charles SCHWAB

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 6/30/2020

The Schwab Self-Directed Brokerage Account Indicators

Key Schwab Observations for the Second Quarter 2020:

Asset Balance Summary

There is nothing normal about the nature of this cycle. We have never seen a health crisis morph into an economic crisis by virtue of a government-mandated full-stop shutdown. The S&P 500® index dropped 34% from February 19th to March 23rd – and then rebounded almost as swiftly. In the second quarter of 2020 the S&P 500® index increased over 35% from its March lows to the end of the quarter, as the U.S. began the re-opening of the economy.

The average account balance for all participants in the Schwab Personal Choice Retirement Account® (PCRA) was up by 3.28% to $285,616 from $276,547 a year ago, and significantly up by 13.04% from $252,675 last quarter. Trading volumes were higher than last quarter, at an average of 14 trades per account from 13.4 last quarter. Participants made the most trades in their equities holdings, followed by ETFs and mutual funds.

On average, participants held 10.5 positions in their PCRA, very similar to last year and to last quarter. SDBA participants aged 56 and over (part of the Baby Boomer generation) were 36.1% out of all participants, while the Gen X (age 40-55) participants were higher at 43% and Millennials (age 28-39) were at 14.7%.

Investing Behavior and General Investing Characteristics

Asset Allocation

Mutual Funds held the majority of participant assets at 33.07% and were down from last year at 37.56%. That included a 16.97% allocation for Mutual Fund OneSource® and a 16.10% allocation for transaction fee and other Mutual Funds. Equities were the second largest holding at 30.15%, with ETFs coming in at 17.69%, Cash & Equivalents at 16.62% and Fixed Income at 2.46%. Overall, participant holdings remained similar to last quarter, with the exception of an increase in Equities from 26.83% last quarter to 30.15%.

Mutual Funds

Large Cap Stock Funds had the largest allocation at 31.25%, very similar to last year. They were followed byTaxable Bond Funds at 20.69% and International funds at 14.47%. Overall, the market value allocation was similar to last year and last quarter.

Equities

The largest equity sector holding was Information Technology at 29.83%, up from 28.75% last quarter. Apple stock holding remained very similar, from 11.02% in the last quarter to 11.05%. Apple is part of the Information Technology sector and the largest individual stock holding in PCRA. Apple overall had a very exciting quarter and increased by 43.94%. Other equity holdings remained similar to last quarter and to a year ago. Consumer Discretionary was at 17.34% and Health Care was third at 11.28%, followed by the Communication Services at 9.33% and Financials at 8.18%.

Exchange-Traded Funds(ETFs)

U.S. Equity ETFs, comprised of Large Caps, Mid Caps and Small Caps, continued to be the top ETF holding in PCRA accounts and was very similar to last year and last quarter at 47.38%, followed by U.S. Fixed Income at 17.95%, International Equity ETFs at 11.89%, and Sector ETFs at 11.65%.

Asset Flows

The largest asset net flow class was Equities, followed by ETFs and Fixed Income.

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

Key Schwab Observations for the Second Quarter 2020 (continued):

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

As expected, the Baby Boomer generation ended the quarter with the largest balance $418,743, which was up from $367,425 last quarter. They were followed by Gen X at $231,798 and finally Millennials at $76,282. All balances were significantly up from last quarter.

All three generations had very similar equity holdings, with Apple, Amazon, Microsoft, Tesla, and Facebook coming in at the top.

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

The Schwab S&P 500 Index fund was the top Mutual Fund holding, followed by the Schwab Total Stock Market Index fund.

Millennials and Gen X again had similar percentage of mobile trades at 33%, and 28%, with Baby Boomers at 20%. Millennials once again had the highest percentage in cash out of the three generations at 18.91%, down 2.09% from last quarter. The cash holdings for Gen X and Baby Boomers decreased to 17.31% and 15.92% from 19% and 18% respectively.

Investing Behavior: Roth vs non-Roth Accounts

The Roth PCRA account holder balance was much lower than the non-Roth PCRA: $69,367 vs $290,724. Gen X once again had the most Roth Accounts as a percentage of accounts in their respective generations-48.2%. Those with Roth accounts also had lower trade volumes: 8.6 vs. 14.1.

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

Investing Behavior: Advised vs. non-Advised Accounts

Gen X had the the most PCRA advised accounts at 45.7%, and Baby Boomers was not far behind at 40%, while only 11.1% of the Millennials chose to use an advisor. The average participant balance for advised accounts was up to $446,638 from $395,618 last quarter, while non-advised accounts were also up from last quarter at $246,239 from $216,729. Those with advised accounts also had more average trades-15.7 total vs. 13.6 for non-advised accounts. Overall, the trading volume remained similar compared to last quarter and increased compared to last year.

