

FOR IMMEDIATE RELEASE

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E*TRADE STUDY REVEALS MOST INVESTORS BELIEVE THE MARKET IS IN BUBBLE TERRITORY

2/3 investors
think we're
in a bubble



E*TRADE

Despite bubble sentiment, investors remain optimistic as they brace for continued volatility

ARLINGTON, Va., January 8, 2021 — E*TRADE Financial Holdings, LLC today announced results from the most recent wave of StreetWise, the E*TRADE quarterly tracking study of experienced investors. Results indicate an increasingly bullish investor mindset despite volatility and recession concerns:

- **Investors see a market bubble.** Two thirds of investors (66%) think we're fully or somewhat in a market bubble.
- **Yet bullish sentiment climbs.** More than half of surveyed investors (57%) are bullish, up 5 percentage points since last quarter.
- **They expect more volatility.** Three in five investors (60%) think volatility will increase this quarter.
- **Recession fears linger.** Investors say their top portfolio risk is a recession (32%), followed by the pandemic (30%). Concern regarding the new presidential administration took a backseat (25%), ticking down 19 percentage points.

"Investors see that unprecedented fiscal stimulus, the Fed's easy monetary policy, the vaccine rollout, and relatively healthy earnings are all positives for the market," said Mike Loewengart, Managing Director of Investment Strategy at E*TRADE Financial. "Yet at the same time there is awareness that some, if not all, of these factors may already be priced in, and market corrections are a matter of when, not if. Kicking off the new year, it's a good practice to reassess financial goals and take a pulse check on your comfort level with risk."

The survey explored investor views on sector opportunities for the first quarter of 2021:

- **Health care.** Investors continue to see the most potential in the health care sector, which maintained its top spot (59%). There is still much to be seen about the logistics of mass vaccination, but investors seem to have high hopes for strength in this sector if distribution goes according to plan.
- **IT.** With stay-at-home orders returning and corporate America slow to return to the workplace, interest in the tech sector remained steady at 46%.
- **Energy.** This historically volatile sector just bumped consumer staples from last quarter, ranking third (30%). The energy sector is highly dependent on the price of oil and, with stalled reopenings around the globe, the sector could be in for more bumps in the road. Investors may see opportunities in undervalued energy names.

E*TRADE aims to enhance the financial independence of traders and investors through a powerful digital offering and professional guidance. To learn more about E*TRADE's trading and investing platforms and tools, visit etrade.com.

For useful trading and investing insights from E*TRADE, follow the company on Twitter, [@ETRADE](https://twitter.com/ETRADE).

About the Survey

This wave of the survey was conducted from January 1 to January 7 of 2021 among an online US sample of 904 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 60% male and 40% female, with an even distribution across online brokerages, geographic regions, and age bands.

About E*TRADE Financial Holdings, LLC and Important Notices

E*TRADE Financial Holdings, LLC and its subsidiaries provide financial services including brokerage and banking products and services to retail customers. Securities products and services are offered by E*TRADE Securities LLC (Member FINRA/SIPC). Commodity futures and options on futures products and services are offered by E*TRADE Futures LLC (Member NFA). Managed Account Solutions are offered through E*TRADE Capital Management, LLC, a Registered Investment Adviser. Bank products and services are offered by E*TRADE Bank, and RIA custody solutions are offered by E*TRADE Savings Bank, both of which are national federal savings banks (Members FDIC). More information is available at www.etrade.com.

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E*TRADE Financial engages Dynata to program, field, and tabulate the study. Dynata provides digital research data and has locations in the Americas, Europe, the Middle East and Asia-Pacific. For more information, please go to www.dynata.com.

Referenced Data

Do you think current stock valuations would suggest that right now we are...	
	Q1'21
Fully in a market bubble	15%
In somewhat of a market bubble	51%
Approaching a market bubble	26%
Not close to a market bubble	8%

When it comes to the current market, are you?					
	Q1'21	Q4'20	Q3'20	Q2'20	Q1'20
Bullish	57%	52%	51%	38%	61%
Bearish	43%	48%	49%	62%	39%

Over the next quarter, do you think volatility will...		
	Q1'21	Q4'20
Increase	60%	65%
Greatly increase	11%	19%
Somewhat increase	49%	46%
Stay the same	31%	28%
Somewhat decrease	9%	7%
Greatly decrease	0%	0%
Decrease	8%	7%

Which of the following risks are you most concerned about when it comes to your portfolio? (Top Two)		
	Total	
	Q1'21	Q4'20
Recession	32%	34%
Coronavirus and other pandemic concerns	30%	28%
New presidential administration	25%	44%
Market volatility	23%	24%
Gridlock in Washington	20%	14%
US trade tensions	15%	17%
Economic weakness abroad	14%	11%
Fed monetary policy	12%	10%
Inflation	7%	5%
Softening job market	7%	3%
Steepening yield curve	6%	5%
None of these	3%	2%
Other	2%	1%

What industries do you think offer the most potential this quarter? (Top Three)		
	Q1'21	Q4'20
Health care	59%	55%
Information technology	46%	46%
Energy	30%	26%
Financials	27%	24%
Consumer staples	26%	32%
Real estate	25%	23%
Communication services	24%	25%
Utilities	20%	22%
Industrials	15%	17%
Materials	15%	15%
Consumer discretionary	15%	15%