

The Schwab Self-Directed Brokerage Account Indicators™

Quarter Ending March 1, 2014

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

charles
SCHWAB

The Schwab Self-Directed Brokerage Account Indicators™

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

Table of Contents:

- Key Schwab Observations for Quarter Ending March 31, 2014 2
- PCRA Participant Profile Information 3
- PCRA Participants within Age Bands 4
- Market Value Allocation - Asset Classes 5
- Market Value Allocation - Equity Sectors 6
- Market Value Allocation - ETF Sectors 7
- Market Value Allocation - Mutual Funds 8
- Net Asset Flow - Asset Classes 9
- Net Asset Flow - All Investment Categories 10

The Schwab Self-Directed Brokerage Account Indicators™

Key Schwab Observations for the First Quarter 2014:

Participant Summary

As the calendar turned to the New Year, January of 2014 started off with a 5% market pull-back, its worst start to a year since 2009. This was followed by concerns about the turmoil between Ukraine and Russia, worries about the Chinese economy, and confusion surrounding comments by the Fed about the next interest rate hike. Despite these events, the market finished a little better than flat with the S&P 500 Index up 1.8% in the first quarter.

As a result, participant account balances in the Schwab Personal Choice Retirement Account® (PCRA) were up 1.3% over last quarter and up 10.6% from a year ago bringing the average participant account balance to \$194,545. Participants were active in their PCRA accounts during Q1 as trading volumes increased by 15.6%, and average account positions grew by 1.5% from last quarter. In the Top 10 Equity Holdings, Facebook replaced the PowerShares QQQ Trust, while the number of participants aged 50 and older remained the largest age demographic in PCRA at 51.88%.

Please note we have added a new feature to the Report this year that breaks out the Exchange-Traded Funds (ETF) Sectors held by PCRA participants. Commentary around ETF Sectors breakout can be found below.

Investing Behavior and General Investing Characteristics

Asset Allocation

One notable change from a year ago was participants shedding 2% of their cash positions and re-allocated them into ETFs – growing them to 14% of total asset allocations. Mutual Funds still remained the top asset allocation at 41%, while Equities came in at 25%, both remaining unchanged from a year ago.

Equities

There was a 7% shift among the various sector holdings by participants when compared to a year ago, as positions in Consumer Discretionary (3%), Industrials (2%) and Health Care (2%) all grew from last year. Information Technology was the largest sector holding at 23% in participant accounts, followed by Financials at 14% and Consumer Discretionary at 13%.

Exchange-Traded Funds (ETFs)

As the Federal Reserve clarified their initial stance towards the end of the quarter around the tapering of Quantitative Easing and the impact it would have on interest rates, this news may have led participants to a 5% migration out of their Commodity holdings and reallocating into Large Cap ETFs. For the quarter, the top three ETF sector holdings were Large Caps at 30%, International Equity at 17%, and Industry Sector holdings at 14%.

Mutual Funds

In a reversal from its trend last year, Taxable Bond Funds dropped 5%, while Large Cap Funds had a 4% jump, and Small Cap Stock Funds grew slightly by 1%. In the remaining fund allocations, Specialized Funds, Asset Allocation Funds, and International Funds were unchanged from a year ago.

Asset Flows

Compared to a year ago, net asset flows in Equities were down 5.6% totaling 48.1%, while Mutual Funds grew to 46.4%. The top net asset flows by sector were ETFs at 25.2%, Asset Allocation Funds at 11.5% and Large Cap Stock Funds at 7.9%. All three accounted for almost half of all net asset flows.

Source: Schwab PCRA data as of March 31, 2014

The Schwab Self-Directed Brokerage Account Indicators™

PCRA Participants Profile Information* - All

Average Age*	49
Average PCRA Account Balance	\$194,545

Average Positions (per Account)	
Equities	4.94
Mutual Funds	2.99
Cash Investments	1.30
Fixed-Income	0.17
Total	9.40

Average Trades in Quarter (per Account)	
Equities	4.04
Mutual Funds	2.38
Fixed-Income	0.03
Total	6.45

Median Percent Invested*	
PCRA	74.9%
Core Offering	25.2%

Top 10 Equity Holdings	% of Equity Assets
APPLE INC	5.7%
S P D R S&P 500 ETF TR	1.4%
BERKSHIRE HATHAWAY B	1.4%
BANK OF AMERICA CORP	1.2%
GENERAL ELECTRIC COMPANY	1.1%
VANGUARD TOTAL STOCK MKTSTK	1.1%
GOOGLE INC	1.1%
SCHW US BRD MKT ETF	1.0%
FACEBOOK INC CLASS A	1.0%
SPDR GOLD TRUST	0.9%

