Methodology and Respondent Demographic Profile

Methodology:
- This data is collected quarterly for Schwab by Directive Analytics, via an online survey among clients with Retail Assets of at least $2,000 (excluding Chairman’s Club clients).
- 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.
- Q4 study was fielded at the beginning of the quarter: October 6 – 18, 2020

<table>
<thead>
<tr>
<th>Gender</th>
<th>Male</th>
<th>640 (67%)</th>
<th>Female</th>
<th>249 (26%)</th>
<th>No answer</th>
<th>63 (7%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affluence</td>
<td>High Net Worth ($1M+)</td>
<td>156 (16%)</td>
<td>Affluent ($250K-$1M)</td>
<td>287 (30%)</td>
<td>Foundational (&lt;$250K)</td>
<td>509 (54%)</td>
</tr>
<tr>
<td>Active Trader</td>
<td>Active</td>
<td>282 (30%)</td>
<td>Not Active</td>
<td>670 (70%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Life Stage</td>
<td>Younger Investor (&lt;40)</td>
<td>210 (23%)</td>
<td>Mid-Life (40-55)</td>
<td>260 (29%)</td>
<td>Mature (55+ not retired)</td>
<td>257 (28%)</td>
</tr>
<tr>
<td>Financial Consultant Relationship</td>
<td>Has Financial Consultant</td>
<td>233 (25%)</td>
<td>Does not have Financial Consultant</td>
<td>719 (75%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tenure</td>
<td>2-10 Yrs.</td>
<td>283 (30%)</td>
<td>11-25 Yrs.</td>
<td>355 (37%)</td>
<td>25 Yrs.+</td>
<td>205 (22%)</td>
</tr>
<tr>
<td>Employment Status</td>
<td>Employed full-time</td>
<td>488 (51%)</td>
<td>Employed part-time</td>
<td>25 (3%)</td>
<td>Self-employed</td>
<td>101 (11%)</td>
</tr>
</tbody>
</table>

Sample sizes for respondents who were asked the Investment Sentiment section of the survey (n=952)
Q4 2020 Executive Summary

Retail investors remain bearish; 2020 election causes increased concern around investing

Key themes
• Client concern around the stock market remains mostly steady – 44% now feel bearish compared to 48% in Q3 2020
• Young investors feel more bullish than they did in Q3 2020; they are also more bullish than mid-life and mature investors
• Number of clients who feel better of financially up slightly from Q3 2020
• Clients expect market volatility to increase through end of 2020
• Top concerns around investing include the 2020 election and COVID-19; clients predict the election will have bigger impact on their finances than other events

Base = Weighted Total
Q6. Thinking about the next 3 months, which statement best describes your outlook for the U.S. stock market?
Bearish market sentiment continues in Q4 2020

Outlook For U.S. Stock Market
(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 in place to withstand it

Don't know

Bullish 36% (+1)

Bearish 44% (-4)

Base = Weighted Total
Q6. Thinking about the next 3 months, which statement best describes your outlook for the U.S. stock market?
Clients feel most bullish on the health care and information technology sectors

Bullish/Bearish Perceptions by Industry
(Single response only; Among Total Sample)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Bullish</th>
<th>Bearish</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance</td>
<td>22%</td>
<td>~35%</td>
</tr>
<tr>
<td>Consumer Discretionary</td>
<td>22%</td>
<td>~34%</td>
</tr>
<tr>
<td>Materials</td>
<td>24%</td>
<td>~23%</td>
</tr>
<tr>
<td>Industrials</td>
<td>25%</td>
<td>~28%</td>
</tr>
<tr>
<td>Energy</td>
<td>26%</td>
<td>~31%</td>
</tr>
<tr>
<td>Utilities</td>
<td>27%</td>
<td>~21%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>29%</td>
<td>~35%</td>
</tr>
<tr>
<td>Communications</td>
<td>46%</td>
<td>~11%</td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>46%</td>
<td>~16%</td>
</tr>
<tr>
<td>Health Care</td>
<td>49%</td>
<td>~17%</td>
</tr>
<tr>
<td>Information Technology</td>
<td>58%</td>
<td>~13%</td>
</tr>
</tbody>
</table>

Base = Weighted Total (n=952)

Don’t know

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Investor confidence measures have held mostly steady although more feel better off financially

Client Confidence Trends
June 2015 – October 2020

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?

