

**Schwab: Investors are starting to unearth risks hidden in plain sight**

DIGITAL ENGAGEMENT TEAM

30 MARCH 2023

**TRADING MATTERS SERIES: STOCK HIGHLIGHT**

*Features a single stock and zooms in on its performance in the market*

KEY METRICS	
Current Price	53.85
Latest Dividend	0.25
Dividend Ex-Date	9/2/2023
Indicated Dividend Yield	1.86%
14 Day RSI	32.24
Analysts 12M Target Price	84.00

REFINITIV STOCKREPORTS+ AVERAGE SCORE
<b>3/10</b> As of 28 Mar 2023

Refer to page 3 for indicator components

**Schwab (Charles) Corp (SCHW US) Price Chart**



*Any red lines drawn on the price charts are trendlines, which are visual representations of support & resistance levels. They are drawn by connecting a series of prices together to help indicate the data's best fit or the presence of any trend over a time frame, and are for illustration purposes only.*

As of 28 Mar 2023 closing

**KEY MARKET EVENTS**

- 03 Apr** US PMI Release (Mar)
- 05 Apr** US Nonfarm Employment Change (Mar)
- 07 Apr** Good Friday holiday
- 12 Apr** US CPI Release (Mar)
- 13 Apr** US FOMC Meeting Minutes (Mar)

