

Q1 2022 Trader Client Sentiment Report

charles
SCHWAB

Own your tomorrow.

Q1 2022 Executive Summary

As 2022 begins, traders are bearish about the first three months of the year. With inflation a continued concern, expected interest rate hikes and concerns about a potential market correction, traders anticipate turbulence but are confident in their ability to weather the storm.

Key Q1 Themes

- Inflation is traders' No. 1 concern, with nearly 1 in 5 (19%) ranking it highest among factors that could impact their money and investing.
- To hedge against inflation, one third of traders plans to invest in real estate/REITs this quarter.
- Nearly two-thirds of traders report feeling confident in their investing decisions, with roughly half saying it's a good time to invest.
- Individual stocks remain the most popular investment vehicle among traders, although one third report having invested in cryptocurrency in the past three months.
- The “meme stock frenzy” of one year ago seems to have largely fizzled out, with 70% of traders reporting no plans to participate in such trading this year.

Q1'22 Trader Sentiment Snapshot

Good Time to Invest

49%



Better Off Financially Compared to a Year Ago

57%

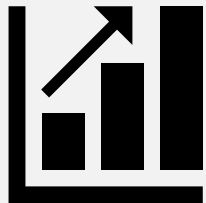


Confident In Decisions

65%



3 Month Outlook



39%

Bullish

Bearish

46%

Primary Concern Next 3 Months

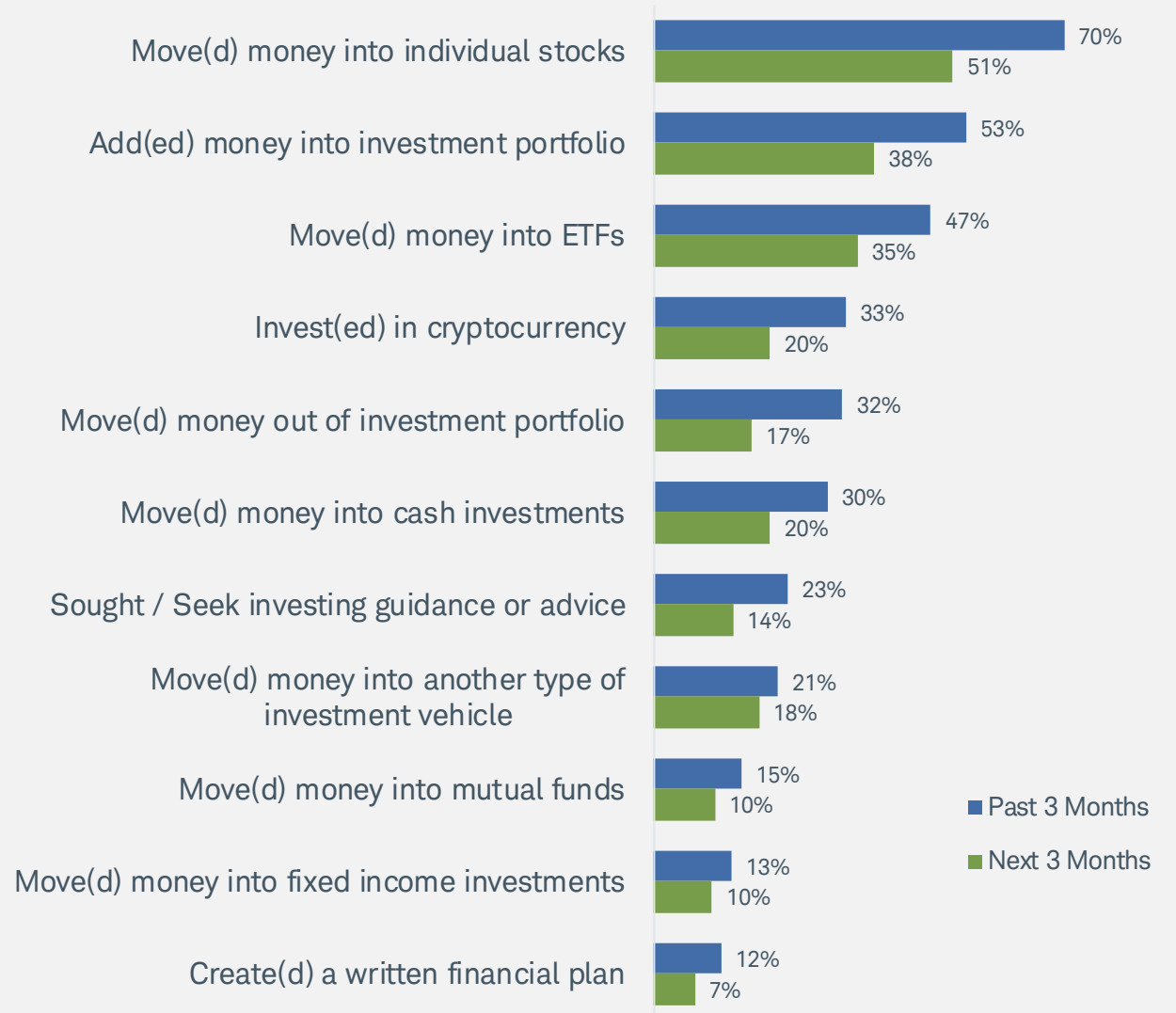
Inflation 19%

Market overdue for significant correction 14%

Fed increase interest rates in 2022 13%

Political landscape in Washington D.C. 11%

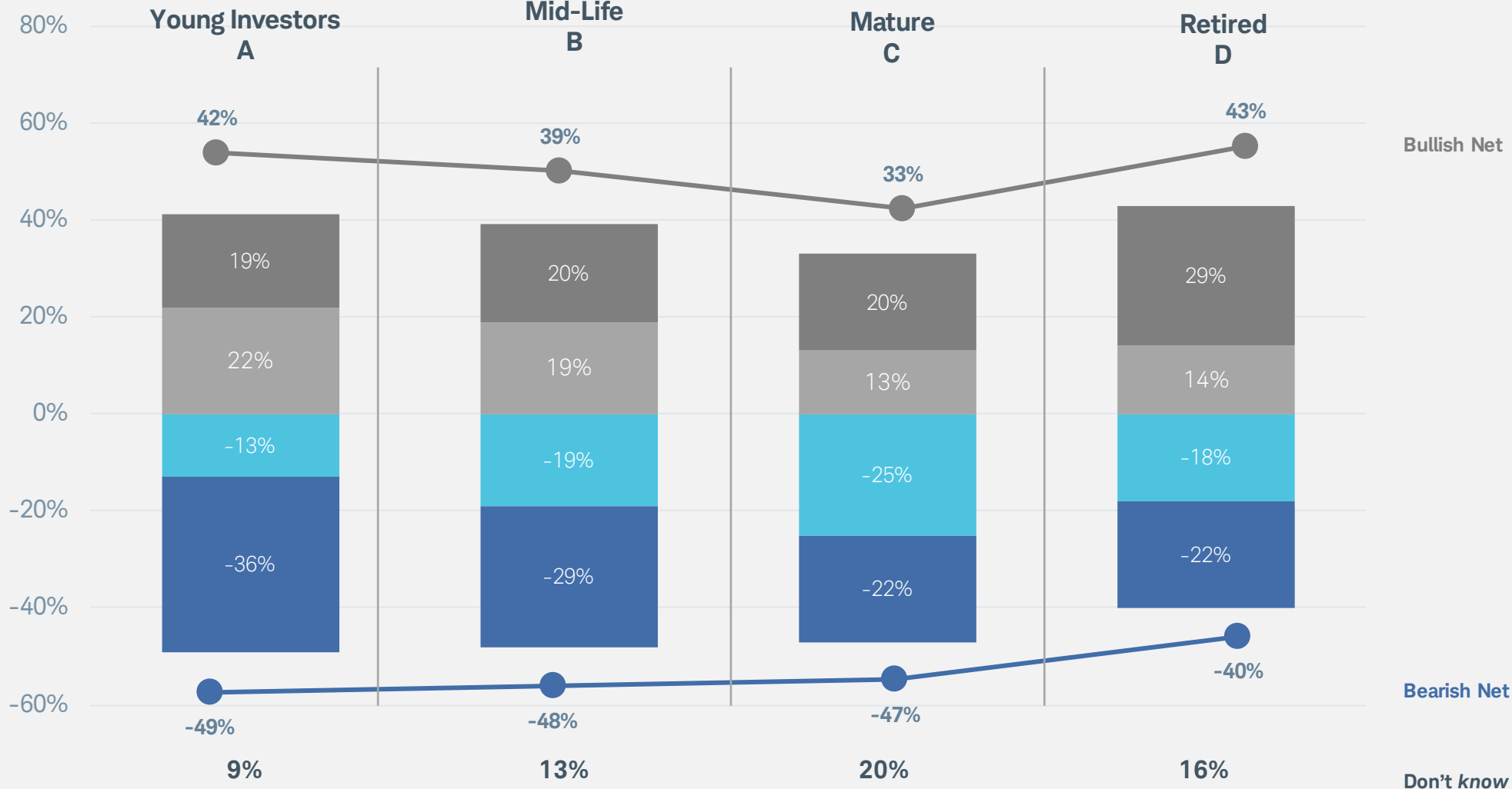
Past 3 Month/Next 3 Month Actions



Young traders are bearish but confident they can weather a correction while retired traders are most bullish on growth

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.

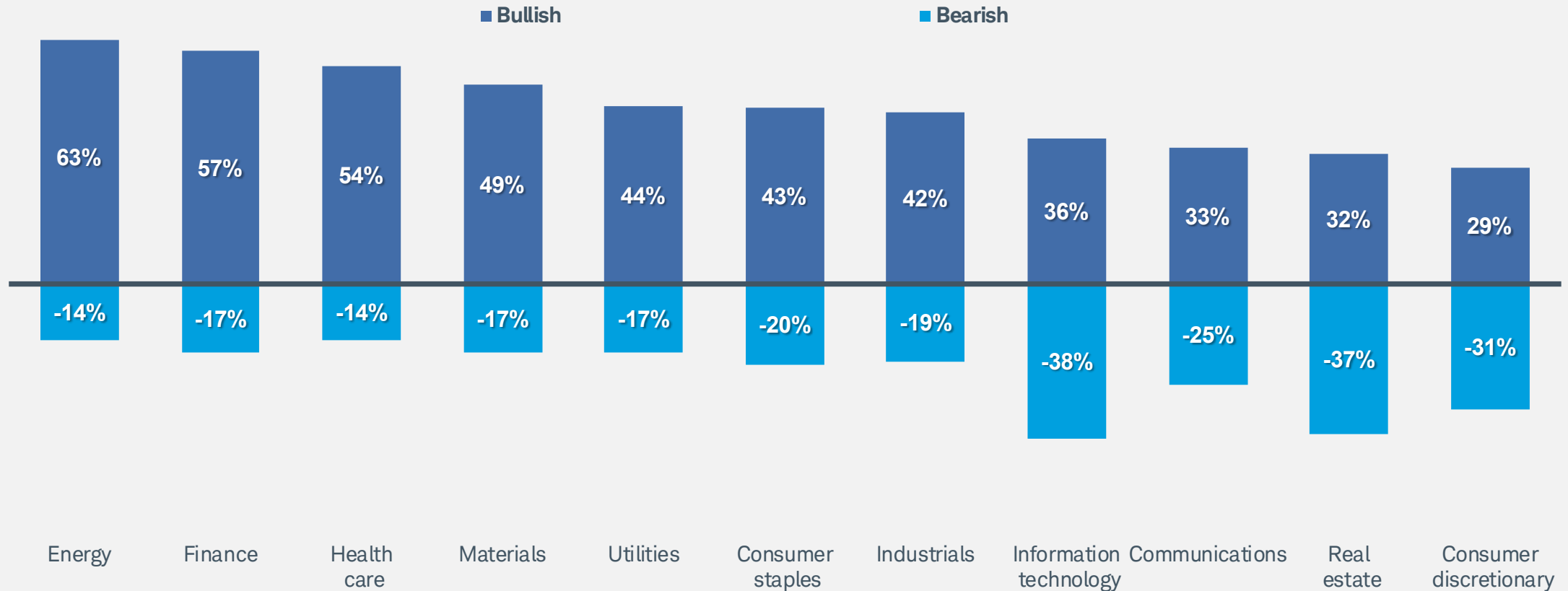
I think the market will continue to perform well, and I plan to increase my allocation to equities as a result.

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.

