



Asset
Management

Semiannual Report | June 30, 2022

Schwab S&P 500 Index Portfolio

Current performance may be substantially different from what is contained in this report. [Please click here for more current fund performance and other information.](#)

This report is not authorized for distribution to prospective investors unless preceded or accompanied by a current prospectus.

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, the SEC's website at 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 or the SEC's website at 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 six-month reporting period ended June 30, 2022, U.S. equity markets lost ground as inflation accelerated, interest rates rose, and, in late February, Russia invaded Ukraine. The commodities market was one of the few rising markets, as oil prices surged to over \$100 per barrel for the first time since 2014. Economic growth slowed around the world and fears of an impending recession rose. The spread of COVID-19 continued to weigh on economic growth worldwide, with the highly transmissible Omicron variant and subvariants keeping infection rates high in many areas. For the six-month reporting period, the S&P 500® Index, a bellwether for the overall U.S. stock market, returned -19.96%.

Amid fading government stimuli, ongoing supply chain disruptions, persisting inflation, and a widening U.S. trade deficit, U.S. gross domestic product (GDP) decreased at an annualized rate of -1.6% for the first quarter of 2022. The unemployment rate, which has fallen steadily since skyrocketing in April 2020, ended the reporting period near pre-pandemic lows. Inflation rose through the reporting period, with just a slight downtick in April, ending the reporting period at its highest level in more than 40 years, due to imbalances in the labor market, supply chain bottlenecks, and soaring energy costs.

After maintaining the federal funds rate in a range of 0.00% to 0.25% through mid-March, the U.S. Federal Reserve (Fed) shifted its stance as inflation continued to rise and indicators of economic activity and employment continued to strengthen. After issuing successively stronger signals that interest rates could begin to rise sooner in 2022 than previously anticipated, the Fed increased the federal funds rate by 0.25% in mid-March, 0.50% in early May, and 0.75% in mid-June in an effort to achieve a return to price stability. The federal funds rate ended the reporting period in a range of 1.50% to 1.75%. In addition, the Fed's bond-buying program, which it had begun to scale back in November 2021, was ended altogether in early March 2022. In June, the Fed also began to reduce the \$9 trillion in assets it holds on its balance sheet, vowing to be more aggressive than during its last round of quantitative tightening in 2017 through 2019.

ASSET CLASS PERFORMANCE COMPARISON % RETURNS DURING THE 6 MONTHS ENDED JUNE 30, 2022

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

- -19.96% **S&P 500® Index:** measures U.S. large-cap stocks
- -23.43% **Russell 2000® Index:** measures U.S. small-cap stocks
- - -19.57% **MSCI EAFE® Index (Net)*:** measures (in U.S. dollars) large-cap stocks in Europe, Australasia and the Far East
- -10.35% **Bloomberg US Aggregate Bond Index:** measures the U.S. bond market
- - 0.16% **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)

Over the reporting period, growth stocks significantly underperformed value stocks, and small-cap stocks slightly underperformed large-cap stocks. All but one of the 11 sectors in the S&P 500[®] Index posted negative returns for the reporting period. The weakest sector of the index was the consumer discretionary sector. Throughout the period, earnings estimates of major retailers were revised downward as high inflation, gasoline prices, and borrowing costs impacted spending on non-essential goods. The communication services and information technology sectors were also weak, as stocks including Tesla, Inc., Amazon.com, Inc., Alphabet, Inc., Apple Inc., and Microsoft Corp. all posted their worst quarterly returns in years on continuing component shortages and reduced demand. The energy sector was the only sector in the index to post a positive return. Amid ongoing shortages and the continuing war in Ukraine, demand for oil outstripped supply, driving prices significantly higher.

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, CFA, 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

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.

AVERAGE ANNUAL TOTAL RETURNS ¹				
FUND AND INCEPTION DATE	6 MONTHS	1 YEAR	5 YEARS	10 YEARS
Fund: Schwab S&P 500 Index Portfolio (11/01/96)	-19.95%	-10.60%	11.27%	12.81%
S&P 500 [®] Index	-19.96%	-10.62%	11.31%	12.96%
Fund Category: Morningstar Large-Cap Blend ²	-19.37%	-11.24%	10.10%	12.17%

Fund Expense Ratio³: 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.

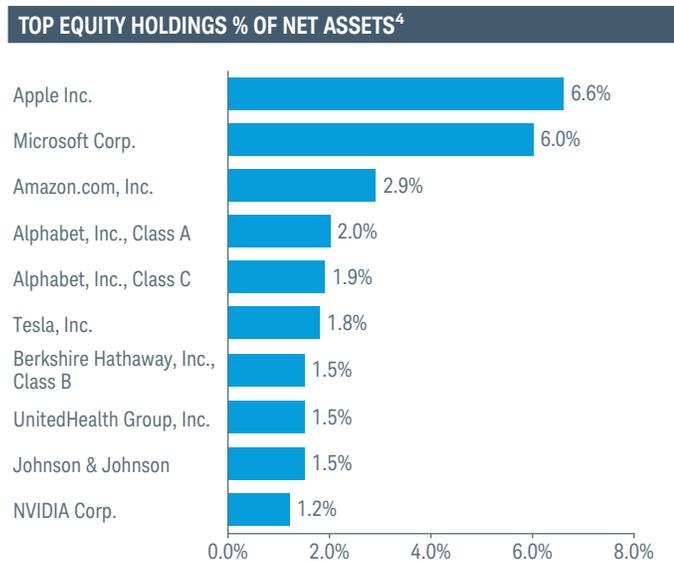
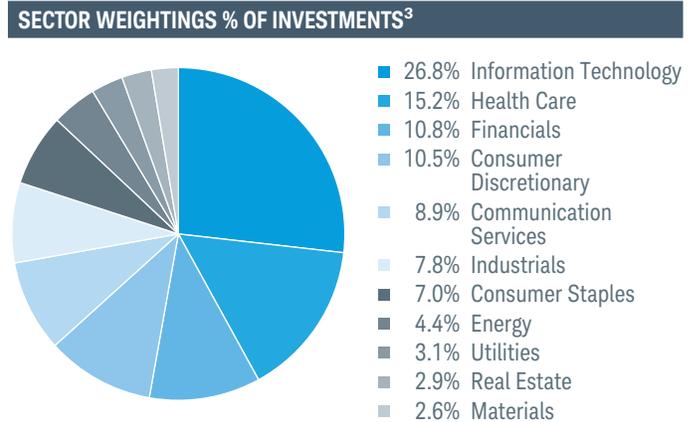
¹ Fund performance does not reflect the additional fees and expenses imposed by the insurance company under the variable insurance product contract. If those contract fees and expenses were included, the performance would be less than that shown. Please refer to the variable insurance product prospectus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

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

³ As stated in the prospectus.

Performance and Fund Facts as of June 30, 2022

STATISTICS ¹	
Number of Holdings	503
Weighted Average Market Cap (\$ x 1,000,000)	\$483,540
Price/Earnings Ratio (P/E)	18.5
Price/Book Ratio (P/B)	3.5
Portfolio Turnover Rate	7% ²



Portfolio holdings may have changed since the report date.

