

# Q3 2022 Retail Client Sentiment Report

Survey fielded July 6-18, 2022

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The logo for Charles Schwab, featuring the word "charles" in a white script font above the word "SCHWAB" in a white, all-caps, sans-serif font, both set against a blue square background.

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# Q3 2022 Executive Summary

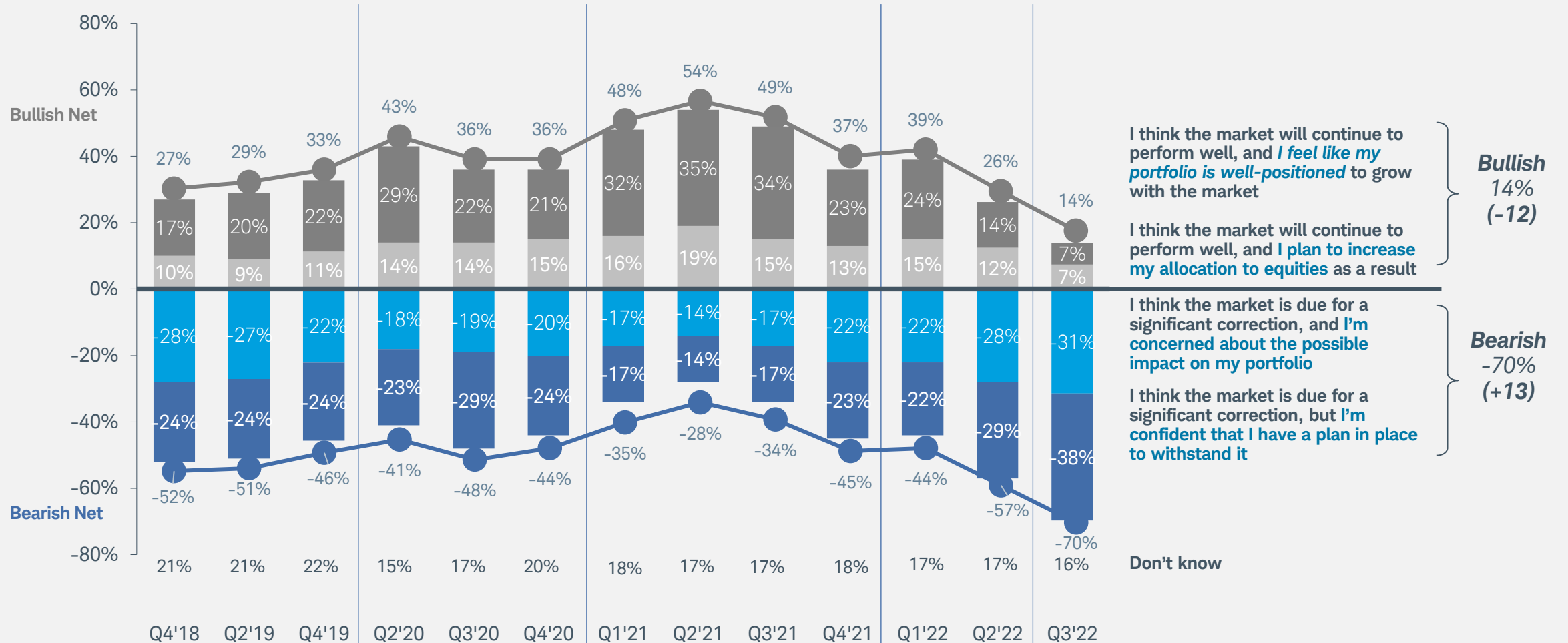
The majority of retail investors are bearish amid inflation, a potential recession, and ongoing market uncertainty. At the same time, 51% of Schwab retail clients believe now is a good time to invest, and 48% of those who believe a recession is likely are responding by doing more of their own research on the market, economy, and investments.

## Key Q3 themes

- The majority (70%) of retail investors have a bearish outlook on the U.S. stock market for Q3 2022, doubling this time last year.
- Despite bearish sentiment, almost 60% of Schwab retail clients report that they are holding steady with their current asset allocation, and only 7% of respondents say they will take money out of their investment portfolios in the next three months.
- 51% of retail investors believe now is a good time to invest, an increase of 10% from Q2 2022. Schwab retail clients are currently most bullish on the healthcare sector (43%) followed by energy (42%) and utilities (38%).
- The potential of a recession is retail investors' primary money and investing concern (20%), followed closely by inflation (19%) and domestic politics (12%).
- The majority (90%) of retail investors feel the United States is headed into a recession, but of those who believe a recession is likely, only 21% say this has had a significant impact on their portfolio allocation decisions.