Top 10 Mutual Fund Holdings	% of MF Assets
SCHWAB S&P 500 INDEX FD	2.4%
SCHWAB TOTAL STOCK MKT	1.1%
PIMCO TOTAL RETURN FUND CL D	0.9%
OAKMARK INTL FD CLASS I	0.9%
PIMCO TOTAL RETURN FUND INSTL	0.8%
YACKTMAN FOCUSED SERVICE CL	0.8%
OAKMARK EQUITY & INCOME FD CL	0.7%
VANGUARD 500 INDEX FD	0.7%
PIMCO INCM CL D	0.7%
DODGE & COX INTL STOCK	0.6%

Investors should consider carefully information contained in the prospectus, including investment objectives, risks, trading restrictions, charges and expenses. You can request a prospectus at www.schwab.com or by calling the Schwab Dedicated PCRA Call Center at 1-888-393-PCRA (7272). Please read the prospectus carefully before investing. Investment value will fluctuate, and shares, when redeemed, may be worth more or less than original cost.

Small cap funds are subject to greater volatility than those in other asset categories. International investments are subject to additional risks such as currency fluctuation, political instability and the potential for illiquid markets. Since sector funds focus investments on companies involved in a particular sector, the funds may involve a greater degree of risk than an investment in other mutual funds with greater diversification.

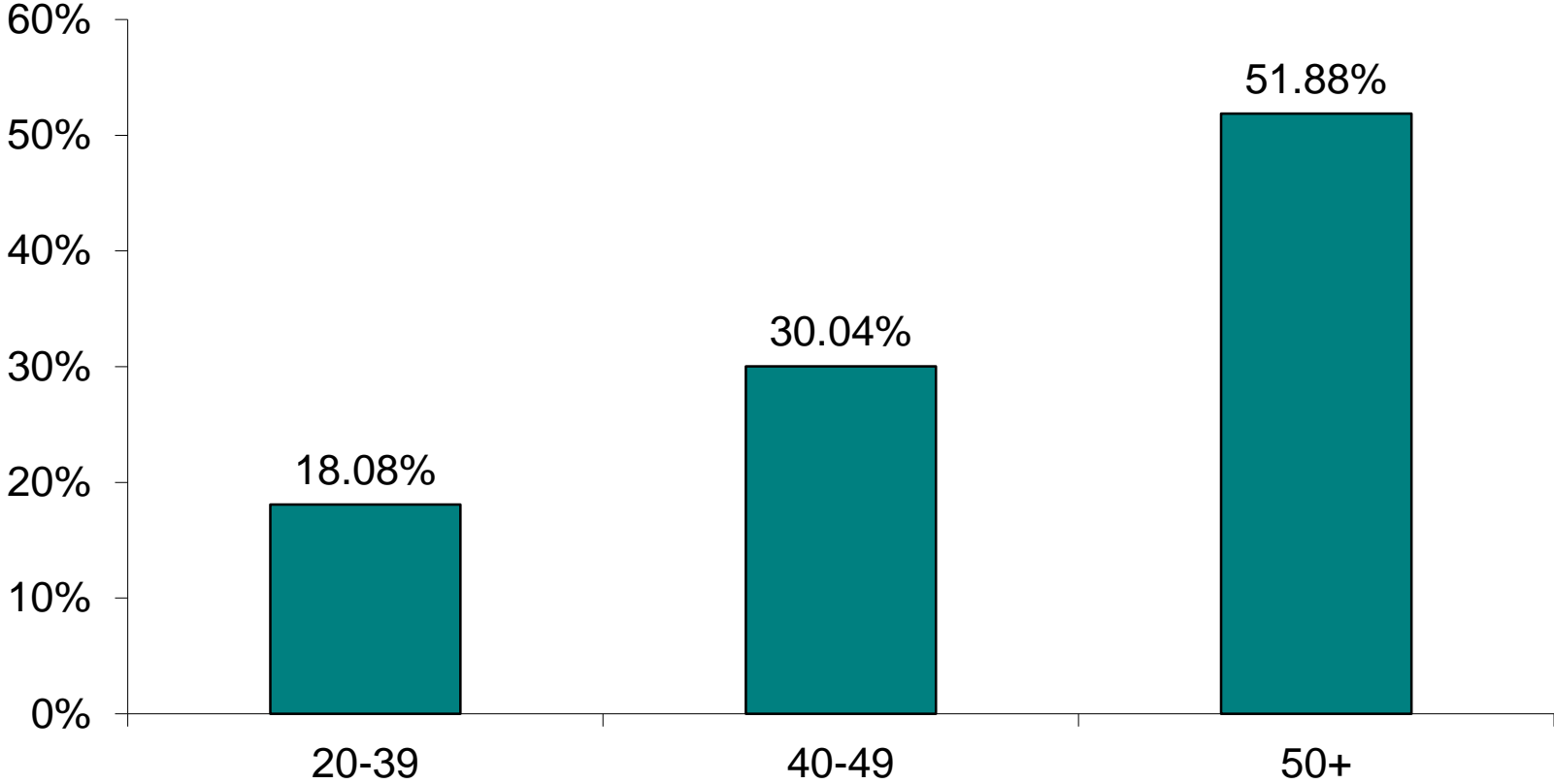
Fixed-income securities are subject to increased loss of principal during periods of rising interest rates. Fixed-income investments are subject to various other risks, including changes in credit quality, market valuations, liquidity, prepayments, early redemption, corporate events, tax ramifications, and other factors.

