



The Schwab Self-Directed Brokerage Account Indicators™

An industry-leading benchmark on retirement plan participant investment activity within self-directed brokerage accounts.

All Participants
Quarter Ending 12/31/2017

The Schwab Self-Directed Brokerage Account Indicators™

Key Schwab Observations for the 4th Quarter 2017:

Report Redesign

The Q4, 2017 report and all subsequent reports have an improved and expanded format and additional data elements that include more information than previous participant reports. Investing differences among generations (Millennials, Gen X, Baby Boomers), Advised vs. non-Advised accounts and Roth vs. non-Roth accounts are shown. In addition, the account population has been redefined and now includes accounts from \$5k to \$10 million.

Asset Balance Summary

The economy and stock market remained strong in Q4 and broad-based global economic growth and strong earnings helped push the S&P 500 Index up more than 19% for the year. For Q4, 2017, the S&P ended the year with a fourth quarter gain of 6.6%. According to the Schwab Center for Financial Research market outlook, economic growth will likely continue in 2018.

The average account balance for all participants in the Schwab Personal Choice Retirement Account® (PCRA) was up 28.2% to \$262,683 from \$204,922 a year ago and also up by 18.2% from last quarter. Trading volumes were sharply up from last last quarter to 6.4 average trades per quarter from 3.7. That's a 72.9% increase.

On average, participants held 9.6 positions in their PCRA, very similar to last year. Participants aged 53 and over (part of the Baby Boomer generation) were at 42.1%, while the Gen Xrs (age 37-52) were not far behind with 39.6% and Millennials (age 25-36) at 10.4%.

Investing Behavior and General Investing Characteristics

Asset Allocation

Mutual Funds held the majority of participant assets and remained unchanged at 37.9%. That included a 19.32% allocation for OneSource Mutual Funds and 18.65% allocation for transaction fee and other Mutual Funds. Equities were the second largest holding at 28.9%, with ETFs coming in at 16.8%, Cash & Equivalents at 14.1% and Fixed Income at 2.2%. During the year, the participant holdings remained relatively unchanged, with no more than a 1% shift in various holdings.

Mutual Funds

Large Cap Stock Funds had the largest allocation at 28.6%, down 2% from last year. They were followed by Taxable Bond Funds at 20.5% and International funds at 16.8%. Overall, the market value allocation was very similar to last year.

Equities

All the shifts were very minor in participant Equity Sector Holdings over the course of the year. The largest equity sector holding was Information Technology at 30%, up 4% from last year. The technology sector has consistently received an outperform rating and it continues to hold. Consumer Discretionary was a distant second at 13.5% and Financials was third at 12.5%, followed by Health Care (10.5%) and Industrials (9%).

Exchange-Traded Funds (ETFs)

U.S. Equity ETFs, comprised of Large Caps, the most popular segment, Mid Caps and Small Caps, continued to be the top ETF holding in participant accounts and remained unchanged from last year at 46.8%, followed by International Equity ETFs at 17.3%, U.S. Fixed Income at 13.2% and Sector ETFs at 12%.

Asset Flows

The largest asset class was Mutual Funds at 34.9%, followed by ETFs at 32.3%, Equities at 20.3% and Fixed Income at 11.4%.

The Schwab Self-Directed Brokerage Account Indicators™

Key Schwab Observations for the 3rd Quarter 2017 (continued):

Investing Behavior Across Generations: Millennials, Gen X and Boomers

As expected, Millennials had the lowest PCRA balance at \$58,712, followed by Gen X at \$185,985 and Baby Boomers at \$358,853. They also had the lowest advised accounts at 13.7%, while Gen X were at 19.1% and Baby Boomers at 21%. Almost a quarter of the Baby Boomer participants chose to have advisors.

All three generations had very similar equity holdings, with Apple, Amazon, Facebook and Berkshire Hathaway coming in the top four. Millennials, however, also had Walt Disney stock as a favorite, while Gen X and Boomers had the more conservative Bank of America in the top five.

As for the top ETF holdings, they were very similar across generations: Schwab US Broad Market ETF, SPDR S&P 500 ETF and Schwab International Equity being at the top for all. In addition, Millennials picked a Bitcoin ETF in the top 10, while everyone else remained more cautious. All had Schwab S&P 500 Index FD as their top Mutual Fund holding, followed by Schwab Total Stock Mkt Index.

Millennials and Gen X had the same percentage of mobile trades-16% and Baby Boomers came in at 9%. Millennials also had the highest percentage in cash out of the three generations- 18%, vs. 14.3% for Gen X and 13.5% for Baby Boomers.

Investing Behavior: Roth vs non-Roth Accounts

The Roth PCRA account holder balance was much lower than the non-Roth PCRA: \$63,921 vs \$265,900. Gen Xers had the most Roth Accounts as a % of accounts in their respective generations, while Baby Boomers were higher in the non-Roth accounts. Those with Roth accounts also had lower trade volumes-3.2 vs. 6.5.

While non-Roth account holders' equity holdings were the standard holdings across all accounts, such as Apple, Amazon and Facebook, the Roth PCRA account had Glenview Offshore equity at the top.

