

Q4 2022 Retail Client Sentiment Report

Survey fielded October 7-17, 2022

Media contact:
Hibah.Shariff@schwab.com

The Charles Schwab logo consists of the word "charles" in a white, lowercase, serif font, positioned above the word "SCHWAB" in a white, uppercase, sans-serif font. Both words are centered within a solid blue square background.

charles
SCHWAB

Own your tomorrow.

Q4 2022 Executive Summary

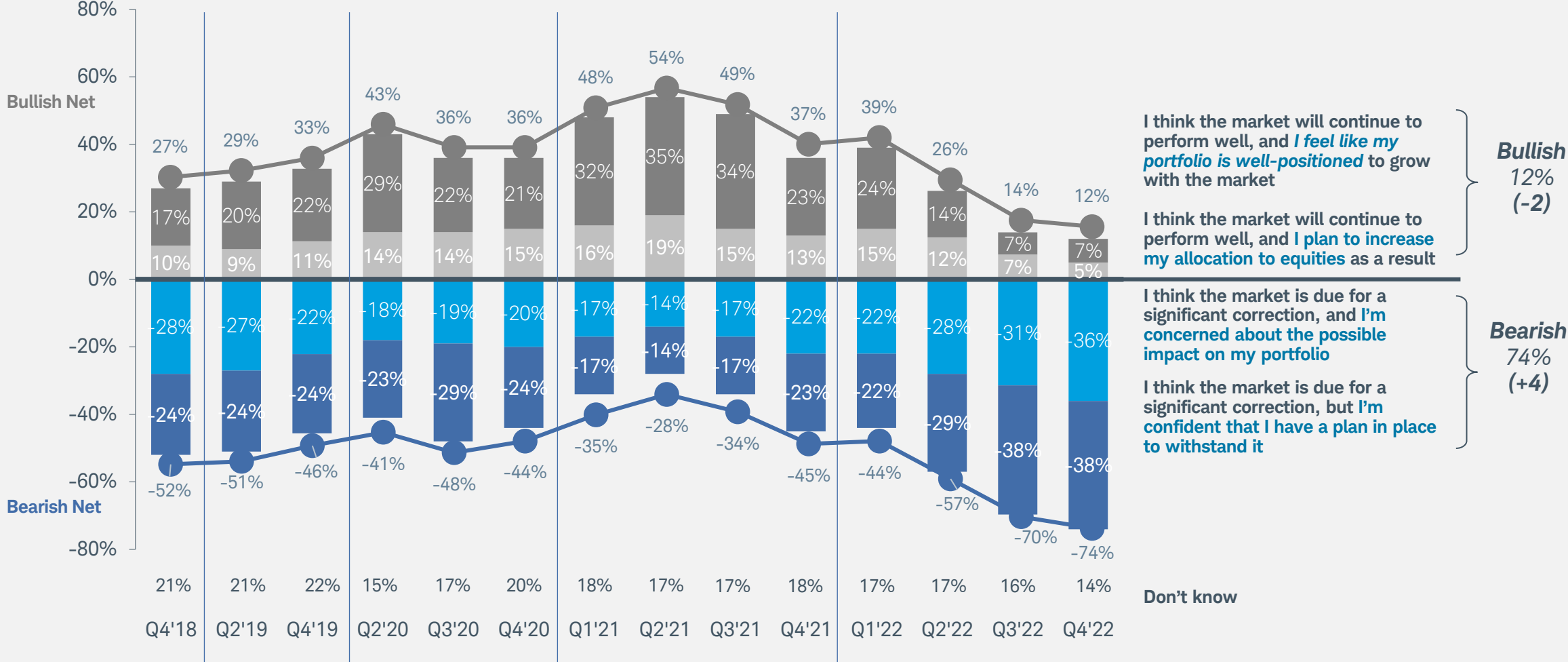
The majority of retail investors remain bearish about the U.S. stock market amid concerns about rising inflation and the potential of a recession. In fact, more than 90 percent of retail clients believe a recession is likely, with most predicting it will officially happen in the first half of 2023 or sooner. Still, clients remain engaged—they're doing more research and taking advantage of investor education resources, and nearly 90 percent remain confident in reaching their financial goals.

Key Q4 themes

- The majority (74 percent) of retail investors feel bearish about the U.S. stock market, particularly about the real estate and consumer discretionary sectors.
- Inflation-related concerns are high among investors, followed by worries about a looming recession. Nearly 70 percent of clients say lower inflation would make them more bullish about the U.S. stock market.
- 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 11 percent plan to take money out of their portfolio.