Source of Sector Classification: S&P and MSCI.

¹ Excludes derivatives.

² Not annualized.

³ 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.

⁴ 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 January 1, 2022 and held through June 30, 2022.

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) ¹	BEGINNING ACCOUNT VALUE AT 1/1/22	ENDING ACCOUNT VALUE (NET OF EXPENSES) AT 6/30/22	EXPENSES PAID DURING PERIOD 1/1/22-6/30/22 ²
Schwab S&P 500 Index Portfolio				
Actual Return	0.03%	\$1,000.00	\$ 800.50	\$0.13
Hypothetical 5% Return	0.03%	\$1,000.00	\$1,024.65	\$0.15

¹ Based on the most recent six-month expense ratio.

² Expenses for the fund are equal to its annualized expense ratio, multiplied by the average account value over the period, multiplied by 181 days of the period, and divided by the 365 days of the fiscal year.

Financial Statements

FINANCIAL HIGHLIGHTS

	1/1/22– 6/30/22*	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
Per-Share Data						
Net asset value at beginning of period	\$70.41	\$55.41	\$47.48	\$37.10	\$39.51	\$33.01
Income (loss) from investment operations:						
Net investment income (loss) ¹	0.48	0.85	0.96	0.91	0.82	0.71
Net realized and unrealized gains (losses)	(14.52)	14.94	7.58	10.64	(2.51)	6.39
Total from investment operations	(14.04)	15.79	8.54	11.55	(1.69)	7.10
Less distributions:						
Distributions from net investment income	(0.77)	(0.79)	(0.53)	(0.78)	(0.68)	(0.59)
Distributions from net realized gains	(0.48)	–	(0.08)	(0.39)	(0.04)	(0.01)
Total distributions	(1.25)	(0.79)	(0.61)	(1.17)	(0.72)	(0.60)
Net asset value at end of period	\$55.12	\$70.41	\$55.41	\$47.48	\$37.10	\$39.51
Total return	(19.95%) ²	28.67%	18.28%	31.48%	(4.40%)	21.72%
Ratios/Supplemental Data						
Ratios to average net assets:						
Total expenses	0.03% ³	0.03%	0.03%	0.03%	0.03%	0.06% ⁴
Net operating expenses	N/A	N/A	N/A	N/A	N/A ⁵	0.06% ⁴
Net investment income (loss)	1.53% ³	1.35%	2.03%	2.13%	2.03%	1.97%
Portfolio turnover rate	7% ²	13%	14%	6%	5%	3%
Net assets, end of period (x 1,000,000)	\$1,401	\$1,468	\$947	\$588	\$340	\$346

* Unaudited.

¹ Calculated based on the average shares outstanding during the period.

² Not annualized.

³ Annualized.

⁴ Effective March 1, 2017, the annual operating expense ratio was reduced. The ratio presented for period ended 12/31/17 is a blended ratio.

⁵ Effective March 1, 2017, the fund instituted a new fee structure and the contractual expense limitation was terminated.

Portfolio Holdings

 as of June 30, 2022 (Unaudited)

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. The fund also makes available its complete schedule of portfolio holdings on the fund's website at www.schwabassetmanagement.com/schwabfunds_prospectus, typically 60-80 days after the end of the fund's fiscal quarter.

SECURITY	NUMBER OF SHARES	VALUE (\$)
COMMON STOCKS 99.5% OF NET ASSETS		
Automobiles & Components 2.2%		
Aptiv plc *	11,836	1,054,232
BorgWarner, Inc.	10,463	349,150
Ford Motor Co.	172,506	1,919,992
General Motors Co. *	63,692	2,022,858
Tesla, Inc. *	36,659	24,686,904
		30,033,136
Banks 3.7%		
Bank of America Corp.	309,730	9,641,895
Citigroup, Inc.	84,831	3,901,378
Citizens Financial Group, Inc.	21,426	764,694
Comerica, Inc.	5,712	419,147
Fifth Third Bancorp	29,973	1,007,093
First Republic Bank	7,841	1,130,672
Huntington Bancshares, Inc.	62,868	756,302
JPMorgan Chase & Co.	128,305	14,448,426
KeyCorp	40,731	701,795
M&T Bank Corp.	7,839	1,249,458
Regions Financial Corp.	40,827	765,506
Signature Bank	2,749	492,648
SVB Financial Group *	2,571	1,015,519
The PNC Financial Services Group, Inc.	18,068	2,850,588
Truist Financial Corp.	58,164	2,758,719
U.S. Bancorp	59,063	2,718,079
Wells Fargo & Co.	165,583	6,485,886
Zions Bancorp NA	6,613	336,602
		51,444,407
Capital Goods 5.2%		
3M Co.	24,858	3,216,874
A.O. Smith Corp.	5,680	310,582
Allegion plc	3,835	375,447
AMETEK, Inc.	10,087	1,108,460
Carrier Global Corp.	37,056	1,321,417
Caterpillar, Inc.	23,301	4,165,287
Cummins, Inc.	6,164	1,192,919
Deere & Co.	12,196	3,652,336
Dover Corp.	6,297	763,952
Eaton Corp. plc	17,431	2,196,132
Emerson Electric Co.	25,949	2,063,983
Fastenal Co.	25,144	1,255,189
Fortive Corp.	15,658	851,482
Fortune Brands Home & Security, Inc.	5,714	342,154
Generac Holdings, Inc. *	2,789	587,308
General Dynamics Corp.	10,069	2,227,766
General Electric Co.	48,083	3,061,445
Honeywell International, Inc.	29,738	5,168,762
Howmet Aerospace, Inc.	16,431	516,755
Huntington Ingalls Industries, Inc.	1,749	380,967
IDEX Corp.	3,320	603,012
Illinois Tool Works, Inc.	12,380	2,256,255
Ingersoll Rand, Inc.	17,734	746,247
Johnson Controls International plc	30,390	1,455,073
L3Harris Technologies, Inc.	8,426	2,036,564

SECURITY	NUMBER OF SHARES	VALUE (\$)
Lockheed Martin Corp.	10,346	4,448,366
Masco Corp.	10,306	521,484
Nordson Corp.	2,354	476,544
Northrop Grumman Corp.	6,383	3,054,712
Otis Worldwide Corp.	18,469	1,305,204
PACCAR, Inc.	15,188	1,250,580
Parker-Hannifin Corp.	5,608	1,379,848
Pentair plc	7,224	330,642
Quanta Services, Inc.	6,278	786,885
Raytheon Technologies Corp.	64,967	6,243,978
Rockwell Automation, Inc.	5,079	1,012,296
Snap-on, Inc.	2,331	459,277
Stanley Black & Decker, Inc.	6,595	691,552
Textron, Inc.	9,395	573,753
The Boeing Co. *	24,295	3,321,612
Trane Technologies plc	10,216	1,326,752
TransDigm Group, Inc. *	2,265	1,215,558
United Rentals, Inc. *	3,128	759,822
W.W. Grainger, Inc.	1,875	852,056
Westinghouse Air Brake Technologies Corp.	7,980	654,998
Xylem, Inc.	7,867	615,042
		73,137,329