**S&P 500 Index Price Chart**



As of 28 Mar 2023 closing

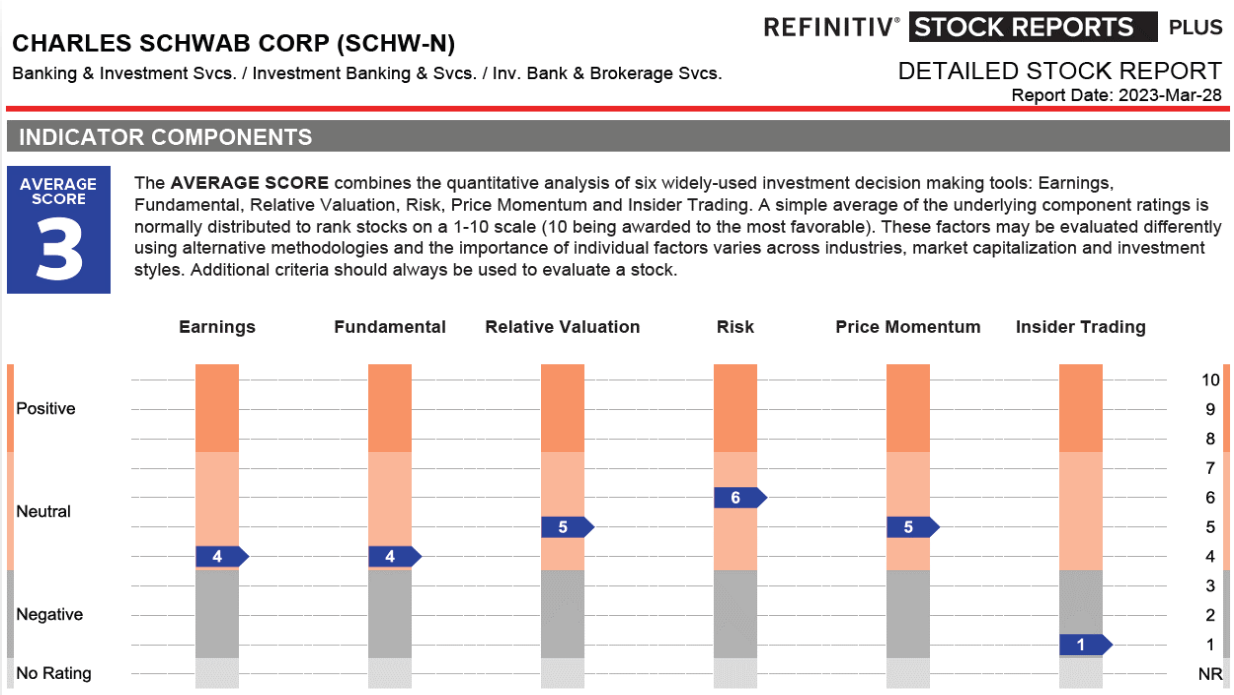
## Headline News & Information

- The Charles Schwab Corporation is a financial services company. The Company provides wealth and asset management, securities brokerage, banking, trading and research, custody, and financial advisory services. Charles Schwab serves customers worldwide (Bloomberg)
- Schwab's US\$7 trillion empire built on low rates is showing cracks (28 Mar 2023, Bloomberg)
  - Investors are starting to unearth risks that have been hiding in plain sight. Unrealized losses on the Westlake, Texas-based firm's balance sheet, loaded with long-dated bonds, ballooned to more than US\$29B in 2022
  - Higher interest rates are encouraging customers to move their cash out of certain accounts that underpin Schwab's business and bolster its bottom line
  - To plug the gap, the brokerage's banking units borrowed US\$12.4B from the FHLB system through the end of 2022 and had the capacity to borrow US\$68.6B
  - Analysts have been weighing these factors, lowering their price targets for Schwab shares in recent weeks
- Schwab wins US\$7 million from Morgan Stanley and former advisers (28 Mar 2023, Bloomberg)
  - Charles Schwab sued Armstrong, Kiefner and Morgan Stanley over the advisers' March 2019 departures, claiming they stole trade secrets and breached their contracts
  - Schwab won more than US\$7.3 million from Morgan Stanley and the two financial advisers

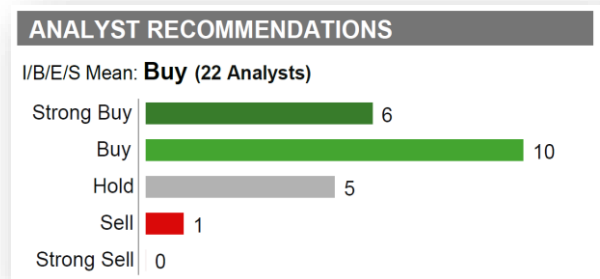
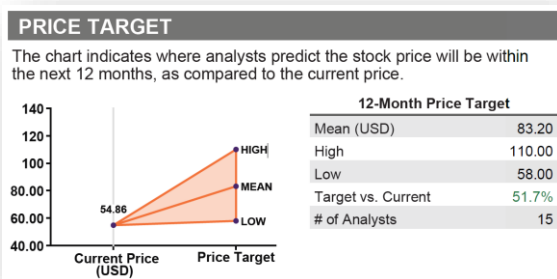
TRADING FLOWS	RESISTANCE LEVELS	SUPPORT LEVELS
<ul style="list-style-type: none"> <li>• Shares fell 9.5% in the past 5 days and are down 31% in the past 30 days</li> </ul>	<ul style="list-style-type: none"> <li>• 60.00 (Jul 2022)</li> <li>• 65.00 (Oct 2022)</li> <li>• 75.00 (Jan 2023)</li> </ul>	<ul style="list-style-type: none"> <li>• 45.00 (Mar 2023)</li> <li>• 37.50 (Oct 2020)</li> <li>• 29.00 (Mar 2020)</li> </ul>