Most traders are bullish on Energy, but there's a near-even split regarding the Technology, Real Estate and Consumer Discretionary sectors

Sector Sentiment Over Next 3 Months
(Total Sample)



Base = Weighted Total (n=728)

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

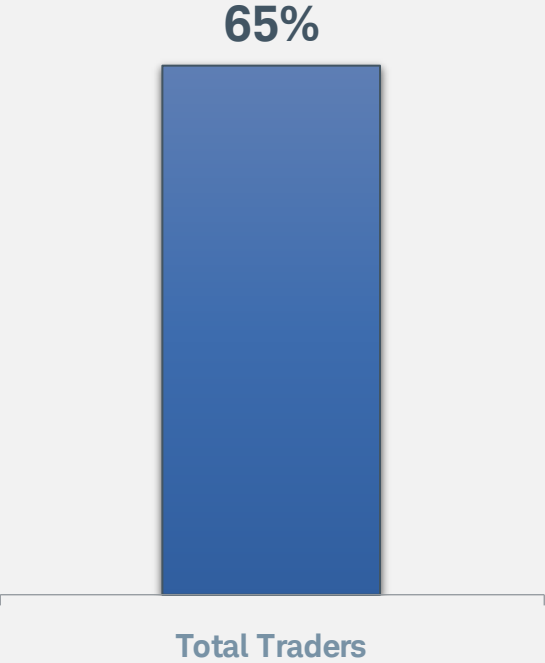
©2022 Charles Schwab & Co., Inc. ("Schwab"). All rights reserved. Member SIPC.

Charles Schwab

Confidential for internal purposes only

Traders are confident in their decisions but are split on whether it's a good time to invest

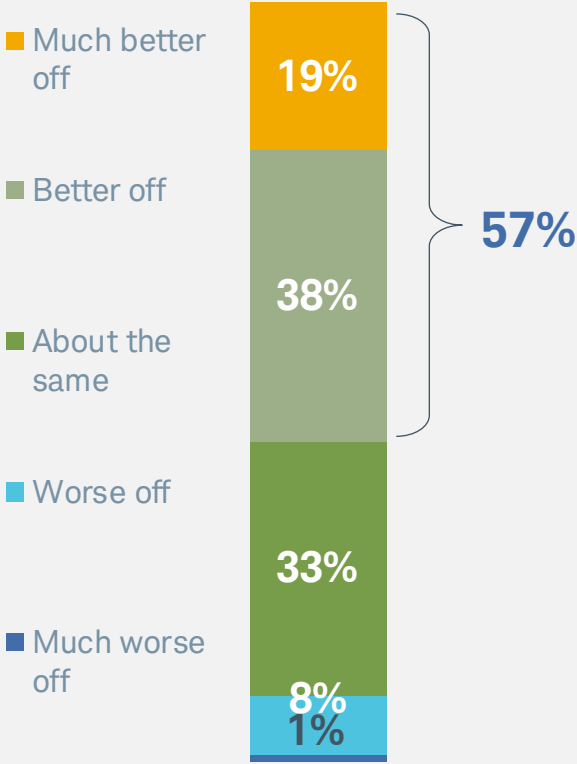
Q1 2022: Confidence in Investment Decision Making
 (% Extremely/Very Confident)



Q1 2022: Is this a Good or Bad Time to Invest?
 (% Very Good/Good)



Financial Standing vs. Year Ago



Base = Weighted Total (n=728)

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

Q2. Please use the space below to describe your thoughts about investing in stocks, mutual funds or other equity-based investments at this time.

Base = Weighted Total (n=728)

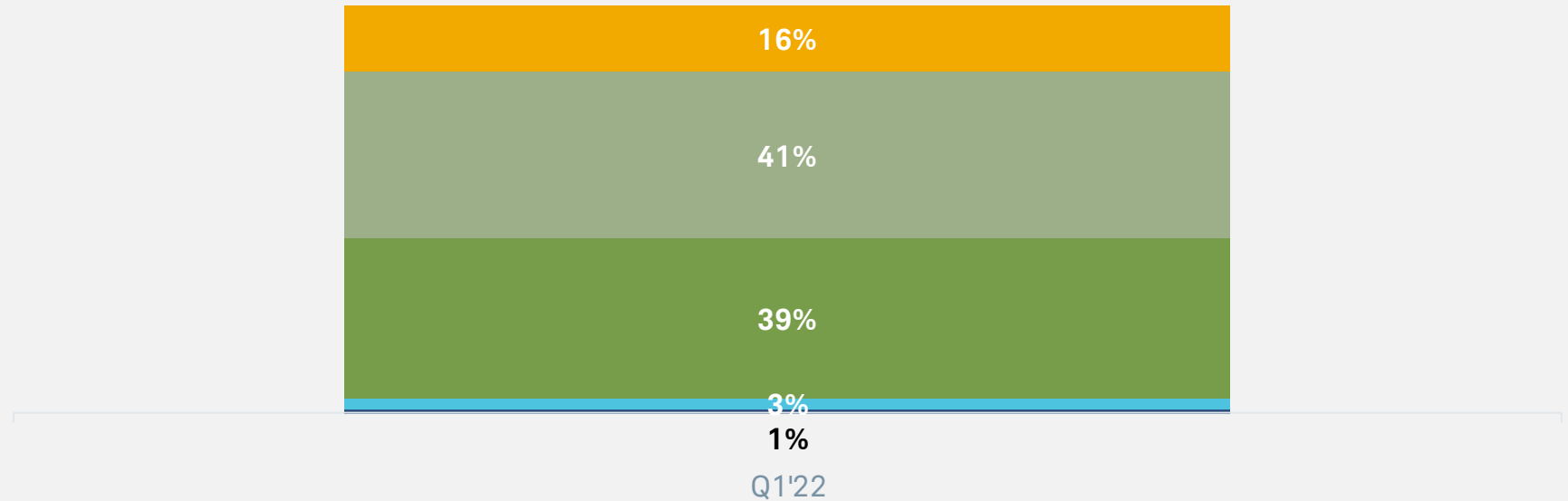
Q3. In terms of how you are getting along financially, would you say you are better off, about the same or worse off than you were a year ago? / Q3A. Please tell us why you feel you are better off /worse off financially than you were a year ago?

