

Charles Schwab ETFs and Beyond Study

2024

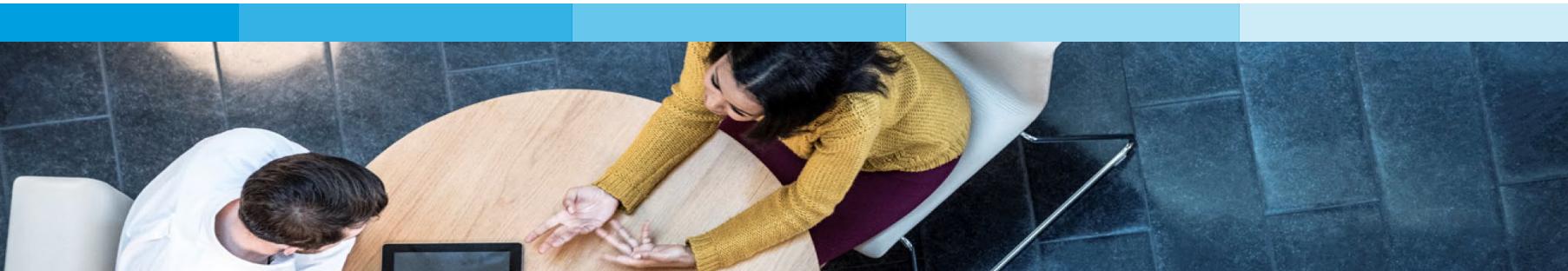


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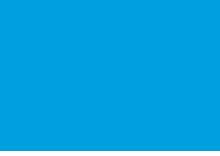
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Background



Charles Schwab has conducted a study about ETF investing for over 10 years with independent research company, Logica Research*. This ongoing research study has uncovered trends in ETF investing and shed light on investors' knowledge of, and behaviors around, ETFs.



The 2024 ETFs and Beyond Study survey was fielded from July 2nd to July 20th, 2024.

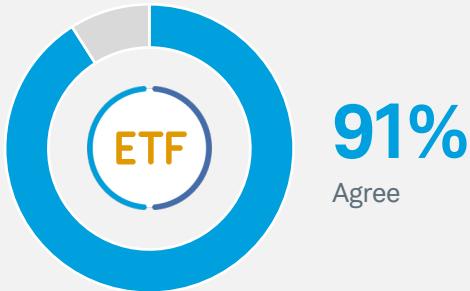


- 2,200 investors completed the study
 - 1,000 ETF investors
 - 1,000 Non-ETF investors
 - 200 oversample of Generation Investor (aka “Gen I” and defined as new investors who started investing in 2020 or after)
- To qualify for the study, investors had to:
 - Be 25 to 75 years old
 - Have a minimum of \$25,000 in investable assets (ETF and Non-ETF investors)
 - Have purchased or sold an ETF in the past two years (ETF investors)
 - Be at least somewhat familiar with ETFs (Non-ETF investors)
 - Have started investing in 2020 or after (Gen I)

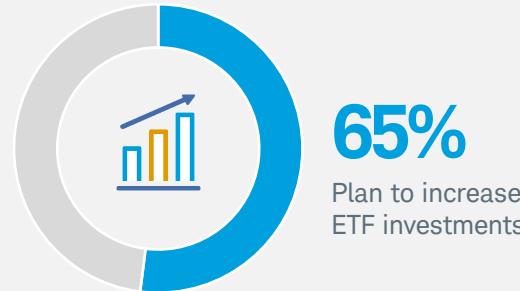
ETF Appetite and Decision-Making

Almost all ETF investors consider ETFs crucial to their portfolio, and most plan to increase their investments in ETFs in the upcoming year

ETFs are a necessary part of my portfolio
ETF investors



Plan to increase ETF investments in the next year
ETF investors



In the next five years, ETF investors expect over a third of their portfolio to be in ETFs

Average percentage of investments in ETFs today and in the next five years
ETF investors



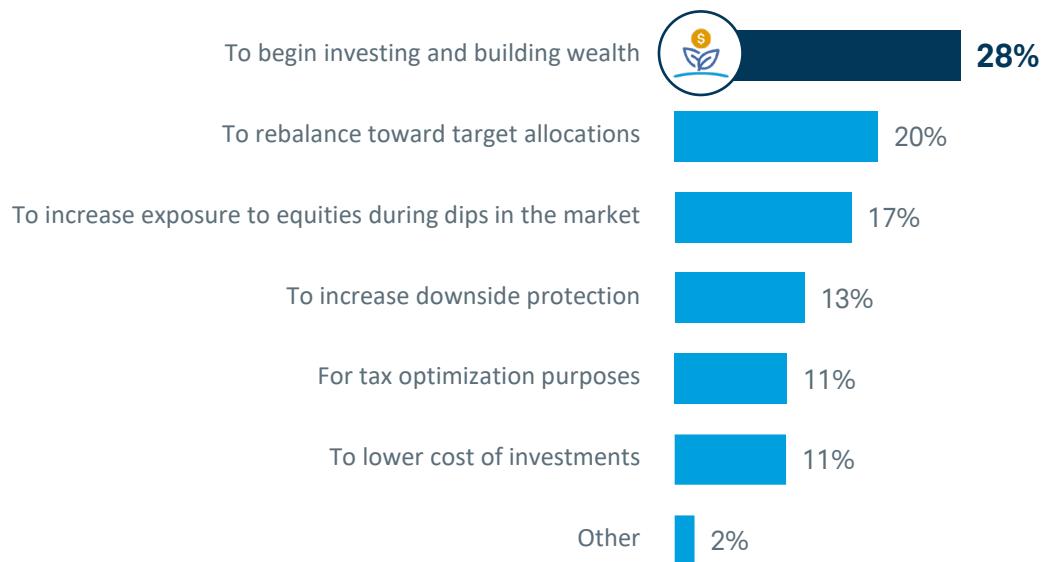
Asset
Management

Q12: What percent of all of your investments are in ETFs today, if any?
Q13: Looking ahead five years, what percent of your portfolio do you expect will be in ETFs?
(Base: Total ETF Investors = 1,000)

ETF investors primarily use ETFs to begin their investing journey and build wealth

