

Q3

Quarterly Market Review

Third Quarter 2021

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This report features world capital market performance and a timeline of events for the past quarter. It begins with a global overview, then features the returns of stock and bond asset classes in the US and international markets.

The report also illustrates the impact of globally diversified portfolios and features a quarterly topic.

Overview:

Market Summary

World Stock Market Performance

World Asset Classes

US Stocks

International Developed Stocks

Emerging Markets Stocks

Select Market Performance

Select Currency Performance vs. US Dollar

Commodities

Fixed Income

Impact of Diversification

Quarterly Topic: Account Security

Quarterly Market Summary

Index Returns

	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
3Q 2021	STOCKS				BONDS	
	-0.10% 	-0.66% 	-8.09% 	-0.08% 	0.05% 	0.09%
Since Jan. 2001						
Avg. Quarterly Return	2.4%	1.7%	2.9%	2.5%	1.1%	1.1%
Best Quarter	22.0%	25.9%	34.7%	32.3%	4.6%	4.6%
	2020 Q2	2009 Q2	2009 Q2	2009 Q3	2001 Q3	2008 Q4
Worst Quarter	-22.8%	-23.3%	-27.6%	-36.1%	-3.4%	-2.7%
	2008 Q4	2020 Q1	2008 Q4	2008 Q4	2021 Q1	2015 Q2

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: US Stock Market (Russell 3000 Index), International Developed Stocks (MSCI World ex USA Index [net div.]), Emerging Markets (MSCI Emerging Markets Index [net div.]), Global Real Estate (S&P Global REIT Index [net div.]), US Bond Market (Bloomberg US Aggregate Bond Index), and Global Bond Market ex US (Bloomberg Global Aggregate ex-USD Bond Index [hedged to USD]). S&P data © 2021 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2021, all rights reserved. Bloomberg data provided by Bloomberg.