An overwhelming majority of traders feel confident in reaching 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



Base = Weighted Total

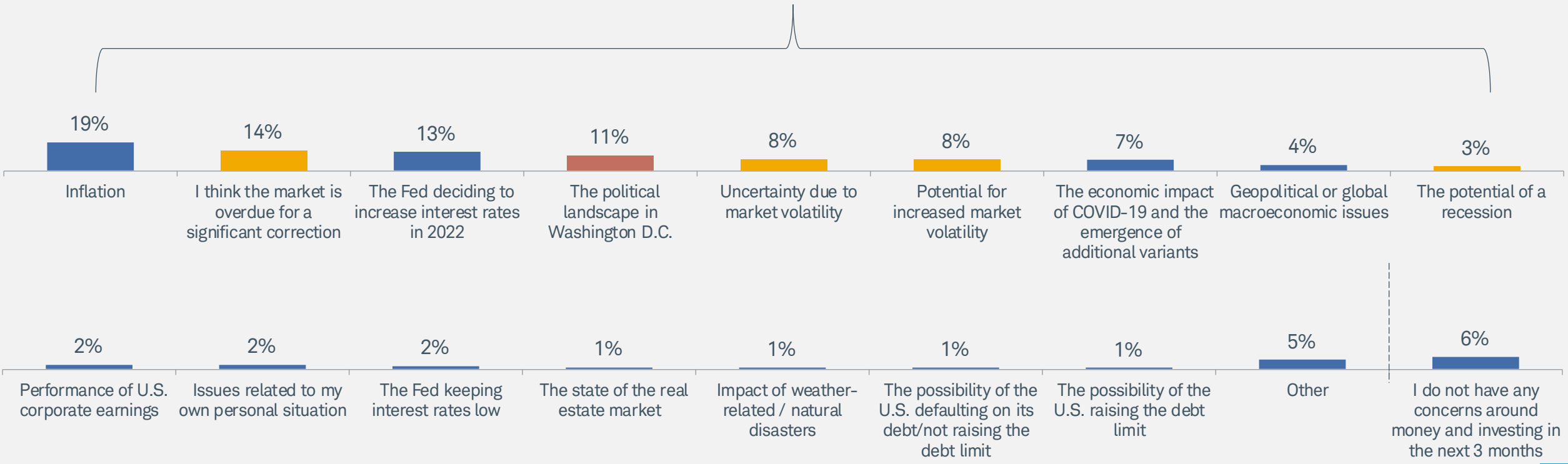
Q10. Which statement best describes your confidence in reaching your financial goals?

Inflation ranks highest among trader investing concerns, although market conditions overall worry 1 in 3 traders

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

 **33%** market condition related concerns

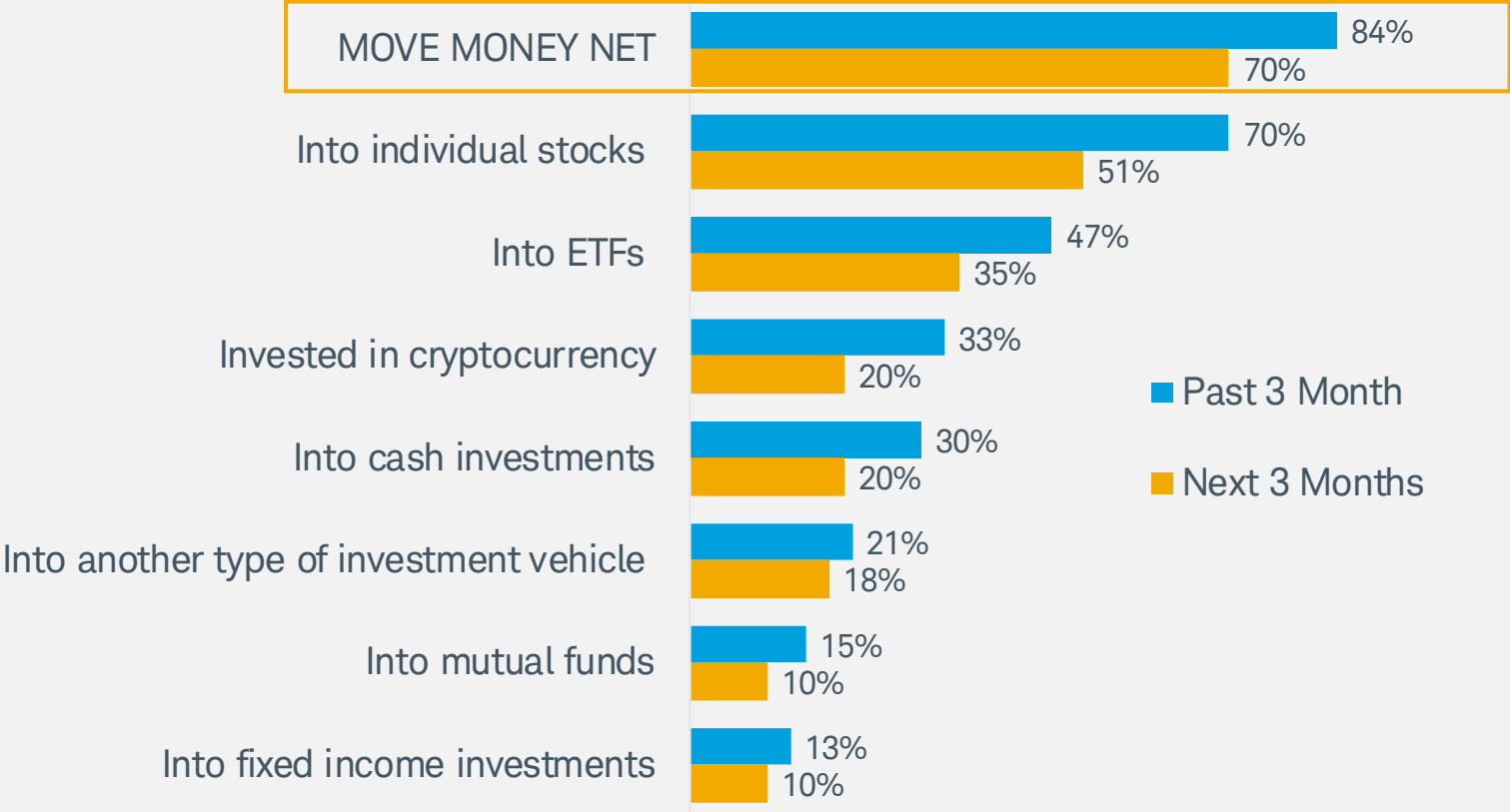
Note: Percentages based among those with a concern



Base = Weighted Total (n=728)
Q7. What is your primary concern around money and investing within the next 3 months?