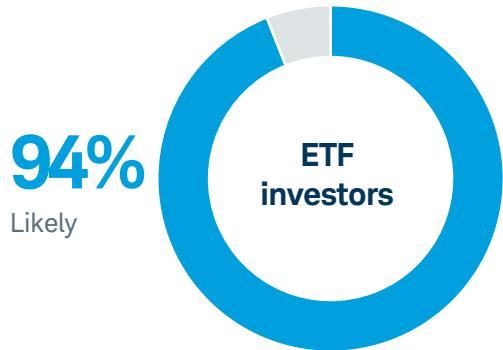
Reasons for buying and selling ETFs

ETF investors



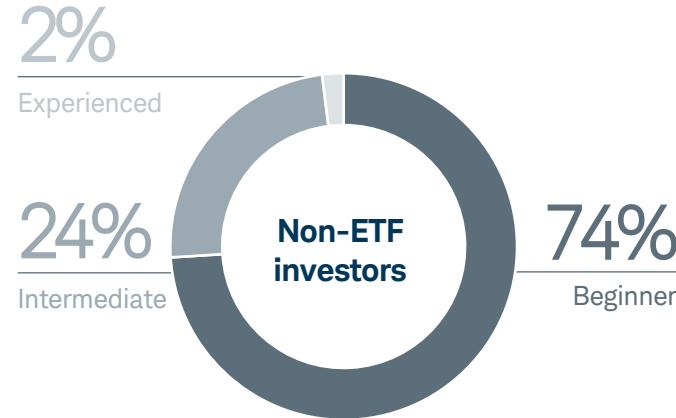
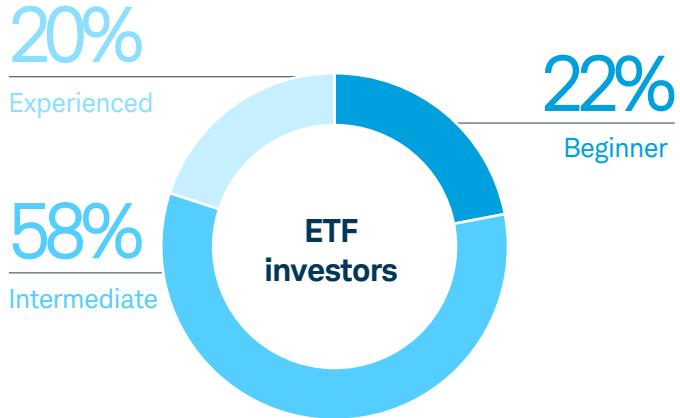
Nearly half of non-ETF investors are likely to consider purchasing an ETF in the next two years

Likely to consider purchasing an ETF in the next two years ETF and Non-ETF investors



Most ETF investors rank their understanding of ETFs as intermediate or experienced, while most non-ETF investors describe themselves as beginners

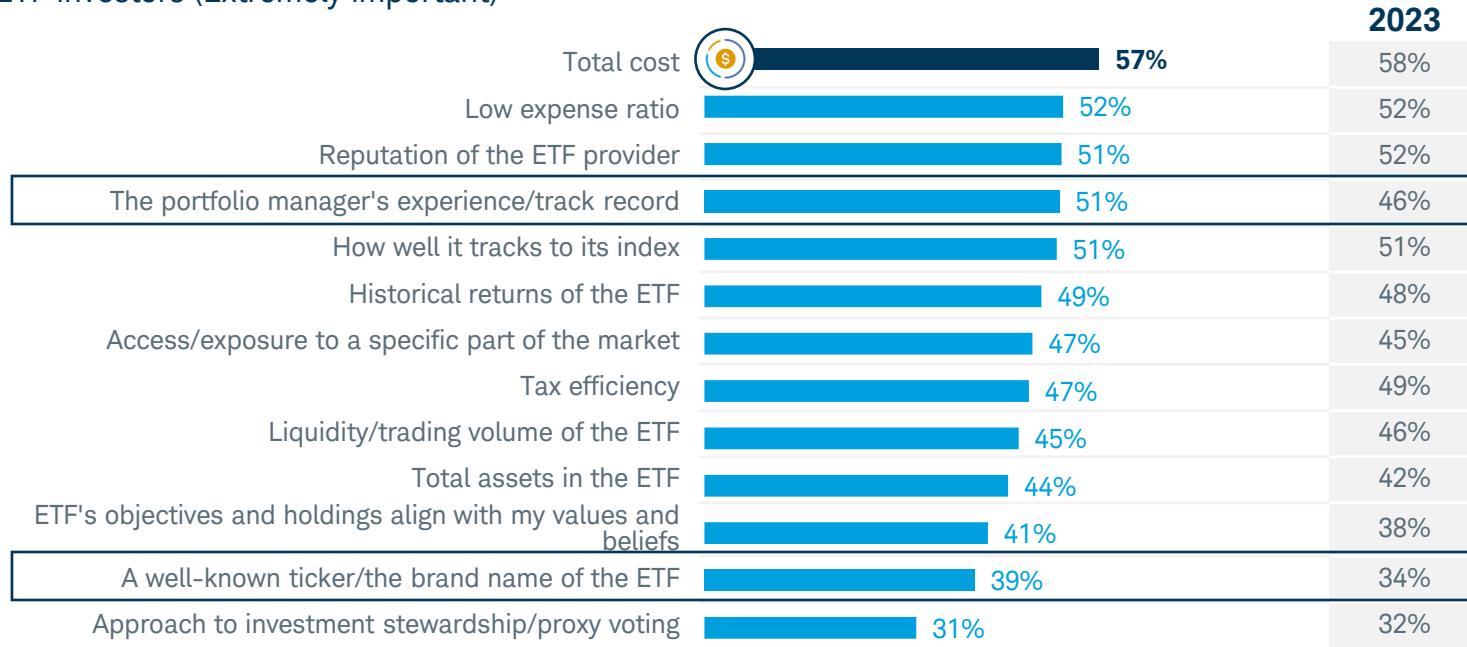
Understanding of ETFs ETF and Non-ETF investors



Total cost remains the top factor when choosing an ETF, while portfolio manager experience and brand name have become more important to ETF investors this year

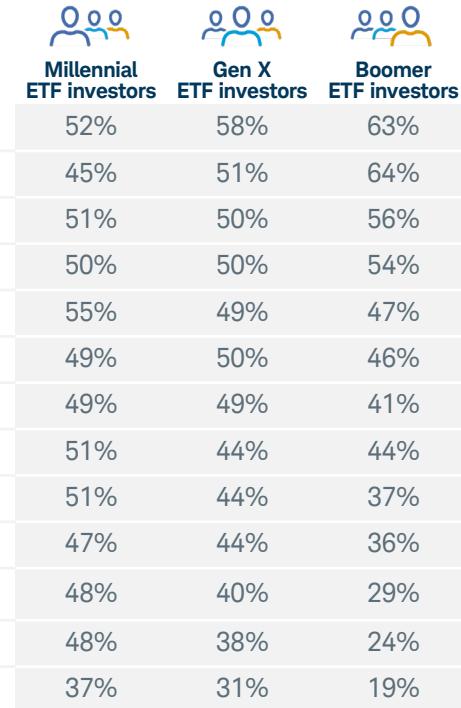
Important factors in choosing an ETF

ETF investors (Extremely important)



Total cost and low expense ratios are more important to older ETF investors, while younger ETF investors consider a broader range of factors

