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**E\*TRADE STUDY REVEALS MANY INVESTORS PREFER A HYBRID MODEL WHEN  
CONSIDERING ROBO-ADVISORS**



*Preference for digital hybrids spans generations*

**NEW YORK, February 25, 2016** — E\*TRADE Financial Corporation (NASDAQ: ETFC) today announced results from the most recent wave of *StreetWise*, E\*TRADE's quarterly tracking study of experienced investors. Results indicate that, when choosing between three managed accounts, investors are more likely to select a solution that combines digital guidance with human support.

When asked to choose between three account types — a low cost, digital-only solution, managed and rebalanced solely by an algorithm; a moderately priced, digital hybrid solution, defined by automatic rebalancing and human guidance; or a higher cost, advisor-driven account, managed solely by a professional — investors are more likely to choose the digital hybrid model. This preference is more pronounced among Millennial and Gen X investors.

“The data suggest a new paradigm in robo-advisory models: adaptive solutions backed by human support,” said Kunal Vaed, SVP of Digital Channels at E\*TRADE Financial. “The idea that younger investors will only gravitate towards the cheapest solution is a myth. While intuitive and insightful digital tools are a necessity in catering to today's investors, at the same time, investors seek human guidance. Investors want to be able to talk to a professional, especially during extreme market volatility.”

Mr. Vaed shed additional light on robo-solutions and investing trends today:

- **Machines are not taking over the world.** Despite the rise in software, the data suggest human guidance and support still have an important place in the minds of investors.
- **Value matters.** Much has been said about how attractive low or no-fee platforms have become, particularly for younger investors. Yet results show that Millennials and Gen X are not entirely driven by cost. Many investors today are willing to pay more for a robo-solution that includes some human support.
- **Active vs. passive management is not either/or.** While passive products like ETFs and index funds remain popular, actively managed products continue to serve a role in many investors' portfolios.

Visit E\*TRADE's [Newsroom](#) for the full Q116 StreetWise study results.

E\*TRADE helps investors balance today's needs with tomorrow's goals, through pioneering digital tools coupled with guidance online and from financial consultants. To learn more about E\*TRADE's trading and investing platforms and tools, visit [etrade.com](http://etrade.com).

For useful insight from E\*TRADE and third-party investment professionals, follow the Company on Twitter, [@ETRADE](#).

### About the Survey

This wave of the survey was conducted from January 6 to 11, 2016, among an online U.S. sample of 919 self-directed active investors who manage at least \$10,000 in an online brokerage account. The survey has a margin of error of  $\pm 3.2$  percent at the 95 percent confidence level. It was fielded and administered by ResearchNow. The tracking study fields quarterly at the beginning of each quarter and does not reflect data from the complete quarter. 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) investors. The panel is 65 percent male and 35 percent female with an even distribution across online brokerages, geographic regions, and age bands.

### Referenced Data

<i>If you had to choose, in which of the following managed accounts are you most interested?</i>				
		AGE		
	TOTAL	25-34	35-54	55+
Account A, which costs more than B and C and is managed solely by a human investment professional	27%	29%	23%	32%
Account B, which has a cost between A and C, is managed by an algorithm with automatic rebalancing, and also offers professional human guidance	50%	53%	55%	43%
Account C, which costs less than A and B and is managed solely by an algorithm, with automatic rebalancing	23%	18%	22%	25%

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### About E\*TRADE Financial and Important Notices

E\*TRADE Financial and its subsidiaries provide financial services, including online brokerage and banking products and services to retail customers. Specific business segments include

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