



Asset  
Management

# Schwab S&P 500 Index Portfolio

---

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

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

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

The Sector/Industry classifications in this report use the Global Industry Classification Standard (GICS) which was developed by and is the exclusive property of MSCI Inc. (MSCI) and Standard & Poor's (S&P). GICS is a service mark of MSCI and S&P and has been licensed for use by Charles Schwab & Co., Inc. The Industry classifications used in the Portfolio Holdings are sub-categories of Sector classifications.

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

# The Investment Environment

For the 12-month reporting period ended December 31, 2021, U.S. equity markets generated solid returns, with several key equity market indices ending the reporting period just off record highs. Despite persisting COVID-19 pandemic-driven stresses on the global economy and the emergence and rapid spread of the Delta variant during the summer and the Omicron variant in the late fall, U.S. equity markets rose through most of the period on strong earnings, ongoing fiscal stimulus measures, and optimism related to increased COVID-19 vaccination rates. Amid growing evidence of a slowing global economy and rising inflation, stocks did weaken somewhat in September and again in late November and early December but quickly regained their momentum. For the reporting period, the S&P 500® Index, a bellwether for the overall U.S. stock market, returned 28.71%.

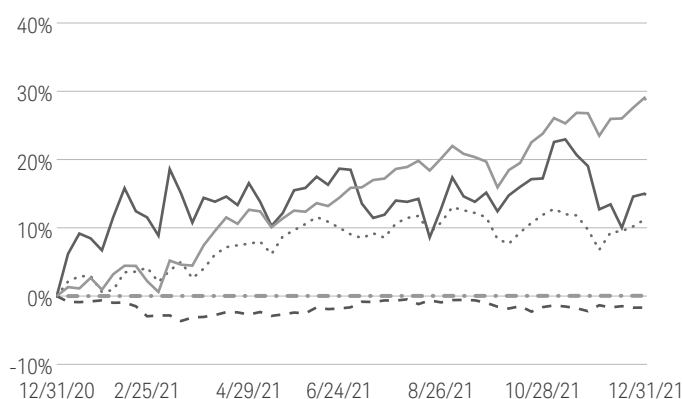
Bolstered by the extensive emergency rescue and fiscal stimulus measures passed by the U.S. Congress and U.S. Federal Reserve (Fed) in March 2020, the U.S. economy began to recover from the dramatic impact of the COVID-19 pandemic beginning in the third quarter of 2020. U.S. gross domestic product (GDP) rose at an annualized rate of 6.4% for the first quarter of 2021 and 6.7% for the second quarter of 2021, before falling back to 2.0% for the third quarter of 2021 amid fading government stimuli, persistent inflation, and new surges in COVID-19 cases. Unemployment, which skyrocketed in April 2020, fell over the reporting period, and ended at its lowest level since February 2020. Inflation, which had remained well below the Fed's traditional 2% target until it jumped in March 2021, continued to rise over the reporting period, largely due to imbalances in the labor market, supply chain bottlenecks, and higher energy costs.

For the most part, central banks around the world, maintained the low—and for some international central banks, negative—interest rates instituted prior to, and in response to, the COVID-19 pandemic. In the United States, the Fed reiterated several times during the reporting period its intention to continue its support of the economy for as long as needed to achieve a full recovery. The Fed maintained the federal funds rate in a range of 0.00% to 0.25% throughout the reporting period. However, as inflation continued to rise and indicators of economic activity and employment continued to strengthen, the Fed began scaling back its bond-buying program in November 2021 citing significant progress made on its twin goals of maximum employment and price stability. The Fed subsequently accelerated its

## ASSET CLASS PERFORMANCE COMPARISON % RETURNS DURING THE 12 MONTHS ENDED DECEMBER 31, 2021

This graph compares the performance of various asset classes during the report period. Final performance figures for the period are in the key below.

- 28.71% **S&P 500® Index:** measures U.S. large-cap stocks
- 14.82% **Russell 2000® Index:** measures U.S. small-cap stocks
- .... 11.26% **MSCI EAFE® Index (Net)\*:** measures (in U.S. dollars) large-cap stocks in Europe, Australasia and the Far East
- -1.54% **Bloomberg US Aggregate Bond Index:** measures the U.S. bond market
- 0.04% **Bloomberg US Treasury Bills 1-3 Month Index:** measures short-term U.S. Treasury obligations



Index figures assume dividends and distributions were reinvested. Index figures do not include trading and management costs, which would lower performance. Indices are unmanaged and cannot be invested in directly. Performance results less than one year are not annualized. Past performance is not an indication of future results.

Data source: Index provider websites and Schwab Asset Management.

Nothing in this report represents a recommendation of a security by the investment adviser.

Management views may have changed since the report date.

\* The net version of the index reflects reinvested dividends net of withholding taxes, but reflects no deductions for expenses or other taxes.

## The Investment Environment (continued)

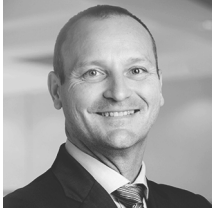
---

wind-down in December 2021 with expectations to end it altogether by March 2022. Fed officials also signaled that interest rates could begin to rise sooner in 2022 than previously anticipated, although the Fed cautioned that the path of the economy continues to depend on the course of the COVID-19 pandemic.

Over the reporting period, large-cap stocks significantly outperformed small-caps and, among large-cap stocks, growth stocks generally outperformed value stocks. Among the sectors in the S&P 500<sup>®</sup> Index, all posted double-digit returns. The energy and real estate sectors were the strongest performers. The energy sector benefited as oil prices rebounded on growing demand and reduced production. The real estate sector benefitted from low interest rates and strong performance of specialized and industrial REITs as a result of positive performance of data centers and increased demand for online and mobile communications. The weakest sectors for the reporting period were the utilities and consumer staples sectors, which were both hampered by the economy's strength, which rendered both sectors less attractive relative to others positioned to take advantage of the current business cycle.

# Portfolio Management

---



**Christopher Bliss, CFA**, Managing Director and Head of Passive Equity Strategies for Schwab Asset Management, is responsible for overseeing the investment process, portfolio management and implementation, and development of investment strategies for passive equity Schwab Funds and Schwab ETFs. Before joining Schwab in 2016, Mr. Bliss spent 12 years at BlackRock (formerly Barclays Global Investors) managing and leading institutional index teams, most recently as a managing director and the head of the Americas institutional index team. In this role, Mr. Bliss was responsible for overseeing a team of portfolio managers managing domestic, developed international and emerging markets index strategies. Prior to BlackRock, he worked as an equity analyst and portfolio manager for Harris Bretall and before that, as a research analyst for JP Morgan.



**Jeremy Brown**, Portfolio Manager, is responsible for the day-to-day co-management of the fund. Prior to joining Schwab in 2017, Mr. Brown spent six years with ALPS Advisors, Inc. in Denver, most recently as a senior analyst on the ETF portfolio management and research team where he performed portfolio management, trading, and analytics/research functions for ALPS ETFs and passive funds. Additionally, Mr. Brown led a number of investment research, commentary, industry trend analysis, and sales and marketing support initiatives.



**Ferian Juwono, CFA**, Senior Portfolio Manager, is responsible for the day-to-day co-management of the fund. Prior to joining Schwab in 2010, Mr. Juwono worked at BlackRock (formerly Barclays Global Investors) where he spent more than three years as a portfolio manager, managing equity index funds for institutional clients, and two years as a senior business analyst. Prior to that, Mr. Juwono worked for more than four years as a senior financial analyst with Union Bank of California.



**Sabya Sinha**, Portfolio Manager, is responsible for the day-to-day co-management of the fund. Prior to joining Schwab in 2015, Mr. Sinha spent a year at F-Squared Investments on the product development and analytics team. Prior to F-Squared, he worked at IndexIQ Advisors as a senior index portfolio manager for three years and for Bank of America's Columbia Management subsidiary as a portfolio manager for three years. Mr. Sinha also spent time as a software consultant at DPM Mellon, LLC and an equity trader at Jane Street Capital.

# Schwab S&P 500 Index Portfolio as of December 31, 2021

---

**The Schwab S&P 500 Index Portfolio's** (the fund) goal is to track the total return of the S&P 500<sup>®</sup> Index (the index), which includes the stocks of 500 leading U.S. publicly-traded companies from a broad range of industries. To pursue its goal, the fund generally seeks to replicate the performance of the index by giving the same weight to a given stock as does the index. For more information concerning the fund's investment objective, strategy and risks, please see the fund's prospectus.

**Market Highlights.** For the 12-month reporting period ended December 31, 2021, U.S. equity markets generated solid returns, with several key equity market indices ending the reporting period just off record highs. Despite persisting COVID-19 pandemic-driven stresses on the global economy and the emergence and rapid spread of the Delta variant during the summer and the Omicron variant in the late fall, U.S. equity markets rose through most of the period on strong earnings, ongoing fiscal stimulus measures, and optimism related to increased COVID-19 vaccination rates. Amid growing evidence of a slowing global economy and rising inflation, stocks did weaken somewhat in September and again in late November and early December but quickly regained their momentum.

**Performance.** The fund closely tracked the index for the reporting period. The fund returned 28.67% for the 12-month reporting period ended December 31, 2021, compared with the index, which returned 28.71%. Differences between the return of the fund and the return of the index may be attributable to, among other things, the operational and transactional costs incurred by the fund and not the index.

**Contributors and Detractors.** Over the reporting period, no sectors detracted from the returns of the index or the fund. However, the utilities sector was the smallest contributor to the total return of the fund. Stocks in the utilities sector represented an average weight of approximately 3% of the fund's investments and returned approximately 18% for the reporting period. One example from this sector is Pinnacle West Capital Corp., which provides electric service to most of Arizona, which slightly detracted from the total return of the fund. The fund's holdings of Pinnacle West Capital Corp. represented an average weight of less than 1% of the fund's investments and returned approximately -8% for the reporting period.

The materials sector was another small contributor to the total return of the fund, representing an average weight of approximately 3% of the fund's investments and returning approximately 27% for the reporting period.

The information technology sector contributed the most to the total return of the fund. Information technology stocks represented an average weight of approximately 28% of the fund's investments and returned approximately 35% for the reporting period. One example from this sector is Microsoft Corp., which develops, manufactures, licenses, sells, and supports software products. The fund's holdings of Microsoft Corp. represented an average weight of approximately 6% of the fund's investments and returned approximately 52% for the reporting period.

