



The Schwab Self-Directed Brokerage Account Indicators™

An industry-leading benchmark on retirement plan participant investment activity within self-directed brokerage accounts.

All Participants
Quarter Ending 6/30/2018

The Schwab Self-Directed Brokerage Account IndicatorsTM

Key Schwab Observations for the Second Quarter 2018:

Asset Balance Summary

The S&P 500 was at the top of the range in Q2, finally retaking the 2800 level. Despite rising concerns surrounding trade, tariffs and Fed tightening, stocks were near the top of the recent trading range. The market uncertainty has allowed investor sentiment to move to neutral territory from overly optimistic territory, according to the Ned Davis Research Crowd Sentiment Poll, and U.S. business confidence remained elevated. Real GDP also surged in the second quarter, with boosts from consumption and exports.

The average account balance for all participants in the Schwab Personal Choice Retirement Account® (PCRA) was up 23.3% to \$265,902 from \$215,714 a year ago and slightly up by 1.5% from \$261,900 last quarter. Trading volumes were down 19% from last quarter to 6.3 average trades per quarter from 7.8, as investors remained patient and cautious. They made the most trades in their equities holdings, followed by mutual funds and ETFs.

On average, participants held 9.7 positions in their PCRA, very similar to last year. Participants aged 54 and over (part of the Baby Boomer generation) were at 41.2%, while the Gen X (age 38-53) participants were not far behind with 40.4% and Millennials (age 25-37) at 11.0%.

Investing Behavior and General Investing Characteristics

Asset Allocation

Mutual Funds held the majority of participant assets and were largely unchanged at 37.9%. That included a 19.1% allocation for OneSource Mutual Funds and an 18.7% allocation for transaction fee and other Mutual Funds. Equities were the second largest holding at 29.6%, with ETFs coming in at 16.8%, Cash & Equivalents at 13.2% and Fixed Income at 2.5%. During the year, the participant holdings remained relatively unchanged, with no more than a 1% shift in various holdings.

Mutual Funds

Large Cap Stock Funds had the largest allocation at 28.2%, down 2% from last year. They were followed by Taxable Bond Funds at 19.7% and International funds at 17.5%. Overall, the market value allocation was very similar to last year.

Equities

All the shifts were very minor in participant Equity Sector Holdings over the course of the year. The largest equity sector holding was Information Technology at 30.8%, up 2% from last year. Consumer Discretionary was a distant second at 16.1% and Financials was third at 11.6%, followed by Health Care (10.6%) and Industrials (8.2%). Energy sector holdings were only 6.0%, although overall, the energy sector earnings surged 123.1% in Q2.

Exchange-Traded Funds (ETFs)

U.S. Equity ETFs, comprised of Large Caps, the most popular segment, Mid Caps and Small Caps, continued to be the top ETF holding in participant accounts and was the same as last year at 48.4%, followed by International Equity ETFs at 16.9%, U.S. Fixed Income at 12.6% and Sector ETFs at 12.0%.

Asset Flows

The largest asset net flow class was Equities, followed by Fixed Income, Mutual Funds (OneSource), Mutual Funds (Transaction Fee) and ETFs.

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Key Schwab Observations for the Second Quarter 2018 (continued):

Investing Behavior Across Generations: Millennials, Gen X and Baby Boomers

As usual, Millennials had the lowest PCRA balance at \$61,916, followed by Gen X at \$194,534 and Baby Boomers at \$365,561, up slightly from last quarter.

All three generations had very similar equity holdings, with Apple, Amazon, Facebook, Berkshire Hathaway and Netflix coming in at the top. Millennials also had Tesla, while Gen X and Boomers held Bank of America.

As for the top ETF holdings, they were very similar across generations: Schwab US Broad Market ETF, SPDR S&P 500 ETF, Vanguard and Schwab International Equity were at the top for all.

All continued to hold Schwab S&P 500 Index FD as their top Mutual Fund holding, followed by Schwab Total Stock Market Index.

Millennials and Gen X again had the same percentage of mobile trades at 19%, and Baby Boomers came in higher by 1% from last quarter at 14%. Millennials had the highest percentage in cash out of the three generations- 16.2%, vs. 13.3% for Gen X and 12.7% for Baby Boomers.

Investing Behavior: Roth vs non-Roth Accounts

The Roth PCRA account holder balance was much lower than the non-Roth PCRA: \$65,199 vs \$269,338. Gen X had the most Roth Accounts as a percentage of accounts in their respective generations, while Baby Boomers were highest in the non-Roth accounts. Those with Roth accounts also had lower trade volumes- 3.4 vs. 6.3.

While non-Roth account holders' equity holdings were the standard holdings across all accounts, such as Apple, Amazon and Netflix, the Roth PCRA accounts continued to hold Glenview Offshore equity at the top.

