

From the President



Marie Chandoha is President and CEO of Charles Schwab Investment Management, Inc. and the fund covered in this report.

For the six-month reporting period ended September 30, 2015, the fund returned -5.1% compared with the -5.2% return of the Russell 1000 Growth Index (the index).

Dear Shareholder,

At Charles Schwab Investment Management, we provide funds that are designed to be part of a diversified portfolio. We formed the Laudus Fund family to provide shareholders with access to third-party managers with strong investment processes. BlackRock Investment Management LLC, the subadviser for the Laudus U.S. Large Cap Growth Fund, is a global asset management company that offers a disciplined approach to investing in large-cap U.S. growth stocks. BlackRock identifies companies with business models that have the potential for high returns on invested capital, high free cash flow conversion of net income, and the opportunity to replicate their success globally.

For the six-month reporting period ended September 30, 2015, the fund returned -5.1% compared with the -5.2% return of the Russell 1000 Growth Index (the index). After reaching record highs during the period, U.S. equity markets reversed course in August amid heightened global market volatility. Economic bright spots in the U.S. included improving consumer sentiment and a continuing decline in unemployment rates. Meanwhile, falling commodity prices, the deceleration of the Chinese economy, and speculation surrounding the timing of a potential short-term interest rate increase weighed on investor sentiment. Reflecting these conditions, the Consumer Discretionary sector was the only sector within the index to generate a positive return. The Energy sector was the worst performing sector in the index, in part due to the extreme fluctuations in the price of crude oil during the period.

For more information about the performance, holdings, and portfolio characteristics of the Laudus U.S. Large Cap Growth Fund, please continue reading this report. In addition, you can find further details about this fund by visiting our website at csimfunds.com. We are also happy to hear from you at 1-800-447-3332.

Sincerely,

A handwritten signature in black ink that reads "Marie". The signature is written in a cursive, flowing style.

Indices are unmanaged, do not incur management fees, costs and expenses, and cannot be invested in directly. Index figures assume dividends and distributions were reinvested.

For index definitions, please see the Glossary.

Charles Schwab Investment Management, Inc., BlackRock Investment Management, LLC, and ALPS Distributors, Inc. are unaffiliated entities.

From the President



Marie Chandoha is President and CEO of Charles Schwab Investment Management, Inc. and the funds covered in this report.

For the six-month reporting period ended September 30, 2015, the Laudus Mondrian Funds posted returns that reflected challenging market conditions.

Dear Shareholder,

At Charles Schwab Investment Management, we provide funds that are designed to be part of a diversified portfolio. We formed the Laudus Fund family to provide shareholders with access to third-party managers with strong investment processes. Mondrian Investment Partners Limited, the subadvisor for the Laudus Mondrian funds, specializes in a value-oriented approach to international, emerging markets, and fixed income investing. Mondrian utilizes bottom-up security analysis, rigorous valuation, and top-down country and currency analysis, while applying risk management techniques to help guide security selection and portfolio allocation decisions.

For the six-month reporting period ended September 30, 2015, the Laudus Mondrian Funds posted returns that reflected challenging market conditions. The appreciation of the U.S. dollar versus many international currencies negatively affected both international equity and fixed income markets alike, generally reducing returns on overseas investments in U.S. dollar terms. Disappointing global growth weighed on international markets, with emerging markets suffering the steepest losses of the reporting period amid falling commodity prices and the deceleration of the Chinese economy. Concerns remained in many regions around the risk of deflation, despite aggressive stimulus policies by several central banks around the globe. Anticipation surrounding an increase in short-term interest rates by the Federal Reserve (Fed) added to market volatility, as did the debt crisis in Greece and geopolitical tensions in Russia.

In this uncertain environment, international equity indices climbed early in the period, but reversed course in August, ending the six-month period with negative results. The MSCI EAFE Index—representing the performance of large-cap international stocks—returned -9.7% and the MSCI Emerging Markets Index returned approximately -17.3%.¹ Bonds generally outperformed stocks during the period, but produced flat to negative returns overall in U.S. dollar terms. In the U.S., bond yields rose at the signs pointing toward the Fed potentially raising interest rates, while yields increased in select overseas markets as well. When yields rise, bond prices tend to fall, reducing returns. Accordingly, the Citigroup Non-U.S. Dollar World Government Bond Index returned a modest 0.1%.

For more information about the performance, holdings, and portfolio characteristics of the Laudus Mondrian Funds, please continue reading this report. In addition, you can find further details about these funds by visiting our website at csimfunds.com. We are also happy to hear from you at 1-800-447-3332.

Sincerely,

A handwritten signature in cursive script that reads "Marie".

Index figures do not include trading and management costs, which would lower performance. Indices are unmanaged and cannot be invested in directly.

¹ The total returns cited are calculated net of foreign withholding taxes. For definitions of the referenced indices, please see the Glossary.