Q1 2022
Trader Client Sentiment Report

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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
- 46% Bearish

**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**
- Move(d) money into individual stocks: 70%/51%
- Add(ed) money into investment portfolio: 53%/38%
- Move(d) money into ETFs: 47%/35%
- Invest(ed) in cryptocurrency: 33%/20%
- Move(d) money out of investment portfolio: 32%/17%
- Move(d) money into cash investments: 30%/20%
- Sought / Seek investing guidance or advice: 23%/14%
- Move(d) money into another type of investment vehicle: 21%/18%
- Move(d) money into mutual funds: 15%/10%
- Move(d) money into fixed income investments: 13%/10%
- Create(d) a written financial plan: 12%/7%

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

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)

- Bullish Net
  - Young Investors: 42%
  - Mid-Life: 39%
  - Mature: 33%
  - Retired: 43%

- Bearish Net
  - Young Investors: -36%
  - Mid-Life: -29%
  - Mature: -22%
  - Retired: -22%

Don't know
- Young Investors: 9%
- Mid-Life: 13%
- Mature: 20%
- Retired: 16%

Base = Weighted Total

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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)

- Energy: Bullish 63%, Bearish 14%
- Finance: Bullish 57%, Bearish 17%
- Health care: Bullish 54%, Bearish 14%
- Materials: Bullish 49%, Bearish 17%
- Utilities: Bullish 44%, Bearish 17%
- Consumer staples: Bullish 43%, Bearish 20%
- Industrials: Bullish 42%, Bearish 19%
- Information technology: Bullish 36%, Bearish 38%
- Communications: Bullish 33%, Bearish 25%
- Real estate: Bullish 32%, Bearish 37%
- Consumer discretionary: Bullish 29%, Bearish 31%

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?
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)

65%

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

49%

Financial Standing vs. Year Ago

- Much better off: 19%
- Better off: 38%
- About the same: 33%
- Worse off: 8%
- Much worse off: 1%

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.

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An overwhelming majority of traders feel confident in reaching goals

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

- Extremely Confident: 16%
- Very Confident: 41%
- Somewhat Confident: 39%
- Not Very Confident: 3%
- Not At All Confident: 1%

Q1'22
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)

- Inflation: 19%
- I think the market is overdue for a significant correction: 14%
- The Fed deciding to increase interest rates in 2022: 13%
- The political landscape in Washington D.C.: 11%
- Uncertainty due to market volatility: 8%
- Potential for increased market volatility: 8%
- The economic impact of COVID-19 and the emergence of additional variants: 7%
- Geopolitical or global macroeconomic issues: 4%
- The potential of a recession: 3%
- Performance of U.S. corporate earnings: 2%
- Issues related to my own personal situation: 2%
- The Fed keeping interest rates low: 2%
- The state of the real estate market: 1%
- Impact of weather-related / natural disasters: 1%
- The possibility of the U.S. defaulting on its debt/not raising the debt limit: 1%
- The possibility of the U.S. raising the debt limit: 1%
- Other: 5%
- I do not have any concerns around money and investing in the next 3 months: 6%

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)

- **MOVE MONEY NET**: 84% Past 3 Month, 70% Next 3 Months
- **Into individual stocks**: 70% Past 3 Month, 51% Next 3 Months
- **Into ETFs**: 47% Past 3 Month, 35% Next 3 Months
- **Invested in cryptocurrency**: 33% Past 3 Month, 20% Next 3 Months
- **Into cash investments**: 30% Past 3 Month, 20% Next 3 Months
- **Into another type of investment vehicle**: 21% Past 3 Month, 18% Next 3 Months
- **Into mutual funds**: 15% Past 3 Month, 10% Next 3 Months
- **Into fixed income investments**: 13% Past 3 Month, 10% Next 3 Months

Base = Weighted Total (n=728)

Q5. Which of the following actions have you taken, if any, in the past 3 months?
Q2. 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*

- Add money into my investment portfolio: 53% (Past 3 Month: 38%)  
- Take money out of my investment portfolio: 32% (Past 3 Month: 17%)  
- Seek investing guidance or advice: 23% (Past 3 Month: 14%)  
- Create a written financial plan: 12% (Past 3 Month: 7%)  

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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)

- Very Likely: 25%
- Somewhat Likely: 40%
- Somewhat Unlikely: 27%
- Not at all Likely: 8%

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

- I participated in 2021 and likely would again in 2022: 18%
- I did not participate in 2021 but likely would consider it in 2022: 12%
- I participated in 2021 but likely would not again in 2022: 10%
- I did not participate in 2021 and likely would not in 2022: 60%

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

- I am more aware of my risk tolerance and factor that in before making momentum-based trades: 35%
- I am more careful about the sources I use to conduct my research: 22%
- I conduct more thorough research before making trades: 21%
- I am more careful to diversify my portfolio: 15%
- I did not have any of these takeaways: 42%
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)

- Very concerned: 45%
- Somewhat concerned: 43%
- Not very concerned: 10%
- Not at all concerned: 2%

Number of Expected Interest Rate Increases in 2022
(Single response only; Among Trader Sample)

- Four or more: 13%
- Three: 39%
- Two: 31%
- One: 4%
- None: 1%
- Don't know: 13%

Expect to Buy in 2022 to Hedge Against Inflation
(Multiple response; Among Trader Sample)

- Real estate/REITs: 33%
- Cryptocurrencies or related products: 26%
- Gold: 23%
- International stocks: 16%
- TIPS: 8%
- Bank loans: 5%
- None of the above: 37%
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)

- Green energy: 37%
- Fossil fuels: 27%
- About the same: 36%

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.
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)

- Long Bitcoin or cryptocurrency-related investments: 30%
- Long electric vehicle-related stocks: 27%
- Long SPACs: 8%
- Short bonds: 2%
- Other: 4%
- Don't know: 28%

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.

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

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