Long-Term Market Summary

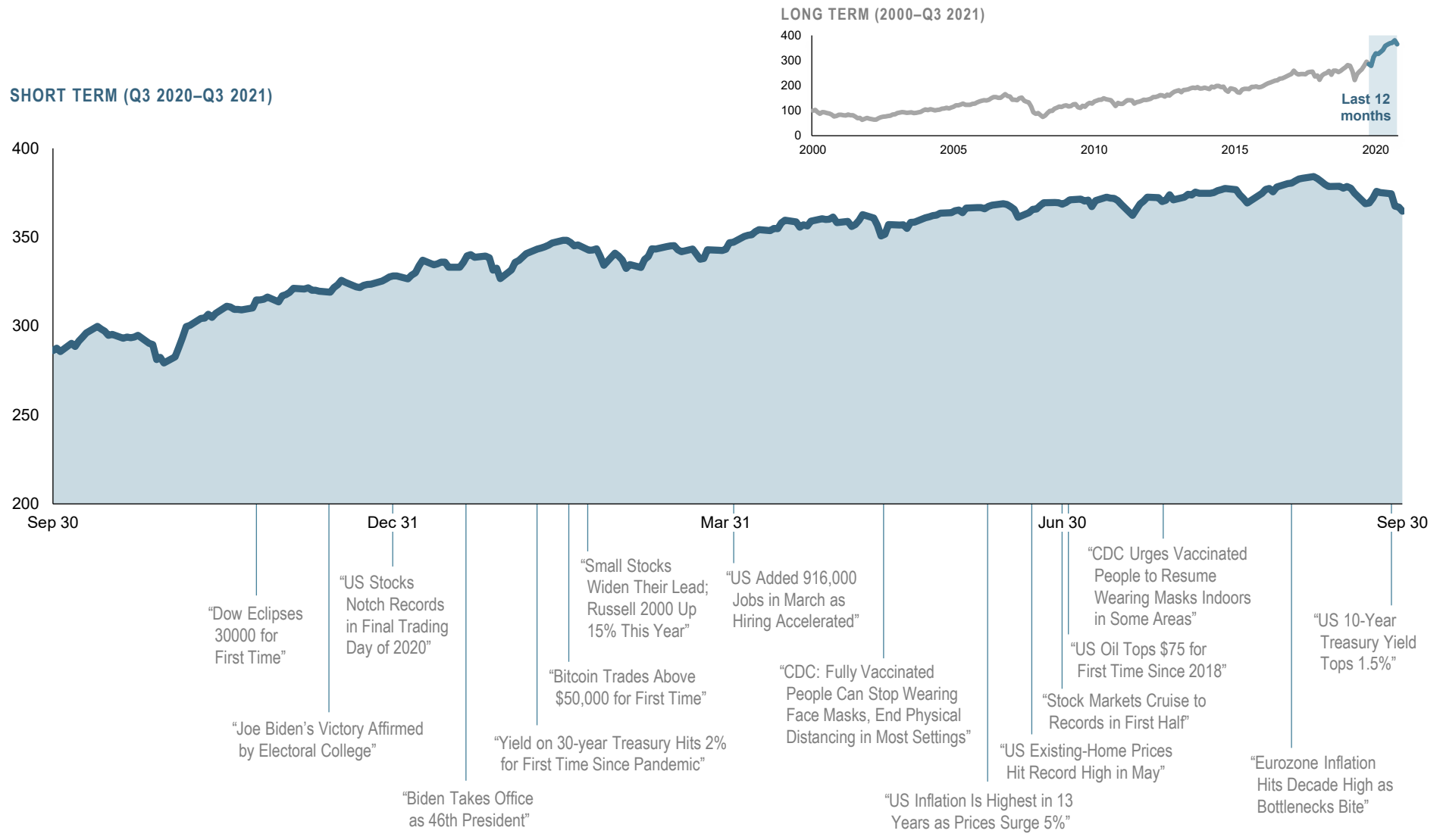
Index Returns as of September 30, 2021

	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
1 Year	STOCKS				BONDS	
	31.88% 	26.50% 	18.20% 	31.61% 	-0.90% 	-0.54%
5 Years						
	16.85% 	8.88% 	9.23% 	4.65% 	2.94% 	2.71%
10 Years						
	16.60% 	7.88% 	6.09% 	8.70% 	3.01% 	3.87%

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World Stock Market Performance

MSCI All Country World Index with selected headlines from past 12 months



These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.

Graph Source: MSCI ACWI Index [net div.]. MSCI data © MSCI 2021, all rights reserved.

It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio. **Past performance is not a guarantee of future results.**

US Stocks

Third Quarter 2021 Index Returns

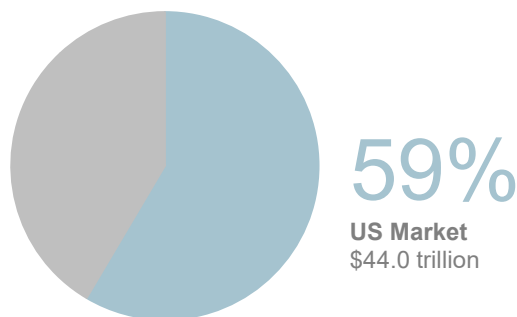
The US equity market was flat for the quarter and outperformed non-US developed markets and emerging markets.

Value underperformed growth in large cap stocks but outperformed growth in small cap stocks.

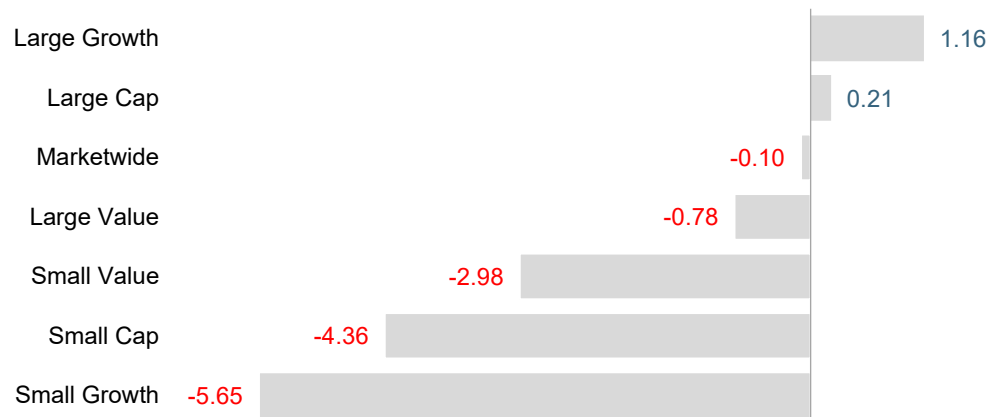
Small caps underperformed large caps.

REIT indices outperformed equity market indices.

World Market Capitalization—US



Ranked Returns (%)



Data Series	QTR	YTD	1 Year	* Annualized		
				3 Years	5 Years	10 Years
Large Growth	1.16	14.30	27.32	22.00	22.84	19.68
Large Cap	0.21	15.19	30.96	16.43	17.11	16.76
Marketwide	-0.10	14.99	31.88	16.00	16.85	16.60
Large Value	-0.78	16.14	35.01	10.07	10.94	13.51
Small Value	-2.98	22.92	63.92	8.58	11.03	13.22
Small Cap	-4.36	12.41	47.68	10.54	13.45	14.63
Small Growth	-5.65	2.82	33.27	11.70	15.34	15.74

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International Developed Stocks

Third Quarter 2021 Index Returns

Developed markets outside the US declined less than 1% for the quarter and underperformed US equities but outperformed emerging markets.

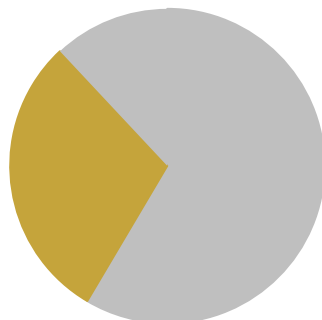
Value underperformed growth.

Small caps outperformed large caps.

