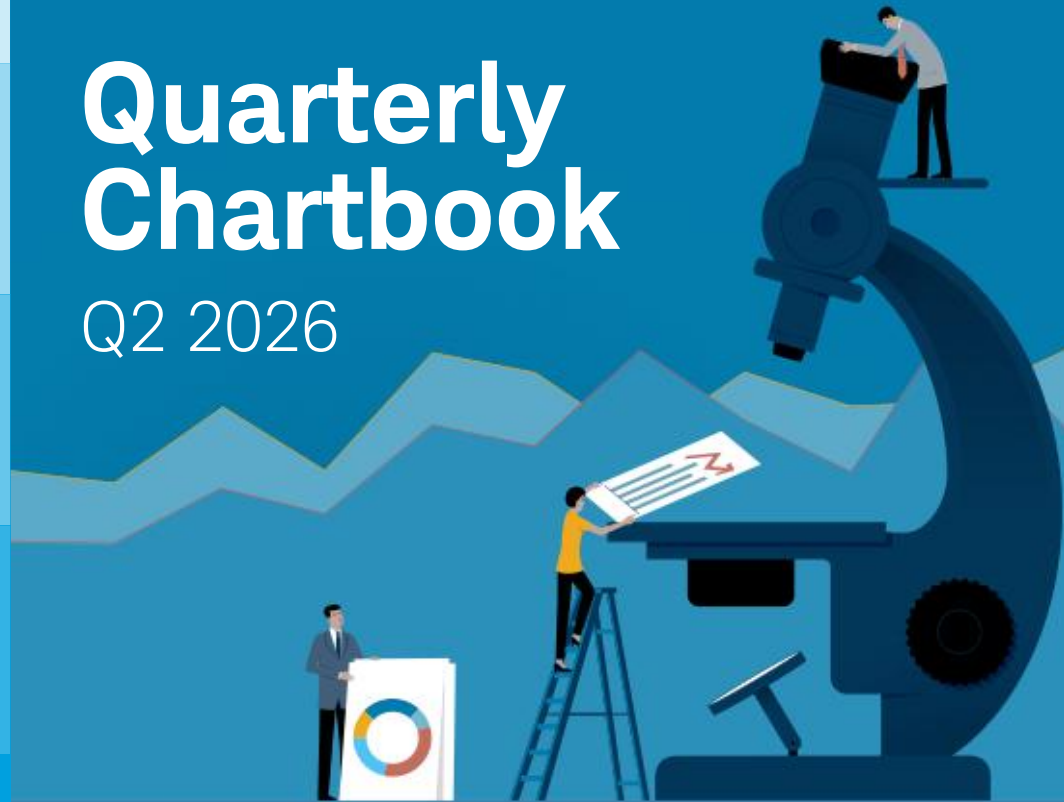


charles
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Quarterly Chartbook

Q2 2026



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About the Quarterly Chartbook



The Quarterly Chartbook is constructed to provide you with information around the global economy, equities, sources of income, commodities, and asset allocation opportunities. These charts can provide a visual framework to help support conversations with your clients.

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 Q2, this chartbook contains the latest available data as of the end of Q1 2026.

We hope it will help illuminate what is happening in the economy and provide insights to support market discussions with your clients.

Q1 Market summary | Total returns

Market commentary

- U.S. stocks suffered their worst quarter since 2022, driven by the intensification of the war in Iran. While small caps fell the most in March, large caps bore the brunt of the weakness throughout the quarter as the Russell 2000 managed to eke out a gain of 0.9% total returns.
- The U.S. bond market generally posted a negative total return for the quarter as concerns over sustained higher energy prices pushed yields higher. Longer-duration sectors generally underperformed shorter-duration sectors.
- International bonds generally underperformed US bonds in the first quarter due to the situation in the Middle East. Emerging market debt slightly underperformed international developed market debt as their economies tend to be more sensitive to higher energy costs.
- The Middle East conflict-induced spike in oil lifted the heavyweight energy sector with the commodity index rallying despite pullbacks from record highs in gold and silver. REITs improved despite the late Q1 bounce in interest rates.

	BENCHMARK	Q1 2026	1-year	3-Year	5-Year	10-Year
U.S. Large-Cap Stocks	S&P 500® Index	-4.4%	17.8%	18.3%	12.0%	14.1%
U.S. Small-Cap Stocks	Russell 2000® Index	0.9%	25.8%	13.0%	3.7%	9.9%
International Developed Stocks	MSCI EAFE Index	-1.1%	21.9%	14.2%	8.5%	8.9%
Emerging Market Stocks	MSCI Emerging Markets Index	-0.1%	30.2%	15.3%	4.1%	8.2%
U.S. Bonds	Bloomberg US Aggregate Bond Index	0.0%	4.3%	3.6%	0.3%	1.7%
Treasury Inflation Protected Securities	Bloomberg US Treasury Inflation Protected Securities (TIPS) Index	0.3%	3.0%	3.2%	1.5%	2.7%
High Yield Bonds	Bloomberg US Corporate High Yield Bond Index	-0.5%	7.0%	8.6%	4.2%	6.1%
International Developed Bonds	Bloomberg Global Treasury ex-US Index	-2.7%	2.5%	0.5%	-3.8%	-0.8%
Commodities	S&P GSCI Index	40.0%	43.0%	18.2%	19.6%	10.0%
REITS	Dow Jones U.S. Select REIT Index	4.6%	7.2%	9.2%	5.6%	4.8%

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 3/31/2026. Indexes are unmanaged, do not incur management fees, costs, and expenses, and cannot be invested in directly. For more information on indexes, please see [Schwab.com/IndexDefinitions](https://www.schwab.com/IndexDefinitions). Investing involves risk, including loss of principal. **Past performance is no guarantee of future results. For illustrative purposes only.**

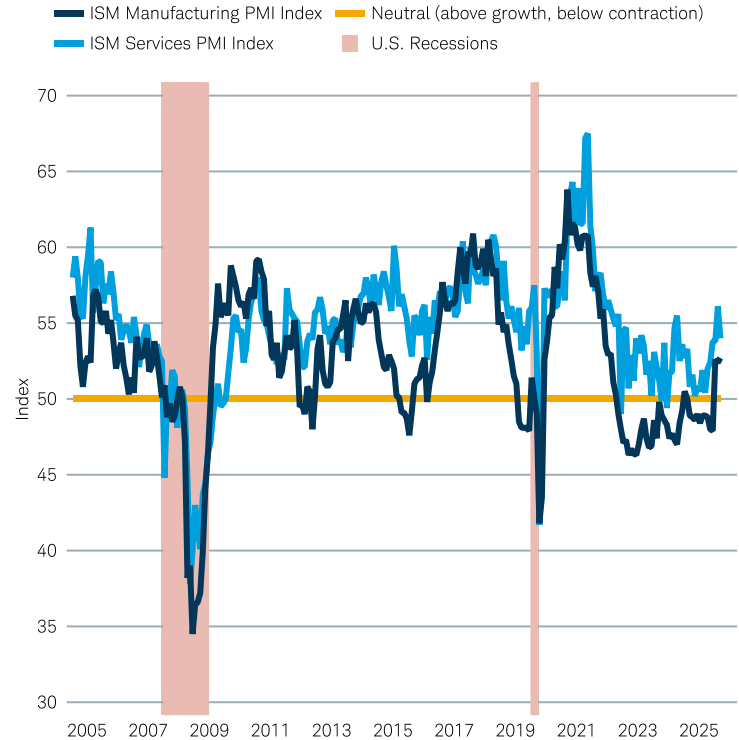
Overview

Economy	The U.S. economy likely rebounded in the first quarter, reflecting resilient business investment and consumer spending, along with a recovery from the impacts of the government shutdown in late 2025. Weak housing activity continued to weigh on growth, but that has mostly been the case for the past few years as housing remains in its own recession while the rest of the economy continues to grow. Of course, the ultimate wild card moving forward is how the war in Iran impacts the trajectory of growth. So far, layoff activity has been muted and consumer spending remains solid, but a sharper or more persistent increase in energy prices has the potential to weigh on growth, especially if the labor market weakens.
Equities	U.S. stocks suffered their worst quarter since 2022, driven by the intensification of the war in Iran, which caused the largest monthly increase (in March) for Brent crude oil on record. Given that, Energy was the best performer, followed by Materials and Utilities. Financials, Consumer Discretionary, and Tech fell the most. While small caps fell the most in March, large caps bore the brunt of the weakness throughout the quarter as the Russell 2000 managed to eke out a gain of 0.9%. Yet, earnings estimates continued to move higher, which helped put downward pressure on price-earnings multiples—and of course exacerbated the weakness coming from the decline in prices.
Income	The situation in the Middle East was the dominant story for the fixed income markets. Concerns over sustained higher oil prices leading to higher inflation caused interest rates to increase across the yield curve. The Federal Reserve held its benchmark interest rate steady throughout the quarter but projected one more cut this year. However, there's a high degree of uncertainty given the situation in the Middle East. We expect limited downside for longer-term bond yields given the potential for inflation to remain sticky. Investors should favor intermediate-term, high-quality bond investments, such as investment grade corporate or municipal bonds, because there is the possibility that spreads may widen due to the situation in the Middle East, spill-over effects from private credit, or other issues. A spread is the difference in yields between investments with credit risk and Treasuries.
Commodities	The eruption of the war in the Middle East resulted in a spike in oil prices to levels not seen since 2022 and boosting commodity indexes due to the heavy weight the energy sector carries. Metals, notably precious, came off record highs as the markets assessed the situation and repriced assets broadly, while global growth uncertainty hamstrung industrial metals. REITs improved their performance sequentially but showed some volatility as interest rates bounced off multi-month lows late in Q1 after the war broke out. Bitcoin has experienced its fourth "bitcoin winter", periods that have seen bitcoin's price fall more than 50% with other cryptocurrencies falling even further. The longer the Middle East conflict persists—and even after a resolution is reached—volatility will likely remain in the commodity markets, which remain a useful portfolio diversification component.
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 3/31/2026. 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.**

Services continue to outpace manufacturing

While the ISM Services PMI continues to outpace the Manufacturing PMI, both are now in expansion, signaling better sentiment from businesses at the start of 2026. That has not yet led to a material improvement in the Conference Board's Leading Economic Index, however.

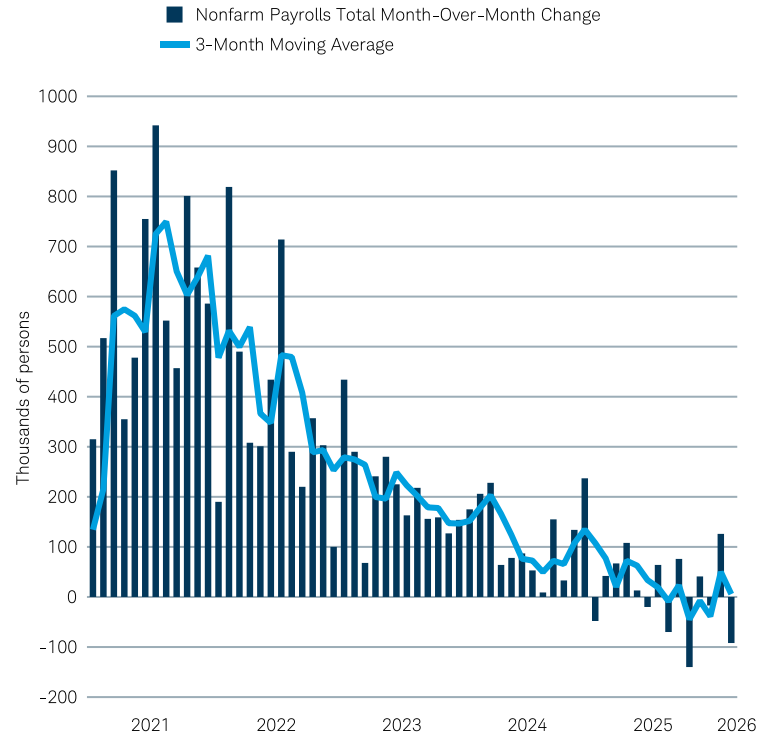
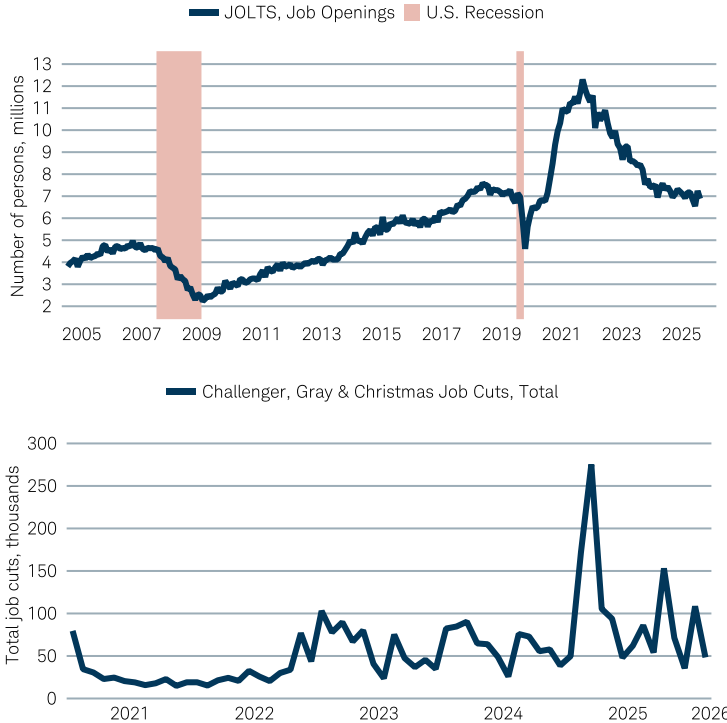


Bars represent National Bureau of Economic Research defined recession periods.

Source: Macrobond as of 3/31/2026. 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.

Labor demand remains soft

The economy remains in a low-hiring, low-firing environment. Job cut announcements picked up sharply at the beginning of the year but have eased recently. Importantly, however, nonfarm payroll growth has slowed as the unemployment rate has moved higher over the past year.

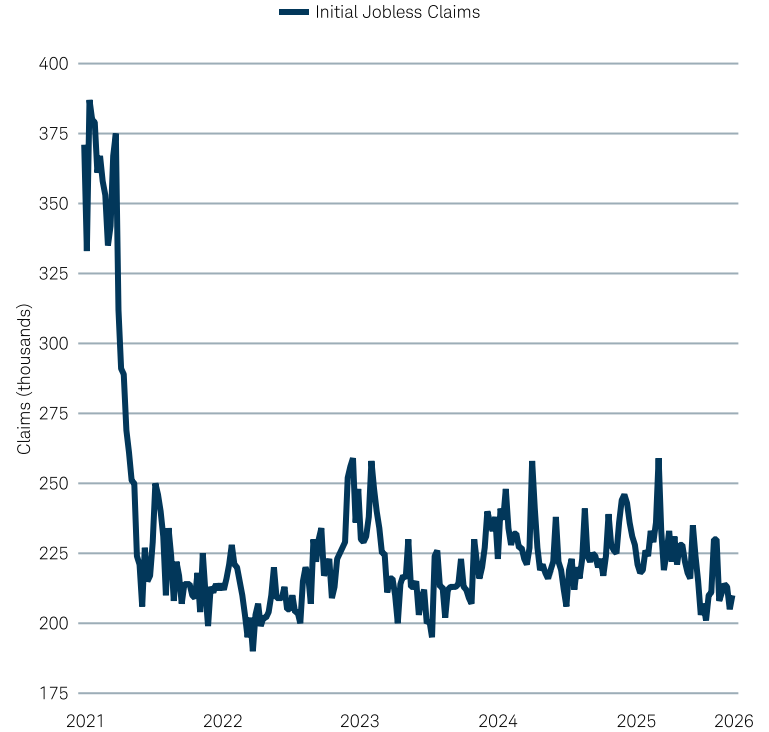
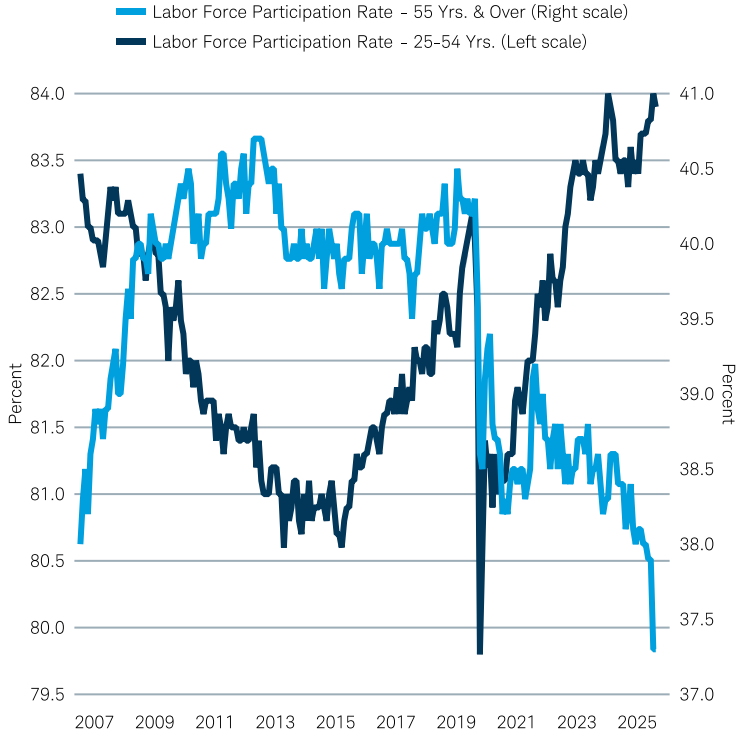


Bars represent National Bureau of Economic Research defined recession periods.

Source: Charles Schwab, Macrobond as of 3/31/2026. 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.

Labor force participation mostly healthy

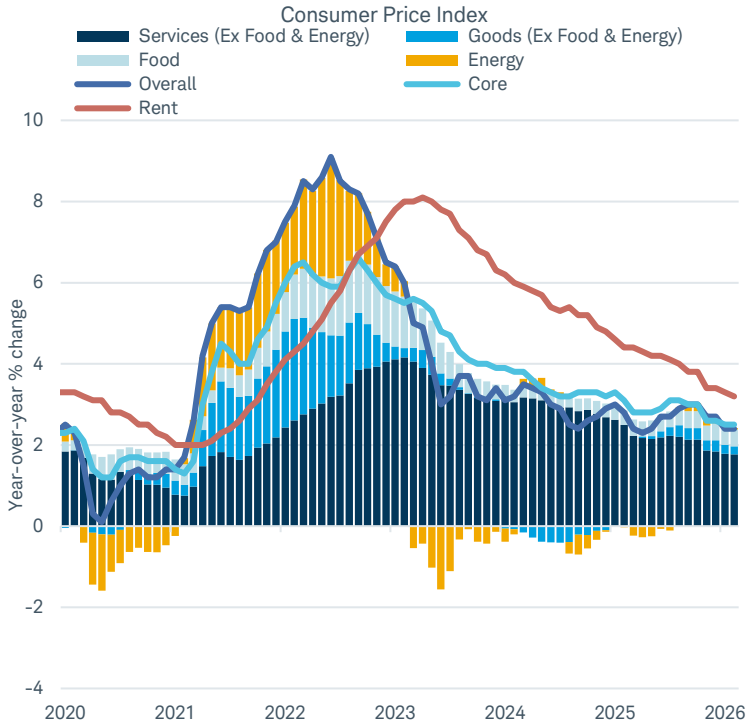
A key tenet of the labor market's resilience over the past few years has been the recovery and resilience in the prime-age labor force participation rate. Additionally, initial jobless claims have remained low relative to history, underscoring the fact that mass layoffs are low.



Source: Macrobond as of 3/31/2026.

Services sector driving bulk of inflation

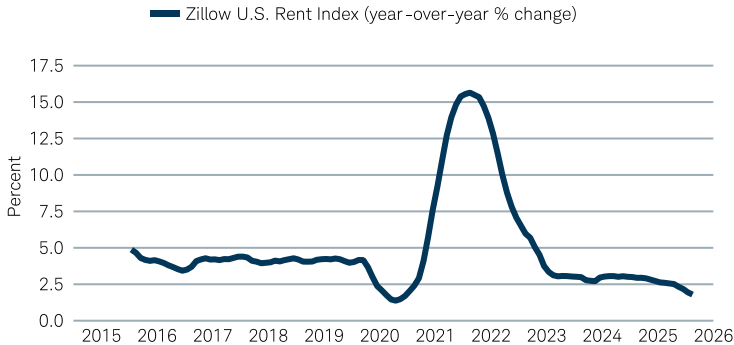
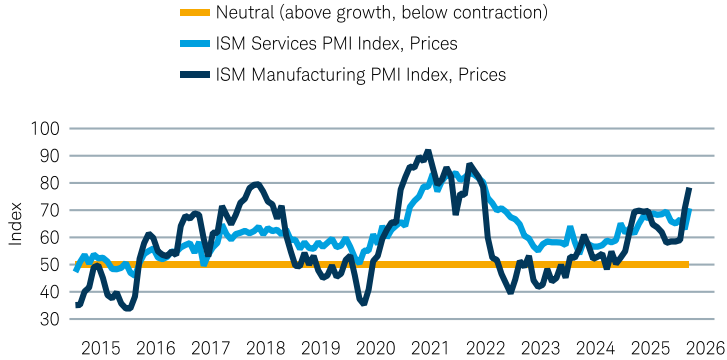
The services sector is responsible for the bulk of inflationary pressure in the current cycle. Core goods inflation has contributed more to headline inflation given the impact from higher tariffs. Market-based inflation expectations could see a sharper rise if oil prices remain higher for longer due to the war.



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, February 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 3/31/2026. 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 a full percentage point above Fed's target. Rent growth continues and the labor market is not a major source of inflation. Yet, on the other hand, services prices remain sticky and businesses continue to see elevated pricing plans.

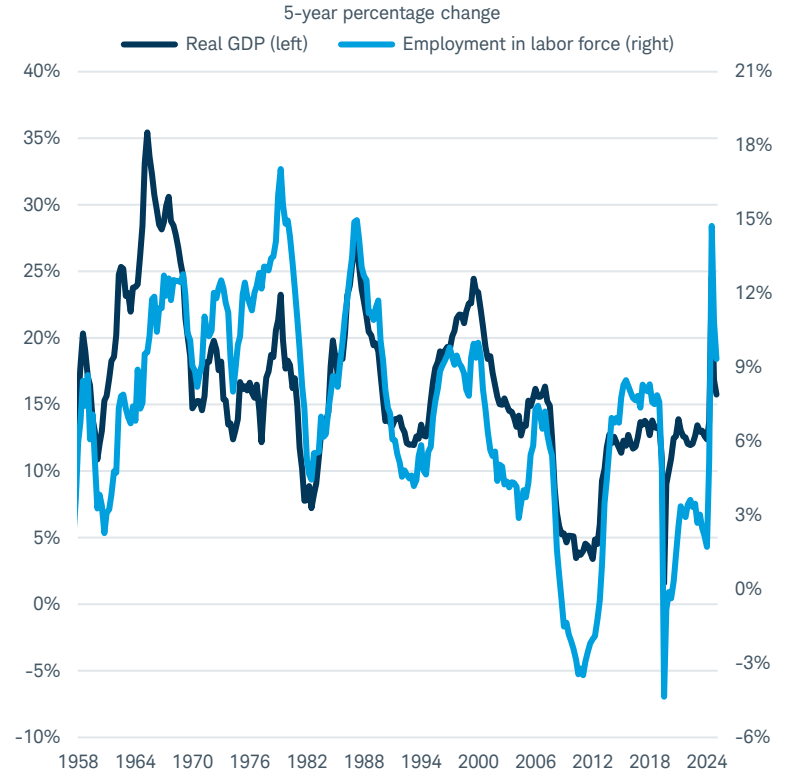
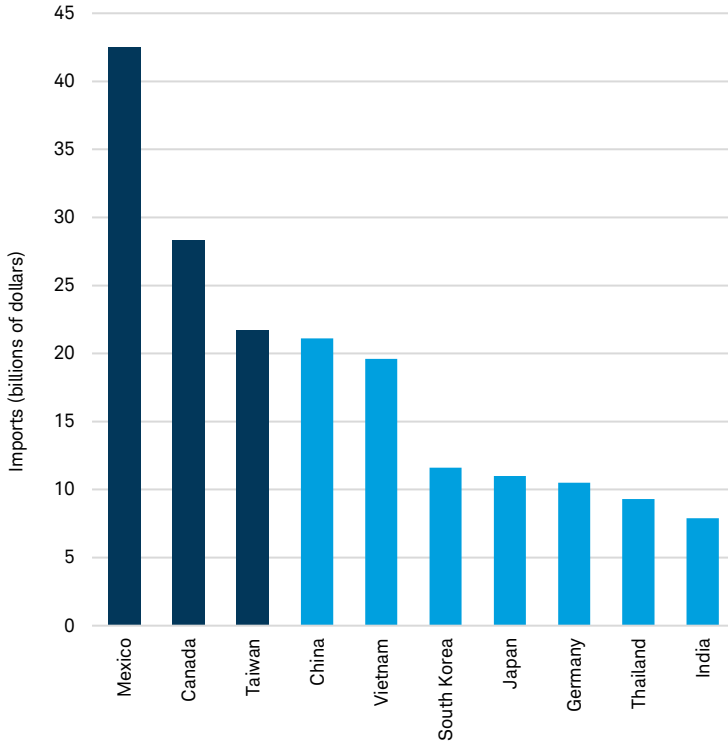


Source: Charles Schwab, Macrobond, using monthly data available as of 3/31/2026.

Trade and immigration

Trade and immigration policies are very much in focus. Prices on imported goods have risen and should be watched given the potential for more passthrough to the consumer. If pressure remains on the growth of the labor force, this could put more downward pressure on GDP growth.

