



E*TRADE FINANCIAL Q3 2020 STREETWISE REPORT

Insights from the E*TRADE quarterly tracking study of 800+ experienced investors

Public

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Q3 2020 survey methodology and background

Methodology

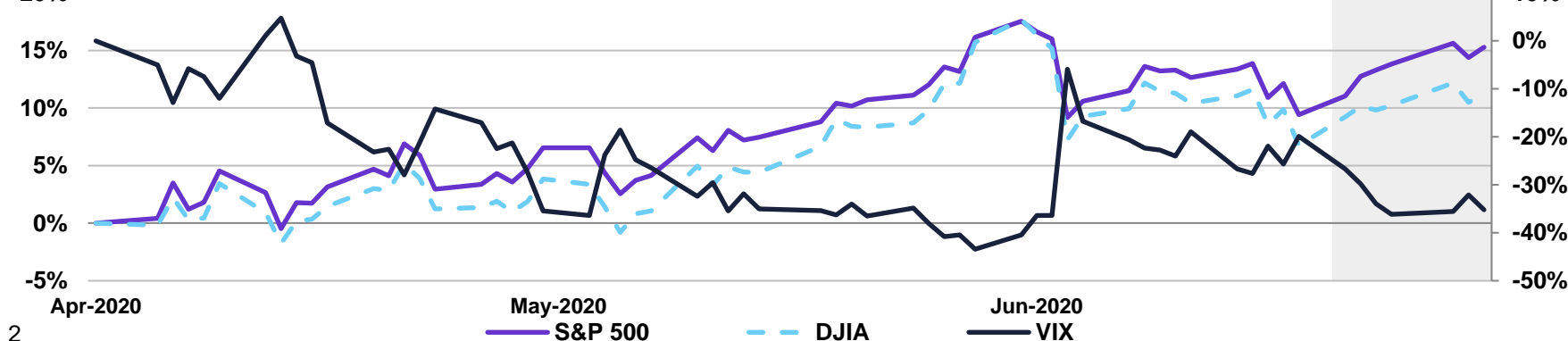
This wave of the survey was conducted from July 1 to July 9 of 2020, among an online US sample of 873 self-directed active investors who manage at least \$10,000 in an online brokerage account. The survey has a margin of error of ± 3.20 percent at the 95 percent confidence level. It was fielded and administered by Dynata. 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 63% male and 37% female, with an even distribution across online brokerages, geographic regions, and age bands.

This study looks into the minds and behaviors of self-identified experienced investors

- They self-select as having moderate to professional investing experience
- They take charge of their investments
- They believe they understand the markets, investment products, and asset classes

Q3 2020 survey timing mapped against major market indexes

S&P 500®/DJIA



SENTIMENT

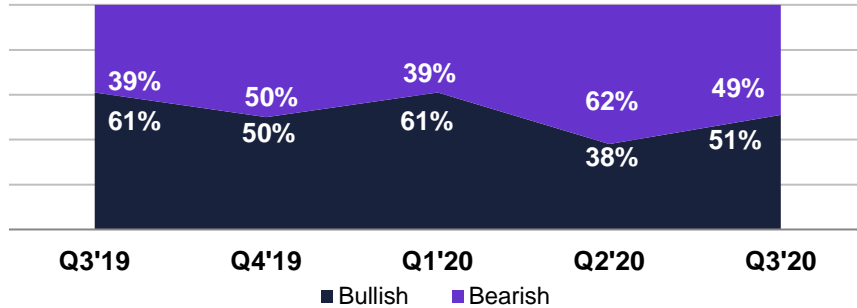
VIEWS ON THE MARKET AND WHERE
OPPORTUNITIES LIE



Views on the market

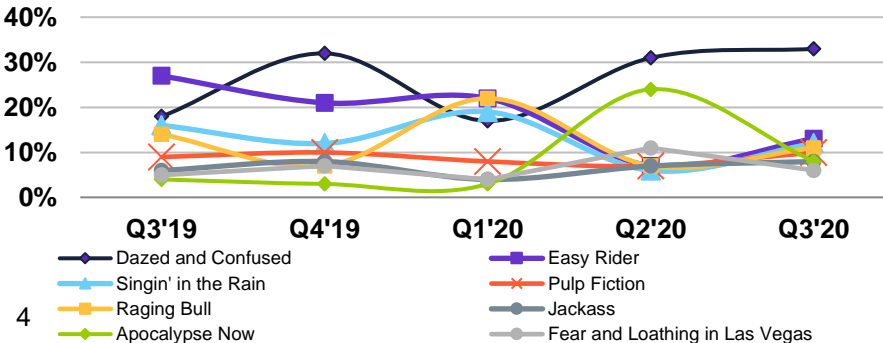
Bullishness rose significantly

When it comes to the current market, are you...?