Investing Behavior: Advised vs. non-Advised Accounts

Baby Boomers had the most advised accounts at 47.7%, while only 7% of the Millennials chose to use an advisor. Since Baby Boomers also had the largest PCRA balances, it makes sense that those with larger balances used an advisor. The average participant balance for advised accounts was \$437,156 while non-advised accounts were at \$222,753, almost half of advised accounts. Those with advised accounts also had almost twice the average trades-10.6 total vs. 5.5 for non-advised accounts.

Those participants who used advisors displayed a more diversified asset allocation mix and had a lower concentration of assets in particular securities, with Apple being the top one for everyone; advised participants only had 4.7% of their equity assets with Apple, while non-advised participants had 10.5%. Advised participants also had the lowest percentage in cash: 4.7% vs. 18.4% for non-advised, showing a good balance among all the advised investments.

As for ETF holdings, advised participants again had more balance among all the holdings, not having more than 3% of any one ETF, with the Schwab US Broad Market ETF being the top one. Advisors preferred DFA as a top fund family and the DFA US Core Equity Institutional fund as a top holding, with a 19.5% mutual fund asset allocation. Non-advised participants had Schwab S&P 500 Index FD as the top mutual fund holding and 17.3% of the mutual fund asset allocation went to the Vanguard fund family, followed closely by Schwab.

©2018 Charles Schwab & Co., Inc ("Schwab"). Member SIPC. All rights reserved. (0218-84ND)

PAST PERFORMANCE CANNOT GUARANTEE FUTURE RESULTS.

The information above is for general informational purposes only and is not intended as a solicitation of any security or instrument nor is it intended as an individualized recommendation or personalized investment advice.

The Schwab Self-Directed Brokerage Account Indicators™

All Participants, Quarter Ending 12/31/2017

PCRA Profile Information				Average Positions/Trades Per Account		
Account Balances and Types		Participant Demographics			Positions	Trades
Average PCRA Balance	\$262,683	Male Participants	76.3%	Total	9.6	6.4
Advised Participants	18.6%	Female Participants	23.7%	Equities	4.2	2.6
Average Advised Balance	\$437,156	Average Age	51	ETFs	1.5	1.2
Self-Directed Participants	81.4%	Millennial* (Age 25-36)	10.4%	Fixed Income	0.2	0.0
Average Self-Directed Balance	\$222,753	Gen X** (Age 37-52)	39.6%	Mutual Funds	2.7	2.5
Traditional Accounts	98.4%	Baby Boomer*** (Age 53-70)	42.1%	Other	0.0	0.1
Roth Accounts	1.6%	<i>Birth years: *1981-1992, **1965-1980, ***1947-1964</i>		Cash Investments	1.0	n/a

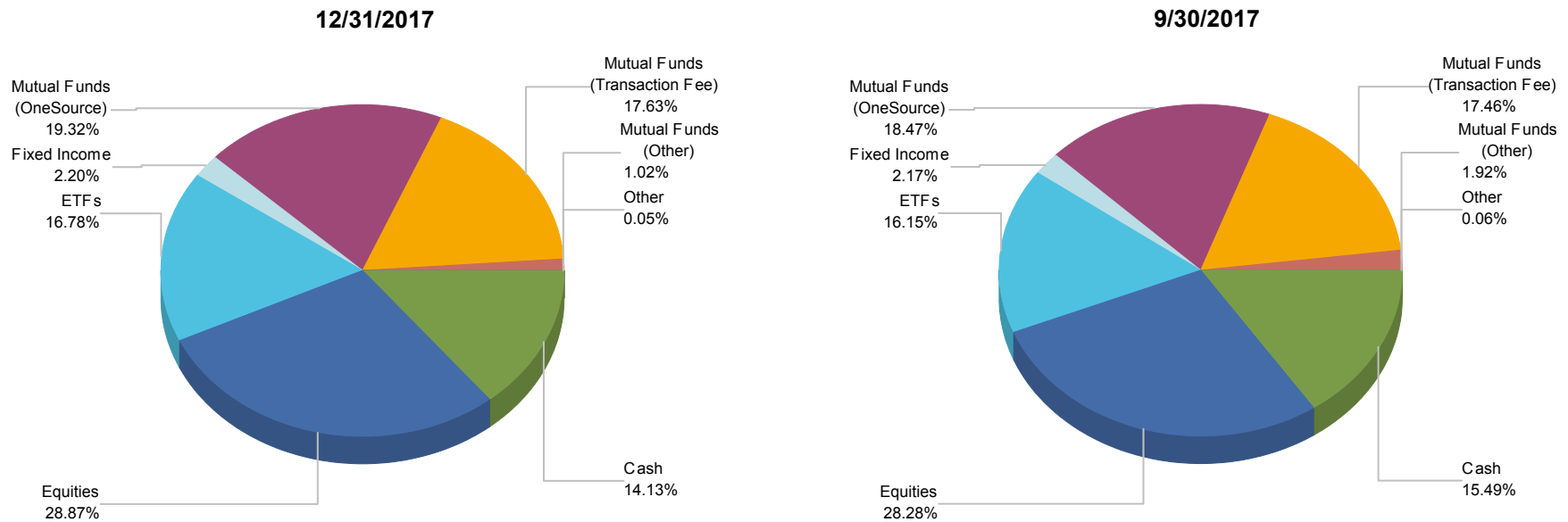
Top 10 Equity Holdings		%EQ Assets	Top 10 ETF Holdings		%EQ Assets
APPLE INC		9.27%	SPDR S&P 500 ETF @		4.05%
AMAZON COM INC		3.46%	VANGUARD TOTAL STOCK MARKET ETF		3.96%
FACEBOOK INC CLASS		2.67%	SCHWAB US BROAD MARKET ETF		3.57%
BERKSHIRE HATHAWAY CLASS		2.52%	POWERSHARES QQQ TRUST SRS 1 ETF		2.68%
MICROSOFT CORP		1.51%	SCHWAB US LARGE CAP ETF		2.45%
BANK OF AMERICA CORP		1.38%	SCHWAB INTERNATIONAL EQUITY ETF		2.44%
ALPHABET INC. CLASS		1.23%	VANGUARD S&P 500 ETF		1.91%
ALIBABA GROUP HLDG FSPONSORED ADR		1.22%	ISHARES CORE S&P 500 ETF		1.79%
NVIDIA CORP		1.21%	SCHWAB US AGGREGATE BONDETF		1.55%
ALPHABET INC. CLASS		0.99%	SCHWAB US LARGE CAP GROWTH ETF		1.54%