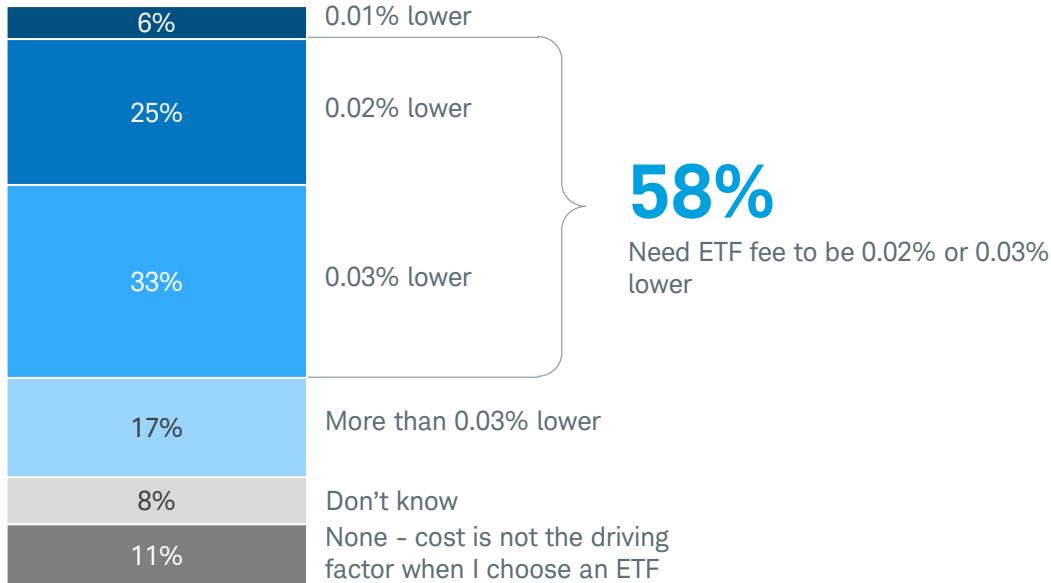
Important factors in choosing an ETF ETF investors (Extremely important)



More than half of ETF investors need an ETF's fee to be 0.02% or 0.03% lower to choose it over another similar ETF

Fee threshold for choosing an ETF over a similar option

ETF investors

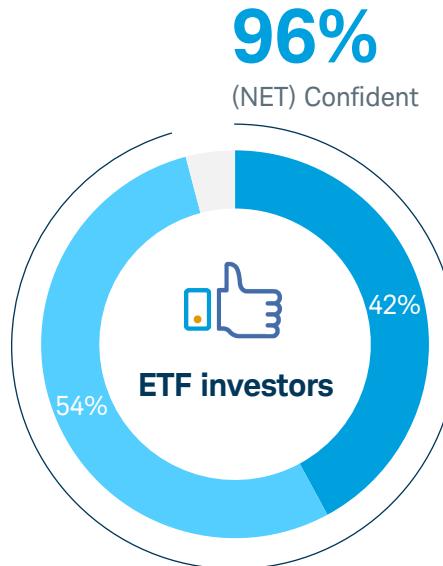


Almost all ETF investors are confident in their ability to choose ETFs that help them achieve their investment goals

Confidence in choosing ETFs

ETF investors

- Extremely confident
- Somewhat confident



Market Sentiment + Confidence

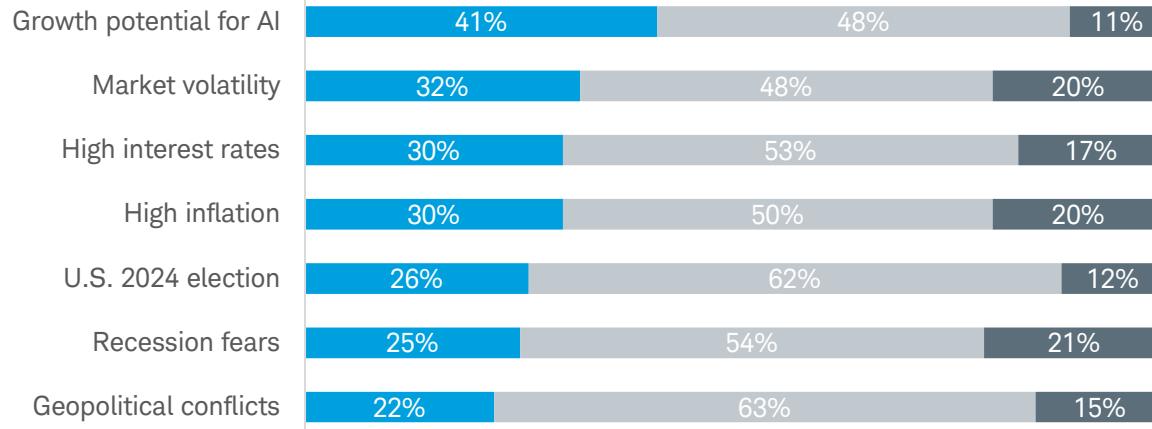
Most ETF investors have stayed the course with their ETF investments despite a variety of market-driving events

Impact of market drivers on ETF investing

ETF investors



■ Put more money into ETFs ■ Did not impact how I invest in ETFs ■ Took money out of ETFs



Asset
Management

Q18: How much have each of the following events impacted your ETF investing so far in 2024? (Base: Total ETF Investors = 1,000)

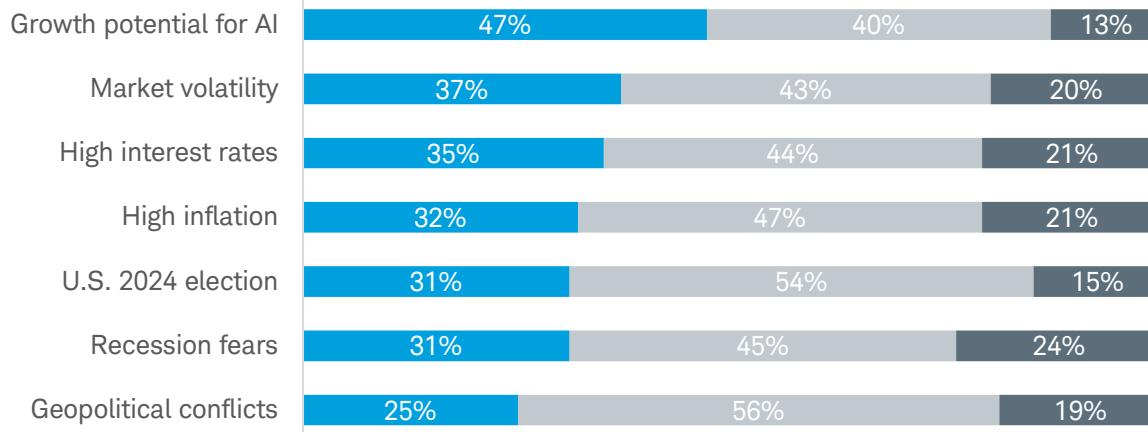
Looking forward, ETF investors plan to maintain a measured approach, though nearly half plan to put more money into ETFs because of AI's growth potential

