Schwab Total Stock Market Index

Ticker	Yield	Total Assets	Mstar Category
SWTSX	1.8%	$4,720 mil	Large Blend

Benchmark 1: Russell 1000 TR USD
Benchmark 2: S&P 500 TR USD

Morningstar Analyst Rating 04-15-16

Silver

Morningstar Pillars

Process	Neutral
Performance	Positive
People	Neutral
Parent	Neutral
Price	Positive

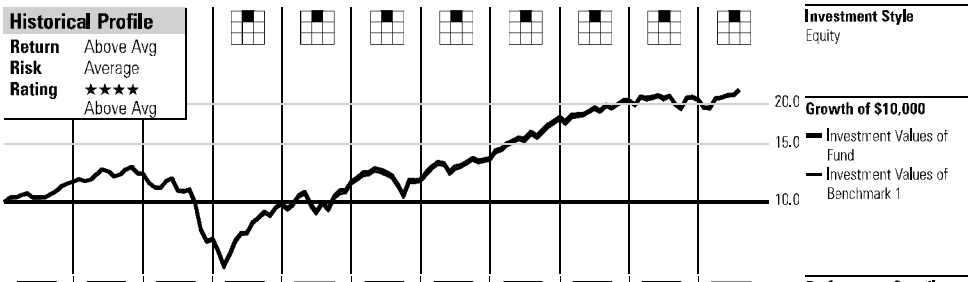
Morningstar Analyst Rating
Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum
Gold | Silver | Bronze | Neutral | Negative

Pillar Spectrum
Positive | Negative | Neutral

Historical Profile

Return	Above Avg
Risk	Average
Rating	★★★★ Above Avg



Investment Style
Equity

Growth of $10,000
Investment Values of Fund
Investment Values of Benchmark 1

Performance Quartile
(within Category)

Performance 07-31-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	12.73	-3.02	6.19	0.18	16.30
2013	10.99	2.83	6.16	10.07	33.36
2014	1.93	4.87	-0.08	5.24	12.39
2015	1.76	0.08	-7.22	6.27	0.41
2016	0.91	2.61	—	—	—

Trailing	Total Return%	+/- Bmark 1	+/- Bmark 2	%Rank Cat	Growth of $10,000
3 Mo	6.06	0.19	0.23	11	10,606
6 Mo	14.12	0.30	0.83	15	11,412
1 Yr	4.44	-0.40	-1.18	30	10,444
3 Yr Avg	10.44	-0.49	-0.72	25	13,470
5 Yr Avg	12.91	-0.31	-0.47	19	18,353
10 Yr Avg	7.97	0.08	0.22	14	21,525
15 Yr Avg	6.73	0.34	1.89	11	26,549

Tax Analysis	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	9.55	15	0.81	29
5 Yr (estimated)	12.05	15	0.76	35
10 Yr (estimated)	7.23	9	0.68	36

Potential Capital Gain Exposure: 38% of assets

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	07-16	History
24.38	25.27	15.65	19.75	22.75	22.62	25.76	33.67	36.98	36.11	38.88	NAV
15.53	5.41	-36.58	28.29	17.23	1.32	16.30	33.36	12.39	0.41	7.67	Total Return %
0.07	-0.36	1.02	-0.14	1.13	-0.18	-0.12	0.25	-0.84	-0.51	-0.02	+/- Bmark 1
-0.27	-0.08	0.42	1.83	2.16	-0.79	0.30	0.98	-1.29	-0.98	0.01	+/- Bmark 2
1.50	1.53	1.47	2.06	1.99	1.85	2.40	1.97	1.82	1.90	0.00	Income Return %
14.02	3.89	-38.05	26.23	15.23	-0.53	13.90	31.40	10.57	-1.50	7.67	Capital Return %
27	50	32	42	12	28	29	32	39	37	20	Total Rtn % Rank Cat
0.32	0.37	0.37	0.32	0.39	0.42	0.54	0.51	0.61	0.70	0.00	Income $
0.00	0.06	0.00	0.00	0.00	0.00	0.00	0.15	0.21	0.30	0.00	Capital Gains $
0.38	0.37	0.38	0.28	0.11	0.11	0.10	0.10	0.10	0.11	0.09	Expense Ratio %
1.41	1.49	1.71	2.02	1.85	1.79	2.02	2.02	1.79	1.92	2.16	Income Ratio %
3	—	1	5	3	1	3	2	1	2	—	Turnover Rate %
798	860	585	1,299	1,591	1,747	2,309	3,406	4,221	4,483	—	Net Assets $mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	4.44			
3 Yr	10.44	+Avg	Avg	★★★★
5 Yr	12.91	+Avg	Avg	★★★★
10 Yr	7.97	+Avg	Avg	★★★★
Incept	5.61			

Other Measures	Standard Index	Best Fit Index
Alpha	-0.8	-0.1
Beta	1.01	1.00
R-Squared	99	100
Standard Deviation	11.29	
Mean	10.44	
Sharpe Ratio	0.93	

