Q2 2023 Retail Client Sentiment Report

Survey fielded April 20 – May 3, 2023

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Q2 2023 Executive Summary

The majority of retail investors remain bearish about the U.S. stock market amid concerns about rising inflation, the political landscape and the potential of a recession. Despite the challenging environment, there’s an uptick in how investors feel about their overall financial situation and most investors remain confident that they will reach their financial goals.

Key Q2 themes

• The majority (52%) of retail investors feel bearish about the U.S. stock market, particularly about the real estate and finance sectors.
• Recession-related concerns are high among investors, followed by worries about the overall political landscape and inflation.
• Although less than half of retail investors believe now is a good time to invest in equities, more than a quarter still plan to move money into individual stocks in the months ahead and only 9% plan to take money out of their portfolio.
The majority of retail investors continue to lean bearish 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 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 in place to withstand it*.

Don't know

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Over half of mid-life investors lean bearish, but nearly one third are confident in their plans to withstand a potential correction.
Retail investors are most bearish on the real estate and finance sectors and most bullish on energy.

Q23A. In your opinion, which term best describes the U.S. stock market for each of the following sectors over the next three months?
Fewer than half of retail investors believe now is a good time to invest in equities, but there has been an uptick in how investors feel about their overall financial situation in the current environment.

Client Confidence Trends
April 2020 – April 2023
(Among Client Sample)

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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Classification: Schwab Internal
A vast majority of retail investors remain confident in reaching their financial goals

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

Top 2 Box Confident

Q2'23: 45% 38% 38% 45%
Q1'23: 49% 42% 42% 40%
Q4'22: 55% 46% 43% 53%
Q3'22: 48% 43% 34% 38%
Q2'22: 48% 48% 48% 48%
Recession fears, the political landscape, and inflation top the list of retail investor concerns, although just 5% think the market is due for a significant correction.
Over 40% of retail investors plan to add money to their portfolio in the coming months, while less than 10% plan to take money out.

### Portfolio Changes Planned in Next 3 Months

(Multiple responses allowed; Among Client Sample)

<table>
<thead>
<tr>
<th>Action</th>
<th>Last Year (n=870)</th>
<th>Last Quarter (n=1,189)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Add money to investment portfolio</td>
<td>41%</td>
<td>42%</td>
</tr>
<tr>
<td>Seek investing guidance or advice</td>
<td>17%</td>
<td>20%</td>
</tr>
<tr>
<td>Take money out of my investment portfolio</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>Create a written financial plan</td>
<td>6%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Base = Weighted Total (n=1,285)

Q20. Which of the following actions do you plan to do over the next 3 months?

Classification: Schwab Internal
In the months ahead, 60 percent of retail investors plan to adjust their portfolio allocation, with more than a quarter planning to move money into individual stocks.

<table>
<thead>
<tr>
<th>Portfolio Changes Planned in Next 3 Months</th>
<th>Last Year (n=870)</th>
<th>Last Quarter (n=1,189)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MOVE MONEY NET</td>
<td>58%</td>
<td>59%</td>
</tr>
<tr>
<td>Into individual stocks</td>
<td>34%</td>
<td>25%</td>
</tr>
<tr>
<td>Into ETFs</td>
<td>22%</td>
<td>27%</td>
</tr>
<tr>
<td>Into fixed income investments</td>
<td>9%</td>
<td>19%</td>
</tr>
<tr>
<td>Into mutual funds</td>
<td>17%</td>
<td>15%</td>
</tr>
<tr>
<td>Into cash investments</td>
<td>13%</td>
<td>15%</td>
</tr>
<tr>
<td>Into another type of investment vehicle</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Invested in cryptocurrency</td>
<td>10%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Base = Weighted Total (n=1,265)  
Q20. Which of the following actions do you plan to do over the next 3 months?  
Classification: Schwab Internal
Methodology and Respondent Demographics

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 on April 20th – May 3rd, 2023

Sample sizes for respondents who were asked the Investment Sentiment section of the survey (n=1,265)

<table>
<thead>
<tr>
<th>Gender</th>
<th>Male</th>
<th>911 (72%)</th>
<th>Female</th>
<th>295 (23%)</th>
<th>No answer</th>
<th>59 (5%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life Stage</td>
<td>Younger Investor (&lt;40)</td>
<td>231 (18%)</td>
<td>Mid-Life (40-55)</td>
<td>372 (29%)</td>
<td>Mature (55+ not retired)</td>
<td>357 (28%)</td>
</tr>
<tr>
<td>Affluence</td>
<td>HNW ($1M+)</td>
<td>205 (16%)</td>
<td>Affluent ($250K-$1M)</td>
<td>292 (23%)</td>
<td>Foundational (&lt;$250K)</td>
<td>768 (63%)</td>
</tr>
<tr>
<td>Employment Status</td>
<td>Employed full-time</td>
<td>639 (51%)</td>
<td>Employed part-time</td>
<td>47 (4%)</td>
<td>Self-employed</td>
<td>127 (10%)</td>
</tr>
</tbody>
</table>

Financial Consultant Relationship
- Has Financial Consultant | 278 (22%)
- Does not have Financial Consultant | 987 (78%)

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Disclosures

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