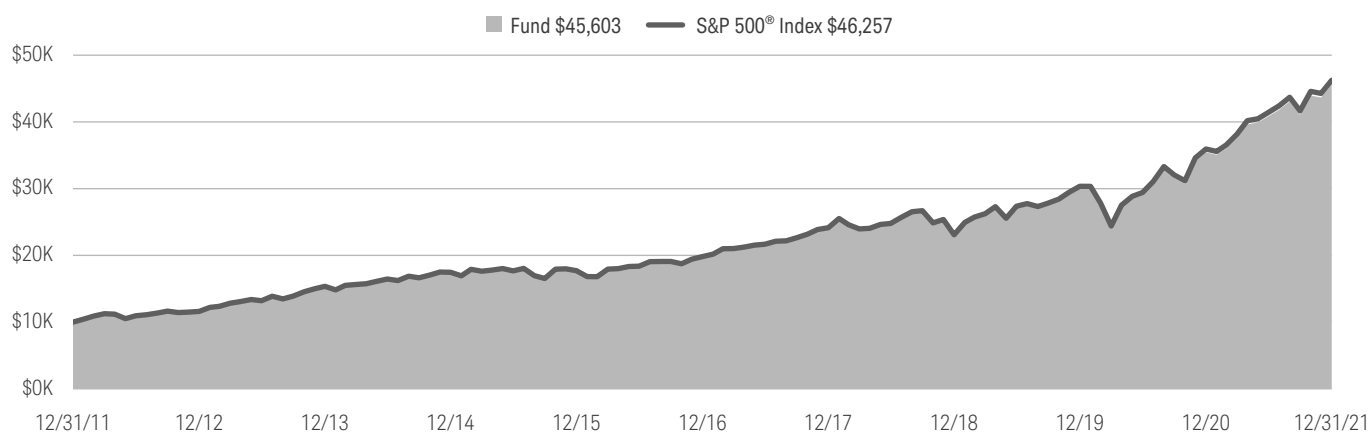
The financials sector also contributed to the total return of the fund, representing an average weight of approximately 11% of the fund's investments and returning approximately 35% for the reporting period.

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

# Performance and Fund Facts as of December 31, 2021

The performance data quoted represents past performance. Past performance does not guarantee future results. Investment returns and principal value will fluctuate so that an investor's shares may be worth more or less than their original cost. Current performance may be lower or higher than performance data quoted. To obtain performance information current to the most recent month end, please visit [www.schwabassetmanagement.com/schwabfunds\\_prospectus](http://www.schwabassetmanagement.com/schwabfunds_prospectus).

## PERFORMANCE OF HYPOTHETICAL \$10,000 INVESTMENT (DECEMBER 31, 2011 - DECEMBER 31, 2021)<sup>1</sup>



## AVERAGE ANNUAL TOTAL RETURNS<sup>1</sup>

FUND AND INCEPTION DATE	1 YEAR	5 YEARS	10 YEARS
Fund: Schwab S&P 500 Index Portfolio (11/01/96)	28.67%	18.42%	16.39%
S&P 500® Index	28.71%	18.47%	16.55%
Fund Category: Morningstar Large-Cap Blend <sup>2</sup>	26.94%	17.18%	15.64%

Fund Expense Ratio<sup>3</sup>: 0.03%

All total return figures on this page assume dividends and distributions were reinvested. Index figures do not include trading and management costs, which would lower performance. Indices are unmanaged and cannot be invested in directly. Performance results less than one year are not annualized.

Index ownership – “Standard & Poor’s®,” “S&P®,” and “S&P 500®” are registered trademarks of Standard & Poor’s Financial Services LLC (S&P), and “Dow Jones®” is a registered trademark of Dow Jones Trademark Holdings LLC (Dow Jones) and have been licensed for use by S&P Dow Jones Indices LLC and its affiliates and sublicensed for certain purposes by Charles Schwab Investment Management, Inc. The “S&P 500® Index” is a product of S&P Dow Jones Indices LLC or its affiliates, and has been licensed for use by Charles Schwab Investment Management, Inc. The Schwab S&P 500 Index Portfolio is not sponsored, endorsed, sold or promoted by S&P Dow Jones Indices LLC, Dow Jones, S&P, or their respective affiliates, and neither S&P Dow Jones Indices LLC, Dow Jones, S&P, nor their respective affiliates make any representation regarding the advisability of investing in the fund.

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

<sup>2</sup> Source for category information: Morningstar, Inc. The Morningstar Category return represents all active and index mutual funds within the category as of the report date.

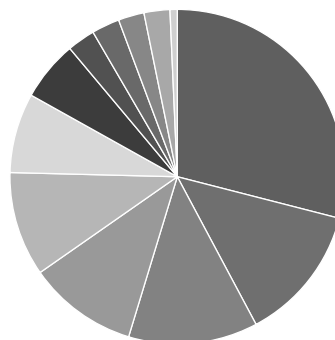
<sup>3</sup> As stated in the prospectus.

# Performance and Fund Facts as of December 31, 2021 (continued)

## STATISTICS<sup>1</sup>

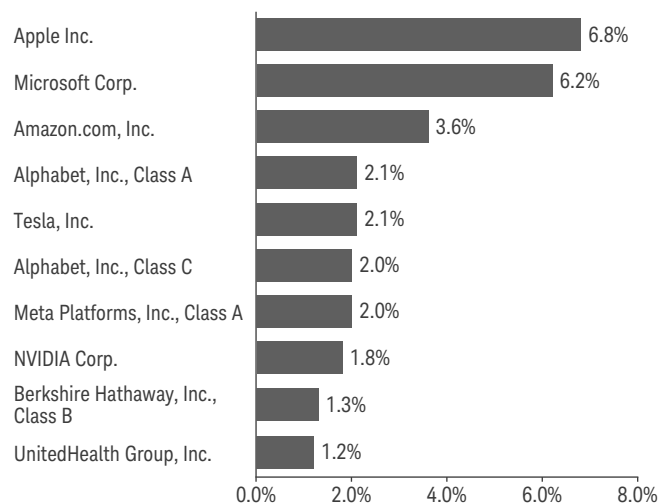
Number of Holdings	508
Weighted Average Market Cap (\$ x 1,000,000)	\$674,287
Price/Earnings Ratio (P/E)	25.5
Price/Book Ratio (P/B)	4.7
Portfolio Turnover Rate	13%

## SECTOR WEIGHTINGS % OF INVESTMENTS<sup>2</sup>



- 29.0% Information Technology
- 13.2% Health Care
- 12.5% Consumer Discretionary
- 10.6% Financials
- 10.1% Communication Services
- 7.7% Industrials
- 5.8% Consumer Staples
- 2.7% Real Estate
- 2.7% Energy
- 2.5% Materials
- 2.5% Utilities
- 0.7% Other

## TOP EQUITY HOLDINGS % OF NET ASSETS<sup>3</sup>



Portfolio holdings may have changed since the report date.

Source of Sector Classification: S&P and MSCI.

<sup>1</sup> Excludes derivatives.

<sup>2</sup> The percentage may differ from the Portfolio Holdings because the above calculation is based on a percentage of total investments, excluding derivatives, whereas the calculation in the Portfolio Holdings is based on a percentage of net assets.

<sup>3</sup> This list is not a recommendation of any security by the investment adviser.



# Fund Expenses (Unaudited)

## EXAMPLES FOR A \$1,000 INVESTMENT

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

The expense examples below are intended to help you understand your ongoing cost (in dollars) of investing in the fund and to compare this cost with the ongoing cost of investing in other mutual funds. These examples are based on an investment of \$1,000 invested for six months beginning July 1, 2021 and held through December 31, 2021.

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

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

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

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

	EXPENSE RATIO (ANNUALIZED) <sup>1</sup>	BEGINNING ACCOUNT VALUE AT 7/1/21	ENDING ACCOUNT VALUE (NET OF EXPENSES) AT 12/31/21	EXPENSES PAID DURING PERIOD 7/1/21-12/31/21 <sup>2</sup>
<b>Schwab S&amp;P 500 Index Portfolio</b>				
Actual Return	0.03%	\$1,000.00	\$1,116.70	\$0.16
Hypothetical 5% Return	0.03%	\$1,000.00	\$1,025.05	\$0.15

<sup>1</sup> Based on the most recent six-month expense ratio.

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

## Financial Statements

## FINANCIAL HIGHLIGHTS

	1/1/21– 12/31/21	1/1/20– 12/31/20	1/1/19– 12/31/19	1/1/18– 12/31/18	1/1/17– 12/31/17
<b>Per-Share Data</b>					
Net asset value at beginning of period	\$55.41	\$47.48	\$37.10	\$39.51	\$33.01
Income (loss) from investment operations:					
Net investment income (loss) <sup>1</sup>	0.85	0.96	0.91	0.82	0.71
Net realized and unrealized gains (losses)	14.94	7.58	10.64	(2.51)	6.39
Total from investment operations	15.79	8.54	11.55	(1.69)	7.10
Less distributions:					
Distributions from net investment income	(0.79)	(0.53)	(0.78)	(0.68)	(0.59)
Distributions from net realized gains	–	(0.08)	(0.39)	(0.04)	(0.01)
Total distributions	(0.79)	(0.61)	(1.17)	(0.72)	(0.60)
Net asset value at end of period	\$70.41	\$55.41	\$47.48	\$37.10	\$39.51
Total return	28.67%	18.28%	31.48%	(4.40%)	21.72%
<b>Ratios/Supplemental Data</b>					
Ratios to average net assets:					
Total expenses	0.03%	0.03%	0.03%	0.03%	0.06% <sup>2</sup>
Net operating expenses	N/A	N/A	N/A	N/A <sup>3</sup>	0.06% <sup>2</sup>
Net investment income (loss)	1.35%	2.03%	2.13%	2.03%	1.97%
Portfolio turnover rate	13%	14%	6%	5%	3%
Net assets, end of period (x 1,000,000)	\$1,468	\$947	\$588	\$340	\$346

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

<sup>2</sup> Effective March 1, 2017, the annual operating expense ratio was reduced. The ratio presented for period ended 12/31/17 is a blended ratio.

<sup>3</sup> Effective March 1, 2017, the fund instituted a new fee structure and the contractual expense limitation was terminated.

# Portfolio Holdings

 as of December 31, 2021

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

The fund files its complete schedule of portfolio holdings with the U.S. Securities and Exchange Commission (SEC) for the first and third quarters of each fiscal year on Form N-PORT Part F. The fund's Form N-PORT Part F is available on the SEC's website at [www.sec.gov](http://www.sec.gov). The fund also makes available its complete schedule of portfolio holdings on the fund's website at [www.schwabassetmanagement.com/schwabfunds\\_prospectus](http://www.schwabassetmanagement.com/schwabfunds_prospectus), typically 60-80 days after the end of the fund's fiscal quarter.