Investing Behavior: Advised vs. non-Advised Accounts

Baby Boomers had the largest PCRA account balances and the most advised accounts at 46.1%, while only 8.2% of the Millennials chose to use an advisor. The average participant balance for advised accounts was \$436,709, while non-advised accounts were at \$226,283, almost half of advised accounts. Those with advised accounts also had more average trades-9.7 total vs. 5.5 for non-advised accounts.

Those participants who used advisors, displayed a more diversified asset allocation mix and had a lower concentration of assets in particular securities, with Apple being the top one for everyone; advised participants only had 5.1% of their equity assets with Apple, while non-advised participants had 9.8%. Advised participants also had the lower percentage in cash: 4.3% vs. 17.1% for non-advised, showing a good balance among all the advised investments.

As for ETF holdings, advised participants again had more balance among all the holdings, not having more than 3.8% of any one ETF, with the Schwab U.S. Broad Market ETF being the top one. Advisors preferred DFA as a top fund family and the DFA US Core Equity Institutional fund as a top holding, with a 19.9% mutual fund asset allocation. Non-advised participants had Schwab S&P 500 Index FD as the top mutual fund holding and 17.0% of the mutual fund asset allocation went to the Vanguard fund family, followed by Schwab.

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All Participants, Quarter Ending 6/30/2018

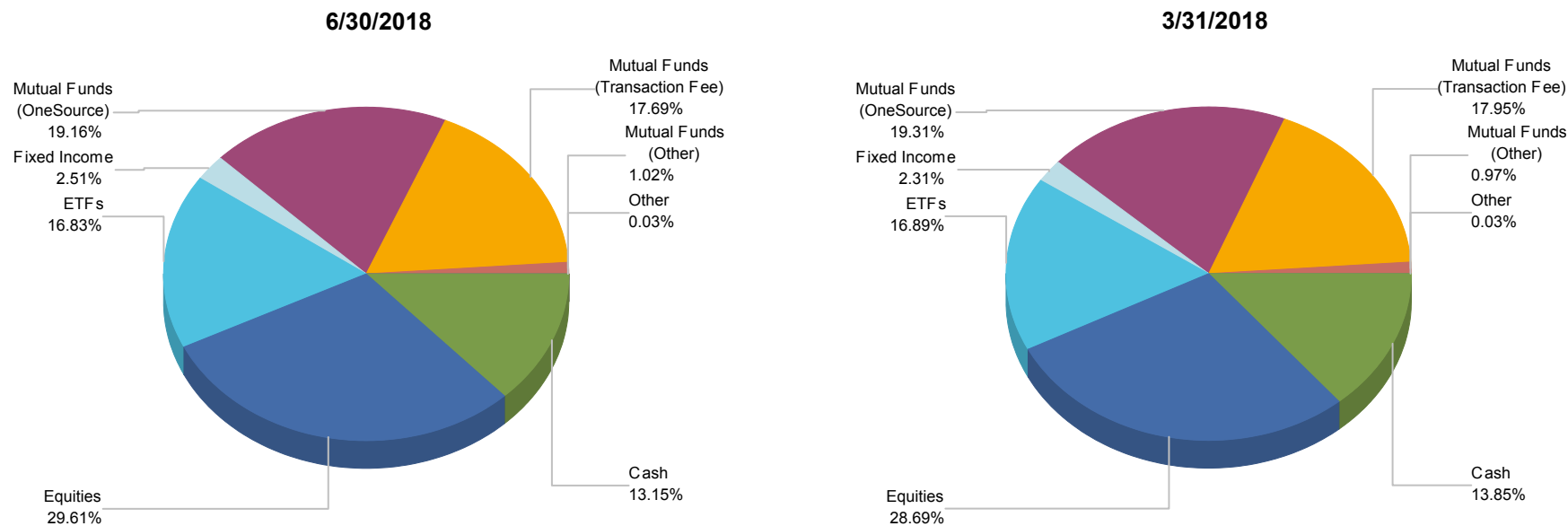
PCRA Profile Information				Average Positions/Trades Per Account		
Account Balances and Types		Participant Demographics			Positions	Trades
Average PCRA Balance	\$265,902	Male Participants	75.5%	Total	9.7	6.3
Advised Participants	18.8%	Female Participants	24.5%	Equities	4.3	2.7
Average Advised Balance	\$436,709	Average Age	51	ETFs	1.5	1.2
Self-Directed Participants	81.2%	Millennial* (Age 26-37)	11.0%	Fixed Income	0.2	0.0
Average Self-Directed Balance	\$226,283	Gen X** (Age 38-53)	40.4%	Mutual Funds	2.7	2.2
Traditional Accounts	98.3%	Baby Boomer*** (Age 54-71)	41.2%	Other	0.0	0.1
Roth Accounts	1.7%	Birth years: *1981-1992, **1965-1980, ***1947-1964		Cash Investments	1.0	n/a
Top 10 Equity Holdings		%EQ Assets		Top 10 ETF Holdings		%EQ Assets
APPLE INC		8.81%		SPDR S&P 500 ETF		4.06%
AMAZON.COM INC		5.52%		VANGUARD TOTAL STOCK MARKET ETF		3.99%
BERKSHIRE HATHAWAY CLASS		2.41%		SCHWAB US BROAD MARKET ETF		3.76%
FACEBOOK INC CLASS		2.25%		INVESCO QQQ TRUST		3.00%
NETFLIX INC		1.99%		SCHWAB US LARGE CAP ETF		2.58%
MICROSOFT CORP		1.76%		SCHWAB INTERNATIONAL EQUITY ETF		2.49%
NVIDIA CORP		1.42%		VANGUARD S&P 500 ETF		2.07%
ALPHABET INC. CLASS		1.28%		ISHARES CORE S&P 500 ETF		1.82%
BANK OF AMERICA CORP		1.27%		SCHWAB US LARGE CAP GROWTH ETF		1.70%
ALIBABA GROUP HOLDING FSPONSORED ADR		1.23%		SCHWAB US SMALL CAP ETF		1.70%
Top 10 Mutual Fund Holdings**		% MF Assets		Top 10 Fund Families		% MF Assets
SCHWAB S&P 500 INDEX FD		3.73%		VANGUARD		12.99%
SCHWAB TOTAL STOCK MKT INDEX		1.84%		SCHWAB		10.61%
PIMCO INCM CL A		1.07%		DFA		8.81%
DFA US CORE EQTY 2 PORT INSTL		0.84%		PIMCO FUNDS		3.92%
VANGUARD 500 INDEX FD INVESTOR SHS		0.83%		T ROWE PRICE		3.64%
PIMCO INCM INST CL		0.82%		FIDELITY		3.36%
DOUBLELINE TOTAL RETURN BD FD CL I		0.72%		AMERICAN FUNDS		2.43%
DFA INTL CORE EQTY PORT INSTL		0.68%		JANUS		1.81%
SCHWAB INTL INDEX FUND		0.67%		DODGE & COX		1.63%
FIDELITY CONTRA FUND		0.65%		OAKMARK		1.63%

