



Investment
Management

Schwab S&P 500 Index Portfolio

Proxy Voting Policies, Procedures and Results

A description of the proxy voting policies and procedures used to determine how to vote proxies on behalf of the funds is available without charge, upon request, by visiting the Schwab Fund's website at www.schwabfunds.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.schwabfunds.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 schedules of Portfolio Holdings are sub-categories of Sector classifications.

Investment Adviser: Charles Schwab Investment Management, Inc. (CSIM)

The Investment Environment

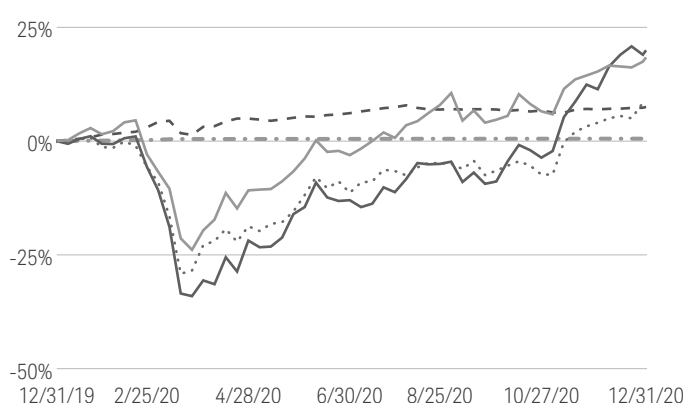
For the 12-month reporting period ended December 31, 2020, U.S. equity markets posted strong returns in a historically volatile year. Up until the final week of February, equity markets rose steadily with several major market indices hitting new highs in mid-February. However, beginning in late February, the COVID-19 outbreak wreaked havoc on the global economy, prompting dramatic social distancing restrictions, shuttering businesses, and resulting in a new record for the fastest U.S. market decline with the S&P 500® Index, a bellwether for the overall U.S. stock market, dropping 30% in just 22 trading days in late February and early March. By the end of March, U.S. Congress and the U.S. Federal Reserve (Fed) had begun passing extensive emergency rescue and fiscal stimulus measures in an effort to help bolster the economy. The extraordinary response prompted a rally in equity markets from their March lows. By early September, key U.S. market indices had exceeded their mid-February highs before falling back slightly as COVID-19 infection rates spiked, raising fears of a resurgence as well as the possibility of increased social distancing restrictions and shuttering of businesses. Equity markets generally rose again in November and December fueled by the early stages of a shift in the market towards cyclical sectors, in part as a result of the initial distribution of COVID-19 vaccines in December. U.S. equities ended the reporting period at record highs. For the reporting period, the S&P 500® Index returned 18.40%, with sectors that benefitted as a result of the COVID-19 pandemic and associated stay-at-home orders, such as the information technology sector, outperforming other sectors that were more impacted by the COVID-19 pandemic.

Prior to the onset of the COVID-19 pandemic, the U.S. economy, despite ongoing trade tensions with China, maintained steady growth, albeit at a slowing pace. However, amid the fallout of the COVID-19 pandemic, the U.S. entered recessionary territory with record speed. U.S. gross domestic product (GDP) fell steeply, declining at an annualized rate of 5.0% and 31.4% for the first and second quarters of 2020, respectively, with the second quarter representing the largest contraction in U.S. GDP since 1947 when modern GDP measurements began. GDP subsequently jumped by an annualized rate of 33.4% for the third quarter of 2020, reflecting increased consumer demand and business spending. Unemployment remained at record lows through February before a record number of unemployment claims in March resulted in the largest monthly increase in the U.S. unemployment rate since January 1975. In April, this record was broken again when unemployment skyrocketed, rising to the highest level since the Great Depression. Unemployment declined from May through November, dropping below double digits beginning in

ASSET CLASS PERFORMANCE COMPARISON % RETURNS DURING THE 12 MONTHS ENDED DECEMBER 31, 2020

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

- 18.40% **S&P 500® Index:** measures U.S. large-cap stocks
- 19.96% **Russell 2000® Index:** measures U.S. small-cap stocks
- 7.82% **MSCI EAFE® Index (Net)*:** measures (in U.S. dollars) large-cap stocks in Europe, Australasia and the Far East
- - 7.51% **Bloomberg Barclays US Aggregate Bond Index:** measures the U.S. bond market
- - 0.54% **Bloomberg Barclays 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 CSIM.

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.

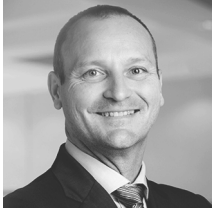
The Investment Environment (continued)

August. Unemployment was unchanged from November to December. Consumer confidence remained solid through February, but was volatile over the remainder of the reporting period.

Many central banks around the world, including the Fed, reduced their policy rates over the reporting period, while others maintained low—and for some international central banks, negative—interest rates. In the U.S., after enacting three interest rate cuts in the second half of 2019 and as the economic implications of the COVID-19 pandemic grew, the Fed cut interest rates by 0.50% in early March and by 1.00% in mid-March, resulting in a federal funds rate of 0.00% to 0.25%. In addition, the Fed also announced extensive emergency measures to support the economy in light of the COVID-19 pandemic, including large purchases of U.S. Treasuries and other securities to support smooth market function, facilitating the flow of credit to municipalities, new financing for employers, consumers, and businesses, and the establishment of facilities to support credit to businesses and consumers alike. In August, the Fed announced that it was shifting its interest rate policy approach to potentially allow inflation to rise above its 2% target for periods of time even in times of rising employment.

Over the reporting period, growth stocks significantly outperformed value stocks, and large-caps strongly outperformed small-caps. Among the sectors of the S&P 500[®] Index, seven sectors posted double-digit gains over the reporting period, three sectors posted negative returns, and one sector returned less than 1%. The information technology sector was the strongest performer over the reporting period, by a large margin, driven by strong performance among the sector's biggest names, including Apple Inc. and Microsoft Corp., on strong demand of products and services to support the pervasive shift to working and learning from home. The consumer discretionary sector was also a strong performer. Although the consumer discretionary sector was hurt by business shutdowns and weakness in industries greatly impacted by the pandemic, including hotels, automobiles, and apparel, it was boosted by increased e-commerce activity particularly Amazon.com, Inc. The energy sector was the weakest sector over the reporting period, by a large margin. Oil prices deteriorated amid significantly reduced demand, coupled with rising U.S. crude production and a price war between Russia and Saudi Arabia. In April, oil futures fell into negative territory as storage capacity evaporated and demand waned. However, as production was slashed, relieving pressure on constrained storage capacity, demand stabilized. The energy sector continues to face uncertainty due to supply and demand imbalance related to COVID-19 pandemic economic shutdowns. The real estate sector was also weak for the reporting period. Despite historically low interest rates, REITs have struggled. In addition, commercial property demand has waned.

Portfolio Management



Christopher Bliss, CFA, Vice President and Head of Passive Equity Strategies, leads the portfolio management team for Schwab's passive equity mutual funds and ETFs. He also has overall responsibility for all aspects of the management of the fund. Before joining CSIM 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. Prior to BlackRock, he worked as an equity analyst and portfolio manager for Harris Bretall and before that, as a research analyst for JP Morgan.