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 8.93% of their equity assets with Apple, while non-advised participants had 11.58%. Advised participants also had a lower percentage in cash, similar to last quarter: 7.44% vs. 20.69% for non-advised, showing a balanced amount among all the advised investments.

As for ETF holdings, advised participants again had more balance among all the holdings, not having more than 3.90% of any one ETF, with I Shares Core S&P 500 being the top one. Advisors preferred DFA US Core Equity Institutional fund as a top fund holding and DFA as a top fund family, with a 18.46% mutual fund asset allocation. Non-advised participants had Schwab S&P 500 Index as the top mutual fund holding and 17.46% of the mutual fund asset allocation went to the Schwab fund family, followed by Vanguard.

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PCRA Profile Information

Account Balances and Types		Participant Demographics	
Average PCRA Balance	$285,616	Male Participants	76.3%
Advised Participants	19.6%	Female Participants	23.7%
Average Advised Balance	$446,638	Average Age	51
Self-Directed Participants	80.4%	Millennial* (Age 28-39)	14.7%
Average Self-Directed Balance	$246,239	Gen X** (Age 40-55)	43.0%
Traditional Accounts	97.7%	Baby Boomer*** (Age 56-73)	36.1%
Roth Accounts	2.3%		

*Birth years: *1981-1992, **1965-1980, ***1947-1964*

Average Positions/Trades Per Account

	Positions	Trades
Total	10.5	14.0
Equities	5.1	8.2
ETFs	1.7	3.0
Fixed Income	0.2	0.0
Mutual Funds	2.4	2.3
Other	0.0	0.4
Cash Investments	1.0	n/a

Top 10 Equity Holdings

Top 10 Equity Holdings	%EQ Assets
APPLE INC	11.05%
AMAZON.COM INC	7.11%
MICROSOFT CORP	3.45%
TESLA INC	2.98%
BERKSHIRE HATHAWAY CLASS B	1.85%
FACEBOOK INC CLASS	1.60%
NVIDIA CORP	1.45%
ALPHABET INC. CLASS	1.24%
VISA INC CLASS	1.11%
NETFLIX INC	1.06%

Top 10 ETF Holdings

Top 10 ETF Holdings	%EQ Assets
SPDR S&P 500 ETF	4.61%
VANGUARD TOTAL STOCK MARKET ETF	4.06%
INVESCO QQQ TRUST	4.00%
SCHWAB US BROAD MARKET ETF	3.15%
VANGUARD S&P 500 ETF	2.98%
ISHARES CORE S&P 500 ETF	2.50%
SCHWAB US LARGE CAP ETF	2.20%
SPDR GOLD SHARES ETF IV	2.05%
SCHWAB INTERNATIONAL EQUITY ETF	1.56%
VANGUARD TOTAL BOND MARKET ETF	1.49%

Top 10 Mutual Fund Holdings**

Top 10 Mutual Fund Holdings**	% MF Assets
SCHWAB S&P 500 INDEX FD	4.78%
SCHWAB TOTAL STOCK MKT INDEX	2.58%
VANGUARD 500 INDEX ADMIRAL	1.43%
VANGUARD TOTAL STOCK MKT IDX ADM	1.20%
PIMCO INCOME INSTL	0.95%
SCHWAB US AGGREGATE BOND INDEX FD	0.94%
T. ROWE PRICE BLUE CHIP GROWTH	0.84%
SCHWAB INTL INDEX FUND	0.84%
DOUBLELINE TOTAL RETURN BOND I	0.84%
DFA US CORE EQUITY 2 I	0.82%

Top 10 Fund Families

Top 10 Fund Families	% MF Assets
VANGUARD	13.15%
SCHWAB	12.25%
DFA	8.20%
T ROWE PRICE	4.14%
PIMCO FUNDS	3.33%
FIDELITY	2.75%
AMERICAN FUNDS	2.65%
DODGE & COX	1.69%
JANUS	1.63%
BLACKROCK	1.52%

