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**E*TRADE POLITICS & PORTFOLIOS STUDY REVEALS DIVERGENT
INVESTOR SENTIMENT BETWEEN REPUBLICANS AND DEMOCRATS**

*Republicans skew more bullish than Democrats on the market
yet less positive on personal impact*

NEW YORK, November 15, 2018 — E*TRADE Financial Corporation (NASDAQ: ETFC) today announced results from its *Politics & Portfolios* study on voting investor sentiment as a result of the midterm elections:

- **Republicans skew more bullish:** Republicans over-index in bullishness, with 38% saying they are more bullish toward the market than they were before the election. Democrats are slightly less optimistic, with 33% expressing more bullishness.
- **Yet Republicans are also less positive about the personal impact of the results:** Republicans are significantly more pessimistic across every measure tested, including how the new Congress will impact their investing portfolio, taxes, savings and bonds yields, inflation, debt interest, and cost of goods and services.
- **Majority of Democrats expect more volatility:** Democrats (53%) are more likely than Republicans (43%) to believe that volatility will increase as a result of the elections.
- **Roughly half of Republican and Democrat investors plan to reallocate their portfolio:** 50% of Republican and 49% of Democrat investors will either change their allocations, move into cash, or move out of cash into new positions.
- **Democrats are significantly more likely to think the end of the bull market is near.** While the majority of both parties believe the bull market will end within the next two years, Democrats skew significantly more likely (25%) to think the end is right around the corner, versus 17% of Republicans.

“Major events like this are a good time to revisit portfolio allocations—determine what level of risk you can live with, and rebalance accordingly,” said Mike Loewengart, VP of Investment Strategy at E*TRADE Financial. “While the outcome of the election returned some certainty to the markets, unknowns still exist at the crossroads of politics and finance, including trade disputes, tax reform, and regulatory action, just to name a few. With many pundits predicting that our historic bull run could be coming to an end, any one of these challenges could rattle the market, which is why it’s more important than ever to be well-diversified and focused on the long term.”

The survey also explored voting investors’ thoughts on sector opportunities as a result of the midterm elections. Despite the divergence in overall sentiment, the results reveal strikingly united opinions on which sectors stand to benefit:

- **Health care.** Investors on both sides of the aisle believe this sector is the most likely to benefit from the midterms, as it soared post-election amid predictions that the proposed repeal of the Affordable Care Act would be taken off the table.
- **Financials.** Both Republican and Democrat investors think this recently beaten-down sector is ripe for a comeback post-midterms, as the administration can continue to push deregulation amid a backdrop of rising interest rates.
- **Energy.** This sector ranked third among both Republican and Democrats as having the potential to benefit from the midterms. Much like financials, energy has recently come under pressure but could rebound amid a favorable regulatory environment and a gridlocked Congress.

To view an infographic of the findings, visit www.etrade.com/commentary.

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About the Survey

This wave of the survey was conducted from November 7 to November 12 of 2018 among an online US sample of 900 self-directed active voting investors who manage at least \$10,000 in an online brokerage account. The survey has a margin of error of ± 3.50 percent at the 95 percent confidence level. It was fielded and administered by Research Now. The panel is 47% Republican and 43% Democratic, as well as 40% female and 60% male, with an even distribution across online brokerages, geographic regions, and age bands.

Referenced Data

| <i>As a result of the midterm elections, what is your outlook on the US financial markets?</i> | | | |
|--|--------------|-------------------|-------------------|
| | Total | Democratic | Republican |
| More bullish | 35% | 33% | 38% |
| Much more bullish | 10% | 10% | 11% |
| Somewhat more bullish | 25% | 23% | 27% |
| No change | 45% | 47% | 42% |
| Somewhat more bearish | 17% | 18% | 17% |
| Much more bearish | 3% | 2% | 3% |
| More bearish | 20% | 20% | 20% |

| <i>Please indicate the impact you believe the new Congress will have on the investments in your portfolio</i> | | | |
|---|--------------|-------------------|-------------------|
| | Total | Democratic | Republican |
| Positive | 42% | 47% | 39% |
| Very positive | 17% | 20% | 16% |
| Somewhat positive | 25% | 27% | 23% |

| | | | |
|-------------------|------------|------------|------------|
| No impact | 41% | 42% | 36% |
| Somewhat negative | 15% | 10% | 22% |
| Very negative | 2% | 1% | 3% |
| Negative | 17% | 11% | 25% |

| <i>Please indicate the impact you believe the new Congress will have on that taxes you pay on your investments</i> | | | |
|--|--------------|-------------------|-------------------|
| | Total | Democratic | Republican |
| Positive | 33% | 37% | 30% |
| Very positive | 11% | 13% | 10% |
| Somewhat positive | 22% | 24% | 20% |
| No impact | 41% | 47% | 34% |
| Somewhat negative | 22% | 14% | 30% |
| Very negative | 4% | 2% | 6% |
| Negative | 26% | 16% | 36% |

