



Asset
Management

Schwab S&P 500 Index Portfolio

Proxy Voting Policies, Procedures and Results

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

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

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

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

The Investment Environment

For the 12-month reporting period ended December 31, 2022, several key U.S. stock indices posted their largest calendar year drop since the 2008 recession. Inflation spiked, interest rates rose, and economic growth around the world slowed. The ongoing war between Russian and Ukraine and the continuing, albeit uneven, fallout from the COVID-19 pandemic weighed on economies and markets around the world. Oil prices peaked at over \$120 per barrel in early March as sanctions were imposed on Russian imports—and again in June on supply-and-demand imbalances—but retreated through most of the rest of the reporting period, ending the year at just over \$80 per barrel. For the reporting period, the S&P 500® Index, a bellwether for the overall U.S. stock market, returned -18.11%.

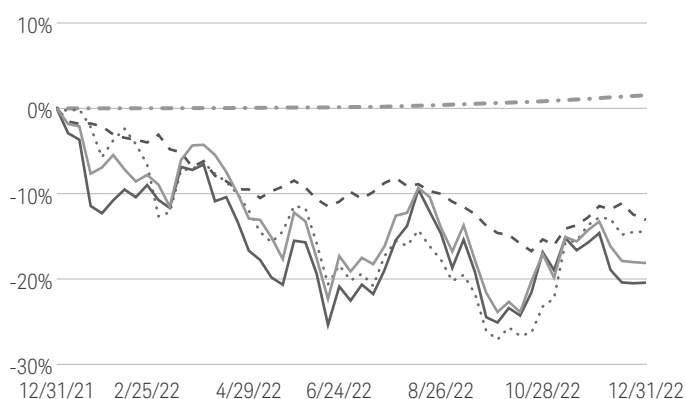
In the United States, amid fading government stimuli, ongoing supply chain disruptions, persisting inflation, and a widening U.S. trade deficit, gross domestic product (GDP) contracted for the first two quarters of 2022, decreasing at an annualized rate of -1.6% and -0.6% for the first and second quarters, respectively. GDP grew at an annualized rate of 3.2% for the third quarter of 2022, driven primarily by energy exports and consumer spending. Inflation rose steadily in the first half of the year, hitting a 40-year high in June, before declining through the end of the reporting period as certain consumer and energy prices began to recede. The unemployment rate remained low despite inflationary pressures, ending the reporting period at pre-pandemic lows.

Monetary policy around the world varied as central banks responded to the rapidly changing conditions. In the United States, after maintaining the federal funds rate in a range of 0.00% to 0.25% through mid-March 2022, the U.S. Federal Reserve (Fed) shifted its stance as inflation continued to rise and indicators of economic activity and employment continued to strengthen. After issuing successively stronger signals that interest rates could begin to rise sooner in 2022 than previously anticipated, the Fed raised the federal funds rate seven times during the reporting period—by 0.25% in mid-March, 0.50% in early May, 0.75% in mid-June, 0.75% in late July, 0.75% in late September, 0.75% in early November, and 0.50% in mid-December. The federal funds rate ended the reporting period in a range of 4.25% to 4.50%. The Fed wrapped up its bond-buying program in March, and in June began to reduce the \$9 trillion in assets held on its balance sheet, vowing to be even more aggressive than during its last round of quantitative tightening between 2017 and 2019.

ASSET CLASS PERFORMANCE COMPARISON % RETURNS DURING THE 12 MONTHS ENDED DECEMBER 31, 2022

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

- -18.11% **S&P 500® Index:** measures U.S. large-cap stocks
- -20.44% **Russell 2000® Index:** measures U.S. small-cap stocks
--14.45% **MSCI EAFE® Index (Net)*:** measures (in U.S. dollars) large-cap stocks in Europe, Australasia and the Far East
- - -13.01% **Bloomberg US Aggregate Bond Index:** measures the U.S. bond market
- - 1.52% **Bloomberg US Treasury Bills 1-3 Month Index:** measures short-term U.S. Treasury obligations



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

Data source: Index provider websites and Schwab Asset Management.

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

Management views may have changed since the report date.

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

The Investment Environment (continued)

Among U.S. stocks, small-cap stocks slightly underperformed large-cap stocks over the reporting period, and among U.S. large-cap stocks, growth stocks underperformed value stocks. Nine of the 11 sectors in the S&P 500[®] Index posted negative returns for the reporting period, many in the double digits. The weakest was the communication services sector, dampened by reduced demand, falling advertising spending, and, for some media companies, the continuing shift to streaming versus live broadcasting. The consumer discretionary sector was also weak as consumers shifted spending away from discretionary goods and toward food and other essential items. The information technology sector—the largest sector in the index—was another notably weak performer, as many of the sector’s largest companies posted their worst annual returns in years on continuing component shortages, labor issues, and reduced demand. The energy sector was the bright spot among sector performance, up over 60% for the year. Through the first half of the year, ongoing oil shortages and the war in Ukraine resulted in demand outstripping supply, driving prices significantly higher. Oil prices fell during the third quarter as supply began to recover and, despite some volatility, ended the fourth quarter roughly where they began it. The utilities sector, considered a defensive sector and therefore relatively more attractive than others during periods of economic weakness, posted a small positive return for the reporting period amid generally stable revenues.

Portfolio Management



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



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



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



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

Schwab S&P 500 Index Portfolio as of December 31, 2022

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

Market Highlights. For the 12-month reporting period ended December 31, 2022, several key U.S. stock indices posted their largest calendar year drop since the 2008 recession. Inflation spiked, interest rates rose, and economic growth around the world slowed. The ongoing war between Russian and Ukraine and continuing, albeit uneven, fallout from the COVID-19 pandemic weighed on economies and markets around the world. Oil prices peaked at over \$120 per barrel in early March as sanctions were imposed on Russian imports—and again in June on supply-and-demand imbalances—but retreated through most of the rest of the reporting period, ending the year at just over \$80 per barrel.

Performance. The fund closely tracked the index for the reporting period. The fund returned -18.12% for the 12-month reporting period ended December 31, 2022, compared with the index, which returned -18.11%. 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 information technology sector detracted the most from the total return of the fund. Information technology stocks represented an average weight of approximately 27% of the fund's investments and returned approximately -28% for the reporting period. One example from this sector is Apple Inc., which designs, manufactures, and markets smartphones, personal computers, tablets, wearables and accessories, and sells a variety of related accessories. The fund's holdings of Apple Inc. represented an average weight of approximately 7% of the fund's investments and returned approximately -26% for the reporting period.

The consumer discretionary sector also detracted from the total return of the fund, representing an average weight of approximately 11% of the fund's investments and returning approximately -37% for the reporting period.

The energy sector contributed the most to the total return of the fund. Energy stocks represented an average weight of approximately 4% of the fund's investments and returned approximately 66% for the reporting period. One example from this sector is Exxon Mobil Corp., which operates petroleum and petro chemicals businesses. The fund's holdings of Exxon Mobil Corp. represented an average weight of approximately 1% of the fund's investments and returned approximately 87% for the reporting period.

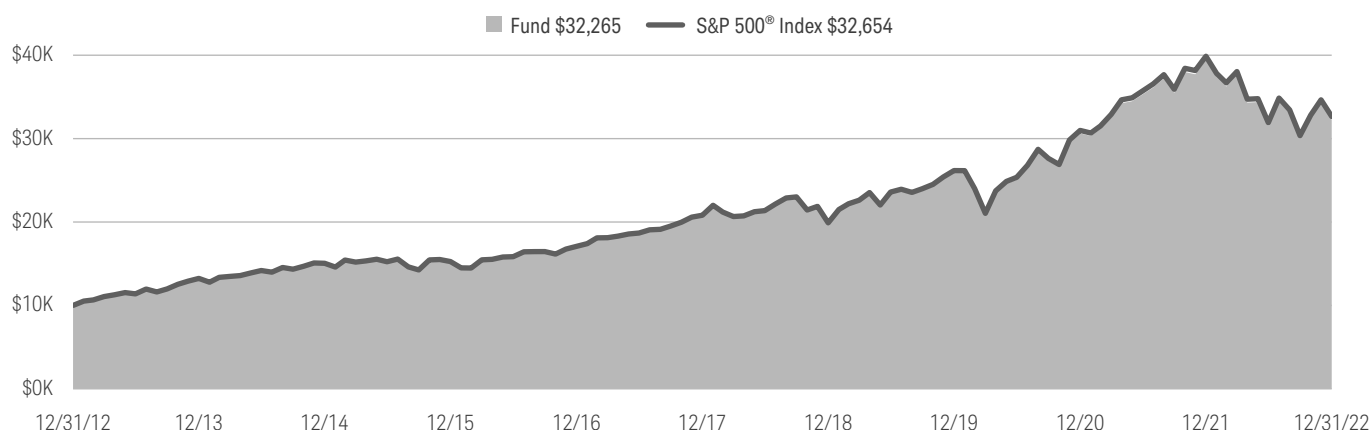
The health care sector also contributed to the total return of the fund, though slightly, representing an average weight of approximately 14% of the fund's investments and returning approximately -2% for the reporting period.