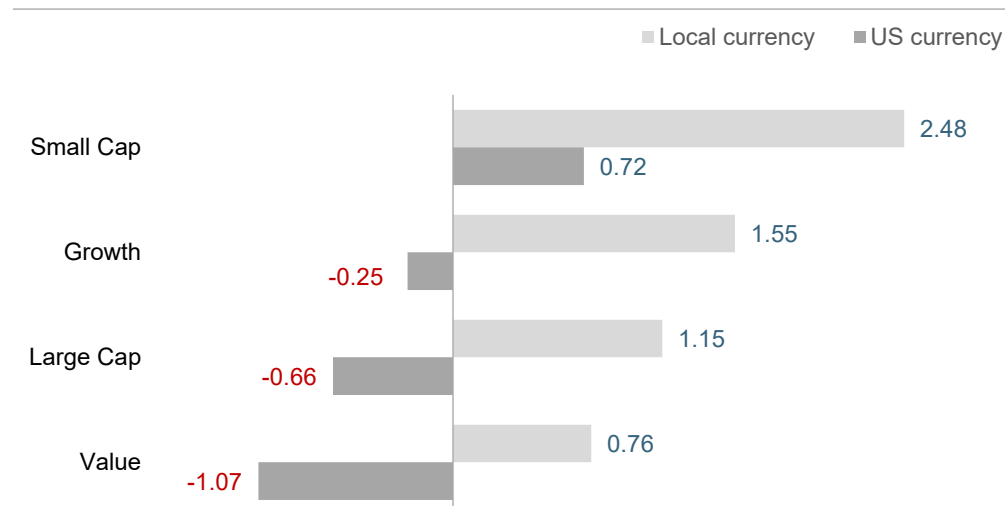
World Market Capitalization—International Developed

30%

International Developed Market
\$22.2 trillion



Ranked Returns (%)



Period Returns (%)

Asset Class	QTR	YTD	1 Year	3 Years*	5 Years*	10 Years*
Small Cap	0.72	10.71	30.14	9.50	10.33	10.03
Growth	-0.25	6.99	20.50	11.93	11.21	9.64
Large Cap	-0.66	9.19	26.50	7.87	8.88	7.88
Value	-1.07	11.15	32.60	3.45	6.25	5.95

* Annualized

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Emerging Markets Stocks

Third Quarter 2021 Index Returns

Emerging markets posted negative returns for the quarter, underperforming the US and non-US developed equity markets.

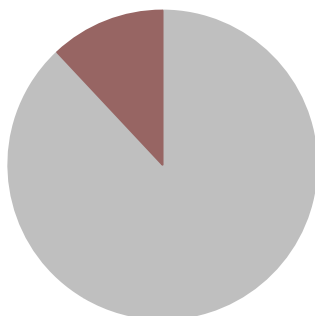
Value outperformed growth.

Small caps outperformed large caps.

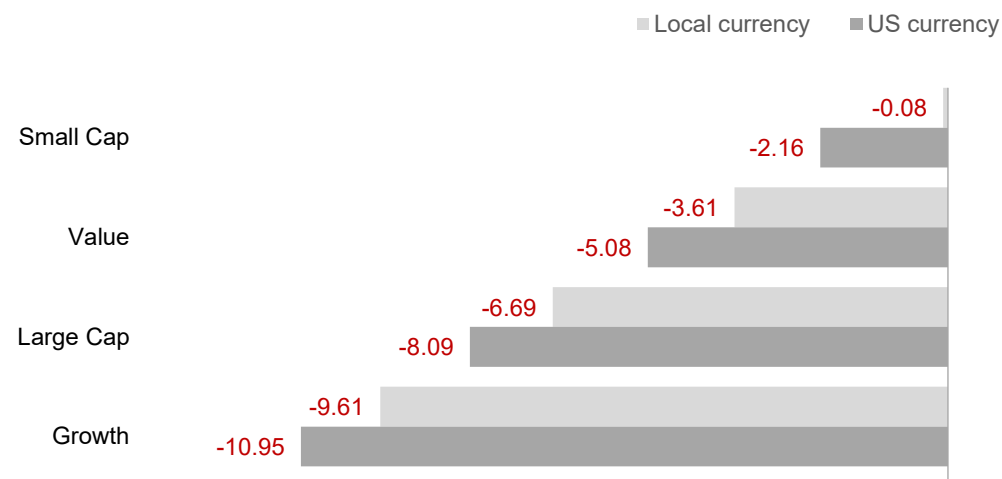
World Market Capitalization—Emerging Markets

12%

Emerging Markets
\$9.0 trillion



Ranked Returns (%)



Period Returns (%)

* Annualized

Asset Class	QTR	YTD	1 Year	3 Years*	5 Years*	10 Years*
Small Cap	-2.16	17.20	43.24	13.11	9.75	7.21
Value	-5.08	4.43	28.43	4.77	6.87	3.79
Large Cap	-8.09	-1.25	18.20	8.58	9.23	6.09
Growth	-10.95	-6.46	9.28	12.15	11.36	8.23

