

# Charles Schwab ETF Investor Study

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# Background

Charles Schwab has conducted the ETF Investor Study since 2011. It is an online study among a national sample of ETF and non-ETF Investors conducted by Logica Research. Logica Research is neither affiliated with, nor employed by, Charles Schwab & Co., Inc.

The 2020 ETF Investor Study survey was fielded November 9<sup>th</sup> to November 29<sup>th</sup> 2020.

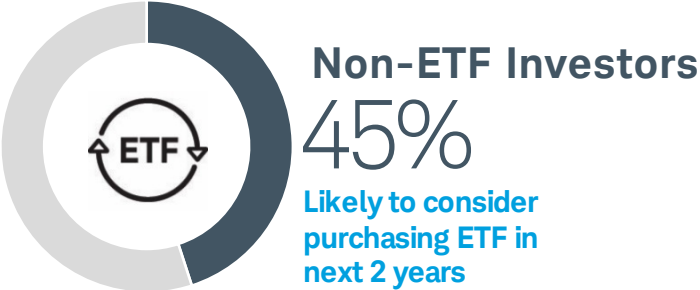
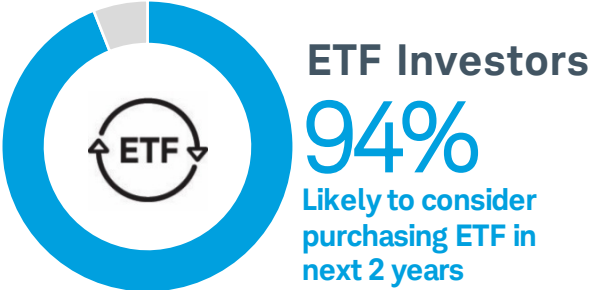
- 2,500 investors completed the study
  - 1,000 general ETF investors
  - 500 oversample of Millennial ETF investors
  - 1,000 non-ETF investors
- To qualify for the study, investors had to
  - Be 25 to 75 years old
  - Have a minimum of \$25,000 in investable assets
  - Have purchased or sold an ETF in the past 2 years (ETF investors)
  - Be at least somewhat familiar with ETFs (non-ETF investors)
- Generational definitions
  - Millennials: age 25-39
  - Gen X: age 40-55
  - Boomers: age 56-74
  - Matures: age 75

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# The Year Ahead: ETF Investing Plans and Trends

# In the next two years, almost all ETF investors along with almost half of non-ETF investors say they are likely to buy ETFs.

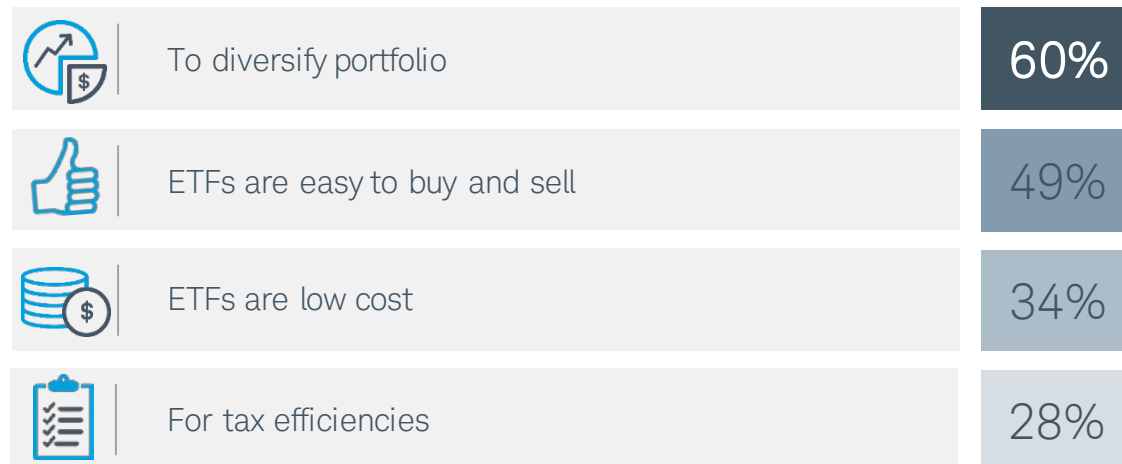
## Likely to consider purchasing ETFs in next two years



Q7. How likely are you to consider purchasing an ETF in the next two years? (Base: Total ETF Investors =1,000)

# Among non-ETF investors, lack of understanding is the biggest barrier to purchasing ETFs, while diversification is viewed as the most attractive reason to add ETFs to a portfolio.