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

Performance and Fund Facts as of December 31, 2022

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

PERFORMANCE OF HYPOTHETICAL \$10,000 INVESTMENT (DECEMBER 31, 2012 - DECEMBER 31, 2022)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)	-18.12%	9.39%	12.43%
S&P 500 [®] Index	-18.11%	9.42%	12.56%
Fund Category: Morningstar Large-Cap Blend ²	-17.38%	8.34%	11.74%

Fund Expense Ratio³: 0.03%

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

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

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

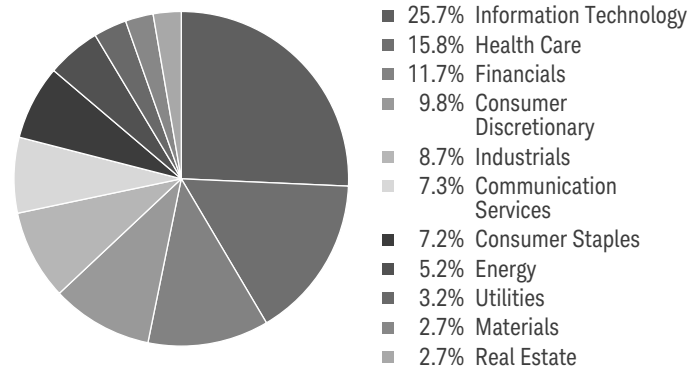
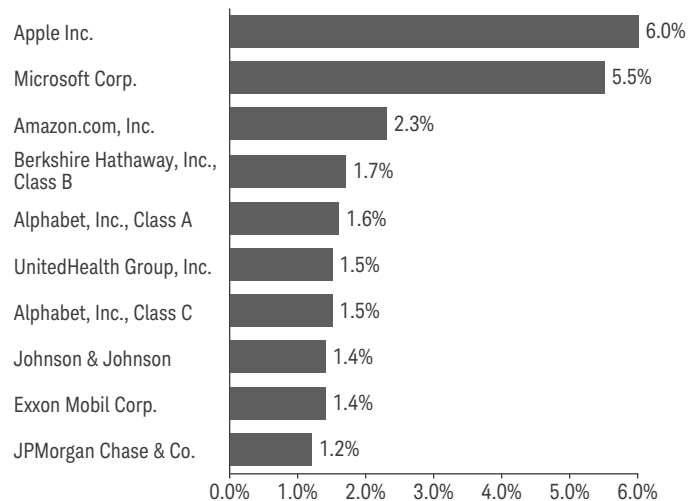
² Source for category information: Morningstar, Inc. The Morningstar Category return represents all active and index mutual funds and ETFs within the category as of the report date.

³ As stated in the prospectus.

Performance and Fund Facts as of December 31, 2022 (continued)

STATISTICS¹

Number of Holdings	503
Weighted Average Market Cap (\$ x 1,000,000)	\$417,492
Price/Earnings Ratio (P/E)	19.2
Price/Book Ratio (P/B)	3.6
Portfolio Turnover Rate	9%

SECTOR WEIGHTINGS % OF INVESTMENTS²**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, 2022 and held through December 31, 2022.

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

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

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

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

	EXPENSE RATIO (ANNUALIZED) ¹	BEGINNING ACCOUNT VALUE AT 7/1/22	ENDING ACCOUNT VALUE (NET OF EXPENSES) AT 12/31/22	EXPENSES PAID DURING PERIOD 7/1/22-12/31/22 ²
Schwab S&P 500 Index Portfolio				
Actual Return	0.03%	\$1,000.00	\$1,022.90	\$0.15
Hypothetical 5% Return	0.03%	\$1,000.00	\$1,025.05	\$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 in the period, and divided by 365 days in the fiscal year.

Financial Statements

FINANCIAL HIGHLIGHTS

	1/1/22– 12/31/22	1/1/21– 12/31/21	1/1/20– 12/31/20	1/1/19– 12/31/19	1/1/18– 12/31/18
Per-Share Data					
Net asset value at beginning of period	\$70.41	\$55.41	\$47.48	\$37.10	\$39.51
Income (loss) from investment operations:					
Net investment income (loss) ¹	0.95	0.85	0.96	0.91	0.82
Net realized and unrealized gains (losses)	(13.73)	14.94	7.58	10.64	(2.51)
Total from investment operations	(12.78)	15.79	8.54	11.55	(1.69)
Less distributions:					
Distributions from net investment income	(0.77)	(0.79)	(0.53)	(0.78)	(0.68)
Distributions from net realized gains	(0.48)	–	(0.08)	(0.39)	(0.04)
Total distributions	(1.25)	(0.79)	(0.61)	(1.17)	(0.72)
Net asset value at end of period	\$56.38	\$70.41	\$55.41	\$47.48	\$37.10
Total return	(18.12%)	28.67%	18.28%	31.48%	(4.40%)
Ratios/Supplemental Data					
Ratios to average net assets:					
Total expenses	0.03% ²	0.03%	0.03%	0.03%	0.03%
Net investment income (loss)	1.59%	1.35%	2.03%	2.13%	2.03%
Portfolio turnover rate	9%	13%	14%	6%	5%
Net assets, end of period (x 1,000,000)	\$2,430	\$1,468	\$947	\$588	\$340

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

² Ratio includes less than 0.005% of non-routine proxy expenses.

Portfolio Holdings

 as of December 31, 2022

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

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

SECURITY	NUMBER OF SHARES	VALUE (\$)	SECURITY	NUMBER OF SHARES	VALUE (\$)
COMMON STOCKS 99.2% OF NET ASSETS					
Automobiles & Components 1.4%					
Aptiv plc *	20,342	1,894,450	Masco Corp.	16,957	791,383
BorgWarner, Inc.	17,636	709,849	Nordson Corp.	4,028	957,536
Ford Motor Co.	296,294	3,445,899	Northrop Grumman Corp.	10,856	5,923,142
General Motors Co.	106,579	3,585,318	Otis Worldwide Corp.	31,292	2,450,477
Tesla, Inc. *	201,393	24,807,590	PACCAR, Inc.	26,091	2,582,226
		34,443,106	Parker-Hannifin Corp.	9,633	2,803,203
			Pentair plc	12,415	558,427
			Quanta Services, Inc.	10,707	1,525,747
			Raytheon Technologies Corp.	110,304	11,131,880
			Rockwell Automation, Inc.	8,629	2,222,572
			Snap-on, Inc.	4,000	913,960
			Stanley Black & Decker, Inc.	11,104	834,132
			Textron, Inc.	15,654	1,108,303
			The Boeing Co. *	42,034	8,007,057
			Trane Technologies plc	17,278	2,904,259
			TransDigm Group, Inc.	3,875	2,439,894
			United Rentals, Inc. *	5,192	1,845,341
			W.W. Grainger, Inc.	3,375	1,877,344
			Westinghouse Air Brake Technologies Corp.	13,625	1,359,911
			Xylem, Inc.	13,491	1,491,700
					146,228,308
			Commercial & Professional Services 0.9%		
			Cintas Corp.	6,476	2,924,691
			Copart, Inc. *	32,150	1,957,613
			CoStar Group, Inc. *	30,516	2,358,276
			Equifax, Inc.	9,193	1,786,751
			Jacobs Solutions, Inc.	9,570	1,149,070
			Leidos Holdings, Inc.	10,245	1,077,672
			Republic Services, Inc.	15,412	1,987,994
			Robert Half International, Inc.	8,163	602,674
			Rollins, Inc.	17,440	637,258
			Verisk Analytics, Inc.	11,737	2,070,642
			Waste Management, Inc.	28,026	4,396,719
					20,949,360
			Consumer Durables & Apparel 0.9%		
			D.R. Horton, Inc.	23,528	2,097,286
			Garmin Ltd.	11,495	1,060,874
			Hasbro, Inc.	9,799	597,837
			Lennar Corp., Class A	19,080	1,726,740
			Mohawk Industries, Inc. *	3,928	401,520
			Newell Brands, Inc.	28,039	366,750
			NIKE, Inc., Class B	94,504	11,057,913
			NVR, Inc. *	225	1,037,830
			PulteGroup, Inc.	17,080	777,652
			Ralph Lauren Corp.	3,097	327,260
			Tapestry, Inc.	18,094	689,020
			VF Corp.	24,890	687,213
			Whirlpool Corp.	4,113	581,825
					21,409,720
			Consumer Services 2.0%		
			Booking Holdings, Inc. *	2,910	5,864,465
			Caesars Entertainment, Inc. *	16,120	670,592
			Carnival Corp. *	75,506	608,578
Banks 3.8%					
Bank of America Corp.	523,688	17,344,546			
Citigroup, Inc.	145,303	6,572,055			
Citizens Financial Group, Inc.	36,926	1,453,777			
Comerica, Inc.	9,859	659,074			
Fifth Third Bancorp	51,585	1,692,504			
First Republic Bank	13,736	1,674,281			
Huntington Bancshares, Inc.	108,510	1,529,991			
JPMorgan Chase & Co.	220,088	29,513,801			
KeyCorp	69,923	1,218,059			
M&T Bank Corp.	12,932	1,875,916			
Regions Financial Corp.	69,971	1,508,575			
Signature Bank	4,752	547,525			
SVB Financial Group *	4,434	1,020,441			
The PNC Financial Services Group, Inc.	30,259	4,779,106			
Truist Financial Corp.	99,534	4,282,948			
U.S. Bancorp	101,442	4,423,885			
Wells Fargo & Co.	285,908	11,805,141			
Zions Bancorp NA	11,211	551,133			
		92,452,758			
Capital Goods 6.0%					
3M Co.	41,467	4,972,723			
A.O. Smith Corp.	9,573	547,959			
Allegion plc	6,612	695,979			
AMETEK, Inc.	17,233	2,407,795			
Carrier Global Corp.	62,728	2,587,530			
Caterpillar, Inc.	39,048	9,354,339			
Cummins, Inc.	10,581	2,563,670			
Deere & Co.	20,609	8,836,315			
Dover Corp.	10,519	1,424,378			
Eaton Corp. plc	29,840	4,683,388			
Emerson Electric Co.	44,365	4,261,702			
Fastenal Co.	42,977	2,033,672			
Fortive Corp.	26,502	1,702,753			
Generac Holdings, Inc. *	4,756	478,739			
General Dynamics Corp.	16,894	4,191,570			
General Electric Co.	81,986	6,869,607			
Honeywell International, Inc.	50,447	10,810,792			
Howmet Aerospace, Inc.	27,545	1,085,548			
Huntington Ingalls Industries, Inc.	3,008	693,885			
IDEX Corp.	5,655	1,291,206			
Illinois Tool Works, Inc.	20,976	4,621,013			
Ingersoll Rand, Inc.	30,390	1,587,877			
Johnson Controls International plc	51,670	3,306,880			
L3Harris Technologies, Inc.	14,293	2,975,946			
Lockheed Martin Corp.	17,502	8,514,548			

