E*TRADE FINANCIAL
Q4 2020 STREETWISE REPORT

Insights from the E*TRADE quarterly tracking study of 800+ experienced investors
Q4 2020 survey methodology and background

Methodology
This wave of the survey was conducted from October 1 to October 13 of 2020, among an online US sample of 842 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

Survey in the field

S&P 500® / DJIA

0% 2% 4% 6% 8% 10% 12% 14%
-2% -4% -6% -8% -10%

Jul-2020 Aug-2020 Sep-2020

S&P 500 DJIA VIX

20% 20% 20% 20%
10% 10% 10% 10%
0% 0% 0% 0%
-10% -20% -30% -40%

10/1 10/13

Oct-2020

VIX®
SENTIMENT

VIEWS ON THE MARKET AND WHERE OPPORTUNITIES LIE
Views on the market

Bullishness remains high
When it comes to the current market, are you…?

<table>
<thead>
<tr>
<th></th>
<th>Q4’19</th>
<th>Q1’20</th>
<th>Q2’20</th>
<th>Q3’20</th>
<th>Q4’20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bullish</td>
<td>50%</td>
<td>39%</td>
<td>62%</td>
<td>49%</td>
<td>48%</td>
</tr>
<tr>
<td>Bearish</td>
<td>50%</td>
<td>61%</td>
<td>38%</td>
<td>51%</td>
<td>52%</td>
</tr>
</tbody>
</table>

Investors continue to be “Dazed and Confused”
If you had to pick a movie title that best describes how you personally feel about the market this quarter, which would it be?

Almost half of the population think the market will rise
Where do you predict the market will end this quarter?

- 48% believe it will rise
- 36% believe it will drop
- 25% stay basically where it is
- 18% drop 15%
- 13% drop 10%
- 3% drop 5%
- 2% rise 20%
- 5% rise 15%
- 16% rise 10%
- 16% rise 5%
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?

<table>
<thead>
<tr>
<th>Grade</th>
<th>Q4'20</th>
<th>Q3'20</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>B</td>
<td>36%</td>
<td>34%</td>
</tr>
<tr>
<td>C</td>
<td>27%</td>
<td>29%</td>
</tr>
<tr>
<td>D</td>
<td>11%</td>
<td>13%</td>
</tr>
<tr>
<td>F</td>
<td>11%</td>
<td>9%</td>
</tr>
</tbody>
</table>

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?

<table>
<thead>
<tr>
<th>Grade</th>
<th>Q4'20</th>
<th>Q3'20</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>6%</td>
<td>4%</td>
</tr>
<tr>
<td>B</td>
<td>25%</td>
<td>19%</td>
</tr>
<tr>
<td>C</td>
<td>37%</td>
<td>40%</td>
</tr>
<tr>
<td>D</td>
<td>25%</td>
<td>28%</td>
</tr>
<tr>
<td>F</td>
<td>7%</td>
<td>9%</td>
</tr>
</tbody>
</table>

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?

- Market volatility
- Recession
- Political instability
- Inflation
- Interest rates
Asset class interest

Interest in equities remain 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.)*

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

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¹. Focuses on y/y and q/q—other quarters available upon request
US sector interest

Majority continue to see potential in health care

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

1. Focuses on y/y and q/q—other quarters available upon request
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?

- Lessen exposure to emerging markets: 21%
- Not make any adjustments: 53%
- Increase exposure to emerging markets: 26%

**Appeal of markets outside US increased**

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

- Agree: 44%
- Neither agree nor disagree: 39%
- Disagree: 28%

**Interest in the Middle East/Central Asia and Central/Eastern/Southeastern Europe increased**

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

- United States and Canada: 64% (1%)
- Asia and Pacific: 39% (2%)
- European Union: 33% (3%)
- Middle East and Central Asia Region (including North Africa): 14% (+4%)
- Central, Eastern, and Southeastern Europe (including Russia): 13% (+2%)
- Latin America and the Caribbean: 11% (0%)
- Sub-Saharan Africa: 5% (1%)

1. Change shown q/q from Q3’20.
PORTFOLIO MANAGEMENT

A LOOK AT HOW DIFFERENT AGE GROUPS MANAGE THEIR INVESTMENTS
More than half of Millennials check their portfolio at least once a day

How often do you check the positions in your portfolio?

- **AGE: 25–34**
  - At least once a day: 55%
  - Weekly: 31%
  - Monthly: 10%
  - Once a month or less: 4%

- **AGE: 35–54**
  - At least once a day: 24%
  - Weekly: 27%
  - Monthly: 23%
  - Once a month or less: 26%

- **AGE: 55+**
  - At least once a day: 17%
  - Weekly: 27%
  - Monthly: 20%
  - Once a month or less: 36%

Over three out of four Millennials use an investing app once a week or more

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

- **AGE: 25–34**
  - I do not have an investing app: 12%
  - Less than once per month: 6%
  - 2–3 times each month: 26%
  - About once per month: 40%
  - Once a week or more: 1% (5%)

- **AGE: 35–54**
  - I do not have an investing app: 12%
  - Less than once per month: 8%
  - 2–3 times each month: 40%
  - About once per month: 26%
  - Once a week or more: 14%