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

Schwab S&P 500 Index Portfolio as of December 31, 2020

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

Market Highlights. For the 12-month reporting period ended December 31, 2020, U.S. equity markets posted strong returns in a historically volatile year. Up until the final week of February, equity markets rose steadily with several major market indices hitting new highs in mid-February. However, beginning in late February, the COVID-19 outbreak wreaked havoc on the global economy, prompting dramatic social distancing restrictions, shuttering businesses, and resulting in a new record for the fastest U.S. market decline with the S&P 500[®] Index, a bellwether for the overall U.S. stock market, dropping 30% in just 22 trading days in late February and early March. By the end of March, U.S. Congress and the U.S. Federal Reserve (Fed) had begun passing extensive emergency rescue and fiscal stimulus measures in an effort to help bolster the economy. The extraordinary response prompted a rally in equity markets from their March lows. By early September, key U.S. market indices had exceeded their mid-February highs before falling back slightly as COVID-19 infection rates spiked, raising fears of a resurgence as well as the possibility of increased social distancing restrictions and shuttering of businesses. Equity markets generally rose again in November and December, in part as a result of the initial distribution of COVID-19 vaccines in December. U.S. equities ended the reporting period at record highs.

Performance. The fund generally tracked the index for the reporting period. The fund returned 18.28% for the 12-month reporting period ended December 31, 2020, compared with the index, which returned 18.40%. Differences between the return of the fund and the return of the index may be attributable to, among other things, the operational and transactional costs incurred by the fund and not the index.

Contributors and Detractors. The fund's holdings in the energy sector were the largest detractors from the total return of the fund. Energy stocks represented an average weight of approximately 3% of the fund's investments and returned approximately -34% for the reporting period. One example from this sector is Exxon Mobil Corp. The fund's holdings of Exxon Mobil Corp. returned approximately -36% for the reporting period.

The financials sector also detracted from the total return of the fund. Financials stocks represented an average weight of approximately 11% of the fund's investments and returned approximately -2% for the reporting period.

The fund's holdings in the information technology sector were the largest contributors to the total return of the fund. Information technology stocks represented an average weight of approximately 26% of the fund's investments and returned approximately 44% for the reporting period. The fund's holdings of Apple Inc. are one example from this sector, returning approximately 82% for the reporting period.

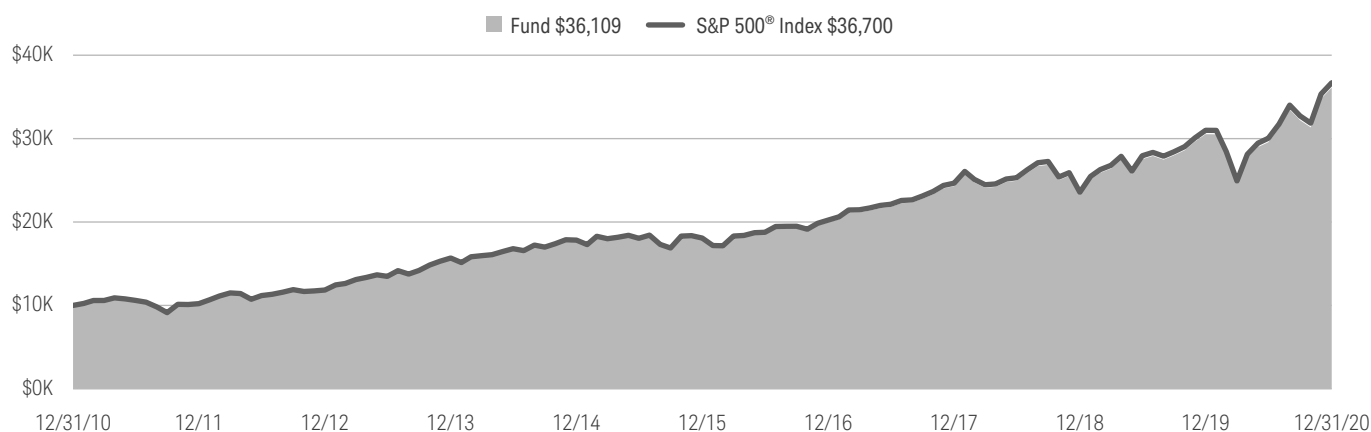
The consumer discretionary sector also contributed to the total return of the fund. Consumer discretionary stocks represented an average weight of approximately 11% of the fund's investments and returned approximately 33% for the reporting period.

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

Performance and Fund Facts as of December 31, 2020

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.schwabfunds.com/schwabfunds_prospectus.

PERFORMANCE OF HYPOTHETICAL \$10,000 INVESTMENT (DECEMBER 31, 2010 – DECEMBER 31, 2020)¹



AVERAGE ANNUAL TOTAL RETURNS¹

FUND AND INCEPTION DATE	1 YEAR	5 YEARS	10 YEARS
Fund: Schwab S&P 500 Index Portfolio (11/01/96)	18.28%	15.11%	13.70%
S&P 500 [®] Index	18.40%	15.22%	13.88%
Fund Category: Morningstar Large-Cap Blend ²	17.19%	14.17%	12.97%

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.

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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 within the category as of the report date.

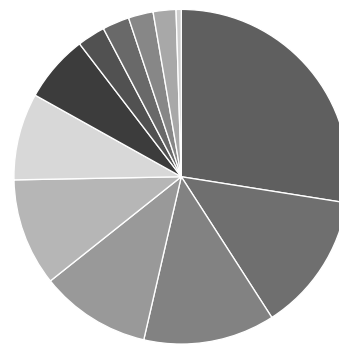
³ As stated in the prospectus.

Performance and Fund Facts

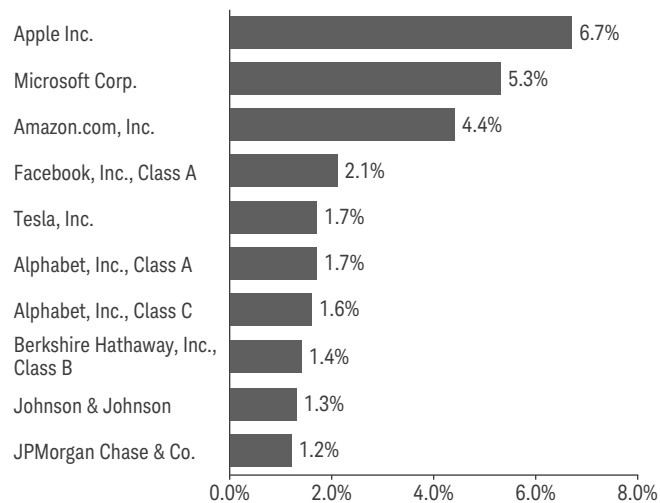
as of December 31, 2020 (continued)

STATISTICS¹

Number of Holdings	507
Weighted Average Market Cap (\$ x 1,000,000)	\$489,333
Price/Earnings Ratio (P/E)	29.0
Price/Book Ratio (P/B)	4.0
Portfolio Turnover Rate	14%

SECTOR WEIGHTINGS % OF INVESTMENTS²

■ 27.5%	Information Technology
■ 13.4%	Health Care
■ 12.7%	Consumer Discretionary
■ 10.7%	Communication Services
■ 10.4%	Financials
■ 8.4%	Industrials
■ 6.5%	Consumer Staples
■ 2.7%	Utilities
■ 2.6%	Materials
■ 2.4%	Real Estate
■ 2.2%	Energy
■ 0.5%	Other

TOP EQUITY HOLDINGS % OF NET ASSETS³

Portfolio holdings may have changed since the report date.

Source of Sector Classification: S&P and MSCI.

¹ Excludes derivatives.

² 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.

³ This list is not a recommendation of any security by the investment adviser.

Fund Expenses (Unaudited)

EXAMPLES FOR A \$1,000 INVESTMENT

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

The expense examples below are intended to help you understand your ongoing cost (in dollars) of investing in the fund and to compare this cost with the ongoing cost of investing in other mutual funds. These examples are based on an investment of \$1,000 invested for six months beginning July 1, 2020 and held through December 31, 2020.

