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Q2 2019 Retail Client Sentiment Report

July 2019

Q2 2019 Executive Summary

Key themes:

- Client outlook for the U.S. stock market remains slightly bearish, but the proportion of clients who think they are “better off financially” and it’s a “good time to invest” has increased since December 2018.
- The U.S. political landscape is overwhelmingly the leading concern about investing among clients. Additionally, a third of clients believe the next economic downturn will occur in the next year.
- Confidence among clients overall remains steady but has declined slightly among younger and mid-life clients.



Joe Vietri
Charles Schwab Branch Network Leader

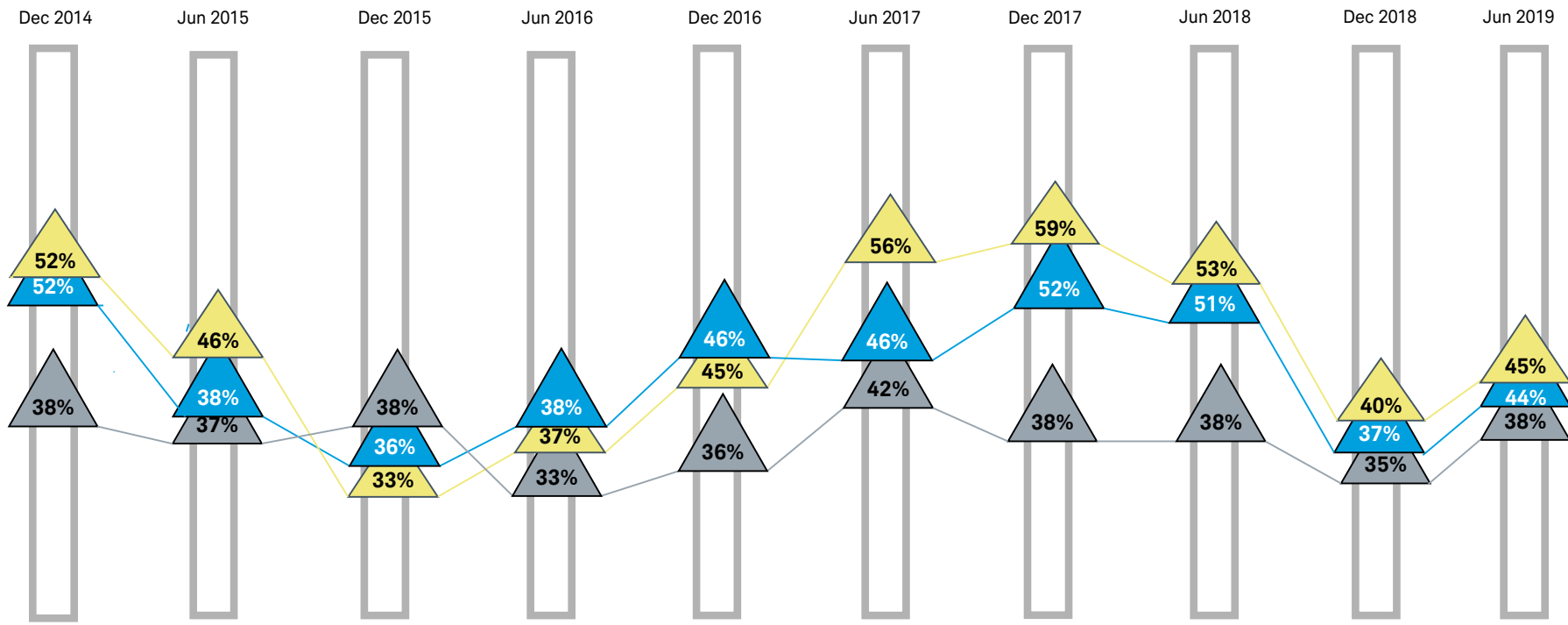
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“Following the extreme volatility we saw at the end of 2018, our retail clients became slightly bearish in their outlook for the U.S. stock market, and we’re seeing that sentiment hold through the first half of 2019. They have their eyes on Washington and express some concern about an economic downturn, but despite those factors, overall investor confidence is stable.”

”

The proportion of clients who think they are “better off financially” and it’s a “good time to invest” increased since December 2018.