Impact of market drivers on future ETF investing

ETF investors



■ I will put more money into ETFs ■ Will not impact how I invest in ETFs ■ I will take money out of ETFs

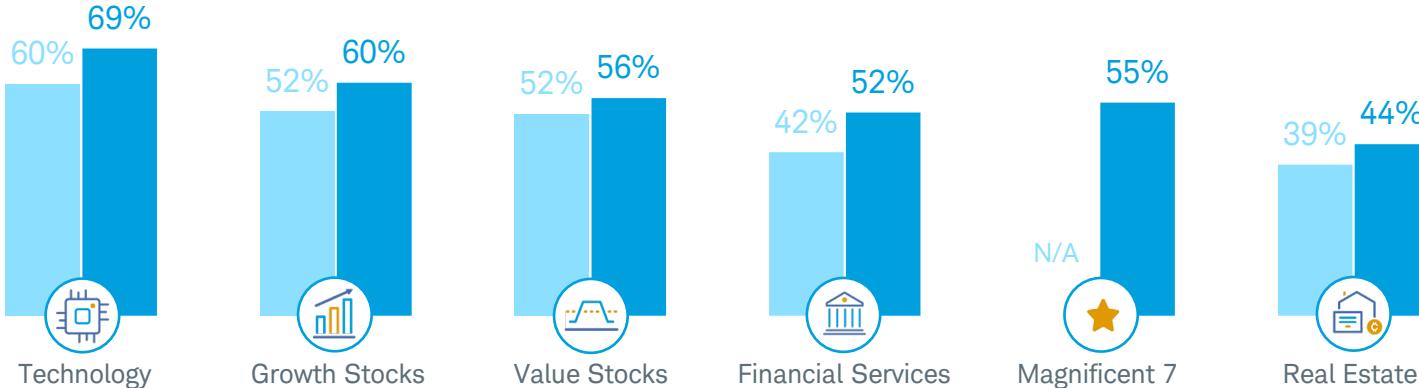


ETF investors feel more bullish across key sectors and investing styles compared to last year

Bullish on investment styles and sectors

ETF investors

2023 2024

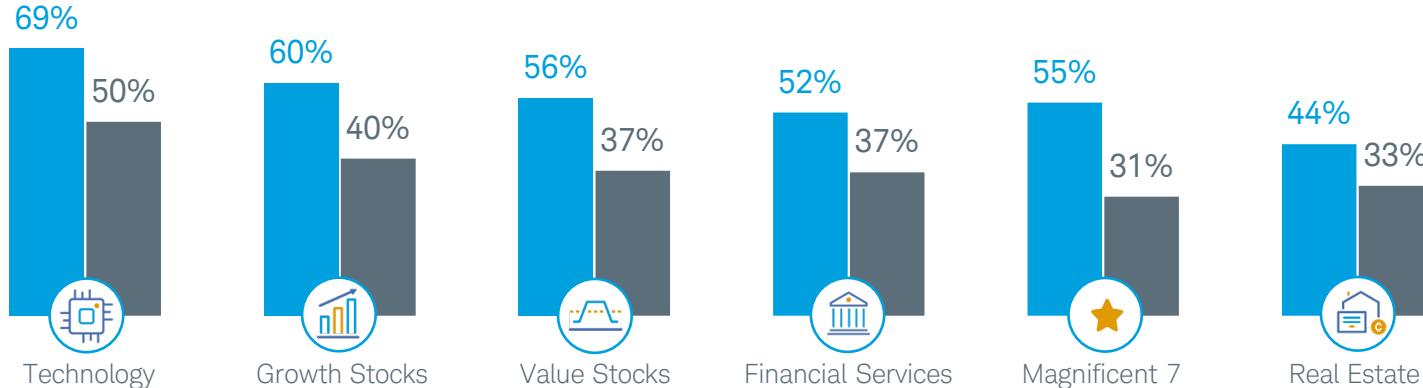


Non-ETF investors are less bullish across sectors and investing styles compared to ETF investors

Bullish on investment styles and sectors

ETF and Non-ETF investors

■ ETF investors ■ Non-ETF investors

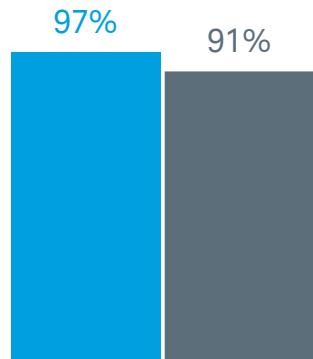


ETF investors demonstrate greater confidence in their investments and more market optimism compared to non-ETF investors

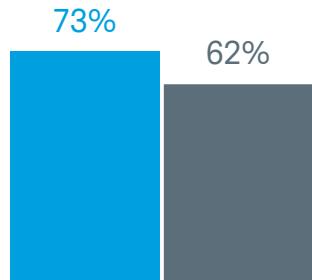
ETF attitudes and confidence

ETF and Non-ETF investors

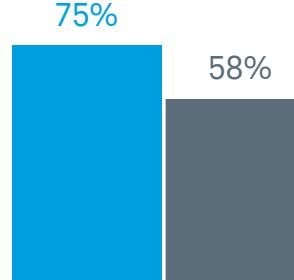
■ ETF investors ■ Non-ETF investors



Confident about meeting desired investment outcomes



When I think about the market, I feel optimistic



I feel confident that my portfolio would recover from a deep recession or black swan event