SECURITY	NUMBER OF SHARES	VALUE (\$)	SECURITY	NUMBER OF SHARES	VALUE (\$)
<b>COMMON STOCKS 99.3% OF NET ASSETS</b>					
<b>Automobiles &amp; Components 2.7%</b>					
Aptiv plc *	9,768	1,611,232	L3Harris Technologies, Inc.	7,085	1,510,805
BorgWarner, Inc.	8,655	390,081	Lockheed Martin Corp.	8,862	3,149,644
Ford Motor Co.	141,738	2,943,898	Masco Corp.	8,811	618,708
General Motors Co. *	52,423	3,073,560	Northrop Grumman Corp.	5,381	2,082,824
Tesla, Inc. *	29,372	31,039,742	Otis Worldwide Corp.	15,337	1,335,393
		<b>39,058,513</b>	PACCAR, Inc.	12,536	1,106,427
			Parker-Hannifin Corp.	4,662	1,483,076
			Pentair plc	5,975	436,354
			Quanta Services, Inc.	5,146	590,040
			Raytheon Technologies Corp.	54,047	4,651,285
			Rockwell Automation, Inc.	4,188	1,460,984
			Roper Technologies, Inc.	3,809	1,873,495
			Snap-on, Inc.	1,940	417,837
			Stanley Black & Decker, Inc.	5,887	1,110,406
			Textron, Inc.	7,960	614,512
			The Boeing Co. *	19,948	4,015,931
			Trane Technologies plc	8,577	1,732,811
			TransDigm Group, Inc. *	1,890	1,202,569
			United Rentals, Inc. *	2,614	868,606
			W.W. Grainger, Inc.	1,563	810,009
			Westinghouse Air Brake Technologies Corp.	6,746	621,374
			Xylem, Inc.	6,511	780,799
				<b>75,248,184</b>	
			<b>Commercial &amp; Professional Services 0.9%</b>		
			Cintas Corp.	3,174	1,406,622
			Copart, Inc. *	7,706	1,168,384
			Equifax, Inc.	4,405	1,289,740
			IHS Markit Ltd.	14,402	1,914,314
			Jacobs Engineering Group, Inc.	4,706	655,216
			Leidos Holdings, Inc.	5,067	450,456
			Nielsen Holdings plc	12,955	265,707
			Republic Services, Inc.	7,556	1,053,684
			Robert Half International, Inc.	4,020	448,310
			Rollins, Inc.	8,174	279,633
			Verisk Analytics, Inc.	5,819	1,330,980
			Waste Management, Inc.	13,896	2,319,242
				<b>12,582,288</b>	
			<b>Consumer Durables &amp; Apparel 1.1%</b>		
			D.R. Horton, Inc.	11,769	1,276,348
			Garmin Ltd.	5,486	747,029
			Hasbro, Inc.	4,682	476,534
			Lennar Corp., Class A	9,816	1,140,226
			Mohawk Industries, Inc. *	1,981	360,898
			Newell Brands, Inc.	13,671	298,575
			NIKE, Inc., Class B	46,139	7,689,987
			NVR, Inc. *	118	697,247
			PulteGroup, Inc.	9,141	522,499
			PVH Corp.	2,566	273,664
			Ralph Lauren Corp.	1,760	209,194
			Tapestry, Inc.	9,935	403,361
			Under Armour, Inc., Class A *	6,812	144,346
			Under Armour, Inc., Class C *	7,766	140,099
<b>Banks 3.9%</b>					
Bank of America Corp.	260,052	11,569,713			
Citigroup, Inc.	71,645	4,326,641			
Citizens Financial Group, Inc.	15,388	727,083			
Comerica, Inc.	4,735	411,945			
Fifth Third Bancorp	24,689	1,075,206			
First Republic Bank	6,473	1,336,739			
Huntington Bancshares, Inc.	52,228	805,356			
JPMorgan Chase & Co.	106,709	16,897,370			
KeyCorp	33,613	777,469			
M&T Bank Corp.	4,647	713,686			
People's United Financial, Inc.	15,452	275,355			
Regions Financial Corp.	34,420	750,356			
Signature Bank	2,189	708,076			
SVB Financial Group *	2,119	1,437,191			
The PNC Financial Services Group, Inc.	15,261	3,060,136			
Truist Financial Corp.	48,205	2,822,403			
U.S. Bancorp	48,725	2,736,883			
Wells Fargo & Co.	143,972	6,907,776			
Zions Bancorp NA	5,650	356,854			
		<b>57,696,238</b>			
<b>Capital Goods 5.1%</b>					
3M Co.	20,807	3,695,947			
A.O. Smith Corp.	4,809	412,853			
Allegion plc	3,238	428,841			
AMETEK, Inc.	8,353	1,228,225			
Carrier Global Corp.	31,292	1,697,278			
Caterpillar, Inc.	19,533	4,038,253			
Cummins, Inc.	5,164	1,126,475			
Deere & Co.	10,188	3,493,363			
Dover Corp.	5,199	944,138			
Eaton Corp. plc	14,393	2,487,398			
Emerson Electric Co.	21,586	2,006,850			
Fastenal Co.	20,768	1,330,398			
Fortive Corp.	12,947	987,727			
Fortune Brands Home & Security, Inc.	4,901	523,917			
Generac Holdings, Inc. *	2,278	801,674			
General Dynamics Corp.	8,368	1,744,477			
General Electric Co.	39,653	3,746,019			
Honeywell International, Inc.	24,858	5,183,142			
Howmet Aerospace, Inc.	13,885	441,960			
Huntington Ingalls Industries, Inc.	1,446	270,026			
IDEX Corp.	2,745	648,698			
Illinois Tool Works, Inc.	10,313	2,545,248			
Ingersoll Rand, Inc.	14,719	910,665			
Johnson Controls International plc	25,590	2,080,723			

# Portfolio Holdings

 as of December 31, 2021 (continued)

SECURITY	NUMBER OF SHARES	VALUE (\$)	SECURITY	NUMBER OF SHARES	VALUE (\$)
VF Corp.	11,772	861,946	Hess Corp.	9,955	736,969
Whirlpool Corp.	2,193	514,609	Kinder Morgan, Inc.	70,402	1,116,576
		<b>15,756,562</b>	Marathon Oil Corp.	28,114	461,632
<b>Consumer Services 1.9%</b>			Marathon Petroleum Corp.	22,226	1,422,242
Booking Holdings, Inc. *	1,483	3,558,058	Occidental Petroleum Corp.	32,040	928,839
Caesars Entertainment, Inc. *	7,719	721,958	ONEOK, Inc.	16,101	946,095
Carnival Corp. *	29,050	584,486	Phillips 66	15,821	1,146,390
Chipotle Mexican Grill, Inc. *	1,016	1,776,222	Pioneer Natural Resources Co.	8,198	1,491,052
Darden Restaurants, Inc.	4,686	705,899	Schlumberger Ltd.	50,649	1,516,937
Domino's Pizza, Inc.	1,314	741,530	The Williams Cos., Inc.	43,867	1,142,297
Expedia Group, Inc. *	5,272	952,756	Valero Energy Corp.	14,762	1,108,774
Hilton Worldwide Holdings, Inc. *	10,064	1,569,883			<b>38,928,342</b>
Las Vegas Sands Corp. *	12,415	467,301	<b>Food &amp; Staples Retailing 1.4%</b>		
Marriott International, Inc., Class A *	9,878	1,632,241	Costco Wholesale Corp.	15,954	9,057,086
McDonald's Corp.	26,981	7,232,797	Sysco Corp.	18,510	1,453,961
MGM Resorts International	14,054	630,744	The Kroger Co.	24,436	1,105,973
Norwegian Cruise Line Holdings Ltd. *	13,364	277,169	Walgreens Boots Alliance, Inc.	25,942	1,353,135
Penn National Gaming, Inc. *	5,998	310,996	Walmart, Inc.	51,351	7,429,976
Royal Caribbean Cruises Ltd. *	8,097	622,659			<b>20,400,131</b>
Starbucks Corp.	42,607	4,983,741	<b>Food, Beverage &amp; Tobacco 2.9%</b>		
Wynn Resorts Ltd. *	3,800	323,152	Altria Group, Inc.	66,327	3,143,236
Yum! Brands, Inc.	10,583	1,469,555	Archer-Daniels-Midland Co.	20,201	1,365,386
		<b>28,561,147</b>	Brown-Forman Corp., Class B	6,598	480,730
<b>Diversified Financials 4.9%</b>			Campbell Soup Co.	7,308	317,606
American Express Co.	22,655	3,706,358	Conagra Brands, Inc.	17,319	591,444
Ameriprise Financial, Inc.	4,043	1,219,611	Constellation Brands, Inc., Class A	5,931	1,488,503
Berkshire Hathaway, Inc., Class B *	66,129	19,772,571	General Mills, Inc.	21,871	1,473,668
BlackRock, Inc.	5,157	4,721,543	Hormel Foods Corp.	10,189	497,325
Capital One Financial Corp.	15,369	2,229,888	Kellogg Co.	9,236	594,983
Cboe Global Markets, Inc.	3,852	502,301	Lamb Weston Holdings, Inc.	5,275	334,329
CME Group, Inc.	12,979	2,965,182	McCormick & Co, Inc.	9,004	869,876
Discover Financial Services	10,582	1,222,856	Molson Coors Beverage Co., Class B	6,803	315,319
FactSet Research Systems, Inc.	1,360	660,974	Mondelez International, Inc., Class A	50,370	3,340,035
Franklin Resources, Inc.	10,152	339,990	Monster Beverage Corp. *	13,566	1,302,879
Intercontinental Exchange, Inc.	20,348	2,782,996	PepsiCo, Inc.	49,925	8,672,472
Invesco Ltd.	12,338	284,021	Philip Morris International, Inc.	56,215	5,340,425
MarketAxess Holdings, Inc.	1,373	564,674	The Coca-Cola Co.	140,369	8,311,248
Moody's Corp.	5,841	2,281,378	The Hershey Co.	5,249	1,015,524
Morgan Stanley	51,839	5,088,516	The JM Smucker Co.	3,913	531,464
MSCI, Inc.	2,978	1,824,591	The Kraft Heinz Co.	25,633	920,225
Nasdaq, Inc.	4,230	888,342	Tyson Foods, Inc., Class A	10,645	927,818
Northern Trust Corp.	7,504	897,553			<b>41,834,495</b>
Raymond James Financial, Inc.	6,694	672,078	<b>Health Care Equipment &amp; Services 5.8%</b>		
S&P Global, Inc.	8,703	4,107,207	Abbott Laboratories	63,849	8,986,108
State Street Corp.	13,207	1,228,251	ABIOMED, Inc. *	1,643	590,116
Synchrony Financial	19,761	916,713	Align Technology, Inc. *	2,648	1,740,213
T. Rowe Price Group, Inc.	8,119	1,596,520	AmerisourceBergen Corp.	5,402	717,872
The Bank of New York Mellon Corp.	27,444	1,593,947	Anthem, Inc.	8,764	4,062,465
The Charles Schwab Corp. (a)	54,130	4,552,333	Baxter International, Inc.	18,078	1,551,816
The Goldman Sachs Group, Inc.	12,258	4,689,298	Becton Dickinson & Co.	10,370	2,607,848
		<b>71,309,692</b>	Boston Scientific Corp. *	51,454	2,185,766
<b>Energy 2.7%</b>			Cardinal Health, Inc.	10,173	523,808
APA Corp.	13,118	352,743	Centene Corp. *	21,070	1,736,168
Baker Hughes Co.	31,560	759,334	Cerner Corp.	10,623	986,558
Chevron Corp.	69,604	8,168,029	Cigna Corp.	11,967	2,747,982
ConocoPhillips	47,626	3,437,645	CVS Health Corp.	47,665	4,917,121
Coterra Energy, Inc.	29,378	558,182	DaVita, Inc. *	2,354	267,791
Devon Energy Corp.	22,736	1,001,521	Dentsply Sirona, Inc.	7,893	440,350
Diamondback Energy, Inc.	6,150	663,277	DexCom, Inc. *	3,500	1,879,325
EOG Resources, Inc.	21,127	1,876,711	Edwards Lifesciences Corp. *	22,544	2,920,575
Exxon Mobil Corp.	152,866	9,353,870	HCA Healthcare, Inc.	8,647	2,221,587
Halliburton Co.	32,323	739,227	Henry Schein, Inc. *	5,007	388,193

