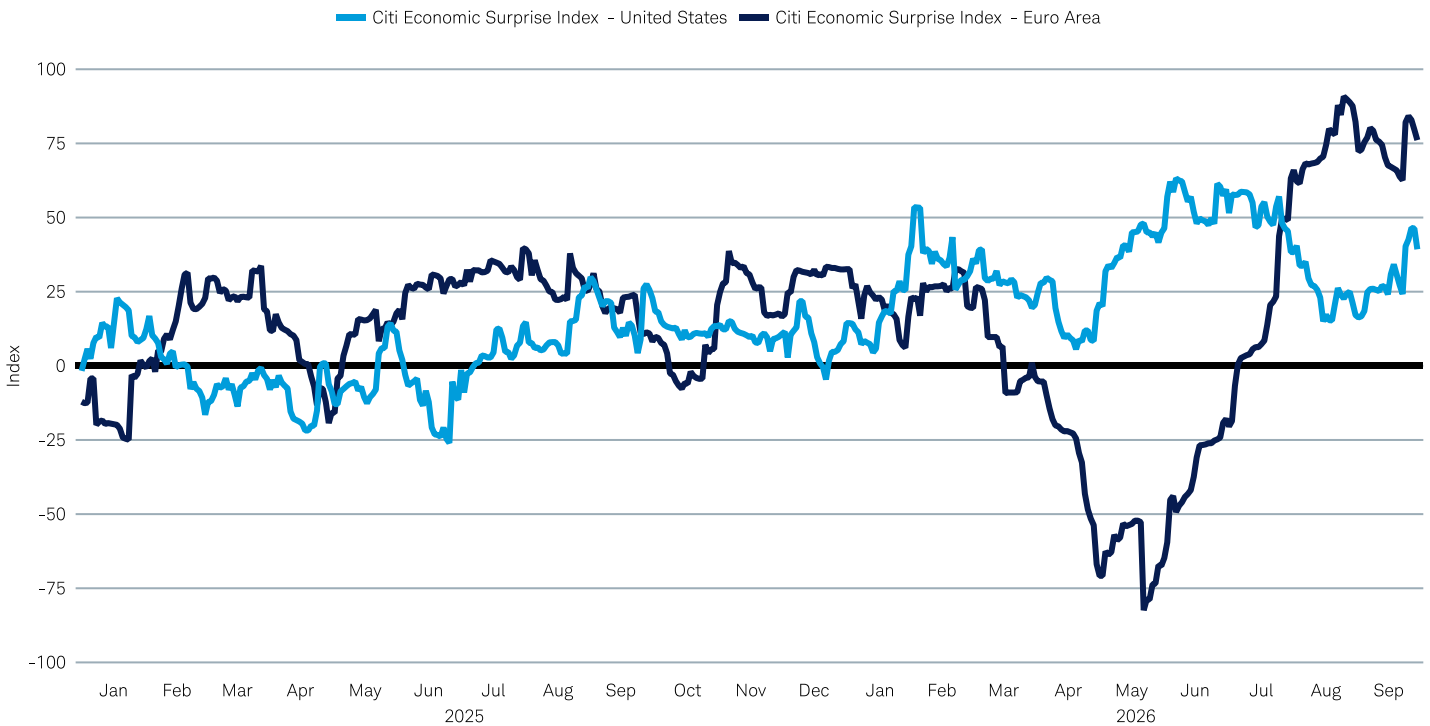
Government spending as % of nominal GDP	Annualized gain (3/31/1947 – 6/30/2026)		
	Nonfarm payrolls	Real non-residential investment	Real GDP
Above 21.4%	1.4%	4.1%	2.7%
17.9% to 21.4%	1.8%	4.5%	3.1%
Below 17.9%	2.1%	4.9%	4.0%

Source: Charles Schwab, Bloomberg, Federal Reserve, Ned Davis Research, as of 6/30/2026.

©Copyright 2026 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/terms-of-service. Nonfarm Payrolls measures the monthly change in the number of jobs in the U.S., excluding farm workers and a few other categories. Real non-residential investment is the money businesses spend on long-lasting physical and intellectual assets used for production, adjusted for inflation. Real Gross Domestic Product (Real GDP) measures economic output after adjusting for inflation, while nominal GDP does not adjust for inflation.

Economic data expectations

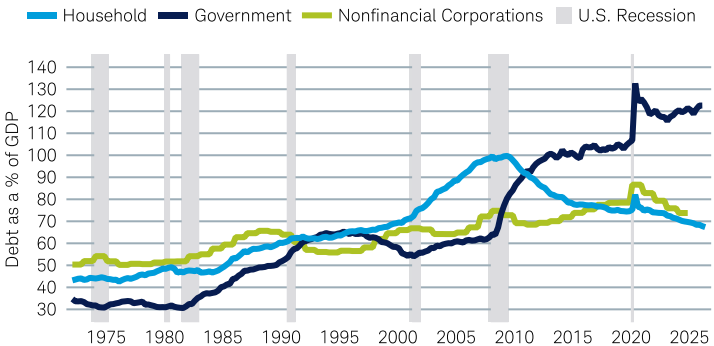
Data have been coming in much better than expected in Europe relative to the United States; a marked reversal from the months following the outbreak of the U.S.-Iran war.

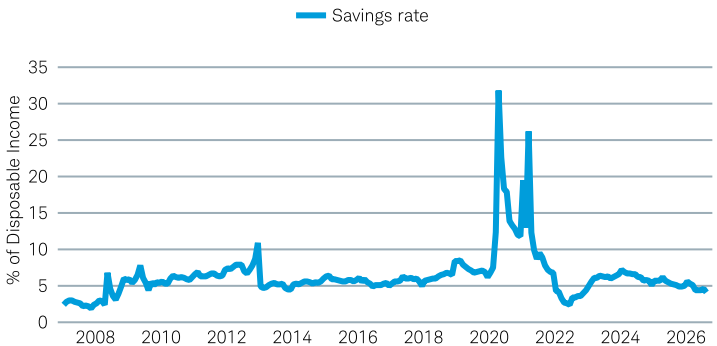


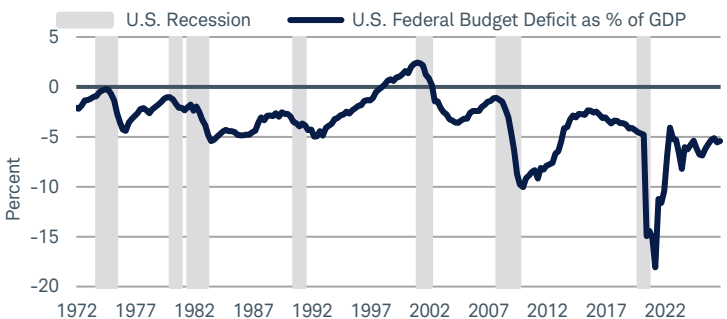
Source: Charles Schwab, Macrobond as of 9/30/2026. The Citi Economic Surprise Index measures the difference between actual economic data releases and market expectations for those releases. A value above zero indicates data has been better than expected, and a value below zero indicates data has been worse than expected.

U.S. debt and taxes

The fiscal impulse remains strong, evidenced by the fact that the federal budget deficit, as a percent of Gross Domestic Product (GDP), is high compared to historical levels. Fiscal stimulus from the One Big Beautiful Bill Act was reduced significantly given the sharp increase in energy prices earlier this year.







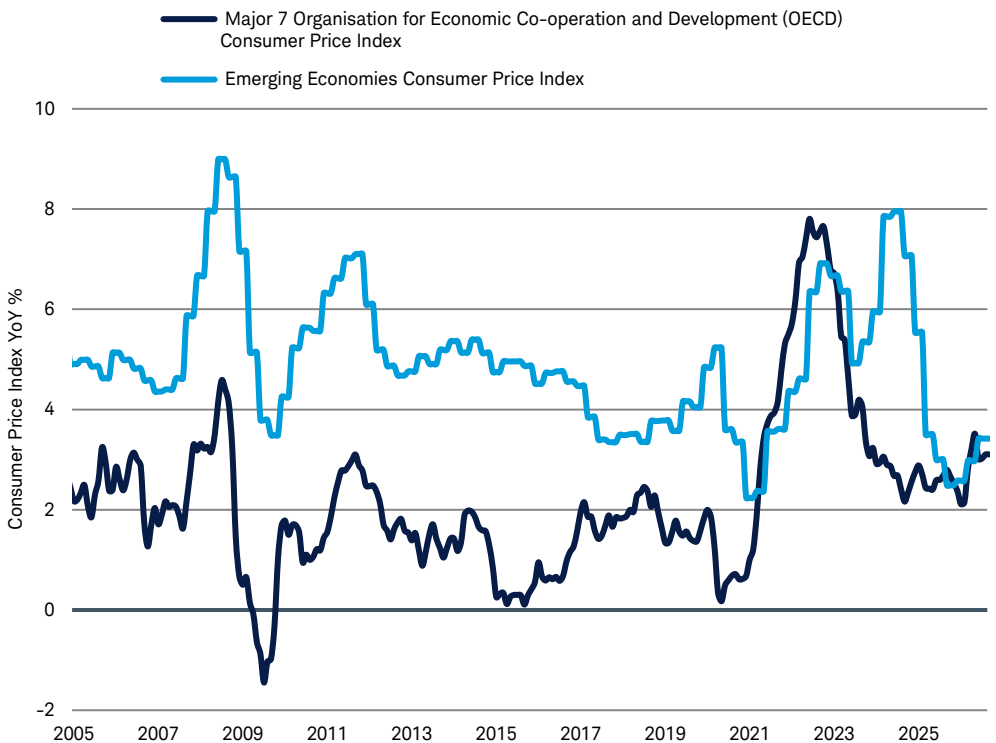
Married Filing Jointly | Qualifying Widow(er) 2026 IRS Brackets			
Tax rate	**Taxable income bracket**	**Capital gains bracket**	**Long-term capital gains and qualified dividends**
10%	$0 to $24,800	$0 to $98,900	0%
12%	$24,801 to $100,800	$98,901 to $613,700	15%
22%	$100,801 to $211,400	$613,701 or more	20%
24%	$211,401 to $403,550		
32%	$403,551 to $512,450		
35%	$512,451 to $768,700		
37%	$768,701 or more		

Bars represent National Bureau of Economic Research defined recession periods.

Source: Schwab Center for Financial Research, Bloomberg as of 9/30/2026. Tax table source: IRS. The policy analysis provided by the Charles Schwab & Co., Inc., does not constitute and should not be interpreted as an endorsement of any political party. Household and non-financial corporate debt-to-GDP measures the total outstanding debt of households (primarily mortgages and consumer loans) and non-financial corporations (primarily loans and debt securities) as a percentage of a country's gross domestic product (GDP), as tracked by the International Monetary Fund. For illustrative purposes only.

Global inflation

Global inflation pressures might recede at the headline level (overall inflation) if energy prices have peaked, although the move lower will likely be gradual if energy prices remain elevated.

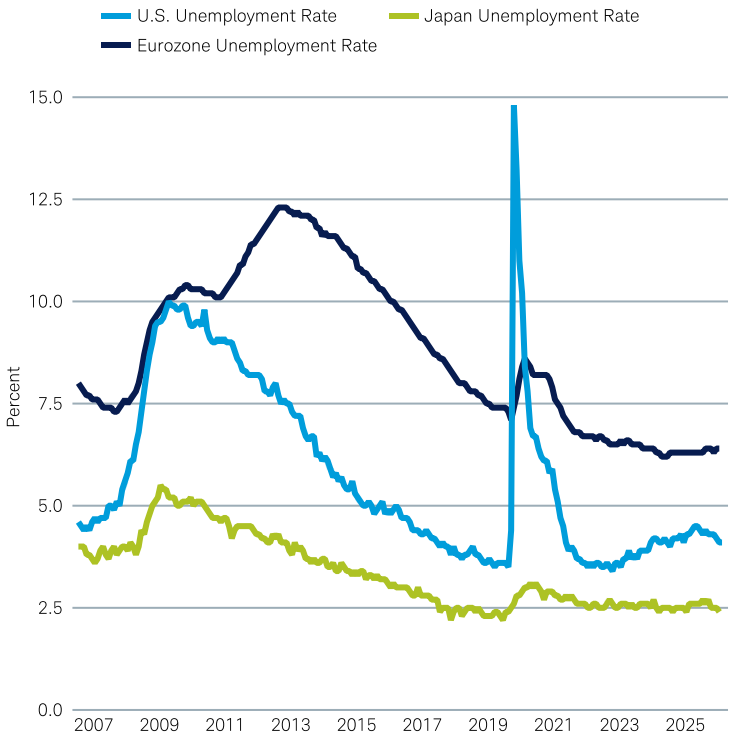


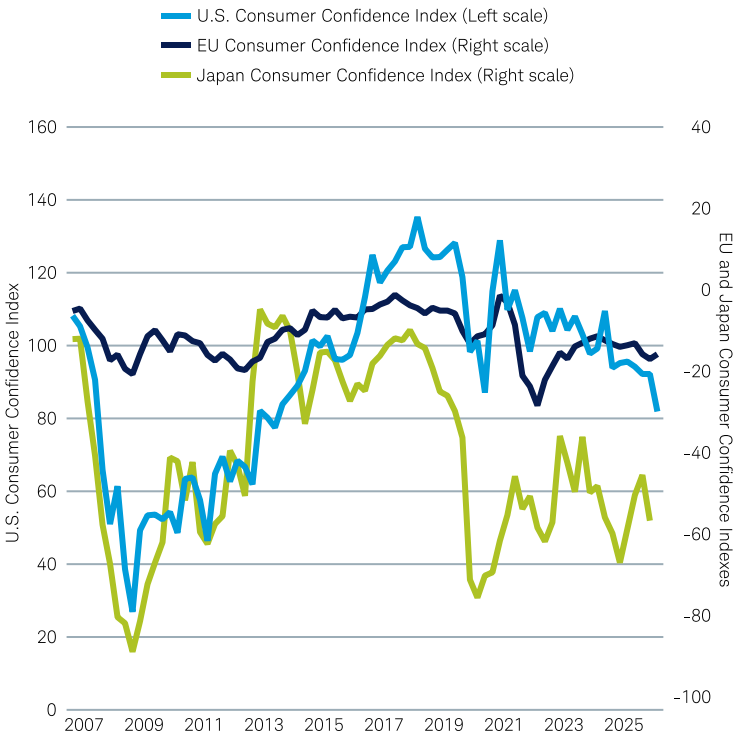
Consumer Price Index year-over-year %	
Russia	6.3
India	4.8
Brazil	4.2
Italy	4.2
United States	3.4
Germany	3.3
Eurozone	3.2
United Kingdom	3.1
South Korea	3.1
France	3.0
Canada	3.0
Japan	1.9
China	0.8

Source: Charles Schwab, Bloomberg Major 7 data as of 8/31/2026. Emerging economies data as of 6/30/2026. Major 7 refers to the seven major countries as defined by the OECD: Canada, the U.S., Japan, France, Germany, Italy, and the U.K. Specific country data as of 9/30/2026. **Past performance is no guarantee of future results.** Consumer Price Index measures changes in consumer prices across a basket of goods and services.

Global unemployment and consumer confidence

Labor markets around the globe are no longer universally tight (demand outpacing the pool of available labor), which is supportive from an inflation perspective. An uneven labor market recovery has resulted in a struggle for consumer confidence metrics to move materially higher.

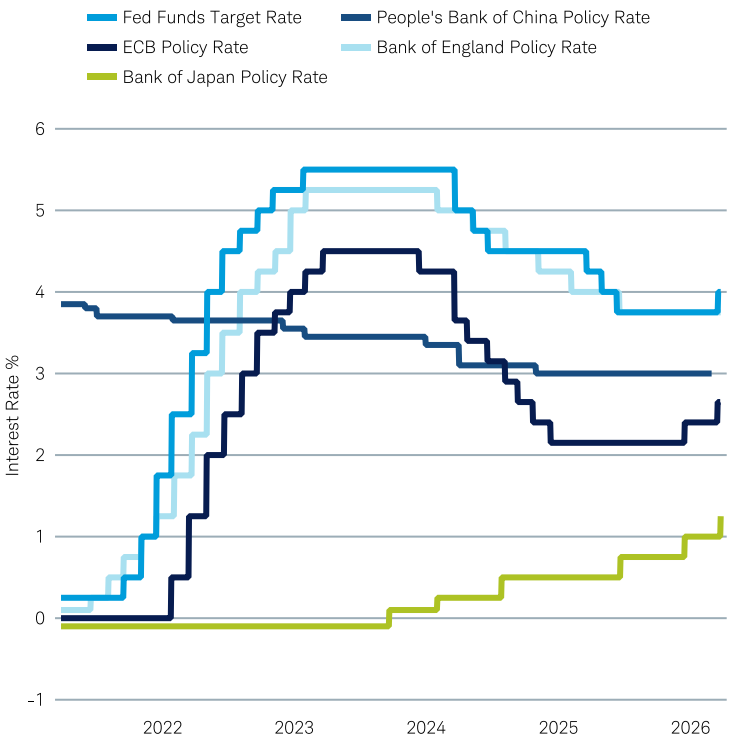


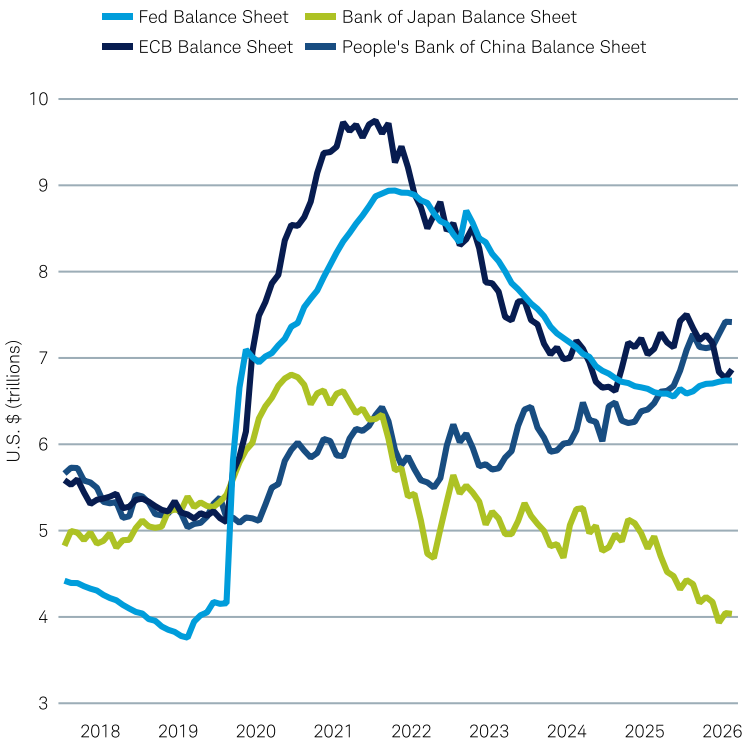


Source: Charles Schwab, Macrobond as of 9/30/2026. Unemployment Rate measures the percentage of the labor force that is unemployed but actively seeking work. A consumer confidence index measures a country's degree of optimism or pessimism about future economic conditions.

Global central banks

The global monetary cycle is becoming more synchronized as multiple developed market central banks—most recently, the Federal Reserve—raise rates.

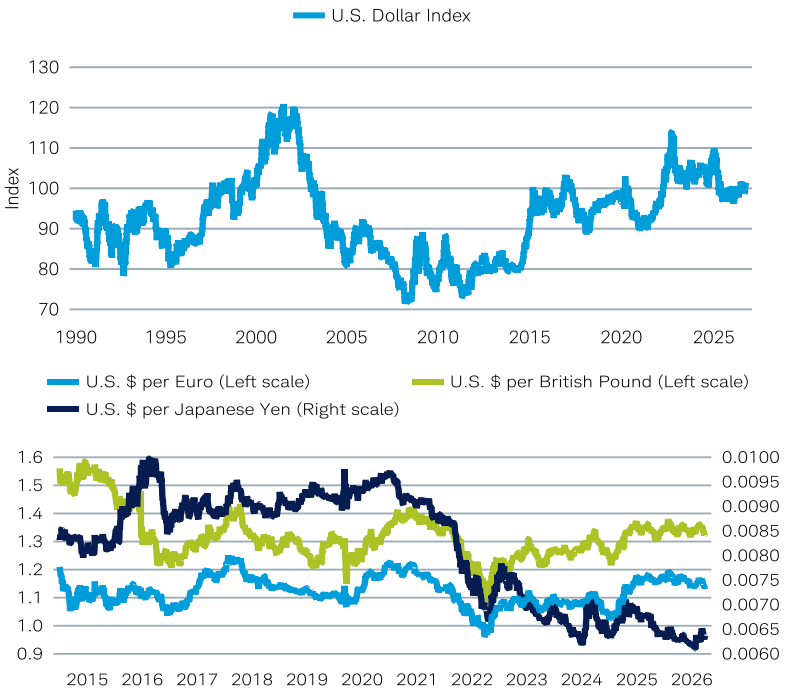


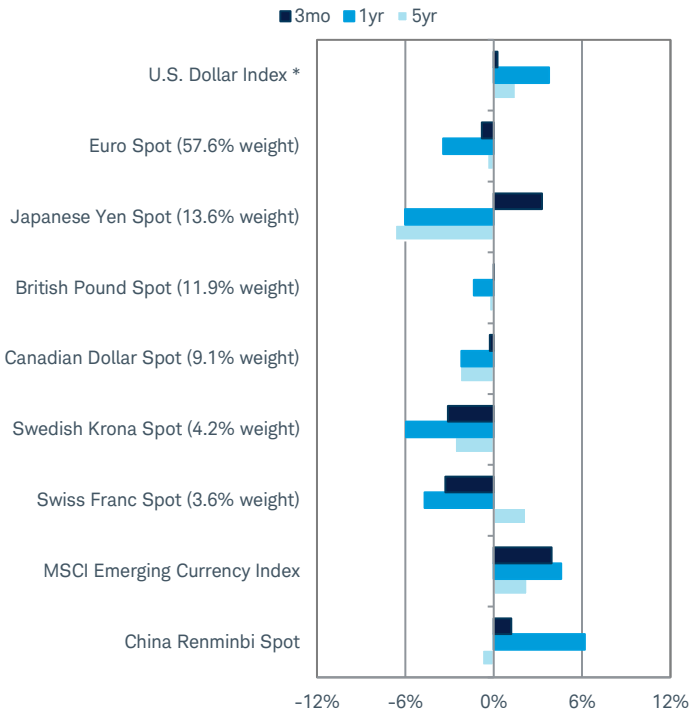


Source: Charles Schwab, Bloomberg, Macrobond as of 9/30/2026. The Target Rate or Policy Rate refers to the interest rate target used to guide monetary policy. The policy analysis provided by the Charles Schwab & Co., Inc., does not constitute and should not be interpreted as an endorsement of any political party.

Global currencies

The U.S. Dollar Index has traded within a relatively narrow range over the past year, recovering some of the weakness experienced after tariffs were introduced last year but remaining below prior highs.





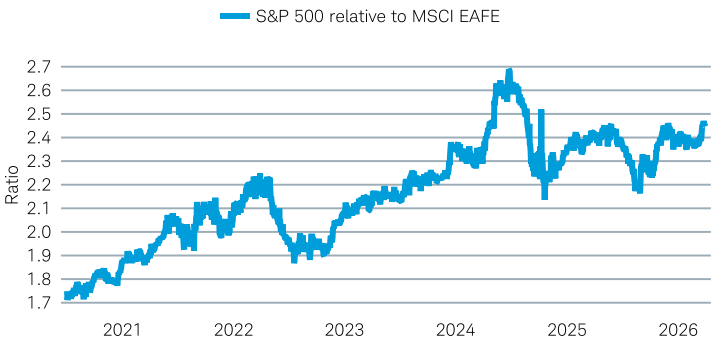
Source: Charles Schwab, Bloomberg, Macrobond as of 9/30/2026.

*The U.S. Dollar Index is a measure of the value of the dollar relative to a basket of U.S. trade partners' currencies. It is a weighted geometric mean of the dollar's value relative to other currencies. Weights of those currencies are shown in parentheses. Currency trading is speculative, very volatile and not suitable for all investors. **Past performance is no guarantee of future results**. For illustrative purposes only. This material is intended for general informational and educational purposes only. This should not be considered an individualized recommendation or personalized investment advice. Indexes are unmanaged, do not incur management fees, costs, and expenses and cannot be invested in directly.