The majority of retail investors remain bearish on the U.S. stock market

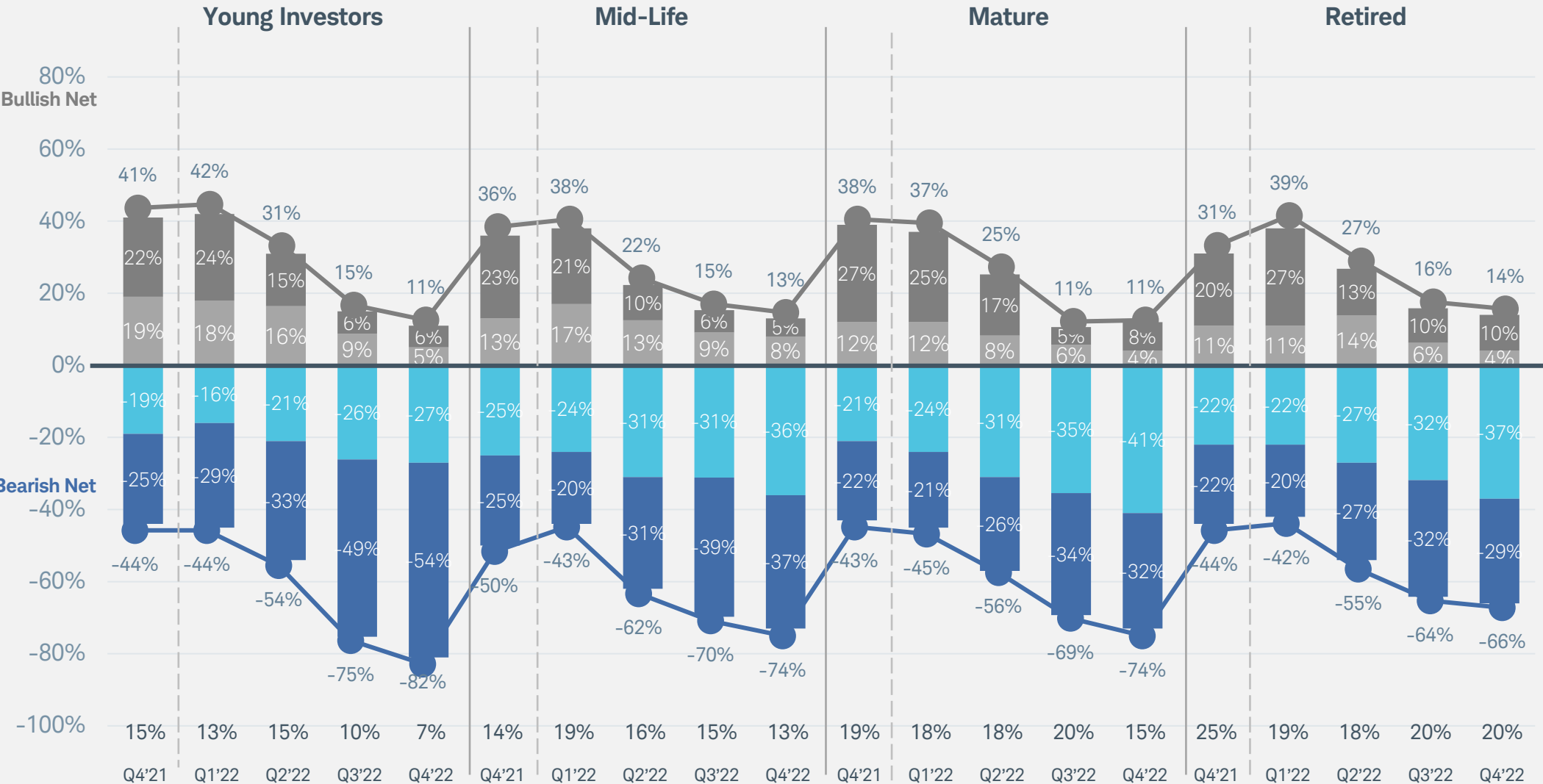
Outlook For U.S. Stock Market (Single response only; Among Client Sample)



Base = Weighted Total (n=832)
Q6. Thinking about the next 3 months, which statement best describes your outlook for the U.S. stock market?

Younger retail investors lean the most bearish, but more than half are confident in their plans to withstand a potential correction

Outlook For U.S. Stock Market By Life Stage (Single response only; Among Client 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.

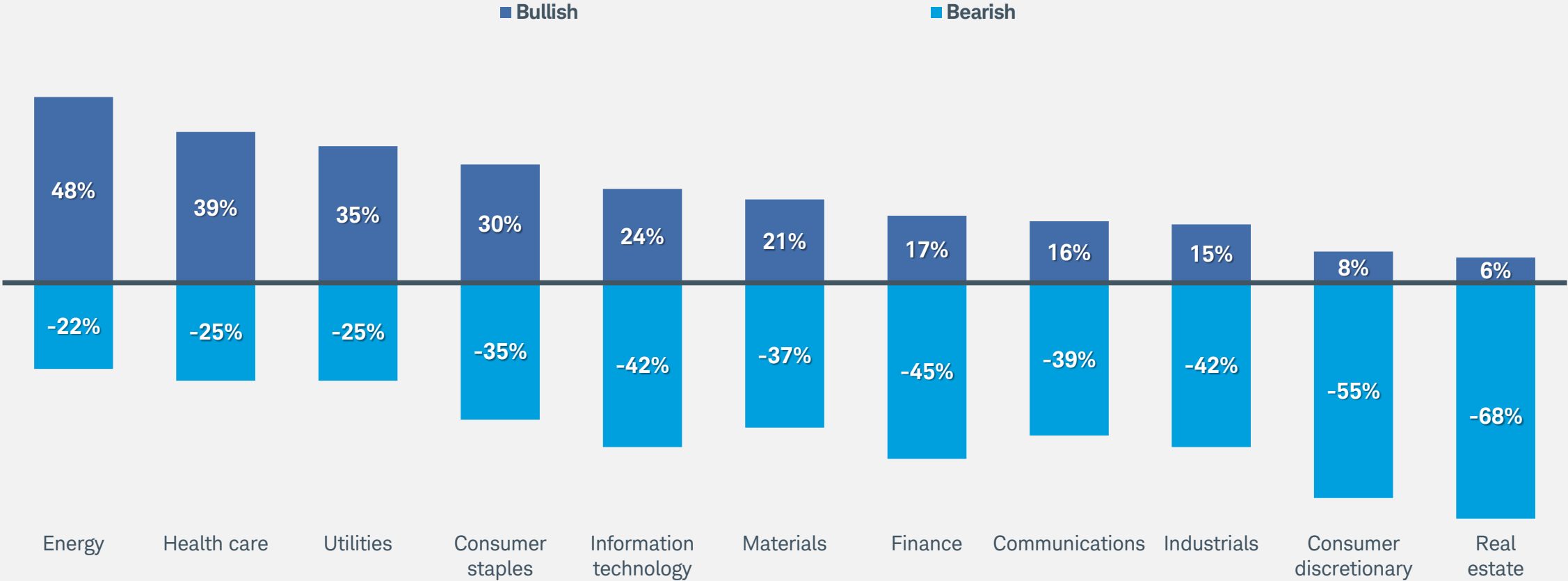
I think the market is due for a significant correction, but I'm confident that I have a plan to withstand it.