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

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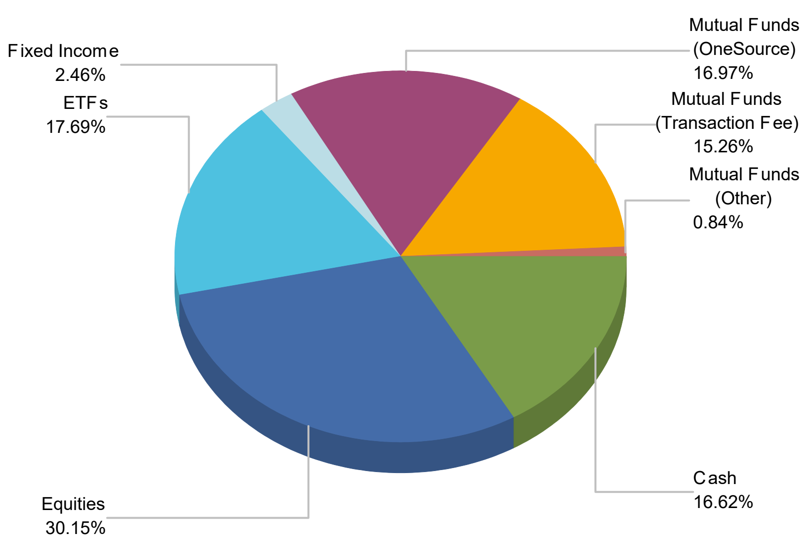
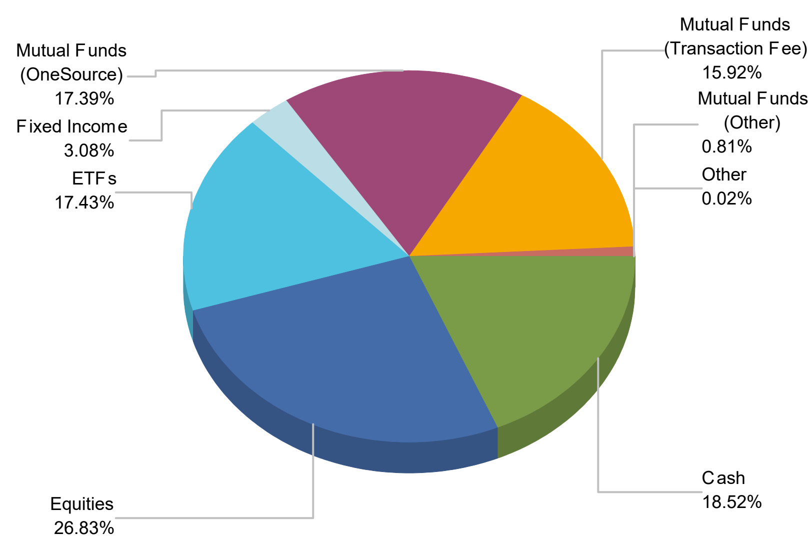
All Participants, Quarter Ending 6/30/2020

Market Value Allocation - All Assets (Quarter over Quarter)

6/30/2020

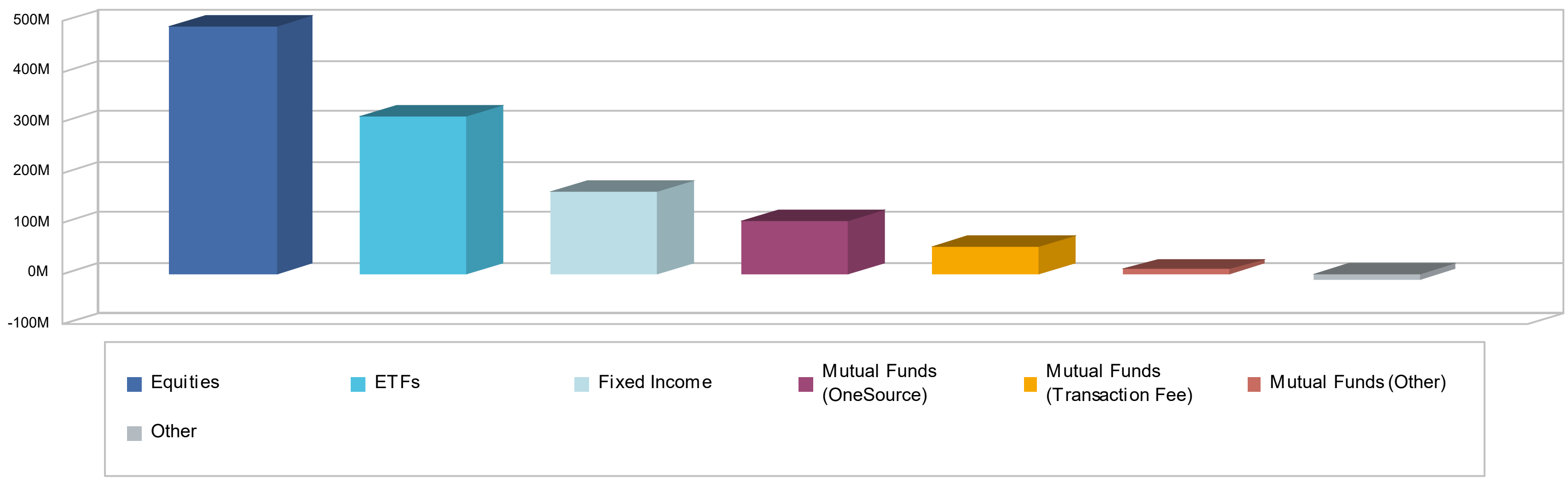


3/31/2020



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 6/30/2020)



