

News Release

Contacts:

Alyson Nikulicz
Charles Schwab
407-619-1657

alyson.nikulicz@schwab.com

Melissa Murphy
SunStar
703-894-1056

MMurphy@sunstarstrategic.com

CHARLES SCHWAB ADDS NEW RESOURCES TO HELP GUIDE INVESTORS ON EXCHANGE-TRADED FUNDS

SAN FRANCISCO, March 9, 2011- Charles Schwab has released a new tool designed to help investors find exchange-traded funds (ETFs) for their specific portfolio needs. The new, quarterly Schwab ETF Select List™ was created by Charles Schwab Investment Advisory, Inc.¹ (CSIA) by filtering through all of the ETFs in the marketplace to highlight a select group of pre-screened, low-cost funds that can be used to fill portfolio gaps.

The company also released a collection of analysis and commentary on ETF investor behavior and trends for independent registered investment advisors (RIAs) and other industry participants who work with retail investors. *The ETF Investor: 2010 in Review by Charles Schwab* was published to help support and amplify the educational efforts these industry leaders are making to inform individual investors about ETFs.

“With a thousand ETFs now available and more coming out weekly, investors tell us that selecting an ETF can be an overwhelming experience,” said Beth Flynn, vice president of ETF platform development at Charles Schwab & Co., Inc. “Our goal is to help our clients make informed choices about these increasingly popular investment vehicles.”

Retail investor ETF assets grew by 61 percent in 2010 and account for 37 percent of the total ETF assets custodied at Schwab, and retail traders account for 12 percent of ETF assets. Independent RIAs accounted for 51 percent of ETF assets at Schwab at the end of 2010. ETF assets overall grew by 34 percent at Schwab to \$111 billion at the end of 2010².

Introducing the Schwab ETF Select List™

The experts at CSIA apply quantitative and qualitative screens to each ETF in the marketplace to build the list, which covers approximately 50 asset categories. All ETFs, including Schwab ETFs™, are evaluated using the same criteria. One ETF is named for each of the list’s asset categories, which span sectors, domestic stocks, international stocks, bonds, real estate and commodities.

“The Select List is designed to make it easier for investors who want help narrowing their choices to find the ETFs that are right for them,” said Flynn.

When selecting funds for the list, CSIA looks at variables such as total annualized cost of ownership, risk, fund structure and fit within a given category. Additional qualitative factors including narrowness of index, tracking error, bid/ask volatility and due diligence are also taken into consideration. The list excludes exchange-traded notes (ETNs), inverse or leveraged ETFs, actively managed ETFs, and unmanaged baskets of securities. Schwab accepts no payments from ETF manufacturers to be included on this list.

Helping Advisors Educate Investors on ETFs

To help independent advisors and others educate retail investors about ETFs, Schwab has released *The ETF Investor: 2010 in Review by Charles Schwab*. The report is a collection of research from CSIA offering data on ETF usage by Schwab retail investors and advisor clients as well as institutional-level commentary on various

¹ Charles Schwab Investment Advisory, Inc., a registered investment advisor, is an affiliate of Charles Schwab & Co., Inc.

² All data and information from Charles Schwab & Co., Inc., as of December 31, 2011.

aspects of the industry such as determining the appropriateness of ETFs versus mutual funds, investing in commodities ETFs, and evaluating total cost of ownership of a fund. It is available to advisors who custody with Schwab through SchwabAdvisorCenter.com.

The release of *The ETF Investor* coincides with the findings of Schwab's ninth Independent Advisor Outlook Study. Earlier this week, Schwab reported that ETFs remain advisors' investment vehicle of choice. Eighty-four percent of RIAs participating in Schwab's semi-annual Independent Advisor Outlook Study say they currently use ETFs, with 31 percent indicating they plan to invest more in ETFs during the next six months. Advisors cite a number of reasons they find ETFs particularly appealing in client portfolios; the most common is diversification, followed by their utility in maintaining market exposure while making portfolio adjustments. Using ETFs to manage risk in client portfolios was cited third.