Securities reflected here are for information purposes only and are not, nor should they be construed as, recommendations to buy, sell, or continue to hold any investment nor do the accounts listed reflect individual securities accounts or holdings. Any similarity to an existing individual or account is purely coincidental.

The Schwab Self-Directed Brokerage Account Indicators™

PCRA Participants within Age Bands* - All

As of March 31, 2014

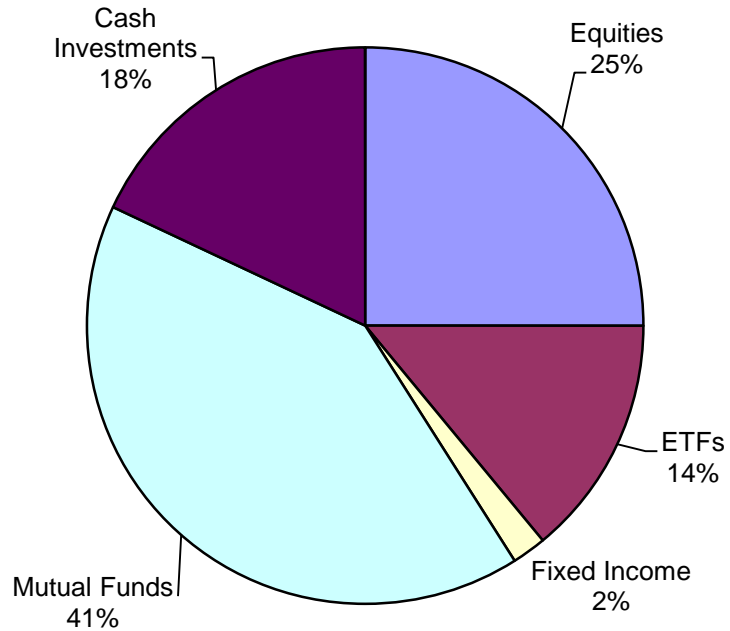


This chart illustrates the percent of PCRA participants within each age band.

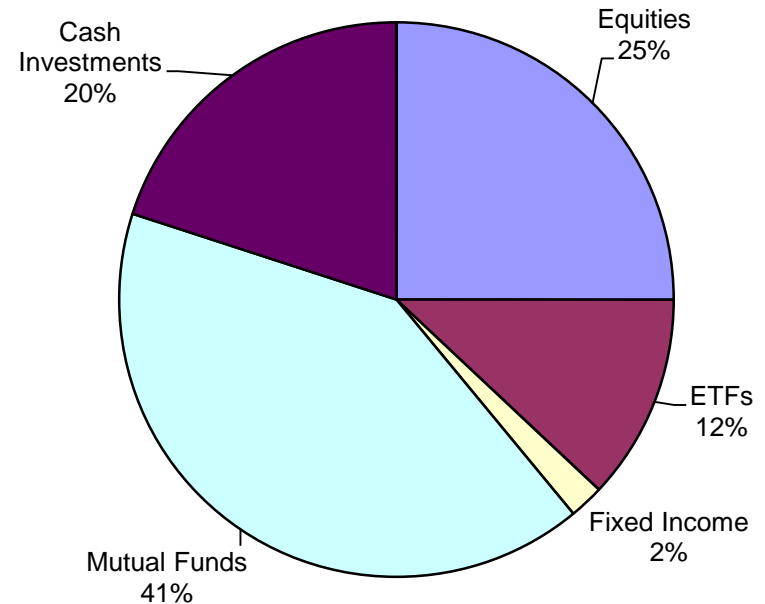
The Schwab Self-Directed Brokerage Account Indicators™

Market Value Allocation - Asset Classes* - All (Year over Year)