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 7/1/20	ENDING ACCOUNT VALUE (NET OF EXPENSES) AT 12/31/20	EXPENSES PAID DURING PERIOD 7/1/20-12/31/20 ²
Schwab S&P 500 Index Portfolio				
Actual Return	0.03%	\$1,000.00	\$1,221.60	\$0.17
Hypothetical 5% Return	0.03%	\$1,000.00	\$1,024.95	\$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 184 days of the period, and divided by the 366 days of the fiscal year.

Financial Statements

FINANCIAL HIGHLIGHTS

	1/1/20– 12/31/20	1/1/19– 12/31/19	1/1/18– 12/31/18	1/1/17– 12/31/17	1/1/16– 12/31/16
Per-Share Data					
Net asset value at beginning of period	\$47.48	\$37.10	\$39.51	\$33.01	\$30.09
Income (loss) from investment operations:					
Net investment income (loss) ¹	0.96	0.91	0.82	0.71	0.62
Net realized and unrealized gains (losses)	7.58	10.64	(2.51)	6.39	2.85
Total from investment operations	8.54	11.55	(1.69)	7.10	3.47
Less distributions:					
Distributions from net investment income	(0.53)	(0.78)	(0.68)	(0.59)	(0.55)
Distributions from net realized gains	(0.08)	(0.39)	(0.04)	(0.01)	–
Total distributions	(0.61)	(1.17)	(0.72)	(0.60)	(0.55)
Net asset value at end of period	\$55.41	\$47.48	\$37.10	\$39.51	\$33.01
Total return	18.28%	31.48%	(4.40%)	21.72%	11.68%
Ratios/Supplemental Data					
Ratios to average net assets:					
Total expenses	0.03%	0.03%	0.03%	0.06% ²	0.22%
Net operating expenses	N/A	N/A	N/A ³	0.06% ²	0.22%
Net investment income (loss)	2.03%	2.13%	2.03%	1.97%	2.00%
Portfolio turnover rate	14%	6%	5%	3%	2%
Net assets, end of period (x 1,000,000)	\$947	\$588	\$340	\$346	\$282

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

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

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

Portfolio Holdings

as of December 31, 2020 (continued)

SECURITY	NUMBER OF SHARES	VALUE (\$)	SECURITY	NUMBER OF SHARES	VALUE (\$)
VF Corp.	9,510	812,249	Marathon Petroleum Corp.	19,336	799,737
Whirlpool Corp.	1,859	335,531	Nov, Inc.	11,679	160,353
		10,975,348	Occidental Petroleum Corp.	24,916	431,296
Consumer Services 1.7%			ONEOK, Inc.	13,208	506,923
Carnival Corp.	22,059	477,798	Phillips 66	12,983	908,031
Chipotle Mexican Grill, Inc. *	832	1,153,743	Pioneer Natural Resources Co.	4,889	556,808
Darden Restaurants, Inc.	3,871	461,113	Schlumberger N.V.	41,387	903,478
Domino's Pizza, Inc.	1,171	449,032	TechnipFMC plc	12,522	117,707
Hilton Worldwide Holdings, Inc.	8,246	917,450	Valero Energy Corp.	12,119	685,572
Las Vegas Sands Corp.	9,761	581,755	Williams Cos., Inc.	36,067	723,143
Marriott International, Inc., Class A	7,903	1,042,564			21,437,184
McDonald's Corp.	22,134	4,749,514	Food & Staples Retailing 1.4%		
MGM Resorts International	12,167	383,382	Costco Wholesale Corp.	13,107	4,938,455
Norwegian Cruise Line Holdings Ltd. *	9,328	237,211	Kroger Co.	23,009	730,766
Royal Caribbean Cruises Ltd.	5,519	412,214	Sysco Corp.	15,131	1,123,628
Starbucks Corp.	34,868	3,730,179	Walgreens Boots Alliance, Inc.	21,352	851,518
Wynn Resorts Ltd.	2,882	325,176	Walmart, Inc.	41,178	5,935,809
Yum! Brands, Inc.	8,964	973,132			13,580,176
		15,894,263	Food, Beverage & Tobacco 3.2%		
Diversified Financials 4.7%			Altria Group, Inc.	55,210	2,263,610
American Express Co.	19,374	2,342,510	Archer-Daniels-Midland Co.	16,529	833,227
Ameriprise Financial, Inc.	3,505	681,127	Brown-Forman Corp., Class B	5,422	430,670
Berkshire Hathaway, Inc., Class B *	57,807	13,403,709	Campbell Soup Co.	5,977	288,988
BlackRock, Inc.	4,213	3,039,848	Conagra Brands, Inc.	14,517	526,387
Capital One Financial Corp.	13,590	1,343,372	Constellation Brands, Inc., Class A	5,036	1,103,136
Cboe Global Markets, Inc.	3,212	299,102	General Mills, Inc.	18,160	1,067,808
CME Group, Inc.	10,663	1,941,199	Hormel Foods Corp.	8,340	388,727
Discover Financial Services	9,107	824,457	Kellogg Co.	7,558	470,334
Franklin Resources, Inc.	8,171	204,193	Lamb Weston Holdings, Inc.	4,358	343,149
Intercontinental Exchange, Inc.	16,671	1,922,000	McCormick & Co., Inc.	7,389	706,388
Invesco Ltd.	11,201	195,233	Molson Coors Beverage Co., Class B	5,572	251,799
MarketAxess Holdings, Inc.	1,128	643,592	Mondelez International, Inc., Class A	42,478	2,483,689
Moody's Corp.	4,797	1,392,281	Monster Beverage Corp. *	10,981	1,015,523
Morgan Stanley	42,455	2,909,441	PepsiCo, Inc.	41,047	6,087,270
MSCI, Inc.	2,462	1,099,357	Philip Morris International, Inc.	46,261	3,829,948
Nasdaq, Inc.	3,411	452,776	The Coca-Cola Co.	114,884	6,300,239
Northern Trust Corp.	6,183	575,885	The Hershey Co.	4,383	667,662
Raymond James Financial, Inc.	3,622	346,517	The JM Smucker Co.	3,384	391,190
S&P Global, Inc.	7,147	2,349,433	The Kraft Heinz Co.	19,250	667,205
State Street Corp.	10,481	762,807	Tyson Foods, Inc., Class A	8,739	563,141
Synchrony Financial	16,137	560,115			30,680,090
T. Rowe Price Group, Inc.	6,726	1,018,249	Health Care Equipment & Services 6.5%		
The Bank of New York Mellon Corp.	24,217	1,027,770	Abbott Laboratories	52,648	5,764,429
The Charles Schwab Corp. (a)	44,133	2,340,814	ABIOMED, Inc. *	1,339	434,104
The Goldman Sachs Group, Inc.	10,220	2,695,116	Align Technology, Inc. *	2,132	1,139,298
		44,370,903	AmerisourceBergen Corp.	4,369	427,113
Energy 2.3%			Anthem, Inc.	7,388	2,372,213
Apache Corp.	11,186	158,729	Baxter International, Inc.	15,176	1,217,722
Baker Hughes Co.	20,329	423,860	Becton, Dickinson & Co.	8,616	2,155,896
Cabot Oil & Gas Corp.	11,714	190,704	Boston Scientific Corp. *	42,546	1,529,529
Chevron Corp.	57,191	4,829,780	Cardinal Health, Inc.	8,719	466,990
Concho Resources, Inc.	5,810	339,014	Centene Corp. *	17,224	1,033,957
ConocoPhillips	31,741	1,269,323	Cerner Corp.	9,110	714,953
Devon Energy Corp.	11,343	179,333	Cigna Corp.	10,731	2,233,980
Diamondback Energy, Inc.	4,680	226,512	CVS Health Corp.	38,880	2,655,504
EOG Resources, Inc.	17,340	864,746	Danaher Corp.	18,781	4,172,011
Exxon Mobil Corp.	125,615	5,177,850	DaVita, Inc. *	2,197	257,928
Halliburton Co.	26,172	494,651	Dentsply Sirona, Inc.	6,457	338,089
Hess Corp.	8,127	429,024	DexCom, Inc. *	2,853	1,054,811
HollyFrontier Corp.	4,379	113,197	Edwards Lifesciences Corp. *	18,516	1,689,215
Kinder Morgan, Inc.	57,867	791,042	HCA Healthcare, Inc.	7,840	1,289,366
Marathon Oil Corp.	23,444	156,371	Henry Schein, Inc. *	4,229	282,751