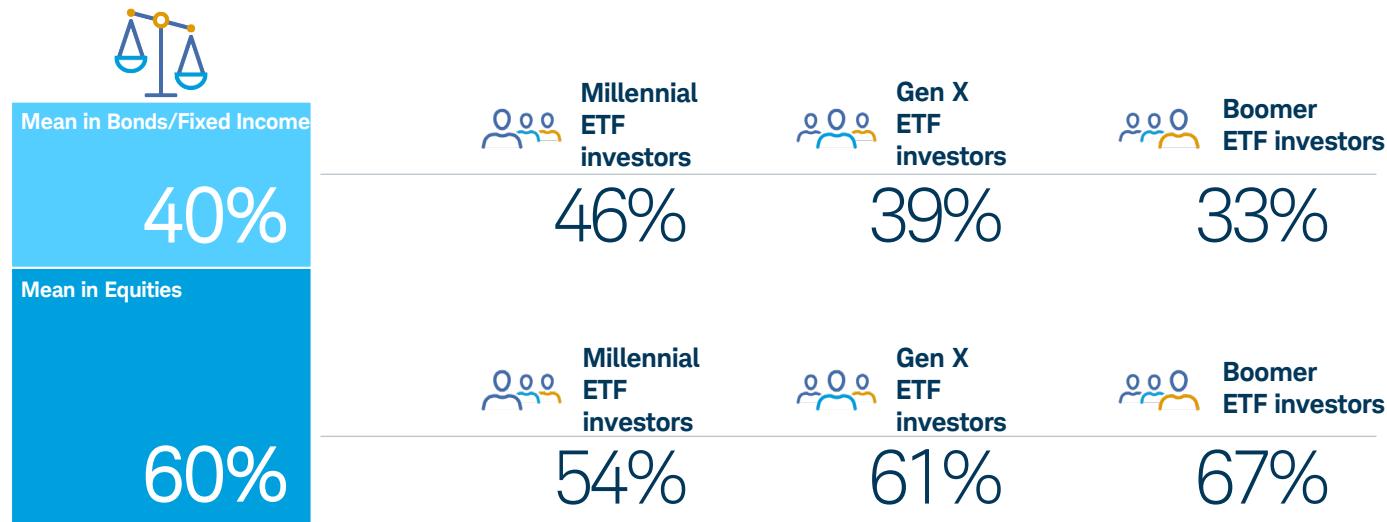


Investment Approach, Asset Class & Product Trends

Most ETF investors align their portfolios with the classic 60/40 portfolio mix, though younger ETF investors have a higher percentage in fixed income

Average portfolio breakdown of ETF investors

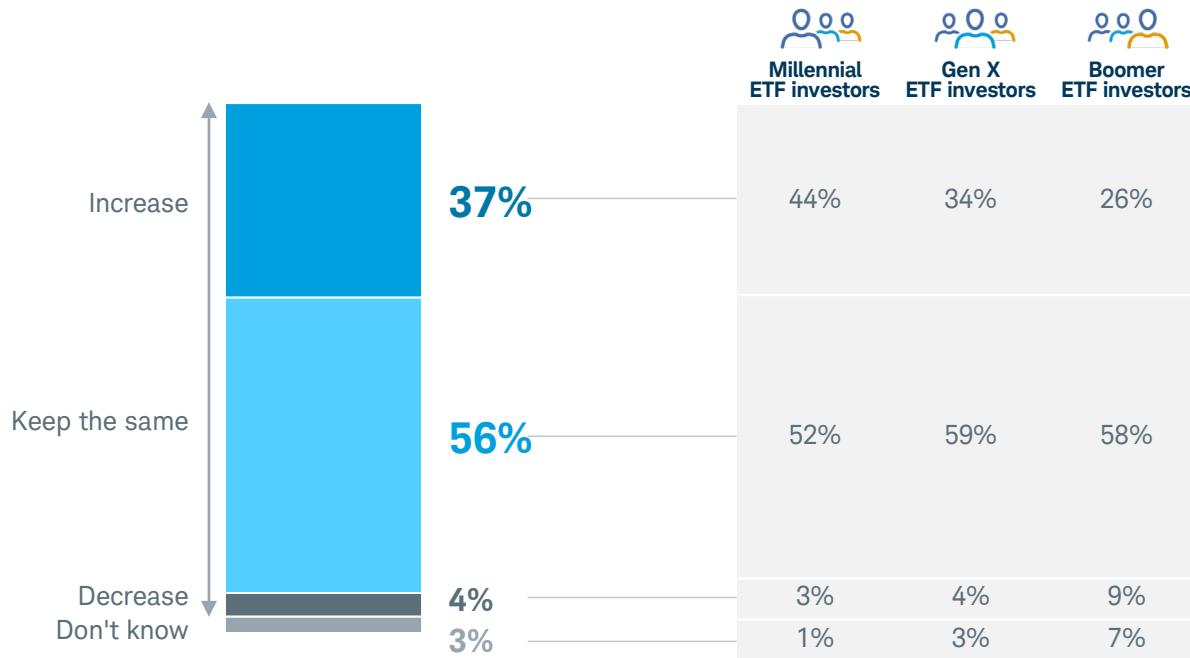
ETF investors (mean)



In the next year, most ETF investors, particularly Millennial ETF investors, plan to maintain or increase their bond and fixed income investments

Plans for investments in bonds/fixed income

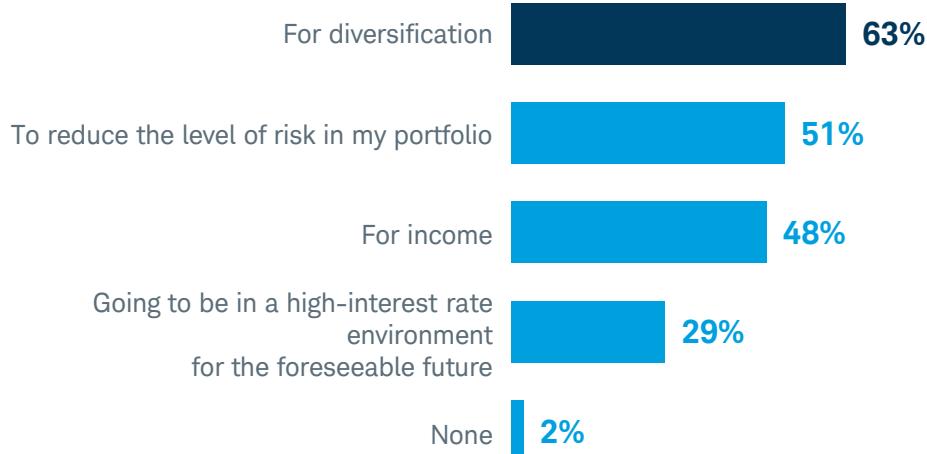
ETF investors



Diversification is the top reason for investing in fixed income among ETF investors

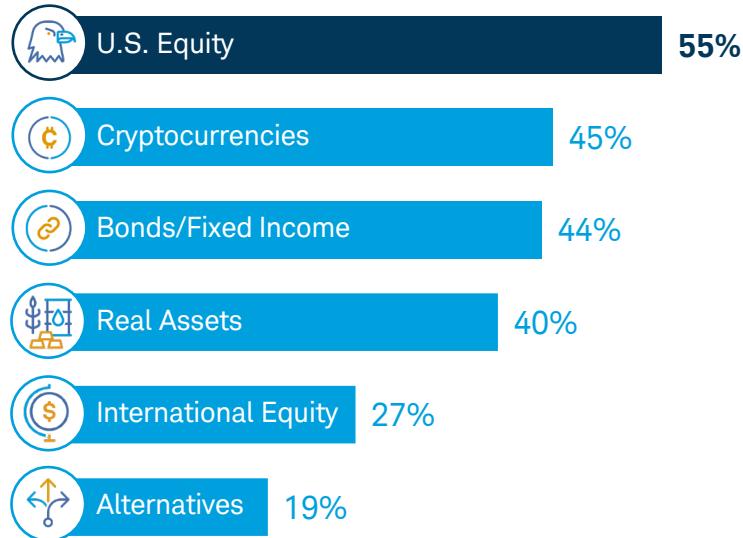
Reasons to invest in fixed income

ETF investors



The #1 asset class that ETF investors plan to invest in via ETFs next year is U.S. equities