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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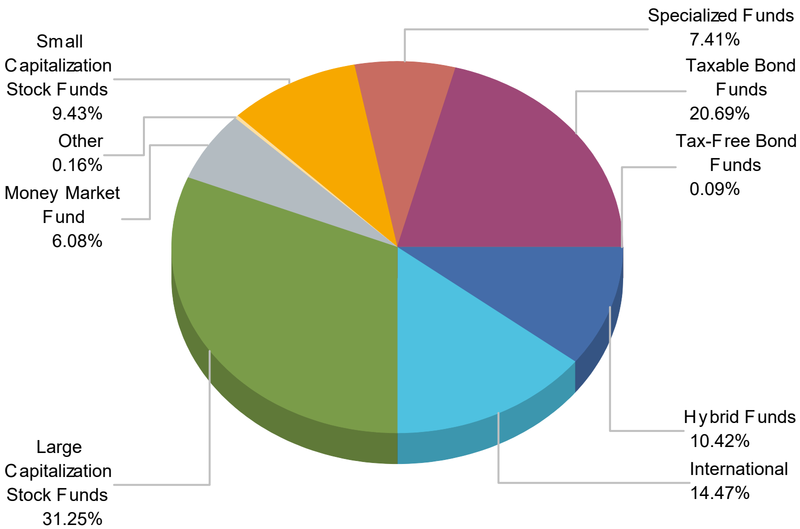
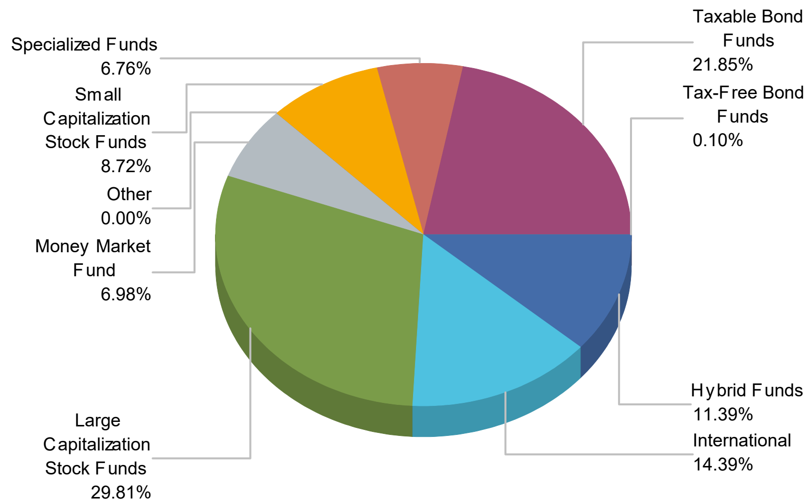
All Participants, Quarter Ending 6/30/2020

Market Value Allocation - Mutual Funds (Quarter over Quarter)