Don't know

Base = Weighted Total (n=832)
Q6. Thinking about the next 3 months, which statement best describes your outlook for the U.S. stock market?

Retail investors are most bearish on the real estate and consumer discretionary sectors and most bullish on energy

Sector Sentiment Over Next 3 Months (Among Client Sample)

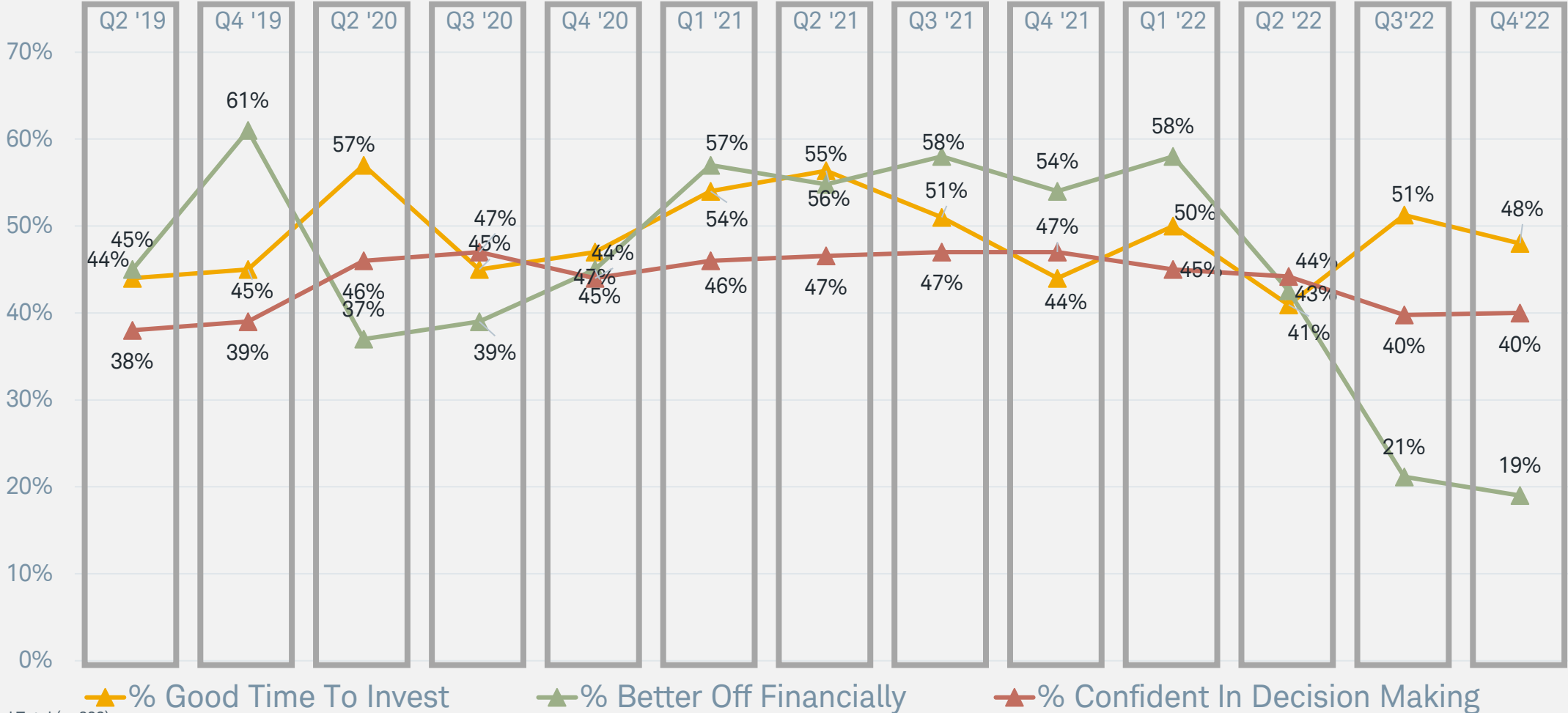


Base = Weighted Total (n=832)
Q23A. In your opinion, which term best describes the U.S. stock market for each of the following sectors over the next three months?