Portfolio Holdings

as of December 31, 2020 (continued)

SECURITY	NUMBER OF SHARES	VALUE (\$)	SECURITY	NUMBER OF SHARES	VALUE (\$)
Hologic, Inc. *	7,637	556,203	Eastman Chemical Co.	4,005	401,621
Humana, Inc.	3,931	1,612,771	Ecolab, Inc.	7,377	1,596,088
IDEXX Laboratories, Inc. *	2,534	1,266,671	FMC Corp.	3,847	442,136
Intuitive Surgical, Inc. *	3,492	2,856,805	Freeport-McMoRan, Inc.	43,164	1,123,127
Laboratory Corp. of America Holdings *	2,893	588,870	International Flavors & Fragrances, Inc. (b)	3,167	344,696
McKesson Corp.	4,770	829,598	International Paper Co.	11,675	580,481
Medtronic plc	39,984	4,683,726	Linde plc	15,592	4,108,648
Quest Diagnostics, Inc.	4,001	476,799	LyondellBasell Industries N.V., Class A	7,640	700,282
ResMed, Inc.	4,305	915,071	Martin Marietta Materials, Inc.	1,850	525,345
STERIS plc	2,535	480,484	Newmont Corp.	23,865	1,429,275
Stryker Corp.	9,712	2,379,828	Nucor Corp.	8,970	477,114
Teleflex, Inc.	1,384	569,613	Packaging Corp. of America	2,818	388,630
The Cooper Cos., Inc.	1,457	529,357	PPG Industries, Inc.	7,019	1,012,280
UnitedHealth Group, Inc.	28,184	9,883,565	Sealed Air Corp.	4,658	213,290
Universal Health Services, Inc., Class B	2,322	319,275	The Mosaic Co.	10,256	235,991
Varian Medical Systems, Inc. *	2,704	473,227	The Sherwin-Williams Co.	2,428	1,784,362
West Pharmaceutical Services, Inc.	2,197	622,432	Vulcan Materials Co.	3,936	583,748
Zimmer Biomet Holdings, Inc.	6,159	949,040	WestRock Co.	7,799	339,490
		61,223,194			24,712,502
Household & Personal Products 1.8%			Media & Entertainment 9.0%		
Church & Dwight Co., Inc.	7,385	644,193	Activision Blizzard, Inc.	22,961	2,131,929
Clorox Co.	3,747	756,594	Alphabet, Inc., Class A *	8,931	15,652,828
Colgate-Palmolive Co.	25,462	2,177,256	Alphabet, Inc., Class C *	8,623	15,106,461
Kimberly-Clark Corp.	10,106	1,362,592	Charter Communications, Inc., Class A *	4,334	2,867,158
Procter & Gamble Co.	73,651	10,247,800	Comcast Corp., Class A	135,627	7,106,855
The Estee Lauder Cos., Inc., Class A	6,730	1,791,459	Discovery, Inc., Class A *	4,740	142,627
		16,979,894	Discovery, Inc., Class C *	8,799	230,446
Insurance 1.8%			DISH Network Corp., Class A *	7,299	236,050
AFLAC, Inc.	19,414	863,341	Electronic Arts, Inc.	8,619	1,237,688
American International Group, Inc.	25,599	969,178	Facebook, Inc., Class A *	71,411	19,506,629
Aon plc, Class A	6,792	1,434,946	Fox Corp., Class A	10,027	291,986
Arthur J. Gallagher & Co.	5,715	707,003	Fox Corp., Class B *	4,595	132,704
Assurant, Inc.	1,751	238,521	Live Nation Entertainment, Inc. *	4,279	314,421
Chubb Ltd.	13,409	2,063,913	Netflix, Inc. *	13,124	7,096,540
Cincinnati Financial Corp.	4,448	388,622	News Corp., Class A	11,608	208,596
Everest Re Group Ltd.	1,179	275,992	News Corp., Class B	3,617	64,274
Globe Life, Inc.	2,866	272,155	Omnicom Group, Inc.	6,392	398,669
Lincoln National Corp.	5,404	271,875	Take-Two Interactive Software, Inc. *	3,418	710,226
Loews Corp.	6,950	312,889	The Interpublic Group of Cos., Inc.	11,664	274,337
Marsh & McLennan Cos., Inc.	15,067	1,762,839	Twitter, Inc. *	23,631	1,279,619
MetLife, Inc.	22,732	1,067,267	ViacomCBS, Inc., Class B	16,783	625,334
Principal Financial Group, Inc.	7,594	376,738	Walt Disney Co. *	53,781	9,744,041
Prudential Financial, Inc.	11,769	918,806			85,359,418
The Allstate Corp.	9,035	993,218	Pharmaceuticals, Biotechnology & Life Sciences 6.9%		
The Hartford Financial Services Group, Inc.	10,652	521,735	AbbVie, Inc.	52,442	5,619,160
The Progressive Corp.	17,397	1,720,215	Agilent Technologies, Inc.	9,092	1,077,311
The Travelers Cos., Inc.	7,527	1,056,565	Alexion Pharmaceuticals, Inc. *	6,501	1,015,716
Unum Group	6,042	138,604	Amgen, Inc.	17,293	3,976,007
W.R. Berkley Corp.	4,150	275,643	Bio-Rad Laboratories, Inc., Class A *	637	371,333
Willis Towers Watson plc	3,830	806,904	Biogen, Inc. *	4,571	1,119,255
		17,436,969	Bristol-Myers Squibb Co.	67,126	4,163,826
Materials 2.6%			Catalent, Inc. *	4,891	509,006
Air Products & Chemicals, Inc.	6,567	1,794,236	Eli Lilly & Co.	23,585	3,982,091
Albemarle Corp.	3,158	465,868	Gilead Sciences, Inc.	37,234	2,169,253
Amcor plc	46,581	548,258	Illumina, Inc. *	4,337	1,604,690
Avery Dennison Corp.	2,473	383,587	Incyte Corp. *	5,531	481,086
Ball Corp.	9,714	905,151	IQVIA Holdings, Inc. *	5,697	1,020,731
Celanese Corp.	3,478	451,931	Johnson & Johnson	78,197	12,306,644
CF Industries Holdings, Inc.	6,365	246,389	Merck & Co., Inc.	75,151	6,147,352
Corteva, Inc.	22,134	857,029	Mettler-Toledo International, Inc. *	707	805,754
Dow, Inc.	22,038	1,223,109	PerkinElmer, Inc.	3,330	477,855
DuPont de Nemours, Inc.	21,802	1,550,340	Perrigo Co., plc	4,070	182,010
			Pfizer, Inc.	165,113	6,077,810
			Regeneron Pharmaceuticals, Inc. *	3,115	1,504,888