Individual stocks are the most popular destination for money moves, followed by ETFs; one-third of traders reporting having invested in crypto over the last quarter

Portfolio Changes - Past 3 Months & Planned in Next 3 Months
(Multiple responses allowed; Total Sample)

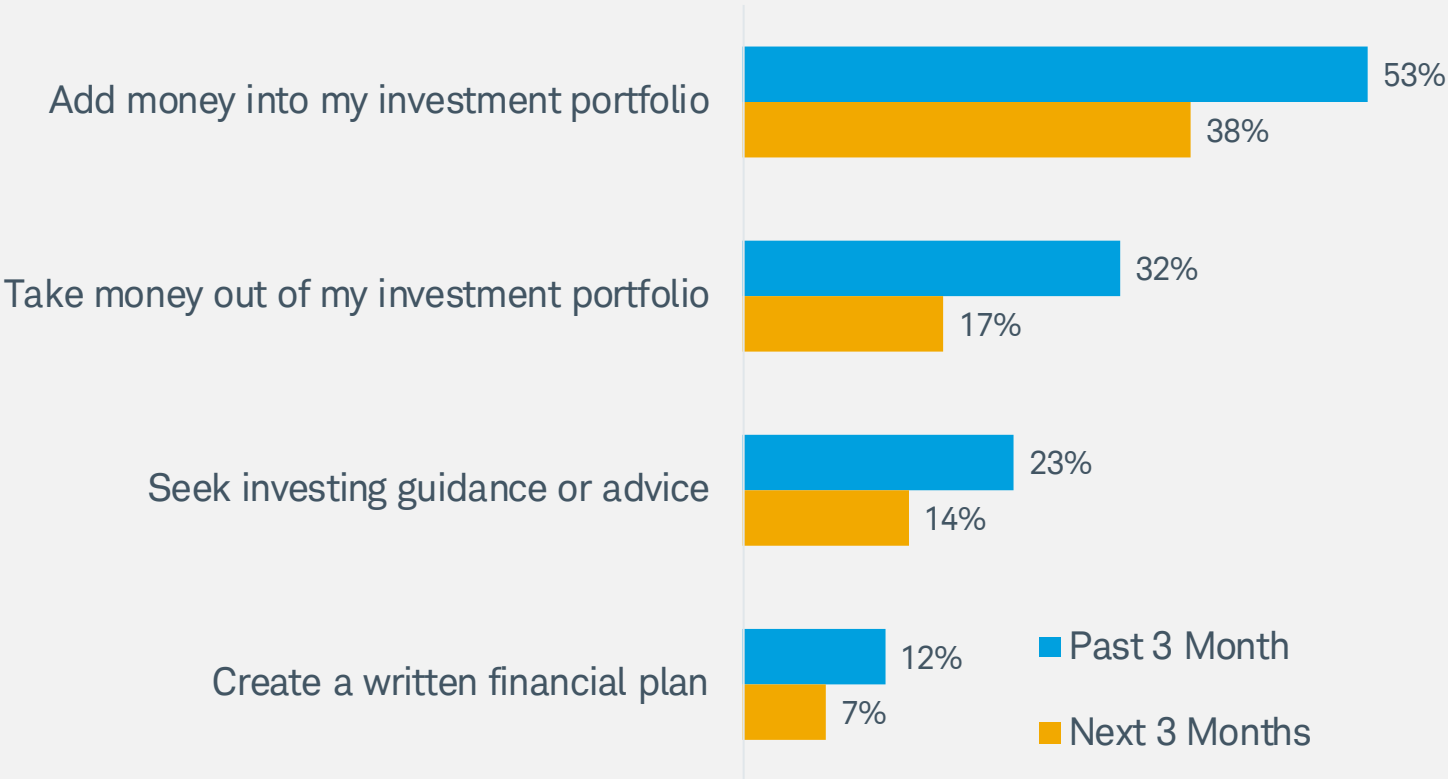


Base = Weighted Total (n=728)

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?

More than half of traders moved money into their investment portfolios in the last quarter; less than 1 in 5 plan to take money out this quarter

Actions - Taken Past 3 Months & Planned in Next 3 Months
(Multiple responses allowed; Total Sample)



Base = Weighted Total (n=728)

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?

