Q2 2022
Trader Client Sentiment Report
With 2022 well underway, inflation and the geopolitical landscape have led to significant market turbulence, with most traders anticipating more volatility ahead along with a possible market correction.

Key Q2 Themes

- The majority of traders (53%) have a bearish outlook on 2022’s second quarter and fewer than half (43%) feel it’s a good time to invest.
- At a sector level, traders are most bullish on Energy and most bearish on Real Estate and Consumer Discretionary.
- Inflation remains traders’ No. 1 concern (20%), though geopolitical issues are not far behind (15%).
- The conflict in Ukraine is top of mind for traders, with more than half of anticipating a “Russian Bear” market by 2022’s end.
- The most popular hedge against geopolitical risk is cash investments; against inflation, the most popular hedge is real estate.
Q2’22 Trader Sentiment Snapshot

**Good Time to Invest**
- 43%

**Better Off Financially**
- 46%

**Confident In Decisions**
- 61%

**3 Month Outlook**
- Bullish: 30%
- Bearish: 53%

**Primary Concern Next 3 Months**
- Inflation: 20%
- Geopolitical or global macroeconomic issues: 15%
- Potential of a recession: 12%
- Political landscape in Washington D.C.: 12%

**Past 3 Month/Next 3 Month Actions**
- Move(d) money into individual stocks: 48% (Past 3 Months) / 53% (Next 3 Months)
- Add(ed) money into investment portfolio: 40% (Past 3 Months) / 53% (Next 3 Months)
- Move(d) money into ETFs: 34% (Past 3 Months) / 45% (Next 3 Months)
- Move(d) money into cash investments: 21% (Past 3 Months) / 32% (Next 3 Months)
- Move(d) money out of investment portfolio: 14% (Past 3 Months) / 28% (Next 3 Months)
- Invest(ed) in cryptocurrency: 16% (Past 3 Months) / 26% (Next 3 Months)
- Move(d) money into another type of investment vehicle: 19% (Past 3 Months) / 25% (Next 3 Months)
- Sought / Seek investing guidance or advice: 14% (Past 3 Months) / 24% (Next 3 Months)
- Move(d) money into fixed income investments: 13% (Past 3 Months) / 17% (Next 3 Months)
- Move(d) money into mutual funds: 10% (Past 3 Months) / 14% (Next 3 Months)
- Create(d) a written financial plan: 5% (Past 3 Months) / 10% (Next 3 Months)

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Traders are less bullish in Q2 ’22, with more than half anticipating a significant correction.

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

Q1 2022
- Bullish Net: 39%
- Bearish Net: -26%
- Don’t know: 15%

Q2 2022
- Bullish Net: 30%
- Bearish Net: -34%
- Don’t know: 17%

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.

Base = Weighted Total (n=875)
Q6. Thinking about the next 3 months, which statement best describes your outlook for the U.S. stock market?
Traders in mid-life are the most bearish, while young traders are the most optimistic.
Traders are most bullish on the Energy sector and most bearish on Real Estate and Consumer Discretionary.

### Sector Sentiment Over Next 3 Months (Trader Sample)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Bullish</th>
<th>Bearish</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>70%</td>
<td>-12%</td>
</tr>
<tr>
<td>Utilities</td>
<td>54%</td>
<td>-14%</td>
</tr>
<tr>
<td>Materials</td>
<td>51%</td>
<td>-23%</td>
</tr>
<tr>
<td>Health care</td>
<td>51%</td>
<td>-18%</td>
</tr>
<tr>
<td>Consumer staples</td>
<td>48%</td>
<td>-25%</td>
</tr>
<tr>
<td>Finance</td>
<td>36%</td>
<td>-36%</td>
</tr>
<tr>
<td>Information technology</td>
<td>35%</td>
<td>-40%</td>
</tr>
<tr>
<td>Industrials</td>
<td>33%</td>
<td>-31%</td>
</tr>
<tr>
<td>Real estate</td>
<td>25%</td>
<td>-50%</td>
</tr>
<tr>
<td>Communications</td>
<td>24%</td>
<td>-35%</td>
</tr>
<tr>
<td>Consumer discretionary</td>
<td>18%</td>
<td>-51%</td>
</tr>
</tbody>
</table>