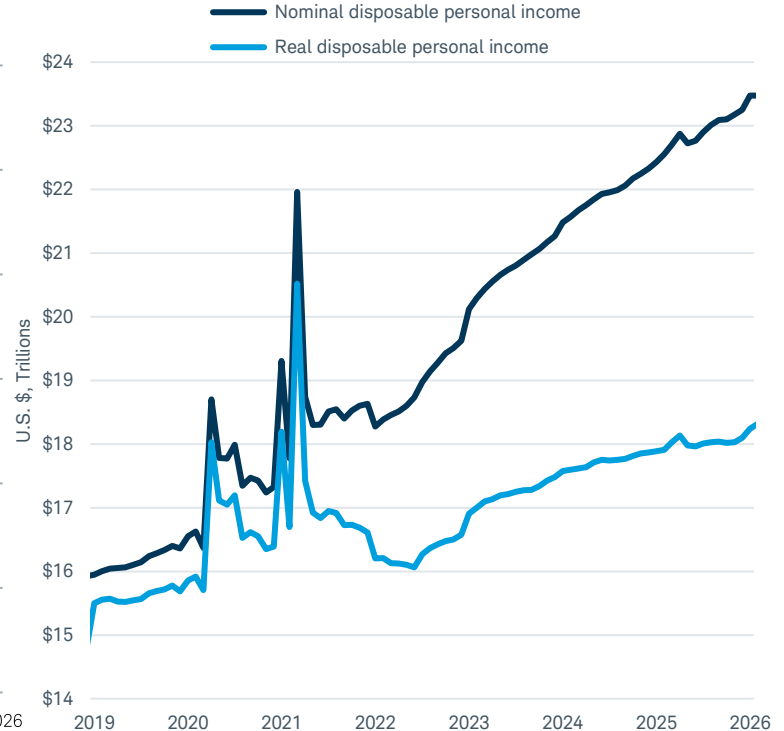
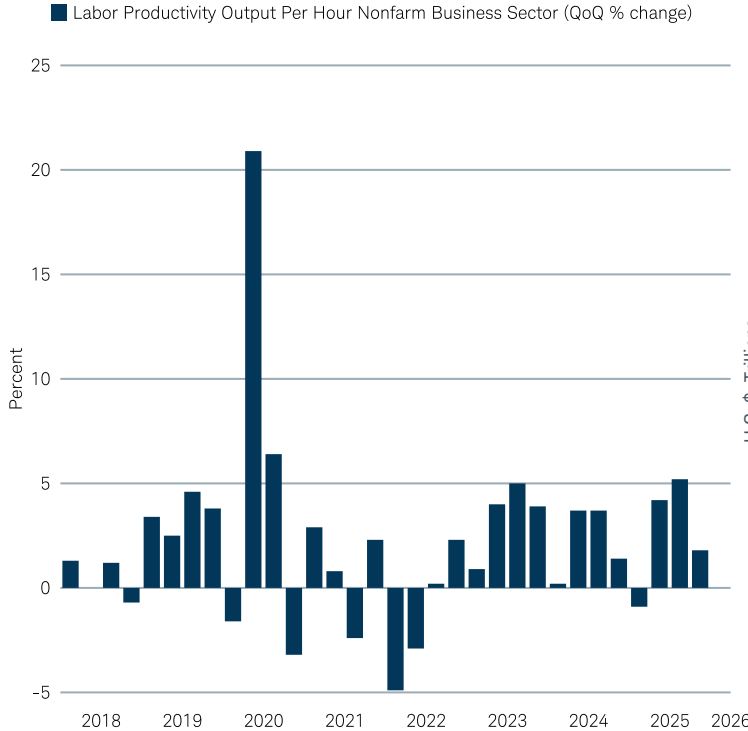
United States top trading partners – YTD January 31, 2026



Source: Charles Schwab. Left: United States Census Bureau from 1/1/2026 to 1/31/2026. Right: Bloomberg as of 12/31/2025.

Productivity and income

A rebound 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.

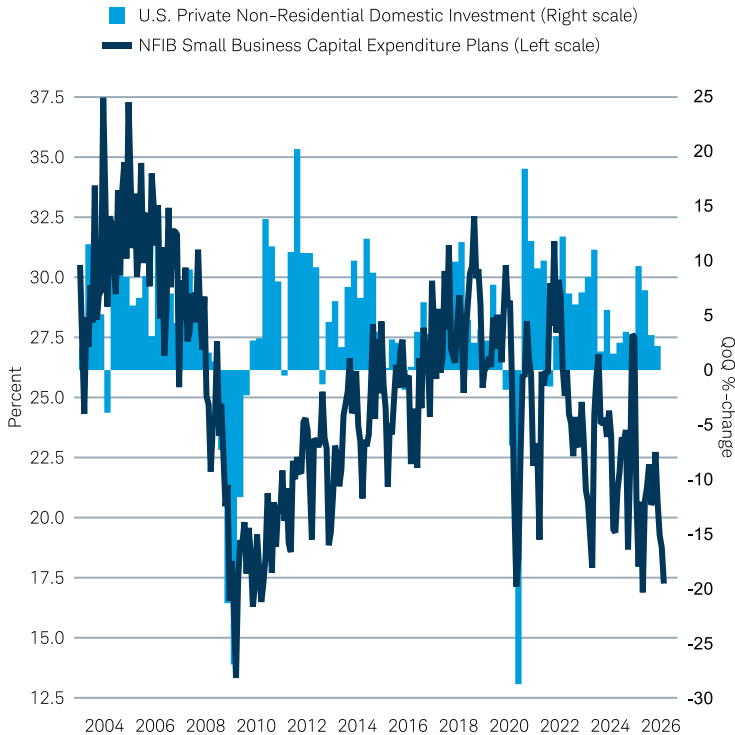


Source: Left: Macrobond as of 3/31/2026. Labor productivity tracks the total output that can be produced with a given input of labor. Right: Bloomberg as of 1/31/2026.

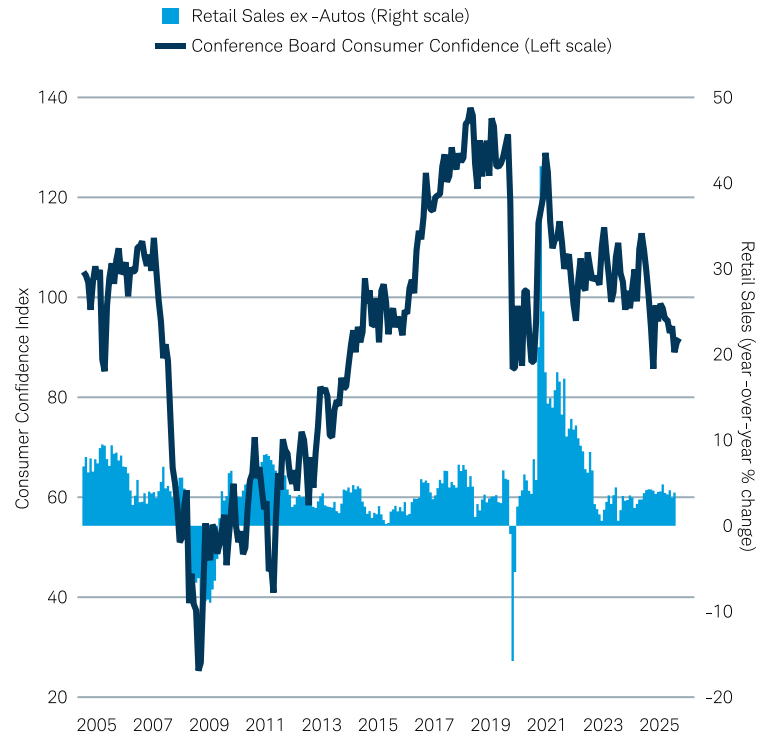
Business and consumer confidence

Small business capital spending plans remain weak, likely reflecting massive uncertainty related to trade policy. Retail sales have started the year on weak footing as consumer confidence remains in a downtrend and near its post-pandemic lows.

Small business spending plans and business investment



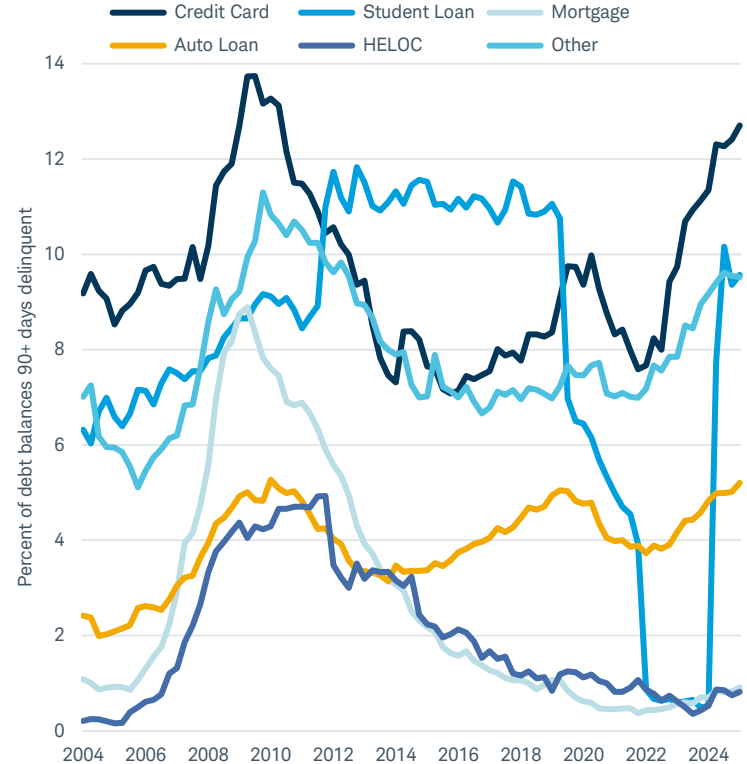
Consumer optimism and retail sales



Source: Charles Schwab, Macrobond as of 3/31/2026.

Consumer spending

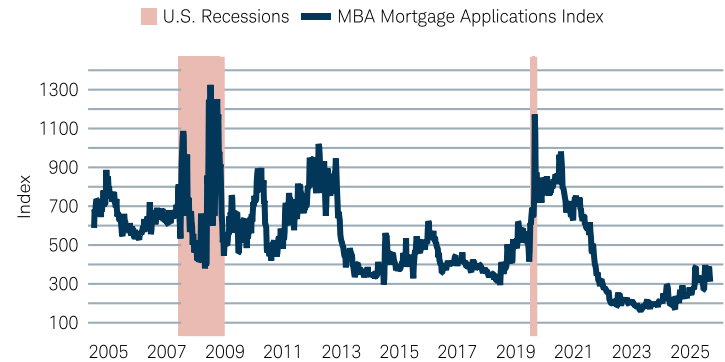
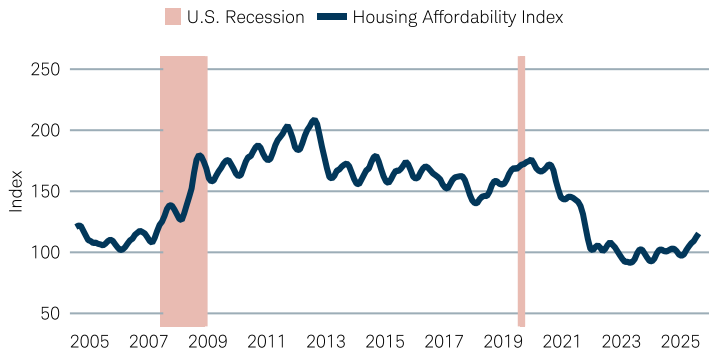
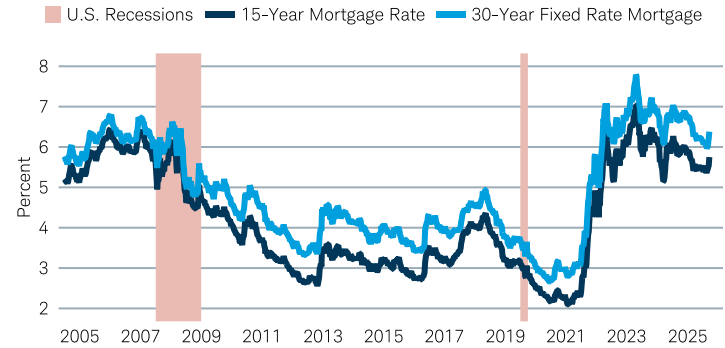
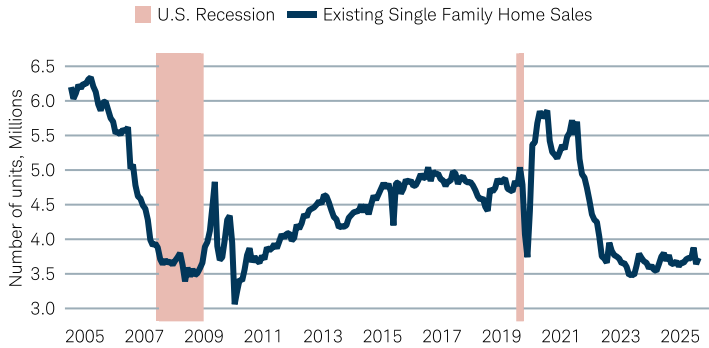
In aggregate, household debt dynamics are not flashing a warning sign, given that debt service ratios remain at modest levels. However, serious delinquency rates have picked up sharply this cycle, particularly for credit cards and student loans.



Source: Charles Schwab and Bloomberg. Left: as of 12/31/2025. Right: as of 12/31/2025. Household debt service ratio measures household debt payments divided by disposable personal income.

Housing update

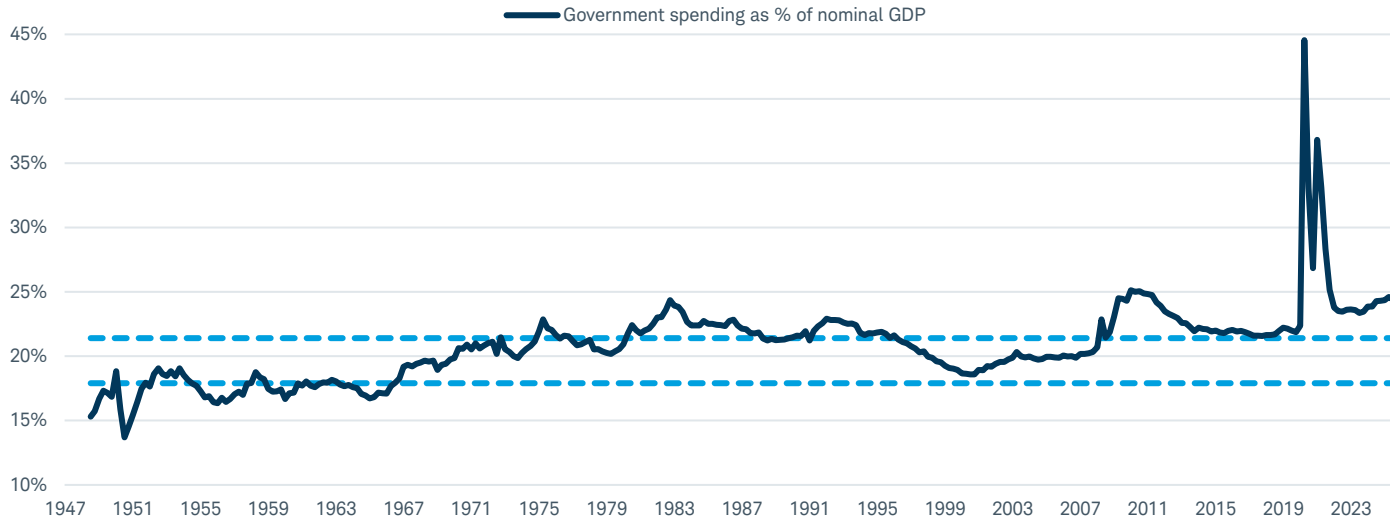
Housing affordability has tumbled due to stubbornly high home prices and elevated mortgage rates. Leading indicators are still struggling to confirm a sustainable rebound—evidenced by the sluggish recovery in homebuilder sentiment.



Bars represent National Bureau of Economic Research defined recession periods.
 Source: Charles Schwab, Bloomberg, Macrobond as of 3/31/2026.

Government spending

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



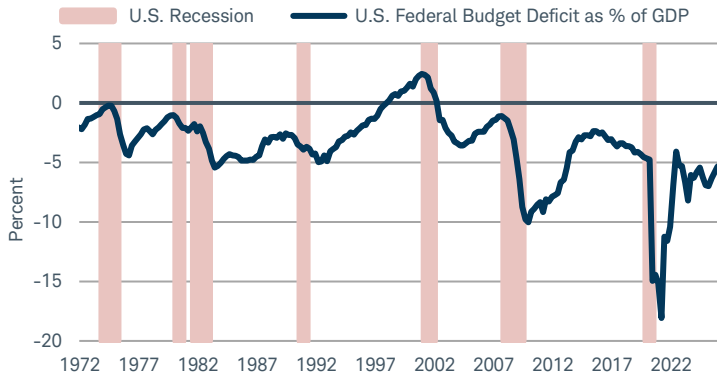
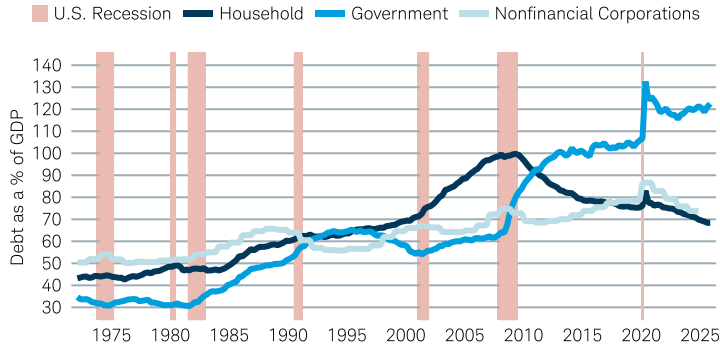
Government spending as % of nominal GDP	Annualized gain (3/31/1947 – 12/31/2025)		
	Nonfarm payrolls	Real non-residential investment	Real GDP
Above 21.4%	1.4%	4.0%	2.7%
17.9% to 21.4%	1.8%	4.5%	3.1%
Below 17.9%	2.1%	4.9%	4.0%

Source: Charles Schwab, Bloomberg, Federal Reserve, Ned Davis Research, as of 12/31/2025.

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U.S. debt and taxes

The fiscal impulse remains strong, evidenced by the fact that the federal budget deficit as a percent of GDP is stretched relative to history. Fiscal stimulus from the One Big Beautiful Bill Act might be dampened if energy prices remain higher for longer.



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 3/31/2026. Tax table source: IRS. 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.

Economic data expectations

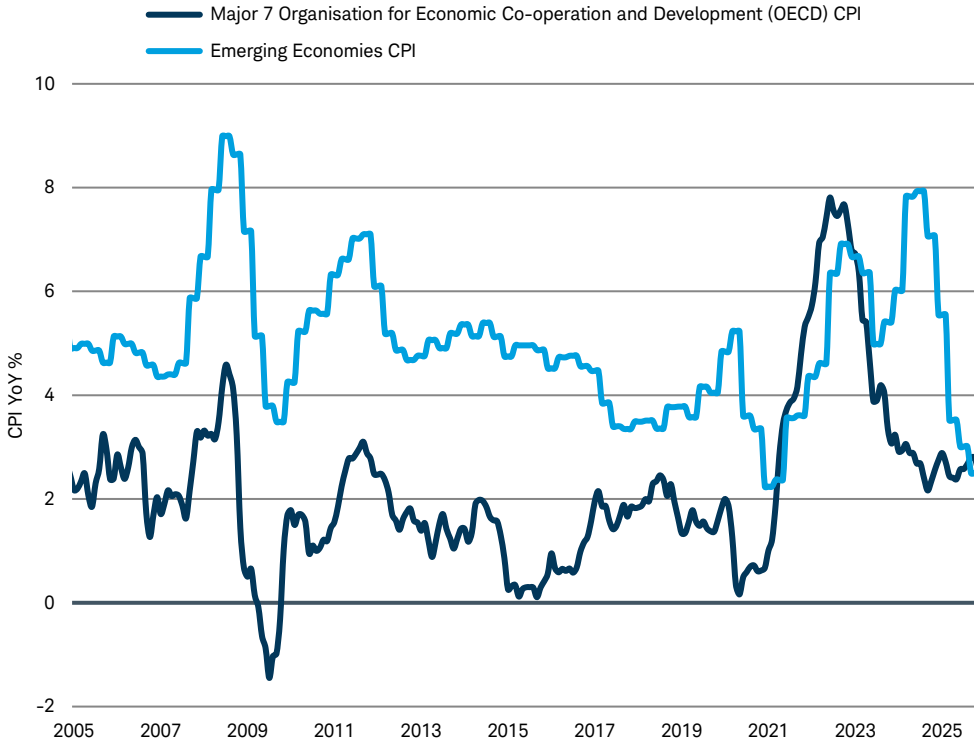
Data have been coming in much worse than expected in Europe relative to the United States. That trend was exacerbated by the breakout of the war in Iran. For now, U.S. data surprises are still (on balance) positive, while Europe's are negative.



Source: Charles Schwab, Macrobond as of 3/31/2026. 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.

Global inflation

Global inflation pressures have receded but now face upward pressure given the sharp increase in energy prices. The inflation shock will likely be worse for net oil importing countries, which might necessitate central banks to either pause rate cuts or consider rate hikes.

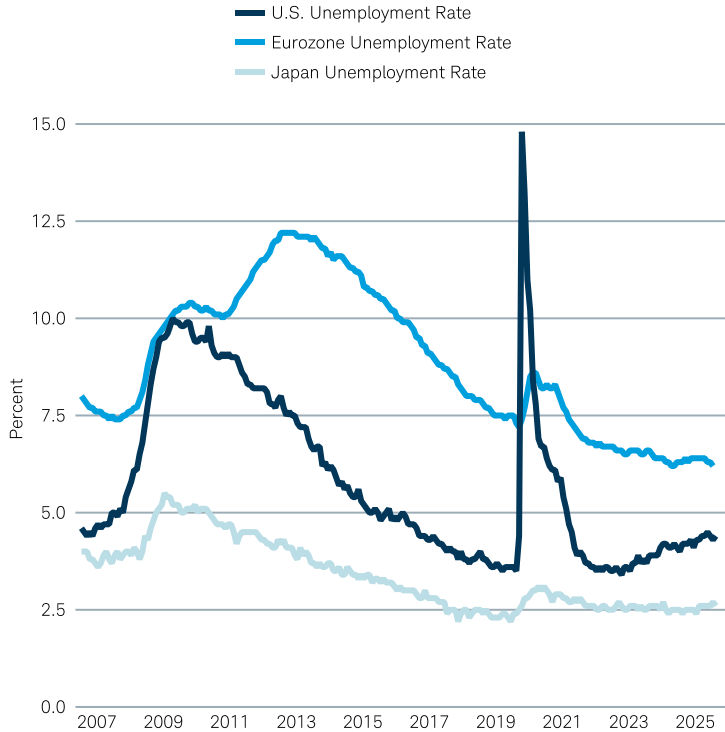


Consumer Price Index year-over-year %	
Russia	5.9
Brazil	3.8
India	3.2
United Kingdom	3.0
United States	2.4
South Korea	2.0
Eurozone	1.9
Germany	1.9
Canada	1.8
Japan	1.5
Italy	1.5
China	1.3
France	0.9

Source: Charles Schwab, Bloomberg Major 7 data as of 1/31/2026. Emerging economies data as of 12/31/2025. 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 2/28/2026.

Global unemployment and consumer confidence

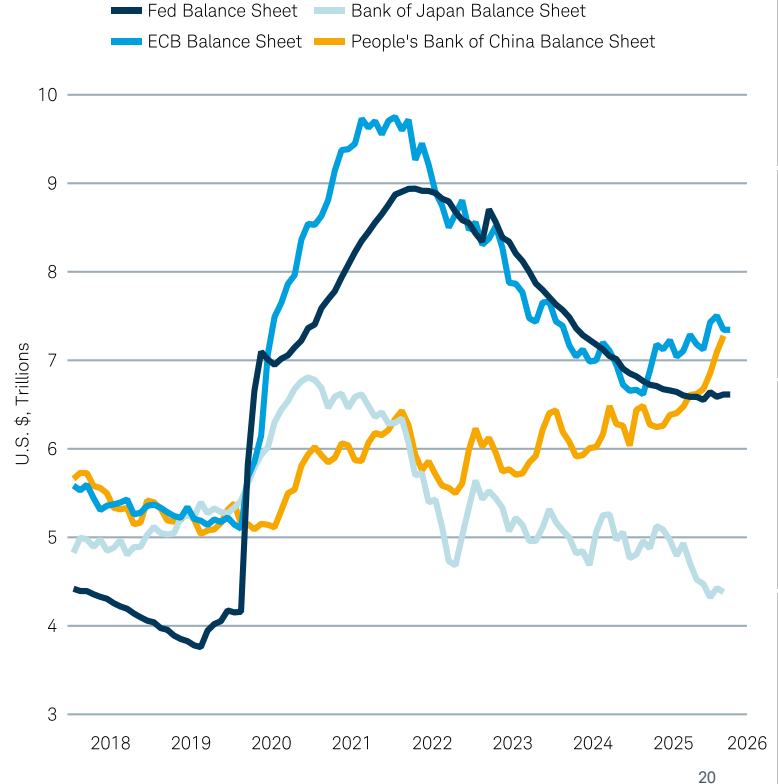
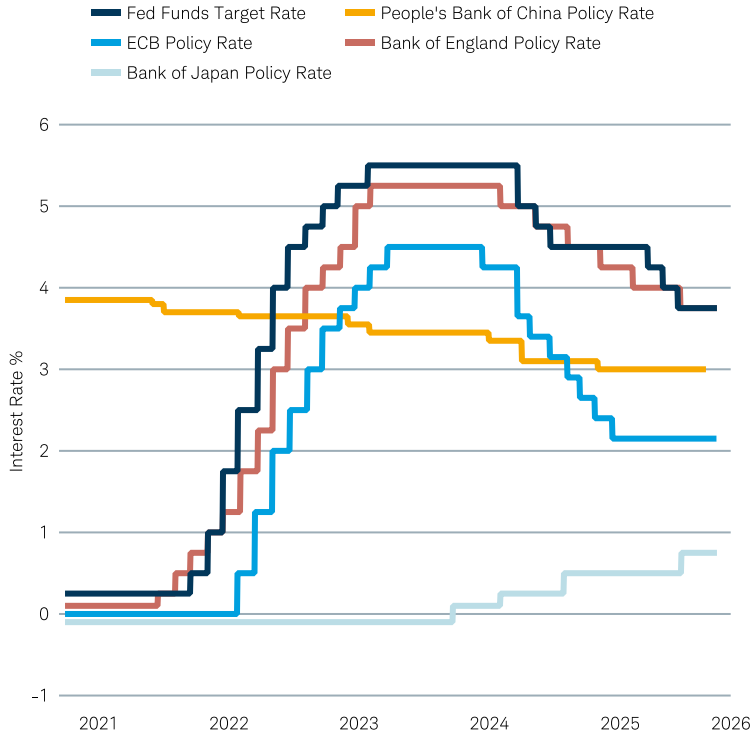
Labor markets around the globe are no longer universally tight; this is notably true in the United States where the unemployment rate has continued to tick higher over the past year. Weakness in the labor market has resulted in a struggle for consumer confidence metrics.



Source: Charles Schwab, Macrobond as of 3/31/2026.