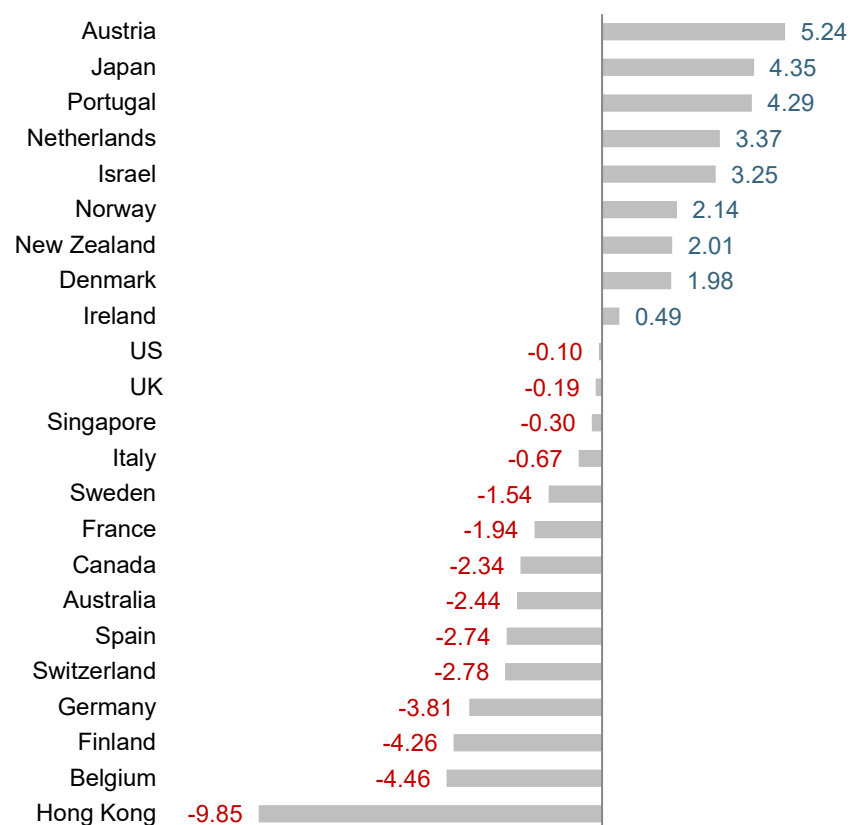
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Select Market Performance

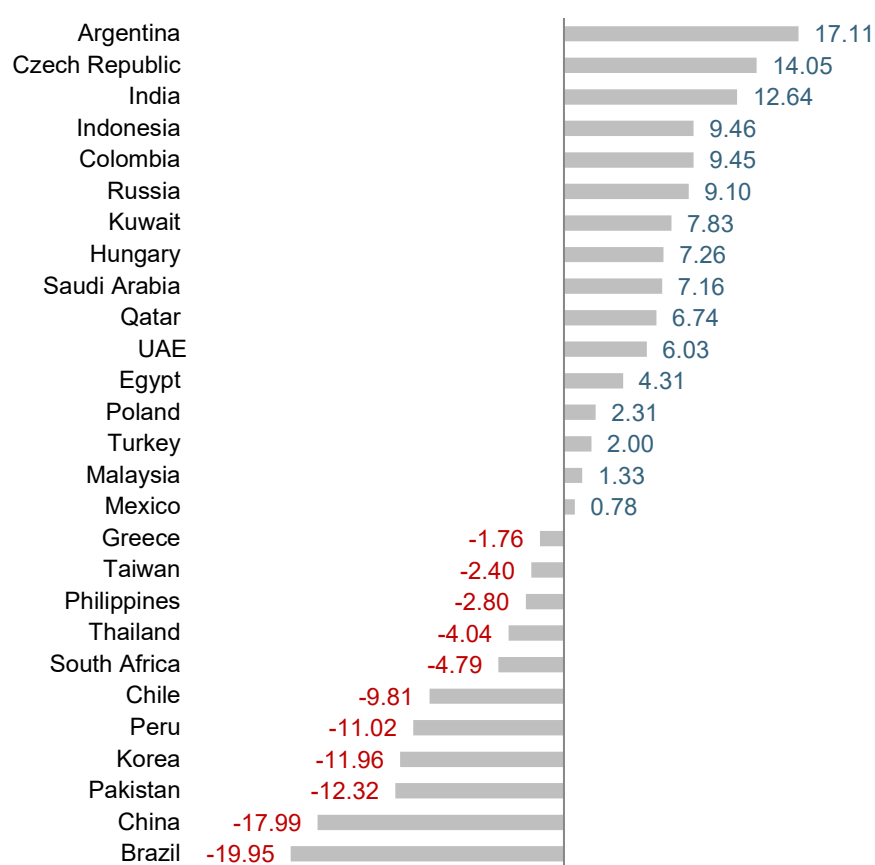
Third Quarter 2021 Index Returns

In US dollar terms, Austria and Japan recorded the highest country performance in developed markets, while Belgium and Hong Kong posted the lowest returns for the quarter. In emerging markets, Argentina and the Czech Republic recorded the highest country performance, while Brazil and China posted the lowest performance.

