

Q4 2023 Retail Client Sentiment Report

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Q4 2023 Executive Summary

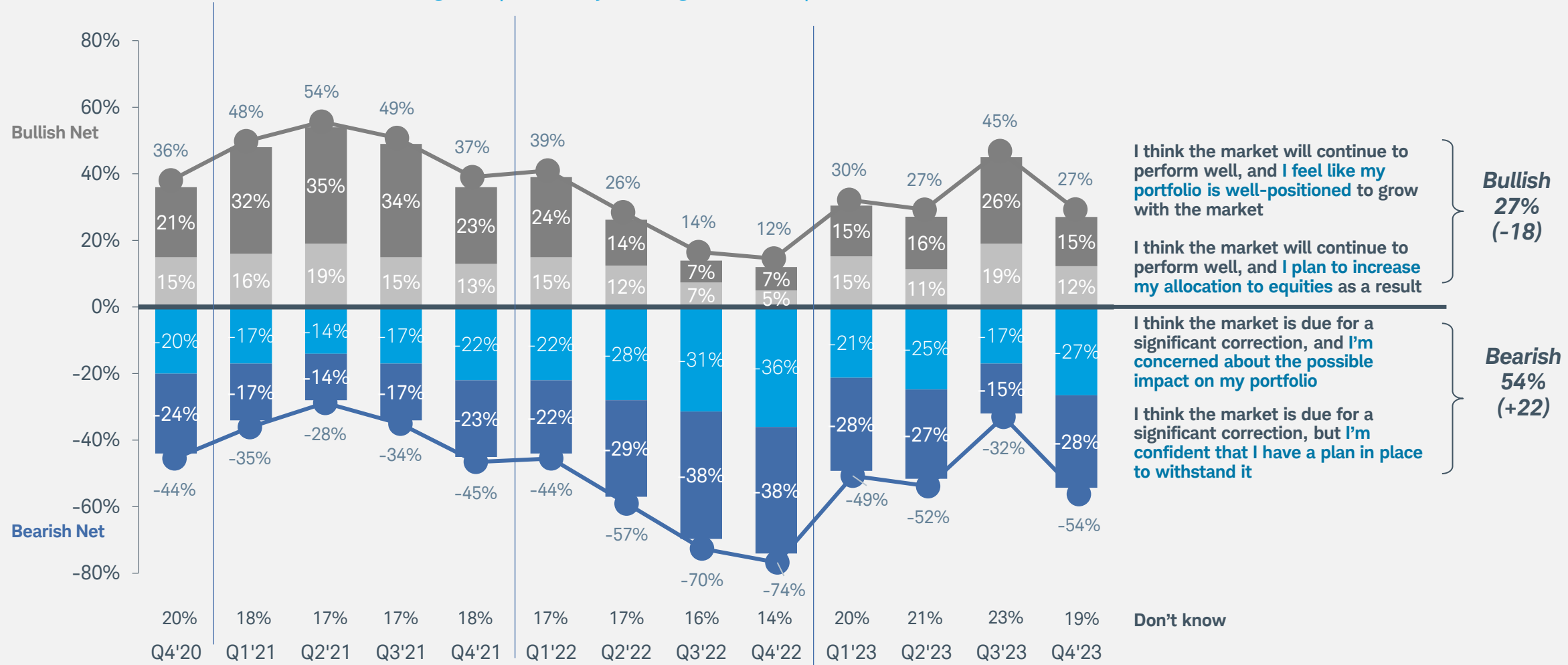
The majority of retail investors remain bearish about the U.S. stock market amid concerns about inflation and the political landscape. Despite the challenging environment, confidence in their decision making and ability to reach their goals continues to rise. More than half plan to review their investment portfolio before the end of the year.

Key Q4 themes

- The majority (54%) of retail investors feel bearish about the U.S. stock market. That's higher than previous quarter (32%), but less than a year ago (74%).
- The proportion of retail investors feeling it is a good time to invest is at its lowest point in three years (37%), but confidence in their decision making and ability to reach their goals continues to rise.
- Inflation-related concerns are high among retail investors, as well as worries about the overall political landscape. While investors say inflation is not impacting their investments decisions, some are being more cautious with their spending.
- Two-thirds of Investors intend to move money within the next three months. Compared to last quarter and year, retail investors are more likely to move money into fixed income investments and ETFs.
- Looking ahead to 2024, more than 40% of retail investors lean pessimistic on the overall U.S. economy but nearly half are optimistic about their own personal finances.

Retail investors are more bearish on the U.S. stock market than they were in previous quarters, but less than they were a year ago

