



E*TRADE FINANCIAL Q4 2020 STREETWISE REPORT

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

Public

© 2020 E*TRADE Financial, LLC, a business of Morgan Stanley. All rights reserved.

Q4 2020 survey methodology and background

Methodology

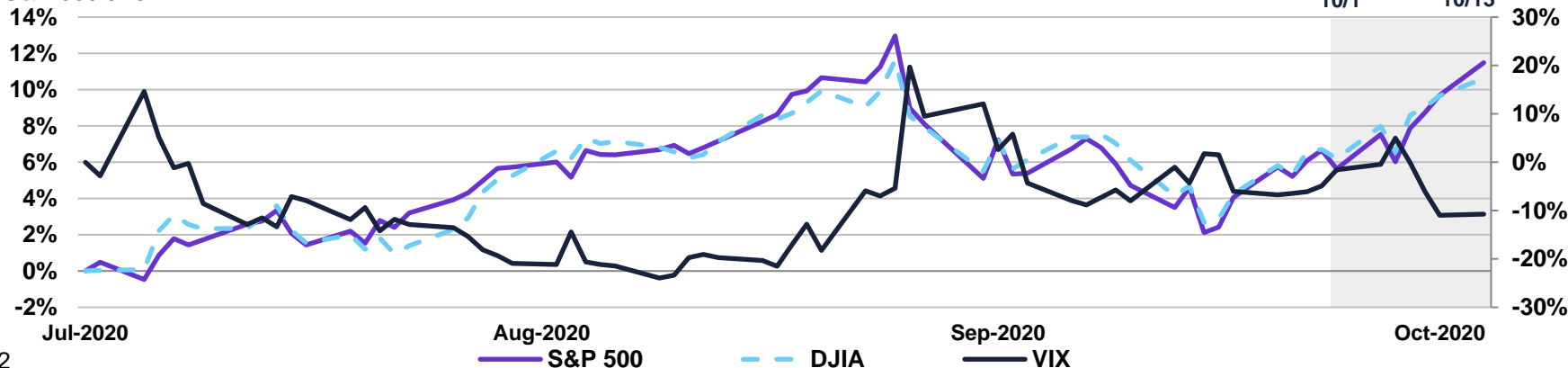
This wave of the survey was conducted from October 1 to October 13 of 2020, among an online US sample of 842 self-directed active investors who manage at least \$10,000 in an online brokerage account. The survey has a margin of error of ± 3.20 percent at the 95 percent confidence level. It was fielded 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

S&P 500®/DJIA



SENTIMENT

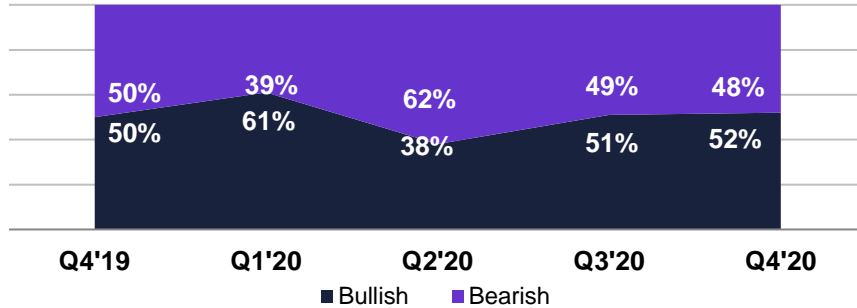
VIEWS ON THE MARKET AND WHERE
OPPORTUNITIES LIE