**Top 10 Mutual Funds does not include Money Market Funds.

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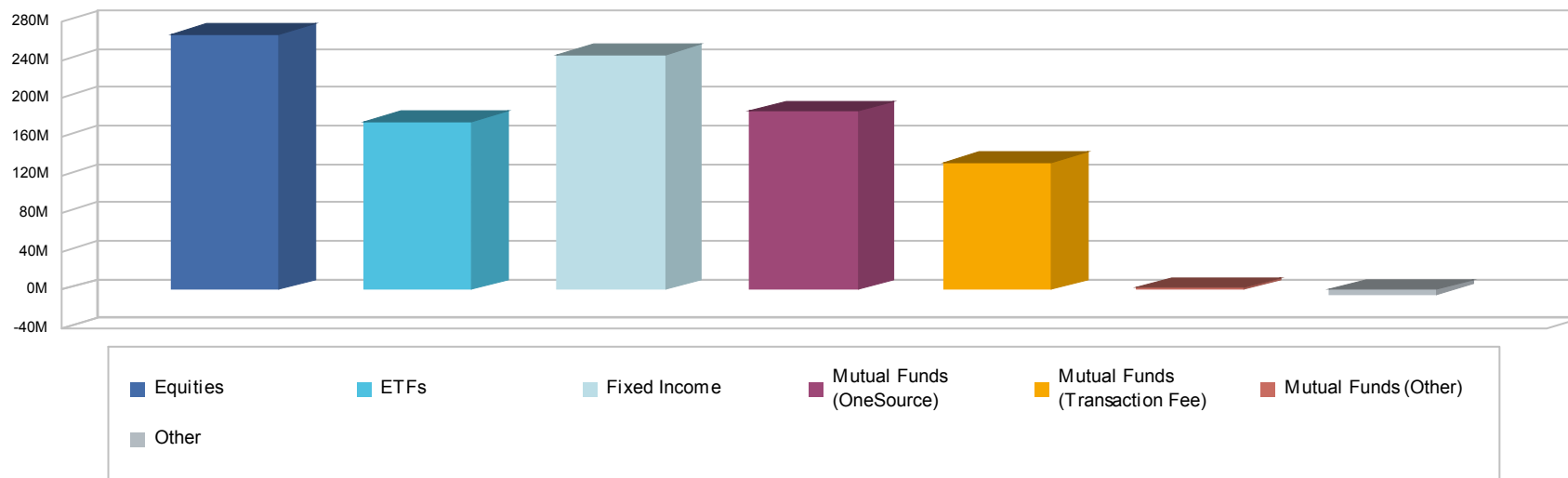
All Participants, Quarter Ending 6/30/2018

Market Value Allocation - All Assets (Quarter over Quarter)



The above charts illustrate the percent of PCRA participant assets in each noted asset class as percentage of total PCRA assets. Percentages are calculated as of quarter-end. Money Market Funds are classified under Mutual Funds.