Client Confidence Trends December 2014 – June 2019



Legend

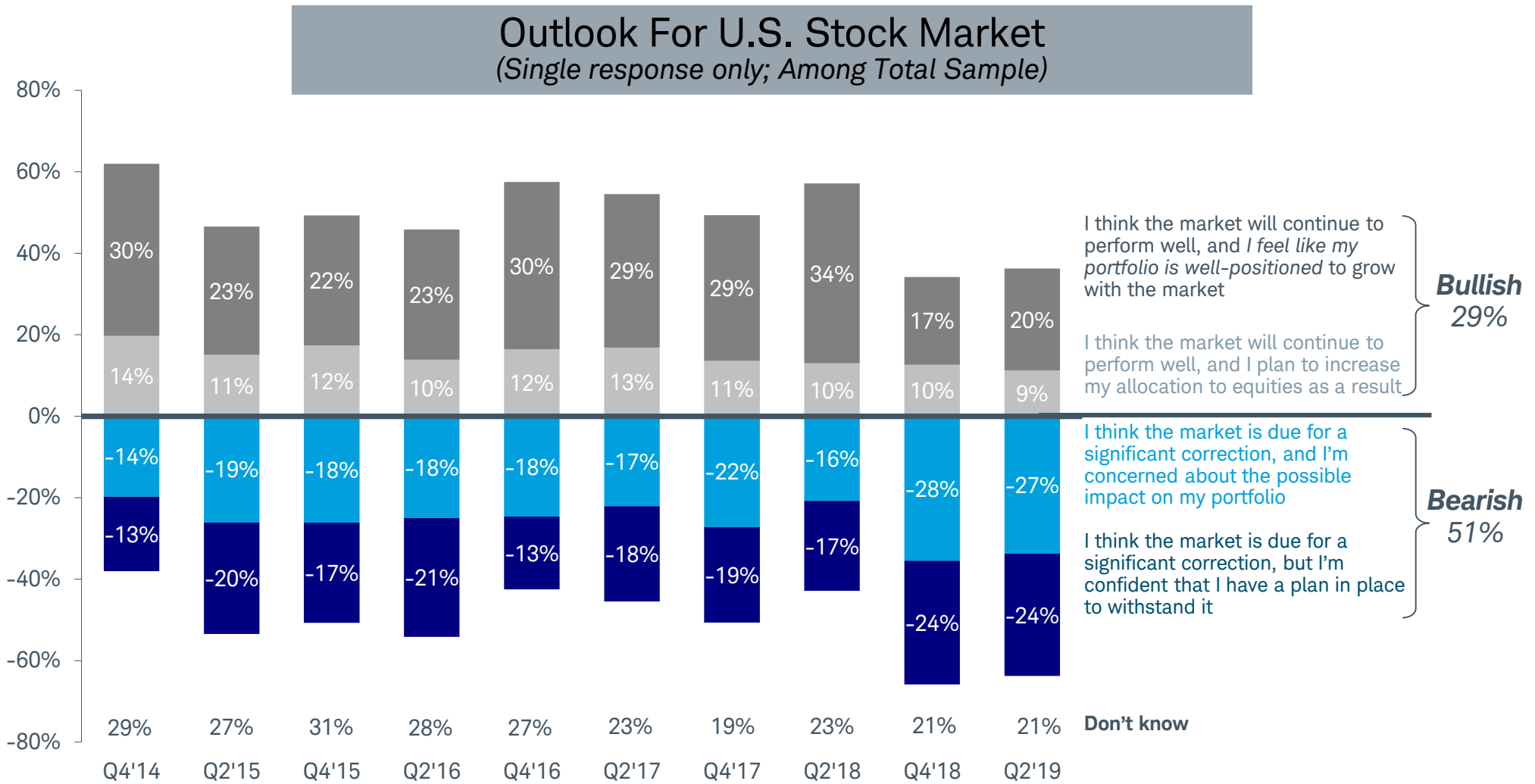
% Good Time to Invest
5 year mean = 44%

% Better Off Financially
5 year mean = 47%

% Confident In Decision Making
5 year mean = 37%

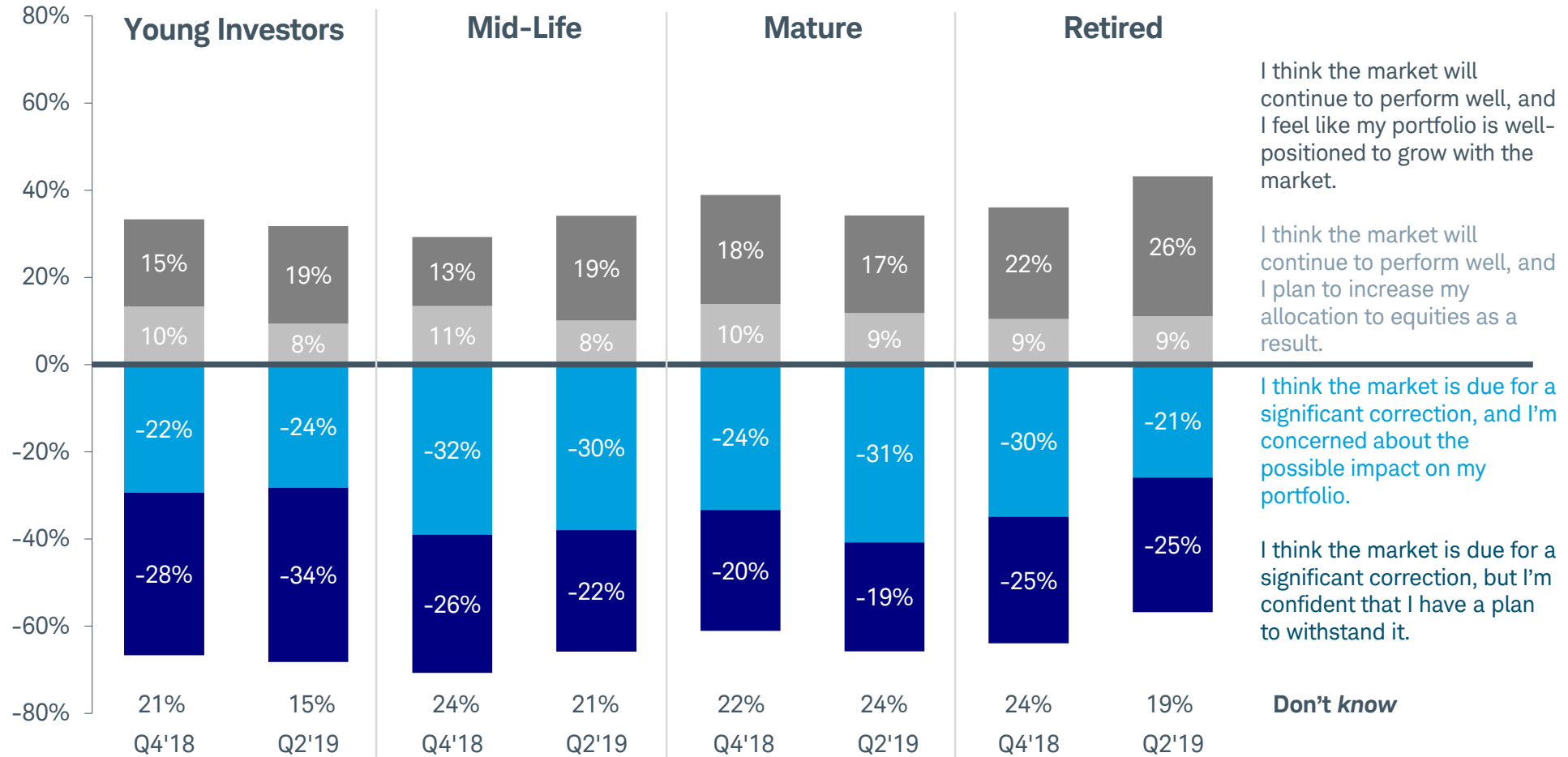
Q. In your opinion, is this a good time or bad time to invest in stocks, mutual funds and other equity-based investments?
 Q. In terms of how you are getting along financially, would you say you are better off, about the same or worse off than you were a year ago?
 Q. How confident would you say you feel in making investment decisions for your household?

Client outlook for the U.S. stock market continues to lean bearish.