Views on the market

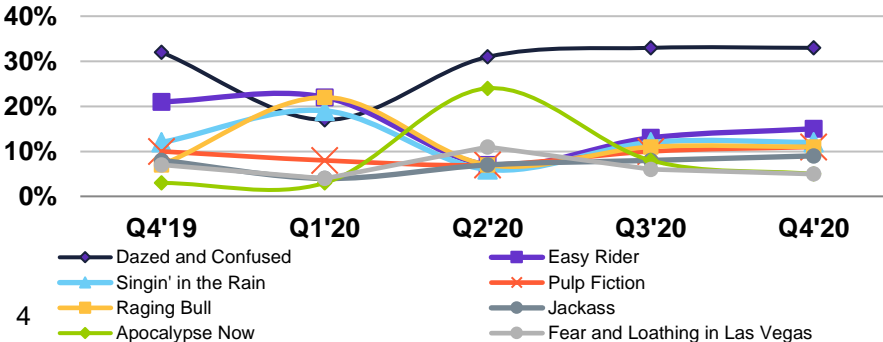
Bullishness remains high

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



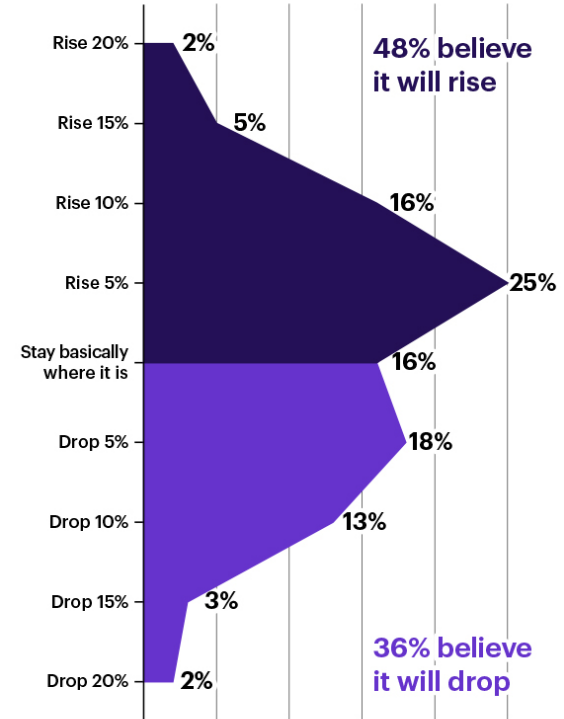
Investors continue to be "Dazed and Confused"

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

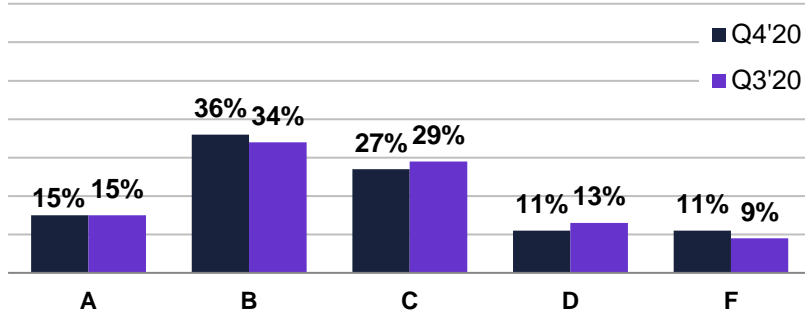
Where do you predict the market will end this quarter?



Views on the economy and rates

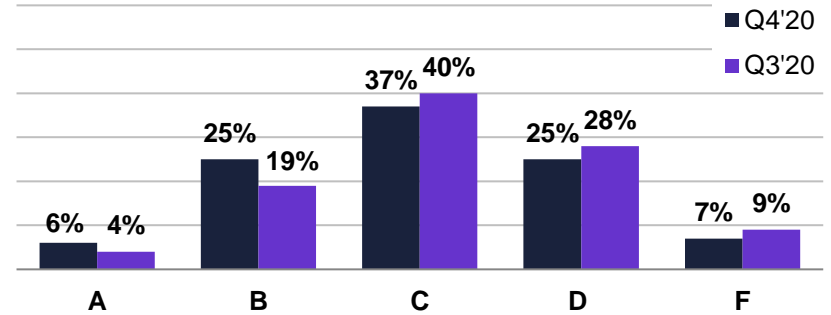
Most would grade the Fed a B or C

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



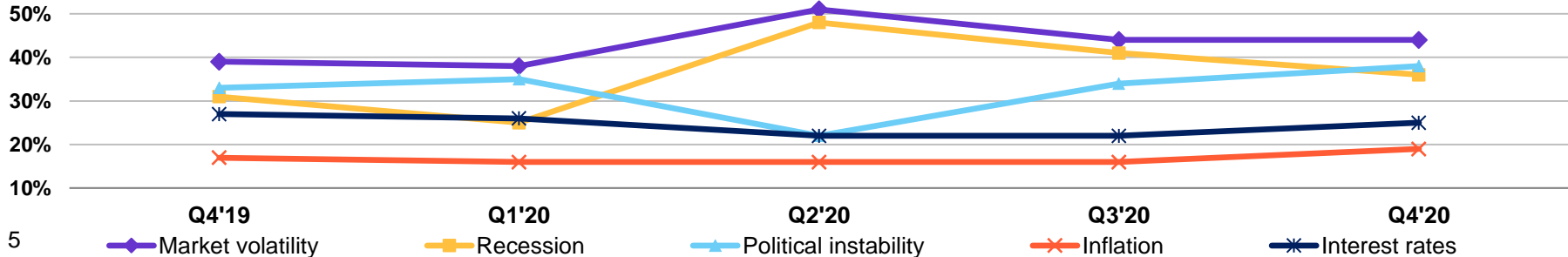
The majority of investors would give the US economy a C grade or lower