Net Flow - All Non-Cash Assets (3-Month Period Ending 6/30/2018)

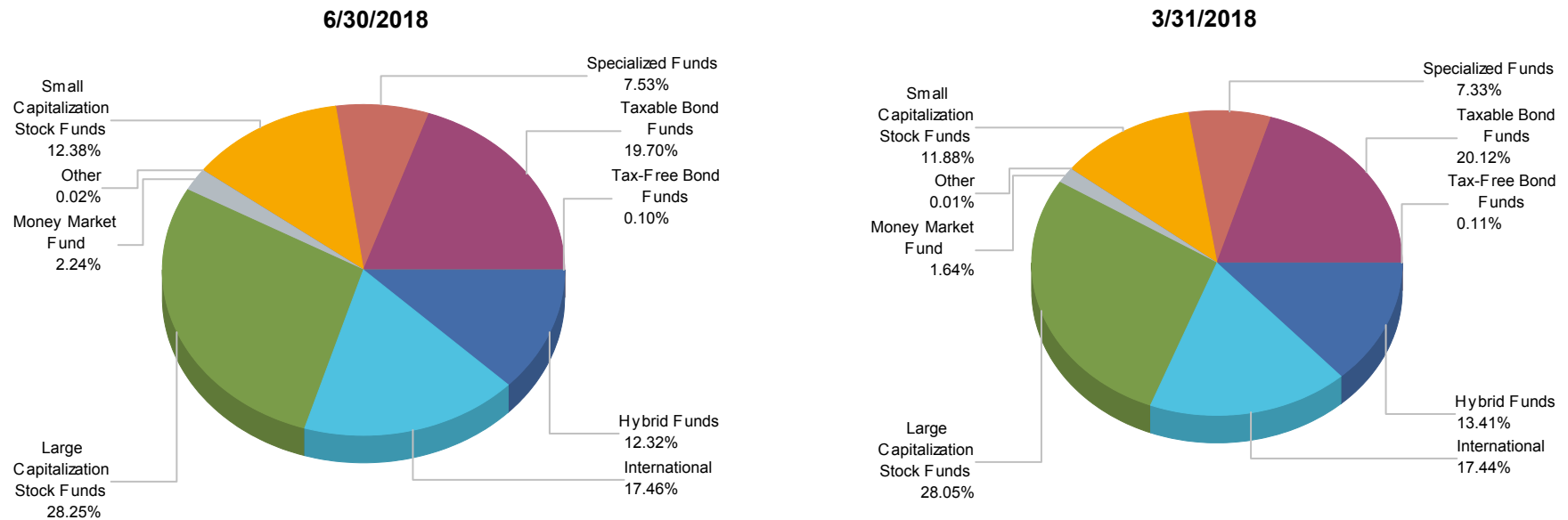


Net Flow is the net of all cash inflows and outflows in and out of financial assets; the performance of an asset or fund is not taken into account, only share redemptions, or outflows, and share purchases, or inflows.

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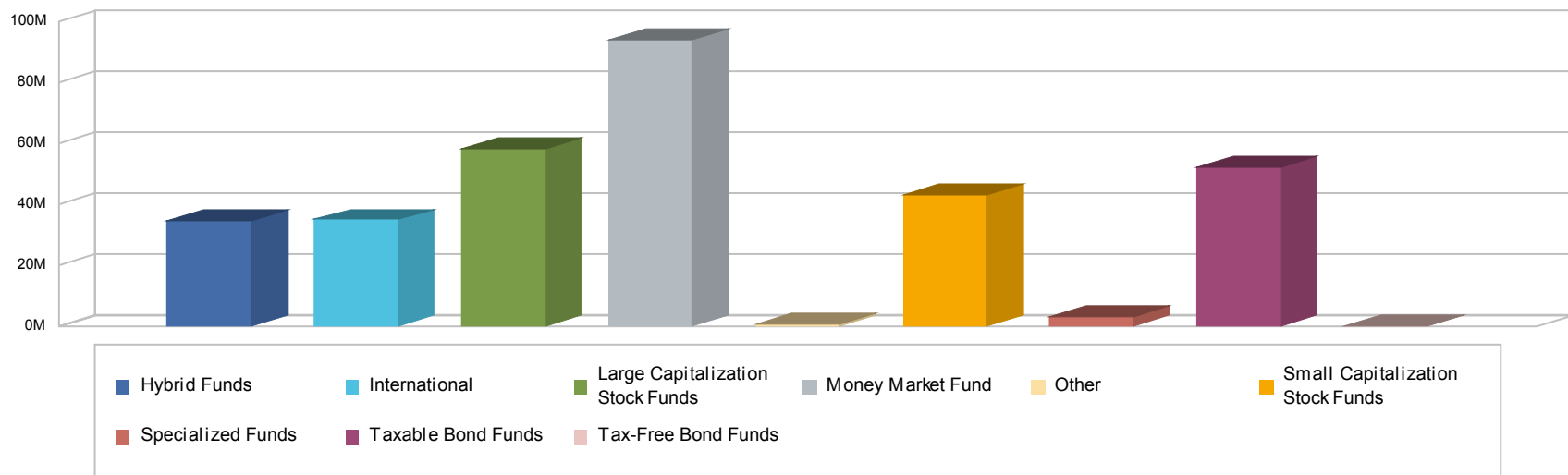
All Participants, Quarter Ending 6/30/2018