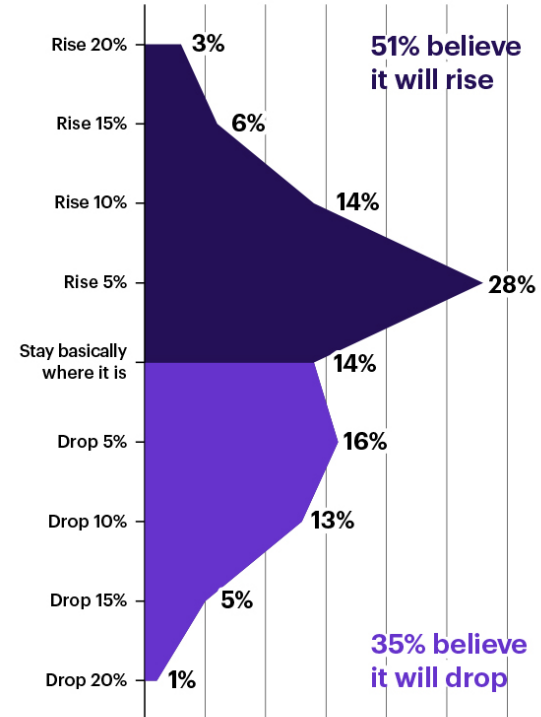
Investors are more “Dazed and Confused” but less “Apocalypse Now”

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



A majority of the population thinks the market will rise

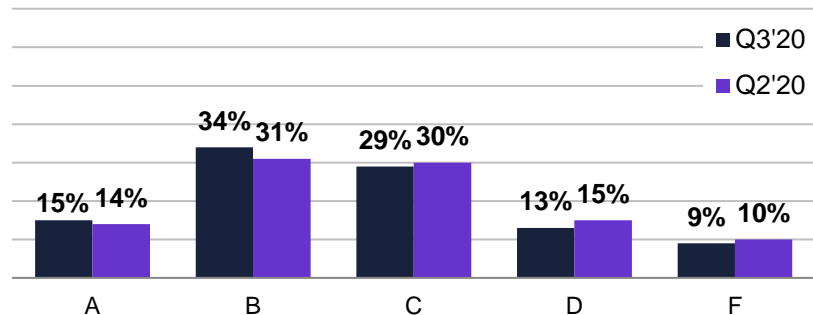
Where do you predict the market will end this quarter?



Views on the economy and rates

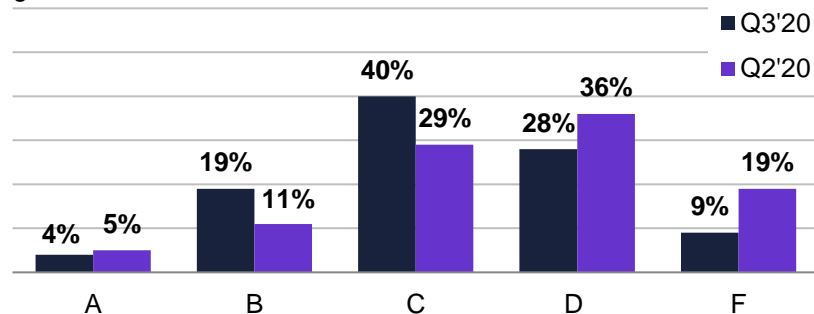
Most would grade the Fed a B or C

What grade would you give the Fed for how it has handled the current situation?



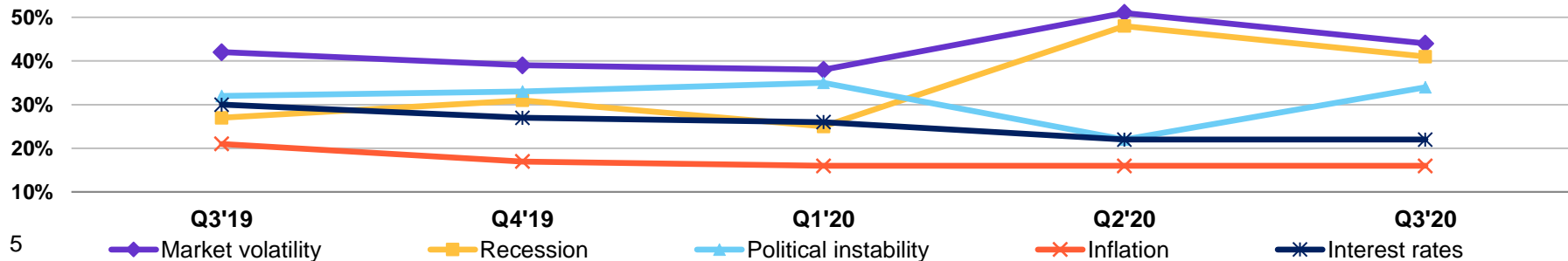
The majority of investors would give the US economy a C grade or lower

What grade would you give the current state of the US economy right now?



Volatility and recession concerns remain high while political instability concerns ticked up

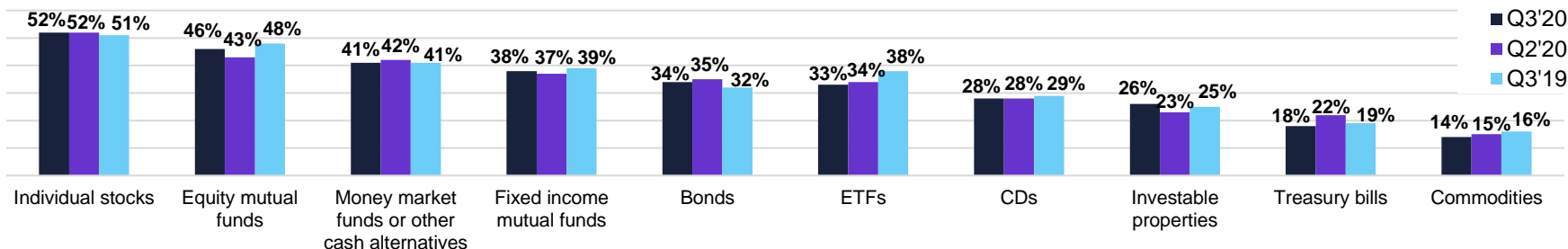
What risks are you actively managing right now when it comes to your portfolio?



