

P I M C O

September 2018

Women, Investing and the Pursuit of Wealth-Life Balance



Foreword

At PIMCO, we believe diverse perspectives generate deeper insights, drive greater innovation and yield better outcomes for our firm, our clients and beyond. That conviction led PIMCO to launch our *Women & Investing* global initiative last year. On our own and in partnership with like-minded organizations around the world, we are advocating for gender equality and economic empowerment for women in a number of ways:

- **Women in Investing** – Working to bring more women into portfolio management and investment management leadership
- **Investing in Women** – Tackling the essential challenges facing girls and women through philanthropy
- **Women as Investors** – Helping the financial industry better understand and serve the evolving needs of women investors

As part of this third initiative, PIMCO commissioned research on women investors, seeking insights into women’s investment philosophy and goals, as well as their expectations for the financial industry.

Women are increasingly taking control of global wealth. Investment managers and financial advisors who want to partner successfully with these women will need to understand their diverse beliefs, attitudes and behaviors. The knowledge offered in this paper can play an important role in developing that understanding.

We are pleased to share with you the findings and conclusions from that study in this paper, “Women, Investing and the Pursuit of Wealth-Life Balance.”

At PIMCO, we will be using what we’ve learned from this research to ensure we have strategies and solutions to meet the current and future needs of women investors.

Our *Women & Investing* initiative is a long-term commitment. Together with PIMCO colleagues around the globe, we will vigorously pursue programs that advance gender equality and economic empowerment. We look forward to reporting our progress over the months and years ahead.



Emmanuel Roman

*Managing Director
Chief Executive Officer*



Robin Shanahan

*Managing Director
Co-Chief Operating Officer*

Introduction

In 2015, for the first time in U.S. history, women edged out men for control of personal wealth. They now hold 51%, or \$14 trillion, of the nation's personal wealth – a number that's expected to rise to \$22 trillion by 2020.¹

Yet while the gender equilibrium of investing assets has shifted, the ethos of investing hasn't. That's about to change – because for women, investing isn't simply about the pursuit of wealth. It's about finding wealth-life balance.

In our survey of 1,500 U.S. adults, all with investible household assets over \$10,000 and at least some household financial decision-making responsibility, we examined motivations and preferences for investing among women.

The research shows that while investing is inextricable from women's lives, their financial goals and investment philosophy often fall outside the financial industry's traditional framework for helping individuals manage their savings. When asked about the financial industry and services more than half of the women surveyed said the financial services industry doesn't reflect their lifestyles or realities.

And for many, the reality is quite clear – they're time-strapped. Roughly half of women we surveyed describe themselves as more time-poor than financially poor. And while 60% of women are openly ambitious in their desire to be rich, they don't want wealth to come at the expense of priorities like wellness and travel. They want wealth to be an agent to living their desired lifestyle.

For financial advisors and institutions to truly connect with and help women investors, they'll need to understand their desired balance between wealth and life – and help them use investing to meet short- and long-term goals and empower their lifestyle.

In the following pages, we unpack the obstacles facing women investors, women's definition of performance and how the financial industry can become a better partner in both building women's wealth and improving their lives.

61% of women say generating a steady income is the top indicator of portfolio success

92% of women say they are “responsible for taking control of their financial investment decisions.”

Understanding a Woman’s World and How Investing Fits In

WOMEN ARE UNAPOLOGETICALLY CONFIDENT

Nearly three-fourths of women say they expect their overall wealth to increase in the next five years (72%) – and two-thirds say they’re optimistic about their ability to build personal wealth (66%).

If women were ever shy, that reserve is gone. 60% say they “want to be rich and are not apologizing for it.” Among women with more than \$100,000 in investable assets, that number jumps to 70%. Younger women are especially ambitious. One-third of millennial women we surveyed say they expect their salaries, savings, investments and wealth to increase by more than 40% in the next five years.

Overall, 92% of women say they are “responsible for taking control of their financial investment decisions.”

