



### ***SDBA Indicators overall findings for the first quarter 2003:***

SDBA users (both men and women) were more conservative in the first quarter 2003 compared to fourth quarter 2002, likely driven by the geopolitical issues that dominated the news.

- First quarter net asset flows indicate a shift away from individual equities, which represented 23% of net asset flows vs. 28.3% in the fourth quarter 2002, and into mutual funds and fixed income vehicles.
- Cash and equivalents were 29% of PCRA participant assets, up from 28% in the fourth quarter 2002.
- Taxable bond funds were 32% of all mutual fund assets, up from 27% in the fourth quarter 2002.
- Utility stocks represented 7% of all equity sector assets held in PCRA accounts, up from 2% in the fourth quarter 2002.

### *Mutual Fund Focus*

Regardless of gender, participants continued to use SDBAs to diversify portfolios through a broad array of investments, including mutual funds. Though 401(k) plans generally provide a selection of mutual funds, participants still purchased additional mutual funds through their SDBAs:

- Participants continued to hold 43% of their SDBA assets in mutual funds.
- Leading companies represented in the top ten mutual fund holdings included American Century, Fidelity, Janus, PIMCO and Vanguard.
- Participants kept nearly two-thirds (64%) of their total 401(k) plan assets in their SDBA account<sup>2</sup>.

The *SDBA Indicators* report profiles the investment behavior of approximately 65,000 401(k) plan participants investing through Schwab's self-directed brokerage account, the Schwab Personal Choice Retirement Account<sup>®</sup> (PCRA). SDBAs are brokerage accounts within 401(k) plans that provide participants access to investments (stocks, mutual funds, fixed income securities) outside of their plan's core fund offerings. Schwab publishes the *SDBA Indicators* to provide the industry with an in-depth look at the demographics and investing activity of plan participants who use the SDBA option.

Schwab has been a leader in the SDBA market since 1994, when it launched the PCRA. The largest provider of SDBAs in the country<sup>3</sup>, Schwab supports more than 6,000 retirement plans with more than 100,000 individual SDBA accounts and \$5.7 billion in total assets as of March 2003.

The report represents data collected from plan participants who currently have at least a \$5,000 balance in a Schwab PCRA account. Data is extracted monthly on all accounts that are open as of month-end and meet the minimum balance requirement. Data contained in this quarterly report is from the first quarter 2003. The next report, second quarter 2003, will be available in August. The first quarter 2003 report and all prior reports are available at [www.schwab.com/sdbaindicators](http://www.schwab.com/sdbaindicators).

### **About Charles Schwab Corporate Services**

Charles Schwab Corporate Services provides individual investing support services through employers, including employee retirement and stock option plans, IRA rollovers and individual/personal accounts. Charles Schwab Corporate Services also offers retirement plan services including recordkeeping and related services through Schwab Retirement Plan Services, Inc., proprietary retirement plan recordkeeping systems through Schwab Retirement Technologies<sup>™</sup>, trustee and custodial services through The Charles Schwab Trust Company, and the Schwab Personal Choice Retirement Account<sup>®</sup> (PCRA) (self-directed brokerage account through Charles Schwab & Co., Inc.). Total client assets in employer-sponsored retirement plans at Schwab equaled \$90 billion at the end of March 2003. Schwab Retirement Plan Services, Inc., and The Charles Schwab Trust Company are affiliates of Charles Schwab & Co., Inc., and are wholly owned subsidiaries of The Charles Schwab Corporation.

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<sup>1</sup> Gender data is based on accounts for which gender information is available (approx. 59,000 accounts).

<sup>2</sup> Data is based on PCRA participants enrolled in Schwab defined contribution plans (approx. 11,000). All other figures are based on Schwab's full PCRA participant population with a minimum balance of \$5,000.

<sup>3</sup> According to McHenry Consulting Group as reported in PLANSPONSOR magazine, October 2002.