Global central banks

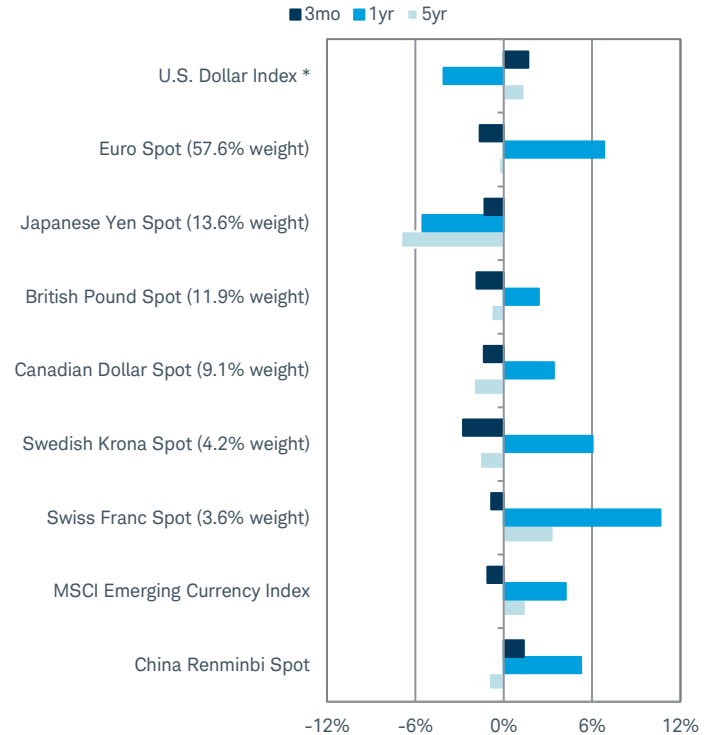
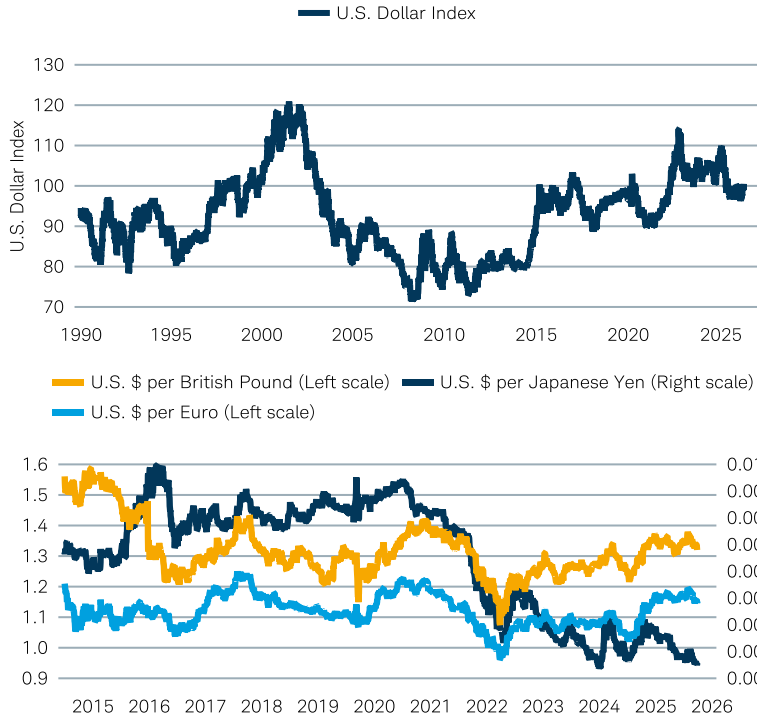
The global rate cutting cycle is not in sync and is now likely over given some central banks are considering (but not yet committing to) rate hikes due to the war. Global policy remains less restrictive relative to a few years ago, though.



Source: Charles Schwab, Bloomberg, Macrobond as of 3/31/2026.

Global currencies

The U.S. dollar has been softer over the past year but has seen a resurgence of late given the war in Iran has pushed investors to seek it out as a haven. Should the conflict persist, the dollar might find further support from here, helping reverse some of its weakness driven by tariffs last year.



Source: Charles Schwab, Bloomberg, Macrobond as of 3/31/2026.

*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.

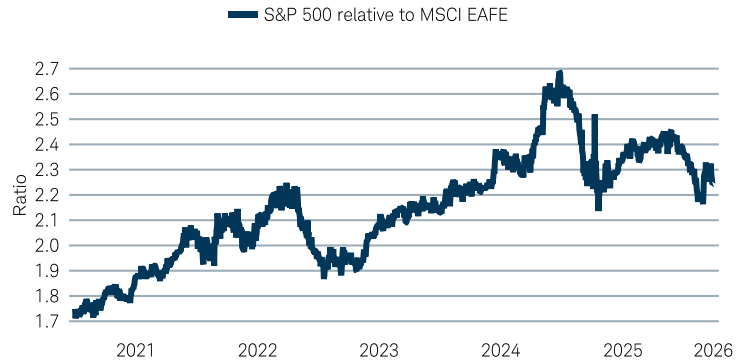
Global equity market summary

Total returns as of 3/31/2026

Global						
	Price	3-month	1-year	3-year	5-year	10-year
MSCI All Country World Index	979	-3.1%	20.5%	17.1%	10.0%	11.9%
Americas						
USA Dow Jones Index	46,342	-3.2%	12.2%	13.8%	9.1%	12.5%
USA S&P 500 Index	6,529	-4.4%	17.8%	18.3%	12.0%	14.1%
USA NASDAQ Index	21,591	-7.0%	25.6%	21.8%	11.1%	17.1%
Canada S&P/TSX Index	32,768	4.0%	34.9%	21.2%	15.3%	12.6%
MSCI Latin America Index	3,092	14.6%	57.8%	18.9%	13.2%	8.7%
EMEA						
Europe Euro Stoxx 50 Index	5,570	-3.5%	9.4%	12.4%	10.7%	9.9%
UK FTSE 100 Index	10,176	3.4%	22.6%	14.0%	12.6%	9.1%
France CAC 40 Index	7,817	-4.0%	3.7%	5.5%	8.4%	9.2%
Germany DAX Index	22,680	-7.4%	2.3%	13.2%	8.6%	8.6%
Spain IBEX 35 Index	17,050	-1.2%	33.9%	26.9%	18.3%	10.3%
Italy MIB Index	44,310	-1.0%	22.3%	23.8%	17.7%	13.7%
Asia/Pacific						
Japan Nikkei 225 Index	51,064	2.1%	45.8%	24.4%	14.0%	14.0%
Hong Kong Hang Seng Index	24,788	-3.0%	10.7%	11.0%	0.8%	5.4%
China CSI 300 Index	4,450	-3.7%	17.7%	6.1%	0.0%	5.7%
Australia S&P/ASX 200 Index	8,482	-1.6%	11.7%	9.5%	8.6%	9.4%

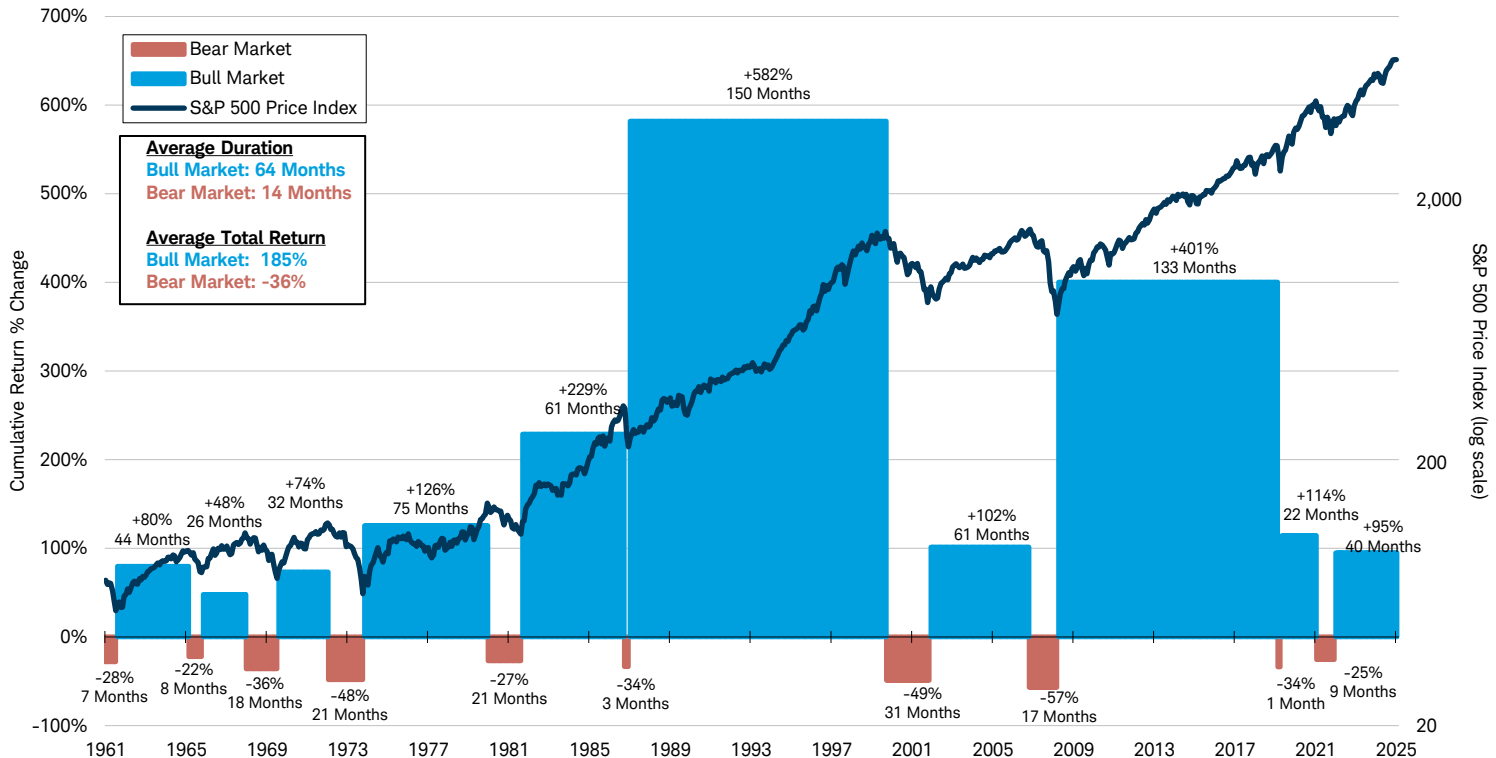
Returns are annualized for periods over one year.

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.



U.S. bull and bear markets

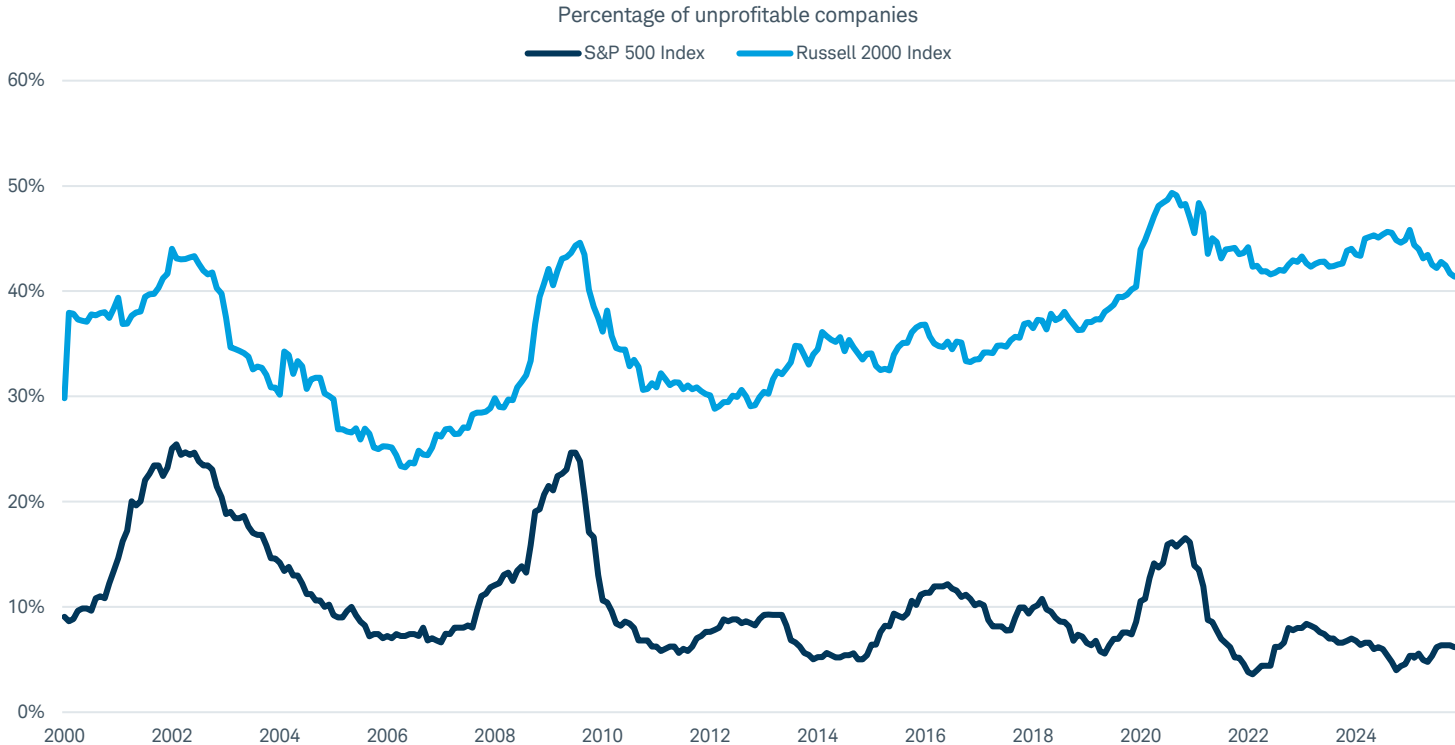
With the S&P 500 still up considerably over the past year, it is notable that bull markets have generally been longer in duration and greater in magnitude than bear markets, resulting in gains over time.



Source: Bloomberg as of 3/31/2026. Current bull market peak as of 1/27/2026. 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.**

Comparing large- and small-cap profitability

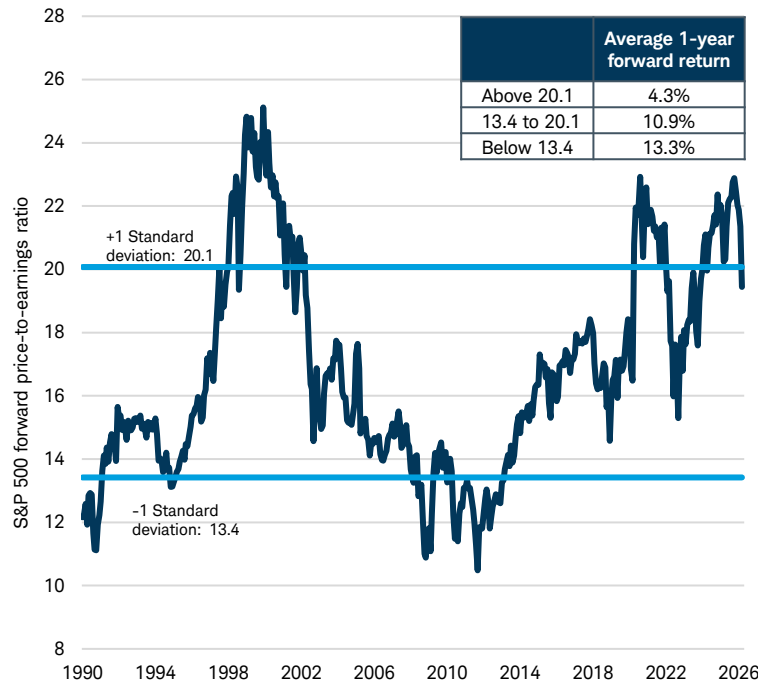
The small-cap universe—proxied by the Russell 2000—has a much higher percentage of companies without profits. Historically, and in the current cycle, the S&P 500 has a much better track record when it comes to the share of profitable constituents.



Source: Bloomberg, the Schwab Center for Financial Research as of 3/31/2026. 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.

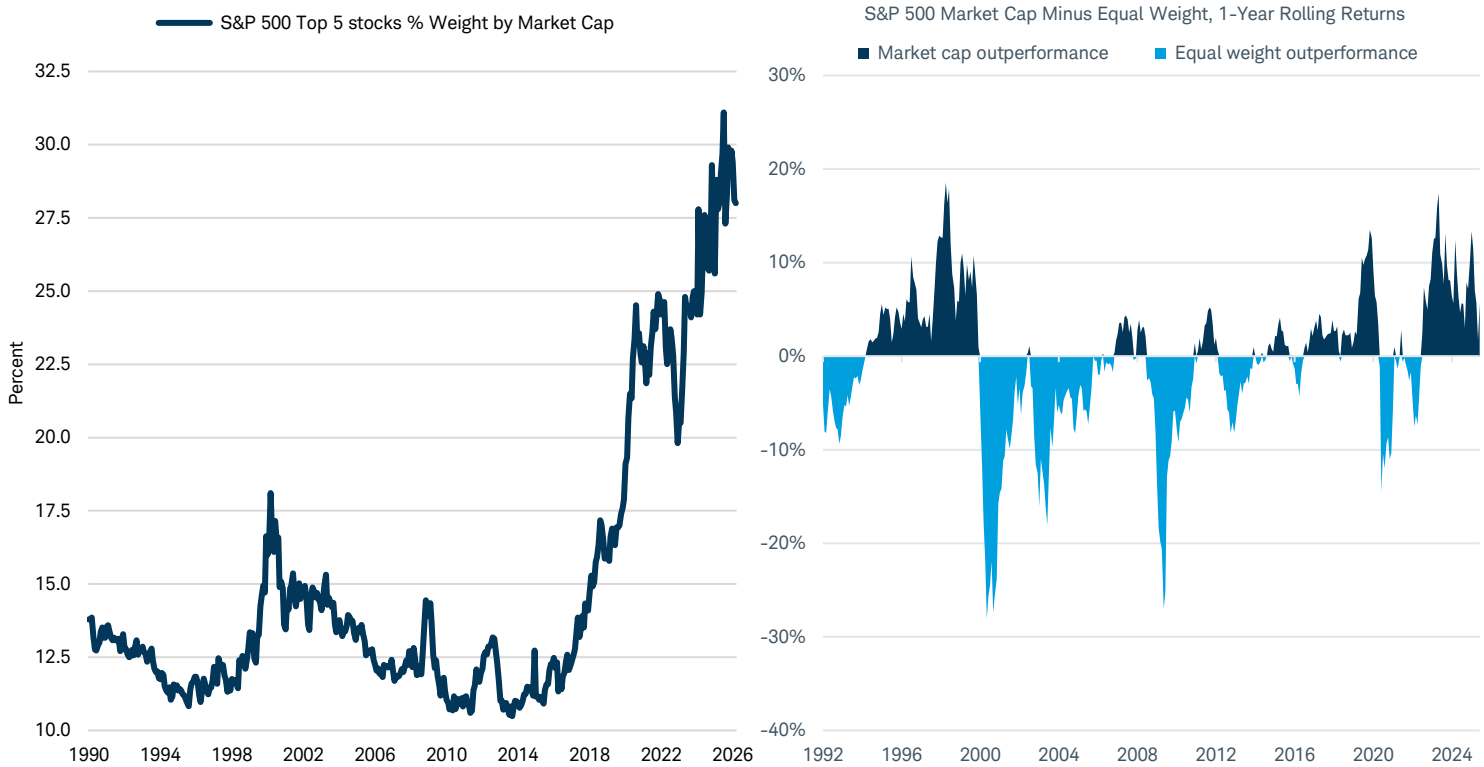


Valuation	
Metric	Current percentile ranking (relative to history)
S&P 500 forward P/E	Expensive
S&P 500 trailing P/E	Very expensive
S&P 500 5-year normalized P/E	Very expensive
S&P 500 price/book value ratio	Very expensive
S&P 500 price/cash flow	Very expensive
S&P 500 dividend yield	Very expensive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

Source: Charles Schwab, the Schwab Center for Financial Research, Bloomberg, as of 3/31/2026. 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 3/31/2026. 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.

Market concentration

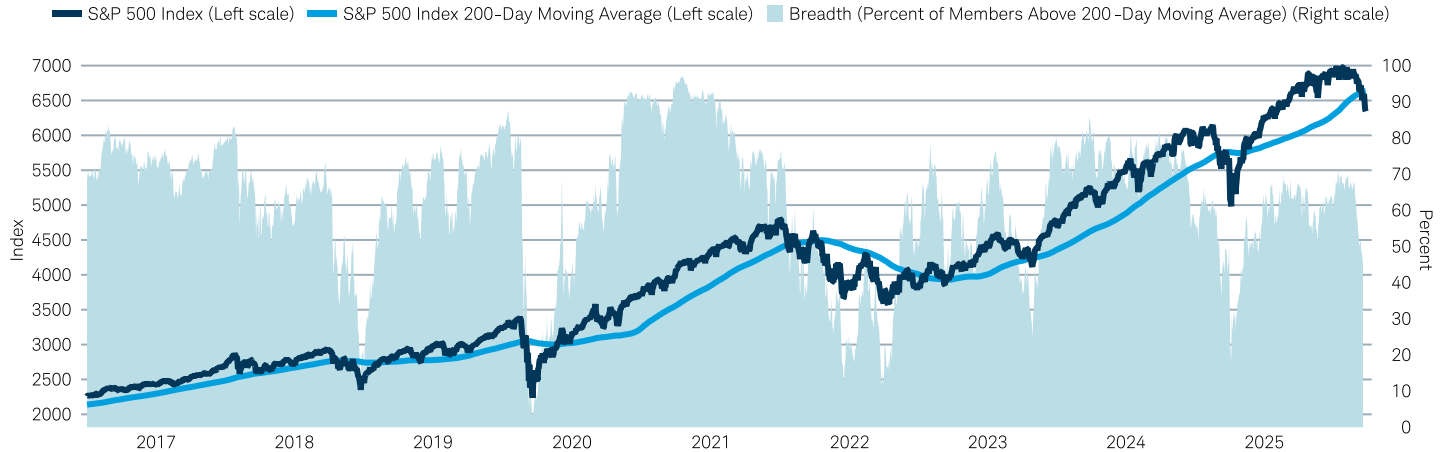
Just five companies account for nearly 30% of the S&P 500's market cap. Concentration increased throughout the quarter given the mega-caps' outperformance relative to the index.



Source: Charles Schwab, Bloomberg, Macrobond as of 3/31/2026. 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 rolled over but remained above its 200-day moving average. Breadth weakened throughout the quarter as the percentage of members trading above their 200-day moving average slipped below 50%.

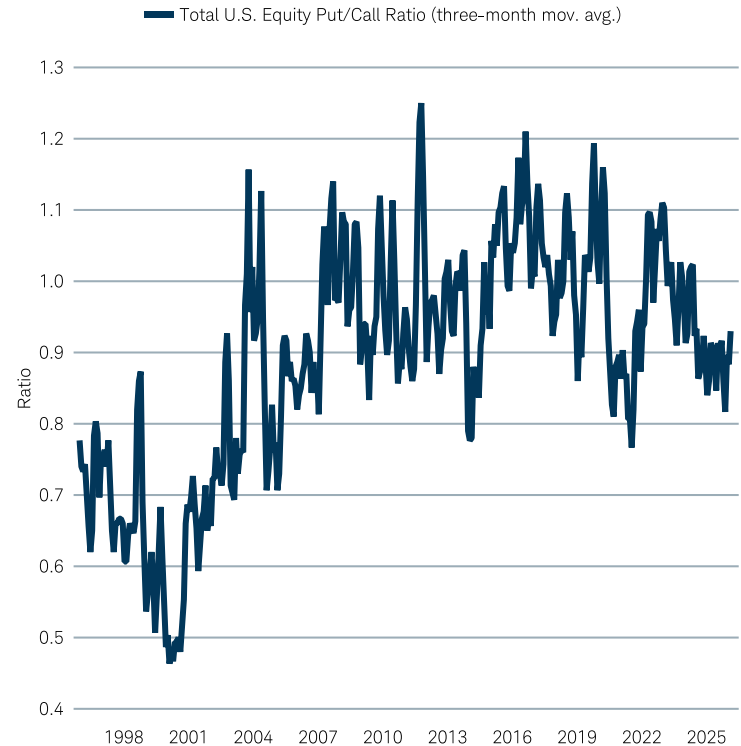
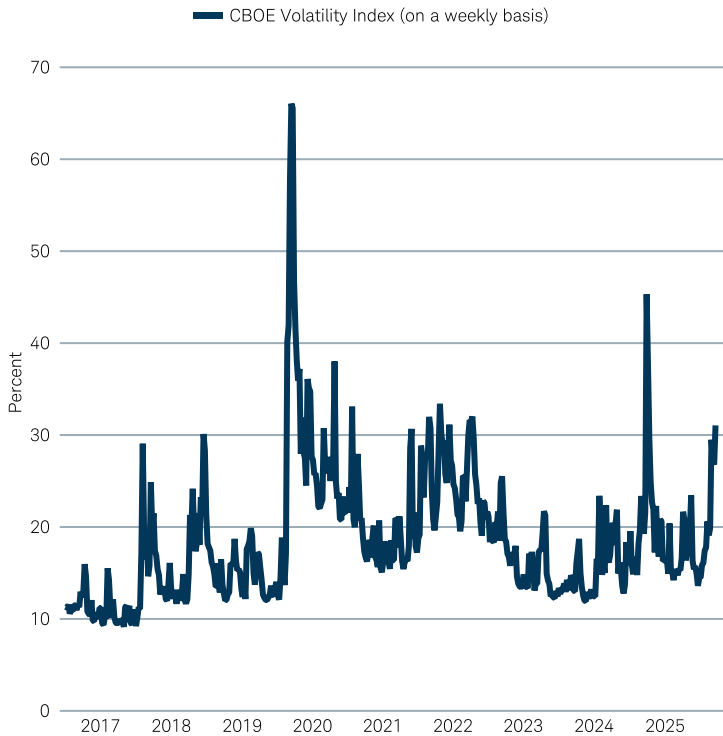


Index	Year-to-date			
	YTD return	Index return since 4/8/25 low	Index maximum drawdown from YTD high	Average member maximum drawdown since 4/8/25 low
S&P 500	-5%	31%	-9%	-24%
NASDAQ	-7%	41%	-13%	-49%
Russell 2000	1%	42%	-11%	-37%
Dow Jones	-4%	23%	-10%	-20%

Source: Charles Schwab, Bloomberg, Macrobond, Ned Davis Research, Inc. as of 3/31/2026. 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.**

Equity market volatility

The Volatility Index spiked as the war in Iran broke out, remaining elevated throughout the quarter. The equity put/call ratio moved higher as sentiment grew more pessimistic, but not to panic levels.