# The majority of retail investors have a bearish outlook on the U.S. stock market

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



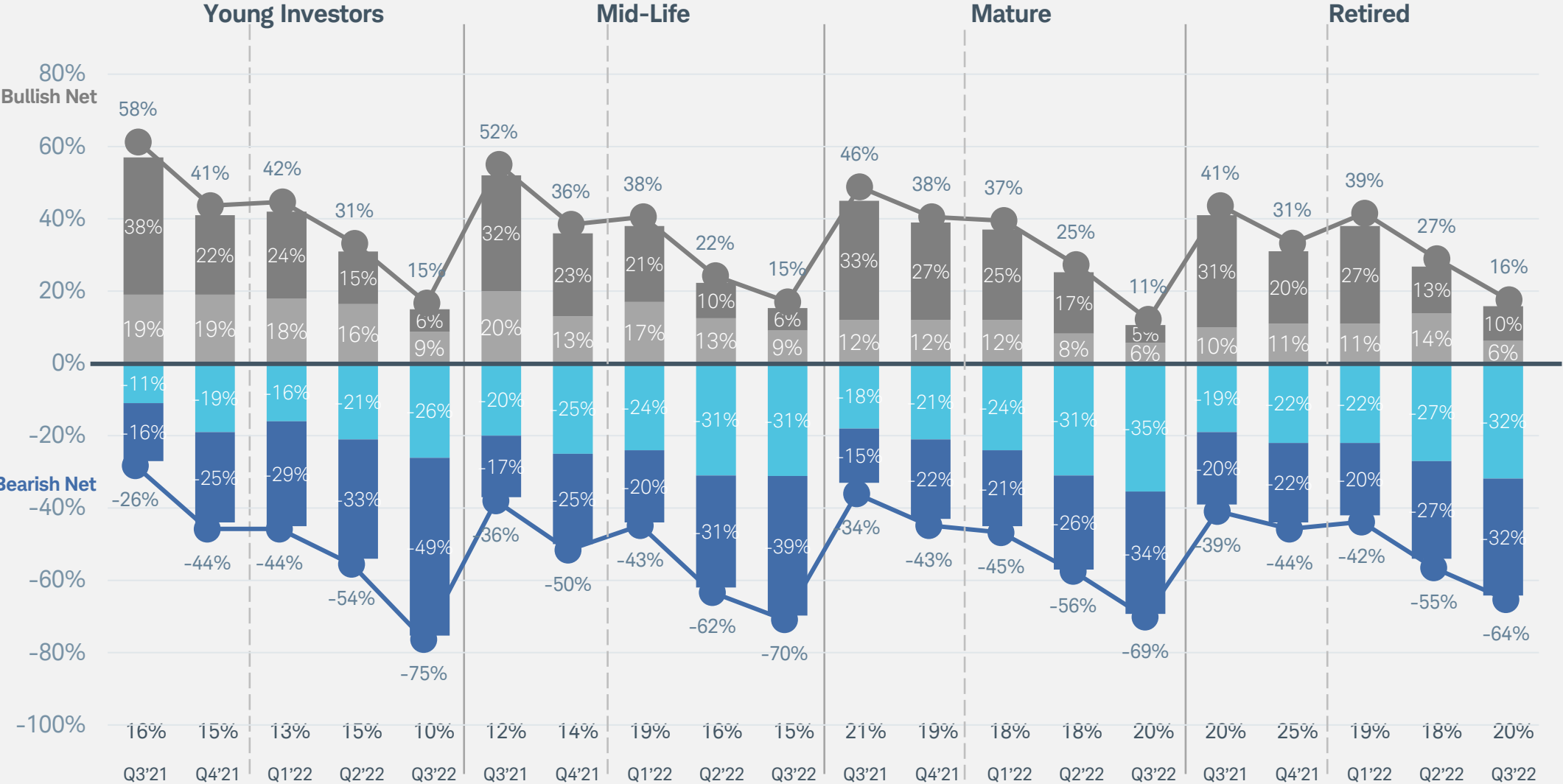
Base = Weighted Total (n=1313)

Q6. Thinking about the next 3 months, which statement best describes your outlook for the U.S. stock market?

# Younger retail investors are most confident in their plans to withstand a potential market correction

## 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.

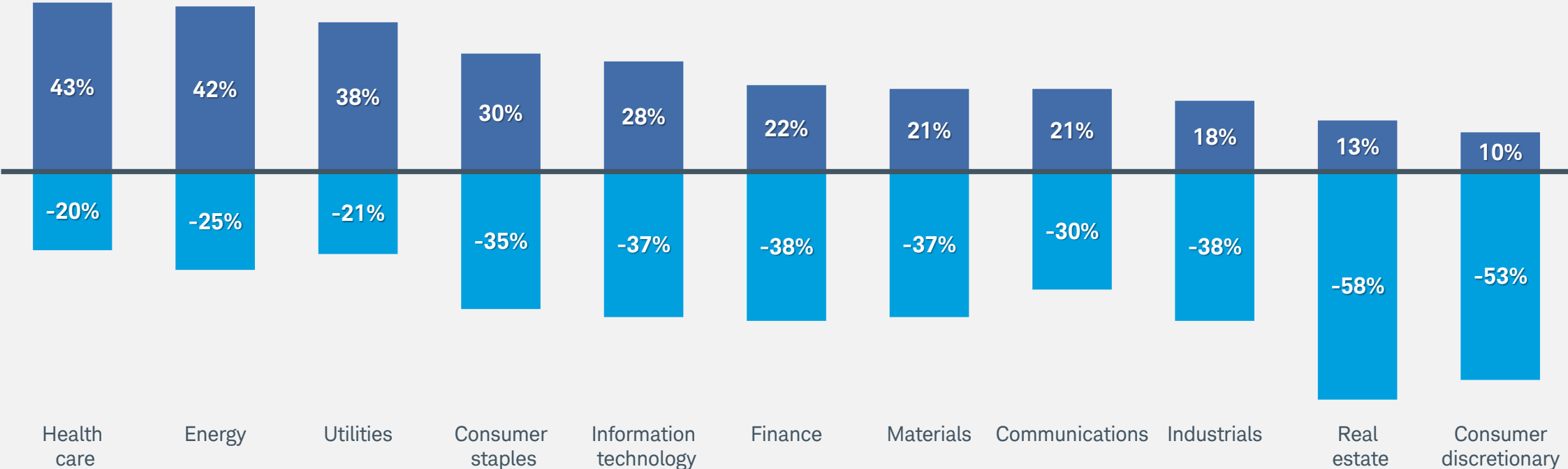
Don't know

Base = Weighted Total (n=1313)  
 Q6. Thinking about the next 3 months, which statement best describes your outlook for the U.S. stock market?