Commercial & Professional Services 0.8%

Cintas Corp.	3,799	1,419,041
Copart, Inc. *	9,338	1,014,667
Equifax, Inc.	5,344	976,776
Jacobs Engineering Group, Inc.	5,619	714,343
Leidos Holdings, Inc.	5,970	601,239
Nielsen Holdings plc	15,713	364,856
Republic Services, Inc.	9,108	1,191,964
Robert Half International, Inc.	4,828	361,569
Rollins, Inc.	9,896	345,568
Verisk Analytics, Inc.	6,898	1,193,975
Waste Management, Inc.	16,687	2,552,777

10,736,775

Consumer Durables & Apparel 0.8%

D.R. Horton, Inc.	13,995	926,329
Garmin Ltd.	6,665	654,836
Hasbro, Inc.	5,726	468,845
Lennar Corp., Class A	11,297	797,229
Mohawk Industries, Inc. *	2,248	278,954
Newell Brands, Inc.	16,076	306,087
NIKE, Inc., Class B	55,427	5,664,640
NVR, Inc. *	135	540,559
PulteGroup, Inc.	10,380	411,360
PVH Corp.	2,949	167,798
Ralph Lauren Corp.	2,022	181,272
Tapestry, Inc.	10,999	335,690
VF Corp.	14,101	622,841
Whirlpool Corp.	2,455	380,206

11,736,646

Portfolio Holdings

 as of June 30, 2022 (Unaudited) (continued)

SECURITY	NUMBER OF SHARES	VALUE (\$)	SECURITY	NUMBER OF SHARES	VALUE (\$)
Consumer Services 1.8%					
Booking Holdings, Inc. *	1,775	3,104,457	Occidental Petroleum Corp.	38,895	2,290,138
Caesars Entertainment, Inc. *	9,365	358,679	ONEOK, Inc.	19,507	1,082,639
Carnival Corp. *	35,455	306,686	Phillips 66	21,016	1,723,102
Chipotle Mexican Grill, Inc. *	1,222	1,597,472	Pioneer Natural Resources Co.	9,830	2,192,876
Darden Restaurants, Inc.	5,448	616,278	Schlumberger N.V.	61,748	2,208,108
Domino's Pizza, Inc.	1,575	613,793	The Williams Cos., Inc.	53,205	1,660,528
Expedia Group, Inc. *	6,622	627,964	Valero Energy Corp.	17,828	1,894,760
Hilton Worldwide Holdings, Inc.	12,159	1,354,999			60,686,823
Las Vegas Sands Corp. *	15,021	504,555	Food & Staples Retailing 1.5%		
Marriott International, Inc., Class A	12,010	1,633,480	Costco Wholesale Corp.	19,362	9,279,819
McDonald's Corp.	32,307	7,975,952	Sysco Corp.	22,256	1,885,306
MGM Resorts International	15,447	447,191	The Kroger Co.	28,661	1,356,525
Norwegian Cruise Line Holdings Ltd. *	18,311	203,618	Walgreens Boots Alliance, Inc.	31,316	1,186,876
Penn National Gaming, Inc. *	7,140	217,199	Walmart, Inc.	61,330	7,456,502
Royal Caribbean Cruises Ltd. *	9,802	342,188			21,165,028
Starbucks Corp.	50,102	3,827,292	Food, Beverage & Tobacco 3.7%		
Wynn Resorts Ltd. *	4,610	262,678	Altria Group, Inc.	79,094	3,303,756
Yum! Brands, Inc.	12,456	1,413,881	Archer-Daniels-Midland Co.	24,583	1,907,641
		25,408,362	Brown-Forman Corp., Class B	7,985	560,228
Diversified Financials 4.9%			Campbell Soup Co.	8,830	424,281
American Express Co.	26,648	3,693,946	Conagra Brands, Inc.	20,962	717,739
Ameriprise Financial, Inc.	4,804	1,141,815	Constellation Brands, Inc., Class A	7,110	1,657,057
Berkshire Hathaway, Inc., Class B *	79,036	21,578,409	General Mills, Inc.	26,308	1,984,939
BlackRock, Inc.	6,223	3,790,056	Hormel Foods Corp.	12,380	586,317
Capital One Financial Corp.	17,171	1,789,046	Kellogg Co.	11,070	789,734
Cboe Global Markets, Inc.	4,642	525,428	Keurig Dr Pepper, Inc.	32,223	1,140,372
CME Group, Inc.	15,703	3,214,404	Lamb Weston Holdings, Inc.	6,310	450,913
Discover Financial Services	12,275	1,160,970	McCormick & Co, Inc.	10,932	910,089
FactSet Research Systems, Inc.	1,656	636,848	Molson Coors Beverage Co., Class B	8,226	448,399
Franklin Resources, Inc.	12,242	285,361	Mondelez International, Inc., Class A	60,456	3,753,713
Intercontinental Exchange, Inc.	24,392	2,293,824	Monster Beverage Corp. *	16,429	1,522,968
Invesco Ltd.	14,728	237,563	PepsiCo, Inc.	60,402	10,066,597
MarketAxess Holdings, Inc.	1,649	422,160	Philip Morris International, Inc.	67,717	6,686,377
Moody's Corp.	7,014	1,907,598	The Coca-Cola Co.	170,439	10,722,317
Morgan Stanley	61,140	4,650,308	The Hershey Co.	6,377	1,372,075
MSCI, Inc.	3,545	1,461,072	The JM Smucker Co.	4,738	606,511
Nasdaq, Inc.	5,039	768,649	The Kraft Heinz Co.	31,011	1,182,760
Northern Trust Corp.	9,107	878,643	Tyson Foods, Inc., Class A	12,735	1,095,974
Raymond James Financial, Inc.	8,498	759,806			51,890,757
S&P Global, Inc.	15,164	5,111,178	Health Care Equipment & Services 6.2%		
State Street Corp.	16,042	988,989	Abbott Laboratories	76,491	8,310,747
Synchrony Financial	21,908	605,099	ABIOMED, Inc. *	1,991	492,792
T. Rowe Price Group, Inc.	9,933	1,128,488	Align Technology, Inc. *	3,202	757,817
The Bank of New York Mellon Corp.	32,479	1,354,699	AmerisourceBergen Corp.	6,587	931,929
The Charles Schwab Corp. (a)	65,701	4,150,989	Baxter International, Inc.	21,996	1,412,803
The Goldman Sachs Group, Inc.	15,005	4,456,785	Becton Dickinson & Co.	12,453	3,070,038
		68,992,133	Boston Scientific Corp. *	62,451	2,327,549
Energy 4.3%			Cardinal Health, Inc.	11,900	622,013
APA Corp.	14,776	515,682	Centene Corp. *	25,552	2,161,955
Baker Hughes Co.	40,861	1,179,657	Cigna Corp.	13,860	3,652,387
Chevron Corp.	85,833	12,426,902	CVS Health Corp.	57,285	5,308,028
ConocoPhillips	56,506	5,074,804	DaVita, Inc. *	2,644	211,414
Coterra Energy, Inc.	35,204	907,911	Dentsply Sirona, Inc.	9,411	336,255
Devon Energy Corp.	26,814	1,477,720	DexCom, Inc. *	17,147	1,277,966
Diamondback Energy, Inc.	7,289	883,062	Edwards Lifesciences Corp. *	27,162	2,582,835
EOG Resources, Inc.	25,588	2,825,939	Elevance Health, Inc.	10,532	5,082,533
Exxon Mobil Corp.	184,024	15,759,815	HCA Healthcare, Inc.	9,939	1,670,348
Halliburton Co.	39,403	1,235,678	Henry Schein, Inc. *	6,030	462,742
Hess Corp.	12,102	1,282,086	Hologic, Inc. *	10,894	754,954
Kinder Morgan, Inc.	85,175	1,427,533	Humana, Inc.	5,526	2,586,555
Marathon Oil Corp.	30,917	695,014	IDEXX Laboratories, Inc. *	3,670	1,287,179
Marathon Petroleum Corp.	23,633	1,942,869	Intuitive Surgical, Inc. *	15,681	3,147,334