Asset class interest

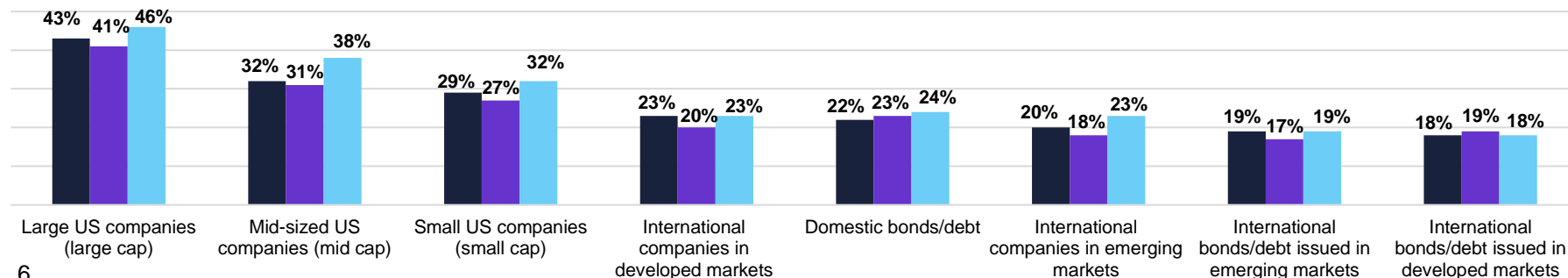
Interest in individual stocks and equity mutual funds remains high

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...
Select your top four.¹ (Top 10 shown.)



Interest in large, mid, and small caps and international companies in developed markets ticked up Q/Q

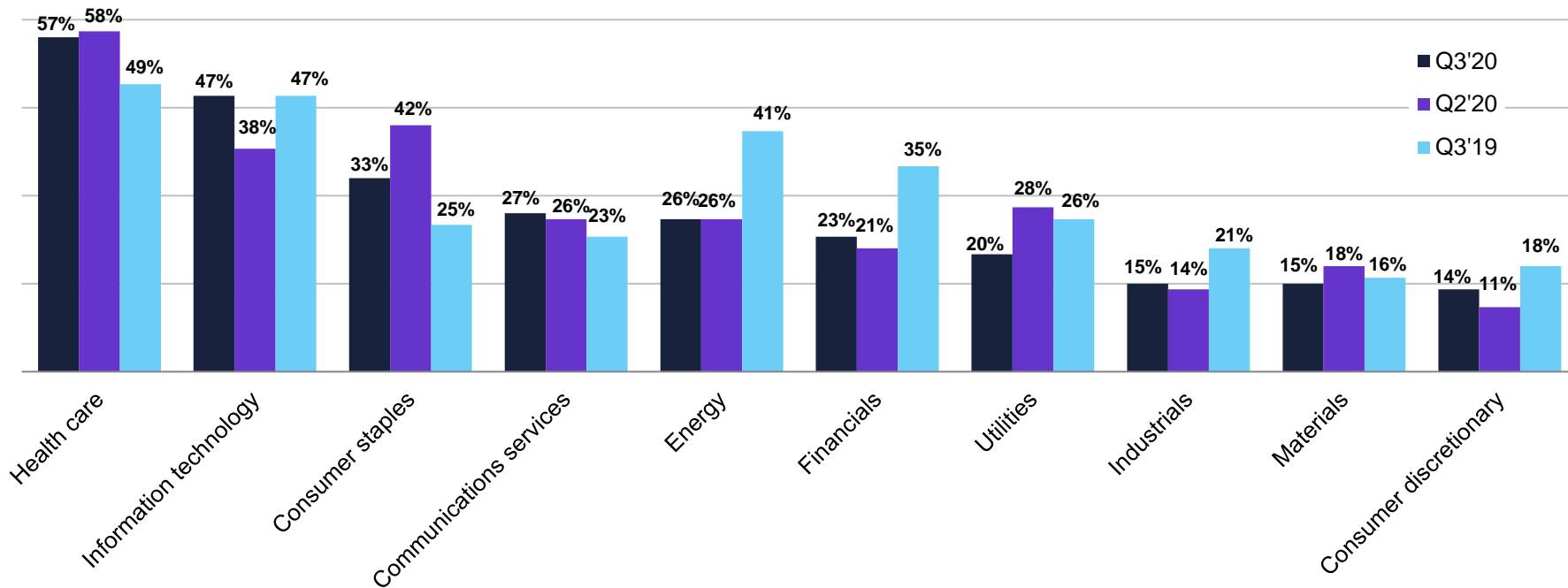
How interested/comfortable are you with investing in each of the following sectors this quarter?¹ (% Very/extremely interested; base=all)



US sector interest

Interest in tech spiked while defensive sectors like consumer staples and utilities declined Q/Q