Fewer than half of retail investors believe now is a good time to invest in equities, and there's been a significant drop in how investors feel about their overall financial situation in the current environment

Client Confidence Trends

June 2019 – October 2022
(Among Client Sample)



Base = Weighted Total (n=832)

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

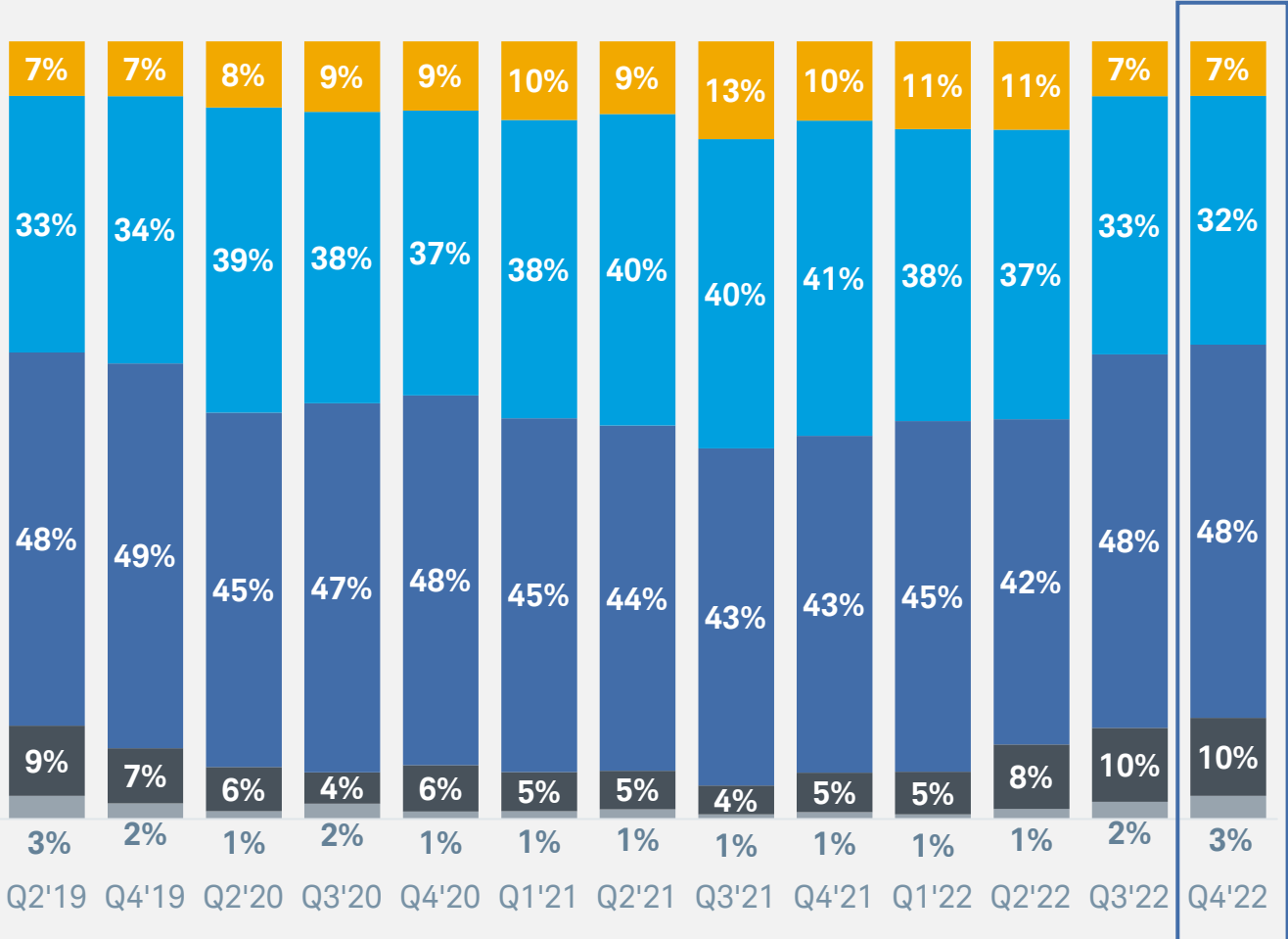
Q3. In terms of how you are getting along financially, compared to a year ago, are you...?