Portfolio Holdings

 as of June 30, 2022 (Unaudited) (continued)

SECURITY	NUMBER OF SHARES	VALUE (\$)
Thermo Fisher Scientific, Inc.	17,101	9,290,631
Vertex Pharmaceuticals, Inc. *	11,173	3,148,440
Viatis, Inc.	52,955	554,439
Waters Corp. *	2,631	870,808
West Pharmaceutical Services, Inc.	3,236	978,469
Zoetis, Inc.	20,559	3,533,887

124,259,581**Real Estate 2.9%**

Alexandria Real Estate Equities, Inc.	6,488	940,955
American Tower Corp.	20,300	5,188,477
AvalonBay Communities, Inc.	6,108	1,186,479
Boston Properties, Inc.	6,229	554,256
Camden Property Trust	4,653	625,735
CBRE Group, Inc., Class A *	14,280	1,051,151
Crown Castle International Corp.	18,918	3,185,413
Digital Realty Trust, Inc.	12,436	1,614,566
Duke Realty Corp.	16,795	922,885
Equinix, Inc.	3,976	2,612,311
Equity Residential	14,949	1,079,617
Essex Property Trust, Inc.	2,854	746,349
Extra Space Storage, Inc.	5,866	997,924
Federal Realty OP LP	3,121	298,805
Healthpeak Properties, Inc.	23,567	610,621
Host Hotels & Resorts, Inc.	31,227	489,639
Iron Mountain, Inc.	12,693	618,022
Kimco Realty Corp.	26,996	533,711
Mid-America Apartment Communities, Inc.	5,043	880,861
Prologis, Inc.	32,339	3,804,683
Public Storage	6,671	2,085,822
Realty Income Corp.	26,279	1,793,804
Regency Centers Corp.	6,776	401,885
SBA Communications Corp.	4,711	1,507,756
Simon Property Group, Inc.	14,343	1,361,438
UDR, Inc.	13,073	601,881
Ventas, Inc.	17,460	897,968
VICI Properties, Inc.	42,068	1,253,206
Vornado Realty Trust	6,950	198,700
Welltower, Inc.	19,832	1,633,165
Weyerhaeuser Co.	32,524	1,077,195

40,755,280**Retailing 5.7%**

Advance Auto Parts, Inc.	2,668	461,804
Amazon.com, Inc. *	382,242	40,597,923
AutoZone, Inc. *	867	1,863,287
Bath & Body Works, Inc.	10,417	280,426
Best Buy Co., Inc.	8,844	576,540
CarMax, Inc. *	7,013	634,536
Dollar General Corp.	9,994	2,452,928
Dollar Tree, Inc. *	9,834	1,532,629
eBay, Inc.	24,457	1,019,123
Etsy, Inc. *	5,553	406,535
Genuine Parts Co.	6,185	822,605
LKQ Corp.	11,368	558,055
Lowe's Cos., Inc.	28,881	5,044,644
O'Reilly Automotive, Inc. *	2,871	1,813,783
Pool Corp.	1,751	615,004
Ross Stores, Inc.	15,350	1,078,031
Target Corp.	20,200	2,852,846
The Home Depot, Inc.	45,142	12,381,096
The TJX Cos., Inc.	51,305	2,865,384
Tractor Supply Co.	4,887	947,345

SECURITY	NUMBER OF SHARES	VALUE (\$)
Ulta Beauty, Inc. *	2,281	879,280

79,683,804**Semiconductors & Semiconductor Equipment 5.2%**

Advanced Micro Devices, Inc. *	70,792	5,413,464
Analog Devices, Inc.	22,861	3,339,763
Applied Materials, Inc.	38,591	3,511,009
Broadcom, Inc.	17,836	8,664,907
Enphase Energy, Inc. *	5,899	1,151,721
Intel Corp.	178,625	6,682,361
KLA Corp.	6,520	2,080,402
Lam Research Corp.	6,060	2,582,469
Microchip Technology, Inc.	24,289	1,410,705
Micron Technology, Inc.	48,781	2,696,614
Monolithic Power Systems, Inc.	1,915	735,437
NVIDIA Corp.	109,388	16,582,127
NXP Semiconductors N.V.	11,470	1,697,904
ON Semiconductor Corp. *	18,982	954,984
Qorvo, Inc. *	4,737	446,794
QUALCOMM, Inc.	48,927	6,249,935
Skyworks Solutions, Inc.	7,029	651,166
SolarEdge Technologies, Inc. *	2,420	662,306
Teradyne, Inc.	6,998	626,671
Texas Instruments, Inc.	40,283	6,189,483

72,330,222**Software & Services 13.3%**

Accenture plc, Class A	27,670	7,682,575
Adobe, Inc. *	20,641	7,555,844
Akamai Technologies, Inc. *	7,002	639,493
ANSYS, Inc. *	3,800	909,302
Autodesk, Inc. *	9,503	1,634,136
Automatic Data Processing, Inc.	18,250	3,833,230
Broadridge Financial Solutions, Inc.	5,121	729,999
Cadence Design Systems, Inc. *	12,047	1,807,411
Ceridian HCM Holding, Inc. *	6,002	282,574
Citrix Systems, Inc.	5,448	529,382
Cognizant Technology Solutions Corp., Class A	22,768	1,536,612
DXC Technology Co. *	10,681	323,741
EPAM Systems, Inc. *	2,497	736,066
Fidelity National Information Services, Inc.	26,681	2,445,847
Fiserv, Inc. *	25,414	2,261,084
FleetCor Technologies, Inc. *	3,379	709,962
Fortinet, Inc. *	29,103	1,646,648
Gartner, Inc. *	3,518	850,758
Global Payments, Inc.	12,299	1,360,761
International Business Machines Corp.	39,292	5,547,637
Intuit, Inc.	12,355	4,762,111
Jack Henry & Associates, Inc.	3,183	573,004
Mastercard, Inc., Class A	37,516	11,835,548
Microsoft Corp.	326,721	83,911,754
NortonLifeLock, Inc.	25,418	558,179
Oracle Corp.	68,770	4,804,960
Paychex, Inc.	14,036	1,598,279
Paycom Software, Inc. *	2,104	589,372
PayPal Holdings, Inc. *	50,590	3,533,206
PTC, Inc. *	4,599	489,058
Roper Technologies, Inc.	4,627	1,826,045
Salesforce, Inc. *	43,402	7,163,066
ServiceNow, Inc. *	8,757	4,164,129
Synopsys, Inc. *	6,688	2,031,146
Tyler Technologies, Inc. *	1,812	602,454
VeriSign, Inc. *	4,163	696,595