Top 10 Mutual Fund Holdings**		% MF Assets	Top 10 Fund Families		% MF Assets
SCHWAB S&P 500 INDEX FD		3.59%	VANGUARD		13.30%
SCHWAB TOTAL STOCK MKT INDEX		1.74%	SCHWAB		10.44%
PIMCO INCM CL D		1.21%	DFA		8.75%
PIMCO INCM INST CL		0.89%	PIMCO FUNDS		4.29%
DFA US CORE EQTY 2 PORT INSTL		0.84%	FIDELITY		3.29%
VANGUARD 500 INDEX FD INVESTOR SHS		0.83%	T ROWE PRICE		2.92%
DOUBLELINE TOTAL RETURN BD FD CL I		0.78%	AMERICAN FUNDS		2.54%
OAKMARK INTL FD INV		0.71%	OAKMARK		1.78%
DFA INTL CORE EQTY PORT INSTL		0.67%	JANUS		1.75%
SCHWAB INTL INDEX FUND		0.66%	DOUBLELINE FUNDS		1.71%

**Top 10 Mutual Funds does not include Money Market Funds.

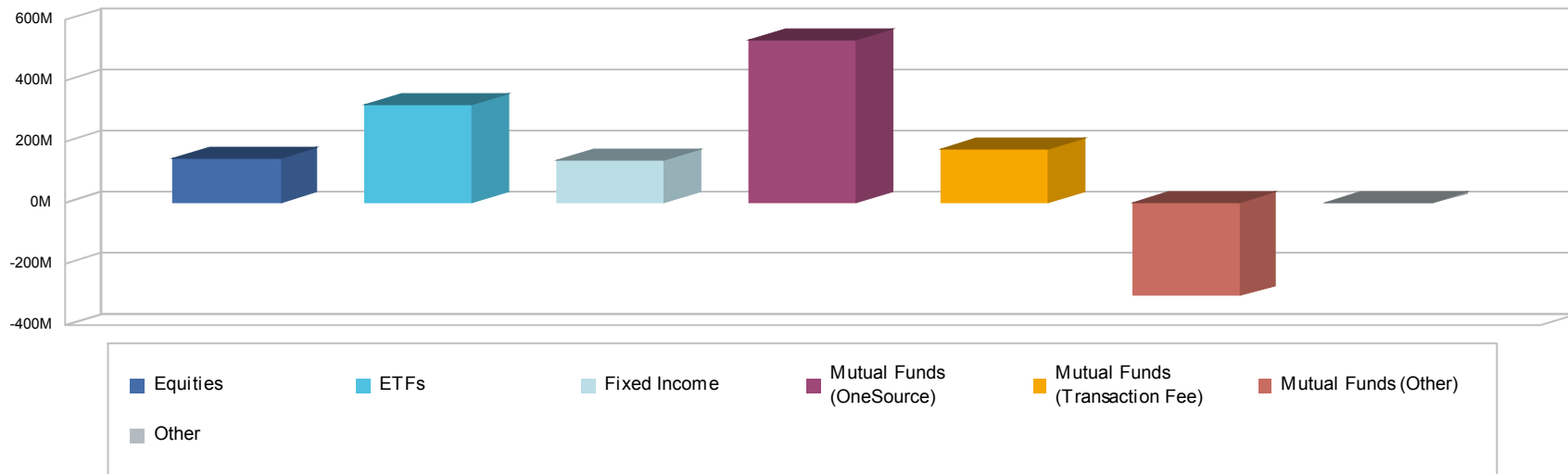
The Schwab Self-Directed Brokerage Account Indicators™ All Participants, Quarter Ending 12/31/2017

Market Value Allocation - All Assets (Quarter over Quarter)



The above charts illustrate the percent of PCRA participant assets in each noted asset class as percentage of total PCRA assets. Percentages are calculated as of quarter-end. Money Market Funds are classified under Mutual Funds.