Base = Weighted Total

Q2 '15
Q4 '15
Q2 '16
Q4 '16
Q2 '17
Q4 '17
Q2 '18
Q4 '18
Q2 '19
Q4 '19
Q2 '20
Q3 '20
Q4 '20

% Good Time To Invest
% Better Off Financially
% Confident In Decision Making
Young investors and retirees feel more bullish compared to last quarter

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

Q6. Thinking about the next 3 months, which statement best describes your outlook for the U.S. stock market?
Confidence in reaching financial goals remains steady across all generations

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

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

Confidence in reaching financial goals remains steady across all generations.
The 2020 election tops investors’ list of concerns

Primary Concern About Investing
(Single response only; Among Total Sample)

- **42%** election net
- **26%** COVID net
- **27%** Markets/personal finances net
- **8%** Other/none net

Q7. What is your primary concern around money and investing within the next 3 months?
Fewer clients plan to move money into equities over next three months

**Portfolio Allocation Changes Made During Past 3 Months & Planned in Next 3 Months**

*Multiple responses allowed; Total Sample*

- **MOVE MONEY NET**: 47% (Past 3 Months), 62% (Next 3 Months)
- Into individual stocks: 22% (Past 3 Months), 39% (Next 3 Months)
- Into ETFs: 16% (Past 3 Months), 23% (Next 3 Months)
- Into cash investments: 9% (Past 3 Months), 18% (Next 3 Months)
- Into mutual funds: 12% (Past 3 Months), 17% (Next 3 Months)
- Into another type of investment vehicle: 9% (Past 3 Months), 12% (Next 3 Months)
- Into fixed income investments: 9% (Past 3 Months), 10% (Next 3 Months)
- Rebalance your portfolio: 28% (Past 3 Months), 23% (Next 3 Months)
- Invest in cryptocurrency: 3% (Past 3 Months), 4% (Next 3 Months)

*Base = Weighted Total (n=952)*

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?
Fewer clients plan to add new money to investment portfolios over next three months

<table>
<thead>
<tr>
<th>Financial Habit Changes Made During Past 3 Months &amp; Planned in Next 3 Months (Multiple responses allowed; Total Sample)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Save more money</td>
</tr>
<tr>
<td>Pay down debt</td>
</tr>
<tr>
<td>Add money into my investment portfolio</td>
</tr>
<tr>
<td>Add to an emergency fund</td>
</tr>
<tr>
<td>Seek investing guidance or advice</td>
</tr>
<tr>
<td>Take money out of my investment portfolio</td>
</tr>
<tr>
<td>Move to the sidelines</td>
</tr>
<tr>
<td>Create a written financial plan</td>
</tr>
<tr>
<td>Past 3 Months</td>
</tr>
<tr>
<td>43%</td>
</tr>
<tr>
<td>38%</td>
</tr>
<tr>
<td>38%</td>
</tr>
<tr>
<td>26%</td>
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<tr>
<td>20%</td>
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<tr>
<td>19%</td>
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<tr>
<td>15%</td>
</tr>
<tr>
<td>9%</td>
</tr>
<tr>
<td>6%</td>
</tr>
<tr>
<td>6%</td>
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<tr>
<td>Next 3 Months</td>
</tr>
<tr>
<td>38%</td>
</tr>
<tr>
<td>29%</td>
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<tr>
<td>27%</td>
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<tr>
<td>26%</td>
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<tr>
<td>17%</td>
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<tr>
<td>6%</td>
</tr>
<tr>
<td>4%</td>
</tr>
<tr>
<td>5%</td>
</tr>
</tbody>
</table>

Base = Weighted Total (n=952)

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?
Impact of 2020 Election

Clients share sentiment around how 2020 election will impact markets and their personal finances
Clients expect market volatility to increase through end of 2020

Current Sentiment Around Level of Market Volatility
(Single response only; Among Total Sample)

- Markets are very volatile: 13%
- Markets are fairly volatile: 64%
- Markets are fairly stable: 22%

Prediction Around Level of Market Volatility through end of 2020
(Single response only; Among Total Sample)

- Increased level of volatility: 54%
- Same level of volatility: 45%
- Decreased level of volatility: 1%
Clients think the 2020 election will have a bigger impact on their finances than COVID-19 and other events

- **Biggest Impact On Finances**
  - Election: 50%
  - Pandemic: 39%
  - Natural disasters: 2%
  - Other: 4%
  - None: 5%

- **Pandemic Impact on Finances**
  - Positive: 3%
  - Negative: 80%
  - Don’t know: 18%

- **Impact of Election on Finances**
  - Positive: 9%
  - Negative: 27%
  - Don’t know: 65%

Base = Weighted Total (n=952)
QSI_Q420_4. Which of the following current events do you think will have the biggest impact on your finances?/QSI_Q420_5. Will the impact of [PIPE ANSWER FROM QSI_Q420_4] be mostly...?
As voters, investors prioritize the stock market, tax changes and health care costs

Voter Financial Priorities
(Single response only; Among Total Sample)

- Performance of the stock market/economy: 23%
- Potential tax changes: 20%
- Cost of health care: 20%
- Social security: 9%
- Fed policy going forward: 8%
- Unemployment rates: 7%
- Interest/savings rates: 2%
- Potential 401k reform: 2%
- Other: 8%

Impact of Election on Economy
(Single response only; Among Total Sample)

- Positive: 31%
- None: 21%
- Negative: 48%
Disclosures:

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(1120-07GP)