Portfolio Holdings

as of December 31, 2022 (continued)

SECURITY	NUMBER OF SHARES	VALUE (\$)	SECURITY	NUMBER OF SHARES	VALUE (\$)
Chipotle Mexican Grill, Inc. *	2,080	2,885,979	Targa Resources Corp.	16,985	1,248,398
Darden Restaurants, Inc.	9,185	1,270,561	The Williams Cos., Inc.	91,382	3,006,468
Domino's Pizza, Inc.	2,653	918,999	Valero Energy Corp.	28,925	3,669,426
Expedia Group, Inc. *	11,332	992,683			126,051,077
Hilton Worldwide Holdings, Inc.	20,310	2,566,372			
Las Vegas Sands Corp. *	24,637	1,184,301			
Marriott International, Inc., Class A	20,195	3,006,834			
McDonald's Corp.	54,954	14,482,028			
MGM Resorts International	23,915	801,870			
Norwegian Cruise Line Holdings Ltd. *	31,398	384,311			
Royal Caribbean Cruises Ltd. *	16,479	814,557			
Starbucks Corp.	86,124	8,543,501			
Wynn Resorts Ltd. *	7,711	635,926			
Yum! Brands, Inc.	21,152	2,709,148			
		48,340,705			
Diversified Financials 5.3%			Food & Staples Retailing 1.5%		
American Express Co.	44,850	6,626,588	Costco Wholesale Corp.	33,210	15,160,365
Ameriprise Financial, Inc.	7,993	2,488,780	Sysco Corp.	38,054	2,909,228
Berkshire Hathaway, Inc., Class B *	135,194	41,761,427	The Kroger Co.	48,867	2,178,491
BlackRock, Inc.	11,271	7,986,969	Walgreens Boots Alliance, Inc.	53,836	2,011,313
Capital One Financial Corp.	28,678	2,665,907	Walmart, Inc.	105,905	15,016,270
Cboe Global Markets, Inc.	7,965	999,369			37,275,667
CME Group, Inc.	26,997	4,539,816			
Discover Financial Services	20,500	2,005,515			
FactSet Research Systems, Inc.	2,866	1,149,868			
Franklin Resources, Inc.	21,188	558,939			
Intercontinental Exchange, Inc.	41,922	4,300,778			
Invesco Ltd.	34,312	617,273			
MarketAxess Holdings, Inc.	2,832	789,816			
Moody's Corp.	11,825	3,294,682			
Morgan Stanley	98,925	8,410,603			
MSCI, Inc.	6,001	2,791,485			
Nasdaq, Inc.	25,509	1,564,977			
Northern Trust Corp.	15,617	1,381,948			
Raymond James Financial, Inc.	14,547	1,554,347			
S&P Global, Inc.	24,989	8,369,816			
State Street Corp.	27,492	2,132,554			
Synchrony Financial	33,780	1,110,011			
T. Rowe Price Group, Inc.	16,740	1,825,664			
The Bank of New York Mellon Corp.	55,202	2,512,795			
The Charles Schwab Corp. (a)	113,981	9,490,058			
The Goldman Sachs Group, Inc.	25,411	8,725,629			
		129,655,614			
Energy 5.2%			Food, Beverage & Tobacco 3.9%		
APA Corp.	24,110	1,125,455	Altria Group, Inc.	134,457	6,146,029
Baker Hughes Co.	75,264	2,222,546	Archer-Daniels-Midland Co.	41,221	3,827,370
Chevron Corp.	133,482	23,958,684	Brown-Forman Corp., Class B	13,732	901,918
ConocoPhillips	93,497	11,032,646	Campbell Soup Co.	15,006	851,591
Coterra Energy, Inc.	59,265	1,456,141	Conagra Brands, Inc.	35,962	1,391,729
Devon Energy Corp.	49,038	3,016,327	Constellation Brands, Inc., Class A	12,177	2,822,020
Diamondback Energy, Inc.	13,186	1,803,581	General Mills, Inc.	44,541	3,734,763
EOG Resources, Inc.	44,074	5,708,464	Hormel Foods Corp.	21,726	989,619
EQT Corp.	27,560	932,355	Kellogg Co.	19,219	1,369,162
Exxon Mobil Corp.	309,010	34,083,803	Keurig Dr Pepper, Inc.	63,737	2,272,861
Halliburton Co.	68,089	2,679,302	Lamb Weston Holdings, Inc.	10,796	964,731
Hess Corp.	20,820	2,952,692	McCormick & Co., Inc. Non Voting Shares	18,836	1,561,316
Kinder Morgan, Inc.	148,534	2,685,495	Molson Coors Beverage Co., Class B	14,159	729,472
Marathon Oil Corp.	47,606	1,288,694	Mondelez International, Inc., Class A	102,482	6,830,425
Marathon Petroleum Corp.	35,163	4,092,622	Monsie Beverage Corp. *	28,594	2,903,149
Occidental Petroleum Corp.	54,558	3,436,608	PepsiCo, Inc.	103,370	18,674,824
ONEOK, Inc.	33,527	2,202,724	Philip Morris International, Inc.	116,316	11,772,342
Phillips 66	35,459	3,690,573	The Coca-Cola Co.	292,024	18,575,647
Pioneer Natural Resources Co.	17,825	4,071,052	The Hershey Co.	11,030	2,554,217
Schlumberger Ltd.	106,379	5,687,021	The JM Smucker Co.	7,988	1,265,778
			The Kraft Heinz Co.	59,742	2,432,097
			Tyson Foods, Inc., Class A	21,693	1,350,389
					93,921,449
			Health Care Equipment & Services 6.5%		
			Abbott Laboratories	130,828	14,363,606
			Align Technology, Inc. *	5,450	1,149,405
			AmerisourceBergen Corp.	12,155	2,014,205
			Baxter International, Inc.	37,821	1,927,736
			Becton Dickinson & Co.	21,399	5,441,766
			Boston Scientific Corp. *	107,475	4,972,868
			Cardinal Health, Inc.	19,645	1,510,111
			Centene Corp. *	42,489	3,484,523
			Cigna Corp.	22,942	7,601,602
			CVS Health Corp.	98,594	9,187,975
			DaVita, Inc. *	4,149	309,806
			Dentsply Sirona, Inc.	16,052	511,096
			DexCom, Inc. *	28,984	3,282,148
			Edwards Lifesciences Corp. *	46,388	3,461,009
			Elevance Health, Inc.	17,921	9,192,935
			HCA Healthcare, Inc.	15,909	3,817,524
			Henry Schein, Inc. *	10,141	809,962
			Hologic, Inc. *	18,701	1,399,022
			Humana, Inc.	9,500	4,865,805
			IDEXX Laboratories, Inc. *	6,220	2,537,511
			Intuitive Surgical, Inc. *	26,515	7,035,755
			Laboratory Corp. of America Holdings	6,640	1,563,587
			McKesson Corp.	10,640	3,991,277
			Medtronic plc	99,728	7,750,860
			Molina Healthcare, Inc. *	4,384	1,447,684