Portfolio Holdings

 as of June 30, 2022 (Unaudited) (continued)

SECURITY	NUMBER OF SHARES	VALUE (\$)
Visa, Inc., Class A	71,894	14,155,210
186,317,178		
Technology Hardware & Equipment 8.2%		
Amphenol Corp., Class A	26,086	1,679,417
Apple Inc.	671,695	91,834,140
Arista Networks, Inc. *	9,832	921,652
CDW Corp.	5,902	929,919
Cisco Systems, Inc.	181,475	7,738,094
Corning, Inc.	33,207	1,046,353
F5, Inc. *	2,642	404,332
Hewlett Packard Enterprise Co.	56,794	753,088
HP, Inc.	46,018	1,508,470
Juniper Networks, Inc.	14,112	402,192
Keysight Technologies, Inc. *	7,950	1,095,908
Motorola Solutions, Inc.	7,308	1,531,757
NetApp, Inc.	9,721	634,198
Seagate Technology Holdings plc	8,634	616,813
TE Connectivity Ltd.	14,074	1,592,473
Teledyne Technologies, Inc. *	2,046	767,475
Trimble, Inc. *	10,928	636,337
Western Digital Corp. *	13,681	613,319
Zebra Technologies Corp., Class A *	2,294	674,321
115,380,258		
Telecommunication Services 1.4%		
AT&T, Inc.	312,739	6,555,009
Lumen Technologies, Inc.	40,614	443,099
T-Mobile US, Inc. *	25,740	3,463,060
Verizon Communications, Inc.	183,462	9,310,696
19,771,864		
Transportation 1.8%		
Alaska Air Group, Inc. *	5,506	220,515
American Airlines Group, Inc. *	28,380	359,858
C.H. Robinson Worldwide, Inc.	5,559	563,516
CSX Corp.	94,983	2,760,206
Delta Air Lines, Inc. *	28,004	811,276
Expeditors International of Washington, Inc.	7,327	714,090
FedEx Corp.	10,416	2,361,411
JB Hunt Transport Services, Inc.	3,662	576,655
Norfolk Southern Corp.	10,412	2,366,544
Old Dominion Freight Line, Inc.	4,011	1,027,939
Southwest Airlines Co. *	25,902	935,580
Union Pacific Corp.	27,435	5,851,337
United Airlines Holdings, Inc. *	14,274	505,585
United Parcel Service, Inc., Class B	32,084	5,856,613
24,911,125		

SECURITY	NUMBER OF SHARES	VALUE (\$)
Utilities 3.1%		
Alliant Energy Corp.	10,957	642,190
Ameren Corp.	11,278	1,019,080
American Electric Power Co., Inc.	22,434	2,152,318
American Water Works Co., Inc.	7,941	1,181,383
Atmos Energy Corp.	6,072	680,671
CenterPoint Energy, Inc.	27,489	813,125
CMS Energy Corp.	12,674	855,495
Consolidated Edison, Inc.	15,478	1,471,958
Constellation Energy Corp.	14,273	817,272
Dominion Energy, Inc.	35,441	2,828,546
DTE Energy Co.	8,462	1,072,558
Duke Energy Corp.	33,633	3,605,794
Edison International	16,653	1,053,136
Energy Corp.	8,885	1,000,806
Eversource Energy	10,022	653,936
Exelon Corp.	15,067	1,272,709
FirstEnergy Corp.	42,821	1,940,648
NextEra Energy, Inc.	24,939	957,408
NiSource, Inc.	85,821	6,647,695
NRG Energy, Inc.	17,723	522,651
NRG Energy, Inc.	10,366	395,670
Pinnacle West Capital Corp.	4,935	360,847
PPL Corp.	32,142	872,012
Public Service Enterprise Group, Inc.	21,809	1,380,074
Sempra Energy	13,731	2,063,357
The AES Corp.	29,175	612,967
The Southern Co.	46,419	3,310,139
WEC Energy Group, Inc.	13,782	1,387,020
Xcel Energy, Inc.	23,793	1,683,593
43,255,058		

Total Common Stocks (Cost \$976,147,739) 1,393,686,197

Total Investments in Securities (Cost \$976,147,739) 1,393,686,197

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

FUTURES CONTRACTS**Long**

S&P 500 Index, e-mini, expires 09/16/22	54	10,231,650	43,296
---	----	------------	---------------

* Non-income producing security.

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

Below is a summary of the fund's transactions with affiliated issuers during the period ended June 30, 2022:

SECURITY	VALUE AT 12/31/21	PURCHASES	SALES	REALIZED GAINS (LOSSES)	NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION)	VALUE AT 6/30/22	BALANCE OF SHARES HELD AT 6/30/22	DIVIDENDS RECEIVED
COMMON STOCKS 0.3% OF NET ASSETS								
Diversified Financials 0.3%								
The Charles Schwab Corp.	\$4,552,333	\$1,050,125	(\$275,482)	(\$62,972)	(\$1,113,015)	\$4,150,989	65,701	\$21,806

Portfolio Holdings as of June 30, 2022 (Unaudited) (continued)

The following is a summary of the inputs used to value the fund's investments as of June 30, 2022 (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
Assets				
Common Stocks ¹	\$1,393,686,197	\$-	\$-	\$1,393,686,197
Futures Contracts ²	43,296	-	-	43,296
Total	\$1,393,729,493	\$-	\$-	\$1,393,729,493

¹ As categorized in the Portfolio Holdings.

² Futures contracts are reported at cumulative unrealized appreciation or depreciation.

