



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 9/30/2018

The Schwab Self-Directed Brokerage Account IndicatorsTM

Key Schwab Observations for the Third Quarter 2018:

Asset Balance Summary

The third quarter had solid gains and the S&P 500 index gained 7%. The Fed raised interest rates by 25 basis points in September, for the third time this year. The earnings growth remained strong, although it trended down from 25% in the second quarter to 24% in the third quarter.

The average account balance for all participants in the Schwab Personal Choice Retirement Account® (PCRA) was up 23.9% to \$275,362 from \$222,239 a year ago and also up by 3.6% from \$261,900 last quarter. Trading volumes remained the same as last quarter at 6.3. Participants made the most trades in their equities holdings, followed by mutual funds and ETFs.

On average, participants held 9.8 positions in their PCRA, very similar to last year and slightly up by 1% from last quarter. Participants aged 54 and over (part of the Baby Boomer generation) were at 40.8%, while the Gen X (age 38-53) participants were almost the same with 40.6% and Millennials (age 25-37) at 11.4%.

Investing Behavior and General Investing Characteristics

Asset Allocation

Mutual Funds held the majority of participant assets and were largely unchanged at 37.4%. That included a 19.0% allocation for OneSource Mutual Funds and an 18.4% allocation for transaction fee and other Mutual Funds. Equities were the second largest holding at 30.4%, with ETFs coming in at 17.0%, Cash & Equivalents at 12.6% and Fixed Income at 2.7%. 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 29.3%, very similar to last year. They were followed by Taxable Bond Funds at 19.2% and International funds at 16.7%. 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 32.1%, up 2% from last year. Consumer Discretionary was a distant second at 16.3% and Health Care was third at 11.3%, followed by Financials (11.0%) and Industrials (8.1%).

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 was up 3% from last year at 50.0%, followed by International Equity ETFs at 15.8%, U.S. Fixed Income at 12.5% and Sector ETFs at 11.9%.

Asset Flows

There was a change in the asset flows, as the largest asset net flow class was Fixed Income and not Equities as last quarter, followed by Mutual Funds (OneSource), ETFs and Equities.

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Key Schwab Observations for the Third Quarter 2018 (continued):

Investing Behavior Across Generations: Millennials, Gen X and Baby Boomers

As expected, the older generation ended the quarter with the largest balance (\$380,787), followed by Gen X (\$203,667) and finally Millennials (\$64,414).

All three generations had very similar equity holdings, with Apple, Amazon, Berkshire Hathaway and Facebook coming in at the top. Millennials also had Tesla, while Gen X and Boomers held Bank of America.

As for the top ETF holdings, they were very similar across generations: Schwab US Broad Market ETF, SPDR S&P 500 ETF, Vanguard and Schwab International Equity were at the top for all.

All continued to hold Schwab S&P 500 Index FD as their top Mutual Fund holding, followed by Schwab Total Stock Market Index.

Millennials and Gen X again had the same percentage of mobile trades at 20%, and Baby Boomers came in similar to last quarter at 13%. Millennials had the highest percentage in cash out of the three generations- 15.2%, vs. 12.8% for Gen X and 12.0% for Baby Boomers.

Investing Behavior: Roth vs non-Roth Accounts

The Roth PCRA account holder balance was much lower than the non-Roth PCRA: \$66,972 vs \$279,080. Gen X had the most Roth Accounts as a percentage of accounts in their respective generations, while Baby Boomers had slightly higher non-Roth accounts. Those with Roth accounts also had lower trade volumes- 3.6 vs. 6.4.

While non-Roth account holders' equity holdings were the standard holdings across all accounts such as Apple, Amazon and Berkshire Hathaway, the Roth PCRA accounts continued to hold Glenview Offshore equity at the top.

Investing Behavior: Advised vs. non-Advised Accounts

Baby Boomers had the largest PCRA account balances and the most advised accounts at 45.4%, and Gen X was not far behind at 42.2%, while only 8.5% of the Millennials chose to use an advisor. The average participant balance for advised accounts was \$449,552, while non-advised accounts were at \$234,643, almost half of advised accounts. Those with advised accounts also had more average trades-9.5 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 5.8% of their equity assets with Apple, while non-advised participants had 10.9%. Advised participants also had the lower percentage in cash: 4.0% vs. 16.5% 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 3.9% of any one ETF, with the Schwab U.S. 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 19.8% mutual fund asset allocation. Non-advised participants had Schwab S&P 500 Index FD as the top mutual fund holding and 17.1% of the mutual fund asset allocation went to the Vanguard fund family, followed by Schwab.