WOMEN FEEL MORE TIME-POOR THAN MONEY-POOR

As American women take on more and more household responsibilities – including managing their investments – they are increasingly time-poor. This is particularly true for Gen X (aged 35-44) and millennial women (aged 18-34), who are more likely to have children in the home. 72% of these younger women cite “lack of time” as the biggest challenge in their day and 49% say they “feel more time-poor than financially poor.”

Of all the benefits of using a financial advisor, saving time is the most critical. 47% of women say they’d rather “pay someone else to manage my portfolio to save time.”

Compared with men, women are twice as likely to say they would seek advice from a financial advisor if they had less than \$10,000 in their accounts. And women are increasingly likely to seek guidance as account balances grow – 60% say they’d seek advice from a financial advisor if they had up to \$100,000 in their accounts, versus just 46% of men.

In a time-starved world, women are looking to delegate. 70% say they are “always looking for ways to streamline their responsibilities” – a figure that is uniform across ages, ethnicities, roles and income levels.

The Quest for Wealth-Life Balance: Women Are Redefining Performance

FINANCIAL GOALS ARE MORE PURPOSEFUL THAN CUMULATIVE

Financial success isn't simply about the accumulation of funds for the long-term – for women, it's about having the agility to achieve short- and medium-term lifestyle goals, and the freedom to make choices as opportunities arise.

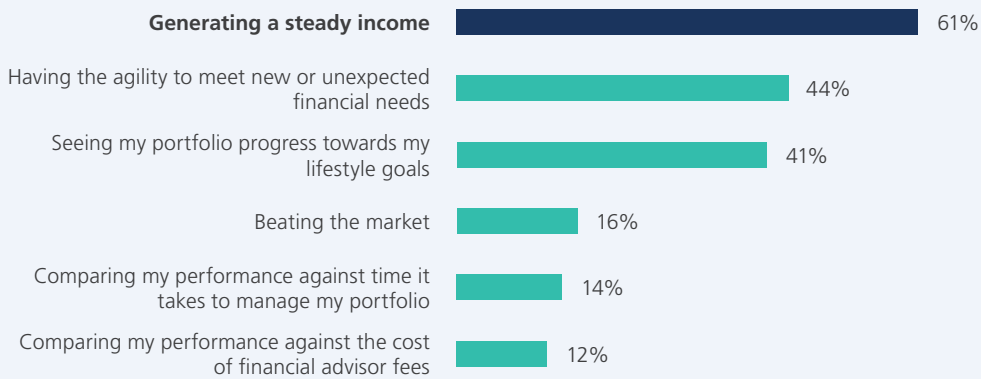
According to the research, women are internally driven, so their evaluation of performance is tied to meeting their own standards more than to beating a benchmark. And women are less competitive about performance, with only 34% citing better returns than a friend or co-worker as important. This means that women are using their own benchmark to say what is and isn't meeting their performance standards.

What does influence their view of performance? When asked what's a top indicator of portfolio success, 61% of women say it's generating a steady income – a figure that's largely consistent across age, education level, job title or household income. Other top indicators include the agility to meet unexpected needs (44%) and seeing their portfolios progress towards their lifestyle goals (41%). 71% of women say they'd prioritize investments that provide enough money to meet their life goals – specifically, they're seeking more opportunities to optimize their money today to meet current goals.

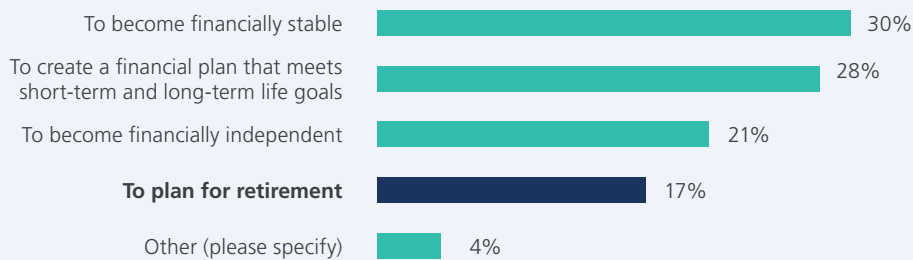
And while retirement is often the first thing that comes to mind when women think about investing, only 17% cite it as their top financial goal. Financial stability, planning for long- and short-term goals, and achieving financial independence all take precedence. A strong majority of women say they're optimistic about investing's potential to create a steady source of income before retirement (79%) as well as during retirement (90%).