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



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

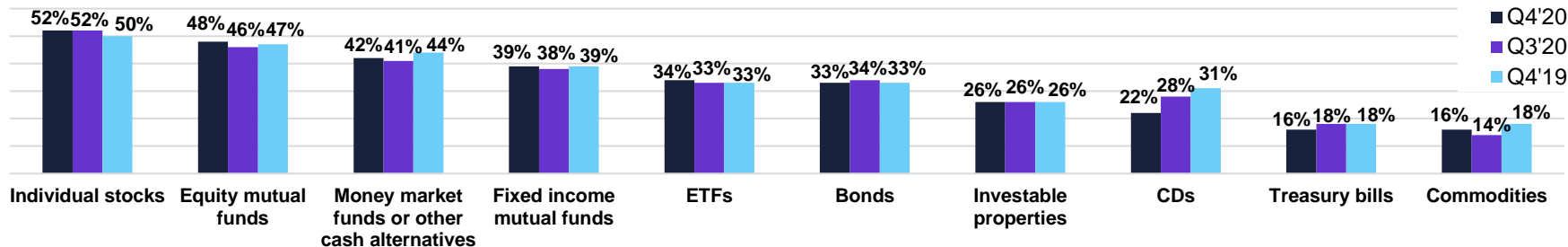
What risks are you actively managing right now when it comes to your portfolio?



Asset class interest

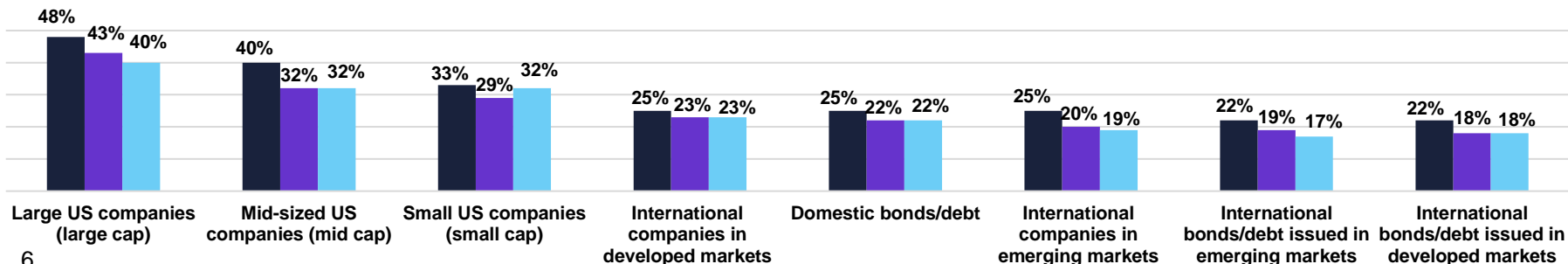
Interest in equities remain high

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)