## Portfolio Holdings as of December 31, 2021 (continued)

SECURITY	NUMBER OF SHARES	VALUE (\$)
Hologic, Inc. *	9,152	700,677
Humana, Inc.	4,641	2,152,774
IDEXX Laboratories, Inc. *	3,062	2,016,205
Intuitive Surgical, Inc. *	12,890	4,631,377
Laboratory Corp. of America Holdings *	3,455	1,085,596
McKesson Corp.	5,513	1,370,366
Medtronic plc	48,594	5,027,049
Quest Diagnostics, Inc.	4,429	766,261
ResMed, Inc.	5,262	1,370,646
STERIS plc	3,612	879,197
Stryker Corp.	12,123	3,241,933
Teleflex, Inc.	1,692	555,788
The Cooper Cos., Inc.	1,780	745,713
UnitedHealth Group, Inc.	34,009	17,077,279
Universal Health Services, Inc., Class B	2,639	342,173
Zimmer Biomet Holdings, Inc.	7,543	958,263
		<b>84,392,959</b>

**Household & Personal Products 1.6%**

Church & Dwight Co., Inc.	8,816	903,640
Colgate-Palmolive Co.	30,429	2,596,811
Kimberly-Clark Corp.	12,156	1,737,336
The Clorox Co.	4,436	773,461
The Estee Lauder Cos., Inc., Class A	8,367	3,097,463
The Procter & Gamble Co.	87,381	14,293,784
		<b>23,402,495</b>

**Insurance 1.8%**

Aflac, Inc.	21,975	1,283,120
American International Group, Inc.	29,982	1,704,777
Aon plc, Class A	7,956	2,391,255
Arthur J. Gallagher & Co.	7,485	1,269,980
Assurant, Inc.	2,056	320,448
Brown & Brown, Inc.	8,464	594,850
Chubb Ltd.	15,554	3,006,744
Cincinnati Financial Corp.	5,412	616,589
Everest Re Group Ltd.	1,422	389,514
Globe Life, Inc.	3,354	314,337
Lincoln National Corp.	6,134	418,707
Loews Corp.	7,234	417,836
Marsh & McLennan Cos., Inc.	18,231	3,168,912
MetLife, Inc.	25,818	1,613,367
Principal Financial Group, Inc.	8,901	643,809
Prudential Financial, Inc.	13,648	1,477,260
The Allstate Corp.	10,350	1,217,677
The Hartford Financial Services Group, Inc.	12,290	848,502
The Progressive Corp.	21,126	2,168,584
The Travelers Cos., Inc.	8,883	1,389,568
W.R. Berkley Corp.	5,040	415,246
Willis Towers Watson plc	4,499	1,068,467
		<b>26,739,549</b>

**Materials 2.5%**

Air Products and Chemicals, Inc.	7,993	2,431,950
Albemarle Corp.	4,224	987,444
Arcor plc	55,361	664,886
Avery Dennison Corp.	2,990	647,544
Ball Corp.	11,695	1,125,878
Celanese Corp., Series A	3,931	660,644
CF Industries Holdings, Inc.	7,745	548,191
Corteva, Inc.	26,321	1,244,457
Dow, Inc.	26,706	1,514,764
DuPont de Nemours, Inc.	18,708	1,511,232
Eastman Chemical Co.	4,854	586,897

SECURITY	NUMBER OF SHARES	VALUE (\$)
Ecolab, Inc.	9,002	2,111,779
FMC Corp.	4,577	502,967
Freeport-McMoRan, Inc.	53,024	2,212,692
International Flavors & Fragrances, Inc.	9,190	1,384,473
International Paper Co.	13,982	656,874
Linde plc	18,507	6,411,380
LyondellBasell Industries, Class A	9,492	875,447
Martin Marietta Materials, Inc.	2,252	992,051
Newmont Corp.	28,793	1,785,742
Nucor Corp.	10,320	1,178,028
Packaging Corp. of America	3,430	466,995
PPG Industries, Inc.	8,572	1,478,156
Sealed Air Corp.	5,349	360,897
The Mosaic Co.	13,375	525,504
The Sherwin-Williams Co.	8,710	3,067,314
Vulcan Materials Co.	4,792	994,723
Westrock Co.	9,641	427,675
		<b>37,356,584</b>

**Media & Entertainment 8.9%**

Activision Blizzard, Inc.	28,124	1,871,090
Alphabet, Inc., Class A *	10,862	31,467,648
Alphabet, Inc., Class C *	10,096	29,213,685
Charter Communications, Inc., Class A *	4,467	2,912,350
Comcast Corp., Class A	164,635	8,286,080
Discovery, Inc., Class A *(b)	6,110	143,829
Discovery, Inc., Class C *	10,967	251,144
DISH Network Corp., Class A *	9,017	292,511
Electronic Arts, Inc.	10,212	1,346,963
Fox Corp., Class A	11,567	426,822
Fox Corp., Class B	5,310	181,974
Live Nation Entertainment, Inc. *	4,878	583,848
Match Group, Inc. *	10,222	1,351,860
Meta Platforms, Inc., Class A *	85,441	28,738,080
Netflix, Inc. *	15,994	9,635,425
News Corp., Class A	14,192	316,624
News Corp., Class B	4,397	98,933
Omnicom Group, Inc.	7,675	562,347
Take-Two Interactive Software, Inc. *	4,163	739,848
The Interpublic Group of Cos., Inc.	14,218	532,464
The Walt Disney Co. *	65,613	10,162,798
Twitter, Inc. *	28,872	1,247,848
ViacomCBS, Inc., Class B	21,907	661,153
		<b>131,025,324</b>

**Pharmaceuticals, Biotechnology & Life Sciences 7.4%**

AbbVie, Inc.	63,835	8,643,259
Agilent Technologies, Inc.	10,931	1,745,134
Amgen, Inc.	20,338	4,575,440
Biogen, Inc. *	5,304	1,272,536
Bio-Rad Laboratories, Inc., Class A *	780	589,345
Bio-Techne Corp.	1,419	734,105
Bristol-Myers Squibb Co.	80,146	4,997,103
Catalent, Inc. *	6,181	791,353
Charles River Laboratories International, Inc. *	1,822	686,493
Danaher Corp.	22,964	7,555,386
Eli Lilly & Co.	28,669	7,918,951
Gilead Sciences, Inc.	45,292	3,288,652
Illumina, Inc. *	5,644	2,147,203
Incyte Corp. *	6,780	497,652
IQVIA Holdings, Inc. *	6,898	1,946,202
Johnson & Johnson	95,057	16,261,401
Merck & Co., Inc.	91,207	6,990,104
Mettler-Toledo International, Inc. *	830	1,408,684
Moderna, Inc. *	12,737	3,234,943

# Portfolio Holdings

as of December 31, 2021 (continued)

SECURITY	NUMBER OF SHARES	VALUE (\$)
Organon & Co.	9,155	278,770
PerkinElmer, Inc.	4,557	916,230
Pfizer, Inc.	202,670	11,967,664
Regeneron Pharmaceuticals, Inc. *	3,817	2,410,512
Thermo Fisher Scientific, Inc.	14,228	9,493,491
Vertex Pharmaceuticals, Inc. *	9,181	2,016,148
Viartis, Inc.	43,666	590,801
Waters Corp. *	2,204	821,210
West Pharmaceutical Services, Inc.	2,675	1,254,602
Zoetis, Inc.	17,083	4,168,765

**109,202,139****Real Estate 2.7%**

Alexandria Real Estate Equities, Inc.	5,091	1,135,089
American Tower Corp.	16,444	4,809,870
AvalonBay Communities, Inc.	5,046	1,274,569
Boston Properties, Inc.	5,133	591,219
CBRE Group, Inc., Class A *	12,085	1,311,343
Crown Castle International Corp.	15,607	3,257,805
Digital Realty Trust, Inc.	10,248	1,812,564
Duke Realty Corp.	13,752	902,681
Equinix, Inc.	3,251	2,749,826
Equity Residential	12,323	1,115,232
Essex Property Trust, Inc.	2,350	827,741
Extra Space Storage, Inc.	4,835	1,096,240
Federal Realty Investment Trust	2,528	344,617
Healthpeak Properties, Inc.	19,461	702,348
Host Hotels & Resorts, Inc. *	25,783	448,366
Iron Mountain, Inc.	10,454	547,058
Kimco Realty Corp.	22,260	548,709
Mid-America Apartment Communities, Inc.	4,157	953,782
Prologis, Inc.	26,697	4,494,707
Public Storage	5,509	2,063,451
Realty Income Corp.	20,426	1,462,297
Regency Centers Corp.	5,563	419,172
SBA Communications Corp.	3,928	1,528,071
Simon Property Group, Inc.	11,865	1,895,671
UDR, Inc.	10,492	629,415
Ventas, Inc.	14,412	736,741
Vornado Realty Trust	5,741	240,318
Welltower, Inc.	15,718	1,348,133
Weyerhaeuser Co.	27,047	1,113,795

**40,360,830****Retailing 6.8%**

Advance Auto Parts, Inc.	2,275	545,727
Amazon.com, Inc. *	15,748	52,509,186
AutoZone, Inc. *	757	1,586,967
Bath & Body Works, Inc.	9,546	666,215
Best Buy Co., Inc.	7,993	812,089
CarMax, Inc. *	5,854	762,366
Dollar General Corp.	8,424	1,986,632
Dollar Tree, Inc. *	8,121	1,141,163
eBay, Inc.	22,604	1,503,166
Etsy, Inc. *	4,578	1,002,307
Genuine Parts Co.	5,143	721,049
LKQ Corp.	9,684	581,331
Lowe's Cos., Inc.	25,002	6,462,517
O'Reilly Automotive, Inc. *	2,433	1,718,258
Pool Corp.	1,448	819,568
Ross Stores, Inc.	12,832	1,466,441
Target Corp.	17,622	4,078,436
The Gap, Inc.	7,741	136,629
The Home Depot, Inc.	38,107	15,814,786
The TJX Cos., Inc.	43,421	3,296,522

SECURITY	NUMBER OF SHARES	VALUE (\$)
Tractor Supply Co.	4,110	980,646
Ulta Beauty, Inc. *	1,963	809,423