Ranked Developed Markets Returns (%)



Ranked Emerging Markets Returns (%)



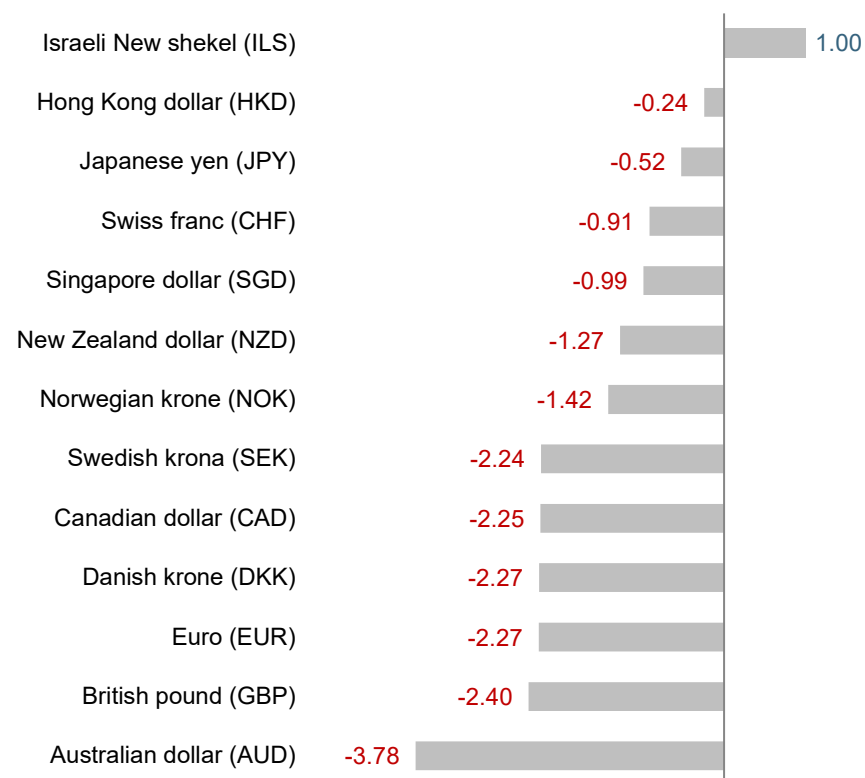
Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. MSCI Index returns are in USD net of dividend withholding taxes. Country returns are the country component indices of the MSCI All Country World ex USA IMI for all countries except the United States, where the Russell 3000 index is used instead. Frank Russell Company is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. MSCI data © MSCI 2021, all rights reserved. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results.

Select Currency Performance vs. US Dollar

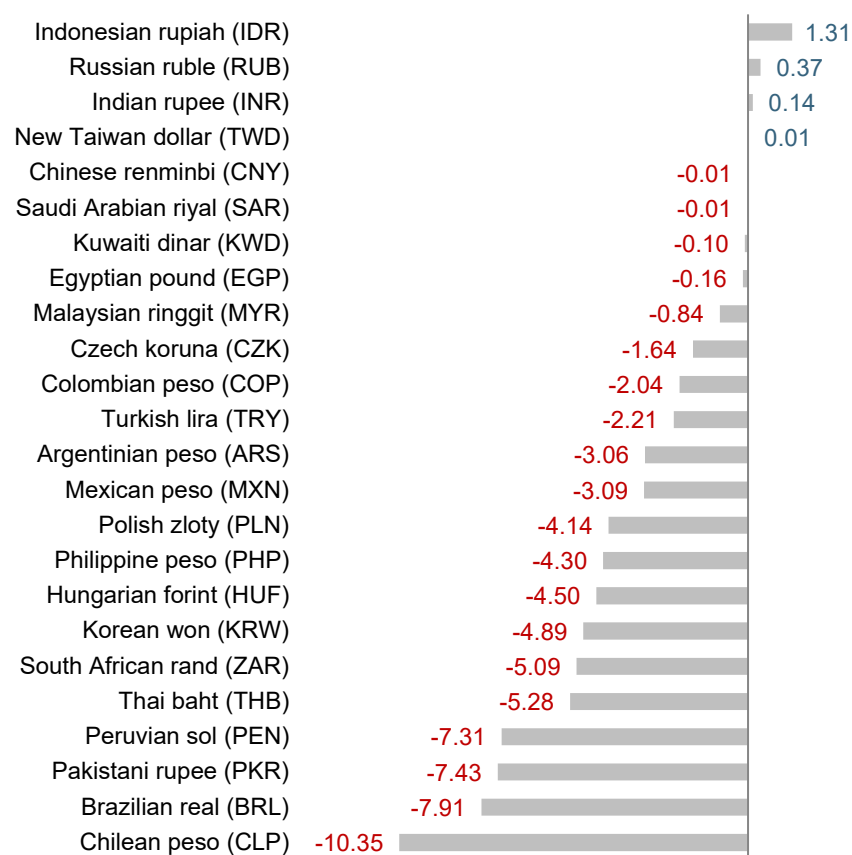
Third Quarter 2021

In emerging and developed markets, most currencies depreciated vs. the US dollar.

Ranked Developed Markets (%)



Ranked Emerging Markets (%)



Commodities

Third Quarter 2021 Index Returns

The Bloomberg Commodity Index Total Return returned 6.59% for the third quarter of 2021.

Natural Gas and Cotton were the best performers, gaining 58.63% and 24.62%, respectively.