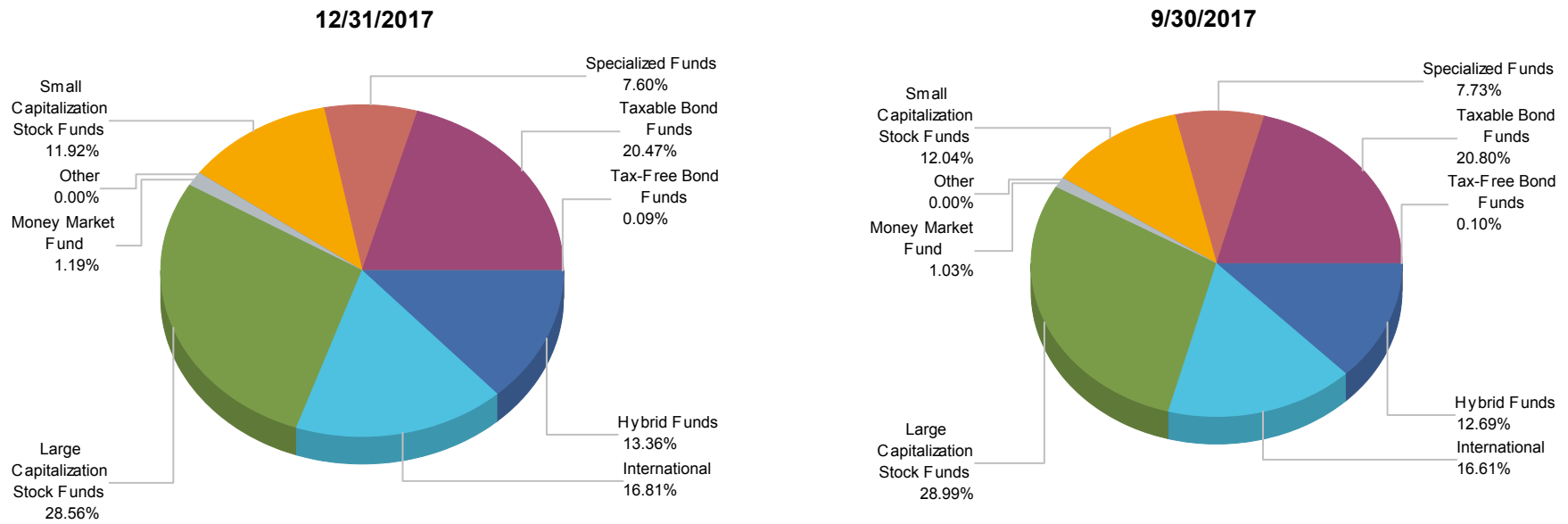
Net Flow - All Non-Cash Assets (3-Month Period Ending 12/31/2017)



Net Flow is the net of all cash inflows and outflows in and out of financial assets; the performance of an asset or fund is not taken into account, only share redemptions, or outflows, and share purchases, or inflows.

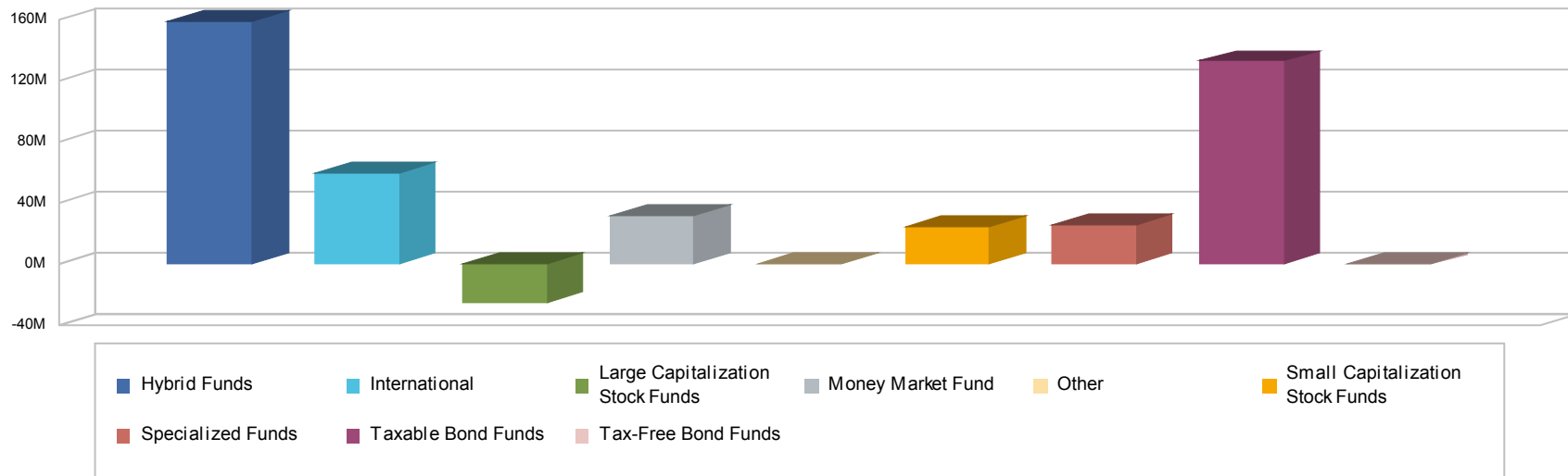
The Schwab Self-Directed Brokerage Account Indicators™ All Participants, Quarter Ending 12/31/2017