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

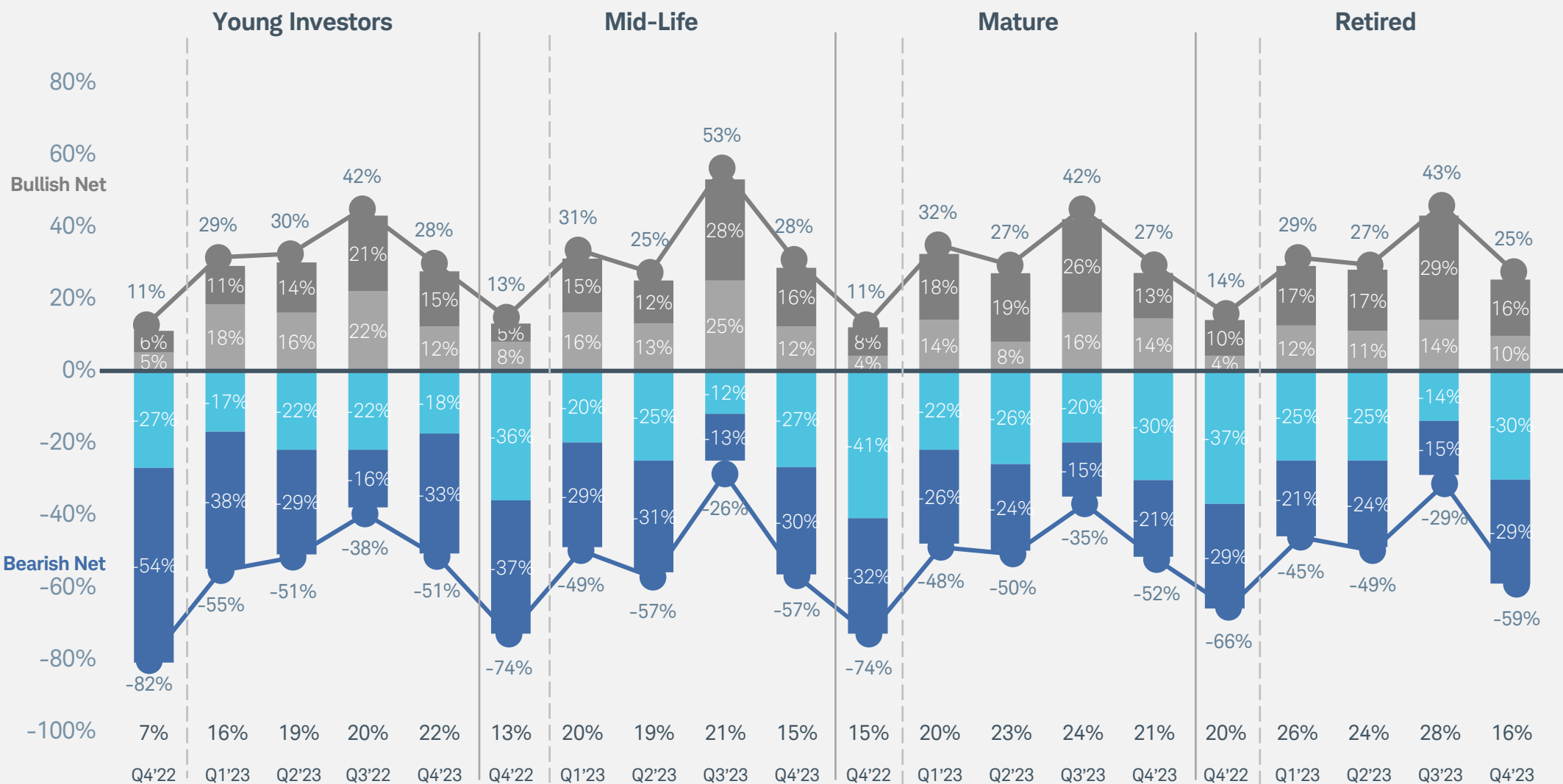


Base = Weighted Total (n=948)
Q6. Thinking about the next 3 months, which statement best describes your outlook for the U.S. stock market?

Investors across life stages are similarly bearish, but young and mid-life investors are more confident in the plans to withstand a correction compared to mature and retired investors

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

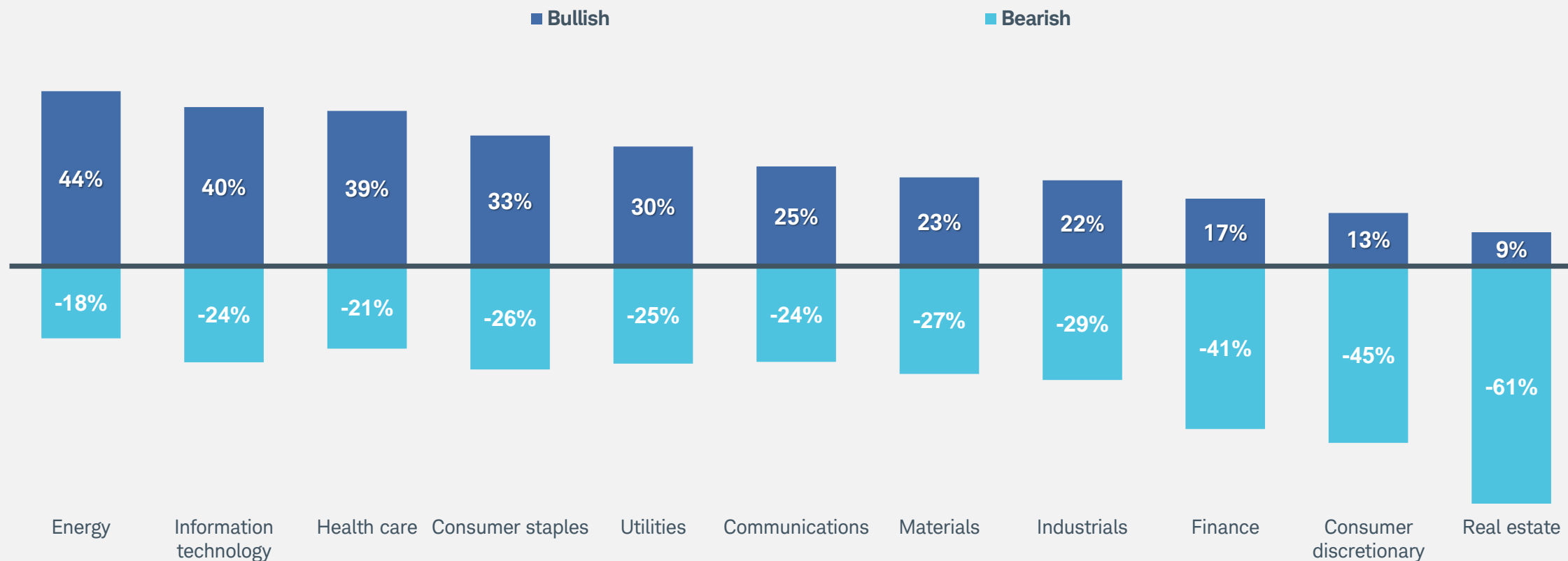
Don't know

Base = Weighted Total (n=948)