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All Participants, Quarter Ending 9/30/2018

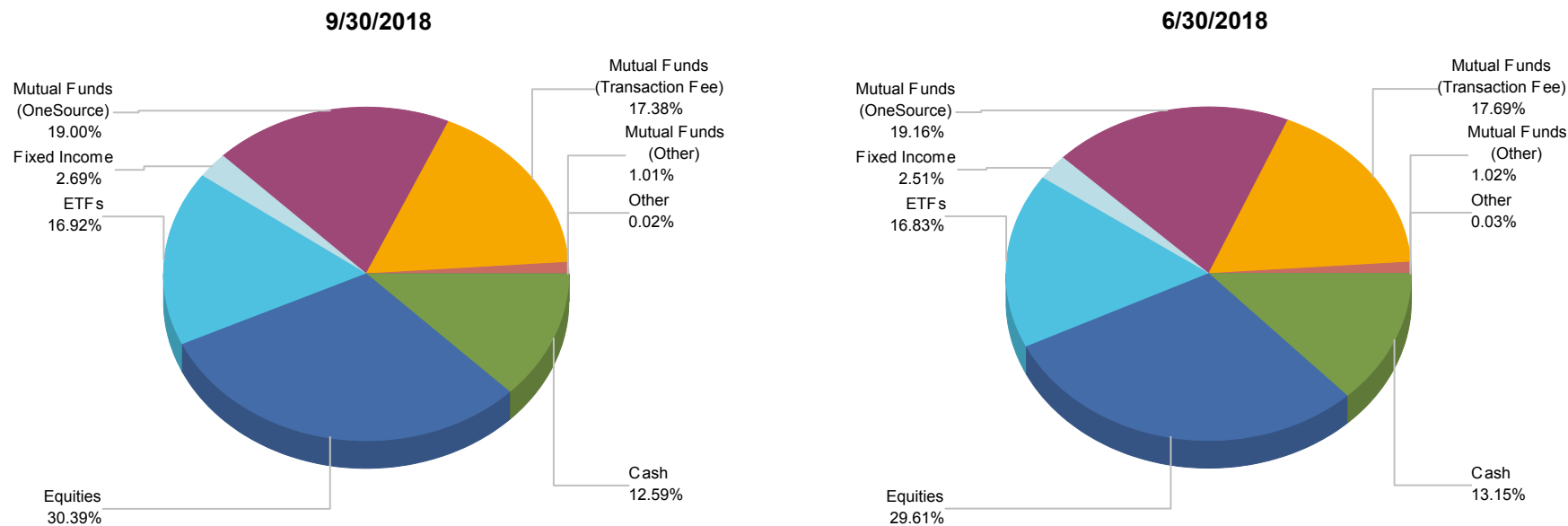
PCRA Profile Information				Average Positions/Trades Per Account		
Account Balances and Types		Participant Demographics			Positions	Trades
Average PCRA Balance	\$275,362	Male Participants	76.4%	Total	9.8	6.3
Advised Participants	18.9%	Female Participants	23.6%	Equities	4.3	2.9
Average Advised Balance	\$449,552	Average Age	51	ETFs	1.5	1.1
Self-Directed Participants	81.1%	Millennial* (Age 26-37)	11.4%	Fixed Income	0.2	0.0
Average Self-Directed Balance	\$234,643	Gen X** (Age 38-53)	40.6%	Mutual Funds	2.7	2.2
Traditional Accounts	98.2%	Baby Boomer*** (Age 54-71)	40.8%	Other	0.0	0.1
Roth Accounts	1.8%	Birth years: *1981-1992, **1965-1980, ***1947-1964		Cash Investments	1.0	n/a
Top 10 Equity Holdings		%EQ Assets		Top 10 ETF Holdings		%EQ Assets
APPLE INC		9.89%		VANGUARD TOTAL STOCK MARKET ETF		4.14%
AMAZON.COM INC		6.44%		SPDR S&P 500 ETF		4.01%
BERKSHIRE HATHAWAY CLASS		2.51%		SCHWAB US BROAD MARKET ETF		3.85%