Global equity market summary

Total returns as of 9/30/2026

Global	Price	3-month	YTD	1-year	3-year	5-year	10-year
MSCI All Country World Index	1,135	1.7%	13.3%	17.2%	22.2%	12.1%	12.9%
Americas							
USA Dow Jones Index	50,906	-2.3%	7.2%	11.5%	17.0%	10.6%	13.1%
USA S&P 500 Index	7,652	2.3%	12.7%	15.7%	22.9%	13.8%	15.3%
USA NASDAQ Index	26,861	2.6%	16.1%	19.3%	27.6%	14.1%	18.7%
Canada S&P/TSX Index	35,236	1.6%	13.0%	20.1%	25.1%	15.2%	12.4%
MSCI Latin America Index	3,039	3.9%	15.0%	24.5%	15.8%	13.3%	7.6%
EMEA							
Europe Euro Stoxx 50 Index	6,269	-0.6%	10.9%	16.6%	18.0%	12.7%	11.1%
UK FTSE 100 Index	10,606	1.8%	9.5%	17.0%	15.6%	12.2%	8.3%
France CAC 40 Index	7,965	-4.9%	0.6%	4.2%	7.1%	7.4%	9.2%
Germany DAX Index	25,199	0.8%	2.9%	5.5%	17.9%	10.6%	9.1%
Spain IBEX 35 Index	19,426	0.2%	14.5%	29.1%	31.4%	20.9%	11.6%
Italy MIB Index	51,372	-0.3%	17.9%	25.4%	28.0%	20.4%	16.5%
Asia/Pacific							
Japan Nikkei 225 Index	66,754	-4.1%	34.6%	50.9%	30.3%	20.1%	17.3%
Hong Kong Hang Seng Index	24,613	8.6%	-1.4%	-5.4%	15.6%	3.7%	4.1%
China CSI 300 Index	4,358	-11.7%	-4.1%	-3.9%	8.5%	0.3%	5.3%
Australia S&P/ASX 200 Index	8,789	1.3%	3.7%	2.7%	11.4%	7.7%	9.0%

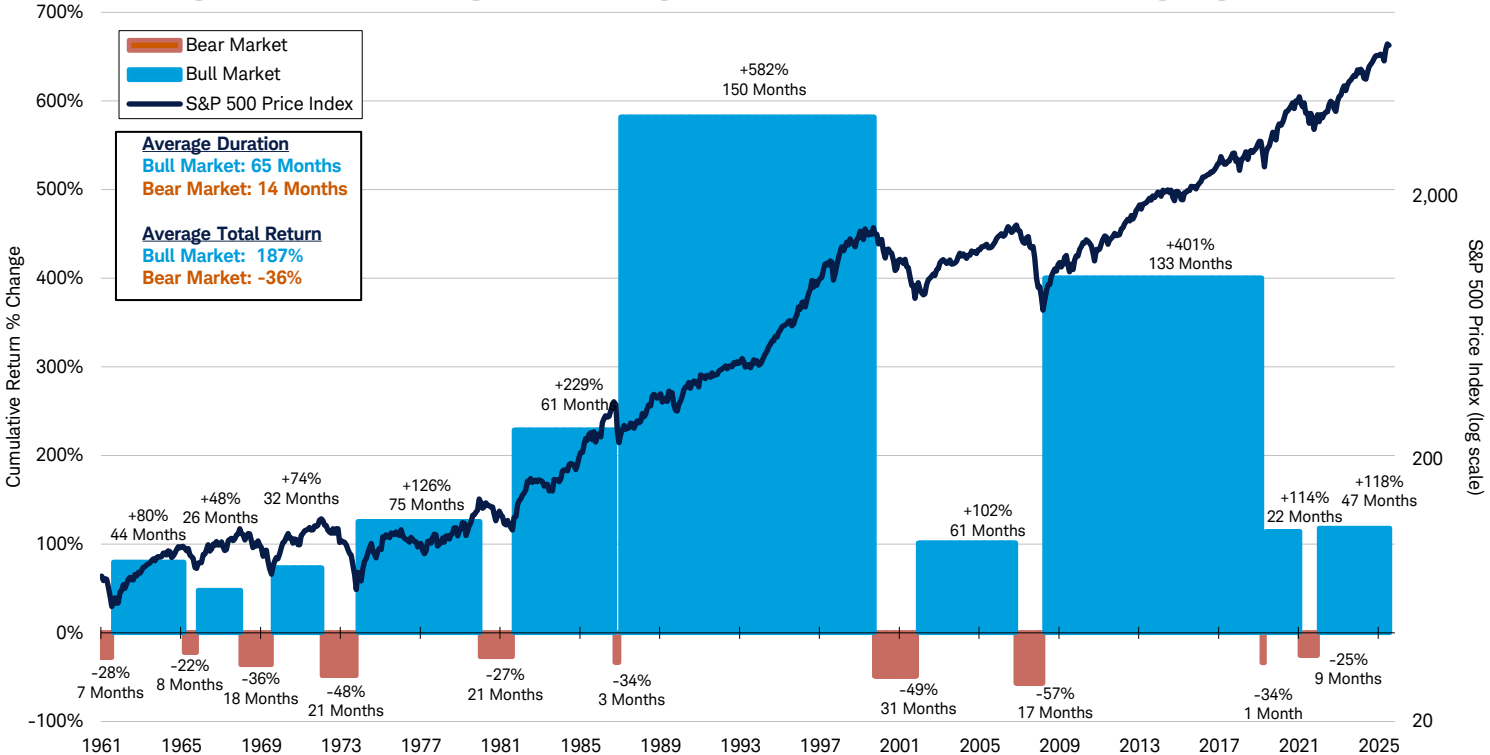




Source: Charles Schwab, Bloomberg, Macrobond, FTSE, STOXX, S&P Dow Jones indexes, Nikkei Inc., MSCI. Total return includes the reinvestment of dividends, interest, and other cash flows. Indexes are unmanaged, do not incur management fees, costs and expenses and cannot be invested in directly. Investing involves risk, including loss of principal. **Past performance is no guarantee of future results**. A number greater/less than one for the S&P 500 and MSCI Emerging Markets indexes within the charts indicates better/worse performance of the respective performance of the MSCI EAFE and MSCI World indexes. For illustrative purposes only. Returns do not reflect the impact of taxes. Returns are annualized for periods over one year. Individual results will vary.

U.S. bull and bear markets

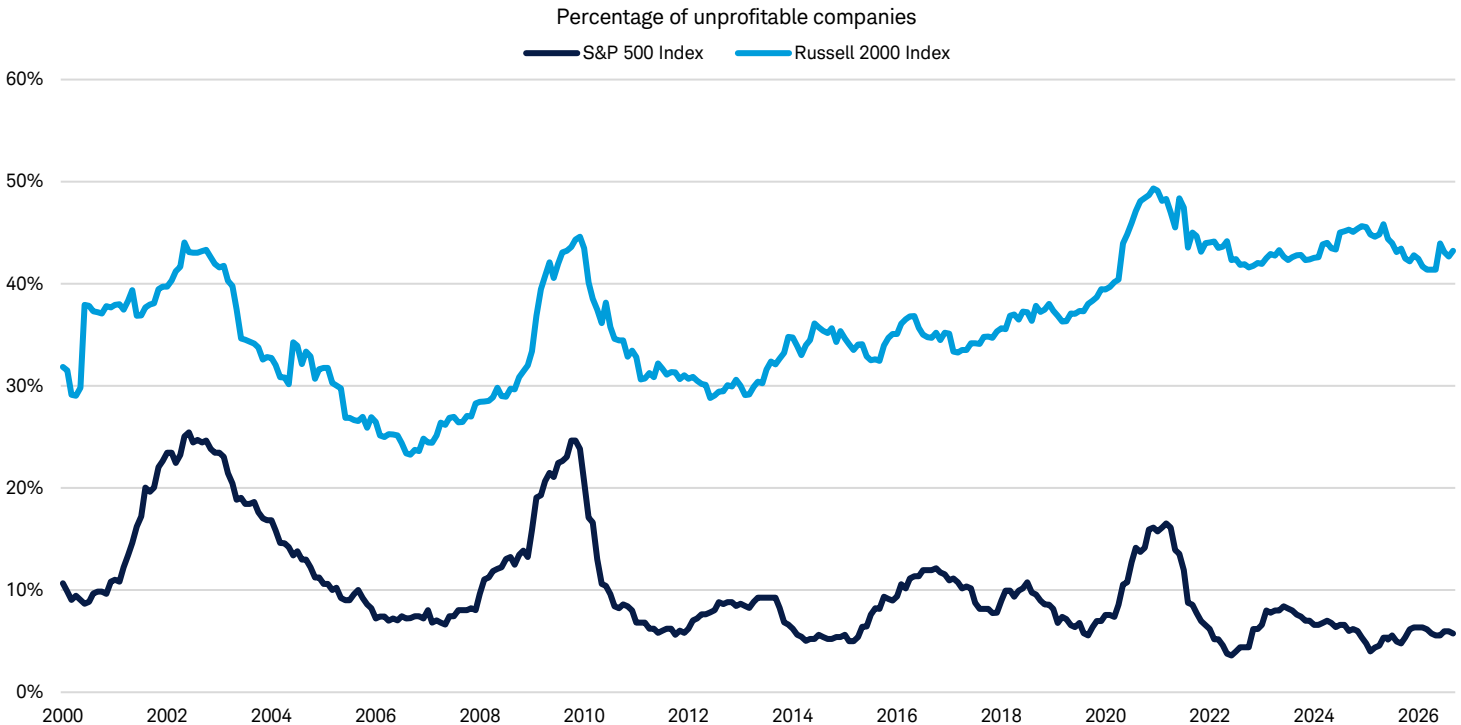
With the S&P 500 still up considerably over the past year, it is notable that bull markets have generally been longer in duration and greater in magnitude than bear markets, resulting in gains over time.



Source: Bloomberg as of 9/30/2026. Current bull market peak as of 8/13/2026. Bull and bear markets as defined by Yardeni Research. Cumulative return is the total change in the investment over a set period of time. Logarithmic (log) scale is a way of displaying a wide range of data in a compact way by increasing the numbers exponentially. Indexes are unmanaged, do not incur management fees, costs and expenses, and cannot be invested in directly. For illustrative purposes only. Investing involves risk, including loss of principal. **Past performance is no guarantee of future results.** Returns do not reflect the impact of taxes. Individual results will vary. Not intended to be reflective of results you can expect to achieve.

Comparing large- and small-cap profitability

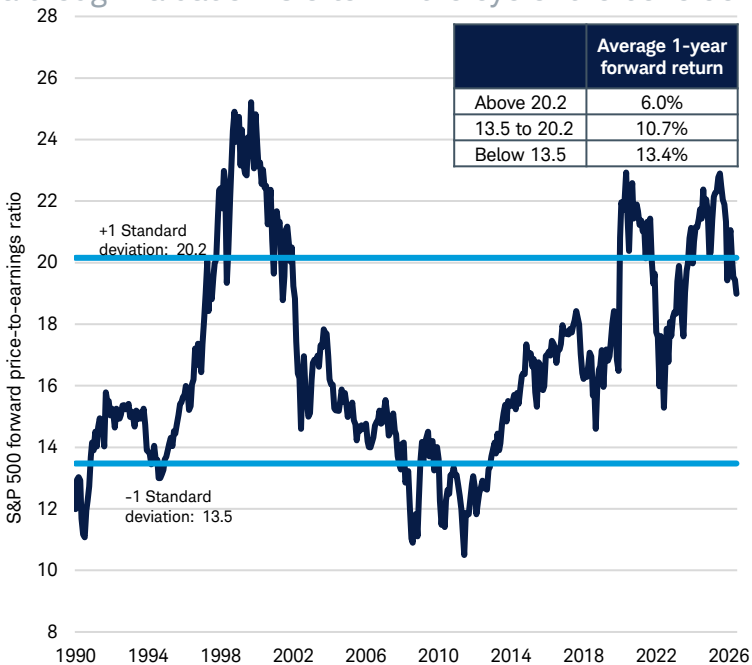
The small-cap universe—proxied by the Russell 2000—has a much higher percentage of companies without profits. Historically, and in the current cycle, the S&P 500 has a much better track record when it comes to the share of profitable constituents.



Source: Bloomberg, the Schwab Center for Financial Research as of 9/30/2026. Profitability is based on trailing 12-month earnings per share as of month-end. Indexes are unmanaged, do not incur management fees, costs, and expenses, and cannot be invested in directly. Investing involves risk, including loss of principal. For illustrative purposes only. **Past performance is no guarantee of future results.**

S&P 500 Index valuations and earnings expectations

Several valuation metrics continue to suggest that stocks remain expensive relative to history, although valuation is often in the eye of the beholder.



	Average 1-year forward return
Above 20.2	6.0%
13.5 to 20.2	10.7%
Below 13.5	13.4%

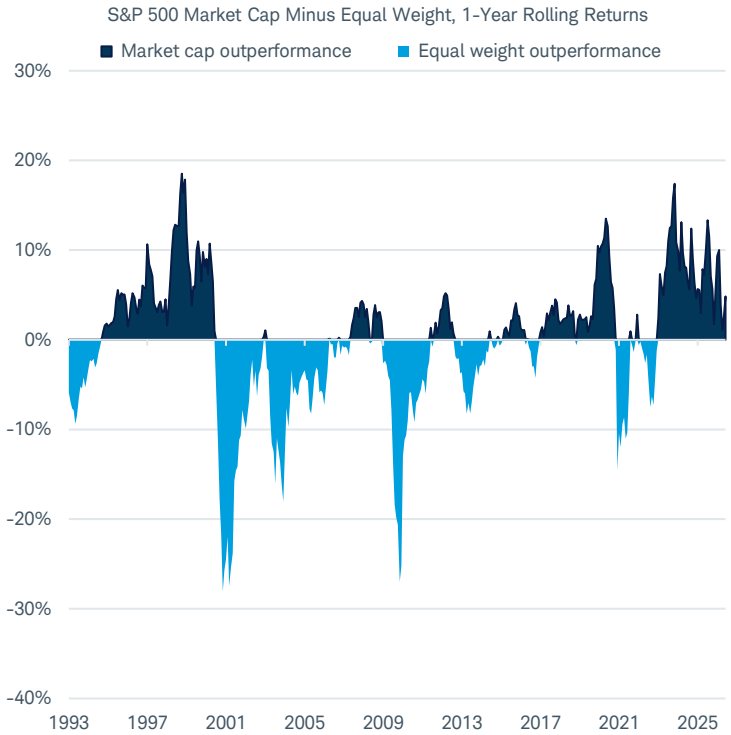
Valuation	
Metric	**Current percentile ranking (relative to history)**
S&P 500 forward P/E	Expensive
S&P 500 trailing P/E	Expensive
S&P 500 5-year normalized P/E	Very expensive
S&P 500 price/book value ratio	Very expensive
S&P 500 price/cash flow	Expensive
S&P 500 dividend yield	Very expensive
Shiller's CAPE (cyclically adjusted P/E)	Very expensive
Rule of 20	Expensive
Equity risk premium (10-year Treasury yield)	Very expensive
Equity risk premium (Baa corporate bond yield)	Expensive
Fed Model	Very Expensive
Tobin's Q	Very expensive
Market cap/GDP	Very expensive

Source: Charles Schwab, the Schwab Center for Financial Research, Bloomberg, as of 9/30/2026. Indexes are unmanaged, do not incur management fees, costs, and expenses, and cannot be invested in directly. **Past performance is no guarantee of future results.** Source: Charles Schwab, Bloomberg, The Leuthold Group, as of 9/30/2026. For illustrative purposes only. Investing involves risk, including loss of principal. Due to data limitations, start dates for each metric vary and are as follows: CAPE: 1900; Dividend yield: 1928; Normalized P/E: 1946; Market cap/GDP, Tobin's Q: 1952; Forward P/E, trailing P/E, price/book, price/cash flow, rule of 20, equity risk premium, Fed Model: 1995. "Very expensive" refers to 80-100th percentile rankings; "Expensive" refers to 60-80th percentile rankings; "Fairly valued" refers to 40-60th percentile rankings; "Inexpensive" refers to 20-40th percentile rankings; and "Cheap" refers to 0-20th percentile rankings. Standard deviation, commonly used as a measurement of risk, is a statistical measure that calculates the degree to which returns have fluctuated over a given time period. A higher standard deviation indicates a higher level of variability in returns. Returns do not reflect the impact of taxes. Individual results will vary. See slide 71 for definitions.

Market concentration

Just five companies account for nearly 30% of the S&P 500's market cap.

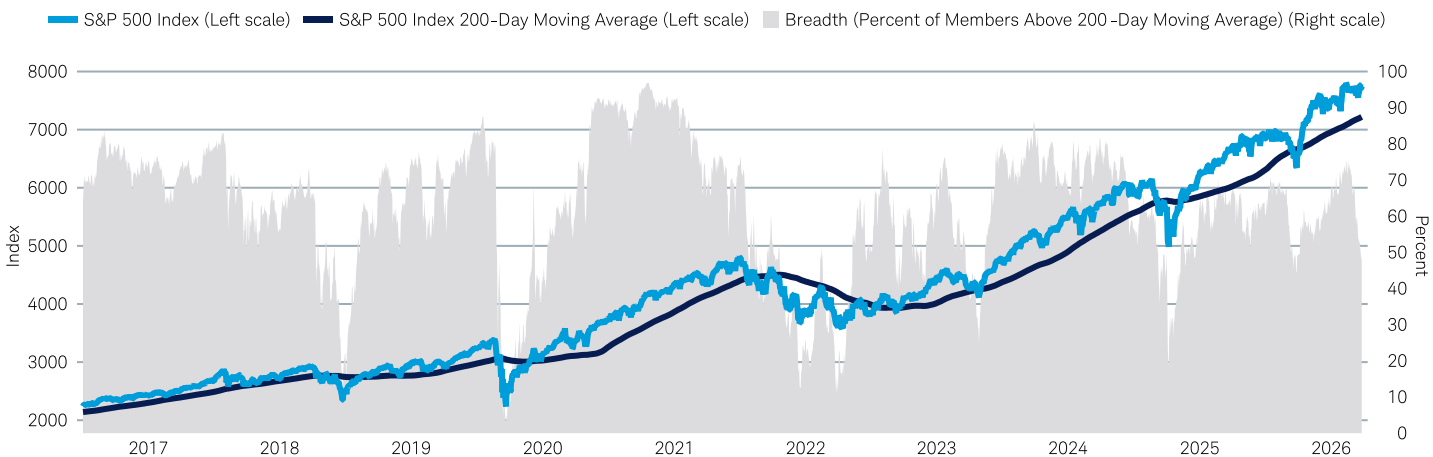




Source: Charles Schwab, Bloomberg, Macrobond as of 9/30/2026. Top 5 stocks in the S&P 500 Index are NVIDIA, Apple, Microsoft, Amazon, and Alphabet. Performance does not include the effects of taxes, commissions, or fees. Indexes are unmanaged, do not incur management fees, costs, and expenses, and cannot be invested in directly. Investing involves risk, including loss of principal. All corporate names and market data shown are for illustrative purposes only and are not a recommendation, offer to sell, or a solicitation of an offer to buy any security. Schwab does not recommend the use of technical analysis as a sole means of investment research. For illustrative purposes only. **Past performance is no guarantee of future results.**

Technical indicators

The S&P 500 Index's 50-day moving average continued to move higher. Market breadth, which measures the underlying health of an index, weakened as the percentage of S&P 500 companies trading above their 200-day moving average fell to below 50% by the end of the quarter.



	Year-to-date			
Index	**YTD return**	**Index return since YTD low**	**Index maximum drawdown from YTD high**	**Average member maximum drawdown from YTD high**
S&P 500	12%	21%	-9%	-26%
NASDAQ	16%	29%	-13%	-45%
Russell 2000	13%	16%	-11%	-36%
Dow Jones	6%	13%	-10%	-22%

Source: Charles Schwab, Bloomberg, Macrobond, Ned Davis Research, Inc. as of 9/30/2026. Indexes are unmanaged, do not incur management fees, costs, and expenses, and cannot be invested in directly. Returns shown are price returns. Price return does not include the effects of reinvested cash flows. Schwab does not recommend the use of technical analysis as a sole means of investment research. Investing involves risk, including loss of principal. For illustrative purposes only. **Past performance is no guarantee of future results**. Returns do not reflect the impact of taxes. Individual results will vary. Not intended to be reflective of results you can expect to achieve.

U.S. equity sector returns and valuations

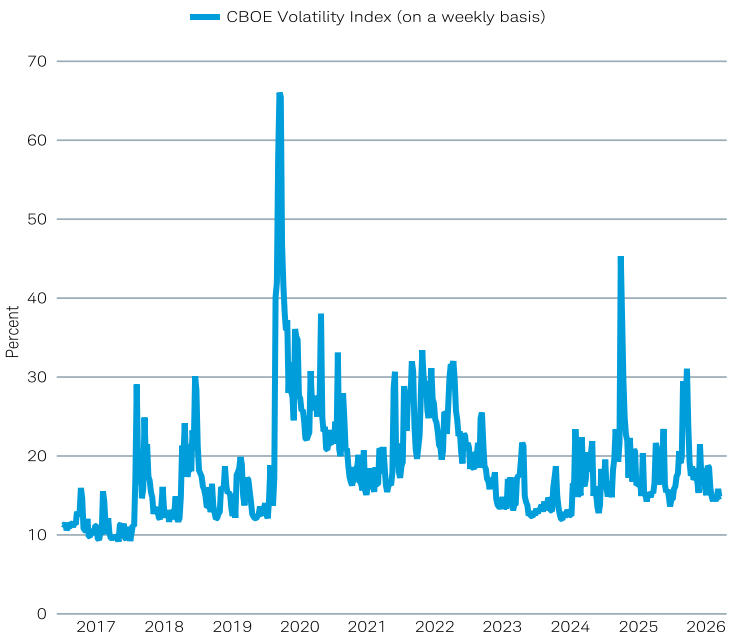
Data as of 9/30/2026

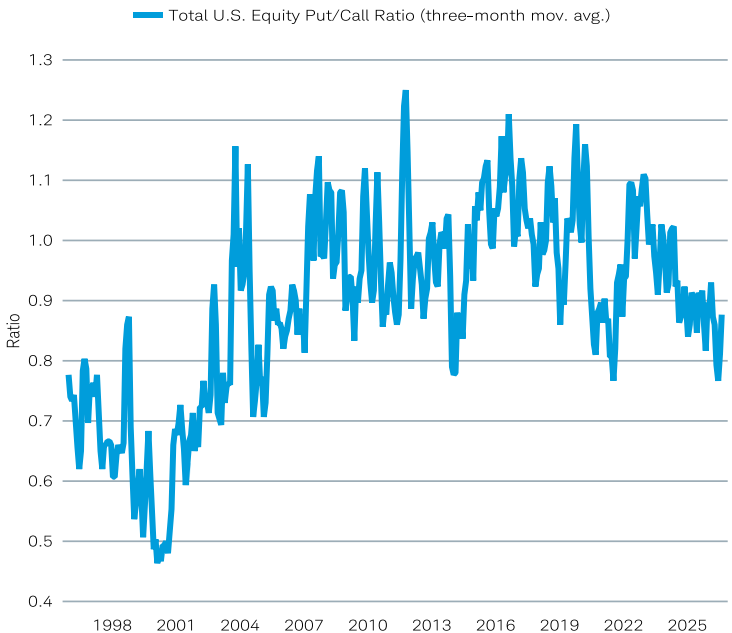
S&P 500 Sectors									
Index	**S&P Weight**	**3-month Total Return**	**YTD Total Return**	**1-yr Total Return**	**Total Return since last market peak (01/2022)**	**Total Return since last market low (10/2022)**	**Forward P/E**	**Median Forward P/E since 1990**	**Dividend Yield**
S&P 500 Index	100.0%	2.3%	12.7%	15.7%	70.6%	125.9%	19.0	16.0	1.1%
Information Technology	40.1%	7.2%	28.4%	30.2%	144.1%	266.1%	20.8	18.4	0.5%
Financials	11.4%	-0.1%	-1.4%	0.5%	46.4%	88.5%	14.3	13.2	1.6%
Communication Services	9.9%	3.6%	4.5%	12.1%	82.3%	201.9%	17.9	15.7	0.7%
Health Care	9.2%	6.5%	10.2%	23.0%	30.8%	48.0%	18.5	16.6	1.6%
Consumer Discretionary	8.6%	-5.1%	-5.8%	-5.2%	13.3%	70.0%	21.0	19.0	0.7%
Industrials	8.1%	-9.7%	8.5%	9.5%	70.8%	108.7%	22.6	16.3	1.2%
Consumer Staples	4.4%	-1.9%	6.0%	6.0%	26.4%	41.4%	20.6	17.2	2.5%
Energy	3.4%	17.2%	40.3%	42.4%	155.0%	74.9%	13.4	15.2	2.6%
Utilities	1.9%	-12.4%	-5.7%	-7.0%	28.7%	45.2%	15.2	14.8	3.2%
Materials	1.7%	-2.8%	8.8%	10.0%	20.4%	54.4%	16.7	16.1	1.7%
Real Estate	1.7%	-5.6%	5.3%	2.3%	-4.2%	41.2%	33.1	37.7	3.5%

Source: Bloomberg. Total return includes the reinvestment of dividends, interest, and other cash flows. Sectors listed are S&P 500 sector indexes according to Global Industry Classification Standard (GICS®) classification. Indexes are unmanaged, do not incur management fees, costs, and expenses, and cannot be invested in directly. Returns assume reinvestment of dividends and interest. Investing involves risk, including loss of principal. For illustrative purposes only. **Past performance is no guarantee of future results.** Returns do not reflect the impact of taxes. Individual results will vary. Not intended to be reflective of results you can expect to achieve and are not intended to be, nor should they be construed as, a recommendation to buy, sell, or continue to hold any investment. Forward P/E (Forward Price-to-Earnings Ratio) measures a stock's price relative to analysts' expected earnings over the next 12 months. The median of this value is the midpoint of all monthly readings since 1990.

Equity market volatility

The Volatility Index remained low in the third quarter, and the lower equity put/call ratio signaled growing confidence amongst some investors, though larger moves beneath the surface made markets less calm than they appeared.





Source: Charles Schwab, Macrobond as of 9/30/2026. Equity put/call ratio measures the ratio of put options sold divided by call options sold for a given time period. A higher ratio indicates the market is more bearish, while a lower ratio indicates the market is more bullish. Options carry a high level of risk and are not suitable for all investors. Certain requirements must be met to trade options through Schwab. Please read the options disclosure document titled "Characteristics and Risks of Standardized Options" before considering any option transaction by CLICKING HERE [https://www.theocc.com/Company-Information/Documents-and-Archives/Options-Disclosure-Document]. Call Schwab at 1-800-435-4000 for a current copy. Supporting documentation for any claims or statistical information is available upon request. Schwab does not recommend the use of technical analysis as a sole means of investment research. Indexes are unmanaged, do not incur management fees, costs and expenses and cannot be invested in directly. For illustrative purposes only. **Past performance is no guarantee of future results.** The Chicago Board of Exchange (CBOE) Volatility Index measures the stock market's expected volatility over the next 30 days based on S&P 500 Index option prices.

U.S. equity sectors and the economy

It's worth keeping in mind that with manufacturing and hiring activity continuing to improve, deeper cyclical industries like Financials, Industrials, and Tech tend to do well in an expansion.