Portfolio Holdings as of December 31, 2022 (continued)

SECURITY	NUMBER OF SHARES	VALUE (\$)	SECURITY	NUMBER OF SHARES	VALUE (\$)
Quest Diagnostics, Inc.	8,538	1,335,685	LyondellBasell Industries N.V., Class A	19,046	1,581,389
ResMed, Inc.	10,992	2,287,765	Martin Marietta Materials, Inc.	4,648	1,570,885
STERIS plc	7,492	1,383,697	Newmont Corp.	59,533	2,809,958
Stryker Corp.	25,271	6,178,507	Nucor Corp.	19,264	2,539,188
Teleflex, Inc.	3,524	879,696	Packaging Corp. of America	6,929	886,288
The Cooper Cos., Inc.	3,699	1,223,148	PPG Industries, Inc.	17,630	2,216,796
UnitedHealth Group, Inc.	70,109	37,170,390	Sealed Air Corp.	10,819	539,652
Universal Health Services, Inc., Class B	4,820	679,090	Steel Dynamics, Inc.	12,543	1,225,451
Zimmer Biomet Holdings, Inc.	15,749	2,007,998	The Mosaic Co.	25,528	1,119,913
		156,775,754	The Sherwin-Williams Co.	17,693	4,199,080
			Vulcan Materials Co.	9,987	1,748,824
			Westrock Co.	19,151	673,349
					65,895,954
Household & Personal Products 1.7%					
Church & Dwight Co., Inc.	18,305	1,475,566			
Colgate-Palmolive Co.	62,648	4,936,036			
Kimberly-Clark Corp.	25,307	3,435,425			
The Clorox Co.	9,278	1,301,982			
The Estee Lauder Cos., Inc., Class A	17,350	4,304,708			
The Procter & Gamble Co.	177,812	26,949,187			
		42,402,904			
Insurance 2.4%					
Aflac, Inc.	42,473	3,055,508			
American International Group, Inc.	55,745	3,525,314			
Aon plc, Class A	15,520	4,658,173			
Arch Capital Group Ltd. *	27,754	1,742,396			
Arthur J. Gallagher & Co.	15,825	2,983,646			
Assurant, Inc.	3,964	495,738			
Brown & Brown, Inc.	17,595	1,002,387			
Chubb Ltd.	31,150	6,871,690			
Cincinnati Financial Corp.	11,784	1,206,564			
Everest Re Group Ltd.	2,936	972,609			
Globe Life, Inc.	6,813	821,307			
Lincoln National Corp.	11,542	354,570			
Loews Corp.	14,762	861,067			
Marsh & McLennan Cos., Inc.	37,223	6,159,662			
MetLife, Inc.	49,458	3,579,275			
Principal Financial Group, Inc.	17,053	1,431,088			
Prudential Financial, Inc.	27,631	2,748,179			
The Allstate Corp.	19,916	2,700,610			
The Hartford Financial Services Group, Inc.	23,833	1,807,256			
The Progressive Corp.	43,906	5,695,047			
The Travelers Cos., Inc.	17,588	3,297,574			
W.R. Berkley Corp.	15,325	1,112,135			
Willis Towers Watson plc	8,108	1,983,055			
		59,064,850			
Media & Entertainment 6.0%					
			Activision Blizzard, Inc.	53,441	4,090,908
			Alphabet, Inc., Class A *	448,168	39,541,863
			Alphabet, Inc., Class C *	397,283	35,250,921
			Charter Communications, Inc., Class A *	8,066	2,735,181
			Comcast Corp., Class A	323,693	11,319,544
			DISH Network Corp., Class A *	18,698	262,520
			Electronic Arts, Inc.	19,681	2,404,624
			Fox Corp., Class A	22,599	686,332
			Fox Corp., Class B	10,485	298,298
			Live Nation Entertainment, Inc. *	10,688	745,381
			Match Group, Inc. *	20,923	868,095
			Meta Platforms, Inc., Class A *	168,723	20,304,126
			Netflix, Inc. *	33,391	9,846,338
			News Corp., Class A	28,730	522,886
			News Corp., Class B	8,900	164,116
			Omnicom Group, Inc.	15,261	1,244,840
			Paramount Global, Class B	38,052	642,318
			Take-Two Interactive Software, Inc. *	11,852	1,234,149
			The Interpublic Group of Cos., Inc.	29,132	970,387
			The Walt Disney Co. *	136,791	11,884,402
			Warner Bros Discovery, Inc. *	166,096	1,574,590
					146,591,819
Pharmaceuticals, Biotechnology & Life Sciences 9.2%					
			AbbVie, Inc.	132,695	21,444,839
			Agilent Technologies, Inc.	22,214	3,324,325
			Amgen, Inc.	40,035	10,514,792
			Biogen, Inc. *	10,808	2,992,951
			Bio-Rad Laboratories, Inc., Class A *	1,614	678,671
			Bio-Techne Corp.	11,781	976,409
			Bristol-Myers Squibb Co.	159,527	11,477,968
			Catalent, Inc. *	13,513	608,220
			Charles River Laboratories International, Inc. *	3,823	833,032
			Danaher Corp.	49,160	13,048,047
			Eli Lilly & Co.	59,174	21,648,216
			Gilead Sciences, Inc.	94,109	8,079,258
			Illumina, Inc. *	11,801	2,386,162
			Incyte Corp. *	13,847	1,112,191
			IQVIA Holdings, Inc. *	13,935	2,855,142
			Johnson & Johnson	196,173	34,653,961
			Merck & Co., Inc.	190,237	21,106,795
			Mettler-Toledo International, Inc. *	1,675	2,421,129
			Moderna, Inc. *	24,790	4,452,780
			Organon & Co.	19,206	536,424
			PerkinElmer, Inc.	9,456	1,325,920
			Pfizer, Inc.	421,175	21,581,007
			Regeneron Pharmaceuticals, Inc. *	8,035	5,797,172
			Thermo Fisher Scientific, Inc.	29,428	16,205,705
			Vertex Pharmaceuticals, Inc. *	19,261	5,562,192
			Viatis, Inc.	91,011	1,012,952

Portfolio Holdings as of December 31, 2022 (continued)

SECURITY	NUMBER OF SHARES	VALUE (\$)
Waters Corp. *	4,460	1,527,907
West Pharmaceutical Services, Inc.	5,547	1,305,487
Zoetis, Inc.	34,966	5,124,267

224,593,921**Real Estate 2.7%**

Alexandria Real Estate Equities, Inc.	11,208	1,632,669
American Tower Corp.	34,937	7,401,753
AvalonBay Communities, Inc.	10,507	1,697,091
Boston Properties, Inc.	10,733	725,336
Camden Property Trust	8,001	895,152
CBRE Group, Inc., Class A *	23,670	1,821,643
Crown Castle, Inc.	32,495	4,407,622
Digital Realty Trust, Inc.	21,574	2,163,225
Equinix, Inc.	6,944	4,548,528
Equity Residential	25,534	1,506,506
Essex Property Trust, Inc.	4,852	1,028,236
Extra Space Storage, Inc.	10,025	1,475,479
Federal Realty Investment Trust	5,495	555,215
Healthpeak Properties, Inc.	40,198	1,007,764
Host Hotels & Resorts, Inc.	53,684	861,628
Invitation Homes, Inc.	43,684	1,294,794
Iron Mountain, Inc.	21,794	1,086,431
Kimco Realty Corp.	46,425	983,281
Mid-America Apartment Communities, Inc.	8,647	1,357,493
Prologis, Inc.	69,268	7,808,582
Public Storage	11,863	3,323,894
Realty Income Corp.	47,072	2,985,777
Regency Centers Corp.	11,591	724,437
SBA Communications Corp.	8,101	2,270,791
Simon Property Group, Inc.	24,529	2,881,667
UDR, Inc.	22,940	888,466
Ventas, Inc.	29,943	1,348,932
VICI Properties, Inc.	72,289	2,342,164
Vornado Realty Trust	11,991	249,533
Welltower, Inc.	35,458	2,324,272
Weyerhaeuser Co.	55,159	1,709,929