**99,401,424****Semiconductors & Semiconductor Equipment 6.3%**

Advanced Micro Devices, Inc. *	43,605	6,274,759
Analog Devices, Inc.	19,405	3,410,817
Applied Materials, Inc.	32,603	5,130,408
Broadcom, Inc.	14,863	9,889,989
Enphase Energy, Inc. *	4,872	891,284
Intel Corp.	146,850	7,562,775
KLA Corp.	5,475	2,354,852
Lam Research Corp.	5,084	3,656,159
Microchip Technology, Inc.	20,036	1,744,334
Micron Technology, Inc.	40,391	3,762,422
Monolithic Power Systems, Inc.	1,565	772,061
NVIDIA Corp.	90,270	26,549,310
NXP Semiconductor N.V.	9,602	2,187,143
Qorvo, Inc. *	3,979	622,276
QUALCOMM, Inc.	40,441	7,395,446
Skyworks Solutions, Inc.	5,963	925,100
SolarEdge Technologies, Inc. *	1,896	531,961
Teradyne, Inc.	5,886	962,537
Texas Instruments, Inc.	33,346	6,284,721
Xilinx, Inc.	8,951	1,897,880

**92,806,234****Software & Services 13.9%**

Accenture plc, Class A	22,807	9,454,642
Adobe, Inc. *	17,180	9,742,091
Akamai Technologies, Inc. *	5,866	686,557
ANSYS, Inc. *	3,151	1,263,929
Autodesk, Inc. *	7,939	2,232,367
Automatic Data Processing, Inc.	15,215	3,751,715
Broadridge Financial Solutions, Inc.	4,209	769,489
Cadence Design Systems, Inc. *	10,007	1,864,804
Ceridian HCM Holding, Inc. *	4,918	513,734
Citrix Systems, Inc.	4,503	425,939
Cognizant Technology Solutions Corp., Class A	18,965	1,682,575
DXC Technology Co. *	9,109	293,219
EPAM Systems, Inc. *	2,048	1,368,986
Fidelity National Information Services, Inc.	21,988	2,399,990
Fiserv, Inc. *	21,456	2,226,918
FleetCor Technologies, Inc. *	2,932	656,299
Fortinet, Inc. *	4,900	1,761,060
Gartner, Inc. *	2,969	992,596
Global Payments, Inc.	10,477	1,416,281
International Business Machines Corp.	32,381	4,328,044
Intuit, Inc.	10,225	6,576,925
Jack Henry & Associates, Inc.	2,673	446,364
Mastercard, Inc., Class A	31,324	11,255,340
Microsoft Corp.	271,098	91,175,679
NortonLifeLock, Inc.	21,005	545,710
Oracle Corp.	58,237	5,078,849
Paychex, Inc.	11,587	1,581,626
Paycom Software, Inc. *	1,738	721,600
PayPal Holdings, Inc. *	42,425	8,000,507
PTC, Inc. *	3,815	462,187
salesforce.com, Inc. *	35,350	8,983,495
ServiceNow, Inc. *	7,186	4,664,504
Synopsys, Inc. *	5,507	2,029,330
Tyler Technologies, Inc. *	1,480	796,166

# Portfolio Holdings

 as of December 31, 2021 (continued)

SECURITY	NUMBER OF SHARES	VALUE (\$)
VeriSign, Inc. *	3,489	885,578
Visa, Inc., Class A	60,554	13,122,657
		<b>204,157,752</b>

## Technology Hardware & Equipment 8.7%

Amphenol Corp., Class A	21,593	1,888,524
Apple Inc.	562,781	99,933,022
Arista Networks, Inc. *	8,100	1,164,375
CDW Corp.	4,900	1,003,422
Cisco Systems, Inc.	152,290	9,650,617
Corning, Inc.	27,732	1,032,462
F5, Inc. *	2,178	532,978
Hewlett Packard Enterprise Co.	47,226	744,754
HP, Inc.	41,617	1,567,713
IPG Photonics Corp. *	1,290	222,061
Juniper Networks, Inc.	11,738	419,164
Keysight Technologies, Inc. *	6,651	1,373,498
Motorola Solutions, Inc.	6,098	1,656,827
NetApp, Inc.	8,074	742,727
Seagate Technology Holdings plc	7,396	835,600
TE Connectivity Ltd.	11,783	1,901,069
Teledyne Technologies, Inc. *	1,684	735,723
Trimble, Inc. *	9,064	790,290
Western Digital Corp. *	11,252	733,743
Zebra Technologies Corp., Class A *	1,930	1,148,736
		<b>128,077,305</b>

## Telecommunication Services 1.2%

AT&T, Inc.	257,844	6,342,963
Lumen Technologies, Inc.	33,278	417,639
T-Mobile US, Inc. *	21,198	2,458,544
Verizon Communications, Inc.	149,492	7,767,604
		<b>16,986,750</b>

## Transportation 1.7%

Alaska Air Group, Inc. *	4,523	235,648
American Airlines Group, Inc. *	23,385	419,995
C.H. Robinson Worldwide, Inc.	4,693	505,107
CSX Corp.	80,086	3,011,234
Delta Air Lines, Inc. *	23,106	902,982
Expeditors International of Washington, Inc.	6,117	821,452
FedEx Corp.	8,825	2,282,498
JB Hunt Transport Services, Inc.	3,034	620,150
Norfolk Southern Corp.	8,787	2,615,978
Old Dominion Freight Line, Inc.	3,364	1,205,590
Southwest Airlines Co. *	21,374	915,662
Union Pacific Corp.	23,213	5,848,051
United Airlines Holdings, Inc. *	11,692	511,876
United Parcel Service, Inc., Class B	26,329	5,643,358
		<b>25,539,581</b>

## Utilities 2.5%

Alliant Energy Corp.	9,040	555,689
Ameren Corp.	9,301	827,882
American Electric Power Co., Inc.	18,184	1,617,830
American Water Works Co., Inc.	6,555	1,237,977
Atmos Energy Corp.	4,781	500,905
CenterPoint Energy, Inc.	22,704	633,669
CMS Energy Corp.	10,460	680,423
Consolidated Edison, Inc.	12,772	1,089,707
Dominion Energy, Inc.	29,247	2,297,644

SECURITY	NUMBER OF SHARES	VALUE (\$)
DTE Energy Co.	6,994	836,063
Duke Energy Corp.	27,775	2,913,597
Edison International	13,719	936,322
Energy Corp.	7,257	817,501
Eergy, Inc.	8,278	567,954
Eversource Energy	12,415	1,129,517
Exelon Corp.	35,326	2,040,430
FirstEnergy Corp.	19,659	817,618
NextEra Energy, Inc.	70,851	6,614,649
NiSource, Inc.	14,169	391,206
NRG Energy, Inc.	8,840	380,827
Pinnacle West Capital Corp.	4,072	287,442
PPL Corp.	27,099	814,596
Public Service Enterprise Group, Inc.	18,261	1,218,557
Sempra Energy	11,532	1,525,453
The AES Corp.	24,075	585,023
The Southern Co.	38,266	2,624,282
WEC Energy Group, Inc.	11,391	1,105,724
Xcel Energy, Inc.	19,451	1,316,833
		<b>36,365,320</b>

**Total Common Stocks**  
**(Cost \$752,952,614)** **1,457,189,838**

SECURITY	NUMBER OF SHARES/ FACE AMOUNT (\$)	VALUE (\$)
<b>SHORT-TERM INVESTMENTS 0.7% OF NET ASSETS</b>		

## Money Market Funds 0.0%

State Street Institutional U.S. Government Money Market Fund, Premier Class 0.03% (c)(d)	20,160	<b>20,160</b>
------------------------------------------------------------------------------------------	--------	---------------

## Time Deposits 0.7%

<b>JPMorgan Chase Bank</b> 0.01%, 01/03/22 (e)	3,574,232	<b>3,574,232</b>
<b>Sumitomo Mitsui Trust Bank, Ltd.</b> 0.01%, 01/03/22 (e)	6,105,483	<b>6,105,483</b>
		<b>9,679,715</b>

**Total Short-Term Investments**  
**(Cost \$9,699,875)** **9,699,875**

**Total Investments in Securities**  
**(Cost \$762,652,489)** **1,466,889,713**

	NUMBER OF CONTRACTS	NOTIONAL AMOUNT (\$)	CURRENT VALUE/ UNREALIZED APPRECIATION (\$)
--	---------------------	----------------------	------------------------------------------------

## FUTURES CONTRACTS

<b>Long</b> S&P 500 Index, e-mini, expires 03/18/22	46	10,944,550	<b>160,799</b>
--------------------------------------------------------	----	------------	----------------

\* Non-income producing security.

(a) Issuer is affiliated with the fund's investment adviser.

(b) All or a portion of this security is on loan. Securities on loan were valued at \$19,020.

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

(d) Security purchased with cash collateral received for securities on loan.

(e) The rate shown is the current daily overnight rate.

# Portfolio Holdings

 as of December 31, 2021 (continued)

Below is a summary of the fund's transactions with affiliated issuers during the period ended December 31, 2021:

	VALUE AT 12/31/20	PURCHASES	SALES	REALIZED GAINS (LOSSES)	NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION)	VALUE AT 12/31/21	BALANCE OF SHARES HELD AT 12/31/21	DIVIDENDS RECEIVED
<b>COMMON STOCKS 0.3% OF NET ASSETS</b>								
<b>Diversified Financials 0.3%</b>								
The Charles Schwab Corp.	\$2,340,814	\$1,127,642	(\$399,952)	\$51,215	\$1,432,614	\$4,552,333	54,130	\$34,869

The following is a summary of the inputs used to value the fund's investments as of December 31, 2021 (see financial note 2(a) for additional information):

DESCRIPTION	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	OTHER SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	TOTAL
<b>Assets</b>				
Common Stocks <sup>1</sup>	\$1,457,189,838	\$-	\$-	\$1,457,189,838
Short-Term Investments <sup>1</sup>	20,160	-	-	20,160
Time Deposits	-	9,679,715	-	9,679,715
Futures Contracts <sup>2</sup>	160,799	-	-	160,799
<b>Total</b>	<b>\$1,457,370,797</b>	<b>\$9,679,715</b>	<b>\$-</b>	<b>\$1,467,050,512</b>

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

<sup>2</sup> Futures contracts are reported at cumulative unrealized appreciation or depreciation.