Source: Charles Schwab, Macrobond as of 3/31/2026. 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) <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.**

U.S. equity sector returns and valuations

Data as of 3/31/2026

S&P 500 Sectors								
Index	S&P Weight	3-month 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%	-4.4%	17.8%	44.7%	91.7%	21.4	16.0	1.2%
Information Technology	32.9%	-9.1%	29.0%	72.8%	159.1%	23.0	18.3	0.6%
Financials	12.6%	-9.5%	0.6%	34.5%	73.2%	15.2	13.2	1.7%
Communication Services	10.3%	-6.9%	32.5%	62.3%	168.9%	20.6	15.6	0.7%
Consumer Discretionary	9.9%	-9.2%	11.7%	9.3%	63.9%	25.0	19.0	0.7%
Health Care	9.5%	-4.9%	2.3%	13.0%	27.8%	19.1	16.6	1.8%
Industrials	9.0%	4.6%	25.0%	64.7%	101.2%	26.7	16.3	1.3%
Consumer Staples	5.3%	7.7%	6.3%	28.4%	43.7%	23.9	17.2	2.4%
Energy	4.0%	38.2%	36.3%	151.3%	72.4%	20.7	15.2	2.5%
Utilities	2.5%	8.3%	19.7%	47.7%	66.6%	19.1	14.7	2.7%
Materials	2.1%	9.7%	18.0%	21.4%	55.7%	21.2	16.0	1.7%
Real Estate	2.0%	2.8%	2.3%	-6.5%	37.8%	37.3	37.9	3.4%

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.**

Economy

Equities

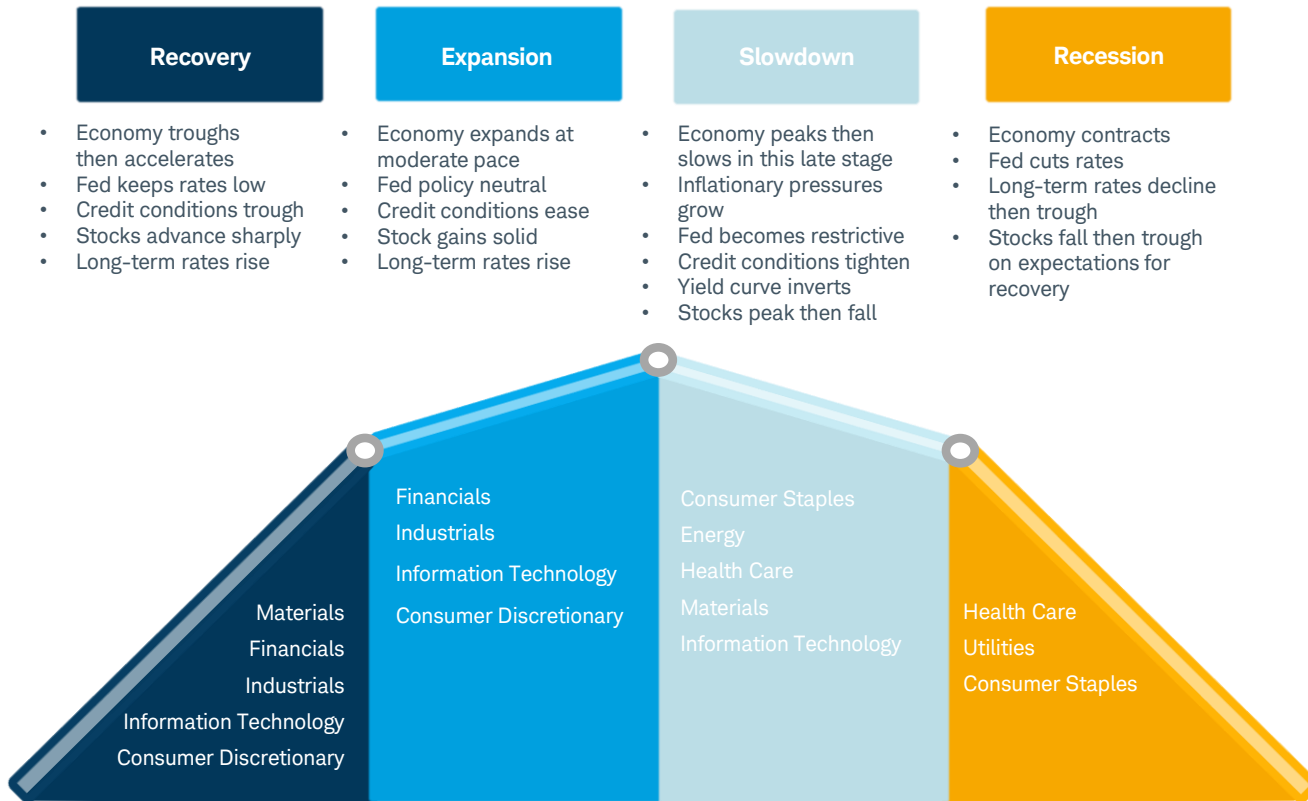
Income

Commodities

Asset allocation

U.S. equity sectors and the economy

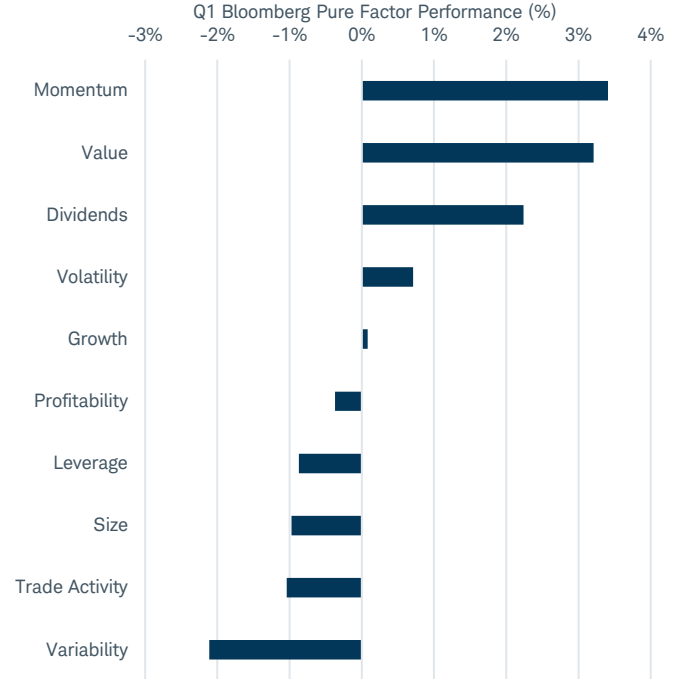
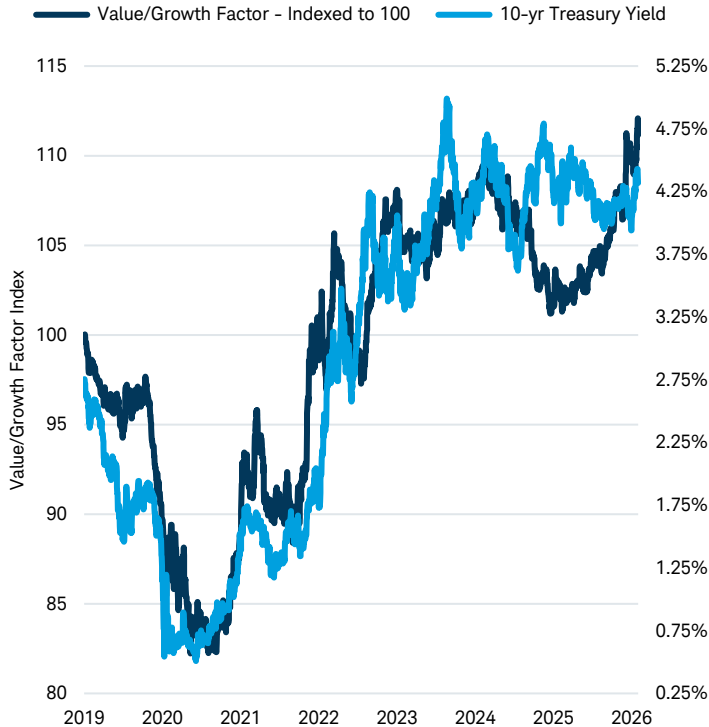
With increased concern over the unemployment rate's rise and the potential for higher recession risks, it's worth noting that traditional defensives like Consumer Staples, Health Care, and Utilities tend to outperform when the cycle gets closer to its end.



Source: Charles Schwab. For illustrative purposes only.

Equity investment styles and factors

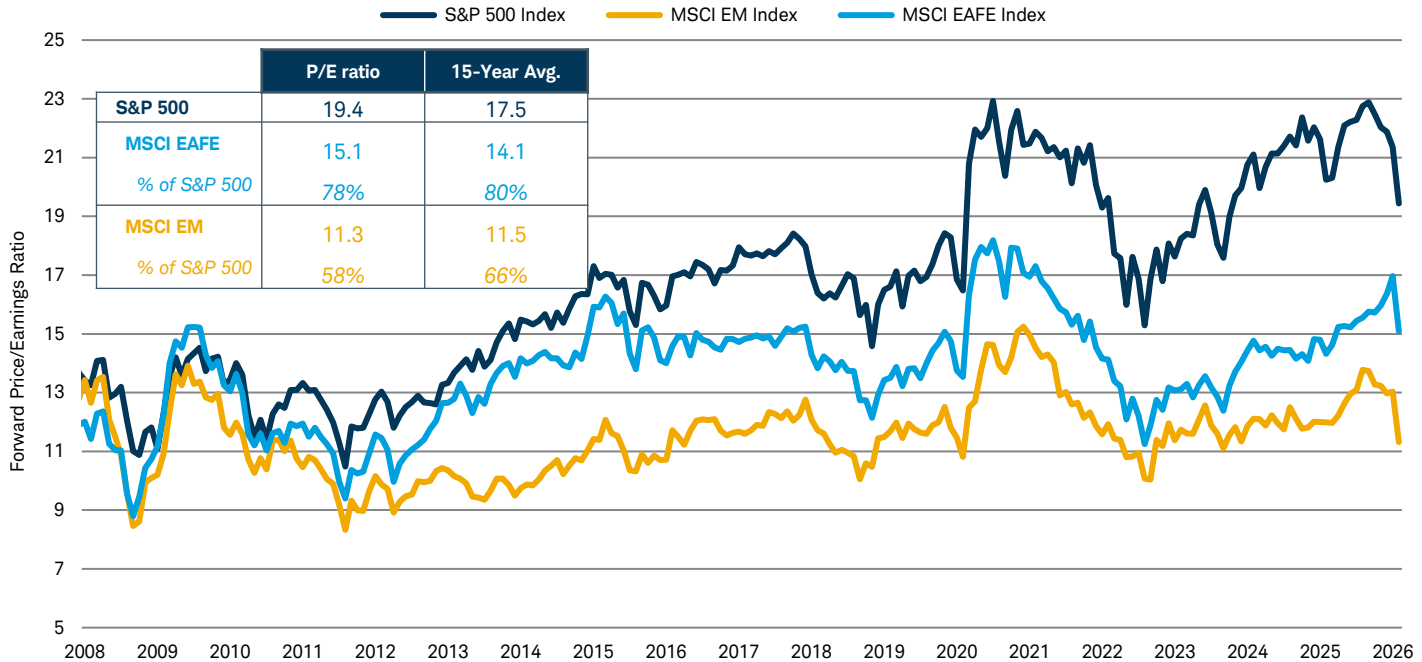
Value tends to outperform growth when interest rates rise. This relationship held at the beginning of the year but has been halted since the outbreak of the war. Beyond growth and value, there are several factors, especially momentum, that can help explain overall market performance.



Source: Charles Schwab, Bloomberg as of 3/31/2026. 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.**

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 war).

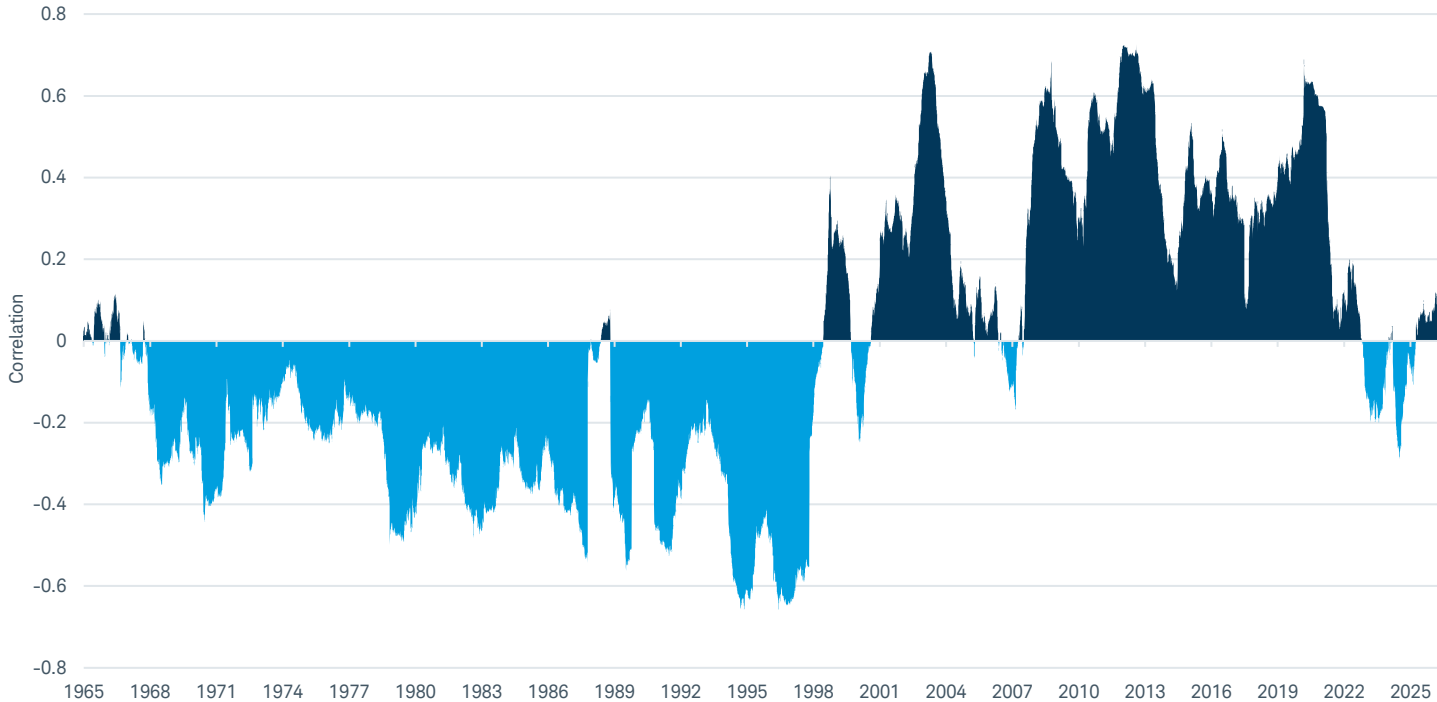


Source: Bloomberg, the Schwab Center for Financial Research as of 3/31/2026. Indexes are unmanaged, do not incur management fees, costs, and expenses, and cannot be invested in directly. Investing involves risk, including loss of principal. For illustrative purposes only. **Past performance is no guarantee of future results.**

Stock market and bond yields

The correlation between changes in bond yields and stock prices remained slightly positive in Q1.

Rolling 1-year correlation between S&P 500 and 10-year bond yield



Source: Charles Schwab, Bloomberg as of 3/31/2026. Treasury yield is represented by the U.S. Generic 10-year Treasury Yield (USGG10YR INDEX). 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.**

Bear markets and recessions

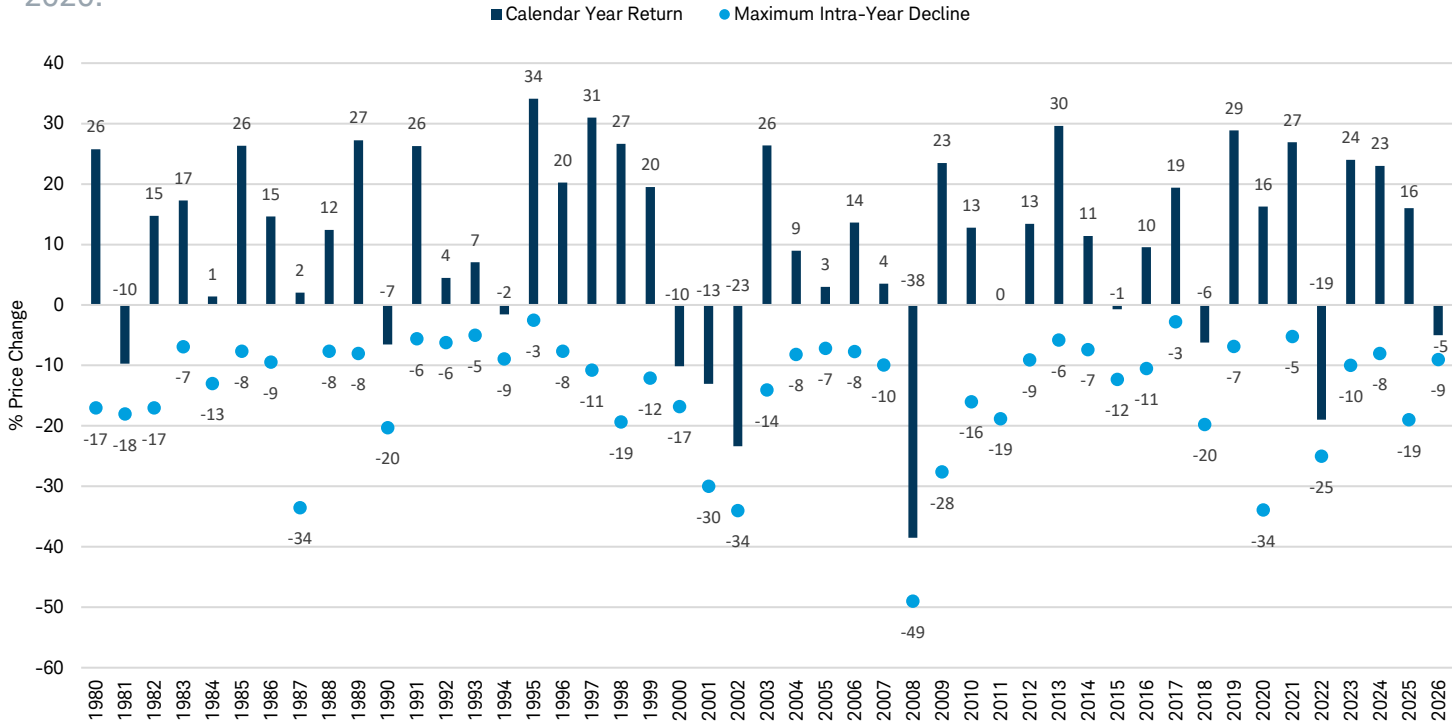
Bear markets in the S&P 500 are not always consistent with U.S. recessions. Going back to the 1940s, there have been five bear markets that didn't coincide with a recession.

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.**

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 3/31/2026. 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.**

Income index returns

Total returns of income-generating investments as of 3/31/2026

Core Bonds					
	3-month	1-year	3-year	5-year	10-year
Bloomberg U.S. Aggregate	0.0%	4.3%	3.6%	0.3%	1.7%
Treasuries	0.1%	3.3%	2.6%	-0.1%	1.0%
Municipal Bonds	-0.2%	4.3%	2.9%	0.8%	2.2%
Mortgage Backed	0.4%	5.8%	4.2%	0.4%	1.4%
Agency Bonds	0.2%	4.2%	4.2%	1.3%	1.9%
Investment Grade Corporate	-0.5%	4.8%	4.7%	0.8%	2.8%
Commercial Mortgage Backed	0.3%	5.4%	5.5%	1.5%	2.5%
Asset Backed	0.3%	4.7%	5.0%	2.4%	2.5%
Aggressive Income					
High-Yield Bonds	-0.5%	7.0%	8.6%	4.2%	6.1%
Bank Loans	-0.6%	4.8%	8.0%	5.9%	5.6%
Preferred Stock	-2.4%	4.2%	6.4%	1.5%	3.8%
Convertible Bonds	3.0%	21.9%	13.3%	4.3%	11.7%

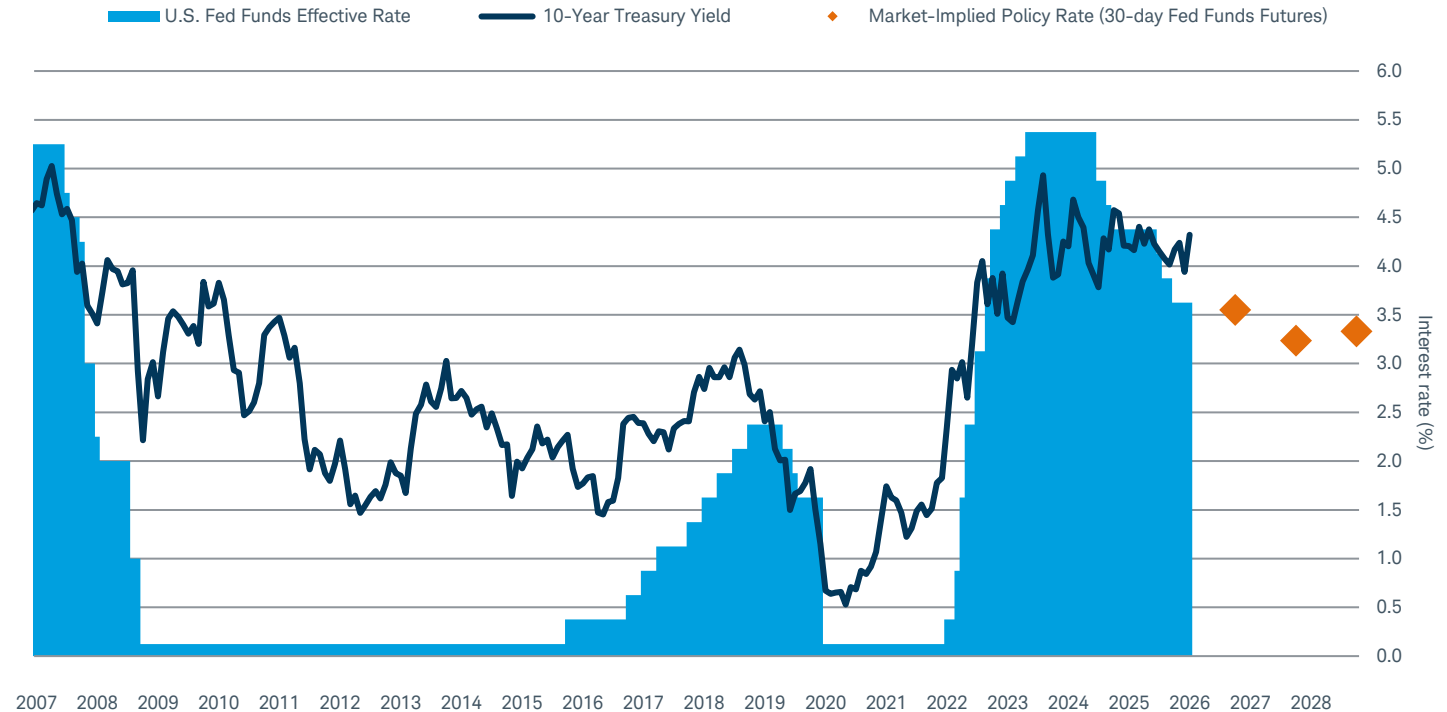
International					
	3-month	1-year	3-year	5-year	10-year
International Treasuries	-2.7%	2.5%	0.5%	-3.8%	-0.8%
International Investment Grade	-1.3%	6.0%	5.1%	0.1%	2.1%
Emerging Market Bonds (USD)	-1.9%	9.4%	8.9%	2.1%	3.5%
Emerging Market Bonds (Local)	-2.3%	11.7%	6.3%	1.9%	2.2%
Dividend Equity					
U.S. Dividend Stocks	12.8%	14.1%	12.1%	8.7%	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.** For illustrative purposes only. See additional information on the disclosures page.

Federal funds rate path

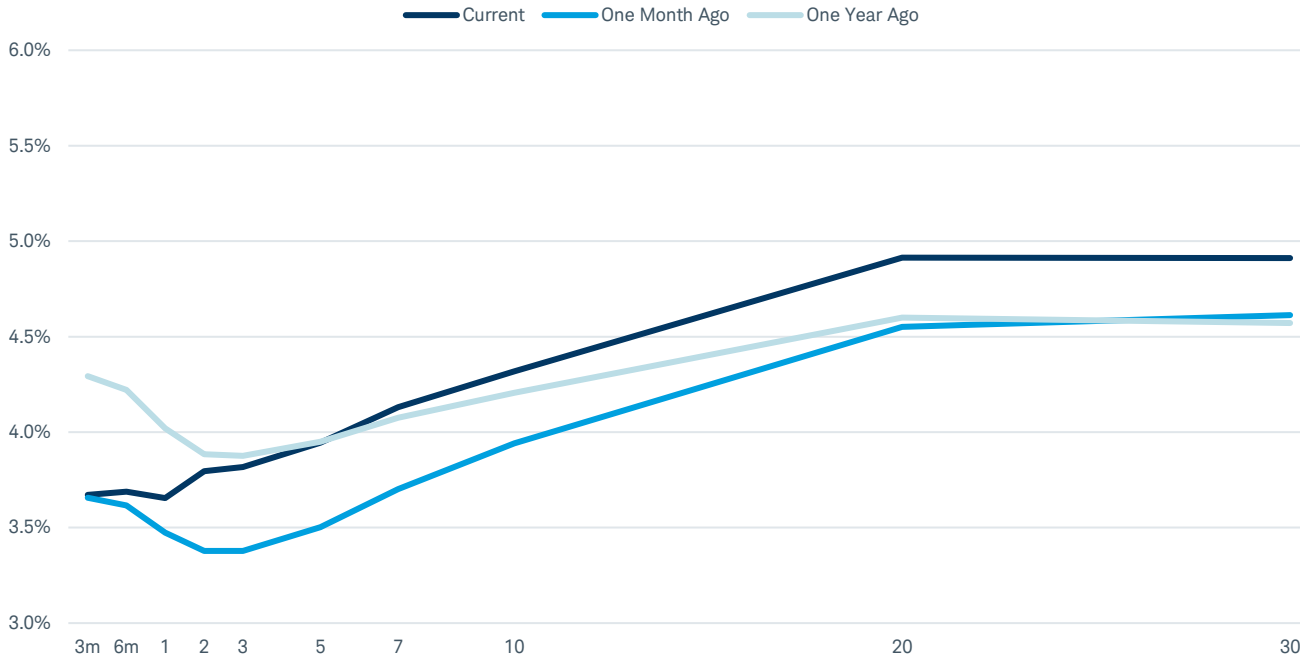
FOMC held rates steady throughout the quarter and projected one more cut in 2026. However, there's a high degree of uncertainty with that projection due to the situation in the Middle East and the possibility that it could lead to a sustained period of higher inflation and potentially slower growth.



Source: Bloomberg as of 3/31/2026. 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.

Treasury yield curve

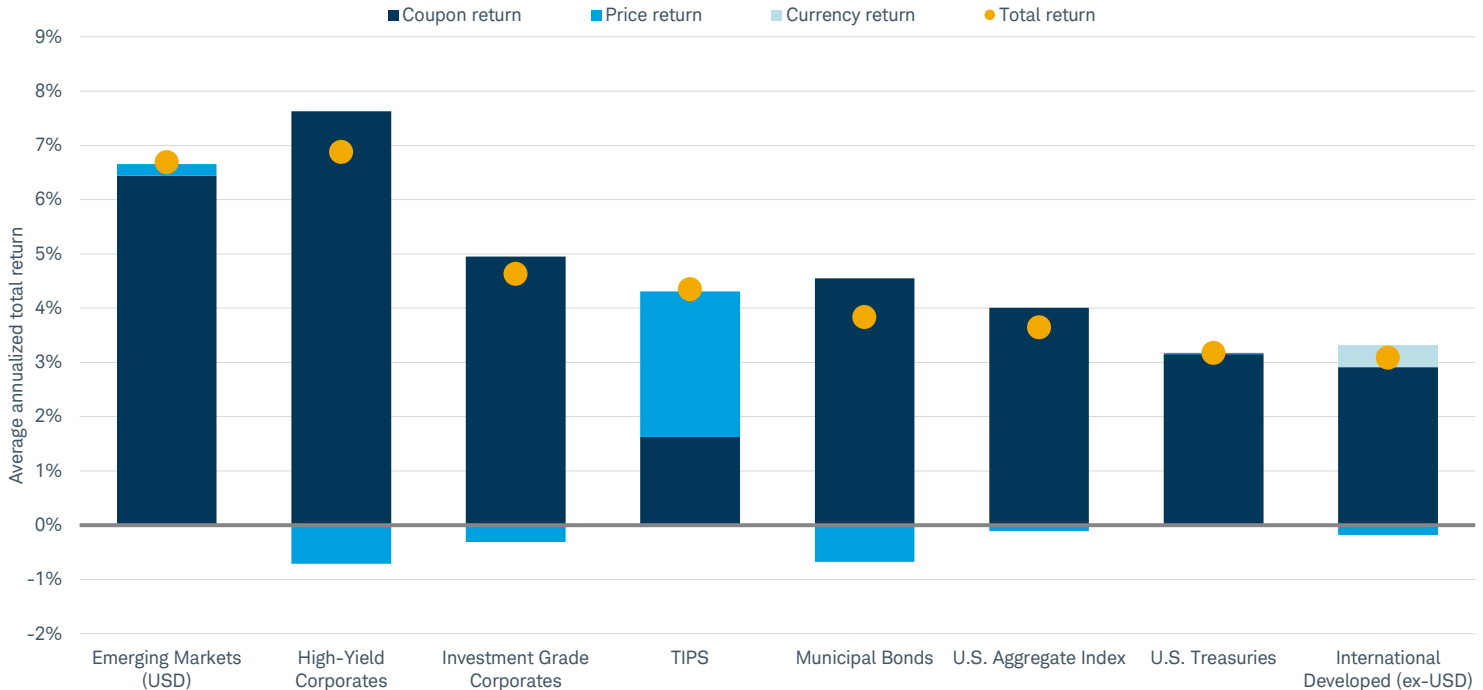
Treasury yields rose across the curve during the quarter with 2-year Treasury yields rising the most as investors pared back expectations for rate cuts. We believe there's likely limited downside on longer-term yields going forward due to sticky inflation, elevated issuance, among other issues. However, if the situation in the Middle East is quickly resolved and oil moves lower, longer-term bond yields could move lower too.