65,308,290**Retailing 5.4%**

Advance Auto Parts, Inc.	4,518	664,281
Amazon.com, Inc. *	665,949	55,939,716
AutoZone, Inc. *	1,424	3,511,840
Bath & Body Works, Inc.	17,186	724,218
Best Buy Co., Inc.	15,021	1,204,834
CarMax, Inc. *	11,859	722,094
Dollar General Corp.	16,924	4,167,535
Dollar Tree, Inc. *	15,793	2,233,762
eBay, Inc.	40,659	1,686,129
Etsy, Inc. *	9,431	1,129,645
Genuine Parts Co.	10,579	1,835,562
LKQ Corp.	19,036	1,016,713
Lowe's Cos., Inc.	46,568	9,278,208
O'Reilly Automotive, Inc. *	4,695	3,962,721
Pool Corp.	2,927	884,920
Ross Stores, Inc.	26,051	3,023,740
Target Corp.	34,531	5,146,500
The Home Depot, Inc.	76,810	24,261,207
The TJX Cos., Inc.	87,108	6,933,797
Tractor Supply Co.	8,304	1,868,151
Ulta Beauty, Inc. *	3,838	1,800,291

131,995,864

SECURITY	NUMBER OF SHARES	VALUE (\$)
Semiconductors & Semiconductor Equipment 5.1%		
Advanced Micro Devices, Inc. *	120,970	7,835,227
Analog Devices, Inc.	38,591	6,330,082
Applied Materials, Inc.	64,545	6,285,392
Broadcom, Inc.	30,388	16,990,843
Enphase Energy, Inc. *	10,198	2,702,062
First Solar, Inc. *	7,447	1,115,486
Intel Corp.	309,634	8,183,627
KLA Corp.	10,631	4,008,206
Lam Research Corp.	10,232	4,300,510
Microchip Technology, Inc.	41,265	2,898,866
Micron Technology, Inc.	81,563	4,076,519
Monolithic Power Systems, Inc.	3,351	1,184,947
NVIDIA Corp.	186,828	27,303,044
NXP Semiconductors N.V.	19,448	3,073,367
ON Semiconductor Corp. *	32,498	2,026,900
Qorvo, Inc. *	7,610	689,770
QUALCOMM, Inc.	84,109	9,246,944
Skyworks Solutions, Inc.	12,030	1,096,294
SolarEdge Technologies, Inc. *	4,197	1,188,884
Teradyne, Inc.	11,681	1,020,335
Texas Instruments, Inc.	68,096	11,250,821

122,808,126**Software & Services 12.7%**

Accenture plc, Class A	47,280	12,616,195
Adobe, Inc. *	34,882	11,738,839
Akamai Technologies, Inc. *	11,760	991,368
ANSYS, Inc. *	6,547	1,581,690
Autodesk, Inc. *	16,195	3,026,360
Automatic Data Processing, Inc.	31,130	7,435,712
Broadridge Financial Solutions, Inc.	8,840	1,185,709
Cadence Design Systems, Inc. *	20,582	3,306,292
Ceridian HCM Holding, Inc. *	11,513	738,559
Cognizant Technology Solutions Corp., Class A	38,581	2,206,447
DXC Technology Co. *	17,127	453,866
EPAM Systems, Inc. *	4,318	1,415,181
Fidelity National Information Services, Inc.	44,539	3,021,971
Fiserv, Inc. *	47,654	4,816,390
FleetCor Technologies, Inc. *	5,531	1,015,934
Fortinet, Inc. *	48,706	2,381,236
Gartner, Inc. *	5,935	1,994,991
Gen Digital, Inc.	43,483	931,841
Global Payments, Inc.	20,256	2,011,826
International Business Machines Corp.	67,841	9,558,119
Intuit, Inc.	21,149	8,231,614
Jack Henry & Associates, Inc.	5,470	960,313
Mastercard, Inc., Class A	63,697	22,149,358
Microsoft Corp.	559,331	134,138,760
Oracle Corp.	115,313	9,425,685
Paychex, Inc.	24,073	2,781,876
Paycom Software, Inc. *	3,645	1,131,080
PayPal Holdings, Inc. *	85,538	6,092,016
PTC, Inc. *	7,936	952,637
Roper Technologies, Inc.	7,958	3,438,572
Salesforce, Inc. *	75,032	9,948,493
ServiceNow, Inc. *	15,156	5,884,620
Synopsys, Inc. *	11,473	3,663,214
Tyler Technologies, Inc. *	3,121	1,006,242
VeriSign, Inc. *	6,913	1,420,207
Visa, Inc., Class A	122,684	25,488,828

309,142,041

Portfolio Holdings

 as of December 31, 2022 (continued)

SECURITY	NUMBER OF SHARES	VALUE (\$)
Technology Hardware & Equipment 7.8%		
Amphenol Corp., Class A	44,654	3,399,956
Apple Inc.	1,122,012	145,783,019
Arista Networks, Inc. *	18,574	2,253,955
CDW Corp.	10,157	1,813,837
Cisco Systems, Inc.	308,106	14,678,170
Corning, Inc.	57,134	1,824,860
F5, Inc. *	4,487	643,929
Hewlett Packard Enterprise Co.	96,335	1,537,507
HP, Inc.	66,319	1,781,991
Juniper Networks, Inc.	24,262	775,413
Keysight Technologies, Inc. *	13,415	2,294,904
Motorola Solutions, Inc.	12,548	3,233,745
NetApp, Inc.	16,377	983,603
Seagate Technology Holdings plc	14,410	758,110
TE Connectivity Ltd.	23,861	2,739,243
Teledyne Technologies, Inc. *	3,510	1,403,684
Trimble, Inc. *	18,453	932,984
Western Digital Corp. *	23,930	754,991
Zebra Technologies Corp., Class A *	3,888	996,922
		188,590,823

Telecommunication Services 1.2%		
AT&T, Inc.	534,768	9,845,079
Lumen Technologies, Inc.	70,945	370,333
T-Mobile US, Inc. *	44,819	6,274,660
Verizon Communications, Inc.	315,139	12,416,476
		28,906,548

Transportation 1.7%		
Alaska Air Group, Inc. *	9,442	405,439
American Airlines Group, Inc. *	48,986	623,102
C.H. Robinson Worldwide, Inc.	8,833	808,750
CSX Corp.	157,754	4,887,219
Delta Air Lines, Inc. *	47,998	1,577,214
Expeditors International of Washington, Inc.	11,929	1,239,662
FedEx Corp.	17,960	3,110,672
JB Hunt Transport Services, Inc.	6,229	1,086,088
Norfolk Southern Corp.	17,372	4,280,808
Old Dominion Freight Line, Inc.	6,786	1,925,731
Southwest Airlines Co. *	44,607	1,501,918
Union Pacific Corp.	46,131	9,552,346
United Airlines Holdings, Inc. *	24,527	924,668
United Parcel Service, Inc., Class B	54,764	9,520,174
		41,443,791

Utilities 3.2%		
Alliant Energy Corp.	18,830	1,039,604
Ameren Corp.	19,417	1,726,560

Below is a summary of the fund's transactions with affiliated issuers during the period ended December 31, 2022:

SECURITY	VALUE AT 12/31/21	PURCHASES	SALES	REALIZED GAINS (LOSSES)	NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION)	VALUE AT 12/31/22	BALANCE OF SHARES HELD AT 12/31/22	DIVIDENDS RECEIVED
COMMON STOCKS 0.4% OF NET ASSETS								
Diversified Financials 0.4%								
The Charles Schwab Corp.	\$4,552,333	\$4,947,064	(\$346,891)	(\$75,901)	\$413,453	\$9,490,058	113,981	\$51,887

SECURITY	NUMBER OF SHARES	VALUE (\$)
American Electric Power Co., Inc.	38,546	3,659,943
American Water Works Co., Inc.	13,643	2,079,466
Atmos Energy Corp.	10,486	1,175,166
CenterPoint Energy, Inc.	47,135	1,413,579
CMS Energy Corp.	21,739	1,376,731
Consolidated Edison, Inc.	26,630	2,538,105
Constellation Energy Corp.	24,538	2,115,421
Dominion Energy, Inc.	62,515	3,833,420
DTE Energy Co.	14,559	1,711,119
Duke Energy Corp.	57,772	5,949,938
Edison International	28,647	1,822,522
Entergy Corp.	15,284	1,719,450
Evergy, Inc.	17,219	1,083,592
Eversource Energy	26,124	2,190,236
Exelon Corp.	74,539	3,222,321
FirstEnergy Corp.	40,798	1,711,068
NextEra Energy, Inc.	149,103	12,465,011
NiSource, Inc.	30,515	836,721
NRG Energy, Inc.	17,295	550,327
PG&E Corp. *	120,892	1,965,704
Pinnacle West Capital Corp.	8,514	647,405
PPL Corp.	55,349	1,617,298
Public Service Enterprise Group, Inc.	37,428	2,293,213
Sempra Energy	23,590	3,645,599
The AES Corp.	50,030	1,438,863
The Southern Co.	81,679	5,832,697
WEC Energy Group, Inc.	23,671	2,219,393
Xcel Energy, Inc.	41,049	2,877,945
		76,758,417

Total Common Stocks (Cost \$1,993,016,098) 2,411,006,866

Total Investments in Securities (Cost \$1,993,016,098) 2,411,006,866

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

FUTURES CONTRACTS

Long			
S&P 500 Index, e-mini, expires 03/17/23	91	17,567,550	(269,253)

* Non-income producing security.