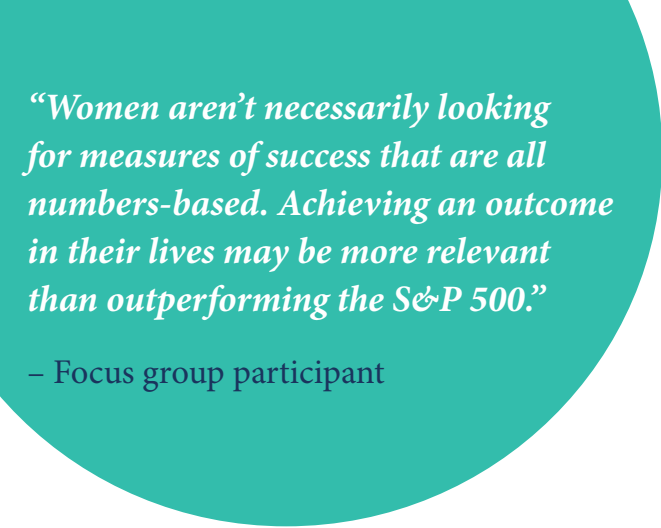
Only 17% of women cite retirement as their top financial goal.

Q: When you think about your investment portfolio, which of the following indicate strong performance?
(n=748 women)



Q: If you had to choose one, which of the following best describes your top financial goal right now?
(n=748 women)





“Women aren’t necessarily looking for measures of success that are all numbers-based. Achieving an outcome in their lives may be more relevant than outperforming the S&P 500.”

– Focus group participant

A WOMAN’S VIEW OF FINANCES IS ALL-ENCOMPASSING

Within their households, women are more likely to see themselves occupying a range of leadership roles – overseeing executive, financial, operational and caretaking responsibilities. This increased sense of responsibility is especially prevalent among women with more than \$100,000 in investable assets.

With broadened leadership over the household, she directs not only its allocation of finances, but also its financial ethos, with a keen understanding of how money can be used purposefully to fuel greater well-being and freedom.

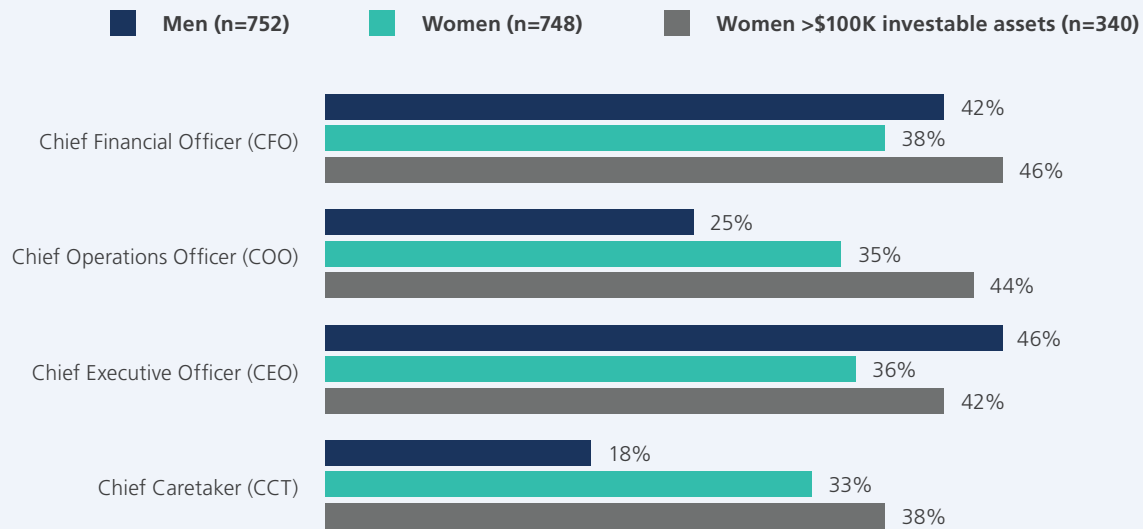
Her multifaceted role in the household also explains, in part, why women are more willing than men to delegate financial responsibilities to experts and advisors.