FACEBOOK INC CLASS		2.00%		INVESCO QQQ TRUST		3.17%
MICROSOFT CORP		1.92%		SCHWAB US LARGE CAP ETF		2.66%
NETFLIX INC		1.66%		SCHWAB INTERNATIONAL EQUITY ETF		2.24%
NVIDIA CORP		1.49%		VANGUARD S&P 500 ETF		2.09%
ALPHABET INC. CLASS		1.30%		SCHWAB US LARGE CAP GROWTH ETF		1.87%
BANK OF AMERICA CORP		1.13%		ISHARES CORE S&P 500 ETF		1.86%
VISA INC CLASS		1.08%		SCHWAB US SMALL CAP ETF		1.68%
Top 10 Mutual Fund Holdings**		% MF Assets		Top 10 Fund Families		% MF Assets
SCHWAB S&P 500 INDEX FD		3.90%		VANGUARD		13.04%
SCHWAB TOTAL STOCK MKT INDEX		1.94%		SCHWAB		10.92%
PIMCO INCM CL A		0.94%		DFA		8.78%
DFA US CORE EQTY 2 PORT INSTL		0.86%		PIMCO FUNDS		3.70%
VANGUARD 500 INDEX FD INVESTOR SHS		0.86%		T ROWE PRICE		3.69%
PIMCO INCM INST CL		0.79%		FIDELITY		3.29%
DOUBLELINE TOTAL RETURN BD FD CL I		0.70%		AMERICAN FUNDS		2.43%
SCHWAB INTL INDEX FUND		0.69%		JANUS		1.82%
VANGUARD TOTAL STOCK MKT INDEX FD INVEST		0.68%		DODGE & COX		1.61%
DFA INTL CORE EQTY PORT INSTL		0.66%		DOUBLELINE FUNDS		1.58%