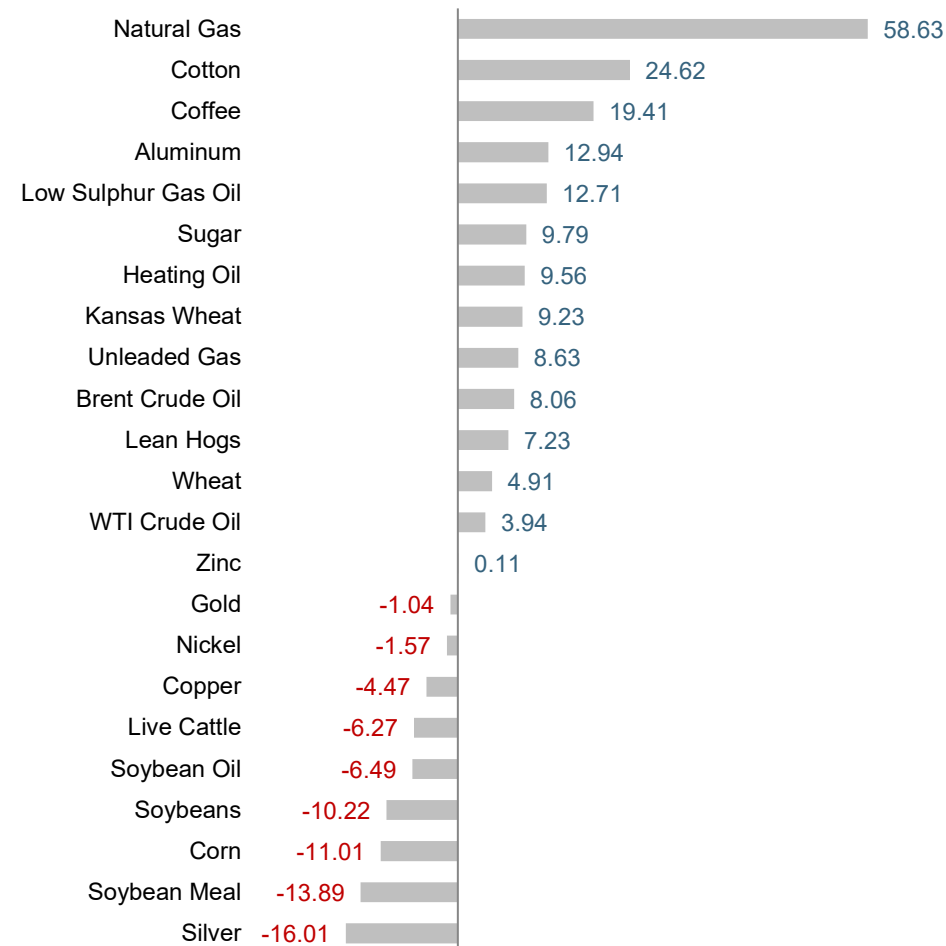
Silver and Soybean Meal were the worst performers, declining 16.01% and 13.89%, respectively.

Period Returns (%)

* Annualized

Asset Class	QTR	YTD	1 Year	3 Years*	5 Years*	10 Years*
Commodities	6.59	29.13	42.29	6.86	4.54	-2.66

Ranked Returns (%)



Fixed Income

Third Quarter 2021 Index Returns

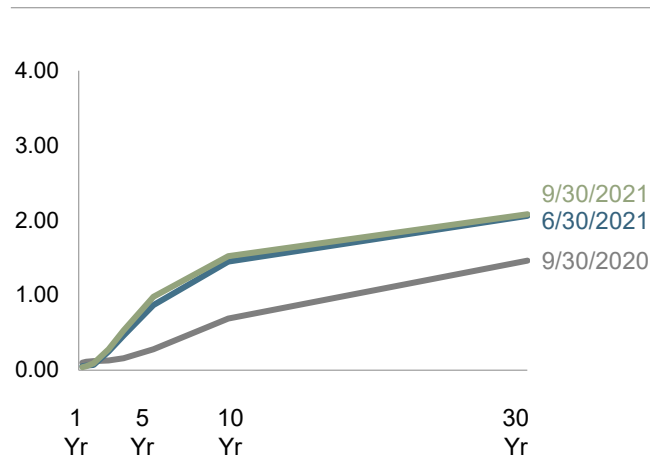
Interest rates in the US Treasury fixed income market generally increased during the third quarter. The yield on the 5-year Treasury note rose 12 basis points (bps), ending at 1.00%. The yield on the 10-year Treasury note increased 8 bps to 1.54%. The 30-year Treasury Bond yield rose 1 bp to finish at 2.05%.

On the short end of the curve, the 1-month Treasury bill yield increased 2 bps, ending at 0.07%, while the 1-year Treasury bill yield decreased 1 bp to 0.09%. The 2-year Treasury note yield increased 5 bps to 0.30%.

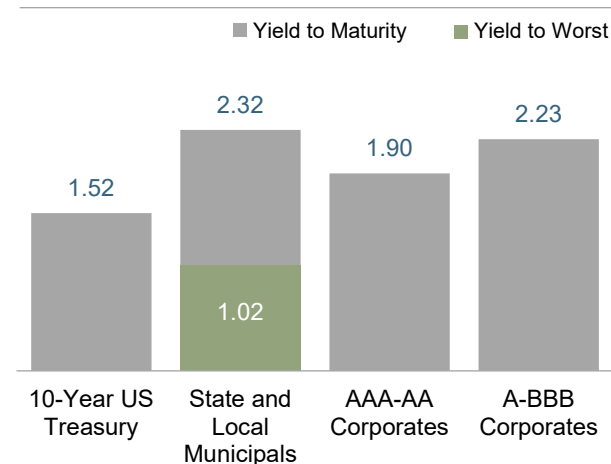
In terms of total returns, short-term corporate bonds returned 0.11%. Intermediate-term corporate bonds gained 0.08%.