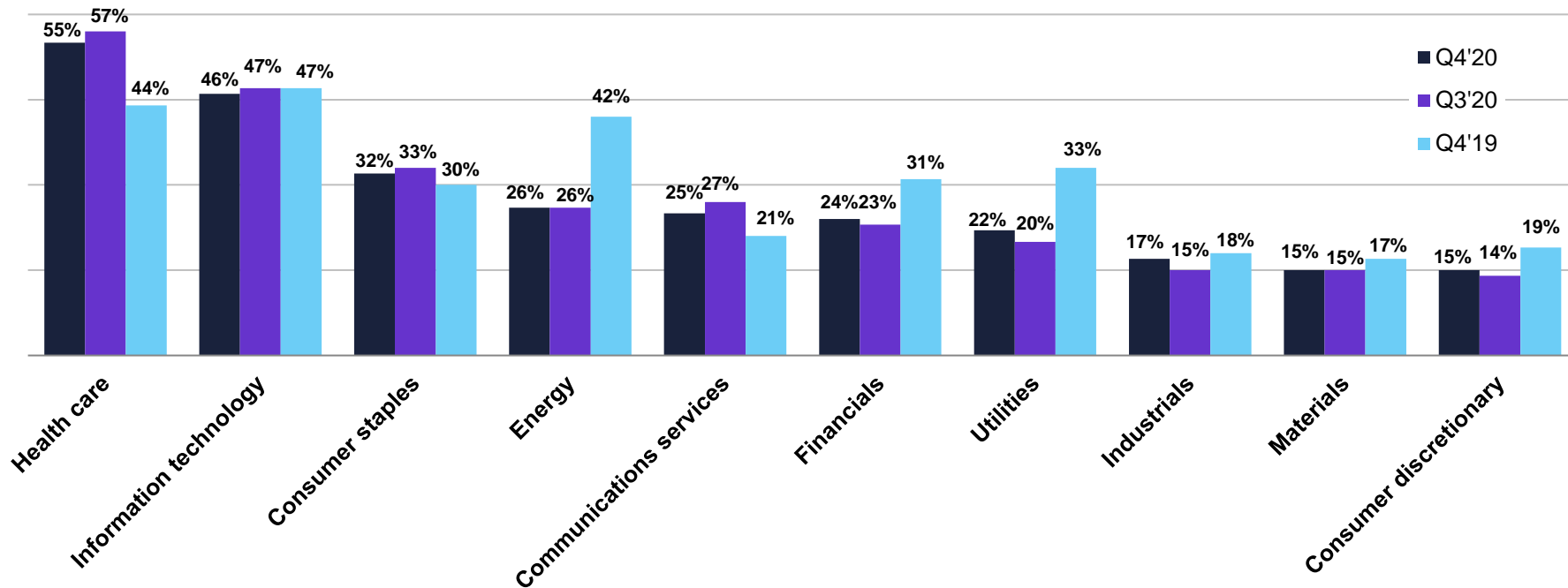


1. Focuses on y/y and q/q—other quarters available upon request

US sector interest

Majority continue to see potential in health care

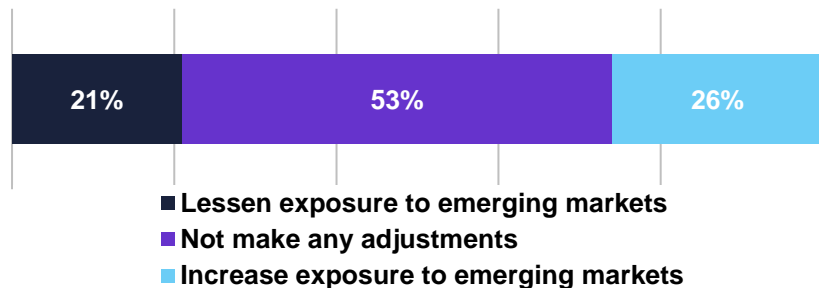
What industries do you think offer the most potential this quarter? Select your top three.¹ (Top 10 shown.)



International and emerging market interest

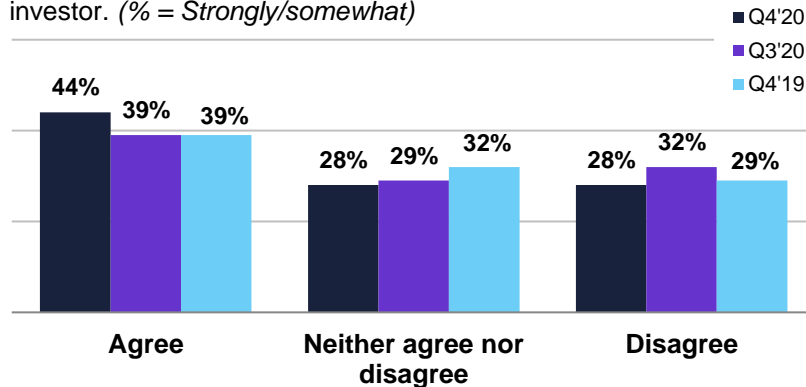
Most investors are not making changes to EM exposure

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



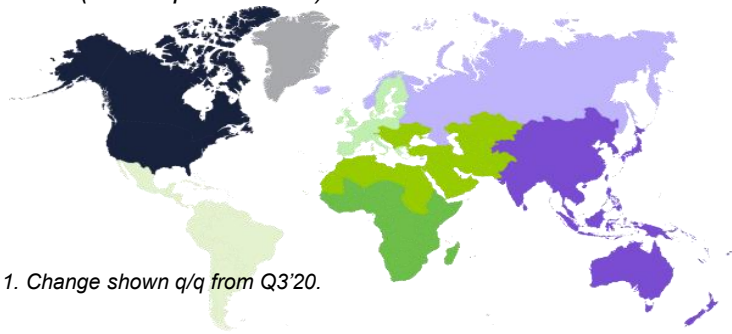
Appeal of markets outside US increased

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



Interest in the Middle East/Central Asia and Central/Eastern/Southeastern Europe 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	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%)