Source: Bloomberg, Federal Reserve as of 3/31/2026. 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.**

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.

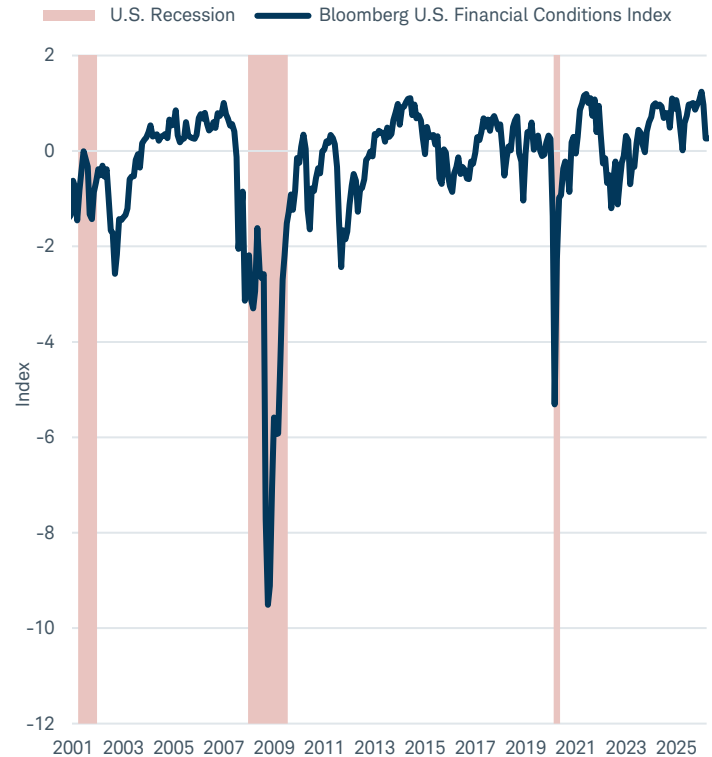
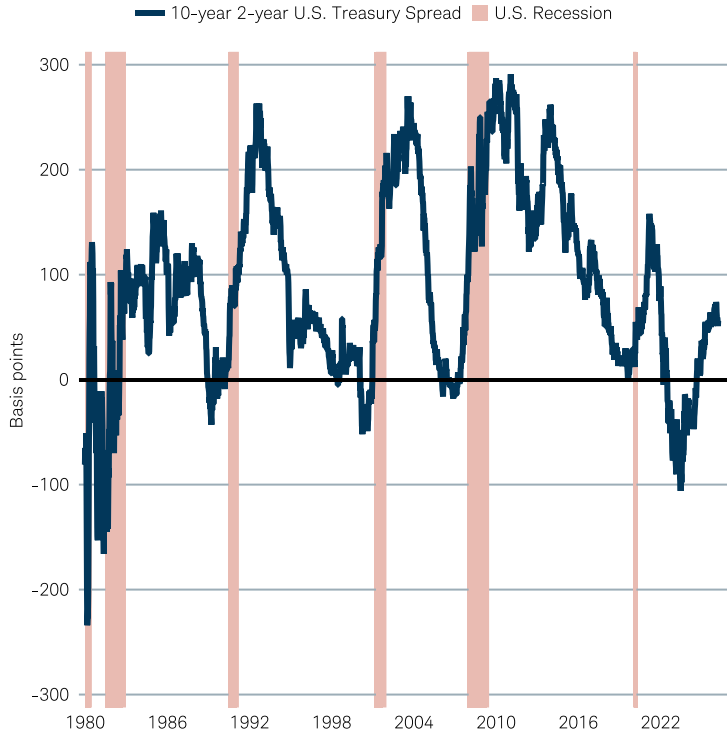


Source: Charles Schwab, Bloomberg. Total return date range 4/30/2001 to 3/31/2026. Indexes represented are: Emerging Markets (USD) = Bloomberg Emerging Market USD Aggregate Index; High-Yield Corporates = Bloomberg US Corporate High-Yield Bond Index; Investment Grade Corporates = Bloomberg U.S. Corporate 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.

Yield curve slope and recessions

The spread between the 2-year and 10-year Treasury yields moved lower in the first quarter. Financial conditions generally tightened but remained accommodative.

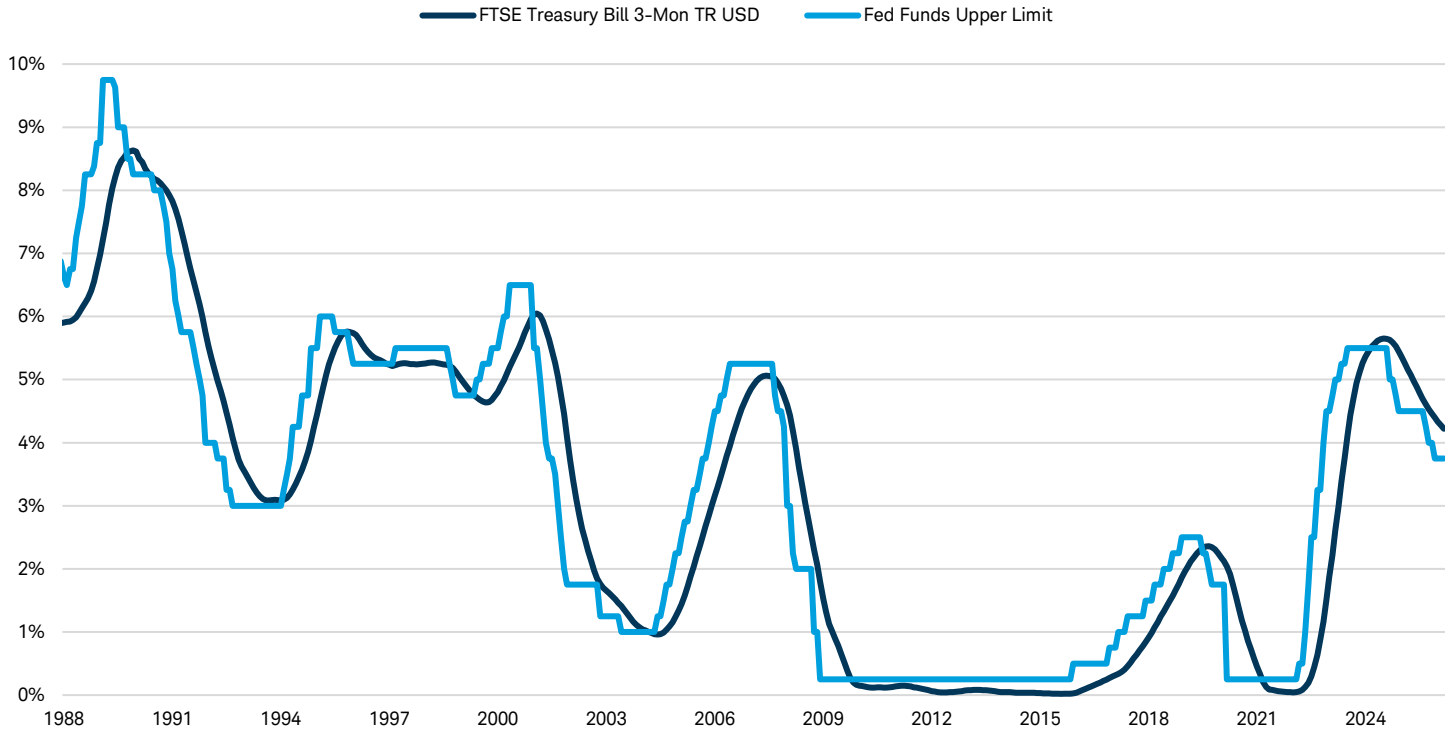


Bars represent National Bureau of Economic Research defined recession periods.

Source: Charles Schwab, Bloomberg, and Macrobond as of 3/31/2026. 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.

Cash and interest rates

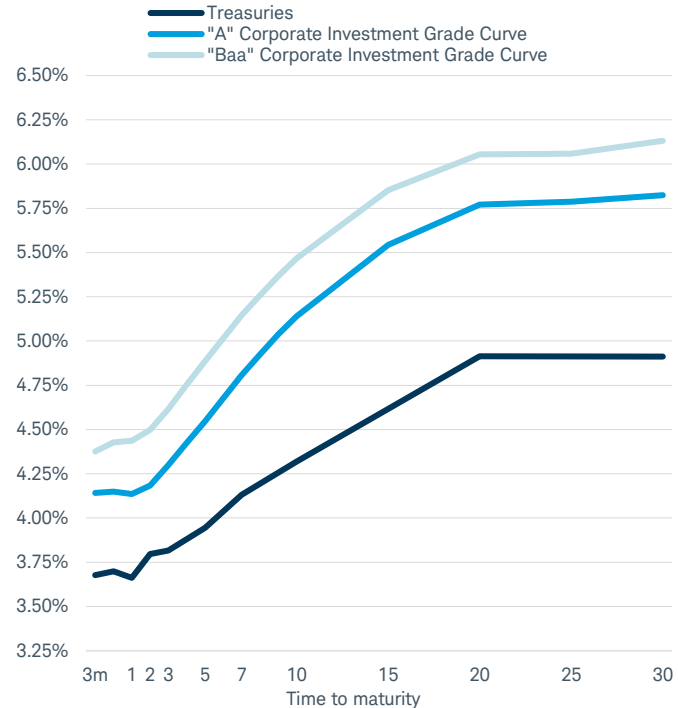
Yields for short-term investments, like 3-month Treasury bills, generally track the path of the Fed Funds rate. Investors with large cash allocations should consider adding some intermediate-term bonds to lock in yields, rather than risk earning lower yields later if the Fed cuts rates.



Source: Charles Schwab, Bloomberg, Morningstar, Inc. as of 3/31/2026. 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.

Corporate bond spreads

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

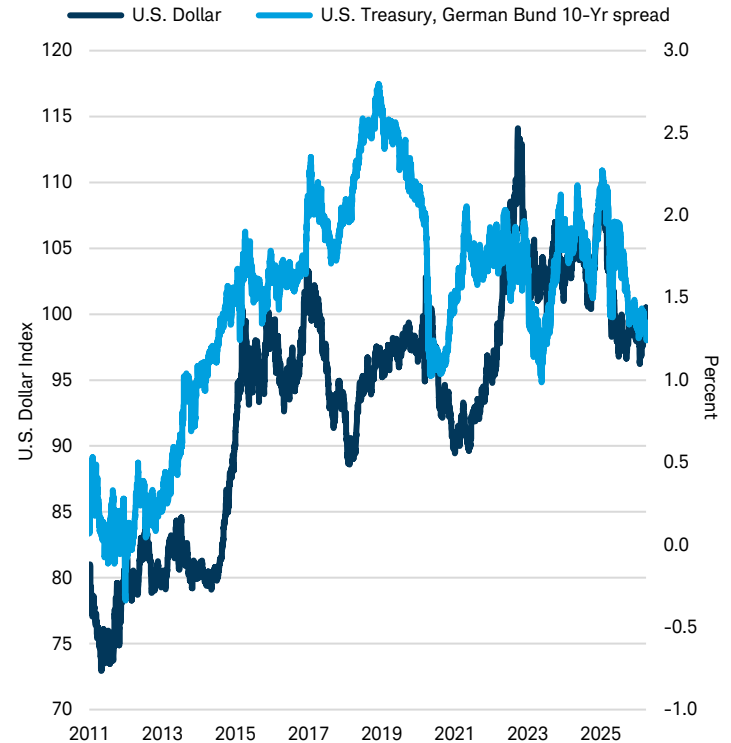
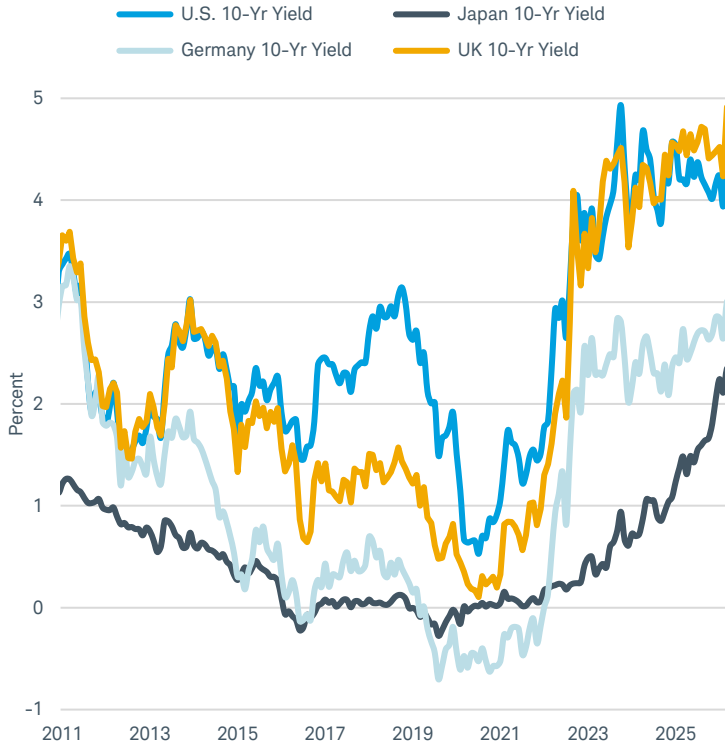


Bars represent National Bureau of Economic Research defined recession periods.

Source: Charles Schwab, Bloomberg as of 3/31/2026. 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.**

Global yields

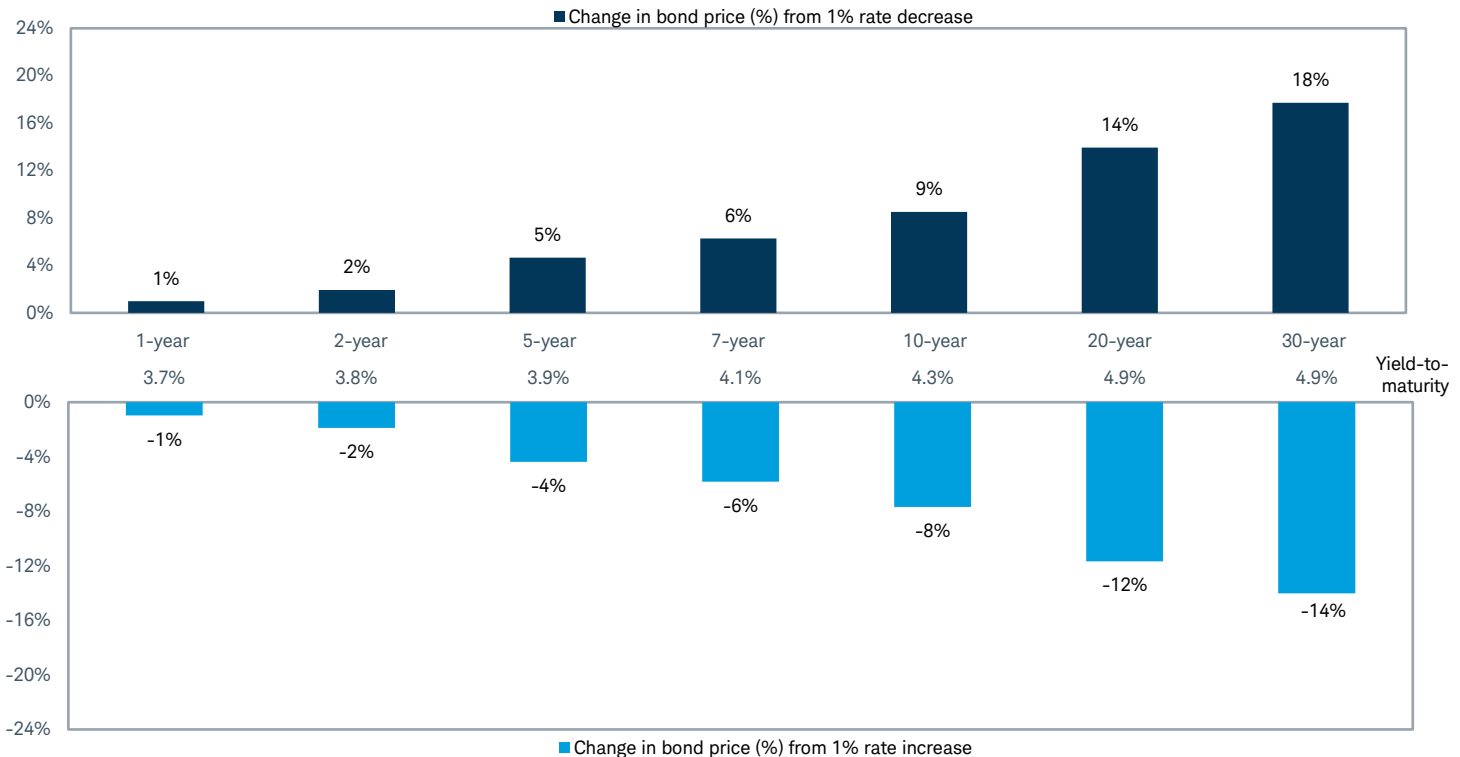
Interest rate differentials between US and international developed market bonds were mostly range bound in the first quarter. Although U.S. bonds currently offer a yield advantage to international bonds, an allocation to some international bonds can offer diversification benefits.



Source: Charles Schwab, Bloomberg as of 3/31/2026. 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.

Interest rates and bond prices

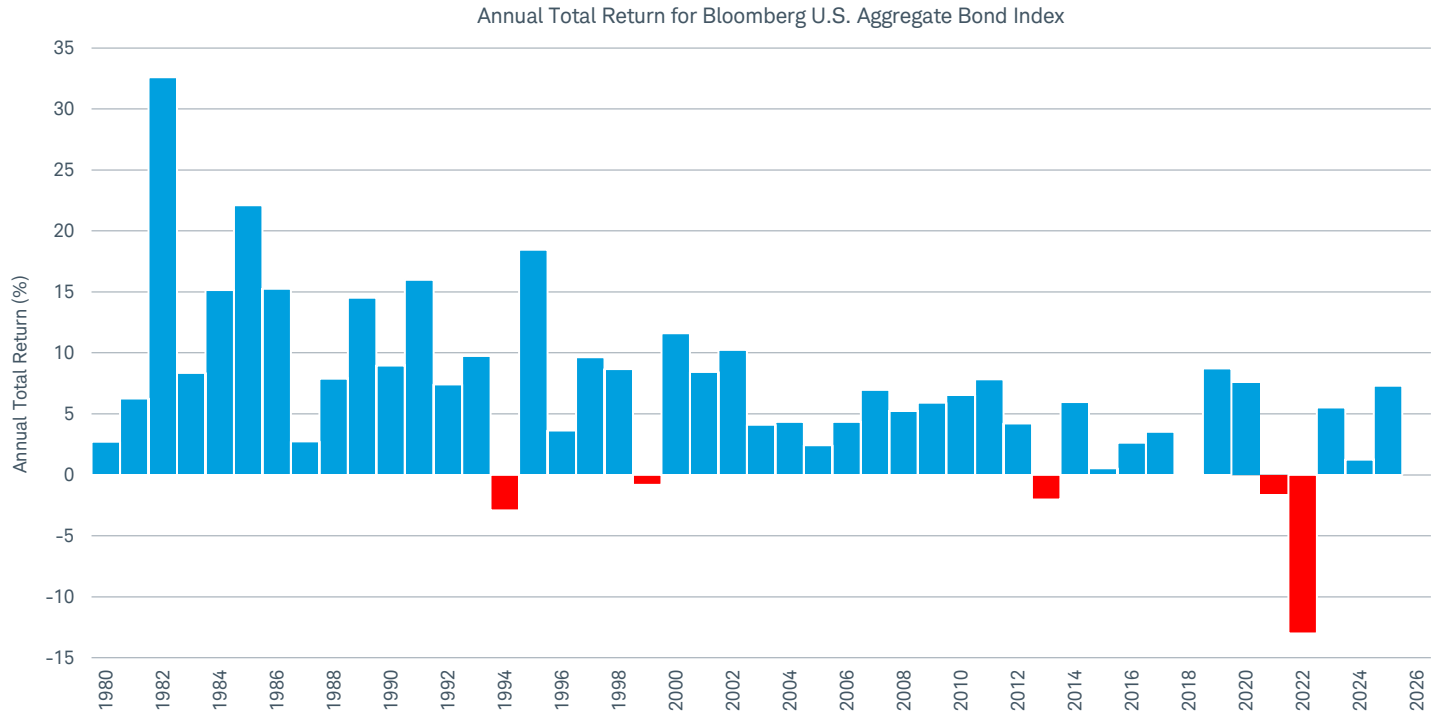
Bond prices and yields move in opposite directions, and the magnitude of the price change generally depends on the bond's maturity. Long-term bonds tend to be the most sensitive to yield changes.



Source: Charles Schwab and Federal Reserve, using yields as of 3/31/2026. Yield-to-maturity is based on the daily Treasury par yield curve for each maturity shown. This chart assumes a "parallel" upward and downward shift in yields from current rates by 1%. 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.**

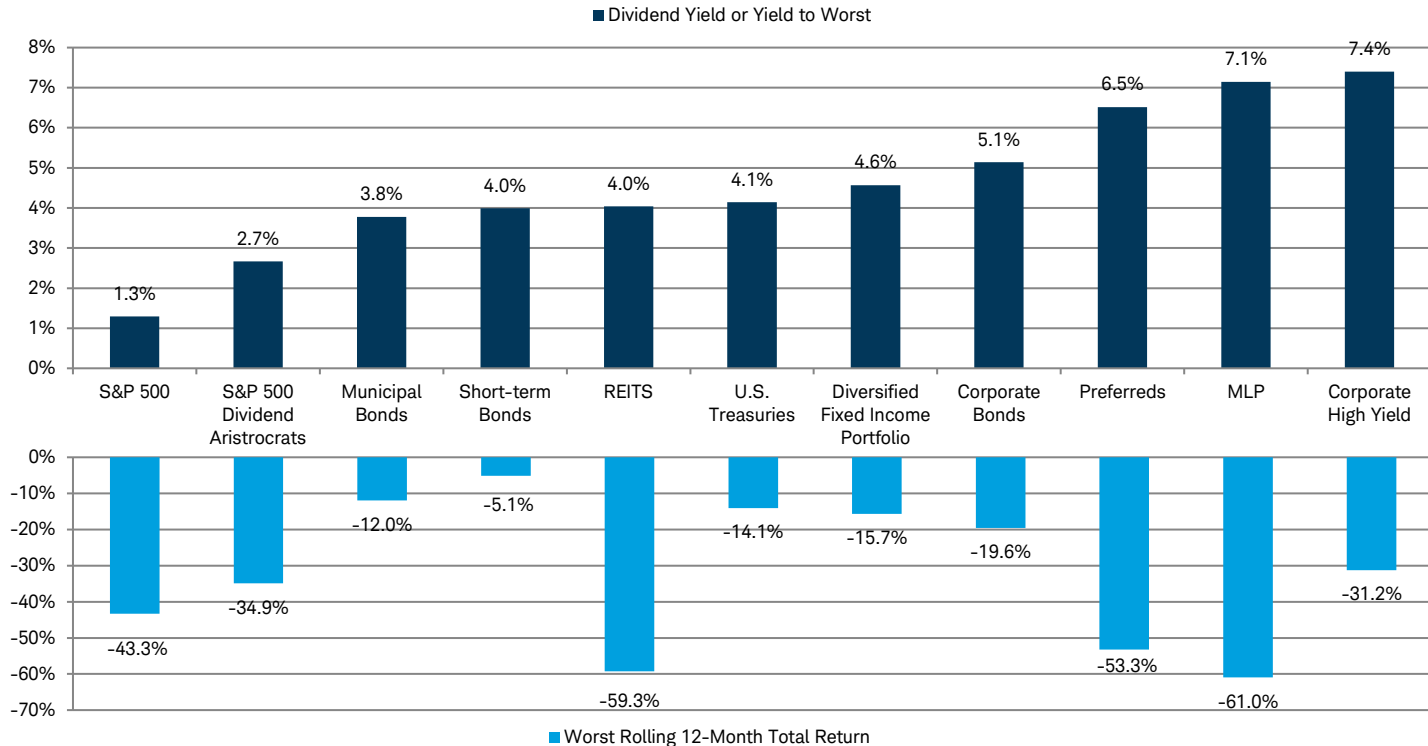
Negative returns have been uncommon in a diversified bond portfolio

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



Source: Bloomberg as of 3/31/2026. 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.**

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 data obtained from Bloomberg as of 3/31/2026. Worst rolling 12-month total returns are from 12/31/1999 to 3/31/2026 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.