Base = Weighted Total (n=875)

Q23A. In your opinion, which term best describes the U.S. stock market for each of the following sectors over the next three months?
At a category level, traders are bullish on Cyber Security and Defense Contracting, bearish on Automated Cars and the Space Economy.
Over 60 percent of traders are confident in investment decision making; less than half say it is a good time to invest in equity-based investments.

**Q2 2022: Confidence in Investment Decision Making**
(% Extremely/Very Confident)

- 61% of Total Traders

**Q2 2022: Is this a Good or Bad Time to Invest?**
(% Very Good/Good)

- 43% of Total Traders

**Financial Standing vs. Year Ago**

- Much better off: 11%
- Better off: 35%
- About the same: 46%
- Worse off: 37%
- Much worse off: 13%
- Least likely to be worse off: Much better off
- Least likely to be about the same: Much better off
- Most likely to be worse off: Much worse off

Base = Weighted Total (n=875)

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Despite market turbulence, traders remain very confident in reaching their financial goals.

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

Q1'22
- Extremely Confident: 16%
- Very Confident: 41%
- Somewhat Confident: 39%
- Not Very Confident: 3%
- Not At All Confident: 1%

Q2'22
- Extremely Confident: 14%
- Very Confident: 40%
- Somewhat Confident: 43%
- Not Very Confident: 3%
- Not At All Confident: 1%

Base = Weighted Total (n=875)
Q10. Which statement best describes your confidence in reaching your financial goals?
Inflation remains traders’ primary concern, although geopolitical issues are not far behind

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

<table>
<thead>
<tr>
<th>Concern</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation or Increased Interest Rates Related Concerns</td>
<td>28%</td>
</tr>
<tr>
<td>Inflation</td>
<td>20%</td>
</tr>
<tr>
<td>Geopolitical or global macroeconomic issues</td>
<td>15%</td>
</tr>
<tr>
<td>The potential of a recession</td>
<td>12%</td>
</tr>
<tr>
<td>The Fed keeping interest rates low</td>
<td>12%</td>
</tr>
<tr>
<td>Uncertainty due to market volatility</td>
<td>8%</td>
</tr>
<tr>
<td>The Fed deciding to increase interest rates in 2022</td>
<td>8%</td>
</tr>
<tr>
<td>I think the market is overdue for a significant correction</td>
<td>7%</td>
</tr>
<tr>
<td>Potential for increased market volatility</td>
<td>6%</td>
</tr>
<tr>
<td>Performance of U.S. corporate earnings</td>
<td>2%</td>
</tr>
<tr>
<td>The state of the real estate market</td>
<td>2%</td>
</tr>
<tr>
<td>Issues related to my own personal situation</td>
<td>2%</td>
</tr>
<tr>
<td>The Fed keeping interest rates low</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>The possibility of the U.S. raising the debt limit</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>The possibility of the U.S. defaulting on its debt/raising the debt limit</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>Impact of weather-related / natural disasters</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>The economic impact of COVID-19 and the emergence of additional variants</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>Other</td>
<td>6%</td>
</tr>
<tr>
<td>I do not have any concerns around money and investing in the next 3 months</td>
<td>4%</td>
</tr>
</tbody>
</table>

Note: Percentages based among those with a concern

Base = Weighted Total (n=875)

Q7: What is your primary concern around money and investing within the next 3 months?
In the past three months, traders moved money mostly into individual stocks, followed by ETFs; significantly fewer plan to move money into equities in Q2.