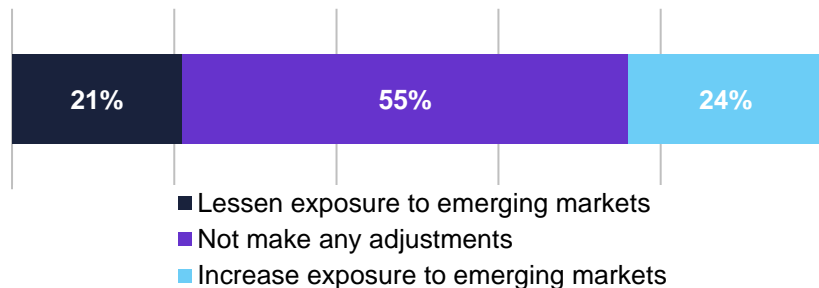
What industries do you think offer the most potential this quarter? Select your top three.¹ (Top 10 shown.)



International and emerging market interest

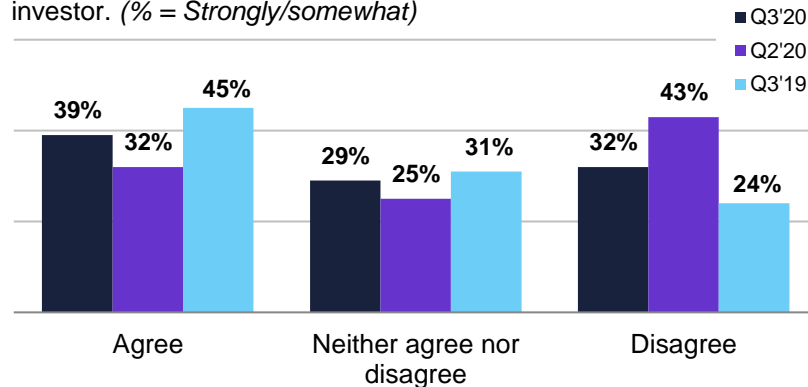
Most investors are not making changes to EM exposure

Thinking about your investment approach specific to emerging markets, which of the following adjustments do you plan to make over the next quarter?



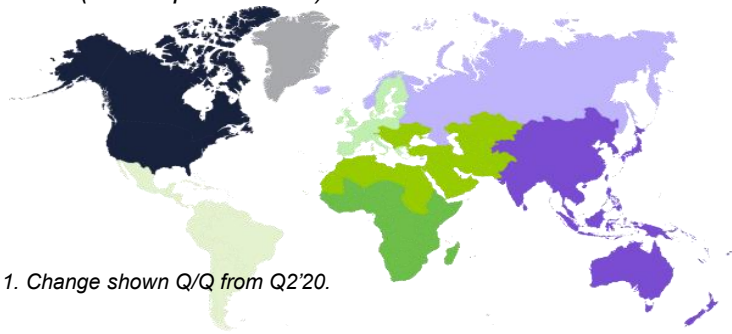
Appeal of markets outside US increased

The health of the markets outside the US appeals to me as an investor. (% = Strongly/somewhat)



Interest in the European Union and Asia/Pacific increased

Which regions do you think offer the greatest investment potential this quarter?¹ (% = Top two boxes)



| | % Interested | Q/Q Δ |
|--|--------------|-------|
| United States and Canada | 65% | 0% |
| Asia and Pacific | 41% | +4% |
| European Union | 36% | +9% |
| Central, Eastern, and Southeastern Europe (including Russia) | 11% | (2%) |
| Middle East and Central Asia Region (including North Africa) | 10% | (1%) |
| Latin America and the Caribbean | 11% | 0% |
| Sub-Saharan Africa | 6% | +1% |