# Retail investors are most bullish on the healthcare and energy sectors followed by utilities

**Sector Sentiment Over Next 3 Months**  
(Total Client Sample)

■ Bullish ■ Bearish

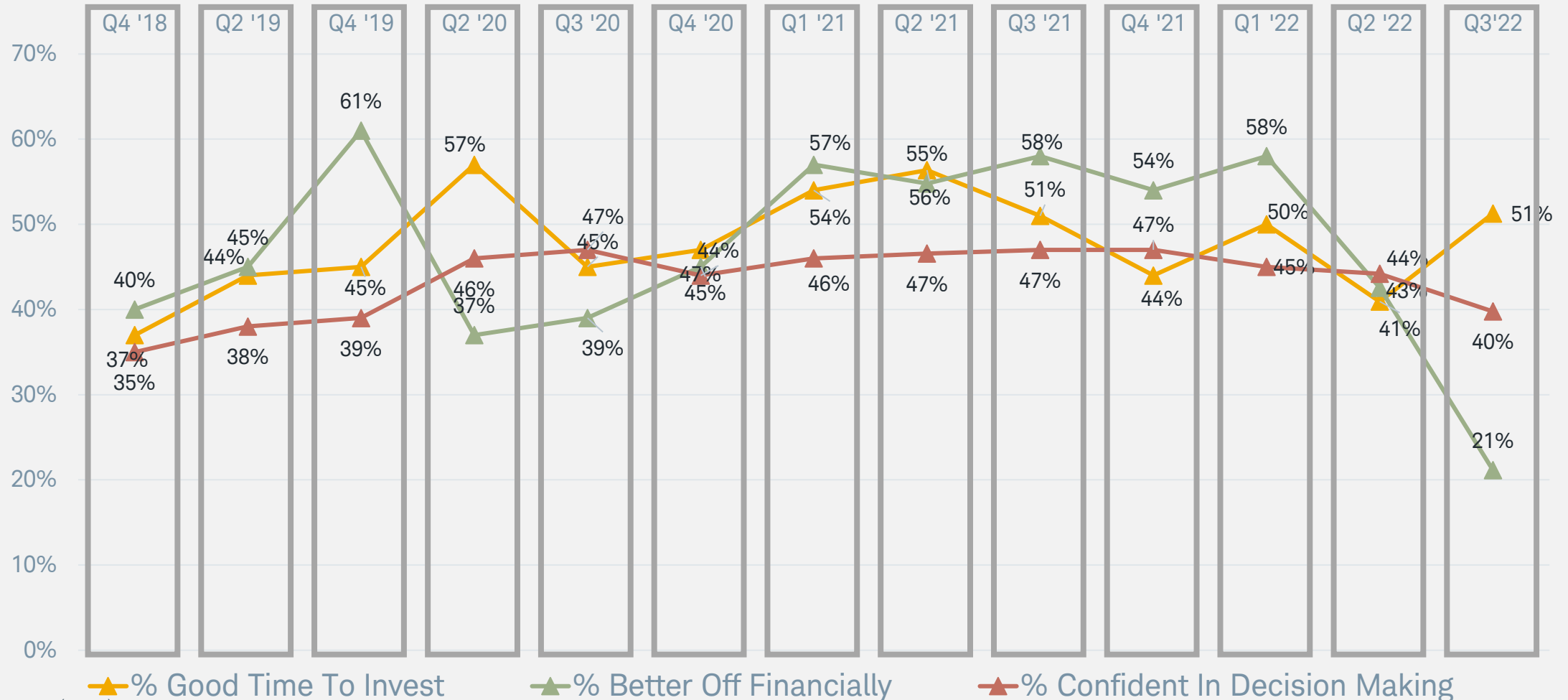


Base = Weighted Total (n=1313)  
Q23A. In your opinion, which term best describes the U.S. stock market for each of the following sectors over the next three months?

# Reflecting bearish sentiment, only 21% of retail investors feel better off financially compared with a year ago, but 51% of respondents believe now is a good time to invest

## Client Confidence Trends

December 2018 – July 2022



Base = Weighted Total (n1313)

Q1. In your opinion, is this a good time or bad time to invest in stocks, mutual funds and other equity-based investments?

