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**INVESTOR SENTIMENT IS A MIXED BAG
AMIDST FLURRY OF MACROECONOMIC SIGNALS**



While divided over market direction, experienced investors have a more unified view on where to find opportunities this quarter

NEW YORK, May 1, 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. While there is little consensus on their view of the market, there is a more unified opinion on where opportunities may lie:

- **Investors are divided on market direction and sentiment.** While 37 percent think the market will stay where it is for the next three months (up 6 percentage points from last quarter), 34 percent predict a correction, and 29 percent believe the market will continue to rise. Furthermore, when it comes to what movie title best describes how they feel about the market, there is an even tie for first between "Easy Rider" and "Dazed and Confused." The gap between bearish and bullish sentiment also narrowed this quarter by 7 percentage points, to 41 percent bearish and 59 percent bullish.
- **They favor stocks.** Individual stocks remain a clear favorite — 8 percentage points above all other asset classes — at 65 percent. Equity mutual funds are the second most-preferred asset class at 57 percent, followed by ETFs at 46 percent.
- **They see increased potential in the health care and information technology sectors.** Interest in the former rose 8 percentage points to 64 percent, while the latter

rose 6 percentage points to 50 percent. According to the survey, these are the two most popular sectors this quarter.

- **They see opportunity abroad.** With the U.S. dollar still strong, interest in emerging markets continues to grow, up 12 percentage points from the first quarter. Overall, interest in international investments across regions and asset classes is up over the last few quarters.

“After six years of a bull market and U.S. market indices at all-time highs, it’s natural for investors to differ in their opinions on what will happen next,” said George Fischer, SVP, Trading, Margin Lending and Cash Management at E*TRADE Financial. “While investors seem cautiously optimistic about the short-term, the complex and evolving macroeconomic events happening domestically and abroad will further shape this debate.”

Given the uncertainty over market direction reflected in the survey results, Mr. Fischer offered the following general insights:

- **Diversify and manage risk.** Maintaining a diverse portfolio across asset classes and sectors can help reduce risk during uncertain times in the market. Investment products such as mutual funds and ETFs can offer diversification built into one investment, simplifying the decision-making process. Experienced investors can also use options to help manage the impact of declines in their portfolios or a single stock position.
- **Consider both the long- and short-term implications.** A strong dollar can deliver more bang for an investor’s buck when investing abroad, but subsequent currency fluctuations can also affect returns. When considering taking advantage of market trends like the strong dollar, investors should make sure any reallocation stays within their risk tolerance and is consistent with their long-term goals
- **Define what the right asset will look like.** It is important to be systematic when considering a new asset class. Stock, ETF, and mutual fund screeners can help investors narrow down investment opportunities by offering a host of analysis techniques and filters, including fundamental and technical indicators, for example. Experienced investors rate screeners, which can be found on etrade.com, as the most useful tool when looking for investments.

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About the Survey

This wave of the survey was conducted from March 31 to April 10 of 2015 among an online U.S. sample of 1002 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 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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