## Top reasons non-ETF investors who are likely to consider buying ETFs might do so



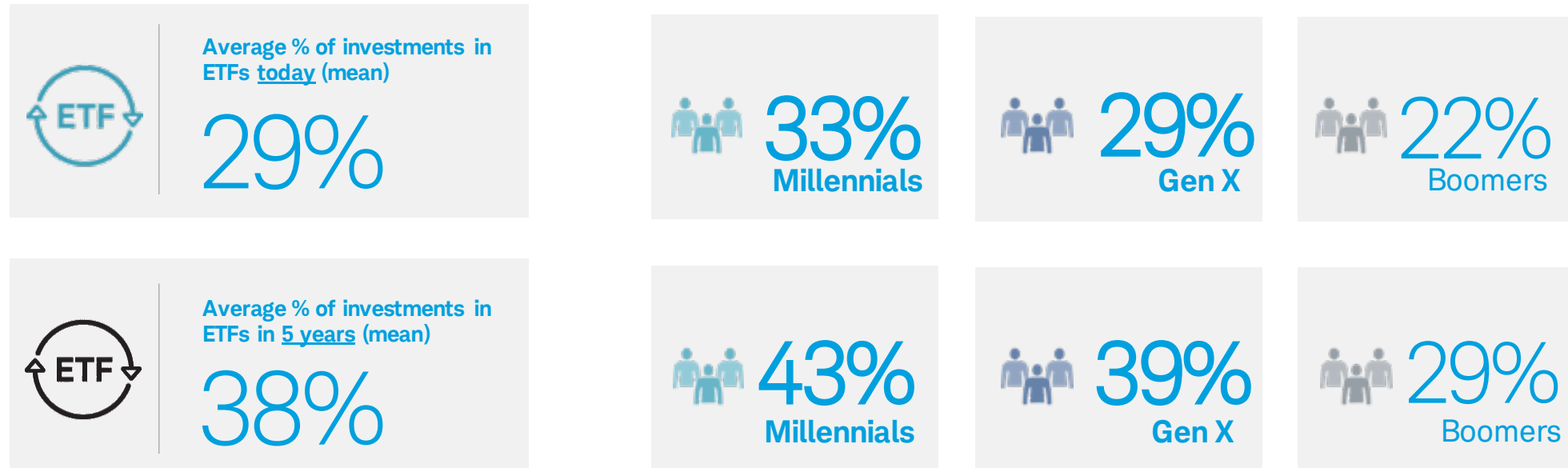
## Top reasons non-ETF investors who are unlikely to consider buying ETFs will refrain from buying them



Q8: You indicated you are neither likely nor unlikely/somewhat unlikely/not at all likely to consider buying ETFs in the next two years. Which of the following reasons describe why? (Base: Non-ETF Investors =547)

Q9: You indicated you are extremely likely/somewhat likely to consider buying ETFs in the next two years. Which of the following reasons describe why? (Base: Non-ETF Investors =453)

# Millennials and Gen X currently allocate more to ETFs than Boomers, and they see ETFs playing a bigger role in their portfolios in the future.

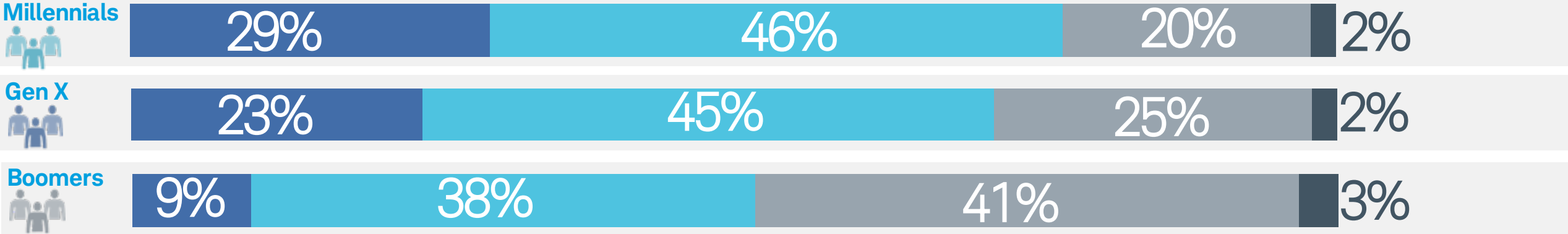


Q12. What percent of all of your investments are in ETFs today, if any? (Base: Total ETF Investors =1,000)

Q13. Looking ahead five years, what percent of your portfolio do you expect will be in ETFs? (Base: Total ETF Investors =1,000)

# Looking just one year ahead, Millennials and Gen X significantly outpace Boomers in their plans to increase allocations to ETFs.

How they plan to adjust in the next year...