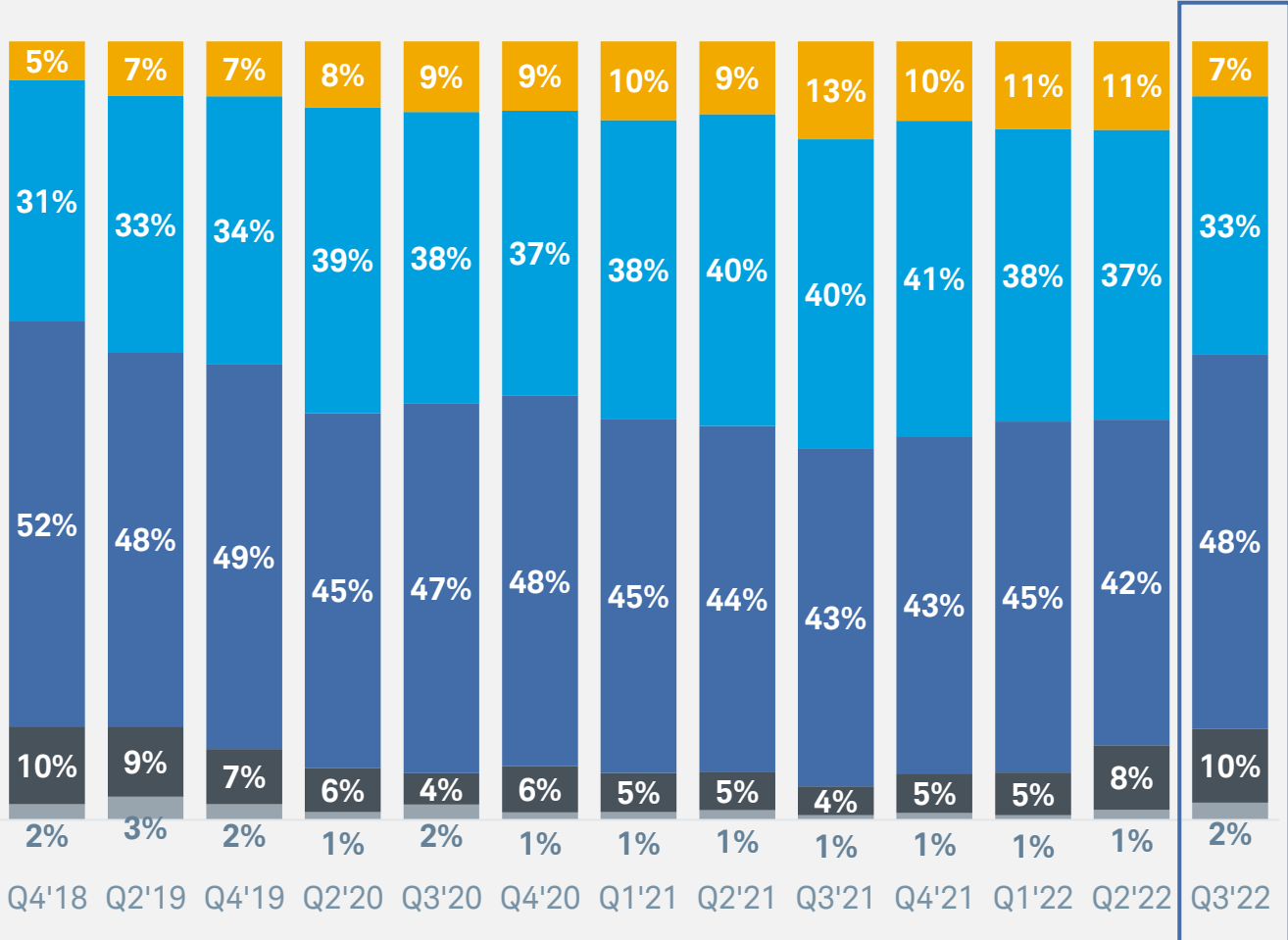
Q3. In terms of how you are getting along financially, compared to a year ago, are you...?

Q4. How confident are you in making investment decisions for your household?

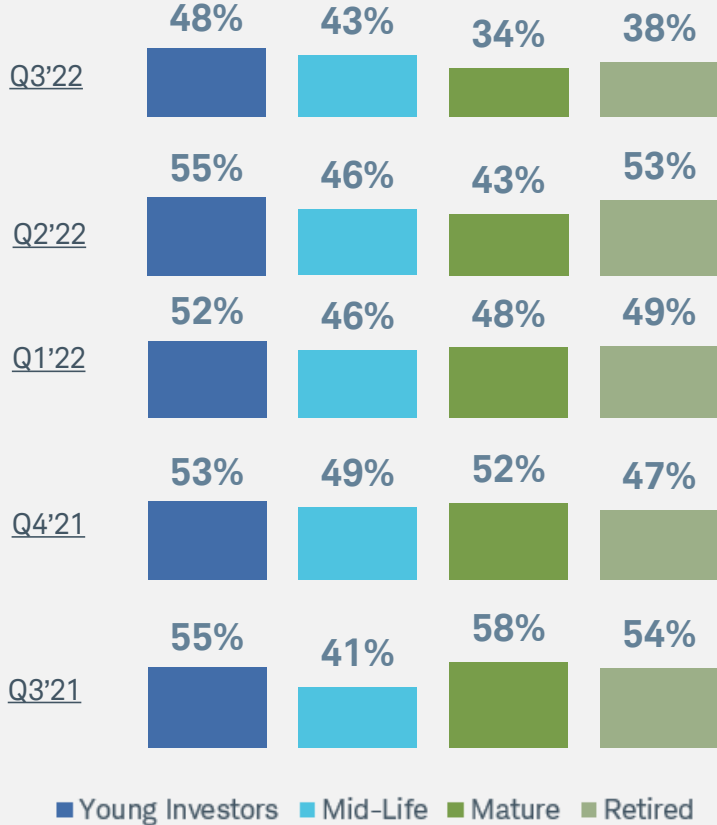
# 88% of Schwab retail clients are confident that they will reach their financial goals