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

Portfolio Holdings

 as of December 31, 2022 (continued)

The following is a summary of the inputs used to value the fund's investments as of December 31, 2022 (see financial note 2(a) for additional information):

DESCRIPTION	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	OTHER SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	TOTAL
Assets				
Common Stocks ¹	\$2,411,006,866	\$-	\$-	\$2,411,006,866
Liabilities				
Futures Contracts ²	(269,253)	-	-	(269,253)
Total	\$2,410,737,613	\$-	\$-	\$2,410,737,613

¹ As categorized in the Portfolio Holdings.

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

Statement of Assets and Liabilities

As of December 31, 2022

ASSETS

Investments in securities, at value - affiliated (cost \$6,585,395)	\$9,490,058
Investments in securities, at value - unaffiliated (cost \$1,986,430,703)	2,401,516,808
Cash	10,183,338
Deposit with broker for futures contracts	943,400
Receivables:	
Fund shares sold	6,213,697
Dividends	+ 2,013,459
Total assets	2,430,360,760

LIABILITIES

Payables:	
Fund shares redeemed	509,789
Investment adviser fees	60,617
Variation margin on futures contracts	+ 31,499
Total liabilities	601,905
Net assets	\$2,429,758,855

NET ASSETS BY SOURCE

Capital received from investors	\$2,029,076,784
Total distributable earnings	+ 400,682,071
Net assets	\$2,429,758,855

Net Asset Value (NAV)

Net Assets	÷	Shares Outstanding	=	NAV
\$2,429,758,855		43,093,870		\$56.38

Statement of Operations

For the period January 1, 2022 through December 31, 2022

INVESTMENT INCOME	
Dividends received from securities - unaffiliated (net of foreign withholding tax of \$6,492)	\$23,949,387
Interest received from securities - unaffiliated	60,273
Dividends received from securities - affiliated	51,887
Securities on loan, net	+ 157
Total investment income	24,061,704
EXPENSES	
Investment adviser fees	446,552
Proxy fees ¹	+ 11,925
Total expenses	- 458,477
Net investment income	23,603,227
REALIZED AND UNREALIZED GAINS (LOSSES)	
Net realized losses on sales of securities - affiliated	(75,901)
Net realized losses on sales of securities - unaffiliated	(22,275,782)
Net realized losses on futures contracts	+ (1,642,681)
Net realized losses	(23,994,364)
Net change in unrealized appreciation (depreciation) on securities - affiliated	413,453
Net change in unrealized appreciation (depreciation) on securities - unaffiliated	(286,659,909)
Net change in unrealized appreciation (depreciation) on futures contracts	+ (430,052)
Net change in unrealized appreciation (depreciation)	+ (286,676,508)
Net realized and unrealized losses	(310,670,872)
Decrease in net assets resulting from operations	(\$287,067,645)

¹ Proxy fees are non-routine expenses (see financial note 2(e) for additional information).

Statement of Changes in Net Assets

For the current and prior report periods

OPERATIONS

	1/1/22-12/31/22	1/1/21-12/31/21
Net investment income	\$23,603,227	\$15,981,303
Net realized gains (losses)	(23,994,364)	8,570,083
Net change in unrealized appreciation (depreciation)	+ (286,676,508)	272,288,798
Increase (decrease) in net assets resulting from operations	(\$287,067,645)	\$296,840,184

DISTRIBUTIONS TO SHAREHOLDERS

Total distributions	(\$25,887,212)	(\$15,017,859)
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TRANSACTIONS IN FUND SHARES

	1/1/22-12/31/22		1/1/21-12/31/21	
	SHARES	VALUE	SHARES	VALUE
Shares sold	26,590,753	\$1,541,744,983	7,110,963	\$452,221,843
Shares reinvested	469,652	25,887,212	238,190	15,017,859
Shares redeemed	+ (4,810,109)	(292,503,530)	(3,588,771)	(228,019,959)
Net transactions in fund shares	22,250,296	\$1,275,128,665	3,760,382	\$239,219,743

SHARES OUTSTANDING AND NET ASSETS

	1/1/22-12/31/22		1/1/21-12/31/21	
	SHARES	NET ASSETS	SHARES	NET ASSETS
Beginning of period	20,843,574	\$1,467,585,047	17,083,192	\$946,542,979
Total increase	+ 22,250,296	962,173,808	3,760,382	521,042,068
End of period	43,093,870	\$2,429,758,855	20,843,574	\$1,467,585,047

Financial Notes

1. Business Structure of the Fund:

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

SCHWAB ANNUITY PORTFOLIOS (ORGANIZED JANUARY 21, 1994)

Schwab Government Money Market Portfolio

Schwab S&P 500 Index Portfolio

Schwab VIT Balanced Portfolio

Schwab VIT Balanced with Growth Portfolio

Schwab VIT Growth Portfolio

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

The fund is available exclusively as an investment vehicle for variable annuity and variable life insurance contracts offered by separate accounts of participating life insurance companies, and in the future may be offered to pension and retirement plans qualified under the Internal Revenue Code of 1986, as amended. At December 31, 2022, 100% of the fund's shares were held through separate accounts of six insurance companies. Subscriptions and redemptions of these insurance separate accounts could have a material impact on the fund.

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

2. Significant Accounting Policies:

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

(a) Security Valuation:

Pursuant to Rule 2a-5 under the 1940 Act, the Board has designated authority to a Valuation Designee, the fund's investment adviser, to make fair valuation determinations under adopted procedures, subject to Board oversight. The investment adviser has formed a Pricing Committee to administer the pricing and valuation of portfolio securities and other assets and liabilities and to ensure that prices used for internal purposes or provided by third parties reasonably reflect fair value. The Valuation Designee may utilize independent pricing services, quotations from securities and financial instrument dealers and other market sources to determine fair value.

Securities held in the fund's portfolio are valued every business day. The following valuation policies and procedures are used by the Valuation Designee to value various types of securities:

- **Securities traded on an exchange or over-the-counter:** Traded securities are valued at the closing value for the day, or, on days when no closing value has been reported, at the mean of the most recent bid and ask quotes.
- **Futures contracts:** Futures contracts are valued at their settlement prices as of the close of their exchanges.
- **Mutual funds:** Mutual funds are valued at their respective NAVs.
- **Cash management sweep time deposits:** Balances held in cash management sweep time deposits are accounted for on a cost basis, which approximates fair value.
- **Securities for which no quoted value is available:** The Valuation Designee has adopted procedures to fair value the fund's securities when market prices are not "readily available" or are unreliable. For example, a security may be fair valued when it's 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. Fair value determinations are made in good faith in accordance with adopted valuation procedures. The Valuation Designee considers a number of factors, including unobservable market inputs, when arriving at fair value. The Valuation Designee may employ methods such as the review of

Financial Notes (continued)

2. Significant Accounting Policies (continued):

related or comparable assets or liabilities, related market activities, recent transactions, market multiples, book values, transactional back-testing, disposition analysis and other relevant information. 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.

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 methods 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 it is determined 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 the Valuation Designee's 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 investments – 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, mutual funds, exchange-traded funds, and futures contracts. Mutual funds and exchange-traded funds are classified as Level 1 prices, without consideration to the classification level of the underlying securities held.
- 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 Valuation Designee's 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 readily available for these securities, one or more valuation methods are used for which sufficient and reliable data is available. The inputs used 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 in the absence of market information. Assumptions used 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, 2022 are disclosed in the Portfolio Holdings.