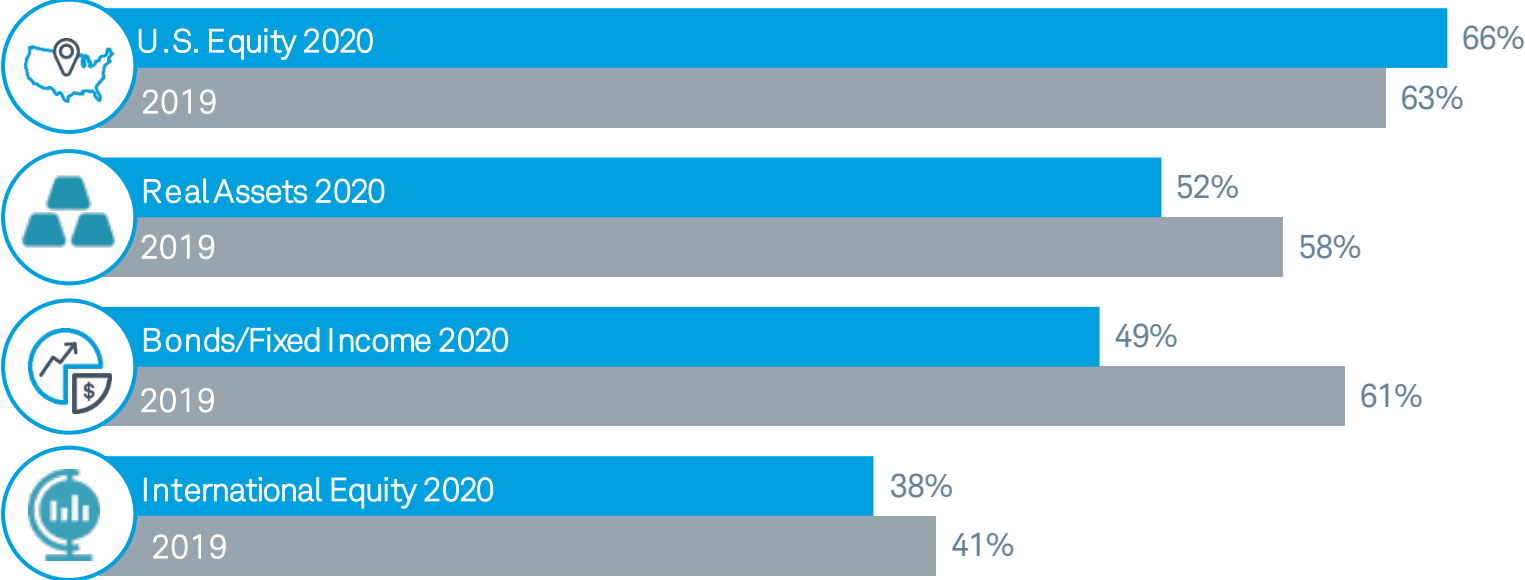


Q16. In the next year, which of the following do you expect to do, if any? Base: Total ETF Investors =1,000)



# ETF investors plan to invest in U.S. equity and real assets ETFs over bonds and international equity in 2021.

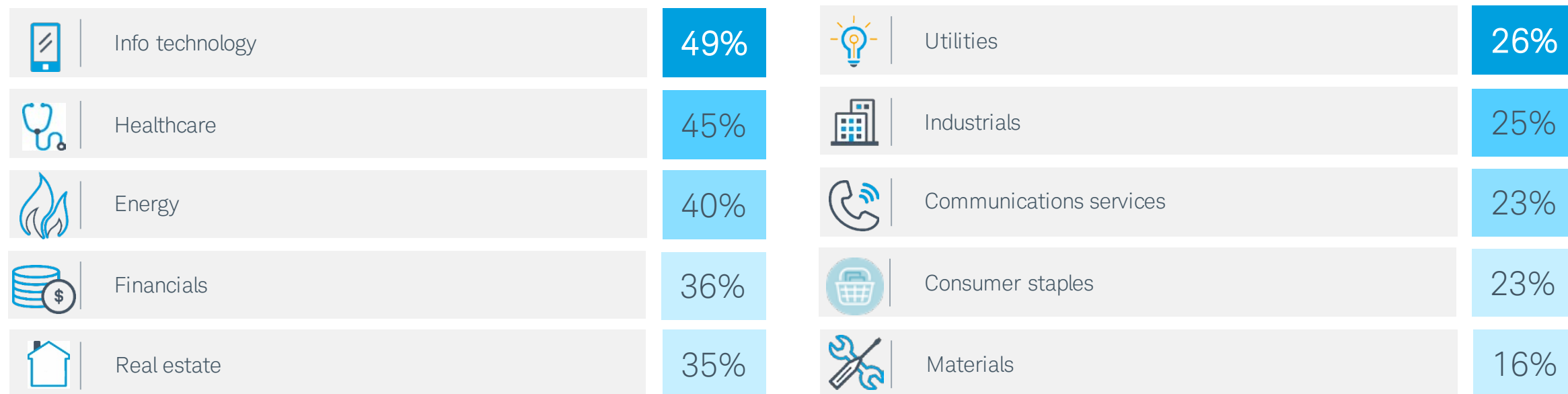
## Types of ETFs investors plan to invest in