Market Value Allocation - Mutual Funds (Quarter over Quarter)



The above charts illustrate the percent of PCRA participant assets in each noted asset class as percentage of total PCRA assets. Percentages are calculated as of quarter-end. Money Market Funds are classified under Mutual Funds.

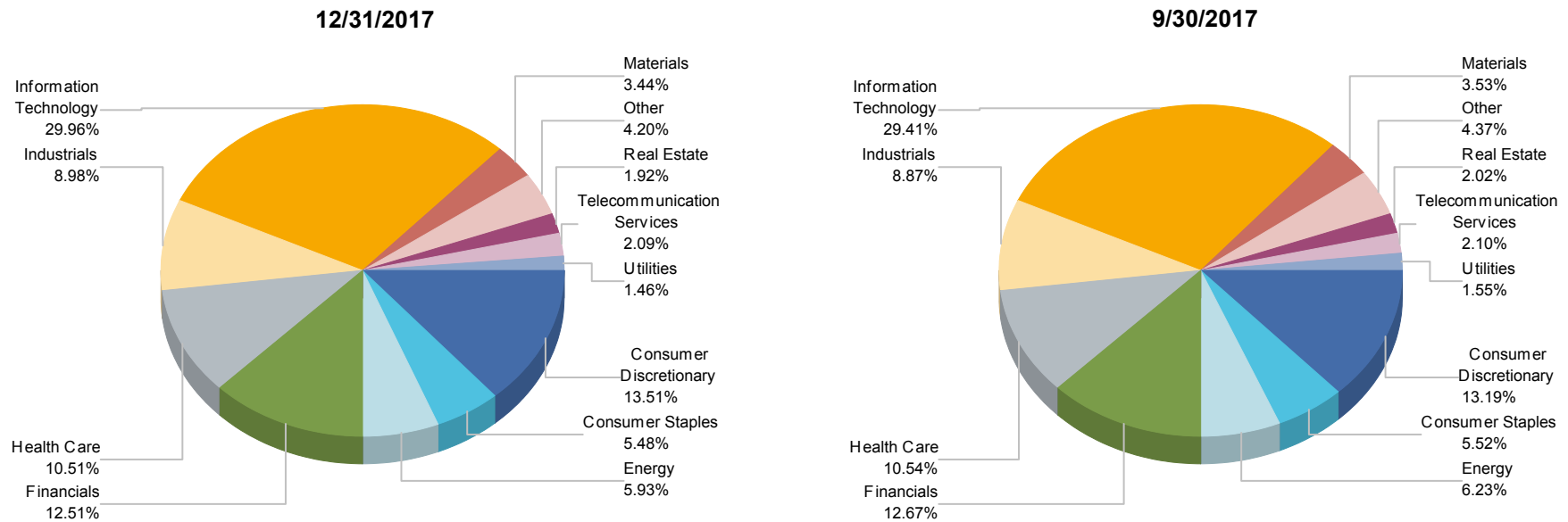
Net Flow by Sector - Mutual Funds (3-Month Period Ending 12/31/2017)



Net Flow is the net of all cash inflows and outflows in and out of financial assets; the performance of an asset or fund is not taken into account, only share redemptions, or outflows, and share purchases, or inflows.