Asset classes ETF investors plan to invest in via ETFs ETF investors



Almost a third of ETF investments are in actively managed ETFs today, and most ETF investors are likely to consider purchasing an actively managed ETF in the next two years

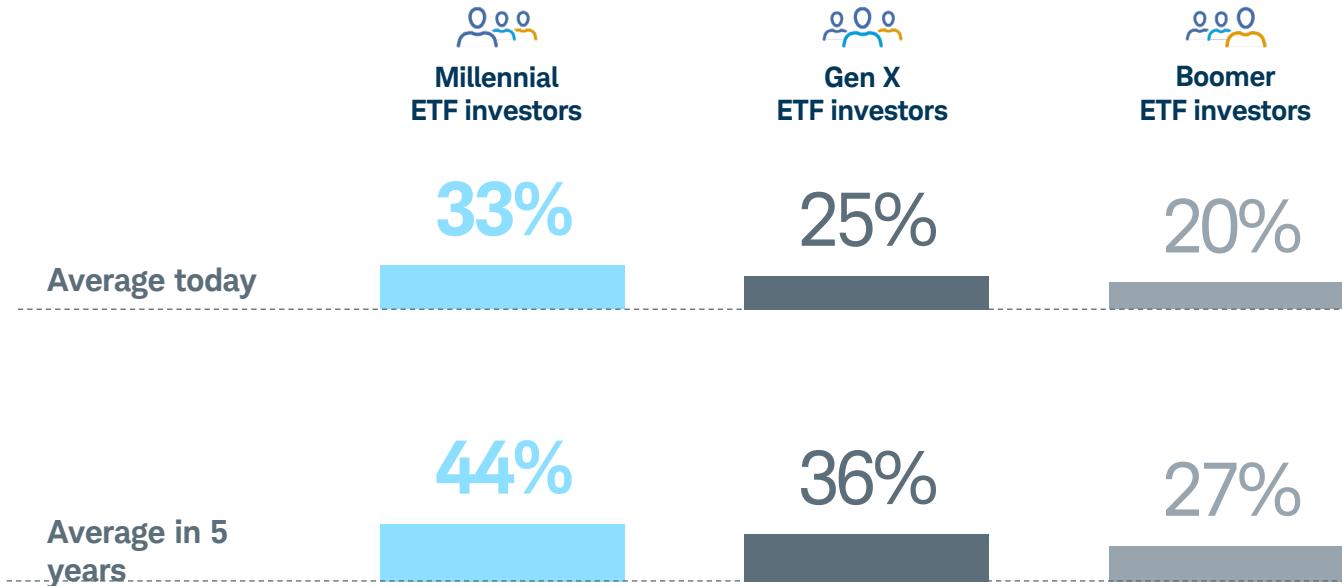
Current investments and future interest in actively managed ETFs ETF investors



Millennials and ETFs

Each generation of ETF investors expects to increase their investments in ETFs in the next five years, with Millennials envisioning the largest allocations to ETFs

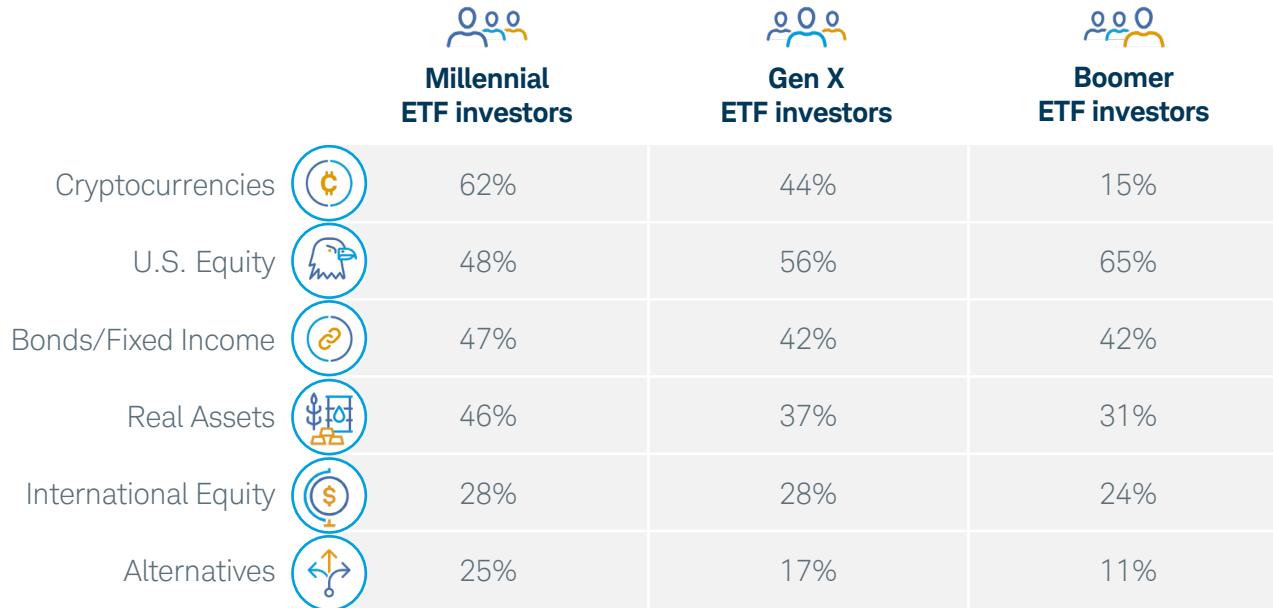
Average percentage of investments in ETFs today and in the next five years
ETF investors



Millennial ETF investors are open to investing in a broader range of asset classes via ETFs, including cryptocurrency, real assets and alternatives

Asset classes ETFs investors plan to invest in via ETFs

ETF investors



Millennials are more likely to invest in a range of specialty ETFs, including long/short, volatility, smart beta and spot cryptocurrency