Market Value Allocation - Mutual Funds (Quarter over Quarter)



The above charts illustrate the percent of PCRA participant assets in each noted asset class as percentage of total PCRA assets. Percentages are calculated as of quarter-end. Money Market Funds are classified under Mutual Funds.

Net Flow by Sector - Mutual Funds (3-Month Period Ending 6/30/2018)

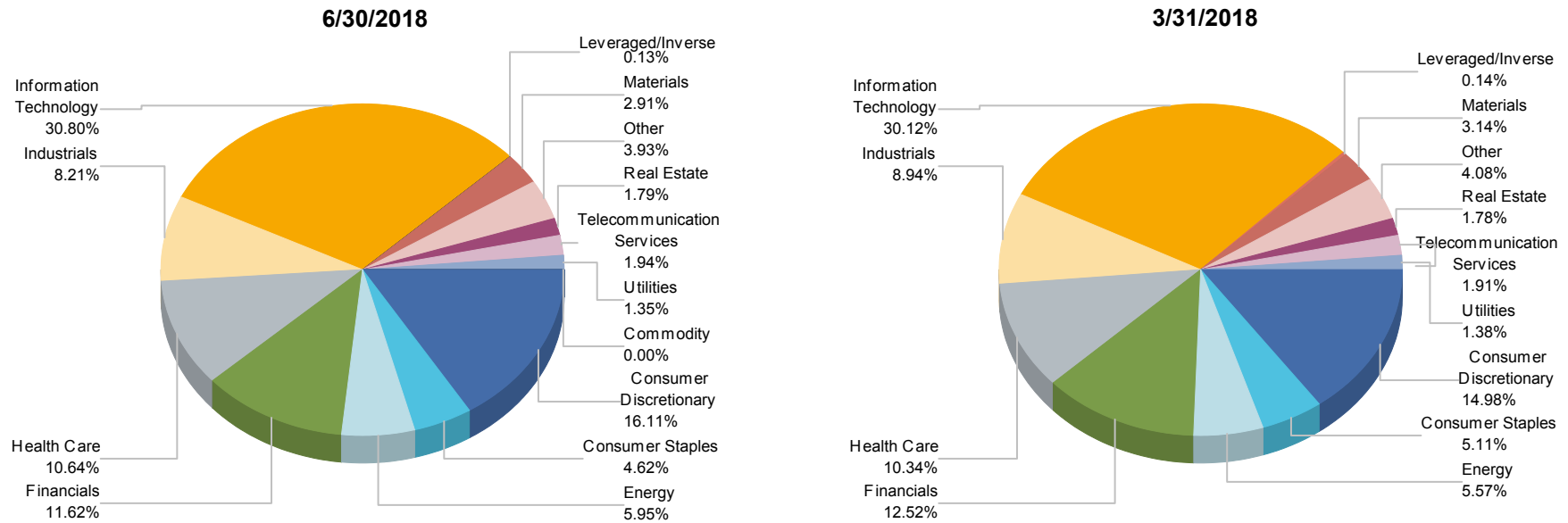


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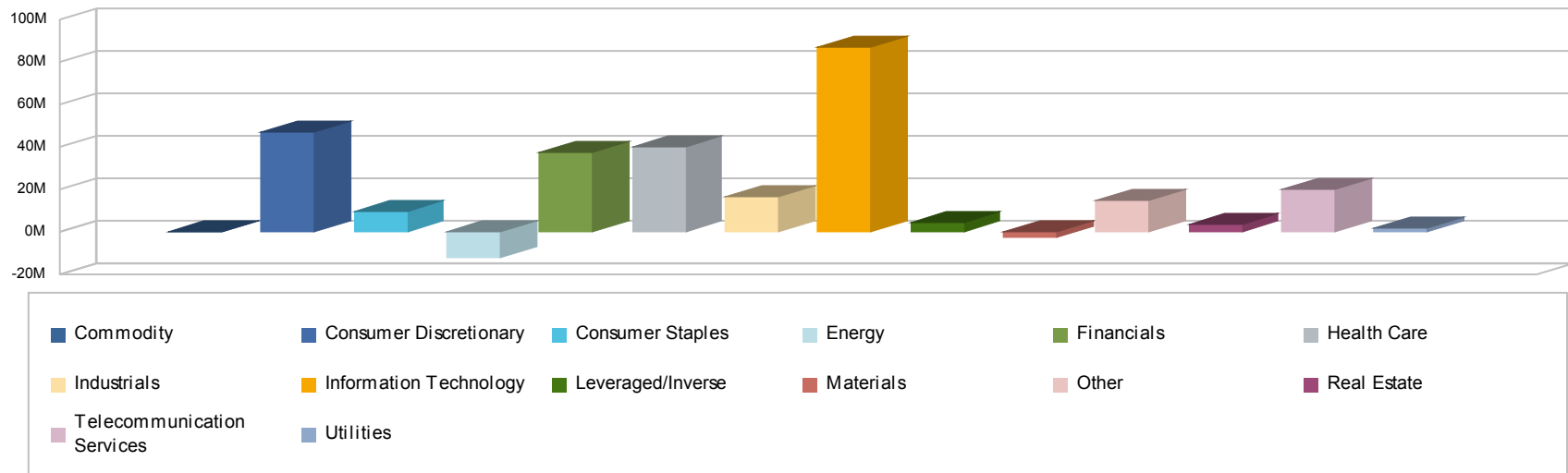
All Participants, Quarter Ending 6/30/2018