Statement of Assets and Liabilities

As of June 30, 2022; unaudited

ASSETS	
Investments in securities, at value - affiliated (cost \$2,772,794)	\$4,150,989
Investments in securities, at value - unaffiliated (cost \$973,374,945)	1,389,535,208
Cash	3,783,603
Deposit with broker for futures contracts	273,000
Receivables:	
Fund shares sold	230,649,400
Dividends	+ 931,715
Total assets	1,629,323,915
LIABILITIES	
Payables:	
Investments bought	228,039,168
Fund shares redeemed	161,844
Variation margin on futures contracts	44,968
Investment adviser fees	+ 29,778
Total liabilities	228,275,758
Net assets	\$1,401,048,157
NET ASSETS BY SOURCE	
Capital received from investors	\$1,008,568,006
Total distributable earnings	+ 392,480,151
Net assets	\$1,401,048,157

Net Asset Value (NAV)

Net Assets	÷	Shares Outstanding	=	NAV
\$1,401,048,157		25,417,466		\$55.12

Statement of Operations

For the period January 1, 2022 through June 30, 2022; unaudited

INVESTMENT INCOME	
Dividends received from securities - unaffiliated (net of foreign withholding tax of \$2,492)	\$10,290,028
Dividends received from securities - affiliated	21,806
Interest received from securities - unaffiliated	4,662
Securities on loan, net	+ 157
Total investment income	10,316,653
EXPENSES	
Investment adviser fees	197,957
Total expenses	- 197,957
Net investment income	10,118,696
REALIZED AND UNREALIZED GAINS (LOSSES)	
Net realized losses on sales of securities - affiliated	(62,972)
Net realized losses on sales of securities - unaffiliated	(16,904,909)
Net realized losses on futures contracts	+ (1,604,110)
Net realized losses	(18,571,991)
Net change in unrealized appreciation (depreciation) on securities - affiliated	(1,113,015)
Net change in unrealized appreciation (depreciation) on securities - unaffiliated	(285,585,751)
Net change in unrealized appreciation (depreciation) on futures contracts	+ (117,503)
Net change in unrealized appreciation (depreciation)	+ (286,816,269)
Net realized and unrealized losses	(305,388,260)
Decrease in net assets resulting from operations	(\$295,269,564)

Statement of Changes in Net Assets

For the current and prior report periods

Figures for the current period are unaudited

OPERATIONS				
	1/1/22-6/30/22		1/1/21-12/31/21	
Net investment income	\$10,118,696		\$15,981,303	
Net realized gains (losses)	(18,571,991)		8,570,083	
Net change in unrealized appreciation (depreciation)	+ (286,816,269)		272,288,798	
Increase (decrease) in net assets resulting from operations	(\$295,269,564)		\$296,840,184	
DISTRIBUTIONS TO SHAREHOLDERS				
Total distributions	(\$25,887,213)		(\$15,017,859)	
TRANSACTIONS IN FUND SHARES				
	1/1/22-6/30/22		1/1/21-12/31/21	
	SHARES	VALUE	SHARES	VALUE
Shares sold	7,063,760	\$415,032,771	7,110,963	\$452,221,843
Shares reinvested	469,652	25,887,213	238,190	15,017,859
Shares redeemed	+ (2,959,520)	(186,300,097)	(3,588,771)	(228,019,959)
Net transactions in fund shares	4,573,892	\$254,619,887	3,760,382	\$239,219,743
SHARES OUTSTANDING AND NET ASSETS				
	1/1/22-6/30/22		1/1/21-12/31/21	
	SHARES	NET ASSETS	SHARES	NET ASSETS
Beginning of period	20,843,574	\$1,467,585,047	17,083,192	\$946,542,979
Total increase (decrease)	+ 4,573,892	(66,536,890)	3,760,382	521,042,068
End of period	25,417,466	\$1,401,048,157	20,843,574	\$1,467,585,047

Financial Notes, unaudited

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 June 30, 2022, 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, unaudited (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 June 30, 2022 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: Effective May 23, 2022 Brown Brothers Harriman & Co. (BBH) was replaced by Citibank, N.A as custodian of the fund. The fund no longer subscribes to the BBH Cash Management Service Sweep (CMS Sweep). The BBH CMS Sweep was an investment product that automatically swept 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 allowed the fund to earn interest on cash balances. Excess cash invested with deposit institutions domiciled outside of the U.S., as with any

Financial Notes, unaudited (continued)

2. Significant Accounting Policies (continued):

offshore deposit, was subject to sovereign actions in the jurisdiction of the deposit institution including, but not limited to, freeze, seizure or diminution. The fund assumed the risk associated with the repayment of principal and payment of interest on such instruments by the institution with which the deposit was ultimately placed. The fund terminated the CMS Sweep program and cash was returned to the fund prior to terminating services with BBH.

Cash Investments: The fund may invest a portion of its assets in cash. Cash includes cash bank balances in an interest-bearing demand deposit account with maturity on demand by the fund.

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 9% 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 June 30, 2022, the fund had no securities on loan.

(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.

Financial Notes, unaudited (continued)

2. Significant Accounting Policies (continued):

(f) Distributions to Shareholders:

The fund makes distributions from net investment income and net realized capital gains, if any, once a year. To receive a distribution, you must be a registered shareholder on the record date. Distributions are paid to shareholders on the payable date.

(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.

Financial Notes, unaudited (continued)

3. Risk Factors (continued):

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.

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 June 30, 2022, the fund's purchases and sales of securities with other funds in the Fund Complex was \$2,303,881 and \$1,594,975, respectively, and includes realized losses of \$613,109.

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.

Financial Notes, unaudited (continued)

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), maturing on 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, 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 paid by the investment adviser. 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 June 30, 2022, purchases and sales of securities (excluding short-term obligations) were as follows:

PURCHASES OF SECURITIES	SALES OF SECURITIES
\$342,637,222	\$101,450,544

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 June 30, 2022 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 June 30, 2022, 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
\$6,999,357	33

9. Federal Income Taxes:

As of June 30, 2022, 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)
\$1,000,417,286	\$411,298,752	(\$17,986,545)	\$393,312,207

The tax-basis components of distributions and components of distributable earnings on a tax basis are finalized at fiscal year-end; accordingly, tax basis balances have not been determined as of June 30, 2022. The tax-basis components of distributions paid during the year ended December 31, 2021 were as follows:

PRIOR FISCAL YEAR END DISTRIBUTIONS
ORDINARY INCOME
\$15,017,859

Financial Notes, unaudited (continued)

9. Federal Income Taxes (continued):

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. The fund may also designate a portion of the amount paid to redeeming shareholders as a distribution for tax purposes.

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.

Shareholder Vote Results (Unaudited)

A Special Meeting of Shareholders of Schwab Annuity Portfolios (the "Trust") was held on June 1, 2022, for the purpose of seeking shareholder approval to elect the following individuals as trustees of the Trust: Walter W. Bettinger II, Richard A. Wurster, Michael J. Beer, Robert W. Burns, Nancy F. Heller, David L. Mahoney, Jane P. Moncreiff, Kiran M. Patel, Kimberly S. Patmore, and J. Derek Penn. The number of votes necessary to conduct the Special Meeting and approve the proposal was obtained. The results of the shareholder vote are listed below:

PROPOSAL - TO ELECT EACH OF THE FOLLOWING INDIVIDUALS AS TRUSTEES OF THE TRUST:	FOR	WITHHELD
Walter W. Bettinger II	230,987,903.571	12,054,386.634
Richard A. Wurster	230,979,914.087	12,062,376.118
Michael J. Beer	230,823,461.997	12,218,828.208
Robert W. Burns	231,075,703.121	11,966,587.084
Nancy F. Heller	231,085,949.283	11,956,340.922
David L. Mahoney	231,103,532.111	11,938,758.094
Jane P. Moncreiff	231,003,818.140	12,038,472.065
Kiran M. Patel	231,002,127.696	12,040,162.509
Kimberly S. Patmore	229,583,567.139	13,458,723.066
J. Derek Penn	230,848,948.394	12,193,341.811

Investment Advisory Agreement Approval

The Investment Company Act of 1940, as amended (the 1940 Act), requires that the continuation of a fund's investment advisory agreement must be specifically approved (1) by the vote of the trustees or by a vote of the shareholders of the fund, and (2) by the vote of a majority of the trustees who are not parties to the investment advisory agreement or "interested persons" of any party (the Independent Trustees), cast in person at a meeting called for the purpose of voting on such approval. In connection with such approvals, the fund's trustees must request and evaluate, and the investment adviser is required to furnish, such information as may be reasonably necessary to evaluate the terms of the investment advisory agreement.