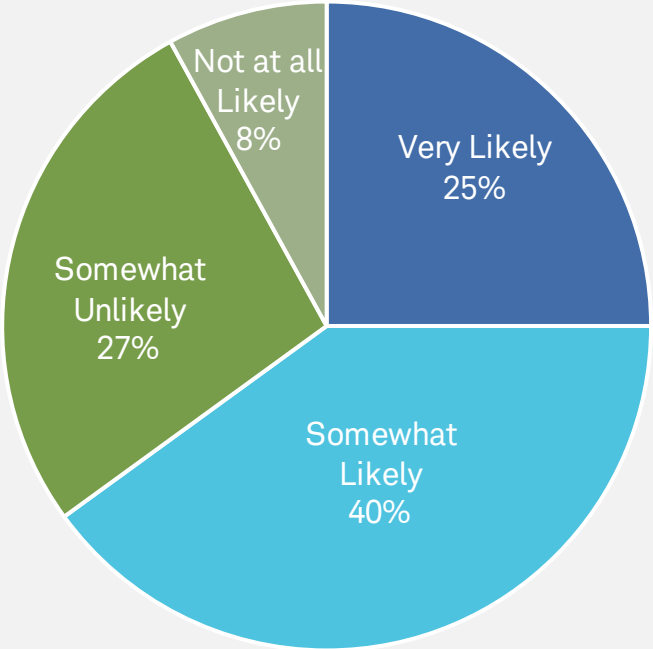


Special Issues

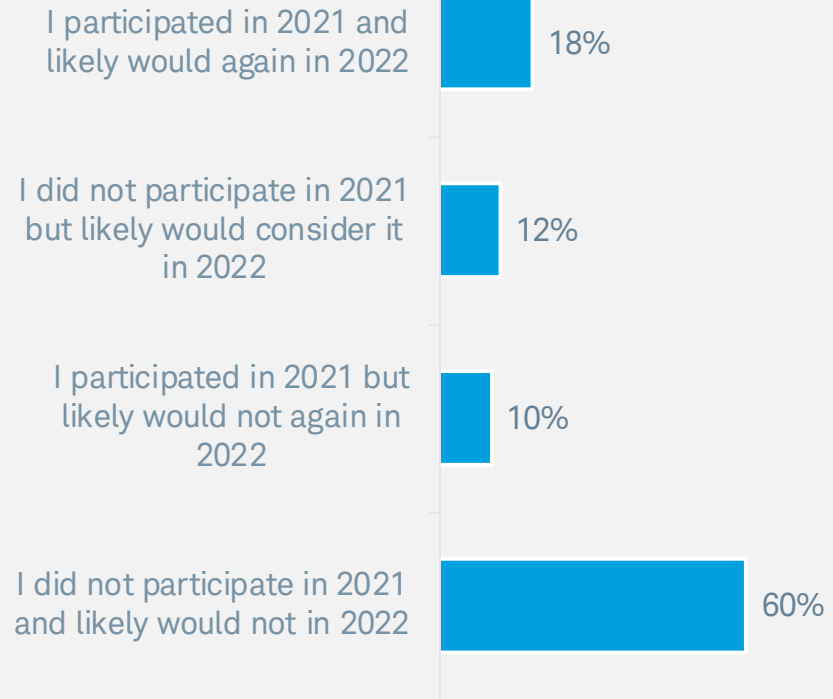
- Meme Stocks
- Inflation
- Fossil Fuel vs. Green Energy Stocks
- Omicron Impact
- Crowded Trades

Meme stocks lose some luster: 70 percent of traders plan not to participate in 2022

Likelihood of Meme Stocks Impacting Market in 2022 (Single response only; Among Trader Sample)



Meme Stock Trading Event Participation in 2021 & Likely Participation in 2022 (Single response only; Among Trader Sample)



Agreement With Statements: As a Result of Meme Stock Frenzy... (Multiple response; Among Trader Sample)

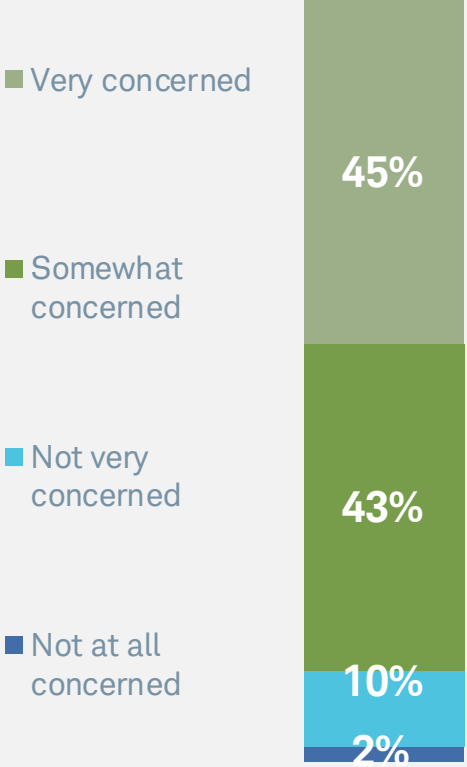


Base = Weighted Total (n=728)
 QAT_Q122_1. One year ago, in January 2021, “meme stock” trading among retail investors dramatically drove up the prices of companies such as GameStop and AMC. What do you think is the likelihood that a similar market event could occur in 2022? / QAT_Q122_2. Did you participate in the “meme stock” trading event in 2021 and how likely would you be to participate if a similar event took place in 2022? QAT_Q122_3. Which of the following statements is true as a result of the “meme stock” frenzy?
 ©2022 Charles Schwab & Co., Inc. (“Schwab”). All rights reserved. Member SIPC.

The vast majority of traders are concerned about inflation and one-third plan to invest in real estate/REITs as a hedge

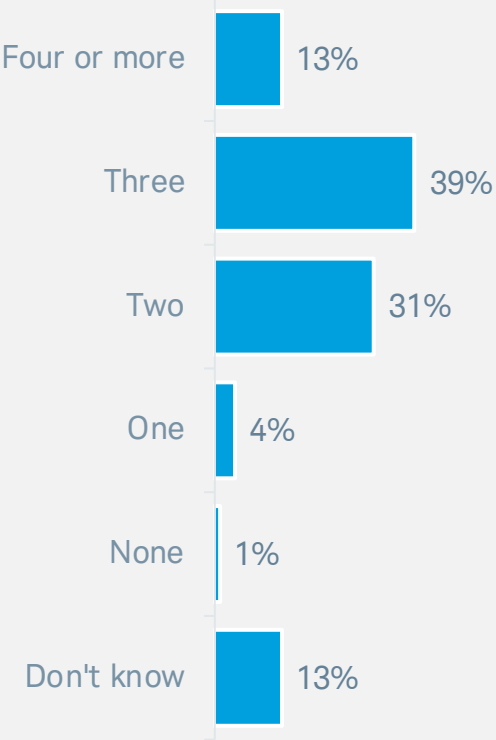
Level of Concern About Inflation

(Single response only; Among Trader Sample)



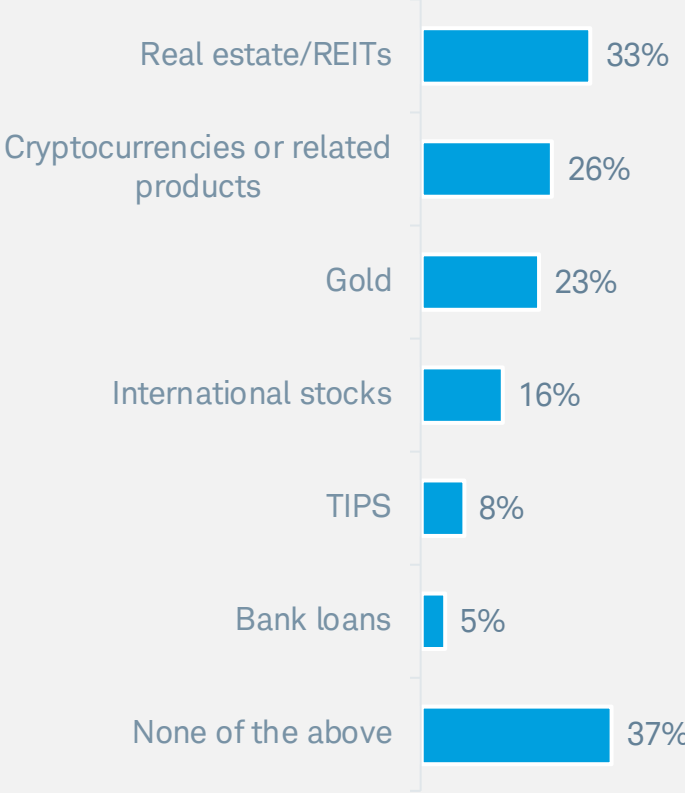
Number of Expected Interest Rate Increases in 2022