As of March 31, 2014



As of March 31, 2013

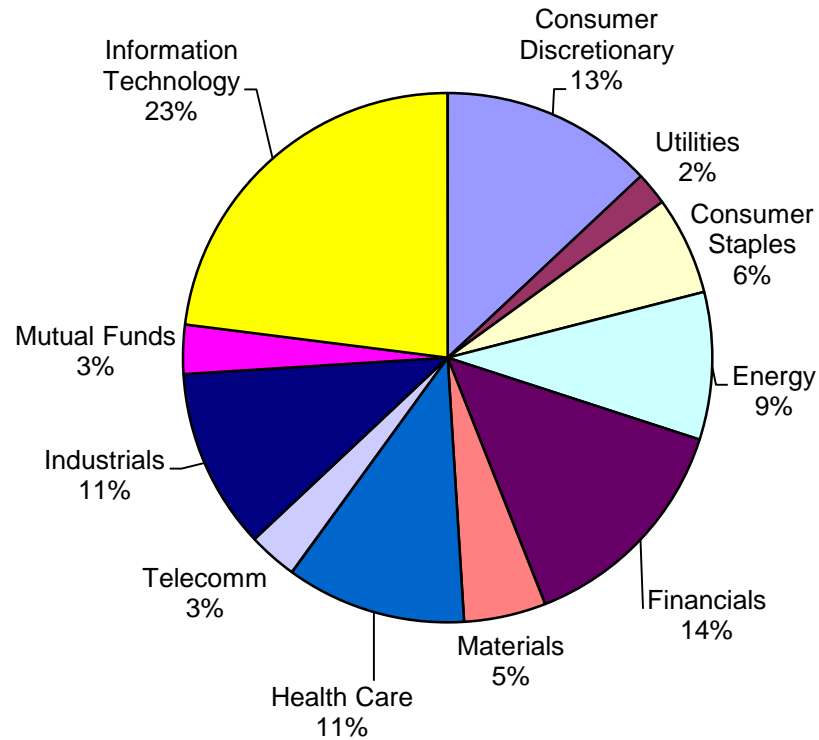


This chart illustrates the percent of PCRA participant assets in each noted asset class as a percentage of total PCRA assets. Percentages are calculated as of month end. Money market mutual funds are classified under Cash Investments.

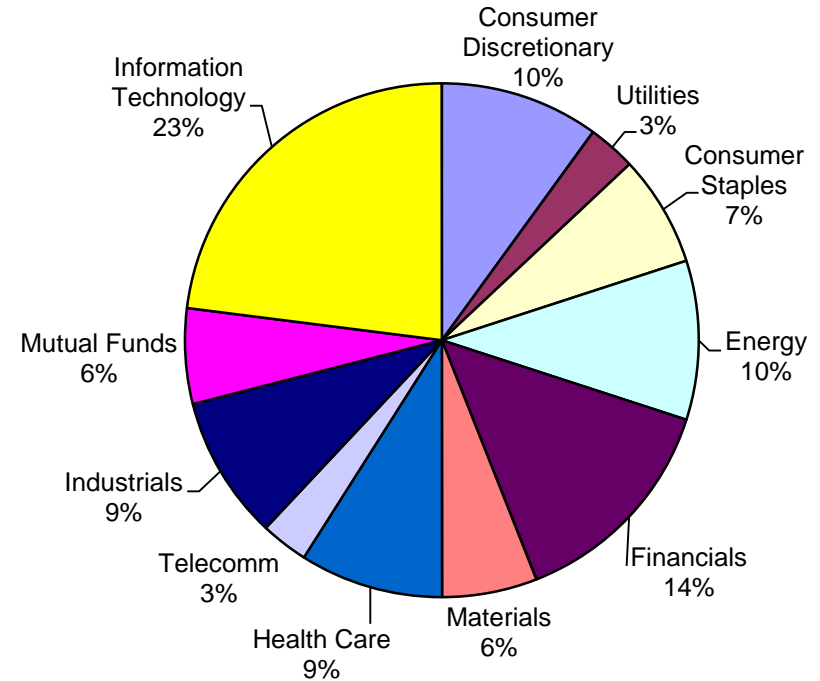
The Schwab Self-Directed Brokerage Account Indicators™

Market Value Allocation - Equity Sectors* - All (Year over Year)