Q21. Which types of ETFs do you plan to invest in over the next year? (Base: Total ETF Investors =1,000)

# Technology is the most preferred sector for ETF investors followed by healthcare.

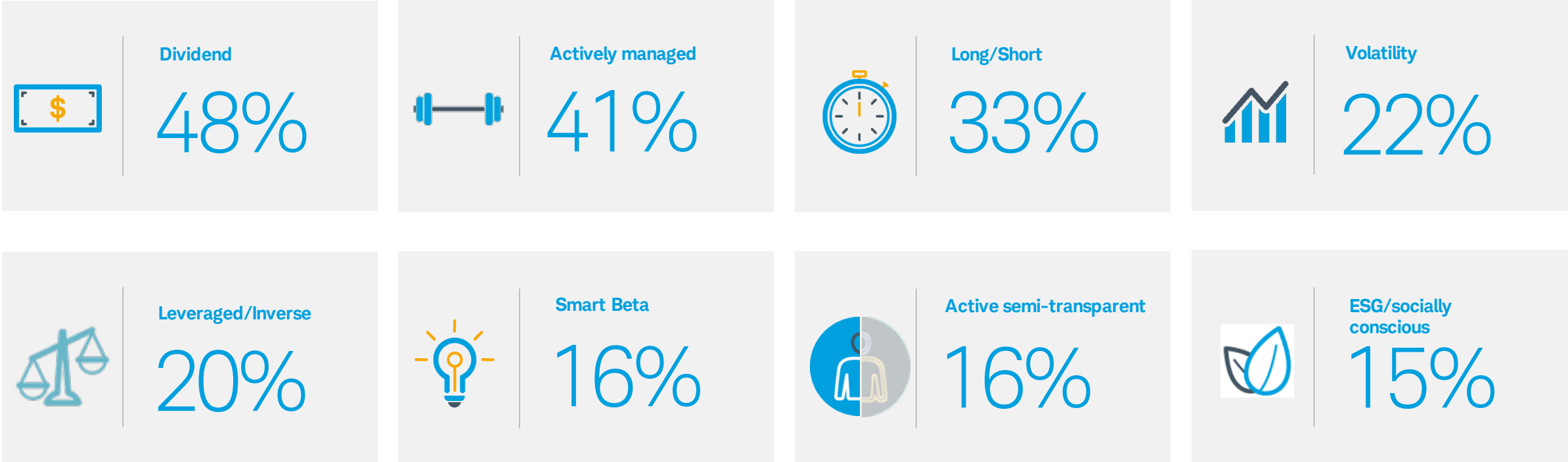
## Sector ETFs investors plan to invest in



Q22. Which sector ETFs do you plan to invest in over the next year? (Base: Total ETF Investors =1,000)