PORTFOLIO MANAGEMENT

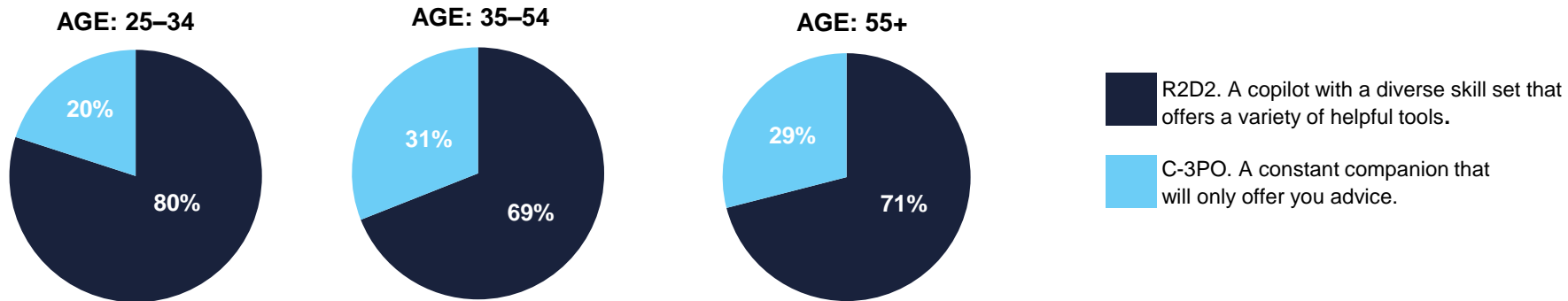
A LOOK AT HOW DIFFERENT AGE GROUPS MANAGE THEIR
INVESTMENTS



Millennial, Gen X, and Baby Boomer broker preferences and portfolio management

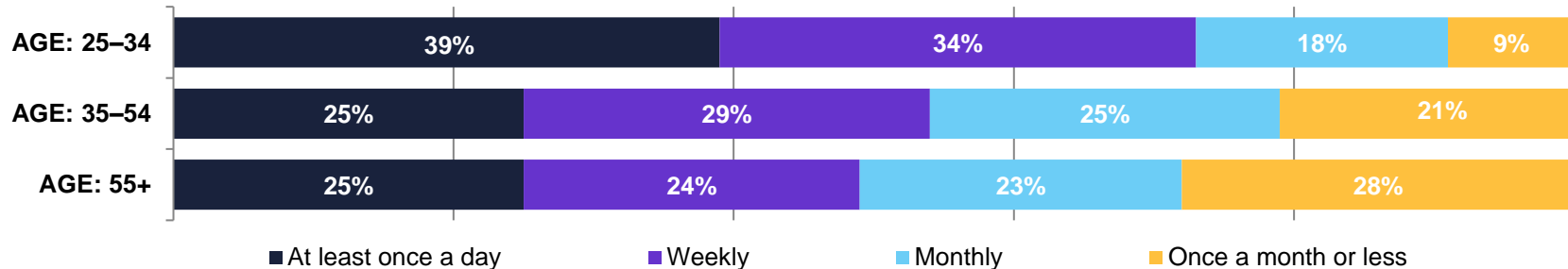
Investors of all ages prefer a broker like R2D2, offering a variety of helpful tools

Which of the following characters better represents the type of relationship you want with your broker?



Almost two out of five Millennials check their portfolio at least once a day

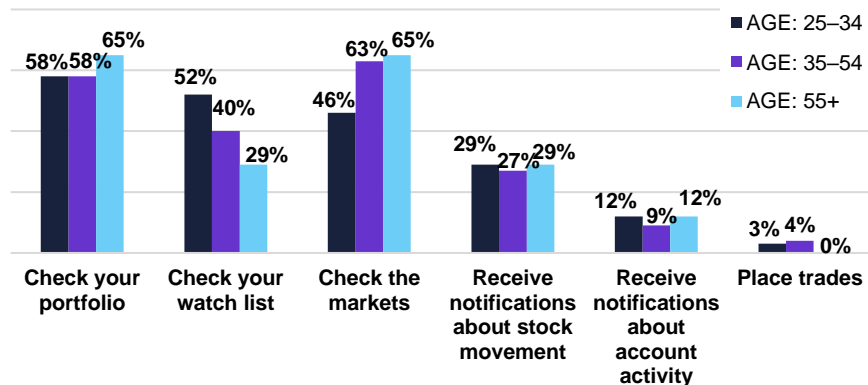
How often do you evaluate the positions in your portfolio?



Mobile usage among Millennials, Gen X, and Baby Boomers

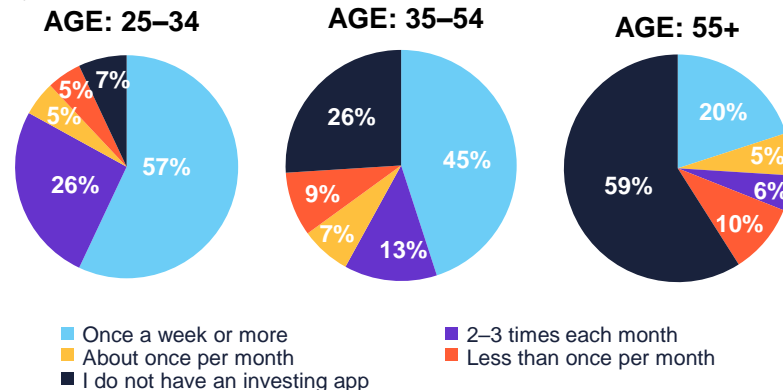
Almost two thirds of Boomers would use a voice assistant to check their portfolio and check the markets

Which of the following would you be most likely to use a voice assistant (e.g., Siri, Amazon Alexa) to do when it comes to investing and trading? (Select top two.)



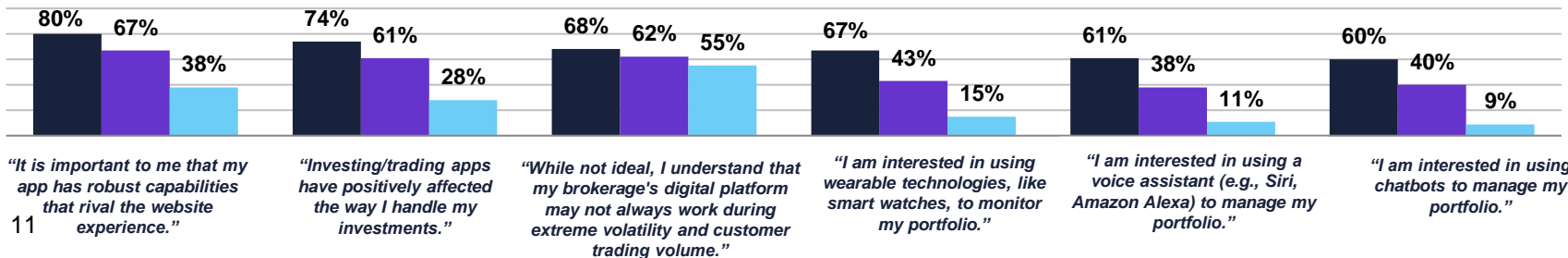
Over half of Millennials use an investing app once a week or more

Approximately how often do you use an investing and trading app on your smartphone?