Recovery

- Economy troughs then accelerates
- Federal Reserve keeps rates low
- Credit conditions trough
- Stocks advance sharply
- Long-term rates rise

Expansion

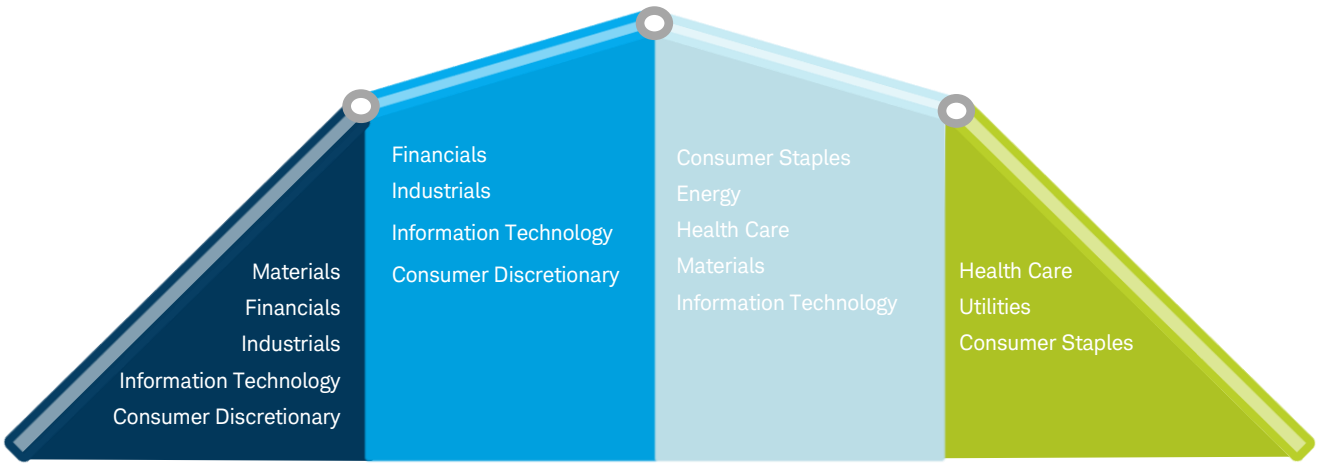
- Economy expands at moderate pace
- Federal Reserve policy neutral
- Credit conditions ease
- Stock gains solid
- Long-term rates rise

Slowdown

- Economy peaks then slows in this late stage
- Inflationary pressures grow
- Federal Reserve becomes restrictive
- Credit conditions tighten
- Yield curve inverts
- Stocks peak then fall

Recession

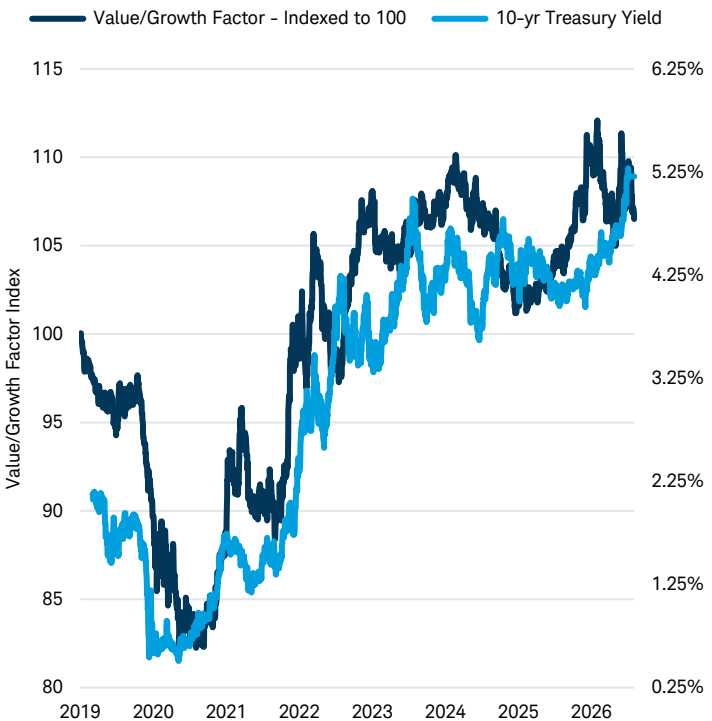
- Economy contracts
- Federal Reserve cuts rates
- Long-term rates decline then trough
- Stocks fall then trough on expectations for recovery

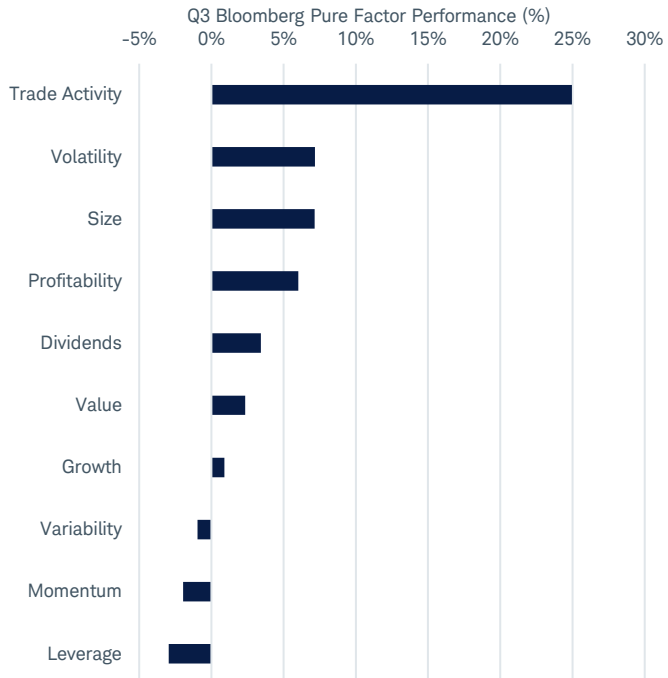


Source: Charles Schwab. For illustrative purposes only. Outcomes are not guaranteed. **Past performance is no guarantee of future results.** Investing involves risk, including loss of principal. Individual results will vary. Not intended to be reflective of results you can expect to achieve and are not intended to be, nor should they be construed as, a recommendation to buy, sell, or continue to hold any investment.

Equity investment styles and factors

Value tends to outperform growth when interest rates rise. This relationship broke down somewhat last year but has reconnected this year. Beyond growth and value, there are several factors that can help explain overall market performance year-to-date.

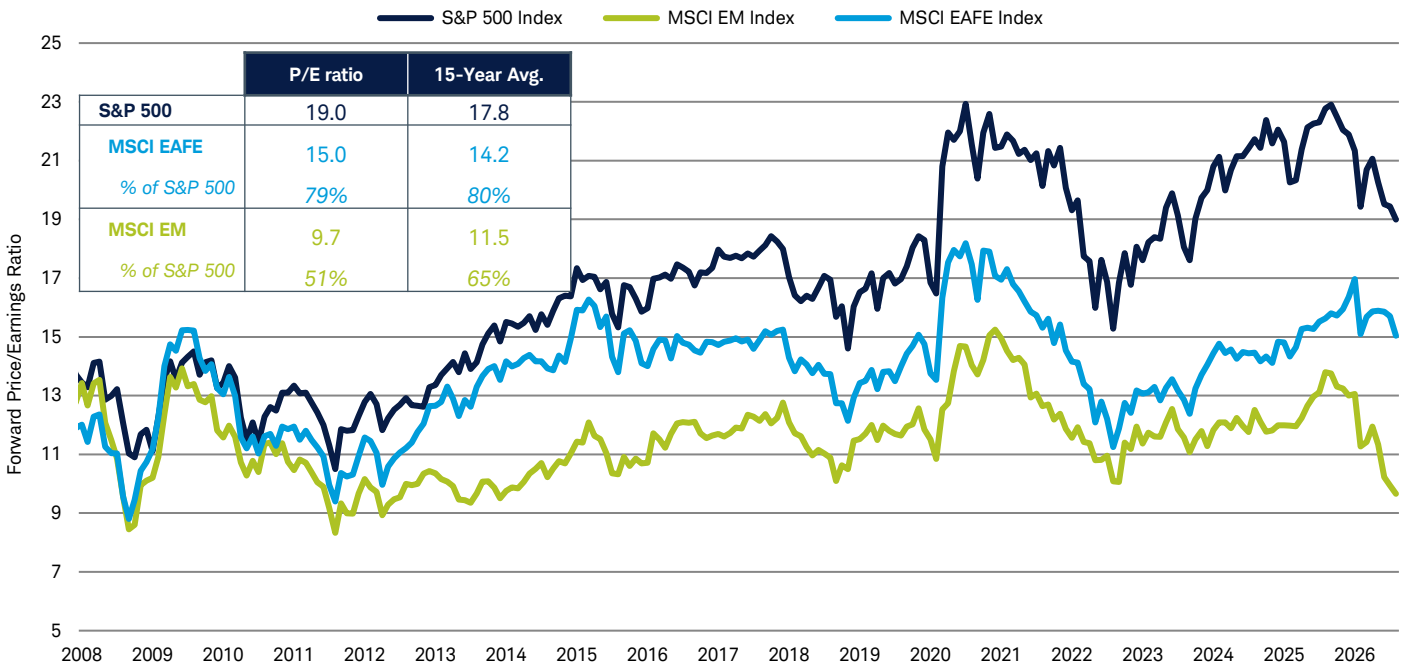




Source: Charles Schwab, Bloomberg as of 9/30/2026. Value/growth factor performance is based on Bloomberg pure factor indexes. Value factor attempts to differentiate "rich" and "cheap" stocks. Growth factor aims to capture companies' historical and forward-looking growth. Ten-year generic U.S. Treasury rate. Indexes are unmanaged, do not incur management fees, costs, and expenses, and cannot be invested in directly. Investing involves risk, including loss of principal. For illustrative purposes only. **Past performance is no guarantee of future results.** See slides 68-69 for definitions.

Global equity valuations

International equity valuations are less expensive than U.S. valuations, both currently and historically. The significant discount for ex-U.S. stocks had been one driver of recent outperformance (before the conflict in the Middle East).

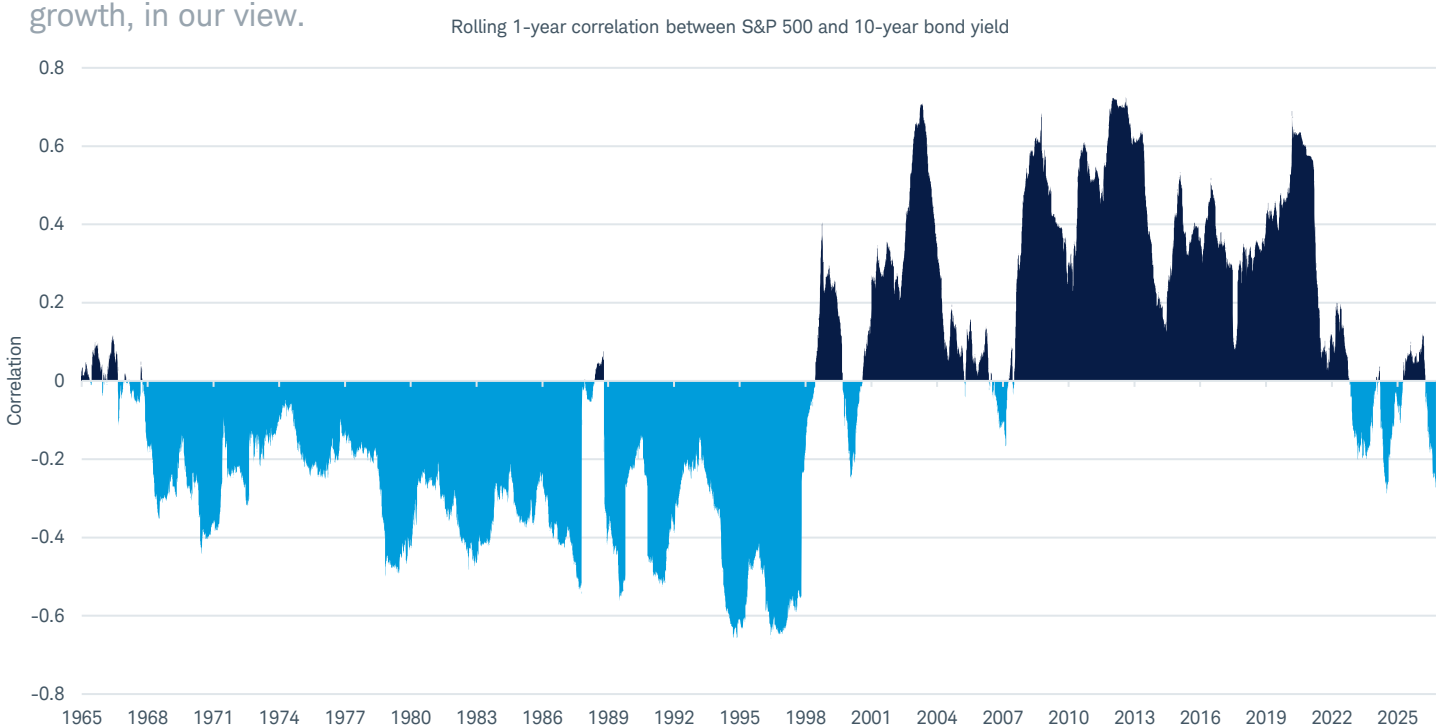


	P/E ratio	15-Year Avg.
S&P 500	19.0	17.8
MSCI EAFE	15.0	14.2
% of S&P 500	*79%*	*80%*
MSCI EM	9.7	11.5
% of S&P 500	*51%*	*65%*

Source: Bloomberg, the Schwab Center for Financial Research as of 9/30/2026. Indexes are unmanaged, do not incur management fees, costs, and expenses, and cannot be invested in directly. Investing involves risk, including loss of principal. For illustrative purposes only. **Past performance is no guarantee of future results.** Not intended to be reflective of results you can expect to achieve and are not intended to be, nor should they be construed as, a recommendation to buy, sell, or continue to hold any investment. Price-to-Earnings (P/E) Ratio compares a company's stock price to its earnings per share. The Forward P/E (Forward Price-to-Earnings Ratio) uses analysts' expected earnings over the next 12 months.

Stock market and bond yields

The correlation between changes in bond yields and stock prices has declined significantly over the past few years and remains negative, as markets have focused more on inflation than economic growth, in our view.



Source: Charles Schwab, Bloomberg as of 9/30/2026. Treasury yield is represented by the U.S. Generic 10-year Treasury Yield. Diversification strategies do not ensure a profit and do not protect against losses in declining markets. Investing involves risk, including loss of principal. Indexes are unmanaged, do not incur management fees, costs and expenses, and cannot be invested in directly. For illustrative purposes only. **Past performance is no guarantee of future results.** Correlation is a statistical measure of how two investments historically have moved in relation to each other and it ranges from -1 to 1. A correlation of 1 indicates a perfect positive correlation, while a correlation of -1 indicates a perfect negative correlation. A correlation of zero means the assets are not correlated.

Bear markets and recessions

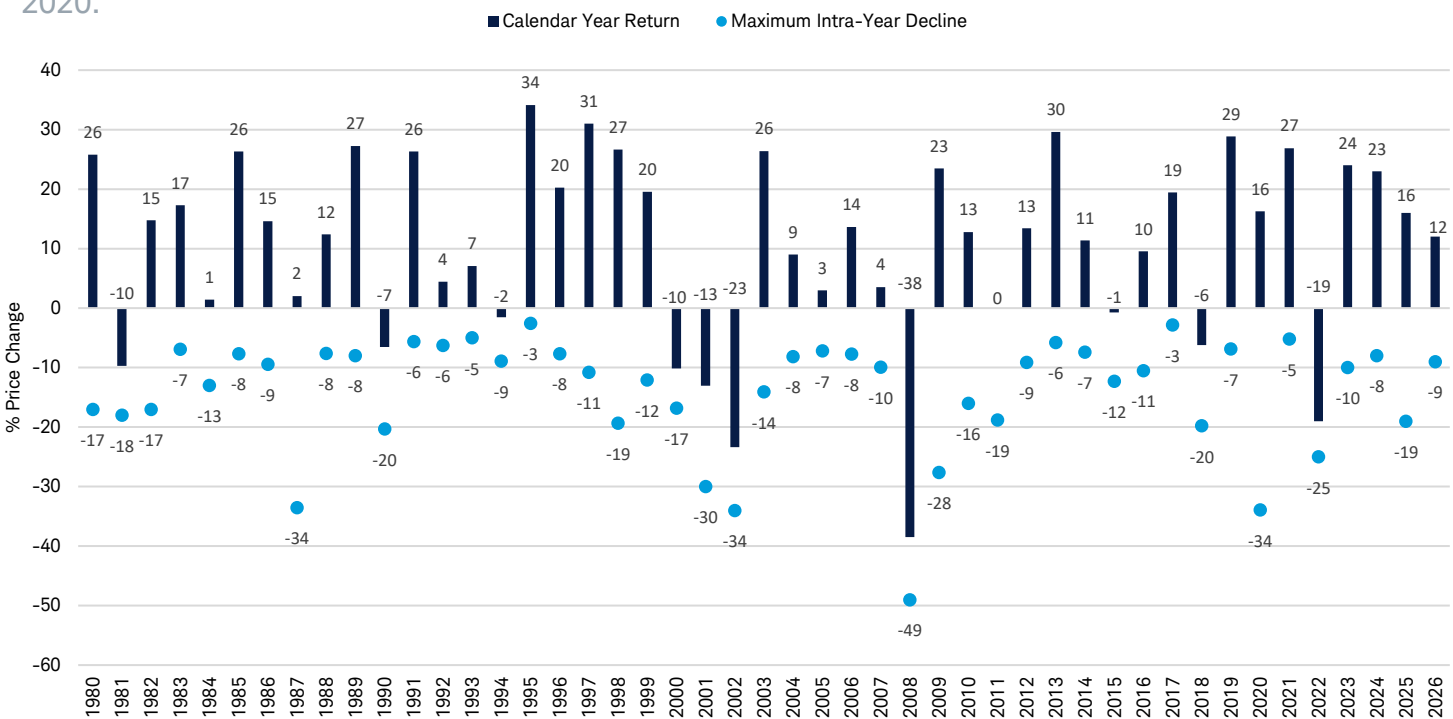
Bear markets in the S&P 500 are not always consistent with U.S. recessions. Going back to the 1940s, there have been five bear markets that didn't coincide with a recession.

Bear markets and recessions					
Bear market		Duration (days)	S&P 500 % change	Recession	
Start date	End date			Start date	End date
5/29/1946	5/19/1947	355	-28.5%	N/A	N/A
6/15/1948	6/13/1949	363	-20.6%	Nov-48	Oct-49
8/2/1956	10/22/1957	446	-21.6%	Aug-57	Apr-58
12/12/1961	6/26/1962	196	-28.0%	N/A	N/A
2/9/1966	10/7/1966	240	-22.2%	N/A	N/A
11/29/1968	5/26/1970	543	-36.1%	Dec-69	Nov-70
1/11/1973	10/3/1974	630	-48.2%	Nov-73	Mar-75
11/28/1980	8/12/1982	622	-27.1%	Jul-81	Nov-82
8/25/1987	12/4/1987	101	-33.5%	N/A	N/A
3/24/2000	10/9/2002	929	-49.1%	Mar-01	Nov-01
10/9/2007	3/9/2009	517	-56.8%	Dec-07	Jun-09
2/19/2020	3/23/2020	33	-33.9%	Feb-20	Apr-20
1/3/2022	10/12/2022	282	-25.4%	N/A	N/A

Source: Charles Schwab, Bloomberg, National Bureau of Economic Research. Bear market defined as 20% or greater drop in the S&P 500. Investing involves risk, including loss of principal. Indexes are unmanaged, do not incur management fees, costs and expenses, and cannot be invested in directly. For illustrative purposes only. **Past performance is no guarantee of future results**. Returns do not reflect the impact of taxes. Individual results will vary. Not intended to be reflective of results you can expect to achieve and are not intended to be, nor should they be construed as, a recommendation to buy, sell, or continue to hold any investment.

Stocks can rise despite drawdowns during the year

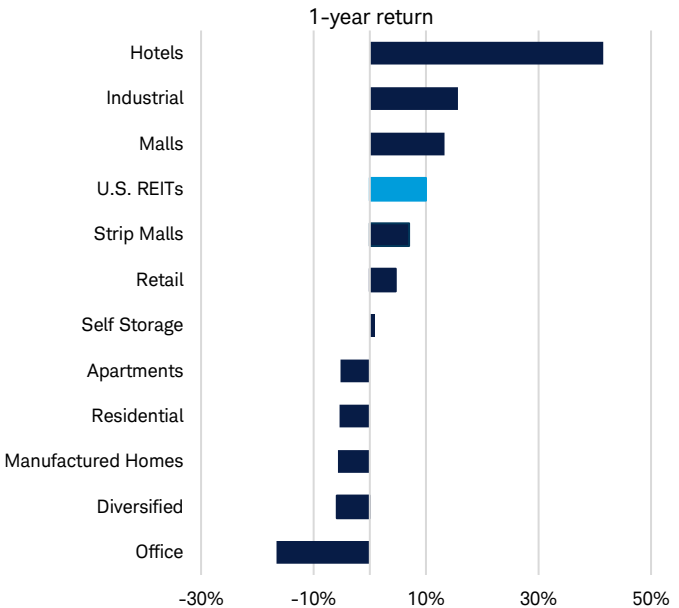
While we've seen large intra-year declines, annual performance has managed to be positive most of the time, with two of the three biggest intra-year drawdowns accompanying yearly gains in 1987 and 2020.

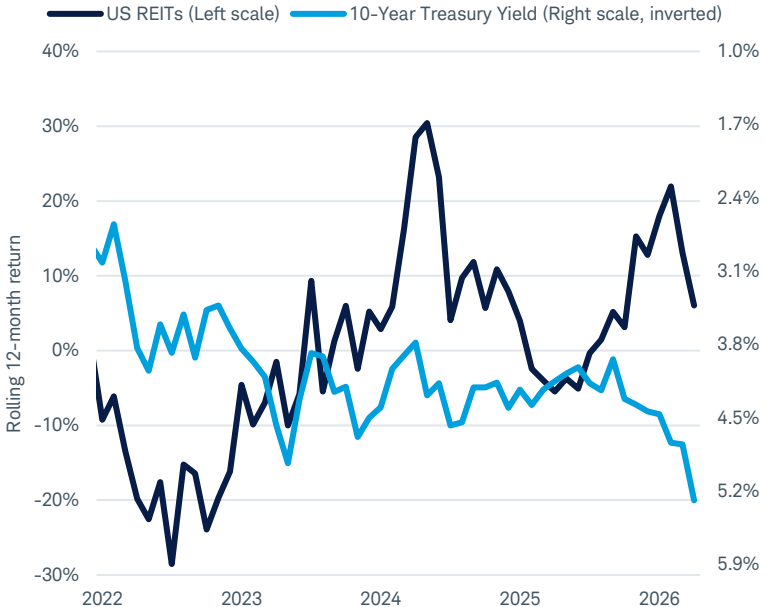


Source: Schwab Center for Financial Research with data provided by Morningstar, Inc. Data as of 9/30/2026. Shown in the chart are annual price returns for the S&P 500 Index and do not include reinvestment of dividends, interest, or the effects of taxes. Intra-year declines are the largest stock market drops during the year, representing a peak-to-trough change in index value. The annual return for 2011 was -0.32%. Indexes are unmanaged, do not incur management fees, costs, and expenses, and cannot be invested in directly. Schwab does not recommend the use of technical analysis as a sole means of investment research. Investing involves risk, including loss of principal. For illustrative purposes only. **Past performance is no guarantee of future results.** Returns do not reflect the impact of taxes. Individual results will vary. Not intended to be reflective of results you can expect to achieve.

REITs dip in Q3 as interest rates spike

Real Estate Investment Trusts (REITs) pulled back somewhat in Q3 as the markets grappled with the impacts of the spike in interest rates and uncertainty regarding how much the Federal Reserve will have to raise interest rates further.





Source: Charles Schwab, Morningstar Direct as of 9/30/2026. REITs are represented by the Dow Jones US Select REIT Index and its respective sector indexes that are components of the overall index. Indexes are unmanaged, do not incur management fees, costs and expenses, and cannot be invested in directly. For illustrative purposes only. Investing involves risk, including loss of principal. **Past performance is no guarantee of future results.** Returns do not reflect the impact of taxes. Individual results will vary. Not intended to be reflective of results you can expect to achieve and are not intended to be, nor should they be construed as, a recommendation to buy, sell, or continue to hold any investment. For right chart, right axis is inverted, meaning values displayed in reverse order, causing values to move downward as they increase and upward as they decrease. Rolling 12-month return is the return over the latest 12-month period. See slide 69 for index definitions.

Income index returns

Total returns of income-generating investments as of 9/30/2026

Core Bonds	3-month	YTD	1-year	3-year	5-year	10-year
Bloomberg U.S. Aggregate	-3.5%	-2.9%	-1.8%	4.1%	-0.6%	1.1%
Treasuries	-3.0%	-2.6%	-1.9%	3.2%	-1.0%	0.6%
Municipal Bonds	-6.3%	-4.2%	-2.7%	2.9%	-0.2%	1.5%
Mortgage Backed	-4.3%	-3.3%	-1.7%	4.5%	-0.4%	0.9%
Agency Bonds	-1.8%	-1.2%	0.0%	3.9%	0.8%	1.6%
Investment Grade Corporate	-3.9%	-3.1%	-2.3%	5.0%	-0.5%	2.0%
Commercial Mortgage Backed	-1.8%	-1.0%	0.4%	5.6%	0.9%	2.1%
Asset Backed	-0.8%	0.3%	1.5%	4.9%	2.3%	2.3%
Aggressive Income						
High-Yield Bonds	-1.8%	0.1%	1.4%	8.0%	3.6%	5.0%
Bank Loans	1.9%	3.3%	4.5%	7.0%	6.2%	5.4%
Preferred Stock	0.3%	0.3%	0.6%	6.8%	1.1%	3.6%
Convertible Bonds	-5.7%	14.9%	14.3%	16.6%	5.9%	11.9%

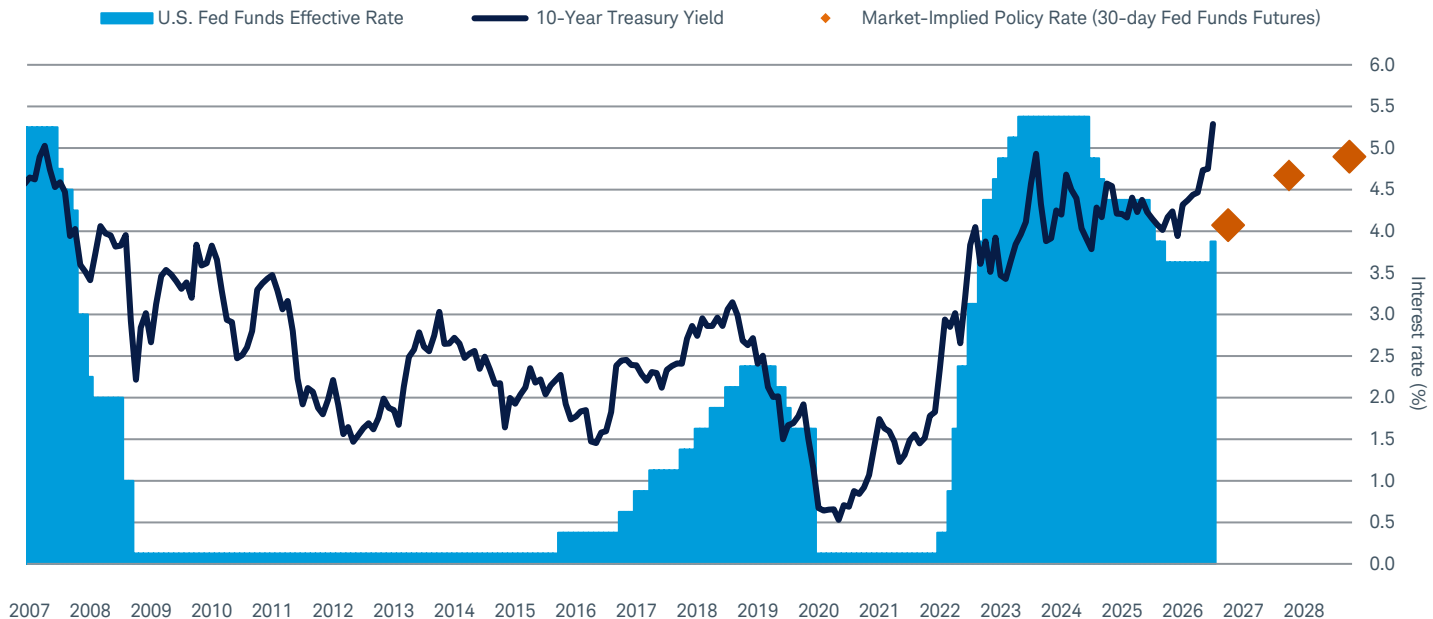
International	3-month	YTD	1-year	3-year	5-year	10-year
International Treasuries	-1.6%	-3.9%	-5.3%	2.4%	-3.8%	-1.3%
International Investment Grade	-3.4%	-3.3%	-2.5%	5.4%	-0.6%	1.5%
Emerging Market Bonds (USD)	-4.4%	-1.9%	1.2%	9.2%	1.4%	2.6%
Emerging Market Bonds (Local)	-0.9%	0.9%	4.3%	7.8%	2.5%	1.9%
Dividend Equity						
U.S. Dividend Stocks	3.4%	21.6%	23.5%	15.5%	9.6%	12.5%

Returns are annualized for periods over one year.

