

# E\*TRADE Financial Q4 2018 StreetWise Report

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



# Q4 2018 survey methodology and background

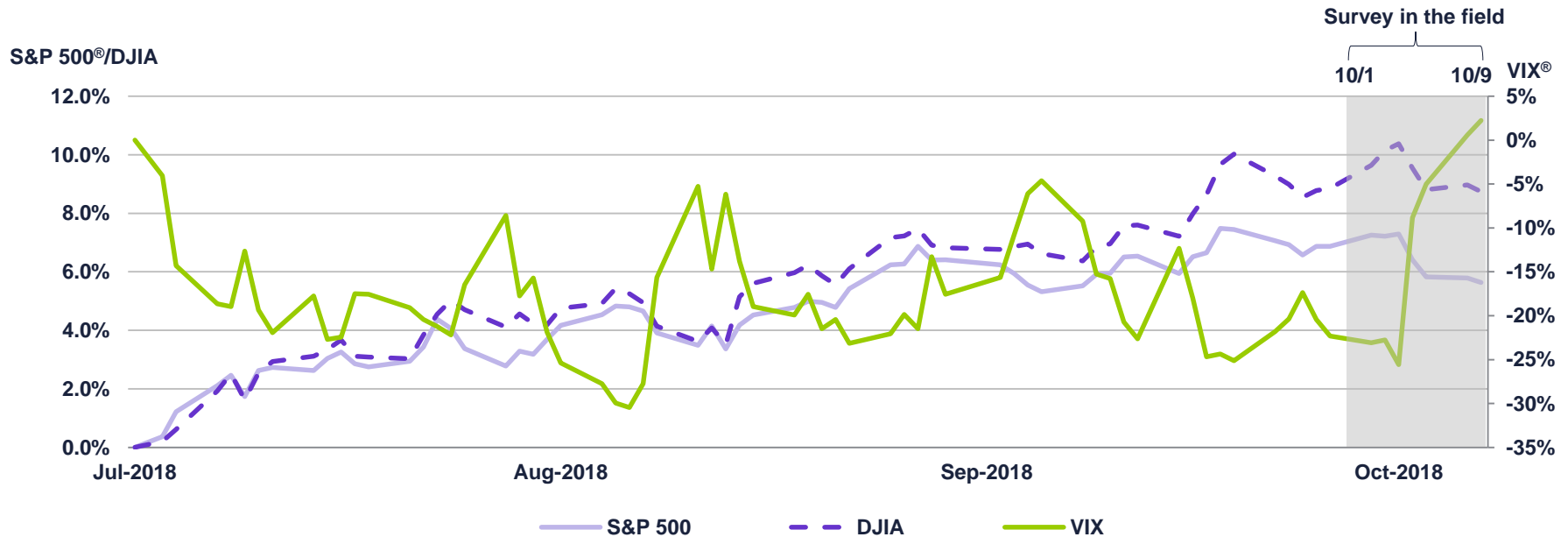
## Methodology

This wave of the survey was conducted from October 1 to October 9 of 2018 among an online US sample of 956 self-directed active investors who manage at least \$10,000 in an online brokerage account. The survey has a margin of error of  $\pm 3.20$  percent at the 95 percent confidence level. It was fielded and administered by Research Now. 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.

## 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 2018 survey timing mapped against major market indexes



# Sentiment

VIEWS ON THE MARKET AND WHERE  
OPPORTUNITIES LIE

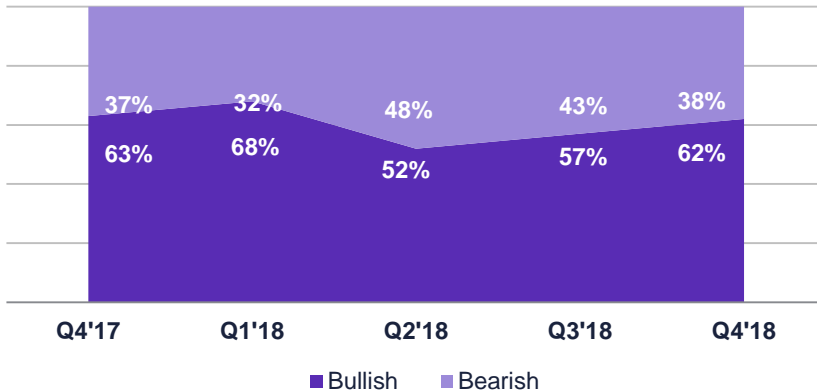




# Views on the market

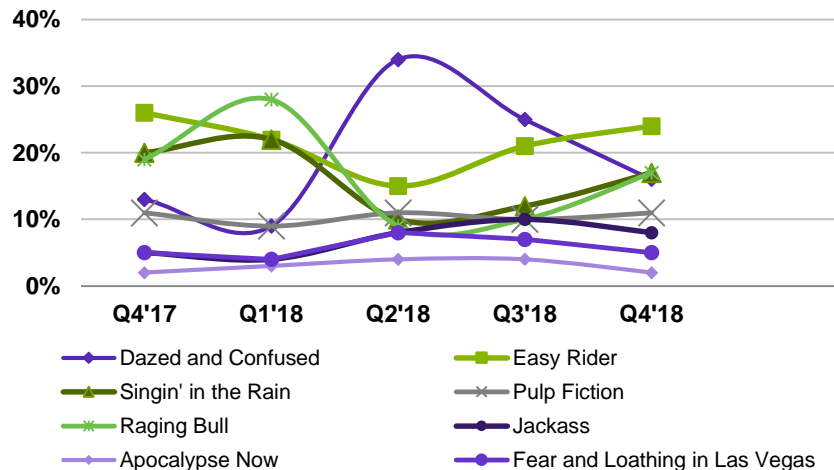
## Bullishness rose to near Q1 high

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



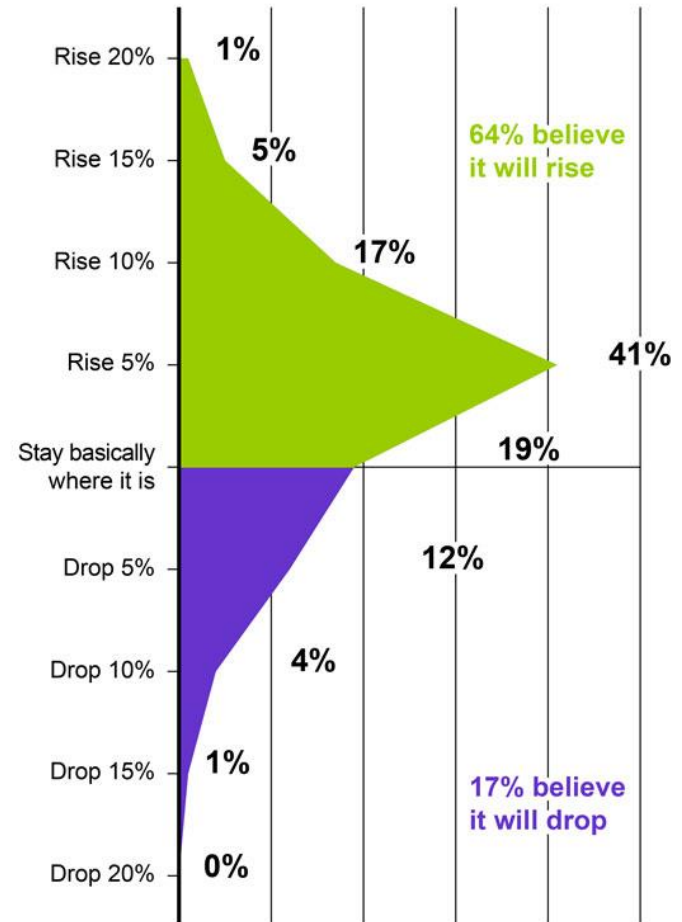
## Investors are feeling significantly less *Dazed and Confused* and more *Easy Rider*

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



## Majority believe the market will rise in Q4 2018

Where do you predict the market will end this quarter?