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

<table>
<thead>
<tr>
<th>Action</th>
<th>Past 3 Months</th>
<th>Next 3 Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>MOVE MONEY NET</td>
<td></td>
<td>86%</td>
</tr>
<tr>
<td>Into individual stocks</td>
<td></td>
<td>71%</td>
</tr>
<tr>
<td>Into ETFs</td>
<td></td>
<td>48%</td>
</tr>
<tr>
<td>Into cash investments</td>
<td></td>
<td>34%</td>
</tr>
<tr>
<td>Invested in cryptocurrency</td>
<td></td>
<td>21%</td>
</tr>
<tr>
<td>Into another type of investment vehicle</td>
<td></td>
<td>25%</td>
</tr>
<tr>
<td>Into fixed income investments</td>
<td></td>
<td>17%</td>
</tr>
<tr>
<td>Into mutual funds</td>
<td></td>
<td>14%</td>
</tr>
</tbody>
</table>

**Base = Weighted Total (n=875)**

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?
Last quarter, more than half of traders added money into their investment portfolio.

### Actions - Taken Past 3 Months & Planned in Next 3 Months

*Multiple responses allowed; Trader Sample*

<table>
<thead>
<tr>
<th>Action</th>
<th>Past 3 Months</th>
<th>Next 3 Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Add money into my investment portfolio</td>
<td>53%</td>
<td>40%</td>
</tr>
<tr>
<td>Take money out of my investment portfolio</td>
<td>28%</td>
<td>14%</td>
</tr>
<tr>
<td>Seek investing guidance or advice</td>
<td>24%</td>
<td>14%</td>
</tr>
<tr>
<td>Create a written financial plan</td>
<td>10%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Last Quarter (n=728):

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

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?

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Special Issues – Conflict In Ukraine

- Russian Bear Likelihood & Impact
- Hedging Against Geopolitical Risk & Impact of Instability on Crypto
- Changes In Investing Strategy Due To Rising Oil Prices
- Fossil Fuel Market Disruption
- Rising Interest Rates & Inflation
- Hedging Against Inflation
- Future Market Sentiments By Industry
The geopolitical unrest resulting from Russia's invasion of Ukraine has put downward pressure on the capital markets. What do you think the likelihood is of a “Russian Bear,” meaning the major markets (Dow, S&P, Nasdaq) finish the year in bear territory largely because of the conflict?

**Expected Likelihood of a “Russian Bear”**

* (Single response only; Among Trader Sample)

<table>
<thead>
<tr>
<th>Likelihood</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly likely</td>
<td>5%</td>
</tr>
<tr>
<td>Likely</td>
<td>15%</td>
</tr>
<tr>
<td>Somewhat likely</td>
<td>36%</td>
</tr>
<tr>
<td>Somewhat unlikely</td>
<td>21%</td>
</tr>
<tr>
<td>Unlikely</td>
<td>12%</td>
</tr>
<tr>
<td>Highly unlikely</td>
<td>5%</td>
</tr>
<tr>
<td>Don't know</td>
<td>6%</td>
</tr>
</tbody>
</table>

**Expected Size of Russian Bear**

* (Single response only; Among Trader Sample)

- Small: -1%–10%  
  - 23%
- Medium: -10% – 20%  
  - 60%
- Large: -20% or more  
  - 17%
- Don't know  
  - 5%

More than half of traders anticipate a “Russian Bear” market by the end of 2022.
Nearly half of traders are not hedging specifically against geopolitical risk; others are turning largely to cash, gold and cryptocurrency

**Actions Taken to Hedge Against Geopolitical Risk**

(Multiple response; Among Trader Sample)

- Moving assets into cash: 28%
- Buying gold: 15%
- Buying crypto: 11%
- Moving assets out of emerging markets: 8%
- Moving assets into green energy: 7%
- Moving assets out of countries with poor human rights and/or governance track records: 7%
- Moving assets out of stocks and into bonds: 5%
- Moving assets out of Europe: 5%
- Moving assets out of fossil fuels: 4%
- I’m not hedging against geopolitical risk: 48%