Four out of five Millennials say it's important that their mobile app has robust capabilities that rival the website experience

To what extent do you agree or disagree with the following statements... (% = Strongly/Somewhat agree)



"Millennials" defined as age 25-34, "Gen X" defined as age 35-54, "Baby Boomers" defined as age 55+.

VIEWS ON RETIREMENT

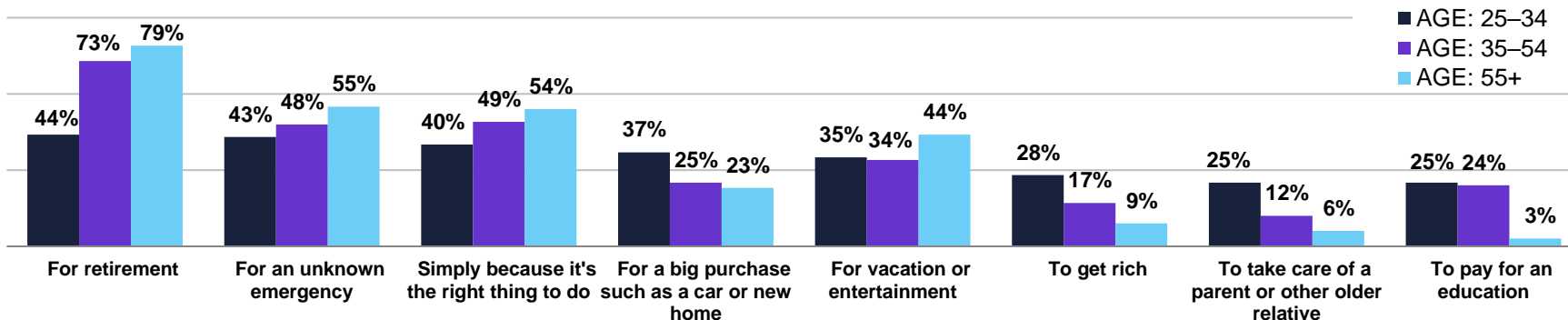
HOW EXPERIENCED INVESTORS THINK
ABOUT RETIREMENT INVESTING



Retirement investing among Millennials, Gen X, and Baby Boomers

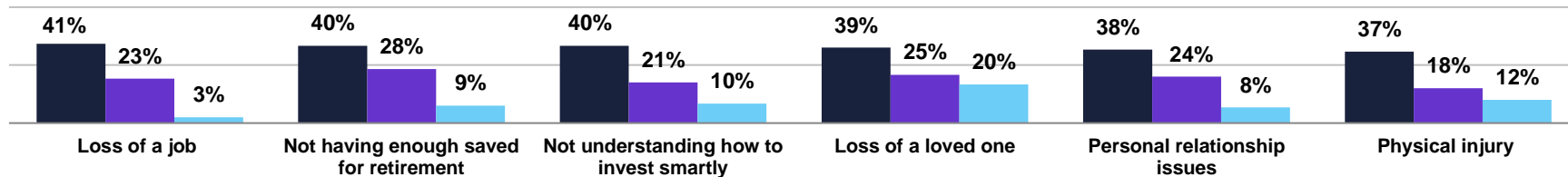
Retirement is the highest single priority for long-term saving, although significantly less so for Millennials

What are the main reasons you are saving for the long term? (% = Selected as a top three choice.)