- **AGE: 55+**
  - I do not have an investing app: 21%
  - Less than once per month: 13%
  - 2–3 times each month: 14%
  - About once per month: 57%
  - Once a week or more: 4%

"Millennials" defined as age 25–34, “Gen X” defined as age 35–54, “Baby Boomers” defined as age 55+. 
Millennial, Gen X, and Baby Boomer portfolio management

### Over two thirds of Baby Boomers would use a voice assistant to 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.)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Check the markets</td>
<td>68%</td>
<td>59%</td>
<td>51%</td>
</tr>
<tr>
<td>Check your portfolio</td>
<td>55%</td>
<td>49%</td>
<td>59%</td>
</tr>
<tr>
<td>Check your watch list</td>
<td>37%</td>
<td>51%</td>
<td>53%</td>
</tr>
<tr>
<td>Receive notifications about account activity</td>
<td>21%</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>Receive notifications about stock movement</td>
<td>18%</td>
<td>32%</td>
<td>27%</td>
</tr>
<tr>
<td>Place trades</td>
<td>0%</td>
<td>2%</td>
<td>2%</td>
</tr>
</tbody>
</table>

### Over four out of five Millennials say it's important that their mobile app experience rivals the website

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

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>“It is important to me that my app has robust capabilities that rival the website experience.”</td>
<td>87%</td>
<td>66%</td>
<td>42%</td>
</tr>
<tr>
<td>“Investing/trading apps have positively affected the way I handle my investments.”</td>
<td>84%</td>
<td>66%</td>
<td>31%</td>
</tr>
<tr>
<td>“I am interested in using wearable technologies, like smart watches, to monitor my portfolio.”</td>
<td>79%</td>
<td>43%</td>
<td>18%</td>
</tr>
<tr>
<td>“I am interested in using a voice assistant (e.g., Siri, Amazon Alexa) to manage my portfolio.”</td>
<td>71%</td>
<td>35%</td>
<td>12%</td>
</tr>
<tr>
<td>“I am interested in using chatbots to manage my portfolio.”</td>
<td>71%</td>
<td>38%</td>
<td>12%</td>
</tr>
</tbody>
</table>

“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

**Saving for retirement is a top priority for all generations, although less so for Millennials**

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

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>For retirement</td>
<td>81%</td>
<td>76%</td>
<td>46%</td>
</tr>
<tr>
<td>Simply because it’s the right thing to do</td>
<td>57%</td>
<td>43%</td>
<td>42%</td>
</tr>
<tr>
<td>For an unknown emergency</td>
<td>55%</td>
<td>48%</td>
<td>47%</td>
</tr>
<tr>
<td>For vacation or entertainment</td>
<td>45%</td>
<td>30%</td>
<td>38%</td>
</tr>
<tr>
<td>For a big purchase such as a car or new home</td>
<td>20%</td>
<td>30%</td>
<td>32%</td>
</tr>
<tr>
<td>To get rich</td>
<td>8%</td>
<td>17%</td>
<td>28%</td>
</tr>
<tr>
<td>To pay for an education</td>
<td>6%</td>
<td>25%</td>
<td>30%</td>
</tr>
<tr>
<td>To take care of a parent or other older relative</td>
<td>5%</td>
<td>12%</td>
<td>28%</td>
</tr>
</tbody>
</table>

**Gen X investors are more concerned about retirement than personal or family issues**

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

<table>
<thead>
<tr>
<th>Event</th>
<th>Not having enough saved for retirement</th>
<th>Loss of a loved one</th>
<th>Personal relationship issues</th>
<th>Loss of a job</th>
<th>Not understanding how to invest smartly</th>
<th>Physical injury</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGE: 55+</td>
<td>30%</td>
<td>13%</td>
<td>22%</td>
<td>47%</td>
<td>6%</td>
<td>16%</td>
</tr>
<tr>
<td>AGE: 35–54</td>
<td>48%</td>
<td>28%</td>
<td>10%</td>
<td>46%</td>
<td>7%</td>
<td>14%</td>
</tr>
<tr>
<td>AGE: 25–34</td>
<td>58%</td>
<td>25%</td>
<td>53%</td>
<td>21%</td>
<td>18%</td>
<td>50%</td>
</tr>
</tbody>
</table>

“Millennials” defined as age 25–34, “Gen X” defined as age 35–54, “Baby Boomers” defined as age 55+. 
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)

“Millennials” defined as age 25–34, “Gen X” defined as age 35–54, “Baby Boomers” defined as age 55+.
Most Millennials and Gen Xers 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**
  - 11% Very much/somewhat regretted
  - 22% Regretted a little bit
  - 79% Did not regret at all

- **AGE: 35–54**
  - 20% Very much/somewhat regretted
  - 22% Regretted a little bit
  - 58% Did not regret at all

- **AGE: 55+**
  - 44% Very much/somewhat regretted
  - 16% Regretted a little bit
  - 40% Did not regret at all

"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

**Baby 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)

![Bar chart showing recommendations for retirement investing among different age groups.]

**Millennials cite several roadblocks to retirement savings with health care 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)

![Bar chart showing barriers to retirement savings by age group.]

“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 October 1–October 13, 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.

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**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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