Q1 2022 Retail Client Sentiment Report

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Q1 2022 Executive Summary

Investors are divided on stock market sentiment, although the majority feel better off financially compared to a year ago and most remain confident that they will reach their overall financial goals.

Key Q1 themes
• Forty-four percent of clients have a bearish Q1 outlook on the U.S. stock market compared to 39% who say they are bullish.
• Clients are most bullish on the healthcare sector, followed by energy and information technology.
• Nearly 60% of clients feel better off financially today compared to a year ago.
• Ninety-four percent of clients are confident about reaching their financial goals.
• More than 50% of clients moved money into individual stocks in Q4 2021; fewer than 40% plan to do so in Q1 2022.
• Inflation is the top investing concern for clients in Q1.
Investors divided on stock market sentiment despite a slight uptick in bullish market sentiment for Q1

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

- **Bullish**
  - 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 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

- **Bearish**
  - Bullish Net: 39% (+2)
  - Bearish Net: 44% (-1)

- **Don’t know**
  - 17%

**Base = Weighted Total**

Q6. Thinking about the next 3 months, which statement best describes your outlook for the U.S. stock market?
Younger investors remain the most bullish by a narrow margin

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

- **Young Investors (A)**
  - 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.

- **Mid-Life (B)**
  -...
  -...
  -...
  -...

- **Mature (C)**
  -...
  -...
  -...
  -...

- **Retired (D)**
  -...
  -...
  -...
  -...

**Don't know**

**Bullish Net**

**Bearish Net**

Base = Weighted Total

Q6. Thinking about the next 3 months, which statement best describes your outlook for the U.S. stock market?
Investors are currently most bullish on the healthcare sector followed by energy and information technology.

**Sector Sentiment Over Next 3 Months**

(Total Sample)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Bullish (%)</th>
<th>Bearish (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare</td>
<td>51%</td>
<td>-16%</td>
</tr>
<tr>
<td>Energy</td>
<td>48%</td>
<td>-19%</td>
</tr>
<tr>
<td>Information technology</td>
<td>46%</td>
<td>-26%</td>
</tr>
<tr>
<td>Consumer staples</td>
<td>41%</td>
<td>-20%</td>
</tr>
<tr>
<td>Finance</td>
<td>37%</td>
<td>-25%</td>
</tr>
<tr>
<td>Utilities</td>
<td>37%</td>
<td>-19%</td>
</tr>
<tr>
<td>Materials</td>
<td>36%</td>
<td>-20%</td>
</tr>
<tr>
<td>Industrials</td>
<td>34%</td>
<td>-20%</td>
</tr>
<tr>
<td>Communications</td>
<td>33%</td>
<td>-21%</td>
</tr>
<tr>
<td>Real estate</td>
<td>33%</td>
<td>-37%</td>
</tr>
<tr>
<td>Consumer discretionary</td>
<td>23%</td>
<td>-32%</td>
</tr>
</tbody>
</table>

Base = Weighted Total (n=1,078)

Q23A. In your opinion, which term best describes the U.S. stock market for each of the following sectors over the next three months?
Nearly 60% of clients feel better off financially compared to a year ago

Client Confidence Trends
December 2017 – January 2022

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?

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Client confidence in reaching financial goals remains steady

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

Base = Weighted Total (n=1,078)

Q10. Which statement best describes your confidence in reaching your financial goals?

- Extremely Confident
- Very Confident
- Somewhat Confident
- Not Very Confident
- Not At All Confident

Client confidence in reaching financial goals remains steady
More than half of clients added money to their investment portfolios in the past three months

<table>
<thead>
<tr>
<th>Action</th>
<th>Past 3 Month</th>
<th>Next 3 Months</th>
<th>Last Year</th>
<th>Last Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Added money to investment portfolio</td>
<td>53%</td>
<td>44%</td>
<td>43%</td>
<td>51%</td>
</tr>
<tr>
<td>Seek investing guidance or advice</td>
<td>30%</td>
<td>24%</td>
<td>22%</td>
<td>28%</td>
</tr>
<tr>
<td>Take money out of my investment portfolio</td>
<td>22%</td>
<td>11%</td>
<td>13%</td>
<td>21%</td>
</tr>
<tr>
<td>Create a written financial plan</td>
<td>10%</td>
<td>7%</td>
<td>7%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Base = Weighted Total (n=1,078)
More than half of clients moved money into individual stocks in the past three months