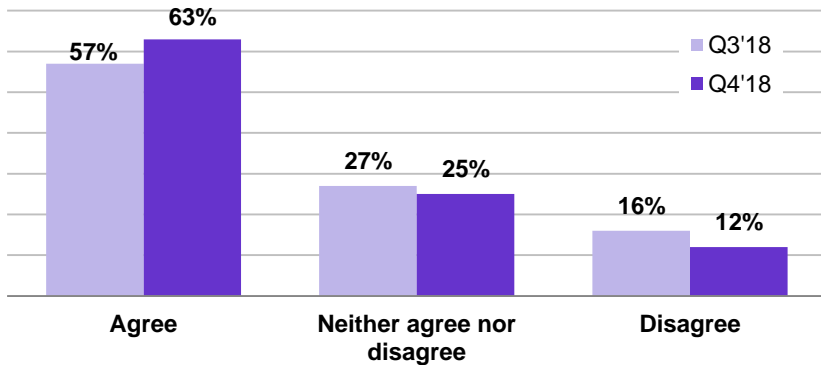




# Views on the economy and rates

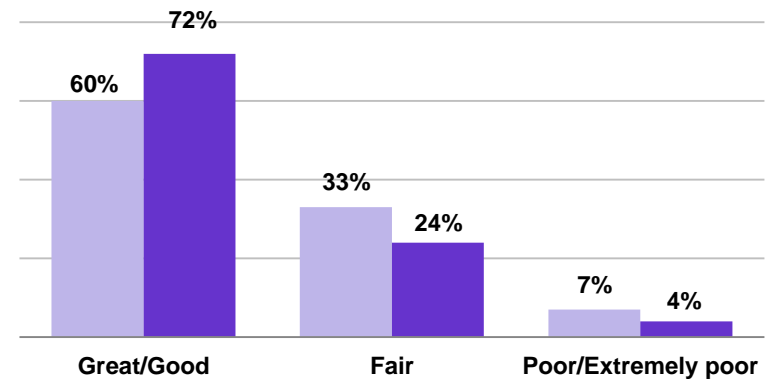
## More investors think the economy is healthy enough for more rate hikes

The US economy is healthy enough for the Fed to enact additional rate hikes this quarter. (%=Strongly/Somewhat)



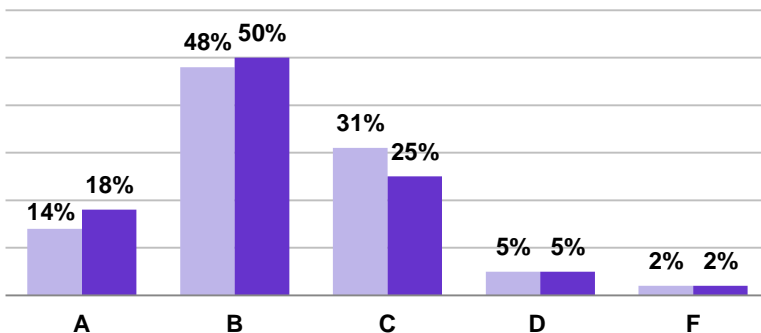
## Confidence in the economy improved

How do you think the US economy is doing this quarter?



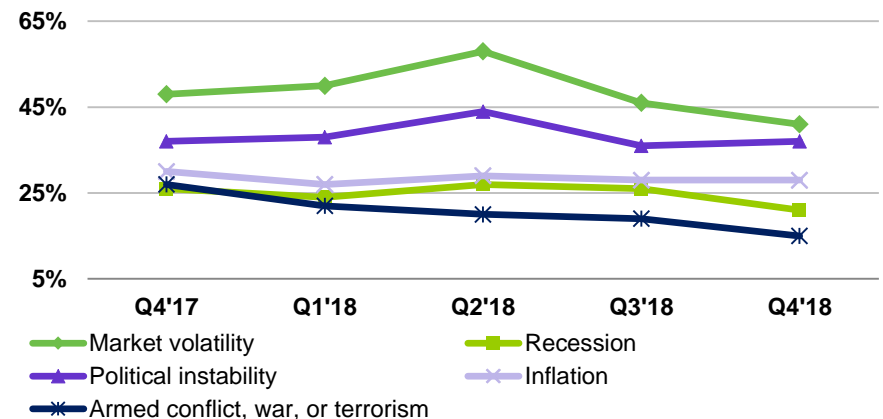
## Over two-thirds of investors gave the economy an A or B rating

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



## Market volatility concerns are down q/q and y/y

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

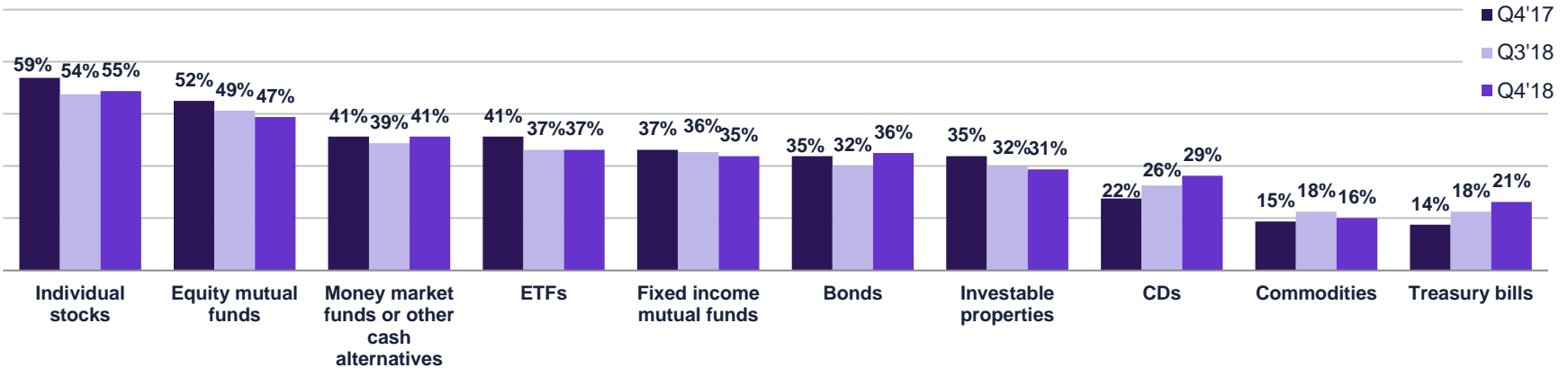




# Asset class interest

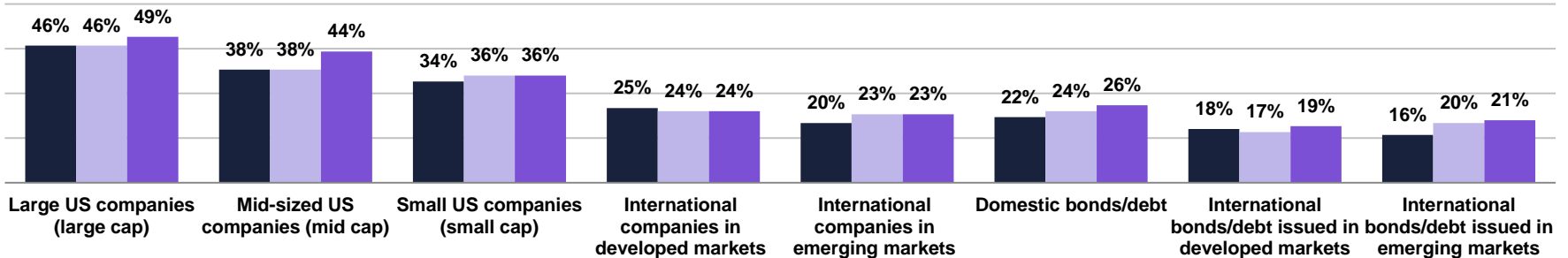
## Interest in nearly all classes was consistent q/q, with an uptick in bonds, CDs, & T-bills

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.<sup>1</sup> (Top 10 shown.)