Source: Bloomberg. Indexes are unmanaged, do not incur management fees, costs and expenses, and cannot be invested in directly. Returns assume reinvestment of dividends and interest. Indexes are: Bloomberg U.S. Agg Total Return (U.S. Aggregate Bond), ICE U.S. Treasury Core Bond Total Return (Treasuries), Bloomberg Municipal Index (Municipal Bonds), Bloomberg U.S. MBS Index (Mortgage Backed), Bloomberg U.S. Aggregate Agency Bond Index (Agency Bonds), Bloomberg U.S. Corporate Bond Index (Investment Grade Corporate), Bloomberg CMBS Investment Grade Total Return Index Value Unhedged USD (Commercial Mortgage Backed), Bloomberg U.S. Agg ABS Total Return Value Unhedged USD (Asset Backed), Bloomberg U.S. Corporate High Yield Bond (High Yield Bonds), Morningstar LSTA Leveraged Loan Total Return Index (Bank Loans), S&P U.S. Preferred Stock Total Return Index (Preferred Stock), Bloomberg U.S. Convertibles Liquid Bond Index TR Unhedged USD (Convertible Bonds), Bloomberg Global Treasury ex-U.S. Capped TR Index Value Unhedged USD (International Treasuries), Bloomberg Global Agg Credit Total Return Index Value Unhedged USD (International Investment Grade), J.P. Morgan EMBI Index (Emerging Market Bonds [USD]) J.P. Morgan GBI-EM Index (Emerging Market Bonds [Local]), Dow Jones U.S. Dividend 100 Total Return Index (U.S. Dividend Stocks). Investing involves risk, including loss of principal. **Past performance is no guarantee of future results.** See additional information on slides 65-70. Returns do not reflect the impact of taxes. For illustrative purposes only. Individual results will vary. Not intended to be reflective of results you can expect to achieve nor should they be construed as, a recommendation to buy, sell, or continue to hold any investment.

Federal funds rate path

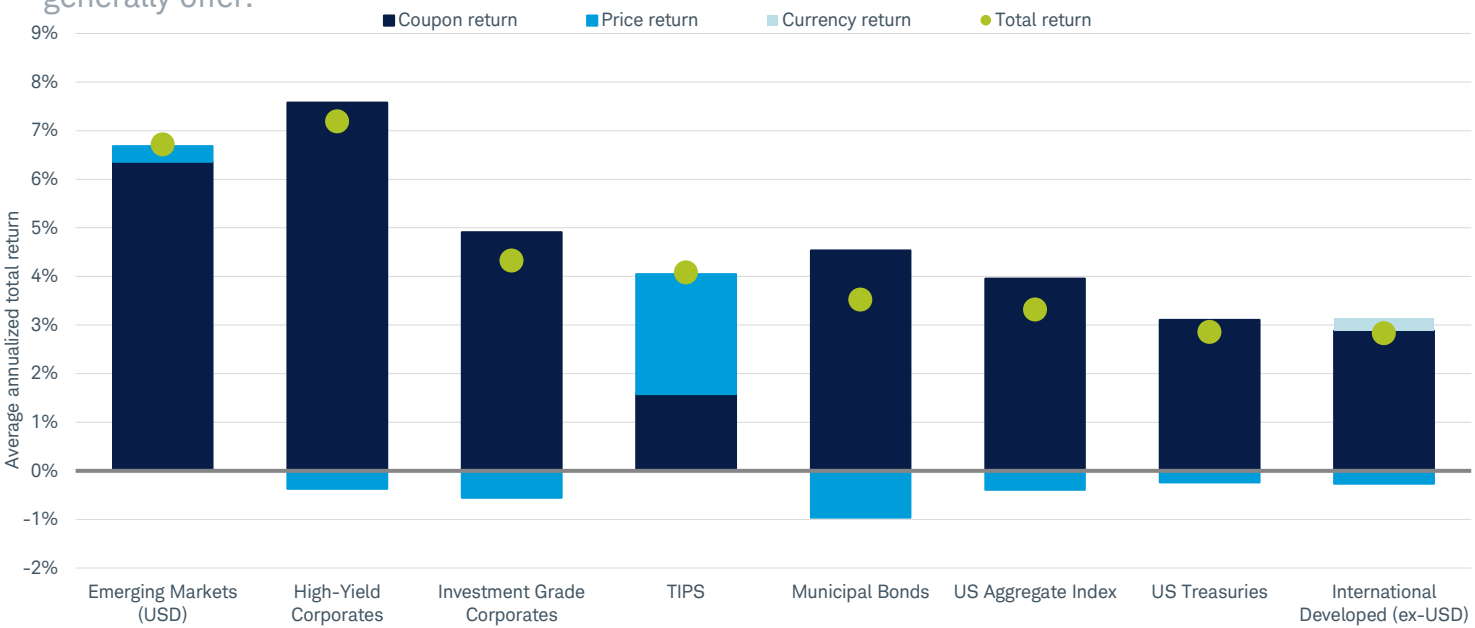
The likelihood of a rate hike later this year has increased sharply. Following the conclusion of their September meeting, the Federal Reserve projected at least another hike this year and potentially more next year. In our view, the pace of hikes will likely depend on the pace and breadth of inflation.



Source: Bloomberg as of 9/30/2026. Market-implied policy rates for 12/2026, 12/2027 and 12/2028. For illustrative purposes only. Futures and futures options trading involves substantial risk and is not suitable for all investors. Please read the Risk Disclosure Statement for Futures and Options [https://www.schwab.com/Futures_RiskDisclosure] prior to trading futures products. **Past performance is no guarantee of future results.** This material is intended for general informational and educational purposes only. This should not be considered an individualized recommendation or personalized investment advice. Investing involves risk, including loss of principal. Not intended to be reflective of results you can expect to achieve and are not intended to be, nor should they be construed as, a recommendation to buy, sell, or continue to hold any investment. Breadth of inflation means how broadly inflation is spread across categories of good and services.

Components of bond total returns

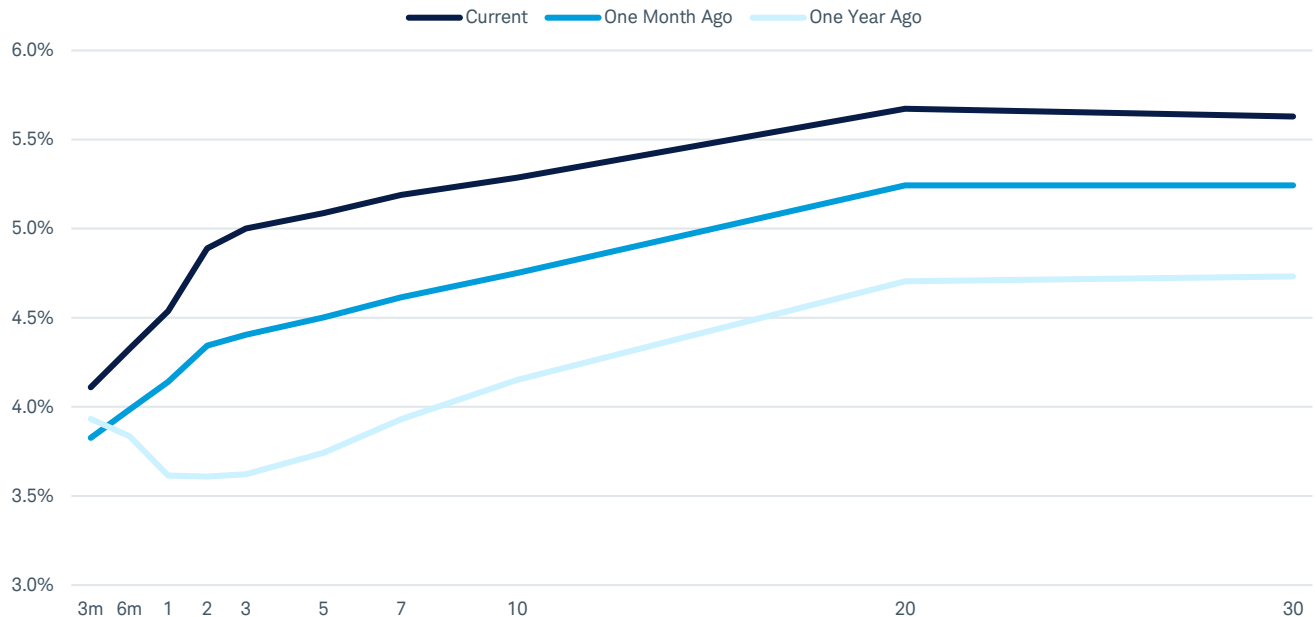
Coupon payments have been the key driver of most bond total returns over time. Buy-and-hold investors, or investors with longer investing horizons, should consider the high yields that bonds generally offer.



Source: Charles Schwab, Bloomberg. Total return date range 10/1/2001 to 9/30/2026. Indexes represented are: Emerging Markets (USD) = Bloomberg Emerging Market USD Aggregate Index; High-Yield Corporates = Bloomberg US Corporate High-Yield Bond Index; Investment Grade Corporates = Bloomberg U.S. Corporate Bond Index; TIPS = Bloomberg US Treasury Inflation Linked Bond Index; Municipal Bonds = Bloomberg US Municipal Bond Index; U.S. Aggregate Index = Bloomberg US Aggregate Bond Index; U.S. Treasuries = Bloomberg US Treasury Index; International Developed (ex-USD) = Bloomberg Global Aggregate ex-USD Index. Indexes are unmanaged, do not incur management fees, costs and expenses, and cannot be invested in directly. This material is intended for general informational and educational purposes only. This should not be considered an individualized recommendation or personalized investment advice. The securities and investment strategies mentioned are not suitable for everyone. Each investor needs to review an investment strategy for his or her own particular situation before making any investment decisions. **Past performance is no guarantee of future results.** Returns do not reflect the impact of taxes. Individual results will vary. Not intended to be reflective of results you can expect to achieve and are not intended to be, nor should they be construed as, a recommendation to buy, sell, or continue to hold any investment. See slides 65-70 for definitions.

Treasury yield curve

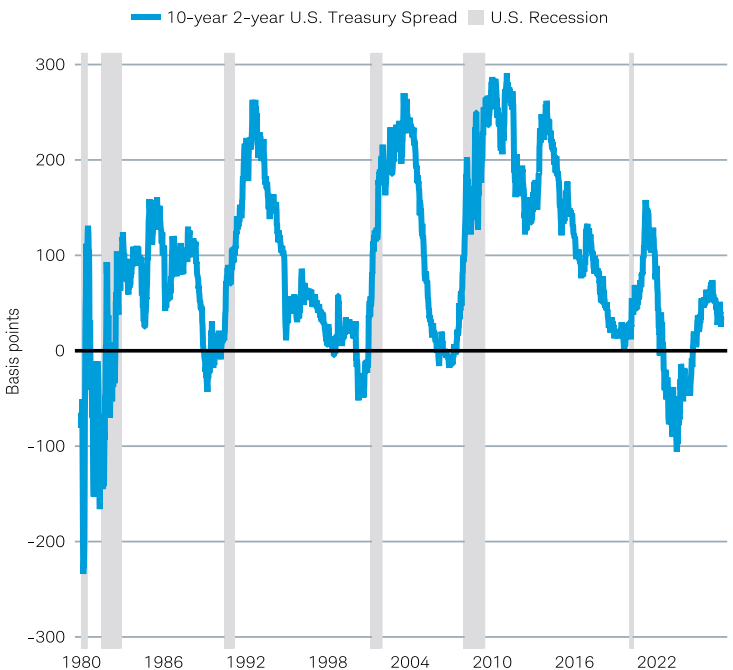
Treasury yields increased across maturities during the quarter, with shorter-term yields rising the most as expectations for Federal Reserve rate changes shifted. Looking ahead, Treasury yields could be influenced by the strength of the economy, the direction of inflation, government borrowing needs, and expectations for future interest rates.

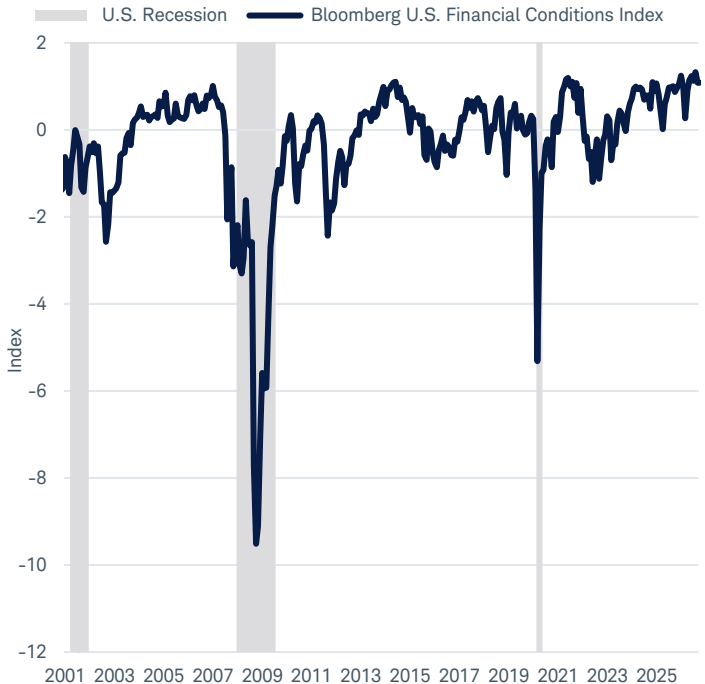


Source: Bloomberg, Federal Reserve as of 9/30/2026. Yields are represented by the U.S. Treasury Actives Curve which represents the most recently auctioned securities. This material is intended for general informational and educational purposes only. This should not be considered an individualized recommendation or personalized investment advice. The securities and investment strategies mentioned are not suitable for everyone. Each investor needs to review an investment strategy for his or her own particular situation before making any investment decisions. Investing involves risk, including loss of principal. **Past performance is no guarantee of future results.**

Yield curve slope and recessions

The spread between the 2-year and 10-year Treasury yields fell in Q3 primarily in response to shifting Federal Reserve (Fed) rate hike expectations. Despite the Fed rate hike, financial conditions generally are accommodative, which can be supportive of stronger economic growth.

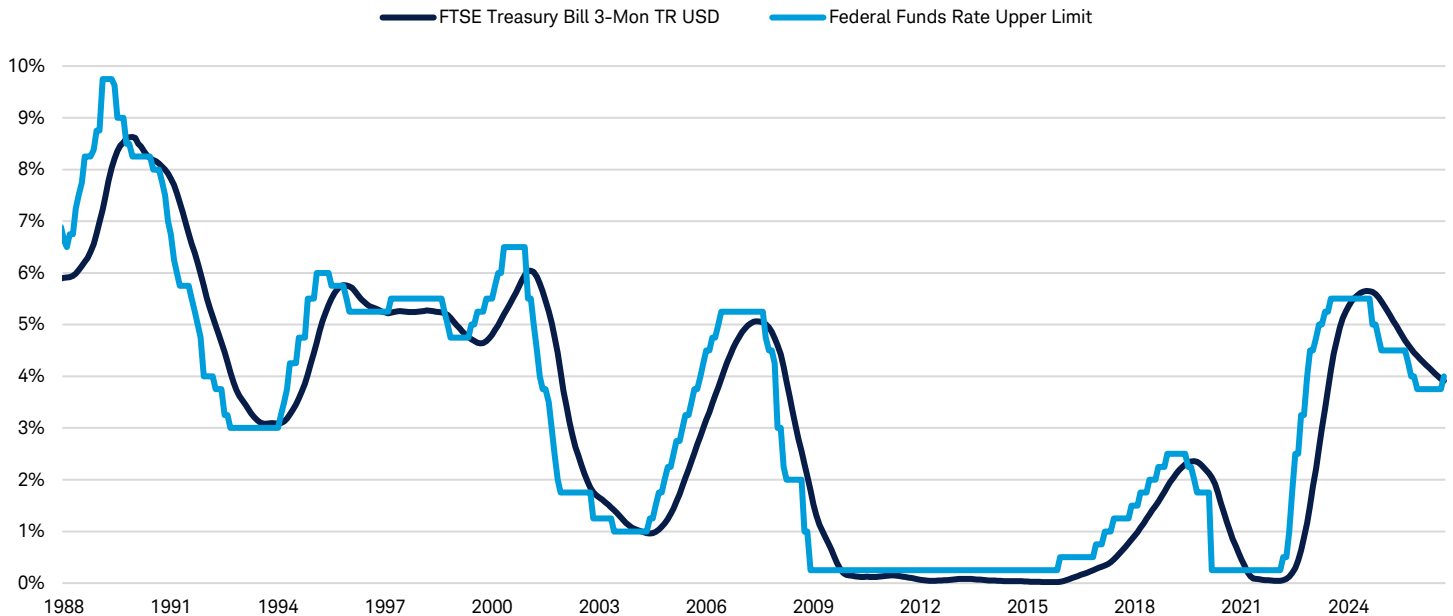




Source: Charles Schwab, Bloomberg, and Macrobond as of 9/30/2026. Schwab does not recommend the use of technical analysis as a sole means of investment research. Investing involves risk, including loss of principal. For illustrative purposes only. **Past performance is no guarantee of future results**. Basis points ("BPS") – one basis point is equal to one one-hundredth of one percent. Bloomberg Financial Conditions Index is a measure of the overall level of financial stress in the U.S. money, bond, and equity markets to help assess the availability and cost of credit. A positive value indicates accommodative financial conditions, while a negative value indicates tighter financial conditions. Bars represent National Bureau of Economic Research defined recession periods. Not intended to be reflective of results you can expect to achieve.

Cash and interest rates

Yields for short-term investments, like 3-month Treasury bills, generally track the path of the Federal Funds Rate. Staying focused only on very short-term bonds may mean missing opportunities to earn higher yields available on bonds with slightly longer maturities.

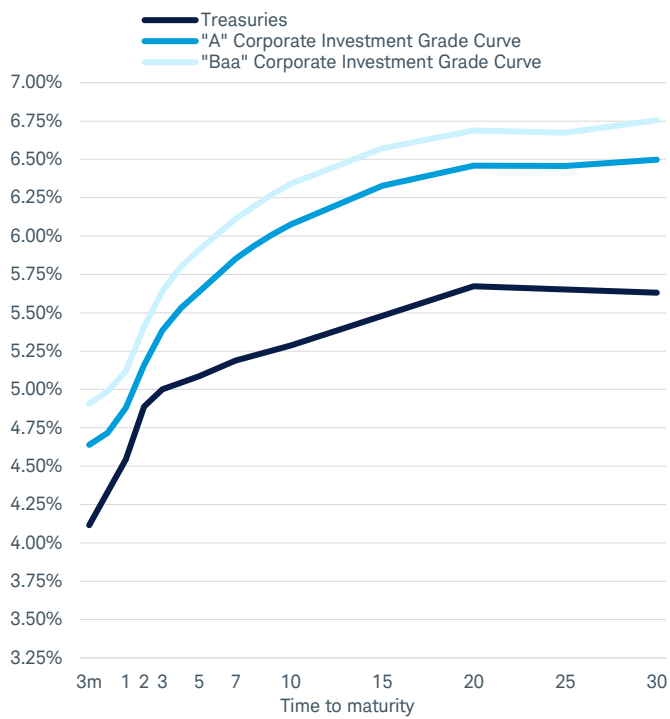


Source: Charles Schwab, Bloomberg, Morningstar, Inc. as of 9/30/2026. Total returns include the reinvestment of dividends, interest, and other cash flows. Indexes are unmanaged, do not incur management fees, costs, and expenses and cannot be invested in directly. **Past performance is no guarantee of future results**. This material is intended for general informational and educational purposes only. This should not be considered an individualized recommendation or personalized investment advice. The securities and investment strategies mentioned are not suitable for everyone. Each investor needs to review an investment strategy for his or her own particular situation before making any investment decision. Investing involves risk, including loss of principal. Not intended to be reflective of results you can expect to achieve and are not intended to be, nor should they be construed as, a recommendation to buy, sell, or continue to hold any investment. Federal Funds Rate Upper Limit is the top end of the Federal Reserve's target range for the federal funds rate.

Corporate bond spreads

Bond spreads represent the extra yield that corporate bonds offer above comparable Treasury yields. Corporate spreads were rangebound during the quarter but remain very low relative to their longer history. Corporate bond curves are currently more positively sloped than the Treasury curve.

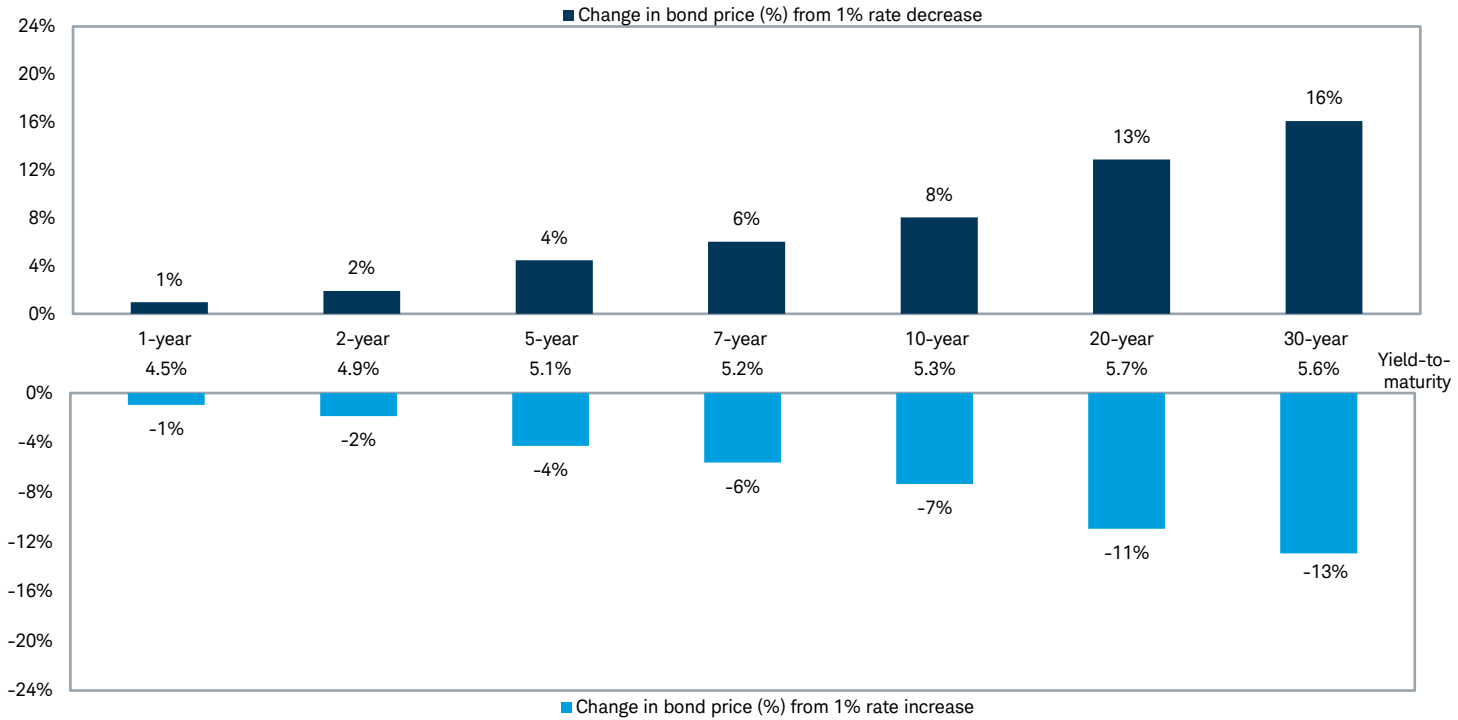




Source: Charles Schwab, Bloomberg as of 9/30/2026. See additional information on the disclosure page. Option-adjusted spreads (OAS) are quoted as a fixed spread, or differential, over U.S. Treasury issues. OAS is a method used in calculating the relative value of a fixed income security containing an embedded option, such as a borrower's option to prepay a loan. Investing involves risk, including loss of principal. For illustrative purposes only. **Past performance is no guarantee of future results.** Bars represent National Bureau of Economic Research defined recession periods. Not intended to be reflective of results you can expect to achieve. See slide 70 for additional information.