PORTFOLIO MANAGEMENT

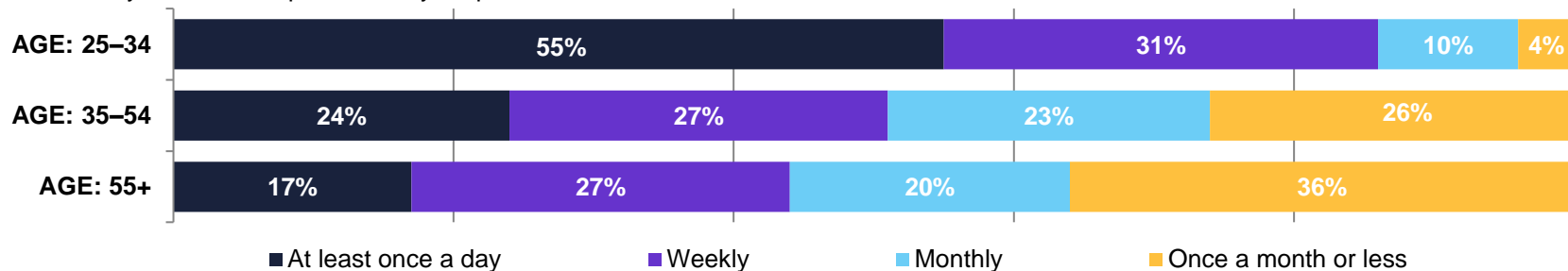
A LOOK AT HOW DIFFERENT AGE GROUPS MANAGE THEIR
INVESTMENTS



Millennial, Gen X, and Baby Boomer portfolio management

More than half of Millennials check their portfolio at least once a day

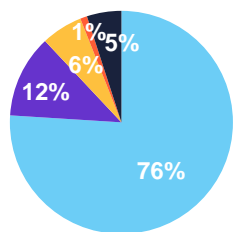
How often do you check the positions in your portfolio?



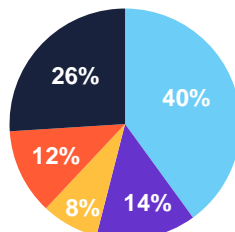
Over three out of four Millennials use an investing app once a week or more

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

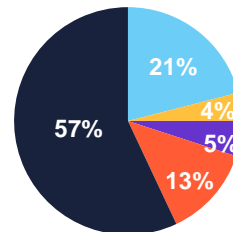
AGE: 25-34



AGE: 35-54



AGE: 55+

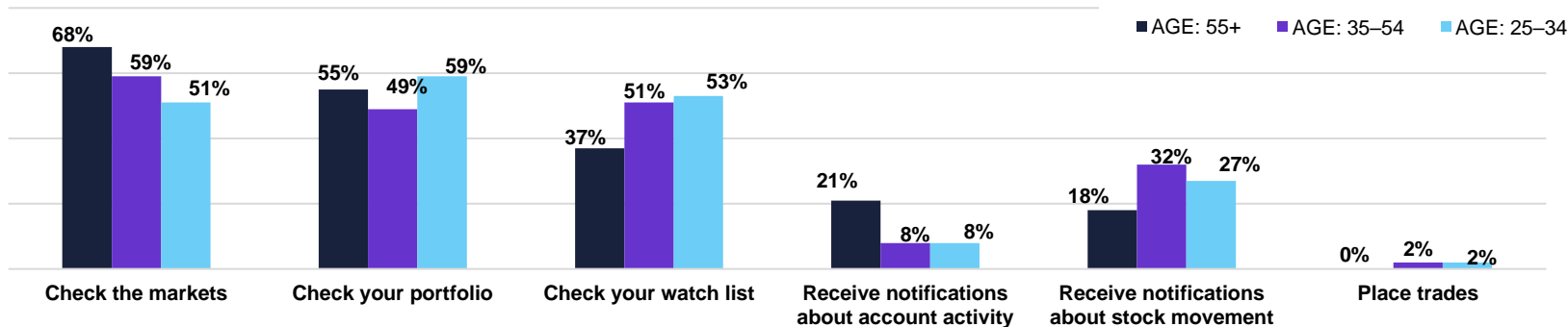


- Once a week or more
- About once per month
- I do not have an investing app
- 2-3 times each month
- Less than once per month

Millennial, Gen X, and Baby Boomer portfolio management

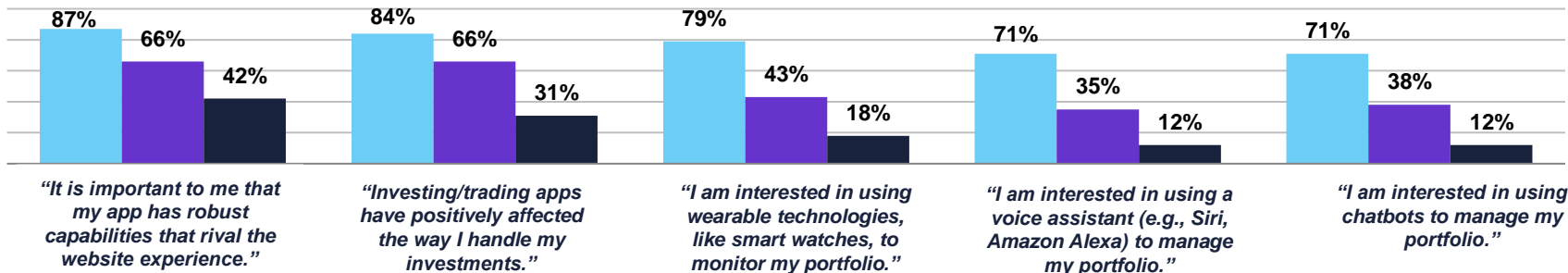
Over two thirds of Baby Boomers would use a voice assistant to check the markets

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.)



