

## USER GUIDE

**This guide provides an explanation of the terms used in each section of the Quarterly Portfolio Profile report, as well as some suggestions to help evaluate the performance of the equity, mutual fund, and fixed income holdings listed in your report.**

### Your Portfolio

Lists the accounts included in this report, and provides the market value of your holdings in each account, as of the date listed.

### Portfolio Summary

Allows you to monitor the performance of your portfolio across these areas: Notifications, Asset Allocation, Sector Diversification, Equity Concentration, Schwab Equity Ratings and Morningstar Ratings. For more detailed information on these areas, consult the Portfolio Summary pages of your report.

### Notifications

Provides a summary of the areas within your portfolio which may require your immediate attention. Further details are available on the specific section of the report that is highlighted.

### Asset Allocation

Displays the percentage of your portfolio that is held in these five asset classes: Large Cap Equity, Small Cap Equity, International Equity, Fixed Income, and Cash. Securities that cannot be categorized into one of these asset classes are classified as Other. Mutual funds are categorized into one of these five asset classes (and Other) based on their Morningstar Category.

### Equity Performance Profile

Allows you to monitor the performance of all equities in which you currently hold a long, short or option position in your Schwab account(s), providing fundamental information on the stock's earnings, returns and the Schwab Equity Rating as well as a consensus of third-party recommendations on whether to Buy/Sell/Hold. Equities are displayed in one of five categories: Large Cap Equities, Small Cap Equities, International Equities, Closed End Mutual Funds and Equities Not Classified. The Fiscal Year, month/day, is listed to the right of the stock name, followed by the sector in which the company operates and the ticker symbol.

Individual Equities are displayed grouped by Market Capitalization which is a tool for identifying similar sized companies. It is the total value of a company's outstanding stock calculated by multiplying the company's common shares outstanding by the most recent share price. The Large and Small Cap Market Capitalization values used in the current report can be found in the important information in the back of the report.

### Value (\$)

Total value of your portfolio holdings (quantity of shares times price) as of the date listed.

### Ratings

Values for these three Ratings are included where available: Schwab Equity Rating, S&P Opinion, and Reuters Analyst Consensus.

### Performance

*Previous Quarter Return (Company vs. Sector):* The stock's total return over the past three months, and the return of other stocks in the same sector for purposes of comparison. A higher percentage indicates higher performance than the sector average, and vice versa.

*Past 12 months (Company vs. Sector):* The stock's total return over the past 12 months, and the

return of other stocks in the same sector for purposes of comparison. A higher percentage indicates higher performance than the sector average, and vice versa.

The performance of a company compared to its sector helps investors to make an "apples-to-apples" comparison relative to other companies within the same sector. This is important because the sector in which a company operates may have a substantial impact on the company's performance.

### Earnings

*Previous Quarter Earnings:* The company's revenues per share over the past quarter, after related costs and expenses have been deducted (with a negative number indicating that the company operated at a loss). Earnings are shown on a per share basis.

*Quarter Growth vs. Same Quarter in Prior Year:* A comparison of the percentage growth in earnings of the past quarter against the same quarter in the prior fiscal year. A positive % indicates higher earnings last quarter than in the same quarter in the prior year; a negative % indicates lower earnings last quarter than in the same quarter in the prior year.

### Benchmark

Performance and valuation figures of an appropriate index for each category are provided for purposes of comparison.

### Mutual Fund Performance Profile

Allows you to monitor the performance of your mutual fund holdings, providing fundamental information on the funds' ratings and returns. Mutual funds are displayed in one of six categories: Large Cap Funds, Small Cap Funds, International Equity Funds, Taxable Bond Funds, Tax-Free Bond Funds and Other funds. The Inception date, the date the fund began, is listed to the right of the fund name followed by the symbol.

### Value (\$)

Total value of your portfolio holdings (quantity of shares times price) as of the date listed.

### Morningstar Ratings

Values for the Morningstar Overall and Historical Risk ratings are included where available.

Exchange Traded Funds (ETFs) are grouped based on Morningstar Categories.

### Gross Expense Ratio

Actual fund expenses as stated in the fund's prospectus.

### Performance

The fund's total return is shown for the past 3 months. The fund's average annualized return is shown for the 1, 5, and 10 years and since inception. Returns are adjusted for management, administrative and 12b-1 fees and other costs automatically deducted from fund assets. Total returns are also adjusted for sales loads and assume the reinvestment of capital gains and dividends.