The Board of Trustees (the Board or the Trustees, as appropriate) calls and holds one or more meetings each year that are dedicated, in whole or in part, to considering whether to renew the amended and restated investment advisory and administration agreement (the Agreement) between Schwab Annuity Portfolios (the Trust) and Charles Schwab Investment Management, Inc. (dba Schwab Asset Management) (the investment adviser) with respect to the existing funds in the Trust, including Schwab S&P 500 Index Portfolio (the Fund), and to review certain other agreements pursuant to which the investment adviser provides investment advisory services to certain other registered investment companies. In preparation for the meeting(s), the Board requests and reviews a wide variety of materials provided by the investment adviser, including information about the investment adviser's affiliates, personnel, business goals and priorities, profitability, third-party oversight, corporate structure and operations. As part of the renewal process, the Independent Trustees' legal counsel, on behalf of the Independent Trustees, sends an information request letter to the investment adviser seeking certain relevant information. The responses by the investment adviser are provided to the Trustees in the Board materials for their review prior to their meeting, and the Trustees are provided with the opportunity to request any additional materials. The Board also receives data provided by an independent provider of investment company data. This information is in addition to the detailed information about the Fund that the Board reviews during the course of each year, including information that relates to the Fund's operations and performance, legal and compliance matters, risk management, portfolio turnover, and sales and marketing activity. In considering the renewal, the Independent Trustees receive advice from Independent Trustees' legal counsel, including a memorandum regarding the responsibilities of trustees for the approval of investment advisory agreements. In addition, the Independent Trustees participate in question and answer sessions with representatives of the investment adviser and meet in executive session outside the presence of Fund management.

The Board, including a majority of the Independent Trustees, considered information specifically relating to the continuance of the Agreement with respect to the Fund at meetings held on

May 16, 2022 and June 8, 2022, and approved the renewal of the Agreement with respect to the Fund for an additional one-year term at the meeting on June 8, 2022 called for the purpose of voting on such approval.

The Board's approval of the continuance of the Agreement with respect to the Fund was based on consideration and evaluation of a variety of specific factors discussed at these meetings and at prior meetings, including:

1. the nature, extent and quality of the services provided to the Fund under the Agreement, including the resources of the investment adviser and its affiliates dedicated to the Fund;
2. the Fund's investment performance and how it compared to that of certain other comparable mutual funds and benchmark data;
3. the Fund's expenses and how those expenses compared to those of certain other similar mutual funds;
4. the profitability of the investment adviser and its affiliates, including Charles Schwab & Co., Inc. (Schwab), with respect to the Fund, including both direct and indirect benefits accruing to the investment adviser and its affiliates; and
5. the extent to which economies of scale would be realized as the Fund grows and whether fee levels in the Agreement reflect those economies of scale for the benefit of Fund investors.

Nature, Extent and Quality of Services. The Board considered the nature, extent and quality of the services provided by the investment adviser to the Fund and the resources of the investment adviser and its affiliates dedicated to the Fund. In this regard, the Trustees evaluated, among other things, the investment adviser's experience, track record, compliance program, resources dedicated to hiring and retaining skilled personnel and specialized talent, and information security resources. The Trustees also considered information provided by the investment adviser relating to services and support provided with respect to the Fund's portfolio management team, portfolio strategy, and internal investment guidelines, as well as trading infrastructure, liquidity management, product design and analysis, shareholder communications, securities valuation, fund accounting and custody, and vendor and risk oversight. The Trustees also considered investments the investment adviser has made in its infrastructure, including modernizing the investment adviser's technology and use of data, increasing expertise in key areas (including portfolio management and trade operations), and improving business continuity, cybersecurity, due diligence, risk management processes, and information security programs, which are designed to provide enhanced services to the Fund and its shareholders. The Trustees considered Schwab's overall financial condition and its reputation as a full service brokerage firm, as well as the wide range of products, services, and

account features that benefit Fund shareholders who are brokerage clients of Schwab. Following such evaluation, the Board concluded, within the context of its full deliberations, that the nature, extent and quality of services provided by the investment adviser to the Fund and the resources of the investment adviser and its affiliates dedicated to the Fund supported renewal of the Agreement with respect to the Fund.

Fund Performance. The Board considered the Fund's performance in determining whether to renew the Agreement with respect to the Fund. Specifically, the Trustees considered the Fund's performance relative to a peer category of other mutual funds and applicable indices/benchmarks, in light of total return and market trends, as well as in consideration of the Fund's investment style and strategy attributes and disclosures. As part of this review, the Trustees considered the composition of the peer category, selection criteria and the reputation of the independent provider of investment company data who prepared the peer category analysis. In evaluating the performance of the Fund, the Trustees considered the risk profile for the Fund and the Fund's demonstrated performance in tracking its benchmark index. The Trustees further considered the level of Fund performance in the context of their review of Fund expenses and the investment adviser's profitability discussed below and also noted that the Board and a designated committee of the Board review performance throughout the year. Following such evaluation, the Board concluded, within the context of its full deliberations, that the performance of the Fund supported renewal of the Agreement with respect to the Fund.

Fund Expenses. With respect to the Fund's expenses, the Trustees considered the rate of compensation called for by the Agreement in comparison to that of other similar mutual funds, such peer groups and comparisons having been selected and calculated by an independent provider of investment company data. The investment adviser reported to the Board, and the Board took into account, the risk assumed by the investment adviser in the development of the Fund and provision of services as well as the competitive marketplace for financial products. The Trustees also considered fees charged by the investment adviser to other mutual funds and the unique insurance dedicated distribution arrangements of the Fund as compared to other funds managed by the investment adviser. Following such evaluation, the Board concluded, within the context of its full deliberations, that the expenses of the Fund are reasonable and supported renewal of the Agreement with respect to the Fund.