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



# Statement of Assets and Liabilities

As of December 31, 2021

## ASSETS

Investments in securities, at value - affiliated (cost \$2,061,123)	\$4,552,333
Investments in securities, at value - unaffiliated (cost \$760,591,366) including securities on loan of \$19,020	1,462,337,380
Deposit with broker for futures contracts	586,500
Receivables:	
Fund shares sold	1,514,464
Dividends	841,063
Income from securities on loan	+ 73
<b>Total assets</b>	<b>1,469,831,813</b>

## LIABILITIES

Collateral held for securities on loan	20,160
Payables:	
Fund shares redeemed	2,156,507
Investment adviser fees	37,113
Variation margin on futures contracts	31,625
Investments bought	+ 1,361
<b>Total liabilities</b>	<b>2,246,766</b>
<b>Net assets</b>	<b>\$1,467,585,047</b>

## NET ASSETS BY SOURCE

Capital received from investors	\$753,948,119
Total distributable earnings	+ 713,636,928
<b>Net assets</b>	<b>\$1,467,585,047</b>

## Net Asset Value (NAV)

<b>Net Assets</b>	÷	<b>Shares Outstanding</b>	=	<b>NAV</b>
\$1,467,585,047		20,843,574		\$70.41

# Statement of Operations

For the period January 1, 2021 through December 31, 2021

## INVESTMENT INCOME

Dividends received from securities - unaffiliated (net of foreign withholding tax of \$2,282)	\$16,297,791
Dividends received from securities - affiliated	34,869
Interest received from securities - unaffiliated	366
Securities on loan, net	+ 2,207
<b>Total investment income</b>	<b>16,335,233</b>

## EXPENSES

Investment adviser fees	+ 353,930
<b>Total expenses</b>	<b>- 353,930</b>
<b>Net investment income</b>	<b>15,981,303</b>

## REALIZED AND UNREALIZED GAINS (LOSSES)

Net realized gains on sales of securities - affiliated	51,215
Net realized gains on sales of securities - unaffiliated	7,084,739
Net realized gains on futures contracts	+ 1,434,129
<b>Net realized gains</b>	<b>8,570,083</b>
Net change in unrealized appreciation (depreciation) on securities - affiliated	1,432,614
Net change in unrealized appreciation (depreciation) on securities - unaffiliated	270,751,504
Net change in unrealized appreciation (depreciation) on futures contracts	+ 104,680
<b>Net change in unrealized appreciation (depreciation)</b>	<b>+ 272,288,798</b>
<b>Net realized and unrealized gains</b>	<b>280,858,881</b>
<b>Increase in net assets resulting from operations</b>	<b>\$296,840,184</b>

# Statement of Changes in Net Assets

For the current and prior report periods

<b>OPERATIONS</b>				
	1/1/21-12/31/21		1/1/20-12/31/20	
Net investment income		\$15,981,303		\$15,012,435
Net realized gains (losses)		8,570,083		(11,195,195)
Net change in unrealized appreciation (depreciation)		+ 272,288,798		166,344,680
<b>Increase in net assets from operations</b>		<b>\$296,840,184</b>		<b>\$170,161,920</b>
<b>DISTRIBUTIONS TO SHAREHOLDERS</b>				
Total distributions		<b>(\$15,017,859)</b>		<b>(\$10,111,416)</b>
<b>TRANSACTIONS IN FUND SHARES</b>				
	1/1/21-12/31/21		1/1/20-12/31/20	
	SHARES	VALUE	SHARES	VALUE
Shares sold	7,110,963	\$452,221,843	8,541,750	\$378,103,272
Shares reinvested	238,190	15,017,859	222,915	10,111,416
Shares redeemed	+ (3,588,771)	(228,019,959)	(4,076,571)	(190,181,607)
<b>Net transactions in fund shares</b>	<b>3,760,382</b>	<b>\$239,219,743</b>	<b>4,688,094</b>	<b>\$198,033,081</b>
<b>SHARES OUTSTANDING AND NET ASSETS</b>				
	1/1/21-12/31/21		1/1/20-12/31/20	
	SHARES	NET ASSETS	SHARES	NET ASSETS
Beginning of period	17,083,192	\$946,542,979	12,395,098	\$588,459,394
Total increase	+ 3,760,382	521,042,068	4,688,094	358,083,585
<b>End of period</b>	<b>20,843,574</b>	<b>\$1,467,585,047</b>	<b>17,083,192</b>	<b>\$946,542,979</b>

# Financial Notes

---

## 1. Business Structure of the Fund:

Schwab S&P 500 Index Portfolio (the fund) is a series of Schwab Annuity Portfolios (the trust), a no-load, open-end management investment company. The trust is organized as a Massachusetts business trust and is registered under the Investment Company Act of 1940, as amended (the 1940 Act). The list below shows all the funds in the trust as of the end of the period, including the fund discussed in this report, which is highlighted:

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

Schwab Government Money Market Portfolio

**Schwab S&P 500 Index Portfolio**

Schwab VIT Balanced Portfolio

Schwab VIT Balanced with Growth Portfolio

Schwab VIT Growth Portfolio

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

The fund is available exclusively as an investment vehicle for variable annuity and variable life insurance contracts offered by separate accounts of participating life insurance companies, and in the future may be offered to pension and retirement plans qualified under the Internal Revenue Code of 1986, as amended. At December 31, 2021, 100% of the fund's shares were held through separate accounts of six insurance companies. Subscriptions and redemptions of these insurance separate accounts could have a material impact on the fund.

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

## 2. Significant Accounting Policies:

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

### (a) Security Valuation:

Under procedures approved by the Board, the investment adviser has formed a Pricing Committee to administer the pricing and valuation of portfolio securities and other assets and to ensure that prices used for internal purposes or provided by third parties reasonably reflect fair value. Among other things, these procedures allow the fund to utilize independent pricing services, quotations from securities and financial instrument dealers and other market sources to determine fair value.

The fund values the securities in its portfolio every business day. The fund uses the following policies to value various types of securities:

- **Securities traded on an exchange or over-the-counter:** Traded securities are valued at the closing value for the day, or, on days when no closing value has been reported, at the mean of the most recent bid and ask quotes.
- **Futures contracts:** Futures contracts are valued at their settlement prices as of the close of their exchanges.
- **Mutual funds:** Mutual funds are valued at their respective NAVs.
- **Cash management sweep time deposits:** Balances held in cash management sweep time deposits are accounted for on a cost basis, which approximates fair value.
- **Securities for which no quoted value is available:** The Board has adopted procedures to fair value the fund's securities when market prices are not "readily available" or are unreliable. For example, the fund may fair value a security when it is de-listed or its trading is halted or suspended; when a security's primary pricing source is unable or unwilling to provide a price; or when a security's primary trading market is closed during regular market hours. The fund makes fair value determinations in good faith in accordance with the fund's valuation procedures. The Pricing Committee considers a number of factors, including unobservable market inputs, when arriving at fair value. The Pricing Committee may employ techniques such as the review of related or comparable assets or liabilities, related market activities, recent transactions, market multiples, book values, transactional back-testing, disposition analysis and other relevant information. The Pricing Committee regularly reviews these

# Financial Notes (continued)

## 2. Significant Accounting Policies (continued):

inputs and assumptions to calibrate the valuations. Due to the subjective and variable nature of fair value pricing, there can be no assurance that the fund could obtain the fair value assigned to the security upon the sale of such security. The Board convenes on a regular basis to review fair value determinations made by the fund pursuant to the valuation procedures.

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

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

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

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

The levels associated with valuing the fund's investments as of December 31, 2021 are disclosed in the Portfolio Holdings.

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

**Futures Contracts:** Futures contracts are instruments that represent an agreement between two parties that obligates one party to buy, and the other party to sell, specific instruments at an agreed upon price on a stipulated future date. The fund must give the broker a deposit of cash and/or securities (initial margin) whenever it enters into a futures contract. The amount of the deposit may vary from one contract to another. Subsequent payments (variation margin) are made or received by the fund depending on the daily fluctuations in the value of the futures contract and are accounted for as unrealized appreciation or depreciation until the contract is closed, at which time the gains or losses are realized. Futures contracts are traded publicly on exchanges, and their value may change daily.

**Cash Management Transactions:** The fund may subscribe to the Brown Brothers Harriman & Co. (BBH) Cash Management Service Sweep (CMS Sweep). The BBH CMS Sweep is an investment product that automatically sweeps the fund's cash balances into overnight offshore time deposits with either the BBH Grand Cayman branch or a branch of a pre-approved commercial bank. This fully automated program allows the fund to earn interest on cash balances. Excess cash invested with deposit institutions domiciled

# Financial Notes (continued)

---

## 2. Significant Accounting Policies (continued):

outside of the U.S., as with any offshore deposit, may be subject to sovereign actions in the jurisdiction of the deposit institution including, but not limited to, freeze, seizure or diminution. The fund bears the risk associated with the repayment of principal and payment of interest on such instruments by the institution with which the deposit is ultimately placed.

**Securities Lending:** Under the trust's Securities Lending Program, the fund (lender) may make short-term loans of its securities to another party (borrower) to generate additional revenue for the fund. The borrower pledges collateral in the form of cash, securities issued or fully guaranteed by the U.S. government or foreign governments, or letters of credit issued by a bank. Collateral at the individual loan level is required to be maintained on a daily marked-to-market basis in an amount at least equal to the current value of the securities loaned. The lending agent provides the fund with indemnification against borrower default (the borrower fails to return the security on loan) reducing the risk of loss as a result of default. The cash collateral of securities loaned is currently invested in money market portfolios operating pursuant to Rule 2a-7 under the 1940 Act. The fund bears the risk of loss with respect to the investment of cash collateral. The terms of the securities lending agreement allow the fund or the lending agent to terminate any loan at any given time and the securities must be returned within the earlier of the standard trade settlement period or the specified time period under the relevant securities lending agreement. Securities lending income, as disclosed in the fund's Statement of Operations, if applicable, represents the income earned from the investment of the cash collateral plus any fees paid by borrowers, less the fees paid to the lending agent and broker rebates which are subject to adjustments pursuant to the securities lending agreement. On loans not collateralized by cash, a fee is received from the borrower, and is allocated between the fund and the lending agent. The aggregate fair value of securities loaned will not at any time exceed one-third of the total assets of the fund, including collateral received from the loan. Securities lending fees paid to the unaffiliated lending agents start at 10% of gross lending revenue, with subsequent breakpoints to a low of 5%. In this context, the gross lending revenue equals the income received from the investment of cash collateral and fees paid by borrowers less any rebates paid to the borrowers. Any expenses charged by the cash collateral fund are in addition to these fees. All remaining revenue is retained by the fund, as applicable. No portion of lending revenue is paid to or retained by the investment adviser or any of its affiliates.

As of December 31, 2021, the fund had securities on loan, all of which were classified as common stocks. The value of the securities on loan and the related collateral as of December 31, 2021, are disclosed in the fund's Portfolio Holdings and Statement of Assets and Liabilities.

### (c) Security Transactions:

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

Assets and liabilities denominated in foreign currencies are reported in U.S. dollars. For assets and liabilities held on a given date, the dollar value is based on market exchange rates in effect on that date. Transactions involving foreign currencies, including purchases, sales, income receipts and expense payments, are calculated using exchange rates in effect on the transaction date. The fund does not isolate the portion of the fluctuations on investments resulting from changes in foreign currency exchange rates from the fluctuations in market prices of investments held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

When the fund closes out a futures contract position, it calculates the difference between the value of the position at the beginning and at the end of the contract, and records a realized gain or loss accordingly.

### (d) Investment Income:

Interest income is recorded as it accrues. Dividends and distributions from portfolio securities and underlying funds are recorded on the date they are effective (the ex-dividend date), although the fund records certain foreign security dividends on the date the ex-dividend date is confirmed. Any distributions from underlying funds are recorded in accordance with the character of the distributions as designated by the underlying funds.

### (e) Expenses:

Pursuant to an Amended and Restated Investment Advisory and Administration Agreement (Advisory Agreement) between the investment adviser and the fund, the investment adviser pays the operating expenses of the fund, excluding acquired fund fees and expenses, taxes, any brokerage expenses, and extraordinary or non-routine expenses. Taxes, any brokerage expenses and extraordinary or non-routine expenses that are specific to the fund are charged directly to the fund.