### 5 Year Growth of \$10,000

This lists the growth of a hypothetical \$10,000 investment in the fund over a 5-year period. Returns are adjusted for management, administrative and 12b-1 fees and other costs automatically deducted from fund assets. Total returns are also adjusted for sales loads and assume the reinvestment of capital gains and dividends.

### Benchmark

Performance figures of an appropriate index in each category are provided for purposes of comparison.

## USER GUIDE

It is important to compare funds against an appropriate benchmark because different investing styles can have dramatically different performance.

### Fixed Income Performance Summary

Allows you to monitor your Treasuries, municipal securities and corporate bonds by providing fundamental information on ratings, yields and payments.

#### Summary Pie Chart

*Treasury Securities:* May include Treasury bills, notes, and bonds. A Treasury Security is a negotiable debt obligation of the U.S. government issued at various maturities and schedules.

*Municipal Securities:* Debt obligations from a local or state government entity. Interest from these bonds is exempt from Federal income tax but is subject to state and local tax.

*Agency/Mortgage Securities:* May include securities such as CMOs, GNMA's, and notes issued by agencies such as the Federal Home Loan Bank and Federal National Mortgage Association. These are securities backed by mortgages where the investor receives payments from the principal and interest of the underlying mortgage and/or debentures issued by government sponsored corporations. The value of "guaranteed" securities fluctuates due to changing interest rates or other market conditions and investors may experience a loss or may, due to prepayment of obligations, receive back part of their investment before redemption.

*Corporate Securities:* May include long term bonds, intermediate notes and/or commercial paper (short term notes). Corporate bonds are debt issued by a corporation in order to raise capital.

*Preferred Securities:* A preferred security is a class of capital security that pays dividends or interest at a specified rate and has preference over common stock in the payment of dividends and liquidation of assets.

#### Credit Quality Pie Chart

Credit quality ranking is based on the rating given by Standard & Poor's. Lower-rated (lower credit quality) bonds typically offer a higher yield-to-maturity for taking more credit risk. Treasury Securities will always receive a rating of Govt/AAA.

#### Maturity Pie Chart

Maturity is calculated using the stated maturity of each security. Securities that do not have a maturity date are included in the "Long-term" category.

#### Other Charts on Page

For the definitions of the Cash Flow Illustration and Maturity Schedule charts, please consult the Fixed Income Performance Profile page of the report.

### Fixed Income Performance Profile

Fixed Income holdings are displayed in one of six categories: Treasury Securities, Municipal Securities, Agency/Mortgage Securities, Corporate Securities, Preferred Securities and Fixed Income Holdings Not Classified.

#### Ratings

A measure of a bond's risk. The two industry standards, S&P and Moody's, are listed.

#### Characteristics:

*Par Value:* The displayed value of a bond, also called face value.

*Approximate Market Value:* The current value of the bond in today's market.

*Coupon Rate:* The interest rate stated on the face of the note or bond.

*Approximate Current Yield:* The annual interest on the bond divided by the current market price.

*Maturity Date:* The date the bond reaches its full maturity and pays its Par Value.

*Call Date:* If a bond is "callable," this is the closest date, prior to maturity, on which a callable bond may be redeemed.

#### Payments:

*Payment Amount:* The coupon rate, stated in dollars.

*Expected Date of Next Payment:* The date the next interest payment is due.

#### Benchmarks:

Provides the approximate current yields of a 5-, 10- and 30-year US Treasury Bond, for purposes of comparison.

### Account Summary

Provides an overview of all your current holdings in each of your accounts, including the market value at the end of the last quarter. An illustrated pie chart provides you with a visual overview of each account's asset allocation. All holdings are listed alphabetically within one of these five groups: Cash, Equities, Mutual Funds, Fixed Income, and Other.

*Security:* The full name of the security.

*Symbol:* The 1 to 5 letters that represent the security name.

*Rating:* Values for these Ratings are included where available: for Equities, the Schwab Equity Ratings, for Mutual Funds, the Morningstar Overall, and for Fixed Income, the S&P.

*Quantity:* The number of shares you owned as of the end of the last quarter.

*Price:* The price at which the security was trading as of the end of last quarter.

*Value:* Total value of your holdings (quantity of shares times price) as of the date listed.

*Asset Class:* The type of security, i.e., Large Cap Equity, Small Cap Equity, International Equity, Fixed Income, and Cash. Securities that cannot be categorized into one of these asset classes are classified as Other. Mutual funds are categorized into one of these five asset classes (and Other) based on their Morningstar Category

### For Additional Information

If you have any questions about your Schwab Quarterly Portfolio Profile report, please call us at the phone number on page 1 of this report.