WOMEN SEE THEIR INVESTING INCOME STREAM AS A CATALYST FOR CHOICE AND FLEXIBILITY

84% of women say they see investing as a tool for creating choices in life. Among women with more than \$100,000 in investable assets, this figure jumps to 90%. Women are seeking a reliable stream of investing income that will allow them to achieve their goals while retaining the flexibility to pivot as unforeseen responsibilities arise.

For women, quality of life – in the here and now – matters immensely. 92% of women say that health and wellness practices are as important to them as their financial longevity. Among their personal lifestyle goals, improving health and wellness, traveling or living abroad and achieving financial independence top the list. And they see investing as a mechanism to turn those goals into reality.

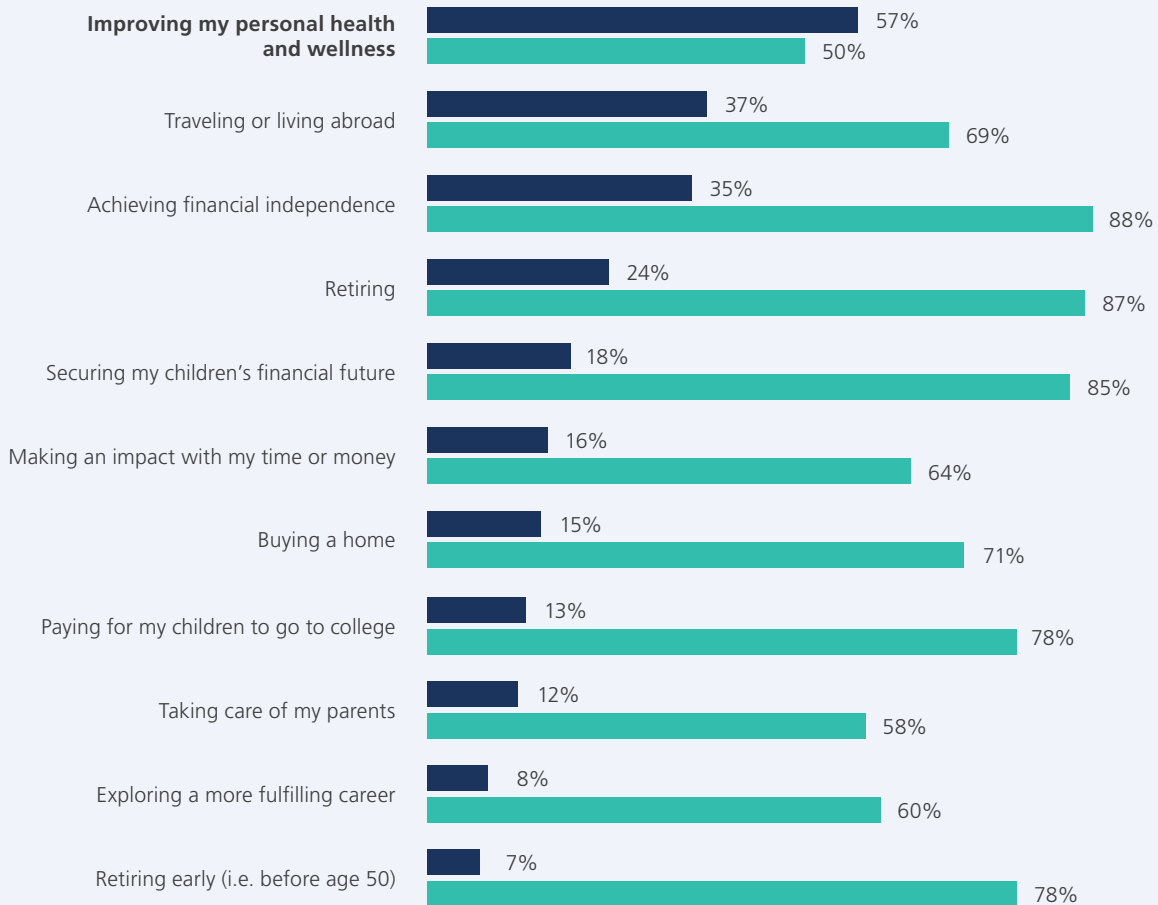
Role in the household



“As a Gen X person with young kids and relatively young parents (one of whom is ill), being a part of the sandwich generation is a whole different realm of life I never thought about or planned for. Years ago, investing meant making enough money so that you could retire at a certain age. Investing didn’t have a lot to do with managing the stresses of day-to-day pre-retirement life, but more to do with future money... Today, people are investing to better their current lives.” – Focus group participant

Q: ■ When thinking about your personal lifestyle goals, desires and needs, which of the following are the top 3 you’d like to achieve? (n=748)

■ Investing can help achieve this goal

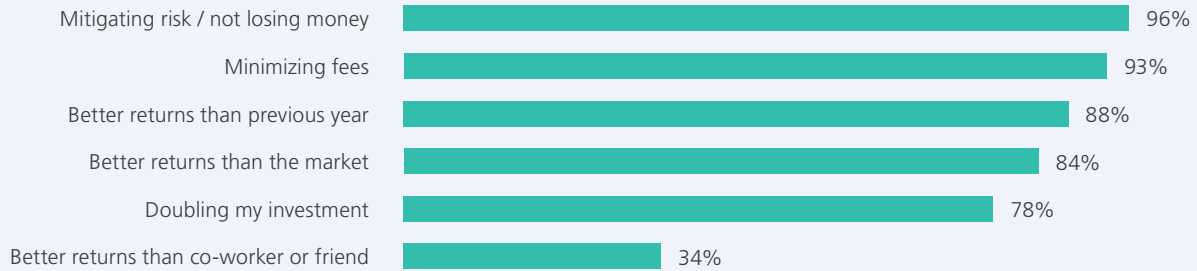