Profitability. The Trustees considered the compensation flowing to the investment adviser and its affiliates, directly or indirectly, and reviewed profitability on a pre-tax basis, without regard to distribution expenses. In this connection, the Trustees reviewed management's profitability analyses. The Trustees also reviewed profitability of the investment adviser relating to the Schwab fund complex as a whole, noting the benefits to Fund shareholders of being part of the Schwab fund complex, including the allocations of certain fixed costs across the Fund and other funds in the complex. The Trustees

also considered any other benefits derived by the investment adviser from its relationship with the Fund, such as whether, by virtue of its management of the Fund, the investment adviser obtains investment information or other research resources that aid it in providing advisory services to other clients. The Trustees considered whether the compensation and profitability with respect to the Fund under the Agreement and other service agreements were reasonable and justified in light of the quality of all services rendered to the Fund by the investment adviser and its affiliates. The Trustees noted that the investment adviser continues to invest substantial sums in its business in order to provide enhanced research capabilities, services and systems to benefit the Fund. Based on this evaluation, the Board concluded, within the context of its full deliberations, that the profitability of the investment adviser is reasonable and supported renewal of the Agreement with respect to the Fund.

Economies of Scale. Although the Trustees recognized the difficulty of determining economies of scale with precision, the Trustees considered the potential existence of any economies of scale by way of the relatively low advisory fee and unitary fee structure of the Fund and whether those are passed along to the Fund's shareholders through the enhancement of services provided to the Fund in return for fees paid, including through investments by the investment adviser in its infrastructure, including modernizing the investment adviser's technology and use of data, increasing expertise and capabilities in key areas (including portfolio and trade operations), and improving business continuity, cybersecurity, due diligence and information security programs, which are designed to provide enhanced services to the Fund and its shareholders. The Trustees acknowledged that the investment adviser has shared any economies of scale with the Fund by investing in the investment adviser's infrastructure, as discussed above, over time and that the investment adviser's internal costs of providing investment management, technology, administrative, legal and compliance services to the Fund continue to increase as a result of regulatory or other developments. Based on this evaluation, the Board concluded, within the context of its full deliberations, that the Fund obtains reasonable benefits from economies of scale.

In the course of their deliberations, the Trustees may have accorded different weights to various factors and did not identify any particular information or factor that was all important or controlling. Based on the Trustees' deliberation and their evaluation of the information described above, the Board, including all of the Independent Trustees, approved the continuation of the Agreement with respect to the Fund and concluded that the compensation under the Agreement with respect to the Fund is fair and reasonable in light of the services provided and the related expenses borne by the investment adviser and its affiliates and such other matters as the Trustees considered to be relevant in the exercise of their reasonable judgment.

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 104 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 ¹)	PRINCIPAL OCCUPATIONS DURING THE PAST FIVE YEARS	NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY THE TRUSTEE	OTHER DIRECTORSHIPS
Robert W. Burns 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.	104	None
Nancy F. Heller 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.	104	None
David L. Mahoney 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.	104	Director (2004 – present), Corcept Therapeutics Incorporated Director (2009 – 2021), Adamas Pharmaceuticals, Inc. Director (2003 – 2019), Symantec Corporation
Jane P. Moncreiff 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).	104	None
Kiran M. Patel 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.	104	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 ¹)	PRINCIPAL OCCUPATIONS DURING THE PAST FIVE YEARS	NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY THE TRUSTEE	OTHER DIRECTORSHIPS
Kimberly S. Patmore 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).	104	None
J. Derek Penn 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).	104	None

INTERESTED TRUSTEES

NAME, YEAR OF BIRTH, AND POSITION(S) WITH THE TRUST (TERMS OF OFFICE, AND LENGTH OF TIME SERVED ¹)	PRINCIPAL OCCUPATIONS DURING THE PAST FIVE YEARS	NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY THE TRUSTEE	OTHER DIRECTORSHIPS
Walter W. Bettinger II² 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)	Co-Chairman of the Board (July 2022 – present), Director and Chief Executive Officer (Oct. 2008 – present) and President (Feb. 2007 – 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), Chief Executive Officer (Aug. 2017 – present), and President (Aug. 2017 – Nov. 2021), Schwab Holdings, Inc.; Director (Oct. 2020 – present), TD Ameritrade Holding Corporation; Director (July 2016 – Oct. 2021), Charles Schwab Investment Management, Inc.	104	Director (2008 – present), The Charles Schwab Corporation
Joseph R. Martinetto² 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)	Managing Director (Jan. 2022 – present), Chief Operating Officer (Feb. 2018 – present) and Senior Executive Vice President (Feb. 2018 – Apr. 2022), The Charles Schwab Corporation; Managing Director (May 2022 – present) and Senior Executive Vice President (July 2015 – May 2022), Charles Schwab & Co., Inc.; Director (May 2007 – present), Charles Schwab & Co., Inc.; Director (Apr. 2010 – Apr. 2020), Charles Schwab Bank, SSB; Director (Nov. 2017 – Apr. 2020), Charles Schwab Premier Bank, SSB; Director (May 2007 – present), Senior Executive Vice President (Feb. 2016 – present) and Chief Financial Officer (Feb. 2016 – Aug. 2017), Schwab Holdings, Inc.; Director (Oct. 2020 – present), TD Ameritrade Holding Corporation.	104	None

OFFICERS OF THE TRUST

NAME, YEAR OF BIRTH, AND POSITION(S) WITH THE TRUST (TERMS OF OFFICE, AND LENGTH OF TIME SERVED³)

PRINCIPAL OCCUPATIONS DURING THE PAST FIVE YEARS

Jonathan de St. Paer

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)

Director (Apr. 2019 – present), President (Oct. 2018 – present), Chief Operating Officer (Jan. 2021 – present), and Chief Executive Officer (Apr. 2019 – Nov. 2019), Charles Schwab Investment Management, Inc.; Senior Vice President (June 2020 – Mar. 2022) and Chief Operating Officer (Jan. 2021 – Mar. 2022), 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 (Mar. 2019 – Apr. 2022), Charles Schwab Worldwide Funds plc and Charles Schwab Asset Management (Ireland) Limited; Managing Director (May 2022 – present), Senior Vice President (Apr. 2019 – May 2022) and Senior Vice President – Strategy and Product Development (CSIM) (Jan. 2014 – Mar. 2019), Charles Schwab & Co., Inc.

Mark Fischer

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)

Treasurer and Chief Financial Officer (Jan. 2016 – present) and Chief Operating Officer (Dec. 2020 – present), Schwab Funds, Laudus Trust and Schwab ETFs; Chief Financial Officer (Mar. 2020 – present) and Vice President (Oct. 2013 – present), Charles Schwab Investment Management, Inc.; Director (July 2020 – Apr. 2022), Charles Schwab Worldwide Funds plc and Charles Schwab Asset Management (Ireland) Limited.

Omar Aguilar

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)

Chief Executive Officer (Jan. 2022 – present), Chief Investment Officer (Apr. 2011 – present) and 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.

Brett Wander

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)

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.

William P. McMahon, Jr.

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)

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.

Catherine MacGregor

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)

Chief Legal Officer (Mar. 2022 – present) and Vice President (Sept. 2005 – present), Charles Schwab Investment Management, Inc.; Managing Director (May 2022 – present) and Vice President (July 2005 – May 2022), Charles Schwab & Co., 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.

¹ 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.

² 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.

³ 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.

Notes