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

Investors are most bullish about the energy, information technology and health care sectors, and most bearish towards the real estate, consumer discretionary and finance sectors

Sector Sentiment Over Next 3 Months (Among Client Sample)



Base = Weighted Total (n=948)

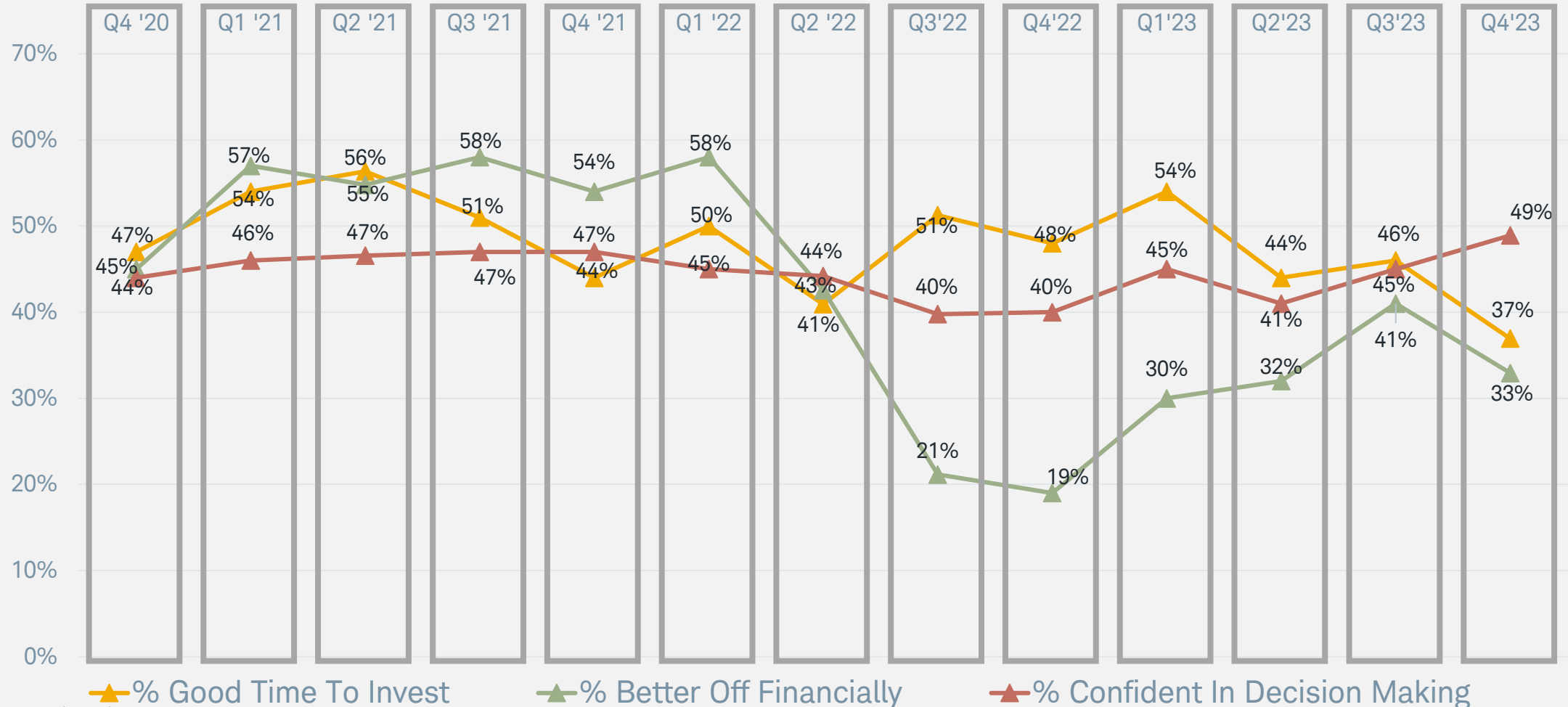
Q23A. In your opinion, which term best describes the U.S. stock market for each of the following sectors over the next three months?

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The proportion of retail investors feeling it is a good time to invest is at its lowest point in three years, but confidence in their decision making and ability to reach their goals continues to rise

Client Confidence Trends

October 2020 – October 2023
(Among Client Sample)



Base = Weighted Total (n=948)