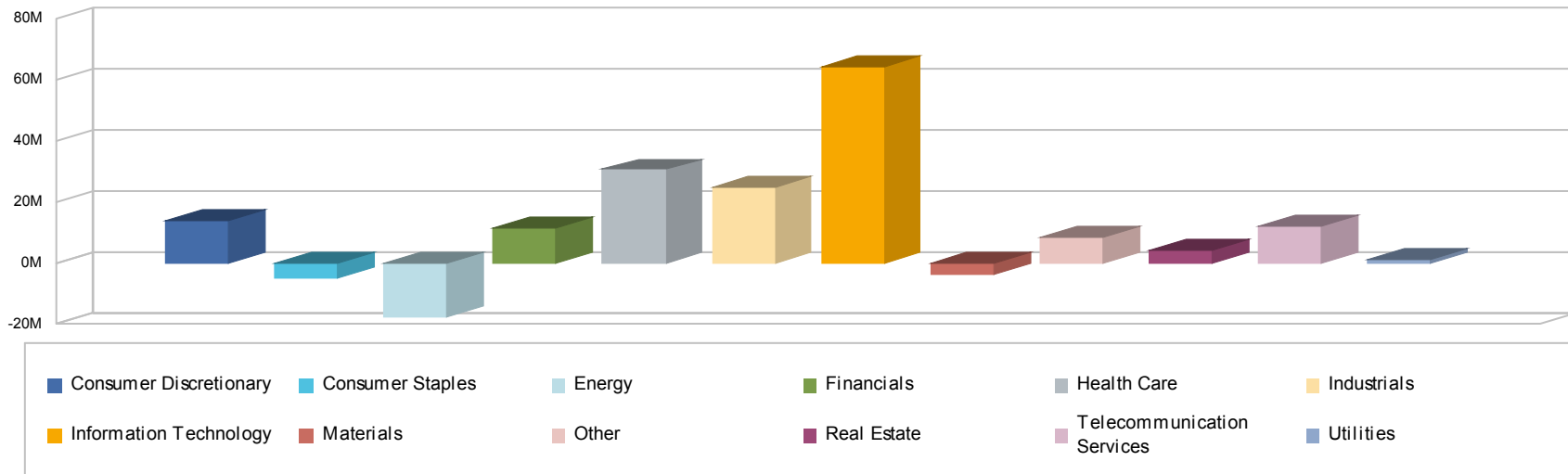
The Schwab Self-Directed Brokerage Account Indicators™ All Participants, Quarter Ending 12/31/2017

Market Value Allocation - Equities (Quarter over Quarter)



The above charts illustrate the percent of PCRA participant assets in each noted asset class as percentage of total PCRA assets. Percentages are calculated as of quarter-end. Money Market Funds are classified under Mutual Funds.

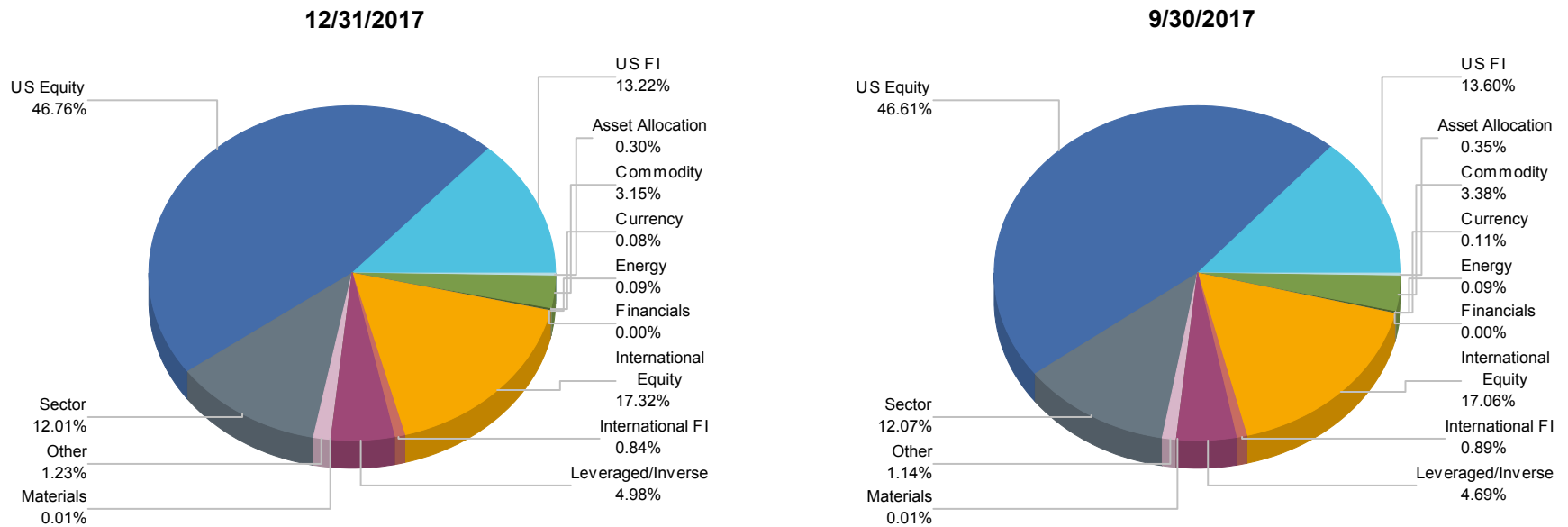
Net Flow by Sector - Equities (3-Month Period Ending 12/31/2017)



Net Flow is the net of all cash inflows and outflows in and out of financial assets; the performance of an asset or fund is not taken into account, only share redemptions, or outflows, and share purchases, or inflows.