Market Value Allocation - Equities (Quarter over Quarter)



The above charts illustrate the percent of PCRA participant assets in each noted asset class as percentage of total PCRA assets. Percentages are calculated as of quarter-end. Money Market Funds are classified under Mutual Funds.

Net Flow by Sector - Equities (3-Month Period Ending 6/30/2018)

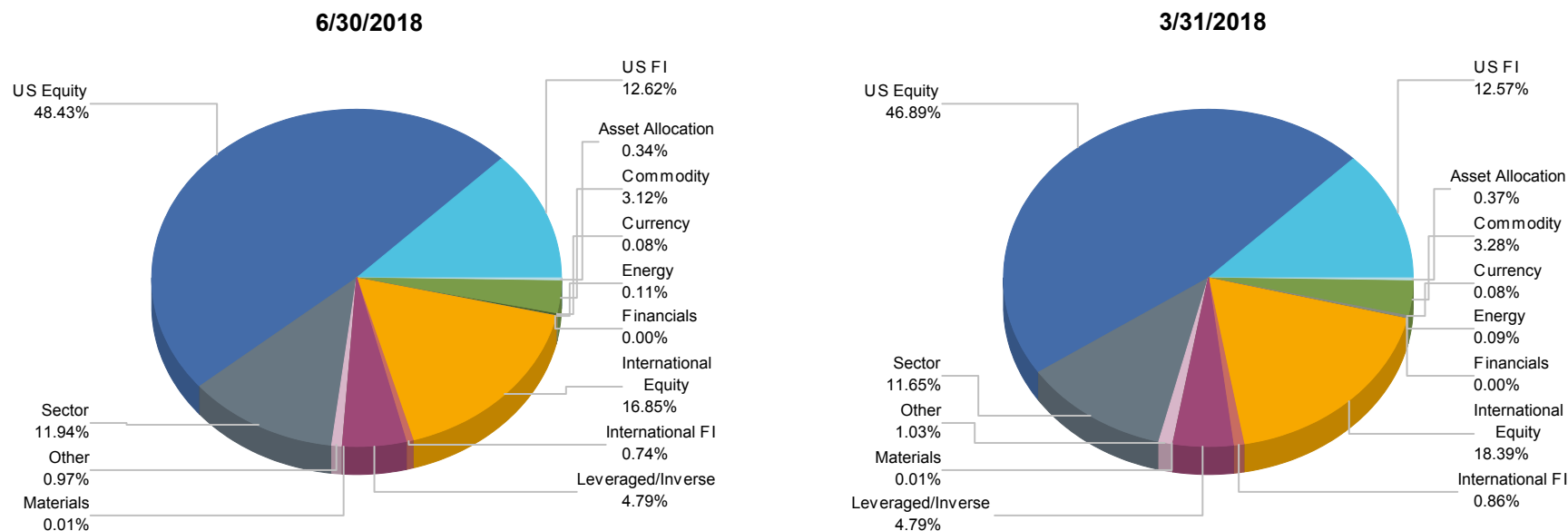


Net Flow is the net of all cash inflows and outflows in and out of financial assets; the performance of an asset or fund is not taken into account, only share redemptions, or outflows, and share purchases, or inflows.