# When it comes to specialty ETFs, dividend and actively managed ETFs are expected to be the most popular this year.

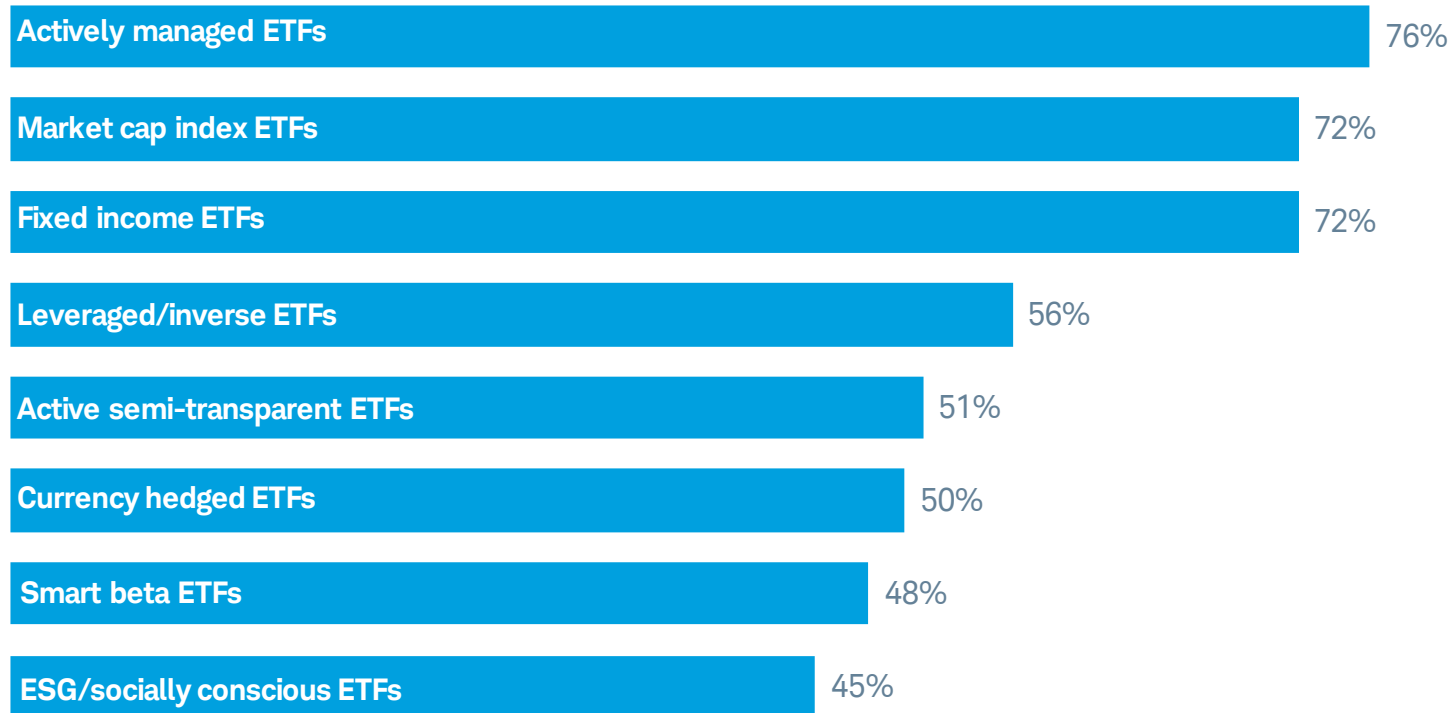
## Types of specialty ETFs investors plan to invest in



Q23. Which types of specialty ETFs do you plan to invest in over the next year? (Base: Total ETF Investors =1,000)

# A strong majority of ETF investors view actively managed ETFs, market cap ETFs, and fixed income ETFs as valuable tools for reaching their goals.

## Consider a valuable tool to help reach investment goals



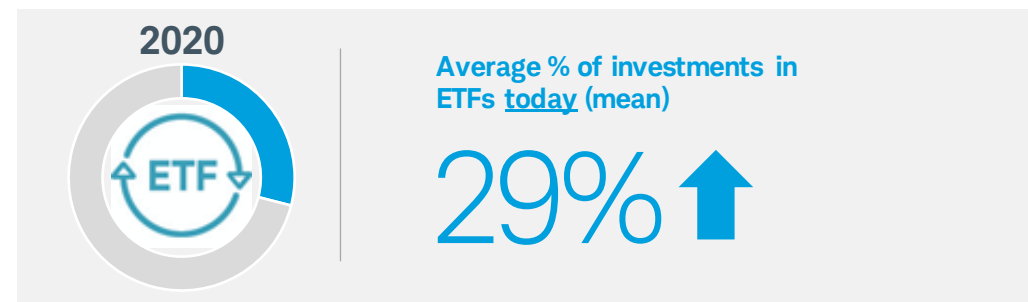
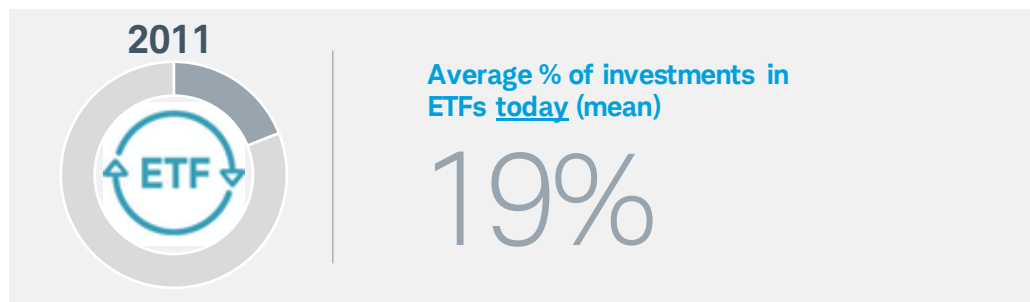
Q31. For each of the following types of ETFs, please indicate whether you feel it is a valuable tool for helping you to reach your investment goals?  
(Base: Total ETF Investors =1,000)