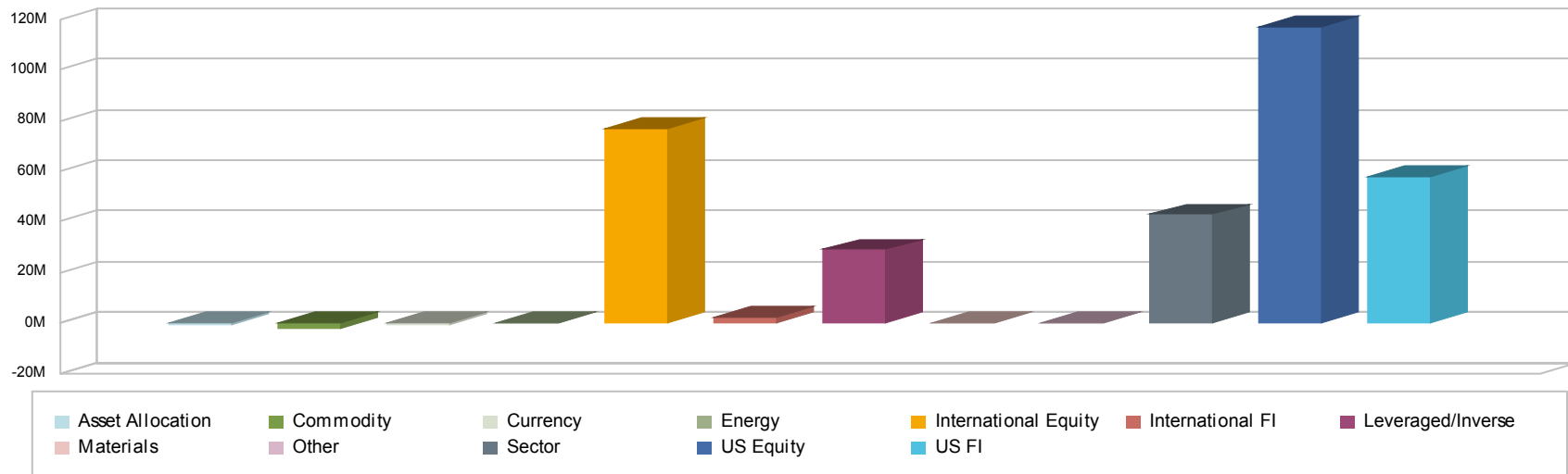
The Schwab Self-Directed Brokerage Account Indicators™ All Participants, Quarter Ending 12/31/2017

Market Value Allocation - ETF (Quarter over Quarter)



The above charts illustrate the percent of PCRA participant assets in each noted asset class as percentage of total PCRA assets. Percentages are calculated as of quarter-end. Money Market Funds are classified under Mutual Funds.

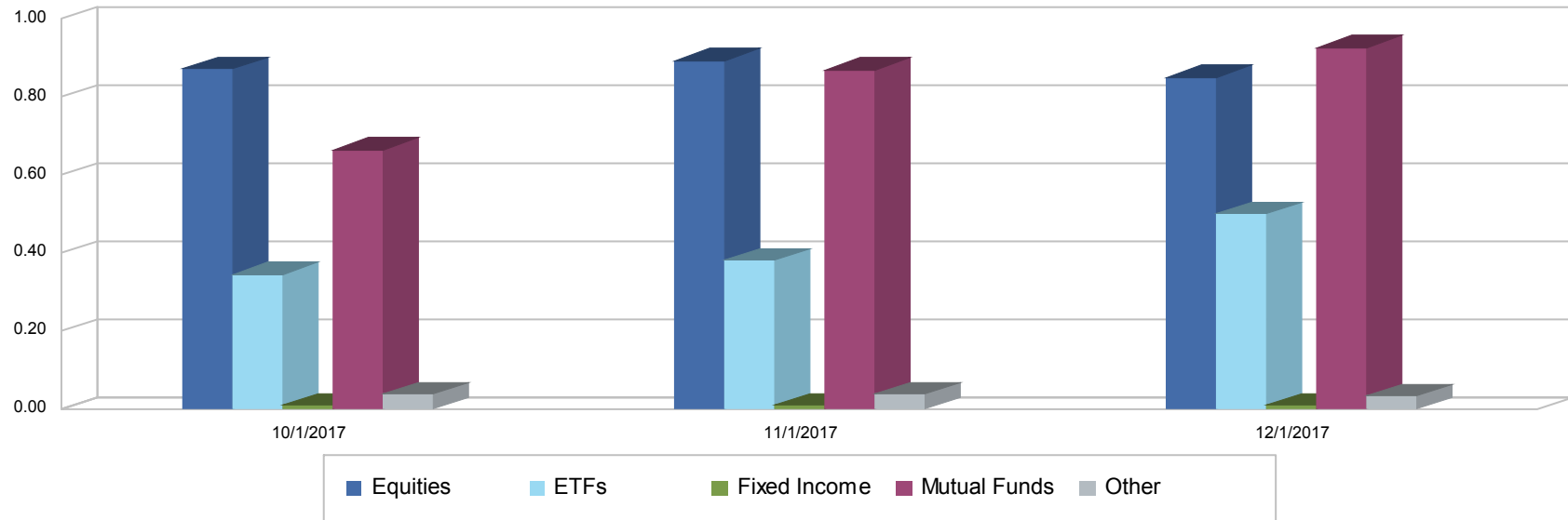
Net Flow by Sector - ETF (3-Month Period Ending 12/31/2017)