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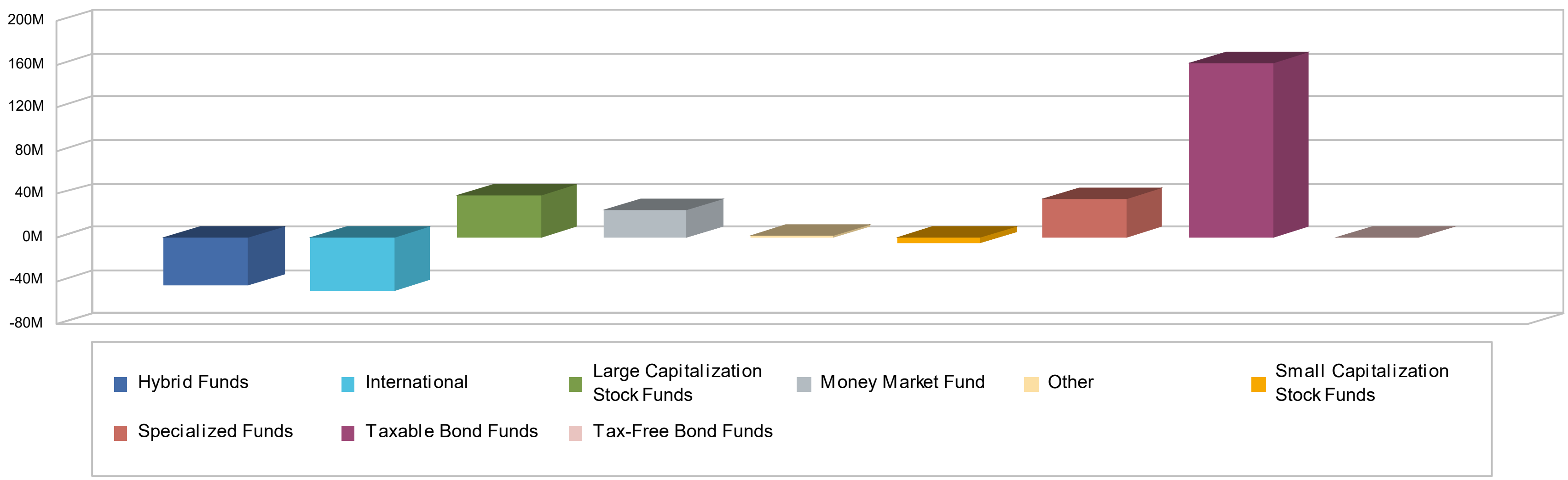
Net Flow by Sector - Mutual Funds (3-Month Period Ending 6/30/2020)



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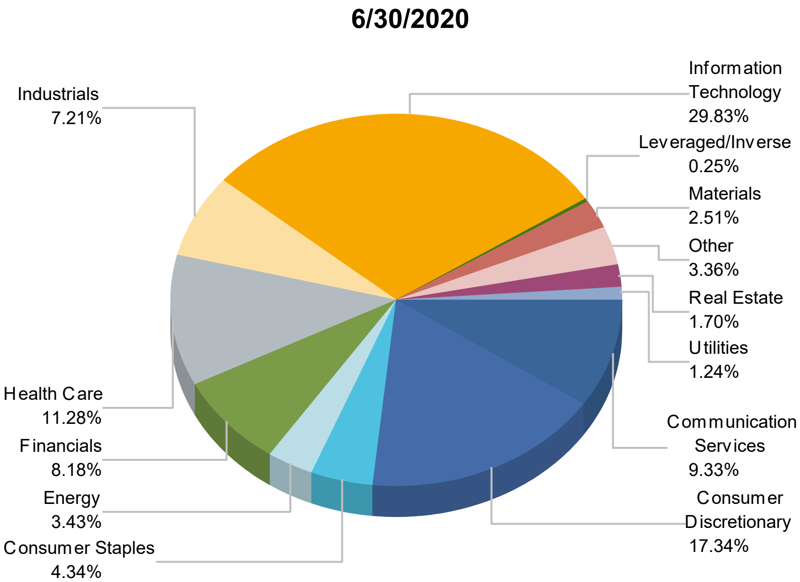
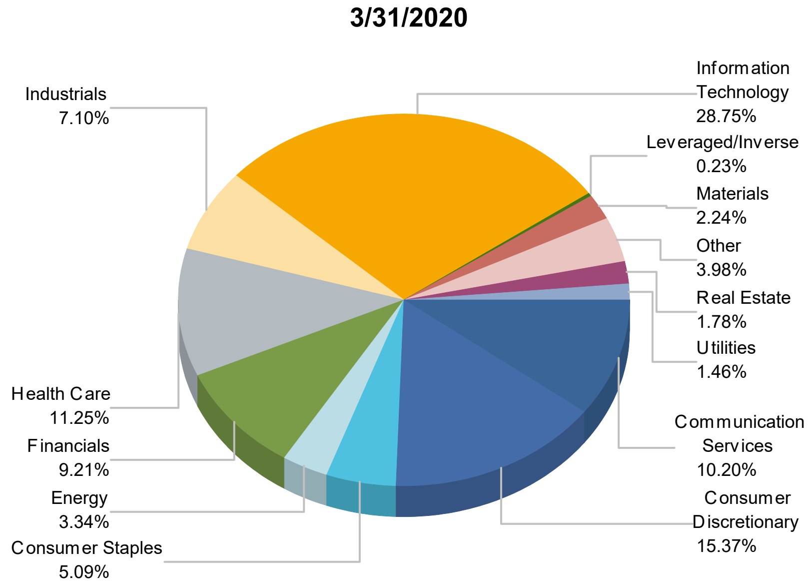
Market Value Allocation - Equities (Quarter over Quarter)