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

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



### Top 2 Box Confident

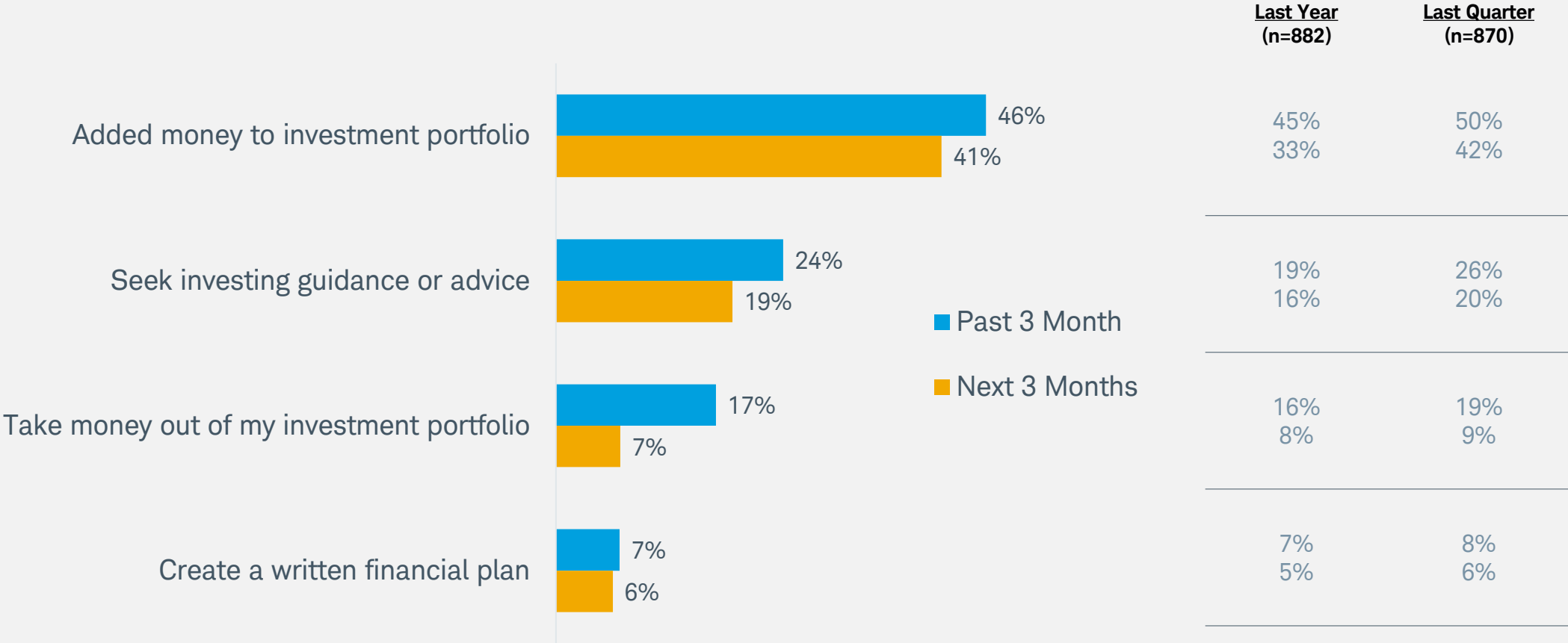


Base = Weighted Total (n=1313)  
Q10. Which statement best describes your confidence in reaching your financial goals?

# More than 40% of Schwab retail clients plan to add money to their portfolios, up substantially from a year ago, and only 7% plan to take money out

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

(Multiple responses allowed; Total Client Sample)



Base = Weighted Total (n=1313)

