Invest in Women

“When women move forward, the world moves with them.”
From a Woman’s Perspective

**Good advice is gender-neutral but represents perspective.** Increasingly, a woman’s perspective is gender-specific and incorporates her values and investment needs. Financial decisions are personal, but for women in particular, *trust lies at the core of financial advisory relationships.*

About the Author

Lauren Loughlin is a Portfolio Analyst at EquityCompass. She joined the team in May 2014 and helps manage the Global Leaders Portfolio. Lauren is involved in all aspects of the portfolio management process, including investment research and analysis, portfolio strategy, stock selection, product marketing, asset and performance measurement, and client communications. Prior to joining EquityCompass, Lauren was a member of the Stifel Institutional Equity Sales group, and she also previously worked at Morgan Stanley as an analyst in equity derivative client service. Lauren graduated magna cum laude with a B.S. in business administration from Washington and Lee University.
The Change Before Our Eyes

More than ever before, women are career-driven, leading major corporations, and running their households.

The workforce is changing...

In the U.S., while only 32% of women were in the labor force in 1948, women’s participation in the labor market has grown to 57% in 2019. ¹

By contrast, men in the labor force have decreased over that same time period from 86% in 1948 to 69% in 2019. ²

...And women are taking on more influential roles as well

The Fortune 500 now includes 33 women financial executives (as compared to zero in 1970!) and every S&P 500 company now has at least one woman on its board of directors. ³

Women are expected to be the majority of the college-educated workforce for the first time ever in 2019. ⁴
Female Private Wealth

With increased workforce participation, female private wealth is growing, too.

According to Boston Consulting Group, female private wealth increased from $34 trillion to $51 trillion between 2010 and 2015, and that number is expected to grow to $72 trillion by 2020.

**Female Private Wealth ($ Trillion)**

- 2010: 34
- 2015: 51
- 2020 (Estimated): 72

Source: Boston Consulting Group
On average, women are expected to live 5 years longer than men.

- The average life expectancy for women is 81 years, and the average life expectancy for men is 76 years.  
- According to the Social Security Administration, a 65-year-old woman can expect to live to age 86.5, while a 65-year-old male’s average life expectancy is age 84.
- Since many women tend to marry older men as well, it is three times more likely for women to be widowed than men.
Women As Key Decision-Makers

The National Center for Women and Retirement indicates that 90% of women will be solely responsible for their financial decisions at some point during their lives. ⁷

According to Dhanusha Sivajee, EVP of Editorial and Marketing at XO Group Inc., “women are the most powerful consumers in the economy.” ¹⁰
How to Invest?

Despite the unmistakable growth of female purchasing power within the economy, it is imperative for women to make carefully considered investment decisions.

“When it comes to investing, the biggest mistake women make has nothing to do with where they’re choosing to invest their money — in fact, women tend to earn higher returns than men. Rather, the issue is they’re not investing enough in the first place.”

— Sallie Krawcheck, co-founder and CEO of Ellevest, a digital investment platform for women

• According to a survey by Blackrock, women keep 71% of their assets in cash! Men, in comparison, were reported to keep 60% in cash. “Cash may feel like zero risk, but it also has zero potential to grow as stocks do over time.”

• Encouraging and helping women to invest based on their unique preferences and objectives can make a significant difference over the course of their lives.

• All investment needs are personal and individual, but women investors frequently have some general characteristics that differ from those traditionally seen in their male counterparts.
Invest Early

“A dollar invested in your 20s is worth more than a dollar invested in your 30s is worth more than a dollar invested in your 40s is worth much more than in your 50s, 60s, or 70s.”

— Sallie Krawcheck, Ellevest Co-Founder and CEO

- Research suggests that women are generally methodical, thorough, and take more time to make investment decisions
- Once invested, women tend to make fewer tweaks
- No matter the individual family situation, it is important to include women in financial conversations from the beginning
- Recent surveys indicate that 60% of widows and divorcees wish they had been more involved in the financial planning process sooner
- Further, of the widows and divorcees surveyed, almost all of them advised younger women to begin long-term financial planning now

Regardless of where women choose to invest their money, the factor that will make the biggest difference in further accumulating their wealth is to start early. The value of compound interest can ultimately save thousands and even millions of dollars for women investors over the long-term.
Invest For The Big Picture

According to a study by Fidelity, 66% of women indicated that they invest to meet long-term goals.

- Women tend to prefer a more holistic approach and often focus on longer-term, non-monetary goals.
- Multi-strategy, core portfolios designed with a needs-based approach provide goal-oriented solutions to address individual objectives.
- Comprehensive stock/bond allocations could be a good fit for women investors to address the challenges posed by increased longevity, simplify retirement planning, and help to be responsive to market conditions and longer-term needs.