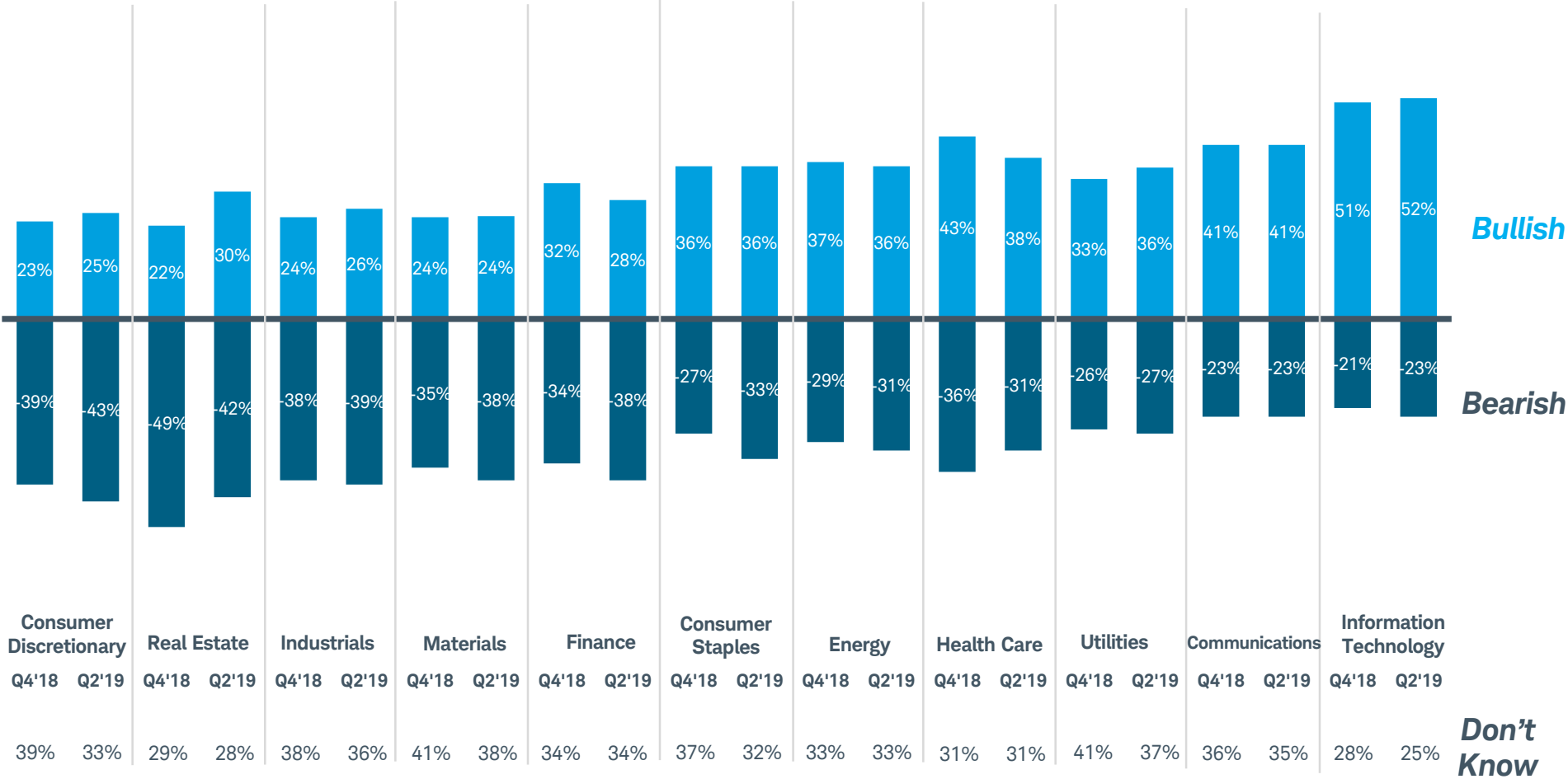
By life stage, younger and mid-life clients are most bearish.

Outlook For U.S. Stock Market by Life Stage



Clients are most bullish on technology stocks and most bearish on the consumer discretionary sector.

Stock Market Outlook for Sectors (Among Total Sample)