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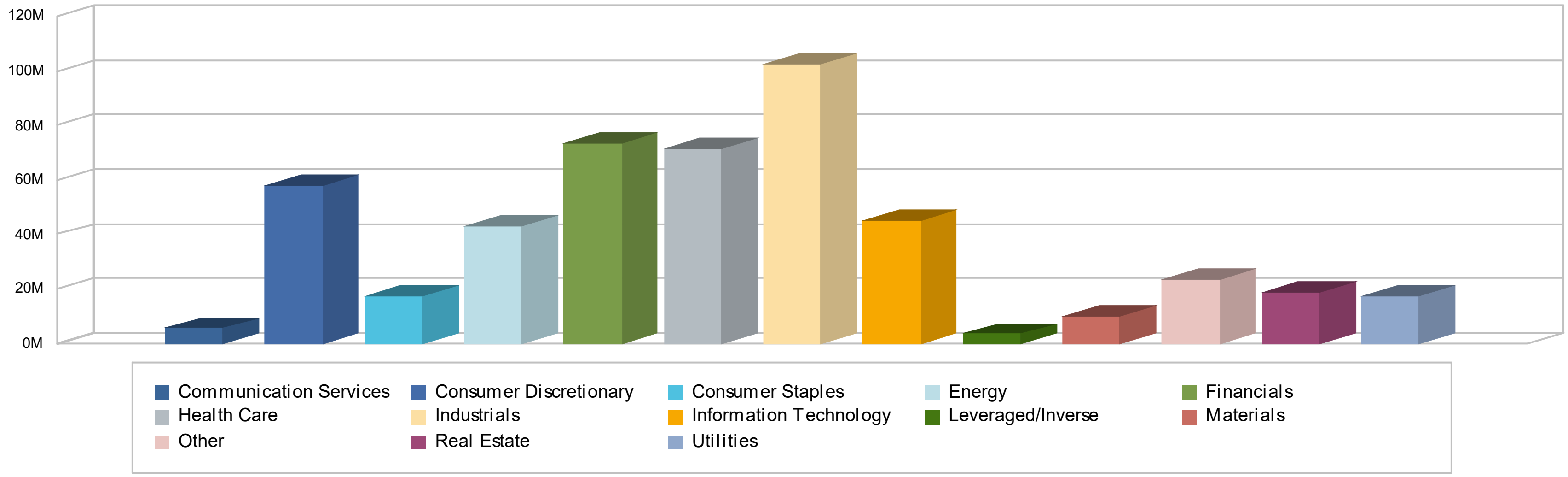
Net Flow by Sector - Equities (3-Month Period Ending 6/30/2020)



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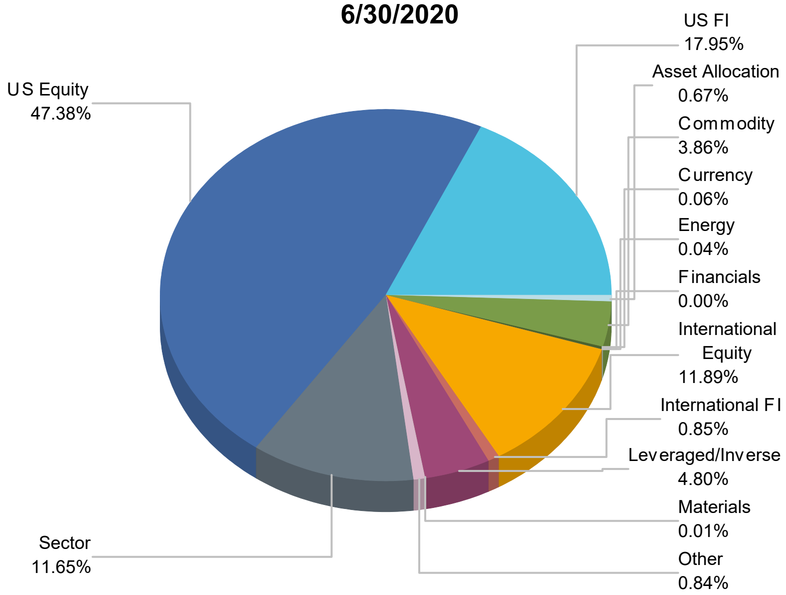
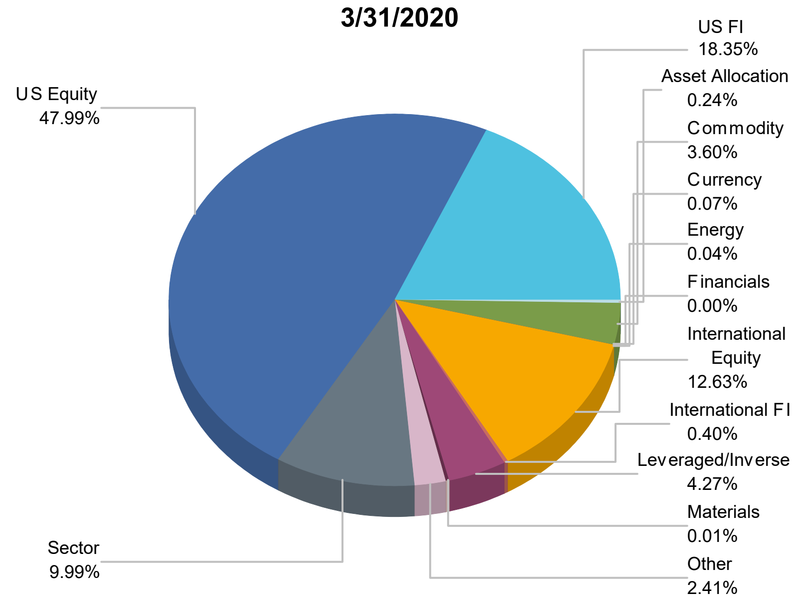
Market Value Allocation - ETF (Quarter over Quarter)