Core portfolios incorporate various stock/bond components to address long-term needs:

Active stock selection for income and/or above average growth

International growth investing with exposure to faster growing economies

Fixed income stability

Risk management strategies to protect against large market declines
Almost half of women indicated that they want to preserve as much wealth as possible according to a recent study by Accenture Consulting. They also cite uncertainty and risk aversion as reasons for avoiding the stock market.  

**Invest For Income**

- With safety and capital preservation as some common long-term goals, investing in high-quality, dividend-paying stocks may help women to feel more comfortable investing in equities and offer an attractive alternative to investing in bonds.

- A portfolio of high-quality, above-average yielding stocks seeks to provide income and downside protection.

- As a conservative equity strategy, high-quality dividend stocks may help women who are risk-averse to invest with lower volatility while also providing a consistent income stream to potentially fund lifestyle expenses.

*High-quality, dividend portfolios may select stocks based on three goals:*

1. **Provide asset preservation**

2. **Generate attractive current income**

3. **Develop growth in current income**
Invest For Growth

“Women are really good at saving and putting money aside regularly, but not as good at putting it somewhere where it can really grow.”

— Moira O’Neill, head of personal finance at Interactive Investor

• In general, women investors are more risk-conscious and tend to prefer a less aggressive investment approach.

• Helping women to find an investment strategy oriented toward growth can be a challenge depending on individual risk tolerance.

• While investing in emerging markets can involve higher risk, investing in established multinational companies with high sales exposure to emerging market consumers can be a way for women investors to indirectly tap into higher potential growth while seeking to mitigate volatility.

• For women, the growth opportunity from investing in a strategy designed for capital appreciation can have an impact not just for a few years forward but for multi-decades and future generations.
Invest For Risk Management

Staying with a carefully considered investment plan and limiting emotionally driven decisions is beneficial for investment success.

For women investors, incorporating a defined risk management strategy to address market volatility and potential loss may help them to invest a greater allocation in stocks and adhere to their long-term investment objectives.
“A woman’s definition of investing is much broader than just stocks or bonds.

Women want to make a difference.”

- Return is usually not the only factor that influences investment decision-making for women
- Women often want to invest in things they are passionate about and that express their core values
- When thinking about finances, women view money in relation to how they want to live and family tends to be women’s top priority
- Many women express interest in impact investing and/or Environmental Social Governance (ESG) investing
- Separately Managed Account (SMA) portfolios allow women investors to see and know their individual holdings which in turn can allow them to feel confident in the companies that they own and better understand why they own them
As women continue to take a larger role in driving the economy, their investment decisions will be crucial. The African proverb reminds us, “when women move forward, the world moves with them.” It may sound simple, but by investing early and with the guidance of sound financial advice, the influence of women investors will most certainly be a force felt around the world.
About EquityCompass

EquityCompass Investment Management, LLC ("EquityCompass") is a Baltimore-based SEC registered investment adviser offering a broad range of portfolio strategies and custom plans for individuals, financial intermediaries, and institutional clients in the U.S. and Europe. Formally organized in 2008, EquityCompass provides portfolio strategies with respect to total assets over $4.0 billion as of August 31, 2019. EquityCompass is a wholly owned subsidiary of Stifel Financial Corp.

The EquityCompass team of professionals represents deep industry experience in security analysis, capital markets, and portfolio management. We are committed to a consistent investment process that relies on enduring principles, sound empirical reasoning, and the recognition of a dynamic investment environment with a global reach.

Total assets combines both Assets Under Management and Assets Under Advisement as of August 31, 2019. Assets Under Management represents the aggregate fair value of all discretionary and non-discretionary assets, including fee paying and non-fee paying portfolios. Assets Under Advisement represent advisory-only assets where the firm provides a model portfolio and does not have trading authority over the assets.
Footnotes

1. Federal Reserve Bank of St. Louis: https://fred.stlouisfed.org/series/LNS11300002
2. Federal Reserve Bank of St. Louis: https://fred.stlouisfed.org/series/LNS11300001
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Any investment involves risk, including the risk of a loss of principal. Foreign investments are subject to risks not ordinarily associated with domestic investments, such as currency, economic and political risks, and different accounting standards. There are special considerations associated with international investing, including the risk of currency fluctuations and political and economic events. Investing in emerging markets may involve greater risk and volatility than investing in more developed countries. Due to their narrow focus, sector-based investments typically exhibit greater volatility and are generally associated with a high degree of risk. Changes in market conditions or a company’s financial condition may impact the company’s ability to continue to pay dividends. Companies may also choose to discontinue dividend payments. High-dividend paying stocks may carry elevated risks and companies may lower or discontinue dividends at any time. Diversification and/or asset allocation does not ensure a profit or protect against loss. Due to their narrow focus, sector-based investments typically exhibit greater volatility and are generally associated with a high degree of risk. Changes in market conditions or a company’s financial condition may impact the company’s ability to continue to pay dividends. Companies may also choose to discontinue dividend payments.

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Additional Information Available Upon Request

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