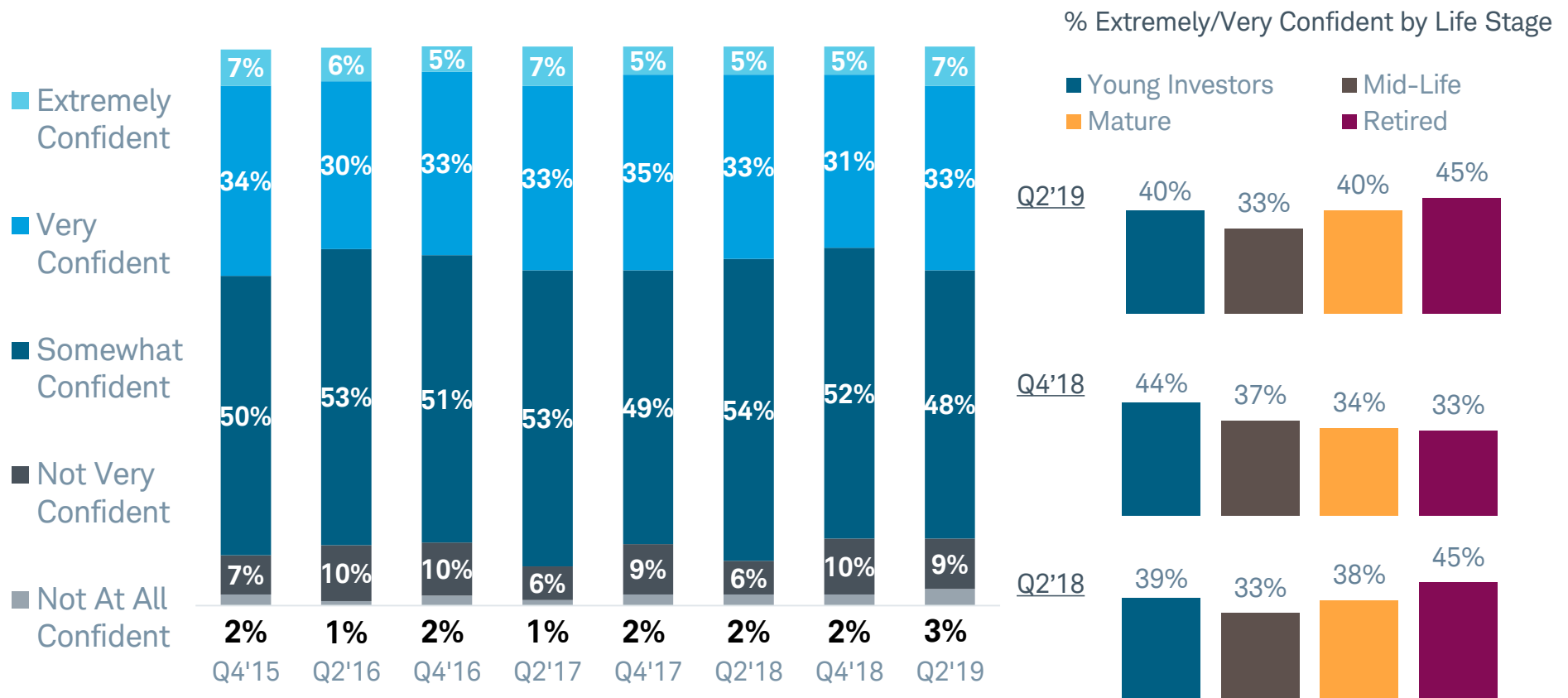
Bullish

Bearish

Don't Know

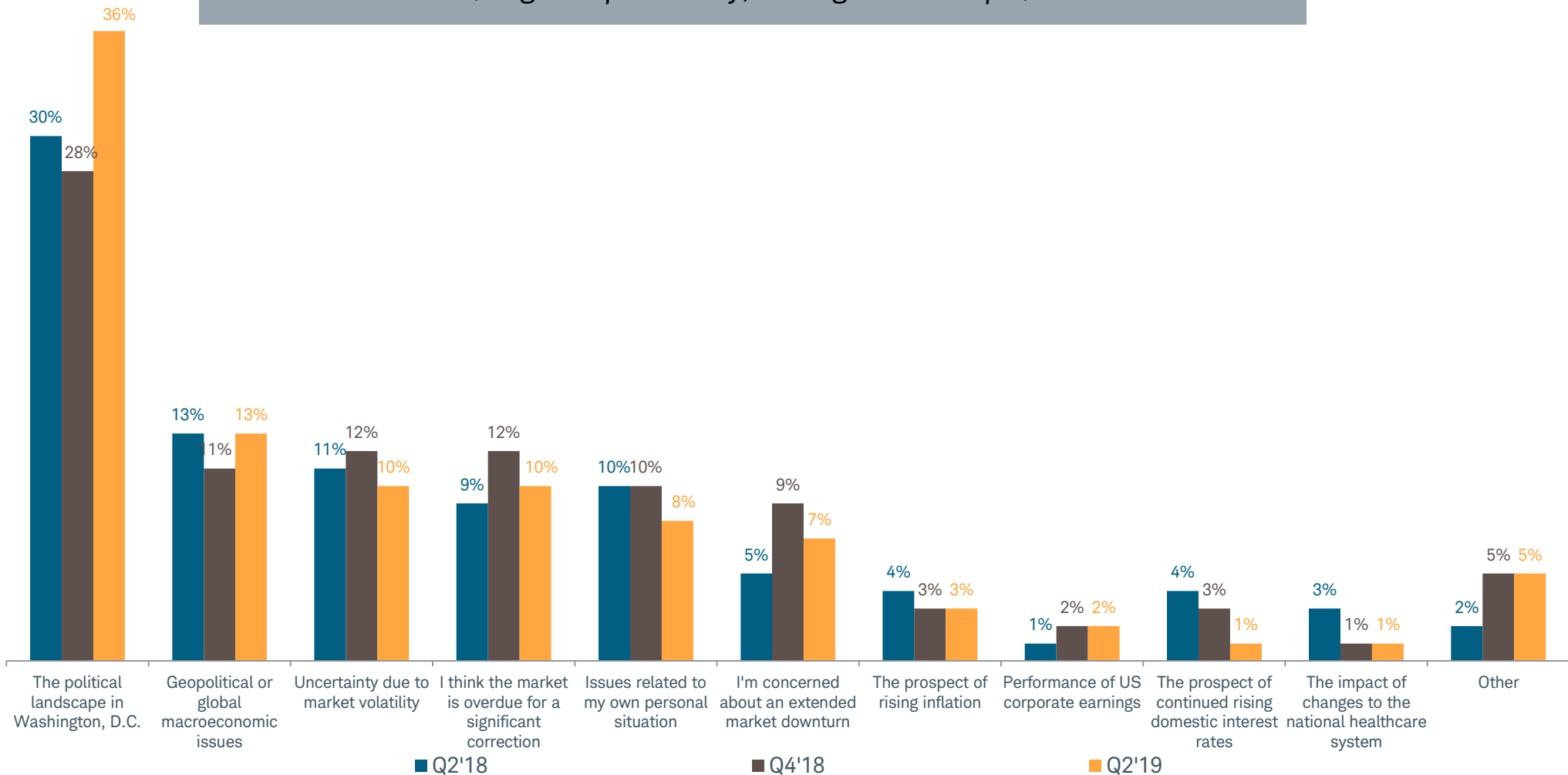
Confidence among clients overall remains steady but has declined slightly among younger and mid-life clients.