## Interest in large- and mid-sized US companies increased q/q and y/y

How interested/comfortable are you with investing in each of the following sectors this quarter, without taking into account the investment products which you can invest through?<sup>1</sup> (% Very/Extremely interested; base=all)



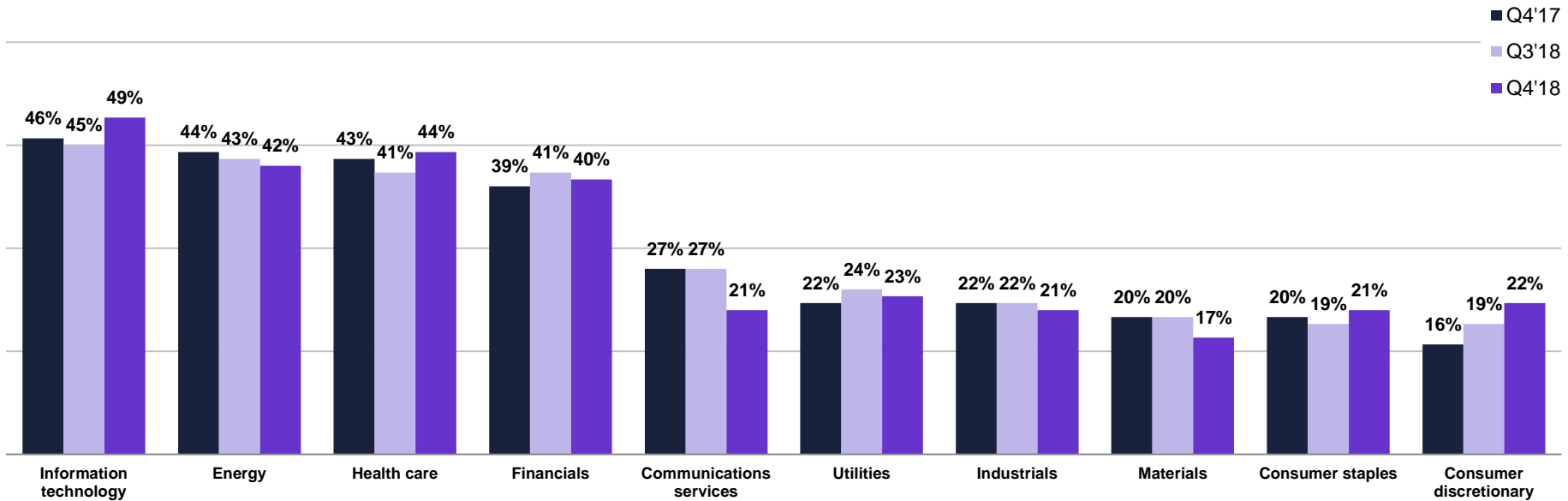
1. Focuses on y/y and q/q—other quarters available on request



# US sector interest

## IT, energy, health care, and financials have the most interest q/q

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



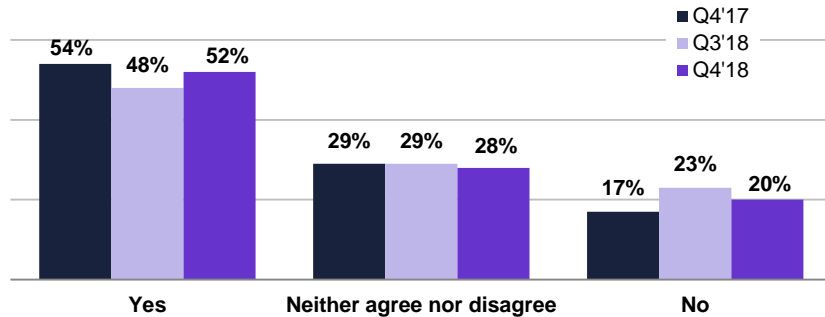
1. Focuses on y/y and q/q—other quarters available on request.



# International and emerging market interest

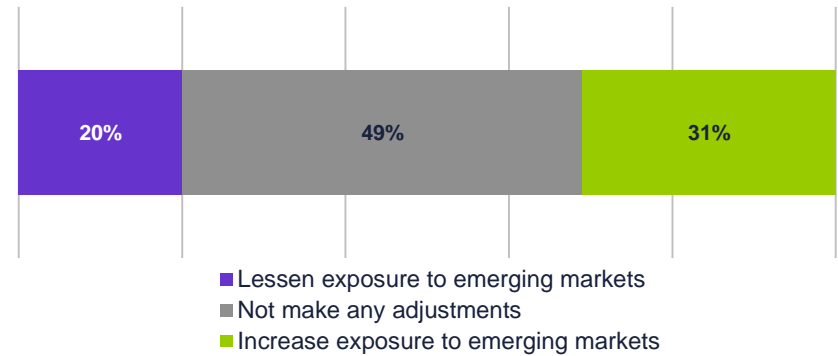
## Interest abroad slightly increased q/q

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



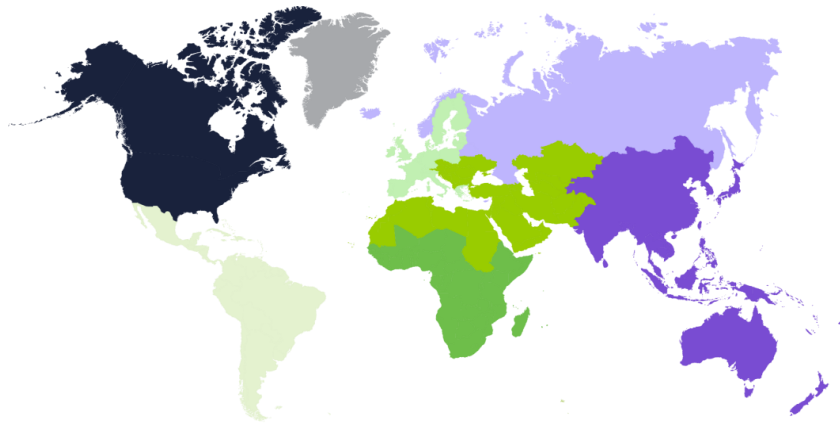
## The majority won't be changing their EM exposure

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



## Interest in North America remains on top

Which regions do you think offer the greatest investment potential this quarter?<sup>1</sup>  
 (% = Top two box)