Municipal bond index returns and yields

Data as of 3/31/2026

Fixed Income	Total returns			
	1-month	3-month	6-month	12-month
Municipal	-2.32%	-0.18%	1.38%	4.29%
Municipal High Yield	-1.90%	0.71%	1.87%	2.35%
Taxable Municipal	-2.14%	0.43%	1.81%	5.21%
By Maturity				
1 Year (1-2)	-0.33%	0.64%	1.19%	3.04%
3 Year (2-4)	-0.91%	0.47%	0.94%	3.55%
5 Year (4-6)	-1.77%	0.01%	0.51%	4.09%
7 Year (6-8)	-2.62%	-0.56%	0.26%	4.33%
10 Year (8-12)	-3.09%	-0.79%	0.94%	4.81%
15 Year (12-17)	-2.99%	-0.41%	2.42%	5.51%
20 Year (17-22)	-2.34%	0.37%	2.58%	4.86%
Long Bond (22+)	-2.35%	-0.22%	1.40%	3.23%
Quality				
Aaa	-2.49%	-0.34%	1.23%	4.25%
Aa	-2.28%	-0.20%	1.36%	4.32%
A	-2.28%	-0.03%	1.48%	4.35%
Baa	-2.37%	-0.08%	1.70%	3.92%
Municipal High Yield	-1.90%	0.71%	1.87%	2.35%

Fixed Income	Current	Tax-equivalent yield		
		CA Resident*	NY Resident [†]	National [‡]
Municipal	3.77%	8.22%	7.49%	6.96%
Municipal High Yield	5.66%	12.34%	11.24%	10.45%
Taxable Municipal	4.94%	4.94%	4.94%	4.94%
By Maturity				
1 Year (1-2)	2.68%	5.84%	5.32%	4.94%
3 Year (2-4)	2.82%	6.14%	5.60%	5.20%
5 Year (4-6)	3.02%	6.58%	5.99%	5.57%
7 Year (6-8)	3.26%	7.10%	6.47%	6.01%
10 Year (8-12)	3.54%	7.70%	7.02%	6.52%
15 Year (12-17)	3.94%	8.58%	7.82%	7.27%
20 Year (17-22)	4.45%	9.68%	8.82%	8.20%
Long Bond (22+)	4.73%	10.30%	9.38%	8.72%
Quality				
Aaa	3.63%	7.90%	7.20%	6.69%
Aa	3.65%	7.94%	7.24%	6.73%
A	4.01%	8.74%	7.96%	7.40%
Baa	4.62%	10.07%	9.18%	8.53%
Municipal High Yield	4.73%	10.30%	9.38%	8.72%

*CA assumes a 37% federal tax, 13.3% state tax, and 3.8% ACA tax

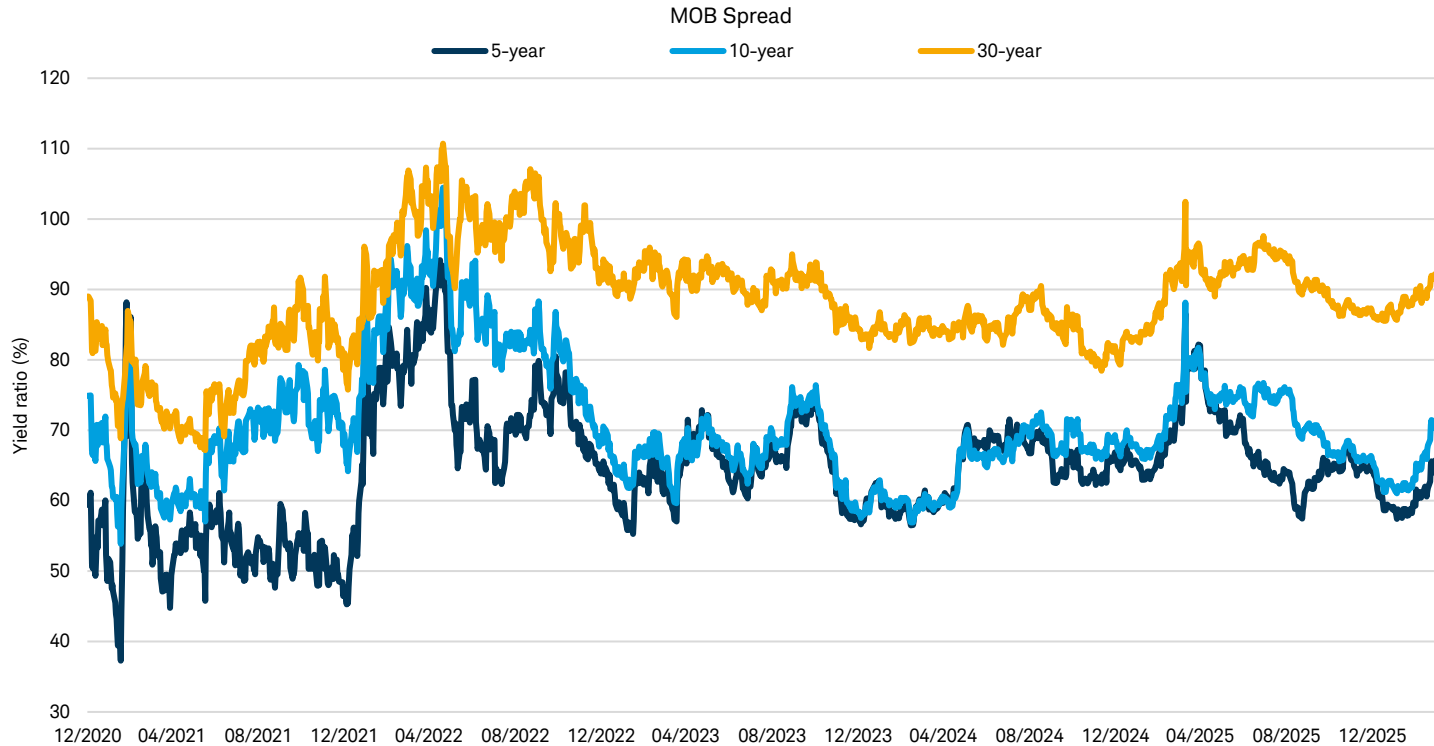
[†]NY assumes a 37% federal tax, 8.82% state tax, and 3.8% ACA tax

[‡]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. **Past performance is no guarantee of future results.**

Municipal bonds: Relative yields

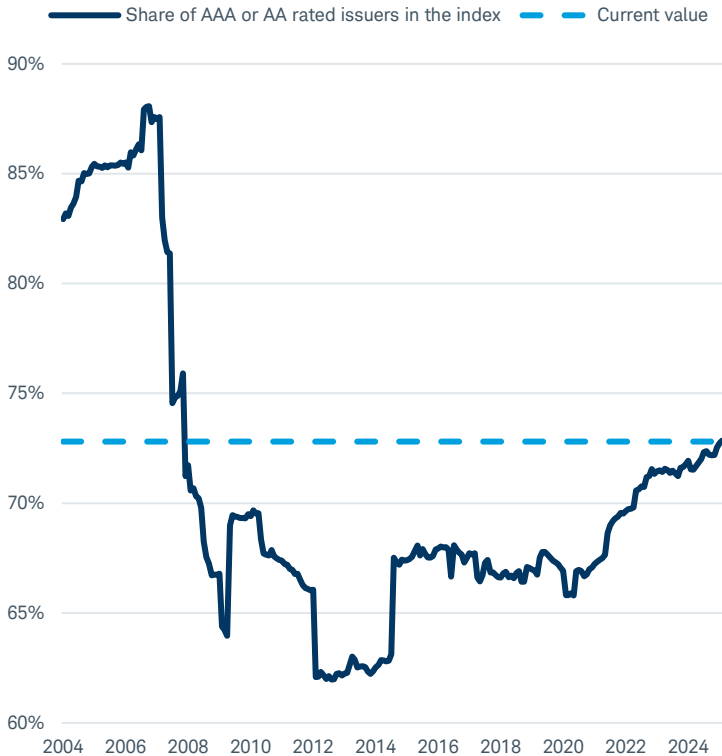
Relative to Treasuries, municipal bond yields moved higher during the quarter. High-quality munis appear attractive for investors in higher tax brackets who are looking for more conservative income options.



Source: Bloomberg. Daily data as of 3/31/2026. Yield ratio (municipal-over-bond spread) is the ratio of the yield of a 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. ⁴⁸

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.

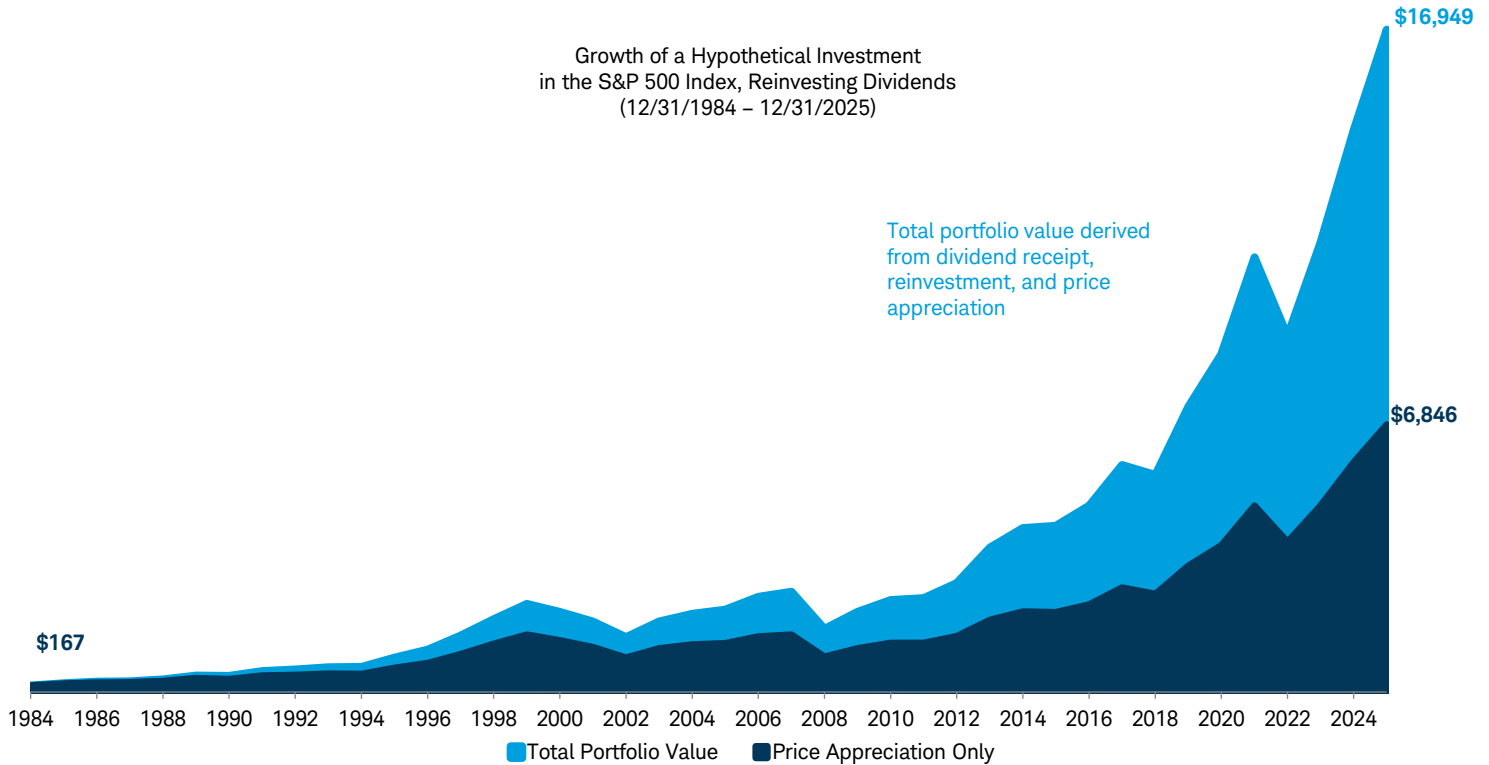


Source: Bloomberg as of 3/31/2026. Left: Composition of the Bloomberg Municipal Bond Index, using monthly data. Right: Bloomberg Municipal Bond 7 Year (6-8) Index and Bloomberg Intermediate Corporate Bond Index, using weekly data. Indexes are unmanaged, do not incur management fees, costs, and expenses, 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.**

Impact of dividends on total return

Dividend-paying stocks can be an income-generating security.

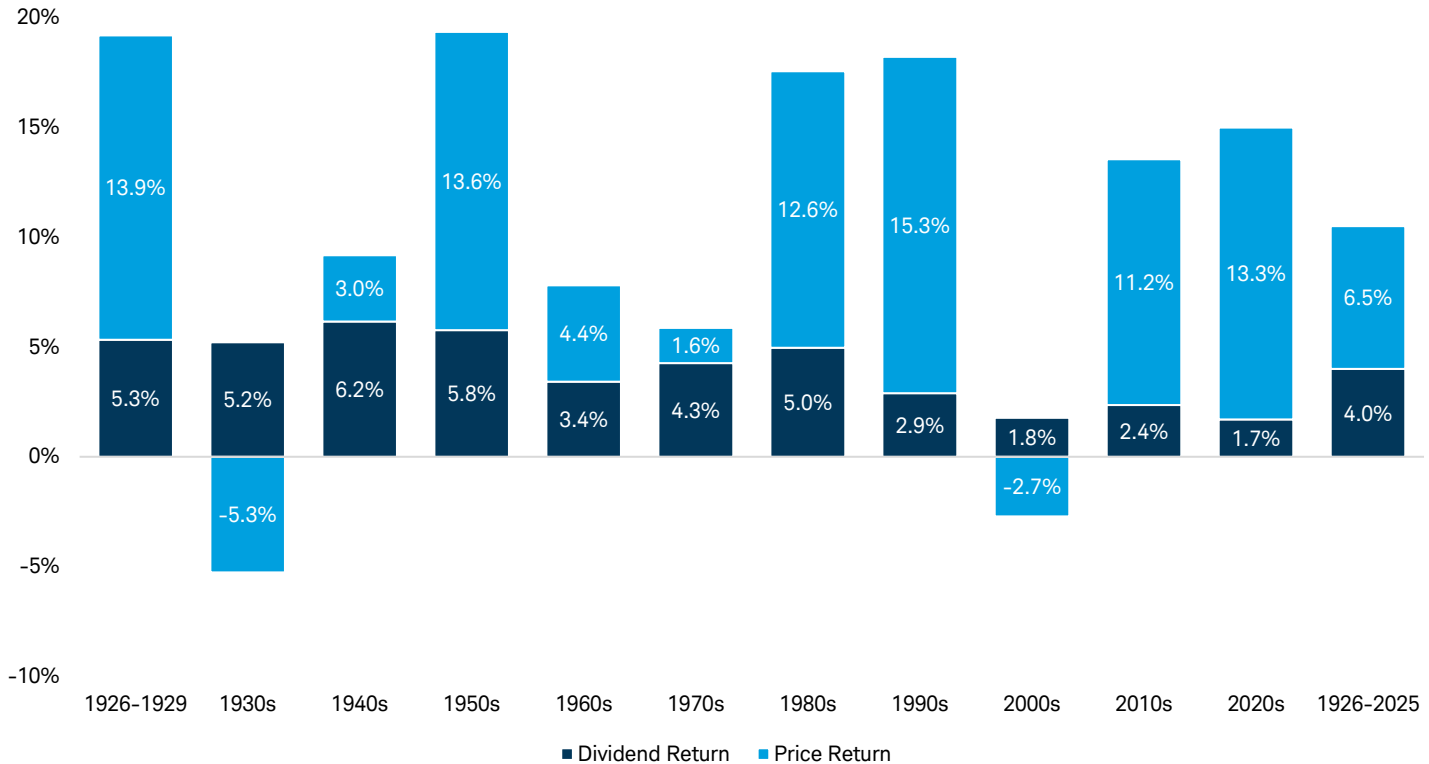
Growth of a Hypothetical Investment
in the S&P 500 Index, Reinvesting Dividends
(12/31/1984 – 12/31/2025)



Growth of the S&P 500 Total Return Index assumes reinvestment of dividends, includes capital gains, and does not reflect the effect of taxes and fees. The \$167 is the S&P 500 Index price on 12/31/1984. This hypothetical example is only for illustrative purposes. Source: S&P Global Indices and Bloomberg as of 12/31/2025. Indexes are unmanaged, do not incur management fees, costs and expenses, and cannot be invested in directly. Investing involves risk, including loss of principal. 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. **Past performance is no guarantee of future results.**

Contribution of dividends to S&P 500 Index total return

From 1926–2025, dividends have been a meaningful part of total return.

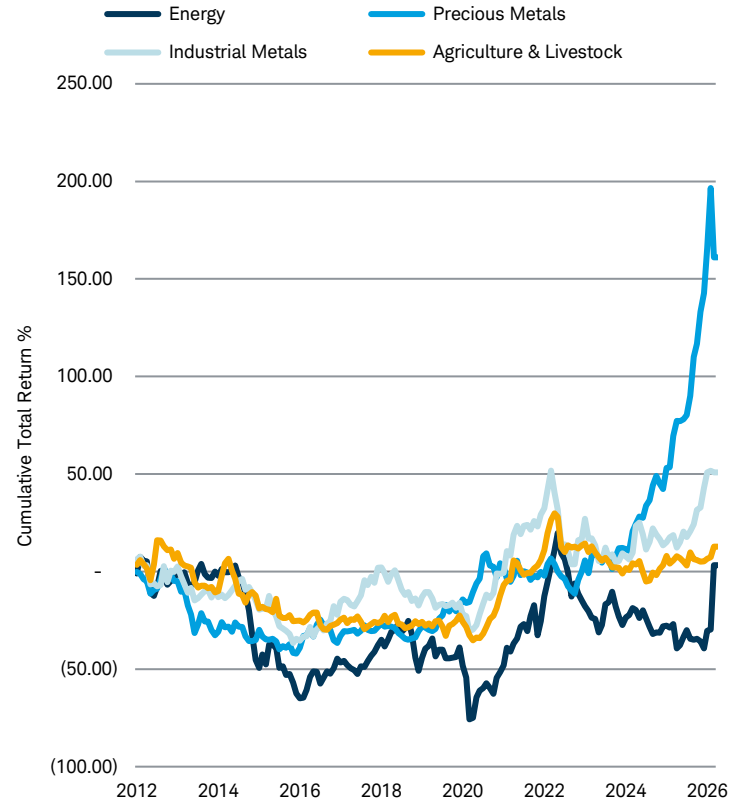


Source: 2019 Stocks, Bonds, Bills & Inflation® (SBI®) Yearbook (1926-2018); Bloomberg (2019 - 2025). The S&P 500® Total Return Index assumes reinvestment of dividends, includes capital gains and does not reflect the effect of taxes and fees. Indexes are unmanaged, do not incur management fees, costs, and expenses, and cannot be invested in directly. Investing involves risk, including loss of principal. 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. For illustrative purposes only. **Past performance is no guarantee of future results.**

Commodities

Price returns as of 3/31/2026

Energy						
	Price	3-month	1-year	3-year	5-year	10-year
WTI Crude Oil Futures	101.38	76.6%	41.8%	10.2%	11.4%	10.2%
Brent Crude Oil Futures	118.35	94.5%	58.3%	14.1%	13.2%	11.6%
Gasoline Futures	331.23	94.2%	45.1%	7.0%	11.1%	8.8%
NY Harbor ULSD Futures	416.34	96.3%	79.9%	15.9%	18.6%	13.4%
Sulphur Gasoil Futures	1,365.00	119.2%	99.0%	21.4%	22.0%	14.4%
Natural Gas Futures	2.88	-21.8%	-30.0%	9.2%	2.0%	3.9%
Metals						
Gold Spot \$/Oz	4,668.06	8.1%	49.4%	33.3%	22.3%	14.2%
Silver Spot \$/Oz	75.17	4.9%	120.5%	46.1%	25.2%	17.2%
Platinum Spot \$/Oz	1,953.65	-5.2%	95.8%	25.2%	10.5%	7.2%
Palladium Spot \$/Oz	1,480.41	-8.6%	49.4%	0.4%	-10.8%	10.1%
LME Aluminum 3MO (\$)	3,467.00	15.7%	36.9%	12.8%	9.4%	8.6%
LME COPPER 3MO (\$)	12,335.50	-0.7%	27.0%	11.1%	7.0%	9.8%
Agriculture						
Corn Futures	457.75	4.0%	0.1%	-11.5%	-4.1%	2.7%
Wheat Futures	616.25	21.5%	14.8%	-3.8%	-0.1%	2.7%
Soybean Futures	1,171.00	13.6%	15.4%	-8.0%	-4.0%	2.5%
Coffee Futures	298.35	-14.5%	-21.4%	20.5%	19.3%	8.9%
Sugar Futures	15.52	3.4%	-17.7%	-11.3%	1.0%	0.1%
Cotton Futures	70.00	8.9%	4.7%	-5.4%	-2.8%	1.8%
Broad indexes						
Bloomberg Commodity Index	135.25	23.3%	27.1%	8.6%	10.1%	5.5%
S&P GSCI Index	745.18	35.9%	31.2%	9.1%	9.8%	8.7%

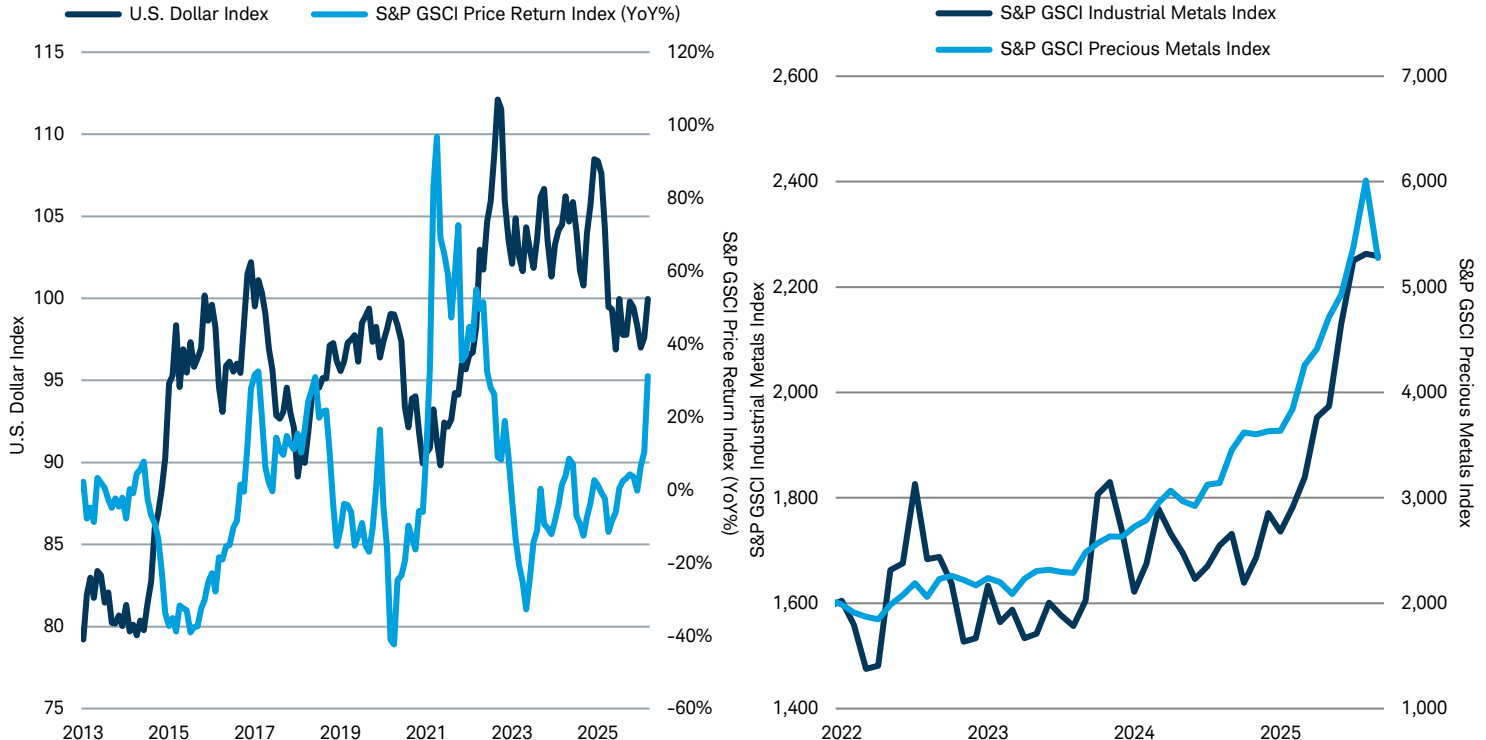


Returns are annualized for periods over one year.

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.**

Metals retreat from historic rallies a markets reassess

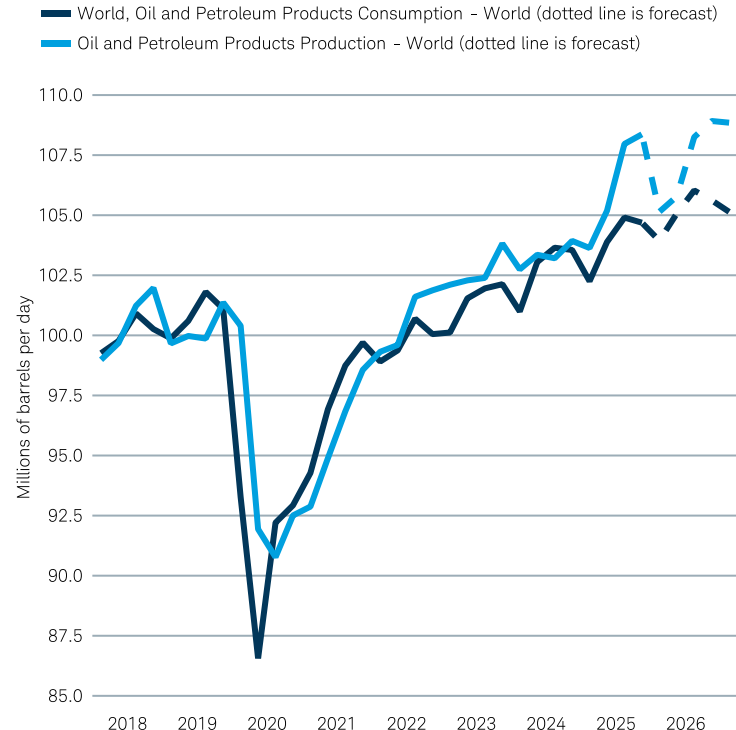
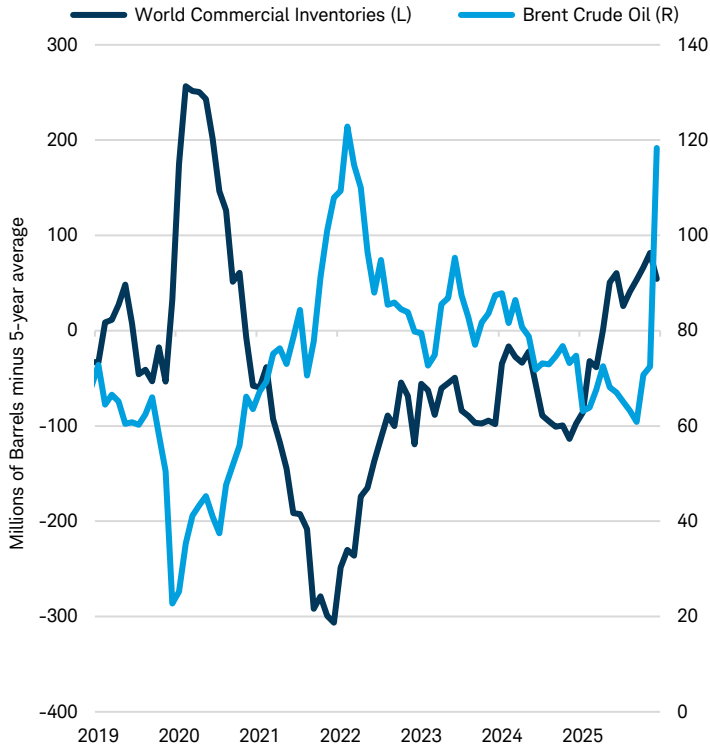
Gold and silver came off record highs, and industrial metals also rolled over to limit the jump in the commodity index's price return. The broad market repricing of assets amid the Middle East conflict and its potential impact on global economic growth, along with a rebound in the U.S. dollar, took some of the luster off metals.



