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E*TRADE STUDY INDICATES INVESTORS TAKING MARKET MOVES IN STRIDE



Several data points suggest that retail market views went south, but investors continue to identify opportunities

NEW YORK, July 14, 2016 — 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 indicate investor views of the market turned less positive:

- Majority of investors remain bullish at 55 percent, down 6 percentage points from the previous quarter.
- While most (69 percent) believe the market will either stay where it is or rise, significantly more investors believe the market will drop this quarter, up 11 percentage points to 31 percent.
- Investors are most likely to choose “Dazed and Confused” as the movie title that best describes their views of the market this quarter, up 9 percent from Q2 and at the highest level in more than a year.
- Significantly fewer investors believe the U.S. economy is healthy enough for additional rate hikes this quarter, down 8 percentage points to 33 percent.

“Brexit and the resulting market volatility cast a shadow on investors’ views of the market,” commented Mike Loewengart, VP of Investment Strategy at E*TRADE Financial. “That said, the majority remain bullish, and it’s important to remember that within the context of a long-term

investing plan, market disruptions can present opportunities for investors savvy enough to research and find them.”

Mr. Loewengart offered insight into the following opportunities that investors identified in the survey this quarter:

- **Utilities.** Investor interest in the utilities sector rose sharply in Q3 up 14 percentage points to 31 percent. Investors seeking low risk and high dividends are drawn to the utilities sector, viewing it as a haven during periods of market volatility.
- **Consumer staples.** Nearly one out of three investors this quarter believes the consumer staples sector offers potential, up 3 percentage points. Much like utilities, investors gravitate to this sector because they believe it can potentially be shielded from geopolitical events.

E*TRADE helps investors balance today’s needs with tomorrow’s goals, through pioneering digital tools coupled with guidance online and from 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 the Survey

This wave of the survey was conducted from July 2 to July 11 of 2016 among an online U.S. sample of 949 self-directed active investors who manage at least \$10,000 in an online brokerage account. The survey has a margin of error of ± 3.18 percent at the 95 percent confidence level. It was fielded and administered by ResearchNow. 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). 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>					
	Q3'16	Q2'16	Q1'16	Q4'15	Q3'15
Bullish	55%	61%	45%	50%	56%
Bearish	45%	39%	55%	50%	44%

If you had to pick a movie title that best describes how you personally feel about the market right now, which would it be?

	Q3'16	Q2'16	Q1'16	Q4'15	Q3'15
Dazed and Confused	40%	31%	33%	38%	29%
Easy Rider	17%	20%	14%	18%	20%
Pulp Fiction	12%	12%	13%	12%	14%
Singin' in the Rain	9%	13%	7%	9%	13%
Fear and Loathing in Las Vegas	8%	8%	11%	7%	8%
Raging Bull	5%	6%	4%	5%	6%
Jackass	5%	6%	7%	6%	6%
Apocalypse Now	4%	4%	9%	4%	5%

How do you predict the market will end this quarter?

(Question asked beginning in Q1'16)

	Q3'16	Q2'16	Q1'16
Rise	41%	59%	34%
Rise 20%	1%	1%	0%
Rise 15%	1%	2%	3%
Rise 10%	5%	9%	10%
Rise 5%	34%	47%	21%
Stay basically where it is	28%	21%	20%
Drop 5%	24%	16%	23%
Drop 10%	6%	4%	16%
Drop 15%	1%	0%	5%
Drop 20%	0%	0%	2%
Drop	31%	20%	46%

Is the U.S. economy healthy enough for the Fed to enact additional rate hikes this quarter? *(Question asked beginning in Q1 '16)*

	Q3'16	Q2'16	Q1'16
Agree (Top 2 Box)	33%	41%	47%
Strongly agree	6%	9%	7%
Somewhat agree	27%	32%	40%
Neither agree nor disagree	30%	29%	27%
Somewhat disagree	28%	20%	19%
Strongly disagree	9%	10%	7%
Disagree (Bottom 2 Box)	37%	30%	26%

How interested are you in each of the following sectors, without taking into account the investment products which you can invest through? (% extremely or very interested)

	Q3'16	Q2'16	Q1'16	Q4'15	Q3'15
Large U.S. companies (large-cap)	47%	46%	42%	45%	56%
Mid-sized U.S. companies (mid-cap)	37%	43%	35%	36%	47%
Small U.S. companies (small-cap)	31%	34%	28%	32%	44%
Domestic bonds / debt	19%	14%	17%	18%	21%
International companies in developed markets (e.g., UK, Germany, Spain, Italy, Greece, France, Japan)	15%	20%	19%	22%	27%
International companies in emerging markets (e.g., Brazil, Russia, India, China, Korea, Malaysia, Mexico)	12%	15%	14%	15%	23%
International bonds / debt issued in developed markets	10%	13%	10%	11%	14%
International bonds / debt issued in emerging markets	9%	9%	10%	11%	15%

What industries do you think offer the most potential this quarter? (Top three)

	Q3'16	Q2'16	Q1'16	Q4'15	Q3'15
Health care	54%	56%	60%	57%	68%
Information technology	44%	51%	53%	45%	46%
Energy	43%	48%	38%	41%	48%
Utilities	31%	17%	18%	20%	16%
Consumer staples	30%	27%	30%	35%	23%
Telecommunication services	26%	24%	26%	22%	23%
Financials	25%	29%	32%	31%	34%
Industrials	16%	19%	16%	14%	14%
Materials	16%	14%	13%	14%	13%
Consumer discretionary	15%	17%	15%	20%	15%

If you could give one piece of advice to a friend or family member who is thinking of investing right now, would it be to get into... (Top four)					
	Q3'16	Q2'16	Q1'16	Q4'15	Q3'15
Individual stocks	63%	65%	63%	65%	67%
Equity mutual funds	57%	55%	52%	55%	57%
ETFs	44%	42%	40%	40%	45%
Money market funds or other cash-like instruments	40%	41%	42%	44%	45%
Fixed income mutual funds	38%	38%	38%	35%	36%
Bonds	38%	37%	31%	29%	28%
Investable properties	36%	36%	35%	36%	36%
CDs	22%	26%	27%	25%	21%
Commodities	17%	15%	17%	19%	15%
Treasury bills	12%	15%	14%	14%	14%
Foreign exchange (Forex or FX)	10%	8%	12%	12%	11%
Hedge funds	10%	9%	11%	11%	10%
Futures	9%	8%	12%	9%	9%

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