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

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

Cash Management Transactions: Effective May 23, 2022 Brown Brothers Harriman & Co. (BBH) was replaced by Citibank, N.A as custodian of the fund. The fund no longer subscribes to the BBH Cash Management Service Sweep (CMS Sweep). The BBH CMS Sweep was an investment product that automatically swept the fund's cash balances into overnight offshore time deposits with either the BBH Grand Cayman branch or a branch of a pre-approved commercial bank. This fully automated program allowed the fund to earn interest on cash balances. Excess cash invested with deposit institutions domiciled outside of the U.S., as with any

Financial Notes (continued)

2. Significant Accounting Policies (continued):

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

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

Securities Lending: Under the trust's Securities Lending Program, the fund (lender) may make short-term loans of its securities to another party (borrower) to generate additional revenue for the fund. The borrower pledges collateral in the form of cash, securities issued or fully guaranteed by the U.S. government or foreign governments, or letters of credit issued by a bank. Collateral at the individual loan level is required to be maintained on a daily marked-to-market basis in an amount at least equal to the current value of the securities loaned. The lending agent provides the fund with indemnification against borrower default (the borrower fails to return the security on loan) reducing the risk of loss as a result of default. The cash collateral of securities loaned is currently invested in money market portfolios operating pursuant to Rule 2a-7 under the 1940 Act. The fund bears the risk of loss with respect to the investment of cash collateral. The terms of the securities lending agreement allow the fund or the lending agent to terminate any loan at any given time and the securities must be returned within the earlier of the standard trade settlement period or the specified time period under the relevant securities lending agreement. Securities lending income, as disclosed in the fund's Statement of Operations, if applicable, represents the income earned from the investment of the cash collateral plus any fees paid by borrowers, less the fees paid to the lending agent and broker rebates which are subject to adjustments pursuant to the securities lending agreement. On loans not collateralized by cash, a fee is received from the borrower, and is allocated between the fund and the lending agent. The aggregate fair value of securities loaned will not at any time exceed one-third of the total assets of the fund, including collateral received from the loan. Securities lending fees paid to the unaffiliated lending agents start at 9% of gross lending revenue, with subsequent breakpoints to a low of 5%. In this context, the gross lending revenue equals the income received from the investment of cash collateral and fees paid by borrowers less any rebates paid to the borrowers. Any expenses charged by the cash collateral fund are in addition to these fees. All remaining revenue is retained by the fund, as applicable. No portion of lending revenue is paid to or retained by the investment adviser or any of its affiliates.

As of December 31, 2022, the fund had no securities on loan.

(c) Security Transactions:

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

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

(d) Investment Income:

Interest income is recorded as it accrues. Dividends and distributions from portfolio securities funds are recorded on the date they are effective (the ex-dividend date).

(e) Expenses:

Pursuant to an Amended and Restated Investment Advisory and Administration Agreement (Advisory Agreement) between the investment adviser and the fund, the investment adviser pays the operating expenses of the fund, excluding acquired fund fees and expenses, taxes, any brokerage expenses, and extraordinary or non-routine expenses. Taxes, any brokerage expenses and extraordinary or non-routine expenses that are specific to the fund are charged directly to the fund. The Advisory Agreement excludes paying acquired fund fees and expenses, which are indirect expenses incurred by the fund through its investments in underlying funds.

(f) Distributions to Shareholders:

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

Financial Notes (continued)

2. Significant Accounting Policies (continued):

(g) Accounting Estimates:

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

(h) Federal Income Taxes:

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

(i) Indemnification:

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

(j) Regulatory Update:

Effective January 24, 2023, the SEC adopted rule and form amendments to require mutual funds and ETFs to transmit concise and visually engaging streamlined annual and semiannual reports to shareholders that highlight key information deemed important for retail investors to assess and monitor their fund investments. Other information, including financial statements, will no longer appear in a streamlined shareholder report but must be available online, delivered free of charge upon request, and filed on a semiannual basis on Form N-CSR. The rule and form amendments have a compliance date of July 24, 2024. At this time, management is evaluating the impact of these rule and form amendment changes on the content of the current shareholder report and the newly created annual and semiannual streamlined shareholder reports.

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.

Financial Notes (continued)

3. Risk Factors (continued):

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

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

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

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

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

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

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

4. Affiliates and Affiliated Transactions:

Investment Adviser

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

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

Interfund Transactions

The fund may engage in transactions with certain other funds in the Fund Complex (for definition refer to the Trustees and Officers section) in accordance with procedures adopted by the Board pursuant to Rule 17a-7 under the 1940 Act. When one fund is seeking to sell a security that another is seeking to buy, an interfund transaction can allow both funds to benefit by reducing transaction costs. This practice is limited to funds that share the same investment adviser, trustees and/or officers. For the period ended December 31, 2022, the fund's purchases and sales of securities with other funds in the Fund Complex was \$405,138,792 and \$4,288,883, respectively, and includes realized losses of \$1,943,640.

Interfund Borrowing and Lending

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

Financial Notes (continued)

5. Board of Trustees:

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

6. Borrowing from Banks:

During the period, the fund was a participant with other funds in the Fund Complex in a joint, syndicated, committed \$850 million line of credit (the Syndicated Credit Facility), which matured on September 29, 2022. On September 29, 2022, the Syndicated Credit Facility was amended to run for a new 364 day period with the line of credit amount increasing to \$1 billion, maturing on September 28, 2023. Under the terms of the Syndicated Credit Facility, in addition to the investment adviser paying the interest charged on any borrowings by the fund, the investment adviser paid a commitment fee of 0.15% per annum on the fund’s proportionate share of the unused portion of the Syndicated Credit Facility.

During the period, the fund was a participant with other funds in the Fund Complex, in a joint, unsecured, uncommitted \$400 million line of credit (the Uncommitted Credit Facility), with State Street Bank and Trust Company, which matured on September 29, 2022. On September 29, 2022, the Uncommitted Credit Facility was amended to run for a new 364 day period with the line of credit amount remaining unchanged, maturing on September 28, 2023. Under the terms of the Uncommitted Credit Facility, the investment adviser pays interest on the amount the fund borrows. There were no borrowings from either line of credit during the period.

The fund also has access to custodian overdraft facilities. The fund may have utilized the overdraft facility and incurred an interest expense, which is paid by the investment adviser. The interest expense is determined based on a negotiated rate above the current Federal Funds Rate.

7. Purchases and Sales/Maturities of Investment Securities:

For the period ended December 31, 2022, purchases and sales of securities (excluding short-term obligations) were as follows:

PURCHASES OF SECURITIES	SALES OF SECURITIES
\$1,406,558,765	\$139,827,615

8. Derivatives:

The fund entered into equity index futures contracts during the report period. The fund invested in futures contracts to equitize available cash. The value and variation margin on futures contracts held at December 31, 2022 are presented in the Portfolio Holdings and Statement of Assets and Liabilities, respectively. The net realized gains (losses) and change in unrealized appreciation (depreciation) on futures contracts are presented in the Statement of Operations. Refer to financial note 2(b) for the fund’s accounting policies with respect to futures contracts and financial note 3 for disclosures concerning the risks of investing in futures contracts. During the period ended December 31, 2022, the month-end average notional amounts of futures contracts held by the fund and the month-end average number of contracts held were as follows:

NOTIONAL AMOUNT	NUMBER OF CONTRACTS
\$7,314,487	36

9. Federal Income Taxes:

As of December 31, 2022, the tax basis cost of the fund’s investments and gross unrealized appreciation and depreciation were as follows:

TAX COST	GROSS UNREALIZED APPRECIATION	GROSS UNREALIZED DEPRECIATION	NET UNREALIZED APPRECIATION (DEPRECIATION)
\$2,024,446,628	\$465,879,976	(\$79,588,991)	\$386,290,985

Financial Notes (continued)

9. Federal Income Taxes (continued):

As of December 31, 2022, the components of distributable earnings on a tax basis were as follows:

UNDISTRIBUTED ORDINARY INCOME	NET UNREALIZED APPRECIATION (DEPRECIATION) ON INVESTMENTS	CAPITAL LOSS CARRYFORWARDS AND OTHER LOSSES	TOTAL
\$23,601,993	\$386,290,985	(\$9,210,907)	\$400,682,071

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 have no expiration and may be used to offset future realized capital gains for federal income tax purposes. As of December 31, 2022, the fund had capital loss carryforwards of \$9,210,907.

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

CURRENT FISCAL YEAR END DISTRIBUTIONS		PRIOR FISCAL YEAR END DISTRIBUTIONS	
ORDINARY INCOME	LONG-TERM CAPITAL GAINS	ORDINARY INCOME	LONG-TERM CAPITAL GAINS
\$19,219,296	\$6,667,916	\$15,017,859	\$-

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

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, 2022, 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, 2022, the fund did not incur any interest or penalties.

10. Subsequent Events:

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

Report of Independent Registered Public Accounting Firm

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

Opinion on the Financial Statements and Financial Highlights

We have audited the accompanying statement of assets and liabilities, including the portfolio holdings, of Schwab S&P 500 Index Portfolio (the “Fund”), one of the funds constituting Schwab Annuity Portfolios, as of December 31, 2022, the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the three years in the period then ended, and the related notes. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund as of December 31, 2022, and the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the three years in the period then ended in conformity with accounting principles generally accepted in the United States of America. The financial highlights for each of the two years in the period ended December 31, 2019 were audited by other auditors, whose report, dated February 18, 2020, expressed an unqualified opinion on such financial highlights.

Basis for Opinion

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

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

Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. Our procedures included confirmation of securities owned as of December 31, 2022, by correspondence with the custodian and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

Deloitte & Touche LLP

Denver, Colorado
February 16, 2023

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, 79.29% of the fund's dividend distributions paid during the fiscal year ended December 31, 2022, qualify for the corporate dividends received deduction.

Under section 852(b)(3)(C) of the Internal Revenue Code, the fund hereby designates \$6,667,916 as long-term capital gain dividends for the fiscal year ended December 31, 2022.