Retirement worries rival loss of a job, loss of a loved one

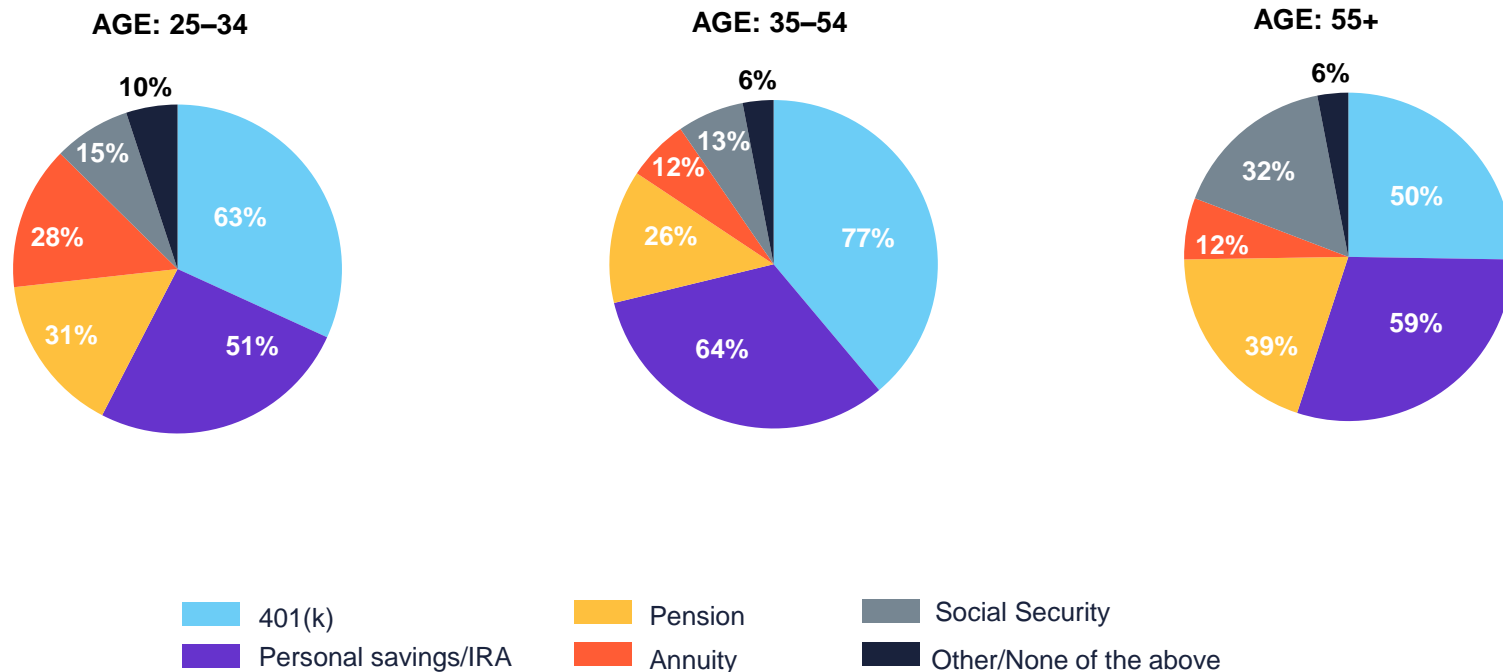
How often do you worry about each of the following? (% = Always/frequently)



Retirement investing among Millennials, Gen X, and Baby Boomers

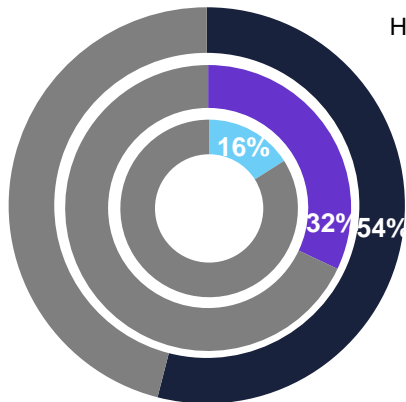
All generations rely most on 401(k)s and personal savings/IRAs when it comes to retirement

Please rank in order how important each of the following are in meeting your goal for retirement, with one being the most important.
(% = Selected as most important)



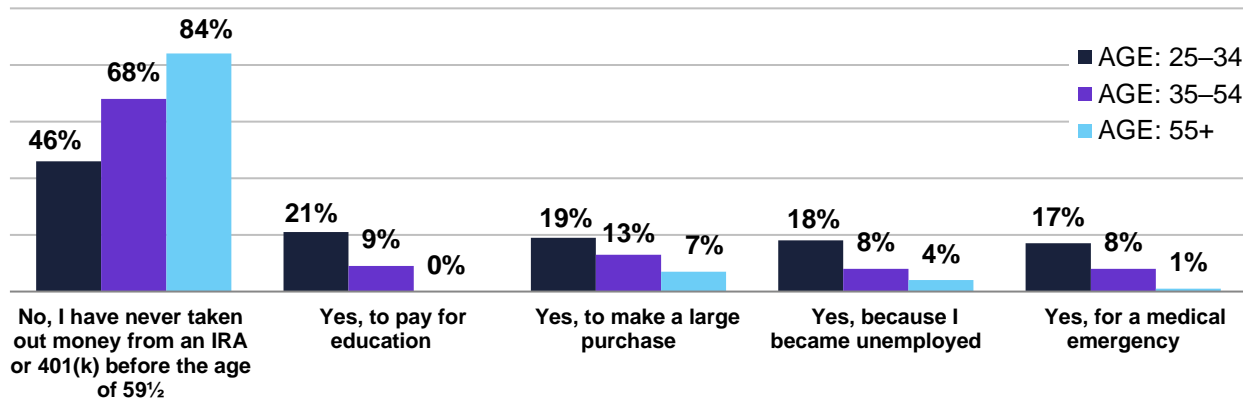
Retirement investing among Millennials, Gen X, and Baby Boomers

Despite their reliance on retirement accounts, more than half of Millennials made an early withdrawal



Percentage who have taken out money from an IRA or 401(k) before the age of 59½

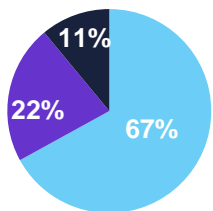
Have you ever taken out money from an IRA or 401(k) before the age of 59½ and, if so, for what? (Select all that apply.)



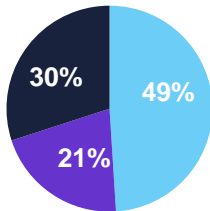
Most Millennials and Gen X later regret the decision to take early retirement withdrawals

Have you ever regretted your decision to take money from an IRA or 401(k) before the age of 59½?