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



The U.S. political landscape is overwhelming the leading concern about investing among clients.

Primary Concern About Investing (Single response only; Among Total Sample)

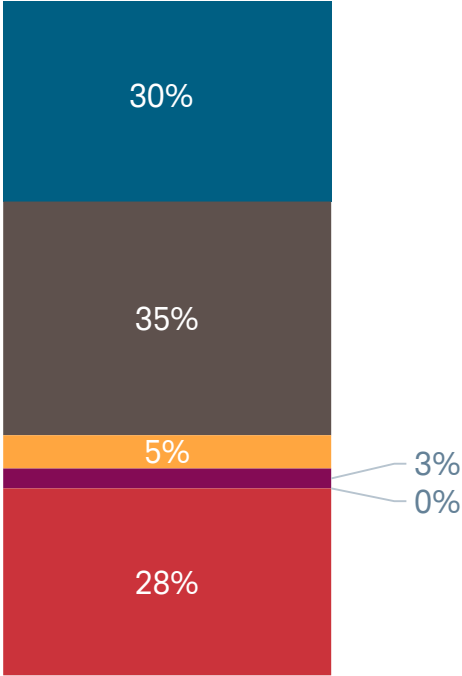


Q2'18: What is your primary concern around money and investing looking ahead to the rest of 2018?
 Q4'18: What is your primary concern around money and investing looking ahead to 2019?
 Q2'19: What is your primary concern around money and investing looking ahead to the rest of 2019?

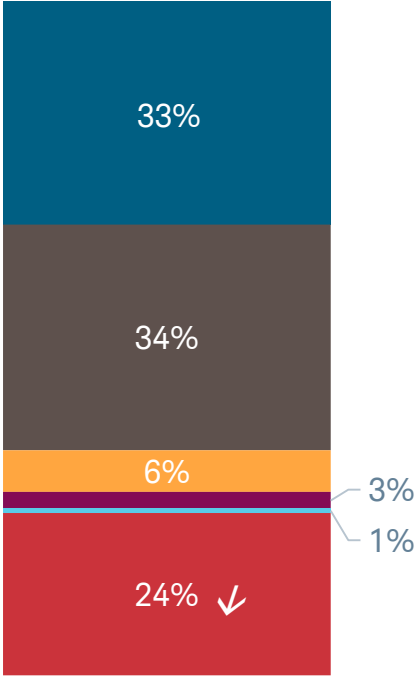
A third of clients believe the next economic downturn will occur in the next year.