	% Interested	Q/Q Δ
■ United States and Canada	72%	+4%
■ Asia and Pacific	42%	(-4%)
■ European Union	32%	+1%
■ Central, Eastern, and Southeastern Europe (including Russia)	13%	(-2%)
■ Middle East and Central Asia Region (including North Africa)	12%	(-2%)
■ Latin America and the Caribbean	12%	(-1%)
■ Sub-Saharan Africa	6%	+1%

1. Change shown q/q from Q3'18.



# Portfolio management

A LOOK AT HOW DIFFERENT AGE GROUPS  
MANAGE THEIR INVESTMENTS

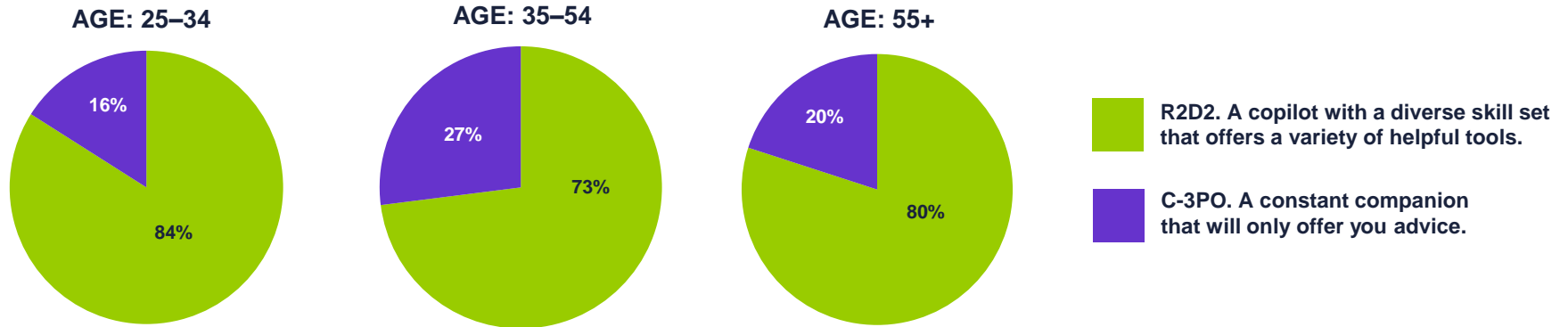




# Millennial, Gen X, and Baby Boomer broker preferences and portfolio management

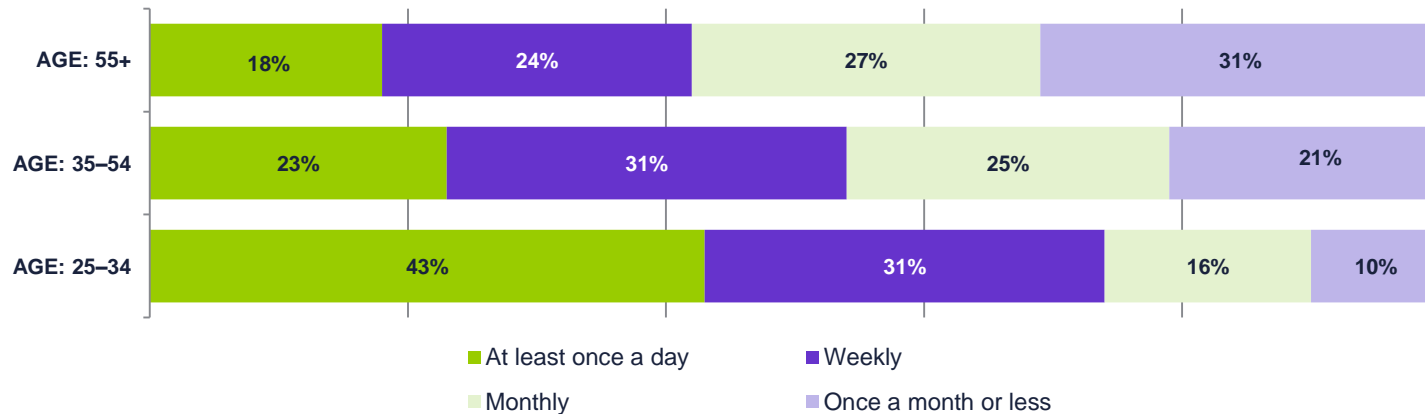
## Investors of all ages prefer a broker like R2D2, offering a variety of helpful tools

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



## Majority of Millennials and Gen X check their portfolio at least weekly

How often do you evaluate the positions in your portfolio?



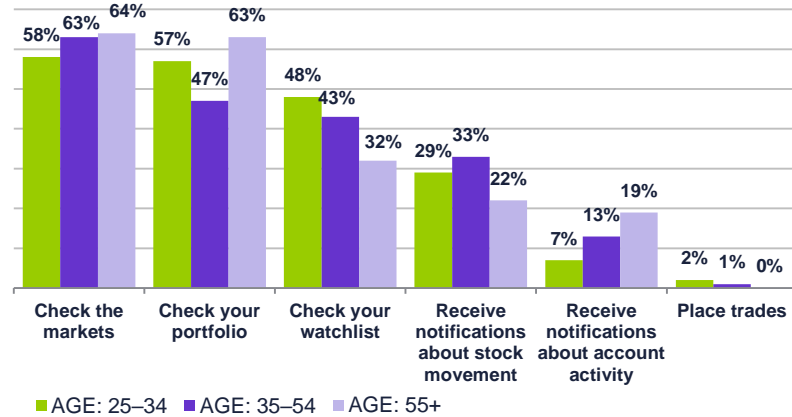
*"Millennials" defined as age 25-34, "Gen X" defined as age 35-54, "Baby Boomers" defined as age 55+.*



# Mobile usage among Millennials, Gen X, and Baby Boomers

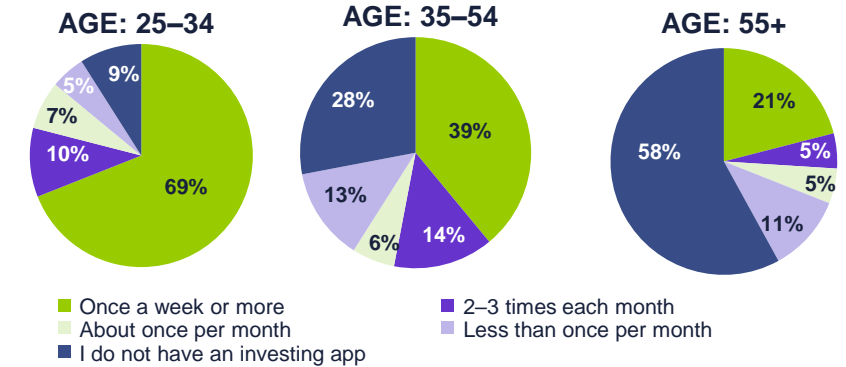
## Boomers show more of a desire to check information on a wearable device

Which of the following would you be most likely to use a wearable device to do when it comes to investing and trading? (Select top two)



