Q1 2021 Retail Client Sentiment Report
## Methodology and Respondent Demographic Profile

### Methodology:
- This data is collected quarterly via an online survey among clients with retail assets of at least $2,000.
- Note: There is oversampling in order to achieve adequate sample sizes for sub-group analysis, and then application of a weighting scheme to create a total respondent population that is representative of Schwab’s client base. Counts noted below are prior to weighting to show the sample sizes used for the subgroup analysis.
- Q1 study was fielded at the beginning of the quarter: January 7 – 18, 2021.

### Sample sizes for respondents who were asked the Investment Sentiment section of the survey (n=917)

<table>
<thead>
<tr>
<th>Gender</th>
<th>Male</th>
<th>Female</th>
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<tbody>
<tr>
<td>Male</td>
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<td>241</td>
<td>45</td>
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Q1 2021 Executive Summary

Q1 bullish market sentiment hits highest point since Schwab started tracking in 2013; COVID-19 and the political climate remain top of mind for investors

Key themes

• Client sentiment around the stock market improves – 48% now feel bullish compared to 36% in Q4 2020
• Investor confidence increases and significantly more clients feel better off financially
• COVID-19 and the political landscape top investors’ list of concerns; just 16% think market is overdue for a correction
• Investors resolve to invest and save more in 2021, while expecting similar amount of financial stress as they felt in 2020
• Travel tops investors’ post-COVID spending plans
Q1 bullish market sentiment hits highest point since Schwab started tracking in 2013

**Outlook For U.S. Stock Market**
*(Single response only; Among Total Sample)*

**Bullish**
- 48% (+12)
  - I think the market will continue to perform well, and *I feel like my portfolio is well-positioned* to grow with the market
  - I think the market will continue to perform well, and I *plan to increase my allocation to equities* as a result

**Bearish**
- 35% (-9)
  - I think the market is due for a significant correction, and I’m *concerned about the possible impact on my portfolio*
  - I think the market is due for a significant correction, but I’m confident that I have a plan in place to withstand it

**Don’t know**
- 17%

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**Q6. Thinking about the next 3 months, which statement best describes your outlook for the U.S. stock market?**

Base = Weighted Total

Q1 bullish market sentiment hits highest point since Schwab started tracking in 2013
Significantly more retail investors feel better off financially; more than half say now is a good time to invest

Client Confidence Trends
December 2015 – January 2021

Q1. In your opinion, is this a good time or bad time to invest in stocks, mutual funds and other equity-based investments?
Q3. In terms of how you are getting along financially, compared to a year ago, are you...
Q4. How confident are you in making investment decisions for your household?

Base = Weighted Total

Q3. In terms of how you are getting along financially, compared to a year ago, are you...?
Outlook For U.S. Stock Market By Life Stage
(Single response only; Among Total Sample)

I think the market will continue to perform well, and I feel like my portfolio is well-positioned to grow with the market.

I think the market will continue to perform well, and I plan to increase my allocation to equities as a result.

I think the market is due for a significant correction, and I'm concerned about the possible impact on my portfolio.

I think the market is due for a significant correction, but I'm confident that I have a plan to withstand it.

Bullishness compared to last quarter increases across generations

Base = Weighted Total

Q6. Thinking about the next 3 months, which statement best describes your outlook for the U.S. stock market?
Confidence in reaching financial goals remains steady across generations

Confidence in Reaching Financial Goals
(Single response only; Among Total Sample)

Top 2 Box Confident

Q1'21
48% 50% 46% 52%

Q4'20
51% 48% 48% 51%

Q3'20
62% 51% 47% 52%

Q2'20
42% 53% 47% 55%

Base = Weighted Total
Q10. Which statement best describes your confidence in reaching your financial goals?
COVID-19 and the political landscape top investors’ list of concerns; just 16% think market is overdue for a correction
Fewer clients plan to move money into stocks over next three months

Portfolio Allocation Changes Made During Past 3 Months & Planned in Next 3 Months
(Multiple responses allowed; Total Sample)

- **Move Money Net**: 68% (Past 3 Month), 51% (Next 3 Months)
- **Into individual stocks**: 28% (Past 3 Month), 44% (Next 3 Months)
- **Have rebalanced your portfolio**: 23% (Past 3 Month), 28% (Next 3 Months)
- **Into ETFs**: 17% (Past 3 Month), 24% (Next 3 Months)
- **Into mutual funds**: 21% (Past 3 Month), 16% (Next 3 Months)
- **Into cash investments**: 6% (Past 3 Month), 17% (Next 3 Months)
- **Into another type of investment vehicle**: 14% (Past 3 Month), 9% (Next 3 Months)
- **Into fixed income investments**: 13% (Past 3 Month), 9% (Next 3 Months)
- **Invested in cryptocurrency**: 10% (Past 3 Month), 7% (Next 3 Months)

Base = Weighted Total (n=917)
Q5. Which of the following actions have you taken, if any, in the past 3 months? Q20. Which of the following actions do you plan to do over the next 3 months?
Fewer clients plan to add money to investment portfolios or pay down debt over next three months

Financial Habit Changes Made During Past 3 Months & Planned in Next 3 Months
(Multiple responses allowed; Total Sample)

