Q3 2022
Trader Client Sentiment Report
In times of turbulence, traders see opportunity, and Q3 ‘22 is no different. While bearish sentiment has taken hold, 50% see now as a good time to invest and the majority are confident in their ability to weather the storm.

Key Q3 Themes

- Inflation and the possibility of a US recession are traders’ top concerns, with most traders seeing a US economic recession as likely and anticipating it will begin this year.

- While many traders don’t plan specifically to hedge against a recession, one in five will move assets out of the stock market; most predict recession will last less than one year.

- Traders anticipate interest rate hikes will slow by December ‘22 and half predict inflation will ease in 2023.

- At a sector level, traders are most bullish on Health Care and most bearish on Real Estate.

- Few traders report buying the “Crypto Dip” and most anticipate regulatory oversight of cryptocurrency would slow growth.
Q3’22 Trader Sentiment Snapshot

3 Month Outlook

- 50% Good Time to Invest
- 26% Better Off Financially
- 64% Confident In Decisions

Primary Concern Next 3 Months

- Inflation: 21%
- The Potential of a Recession: 18%
- Political landscape in Washington D.C.: 15%
- Geopolitical or global macroeconomic issues: 9%

Past 3 Month/Next 3 Month Actions

- Move(d) money into individual stocks: Past 3 Months 55%, Next 3 Months 65%
- Add(ed) money into investment portfolio: Past 3 Months 50%, Next 3 Months 40%
- Move(d) money into ETFs: Past 3 Months 32%, Next 3 Months 37%
- Move(d) money into cash investments: Past 3 Months 35%, Next 3 Months 17%
- Move(d) money out of investment portfolio: Past 3 Months 26%, Next 3 Months 12%
- Move(d) money into another type of investment vehicle: Past 3 Months 21%, Next 3 Months 15%
- Move(d) money into fixed income investments: Past 3 Months 21%, Next 3 Months 15%
- Sought / Seek investing guidance or advice: Past 3 Months 20%, Next 3 Months 14%
- Invest(ed) in cryptocurrency: Past 3 Months 18%, Next 3 Months 10%
- Move(d) money into mutual funds: Past 3 Months 12%, Next 3 Months 9%
- Create(d) a written financial plan: Past 3 Months 9%, Next 3 Months 5%

Past 3 Months

-熊市
- 21%
- Bullish
- 25%
- Good Time to Invest
- 50%
- Better Off Financially
- 26%
- Confident In Decisions
- 64%

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Bearish sentiment is up in Q3 ‘22, but most traders anticipating a significant correction are confident in their plans

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

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

- 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.

Bearish sentiment is up in Q3 '22, but most traders anticipating a significant correction are confident in their plans.
In Q3 ‘22, sentiment has evened out across life stages, with the biggest dip in optimism among younger traders.

Outlook For U.S. Stock Market By Life Stage

*(Single response only; Among Trader 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

Q6. Thinking about the next 3 months, which statement best describes your outlook for the U.S. stock market?
Traders are most bullish on the Health Care sector in Q3 ‘22 as confidence in Real Estate sinks
At a category level, traders are bullish on Cyber Security and Defense in Q3 ‘22, bearish on Blockchain, The Space Economy and ESG.

Category Sentiment for 2022 (Trader Sample)

<table>
<thead>
<tr>
<th>Category</th>
<th>Bullish</th>
<th>Bearish</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cyber Security</td>
<td>64%</td>
<td>-11%</td>
</tr>
<tr>
<td>Defense Contracting/Military Expenditures</td>
<td>61%</td>
<td>-13%</td>
</tr>
<tr>
<td>Artificial Intelligence</td>
<td>53%</td>
<td>-16%</td>
</tr>
<tr>
<td>Robotics</td>
<td>49%</td>
<td>-15%</td>
</tr>
<tr>
<td>Renewable Energy</td>
<td>47%</td>
<td>-26%</td>
</tr>
<tr>
<td>Digital/Mobile Payments</td>
<td>42%</td>
<td>-24%</td>
</tr>
<tr>
<td>Automated Cars</td>
<td>36%</td>
<td>-30%</td>
</tr>
<tr>
<td>Online Gaming</td>
<td>35%</td>
<td>-29%</td>
</tr>
<tr>
<td>Blockchain</td>
<td>24%</td>
<td>-35%</td>
</tr>
<tr>
<td>The Space Economy</td>
<td>21%</td>
<td>-31%</td>
</tr>
<tr>
<td>ESG</td>
<td>9%</td>
<td>-32%</td>
</tr>
</tbody>
</table>