ETF HQ Continues to Grow

In addition to the ETF Select List, investors have access to an ever-growing ETF toolkit through Schwab at www.schwab.com. At its "ETF HQ", Schwab provides a full range of resources to help individuals and advisors. The Schwab ETF Learning Center offers educational materials and insights from Schwab experts in the form of FAQs, articles and videos on topics ranging from the basics of ETFs and how they fit into a portfolio to sophisticated trading strategies.

Schwab's array of online ETF resources for investors includes a robust ETF Screener to search for ETFs that offer exposure to various markets, industries and sectors; a comparison tool to view side-by-side snapshots of multiple ETFs; research and ratings from third parties; and now, the ETF Select List. Schwab's ETF HQ is also where investors can access Schwab ETFs™, which had over \$3.5 billion in assets as of February 28, 2011. Schwab ETFs can be bought and sold commission-free* online in Schwab accounts and have among the lowest operating expense ratios (OERs) in the industry.

Investors can also attend live client events in local Schwab branches. To get more information, investors can visit Schwab's ETF headquarters at www.schwab.com, speak to a Schwab Financial Consultant, or call 1-800-835-4000.

RIAs who custody with Schwab have access to additional research and resources through SchwabAdvisorCenter.com, including Schwab Market Knowledge Tools® (MKT) reports like *ETFs in Action*, a series of case studies on ETF strategies currently in use by advisors.

About Charles Schwab Investment Management

Founded in 1989, Charles Schwab Investment Management, Inc., a subsidiary of The Charles Schwab Corporation, is one of the nation's largest asset management companies with \$200 billion in assets under management as of December 31, 2010. It is among the country's largest money market fund managers and is the third-largest provider of retail index funds. In addition to managing Schwab ETFs™ and Schwab Funds®, CSIM is investment adviser for the institutional-style, sub-advised Laudus Fund family. CSIM currently manages more than 70 mutual funds, 13 exchange traded funds, and four separate account model portfolios.

About Charles Schwab

The Charles Schwab Corporation (NYSE:SCHW) is a leading provider of financial services, with more than 300 offices and 8.0 million client brokerage accounts, 1.5 million corporate retirement plan participants, 701,000 banking accounts, and \$1.6 trillion in client assets. Through its operating subsidiaries, the company provides a full range of securities brokerage, banking, money management and financial advisory services to individual investors and independent investment advisors. Its broker-dealer subsidiary, Charles Schwab & Co., Inc. (member SIPC, www.sipc.org), and affiliates offer a complete range of investment services and products including an extensive selection of mutual funds; financial planning and investment advice; retirement plan and equity compensation plan services; referrals to independent fee-based investment advisors; and custodial, operational and trading support for independent, fee-based investment advisors through its Advisor Services division. Its banking subsidiary, Charles Schwab Bank (member FDIC and an Equal Housing Lender), provides banking and mortgage services and products. More information is available at www.schwab.com and www.aboutschwab.com. (0311-1738)

Investors should consider carefully information contained in the prospectus, including investment objectives, risks, charges, and expenses. You can request a prospectus by calling Schwab at 800-435-4000. Please read the prospectus carefully before investing.

Investment returns will fluctuate and are subject to market volatility, so that an investor's shares, when redeemed or sold, may be worth more or less than their original cost. Unlike mutual funds, shares of ETFs are not individually redeemable directly with the ETF.

Diversification does not eliminate market risk.

Schwab ETFs distributed by SEI Investments Distribution Co (SIDCO). SIDCO is not affiliated with Charles Schwab & Co., Inc.

***Restrictions Apply: Online trades of Schwab ETFs are commission-free at The Charles Schwab & Co., Inc. (Member SIPC), while trades of third-party ETFs are subject to commissions. Broker-Assisted and Automated Phone trades are subject to service charges. Minimum \$1,000 deposit is required to open most Schwab brokerage accounts. Waivers may apply. See the [Charles Schwab Pricing Guide](#) for details. All ETFs are subject to management fees and expenses.**

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