### (f) Distributions to Shareholders:

The fund makes distributions from net investment income and net realized capital gains, if any, once a year.

# Financial Notes (continued)

---

## 2. Significant Accounting Policies (continued):

### (g) Accounting Estimates:

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

### (h) Federal Income Taxes:

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

### (i) Indemnification:

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

---

## 3. Risk Factors:

**Market Risk.** Financial markets rise and fall in response to a variety of factors, sometimes rapidly and unpredictably. Markets may be impacted by economic, political, regulatory and other conditions, including economic sanctions and other government actions. In addition, the occurrence of global events, such as war, terrorism, environmental disasters, natural disasters and epidemics may also negatively affect the financial markets. As with any investment whose performance is tied to these markets, the value of an investment in the fund will fluctuate, which means that an investor could lose money over short or long periods.

**Equity Risk.** The prices of equity securities rise and fall daily. These price movements may result from factors affecting individual companies, industries or the securities market as a whole. In addition, equity markets tend to move in cycles, which may cause stock prices to fall over short or extended periods of time.

**Investment Style Risk.** The fund primarily follows the large-cap portion of the U.S. stock market, as measured by the index. It follows these stocks during upturns as well as downturns. Because of its indexing strategy, the fund does not take steps to reduce market exposure or to lessen the effects of a declining market. In addition, because of the fund's expenses, the fund's performance may be below that of the index. Market disruptions could cause delays in the index's rebalancing schedule which may result in the index and, in turn, the fund experiencing returns different than those that would have been achieved under a normal rebalancing schedule.

A significant percentage of the index may be composed of securities in a single industry or sector of the economy. If the fund is focused in an industry or sector, it may present more risks than if it were broadly diversified over numerous industries and sectors of the economy.

**Tracking Error Risk.** As an index fund, the fund seeks to track the performance of its benchmark index, although it may not be successful in doing so. The divergence between the performance of a fund and its benchmark index, positive or negative, is called "tracking error." Tracking error can be caused by many factors and it may be significant.

**Market Capitalization Risk.** Securities issued by companies of different market capitalizations tend to go in and out of favor based on market and economic conditions. During a period when securities of a particular market capitalization fall behind other types of investments, the fund's performance could be impacted.

**Large-Cap Company Risk.** Large-cap companies are generally more mature and the securities issued by these companies may not be able to reach the same levels of growth as the securities issued by small- or mid-cap companies.

**Concentration Risk.** To the extent that the fund's or the index's portfolio is concentrated in the securities of issuers in a particular market, industry, group of industries, sector, or asset class, the fund may be adversely affected by the performance of those securities, may be subject to increased price volatility and may be more vulnerable to adverse economic, market, political or regulatory occurrences affecting that market, industry, group of industries, sector, or asset class.

## Financial Notes (continued)

---

### 3. Risk Factors (continued):

**Derivatives Risk.** The fund's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. The fund's use of derivatives could reduce the fund's performance, increase its volatility, and could cause the fund to lose more than the initial amount invested. In addition, investments in derivatives may involve leverage, which means a small percentage of assets invested in derivatives can have a disproportionately large impact on the fund.

**Liquidity Risk.** The fund may be unable to sell certain securities, such as illiquid securities, readily at a favorable time or price, or the fund may have to sell them at a loss.

**Securities Lending Risk.** Securities lending involves the risk of loss of rights in, or delay in recovery of, the loaned securities if the borrower fails to return the security loaned or becomes insolvent.

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

---

### 4. Affiliates and Affiliated Transactions:

#### Investment Adviser

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

For its advisory services to the fund, the investment adviser is entitled to receive an annual fee, payable monthly, equal to 0.03% of the fund's average daily net assets.

#### Interfund Transactions

The fund may engage in transactions with certain other funds in the Fund Complex (for definition refer to the Trustees and Officers Section) in accordance with procedures adopted by the Board pursuant to Rule 17a-7 under the 1940 Act. When one fund is seeking to sell a security that another is seeking to buy, an interfund transaction can allow both funds to benefit by reducing transaction costs. This practice is limited to funds that share the same investment adviser, trustees and/or officers. For the period ended December 31, 2021, the fund's total aggregate security transactions with other funds in the Fund Complex was \$6,801,542 and includes realized losses of \$205,210.

#### Interfund Borrowing and Lending

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

---

### 5. Board of Trustees:

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

---

### 6. Borrowing from Banks:

During the period, the fund was a participant with other funds in the Fund Complex in a joint, syndicated, committed \$850 million line of credit (the Syndicated Credit Facility), which matured on September 30, 2021. On September 30, 2021 the Syndicated Credit Facility was amended to run for a new 364 day period with the line of credit amount remaining unchanged, maturing on



# Financial Notes (continued)

## 6. Borrowing from Banks (continued):

September 29, 2022. Under the terms of the Syndicated Credit Facility, in addition to the investment adviser paying the interest charged on any borrowings by the fund, the investment adviser paid a commitment fee of 0.15% per annum on the fund's proportionate share of the unused portion of the Syndicated Credit Facility.

During the period, the fund was a participant with other funds in the Fund Complex, in a joint, unsecured, uncommitted \$400 million line of credit (the Uncommitted Credit Facility), with State Street Bank and Trust Company, which matured on September 30, 2021. On September 30, 2021, the Uncommitted Credit Facility was amended to run for a new 364 day period with the new line of credit amount remaining unchanged, maturing on September 29, 2022. Under the terms of the Uncommitted Credit Facility, the investment adviser pays interest on the amount the fund borrows. There were no borrowings from either line of credit during the period.

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

## 7. Purchases and Sales/Maturities of Investment Securities:

For the period ended December 31, 2021, purchases and sales/maturities of securities (excluding short-term obligations) were as follows:

PURCHASES OF SECURITIES	SALES OF SECURITIES
\$391,164,192	\$152,254,217

## 8. Derivatives:

The fund entered into equity index futures contracts during the report period. The fund invested in futures contracts to equitize available cash. The value and variation margin for futures contracts held at December 31, 2021 are presented in the Portfolio Holdings and Statement of Assets and Liabilities, respectively. The net realized gains (losses) and change in unrealized appreciation (depreciation) on futures contracts are presented in the Statement of Operations. Refer to financial note 2(b) for the fund's accounting policies with respect to futures contracts and financial note 3 for disclosures concerning the risks of investing in futures contracts. During the period ended December 31, 2021, the month-end average notional amounts of futures contracts held by the fund and the month-end average number of contracts held were as follows:

NOTIONAL AMOUNT	NUMBER OF CONTRACTS
\$6,432,357	30

## 9. Federal Income Taxes:

As of December 31, 2021, the tax basis cost of the fund's investments and gross unrealized appreciation and depreciation were as follows:

TAX COST	GROSS UNREALIZED APPRECIATION	GROSS UNREALIZED DEPRECIATION	NET UNREALIZED APPRECIATION (DEPRECIATION)
\$779,299,562	\$708,863,687	(\$21,112,737)	\$687,750,950

As of December 31, 2021, the components of distributable earnings on a tax basis were as follows:

UNDISTRIBUTED ORDINARY INCOME	UNDISTRIBUTED LONG-TERM CAPITAL GAINS	NET UNREALIZED APPRECIATION (DEPRECIATION) ON INVESTMENTS	TOTAL
\$19,218,062	\$6,667,916	\$687,750,950	\$713,636,928

# Financial Notes (continued)

---

## 9. Federal Income Taxes (continued):

The primary difference between book basis and tax basis unrealized appreciation or unrealized depreciation of investments is the tax deferral of losses on wash sales and realization for tax purposes of unrealized gains (losses) on futures contracts. The tax cost of the fund's investments, disclosed above, has been adjusted from the book amounts to reflect these unrealized appreciation or depreciation differences, as applicable.

For the fiscal year ended December 31, 2021, the fund had capital loss carryforwards utilized in the amount of \$2,992,815.

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

CURRENT FISCAL YEAR END DISTRIBUTIONS		PRIOR FISCAL YEAR END DISTRIBUTIONS	
ORDINARY INCOME	LONG-TERM CAPITAL GAINS	ORDINARY INCOME	LONG-TERM CAPITAL GAINS
\$15,017,859	\$-	\$8,976,180	\$1,135,236

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

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

As of December 31, 2021, management has reviewed the tax positions for open periods (for federal purposes, three years from the date of filing and for state purposes, four years from the date of filing) as applicable to the fund, and has determined that no provision for income tax is required in the fund's financial statements. The fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the Statement of Operations. During the fiscal year ended December 31, 2021, the fund did not incur any interest or penalties.

---

## 10. Subsequent Events:

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

# Report of Independent Registered Public Accounting Firm

---

To the Board of Trustees of Schwab Annuity Portfolios and Shareholders of Schwab S&P 500 Index Portfolio

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

We have audited the accompanying statement of assets and liabilities, including the portfolio holdings, of Schwab S&P 500 Index Portfolio (the “Fund”), one of the funds constituting Schwab Annuity Portfolios, as of December 31, 2021, the related statement of operations for the year then ended, the statement of changes in net assets and the financial highlights for each of the two years in the period then ended, and the related notes. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund as of December 31, 2021, the results of its operations for the year then ended, and the changes in its net assets and the financial highlights for each of the two years in the period then ended in conformity with accounting principles generally accepted in the United States of America. The financial highlights for each of the three years in the period ended December 31, 2019 were audited by other auditors, whose report, dated February 18, 2020, expressed an unqualified opinion on such financial highlights.

## **Basis for Opinion**

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

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

Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. Our procedures included confirmation of securities owned as of December 31, 2021, by correspondence with the custodian and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

## **Deloitte & Touche LLP**

Denver, Colorado  
February 17, 2022

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

## Other Federal Tax Information (unaudited)

---

For corporate shareholders, 83.48% of the fund's dividend distributions paid during the fiscal year ended December 31, 2021, qualify for the corporate dividends received deduction.

## Liquidity Risk Management Program (Unaudited)

---

The Fund has adopted and implemented a liquidity risk management program (the “program”) as required by Rule 22e-4 under the Investment Company Act of 1940, as amended. The Fund’s Board of Trustees (the “Board”) has designated the Fund’s investment adviser, Charles Schwab Investment Management, Inc., dba Schwab Asset Management, as the administrator of the program. Personnel of the investment adviser or its affiliates conduct the day-to-day operation of the program.

Under the program, the investment adviser manages a Fund’s liquidity risk, which is the risk that the Fund could not meet shareholder redemption requests without significant dilution of remaining shareholders’ interests in the Fund. The program is reasonably designed to assess and manage a Fund’s liquidity risk, taking into consideration the Fund’s investment strategy and the liquidity of its portfolio investments during normal and reasonably foreseeable stressed conditions; its historical redemption history and shareholder concentrations; and its cash holdings and access to other funding sources, including the custodian overdraft facility and lines of credit. The investment adviser’s process of determining the degree of liquidity of each Fund’s investments is supported by third-party liquidity assessment vendors.