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

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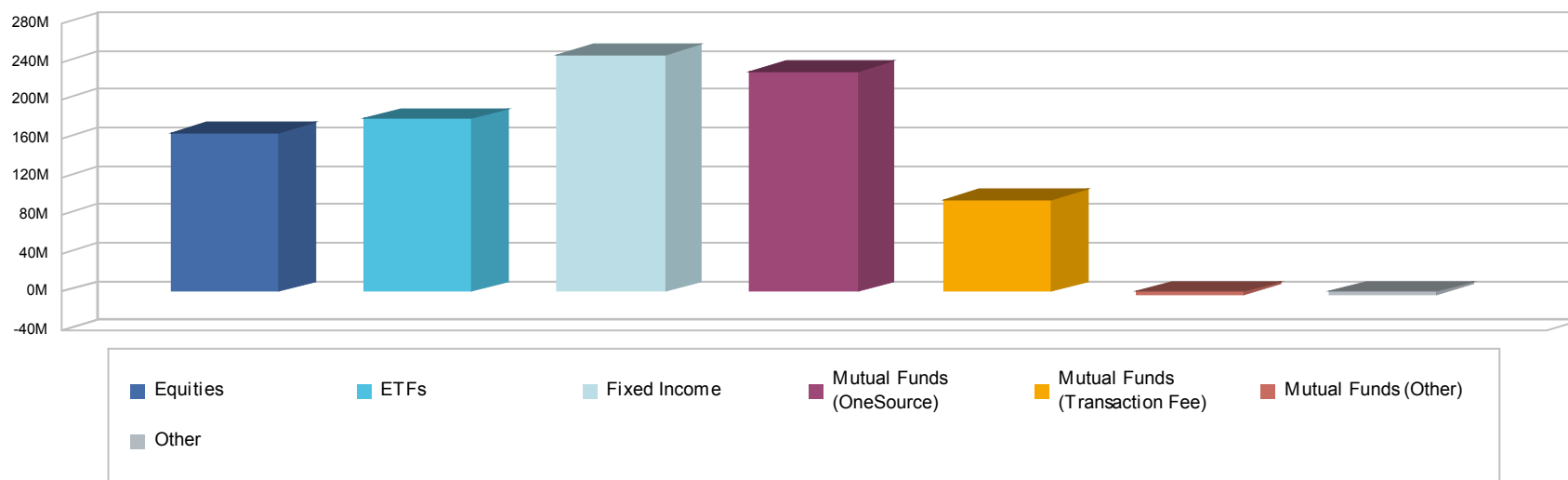
All Participants, Quarter Ending 9/30/2018

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 9/30/2018)