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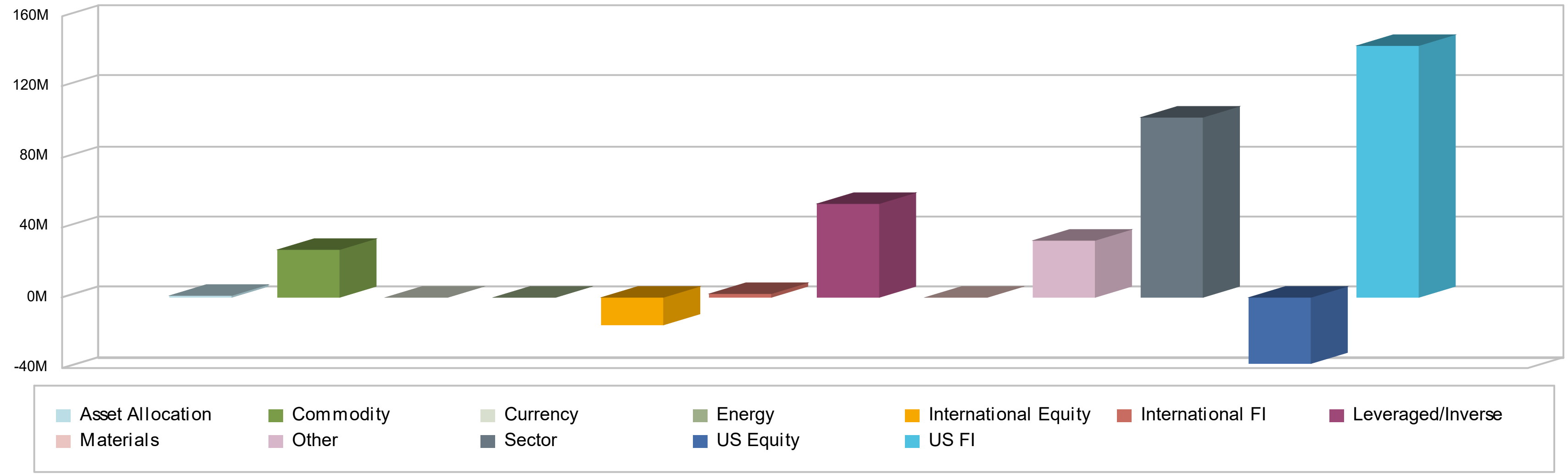
Net Flow by Sector - ETF (3-Month Period Ending 6/30/2020)