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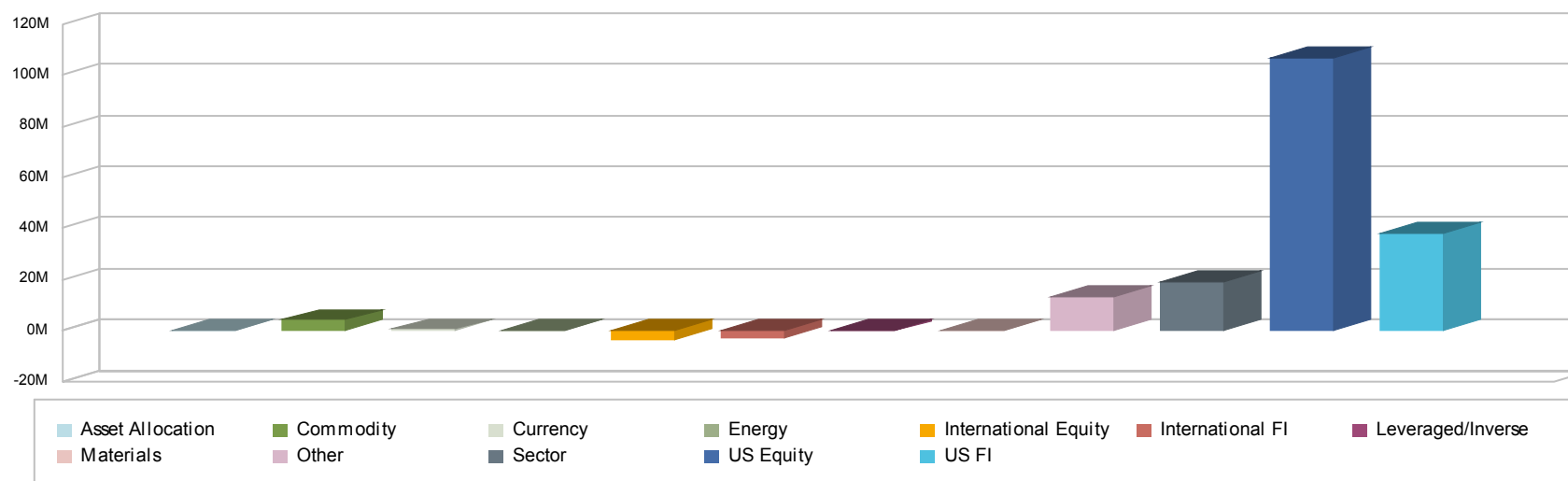
All Participants, Quarter Ending 6/30/2018

Market Value Allocation - ETF (Quarter over Quarter)



The above charts illustrate the percent of PCRA participant assets in each noted asset class as percentage of total PCRA assets. Percentages are calculated as of quarter-end. Money Market Funds are classified under Mutual Funds.

Net Flow by Sector - ETF (3-Month Period Ending 6/30/2018)

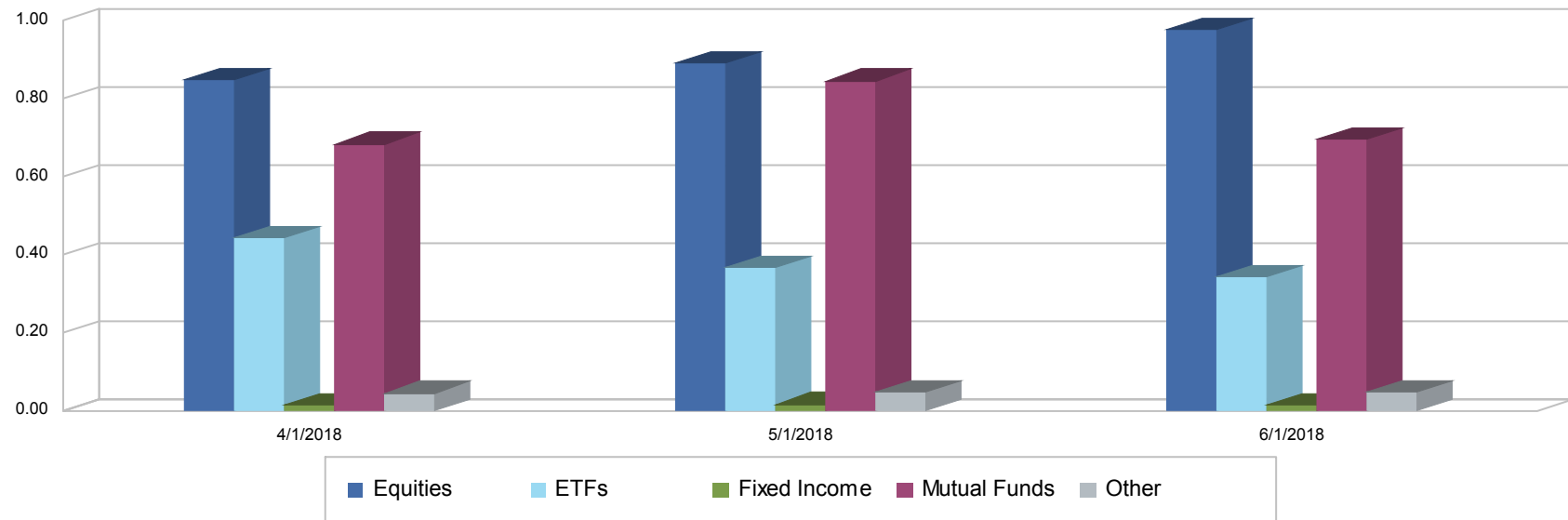


Net Flow is the net of all cash inflows and outflows in and out of financial assets; the performance of an asset or fund is not taken into account, only share redemptions, or outflows, and share purchases, or inflows.