**Impact of Geopolitical Instability on Crypto Investments**

(Single response only; Among Trader Sample)

- Yes, it will accelerate investments in crypto significantly: 9%
- Yes, it will accelerate investments in crypto somewhat: 38%
- It will not have a material impact on crypto investments: 39%
- No, it will diminish investments in crypto somewhat: 10%
- No, it will diminish investments in crypto significantly: 3%
Traders see acceleration on the horizon for Green Energy as oil prices surge

Impact on Strategy if Oil Prices Continue to Rise
(Single response only; Among Trader Sample)

- Yes, I will invest more in energy equities: 30%
- Yes, I will invest more in clean energy equities: 18%
- Yes, I will increase exposure to safe havens: 11%
- Yes, something else: 7%
- No, I do not anticipate changing my strategy based on oil prices: 50%

Likelihood Fossil Fuel Market Disruption Leads to Acceleration in Green Energy Sector in 2022
(Single response only; Among Trader Sample)

- Highly likely: 9%
- Likely: 14%
- Somewhat likely: 29%
- Somewhat unlikely: 15%
- Unlikely: 15%
- Highly unlikely: 12%
- Don’t know: 7%

Base = Weighted Total (n=875)
QAT_Q222_4. How likely do you think it is that a disruption in the fossil fuel market could lead to an acceleration of the green energy sector in 2022?
QAT_Q222_5. Do you expect to make changes to your strategy if oil prices continue to rise and if so, what are you considering?
Traders predict tapering interest rate hikes throughout the year, are split on when inflation will ease, with less than a quarter seeing it come to an end in 2022.
Real Estate is traders’ No. 1 hedge against inflation, followed by gold and cryptocurrencies

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

- Real estate/REITS: 32%
- Gold: 20%
- Cryptocurrencies or related products such as a crypto-based fund: 18%
- Agricultural commodities: 15%
- International stocks: 9%
- TIPS: 8%
- Bank Loans: 3%
- None of the above: 44%

Base = Weighted Total (n=875)
QAT_Q222_9. Do you expect to buy any of following in 2022, specifically as a hedge against inflation?
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.

Methodology:
- The data is collected quarterly via an online survey amongst Schwab clients with Retail Assets of at least $2,000
- Q2 study was fielded April 6-17, 2022

Sample:
- 845 Active Traders (defined as 80+ trades, 12+ Options trades, or traded Futures/Future Options/Forex in the past 12 months).
  - Of the 845 Active Traders, approx. 436 traders using TD Ameritrade, 439 traders using Charles Schwab.
- The data was weighted by Life Stage and Investible Assets/Affluence to reflect the Trader segments
- 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>775 (89%)</th>
<th>Female</th>
<th>73 (8%)</th>
<th>No answer</th>
<th>27 (3%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affluence</td>
<td>HNW ($1M+)</td>
<td>314 (36%)</td>
<td>Affluent ($250K-$1M)</td>
<td>205 (23%)</td>
<td>Foundational (&lt;$250K)</td>
<td>348 (40%)</td>
</tr>
<tr>
<td>Active Trader</td>
<td>Active</td>
<td>845 (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>196 (22%)</td>
<td>Mid-Life (40-55)</td>
<td>286 (33%)</td>
<td>Mature (55+ not retired)</td>
<td>195 (22%)</td>
</tr>
<tr>
<td>Financial Consultant Relationship</td>
<td>Has Financial Consultant</td>
<td>157 (18%)</td>
<td>Does not have Financial Consultant</td>
<td>718 (82%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment Status</td>
<td>Employed full-time</td>
<td>403 (46%)</td>
<td>Employed part-time</td>
<td>13 (2%)</td>
<td>Self-employed</td>
<td>120 (14%)</td>
</tr>
</tbody>
</table>

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