Anticipated Timeframe of Next Economic Downturn (Among Total Sample)

Q4'18



Q2'19



■ In the next year ■ 2-3 years ■ 3-5 years ■ 5-10 years ■ 10+ years ■ Don't know/Prefer not to answer

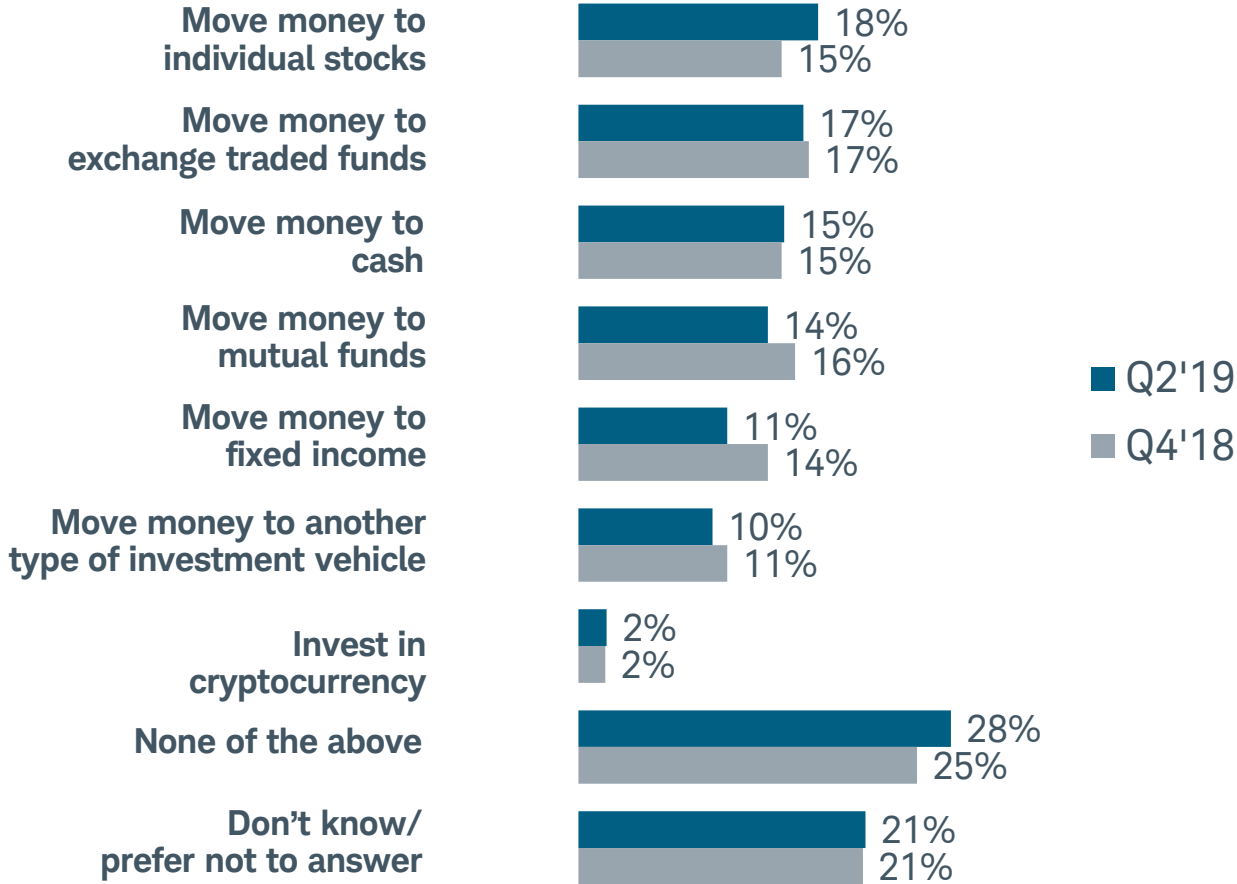
While more clients indicate they're doing more research when selecting investments, few have changed their philosophy during the past quarter.

Change in Investing Philosophy (Among Total Sample)

Q4'14	Q2'15	Q4'15	Q2'16	Q4'16	Q2'17	Q4'17	Q2'18	Q4'18	Q2'19	
Investing Philosophy Changed Past 3 Months (Single response only; Total Sample)										
11%	16%	15%	14%	16%	17%	18%	15%	20%	15%	
Actions Taken in Past 3 Months (Multiple responses allowed; Total Sample)										
21%	23%	20%	20%	16%	24%	24%	20%	19%	More care in researching/selecting investments	22%
25%	27%	23%	21%	22%	25%	26%	25%	22%	Rebalancing portfolio	21%
18%	18%	20%	14%	15%	16%	16%	14%	18%	Moved money into cash	20%
19%	22%	17%	17%	17%	19%	21%	20%	18%	Sought investing guidance/advice	18%
8%	9%	7%	8%	7%	10%	11%	10%	12%	Moved money into fixed income investments	12%
9%	6%	7%	7%	9%	12%	12%	10%	8%	Traded equities for short term gains	10%
5%	7%	8%	9%	10%	6%	7%	6%	9%	Moved to the sidelines	7%
6%	5%	3%	5%	4%	5%	7%	6%	5%	Moved money into alternative investments	6%
2%	2%	2%	3%	4%	4%	4%	4%	4%	Traded more options	4%
1%	3%	3%	3%	4%	3%	2%	3%	2%	Moved money into gold/commodities	4%
1%	1%	1%	1%	1%	1%	1%	1%	1%	Traded less on margin	2%
33%	31%	33%	39%	39%	32%	30%	36%	36%	Have taken no action	34%