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

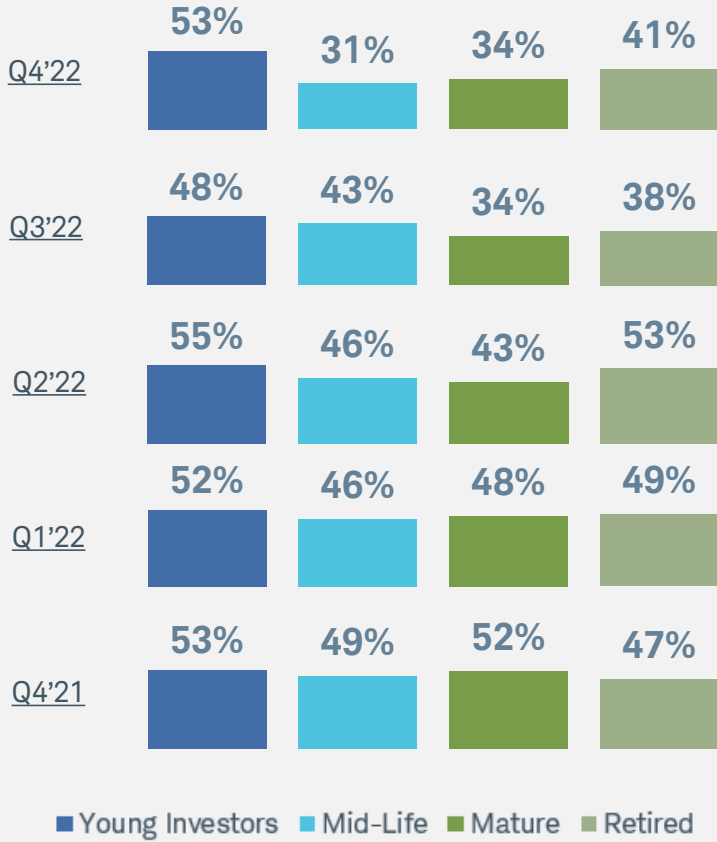
A vast majority of retail investors remain confident in reaching their financial goals, particularly younger investors

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

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



Top 2 Box Confident



Base = Weighted Total (n=832)
Q10. Which statement best describes your confidence in reaching your financial goals?

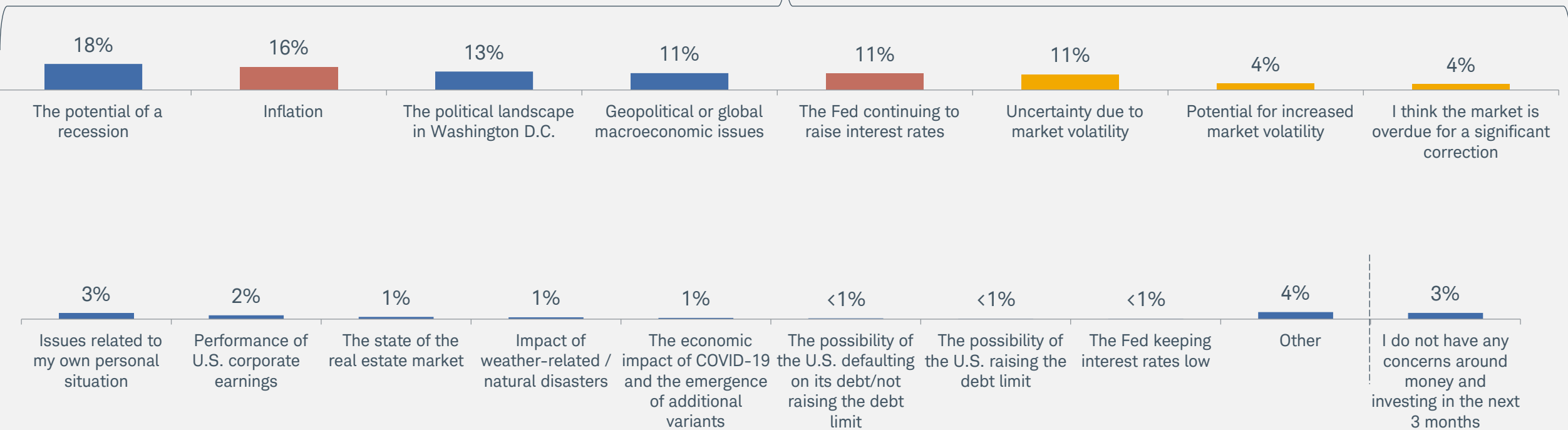
Recession fears and inflation top the list of retail investor concerns as we close out 2022, although just 4% think the market is due for a significant correction

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



27% Inflation/Increase Rate Related Concerns

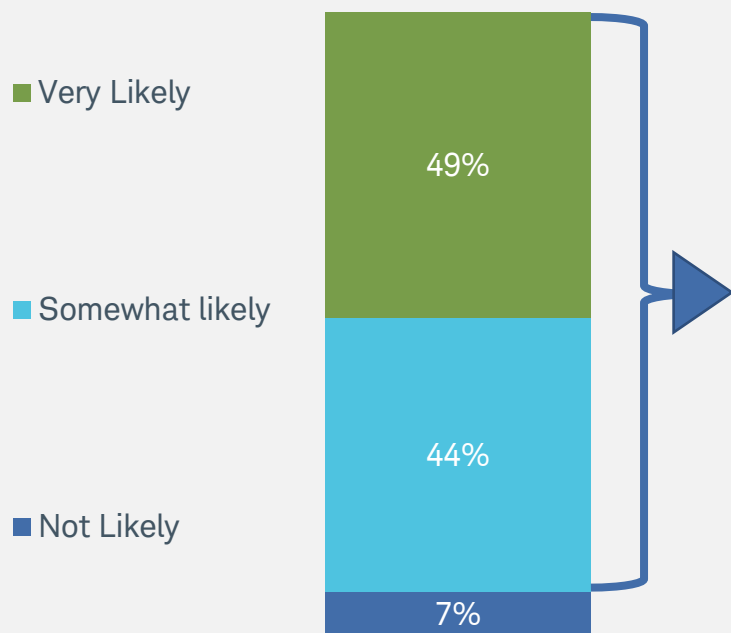
Note: Percentages based among those with a concern



More than 90 percent of retail investors believe the U.S. is headed into a recession, but they remain engaged – doing more research and taking advantage of investor education resources