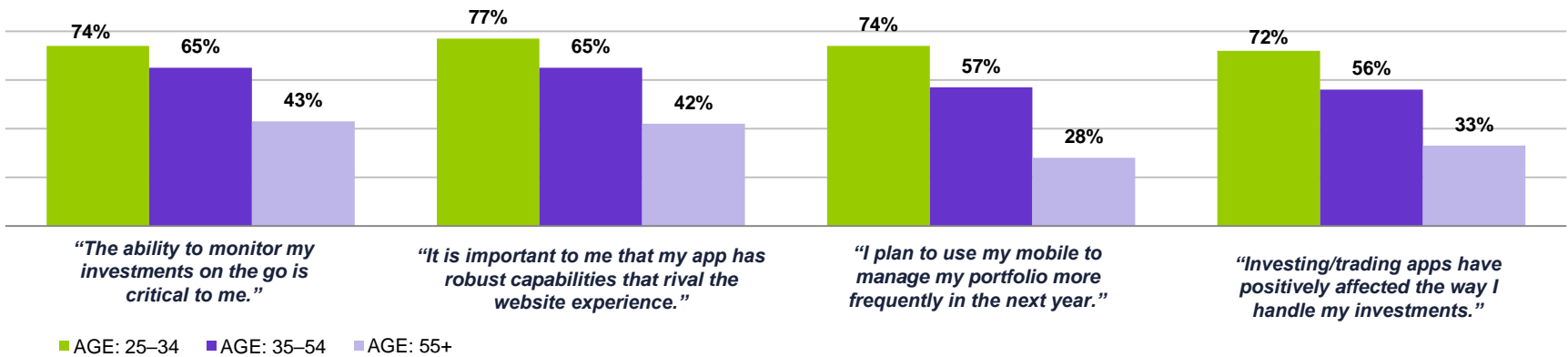
## Over two-thirds of Millennials use an investing app once a week or more

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



## Mobile is critical, and nearly four out of five Millennials want website capabilities on their app

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



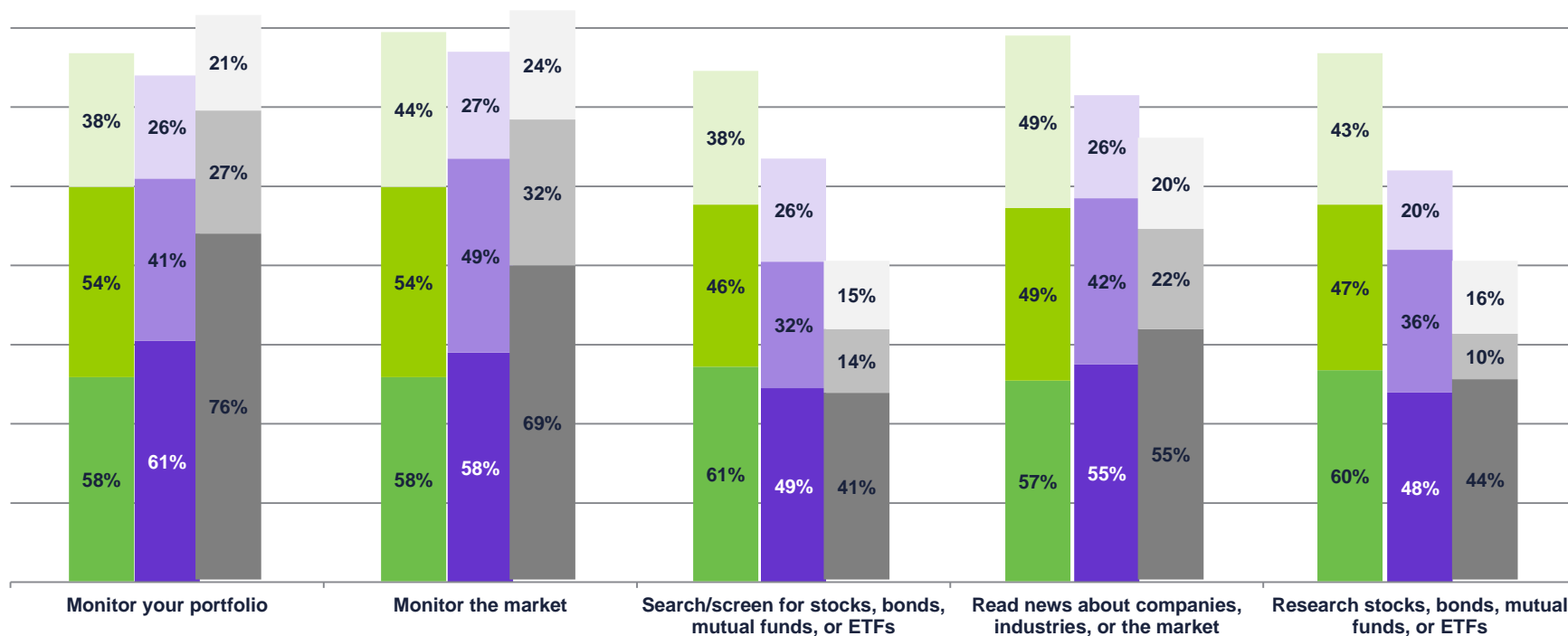
"Millennials" defined as age 25-34, "Gen X" defined as age 35-54, "Baby Boomers" defined as age 55+.



## Platform usage: Top five activities

**While mobile rivals desktop usage across several core activities, Millennials remain the most likely to use their smartphones**

How often do you use your computer/smartphone/tablet to... (%=Very/Somewhat frequently)



	Millennials	Gen X	Boomers
Tablet			
Mobile			
Desktop			

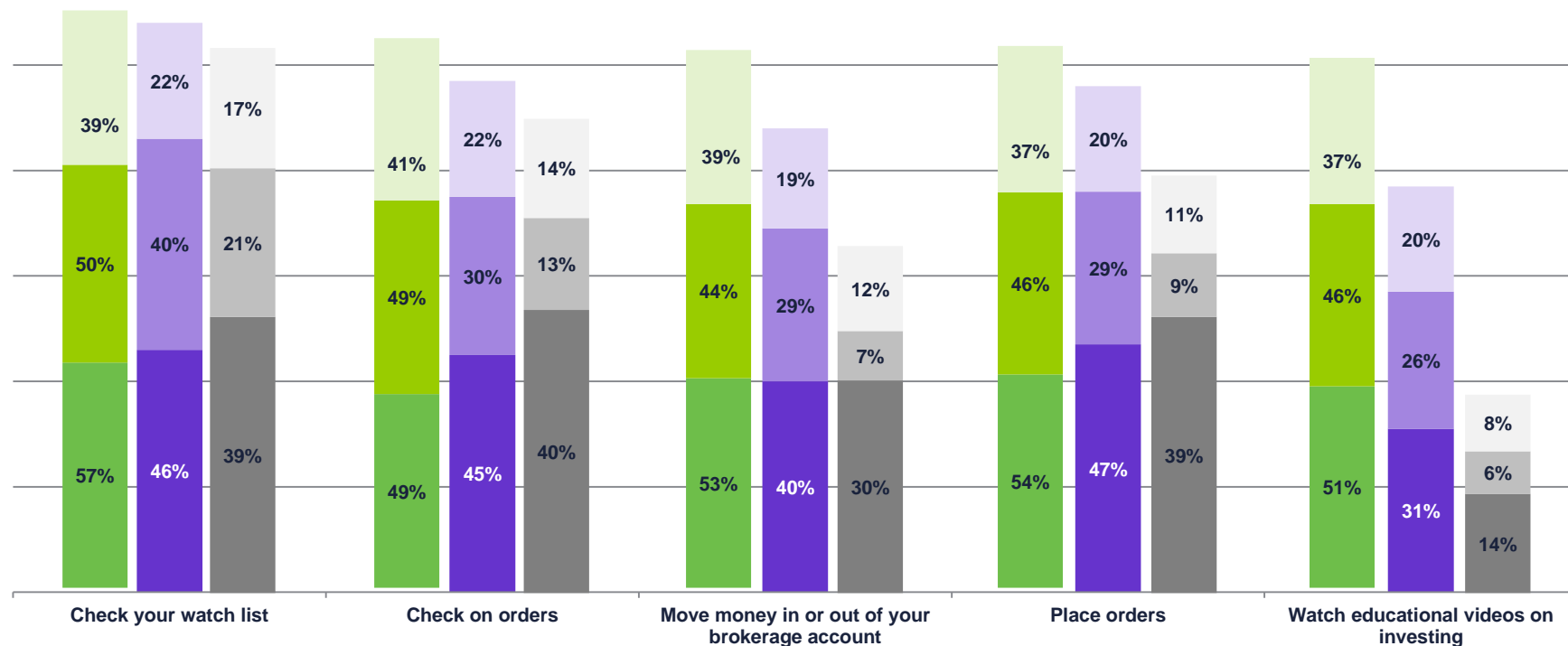
"Millennials" defined as age 25–34, "Gen X" defined as age 35–54, "Baby Boomers" defined as age 55+.



