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INVESTORS SHOW A BEARISH TREND



Nearly one in three experienced investors believe a Fed rate increase would hurt their portfolio

NEW YORK, August 4, 2015 — 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. Results show investors have grown increasingly more negative toward the market, with bearish sentiment the highest it has been all year.

A significant portion of the population also has a negative view on Federal Reserve rate increases, where nearly one in three experienced investors believe a rate hike would hurt their portfolio.

"Retail investors and industry experts agree that a rate increase within the next year is extremely likely," said Michael Loewengart, VP, Investment Strategy at E*TRADE Financial. "Investors may wish to review their portfolios now, before interest rates rise, to help ensure their holdings are effectively positioned."

Mr. Loewengart offered the following general insights for investors concerned about Fed rate hikes:

- **Ladders may help.** A bond-laddering strategy is a mix of short, intermediate, and long-term bonds, which may help reduce interest-rate risk in a rising interest rate environment. With this strategy, an investor creates a portfolio of fixed income with

different maturities in an effort to provide consistent income and price stability as rates rise.

- **There may be opportunities outside of bonds.** Bonds are not the only asset class affected by rate hikes. Investors may also consider exploring stocks in industries and sectors likely to benefit from rising rates, such as industrials, financials, and real estate.
- **Diversify, diversify, diversify.** As with any portfolio, diversification remains a key ingredient for success. Diversifying across markets and within asset classes may reduce a portfolio's sensitivity to rate hikes.

For the full report and infographic of the Q315 StreetWise study results, click [here](#).

E*TRADE helps investors balance today's needs with tomorrow's goals, through pioneering digital tools and personalized, smart guidance online and from seasoned financial consultants. To learn more about E*TRADE's trading and investing platforms and tools, visit etrade.com.

For useful insight from E*TRADE and third-party investment professionals, follow the company on Twitter, [@ETRADE](https://twitter.com/ETRADE).

About E*TRADE Financial

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About the Survey

This wave of the survey was conducted from July 1 to July 12 of 2015 among an online U.S. sample of 1004 self-directed active investors who manage at least \$10,000 in an online brokerage account. The survey has a margin of error of ± 3.1 percent at the 95 percent confidence level. It was fielded and administered by ResearchNow. The tracking study fields quarterly at the beginning of each quarter and does not reflect data from the complete quarter. The panel is broken into thirds of active (trade more than once a week), swing (trade less than once a week but more than once a month), and passive (trade less than once a month) investors. The panel is 65 percent male and 35 percent female with an even distribution across online brokerages, geographic regions, and age bands.

Referenced Data

<i>When it comes to the current market are you?</i>					
	Q314	Q414	Q115	Q215	Q315
Bullish	65%	59%	66%	59%	56%
Bearish	35%	41%	34%	41%	44%

<i>If the Federal Reserve were to raise interest rates, how, if at all, would it affect your portfolio? Higher interest rates would...(Question included only in the Q315 wave of the study)</i>	
	Q315
Have a negative impact on my portfolio	32%
Have a positive impact on my portfolio	17%
Have no impact on my portfolio	35%
I don't know	16%

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