Portfolio Analysis 06-30-16

Total Stocks: 2453
Share change since 03-31-16

	Sector	YTD Ret %	% Assets
Apple Inc	Technology	0.04	2.33
Microsoft Corp	Technology	3.46	1.79
Exxon Mobil Corp	Energy	16.01	1.73
Johnson & Johnson	Hlth Care	23.42	1.48
General Electric Co	Industrl	1.44	1.29
Amazon.com Inc	Cnsmr Cyc	12.27	1.24
Berkshire Hathaway Inc B	Finan Svcs	9.26	1.21
AT&T Inc	Comm Svcs	29.99	1.19
Facebook Inc A	Technology	18.42	1.18
JPMorgan Chase & Co	Finan Svcs	-1.06	1.01
Verizon Communications In	Comm Svcs	23.55	1.01
Procter & Gamble Co	Cnsmr Def	10.30	1.00
Wells Fargo & Co	Finan Svcs	-10.37	0.97
Pfizer Inc	Hlth Care	16.14	0.95
Alphabet Inc A	Technology	1.71	0.92
Alphabet Inc C	Technology	—	0.91
Chevron Corp	Energy	16.30	0.88
Coca-Cola Co	Cnsmr Def	3.19	0.79
Merck & Co Inc	Hlth Care	12.80	0.71
The Home Depot Inc	Cnsmr Cyc	5.57	0.71

Morningstar's Take by Andrew Daniels 04-15-16

Schwab Total Stock Market Index successfully replicates the performance of the entire U.S. stock market. It offers diversified exposure to U.S. stocks with holdings spanning the full market-cap range. It can serve as an entire U.S. equity allocation by itself or as a building block for more-active strategies. The fund's low cost and excellent index-tracking record earn a Morningstar Analyst Rating of Silver.

Low costs give the fund a big edge. The market-cap-weighted index this fund tracks represents the dollar-weighted average of all investors' U.S. stock holdings. This fund holds approximately 2,500 stocks, so its performance should be similar to that of the average investor, before fees. However, the fund's 0.09% expense ratio gives it a nearly 1-percentage-point cost advantage over the typical large-blend fund, helping its performance record shine relative to peers after fees. In fact, during the past 10 years ended March 2016, the fund beat more than 85% of its large-blend peers. Investors should expect risk similar to the equity market overall and should not expect better downside protection. Passive index funds strive to maintain full equity exposure at all times, so they catch the full brunt of a market downturn. The fund dropped 54.2% in the bear market from Oct. 9, 2007, to March 9, 2009.

This fund has experienced some team turnover in recent years, and its average tenure is short, but managers Agnes Hong and Ferian Juwono have ample index fund management experience.

Low turnover adds to the fund's appeal. Its market-cap-weighting approach reduces turnover because changes in the market value of each holding in the portfolio mirror changes to their weightings in the market. A total market fund such as this is a better approach for a passive allocation to stocks than combining separate size segment funds. Because it covers the full market-cap range, it is not forced to trade as stocks move across market-cap segments.

Current Investment Style

Value	Blend	Growth
Large		
Mid		
Small		

Market Cap	%
Giant	41.3
Large	30.4
Mid	19.1
Small	6.8
Micro	2.4
Avg $mil:	42,433

Value Measures		Rel Category
Price/Earnings	18.67	1.06
Price/Book	2.44	0.98
Price/Sales	1.66	1.03
Price/Cash Flow	9.43	1.01
Dividend Yield %	2.26	0.96

Growth Measures	%	Rel Category
Long-Term Ernqs	9.10	0.99
Book Value	2.58	0.83
Sales	0.53	0.26
Cash Flow	-0.01	0.00
Historical Ernqs	3.70	0.63

Profitability	%
Return on Equity	19.28
Return on Assets	6.06
Net Margin	12.00

Sector Weightings	% of Stocks	Rel Bmark 1
Cyclical	32.75	1.02
BasicMat	3.13	1.03
CnsmrCyc	11.59	0.99
FinanSvcs	13.79	1.02
Real Est	4.24	1.11
Sensitive	39.76	0.99
CommSrvs	4.36	1.00
Energy	6.77	1.01
Industrl	11.44	1.02
Technlgy	17.19	0.96
Defensive	27.49	0.99
CnsmrDef	9.42	0.98
Hlthcare	14.41	0.98
Utilities	3.66	1.07

Composition - Net

Cash	0.9
Stocks	98.7
Bonds	0.0
Other	0.5
Foreign (% of Stock)	0.8

Address:	Schwab Capital Trust San Francisco, CA 94104 800-435-4000	Minimum Purchase:	$100 Add: — IRA: —
Web Address:	www.schwab.com	Min Auto Inv Plan:	— Add: —
Inception:	06-01-99	Sales Fees:	No-load, 2.00%R
Advisor:	Charles Schwab Investment Management Inc	Management Fee:	0.06%
Subadvisor:	None	Actual Fees:	Mgt:0.06% Dist:—
		Expense Projections:	3Yr:$29 5Yr:$51 10Yr:$115
		Income Distribution:	Annually

©2016 Morningstar, Inc. All rights reserved. The information herein is not represented or warranted to be accurate, complete or timely. Past performance is no guarantee of future results. Access updated reports at www.morningstar.com. To order reprints, email reprints@morningstar.com