## Platform usage: Bottom five activities

### Millennials are nearly as likely to watch educational videos on mobile as on a desktop

How often do you use your computer/smartphone/tablet to... (%=Very/Somewhat frequently)



	Millennials	Gen X	Boomers
Tablet			
Mobile			
Desktop			

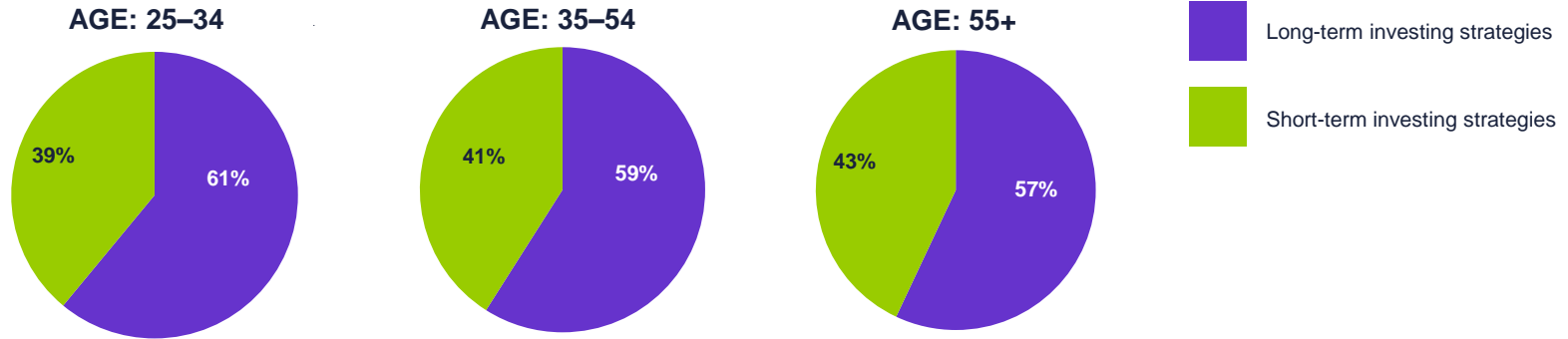
"Millennials" defined as age 25–34, "Gen X" defined as age 35–54, "Baby Boomers" defined as age 55+.



# ETF investing

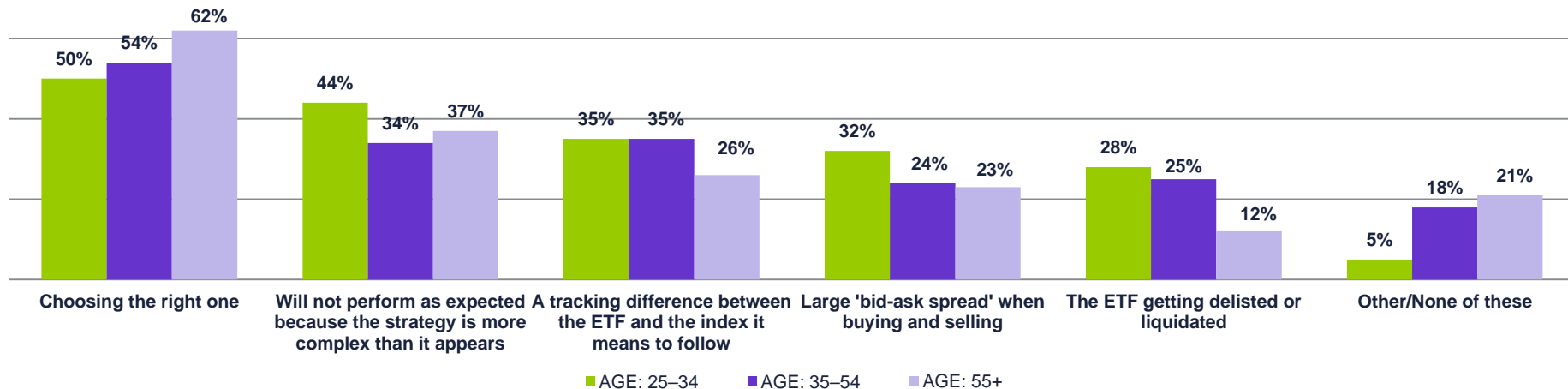
## Majority believe ETFs are more for long-term investing strategies

If you had to choose, do you believe that ETFs are more for short-term or long-term investing strategies?



## Choosing the right ETF is a main concern, followed by performance and tracking

Which of the following concerns you the most about investing in ETFs?