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)



VIEWS ON RETIREMENT

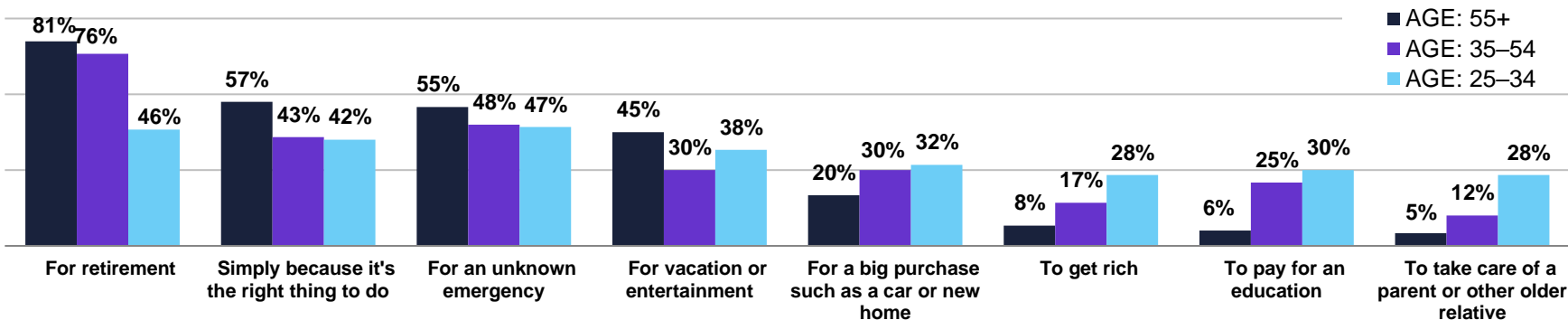
HOW EXPERIENCED INVESTORS THINK
ABOUT RETIREMENT INVESTING



Retirement investing among Millennials, Gen X, and Baby Boomers

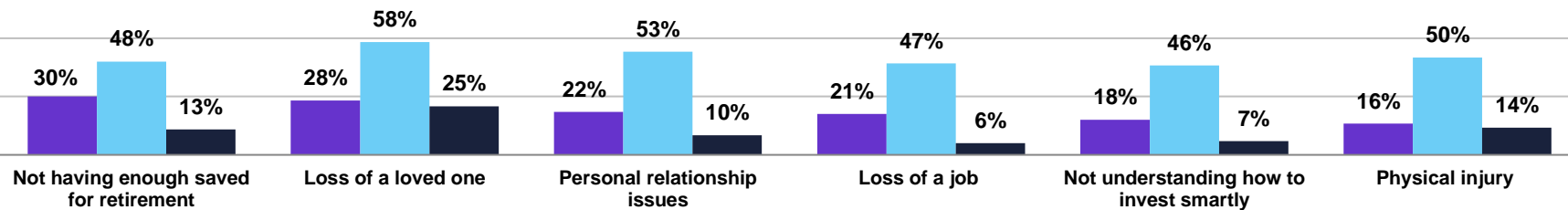
Saving for retirement is a top priority for all generations, although less so for Millennials

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



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)