Source: Charles Schwab, Bloomberg, as of 3/31/2026. 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.**

Oil price spikes to multi-year highs

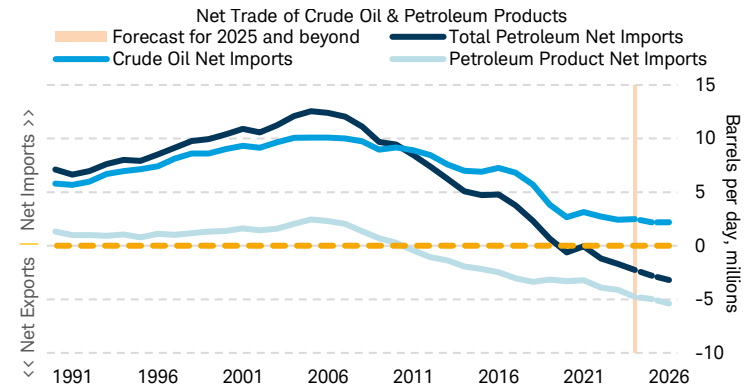
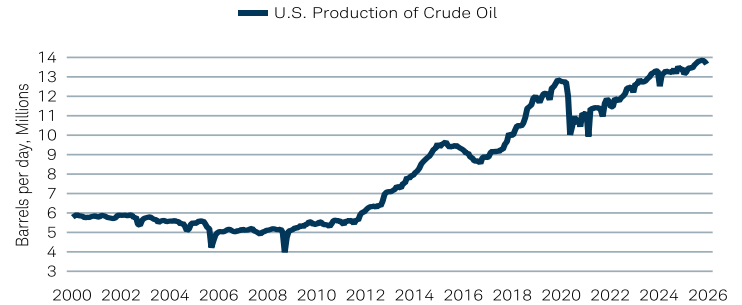
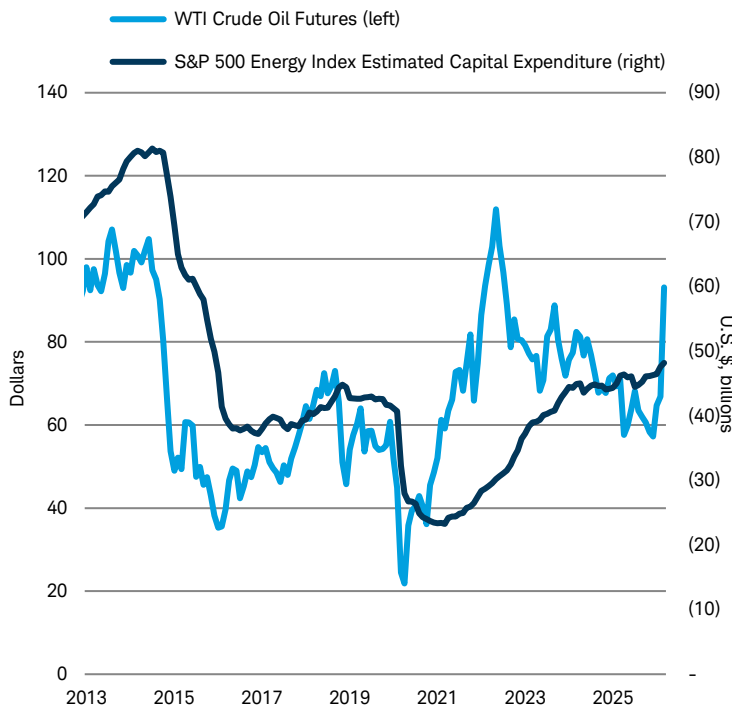
The Middle East conflict caused a spike in Brent crude oil prices—the global benchmark—to 2022 highs. Supply disruptions due to the conflict caused inventories to come down, suggesting prices may remain elevated even after any potential resolution. Global growth concerns could also weigh on consumption and production.



Source: Charles Schwab, International Energy Agency, Macrobond as of 3/31/2026. 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 Q1 2026 to Q1 2027. **Past performance is no guarantee of future results.** Investing involves risk, including loss of principal.

U.S. energy position remains solidified

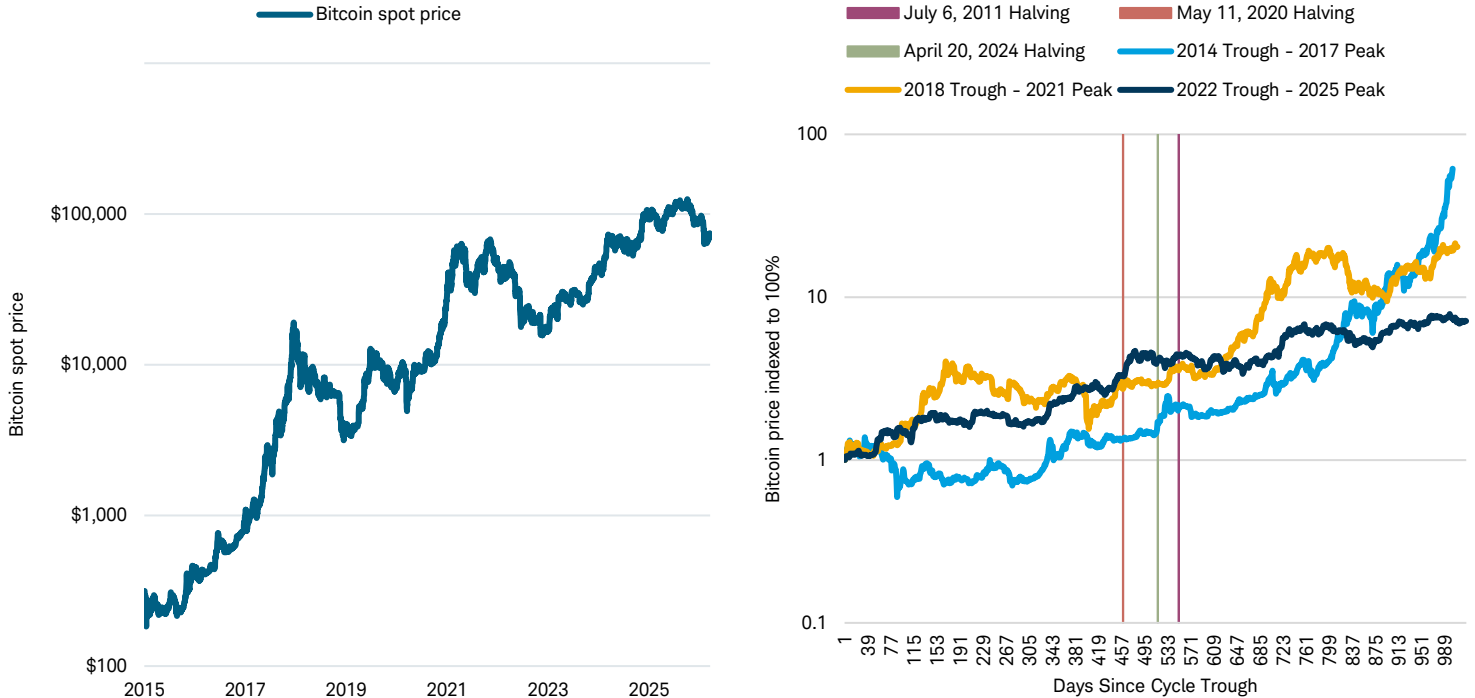
Record U.S. oil production has offset some of the Middle East conflict-induced spike in oil prices as they remain below their 2022 peak. Our status as a net petroleum exporter remains intact, bolstered by our dependence on crude oil imports continuing to decline. Capital expenditures could pick up if oil prices remain elevated longer than expected.



Source: Charles Schwab, Bloomberg, Macrobond, U.S. Energy Information Administration as of 3/31/2026. 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) (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.

Bitcoin prices have risen after past halving

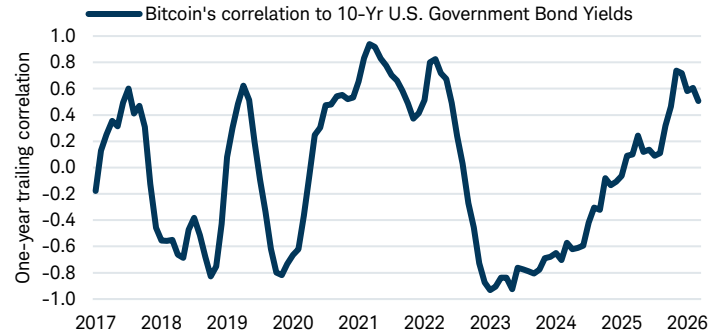
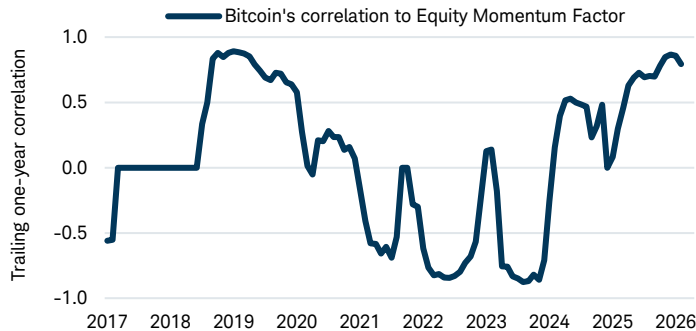
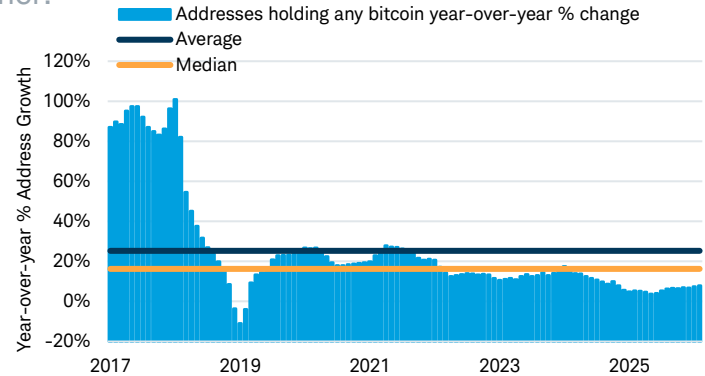
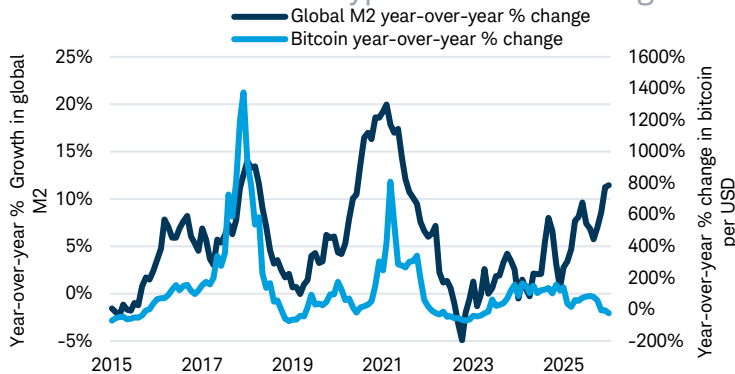
Historically bull markets have kicked off following a bitcoin halving. The latest bull market was modest relative to previous bulls, which may have been impacted by the launch of Spot ETPs, which resulted in heavy inflows prior to the halving. The bull market peaked in October 2025.



Source: Charles Schwab, Bloomberg as of 3/31/2026. Bitcoin is represented by its spot price and does not include any transaction fees. 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. On March 31, 2026, bitcoin's price was 47% below its October 2025 all-time peak, according to data from Bloomberg. For illustrative purposes only. **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. 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. Due to the high level of risk, investors should view digital currencies as a purely speculative instrument.

Potential drivers of bitcoin's price

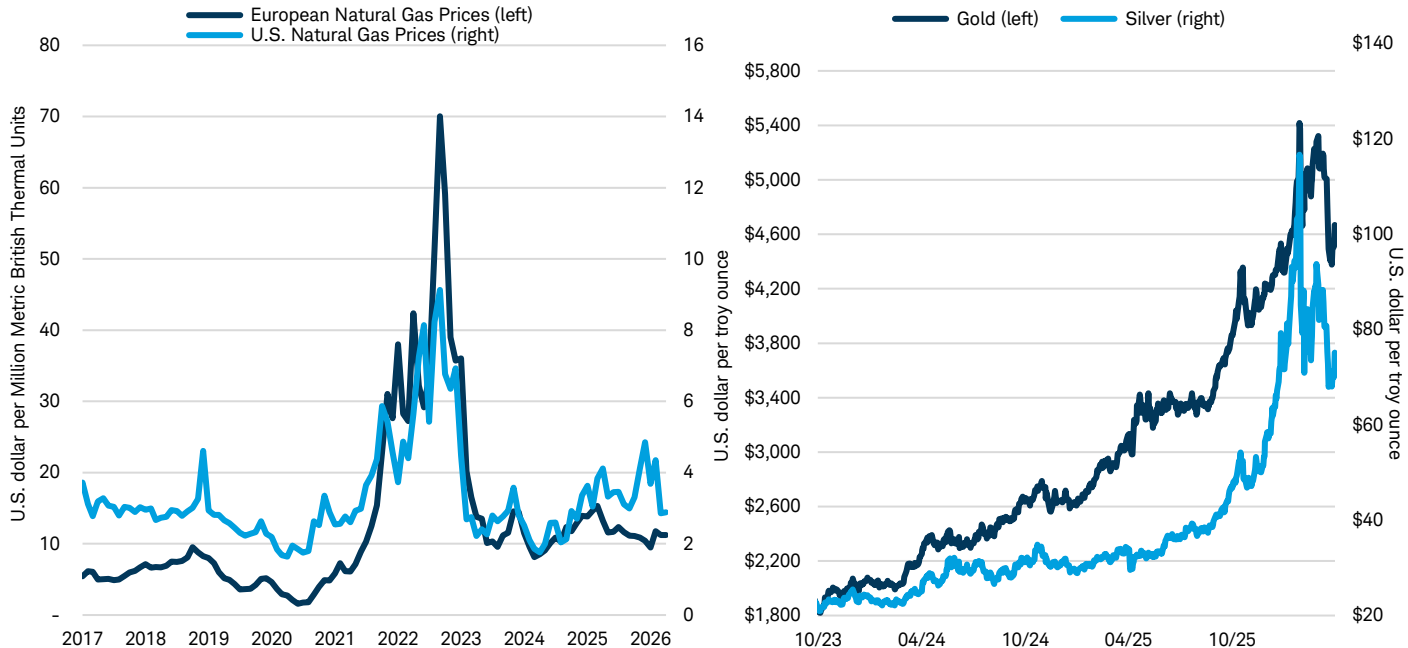
Bitcoin has experienced its fourth "bitcoin winter", periods that have seen bitcoin's price fall more than 50% with other cryptocurrencies falling even further.



Source: Charles Schwab, Bloomberg, Token. All charts except top row, left chart as of 3/31/2026. Top row, left chart as of 1/31/2026 due to data availability of M2. Year-over-year return for bitcoin on 1/31/2026 was -23.4%. Bitcoin is represented by its spot price and does not include any transaction fees. On March 31, 2026, bitcoin's price was 47% below its October 2025 all-time peak, according to data from Bloomberg. **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. 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. 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, and 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. For illustrative purposes and are no guarantee of future performance or success. 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 disclosure of charts and index in the back of the document under Important Information.

Precious metals and natural gas see volatility

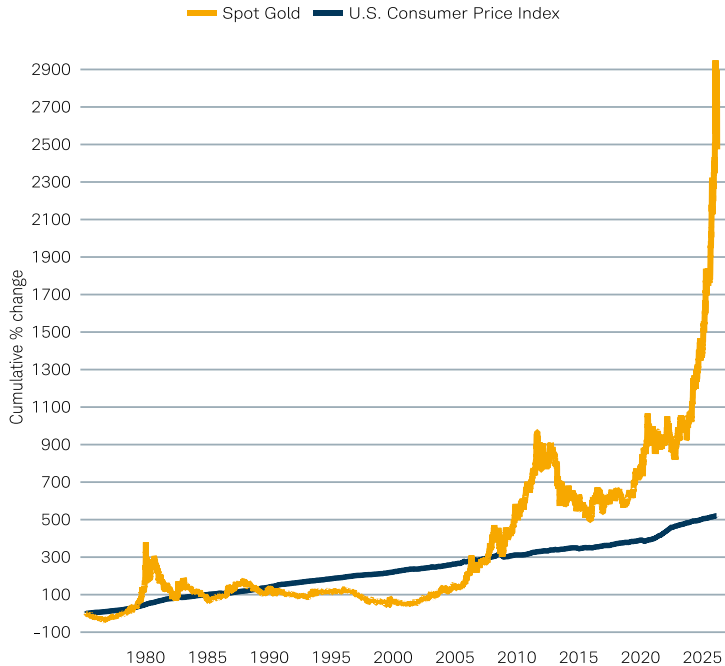
Amid the Middle East conflict, U.S. and European natural gas prices have diverged, with the former being more insulated from supply threats while the former has seen more disruption. Meanwhile, the ensuing market repricing of assets fueled by the conflict took gold and silver off their record highs. The longer the conflict lasts the more volatility we will likely see with these commodities as it has trumped the impact of traditional drivers of commodity prices.



Source: Bloomberg as of 3/31/2026. **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) (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.

Commodities and inflation

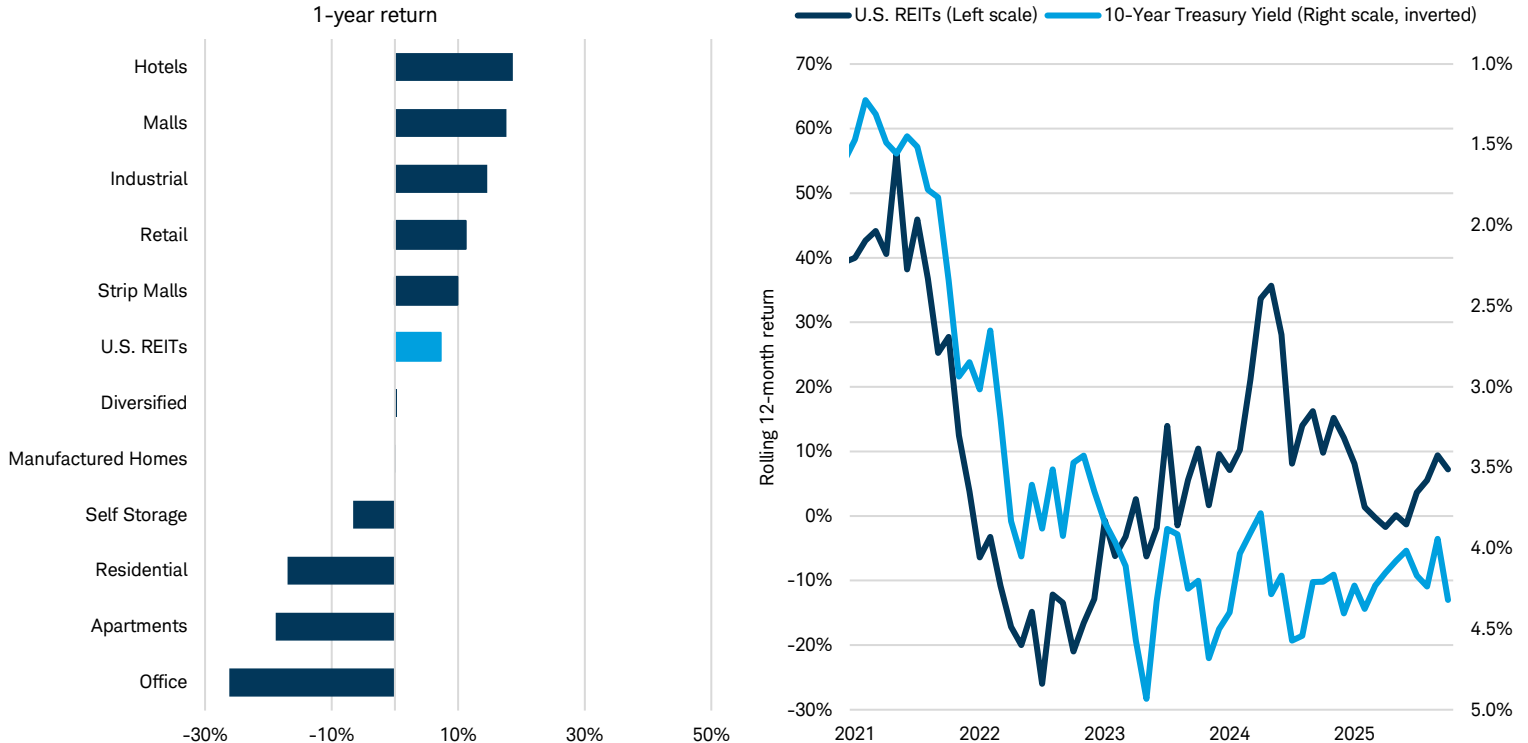
While gold is generally considered a hedge against inflation, there has been a loose relationship historically. Global interest rates, geopolitical tensions, and economic growth expectations prove more important to the performance of gold. A closer relationship with inflation seems to lie with the overall commodities space. Inflation volatile expectations could rise following the spike in commodities.



Source: Charles Schwab, Macrobond as of 3/31/2026. 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.

REITs improved but interest rates hamstrung performance

1-year performance in Real Estate Investment Trusts (REITs) improved in Q1 as interest rates fell to multi-month lows. However, rates rebounded late in quarter on dampened expectations of Fed rate cuts, likely limiting gains for REITs and hampering the more rate-sensitive areas.

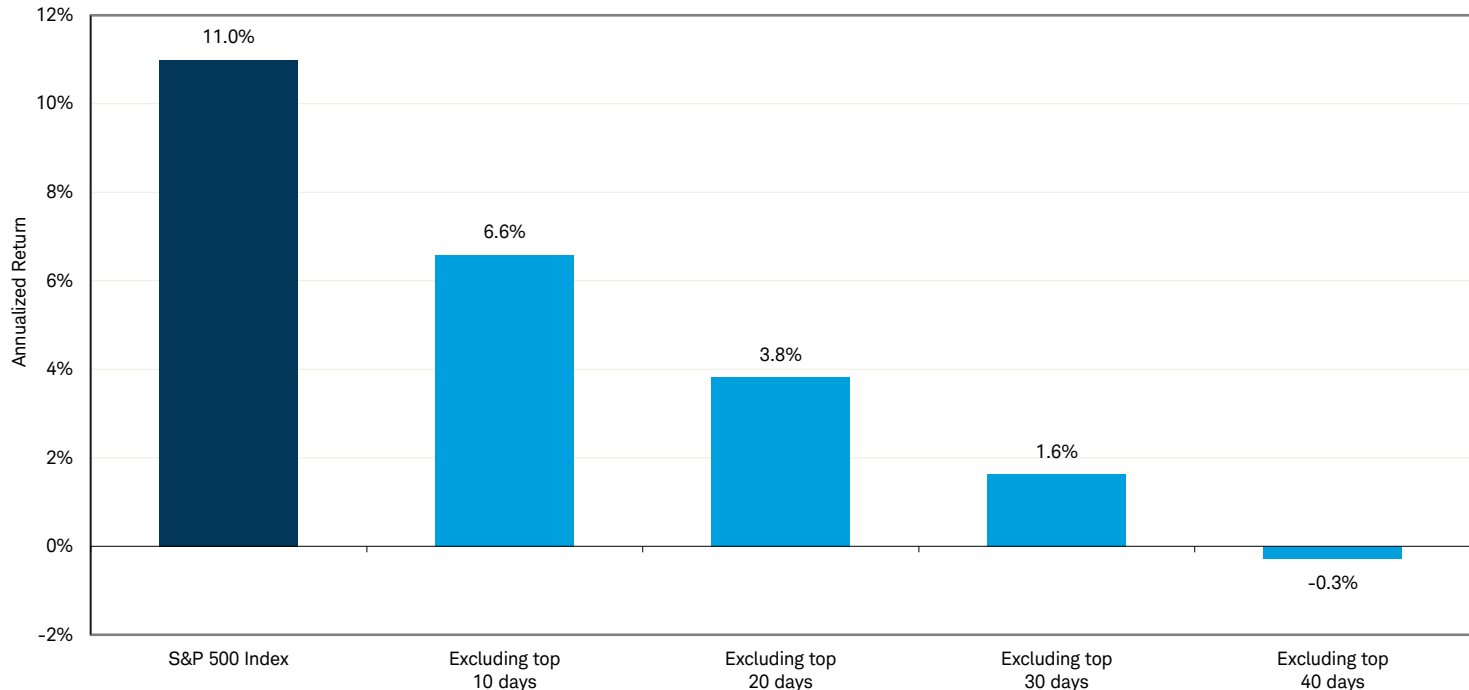


Source: Charles Schwab, Morningstar Direct as of 3/31/2026. REITs are represented by the Dow Jones US Select REIT Index and its respective sector indexes that are components of the overall index. Indexes are unmanaged, do not incur management fees, costs and expenses, and cannot be invested in directly. For illustrative purposes only. Investing involves risk, including loss of principal. **Past performance is no guarantee of future results.**

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.

Annualized Return S&P 500 Index (Total Return)

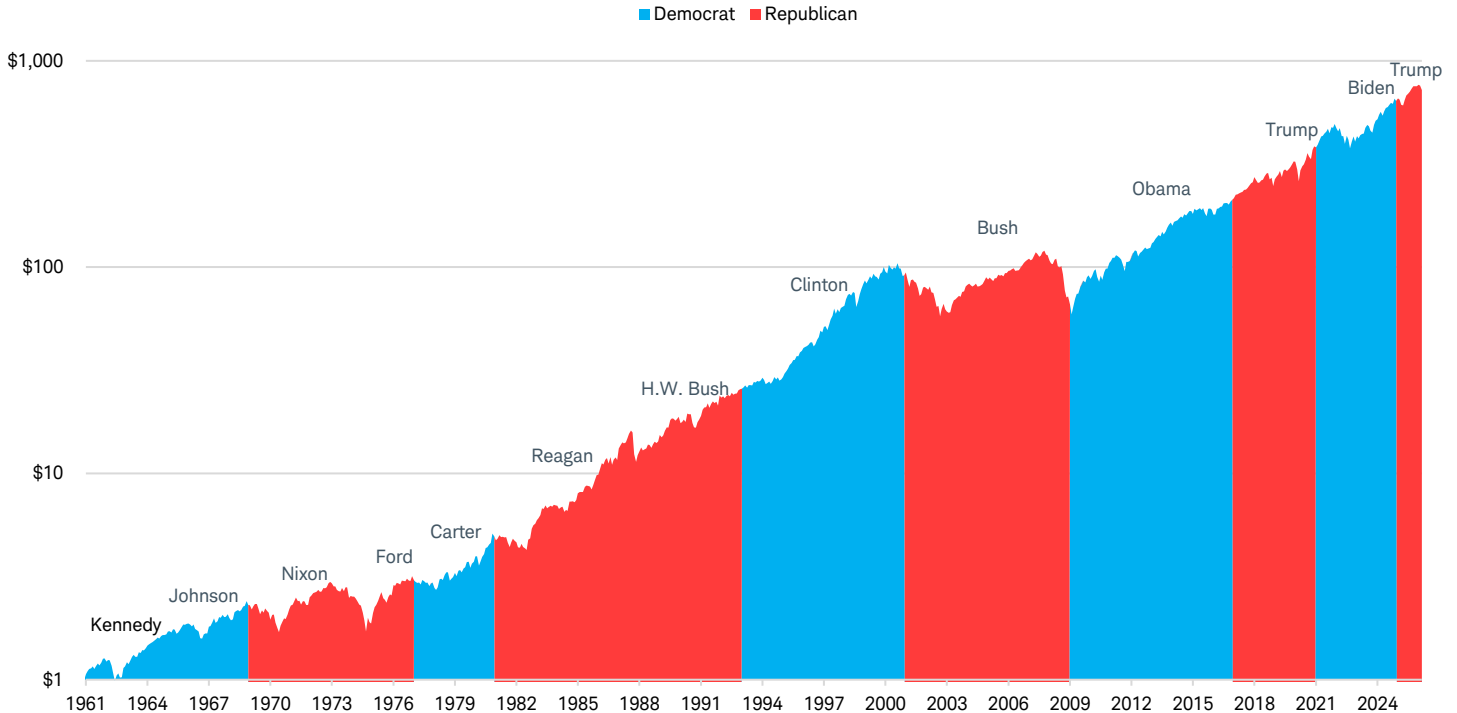


Source: Bloomberg as of 12/31/2025. Return data is annualized based on an average of 252 trading days within a calendar year. The year begins on the first trading day in January and ends on the last trading day of December, and daily total returns were used. Total returns assume reinvestment of dividends, 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.**

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.