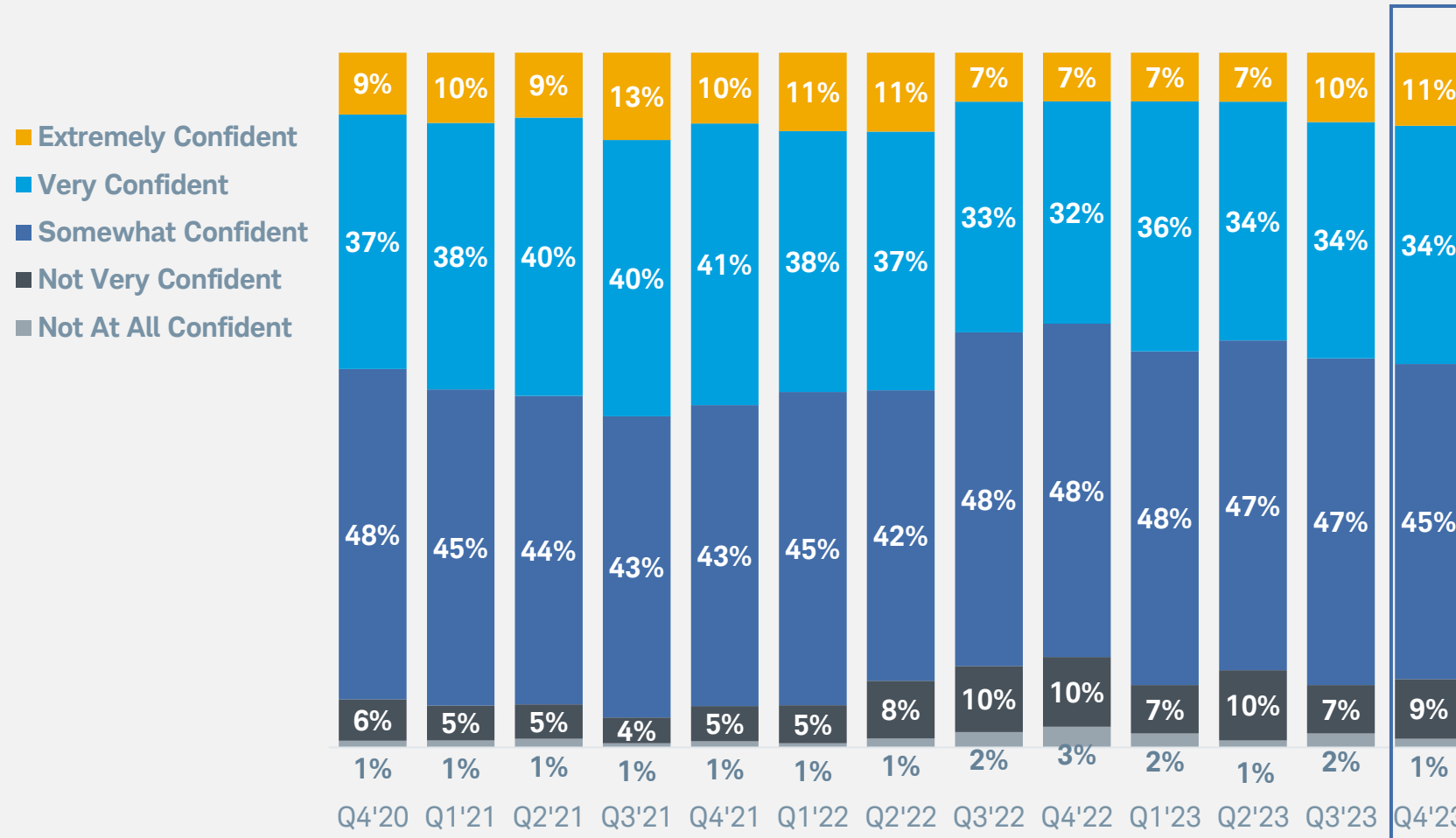
Q1. In your opinion, is this a good time or bad time to invest in stocks, mutual funds and other equity-based investments?

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

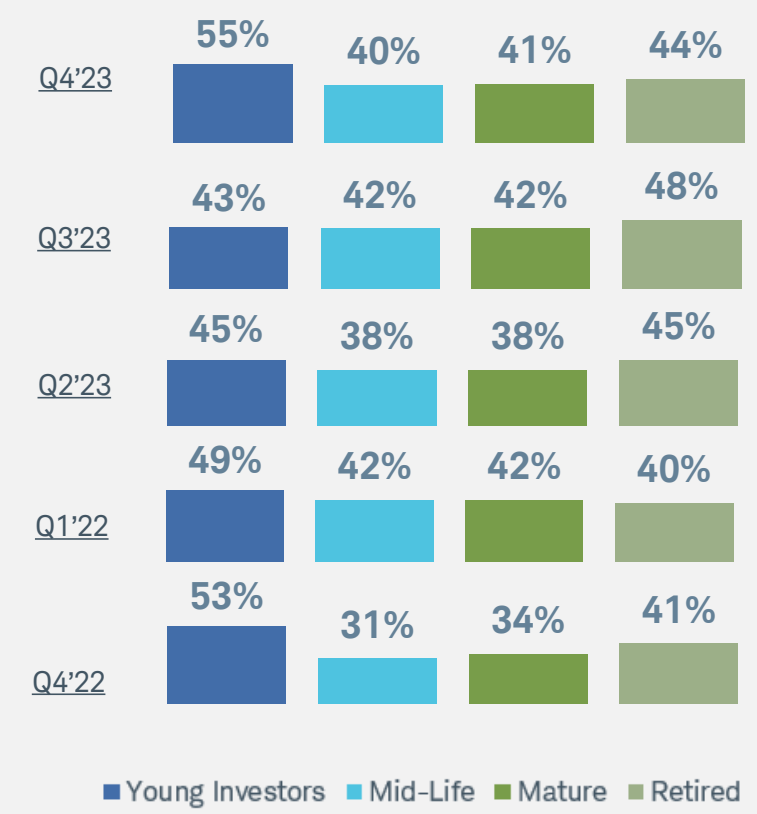
Q4. How confident are you in making investment decisions for your household?

The level of confidence in reaching financials goals has held steady vs. the previous quarter, but is at a higher level than last year

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



Top 2 Box Confident



Base = Weighted Total (n=948)
Q10. Which statement best describes your confidence in reaching your financial goals?