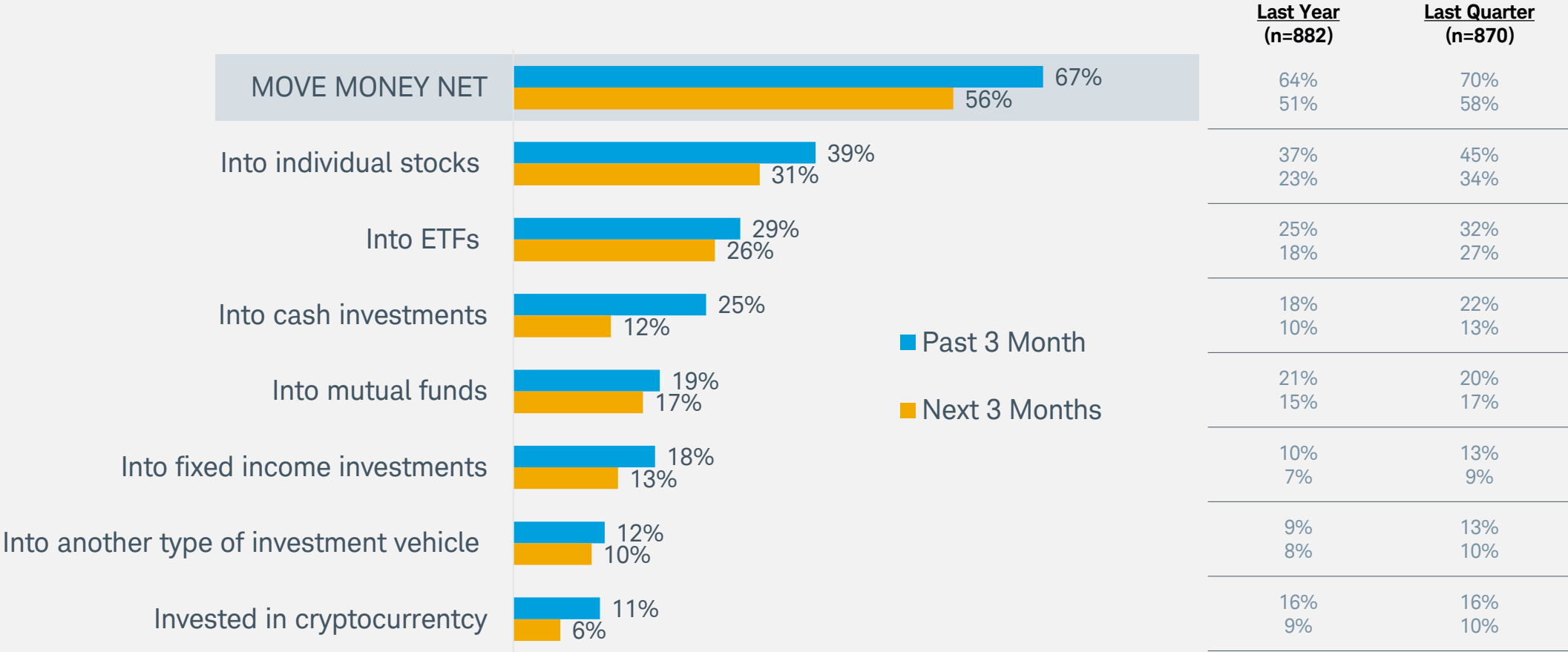
Q5. Which of the following actions have you taken, if any, in the past 3 months? / Q20. Which of the following actions do you plan to do over the next 3 months?



# Almost a third of Schwab retail clients will move money into individual stocks, and half as many respondents plan to move money into cash compared with last quarter

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

(Multiple responses allowed; Total Client Sample)



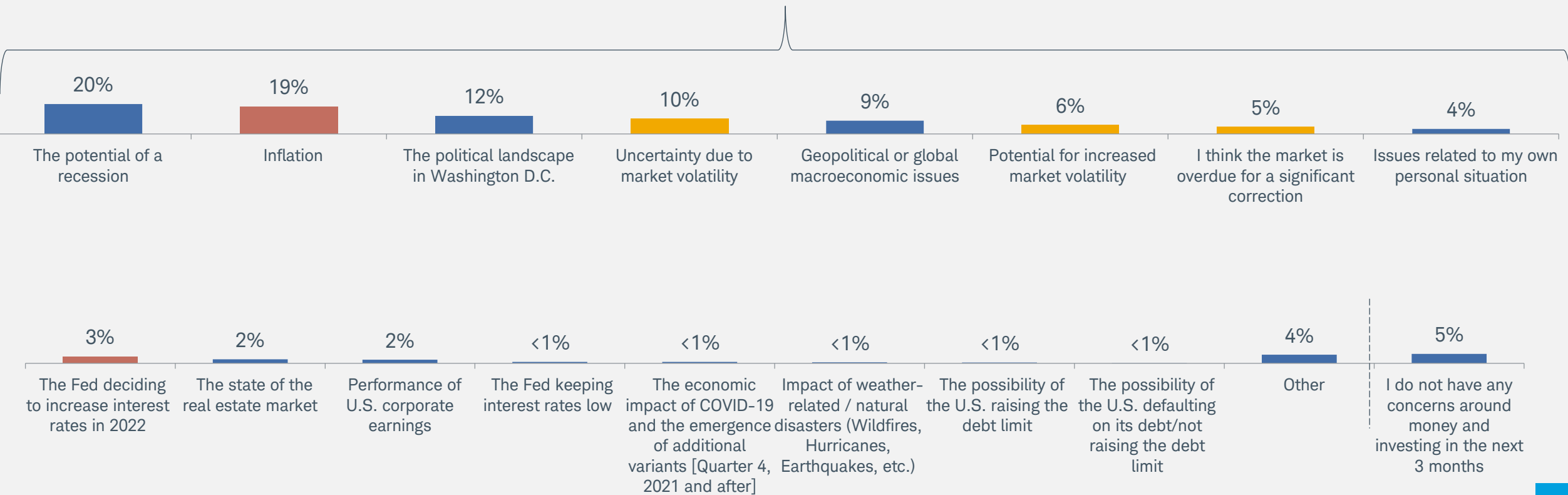
Base = Weighted Total (n=1313)

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?

# The potential of a recession is retail investors' primary money and investing concern, followed closely by inflation and domestic politics

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

Note: Percentages based among those with a concern



Base = Weighted Total (n=1313)

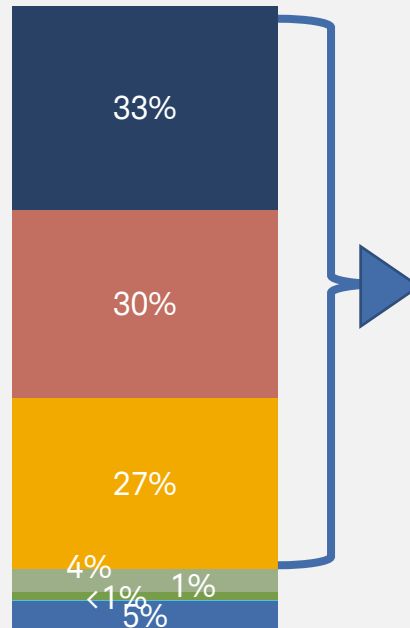
Q7. What is your primary concern around money and investing within the next 3 months?

