Q2 2022 Retail Client Sentiment Report

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More than half of investors are bearish amid inflation, the conflict in Ukraine, and ongoing market volatility. However, the majority of respondents say they won’t alter the level of risk they will take in their investment portfolios in Q2.

Key Q2 themes
• More than half (57%) of respondents have a bearish outlook on the U.S. stock market for Q2 2022, an increase of 29% from the same time last year.
• Just over a quarter (26%) are bullish about the second quarter, down 28% from the same time last year.
• More than half (55%) of Schwab’s retail clients report that they will make no change in the level of risk they will take in their investment portfolios in the next three months.
• Despite bearish sentiment, less than 10% of respondents say they will take money out of their investment portfolios in the next three months.
• Inflation is the top investing concern for clients in Q2, and most are worried about higher cost of living.
More than half of retail investors have a bearish outlook on the U.S. stock market.

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.

Don’t know

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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)

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.

Base = Weighted Total (n=870)
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 energy sector followed by healthcare and utilities.
43% of clients feel better off financially compared to a year ago, down from 58% in Q1
91% of clients are confident that they will reach their financial goals
More than 40% of clients plan to add money to their portfolios in Q2 and only 9% plan to take money out.

<table>
<thead>
<tr>
<th>Action</th>
<th>Past 3 Month</th>
<th>Next 3 Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Added money to investment portfolio</td>
<td>50%</td>
<td>42%</td>
</tr>
<tr>
<td>Seek investing guidance or advice</td>
<td>26%</td>
<td>20%</td>
</tr>
<tr>
<td>Take money out of my investment portfolio</td>
<td>19%</td>
<td>9%</td>
</tr>
<tr>
<td>Create a written financial plan</td>
<td>8%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Base = Weighted Total (n=870)
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?
More than a third of clients will move money into individual stocks in Q2

**Portfolio Changes - Past 3 Months & Planned in Next 3 Months**  
(Multiple responses allowed; Total Client 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>58%</td>
<td>70%</td>
</tr>
<tr>
<td>Into individual stocks</td>
<td>45%</td>
<td></td>
</tr>
<tr>
<td>Into ETFs</td>
<td>34%</td>
<td>32%</td>
</tr>
<tr>
<td>Into cash investments</td>
<td>13%</td>
<td>22%</td>
</tr>
<tr>
<td>Into mutual funds</td>
<td>17%</td>
<td></td>
</tr>
<tr>
<td>Invested in cryptocurrency</td>
<td>16%</td>
<td></td>
</tr>
<tr>
<td>Into fixed income investments</td>
<td>9%</td>
<td>13%</td>
</tr>
<tr>
<td>Into another type of investment vehicle</td>
<td>13%</td>
<td>10%</td>
</tr>
</tbody>
</table>

**Past 3 Month**  
- Last Year (n=1,212)  
  - Into individual stocks: 40%  
  - Into ETFs: 26%  
  - Into cash investments: 15%  
  - Into mutual funds: 22%  
  - Invested in cryptocurrency: 9%  
  - Into fixed income investments: 11%  
  - Into another type of investment vehicle: 11%

**Next 3 Months**  
- Last Quarter (n=1,078)  
  - Into individual stocks: 53%  
  - Into ETFs: 36%  
  - Into cash investments: 23%  
  - Into mutual funds: 25%  
  - Invested in cryptocurrency: 12%  
  - Into fixed income investments: 12%  
  - Into another type of investment vehicle: 12%

Base = Weighted Total (n=870)

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?
Inflation is retail investors’ primary money and investing concern followed closely by geopolitical issues, potential of a recession, and domestic politics

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

Note: Percentages based among those with a concern
Approximately 80% of investors report that the conflict in Ukraine has had an impact on their sentiment but the majority won’t alter their portfolio allocation as a result.
More than half of clients report that they will make no change in the level of risk in their investment portfolios in Q2

**Biggest Concern Due To Ukraine Conflict**  
(Multiple response; Among Client Sample)

- Potential for continued significant market volatility: 34%
- High commodity prices (e.g., oil, gas): 28%
- High inflation rate: 22%
- Economic recession due to a Russian default: 4%
- Financial crisis due to a Russian default: 3%
- Risk of exposure to Russian securities: 1%
- Not concerned about any of the above: 8%

**Biggest Concern With Continued Inflation**  
(Multiple response; Among Client Sample)

- Higher cost of living: 58%
- Decreased value of savings: 18%
- Inflation risk in my portfolio: 10%
- Higher borrowing rates: 5%
- Higher taxes: 4%
- Not concerned about any of the above: 5%

**Approach To Risk Over Next 3 Months**  
(Single response only; Among Client Sample)

- Much more aggressive: 3%
- Slightly more aggressive: 15%
- No change: 55%
- Slightly more conservative: 23%
- Much more conservative: 5%
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.
- The data was weighted by Life Stage and Investible Assets/Affluence to reflect the Schwab client population.
- Q2 study was fielded at the beginning of the quarter: April 6-17, 2022.

<table>
<thead>
<tr>
<th>Gender</th>
<th>Male</th>
<th>627 (72%)</th>
<th>Female</th>
<th>195 (22%)</th>
<th>No answer</th>
<th>48 (6%)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Affluence</th>
<th>HNW ($1M+)</th>
<th>108 (12%)</th>
<th>Affluent ($250K-$1M)</th>
<th>132 (15%)</th>
<th>Foundational (&lt;$250K)</th>
<th>630 (72%)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Employment Status</th>
<th>Employed full-time</th>
<th>486 (56%)</th>
<th>Employed part-time</th>
<th>37 (4%)</th>
<th>Self-employed</th>
<th>77 (9%)</th>
<th>Retired/semi-retired</th>
<th>200 (23%)</th>
<th>Other</th>
<th>35 (4%)</th>
<th>No answer</th>
<th>35 (4%)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Life Stage</th>
<th>Younger Investor (&lt;40)</th>
<th>214 (25%)</th>
<th>Mid-Life (40-55)</th>
<th>265 (31%)</th>
<th>Mature (55+ not retired)</th>
<th>238 (27%)</th>
<th>Retired</th>
<th>153 (18%)</th>
</tr>
</thead>
</table>

| Financial Consultant Relationship | Has Financial Consultant | 130 (15%) | Does not have Financial Consultant | 740 (85%) |

Sample sizes for respondents who were asked the Investment Sentiment section of the survey (n=870)
Disclosures

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