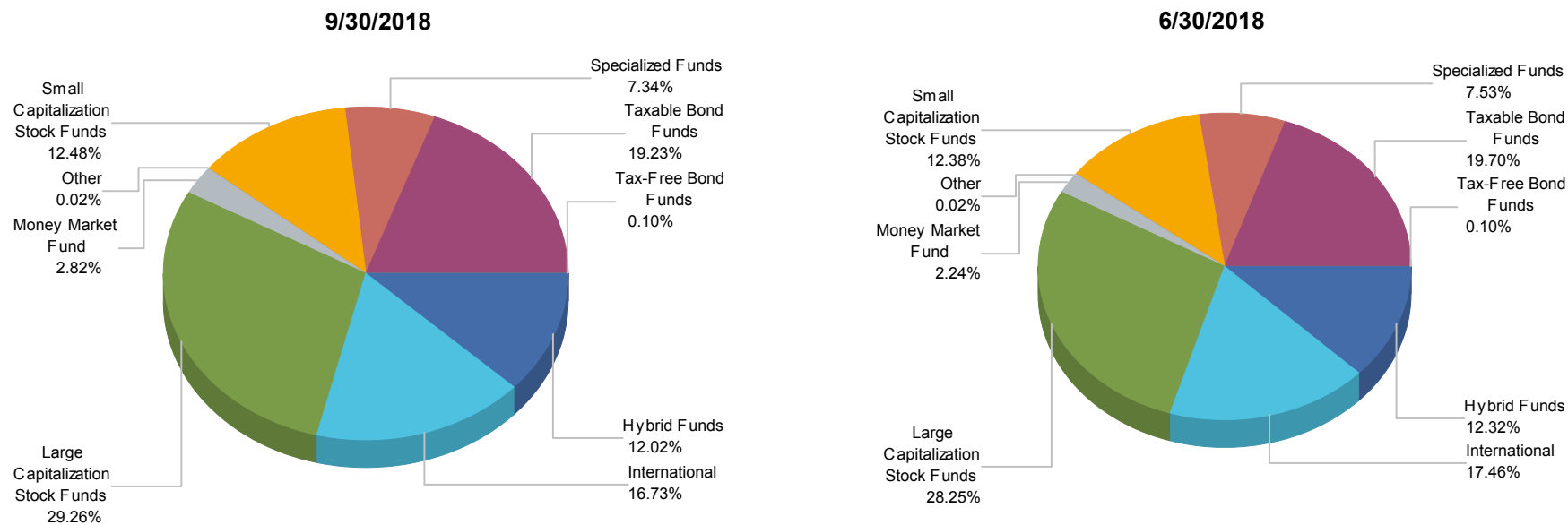


Net Flow is the net of all cash inflows and outflows in and out of financial assets; the performance of an asset or fund is not taken into account, only share redemptions, or outflows, and share purchases, or inflows.

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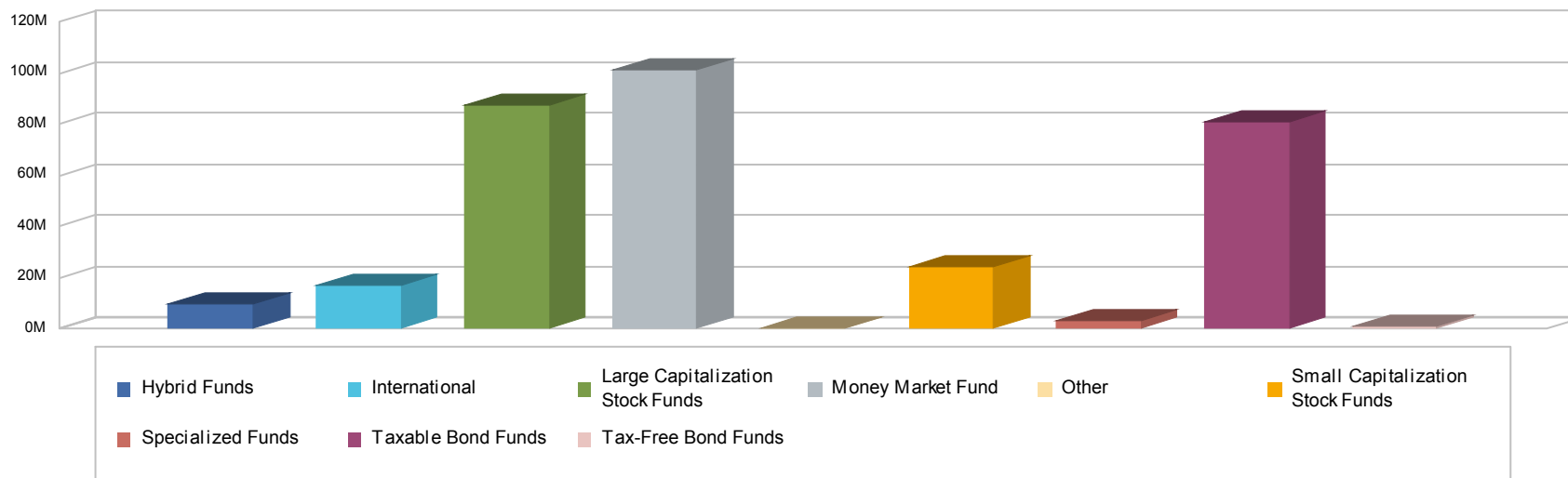
All Participants, Quarter Ending 9/30/2018