The Fund’s Board reviewed a report at its meeting held on September 20, 2021 prepared by the investment adviser regarding the operation and effectiveness of the program for the period June 1, 2020, through May 31, 2021, which included individual Fund liquidity metrics. No significant liquidity events impacting the Fund were noted in the report. In addition, the investment adviser provided its assessment that the program had been operating effectively in managing the Fund’s liquidity risk.

# Trustees and Officers

The tables below give information about the trustees and officers of Schwab Annuity Portfolios, which includes the fund covered in this report. The “Fund Complex” includes The Charles Schwab Family of Funds, Schwab Capital Trust, Schwab Investments, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust. The Fund Complex includes 103 funds.

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

## INDEPENDENT TRUSTEES

NAME, YEAR OF BIRTH, AND POSITION(S) WITH THE TRUST (TERMS OF OFFICE, AND LENGTH OF TIME SERVED <sup>1</sup> )	PRINCIPAL OCCUPATIONS DURING THE PAST FIVE YEARS	NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY THE TRUSTEE	OTHER DIRECTORSHIPS
<b>Robert W. Burns</b> 1959 Trustee (Trustee of Schwab Strategic Trust since 2009; The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios and Laudus Trust since 2016)	Retired/Private Investor (Jan. 2009 – present). Formerly, Managing Director, Pacific Investment Management Company, LLC (PIMCO) (investment management firm) and President, PIMCO Funds.	103	None
<b>Nancy F. Heller</b> 1956 Trustee (Trustee of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2018)	Retired. President and Chairman (2014 – 2016), TIAA Charitable (financial services); Senior Managing Director (2003 – 2016), TIAA (financial services).	103	None
<b>David L. Mahoney</b> 1954 Trustee (Trustee of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios and Laudus Trust since 2011; Schwab Strategic Trust since 2016)	Private Investor.	103	Director (2004 – present), Corcept Therapeutics Incorporated Director (2009 – 2021), Adamas Pharmaceuticals, Inc. Director (2003 – 2019), Symantec Corporation
<b>Jane P. Moncreiff</b> 1961 Trustee (Trustee of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2019)	Consultant (2018 – present), Fulham Advisers LLC (management consulting); Chief Investment Officer (2009 – 2017), CareGroup Healthcare System, Inc. (healthcare).	103	None
<b>Kiran M. Patel</b> 1948 Trustee (Trustee of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios and Laudus Trust since 2011; Schwab Strategic Trust since 2016)	Retired. Executive Vice President and General Manager of Small Business Group (Dec. 2008 – Sept. 2013), Intuit, Inc. (financial software and services firm for consumers and small businesses).	103	Director (2008 – present), KLA-Tencor Corporation

## INDEPENDENT TRUSTEES (CONTINUED)

NAME, YEAR OF BIRTH, AND POSITION(S) WITH THE TRUST (TERMS OF OFFICE, AND LENGTH OF TIME SERVED <sup>1</sup> )	PRINCIPAL OCCUPATIONS DURING THE PAST FIVE YEARS	NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY THE TRUSTEE	OTHER DIRECTORSHIPS
<b>Kimberly S. Patmore</b> 1956 Trustee (Trustee of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2016)	Consultant (2008 – present), Patmore Management Consulting (management consulting).	103	None
<b>J. Derek Penn</b> 1957 Trustee (Trustee of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2021)	Head of Equity Sales and Trading (2006 – 2018), BNY Mellon (financial services).	103	None

## INTERESTED TRUSTEES

NAME, YEAR OF BIRTH, AND POSITION(S) WITH THE TRUST (TERMS OF OFFICE, AND LENGTH OF TIME SERVED <sup>1</sup> )	PRINCIPAL OCCUPATIONS DURING THE PAST FIVE YEARS	NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY THE TRUSTEE	OTHER DIRECTORSHIPS
<b>Walter W. Bettinger II</b> <sup>2</sup> 1960 Chairman and Trustee (Trustee of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust and Schwab Annuity Portfolios since 2008; Schwab Strategic Trust since 2009; Laudus Trust since 2010)	Director and Chief Executive Officer (Oct. 2008 – present) and President (Oct. 2008 – Oct. 2021), The Charles Schwab Corporation; President and Chief Executive Officer (Oct. 2008 – Oct. 2021) and Director (May 2008 – Oct. 2021), Charles Schwab & Co., Inc.; Director (Apr. 2006 – present), Charles Schwab Bank, SSB; Director (Nov. 2017 – present), Charles Schwab Premier Bank, SSB; Director (July 2019 – present), Charles Schwab Trust Bank; Director (May 2008 – present) and President and Chief Executive Officer (Aug. 2017 – present), Schwab Holdings, Inc.; Director (Oct. 2020 – present), TD Ameritrade Holding Corporation; Director (July 2016 – Oct. 2021), Charles Schwab Investment Management, Inc.	103	Director (2008 – present), The Charles Schwab Corporation
<b>Joseph R. Martinetto</b> <sup>2</sup> 1962 Trustee (Trustee of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2016)	Chief Operating Officer (Feb. 2018 – present) and Senior Executive Vice President (July 2015 – Feb. 2018), The Charles Schwab Corporation; Senior Executive Vice President (July 2015 – present), Charles Schwab & Co., Inc.; Chief Financial Officer (July 2015 – Aug. 2017) and Executive Vice President and Chief Financial Officer (May 2007 – July 2015), The Charles Schwab Corporation and Charles Schwab & Co., Inc.; Director (May 2007 – present), Charles Schwab & Co., Inc.; Director (Apr. 2010 – present) and Chief Executive Officer (July 2013 – Apr. 2015), Charles Schwab Bank, SSB; Director (Nov. 2017 – present), Charles Schwab Premier Bank, SSB; Director (May 2007 – present), Chief Financial Officer (May 2007 – Aug. 2017), Senior Executive Vice President (Feb. 2016 – present), and Executive Vice President (May 2007 – Feb. 2016), Schwab Holdings, Inc.; Director (Oct. 2020 – present), TD Ameritrade Holding Corporation.	103	None

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

PRINCIPAL OCCUPATIONS DURING THE PAST FIVE YEARS

<p><b>Jonathan de St. Paer</b> 1973 President and Chief Executive Officer (Officer of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2018)</p>	<p>Director (Apr. 2019 – present), President (Oct. 2018 – present), Chief Operating Officer (Jan. 2020 – present), and Chief Executive Officer (Apr. 2019 – Nov. 2019), Charles Schwab Investment Management, Inc.; Senior Vice President (June 2020 – present) and Chief Operating Officer (Jan. 2020 – present), Charles Schwab Investment Advisory, Inc.; Chief Executive Officer (Apr. 2019 – present), President (Nov. 2018 – present) and Trustee (Apr. 2019 – Dec. 2020), Schwab Funds, Laudus Trust and Schwab ETFs; Director (Apr. 2019 – present), Charles Schwab Worldwide Funds plc and Charles Schwab Asset Management (Ireland) Limited; Senior Vice President (Apr. 2019 – present), Senior Vice President – Strategy and Product Development (CSIM) (Jan. 2014 – Mar. 2019), and Vice President (Jan. 2009 – Dec. 2013), Charles Schwab &amp; Co., Inc.</p>
<p><b>Mark Fischer</b> 1970 Treasurer, Chief Financial Officer and Chief Operating Officer (Officer of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2013)</p>	<p>Treasurer and Chief Financial Officer (Jan. 2016 – present) and Chief Operating Officer (Dec. 2020 – present), Schwab Funds, Laudus Trust and Schwab ETFs; Assistant Treasurer (Dec. 2013 – Dec. 2015), Schwab Funds and Laudus Trust; Assistant Treasurer (Nov. 2013 – Dec. 2015), Schwab ETFs; Chief Financial Officer (Mar. 2020 – present) and Vice President (Oct. 2013 – present), Charles Schwab Investment Management, Inc.; Executive Director (Apr. 2011 – Sept. 2013), J.P. Morgan Investor Services; Assistant Treasurer (May 2005 – Mar. 2011), Massachusetts Financial Service Investment Management.</p>
<p><b>Omar Aguilar</b> 1970 Vice President and Chief Investment Officer (Officer of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2011)</p>	<p>Chief Executive Officer (Jan. 2022 – present) and Chief Investment Officer (Apr. 2011 – present), Senior Vice President (Apr. 2011 – Dec. 2021), Charles Schwab Investment Management, Inc.; Vice President and Chief Investment Officer (June 2011 – present), Schwab Funds, Laudus Trust and Schwab ETFs; Head of the Portfolio Management Group and Vice President of Portfolio Management (May 2009 – Apr. 2011), Financial Engines, Inc. (investment management firm); Head of Quantitative Equity (July 2004 – Jan. 2009), ING Investment Management.</p>
<p><b>Brett Wander</b> 1961 Vice President and Chief Investment Officer (Officer of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2011)</p>	<p>Senior Vice President and Chief Investment Officer (Apr. 2011 – present), Charles Schwab Investment Management, Inc.; Vice President and Chief Investment Officer (June 2011 – present), Schwab Funds, Laudus Trust and Schwab ETFs; Senior Managing Director and Global Head of Active Fixed-Income Strategies (Jan. 2008 – Oct. 2010), State Street Global Advisors; Director of Alpha Strategies (Apr. 2006 – Jan. 2008), Loomis, Sayles &amp; Company (investment management firm).</p>
<p><b>William P. McMahon, Jr.</b> 1972 Vice President and Chief Investment Officer (Officer of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2021)</p>	<p>Senior Vice President and Chief Investment Officer (Jan. 2020 – present), Charles Schwab Investment Management, Inc.; Vice President and Chief Investment Officer (June 2021 – present), Schwab Funds, Laudus Trust and Schwab ETFs; Senior Vice President and Chief Investment Officer – ThomasPartners Strategies (Apr. 2018 – Dec. 2019), Charles Schwab Investment Advisory, Inc.; Senior Vice President and Chief Investment Officer (May 2001 – Apr. 2018), ThomasPartners, Inc.</p>
<p><b>Catherine MacGregor</b> 1964 Chief Legal Officer and Secretary, Schwab Funds and Schwab ETFs Chief Legal Officer, Vice President and Clerk, Laudus Trust (Officer of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios and Laudus Trust since 2005; Schwab Strategic Trust since 2009)</p>	<p>Vice President (July 2005 – present), Charles Schwab &amp; Co., Inc.; Vice President (Sept. 2005 – present), Charles Schwab Investment Management, Inc.; Vice President (Dec. 2005 – present) and Chief Legal Officer and Clerk (Mar. 2007 – present), Laudus Trust; Chief Legal Officer and Secretary (Oct. 2021 – present), Vice President (Nov. 2005 – Oct. 2021) and Assistant Secretary (June 2007 – Oct. 2021), Schwab Funds; Chief Legal Officer and Secretary (Oct. 2021 – present), Vice President and Assistant Secretary (Oct. 2009 – Oct. 2021), Schwab ETFs.</p>

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

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

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