The total return for short-term municipal bonds was 0.08%, while intermediate munis lost 0.04%. Revenue bonds performed in line with general obligation bonds for the quarter.

US Treasury Yield Curve (%)



Bond Yield across Issuers (%)



Period Returns (%)

Asset Class	QTR	YTD	1 Year	3 Years*	5 Years*	10 Years*
Bloomberg US TIPS Index	1.75	3.51	5.19	7.45	4.34	3.12
Bloomberg US High Yield Corporate Bond Index	0.89	4.53	11.28	6.91	6.52	7.42
Bloomberg US Government Bond Index Long	0.46	-7.40	-10.13	9.17	3.34	4.40
Bloomberg US Aggregate Bond Index	0.05	-1.55	-0.90	5.36	2.94	3.01
FTSE World Government Bond Index 1-5 Years (hedged to USD)	0.02	-0.28	-0.11	2.77	1.90	1.75
ICE BofA 1-Year US Treasury Note Index	0.02	0.11	0.17	1.88	1.46	0.89
ICE BofA US 3-Month Treasury Bill Index	0.01	0.04	0.07	1.18	1.16	0.63
Bloomberg Municipal Bond Index	-0.27	0.79	2.63	5.06	3.26	3.87
FTSE World Government Bond Index 1-5 Years	-1.00	-3.06	-0.93	2.18	0.98	-0.21

*Annualized

One basis point (bps) equals 0.01%. Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Yield curve data from Federal Reserve. State and local bonds, and the Yield to Worst are from the S&P National AMT-Free Municipal Bond Index. AAA-AA Corporates represent the Bank of America Merrill Lynch US Corporates, AA-AAA rated. A-BBB Corporates represent the ICE BofA Corporates, BBB-A rated. Bloomberg data provided by Bloomberg. US long-term bonds, bills, inflation, and fixed income factor data © Stocks, Bonds, Bills, and Inflation (S&B) Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld). FTSE fixed income indices © 2021 FTSE Fixed Income LLC, all rights reserved. ICE BofA index data © 2021 ICE Data Indices, LLC. S&P data © 2021 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

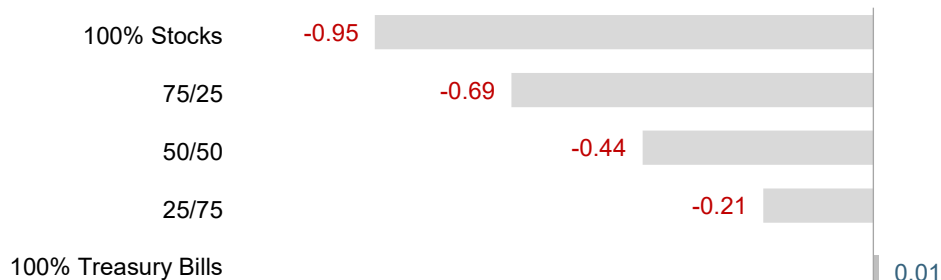
Impact of Diversification

Third Quarter 2021

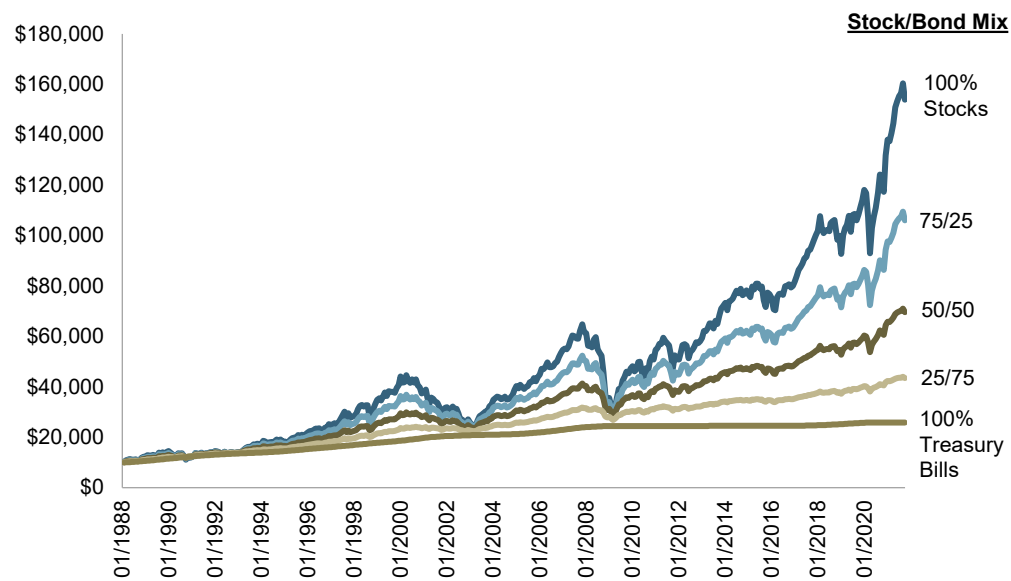
These portfolios illustrate the performance of different global stock/bond mixes and highlight the benefits of diversification. Mixes with larger allocations to stocks are considered riskier but have higher expected returns over time