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# ETF Investor Evolution

# The proportion of ETFs in investors' portfolios increased by about 50% over the last decade.

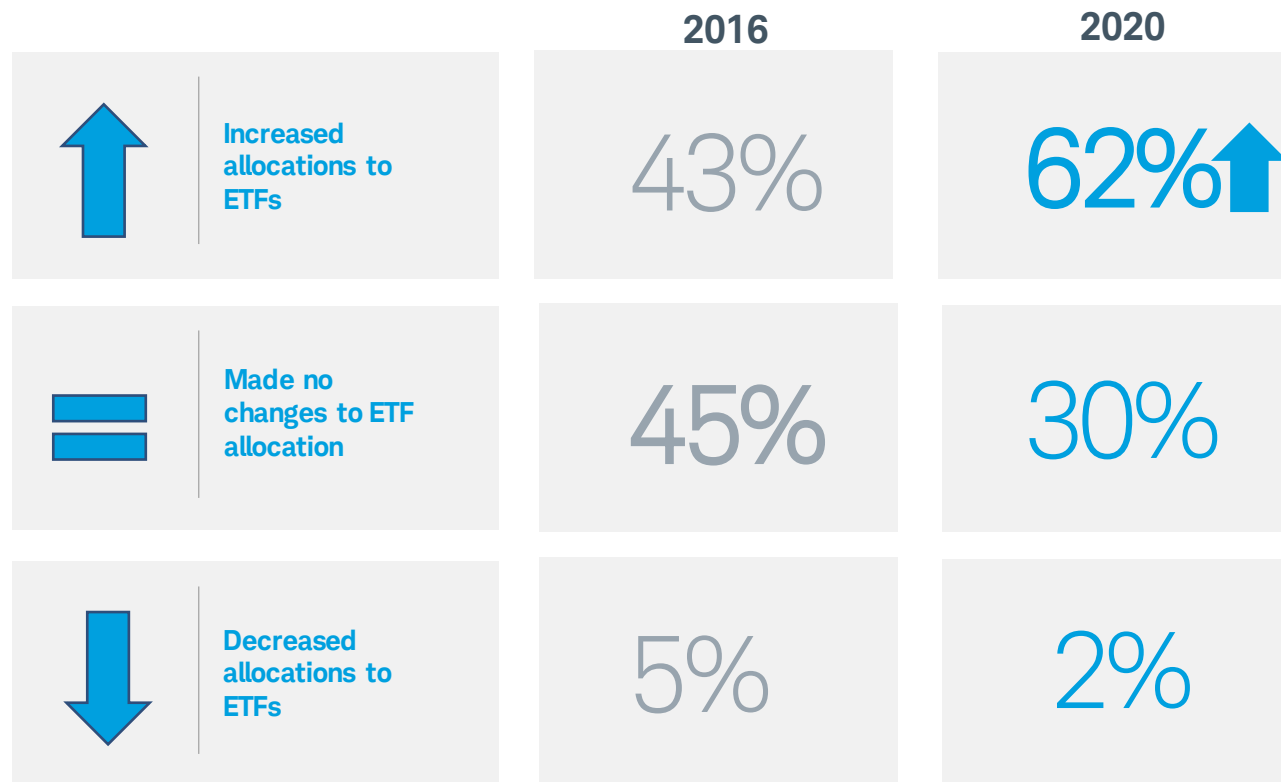
## Percent of portfolio in ETFs



Q12. What percent of all of your investments are in ETFs today, if any? (Base: Total ETF Investors =1,000)

# More than 60% of investors expect to increase investments in ETFs in the year ahead – a 20 point jump from four years ago.

## Expectations for ETF investing in the year ahead



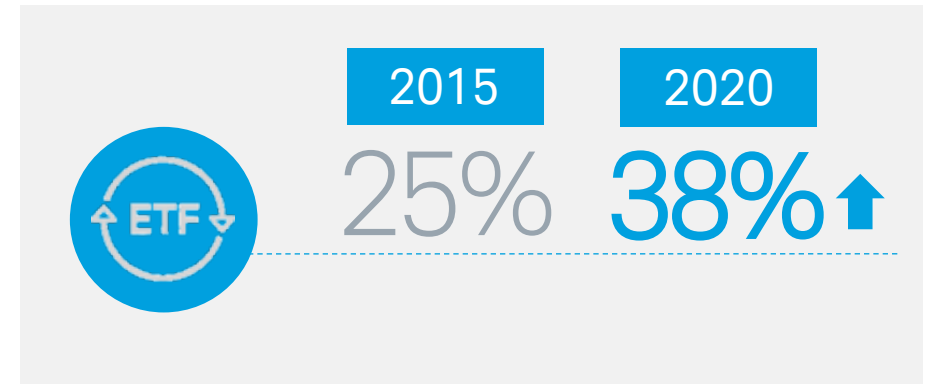
Q16. In the next year, which of the following do you expect to do, if any? (Base: Total ETF Investors =1,000)

# ETF investor expectations for how big a role ETFs will play in their portfolios have grown significantly over the last five years.