Base = Weighted Total (n=968)
QAT_Q322_14. Are you bullish, bearish or uncertain across each of the following areas in 2022?
While only one in four traders report better financial standing year-over-year in Q3 ‘22, confidence in decision-making is high and 50% see this as a good time to invest.

**Q3 2022: Confidence in Investment Decision Making**

(% Extremely/Very Confident)

64%

**Q3 2022: Is this a Good or Bad Time to Invest?**

(% Very Good/Good)

50%

**Financial Standing vs. Year Ago**

- Much better off: 8%
- Better off: 18%
- About the same: 38%
- Worse off: 28%
- Much worse off: 7%

Base = Weighted Total (n=968)

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

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, would you say you are better off, about the same or worse off than you were a year ago?
Traders remain confident in reaching their financial goals

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

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

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

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

Q3'22: 15% Extremely Confident, 39% Very Confident, 40% Somewhat Confident, 5% Not Very Confident, 1% Not At All Confident

Base = Weighted Total (n=968)
Q10. Which statement best describes your confidence in reaching your financial goals?
Geopolitical issues take a backseat to inflation and economic recession concerns in Q3 ‘22

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

Note: Percentages based among those with a concern

- **Inflation**: 26%
- **The potential of a recession**: 21%
- **The political landscape in Washington D.C.**: 18%
- **Geopolitical or global macroeconomic issues**: 15%
- **Uncertainty due to market volatility**: 9%
- **I think the market is overdue for a significant correction**: 7%
- **The Fed deciding to increase interest rates in 2022**: 6%
- **Performance of U.S. corporate earnings**: 5%
- **Potential for increased market volatility**: 4%

- **Issues related to my own personal situation**: 2%
- **The state of the real estate market**: 1%
- **The Fed keeping interest rates low**: 1%
- **The economic impact of COVID-19 and the emergence of additional variants**: <1%
- **The possibility of the U.S. raising the debt limit**: <1%
- **Impact of weather-related / natural disasters**: <1%
- **The possibility of the U.S. defaulting on its debt/not raising the debt limit**: <1%
- **Other**: 6%
- **I do not have any concerns around money and investing in the next 3 months**: 5%

Base = Weighted Total (n=968)
Q7. What is your primary concern around money and investing within the next 3 months?
In the past 3 months, traders moved money mostly into individual stocks followed by ETFs; only 10% plan to move money into crypto in Q3 ‘22.

<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>73%</td>
<td>84%</td>
</tr>
<tr>
<td>Into individual stocks</td>
<td>65%</td>
<td>55%</td>
</tr>
<tr>
<td>Into ETFs</td>
<td>37%</td>
<td>32%</td>
</tr>
<tr>
<td>Into cash investments</td>
<td>35%</td>
<td>17%</td>
</tr>
<tr>
<td>Into another type of investment vehicle</td>
<td>21%</td>
<td>15%</td>
</tr>
<tr>
<td>Into fixed income investments</td>
<td>21%</td>
<td>15%</td>
</tr>
<tr>
<td>Invested in cryptocurrency</td>
<td>18%</td>
<td>10%</td>
</tr>
<tr>
<td>Into mutual funds</td>
<td>12%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Last Quarter (n=875):
- Into individual stocks: 69% (Past), 48% (Next)
- Into ETFs: 45% (Past), 34% (Next)
- Into cash investments: 32% (Past), 21% (Next)
- Into another type of investment vehicle: 25% (Past), 19% (Next)
- Into fixed income investments: 17% (Past), 13% (Next)
- Invested in cryptocurrency: 26% (Past), 16% (Next)
- Into mutual funds: 14% (Past), 10% (Next)
Last quarter, 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>50%</td>
<td>40%</td>
</tr>
<tr>
<td>Take money out of my investment portfolio</td>
<td>26%</td>
<td>12%</td>
</tr>
<tr>
<td>Seek investing guidance or advice</td>
<td>20%</td>
<td>14%</td>
</tr>
<tr>
<td>Create a written financial plan</td>
<td>9%</td>
<td>5%</td>
</tr>
</tbody>
</table>