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 9/30/2018)

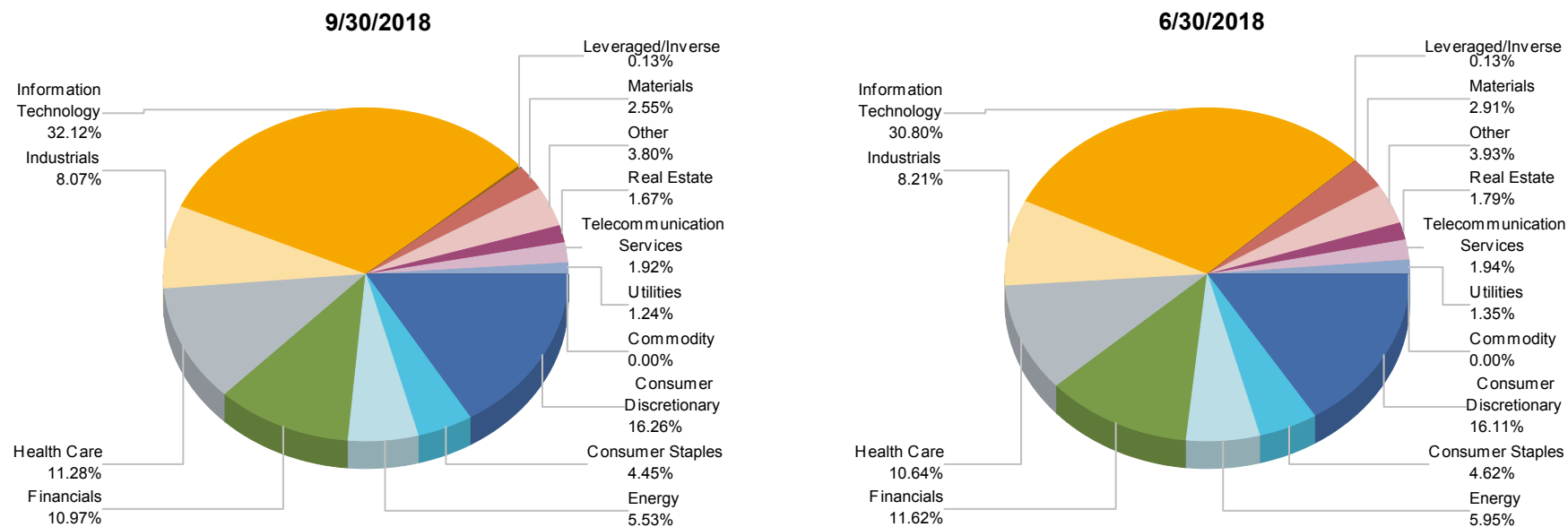


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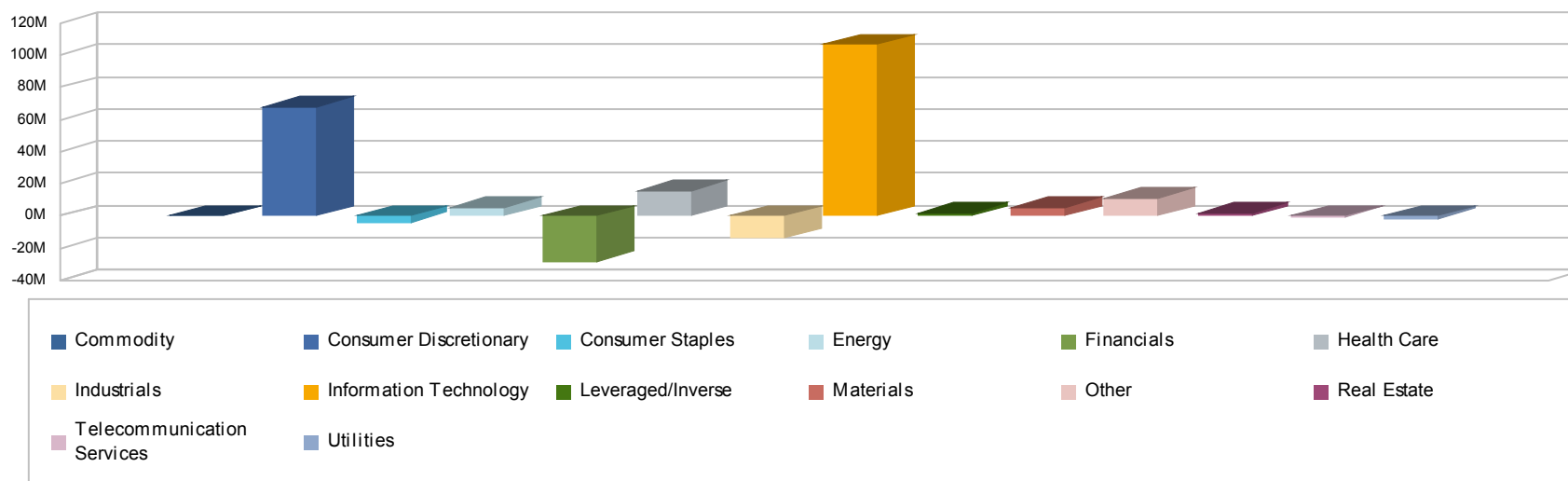
All Participants, Quarter Ending 9/30/2018

Market Value Allocation - Equities (Quarter over Quarter)



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Net Flow by Sector - Equities (3-Month Period Ending 9/30/2018)