# Fundamental Viewpoint

## An Extract from STOCKREPORTS+



## Analyst Price Target and Recommendations



Source: REFINITIV STOCKREPORTS+, extracted 28 Mar 2023

# US Peer Analysis (STOCKREPORTS+)

PEER ANALYSIS												Currency in USD	
Average Score	Ticker	PRICE MOMENTUM				Market Cap	VALUATION		FUNDAMENTAL		ANALYSTS		# of Analysts
		Price (2023-03-27)	1-Mo Return	3-Mo Return	1-Yr Return		Trailing PE	Forward PE	Dividend Yield	Net Margin	LTG Forecast	I/B/E/S Mean	
3	MS	84.64	-12.5%	-0.49%	-8.4%	141.2B	13.8	11.8	3.7%	16.7%	5.7%	Buy	27
6	GS	318.53	-12.9%	-6.9%	-5.6%	104.3B	10.6	9.4	3.1%	16.4%	2.6%	Buy	28
3	SCHW	54.86	-29.6%	-33.3%	-40.0%	95.4B	15.7	13.8	1.8%	32.2%	15.2%	Buy	22
6	C	44.78	-11.3%	0.88%	-21.1%	83.9B	6.4	7.8	4.6%	14.5%	-9.2%	Hold	27
6	RJF	92.62	-13.9%	-13.1%	-15.3%	19.2B	12.9	9.1	1.8%	13.7%	11.1%	Buy	12
9	LPLA	200.50	-18.7%	-6.1%	6.9%	15.1B	19.2	10.6	0.60%	9.8%	24.0%	Buy	13
8	SF	58.62	-12.3%	1.5%	-17.6%	6.1B	11.0	8.2	2.5%	14.4%	--	Buy	6
7	EVR	112.74	-13.1%	2.4%	-0.99%	4.3B	9.7	10.4	2.6%	17.1%	--	Buy	8
2	FRHC	69.32	-3.9%	22.2%	13.4%	4.1B	68.4	--	--	10.9%	--	--	--
8	SNEX	99.83	-0.24%	3.7%	29.8%	2.0B	8.6	10.7	--	0.4%	--	Strong Buy	1
5	VIRT	17.50	-7.4%	-14.9%	-52.9%	1.7B	7.3	7.6	5.5%	10.8%	--	Hold	8
5.7	Average	104.90	-12.3%	-4.0%	-10.2%	43.4B	16.7	9.9	2.9%	14.3%	8.2%	Buy	15.2

PEER COMPANIES			
C	Citigroup Inc	MS	Morgan Stanley
EVR	Evercore Inc	RJF	Raymond James Financial Inc
FRHC	Freedom Holding Corp	SF	Stifel Financial Corp
GS	Goldman Sachs Group Inc	SNEX	StoneX Group Inc
LPLA	LPL Financial Holdings Inc	VIRT	Virtu Financial Inc

Source: REFINITIV STOCKREPORTS+, extracted 28 Mar 2023

# Global Peer Analysis (Bloomberg)

Ticker	Name	Mkt Cap (USD) (Millions)	Last Px	P/E	P/E 5Yr Avg	P/B	P/B 5Yr Avg	Indicated Yield (%)
<b>Average</b>								
<b>18,204    135.70    17.72    20.30    3.23    3.73    2.27</b>								
SCHW US	SCHWAB (CHARLES) CORP	99,210	53.85	14.64	23.55	3.73	4.31	1.86
300059 CH	EAST MONEY INFORMATION CO-A	38,305	19.94	30.73	33.01	4.04	5.30	0.35
HOOD US	ROBINHOOD MARKETS INC - A	7,769	8.67	N/A	N/A	1.10	2.19	N/A
FUTU US	FUTU HOLDINGS	7,125	46.20	6.30	14.66	1.61	2.19	N/A
SAVE SS	NORDNET AB PUBL	3,925	162.60	24.81	21.76	8.20	8.02	2.84
AZA SS	AVANZA BANK HOLDING AB	3,648	241.20	22.56	19.61	7.63	7.68	3.11
8628 JP	MATSUI SECURITIES	1,582	803.00	23.76	20.79	2.77	2.67	4.98
601901 CH	FOUNDER SECURITIES CO LTD-A	8,377	7.00	26.62	31.10	1.34	1.33	0.17
XP US	XP INC - CLASS A	6,621	11.92	9.85	18.72	2.03	4.10	N/A
RJF US	RAYMOND JAMES FINANCIAL INC	19,756	91.74	12.38	14.10	2.03	2.35	1.83
ROTH FP	ROTHSCHILD & CO	3,924	46.55	5.55	5.75	1.08	0.88	3.01

Source: Bloomberg, extracted 28 Mar 2023 closing

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