# The majority of retail investors feel the United States is headed into a recession, but of those who believe a recession is likely, only 21% say this has had a significant impact on their portfolio allocation decisions

## Likelihood U.S Headed Into Official Recession

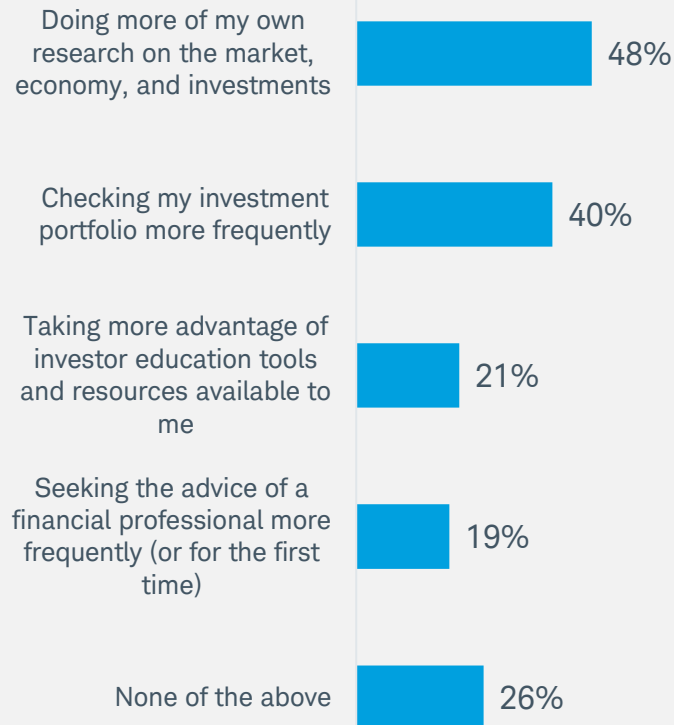
(Single response only; Among Client Sample)

- Highly likely
- Likely
- Somewhat likely
- Somewhat unlikely
- Unlikely
- Highly unlikely
- Don't Know



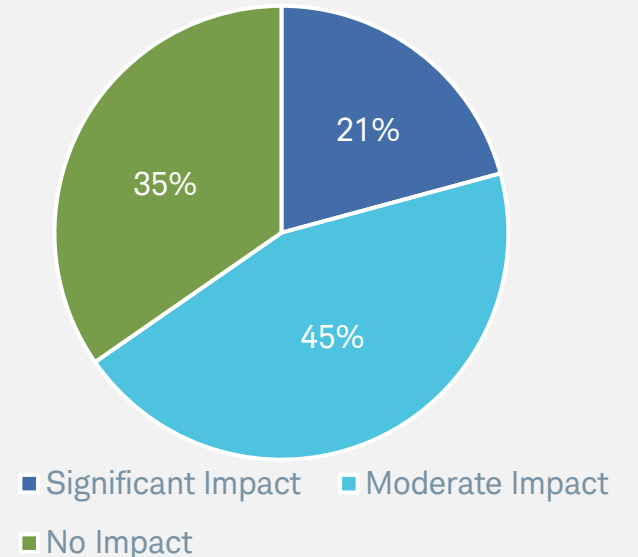
## Actions Taken

(Multiple response; Among Client Sample)



## Impending Recession Impact On Portfolio Allocation

(Single response only; Among Client Sample)



Base = Weighted Total (n=1,313); Base = Recession Is At Least Somewhat Likely (n=1,185)^

QSI\_Q322\_2. What do you feel is the likelihood that the United States is headed into an official recession?

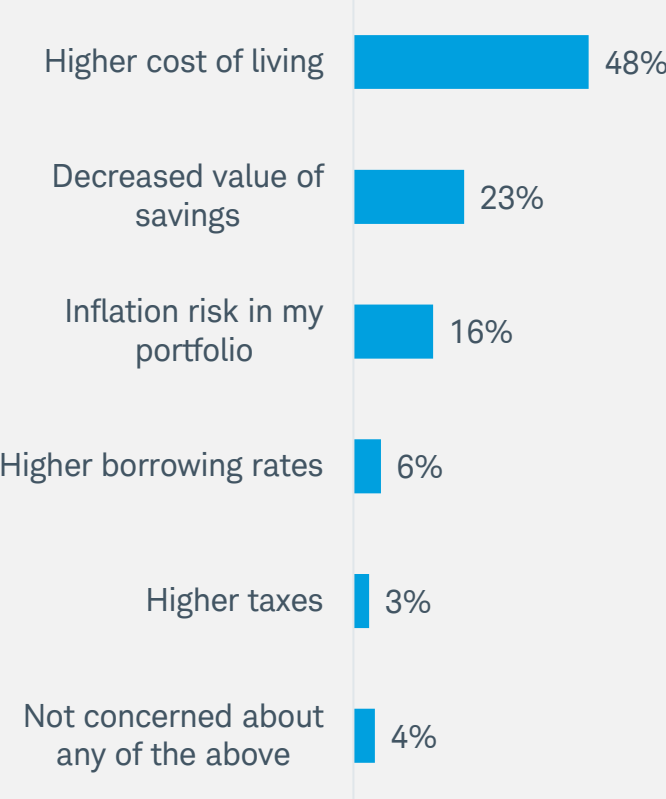
QSI\_Q322\_3. How big of an impact has the likelihood of an impending recession had on your portfolio allocation decisions?