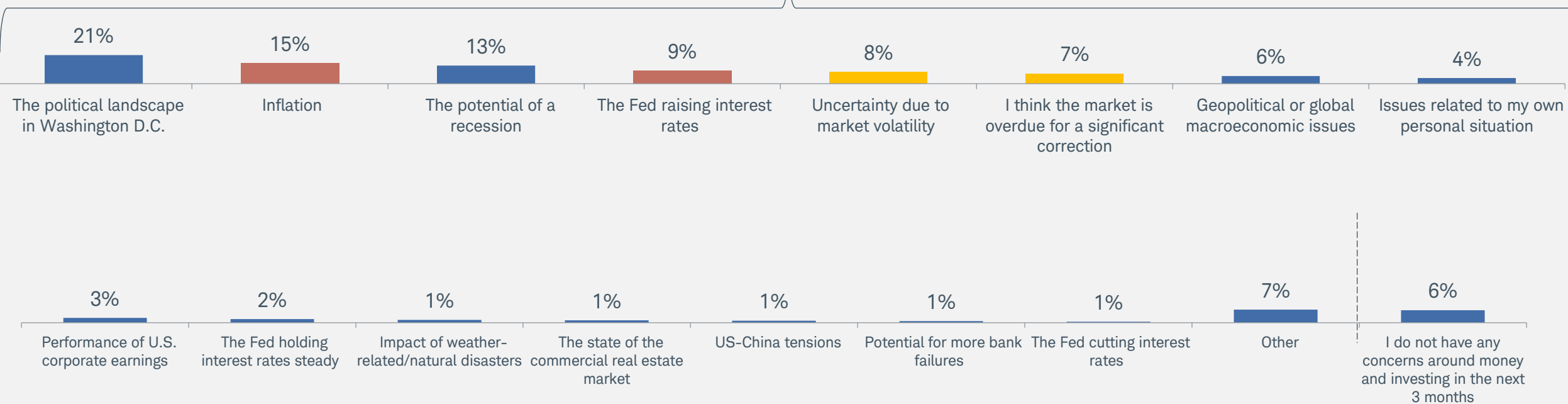
The political landscape in D.C. and inflation top concerns among retail investors

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



**24% Inflation/Increase
Rate Related Concerns**

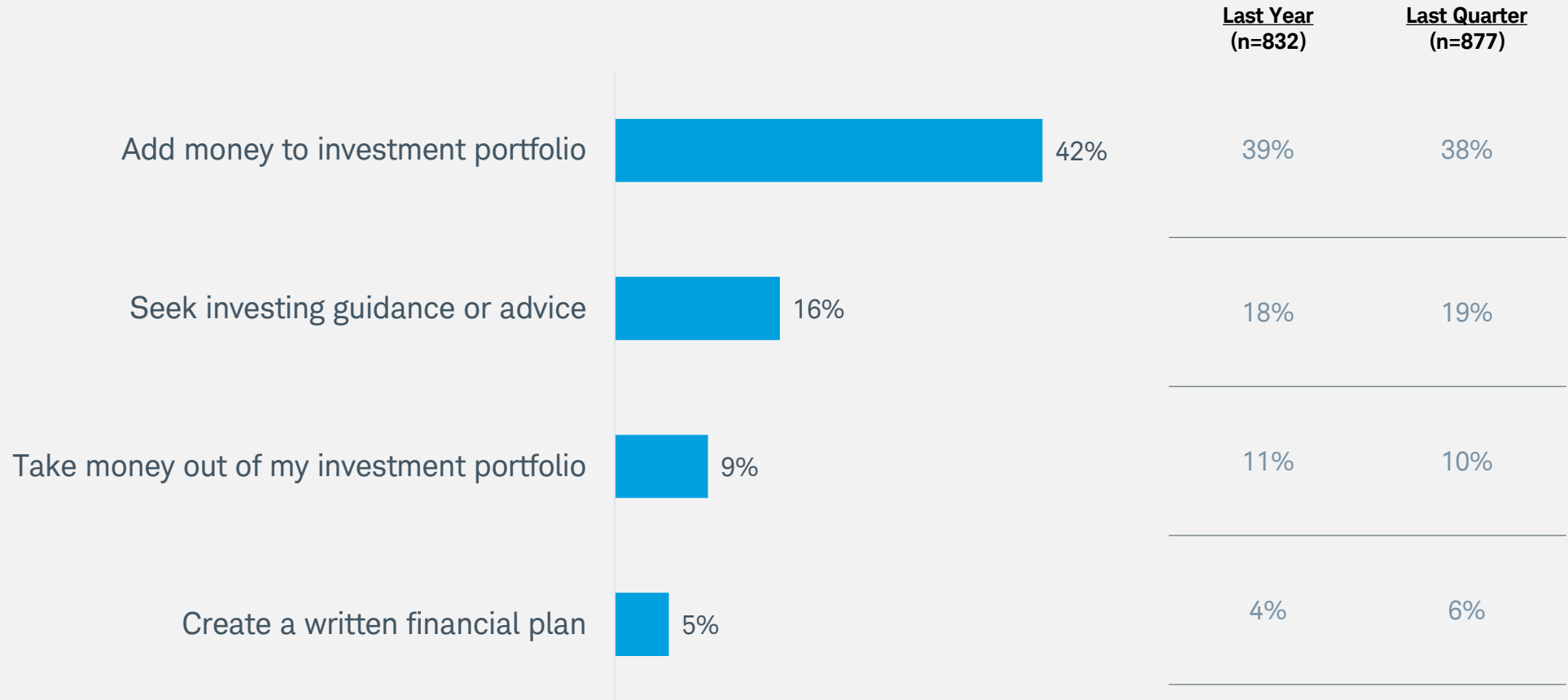
Note: Percentages based among those with a concern



Retail investors are about four times more likely to add money to their portfolio as they are to take money out over the next few months

Portfolio Changes Planned in Next 3 Months

(Multiple responses allowed; Among Client Sample)