As of March 31, 2014



As of March 31, 2013

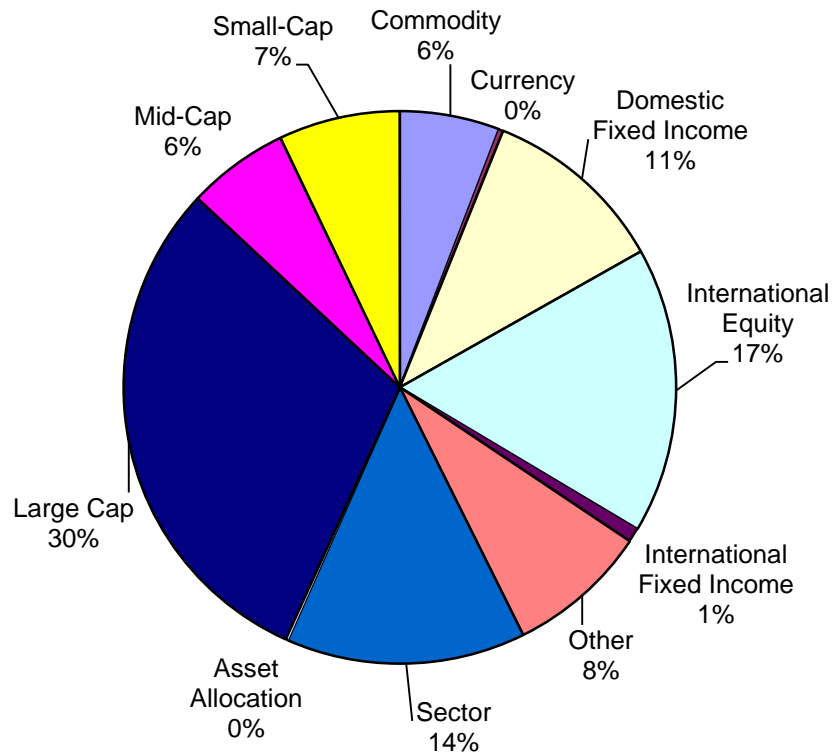


This chart illustrates the percent of PCRA participant assets in each equity sector, as classified by Standard & Poor's, as a percentage of total PCRA assets within equity securities. Percentages are calculated as of month-end.

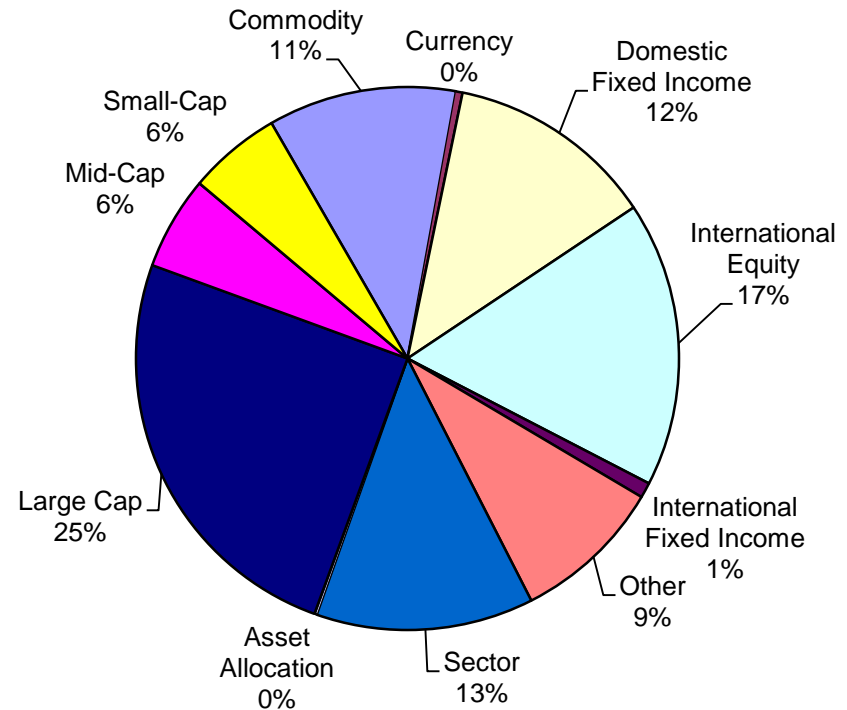
The Schwab Self-Directed Brokerage Account Indicators™

Market Value Allocation - Exchange Traded Funds (ETF) Sectors* - All (Year over Year)