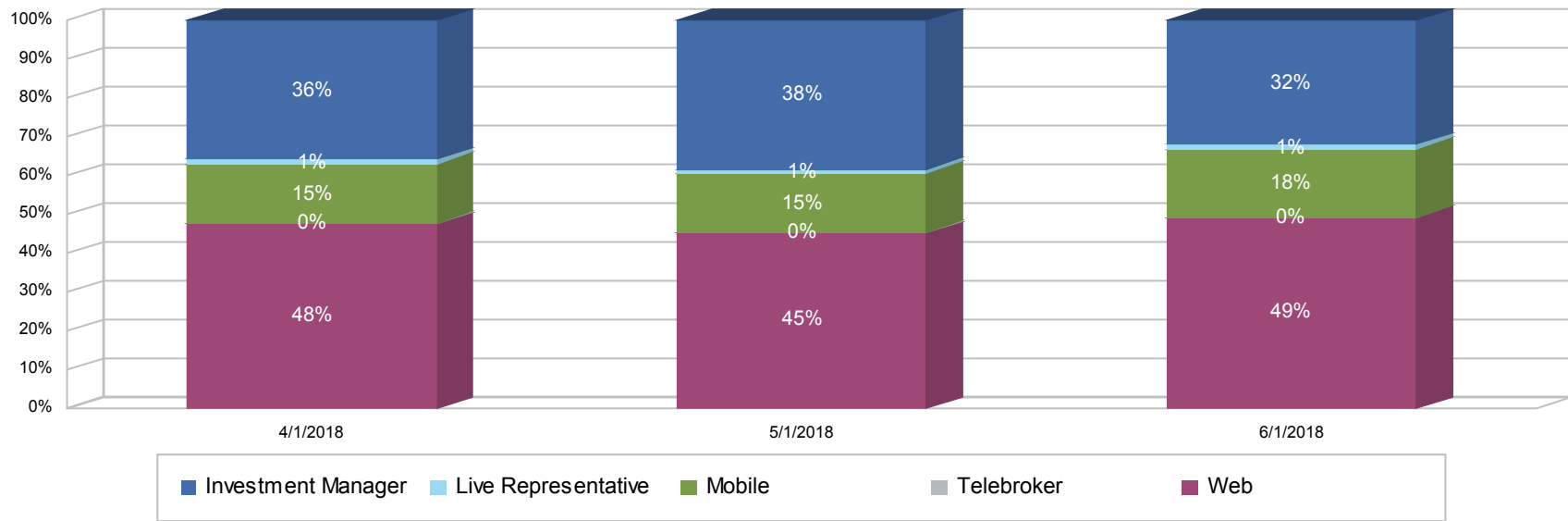
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All Participants, Quarter Ending 6/30/2018

Average Monthly Trades Per Account (3-Month Period Ending 6/30/2018)



Trading Channel Mix (Month over Month)



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All Participants, Quarter Ending 6/30/2018

Important Disclosures

Schwab Personal Choice Retirement Account (PCRA) is offered through Charles Schwab & Co., Inc. (Member SIPC), the registered broker/dealer, which also provides other brokerage and custody services to its customers.

For participants who utilize the Personal Choice Retirement Account (PCRA), the following fees and conditions may apply: Schwab's short term redemption fee of \$49.95 will be charged on redemption of funds purchased through Schwab's Mutual Fund OneSource® service (and certain other funds with no transaction fee) and held for 90 days or less. Schwab reserves the right to exempt certain funds from this fee, including Schwab Funds®, which may charge a separate redemption fee, and funds that accommodate short-term trading.

Trades in no-load mutual funds available through Mutual Funds OneSource service (including Schwab Funds) as well as certain other funds, are available without transaction fees when placed through schwab.com or our automated phone channels. Schwab reserves the right to change the funds we make available without transaction fees and to reinstate fees on any funds. Funds are also subject to management fees and expenses.

Figures are based on all PCRA participants with a minimum balance of \$5,000 and a maximum balance of \$10,000,000 in their PCRA account. All data is for informational purposes only. Schwab does not guarantee the accuracy, timeliness or completeness of the information.

Investors should consider carefully information contained in the prospectus, including investment objectives, risks, charges, and expenses. You can request a prospectus by calling 800-435-4000. Please read the prospectus carefully before investing. Money Market funds are neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund.

Charles Schwab & Co., Inc., member SIPC, receives remuneration from fund companies for record keeping, shareholder services and other administrative services for shares purchased through its Mutual Fund OneSource service. Schwab also may receive remuneration from transaction fee fund companies for certain administrative services.

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