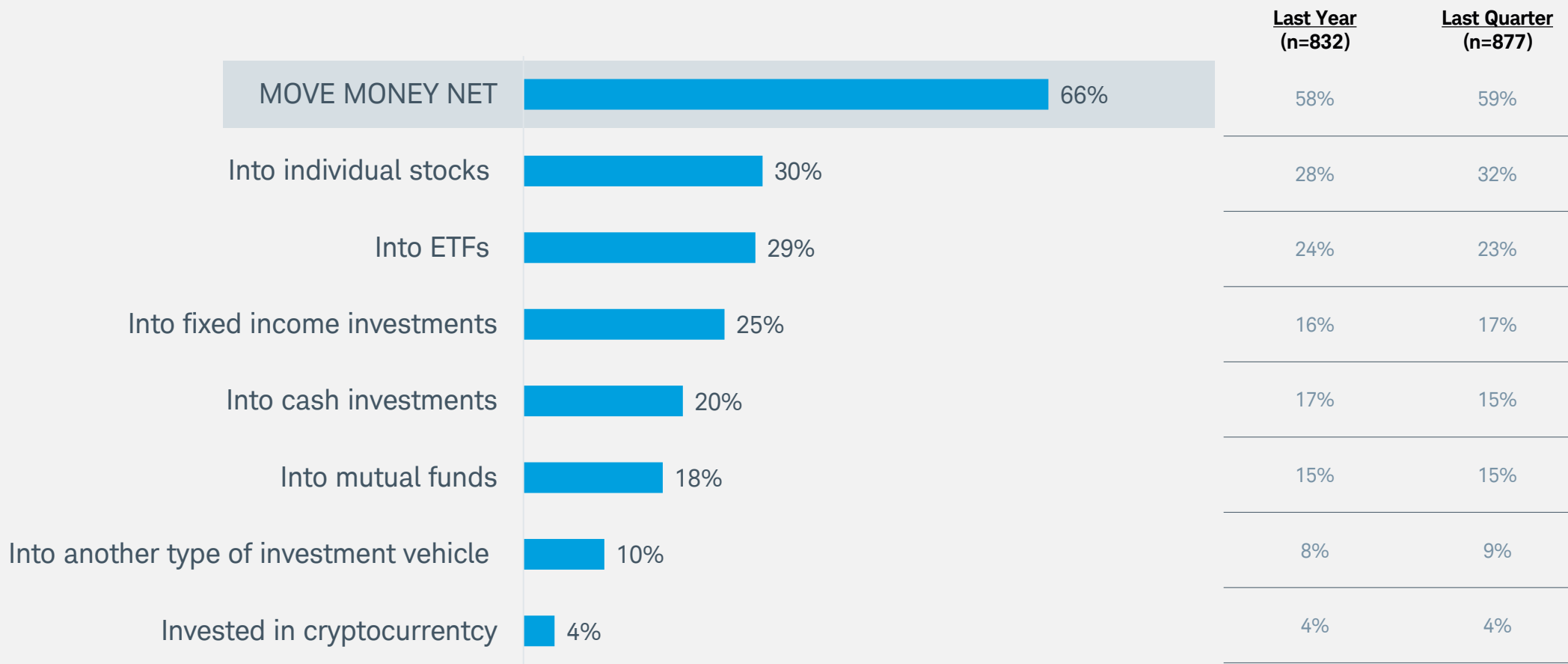
Base = Weighted Total (n=948)

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

Retail investors are more inclined to move money into ETFs and fixed incomes investments compared to the previous quarter and a year ago

Portfolio Changes Planned in Next 3 Months

(Multiple responses allowed; Among Client Sample)



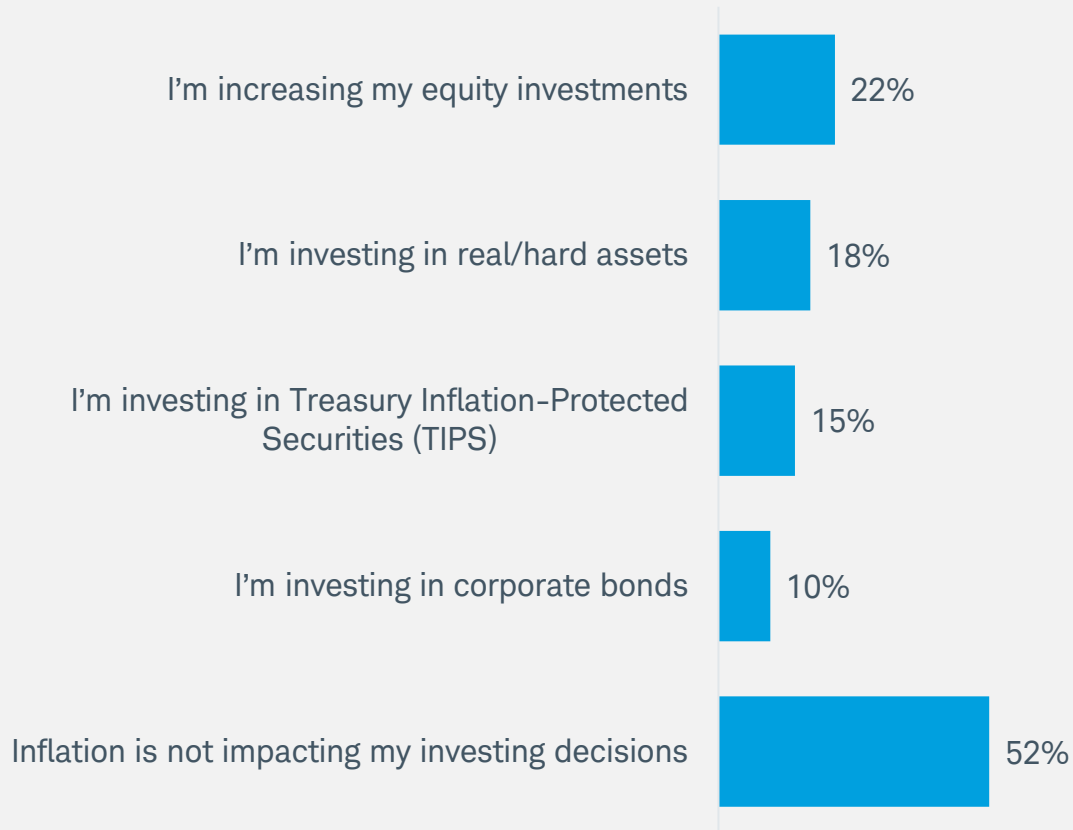
Base = Weighted Total (n=948)

