

## Volatility is the #1 Investor Concern



**E\*TRADE**  
**54% OF INVESTORS**  
**ARE ACTIVELY**  
**MANAGING VOLATILITY**  
22% POINTS ABOVE ANY OTHER RISK

*Investors are the most 'Dazed and Confused' they have been all year*

NEW YORK--(BUSINESS WIRE)-- E\*TRADE Financial Corporation (NASDAQ: ETFC) today announced results from the most recent wave of *StreetWise*, E\*TRADE's quarterly tracking study of experienced investors. Data suggest investor unease is the highest it has been all year:

- | 54 percent of investors are actively managing volatility — 22 percentage points above any other risk.
- | When choosing which movie title best describes how they feel about the market, investors are most likely to choose 'Dazed and Confused,' up from 21 percent in Q314 to 27 percent this quarter, and replacing 'Easy Rider' as the top choice.
- | Investors this quarter are the most bearish they have been all year, at 41 percent, up from 35 percent last quarter.
- | When asked how they expect the market to move this quarter, 39 percent expect a correction, up from 31 percent last quarter.

Experienced investors are the least likely to suggest investing in individual stocks (62 percent likely this quarter, down from 68 percent last quarter and lowest for the year). Conversely, they are the most likely to suggest money market funds (40 percent likely, up from 35 percent last quarter, highest all year), fixed income mutual funds (37 percent likely, up from 33 percent last quarter), bonds (36 percent likely, up from 31 percent last quarter) and Treasury bills (16 percent likely, up from 14 percent last quarter).

"In times like these, a portfolio diversified across different asset classes can help you get through the volatility," said Dave Whitmore, who leads active investor education at E\*TRADE Financial. "Keep in mind that over the long-term, performance will inevitably include periods of decline. For the more active investors looking for an upturn, focus on market action. Watch for significant corporate events or other evidence before entering positions." Whitmore also offered the following additional guidance:

1. **Do not try to call the top or bottom.** Adopt a long-term point of view and focus on keeping your portfolio aligned with your goals and risk appetite through all market conditions and levels — both the tops and the bottoms. Periodically rebalance your portfolio back to your target allocation.
2. **Find opportunity in the volatility.** A disciplined rebalancing plan can provide the framework to benefit from market movements. For example, consider selling positions that have skewed your target allocation — this includes your winners as much as your low performers. While it may seem counterintuitive, you can properly realign a portfolio by selling or trimming positions that have performed well but put your allocation out of balance. Reinvest proceeds back into the market through the purchase of assets with valuations that align with your investment plan.
3. **Embrace discipline.** Today there are powerful tools for individual investors to gain immediate access to markets and products — access that was previously reserved for a select few, such as institutional or high net worth investors. This makes it all the more important to have the discipline to not react emotionally and keep your portfolio on the right track — one defined by targeted allocation adjusted for your risk tolerance and time frame.

Whitmore will discuss these insights and more as a featured speaker at this year's [Stocktoberfest](#), Oct. 27-28 in San Diego, California.

E\*TRADE is a partner in helping investors balance today's needs with tomorrow's goals, through access to curated content and insights with actionable tools — complemented by professional guidance — online and from seasoned financial consultants. To learn more about E\*TRADE's trading platforms and tools, visit [etrade.com](http://etrade.com).

For useful insight from E\*TRADE and third-party investment professionals, follow the Company on Twitter, [@ETRADE](#).

### **About E\*TRADE Financial**

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### **About the Survey**

This wave of the survey was conducted from September 29 to October 6 of 2014 among an online U.S. sample of 925 self-directed active investors who manage at least \$10,000 in an online brokerage account. The survey has a margin of error of  $\pm 3.6$  percent at the 95 percent confidence level. It was fielded and administered by ResearchNow. The panel is 65 percent male and 35 percent female with an even distribution across online brokerages, geographic regions and age bands.

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E\*TRADE Financial Corporation and ResearchNow are separate companies that are not affiliated. E\*TRADE Financial Corporation engages ResearchNow to program, field and tabulate the study.

Photos/Multimedia Gallery Available: <http://www.businesswire.com/multimedia/home/20141027005541/en/>

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