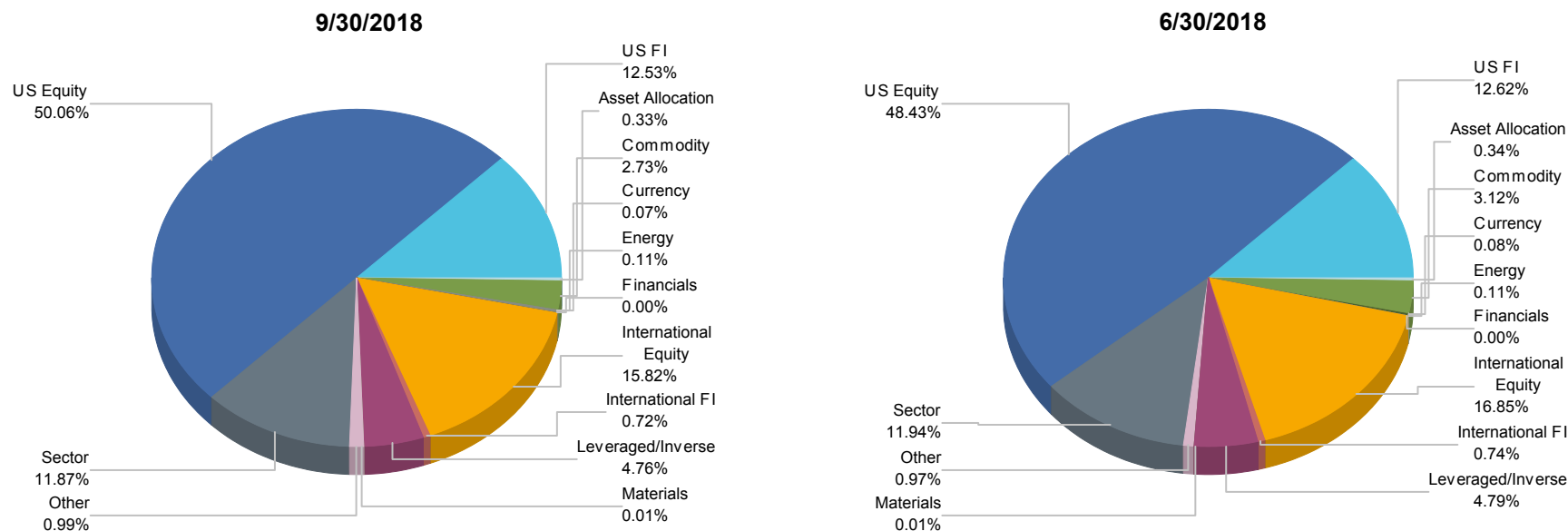


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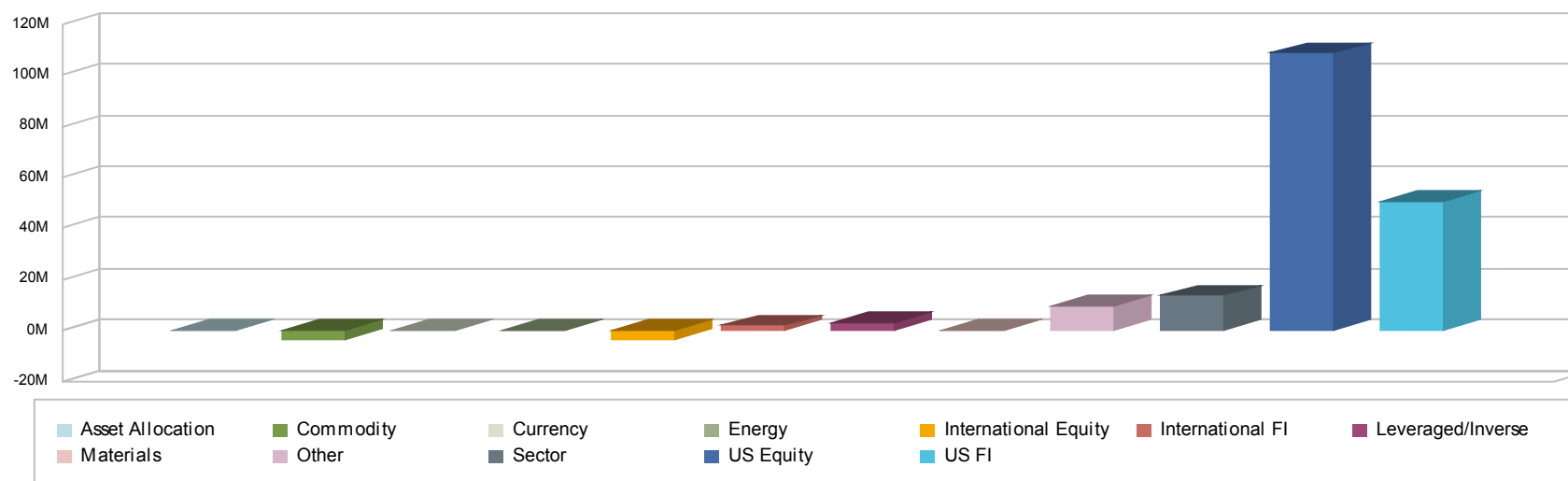
All Participants, Quarter Ending 9/30/2018

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 9/30/2018)