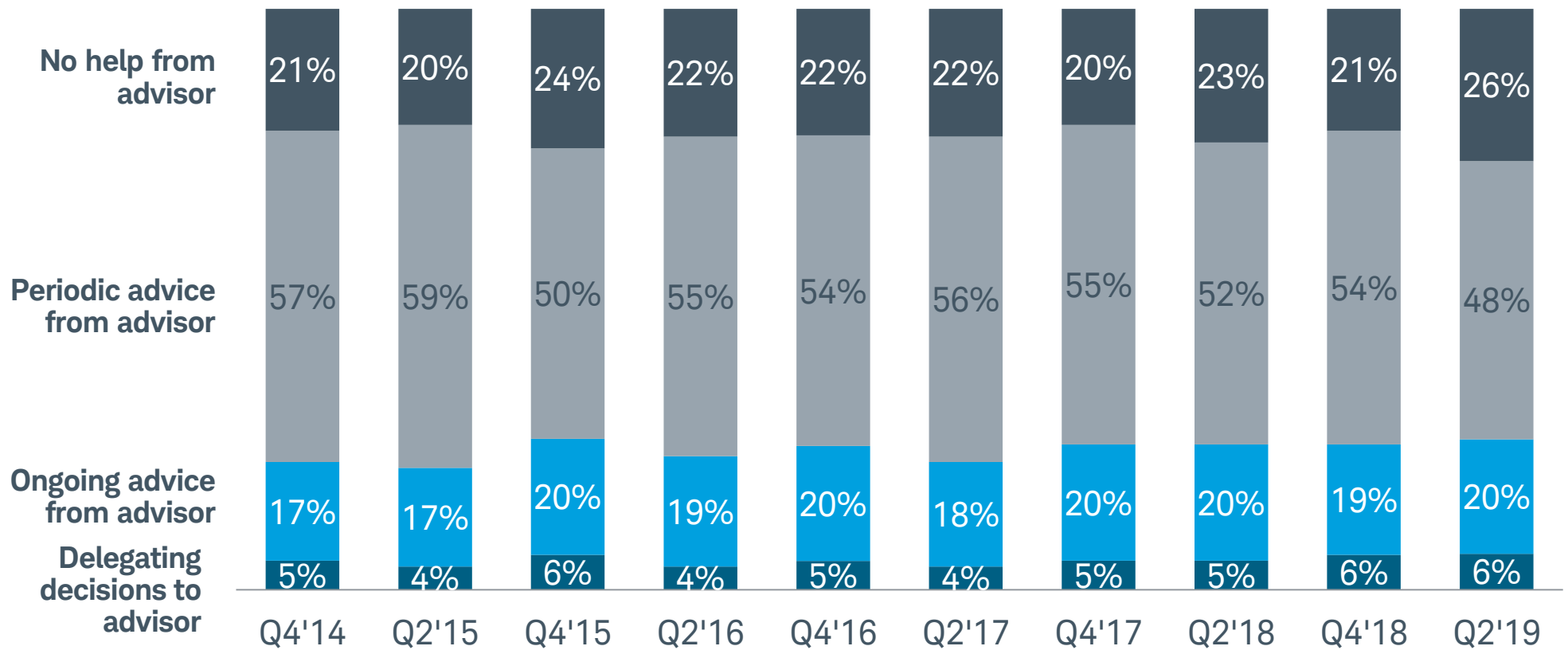
Fewer clients anticipate moving money to fixed income investments in the next three months compared to six months ago.

Changes to Portfolio Anticipated In Next 3 Months *(Multiple responses allowed; Among Total Sample)*



A majority of client continue to prefer receiving periodic advice from an advisor.

Scenario Offering Most Confidence in Achieving Investing Goals (Among Total Sample)



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Disclosures

Information based on internal data and an online Schwab survey of 1,000 retail clients with at least \$2,000 in statement equity conducted June 3 -13, 2019.

Life Stage

Younger Investor (<40): 177 (18%)

Mid-Life (40-55): 225 (23%)

Mature (55+ not retired): 319 (32%)

Retired: 279 (28%)

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