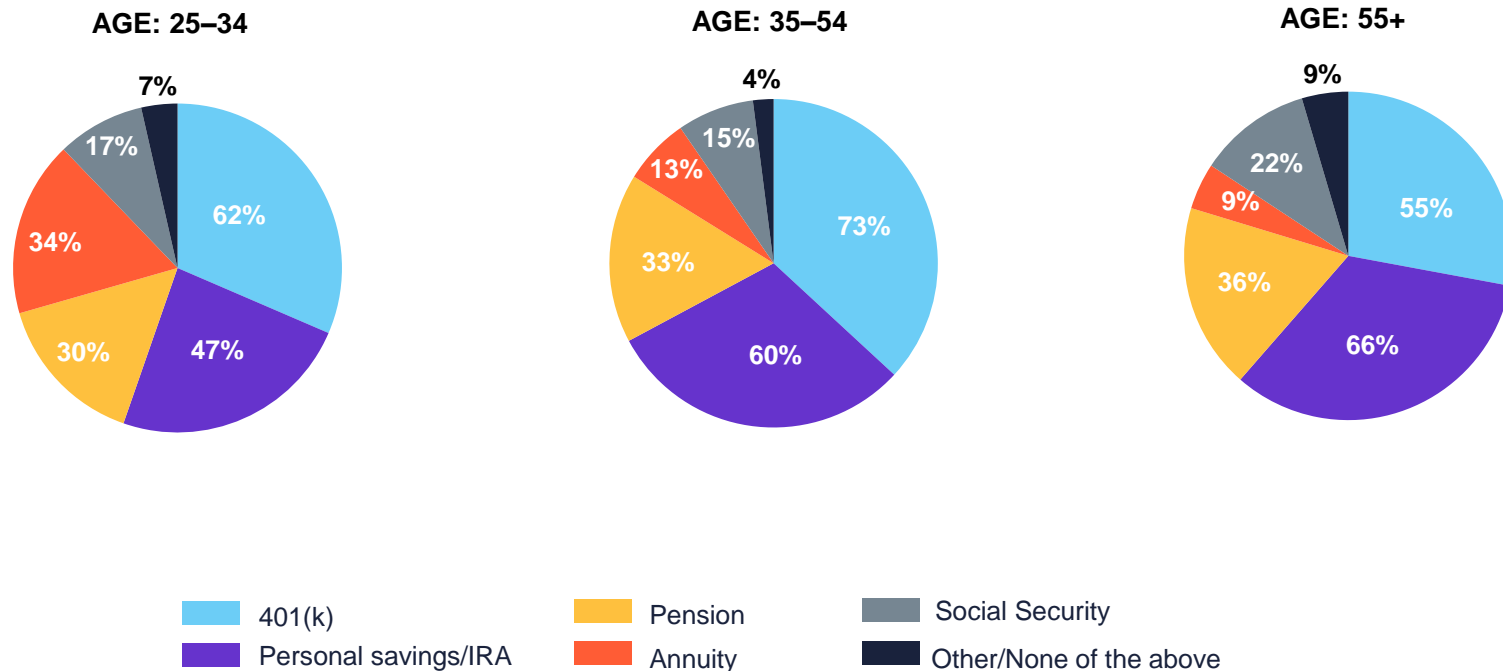


Retirement investing among Millennials, Gen X, and Baby Boomers

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

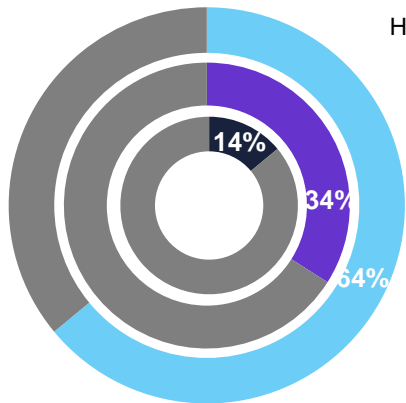
Please rank in order how important each of the following are in meeting your goal for retirement, with one being the most important.

(% = Selected as most important)



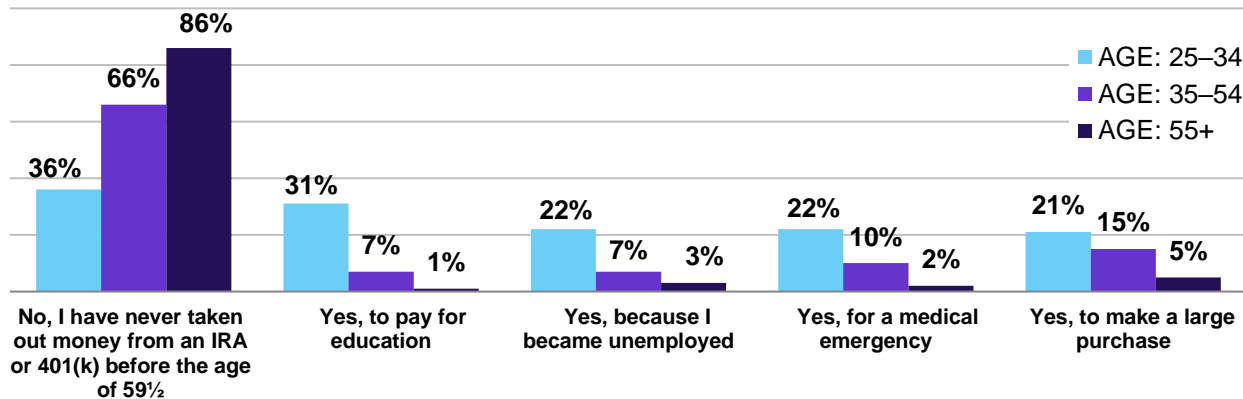
Retirement investing among Millennials, Gen X, and Baby Boomers

Despite their reliance on retirement accounts, nearly two out of three Millennials made an early withdrawal



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

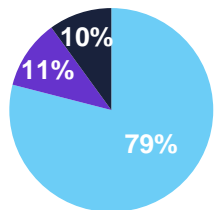
Have you ever taken out money from an IRA or 401(k) before the age of 59½ and, if so, for what? (Select all that apply.)