Portfolio Holdings as of December 31, 2020 (continued)

SECURITY	NUMBER OF SHARES	VALUE (\$)
Thermo Fisher Scientific, Inc.	11,773	5,483,628
Vertex Pharmaceuticals, Inc. *	7,725	1,825,727
Viartis, Inc. *	35,851	671,848
Waters Corp. *	1,843	455,995
Zoetis, Inc.	14,118	2,336,529
		65,385,505

Real Estate 2.4%

Alexandria Real Estate Equities, Inc.	3,673	654,602
American Tower Corp.	13,195	2,961,750
AvalonBay Communities, Inc.	4,148	665,464
Boston Properties, Inc.	4,204	397,404
CBRE Group, Inc., Class A *	9,970	625,318
Crown Castle International Corp.	12,806	2,038,587
Digital Realty Trust, Inc.	8,315	1,160,026
Duke Realty Corp.	11,006	439,910
Equinix, Inc.	2,647	1,890,435
Equity Residential	10,175	603,174
Essex Property Trust, Inc.	1,938	460,120
Extra Space Storage, Inc.	3,840	444,902
Federal Realty Investment Trust	2,061	175,432
Healthpeak Properties, Inc.	15,997	483,589
Host Hotels & Resorts, Inc.	21,106	308,781
Iron Mountain, Inc.	8,590	253,233
Kimco Realty Corp.	12,774	191,738
Mid-America Apartment Communities, Inc.	3,400	430,746
Prologis, Inc.	21,957	2,188,235
Public Storage	4,517	1,043,111
Realty Income Corp.	10,438	648,930
Regency Centers Corp.	4,692	213,908
SBA Communications Corp.	3,301	931,311
Simon Property Group, Inc.	9,741	830,713
SL Green Realty Corp.	2,166	129,050
UDR, Inc.	8,755	336,455
Ventas, Inc.	11,128	545,717
Vornado Realty Trust	4,663	174,116
Welltower, Inc.	12,397	801,094
Weyerhaeuser Co.	22,174	743,494
		22,771,345

Retailing 7.7%

Advance Auto Parts, Inc.	2,018	317,855
Amazon.com, Inc. *	12,669	41,262,046
AutoZone, Inc. *	689	816,768
Best Buy Co., Inc.	6,849	683,462
Booking Holdings, Inc. *	1,217	2,710,588
CarMax, Inc. *	4,888	461,721
Dollar General Corp.	7,279	1,530,774
Dollar Tree, Inc. *	6,988	754,984
eBay, Inc.	19,461	977,915
Etsy, Inc. *	3,740	665,383
Expedia Group, Inc.	4,036	534,366
Genuine Parts Co.	4,288	430,644
L Brands, Inc.	6,895	256,425
LKQ Corp. *	8,296	292,351
Lowe's Cos., Inc.	21,767	3,493,821
O'Reilly Automotive, Inc. *	2,153	974,383
Pool Corp.	1,194	444,765
Ross Stores, Inc.	10,577	1,298,961
Target Corp.	14,877	2,626,237
The Gap, Inc.	6,102	123,199
The Home Depot, Inc.	31,980	8,494,528
The TJX Cos., Inc.	35,667	2,435,699
Tiffany & Co.	3,211	422,086

SECURITY	NUMBER OF SHARES	VALUE (\$)
Tractor Supply Co.	3,463	486,829
Ultra Beauty, Inc. *	1,675	480,993
		72,976,783

Semiconductors & Semiconductor Equipment 5.1%

Advanced Micro Devices, Inc. *	35,717	3,275,606
Analog Devices, Inc.	10,977	1,621,632
Applied Materials, Inc.	27,131	2,341,405
Broadcom, Inc.	12,015	5,260,768
Intel Corp.	121,732	6,064,688
KLA Corp.	4,589	1,188,138
Lam Research Corp.	4,278	2,020,371
Maxim Integrated Products, Inc.	7,944	704,236
Microchip Technology, Inc.	7,728	1,067,314
Micron Technology, Inc. *	33,071	2,486,278
NVIDIA Corp.	18,388	9,602,214
Qorvo, Inc. *	3,390	563,655
Qualcomm, Inc.	33,597	5,118,167
Skyworks Solutions, Inc.	4,936	754,616
Teradyne, Inc.	4,937	591,897
Texas Instruments, Inc.	27,266	4,475,168
Xilinx, Inc.	7,283	1,032,511
		48,168,664

Software & Services 14.0%

Accenture plc, Class A	18,820	4,915,972
Adobe, Inc. *	14,251	7,127,210
Akamai Technologies, Inc. *	4,839	508,047
ANSYS, Inc. *	2,552	928,418
Autodesk, Inc. *	6,533	1,994,786
Automatic Data Processing, Inc.	12,738	2,244,436
Broadridge Financial Solutions, Inc.	3,427	525,016
Cadence Design Systems, Inc. *	8,289	1,130,868
Citrix Systems, Inc.	3,659	476,036
Cognizant Technology Solutions Corp., Class A	15,884	1,301,694
DXC Technology Co.	7,513	193,460
Fidelity National Information Services, Inc.	18,433	2,607,532
Fiserv, Inc. *	17,080	1,944,729
FleetCor Technologies, Inc. *	2,478	676,073
Fortinet, Inc. *	3,992	592,932
Gartner, Inc. *	2,646	423,863
Global Payments, Inc.	8,893	1,915,730
International Business Machines Corp.	26,470	3,332,044
Intuit, Inc.	7,805	2,964,729
Jack Henry & Associates, Inc.	2,269	367,555
Leidos Holdings, Inc.	3,978	418,167
Mastercard, Inc., Class A	26,133	9,327,913
Microsoft Corp.	224,585	49,952,196
NortonLifeLock, Inc.	17,697	367,744
Oracle Corp.	56,344	3,644,893
Paychex, Inc.	9,507	885,862
Paycom Software, Inc. *	1,455	658,024
PayPal Holdings, Inc. *	34,806	8,151,565
Salesforce Com, Inc. *	27,181	6,048,588
ServiceNow, Inc. *	5,794	3,189,191
Synopsys, Inc. *	4,535	1,175,653
The Western Union Co.	12,127	266,066
Tyler Technologies, Inc. *	1,199	523,388
VeriSign, Inc. *	2,984	645,738
Visa, Inc., Class A	50,369	11,017,211
		132,443,329

Portfolio Holdings

as of December 31, 2020 (continued)

SECURITY	NUMBER OF SHARES	VALUE (\$)
Technology Hardware & Equipment 8.4%		
Amphenol Corp., Class A	8,889	1,162,414
Apple Inc.	474,740	62,993,251
Arista Networks, Inc. *	1,619	470,433
CDW Corp.	4,250	560,107
Cisco Systems, Inc.	125,512	5,616,662
Corning, Inc.	22,699	817,164
F5 Networks, Inc. *	1,842	324,081
FLIR Systems, Inc.	3,851	168,789
Hewlett Packard Enterprise Co.	38,276	453,571
HP, Inc.	40,807	1,003,444
IPG Photonics Corp. *	1,066	238,560
Juniper Networks, Inc.	9,807	220,756
Keysight Technologies, Inc. *	5,507	727,420
Motorola Solutions, Inc.	5,036	856,422
NetApp, Inc.	6,620	438,509
Seagate Technology plc	6,622	411,623
TE Connectivity Ltd.	9,827	1,189,755
Vontier Corp. *	3,980	132,932
Western Digital Corp.	9,044	500,947
Xerox Holdings Corp.	4,966	115,162
Zebra Technologies Corp., Class A *	1,585	609,163
		79,011,165