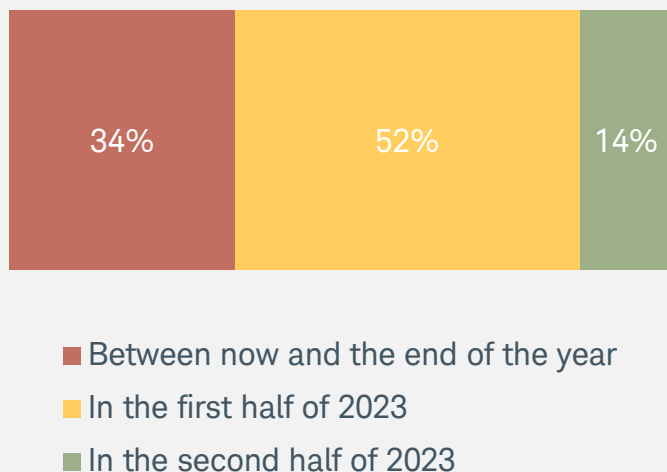
Likelihood U.S Headed Into Official Recession

(Single response only; Among Client Sample)



When U.S Will Enter Official Recession^

(Single response only; Among Those Expecting A Recession; Client Sample)



Actions Taking In Response To Recession^

(Multiple response; Among Those Expecting A Recession; Client Sample)



Base = Weighted Total (n=832); Base = Feel Recession Is Likely (n=770)^

QSI_Q422_3. What do you feel is the likelihood that the United States is headed into an official recession in the next 12-15 months?

QSI_Q422_4. Previously, you said that you feel a recession in the United States is likely. When do you think the United States might enter an official recession?

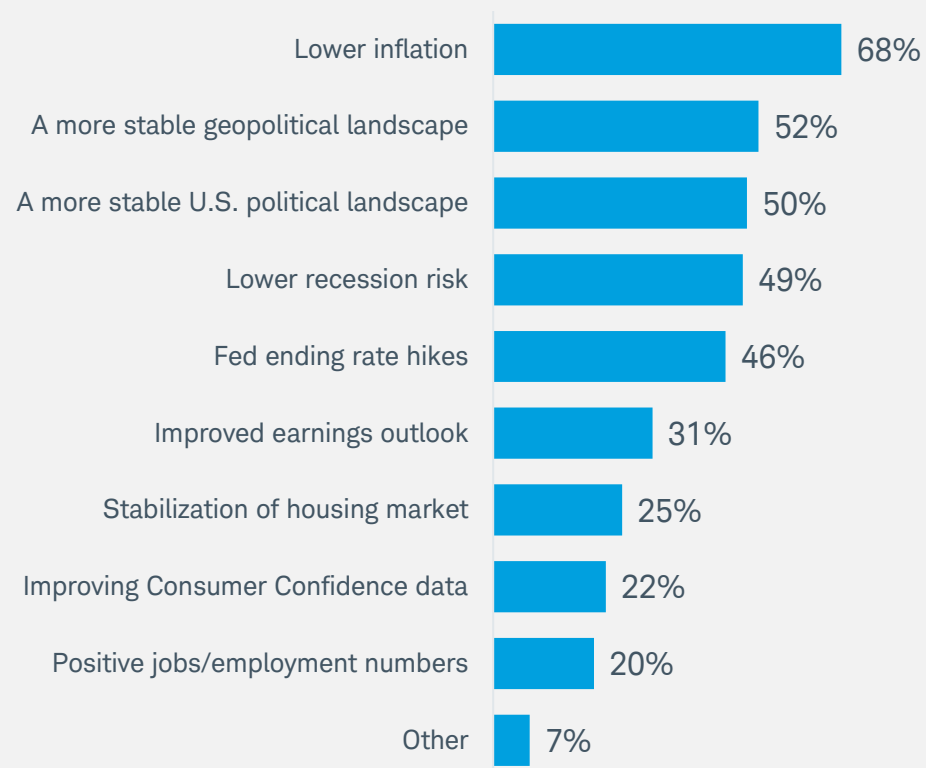
QSI_Q422_5. Previously, you said that you feel a recession in the United States is likely. Which of the following actions, if any, are you taking in response to this situation?

©2022 Charles Schwab & Co., Inc. ("Schwab"). All rights reserved. Member SIPC.

Nearly 70 percent of clients say lower inflation would make them more bullish about the U.S. stock market

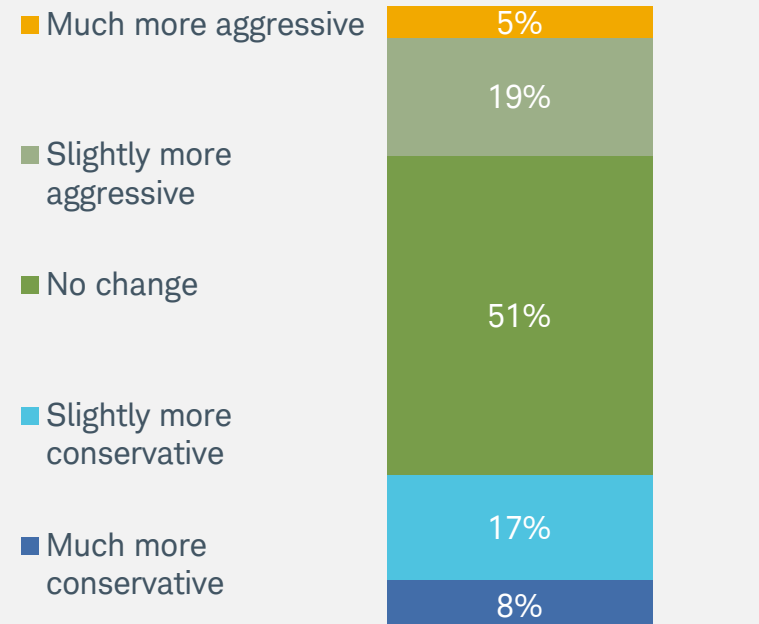
Key Factors That Would Cause Client To Feel Bullish