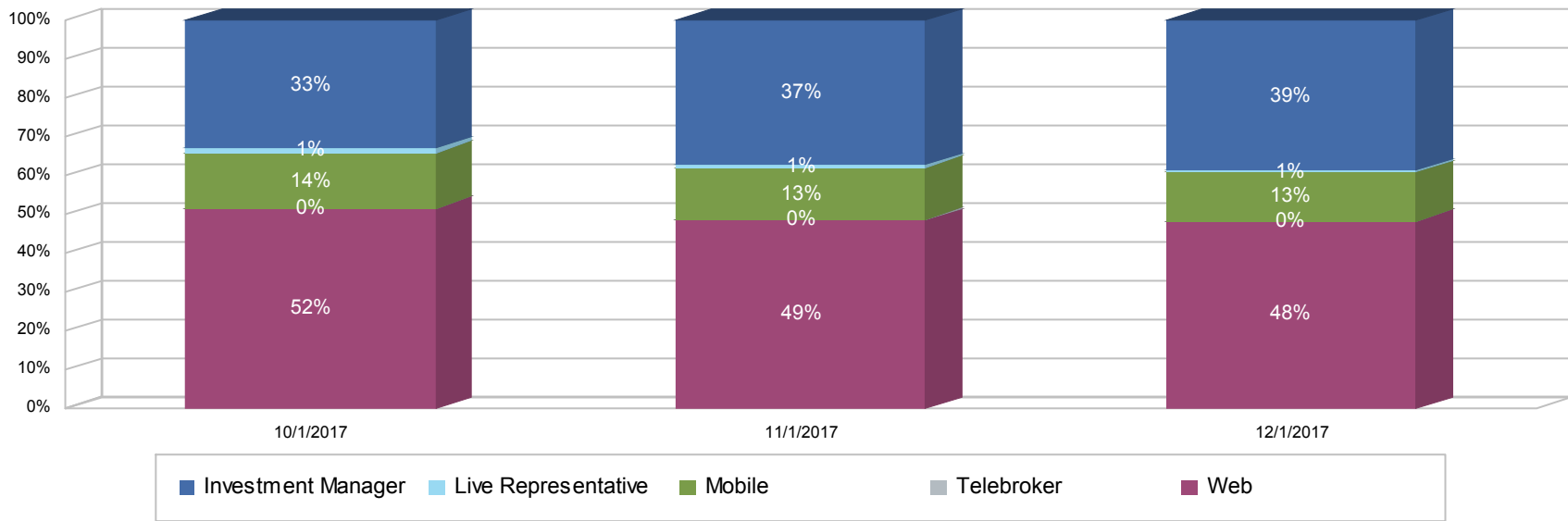
Net Flow is the net of all cash inflows and outflows in and out of financial assets; the performance of an asset or fund is not taken into account, only share redemptions, or outflows, and share purchases, or inflows.

The Schwab Self-Directed Brokerage Account Indicators™ All Participants, Quarter Ending 12/31/2017

Average Monthly Trades Per Account (3-Month Period Ending 12/31/2017)



Trading Channel Mix (Month over Month)



The Schwab Self-Directed Brokerage Account Indicators™

All Participants, Quarter Ending 12/31/2017

Important Disclosures

Schwab Personal Choice Retirement Account (PCRA) is offered through Charles Schwab & Co., Inc. (Member SIPC), the registered broker/dealer, which also provides other brokerage and custody services to its customers.

For participants who utilize the Personal Choice Retirement Account (PCRA), the following fees and conditions may apply: Schwab's short term redemption fee of \$49.95 will be charged on redemption of funds purchased through Schwab's Mutual Fund OneSource® service (and certain other funds with no transaction fee) and held for 90 days or less. Schwab reserves the right to exempt certain funds from this fee, including Schwab Funds®, which may charge a separate redemption fee, and funds that accommodate short-term trading.

Trades in no-load mutual funds available through Mutual Funds OneSource service (including Schwab Funds) as well as certain other funds, are available without transaction fees when placed through schwab.com or our automated phone channels. Schwab reserves the right to change the funds we make available without transaction fees and to reinstate fees on any funds. Funds are also subject to management fees and expenses.

Figures are based on all PCRA participants with a minimum balance of \$5,000 and a maximum balance of \$10,000,000 in their PCRA account. All data is for informational purposes only. Schwab does not guarantee the accuracy, timeliness or completeness of the information.

Investors should consider carefully information contained in the prospectus, including investment objectives, risks, charges, and expenses. You can request a prospectus by calling 800-435-4000. Please read the prospectus carefully before investing. Money Market funds are neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund.

Charles Schwab & Co., Inc., member SIPC, receives remuneration from fund companies for record keeping, shareholder services and other administrative services for shares purchased through its Mutual Fund OneSource service. Schwab also may receive remuneration from transaction fee fund companies for certain administrative services.

The information contained herein is obtained from third-party sources and believed to be reliable, but its accuracy or completeness is not guaranteed. This report is for informational purposes only and is not a solicitation, or a recommendation that any particular investor should purchase or sell any particular security.