Telecommunication Services 1.7%		
AT&T, Inc.	211,676	6,087,802
CenturyLink, Inc.	29,214	284,837
T-Mobile US, Inc. *	17,327	2,336,546
Verizon Communications, Inc.	122,914	7,221,197
		15,930,382

Transportation 1.9%		
Alaska Air Group, Inc.	3,633	188,916
American Airlines Group, Inc.	18,088	285,248
C.H. Robinson Worldwide, Inc.	4,031	378,390
CSX Corp.	22,722	2,062,021
Delta Air Lines, Inc.	18,966	762,623
Expeditors International of Washington, Inc.	5,024	477,833
FedEx Corp.	7,178	1,863,552
J.B. Hunt Transport Services, Inc.	2,470	337,525
Kansas City Southern	2,782	567,890
Norfolk Southern Corp.	7,546	1,793,005
Old Dominion Freight Line, Inc.	2,860	558,215
Southwest Airlines Co.	17,549	817,959
Union Pacific Corp.	20,018	4,168,148
United Airlines Holdings, Inc. *	8,707	376,578
United Parcel Service, Inc., Class B	21,248	3,578,163
		18,216,066

Utilities 2.7%		
Alliant Energy Corp.	7,416	382,146
Ameren Corp.	7,341	573,038
American Electric Power Co., Inc.	14,747	1,227,983
American Water Works Co., Inc.	5,382	825,976
Atmos Energy Corp.	3,743	357,195
CenterPoint Energy, Inc.	16,195	350,460
CMS Energy Corp.	8,503	518,768
Consolidated Edison, Inc.	10,164	734,552

SECURITY	NUMBER OF SHARES	VALUE (\$)
Dominion Energy, Inc.	24,229	1,822,021
DTE Energy Co.	5,749	697,986
Duke Energy Corp.	21,861	2,001,593
Edison International	11,247	706,537
Entergy Corp.	5,951	594,148
Eversource Energy	6,716	372,805
Exelon Corp.	10,185	881,104
FirstEnergy Corp.	28,984	1,223,704
NextEra Energy, Inc.	16,126	493,617
NiSource, Inc.	58,191	4,489,436
NRG Energy, Inc.	11,473	263,191
Pinnacle West Capital Corp.	7,204	270,510
PPL Corp.	3,352	267,992
Public Service Enterprise Group, Inc.	22,846	644,257
Sempra Energy	15,024	875,899
The AES Corp.	8,568	1,091,649
The Southern Co.	19,756	464,266
WEC Energy Group, Inc.	31,371	1,927,121
Xcel Energy, Inc.	9,366	861,953
	15,611	1,040,785
		25,960,692
Total Common Stock		940,427,596
(Cost \$508,374,490)		

OTHER INVESTMENT COMPANY 0.0% OF NET ASSETS

Securities Lending Collateral 0.0%

Wells Fargo Government Money Market Fund, Select Class 0.03% (c)	341,408	341,408
Total Other Investment Company		341,408
(Cost \$341,408)		

ISSUER	RATE, MATURITY DATE	FACE AMOUNT (\$)	VALUE (\$)
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SHORT-TERM INVESTMENT 0.5% OF NET ASSETS

Time Deposit 0.5%

Royal Bank of Canada			
0.01%, 01/04/21 (d)	4,600,339	4,600,339	
Total Short-Term Investment		4,600,339	
(Cost \$4,600,339)			

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

Long			
S&P 500 Index, e-mini, expires 03/19/21	31	5,810,640	56,119

- * Non-income producing security.
- (a) Issuer is affiliated with the fund's investment adviser.
- (b) All or a portion of this security is on loan. Securities on loan were valued at \$327,391.
- (c) The rate shown is the 7-day yield.
- (d) The rate shown is the current daily overnight rate.

Portfolio Holdings

 as of December 31, 2020 (continued)

The fund owns shares of an affiliate, The Charles Schwab Corp., since that company is included in its index. Below is the summary of investment activities involving The Charles Schwab Corp. shares during the period ended December 31, 2020:

	VALUE AT 12/31/19	GROSS PURCHASES	GROSS SALES	REALIZED GAINS (LOSSES)	NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION)	VALUE AT 12/31/20	BALANCE OF SHARES HELD AT 12/31/20	DIVIDENDS RECEIVED
The Charles Schwab Corp.	\$1,183,435	\$845,718	(\$158,426)	(\$13,938)	\$484,025	\$2,340,814	44,133	\$23,870

The following is a summary of the inputs used to value the fund's investments as of December 31, 2020 (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 Stock ¹	\$940,427,596	\$-	\$-	\$940,427,596
Other Investment Company ¹	341,408	-	-	341,408
Short-Term Investment ¹	-	4,600,339	-	4,600,339
Futures Contracts ²	56,119	-	-	56,119
Total	\$940,825,123	\$4,600,339	\$-	\$945,425,462

¹ As categorized in Portfolio Holdings.

² Futures contracts are valued at unrealized appreciation or depreciation.

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

Statement of Assets and Liabilities

As of December 31, 2020

ASSETS				
Investment in affiliated issuer, at value (cost \$1,282,218)		\$2,340,814		
Investments in unaffiliated issuers, at value (cost \$511,692,611)		942,687,121		
Collateral invested for securities on loan, at value (cost \$341,408)		341,408		
Deposit with broker for futures contracts		407,000		
Receivables:				
Dividends		693,751		
Fund shares sold		569,810		
Variation margin on futures contracts		38,350		
Income from securities on loan		614		
		+		
Total assets		947,078,868		
LIABILITIES				
Collateral held for securities on loan		341,408		
Payables:				
Investment adviser fees		25,874		
Fund shares redeemed		168,607		
		+		
Total liabilities		535,889		
NET ASSETS				
Total assets		947,078,868		
Total liabilities		-		
Net assets		\$946,542,979		
Net Assets by Source				
Capital received from investors		514,728,376		
Total distributable earnings		431,814,603		
Net Asset Value (NAV)				
Net Assets	÷	Shares Outstanding	=	NAV
\$946,542,979		17,083,192		\$55.41

Statement of Operations

For the period January 1, 2020 through December 31, 2020

INVESTMENT INCOME

Dividends received from affiliated issuer	\$23,870
Dividends received from unaffiliated issuers	15,199,758
Interest	4,588
Securities on loan, net	+ 7,509
Total investment income	15,235,725

EXPENSES

Investment adviser fees	223,290
Total expenses	- 223,290
Net investment income	15,012,435

REALIZED AND UNREALIZED GAINS (LOSSES)

Net realized losses on affiliated issuer	(13,938)
Net realized losses on unaffiliated issuers	(8,981,629)
Net realized losses on futures contracts	+ (2,199,628)
Net realized losses	(11,195,195)
Net change in unrealized appreciation (depreciation) on affiliated issuer	484,025
Net change in unrealized appreciation (depreciation) on unaffiliated issuers	165,818,186
Net change in unrealized appreciation (depreciation) on futures contracts	+ 42,469
Net change in unrealized appreciation (depreciation)	+ 166,344,680
Net realized and unrealized gains	155,149,485
Increase in net assets resulting from operations	\$170,161,920