| <i>Please indicate the impact you believe the new Congress will have on the yields you are likely to receive from savings and/or fixed income</i> | | | |
|---|--------------|-------------------|-------------------|
| | Total | Democratic | Republican |
| Positive | 41% | 44% | 40% |
| Very positive | 11% | 13% | 11% |
| Somewhat positive | 30% | 31% | 29% |
| No impact | 42% | 43% | 39% |
| Somewhat negative | 14% | 12% | 17% |
| Very negative | 3% | 1% | 4% |
| Negative | 17% | 13% | 21% |

| <i>Please indicate the impact you believe the new Congress will have on the inflation you may encounter as a consumer</i> | | | |
|---|--------------|-------------------|-------------------|
| | Total | Democratic | Republican |
| Positive | 29% | 34% | 27% |
| Very positive | 10% | 11% | 10% |
| Somewhat positive | 19% | 23% | 17% |
| No impact | 38% | 39% | 35% |
| Somewhat negative | 29% | 25% | 32% |
| Very negative | 4% | 2% | 6% |
| Negative | 33% | 27% | 38% |

| <i>Please indicate the impact you believe the new Congress will have on the interest you pay on your debt, mortgage, and other loans</i> | | | |
|--|--------------|-------------------|-------------------|
| | Total | Democratic | Republican |

| | | | |
|-------------------|------------|------------|------------|
| Positive | 26% | 31% | 23% |
| Very positive | 10% | 12% | 10% |
| Somewhat positive | 16% | 19% | 13% |
| No impact | 49% | 48% | 46% |
| Somewhat negative | 21% | 19% | 24% |
| Very negative | 4% | 2% | 7% |
| Negative | 25% | 21% | 31% |

| | | | |
|--|--------------|-------------------|-------------------|
| <i>Please indicate the impact you believe the new Congress will have on the prices you pay for goods and services</i> | | | |
| | Total | Democratic | Republican |
| Positive | 32% | 36% | 30% |
| Very positive | 11% | 14% | 11% |
| Somewhat positive | 21% | 22% | 19% |
| No impact | 34% | 39% | 29% |
| Somewhat negative | 30% | 22% | 35% |
| Very negative | 4% | 3% | 6% |
| Negative | 34% | 25% | 41% |

| | | | |
|---|--------------|-------------------|-------------------|
| <i>As a result of the US midterm elections, do you think market volatility will...</i> | | | |
| | Total | Democratic | Republican |
| Increase | 47% | 53% | 43% |
| Greatly increase | 12% | 15% | 10% |
| Somewhat increase | 35% | 38% | 33% |
| Stay the same | 41% | 37% | 43% |
| Somewhat decrease | 11% | 9% | 13% |
| Greatly decrease | 1% | 1% | 1% |
| Decrease | 12% | 10% | 14% |

| | | | |
|--|--------------|-------------------|-------------------|
| <i>Amid an unprecedented bull market run, how many years do you think we have left?</i> | | | |
| | Total | Democratic | Republican |
| 5+ years | 9% | 8% | 11% |
| 3-4 years | 24% | 26% | 25% |
| 1-2 years | 34% | 28% | 36% |
| The end is near | 21% | 25% | 17% |
| I don't know | 12% | 13% | 11% |

| | | | |
|---|--------------|-------------------|-------------------|
| <i>As a result of the midterm elections, which of the following strategies are you planning to deploy?</i> | | | |
| | Total | Democratic | Republican |

| | | | |
|--|-----|-----|-----|
| Move out of current positions and in to cash | 13% | 15% | 11% |
| Move out of cash and in to new positions | 16% | 16% | 16% |
| Change the allocations in my portfolio | 19% | 18% | 22% |
| Make no changes to my portfolio | 51% | 51% | 50% |
| Other | 1% | 0% | 1% |

| <i>Which sectors do you think will benefit most from the midterm election? (Top three)</i> | | | |
|--|--------------|-------------------|-------------------|
| | Total | Democratic | Republican |
| Health care | 58% | 59% | 58% |
| Financials | 42% | 43% | 41% |
| Energy | 38% | 41% | 36% |
| Information technology | 33% | 36% | 32% |
| Consumer staples | 29% | 26% | 29% |
| Industrials | 27% | 28% | 25% |
| Consumer discretionary | 24% | 25% | 23% |
| Utilities | 17% | 13% | 21% |
| Materials | 17% | 15% | 19% |
| Communications services | 15% | 14% | 16% |

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