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

More than half of retail investors say that inflation has not had an impact on their investing decisions, but many are tracking their spending more closely and making cuts or delaying big-ticket purchases

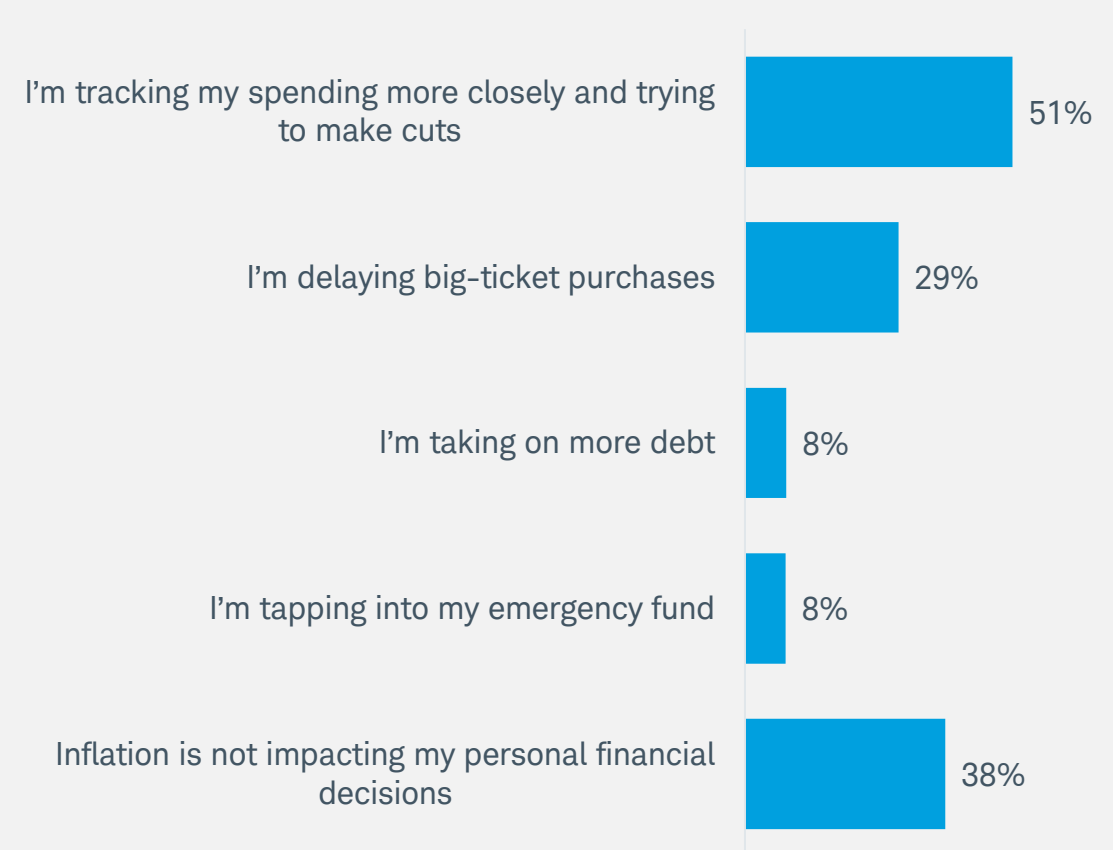
Impact of Inflation On Investing Decisions

(Multiple response; Among Client Sample)



Impact of Inflation On Spending and Personal Finance Decisions

(Multiple response; Among Client Sample)