Statement of Changes in Net Assets

For the current and prior report periods

OPERATIONS				
	1/1/20-12/31/20		1/1/19-12/31/19	
Net investment income		\$15,012,435		\$8,791,509
Net realized losses		(11,195,195)		(145,342)
Net change in unrealized appreciation (depreciation)	+	166,344,680		102,231,395
Increase in net assets from operations		170,161,920		110,877,562
DISTRIBUTIONS TO SHAREHOLDERS				
Total distributions		(\$10,111,416)		(\$10,956,502)
TRANSACTIONS IN FUND SHARES				
	1/1/20-12/31/20		1/1/19-12/31/19	
	SHARES	VALUE	SHARES	VALUE
Shares sold	8,541,750	\$378,103,272	4,437,732	\$200,469,471
Shares reinvested	222,915	10,111,416	255,933	10,956,502
Shares redeemed	+ (4,076,571)	(190,181,607)	(1,465,485)	(62,995,603)
Net transactions in fund shares	4,688,094	\$198,033,081	3,228,180	\$148,430,370
SHARES OUTSTANDING AND NET ASSETS				
	1/1/20-12/31/20		1/1/19-12/31/19	
	SHARES	NET ASSETS	SHARES	NET ASSETS
Beginning of period	12,395,098	\$588,459,394	9,166,918	\$340,107,964
Total increase	+ 4,688,094	358,083,585	3,228,180	248,351,430
End of period	17,083,192	\$946,542,979	12,395,098	\$588,459,394

Financial Notes

1. Business Structure of the Fund:

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

SCHWAB ANNUITY PORTFOLIOS (ORGANIZED JANUARY 21, 1994)

Schwab Government Money Market Portfolio

Schwab S&P 500 Index Portfolio

Schwab VIT Balanced Portfolio

Schwab VIT Balanced with Growth Portfolio

Schwab VIT Growth Portfolio

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

The fund is intended as an investment vehicle for variable annuity contracts and variable life insurance policies to be offered by separate accounts of participating life insurance companies and for pension and retirement plans qualified under the Internal Revenue Code of 1986, as amended. At December 31, 2020, 100% of the fund's shares were held through separate accounts of two insurance companies. Subscriptions and redemptions of this insurance separate account 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. Securities that are primarily traded on foreign exchanges are valued at the official closing price or the last sales price on the exchange where the securities are principally traded with these values then translated into U.S. dollars at the current exchange rate, unless these securities are fair valued as discussed below.
- **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 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.

Financial Notes (continued)

2. Significant Accounting Policies (continued):

- **Futures contracts:** Futures contracts are valued at their settlement prices as of the close of their exchanges.
- **Underlying 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.

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 specific investments held by an underlying fund.
- Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.) – Investments that trade in markets that are not considered to be active, but whose values are based on quoted market prices, dealer quotations or valuations provided by alternative pricing sources supported by observable inputs are classified as Level 2 prices. These generally include U.S. government and sovereign obligations, most government agency securities, investment-grade corporate bonds, certain mortgage products, less liquid listed equities, and state, municipal and provincial obligations.
- Level 3 – significant unobservable inputs (including the fund's own assumptions in determining the fair value of investments) – Investments whose values are classified as Level 3 prices have significant unobservable inputs, as they may trade infrequently or not at all. When observable prices are not available for these securities, the fund uses one or more valuation techniques for which sufficient and reliable data is available. The inputs used by the fund in estimating the value of Level 3 prices may include the original transaction price, quoted prices for similar securities or assets in active markets, completed or pending third-party transactions in the underlying investment or comparable issuers, and changes in financial ratios or cash flows. Level 3 prices may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the fund in the absence of market information. Assumptions used by the fund due to the lack of observable inputs may significantly impact the resulting fair value and therefore the fund's results of operations.

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

The levels associated with valuing the fund's investments as of December 31, 2020 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. A 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 a 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 fair value may change daily.

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

Financial Notes (continued)

2. Significant Accounting Policies (continued):

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

Securities Lending: Under the trust's Securities Lending Program, the fund (lender) may make short-term loans of its securities to another party (borrower) to generate additional revenue for the fund. The borrower pledges collateral in the form of cash, securities issued or fully guaranteed by the U.S. government or foreign governments, or letters of credit issued by a bank. Collateral at the individual loan level is required to be maintained on a daily marked-to-market basis in an amount at least equal to the current value of the securities loaned. The lending agent provides the fund with indemnification against borrower default (the borrower fails to return the security on loan) reducing the risk of loss as a result of default. The cash collateral of securities loaned is currently invested in money market portfolios operating under Rule 2a-7 of the 1940 Act. The fund bears the risk of loss with respect to the investment of cash collateral. The terms of the securities lending agreement allow the fund or the lending agent to terminate any loan at any given time and the securities must be returned within the earlier of the standard trade settlement period or the specified time period under the relevant securities lending agreement. Securities lending income, as disclosed in the fund's Statement of Operations, if applicable, represents the income earned from the investment of the cash collateral plus any fees paid by borrowers, less the fees paid to the lending agent and broker rebates which are subject to adjustments pursuant to the securities lending agreement. On loans not collateralized by cash, a fee is received from the borrower, and is allocated between the fund and the lending agent. The aggregate fair value of securities loaned will not at any time exceed one-third of the total assets of the fund, including collateral received from the loan. Securities lending fees paid to the unaffiliated lending agents start at 10% of gross lending revenue, with subsequent breakpoints to a low of 7.5%. 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 Charles Schwab Investment Management, Inc. (CSIM or the investment adviser) or any affiliate of CSIM.

As of December 31, 2020, the fund had securities on loan, all of which were classified as common stocks. The value of the securities on loan and the related collateral as of December 31, 2020, are disclosed in the fund's Portfolio Holdings and Statement of Assets and Liabilities.

(c) Security Transactions:

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

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

When a 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 CSIM and the fund, CSIM 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 (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.

(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 (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

CSIM, a wholly owned subsidiary of The Charles Schwab Corporation (CSC), serves as the fund's investment adviser and administrator pursuant to an Advisory Agreement between CSIM and the trust.

For its advisory services to the fund, CSIM 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 Trustees and Officers Section) in accordance with procedures adopted by the Board under Rule 17a-7 of the 1940 Act. When one fund is seeking to sell a security that another is seeking to buy, an interfund transaction can allow both funds to benefit by reducing transaction costs. This practice is limited to funds that share the same investment adviser, trustees and/or officers. For the period ended December 31, 2020, the fund's total aggregate security transactions with other funds in the Fund Complex was \$5,487,736 and includes realized losses of \$1,373,847.

Interfund Borrowing and Lending

Pursuant to an exemptive order issued by the 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 CSIM 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 CSIM. For information regarding the trustees, please refer to the Trustees and Officers table at the end of this report.

6. Borrowing from Banks:

During the period, the fund was a participant with other funds in the Fund Complex in a joint, syndicated, committed \$750 million line of credit (the Syndicated Credit Facility), which matured on October 1, 2020. On October 1, 2020, the Syndicated Credit Facility was amended to run for a new 364 day period with a line of credit of \$850 million, maturing on September 30, 2021.

Financial Notes (continued)

6. Borrowing from Banks (continued):

Under the terms of the Syndicated Credit Facility, in addition to CSIM paying the interest charged on any borrowings by a fund, CSIM 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 \$500 million line of credit (the Uncommitted Credit Facility), with State Street Bank and Trust Company, which was scheduled to mature on November 27, 2020. However, on October 1, 2020, the Uncommitted Credit Facility was amended to run for a new 364 day period with a line of credit of \$400 million, maturing on September 30, 2021. Under the terms of the Uncommitted Credit Facility, CSIM pays interest on the amount a 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 CSIM. The interest expense is determined based on a negotiated rate above the current Federal Funds Rate.