(Single response only; Among Trader Sample)



Expect to Buy in 2022 to Hedge Against Inflation

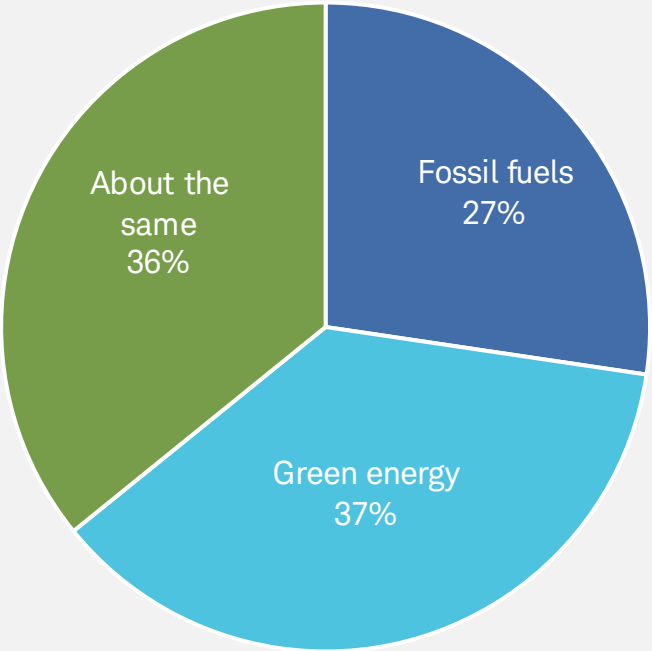
(Multiple response; Among Trader Sample)



Base = Weighted Total (n=728)
 QAT_Q122_4. How concerned are you about inflation in 2022?
 QAT_Q122_5. How many interest rate increases do you expect there to be in 2022?
 QAT_Q122_6. Which of the following do you expect to buy in 2022 to specifically hedge against inflation?

Traders are more bullish on green energy in 2022, with fewer than one-third of traders projecting more confidence in fossil fuels

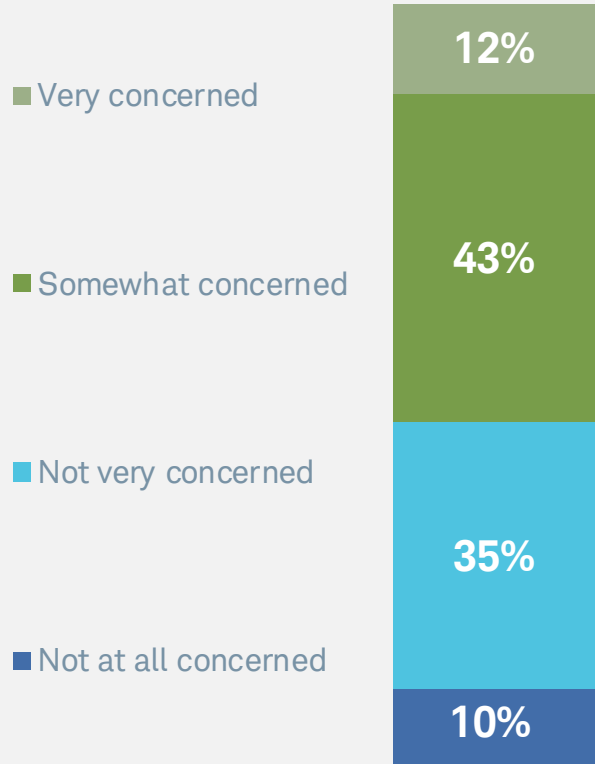
**More Bullish on Fossil Fuels
or Green Energy in 2022**
(Single response only; Among Trader Sample)



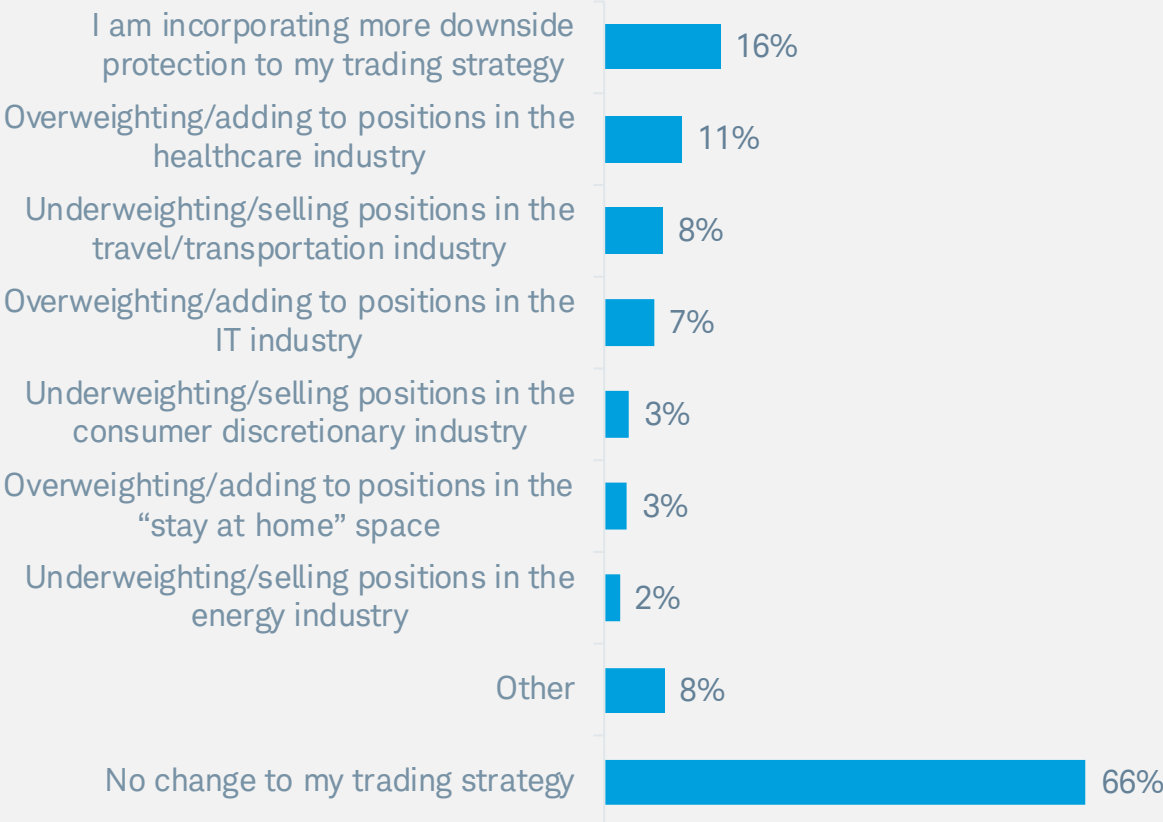
Base = Weighted Total (n=728)
QAT_Q122_7. Are you more bullish on fossil fuels or green energy in 2022?