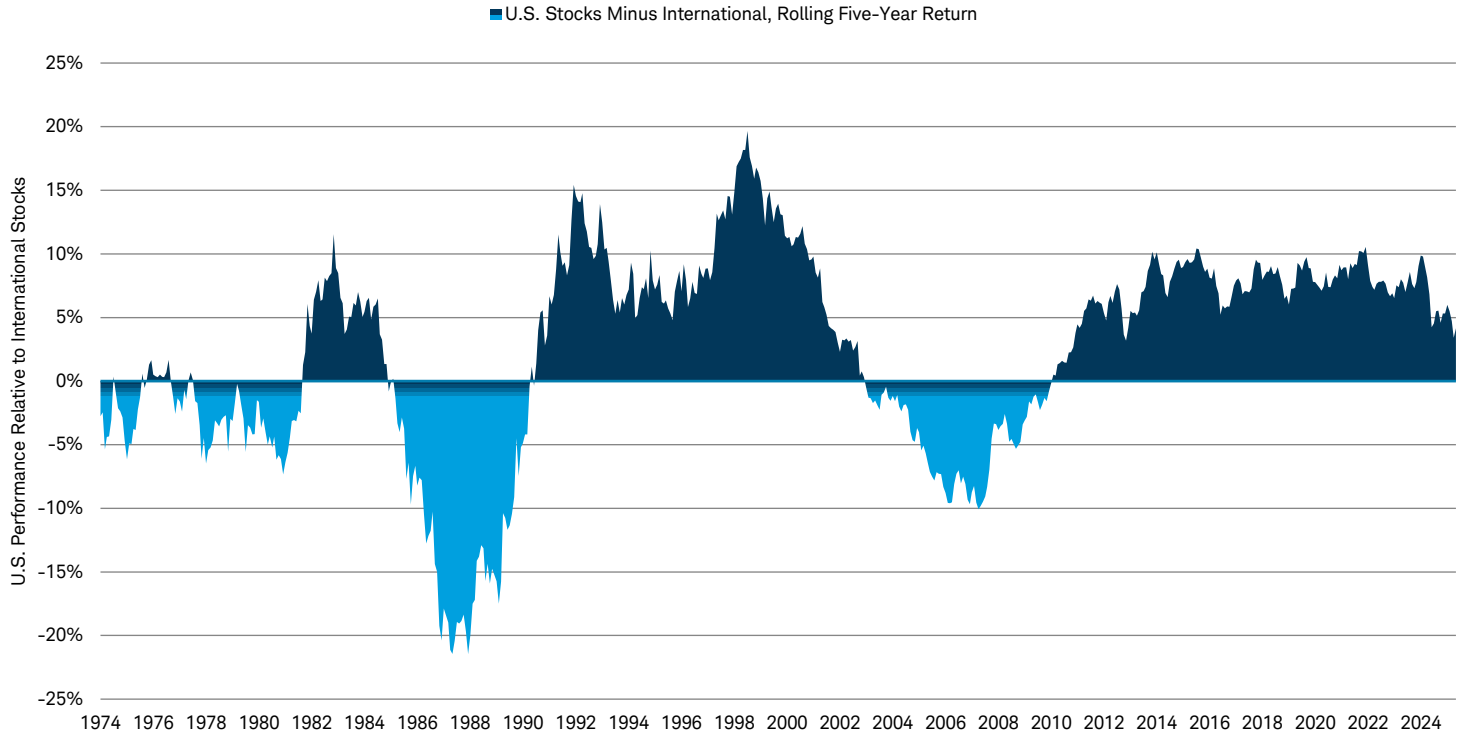
Growth of \$1 (January 1961 – March 2026)



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.**

International equities versus U.S. equities

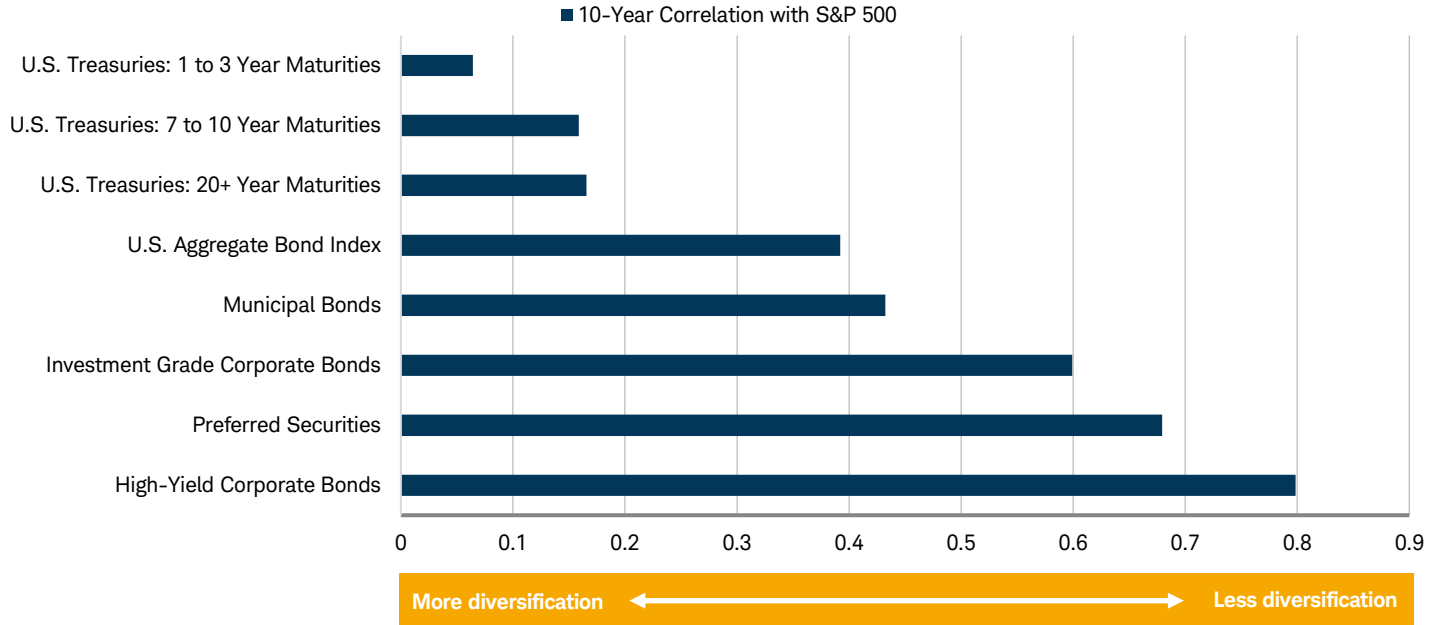
Outperformance of U.S. equities versus international equities has rotated over time, reinforcing the benefit of a globally diversified portfolio.



Source: Bloomberg as of 3/31/2026. 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 March 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.**

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 provide 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.

Sector diversification

Rotation in sector returns offers opportunities for tactical tilts, but concentration in too few sectors can increase risk in a portfolio.

Monthly returns ranked in order from best to worst

Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	1-year
Info. Tech. 1.6%	Info. Tech. 10.8%	Info. Tech. 9.7%	Info. Tech. 5.2%	Materials 5.6%	Info. Tech. 7.2%	Info. Tech. 6.2%	Health Care 9.3%	Financials 3.1%	Energy 14.4%	Utilities 10.3%	Energy 10.4%	Energy 36.3%
Cons. Staples 1.1%	Comm. Serv. 9.6%	Comm. Serv. 7.2%	Utilities 4.9%	Health Care 5.2%	Comm. Serv. 5.5%	Health Care 3.6%	Comm. Serv. 6.4%	Materials 2.2%	Materials 8.7%	Energy 9.4%	Utilities -3.2%	Comm. Serv. 32.5%
Comm. Serv. 0.6%	Cons. Discr. 9.4%	S&P 500 5.0%	Industrials 2.9%	Comm. Serv. 3.6%	Utilities 4.0%	Cons. Discr. 2.4%	Materials 4.2%	Industrials 1.3%	Cons. Staples 7.7%	Materials 8.4%	Financials -3.5%	Info. Tech. 29.0%
Industrials 0.2%	Industrials 8.6%	Energy 4.7%	Energy 2.8%	Cons. Discr. 3.4%	S&P 500 3.5%	S&P 500 2.3%	Cons. Staples 4.0%	Cons. Discr. 0.8%	Industrials 6.7%	Cons. Staples 7.9%	Info. Tech. -3.8%	Industrials 25.0%
Utilities 0.0%	S&P 500 6.2%	Industrials 3.5%	Cons. Discr. 2.6%	Financials 3.0%	Cons. Discr. 3.1%	Utilities 2.1%	Energy 2.5%	Energy 0.2%	Comm. Serv. 5.8%	Industrials 7.1%	S&P 500 -5.0%	Utilities 19.7%
Cons. Discr. -0.3%	Financials 4.3%	Financials 3.1%	Comm. Serv. 2.3%	Energy 2.9%	Industrials 1.7%	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%	Materials 18.0%
S&P 500 -0.8%	Utilities 3.4%	Cons. Discr. 2.1%	S&P 500 2.2%	Real Estate 2.0%	Health Care 1.6%	Industrials 0.5%	Financials 1.9%	Info. Tech. -0.3%	Cons. Discr. 1.7%	Health Care 3.5%	Real Estate -6.0%	S&P 500 17.8%
Real Estate -1.3%	Materials 2.8%	Materials 2.1%	Real Estate -0.2%	S&P 500 1.9%	Financials 0.0%	Energy -1.1%	Utilities 1.8%	Comm. Serv. -1.0%	S&P 500 1.5%	S&P 500 -0.8%	Materials -6.9%	Cons. Discr. 11.7%
Financials -2.2%	Cons. Staples 1.7%	Health Care 1.9%	Financials -0.2%	Cons. Staples 1.4%	Real Estate -0.1%	Cons. Staples -2.3%	S&P 500 0.2%	Health Care -1.4%	Utilities 1.4%	Financials -3.7%	Comm. Serv. -7.3%	Cons. Staples 6.3%
Materials -2.2%	Real Estate 0.8%	Utilities 0.1%	Materials -0.5%	Info. Tech. 0.3%	Energy -0.5%	Real Estate -2.6%	Industrials -0.9%	Cons. Staples -1.6%	Health Care 0.0%	Info. Tech. -3.9%	Cons. Staples -7.4%	Real Estate 2.3%
Health Care -3.8%	Energy 0.3%	Real Estate -0.5%	Cons. Staples -2.5%	Industrials -0.1%	Cons. Staples -1.8%	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 2.3%
Energy -13.7%	Health Care -5.7%	Cons. Staples -2.2%	Health Care -3.4%	Utilities -2.0%	Materials -2.3%	Materials -5.0%	Info. Tech. -4.3%	Utilities -5.1%	Financials -2.4%	Cons. Discr. -5.4%	Industrials -8.4%	Financials 0.6%

Source: Charles Schwab, Bloomberg, as of 3/31/2026. 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. For illustrative purposes only. **Past performance is no guarantee of future results.**

Schwab Asset Class Quilt®

Why global diversification makes sense

										Average of periods	
2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Ann. Return	Std Dev
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%	US Lg Cap 14.8%	US Sm Cap 20.7%
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%	Gold & Other PM 14.3%	US REITs 17.8%
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%	TIPS -11.8%	US Sm Cap 16.9%	US Sm Cap 11.5%	Int'l Dev SC 31.8%	US Sm Cap 9.6%	Int'l Dev SC 16.6%
EM 11.2%	US Lg Cap 21.8%	EM Bonds -2.5%	US REITs 24.4%	EM 18.3%	Int'l Dev LC 11.3%	High Yield Bonds -11.9%	Diversified Portfolio 13.9%	Diversified Portfolio 9.0%	Int'l Dev LC 31.2%	EM 8.4%	EM 16.5%
EM Bonds 9.9%	Diversified Portfolio 16.8%	High Yield Bonds -2.6%	Int'l Dev LC 22.0%	Int'l Dev SC 12.3%	Diversified Portfolio 11.1%	Core Bonds -13.0%	US REITs 13.8%	US REITs 8.4%	Diversified Portfolio 18.4%	Int'l Dev LC 8.2%	US Lg Cap 15.1%
Diversified Portfolio 8.7%	US Sm Cap 14.6%	Gold & Other PM -3.6%	Diversified Portfolio 19.5%	TIPS 11.0%	Int'l Dev SC 10.0%	Int'l Dev LC -14.5%	High Yield Bonds 13.8%	High Yield Bonds 7.7%	US Lg Cap 17.9%	Diversified Portfolio 8.0%	Int'l Dev LC 14.8%
US REITs 8.5%	Gold & Other PM 12.0%	US REITs -3.8%	EM 18.4%	Diversified Portfolio 10.5%	TIPS 6.0%	Diversified Portfolio -14.9%	Int'l Dev SC 13.2%	EM 7.5%	US Sm Cap 12.8%	Int'l Dev SC 7.5%	Gold & Other PM 14.4%
Gold & Other PM 8.4%	EM Bonds 8.2%	US Lg Cap -4.4%	Gold & Other PM 17.6%	Int'l Dev LC 7.8%	High Yield Bonds 4.5%	EM Bonds -15.3%	Gold & Other PM 11.5%	EM Bonds 6.6%	EM Bonds 11.1%	High Yield Bonds 6.2%	Diversified Portfolio 10.7%
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%	EM 9.8%	T-bills 5.3%	High Yield Bonds 8.8%	US REITs 5.6%	High Yield Bonds 7.5%
Core Bonds 2.6%	US REITs 4.3%	US Sm Cap -11.0%	EM Bonds 13.1%	EM Bonds 6.5%	Core Bonds -1.5%	EM -20.1%	EM Bonds 9.1%	Int'l Dev LC 3.8%	Core Bonds 7.3%	EM Bonds 4.2%	EM Bonds 7.3%
Int'l Dev SC 2.2%	Core Bonds 3.5%	Int'l Dev LC -13.8%	Core Bonds 8.7%	High Yield Bonds 5.9%	EM Bonds -1.7%	US Sm Cap -20.4%	Core Bonds 5.5%	TIPS 1.8%	TIPS 7.0%	TIPS 3.1%	Core Bonds 5.0%
Int'l Dev LC 1.0%	TIPS 3.0%	EM -14.6%	TIPS 8.4%	T-bills 0.6%	EM -2.5%	Int'l Dev SC -21.4%	T-bills 5.1%	Int'l Dev SC 1.8%	T-bills 4.3%	T-bills 2.2%	TIPS 5.0%
T-bills 0.3%	T-bills 0.8%	Int'l Dev SC -17.9%	T-bills 2.2%	US REITs -7.5%	Gold & Other PM -5.1%	US REITs -24.4%	TIPS 3.9%	Core Bonds 1.3%	US REITs 3.0%	Core Bonds 2.0%	T-bills 0.6%

Economy

Equities

Income

Commodities

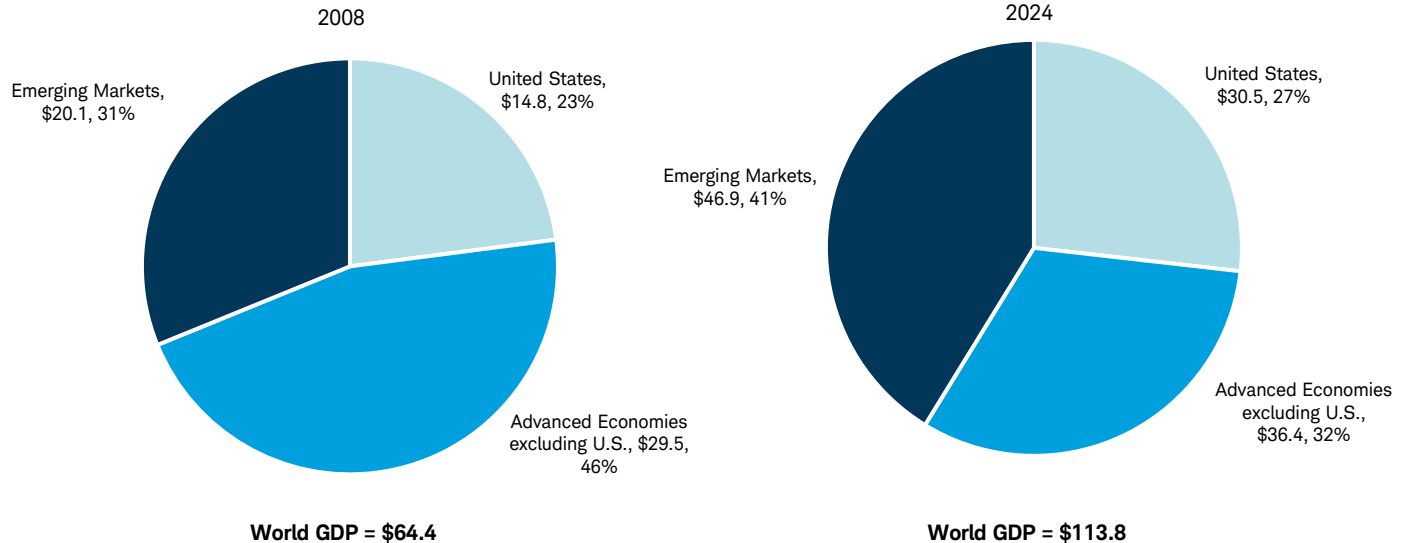
Asset allocation

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. For illustrative purposes only. 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. **Past performance is no guarantee of future results.** See full disclosure of chart and indexes in the back of the document under Important Information.

The impact of international and emerging markets growth

Emerging markets now represent a much larger share of world GDP compared to 16 years ago and can make sense as part of a well-diversified portfolio.

World Nominal GDP in \$ Trillions

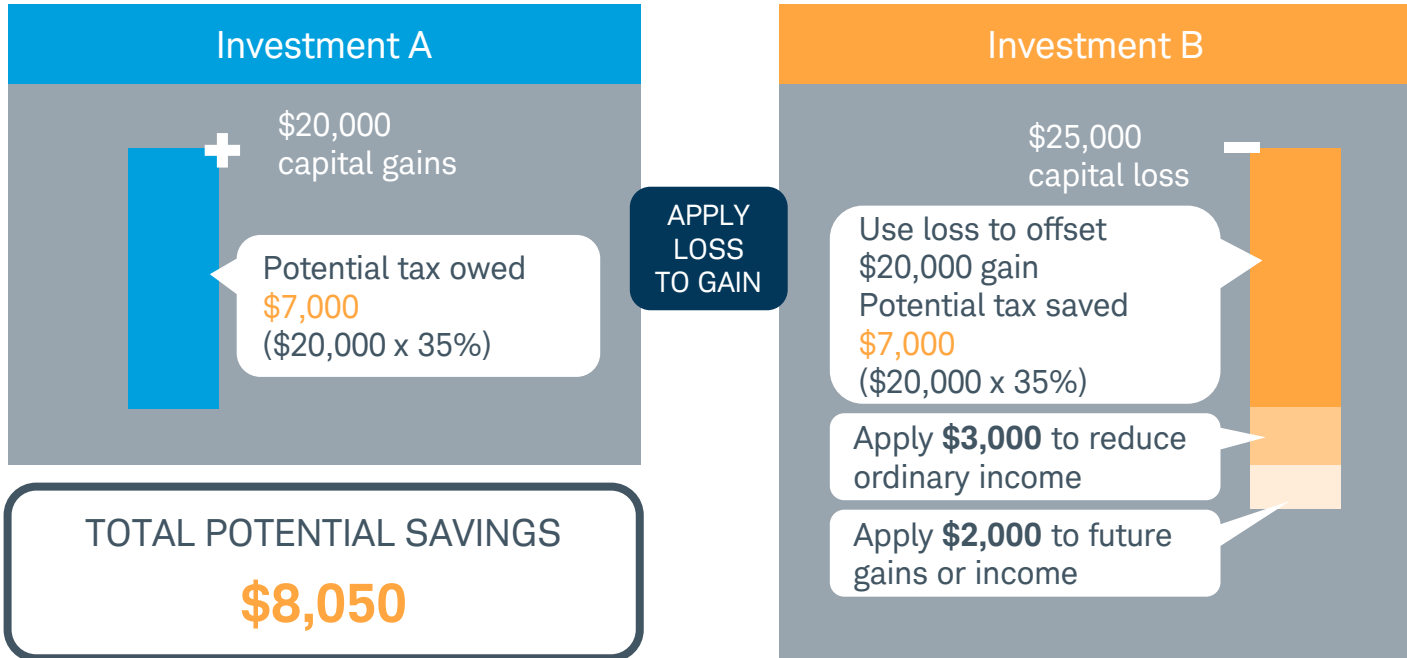


Source: International Monetary Fund, World Economic Outlook Database. Estimate as of April 2025. International investments involve additional risks, which include differences in financial accounting standards, currency fluctuations, geopolitical risk, foreign taxes and regulations, and the potential for illiquid markets. Investing in emerging markets may accentuate this risk. **Diversification strategies do not ensure a profit and do not protect against losses in declining markets. 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. 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.

Tax-efficient investing

Use losses to your advantage with tax-loss harvesting.

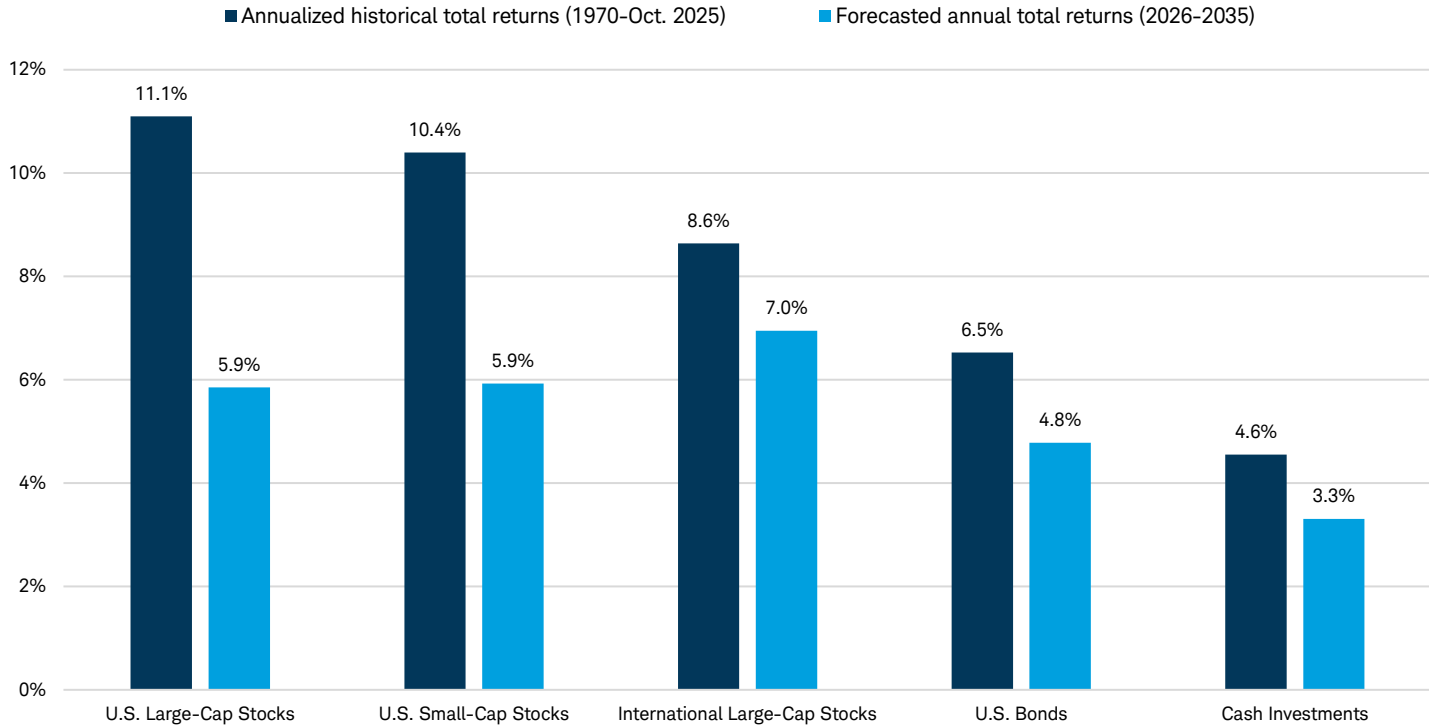
Example: Use your losses to get a tax break. In this example, an investor realized \$20,000 in capital gains from Investment A, and a \$25,000 capital loss from Investment B. Capital losses offset gains first; the excess is then applied to ordinary income, and finally to future gains or income.



Source: Schwab Center for Financial Research. Assumes a 35% combined federal/state marginal income tax bracket. This hypothetical example is only for illustrative purposes. Neither the tax-loss harvesting strategy, nor any discussion herein, is intended as tax advice and Charles Schwab & Co., Inc. does not represent that any particular tax consequences will be obtained. Tax-loss harvesting involves certain risks including unintended tax implications. Investors should consult with their tax advisors and refer to the Internal Revenue Service (IRS) website at www.irs.gov about the consequences of tax-loss harvesting. The example does not reflect the effects of fees.

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 additional information in the disclosures.

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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.

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.

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 reference 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.

Important Disclosures

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. 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](#).

Treasury Inflation Protected Securities (TIPS) 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. Thus, the dividend 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 at maturity is guaranteed by the US Government and may be adjusted for inflation to become the greater of the original face amount at issuance or that face amount plus an adjustment for inflation. 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.

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.

Mortgage-backed securities (MBS) may be more sensitive to interest rate changes than other fixed income investments. They are subject to extension risk, where borrowers extend the duration of their mortgages as interest rates rise, and prepayment risk, where borrowers pay off their mortgages earlier as interest rates fall. These risks may reduce returns.

Small-cap investments are subject to greater volatility than those in other asset categories.

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.

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.

Corporate Bond Spreads Slide: U.S. Investment Grade Corporate OAS is represented by the OAS of the Bloomberg US Aggregate Bond Index. U.S. High Yield Corporate OAS is represented by the OAS of the Bloomberg US Corporate High Yield Index. Treasuries curve is represented by the active auction securities of each maturity. "A" Corporate Investment Grade Curve is represented by securities with a Bloomberg composite rating of A+, A, or A- at market close. "Baa" Corporate Investment Grade Curve is represented by securities with a Bloomberg composite rating of BBB+, BBB, or BBB- at market close.

Potential Bitcoin Drivers Slide: 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. 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. For top row, left chart: 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%

Important Disclosures

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