(Multiple response; Among Client Sample)



Approach To Risk Over Next 3 Months

(Single response only; Among Client Sample)



Base = Weighted Total (n=832)

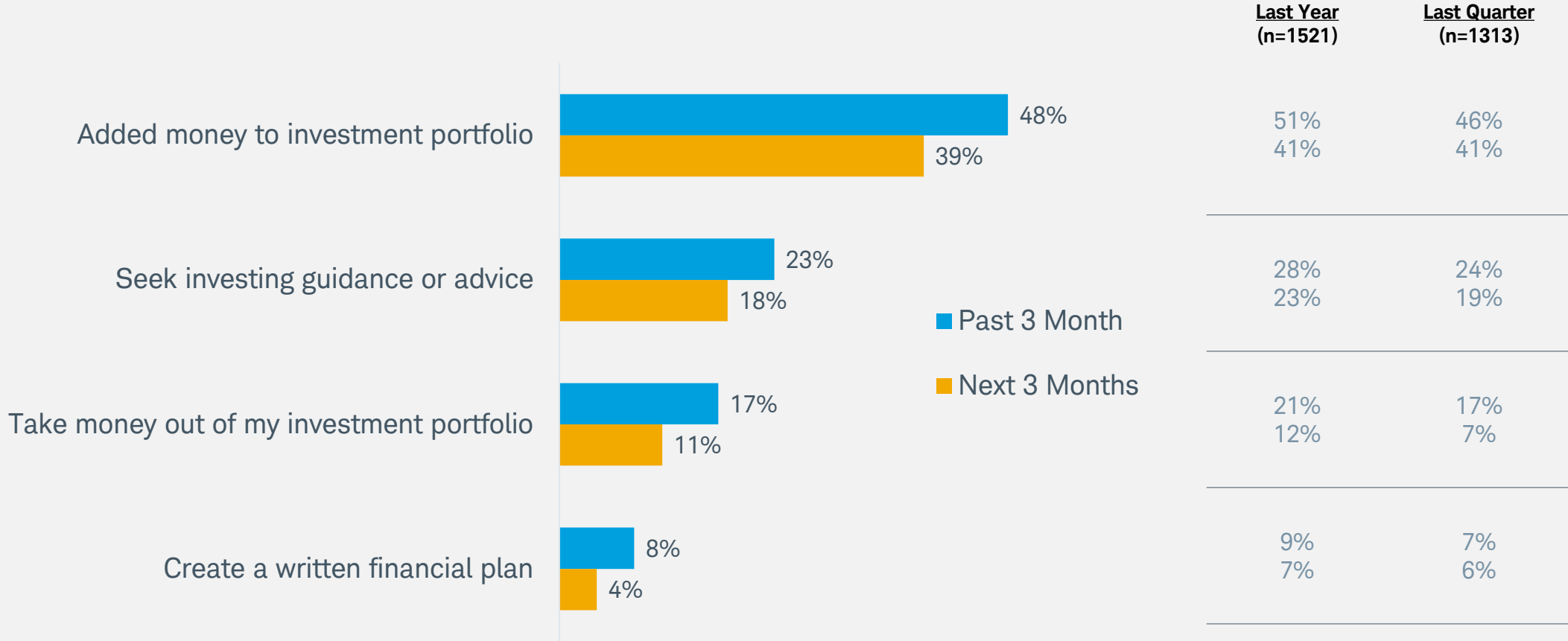
QSI_Q422_1. What key factors are you looking for to feel more bullish about the U.S. stock market?

QSI_Q422_2. 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?

About half of retail investors added money to their portfolio in recent months, while fewer than 20 percent took money out

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

(Multiple responses allowed; Among Client Sample)