Period Returns (%)							* Annualized
Asset Class	YTD	1 Year	3 Years*	5 Years*	10 Years*	10-Year STDEV ¹	
100% Stocks	11.49	27.98	13.14	13.77	12.50	13.46	
75/25	8.57	20.59	10.34	10.68	9.58	10.09	
50/50	5.68	13.47	7.38	7.53	6.61	6.72	
25/75	2.83	6.62	4.28	4.31	3.60	3.35	
100% Treasury Bills	0.02	0.04	1.05	1.05	0.55	0.23	

Ranked Returns (%)



Growth of Wealth: The Relationship between Risk and Return



1. STDEV (standard deviation) is a measure of the variation or dispersion of a set of data points. Standard deviations are often used to quantify the historical return volatility of a security or portfolio. Diversification does not eliminate the risk of market loss. **Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect expenses associated with the management of an actual portfolio.** Asset allocations and the hypothetical index portfolio returns are for illustrative purposes only and do not represent actual performance. Global Stocks represented by MSCI All Country World Index (gross div.) and Treasury Bills represented by US One-Month Treasury Bills. Globally diversified allocations rebalanced monthly, no withdrawals. Data © MSCI 2021, all rights reserved. Treasury bills © Stocks, Bonds, Bills, and Inflation Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld).

What You Can Do to Protect Your Account(s)

Third Quarter 2021

Security is a partnership

We consider security to be a partnership between us and our clients. Taking some basic, preventative steps can help make your personal information more secure. Many involve plain common sense, like routinely checking your monthly statements to make sure reported account activity is legitimate. Other steps include:

Keep your equipment updated

- Keep your web browser and operating system updated and activate the computer firewall. Old software and browsers can be susceptible to attack.
- Install anti-virus and anti-spyware software on all platforms (Windows, Apple and mobile devices)
- Check your security settings on your applications and web browser, and make sure they're strong.

Verify you're on a secure website

- When you log in to a Schwab website, check the address bar for site validity; a green bar shows that you're on the authentic Schwab site.
- Only download Schwab apps from the Google Play Store or Apple's App Store.

Be cautious with public networks

- Be cautious when using public computers. If you do use one, clear the browser's history (cache) and cookies before leaving.
- Only use wireless networks you trust or that are protected. Public Wi-Fi locations can be dangerous places to connect your devices. Pay attention to security warnings that pop up. Don't accept software updates when connected to a public Wi-Fi.

Be strategic with login credentials and passwords

- Don't use personal information such as your birthday as part of your login ID.
- Create a unique password for each financial institution you do business with and change it every six months. Don't share your passwords.
- Consider enrolling in Schwab's voice ID service, call **800-435-4000** to start the easy, three-step enrollment process.
- Consider getting a free security token, too, which can make every login even more secure. Just call us at **800-435-4000**.

Be alert to phishing scams

- Beware of attempts to "phish" your information. These are often in the form of urgent-sounding emails where you might be encouraged to click on a link in order to update personal information. Even clicking on the link could potentially take you to a malicious website, where malware could infect your computer. We strongly recommend that you not click on suspicious links. Instead, navigate directly to a known web address (e.g., <https://www.schwab.com>).
- If you believe an email that appears to have come from Schwab is a phishing email, forward the message to phishing@schwab.com.
- If you are ever in doubt about the authenticity of an email or provided your Schwab credentials after clicking a link from an email, just give us a call at **800-435-4000**.

What You Can Do to Protect Your Account(s) - continued

Third Quarter 2021

Step 1 - Security Alerts

Mobile Phone Number

Use your mobile phone number to receive alerts

Profile Change Alerts

Enrolling in Text Alerts gives you the opportunity to receive text messages related to your account activity. To receive text messages regarding changes to your security profile, verify a mobile number then select the box below.

Notify me via text when changes occur to my login ID, password, email address, or phone number.

Visa Fraud Alerts

Fraud alerts allow VISA to contact you via text message if any suspicious activity is detected on your Schwab Bank debit card. Click to view the [Visa Debit Card Agreement](#) and [Fraud Alerts Program Overview](#) for additional details.

Have Visa notify me by text if suspicious activity is detected on my Schwab Bank Visa debit card. If you do not wish to be notified via text, you will be notified by phone at the home number on record.

Step 2 - Enroll in advanced authentication.

Make your Schwab sign in more secure with two-step verification. After enrolling, you'll receive a one-time security code to use with your password each time you sign in for stronger account protection.

Two-step Verification

Tell us when you want to verify with a six-digit security code:

Only on untrusted devices - Verify at login only devices that you have told us not to trust, or on public or shared devices.

or

Always at login - Verify every time you login, on all devices. Select a method to get your code.

Step 3 - Sign up for Voice ID.

No more personal questions. No more PINs.

Schwab is introducing a new voice ID service that uses voice biometrics technology to identify you by your unique voice. Whether you want to use our automated phone service or speak with one of our Financial Professionals, our voice ID service is one of the fastest and most convenient ways to securely identify yourself over the phone.

When you call, you will simply be prompted to say the passphrase "At Schwab, my voice is my password" to be securely verified.

* Schwab's voice ID service is not available on all contact numbers.

Need help? Call 800-435-4000.