"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

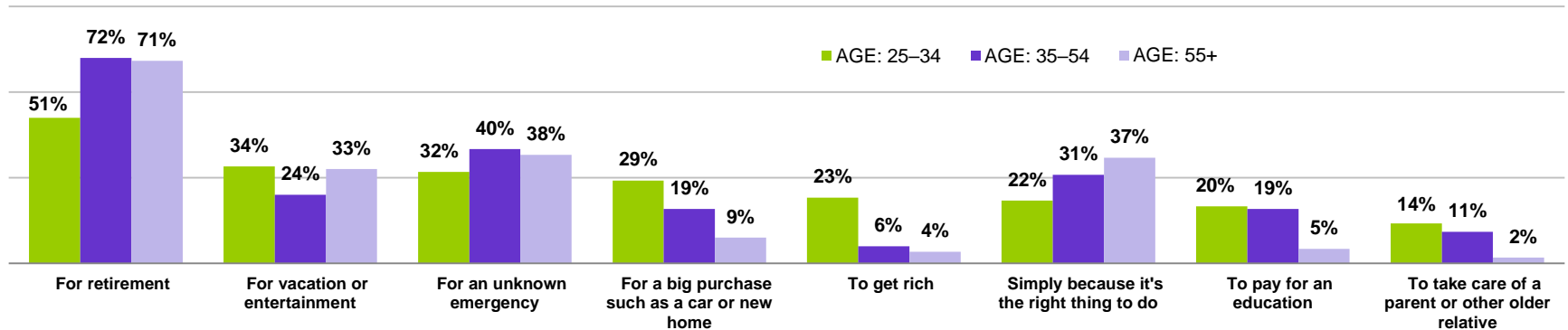




# Retirement investing among Millennials, Gen X, and Baby Boomers

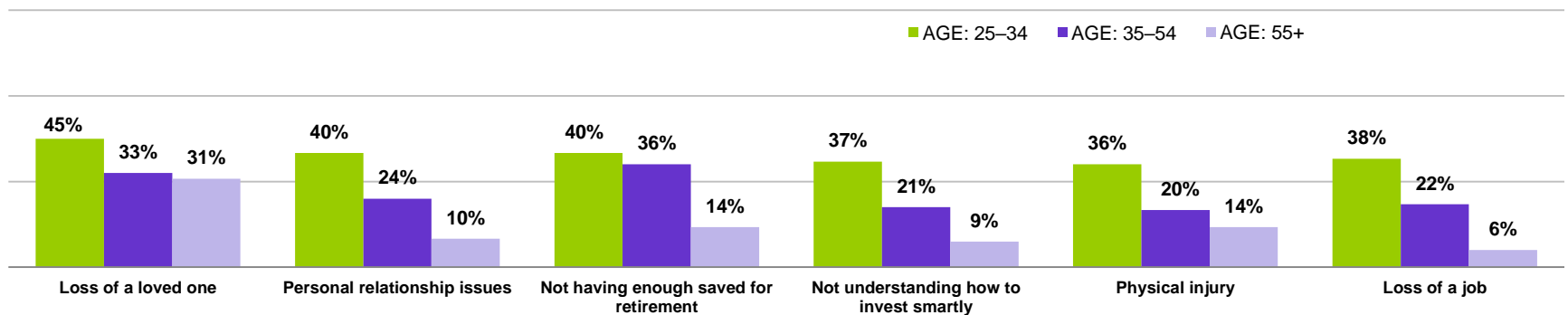
## Retirement is the highest single priority for long-term saving, although significantly less so for Millennials

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



## Saving for retirement weighs on Gen X investors more than the potential loss of a loved one

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



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

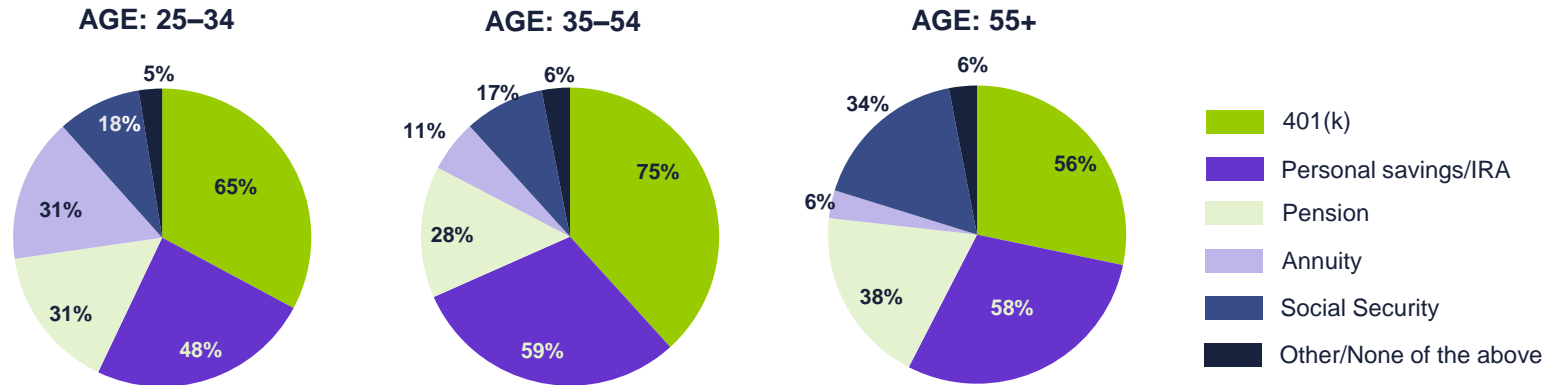




# Retirement investing among Millennials, Gen X, and Baby Boomers

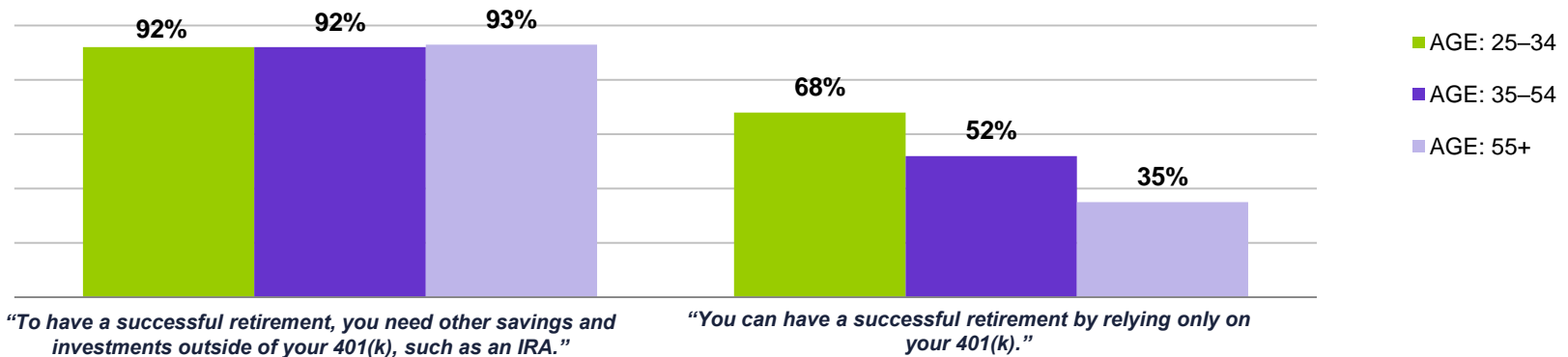
## The majority rely on their 401(k) to help meet retirement goals

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)



## All age groups believe you need savings outside of your 401(k) to successfully retire

Do you agree or disagree with the following statements? (% = Strongly/Somewhat agree)

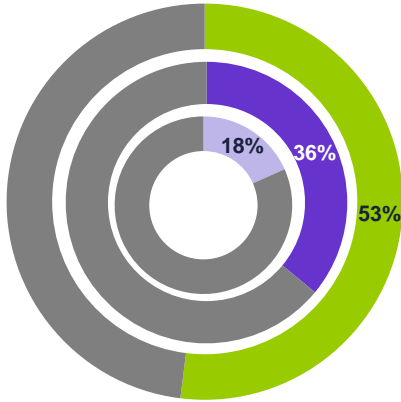


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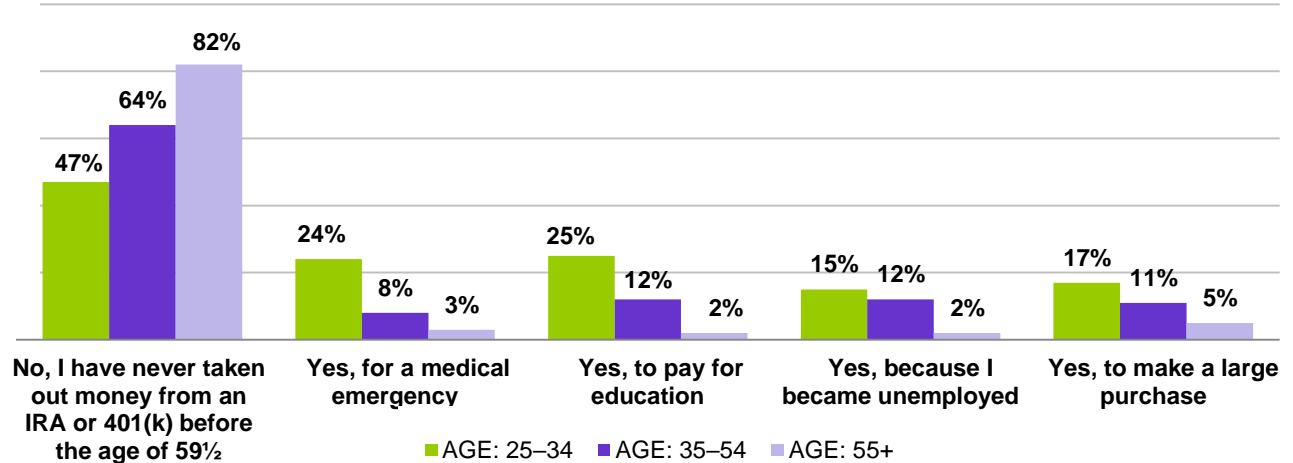
# Retirement investing among Millennials, Gen X, and Baby Boomers