See ETFs as primary investment type in portfolio in future



Percent of portfolio in ETFs in 5 years



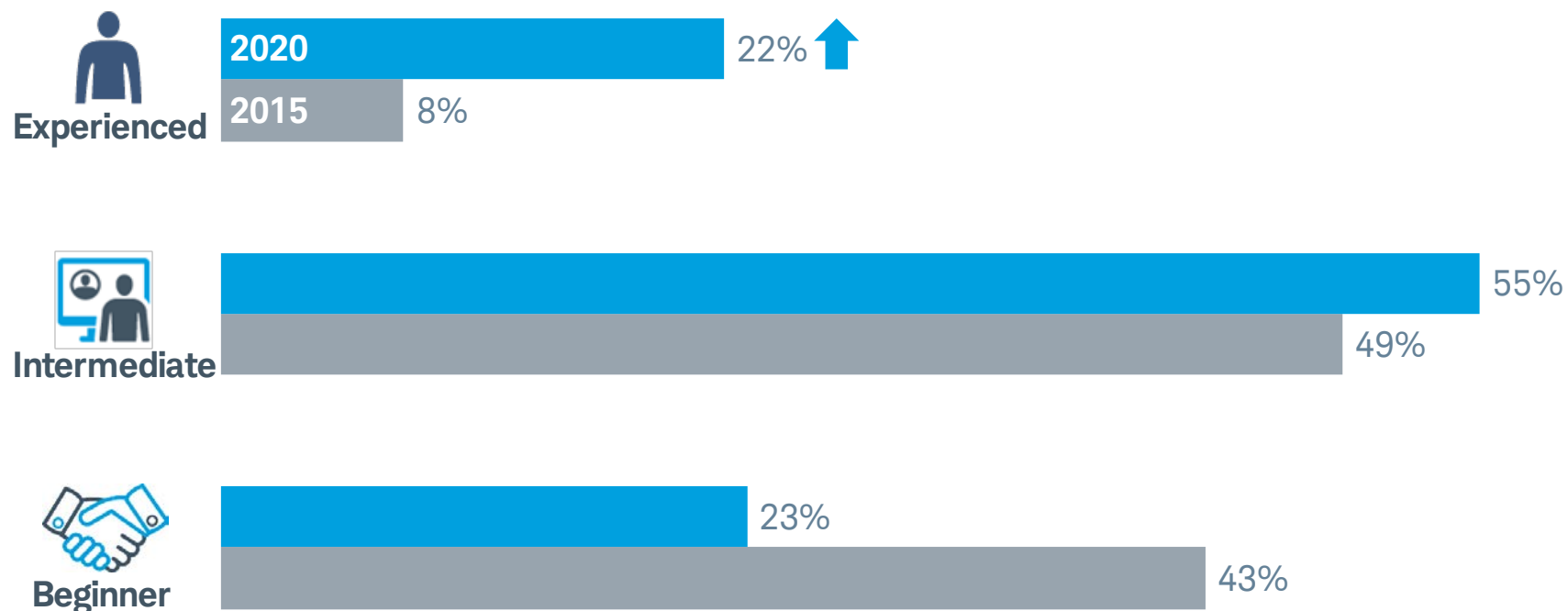
Q17. Do you see ETFs as being the primary investment type in your portfolio in the future? (Base ETF Investors =1,000)

Q13. Looking ahead five years, what percent of your portfolio do you expect will be in ETFs? (Base: Total ETF Investors =1,000)