Interest rates and bond prices

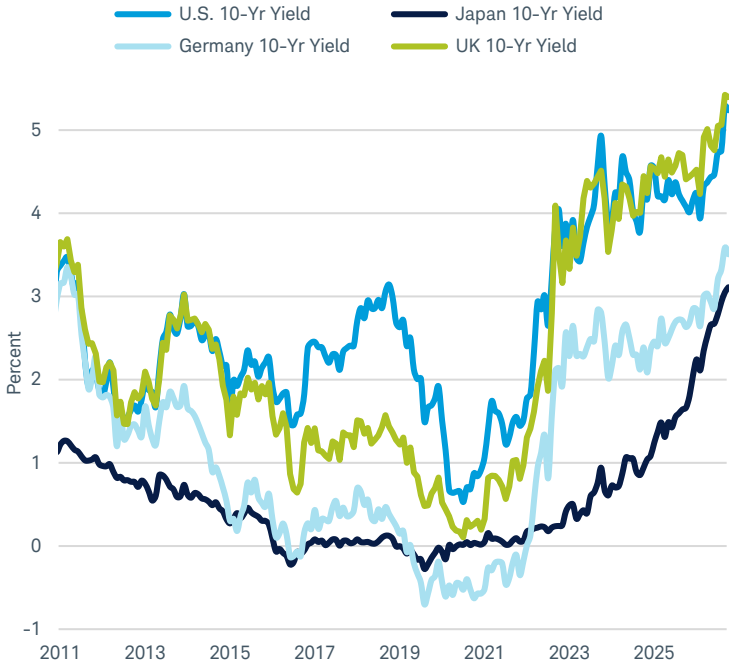
Bond prices and yields move in opposite directions; the magnitude of the price change generally depends on the bond's maturity. Long-term bonds tend to be the most sensitive to yield changes.

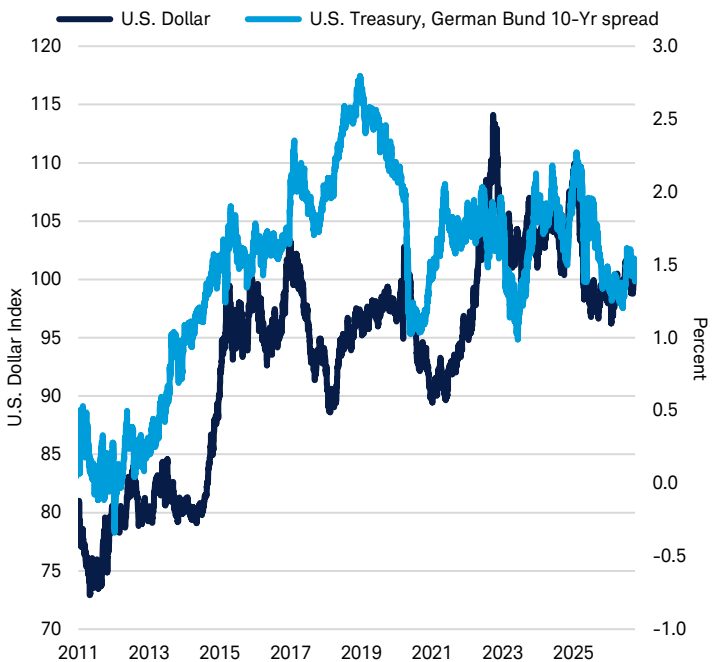


Source: Charles Schwab and Federal Reserve. Yield-to-maturity, which is the estimated annual return an investor could earn by holding a bond until it matures, is as of 9/30/2026. The chart illustrates how bond returns may be affected if interest rates rise or fall by 1 percentage point.
There is no single interest rate, and a rise in the short-term Fed Funds rate does not always result in a corresponding rise in longer-term Treasury rates.
Investing involves risk, including loss of principal. For illustrative purposes only. **Past performance is no guarantee of future results.**

Global yields

Although U.S. bonds currently offer a yield advantage over most international developed market bonds, global bond yields are elevated relative to recent history; an allocation to some international bonds can offer diversification benefits.

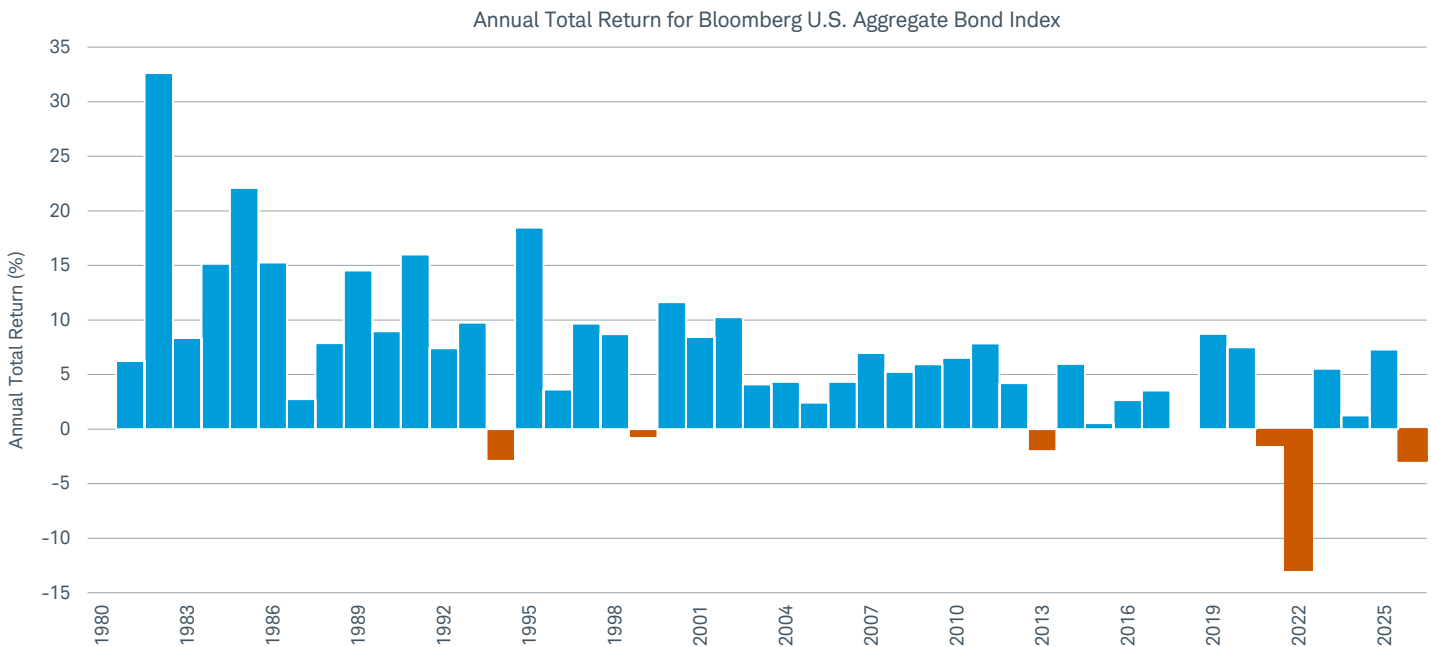




Source: Charles Schwab, Bloomberg as of 9/30/2026. Spread shown in the right chart is the 10-Yr Treasury yield minus the 10-Yr German Bund yield. Currency trading is speculative, very volatile and not suitable for all investors. This material is intended for general informational and educational purposes only. This should not be considered an individualized recommendation or personalized investment advice. **Past performance is no guarantee of future results.** Diversification strategies do not ensure a profit and do not protect against losses in declining markets. Investing involves risk, including loss of principal. International investments involve additional risks, which include differences in financial accounting standards, currency fluctuations, geopolitical risk, foreign taxes and regulations, and the potential for illiquid markets. Investing in emerging markets may accentuate this risk. Fixed income securities are subject to increased loss of principal during periods of rising interest rates. Fixed income investments are subject to various other risks including changes in credit quality, market valuations, liquidity, prepayments, early redemption, corporate events, tax ramifications, and other factors.

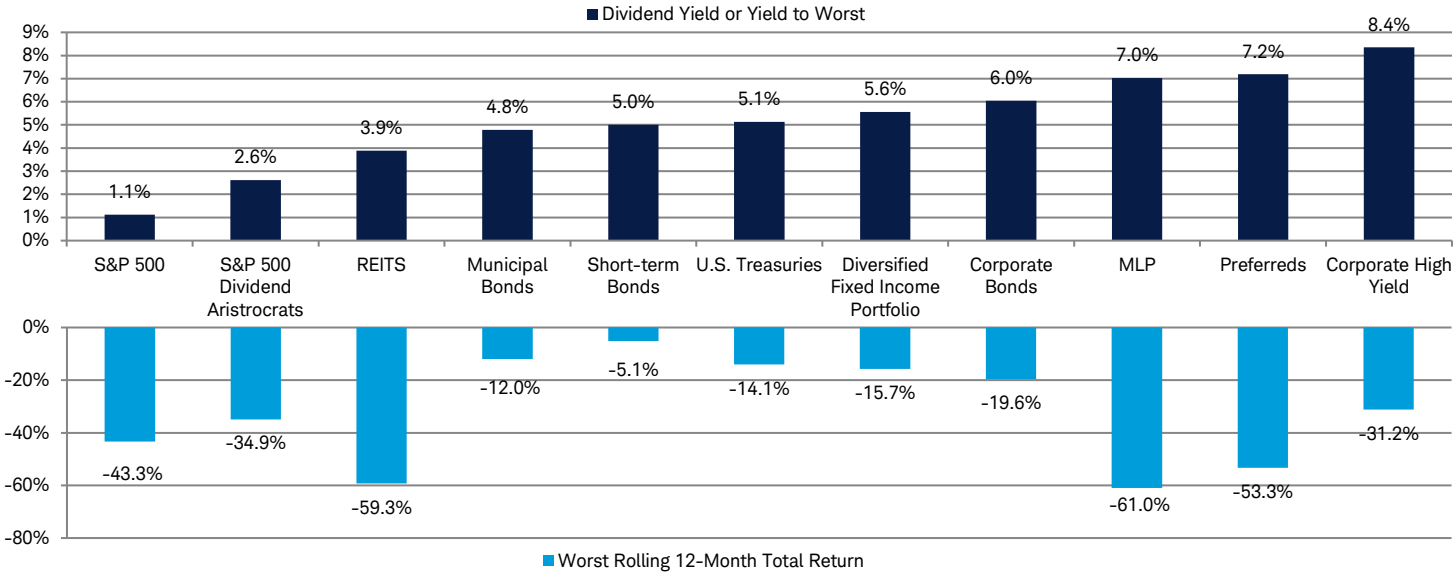
Negative returns have been uncommon in a diversified bond portfolio

After the worst year in the U.S. Aggregate's history, total returns were positive in 2023, 2024, and 2025.



Source: Bloomberg as of 9/30/2026. Shown in the chart are annual total returns including price change and income for the Bloomberg U.S. Aggregate Bond Index. Returns include reinvestment of interest. Indexes are unmanaged, do not incur management fees, costs, and expenses, and cannot be invested in directly. Investing involves risk, including loss of principal. For illustrative purposes only. **Past performance is no guarantee of future results. Diversification strategies do not ensure a profit and do not protect against losses in declining markets.** Returns do not reflect the impact of taxes. Individual results will vary. Not intended to be reflective of results you can expect to achieve.

Higher yields usually come with higher risks



Diversified Fixed Income Portfolio is represented by the Bloomberg U.S. Aggregate Bond Index. Dividend yield on the S&P 500 Index (S&P 500), S&P 500 Dividend Aristocrats Index (S&P 500 Dividend Aristocrats), S&P U.S. REIT Index (REITs), and Alerian MLP Index (MLPs). Yield to worst on the Bloomberg U.S. Aggregate Bond Index (Diversified Fixed Income Portfolio), Bloomberg U.S. Aggregate 1-3 Year Index (Short-term Bonds), BofA Fixed Rate Preferred Securities Index (Preferreds), Bloomberg U.S. Corporate High Yield Index (Corporate High Yield), Bloomberg U.S. Treasury Index (U.S. Treasuries), Bloomberg Municipal Bond Index (Municipal Bonds), and Bloomberg Corporate Bond Index (Corporate Bonds). Indexes are unmanaged, do not incur management fees, costs, and expenses, and cannot be invested in directly. Investing involves risk, including loss of principal.

Source: Dividend yield or yield to worst (the lowest potential yield an investor can receive on the index's underlying bonds without issuer default), data obtained from Bloomberg as of 9/30/2026. Worst rolling 12-month total returns, which are the lowest return achieved during any consecutive 12-month period, are from 12/31/1999 to 9/30/2026 using monthly data. Returns assume reinvestment of dividends and interest. For illustrative purposes only and are not intended to be, nor should they be construed as, a recommendation to buy, sell, or continue to hold any investment. **Past performance is no guarantee of future results.** Returns do not reflect the impact of taxes. Individual results will vary. Not intended to be reflective of results you can expect to achieve.

Municipal bond index returns and yields

Data as of 9/30/2026

Fixed Income	Total returns			
	1-month	3-month	6-month	12-month
Municipal	-4.36%	-6.35%	-4.01%	-2.68%
Municipal High Yield	-4.31%	-5.55%	-2.38%	-0.56%
Taxable Municipal	-3.18%	-4.39%	-3.68%	-1.95%
By Maturity				
1 Year (1-2)	-1.15%	-0.85%	-0.09%	1.10%
3 Year (2-4)	-2.19%	-2.09%	-1.27%	-0.35%
5 Year (4-6)	-3.17%	-3.55%	-2.52%	-2.03%
7 Year (6-8)	-3.82%	-4.67%	-3.33%	-3.08%
10 Year (8-12)	-4.43%	-6.07%	-4.28%	-3.38%
15 Year (12-17)	-5.00%	-8.28%	-5.76%	-3.49%
20 Year (17-22)	-5.57%	-9.04%	-5.36%	-2.92%
Long Bond (22+)	-5.66%	-8.68%	-4.81%	-3.48%
Quality				
Aaa	-4.36%	-6.72%	-4.39%	-3.22%
Aa	-4.28%	-6.24%	-4.00%	-2.69%
A	-4.47%	-6.27%	-3.88%	-2.46%
Baa	-4.77%	-6.63%	-3.39%	-1.75%
Municipal High Yield	-4.31%	-5.55%	-2.38%	-0.56%

Fixed Income		Tax-equivalent yield		
	Current	CA Resident*	NY Resident†	National‡
Municipal	4.78%	10.41%	9.49%	8.82%
Municipal High Yield	6.21%	13.52%	12.32%	11.45%
Taxable Municipal	5.84%	5.84%	5.84%	5.84%
By Maturity				
1 Year (1-2)	3.89%	8.48%	7.73%	7.18%
3 Year (2-4)	4.03%	8.78%	8.00%	7.44%
5 Year (4-6)	4.21%	9.18%	8.37%	7.78%
7 Year (6-8)	4.37%	9.53%	8.68%	8.07%
10 Year (8-12)	4.64%	10.11%	9.21%	8.56%
15 Year (12-17)	5.04%	10.99%	10.01%	9.30%
20 Year (17-22)	5.31%	11.58%	10.55%	9.80%
Long Bond (22+)	5.42%	11.81%	10.76%	10.00%
Quality				
Aaa	4.64%	10.11%	9.21%	8.56%
Aa	4.69%	10.21%	9.30%	8.65%
A	4.97%	10.83%	9.87%	9.17%
Baa	5.40%	11.77%	10.72%	9.97%
Municipal High Yield	4.61%	10.05%	9.16%	8.51%

*CA assumes a 37% federal tax, 13.3% state tax, and 3.8% ACA tax
†NY assumes a 37% federal tax, 8.82% state tax, and 3.8% ACA tax
‡National assumes a 37% federal tax, 5% state tax, and 3.8% ACA tax

Source: Charles Schwab, Bloomberg. Yields do not include a local tax. Indexes shown are variations of the Bloomberg U.S. Municipal Bond Index. Indexes are unmanaged, do not incur management fees, costs, and expenses, and cannot be invested in directly. Tax-exempt bonds are not necessarily a suitable investment for all persons. Information related to a security's tax-exempt status (federal and in-state) is obtained from third parties and Charles Schwab & Co., Inc. does not guarantee its accuracy. Tax-exempt income may be subject to the Alternative Minimum Tax (AMT). Capital appreciation from bond funds and discounted bonds may be subject to state or local taxes. Capital gains are not exempt from federal income tax. Investing involves risk, including loss of principal. For illustrative purposes only. Individual situations will vary. Not intended to be reflective of results you can expect to achieve. **Past performance is no guarantee of future results.**

Municipal bonds: Relative yields

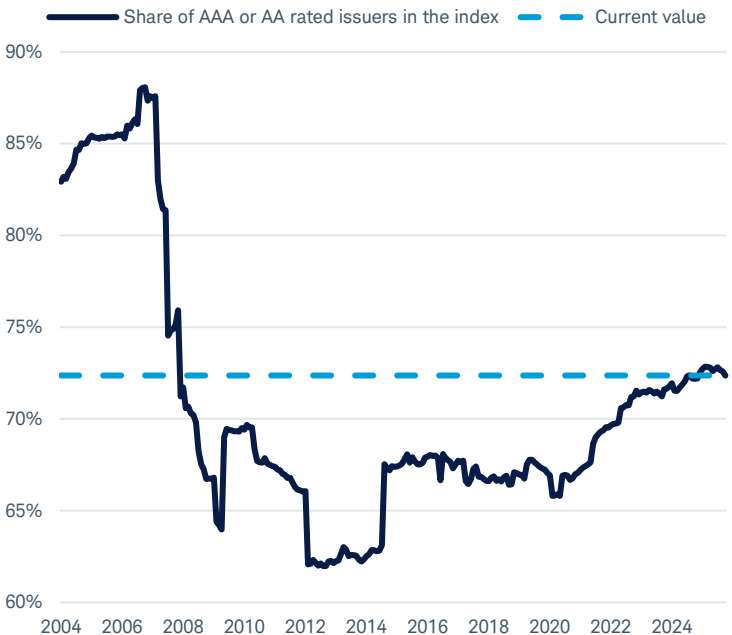
Relative to Treasuries, municipal bond yields edged higher during the quarter. High-quality munis currently appear attractive for investors in higher tax brackets who are looking for more conservative income options.



Source: Bloomberg. Daily data as of 9/30/2026. Yield ratio (municipal-over-bond spread) is the ratio of the yield of a Bloomberg's AAA-rated municipal bond compared to the yield on a Treasury bond of a similar maturity. This information is not a specific recommendation, individualized tax, legal, or investment advice. Tax laws are subject to change, either prospectively or retroactively. Where specific advice is necessary or appropriate, individuals should contact their own professional tax and investment advisors or other professionals (CPA, Financial Planner, Investment Manager, Estate Attorney) to help answer questions about specific situations or needs prior to taking any action based upon this information. **Past performance is no guarantee of future results.** Investing involves risk, including loss of principal. Not intended to be reflective of results you can expect to achieve.

Municipals: Credit ratings and breakeven rate

The average credit quality of the muni market remained high with over 70% of the issuers in Bloomberg Municipal Bond Index being either AAA or AA rated. Munis look attractive relative to corporates since the tax rate that would result in the same after-tax yield is below its longer-term average.



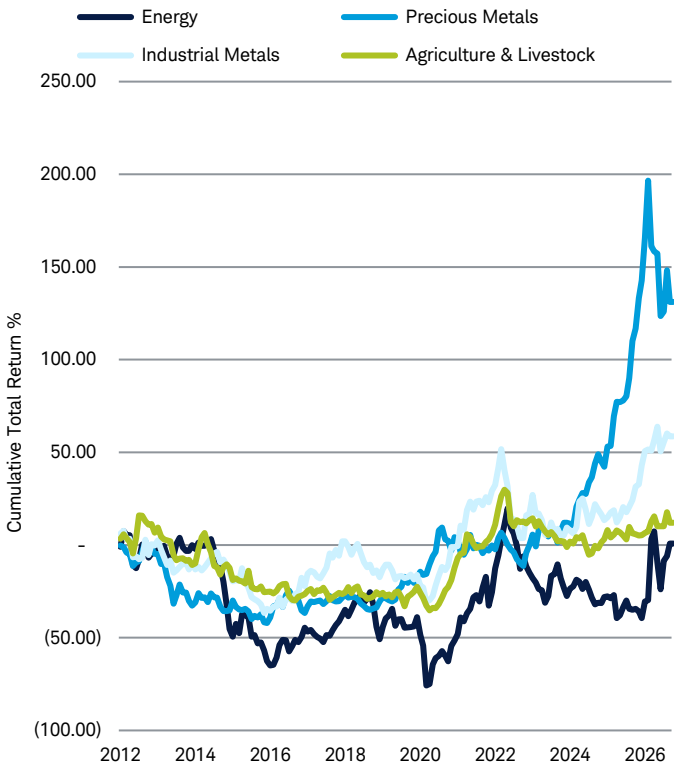


Source: Bloomberg as of 9/30/2026. Left: Composition of the Bloomberg Municipal Bond Index, using monthly data. Right: Bloomberg Municipal Bond 7 Year (6-8) Index and Bloomberg Intermediate Corporate Bond Index, using weekly data. Indexes are unmanaged, do not incur management fees, costs, and expenses, and cannot be invested in directly. Investing involves risk, including loss of principal. This material is intended for general informational and educational purposes only. This should not be considered an individualized recommendation or personalized investment advice. **Past performance is no guarantee of future results**. Not intended to be reflective of results you can expect to achieve. The break-even tax rate would make the yield on a municipal bond equal to that of a corporate bond after taxes.

Commodities

Price returns as of 9/30/2026

Energy							
	Price	**3-month**	**YTD**	**1-year**	**3-year**	**5-year**	**10-year**
WTI Crude Oil Futures	90.42	30.1%	57.5%	45.0%	-0.1%	3.8%	6.5%
Brent Crude Oil Futures	103.53	42.0%	70.1%	54.5%	2.8%	5.7%	7.8%
Gasoline Futures	343.78	14.0%	101.6%	74.3%	12.1%	8.8%	8.7%
NY Harbor ULSD Futures	495.69	49.4%	133.7%	112.5%	13.8%	16.2%	12.5%
Sulphur Gasoil Futures	1,465.00	57.3%	135.2%	110.9%	13.5%	16.7%	12.6%
Natural Gas Futures	3.03	-7.6%	-17.9%	-8.4%	1.1%	-12.4%	0.4%
Metals							
Gold Spot $/Oz	4,157.41	3.7%	-3.7%	7.7%	31.0%	18.8%	12.2%
Silver Spot $/Oz	60.43	3.1%	-15.7%	29.5%	39.7%	22.2%	12.2%
Platinum Spot $/Oz	1,716.22	10.5%	-16.7%	8.9%	23.6%	12.1%	5.3%
Palladium Spot $/Oz	1,207.97	-0.3%	-25.4%	-4.2%	-1.1%	-8.8%	5.3%
LME Aluminum 3MO ($)	3,169.50	2.7%	5.8%	18.2%	10.5%	2.1%	6.6%
LME COPPER 3MO ($)	14,410.00	7.7%	16.0%	40.3%	20.3%	10.0%	11.5%
Agriculture							
Corn Futures	500.75	21.3%	13.7%	20.5%	1.7%	-1.4%	4.0%
Wheat Futures	675.75	16.4%	33.3%	33.0%	7.7%	-1.4%	5.3%
Soybean Futures	1,293.00	15.8%	25.5%	29.1%	0.5%	0.6%	3.1%
Coffee Futures	290.70	-6.6%	-16.6%	-22.4%	25.8%	8.4%	6.7%
Sugar Futures	17.63	22.9%	17.5%	9.5%	-12.4%	-2.3%	-2.4%
Cotton Futures	74.79	3.6%	16.4%	18.1%	-4.9%	-7.1%	0.9%
Broad indexes							
Bloomberg Commodity Index	141.78	15.1%	29.3%	35.5%	10.6%	7.1%	5.2%
S&P GSCI Index	730.42	17.9%	33.2%	32.8%	6.2%	5.5%	7.2%

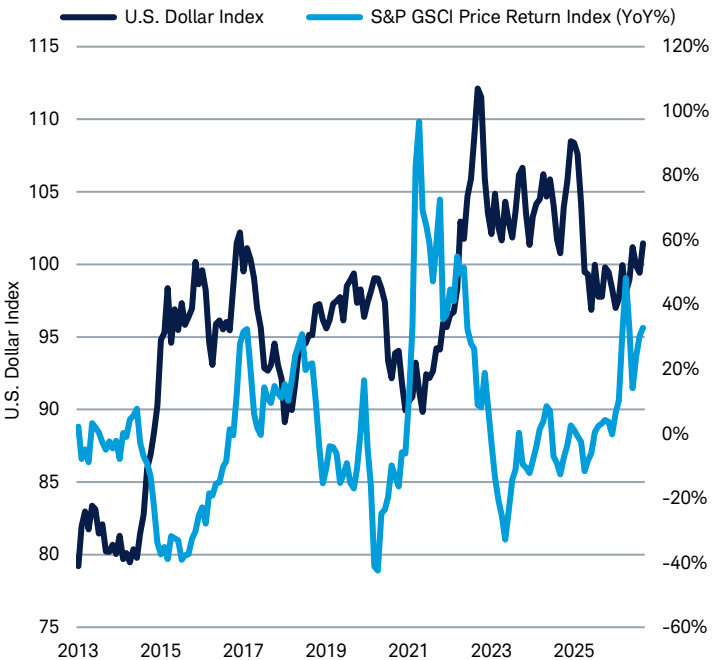


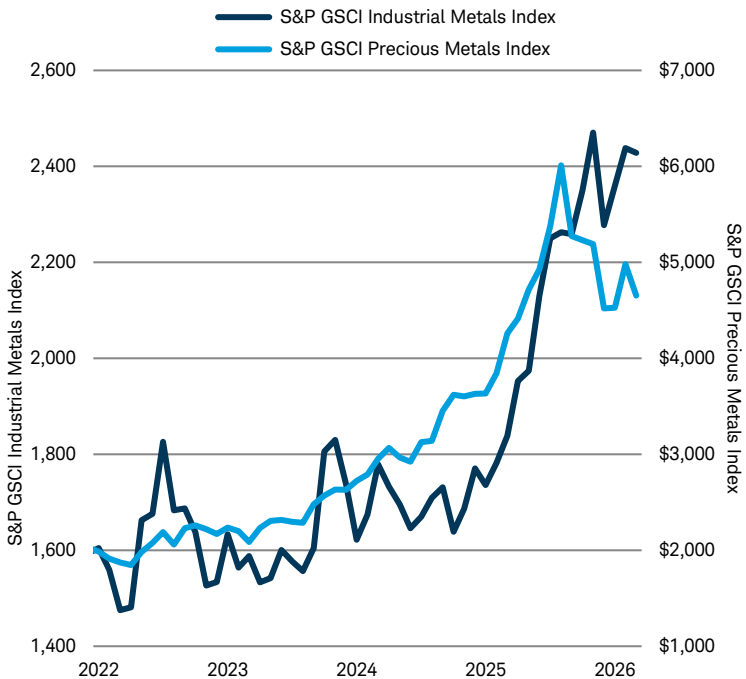
Returns are annualized for periods over one year.