Liquidity Risk Management Program (unaudited)

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

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

The fund’s Board reviewed a report at its meeting held on September 19, 2022 prepared by the investment adviser regarding the operation and effectiveness of the program for the period June 1, 2021, through May 31, 2022, which included individual fund liquidity metrics. No significant liquidity events impacting the fund were noted in the report. In addition, the investment adviser provided its assessment that the program had been operating effectively in managing the fund’s liquidity risk.

Trustees and Officers

The tables below give information about the trustees and officers of Schwab Annuity Portfolios, which includes the fund covered in this report. The “Fund Complex” includes The Charles Schwab Family of Funds, Schwab Capital Trust, Schwab Investments, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust. The Fund Complex includes 105 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
Michael J. Beer 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 2022)	Retired. Director, President and Chief Executive Officer (Dec. 2016 – Sept. 2019), Principal Funds (investment management).	105	Director (2016 – 2019), Principal Funds, Inc.
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.	105	None
Nancy F. Heller 1956 Trustee (Trustee of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2018)	Retired.	105	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.	105	Director (2004 – present), Corcept Therapeutics Incorporated Director (2009 – 2021), Adamas Pharmaceuticals, Inc. Director (2003 – 2019), Symantec Corporation
Jane P. Moncreiff 1961 Trustee (Trustee of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2019)	Consultant (2018 – present), Fulham Advisers LLC (management consulting); Chief Investment Officer (2009 – 2017), CareGroup Healthcare System, Inc. (healthcare).	105	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
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).	105	None
J. Derek Penn 1957 Trustee (Trustee of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2021)	Head of Equity Sales and Trading (2006 – 2018), BNY Mellon (financial services).	105	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)	Co-Chairman of the Board (July 2022 – present), Director and Chief Executive Officer (Oct. 2008 – present) and President (Feb. 2007 – Oct. 2021), The Charles Schwab Corporation; President and Chief Executive Officer (Oct. 2008 – Oct. 2021) and Director (May 2008 – Oct. 2021), Charles Schwab & Co., Inc.; Director (Apr. 2006 – present), Charles Schwab Bank, SSB; Director (Nov. 2017 – present), Charles Schwab Premier Bank, SSB; Director (July 2019 – present), Charles Schwab Trust Bank; Director (May 2008 – present), Chief Executive Officer (Aug. 2017 – present) and President (Aug. 2017 – Nov. 2021), Schwab Holdings, Inc.; Director (Oct. 2020 – present), TD Ameritrade Holding Corporation; Director (July 2016 – Oct. 2021), Charles Schwab Investment Management, Inc.	105	Director (2008 – present), The Charles Schwab Corporation
Richard A. Wurster² 1973 Trustee (Trustee of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2022)	President (Oct. 2021 – present) and Executive Vice President – Schwab Asset Management Solutions (Apr. 2019 – Oct. 2021), The Charles Schwab Corporation; President, Director (Oct. 2021 – present), Executive Vice President – Schwab Asset Management Solutions (July 2019 – Oct. 2021) and Senior Vice President – Advisory (May 2016 – July 2019), Charles Schwab & Co., Inc.; President (Nov. 2021 – present), Schwab Holdings, Inc.; Director (Oct. 2021 – present) and Chief Executive Officer (Nov. 2019 – Jan. 2022), Charles Schwab Investment Management, Inc.; Director, Chief Executive Officer and President (Mar. 2018 – Oct. 2022), Charles Schwab Investment Advisory, Inc.; Chief Executive Officer (July 2016 – Apr. 2018) and President (Mar. 2017 – Apr. 2018), ThomasPartners, Inc.; Chief Executive Officer (July 2016 – Apr. 2018), Windhaven Investment Management, Inc.	105	None

OFFICERS OF THE TRUST

NAME, YEAR OF BIRTH, AND POSITION(S) WITH THE TRUST (TERMS OF OFFICE, AND LENGTH OF TIME SERVED ³)	PRINCIPAL OCCUPATIONS DURING THE PAST FIVE YEARS
Jonathan de St. Paer 1973 President and Chief Executive Officer (Officer of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2018)	Director (Apr. 2019 – present), President (Oct. 2018 – present), Chief Operating Officer (Jan. 2021 – present), and Chief Executive Officer (Apr. 2019 – Nov. 2019), Charles Schwab Investment Management, Inc.; Senior Vice President (June 2020 – Mar. 2022) and Chief Operating Officer (Jan. 2021 – Mar. 2022), Charles Schwab Investment Advisory, Inc.; Chief Executive Officer (Apr. 2019 – present), President (Nov. 2018 – present) and Trustee (Apr. 2019 – Dec. 2020), Schwab Funds, Laudus Trust and Schwab ETFs; Managing Director (May 2022 – present), Senior Vice President (Apr. 2019 – May 2022) and Senior Vice President – Strategy and Product Development (CSIM) (Jan. 2014 – Mar. 2019), Charles Schwab & Co., Inc.
Mark Fischer 1970 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)	Chief Operating Officer (Dec. 2020 – present) and Treasurer and Chief Financial Officer (Jan. 2016 – Dec. 2022), Schwab Funds, Laudus Trust and Schwab ETFs; Chief Financial Officer (Mar. 2020 – present) and Vice President (Oct. 2013 – present), Charles Schwab Investment Management, Inc.
Dana Smith 1965 Treasurer and Chief Financial Officer (Officer of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2023)	Treasurer and Chief Financial Officer (Jan. 2023 – present) and Assistant Treasurer (Dec. 2015 – Dec. 2022), Schwab Funds, Laudus Trust and Schwab ETFs; Vice President (Mar. 2022 – present) and Director (Oct. 2015 – Mar. 2022), Charles Schwab Investment Management, Inc.

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

PRINCIPAL OCCUPATIONS DURING THE PAST FIVE YEARS

<p>Omar Aguilar 1970 Vice President and Chief Investment Officer (Officer of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2011)</p>	<p>Chief Executive Officer (Jan. 2022 – present), Chief Investment Officer (Apr. 2011 – present) and Senior Vice President (Apr. 2011 – Dec. 2021), Charles Schwab Investment Management, Inc.; Director, Chief Executive Officer and President (Oct. 2022 – present), Charles Schwab Investment Advisory, Inc.; Vice President and Chief Investment Officer (June 2011 – present), Schwab Funds, Laudus Trust and Schwab ETFs.</p>
<p>Brett Wander 1961 Vice President and Chief Investment Officer (Officer of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2011)</p>	<p>Senior Vice President and Chief Investment Officer (Apr. 2011 – present), Charles Schwab Investment Management, Inc.; Vice President and Chief Investment Officer (June 2011 – present), Schwab Funds, Laudus Trust and Schwab ETFs.</p>
<p>William P. McMahon, Jr. 1972 Vice President and Chief Investment Officer (Officer of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios, Schwab Strategic Trust and Laudus Trust since 2021)</p>	<p>Senior Vice President and Chief Investment Officer (Jan. 2020 – present), Charles Schwab Investment Management, Inc.; Vice President and Chief Investment Officer (June 2021 – present), Schwab Funds, Laudus Trust and Schwab ETFs; Senior Vice President and Chief Investment Officer – ThomasPartners Strategies (Apr. 2018 – Dec. 2019), Charles Schwab Investment Advisory, Inc.; Senior Vice President and Chief Investment Officer (May 2001 – Apr. 2018), ThomasPartners, Inc.</p>
<p>Catherine MacGregor 1964 Chief Legal Officer and Secretary, Schwab Funds and Schwab ETFs Chief Legal Officer, Vice President and Clerk, Laudus Trust (Officer of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios and Laudus Trust since 2005; Schwab Strategic Trust since 2009)</p>	<p>Chief Legal Officer (Mar. 2022 – present) and Vice President (Sept. 2005 – present), Charles Schwab Investment Management, Inc.; Managing Director (May 2022 – present) and Vice President (July 2005 – May 2022), Charles Schwab & Co., Inc.; Vice President (Dec. 2005 – present) and Chief Legal Officer and Clerk (Mar. 2007 – present), Laudus Trust; Chief Legal Officer and Secretary (Oct. 2021 – present), Vice President (Nov. 2005 – Oct. 2021) and Assistant Secretary (June 2007 – Oct. 2021), Schwab Funds; Chief Legal Officer and Secretary (Oct. 2021 – present), Vice President and Assistant Secretary (Oct. 2009 – Oct. 2021), Schwab ETFs.</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. Wurster are Interested Trustees. Mr. Bettinger and Mr. Wurster are Interested Trustees because each owns stock of The Charles Schwab Corporation (CSC), the parent company of Charles Schwab Investment Management, Inc., the investment adviser for the trusts in the Fund Complex, and is an employee of Charles Schwab & Co., Inc. (Schwab), the principal underwriter for The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust, Schwab Annuity Portfolios and Laudus Trust.

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.

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