Portfolio Changes - Past 3 Months & Planned in Next 3 Months

(Multiple responses allowed; Total Sample)

<table>
<thead>
<tr>
<th>Action</th>
<th>Past 3 Month</th>
<th>Next 3 Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Move money net</td>
<td>76%</td>
<td>61%</td>
</tr>
<tr>
<td>Into individual stocks</td>
<td>53%</td>
<td>37%</td>
</tr>
<tr>
<td>Into ETFs</td>
<td>36%</td>
<td>30%</td>
</tr>
<tr>
<td>Into mutual funds</td>
<td>25%</td>
<td>19%</td>
</tr>
<tr>
<td>Into cash investments</td>
<td>23%</td>
<td>11%</td>
</tr>
<tr>
<td>Into another type of investment</td>
<td>12%</td>
<td>10%</td>
</tr>
<tr>
<td>vehicle</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in cryptocurrency</td>
<td>20%</td>
<td>16%</td>
</tr>
<tr>
<td>Into fixed income investments</td>
<td>12%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Base = Weighted Total (n=1,078)

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?
Nearly one in five clients say inflation is their primary money and investing concern

Primary Concern About Investing
(Single response only; Among Those With A Concern)

Note: Percentages based among those with a concern

- **19%** Inflation
- **14%** I think the market is overdue for a significant correction
- **13%** The political landscape in Washington D.C.
- **12%** The economic impact of COVID-19 and the emergence of additional variants
- **8%** The Fed deciding to increase interest rates in 2022
- **7%** Uncertainty due to market volatility
- **4%** Potential for increased market volatility
- **4%** The potential of a recession
- **4%** Geopolitical or global macroeconomic issues
- **3%** Issues related to my own personal situation
- **2%** The Fed keeping interest rates low
- **1%** The state of the real estate market
- **1%** Performance of U.S. corporate earnings
- **1%** Impact of weather-related / natural disasters
- **1%** The possibility of the U.S. defaulting on its debt/not raising the debt limit
- **1%** The possibility of the U.S. raising the debt limit
- **5%** Other
- **8%** I do not have any concerns around money and investing in the next 3 months

Base = Weighted Total (n=1,078)

Q7. What is your primary concern around money and investing within the next 3 months?
Methodology and Respondent Demographic Profile

**Methodology:**
- This data is collected quarterly via an online survey of clients with retail assets of at least $2,000.
- Note: There is oversampling 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.
- The data was weighted by Life Stage and Investible Assets/Affluence to reflect the Schwab client population.
- Q1 study was fielded at the beginning of the quarter: January 5-16, 2022.

<table>
<thead>
<tr>
<th>Gender</th>
<th>Male</th>
<th>Female</th>
<th>No answer</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>776 (72%)</td>
<td>258 (24%)</td>
<td>44 (4%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Affluence</th>
<th>HNW ($1M+)</th>
<th>Affluent ($250K-&lt;$1M)</th>
<th>Foundational (&lt;$250K)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>135 (13%)</td>
<td>168 (16%)</td>
<td>775 (72%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Active Trader</th>
<th>Active</th>
<th>Not Active</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>463 (43%)</td>
<td>615 (57%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Life Stage</th>
<th>Younger Investor (&lt;40)</th>
<th>Mid-Life (40-55)</th>
<th>Mature (55+ not retired)</th>
<th>Retired</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>276 (26%)</td>
<td>352 (33%)</td>
<td>263 (24%)</td>
<td>187 (17%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial Consultant Relationship</th>
<th>Has Financial Consultant</th>
<th>Does not have Financial Consultant</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>150 (14%)</td>
<td>928 (86%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employment Status</th>
<th>Employed full-time</th>
<th>Employed part-time</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>622 (58%)</td>
<td>30 (3%)</td>
</tr>
<tr>
<td>Self-employed</td>
<td>107 (10%)</td>
<td></td>
</tr>
<tr>
<td>Retired/semi-retired</td>
<td>224 (21%)</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>55 (5%)</td>
<td></td>
</tr>
<tr>
<td>No answer</td>
<td>40 (4%)</td>
<td></td>
</tr>
</tbody>
</table>

Sample sizes for respondents who were asked the Investment Sentiment section of the survey (n=1,078)
Disclosures

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