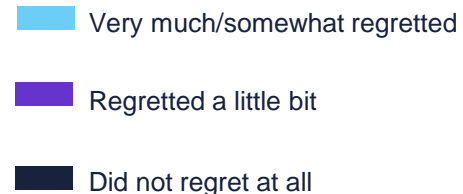
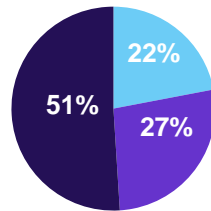
AGE: 25-34



AGE: 35-54



AGE: 55+

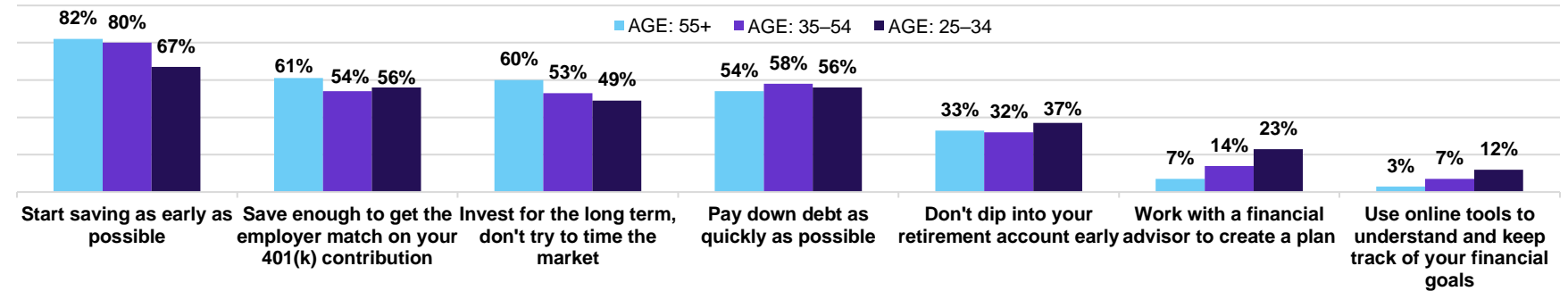


"Millennials" defined as age 25-34, "Gen X" defined as age 35-54, "Baby Boomers" defined as age 55+.

Retirement investing among Millennials, Gen X, and Baby Boomers

Boomers recommend to start early, get the match, and avoid timing the market

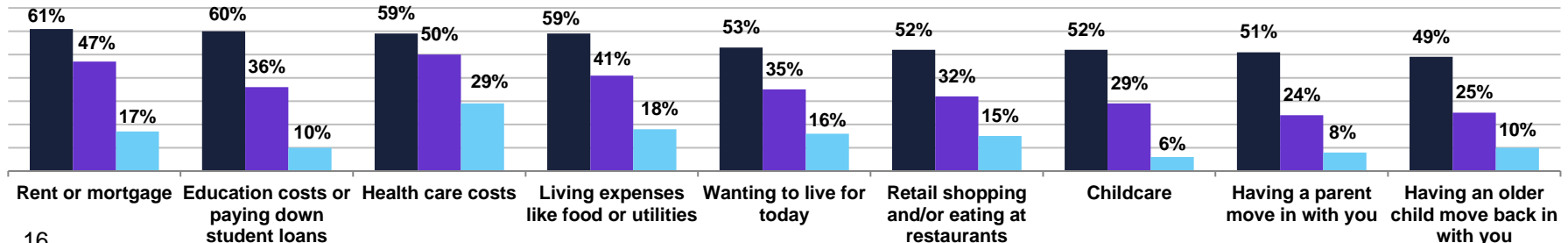
If you could offer a younger investor financial advice, what would it be? (Select top three)



Millennials cite several roadblocks with housing costs topping the list and student loans a close second

When it comes to saving what you want for retirement, how much of a barrier is each of the following?

(% = Significant/somewhat of a barrier)



"Millennials" defined as age 25-34, "Gen X" defined as age 35-54, "Baby Boomers" defined as age 55+.

Please read the important disclosures below

This presentation presents data from July 1–July 9, 2020.

The data from this and past quarters reflects the opinions of this population only from the time of fielding, which is typically the first two weeks of each quarter. It does not represent opinions of the full quarter.

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

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Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

Dow Jones Industrial Average: Computed by summing the prices of the stocks of 30 companies and then dividing that total by an adjusted value—one which has been adjusted over the years to account for the effects of stock splits on the prices of the 30 companies. Dividends are reinvested to reflect the actual performance of the underlying securities.

S&P 500® Index is a market capitalization-weighted index of 500 widely held stocks often used as a proxy for the US stock market.

All components of the S&P 500 are assigned to at least one of eleven S&P Select Sector Indexes, which track major economic segments and are highly liquid benchmarks. Stock classifications are based on the Global Industry Classification Standard. The Select Sector Indexes are: Communication Services Select Sector, Consumer Discretionary Select Sector; Consumer Staples Select Sector; Energy Select Sector; Financials Select Sector; Health Care Select Sector; Industrials Select Sector; Materials Select Sector, Real Estate Select Sector, Technology Select Sector; and Utilities Select Sector.

VIX® is the ticker symbol for Cboe Volatility Index®. The index, also called the fear index, is calculated by Cboe and generally measures expected volatility of the US market in the next 30 days. The higher the number, the more bearish the market is in general. The VIX is used to calculate the put/call ratio.

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