QSI\_Q322\_4. Previously, you said that you feel a recession in the United States is likely. Which of the following actions, if any, are you taking in response to this situation? ©2022 Charles Schwab & Co., Inc. ("Schwab"). All rights reserved. Member SIPC.

# When it comes to inflation, almost half of Schwab retail clients are concerned about the higher cost of living, yet almost 60% of Schwab retail clients report that they are holding steady with their current asset allocation

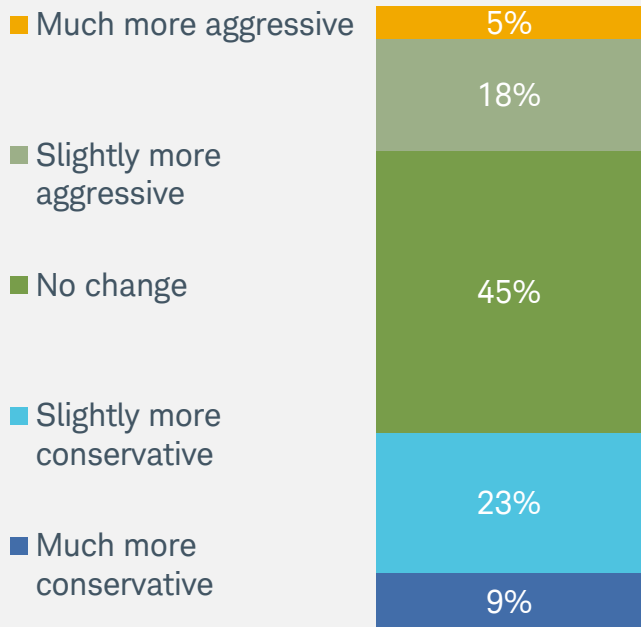
## Biggest Concern With Continued Inflation

(Single response only; Among Client Sample)



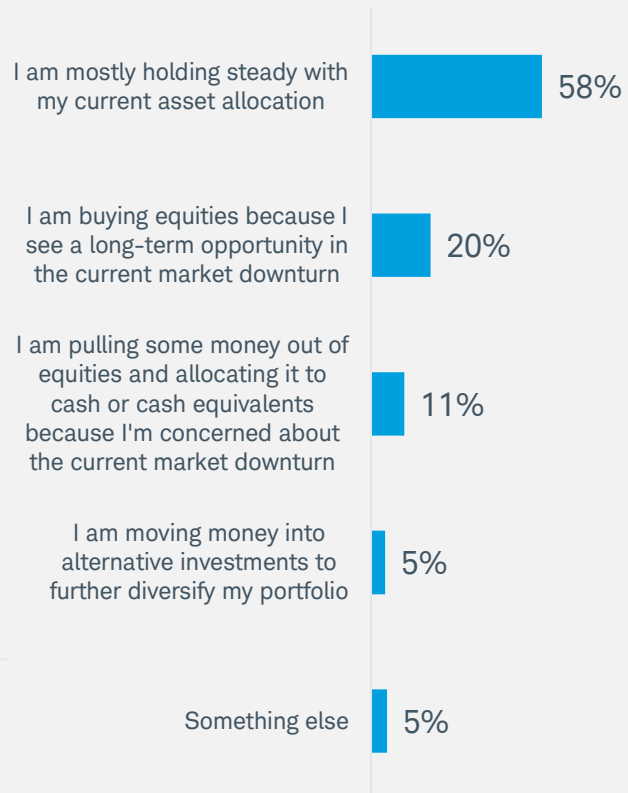
## Approach To Risk Over Next 3 Months

(Single response only; Among Client Sample)



## Investing Approach In Current Market Environment

(Single response only; Among Client Sample)



Base = Weighted Total (n=1,313)  
 QSI\_Q322\_1. What is your biggest concern with continued inflation?  
 QSI\_Q322\_6. Which of the following best describes your approach to the level of risk you will take in your investment portfolio over the next three months?  
 QSI\_Q322\_7. How would you describe Which of the following best describes your investing approach in the current market environment?

# 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.
- Q3 study was fielded at the beginning of the quarter: July 6-18, 2022

<b>Gender</b>		<b>Affluence</b>		<b>Employment Status</b>	
Male	932 (71%)	HNW (\$1M+)	143 (11%)	Employed full-time	724 (55%)
Female	311 (24%)	Affluent (\$250K-<\$1M)	331 (25%)	Employed part-time	47 (4%)
No answer	70 (5%)	Foundational (<\$250K)	839 (64%)	Self-employed	110 (8%)
<b>Life Stage</b>		<b>Financial Consultant Relationship</b>		Retired/semi-retired	330 (25%)
Younger Investor (<40)	329 (25%)	Has Financial Consultant	181 (14%)	Other	54 (4%)
Mid-Life (40-55)	395 (30%)	Does not have Financial Consultant	1132 (86%)	No answer	48 (4%)
Mature (55+ not retired)	333 (25%)				
Retired	256 (20%)				

Sample sizes for respondents who were asked the Investment Sentiment section of the survey (n=1,313)

# Disclosures

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