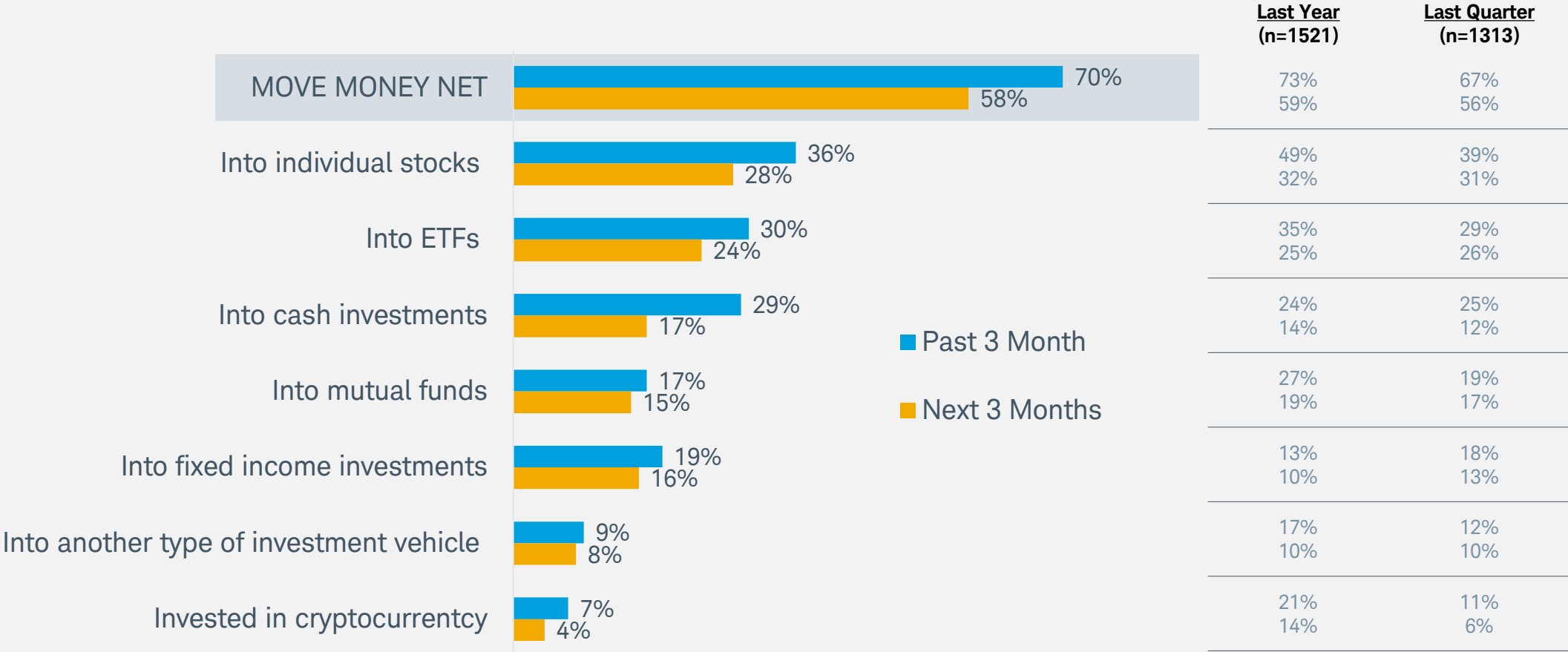
Base = Weighted Total (n=832)

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?

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

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

(Multiple responses allowed; Among Client Sample)



Base = Weighted Total (n=832)

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?

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.
- Q4 study was fielded at the beginning of the quarter: October 7th-17th, 2022

Gender		Affluence		Employment Status	
Male	593 (71%)	HNW (\$1M+)	125 (15%)	Employed full-time	412 (50%)
Female	209 (25%)	Affluent (\$250K-<\$1M)	193 (23%)	Employed part-time	27 (3%)
No answer	30 (4%)	Foundational (<\$250K)	514 (62%)	Self-employed	68 (8%)
Life Stage		Financial Consultant Relationship		Retired/semi-retired	262 (32%)
Younger Investor (<40)	172 (21%)	Has Financial Consultant	135 (16%)	Other	43 (5%)
Mid-Life (40-55)	219 (26%)	Does not have Financial Consultant	697 (84%)	No answer	20 (2%)
Mature (55+ not retired)	218 (26%)				
Retired	223 (27%)				

Sample sizes for respondents who were asked the Investment Sentiment section of the survey (n=832)

Disclosures

About Charles Schwab

At Charles Schwab, we believe in the power of investing to help individuals create a better tomorrow. We have a history of challenging the status quo in our industry, innovating in ways that benefit investors and the advisors and employers who serve them, and championing our clients' goals with passion and integrity.

More information is available at [aboutschwab.com](https://www.aboutschwab.com). Follow us on [Twitter](#), [Facebook](#), [YouTube](#), and [LinkedIn](#).

Brokerage Products: Not FDIC Insured ▪ No Bank Guarantee ▪ May Lose Value

Through its operating subsidiaries, the company provides a full range of wealth management, securities brokerage, banking, asset management, custody, and financial advisory services to individual investors and independent investment advisors. Its broker-dealer subsidiaries and their affiliates offer a complete range of investment services and products including an extensive selection of mutual funds; financial planning and investment advice; retirement plan and equity compensation plan services; referrals to independent, fee-based investment advisors; and custodial, operational and trading support for independent, fee-based investment advisors through Schwab Advisor Services. Its primary banking subsidiary, Charles Schwab Bank, SSB (member FDIC and an Equal Housing Lender), provides banking and lending services and products. More information is available at www.aboutschwab.com. Follow us on [Twitter](#), [Facebook](#), [YouTube](#) and [LinkedIn](#).

TD Ameritrade, Inc. and TD Ameritrade Clearing, Inc., members FINRA/SIPC, are separate but affiliated companies and subsidiaries of TD Ameritrade Holding Corporation. TD Ameritrade Holding Corporation is a wholly owned subsidiary of The Charles Schwab Corporation. TD Ameritrade is a trademark jointly owned by TD Ameritrade IP Company, Inc. and The Toronto-Dominion Bank.

(1122-2JSL)