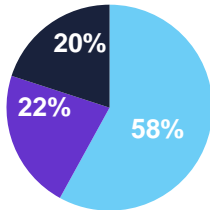
Most Millennials and Gen Xers later regret the decision to take early retirement withdrawals

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

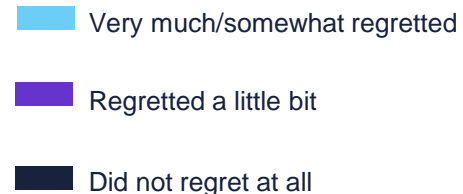
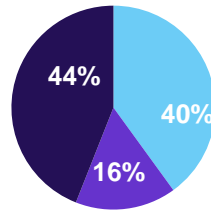
AGE: 25-34



AGE: 35-54



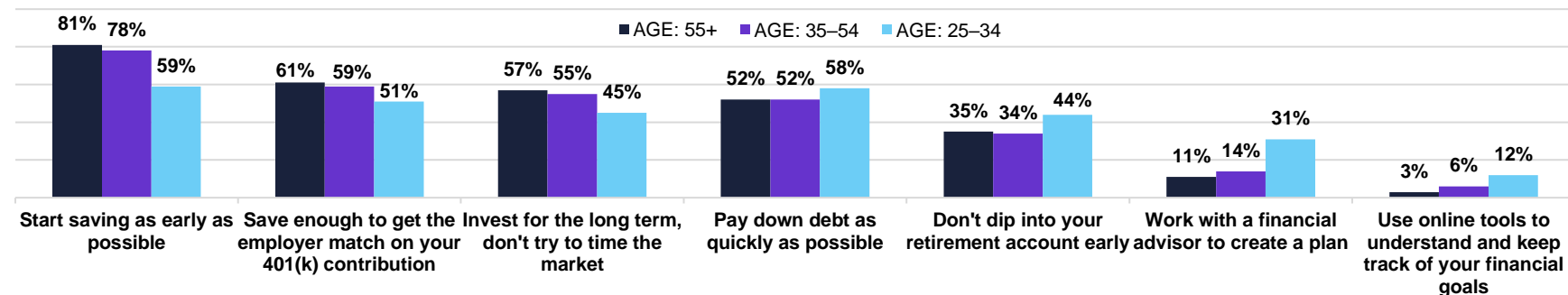
AGE: 55+



Retirement investing among Millennials, Gen X, and Baby Boomers

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

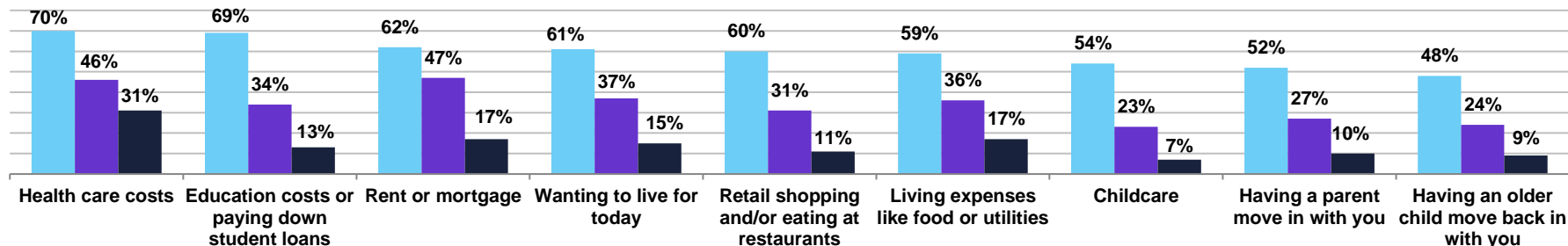
If you could offer a younger investor financial advice, what would it be? (Select top three)



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)



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.

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

All information in this presentation reflects results from the survey and should not be construed as reflecting the views of E*TRADE Financial, its affiliates, or Dynata. The results herein do not constitute a recommendation or endorsement by E*TRADE Financial, its affiliates, or Dynata.

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.

E*TRADE Financial, E*TRADE, and the E*TRADE logo are trademarks or registered trademarks of E*TRADE Financial, LLC.

All other product names are trademarks or registered trademarks of their respective holders.

© 2020 E*TRADE Financial, LLC, a business of Morgan Stanley. All rights reserved.