- Save more money: 45% Past 3 Month, 38% Next 3 Months
- Add money into my investment portfolio: 43% Past 3 Month, 32% Next 3 Months
- Pay down debt: 39% Past 3 Month, 28% Next 3 Months
- Add to an emergency fund: 27% Past 3 Month, 20% Next 3 Months
- Seek investing guidance or advice: 22% Past 3 Month, 17% Next 3 Months
- Take money out of my investment portfolio: 13% Past 3 Month, 7% Next 3 Months
- Move to the sidelines: 9% Past 3 Month, 3% Next 3 Months
- Create a written financial plan: 7% Past 3 Month, 4% Next 3 Months

Base = Weighted Total (n=917)
Q5. Which of the following actions have you taken, if any, in the past 3 months?
Q20. Which of the following actions do you plan to do over the next 3 months?
2021 Outlook

Clients share sentiment around expectations, planning, spending, and impact of COVID-19 in 2021
Impact of COVID-19 on financial behaviors expected to continue in 2021; a third of investors plan to spend more time on planning

Actions Taken in Past Year & Planned to Continue in 2021 as a Result of COVID-19

(Multiple responses allowed; Among total sample)

- Spent more time on financial planning than I have in the past: 34% (28% in 2020)
- Paid down my credit card and/or student loan debt: 22% (21% in 2020)
- Had conversations with children about money and finances: 18% (20% in 2020)
- Did a better job sticking to a budget: 17% (18% in 2020)
- Saved for shorter-term investment goals: 15% (18% in 2020)
- Spoke with a financial advisor: 15% (17% in 2020)
- Saved for discretionary spending goals: 14% (16% in 2020)
- Asked for financial tips from friends or family: 10% (10% in 2020)
- Was unable to save much/anything at all: 7% (4% in 2020)
- Found it more difficult to stick to a budget: 4% (2% in 2020)
- Developed a financial plan for the first time: 2% (None of the above: 4% (3% in 2020)

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More than a third of investors made a 2021 financial resolution to save and invest more; they expect a similar amount of financial stress compared to 2020.

### 2021 Financial Resolutions

<table>
<thead>
<tr>
<th>Resolution</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Invest more</td>
<td>36%</td>
</tr>
<tr>
<td>Save more</td>
<td>33%</td>
</tr>
<tr>
<td>Determine my long-term financial goals</td>
<td>19%</td>
</tr>
<tr>
<td>Educate my kids about finances</td>
<td>16%</td>
</tr>
<tr>
<td>Seek guidance from a financial advisor</td>
<td>16%</td>
</tr>
<tr>
<td>Develop a written financial plan</td>
<td>8%</td>
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### 2021 Financial Expectations

<table>
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<tr>
<td>More financial stress</td>
<td>14%</td>
</tr>
<tr>
<td>Same amount of financial stress</td>
<td>47%</td>
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<tr>
<td>Do not have stress associated with finances</td>
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Travel tops investors’ plans for post-COVID spending by a significant margin

Plans for Post-COVID Spending
(Multiple responses allowed; Among total sample)

Base = Weighted Total (n=917)
QSI_Q121_3. What category are you most excited to spend on once the COVID-19 pandemic restrictions are lifted and/or the risk level is lower?

- Vacation/travel: 55%
- Dining out/restaurants: 10%
- Home projects/renovation: 8%
- Entertainment: 6%
- In-person fitness classes/gym: 4%
- Car purchase/lease: 2%
- Self-care: 1%
- Retail shopping: 1%
- Child-care: ≤1%
- Other: 2%
- None of the above: 10%

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Investors plan to put 2020 tax refunds toward saving, investing, and debt

2021 Tax Refund Spending
(Multiple responses allowed; Among total sample)

- 27% Put it into a savings account
- 18% Invest in the stock market
- 14% Pay off a credit card or other debt
- 9% Contribute it to an IRA
- 6% Take a vacation
- 5% Spend it on yourself or a significant other
- 3% Save it for college expenses for yourself or child
- 2% Pay off unexpected COVID-related expenses or debt
- 8% Other
- 5% None of the above
- 5% Don’t know
- 30% You are not expecting a tax refund

Base = Weighted Total (n=917)
QSI_Q121_5. How do you plan to spend your 2020 tax refund if you receive one?

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IRA Season
IRA account and contribution trends
Nearly half of investors not contributing maximum to IRA account

**IRA Investing Trends**

(Multiple responses allowed; Among total sample)

- **Contribute max amount to IRA for your age**: 32%
- **Have IRA, but do NOT contribute max amount**: 46%
- **You contribute to an employer-based retirement plan (like a 401K)**: 40%
- **You do not have either an IRA or an employer-based retirement plan**: 7%

Base = Weighted Total (n=917)

QSI_Q121_6. Which of the following best describes your involvement with an IRA, or Individual Retirement Account?
Most investors’ IRA contributions remain unaffected by COVID-19 impact

COVID-19 Impact on IRA Contributions*
(Multiple responses allowed; Among total sample)

- You have not had any changes in your IRA contributions: 35%
- You are still contributing as much as possible to prepare for the future: 26%
- You are contributing less than you would like because you need money for everyday expenses: 9%
- You are contributing more than normal because of increased income or other factors: 4%
- You’ve withdrawn money early from an IRA because you needed it for everyday expenses: 2%
- None of the above: 24%
- Don’t know: 3%

Base = Weighted Total (n=917); Have an IRA (n=710)*
QSI_Q121_6. Which of the following best describes your involvement with an IRA, or Individual Retirement Account?
Disclosures:

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