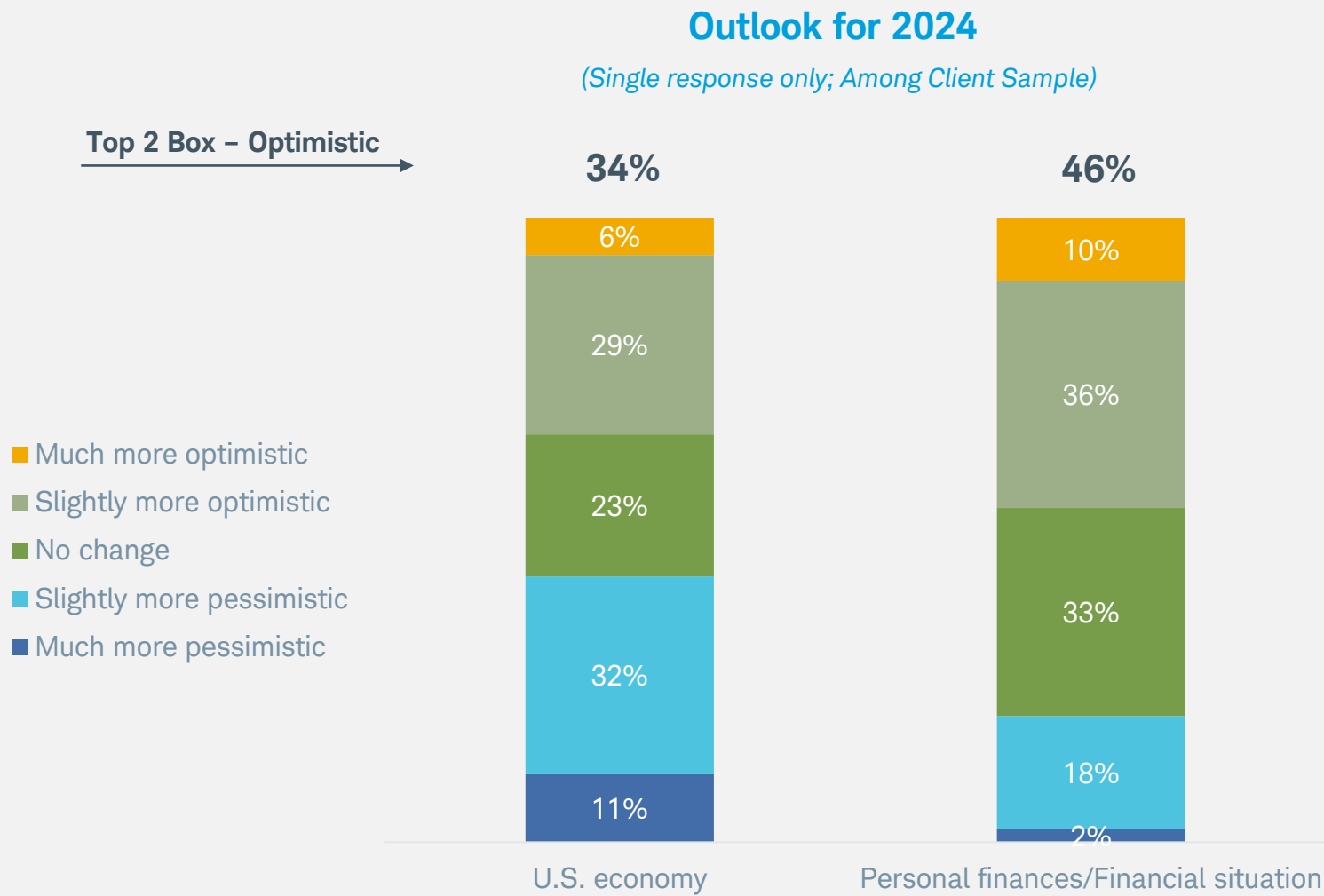


Base = Weighted Total (n=948)

QSI_Q423_1. How is the rise in inflation impacting your investing decisions?

QSI_Q423_2. How is the rise in inflation impacting your spending and personal finance decisions?

Looking ahead to 2024, more than 40% of retail investors lean pessimistic on the overall U.S. economy but almost half are optimistic about their own personal finances



Base = Weighted Total (n=948)

QSI_Q423_3. When it comes to the U.S. economy, what is your outlook for 2024 overall compared to this year?

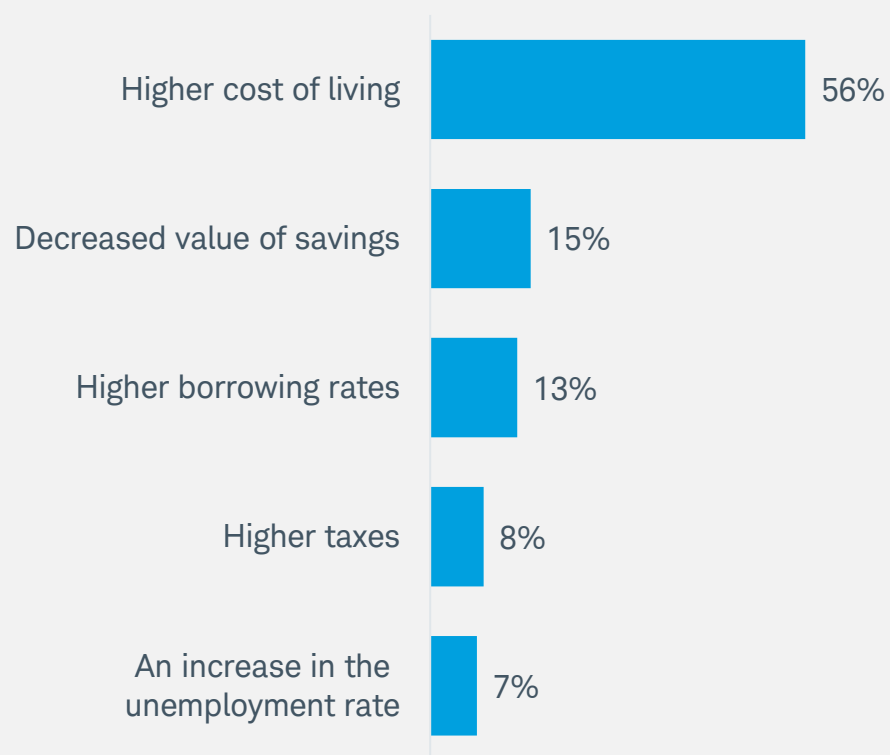
QSI_Q423_4. When it comes to your own personal finances and financial situation, what is your outlook for 2024 compared to this year?

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Retail investors say a higher cost of living is the biggest economic concern in 2024. More than half plan to review their investment portfolio before the end of the year.

Biggest Concern About the Economy in 2024

(Single response only; Among Client Sample)



Year-End Financial Steps Plan To Take Within Next Few Months

(Multiple response; Among Client Sample)



Base = Weighted Total (n=948)

QSI_Q423_5. What is your biggest concern about the economy in 2024?

QSI_Q423_6. What year-end financial steps do you plan to take in the next few 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 on October 3rd-9th, 2023

Gender Male 747 (79%) Female 161 (17%) No answer 40 (4%)	Affluence UHNW (\$10M+) 3 (<1%) HNW (\$1M-<\$10M) 233 (25%) Mass Affluent (\$250K-<\$1M) 232 (25%) Core (<\$250K) 480 (51%)	Employment Status Employed full-time 405 (43%) Employed part-time 33 (4%) Self-employed 109 (12%) Retired/semi-retired 329 (35%) Other 40 (4%) No answer 32 (3%)
Life Stage Younger Investor (<40) 164 (18%) Mid-Life (40-55) 264 (29%) Mature (55+ not retired) 230 (25%) Retired 264 (29%)	Financial Consultant Relationship Has Financial Consultant 262 (28%) Does not have Financial Consultant 686 (72%)	

Sample sizes for respondents who were asked the Investment Sentiment section of the survey (n=948)