Despite their reliance on retirement accounts, more than half of Millennials have already taken out money from an IRA or 401(k)



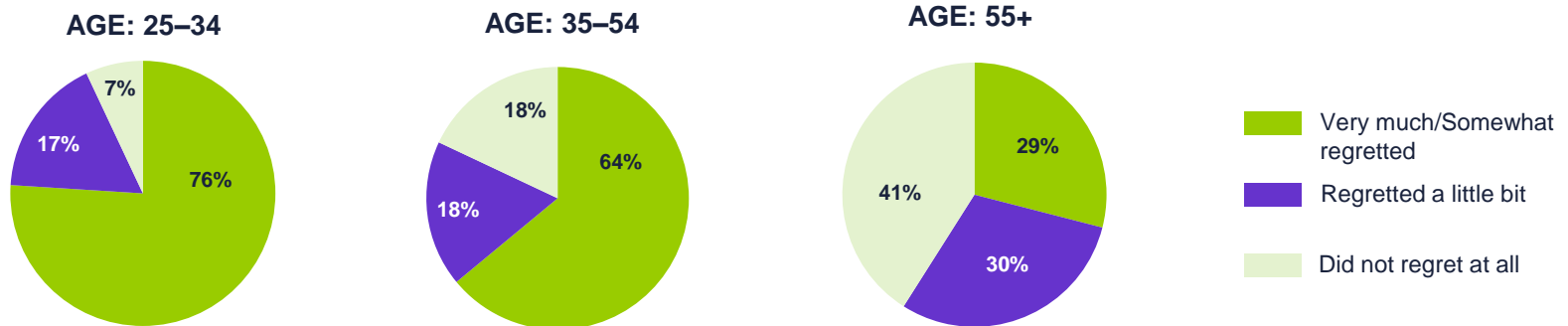
Percentage who have taken out money from an IRA or 401(k) before the age of 59½.

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)



## Majority of Millennials and Gen X later regret the decision to take early withdrawals

Have you ever regretted your decision to take money from an IRA or 401(k) before the age of 59.5?



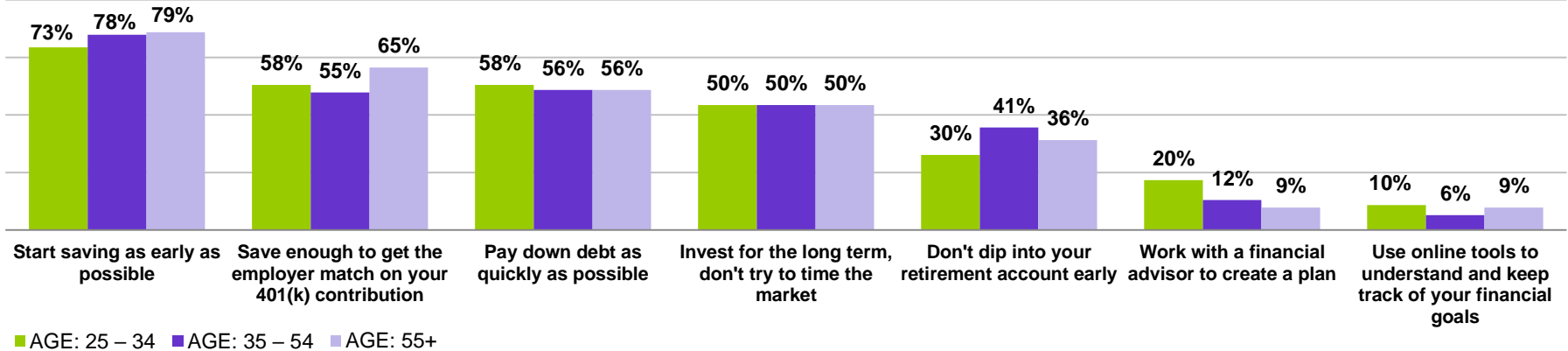
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# Retirement investing among Millennials, Gen X, and Baby Boomers

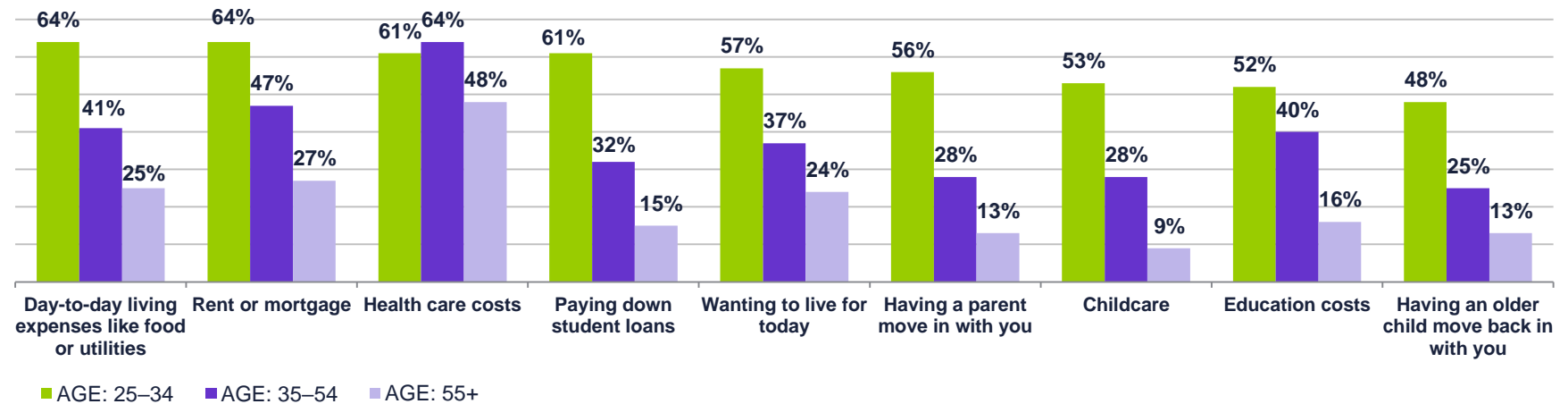
## Boomers recommend starting early, getting the match, and paying down debt

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



## Millennials have many significant retirement saving roadblocks

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

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**This presentation presents data from October 1–October 9, 2018.**

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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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: Consumer Discretionary Select Sector; Consumer Staples Select Sector; Energy Select Sector; Financials Select Sector; Health Care Select Sector; Industrials Select Sector; Technology Select Sector; Materials Select Sector; Telecommunication Services; 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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