Source: Bloomberg, S&P Goldman-Sachs Commodities Index. Price return does not include the effects of reinvested cash flows. Right chart is showing performance of the listed components of the S&P GSCI Index. Indexes are unmanaged, do not incur management fees, costs and expenses, and cannot be invested in directly. For illustrative purposes only and are not intended to be, nor should they be construed as, a recommendation to buy, sell, or continue to hold any investment. Futures and futures options trading involves substantial risk and is not suitable for all investors. Please read the Risk Disclosure Statement for Futures and Options [https://www.schwab.com/Futures_RiskDisclosure] prior to trading futures products. Investing involves risk, including loss of principal. **Past performance is no guarantee of future results.** Returns do not reflect the impact of taxes. Individual results will vary. Not intended to be reflective of results you can expect to achieve. See slides 69-70 for definitions.

Metals contribute to commodity gains

Precious metals advanced in Q3 but remain off historic highs, while industrial metals rallied as the dollar remained calm, geopolitical tensions persisted, and AI data center buildout demand continued to be robust.

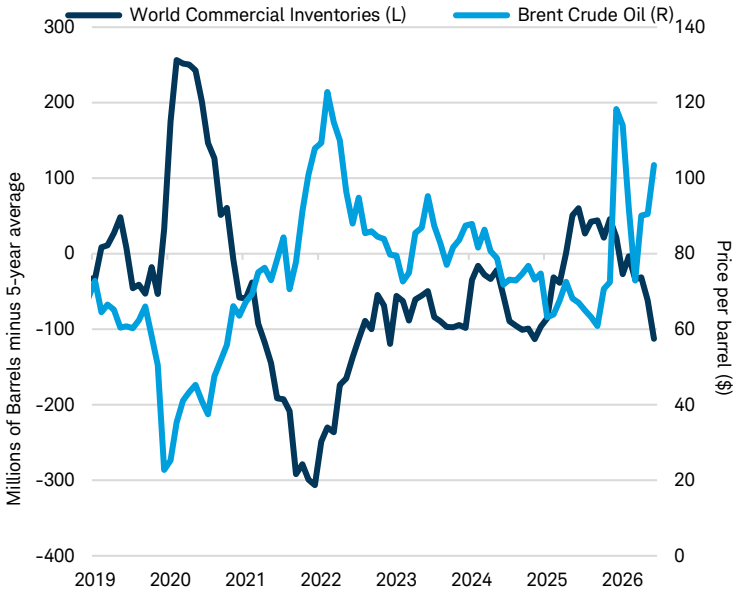


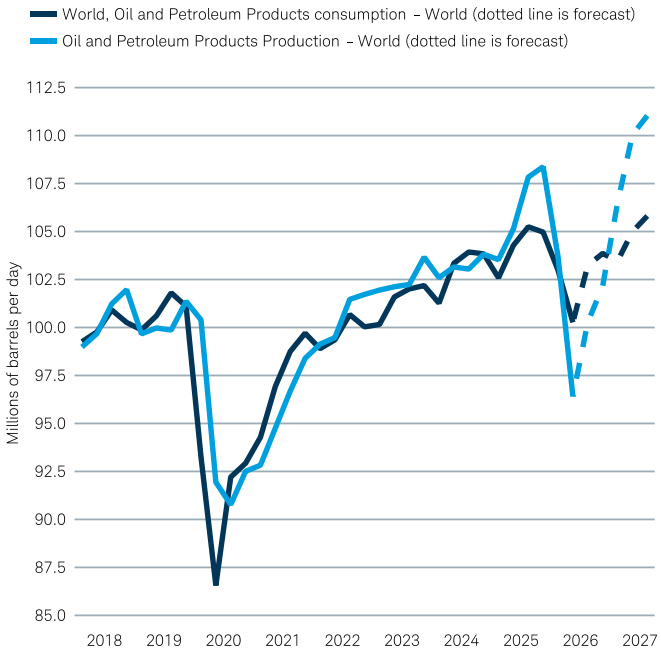


Source: Charles Schwab, Bloomberg, as of 9/30/2026. Price return does not include the effects of reinvested cash flows. Indexes are unmanaged, do not incur management fees, costs, and expenses, and cannot be invested in directly. Investing involves risk, including loss of principal. Currency trading is speculative, very volatile and not suitable for all investors. Commodity-related products carry a high level of risk and are not suitable for all investors. Commodity-related products may be extremely volatile, may be illiquid, and can be significantly affected by underlying commodity prices, world events, import controls, worldwide competition, government regulations, and economic conditions. **Past performance is no guarantee of future results.** Not intended to be reflective of results you can expect to achieve. For illustrative purposes only and are not intended to be, nor should they be construed as, a recommendation to buy, sell, or continue to hold any investment.

Oil prices rally to multi-month highs

Oil prices jumped as the Middle East turmoil continued, pressuring inventories and production. Consumption declined, providing an offset. The longer the conflict continues, oil prices may remain elevated.





Source: Charles Schwab, International Energy Agency, Macrobond as of 9/30/2026. World commercial inventories measures the number of barrels of commercial oil held worldwide each month. World oil and petroleum products consumption measures the number of barrels of oil consumed per day worldwide. Oil and petroleum products production measures the number of barrels of oil produced per day worldwide. The dashed lines in the chart on the right reflect the Energy Information Administration's forecasts. Forecasts are for Q3 2026 to Q3 2027. **Past performance is no guarantee of future results.** Investing involves risk, including loss of principal. For illustrative purposes only and are not intended to be, nor should they be construed as, a recommendation to buy, sell, or continue to hold any investment. Brent Crude Oil is a global benchmark for crude oil prices.

Commodities and inflation

Gold is generally considered an inflation hedge, but there has been a loose relationship historically. Interest rates, geopolitics, and economic growth expectations prove more important to the price of gold.

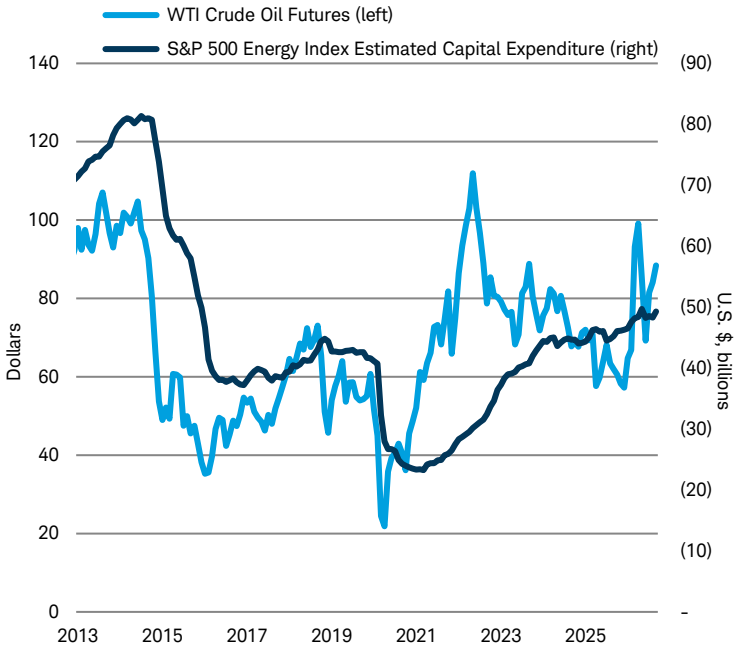


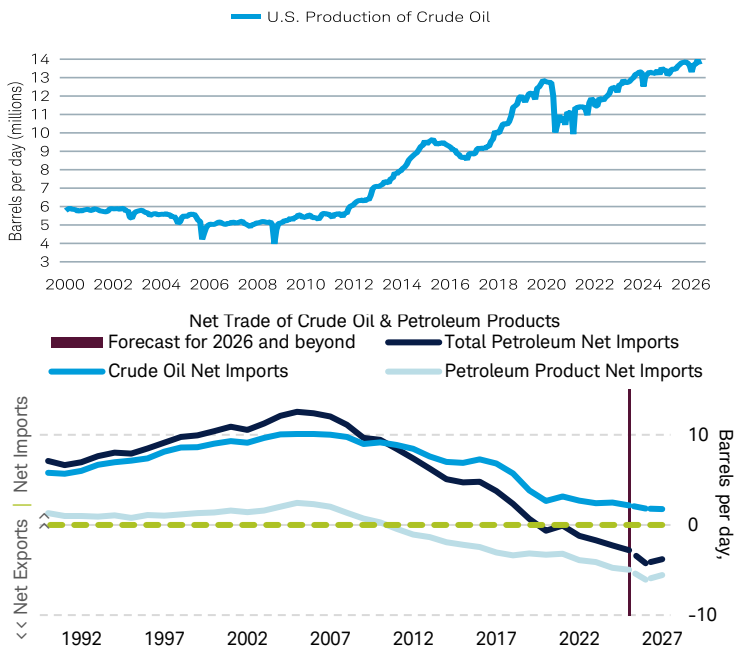


Source: Charles Schwab, Macrobond as of 9/30/2026. Cumulative percentage change of spot gold price and U.S. CPI. Spot gold is the price per ounce of gold at a given point in time. Investing involves risk, including loss of principal. Indexes are unmanaged, do not incur management fees, costs and expenses, and cannot be invested in directly. This material is intended for general informational and educational purposes only. This should not be considered an individualized recommendation or personalized investment advice. **Past performance is no guarantee of future results.** Commodity-related products may be extremely volatile, may be illiquid, and can be significantly affected by underlying commodity prices, world events, import controls, worldwide competition, government regulations, and economic conditions. For illustrative purposes only and are not intended to be, nor should they be construed as, a recommendation to buy, sell, or continue to hold any investment. 5-to-10-Year Forward Inflation Expectation Rate is the bond market's implied expectation for average inflation over the five-year period beginning five years from today, derived from Treasury and TIPS yields.

U.S. energy position remains solid

U.S. oil production may return to record highs due to the war disruption, and capital expenditures could rise. However, our status as a net petroleum exporter remains intact, as evidenced by oil imports continuing their downtrend – although imports have ticked higher amid the combat supply depletion.

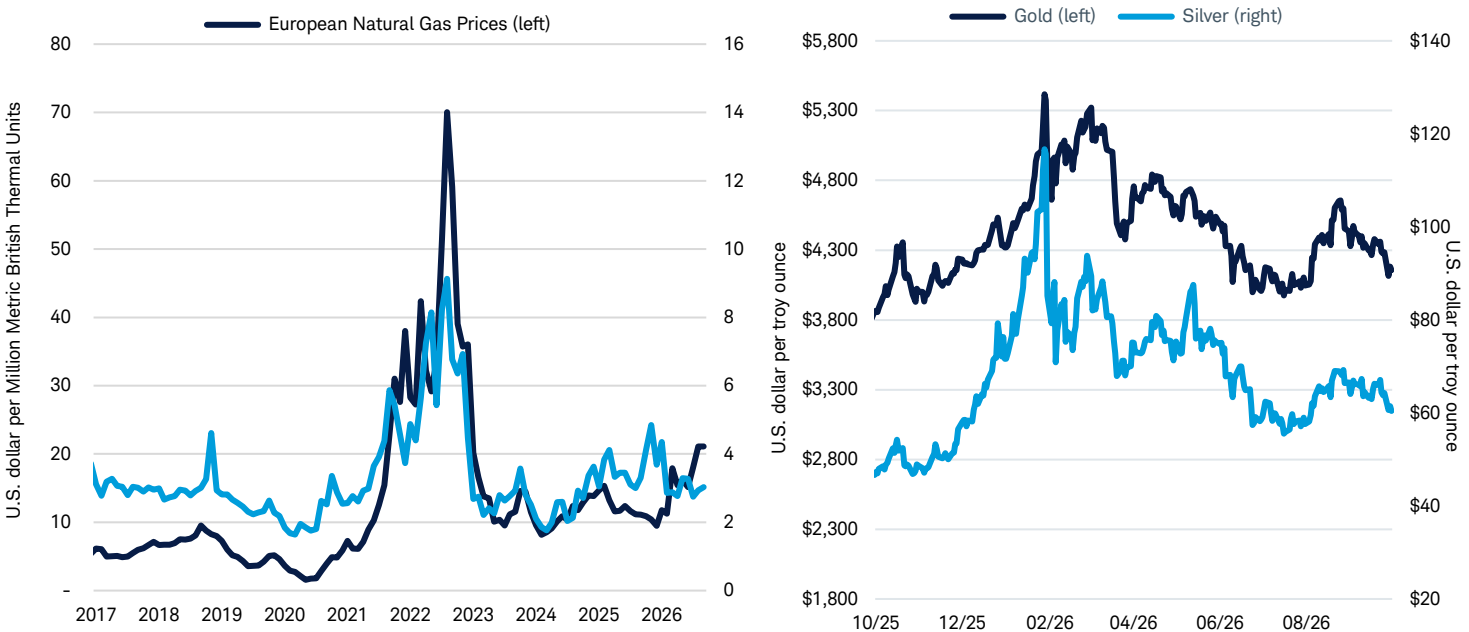




Source: Charles Schwab, Bloomberg, Macrobond, U.S. Energy Information Administration as of 9/30/2026. Futures and futures options trading involves substantial risk and is not suitable for all investors. Please read the Risk Disclosure Statement for Futures and Options [https://www.schwab.com/Futures_RiskDisclosure] prior to trading futures products. Commodity-related products carry a high level of risk and are not suitable for all investors. Commodity-related products may be extremely volatile, may be illiquid, and can be significantly affected by underlying commodity prices, world events, import controls, worldwide competition, government regulations, and economic conditions. **Past performance is no guarantee of future results.** Investing involves risk, including loss of principal. For illustrative purposes only and are not intended to be, nor should they be construed as, a recommendation to buy, sell, or continue to hold any investment.

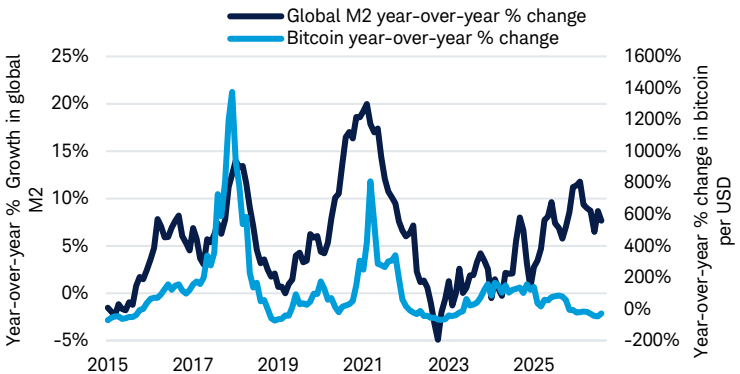
Precious metals bounce, natural gas moves higher

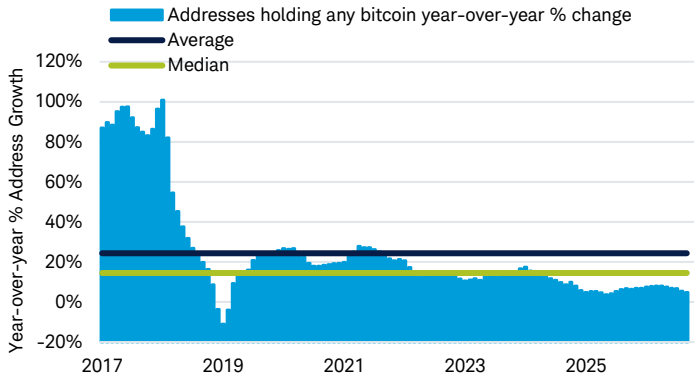
Amid the Middle East conflict, natural gas prices rose but remain well off recent peaks and precious metals bounced back in Q3 but are still noticeably below historic highs. Uncertainty regarding a resolution of the conflict could keep volatility elevated in these commodities.

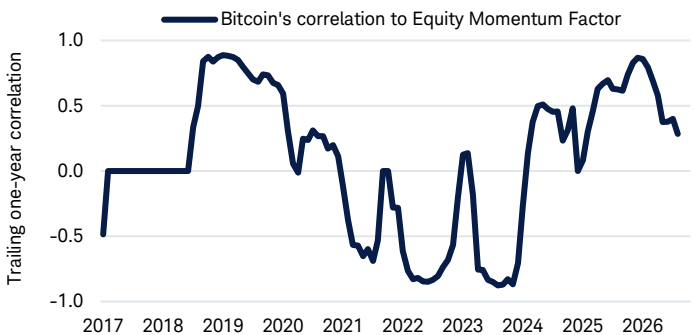


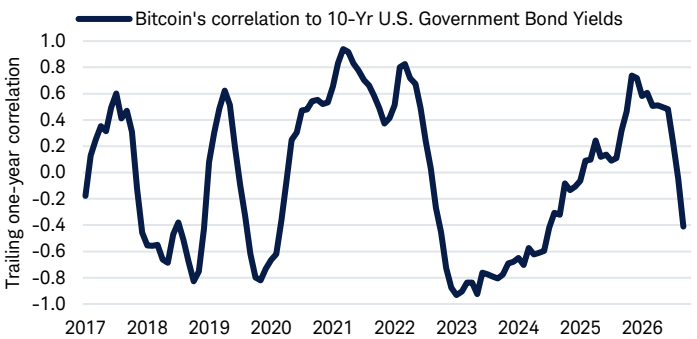
Source: Bloomberg as of 9/30/2026. **Past performance is no guarantee of future results.** Futures and futures options trading involves substantial risk and is not suitable for all investors. Please read the Risk Disclosure Statement for Futures and Options [https://www.schwab.com/Futures_RiskDisclosure] prior to trading futures products. This material is intended for general informational and educational purposes only. This should not be considered an individualized recommendation or personalized investment advice. Commodity-related products may be extremely volatile, may be illiquid, and can be significantly affected by underlying commodity prices, world events, import controls, worldwide competition, government regulations, and economic conditions. Investing involves risk, including loss of principal. Individual results will vary. Not intended to be reflective of results you can expect to achieve and are not intended to be, nor should they be construed as, a recommendation to buy, sell, or continue to hold any investment.

Potential drivers of bitcoin's price





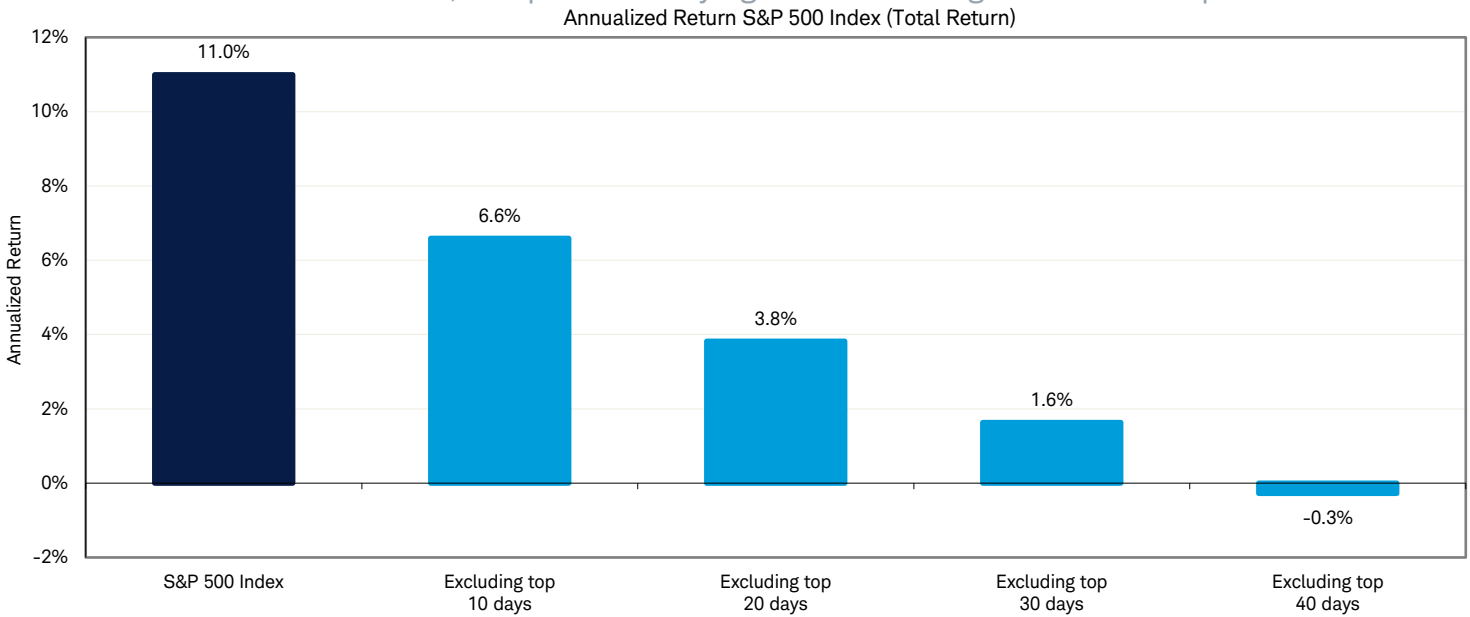




Source: Charles Schwab, Bloomberg, Token. All charts except top row, left chart as of 9/30/2026. Top row, left chart as of 8/31/2026 due to data availability of M2. Bitcoin is represented by its spot price and does not include any transaction fees. **Past performance is no guarantee of future results.** Investing in cryptocurrencies involves risk, including the risk of total loss of principal invested. **Cryptocurrencies such as bitcoin are highly volatile, are not backed or guaranteed by any central bank or government; are not deposits; are not FDIC insured; are not SIPC protected;** and lack many of the regulations and consumer protections that legal-tender currencies and regulated securities have. Due to the high level of risk, investors should view digital currencies as a purely speculative instrument. Correlation is a statistical measure of how two investments historically have moved in relation to each other. For illustrative purposes. Individual results will vary. Not intended to be reflective of results you can expect to achieve and are not intended to be, nor should they be construed as, a recommendation to buy, sell, or continue to hold any investment. See slide 71 for additional information.

Time in the market is more important than timing the market

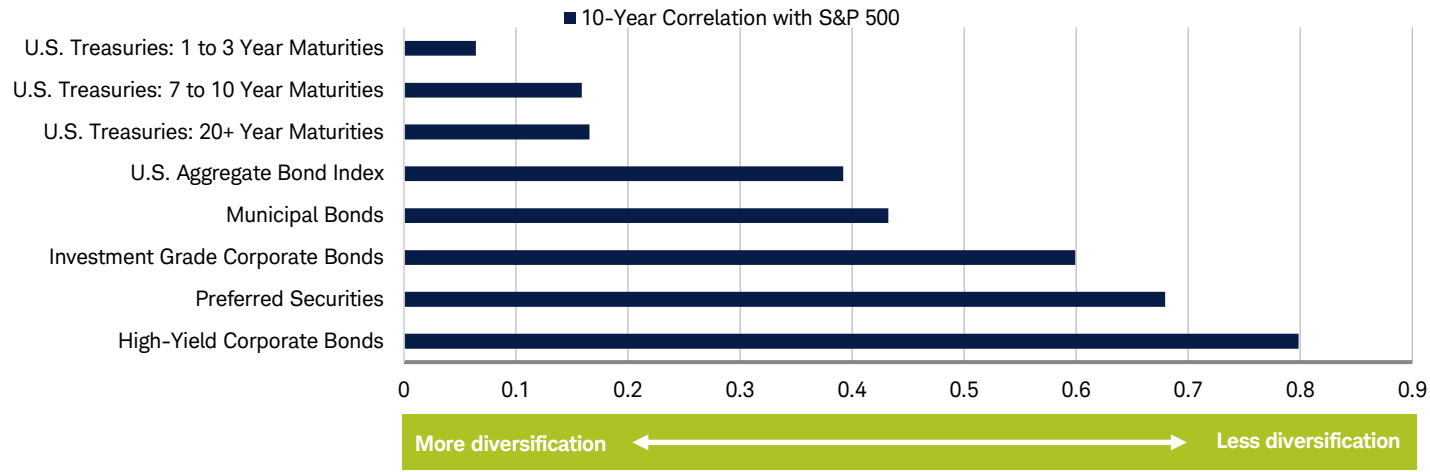
Missing the 10 best days of the market from 2006-2025 would have resulted in a significantly weaker annualized total return, compared to staying invested throughout the entire period.



Source: Bloomberg as of 12/31/2025. Return data is annualized based on an average of 252 trading days within a calendar year. The year begins on the first trading day in January and ends on the last trading day of December, and daily total returns were used. Total returns assume reinvestment of dividends, interest, and other cash flows. When out of the market, cash is not invested. Market returns are represented by the S&P 500® Index which represents an index of widely traded stocks (dark blue bar). Top days are defined as the best performing days of the S&P 500 during the twenty-year period. Indexes are unmanaged, do not incur management fees, costs, and expenses, and cannot be invested in directly. Schwab does not recommend the use of technical analysis as a sole means of investment research. Investing involves risk, including loss of principal. For illustrative purposes only. **Past performance is no guarantee of future results.** Returns do not reflect the impact of taxes. Individual results will vary. Not intended to be reflective of results you can expect to achieve.