7. Purchases and Sales/Maturities of Investment Securities:

For the period ended December 31, 2020, purchases and sales/maturities of securities (excluding short-term obligations) were as follows:

PURCHASES OF SECURITIES	SALES OF SECURITIES
\$297,093,220	\$99,051,140

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 current value and variation margin for futures contracts held at December 31, 2020 are presented on the Portfolio Holdings and Statement of Assets and Liabilities, respectively. The net realized and change in unrealized gains (losses) on futures contracts are presented on the Statement of Operations. Refer to financial note 2(b) for the fund's accounting policies with respect to futures contracts and financial note 3 for disclosures concerning the risks of investing in futures contracts. During the period ended December 31, 2020, 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 AMOUNTS	NUMBER OF CONTRACTS
\$4,275,696	27

9. Federal Income Taxes:

As of December 31, 2020, the tax basis cost of the fund's investments and gross unrealized appreciation and depreciation were as follows:

Tax cost	\$525,619,659
Gross unrealized appreciation	\$438,166,953
Gross unrealized depreciation	(18,361,150)
Net unrealized appreciation (depreciation)	\$419,805,803

As of December 31, 2020, the components of distributable earnings on a tax basis were as follows:

Undistributed ordinary income	\$15,001,615
Net unrealized appreciation (depreciation) on investments	419,805,803
Capital loss carryforwards	(2,992,815)
Total	\$431,814,603

Financial Notes (continued)

9. Federal Income Taxes (continued):

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

Capital loss carryforwards may be used to offset future realized capital gains for federal income tax purposes. As of December 31, 2020, the fund had capital loss carryforwards of \$2,992,815 available to offset future net capital gains.

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

Current fiscal year end distributions

Ordinary income	\$8,976,180
Long-term capital gains	1,135,236

Prior fiscal year end distributions

Ordinary income	\$7,310,257
Long-term capital gains	3,646,245

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

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

As of December 31, 2020, 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, 2020, the fund did not incur any interest or penalties.

10. Independent Registered Public Accounting Firm:

On June 8, 2020, the Audit, Compliance and Valuation Committee of the Board approved, and on June 9, 2020, the Board approved, Deloitte & Touche LLP as the independent registered accounting firm of the Schwab Funds Complex for fiscal periods ending after June 8, 2020.

On June 8, 2020, PricewaterhouseCoopers LLP (the "Prior Auditor") resigned as the independent registered public accounting firm of the Schwab Funds Complex. The Prior Auditor's reports on the financial statements of the fund for the past two fiscal years, the years ended December 31, 2018 and December 31, 2019, did not contain an adverse opinion or disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope or accounting principles. During the last two fiscal year-ends and through June 8, 2020, there were no (1) disagreements with the Prior Auditor on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the Prior Auditor's satisfaction, would have caused it to make reference to that matter in connection with its reports on the fund's financial statements for such periods; or (2) "reportable events," as that term is defined in Item 304 (a)(1)(v) of Regulation S-K under the Securities Exchange Act of 1934.

11. Subsequent Events:

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

Report of Independent Registered Public Accounting Firm

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

Opinion on the Financial Statements and Financial Highlights

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

Basis for Opinion

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

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

Our audit included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. Our procedures included confirmation of securities owned as of December 31, 2020, by correspondence with the custodian and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audit provides a reasonable basis for our opinion.

Deloitte & Touche LLP

Denver, Colorado
February 17, 2021

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

Other Federal Tax Information (unaudited)

For corporate shareholders, 90.46% of the fund's dividend distributions paid during the fiscal year ended December 31, 2020, qualify for the corporate dividends received deduction.

Under section 852(b)(3)(C) of the Internal Revenue Code, the fund hereby designates \$1,135,236 as long-term capital gain dividends for the fiscal year ended December 31, 2020.

Liquidity Risk Management Program (Unaudited)

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

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

The Fund’s Board reviewed a report at its meeting held on September 22, 2020 prepared by CSIM regarding the operation and effectiveness of the program for the period June 1, 2019, through May 31, 2020. No significant liquidity events impacting the Fund were noted in the report. In addition, CSIM provided its assessment that the program had been operating effectively in managing the Fund’s liquidity risk.

Trustees and Officers

The tables below give information about the trustees and officers of Schwab Annuity Portfolios, which includes the fund covered in this report. The “Fund Complex” includes The Charles Schwab Family of Funds, Schwab Capital Trust, Schwab Investments, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust. The Fund Complex includes 102 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 (Jan. 2009 – present). Formerly, Managing Director, Pacific Investment Management Company, LLC (PIMCO) (investment management firm) and President, PIMCO Funds.	102	None
John F. Cogan 1947 Trustee (Trustee of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust and Schwab Annuity Portfolios since 2008; Laudus Trust since 2010; Schwab Strategic Trust since 2016)	Senior Fellow (Oct. 1979 – present), The Hoover Institution at Stanford University (public policy think tank); Senior Fellow (2000 – present), Stanford Institute for Economic Policy Research; Professor of Public Policy (1994 – 2015), Stanford University.	102	Director (2005 – 2020), Gilead Sciences, Inc.
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. President and Chairman (2014 – 2016), TIAA Charitable (financial services); Senior Managing Director (2003 – 2016), TIAA (financial services).	102	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.	102	Director (2004 – present), Corcept Therapeutics Incorporated Director (2009 – present), 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).	102	None

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
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. Executive Vice President and General Manager of Small Business Group (Dec. 2008 – Sept. 2013), Intuit, Inc. (financial software and services firm for consumers and small businesses).	102	Director (2008 – present), KLA-Tencor Corporation
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).	102	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 1960 Chairman and Trustee (Trustee of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust and Schwab Annuity Portfolios since 2008; Schwab Strategic Trust since 2009; Laudus Trust since 2010)	Director, President and Chief Executive Officer (Oct. 2008 – present), The Charles Schwab Corporation; President and Chief Executive Officer (Oct. 2008 – present) and Director (May 2008 – present), Charles Schwab & Co., Inc.; Director (Apr. 2006 – present), Charles Schwab Bank, SSB; Director (Nov. 2017 – present), Charles Schwab Premier Bank, SSB; Director (July 2019 – present), Charles Schwab Trust Bank; Director (May 2008 – present) and President and Chief Executive Officer (Aug. 2017 – present), Schwab Holdings, Inc.; Director (Oct. 2020 – present), TD Ameritrade Holding Corporation; Director (July 2016 – present), Charles Schwab Investment Management, Inc.	102	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)	Chief Operating Officer (Feb. 2018 – present) and Senior Executive Vice President (July 2015 – Feb. 2018), The Charles Schwab Corporation; Senior Executive Vice President (July 2015 – present), Charles Schwab & Co., Inc.; Chief Financial Officer (July 2015 – Aug. 2017) and Executive Vice President and Chief Financial Officer (May 2007 – July 2015), The Charles Schwab Corporation and Charles Schwab & Co., Inc.; Director (May 2007 – present), Charles Schwab & Co., Inc.; Director (Apr. 2010 – present) and Chief Executive Officer (July 2013 – Apr. 2015), Charles Schwab Bank, SSB; Director (Nov. 2017 – present), Charles Schwab Premier Bank, SSB; Director (May 2007 – present), Chief Financial Officer (May 2007 – Aug. 2017), Senior Executive Vice President (Feb. 2016 – present), and Executive Vice President (May 2007 – Feb. 2016), Schwab Holdings, Inc.; Director (Oct. 2020 – present), TD Ameritrade Holding Corporation.	102	None

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

PRINCIPAL OCCUPATIONS DURING THE PAST FIVE YEARS

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

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. (CSIM), the investment adviser for the trusts in the Fund Complex, is an employee and director of Charles Schwab & Co., Inc. (CS&Co), the principal underwriter for The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios and Laudus Trust, and is a director of CSIM. Mr. Martinetto is an Interested Trustee because he owns stock of CSC and is an employee and director of CS&Co.

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.