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**E\*TRADE STUDY REVEALS POSITIVE INVESTOR SENTIMENT ENTERING  
MIDTERM ELECTIONS**



*Young investors are most likely to believe the midterm elections will positively affect their portfolio*

**NEW YORK, October 18, 2018** — E\*TRADE Financial Corporation (NASDAQ: ETFC) today announced results from the most recent wave of *StreetWise*, the E\*TRADE quarterly tracking study of experienced investors. Amid increasing trade barbs, geopolitical unrest, and a late-stage economy, results show investors are hopeful that the midterm elections will have a positive impact on their investments:

- Half of all investors (50%) think the results of the midterm election will have a positive effect on their investment portfolios, versus only a quarter (24%) who believe it will negatively affect their portfolio.
- Young investors have an even rosier outlook: Seven out of 10 (70%) have a positive outlook on the effect of the midterm elections compared to just one-third (34%) of Baby Boomers.
- Parties are split: When asked which party will be more beneficial to their portfolios, investors were divided, with 51% favoring the Republican party and 49% favoring the Democratic party.
- Almost two-thirds (64%) of surveyed investors believe the market will rise this quarter, up 12 percentage points from Q3'18.

- More than 60 percent (63%) of investors believe the US economy is healthy enough for one more rate hike in the fourth quarter, up 6 percentage points from Q3'18 and 4 percentage points from Q4'17.

“The midterm elections bring a lot of question marks to the table, but we’re seeing relatively positive and hopeful sentiment, particularly among young investors,” commented Mike Loewengart, VP of Investment Strategy at E\*TRADE Financial. “The results of the election could have a ripple effect on the economy, with trade, tax reform, and government debt all subject to change. While we’re on strong economic footing, we’re starting to see increased volatility, and there are some headwinds investors should be aware of, such as trade, inflation, housing weakness, and ballooning government debt.”

The survey also explored retail investors’ thoughts on sector opportunities for the fourth quarter of 2018, and the results indicate this population may be taking a diversified approach ahead of the unknown, choosing the following sectors:

- **IT.** Surveyed investors exhibit a growth mindset, homing in on the strong performance of the tech sector, despite the relatively high valuations. In fact, almost half (48%) of investors say technology stocks offer the most potential this quarter.
- **Health care.** On the other hand, investors also show interest in this more defensive sector, as the midterm election and its uncertain outcome approaches. This quarter, 44% of investors were drawn to health care investments.
- **Energy.** Lastly, investors may also see opportunity in the demand for oil, strong global growth, and supply constraints that are expected to keep the price of natural gas and crude oil high. About two out of five investors (42%) would choose energy in their portfolio, keeping it among the top three preferred sectors this quarter.

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](http://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 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 ±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.

### Referenced Data

<i>What impact do you think the results of the midterm election will have on your investment portfolios?</i>			
	Total	Age	
	Q4'18	<34	55+
<b>Positive (Top 3 Box)</b>	<b>50%</b>	<b>70%</b>	<b>34%</b>

Very Positive Impact	8%	16%	2%
Positive Impact	18%	27%	11%
Somewhat positive impact	24%	27%	21%
<b>No impact</b>	<b>26%</b>	<b>18%</b>	<b>31%</b>
Somewhat negative impact	21%	11%	29%
Negative impact	3%	1%	5%
Very Negative Impact	0%	0%	1%
<b>Negative Impact (Bottom 3)</b>	<b>24%</b>	<b>12%</b>	<b>35%</b>

<b><i>If you had to choose, in general, which party do you think will be the most beneficial to your investment portfolio if they came out ahead during the midterm elections?</i></b>	
	<b>Total</b>
	<b>Q4'18</b>
Democratic Party	49%
Republican Party	51%

<b><i>How do you predict the market will end this quarter?</i></b>					
	<b>Q4'18</b>	<b>Q3'18</b>	<b>Q2'18</b>	<b>Q1'18</b>	<b>Q4'17</b>
<b>Rise</b>	<b>64%</b>	<b>52%</b>	<b>46%</b>	<b>77%</b>	<b>66%</b>
Rise 20%	1%	2%	2%	2%	2%
Rise 15%	5%	5%	3%	7%	6%
Rise 10%	17%	13%	11%	18%	16%
Rise 5%	41%	32%	30%	50%	42%
<b>Stay basically where it is</b>	<b>19%</b>	<b>23%</b>	<b>17%</b>	<b>14%</b>	<b>17%</b>
Drop 5%	12%	17%	21%	7%	11%
Drop 10%	4%	6%	12%	2%	4%
Drop 15%	1%	1%	3%	0%	2%
Drop 20%	0%	1%	1%	0%	0%
<b>Drop</b>	<b>17%</b>	<b>25%</b>	<b>37%</b>	<b>9%</b>	<b>17%</b>

<b><i>Is the US economy healthy enough for the Fed to enact additional rate hikes this quarter?</i></b>					
	<b>Q4'18</b>	<b>Q3'18</b>	<b>Q2'18</b>	<b>Q1'18</b>	<b>Q4'17</b>
<b>Agree (Top 2 Box)</b>	<b>63%</b>	<b>57%</b>	<b>58%</b>	<b>66%</b>	<b>59%</b>
Strongly agree	18%	16%	17%	20%	17%
Somewhat agree	45%	41%	41%	46%	42%
<b>Neither agree nor disagree</b>	<b>25%</b>	<b>27%</b>	<b>25%</b>	<b>25%</b>	<b>27%</b>
Somewhat disagree	10%	13%	13%	7%	12%
Strongly disagree	2%	3%	4%	2%	2%
<b>Disagree (Bottom 2 Box)</b>	<b>12%</b>	<b>16%</b>	<b>17%</b>	<b>9%</b>	<b>14%</b>

<b>What industries do you think offer the most potential this quarter? (Top three)</b>					
	<b>Q4'18</b>	<b>Q3'18</b>	<b>Q2'18</b>	<b>Q1'18</b>	<b>Q4'17</b>
Information technology	49%	45%	44%	45%	46%
Health care	44%	41%	46%	41%	43%
Financials	40%	41%	40%	43%	39%
Energy	42%	43%	41%	47%	44%
Industrials	21%	22%	22%	29%	22%
Utilities	23%	24%	22%	19%	22%
Communications services	21%	27%	24%	23%	27%
Consumer discretionary	22%	19%	18%	15%	16%
Consumer staples	21%	19%	24%	17%	20%
Materials	17%	20%	20%	21%	20%

**“Young Investor” defined as age 18–34 // “Baby Boomer” defined as age 55+**

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