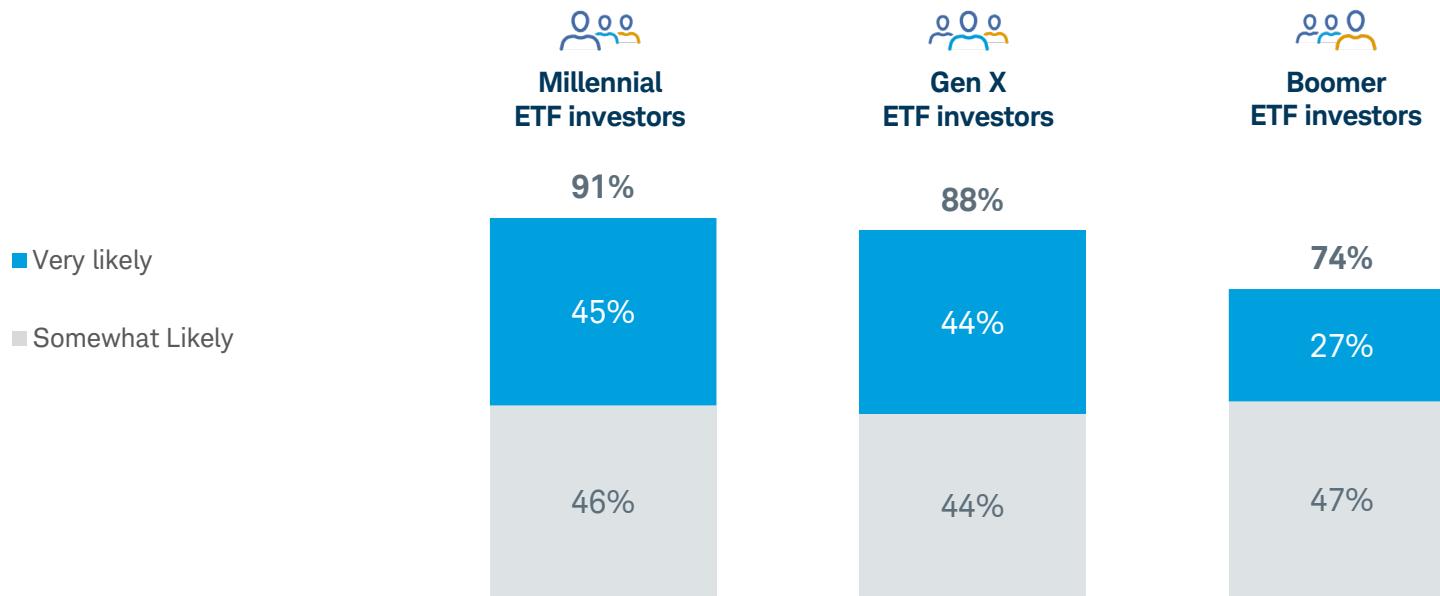
Types of specialty ETFs investors plan to invest in

ETF investors

	 Millennial ETF investors	 Gen X ETF investors	 Boomer ETF investors
Dividend	 48%	53%	57%
Long/Short	 45%	32%	23%
Spot Cryptocurrency	 39%	24%	11%
Leveraged	 35%	25%	15%
Volatility	 30%	19%	9%
Smart Beta	 29%	14%	10%
ESG	 26%	20%	9%
Thematic	 24%	22%	25%
Buffer	 24%	16%	16%

Younger ETF investors are most likely to consider purchasing an actively managed ETF

Likelihood to consider purchasing an actively managed ETF in next two years
ETF investors



Asset
Management

Q25B: How likely are you to consider purchasing an actively managed ETF in the next two years?
(Base: Total ETF Investors = 1,000, Millennial ETF Investors = 408, Gen X ETF Investors = 369, Boomer ETF Investors = 223)

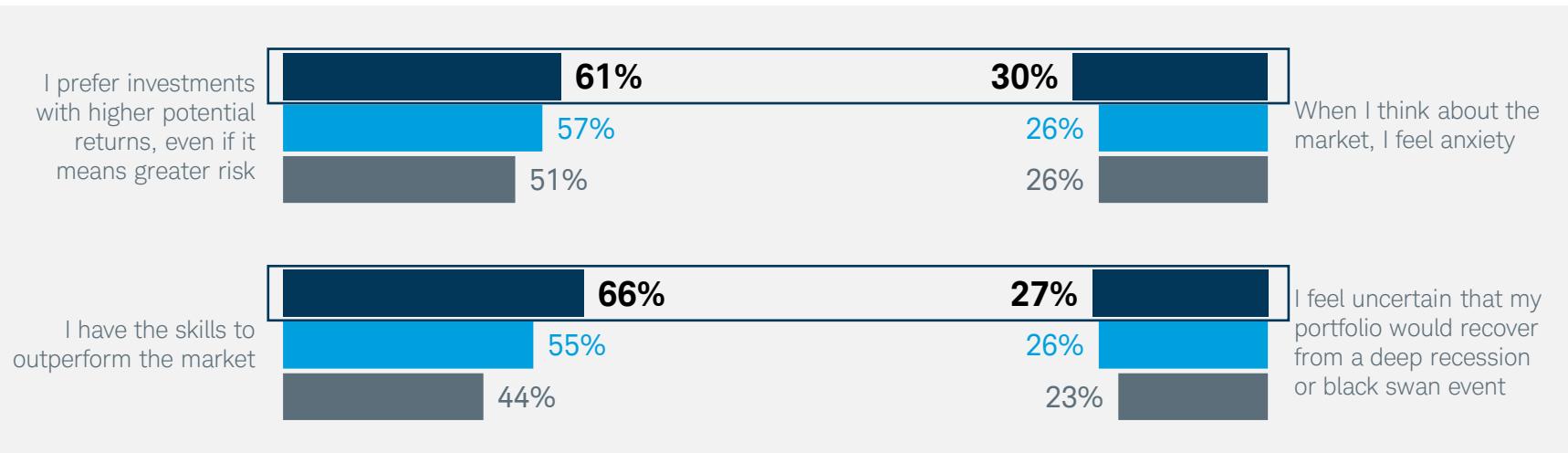
Millennial ETF investors demonstrate more confidence in their skills, but are slightly more likely to feel anxious about the market and their portfolio's ability to recover

ETF attitudes and confidence

ETF investors

Millennial
ETF investors
Gen X
Boomer

ETF investors
ETF investors



Asset
Management

Q30B: Thinking about your opinions on and approach to investing broadly, please select the one which describes you best for each of the following statements.
(Base: Total ETF Investors = 1,000, Millennial ETF Investors = 408, Gen X ETF Investors = 369, Boomer ETF Investors = 223)

