Retail investors are feeling bullish, yet the U.S. political climate tops concerns about investing

Key themes:

- Client outlook for the U.S. stock market is slightly up with 44% feeling bullish, compared to 42% a year ago.
- The leading concern about investing remains the U.S. political landscape, followed by rising concern about macroeconomic issues and market volatility.
- 72% of clients are most confident when receiving some kind of advice.
- Half of clients feel better off financially today than year ago.

Retail investors are engaged, with 44% feeling bullish about the market – a rise over the last year. Yet with volatility and investors citing the U.S. political landscape as their biggest concern, the majority maintain that getting some kind of advice makes them feel the most confident in reaching their financial goals.

Joe Vietri
Charles Schwab Branch Network Leader
Client outlook for the U.S. stock market is up slightly with 44% feeling bullish

Looking ahead to the rest of 2018, which statement best describes your outlook for the U.S. stock market?

<table>
<thead>
<tr>
<th>Statement</th>
<th>Q2 2018</th>
<th>Q2 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bullish – I think the market will continue to perform well, and I feel</td>
<td>34%</td>
<td>Bullish (net) 44%</td>
</tr>
<tr>
<td>like my portfolio is well-positioned to grow with the market</td>
<td></td>
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<tr>
<td>Bullish – I think the market will continue to perform well, and I plan</td>
<td>10%</td>
<td>Bullish (net) 42%</td>
</tr>
<tr>
<td>to increase my allocation to equities as a result</td>
<td></td>
<td></td>
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<tr>
<td>Bearish – I think the market is due for a significant correction, but</td>
<td>17%</td>
<td>Bearish (net) 33%</td>
</tr>
<tr>
<td>I'm confident that I have a plan in place to withstand it</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bearish – I think the market is due for a significant correction, and</td>
<td>16%</td>
<td>Bearish (net) 35%</td>
</tr>
<tr>
<td>I'm concerned about the possible impact on my portfolio</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I’m not sure</td>
<td>23%</td>
<td>Not sure 23%</td>
</tr>
</tbody>
</table>

Source: Survey of 930 Schwab Investor Services clients between June 4-14, 2018.
The political landscape in Washington D.C. is clients’ top concern, yet the majority are still confident in reaching financial goals.

What is your primary concern around money and investing looking ahead in the rest of 2018?

- The political landscape in Washington D.C.: 30%
- Geopolitical or global macroeconomic issues: 13%
- Uncertainty due to market volatility: 11%
- Issues related to my own personal situation: 10%
- I think the market is overdue for a significant correction: 9%
- I’m concerned about an extended market downturn: 5%
- The prospect of continued rising domestic interest rates: 4%
- The prospect of rising inflation: 4%
- The impact of changes to the national healthcare system: 3%
- Performance of U.S. corporate earnings: 1%
- Other: 2%

Which statement best describes your confidence in reaching your financial goals?

- Extremely confident: 5%
- Very confident: 33%
- Somewhat confident: 54%
- Not very confident: 6%
- Not at all confident: 2%

Source: Survey of 930 Schwab Investor Services clients between June 4-14, 2018.
Half of clients feel better off financially today than a year ago

Investor Confidence Trends: June 2008 – June 2018

- S&P
- Good Time to Invest: 5 year mean = 46%
- Confident In Decision Making: 5 year mean = 38%
- Better Off Financially: 5 year mean = 49%

Source: Survey of 930 Schwab Investor Services clients between June 4-14, 2018.
Some clients expect to move additional money into equities over the next three months; nearly a third expect to hold steady.

**Which of the following investment portfolio actions do you expect to take over the next three months?**

- Money to mutual funds: 17%
- Money to ETFs: 16%
- Money to ind. stocks: 16%
- Money to cash: 12%
- Money to fixed income: 11%
- Money to other vehicle: 7%
- Buy cryptocurrency: 3%
- None of the above: 31%
- Don't know/prefer not to answer: 20%

Source: Survey of 930 Schwab Investor Services clients between June 4-14, 2018.
72% of clients are most confident when receiving some form of advice

Which of the following decision-making scenarios would give you the most confidence in reaching your financial goals?

- No help from advisor: 23%
- Periodic advice from advisor: 52%
- Ongoing advice from advisor: 20%
- Delegating decisions to an advisor: 5%

Source: Survey of 930 Schwab Investor Services clients between June 4-14, 2018.
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Disclosures
Information based on internal data and an online Schwab survey of 930 retail clients with at least $2,000 in statement equity conducted June 4 -14, 2018. Data analyzed by Koski Research which is not affiliated with the Charles Schwab Corporation or its affiliates.

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