# Today's ETF investors report a much better understanding of ETFs compared to 2015.

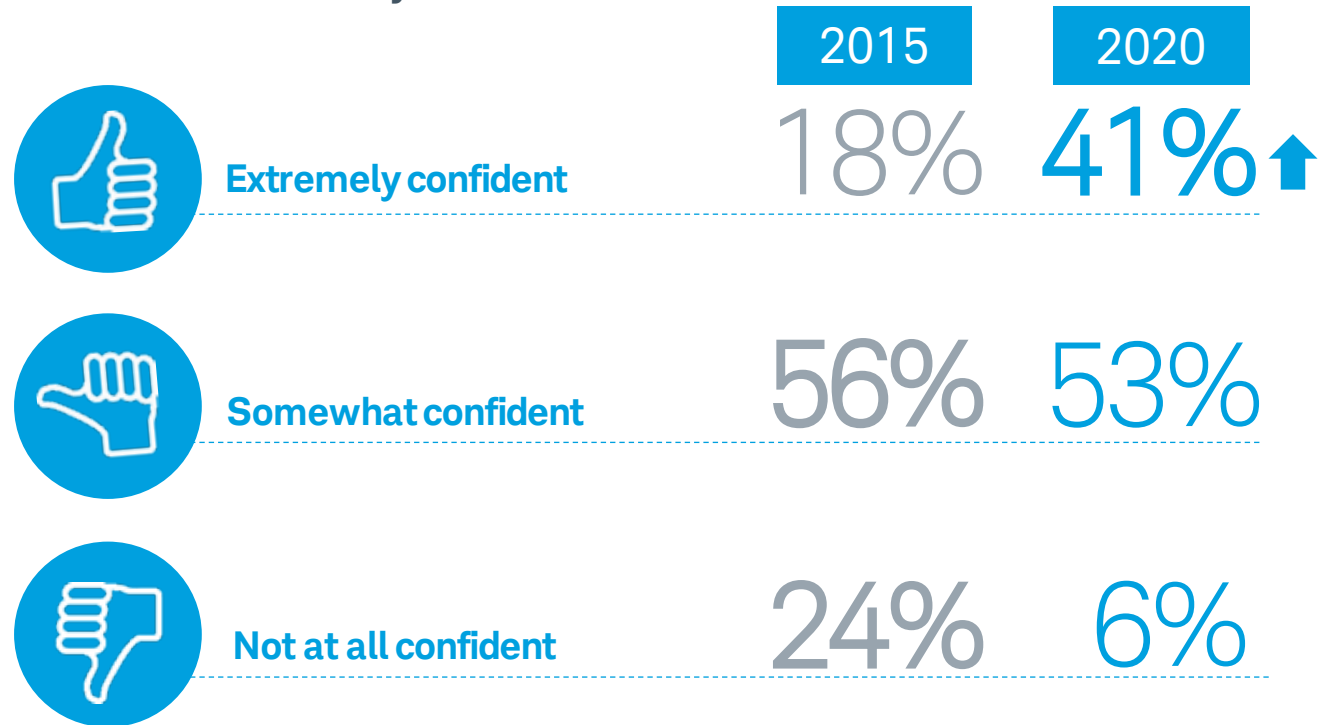
## Understanding of ETFs



Q10. When it comes to your understanding of ETFs, do you consider yourself...? (Base ETF Investors =1,000)

# The number of ETF investors who are extremely confident in their ability to choose an ETF to achieve their financial objectives doubled since 2015.

## Confidence in ability to choose ETF to achieve financial objectives



Q28. How confident are you in your ability to choose an ETF that can help you achieve your investment objectives? (Base: Total ETF Investors =1,000)

# 6 Appendix

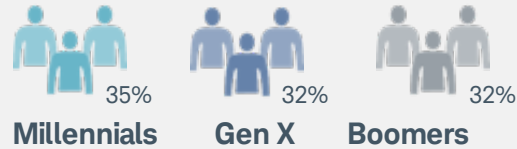
# Demographic Snapshot

## ETF investors

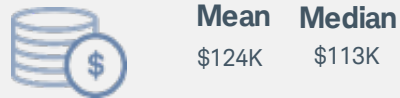
### Gender



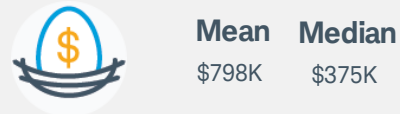
### Generations



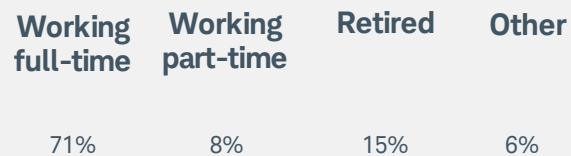
### HH income



### Investable assets



### Employment

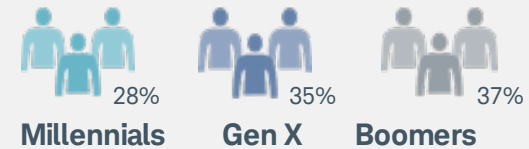


## Non-ETF investors

### Gender



### Generations



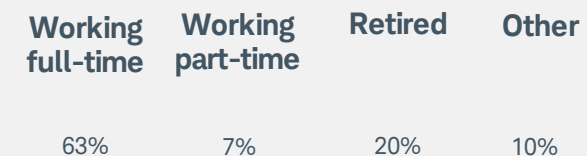
### HH income



### Investable assets



### Employment



# Important information

## Disclosures

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