Personalization

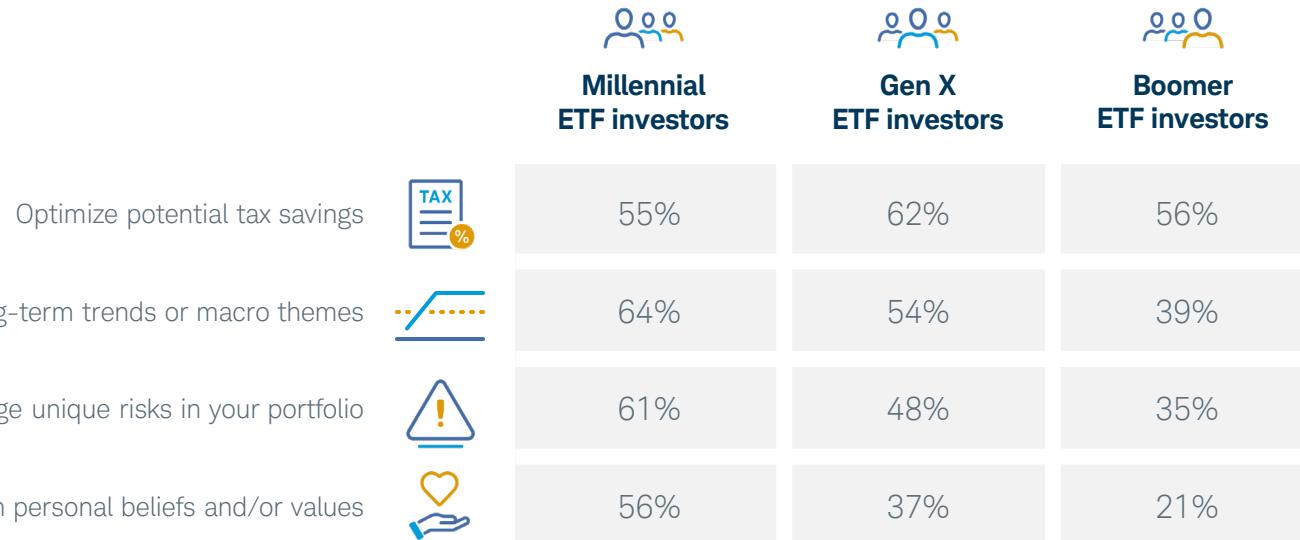
Most ETF investors value control, tax optimization and customization in their investment strategies

Factors rated extremely important when it comes to investments ETF investors



Younger ETF investors are most interested in personalizing their investments around long-term trends and managing unique portfolio risks

Extremely interested in personalizing investments for specific objectives ETF investors



Millennial ETF investors are more likely to personalize their portfolios and invest based on their values than older generations

Very likely to do the following in 2024 ETF investors



I will personalize my investment portfolio more



**Millennial
ETF
investors**
45%



**Gen X
ETF
investors**
40%



**Boomer
ETF
investors**
19%



I will invest more in companies or funds that align with my personal values

46%

37%

18%



I will invest more in investments that correspond to a particular theme

38%

27%

13%



Asset
Management

Q40A: In 2024, how likely are you to do any of the following? (Base: Total ETF Investors = 1,000)
(Base: Total ETF Investors = 1,000, Millennial ETF Investors = 408, Gen X ETF Investors = 369, Boomer ETF Investors = 223)

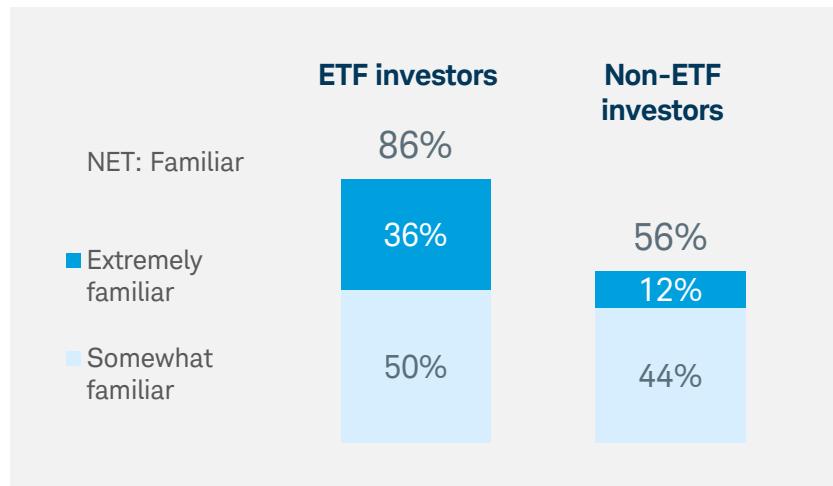
Millennial ETF investors are also most likely to invest in direct indexing in the next year

Likelihood to invest in direct indexing in the next 12 months ETF investors

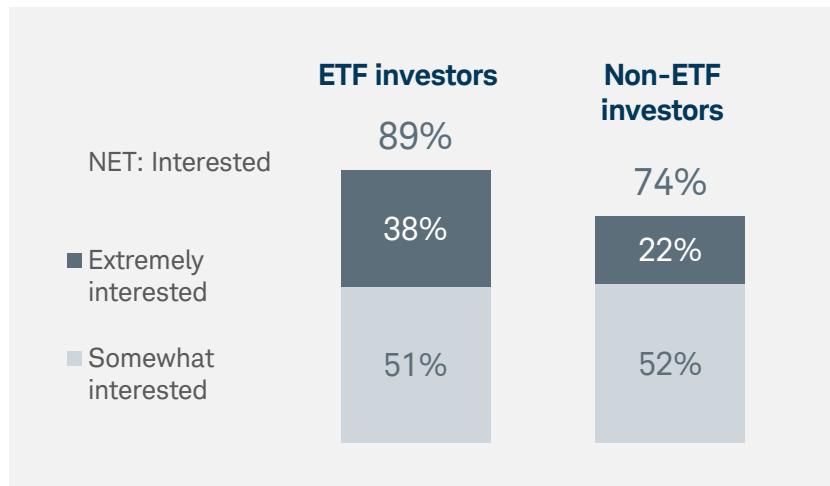


ETF investors are more familiar with direct indexing than non-ETF investors, though interest in learning more about direct indexing is high among non-ETF investors

Familiarity with direct indexing



Interest in learning more about direct indexing



Appendix

Demographic Snapshot

ETF investors

Gender



Men	Women
61%	39%

Generations*



Millennials	Gen X	Boomers
41%	37%	22%

HH income



Mean	Median
\$121K	\$112K

Investable assets



Mean	Median
\$766K	\$375K

Employment



Full-time	Part-time	Retired	Other
85%	5%	7%	3%

Non-ETF investors

Gender



Men	Women
61%	39%

Generations*



Millennials	Gen X	Boomers
32%	32%	36%

HH income



Mean	Median
\$97K	\$87K

Investable assets



Mean	Median
\$440K	\$175K

Employment



Full-time	Part-time	Retired	Other
75%	8%	12%	5%



Base: Total ETF Investors = 1,000; Total Non-ETF Investors = 1,000

*Generations: Millennials: 1981-1996 (27-42); Gen X: 1965-1980 (43-58); Boomers: 1947-1964 (59-75)

Important information

Investing involves risk including loss of principal. The information provided here is for general informational purposes only and should not be considered an individualized recommendation or personalized investment advice. The investment strategies mentioned here may not be suitable for everyone. Each investor needs to review an investment strategy for his or her own particular situation before making any investment decision.

Survey respondents were not asked to indicate whether they had accounts with Schwab. All data is self-reported by study participants and is not verified or validated.

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. Shares are bought and sold at market price, which may be higher or lower than the net asset value (NAV).

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