Bonds offer potential diversification benefits

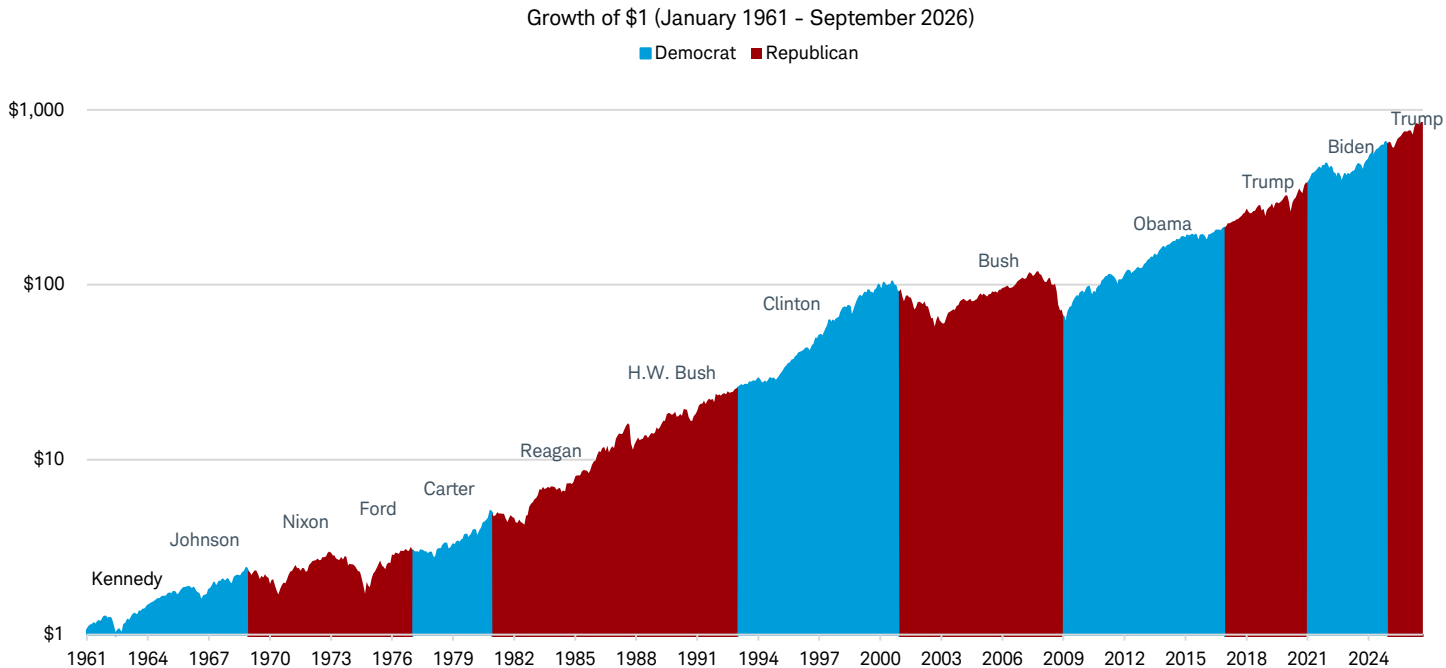
Based on low correlations, high-quality bonds such as U.S. Treasuries provide diversification benefits when added to a portfolio of stocks. Riskier bonds have provided fewer diversification benefits but can still make sense as part of a diversified portfolio to seek more income.



Source: Charles Schwab, data by Bloomberg, as of 12/31/2025. Indexes used: Bloomberg US Treasury 1-3 Year Index (U.S. Treasuries: 1 to 3 Year Maturities), Bloomberg US Treasury 7-10 Year Index (U.S. Treasuries 7 to 10 Year Maturities), Bloomberg US Treasury 20+ Year Index (U.S. Treasuries: 20+ Year Maturities), Bloomberg Municipal Bond Index (Municipal Bonds), Bloomberg US Aggregate Bond Index (U.S. Aggregate Bond Index), Bloomberg Corporate Bond Index (Investment Grade Corporate Bonds), ICE BofA Preferred Stock Index (Preferred Securities), and Bloomberg Corporate High Yield Index (High-Yield Corporate Bonds). Correlations shown represent the correlations of each asset class with the S&P 500 during the 10-year period between December 2015 and December 2025. Correlation is a statistical measure of how two investments have historically moved in relation to each other and range from -1 to +1. A correlation of 1 indicates a perfect positive correlation, while a correlation of -1 indicates a perfect negative correlation. Indexes are unmanaged, do not incur management fees, costs, and expenses, and cannot be invested in directly. Investing involves risk, including loss of principal. **Past performance is no guarantee of future results. Diversification and asset allocation strategies do not ensure a profit and do not protect against losses in declining markets.** This material is intended for general informational and educational purposes only. This should not be considered an individualized recommendation or personalized investment advice. The securities and investment strategies mentioned are not suitable for everyone. Each investor needs to review an investment strategy for his or her own particular situation before making any investment decisions. **The value of investments and the income derived from them can go down as well as up. Future returns and the achievement of stated goals are not guaranteed, and a loss of principal may occur.**

Politics versus sound investment principles

Politics can be stressful, create uncertainty, and generate a lot of noise. Historically, markets have rewarded long-term investors regardless of the party in charge of the White House.



Source: Schwab Center for Financial Research, with data provided by Morningstar, Inc. The chart above shows the growth of $1 invested in a hypothetical portfolio that tracks the Ibbotson U.S. Large Stock Index starting on January 1, 1961. January returns in inauguration years are assumed to be under the party that is being inaugurated. This hypothetical example is only for illustrative purposes. Returns include investment of dividends and interest. The policy analysis provided by the Charles Schwab & Co., Inc. does not constitute and should not be interpreted as an endorsement of any political party. Indexes are unmanaged, do not incur management fees, costs, and expenses, and cannot be invested in directly. Investing involves risk, including loss of principal. **Past performance is no guarantee of future results.** Returns do not reflect the impact of taxes. Individual results will vary. Not intended to be reflective of results you can expect to achieve.

Schwab Asset Class Quilt®

Sector diversification

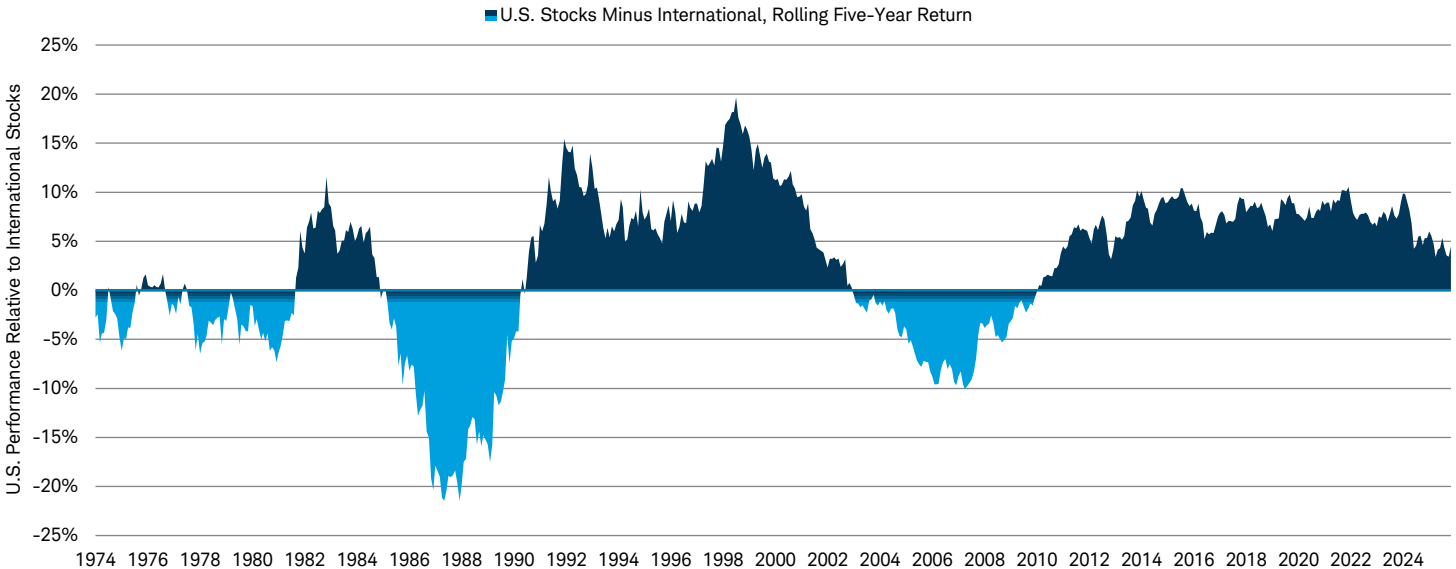
Monthly returns ranked in order from best to worst

Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	1-year
Info. Tech. 6.2%	Health Care 9.3%	Financials 3.1%	Energy 14.4%	Utilities 10.3%	Energy 10.4%	Comm. Serv. 18.5%	Info. Tech. 16.0%	Industrials 7.3%	Energy 12.6%	Energy 7.0%	Info. Tech. 4.5%	Energy 42.4%
Health Care 3.6%	Comm. Serv. 6.4%	Materials 2.2%	Materials 8.7%	Energy 9.4%	Utilities -3.2%	Info. Tech. 17.5%	S&P 500 5.3%	Health Care 6.6%	Financials 6.2%	Info. Tech. 6.2%	Comm. Serv. 4.3%	Info. Tech. 30.2%
Cons. Discr. 2.4%	Materials 4.2%	Industrials 1.3%	Cons. Staples 7.7%	Materials 8.4%	Financials -3.5%	Cons. Discr. 11.7%	Cons. Discr. 2.6%	Financials 4.4%	Real Estate 2.5%	Materials 6.0%	S&P 500 -0.3%	Health Care 23.0%
S&P 500 2.3%	Cons. Staples 4.0%	Cons. Discr. 0.8%	Industrials 6.7%	Cons. Staples 7.9%	Info. Tech. -3.8%	S&P 500 10.5%	Health Care 2.5%	Utilities 2.7%	Health Care 2.4%	Health Care 4.9%	Health Care -0.9%	S&P 500 15.7%
Utilities 2.1%	Energy 2.5%	Energy 0.2%	Comm. Serv. 5.8%	Industrials 7.1%	S&P 500 -5.0%	Real Estate 8.8%	Materials -0.7%	Real Estate 0.8%	Cons. Staples 2.1%	S&P 500 2.7%	Energy -2.7%	Comm. Serv. 12.1%
Comm. Serv. 1.9%	Real Estate 2.0%	S&P 500 0.1%	Real Estate 2.8%	Real Estate 6.4%	Cons. Discr. -5.6%	Industrials 7.9%	Industrials -0.8%	Cons. Staples 0.5%	Cons. Discr. 0.8%	Financials 1.3%	Cons. Staples -3.3%	Materials 10.0%
Industrials 0.5%	Financials 1.9%	Info. Tech. -0.3%	Cons. Discr. 1.7%	Health Care 3.5%	Real Estate -6.0%	Financials 5.6%	Comm. Serv. -0.9%	Materials 0.0%	Comm. Serv. 0.6%	Cons. Discr. 0.0%	Industrials -4.4%	Industrials 9.5%
Energy -1.1%	Utilities 1.8%	Comm. Serv. -1.0%	S&P 500 1.5%	S&P 500 -0.8%	Materials -6.9%	Cons. Staples 3.1%	Real Estate -1.1%	S&P 500 -1.0%	S&P 500 -0.1%	Cons. Staples -0.7%	Cons. Discr. -5.8%	Cons. Staples 6.0%
Cons. Staples -2.3%	S&P 500 0.2%	Health Care -1.4%	Utilities 1.4%	Financials -3.7%	Comm. Serv. -7.3%	Materials 2.7%	Financials -1.1%	Info. Tech. -3.3%	Materials -1.7%	Comm. Serv. -1.2%	Utilities -5.9%	Real Estate 2.3%
Real Estate -2.6%	Industrials -0.9%	Cons. Staples -1.6%	Health Care 0.0%	Info. Tech. -3.9%	Cons. Staples -7.4%	Utilities 2.1%	Cons. Staples -3.2%	Cons. Discr. -4.7%	Utilities -2.2%	Real Estate -1.9%	Real Estate -6.1%	Financials 0.7%
Financials -2.8%	Cons. Discr. -2.4%	Real Estate -2.2%	Info. Tech. -1.7%	Comm. Serv. -5.1%	Health Care -8.1%	Health Care -0.4%	Utilities -5.1%	Energy -5.1%	Industrials -3.0%	Industrials -2.6%	Materials -6.7%	Cons. Discr. -5.2%
Materials -5.0%	Info. Tech. -4.3%	Utilities -5.1%	Financials -2.4%	Cons. Discr. -5.4%	Industrials -8.4%	Energy -3.5%	Energy -5.6%	Comm. Serv. -7.8%	Info. Tech. -3.4%	Utilities -4.8%	Financials -7.2%	Utilities -7.0%

Source: Charles Schwab, Bloomberg, as of 9/30/2026. Sector performance is represented by price returns of the following 11 Global Industry Classification Standard (GICS®) sector indexes: Consumer Discretionary Sector, Consumer Staples Sector, Energy Sector, Financials Sector, Health Care Sector, Industrials Sector, Information Technology Sector, Materials Sector, Real Estate Sector, Communication Services Sector, and Utilities Sector. Returns of the broad market are represented by the S&P 500 Index. Returns are price returns and do not include the effects of reinvested cash flows. Indexes are unmanaged, do not incur management fees, costs, and expenses, and cannot be invested in directly. Investing involves risk, including loss of principal. Diversification and asset allocation strategies do not ensure a profit and do not protect against losses in declining markets. **Past performance is no guarantee of future results.** Returns do not reflect the impact of taxes. Individual results will vary. Not intended to be reflective of results you can expect to achieve. This chart is for illustrative purposes only and is not intended to be, nor should it be construed as, a recommendation to buy, sell, or continue to hold any investment.

International equities versus U.S. equities

Outperformance of U.S. equities versus international equities has rotated over time, reinforcing the benefit of a globally diversified portfolio.



Source: Bloomberg as of 9/30/2026. The graph shows the rolling five-year annualized total returns of the S&P 500® Index, representing U.S. stocks and MSCI EAFE® Index-Net of Taxes representing international stocks, from January 1970 through June 2026. The first rolling five-year period is January 1970 through December 1974. Returns assume reinvestment of dividends. Indexes are unmanaged, do not incur management fees, costs, and expenses, and cannot be invested in directly. This material is intended for general informational and educational purposes only. This should not be considered an individualized recommendation or personalized investment advice. Investing involves risk, including loss of principal. Diversification strategies do not ensure a profit and do not protect against losses in declining markets. **Past performance is no guarantee of future results.** Returns do not reflect the impact of taxes, except where noted. Individual results will vary. Not intended to be reflective of results you can expect to achieve. International investments involve additional risks, which include differences in financial accounting standards, currency fluctuations, geopolitical risk, foreign taxes and regulations, and the potential for illiquid markets. Investing in emerging markets may accentuate this risk.

Schwab Asset Class Quilt®

Why global diversification makes sense

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
US Sm Cap 21.3%	EM 37.3%	T-bills 1.8%	US Lg Cap 31.5%	Gold & Other PM 23.0%	US REITs 43.1%	T-bills 1.5%	US Lg Cap 26.3%	Gold & Other PM 26.1%	Gold & Other PM 68.7%
High Yield Bonds 16.6%	Int'l Dev SC 33.0%	Core Bonds 0.0%	US Sm Cap 25.5%	US Sm Cap 20.0%	US Lg Cap 28.7%	Gold & Other PM -0.4%	Int'l Dev LC 18.2%	US Lg Cap 25.0%	EM 33.6%
US Lg Cap 12.0%	Int'l Dev LC 25.0%	TIPS -1.3%	Int'l Dev SC 25.0%	US Lg Cap 18.4%	US Sm Cap 14.8%	EM Bonds -8.0%	US Sm Cap 16.9%	US Sm Cap 11.5%	Int'l Dev SC 31.8%
EM 11.2%	US Lg Cap 21.8%	High Yield Bonds -2.6%	US REITs 24.4%	EM 18.3%	Int'l Dev LC 11.3%	TIPS -11.8%	Diversified Portfolio 13.9%	Diversified Portfolio 9.0%	Int'l Dev LC 31.2%
Diversified Portfolio 8.7%	EM Bonds 17.1%	Gold & Other PM -3.6%	Int'l Dev LC 22.0%	Int'l Dev SC 12.3%	Diversified Portfolio 11.1%	High Yield Bonds -11.9%	US REITs 13.8%	US REITs 8.4%	Diversified Portfolio 18.4%
US REITs 8.5%	Diversified Portfolio 16.8%	US REITs -3.8%	Diversified Portfolio 19.5%	TIPS 11.0%	Int'l Dev SC 10.0%	Core Bonds -13.0%	High Yield Bonds 13.8%	High Yield Bonds 7.7%	US Lg Cap 17.9%
Gold & Other PM 8.4%	US Sm Cap 14.6%	US Lg Cap -4.4%	EM 18.4%	Diversified Portfolio 10.5%	TIPS 6.0%	Int'l Dev LC -14.5%	Int'l Dev SC 13.2%	EM 7.5%	US Sm Cap 12.8%
EM Bonds 6.3%	Gold & Other PM 12.0%	EM Bonds -6.3%	Gold & Other PM 17.6%	Int'l Dev LC 7.8%	High Yield Bonds 4.5%	Diversified Portfolio -14.9%	EM Bonds 11.6%	T-bills 5.3%	EM Bonds 11.1%
TIPS 4.7%	High Yield Bonds 6.8%	Diversified Portfolio -7.2%	High Yield Bonds 15.3%	Core Bonds 7.5%	T-bills 0.0%	US Lg Cap -18.1%	Gold & Other PM 11.5%	Int'l Dev LC 3.8%	High Yield Bonds 8.8%
Core Bonds 2.6%	US REITs 4.3%	US Sm Cap -11.0%	EM Bonds 9.0%	High Yield Bonds 5.9%	Core Bonds -1.5%	EM -20.1%	EM 9.8%	TIPS 1.8%	Core Bonds 7.3%
Int'l Dev SC 2.2%	Core Bonds 3.5%	Int'l Dev LC -13.8%	Core Bonds 8.7%	EM Bonds 3.8%	EM -2.5%	US Sm Cap -20.4%	Core Bonds 5.5%	Int'l Dev SC 1.8%	TIPS 7.0%
Int'l Dev LC 1.0%	TIPS 3.0%	EM -14.6%	TIPS 8.4%	T-bills 0.6%	Gold & Other PM -5.1%	Int'l Dev SC -21.4%	T-bills 5.1%	Core Bonds 1.3%	T-bills 4.3%
T-bills 0.3%	T-bills 0.8%	Int'l Dev SC -17.9%	T-bills 2.2%	US REITs -7.5%	EM Bonds -8.2%	US REITs -24.4%	TIPS 3.9%	EM Bonds -3.7%	US REITs 3.0%

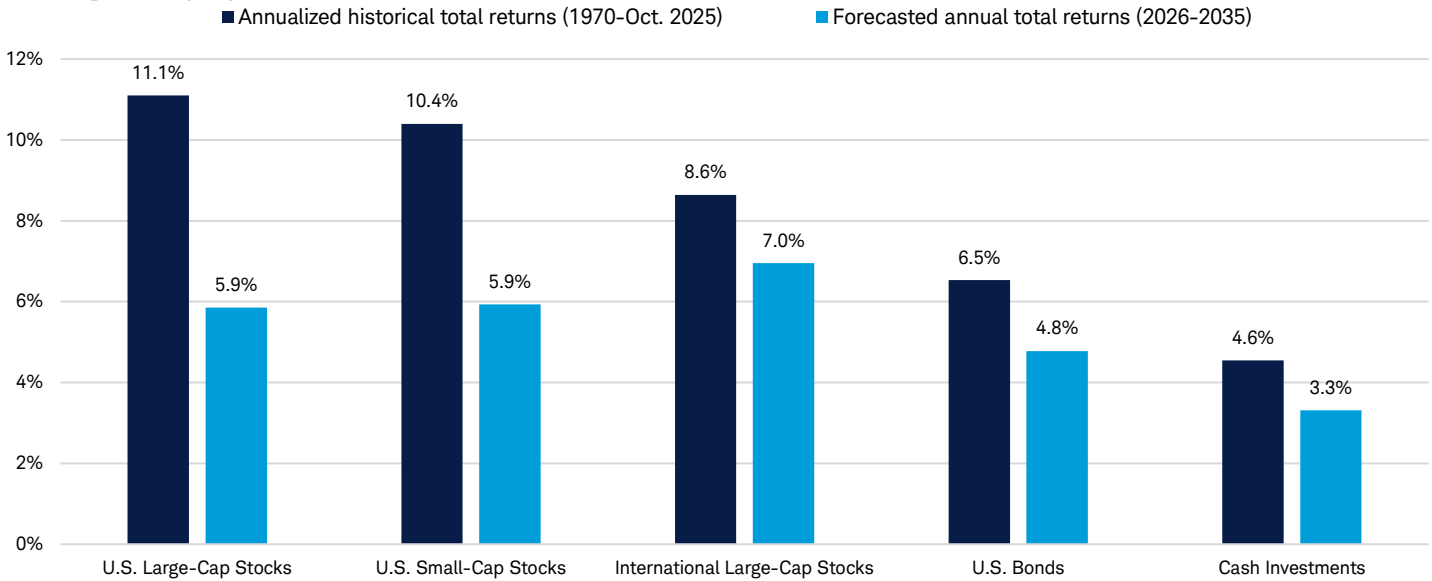
Average of periods

Ann. Return	Std Dev
US Lg Cap 14.8%	US Sm Cap 20.7%
Gold & Other PM 14.3%	US REITs 17.8%
US Sm Cap 9.6%	Int'l Dev SC 16.6%
EM 8.4%	EM 16.5%
Int'l Dev LC 8.2%	US Lg Cap 15.1%
Diversified Portfolio 8.0%	Int'l Dev LC 14.8%
Int'l Dev SC 7.5%	Gold & Other PM 14.4%
High Yield Bonds 6.2%	Diversified Portfolio 10.7%
US REITs 5.6%	High Yield Bonds 7.5%
EM Bonds 4.2%	EM Bonds 7.3%
TIPS 3.1%	Core Bonds 5.0%
T-bills 2.2%	TIPS 5.0%
Core Bonds 2.0%	T-bills 0.6%

Source: Morningstar Direct. Data is from January 1, 2016-December 31, 2025. Standard deviation (Std Dev) is a statistical measure of the historical volatility of a mutual fund or portfolio. More generally, a measure of the extent to which numbers are spread around their average. This chart is for illustrative purposes only and is not intended to be, nor should it be construed as, a recommendation to buy, sell, or continue to hold any investment. Investing involves risk, including loss of principal. Diversification and asset allocation strategies do not ensure a profit and do not protect against losses in declining markets. Indexes are unmanaged, do not incur management fees, costs, and expenses, and cannot be invested in directly. Returns do not reflect the impact of taxes, except those for international equities. Individual results will vary. **Past performance is no guarantee of future results.** See slide 70 for additional information and slides 65-70 for definitions. LC stands for large cap and SC for small cap. EM is for emerging markets and PM for precious metals.

Expected asset class returns

Expectations for all asset classes are lower than historical returns due to macroeconomic headwinds and higher equity valuations.



Source: Charles Schwab as of 10/31/2025. Forecasts are derived by Charles Schwab Investment Management. Schwab Asset Management® is the dba name for Charles Schwab Investment Management, Inc., Schwab Asset Management® is an investment adviser registered with the Securities and Exchange Commission. Schwab Asset Management and Charles Schwab & Co., Inc., Member SIPC, are separate but affiliated companies and subsidiaries of The Charles Schwab Corporation. Indexes used: S&P 500 Index (U.S. Large-Cap Stocks), Russell 2000 Index (U.S. Small-Cap Stocks), MSCI EAFE Index (International Large-Cap Stocks), Bloomberg US Aggregate Bond Index (U.S. Bonds), and FTSE US 3-Month U.S. Treasury Bill Index (Cash Investments). Returns assume reinvestment of dividends and interest. Forecasts contained herein are for illustrative purposes only, may be based upon proprietary research and are developed through analysis of historical public data. Indexes are unmanaged, do not incur management fees, costs, and expenses, and cannot be invested in directly. Investing involves risk, including loss of principal. **Past performance is no guarantee of future results.** See slides 65-70 for definitions. Forecasts do not reflect the impact of taxes. Individual results will vary. Not intended to be reflective of results you can expect to achieve and are not intended to be, nor should they be construed as, a recommendation to buy, sell, or continue to hold any investment.

Index Definitions

Indexes are unmanaged, do not incur management fees, costs, and expenses and cannot be invested in directly.

Alerian MLP Index (MLPs) measures the performance of energy infrastructure master limited partnerships. It is a capped, float-adjusted market-capitalization weighted index.

Australia S&P/ASX 200 Index measures the performance of the 200 largest index-eligible companies listed on the Australian Securities Exchange. It is a market-capitalization weighted index.

Bloomberg CMBS Investment Grade Total Return Index (Commercial Mortgage Backed) measures the performance of investment-grade U.S. commercial mortgage-backed securities.

Bloomberg Emerging Markets USD Aggregate Bond Index measures the performance of fixed- and floating-rate U.S. dollar-denominated debt from emerging-market sovereign, quasi-sovereign, and corporate issuers, including investment-grade, high-yield, and unrated securities.

Bloomberg Global Aggregate Credit Index (International Investment Grade) measures the performance of global investment-grade corporate and government-related debt securities.

Bloomberg Global Aggregate ex-USD Index measures the performance of investment-grade, non-U.S. dollar-denominated fixed-rate bonds from developed and emerging markets, including treasury, government-related, corporate, and securitized bonds.

Bloomberg Global Treasury ex-U.S. Capped Index (International Treasuries) measures the performance of investment-grade government bonds issued outside the U.S., with limits on individual issuer weights.

Bloomberg Global Treasury ex-US Index measures the performance of fixed-rate, local-currency government debt of investment-grade countries outside the U.S., including developed and emerging markets. It is a market-value weighted index.

Bloomberg High Yield Municipal Bond Index: Measures the performance of below-investment-grade and non-rated U.S. municipal bonds.

Bloomberg Intermediate Corporate Bond Index measures the performance of investment-grade, fixed-rate, taxable corporate bonds with maturities greater than one year and less than 10 years. It is a market-value weighted index.

Bloomberg Municipal 1-Year Index: Measures the performance of U.S. municipal bonds with approximately 1 year to maturity.

Bloomberg Municipal 3-Year Index: Measures the performance of U.S. municipal bonds with approximately 3 years to maturity.

Bloomberg Municipal 5-Year Index: Measures the performance of U.S. municipal bonds with approximately 5 years to maturity.

Bloomberg Municipal 7-Year Index: Measures the performance of U.S. municipal bonds with approximately 7 years to maturity.

Bloomberg Municipal 10-Year Index: Measures the performance of U.S. municipal bonds with approximately 10 years to maturity.

Bloomberg Municipal 15-Year Index: Measures the performance of U.S. municipal bonds with approximately 15 years to maturity.

Bloomberg Municipal 20-Year Index: Measures the performance of U.S. municipal bonds with approximately 20 years to maturity.

Bloomberg Municipal 22+ Year Index: Measures the performance of U.S. municipal bonds with approximately 22 years or more to maturity.

Bloomberg Municipal A Index: Measures the performance of A-rated U.S. municipal bonds.

Bloomberg Municipal Aa Index: Measures the performance of Aa-rated U.S. municipal bonds.

Index Definitions

Bloomberg Municipal Aaa Index: Measures the performance of Aaa-rated U.S. municipal bonds.