As of March 31, 2014



As of March 31, 2013

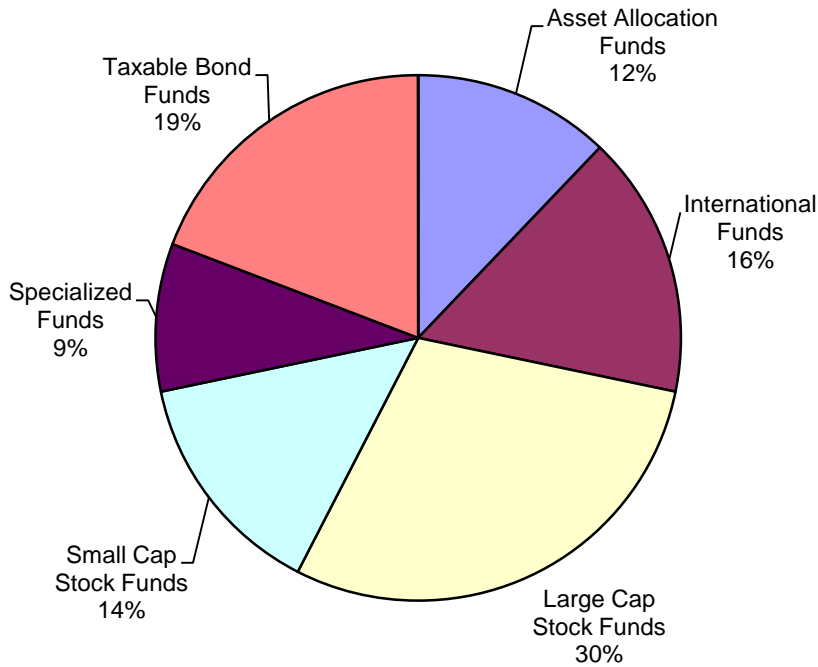


This chart illustrates the percent of PCRA participant assets in each ETF sector, as classified by Morningstar, as a percentage of total PCRA assets within ETF securities. Percentages are calculated as of month-end.

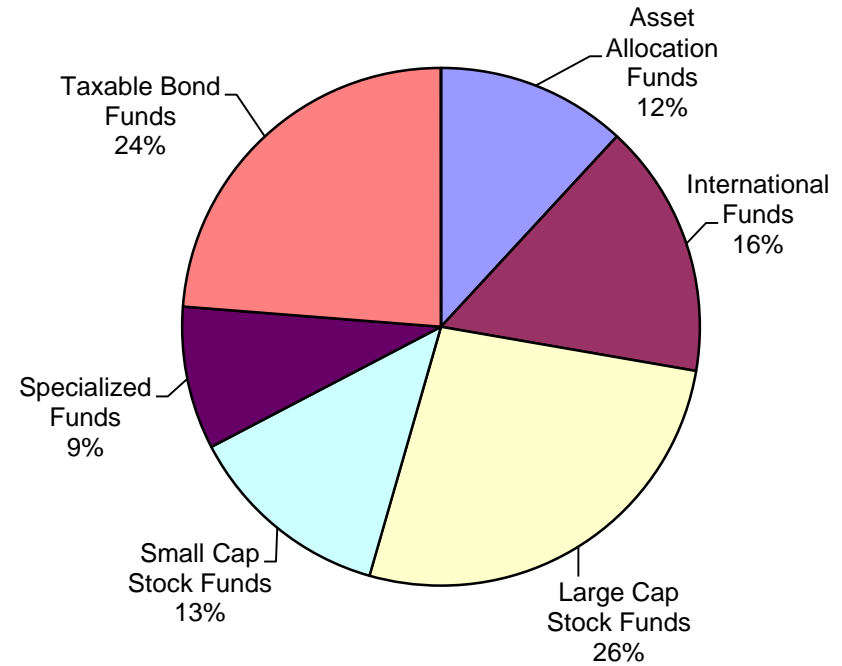
The Schwab Self-Directed Brokerage Account Indicators™

Market Value Allocation - Mutual Funds* - All (Year over Year)