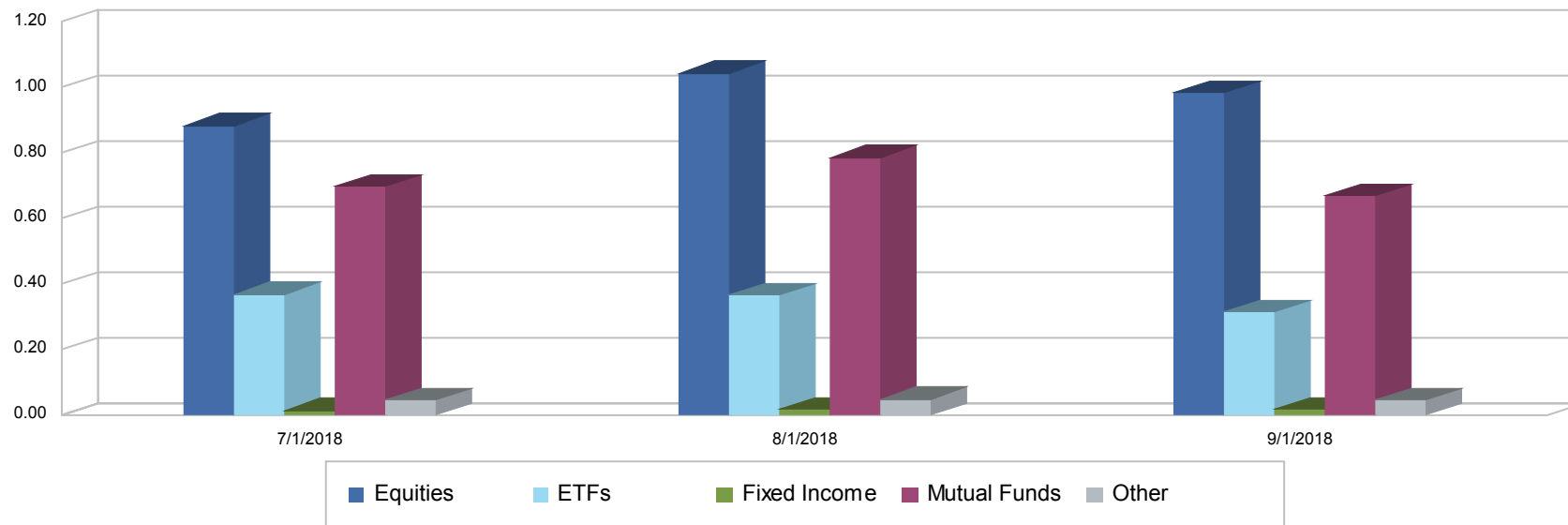


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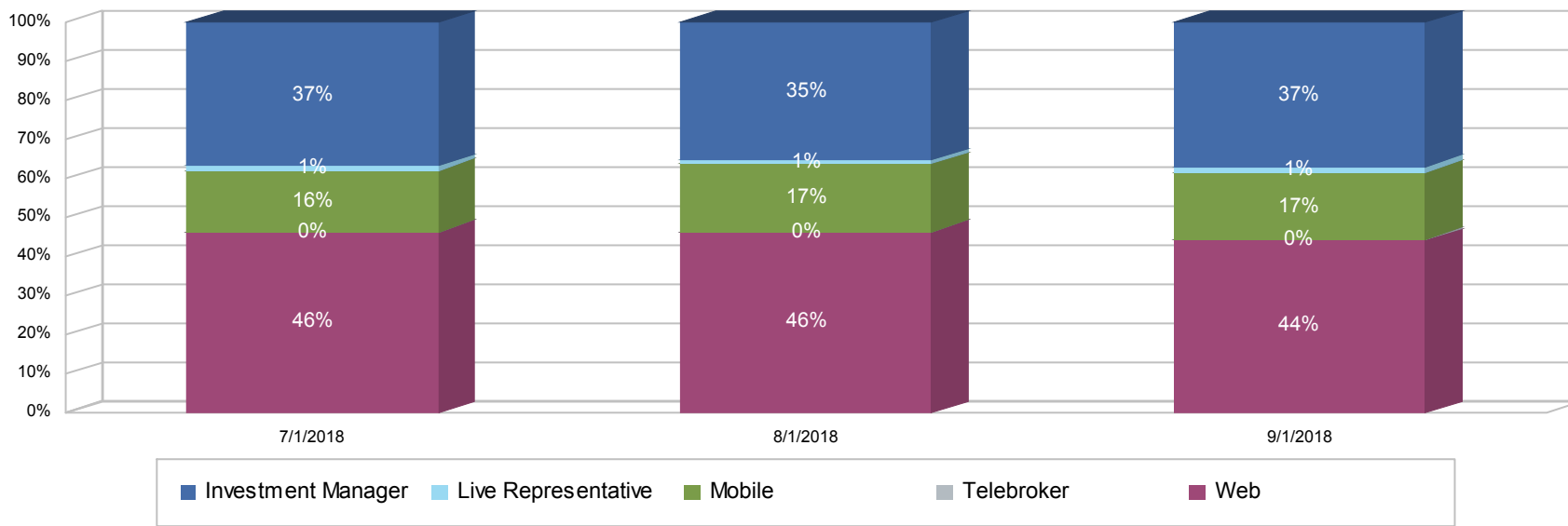
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All Participants, Quarter Ending 9/30/2018

Average Monthly Trades Per Account (3-Month Period Ending 9/30/2018)



Trading Channel Mix (Month over Month)



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All Participants, Quarter Ending 9/30/2018

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.

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