Bloomberg Municipal Baa Index: Measures the performance of Baa-rated U.S. municipal bonds.

Bloomberg Municipal Bond Index: Measures the performance of investment-grade U.S. municipal bonds.

Bloomberg Municipal Bond Index (Municipal Bonds) measures the investment-grade, U.S. dollar-denominated, long-term tax-exempt municipal bond market.

Bloomberg U.S. Agg ABS Total Return Index (Asset Backed) measures the performance of U.S. dollar-denominated asset-backed securities.

Bloomberg U.S. Aggregate 1-3 Year Index (Short-Term Bonds) measures the investment-grade, U.S. dollar-denominated taxable bond market with maturities of one to three years.

Bloomberg U.S. Agency Bond Index (Agency Bonds) measures the performance of U.S. agency debentures issued by agencies such as Fannie Mae, Freddie Mac, and Federal Home Loan Banks.

Bloomberg U.S. Aggregate Bond Index (U.S. Aggregate Bond) measures the investment-grade, U.S. dollar-denominated taxable bond market, including Treasuries, government-related, corporate, MBS, ABS, and CMBS securities.

Bloomberg U.S. Convertibles Liquid Bond Index (Convertible Bonds) measures the performance of U.S. dollar-denominated convertible securities meeting minimum size and liquidity requirements.

Bloomberg U.S. Corporate Bond Index (Investment Grade Corporate) measures the performance of investment-grade, U.S. dollar-denominated taxable corporate bonds.

Bloomberg U.S. Corporate High Yield Bond Index (High Yield Bonds) measures the performance of U.S. dollar-denominated, below-investment-grade corporate bonds.

Bloomberg U.S. Mortgage-Backed Securities Index (Mortgage Backed) measures the performance of mortgage pass-through securities guaranteed by Ginnie Mae, Fannie Mae, and Freddie Mac.

Bloomberg U.S. Treasury Index (U.S. Treasuries) measures the performance of U.S. dollar-denominated Treasury securities issued by the U.S. government.

Bloomberg US Treasury Inflation Protected Securities (TIPS) Index (Series-L) measures the performance of investment-grade U.S. Treasury inflation-protected securities with at least one year remaining to maturity. It is a market-value weighted index.

British Pound Spot: British pound exchange rate versus the U.S. dollar.

Canada S&P/TSX Index measures the performance of the Canadian equity market, representing roughly 70% of the total market capitalization on the Toronto Stock Exchange. It is a market-capitalization weighted index.

Canadian Dollar Spot: Canadian dollar exchange rate versus the U.S. dollar.

China CSI 300 Index measures the performance of the top 300 companies traded on the Shanghai Stock Exchange and the Shenzhen Stock Exchange. It is a capitalization-weighted index.

China Renminbi Spot: Chinese renminbi exchange rate versus the U.S. dollar.

Dividend Yield on the S&P 500 Index (S&P 500) annual dividends paid by S&P 500 companies expressed as a percentage of the index's market value.

Index Definitions

Dow Jones Industrial Average (DJIA) measures the performance of 30 U.S. blue-chip companies. The DJIA is a price-weighted index and covers all industries except transportation and utilities.

Dow Jones U.S. Dividend 100 Index (U.S. Dividend Stocks) measures the performance of high-dividend-yielding U.S. companies with a history of consistent dividend payments and strong fundamentals.

Dow Jones U.S. Select Real Estate Investment Trust (REIT) Index measures the performance of publicly traded REITs and REIT-like securities and is designed to serve as a proxy for direct real estate investment. It is a float-adjusted market-capitalization weighted index.

Equal-Weighted S&P 500 Index: Tracks the performance of the S&P 500 with each constituent assigned an equal weight.

Euro Spot: Euro exchange rate versus the U.S. dollar.

Europe Euro Stoxx 50 Index measures the performance of 50 blue-chip companies from eight Eurozone countries: Belgium, Finland, France, Germany, Ireland, Italy, the Netherlands, and Spain. It is a market-capitalization weighted index.

France CAC 40 Index measures the performance of the 40 largest French companies. It is a market-capitalization weighted index.

Germany DAX Index measures the performance of 40 of the largest and most liquid German companies that trade on the Frankfurt Exchange. It is a market-capitalization weighted index.

Hong Kong Hang Seng Index measures the performance of the largest and most liquid companies in Hong Kong. It is a market-capitalization weighted index.

ICE BofA Fixed Rate Preferred Securities Index (Preferreds) measures the performance of fixed-rate, U.S. dollar-denominated, investment-grade preferred securities issued in the U.S. market.

ICE U.S. Treasury Core Bond Total Return Index (Treasuries) measures the performance of U.S. Treasury securities.

Italy MIB Index measures the performance of 40 of the largest and most liquid Italian companies. It is a market-capitalization weighted index.

Japan Nikkei 225 Index measures the performance of 225 Japan-based companies. It is a price weighted index.

Japanese Yen Spot: Japanese yen exchange rate versus the U.S. dollar.

J.P. Morgan EMBI Index (Emerging Market Bonds [USD]) measures the performance of U.S. dollar-denominated sovereign and quasi-sovereign debt issued by emerging-market countries.

J.P. Morgan GBI-EM Index (Emerging Market Bonds [Local]) measures the performance of local-currency government bonds issued by emerging-market countries that are accessible to international investors.

Morningstar LSTA Leveraged Loan Total Return Index (Bank Loans) measures the performance of the leveraged loan market.

MSCI All Country World Index (ACWI) measures the performance of the large- and mid-cap equity market across 23 developed markets and 27 emerging markets countries. It is a free float-adjusted market-capitalization weighted index.

MSCI EAFE Index measures the performance of the large- and mid-cap equity market across 21 developed markets around the world, excluding the U.S. and Canada. It is a free float-adjusted market-capitalization weighted index.

Index Definitions

MSCI Emerging Currency Index: Measures the performance of a basket of emerging market currencies relative to the U.S. dollar.

MSCI Emerging Markets Index measures the performance of the large- and mid-cap equity market across 27 emerging markets countries. It is a free float-adjusted market-capitalization weighted index.

MSCI Latin America Index measures the performance of large- and mid-cap companies across five emerging market countries in Latin America. It is a market-capitalization weighted index.

NASDAQ Composite Index measures the performance of all Nasdaq domestic and international based common type stocks listed on the Nasdaq Stock Market. It is a market-capitalization weighted index.

Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index. It is a market-capitalization weighted index.

S&P 500 Dividend Aristocrats Index measures the performance of S&P 500 companies that have increased dividends annually for at least 25 consecutive years.

S&P 500® Index measures the performance of 500 leading publicly traded U.S. companies from a broad range of industries. It is a float-adjusted market-capitalization weighted index.

S&P GSCI® (Goldman Sachs Commodity Index) is designed to measure broad global commodity market performance and is production weighted.

S&P U.S. Preferred Stock Total Return Index (Preferred Stock) measures the performance of the U.S. preferred stock market.

S&P U.S. REIT Index (REITs) measures the performance of publicly traded U.S. real estate investment trusts.

Spain IBEX 35 Index measures the performance of 35 of the largest and most liquid Spanish companies. It is a market-capitalization weighted index.

Swedish Krona Spot: Swedish krona exchange rate versus the U.S. dollar.

Swiss Franc Spot: Swiss franc exchange rate versus the U.S. dollar.

UK FTSE 100 Index measures the performance of the 100 largest blue-chip companies listed on the London Stock Exchange. It is a market-capitalization weighted index.

Yield to Worst on the Bloomberg U.S. Aggregate Bond Index (Diversified Fixed Income Portfolio) is the lowest potential yield an investor can receive on the index's underlying bonds without issuer default.

Bloomberg Pure Factor Momentum: Tracks stocks with strong recent price performance.

Bloomberg Pure Factor Value: Tracks stocks that appear inexpensive relative to fundamentals.

Bloomberg Pure Factor Dividend Yield: Tracks stocks with relatively high dividend yields.

Bloomberg Pure Factor Trade Activity: Tracks stocks with high trading activity and liquidity.

Bloomberg Pure Factor Size: Tracks stocks with greater exposure to the size factor, typically smaller companies.

Bloomberg Pure Factor Leverage: Tracks companies with lower financial leverage.

Bloomberg Pure Factor Profitability: Tracks companies with higher profitability.

Index Definitions

Bloomberg Pure Factor Volatility: Tracks stocks with lower historical price volatility.
Bloomberg Pure Factor Earnings Variability: Tracks companies with more stable and predictable earnings.
Bloomberg Pure Factor Growth: Tracks companies with strong earnings and revenue growth.
DJ US Select REIT Industrial: Measures the performance of U.S. industrial REITs that own warehouses, distribution centers, and logistics facilities.
DJ US Select REIT Apartments: Measures the performance of U.S. apartment REITs that own and operate multifamily residential properties.
DJ US Select REIT Hotels: Measures the performance of U.S. hotel and lodging REITs.
DJ US Select REIT Malls: Measures the performance of U.S. REITs that own regional shopping malls.
DJ US Select REIT Mfd Homes: Measures the performance of U.S. REITs that own manufactured housing communities.
DJ US Select REIT Office: Measures the performance of U.S. office REITs that own and manage office buildings.
DJ US Select REIT Residential: Measures the performance of U.S. residential REITs, including apartment and housing-related properties.
DJ US Select REIT Retail: Measures the performance of U.S. retail REITs that own shopping centers, freestanding retail properties, and other retail real estate.
DJ US Select REIT Self Storage: Measures the performance of U.S. REITs that own and operate self-storage facilities.
DJ US Select REIT Stripcenters (Strip Malls): Measures the performance of U.S. REITs that own neighborhood and community shopping centers, often anchored by grocery stores.
DJ US Select REIT Diversified: Measures the performance of U.S. diversified REITs that invest across multiple property types.
WTI Crude Oil Futures measures the price of West Texas Intermediate crude oil delivered in Cushing, Oklahoma and serves as a benchmark for U.S. crude oil markets.
Brent Crude Oil Futures measures the price of Brent crude oil from the North Sea and serves as a benchmark for global crude oil markets.
Gasoline Futures measures the price of wholesale gasoline for future delivery and is commonly used as a benchmark for U.S. gasoline markets.
NY Harbor ULSD Futures measures the price of ultra-low sulfur diesel fuel delivered in New York Harbor and serves as a benchmark for U.S. diesel markets.
Sulphur Gasoil Futures measures the price of low-sulfur gasoil delivered in Europe and serves as a benchmark for global diesel and heating fuel markets.
Natural Gas Futures measures the price of natural gas for future delivery and serves as a benchmark for U.S. natural gas markets.
Gold Spot ($/Oz) measures the prevailing market price of one troy ounce of gold for immediate delivery.
Silver Spot ($/Oz) measures the prevailing market price of one troy ounce of silver for immediate delivery.
Platinum Spot ($/Oz) measures the prevailing market price of one troy ounce of platinum for immediate delivery.
Palladium Spot ($/Oz) measures the prevailing market price of one troy ounce of palladium for immediate delivery.
LME Aluminum 3-Month ($) measures the price of aluminum traded on the London Metal Exchange for delivery in three months and serves as a benchmark for global aluminum markets.

Index Definitions

LME Copper 3-Month ($) measures the price of copper traded on the London Metal Exchange for delivery in three months and serves as a benchmark for global copper markets.

Corn Futures measures the price of corn for future delivery and serves as a benchmark for global corn markets.

Wheat Futures measures the price of wheat for future delivery and serves as a benchmark for global wheat markets.

Soybean Futures measures the price of soybeans for future delivery and serves as a benchmark for global soybean markets.

Coffee Futures measures the price of coffee for future delivery and serves as a benchmark for global coffee markets.

Sugar Futures measures the price of sugar for future delivery and serves as a benchmark for global sugar markets.

Cotton Futures measures the price of cotton for future delivery and serves as a benchmark for global cotton markets.

Bloomberg Commodity Index measures the performance of a diversified basket of commodity futures across the energy, metals, and agriculture sectors.

S&P GSCI Precious Metals Index measures the performance of the precious metals commodity market, including gold, silver, platinum, and palladium.

S&P GSCI Industrial Metals Index measures the performance of the industrial metals commodity market, including aluminum, copper, lead, nickel, and zinc.

Corporate Bond Spreads Slide: **Treasuries** are represented by the U.S. Treasury yield curve using actively traded Treasury securities across maturities. U.S. Treasuries are debt obligations issued by the U.S. government and are generally considered to have minimal credit risk. **"A" Corporate Investment Grade Curve** represents bonds rated A+, A, or A- based on Bloomberg Composite Ratings, which reflect ratings from major agencies including Moody's, S&P Global Ratings, and Fitch. A-rated bonds are considered upper-medium quality investment-grade securities. **"Baa" Corporate Investment Grade Curve** represents bonds rated BBB+, BBB, or BBB- based on Bloomberg Composite Ratings. Baa/BBB-rated bonds are considered the lowest tier of investment-grade credit quality. **U.S. Investment Grade Corporate OAS** is represented by the option-adjusted spread (OAS) of the Bloomberg U.S. Aggregate Bond Index, which measures the average yield spread of investment-grade taxable bonds relative to comparable Treasury securities after adjusting for embedded options. **U.S. High Yield Corporate OAS** is represented by the OAS of the Bloomberg U.S. Corporate High Yield Bond Index, which measures the average yield spread of below-investment-grade corporate bonds relative to comparable Treasury securities after adjusting for embedded options.

Asset Class Performance Quilt Chart: Source: Morningstar Direct. Data is from January 1, 2016-December 31, 2025. This hypothetical example is only for illustrative purposes. Diversification strategies do not ensure a profit and do not protect against losses in declining markets. Core bonds consists of Treasuries, investment-grade corporate bonds, and securitized bonds. The diversified portfolio is a hypothetical portfolio consisting of 18% U.S. large cap stocks (S&P 500 Index), 10% U.S. small cap stocks (Russell 2000 Index), 12% international developed market large cap stocks (MSCI EAFE Index), 8% international developed market small cap stocks (MSCI EAFE Small Cap Index), 8% emerging markets stocks (MSCI Emerging Markets Index), 3% U.S. REITs (S&P U.S. REIT Index), 2% international REITs (S&P Global REITs ex-U.S. Index), 1% Treasuries (Bloomberg 3-7 Year Treasury Bond Index), 2% investment-grade corporate bonds (Bloomberg U.S. Credit Index), 6% securitized bonds (Bloomberg U.S. Securitized Bond Index), 9% high-yield bonds (Bloomberg Very Liquid High Yield Bond Index), 4% international developed country bonds (Bloomberg Global Aggregate ex-USD Index), 1% agency bonds (Bloomberg U.S. Agency Bond Index), 6% emerging markets bonds (Bloomberg Emerging Markets USD Aggregate Bond Index), 2% gold and other precious metals (S&P GSCI Precious Metals Index), 1% energy (S&P GSCI Energy Index), 1% industrials metals (S&P GSCI Industrial Metals Index), 1% agriculture (S&P GSCI Agricultural Index), and 5% cash (Bloomberg 1-3 Month Treasury Bill Index). Including fees and expenses in the diversified portfolio would lower returns. The portfolio is rebalanced annually. Returns include reinvestment of dividends, interest, and capital gains.

Index Definitions

Potential Bitcoin Drivers Slide: **Bottom left:** Momentum factor is represented by the Morgan Stanley US Momentum Index, which is a custom index that represents an equal notional pair trade of buying the MSQQUMOL (US Momentum Long) and short selling the MSQQUMOS (US Momentum Short). Performance reflects each side rebalanced back to equal notional at the close of each trading day. The Morgan Stanley US Momentum Long Basket reflects the top 15% of the most liquid stocks from the Russell 3000 index based on 12-month return. The Morgan Stanley US Momentum Short Basket reflects the bottom 15% of the most liquid stocks from the Russell 3000 index based on 12-month return. **Top row, left chart:** M2 is a metric that measures the money supply in circulation including cash, checking deposits, and other readily convertible to cash accounts. Countries included in the Global M2 include the United States, Eurozone, China, Japan, United Kingdom, South Korea, Canada, Russia, Brazil, Switzerland, Taiwan, and Hong Kong. Values are in USD. Indexes are unmanaged, do not incur management fees, costs, and expenses, and cannot be invested in directly. Displayed year-over-year returns for bitcoin were negative during the following periods: 1/31/2015 to 10/31/2015, returns ranging from -5.6% to -71.5%; 10/31/2018 to 4/30/2019, returns ranging from -1.2% to -73.8%; 6/30/2020 -19.7%; 2/28/2022 to 5/31/2023, returns ranging from -7.9% to -70.1%; 11/30/2025 -5.8%; 12/31/2025 -6.5%; 1/31/2026 -23.4%. Spot markets on which cryptocurrencies trade are relatively new and largely unregulated, and therefore, may be more exposed to fraud and security breaches than established, regulated exchanges for other financial assets or instruments. Correlation ranges from -1 to 1. A correlation of 1 indicates a perfect positive correlation, while a correlation of -1 indicates a perfect negative correlation. A correlation of zero means the assets are not correlated. Not intended to be reflective of results you can expect to achieve and are not intended to be, nor should they be construed as, a recommendation to buy, sell, or continue to hold any investment. **Top row, right chart:** A bitcoin address is a unique string of letters and numbers that acts as a digital destination for sending and receiving bitcoin.

S&P 500 Index Valuations Chart: The S&P 500 Forward P/E is the S&P 500's price divided by analysts' expected earnings over the next 12 months, while the S&P 500 Trailing P/E uses actual earnings from the past 12 months. The S&P 500 5-Year Normalized P/E divides the index price by average inflation-adjusted earnings over the prior five years. The S&P 500 Price/Book Value Ratio compares the market value of the index to the book value of its constituent companies, and the S&P 500 Price/Cash Flow ratio compares the index price to operating cash flow. The S&P 500 Dividend Yield represents annual dividends paid by constituent companies as a percentage of the index's market value. Shiller's CAPE (Cyclically Adjusted P/E) measures valuation by dividing the S&P 500's price by average inflation-adjusted earnings over the past 10 years. The Rule of 20 adds the S&P 500 forward P/E ratio to inflation, with readings near 20 generally indicating fair value. The Equity Risk Premium measures the excess earnings yield of stocks relative to either the 10-year U.S. Treasury yield or Baa-rated corporate bond yields. The Fed Model compares the S&P 500 earnings yield with long-term U.S. Treasury yields, while Tobin's Q measures the ratio of the market value of corporate assets to their replacement cost. Finally, Market Cap/GDP compares the total value of the stock market to gross domestic product and is commonly used as a gauge of overall market valuation.

Important Disclosures

Investing involves risk, including loss of principal, and for some products and strategies loss of more than your initial investment.

Past performance is no guarantee of future results. The value of investments and the income derived from them can go down as well as up. Future returns and the achievement of stated goals are not guaranteed, and a loss of principal may occur.

This material is intended for general informational and educational purposes only. This should not be considered an individualized recommendation or personalized investment advice. The securities and investment strategies mentioned are not suitable for everyone. Each investor needs to review an investment strategy for his or her own particular situation before making any investment decisions. All expressions of opinion are subject to change without notice in reaction to shifting market, economic or political conditions. Data contained herein from third party providers is obtained from what are considered reliable sources. However, its accuracy, completeness or reliability cannot be guaranteed. For illustrative purposes only. Individual situations will vary. Not intended to be reflective of results you can expect to achieve. All names and market data shown are for illustrative purposes only and are not a recommendation, offer to sell, or a solicitation of an offer to buy any security.

Important Disclosures

This information is not a specific recommendation, individualized tax, legal, or investment advice. Tax laws are subject to change, either prospectively or retroactively. Where specific advice is necessary or appropriate, individuals should contact their own professional tax and investment advisors or other professionals (CPA, Financial Planner, Investment Manager, Estate Attorney) to help answer questions about specific situations or needs prior to taking any action based upon this information

Schwab does not recommend the use of technical analysis as a sole means of investment research.

Diversification, asset allocation, and rebalancing strategies do not ensure a profit and do not protect against losses in declining markets. Rebalancing does not protect against losses or guarantee that an investor's goal will be met. Rebalancing may cause investors to incur transaction costs and, when a non-retirement account is rebalanced, taxable events may be created that may affect your tax liability.

This information is not a specific recommendation, individualized tax, legal, or investment advice. Tax laws are subject to change, either prospectively or retroactively. Where specific advice is necessary or appropriate, individuals should contact their own professional tax and investment advisors or other professionals (CPA, Financial Planner, Investment Manager, Estate Attorney) to help answer questions about specific situations or needs prior to taking any action based upon this information

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International investments involve additional risks, which include differences in financial accounting standards, currency fluctuations, geopolitical risk, foreign taxes and regulations, and the potential for illiquid markets. Investing in emerging markets may accentuate this risk.

Fixed income securities are subject to increased loss of principal during periods of rising interest rates. Fixed income investments are subject to various other risks including changes in credit quality, market valuations, liquidity, prepayments, early redemption, corporate events, tax ramifications, and other factors. Lower rated securities are subject to greater credit risk, default risk and liquidity risk.

Commodity-related products carry a high level of risk and are not suitable for all investors. Commodity-related products may be extremely volatile, may be illiquid, and can be significantly affected by underlying commodity prices, world events, import controls, worldwide competition, government regulations, and economic conditions.

Master Limited Partnerships (MLPs) - Investments in securities of MLPs involve risks that differ from an investment in common stock. MLPs are controlled by their general partners, which generally have conflicts of interest and limited fiduciary duties to the MLP, which may permit the general partner to favor its own interests over the MLPs.

Real Estate Investment Trusts (REITs) - Risks of the REITs are similar to those associated with direct ownership of real estate, such as changes in real estate values and property taxes, interest rates, cash flow of underlying real estate assets, supply and demand, and the management skill and credit worthiness of the issuer. Investing in REITs may pose additional risks such as real estate industry risk, interest rate risk, risks related to the uncertainty of and compliance with certain tax regime rules, and liquidity risk.

Preferred stocks generally have lower credit ratings and a lower claim to assets than a firm's individual bonds. They often have higher yields than a firm's individual bonds due to these risk characteristics and are often callable, meaning the issuing company may redeem the stock at a certain price after a certain date.

Important Disclosures

Bank loans typically have below investment-grade credit ratings and may be subject to more credit risk, including the risk of nonpayment of principal or interest. Most bank loans have floating coupon rates that are tied to short-term reference rates like the Secured Overnight Financing Rate (SOFR), so substantial increases in interest rates may make it more difficult for issuers to service their debt and cause an increase in loan defaults. A rise in short-term references rates typically result in higher income payments for investors, however. Bank loans are typically secured by collateral posted by the issuer, or guarantees of its affiliates, the value of which may decline and be insufficient to cover repayment of the loan. Many loans are relatively illiquid or are subject to restrictions on resales, have delayed settlement periods, and may be difficult to value. Bank loans are also subject to maturity extension risk and prepayment risk.

Small-Cap Company Risk. Small-cap companies may be more vulnerable to adverse business or economic events than larger, more established companies and their securities may be riskier than those issued by larger companies. The value of securities issued by small-cap companies may be based in substantial part on future expectations rather than current achievements and their prices may move sharply, especially during market upturns and downturns. In addition, small-cap companies may have limited financial resources, management experience, product lines and markets, and their securities may trade less frequently and in more limited volumes than the securities of larger companies. Further, small-cap companies may have less publicly available information and such information may be inaccurate or incomplete.

There are risks associated with investing in dividend paying stocks, including but not limited to the risk that stocks may reduce or stop paying dividends.

Cryptocurrency-related products carry a substantial level of risk and are not suitable for all investors. Investments in cryptocurrencies are relatively new, highly speculative, and may be subject to extreme price volatility, illiquidity, and increased risk of loss, including your entire investment in the fund. Spot markets on which cryptocurrencies trade are relatively new and largely unregulated, and therefore, may be more exposed to fraud and security breaches than established, regulated exchanges for other financial assets or instruments. Some cryptocurrency-related products use futures contracts to attempt to duplicate the performance of an investment in cryptocurrency, which may result in unpredictable pricing, higher transaction costs, and performance that fails to track the price of the reference cryptocurrency as intended. Please read more about risks of trading cryptocurrency futures here [https://www.investor.gov/introduction-investing/general-resources/news-alerts/alerts-bulletins/investor-bulletins/ETPBulletinSeptember2024].

Treasury Inflation Protected Securities are inflation-linked securities issued by the US Government whose principal value is adjusted periodically in accordance with the rise and fall in the inflation rate, measured by the Consumer Price Index. Thus, the semiannual interest amount payable is also impacted by variations in the inflation rate, as it is based upon the principal value of the bond. It may fluctuate up or down. Repayment is guaranteed by the US Government, and at maturity investors will receive the greater of the original principal amount at issuance or the inflation-adjusted principal amount. Treasury Inflation-Protected Securities are guaranteed by the US Government, but inflation-protected bond funds do not provide such a guarantee.

Tax-exempt bonds are not necessarily a suitable investment for all persons. Information related to a security's tax-exempt status (federal and in-state) is obtained from third parties, and Charles Schwab & Co., Inc. does not guarantee its accuracy. Tax-exempt income may be subject to the Alternative Minimum Tax (AMT). Capital appreciation from bond funds and discounted bonds may be subject to state or local taxes. Capital gains are not exempt from federal income tax.

Preferred securities are a type of hybrid investment that share characteristics of both stock and bonds. They are often callable, meaning the issuing company may redeem the security at a certain price after a certain date. Such call features, and the timing of a call, may affect the security's yield. Preferred securities generally have lower credit ratings and a lower claim to assets than the issuer's individual bonds. Like bonds, prices of preferred securities tend to move inversely with interest rates, so their prices may fall during periods of rising interest rates. Investment value will fluctuate, and preferred securities, when sold before maturity, may be worth more or less than original cost. Preferred securities are subject to various other risks including changes in interest rates and credit quality, default risks, market valuations, liquidity, prepayments, early redemption, deferral risk, corporate events, tax ramifications, and other factors.

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Important Disclosures

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High-yield securities and unrated securities of similar credit quality (junk bonds) are subject to greater levels of credit and liquidity risks and may be more volatile than higher-rated securities. High-yield securities are considered predominately speculative with respect to the issuer's continuing ability to make principal and interest payments.

Emerging Markets Risk. Emerging market countries may be more likely to experience political turmoil or rapid changes in market or economic conditions than more developed countries. Such countries often have less uniformity in accounting and reporting requirements and greater risk associated with the custody of securities. In addition, the financial stability of issuers (including governments) in emerging market countries may be more precarious than in other countries.

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