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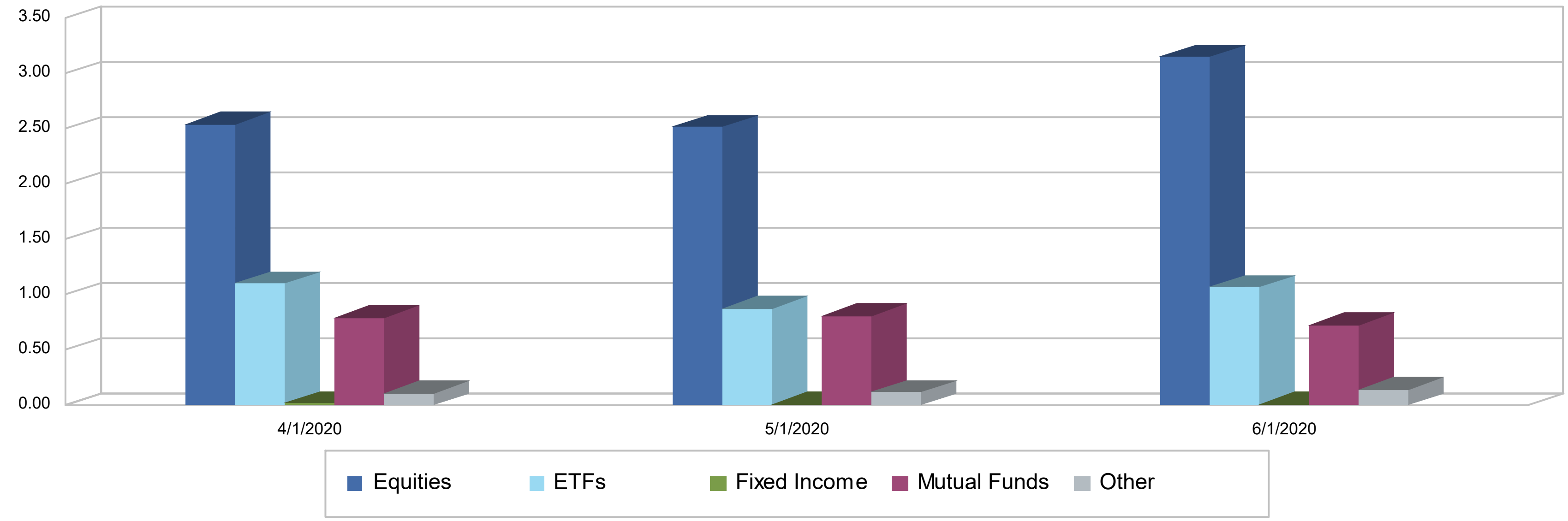
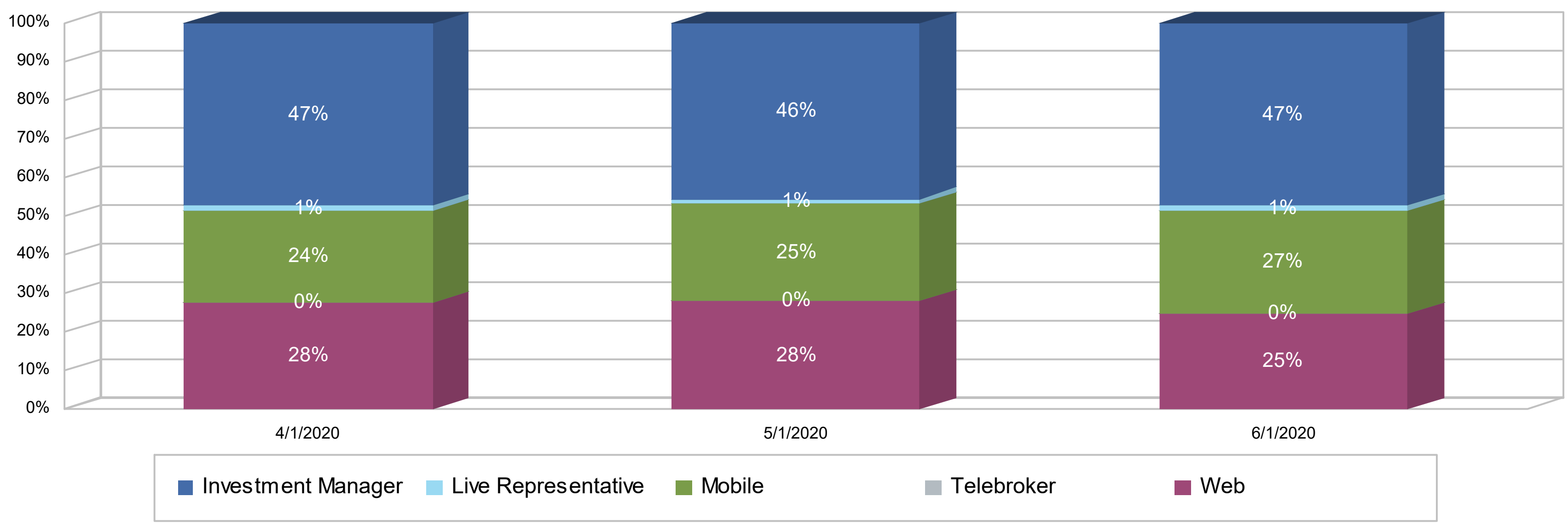
Average Monthly Trades Per Account (3-Month Period Ending 6/30/2020)



Trading Channel Mix (Month over Month)



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 see 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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