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Special Issues

- Recession Likelihood, Timing, & Expectations
- Actions Taken To Hedge Against Market/Recession
- Interest Rate Expectations and Anticipated Easing of Inflation
- Level of Trading Risk Taking And Trading Activity
- Crypto: Ownership & Regulatory Oversight
Most traders see a US economic recession as likely and anticipate it will begin this year

**Expected Likelihood of US Recession**
(Single response only; Among Trader Sample)

- Highly likely: 43%
- Likely: 28%
- Somewhat likely: 19%
- Somewhat unlikely: 4%
- Unlikely: 1%
- Highly unlikely: 1%
- Don't know: 6%

**Expected Beginning of Recession**
(Single response only; Among Trader Sample)

- 4Q 2022: 26%
- 3Q 2022: 48%
- 2Q 2023: 7%
- 1Q 2023: 14%
- 3Q 2023: 2%
- 2024: 1%

Base = Weighted Total (n=968); Base = Recession Is At Least Somewhat Likely (n=872)

QAT_Q322_1: What, in your opinion, is the likelihood that the US economy will officially enter a recession within the next few years? / QAT_Q322_2: When do you expect the recession to begin?

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While many traders won’t hedge against a recession, one in five will move assets out of the stock market; most predict recession will last less than one year.

**Actions Taken to Hedge Against Continued Down Market or Recession**
(Multiple response; Among Trader Sample)

- Moving assets out of the stock market: 20%
- Buying gold: 12%
- Moving asset into bonds: 10%
- Buying crypto: 6%
- Moving assets into international equities: 4%
- Moving assets out of domestic investment vehicles: 3%
- Other: 27%
- I’m not hedging against recession: 42%

**Expected Length of Recession**
(Single response only; Among Trader Sample)

- Less than three months: 5%
- Between three and six months: 24%
- Between six months and a year: 39%
- Between one and three years: 28%
- More than three years: 3%
One in four traders expects to hedge against inflation with buys in Real Estate/REITS

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

- Real estate/REITS: 24%
- Gold: 16%
- International stocks: 10%
- Cryptocurrencies or related products such as a crypto-based fund: 9%
- Agricultural commodities: 8%
- TIPS: 8%
- Bank Loans: 2%
- None of the above: 53%

Base = Weighted Total (n=968)
Traders anticipate interest rate hikes to slow by December; half see inflation easing in 2023

**Expected Interest Rate Change at Fed Meeting**

*(Single response only; Among Trader Sample)*

<table>
<thead>
<tr>
<th>Month</th>
<th>Increase more than .50 points</th>
<th>Increase .50 points</th>
<th>Increase .25 points</th>
<th>No change</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>52%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>September</td>
<td>43%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>November</td>
<td>43%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>December</td>
<td>39%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Expected Easing of Inflation**

*(Single response only; Among Trader Sample)*

- **3Q 2022**: 13%
- **4Q 2022**: 16%
- **1Q 2023**: 18%
- **2Q 2023**: 15%
- **3Q 2023**: 10%
- **4Q 2023**: 7%
- **2024**: 15%
- **2024+**: 21%

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A majority of traders are taking the same or slightly less risk in Q3 ’22, more than one in four are trading fewer equities compared to last quarter

Level of Trading Risk Taking
(Single response only; Among Trader Sample)

Trading Activity vs. Last Quarter
(Single response only; Among Trader Sample)