As of March 31, 2014



As of March 31, 2013

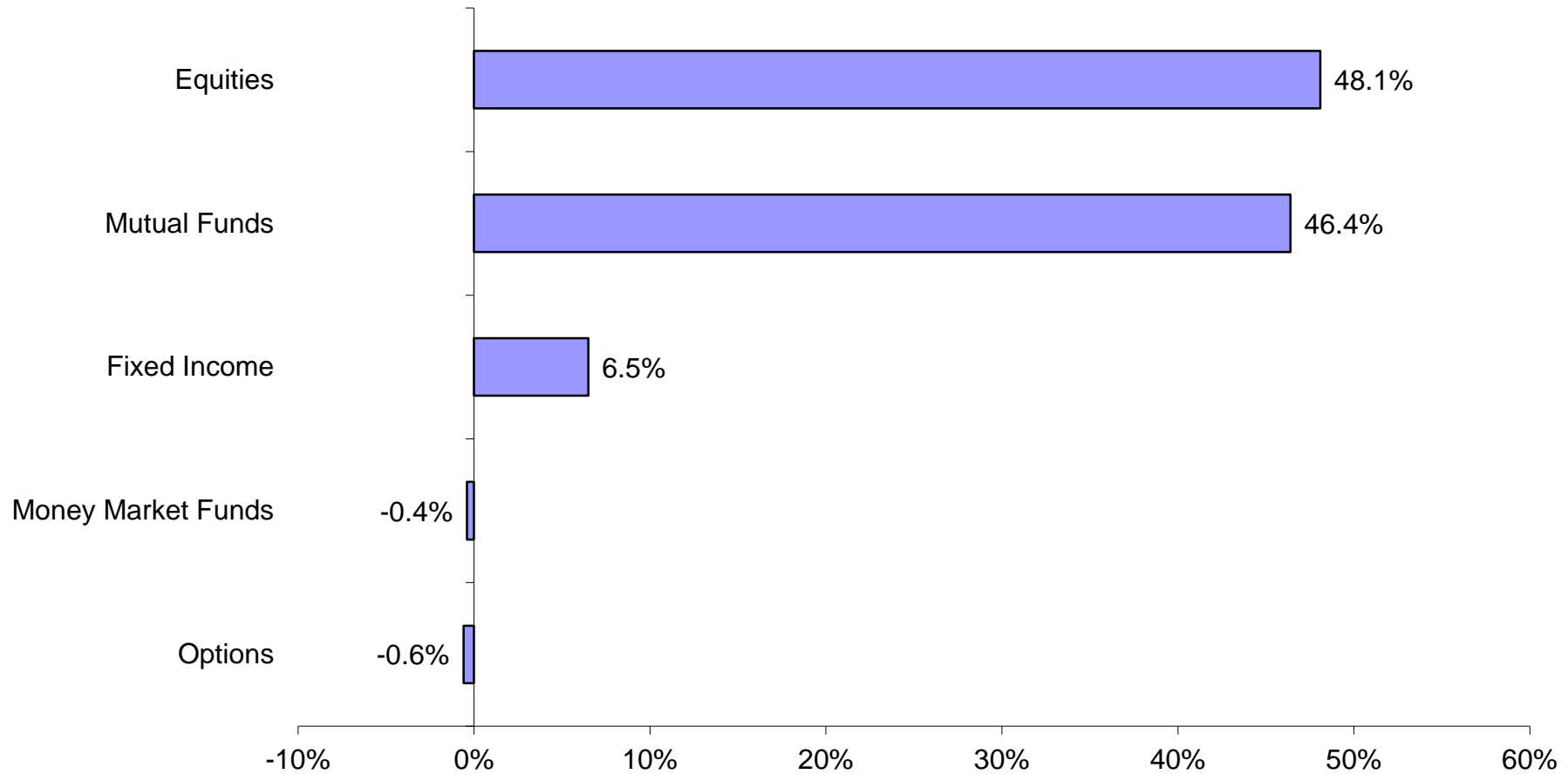


This chart illustrates the percent of PCRA participant assets in each mutual fund category, as classified by Morningstar Inc., as a percentage of total PCRA long-term mutual fund assets. Percentages are calculated as of month end.