More than half of traders are concerned about market setbacks due to Omicron or other COVID-19 variants, but two-thirds aren't changing their trading strategy

Level of Concern About Market Setback Due to Omicron/Other Variants
(Single response only; Among Trader Sample)



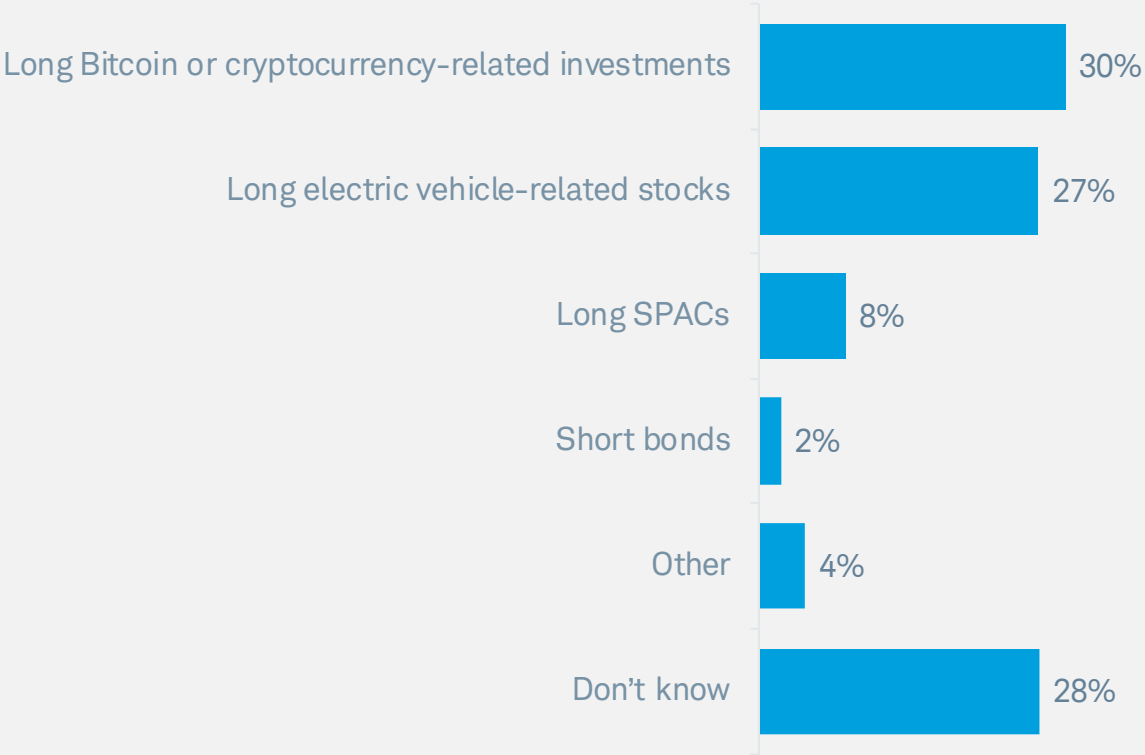
Changes in Trading Strategy Due to Omicron
(Multiple response; Among Trader Sample)



Base = Weighted Total (n=728)
 QAT_Q122_8. How concerned are you about a market setback due to Omicron or another variant of the COVID-19 virus?
 QAT_Q122_9. How has your trading strategy changed due to the Omicron variant of the COVID-19 virus?

Traders view long crypto investments as most “crowded trade” right now, followed by electric vehicles

Most Crowded Trading Right Now *(Single response only; Among Trader Sample)*



Base = Weighted Total (n=728)

QAT_Q122_10. What is the most “crowded” trade right now – meaning a position held by such a large group of traders and investors, that they may become complacent about its potential risks?



Methodology & Sample Information

Methodology and Respondent Demographics

Background:

Charles Schwab & Co has tracked client sentiment for over 10 years to gauge how clients (investors) are feeling about their current financial situation, market & investing opportunities or risks, the market outlook, and their confidence in investing and achieving financial goals.

Starting Q4'21, Schwab is tracking client sentiment among **Active Traders** separately. In Q1'22, Schwab expanded the scope of the research to active traders using Charles Schwab and TD Ameritrade platforms.

Methodology:

- The data is collected quarterly via an online survey amongst Schwab clients with Retail Assets of at least \$2,000
- Q1 study was fielded January 5-16, 2022

Sample:

- 728 Active Traders (defined as 80+ trades, 12+ Options trades, or traded Futures/Future Options/Forex in the past 12 months).
 - Of the 728 Active Traders, approx. 287 traders using TD Ameritrade, 441 traders using Charles Schwab.
- The data was weighted by Life Stage and Investible Assets/Affluence to reflect the Trader segment.
- Counts noted below are prior to weighting to show the sample sizes used for the subgroup analysis.

Gender		Affluence		Active Trader	
Male	625 (86%)	HNW (\$1M+)	365 (50%)	Active	728 (100%)
Female	62 (9%)	Affluent (\$250K-<\$1M)	141 (19%)	Not Active	
No answer	41 (6%)	Foundational (<\$250K)	222 (31%)		
Life Stage		Financial Consultant Relationship		Employment Status	
Younger Investor (<40)	184 (25%)	Has Financial Consultant	147 (20%)	Employed full-time	355 (49%)
Mid-Life (40-55)	232 (32%)	Does not have Financial Consultant	581 (80%)	Employed part-time	23 (3%)
Mature (55+ not retired)	190 (26%)			Self-employed	111 (15%)
Retired	122 (17%)			Retired/semi-retired	165 (23%)
				Other	31 (4%)
				No answer	43 (6%)