<table>
<thead>
<tr>
<th>Trading Strategy</th>
<th>More</th>
<th>Same</th>
<th>Less</th>
<th>N/A, I don’t use this strategy or tool</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trading individual equity options</td>
<td>21%</td>
<td>31%</td>
<td>18%</td>
<td>30%</td>
</tr>
<tr>
<td>Trading equities</td>
<td>19%</td>
<td>44%</td>
<td>26%</td>
<td>11%</td>
</tr>
<tr>
<td>Trading ETF options</td>
<td>12%</td>
<td>30%</td>
<td>13%</td>
<td>44%</td>
</tr>
<tr>
<td>Moving assets into U.S. Treasuries</td>
<td>10%</td>
<td>13%</td>
<td>4%</td>
<td>72%</td>
</tr>
<tr>
<td>Moving assets into commodities</td>
<td>10%</td>
<td>18%</td>
<td>10%</td>
<td>63%</td>
</tr>
<tr>
<td>Using margin</td>
<td>8%</td>
<td>20%</td>
<td>11%</td>
<td>60%</td>
</tr>
<tr>
<td>Trading futures</td>
<td>6%</td>
<td>8%</td>
<td>6%</td>
<td>79%</td>
</tr>
<tr>
<td>Owning Cryptocurrencies</td>
<td>6%</td>
<td>17%</td>
<td>13%</td>
<td>65%</td>
</tr>
<tr>
<td>Trading OTC stocks</td>
<td>9%</td>
<td>24%</td>
<td>14%</td>
<td>57%</td>
</tr>
<tr>
<td>Owning “Meme stocks”</td>
<td>81%</td>
<td>9%</td>
<td>7%</td>
<td>78%</td>
</tr>
</tbody>
</table>

Base = Weighted Total (n=968)

QAT_Q322_5. How would you describe the level of risk you’re taking in your trading approach right now?
QAT_Q322_8. Compared to last quarter, are you doing each of the following more, less or the same?
Many traders report Information Technology, Finance stocks can be bought at a discount in Q3 '22, half are bullish on value stocks for the next three months.
Few traders are buying crypto in Q3 ‘22, most anticipate regulatory oversight would slow growth

**Buying The Crypto Dip**
*Single response only; Among Trader Sample*

- Yes, I already own cryptocurrency and I’m buying more: 13%
- Yes, I am buying cryptocurrency for the first time: 20%
- No, I own some cryptocurrency, but I am not currently planning to invest in more: 66%
- No, I don’t own cryptocurrency and have no plan to invest in any: 2%

**Regulatory Oversight of Cryptocurrency Would...**
*Single response only; Among Trader Sample*

- Accelerate the growth: 41%
- Put the brakes on growth: 59%
Methodology & Sample Information
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
- Q3 study was fielded July 6-18, 2022

**Sample:**
- 968 Active Traders (defined as 80+ trades, 12+ Options trades, or traded Futures/Future Options/Forex in the past 12 months).
  - Of the 968 Active Traders, 434 traders using TD Ameritrade, 534 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.

**Rounding:**
- In some cases, the individual elements of a chart may not sum to the total due to rounding.

<table>
<thead>
<tr>
<th>Gender</th>
<th>Male</th>
<th>Female</th>
<th>No answer</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>853 (88%)</td>
<td>74 (8%)</td>
<td>41 (4%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Affluence</th>
<th>HNW ($1M+)</th>
<th>Affluent ($250K–$1M)</th>
<th>Foundational (&lt;$250K)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>294 (30%)</td>
<td>290 (30%)</td>
<td>384 (40%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Active Trader</th>
<th>968 (100%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active</td>
<td></td>
</tr>
<tr>
<td>Not Active</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Life Stage</th>
<th>Younger Investor (&lt;40)</th>
<th>Mid-Life (40-55)</th>
<th>Mature (55+ not retired)</th>
<th>Retired</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>249 (26%)</td>
<td>290 (30%)</td>
<td>228 (24%)</td>
<td>201 (21%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial Consultant Relationship</th>
<th>Has Financial Consultant</th>
<th>Does not have Financial Consultant</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>199 (21%)</td>
<td>769 (79%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employment Status</th>
<th>Employed full-time</th>
<th>Employed part-time</th>
<th>Self-employed</th>
<th>Retired/semi-retired</th>
<th>Other</th>
<th>No answer</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>426 (44%)</td>
<td>22 (2%)</td>
<td>165 (17%)</td>
<td>261 (27%)</td>
<td>48 (5%)</td>
<td>46 (5%)</td>
</tr>
</tbody>
</table>