The Schwab Self-Directed Brokerage Account Indicators™

Net Asset Flow - Asset Class* - All

As of March 31, 2014



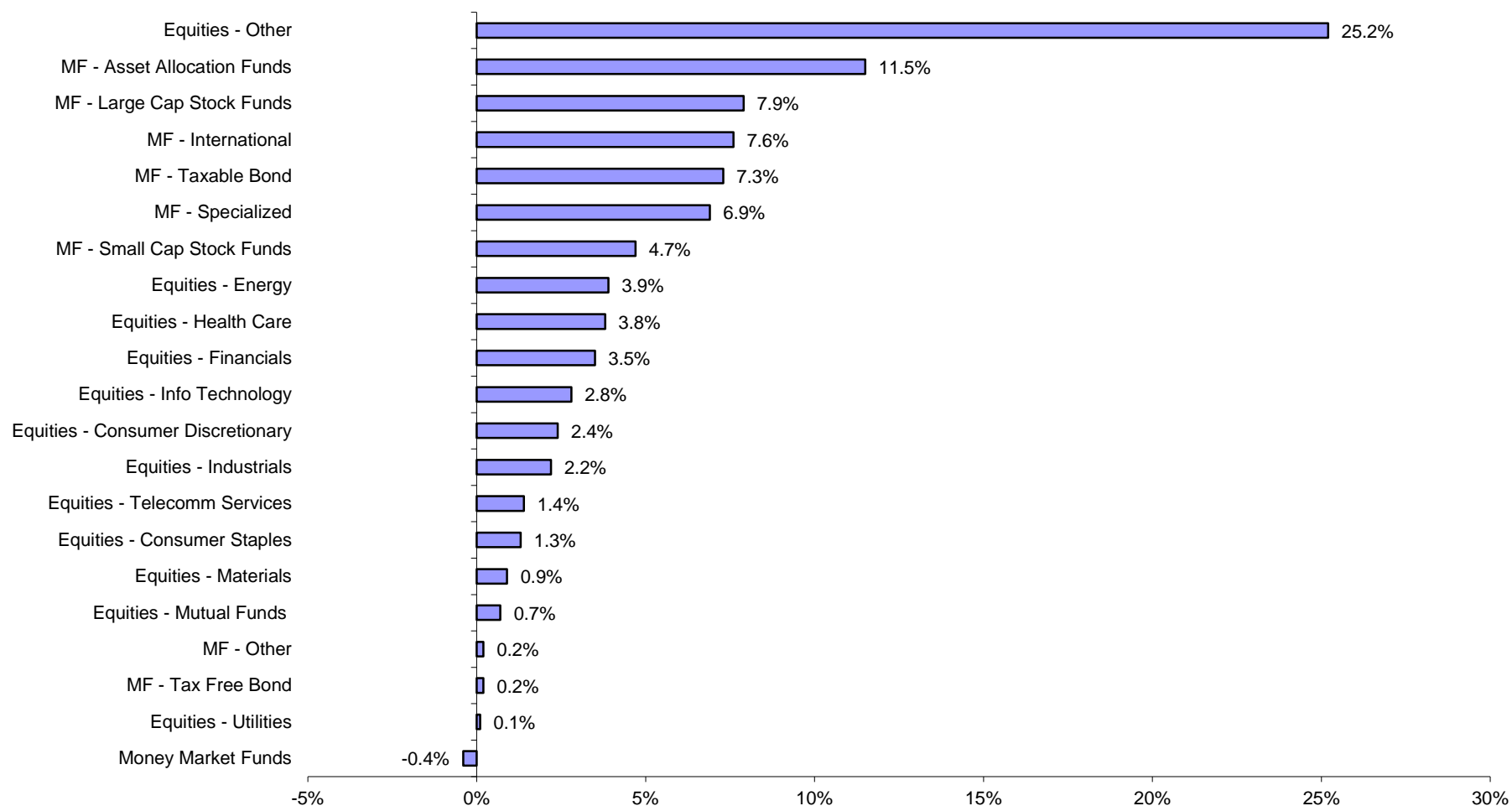
This chart illustrates the percent of total net flows within each asset class over the three month period ending March 31, 2014.

Net flow percentages are calculated by adding the purchases and sales amounts within each respective asset class and dividing by the total net flows over the period.

The Schwab Self-Directed Brokerage Account Indicators™

Net Asset Flow - All Categories* - All

As of March 31, 2014



This chart illustrates the percent of total net flows within each investment category, as classified by Standard & Poor's and Morningstar Inc., over the three month period ending March 31, 2014.

Net flow percentages are calculated by adding the purchases and sales amounts within each respective investment category and dividing by the total net flows over the period.

Endnotes

For general informational purposes. Charts are provided for educational purposes and are not, nor should they be construed as, recommendations to buy, sell, or continue to hold any investment nor do the accounts listed reflect individual securities accounts or holdings. Any similarity to an existing individual or account is purely coincidental. This information is not intended to be a substitute for specific individualized tax or legal advice. Where specific advice is necessary or appropriate, Schwab recommends you consult with your own investment professional.

*Applies to all charts. Data for “Participant Profile” and “Age Band” charts is based only on the Schwab Retirement Plan Services, Inc. PCRA participant population (approximately 41,646 accounts). Data for all other charts is based on all PCRA in Schwab’s entire PCRA participant population that have an account balance between \$5,000 and \$2 million (approximately 170,107 accounts).

All data contained herein is for information purposes only and may not be copied, assigned, transferred, disclosed, or utilized without the express written approval of Schwab. Data is gathered for these reports from what we believe to be reliable sources; however, Schwab does not guarantee the accuracy, timeliness or completeness of the information.

Charles Schwab & Co., Inc. is a registered broker-dealer, offering the Schwab Personal Choice Retirement Account® (PCRA), as well as other brokerage and custody services, to its customers.

The Charles Schwab Corporation (Charles Schwab) provides services to retirement other benefit plans and participants as well as equity compensation plan services and other financial and retirement services to corporations and executives through its separate but affiliated companies and subsidiaries, Schwab Retirement Plan Services, Inc.; Schwab Retirement Plan Company; Charles Schwab Bank; and Charles Schwab & Co., Inc. Brokerage products and services are offered by Charles Schwab & Co., Inc. (Member SIPC).

Source: Schwab PCRA data as of March 31, 2014



MEANT FOR INSTITUTIONAL AUDIENCES.
©2014 Charles Schwab & Co., Inc. (“Schwab”) Member SIPC. All rights reserved. (1212-7835)

Own your tomorrow™