As part of their emphasis on holistic well-being, women seek investments that align with their values. Seven in 10 women agree that where they invest their money reflects their personal values and 82% say they want to invest in companies that “do no harm.” 21% say they’re looking for both advisors and institutions to offer more socially responsible investing options.

TO MAXIMIZE MONEY RESPONSIBLY, WOMEN HAVE A TEMPERED OUTLOOK ON RISK

When evaluating the success of investments, mitigating risk is the most important criteria, according to 96% of women. Minimizing fees and year-over-year improvements in ROI also top the list of important investing criteria.

Q: When evaluating the success of your investments, how important is each of the following? (n=744)



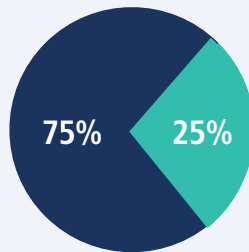
Women exemplify the attitudes of ideal investors

Women would rather invest in....

Than...

Reasonable performance expectations

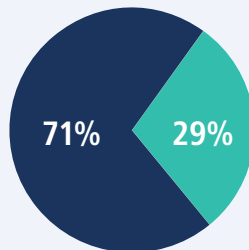
Investments that meet my financial goals in the long-term even if they don't beat the market



Investments that beat the market (S&P 500) every quarter in the short-term

Clear goals

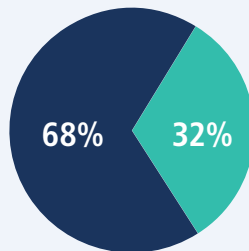
Investments that provide enough money to meet my life goals



Investments that outperform the market

Well-considered risk/reward philosophy

Take on less risk even if it takes more time to meet my goals



Take on more risk to achieve better returns

How We Can Better Address the Needs of Women

How could advisory services recalibrate to address the unique needs and wants of women? Here's a look at what investment management and advice services can do to win the investment business – and loyalty – of women.

DEVELOP SOLUTIONS TAILORED TO A WOMAN'S LIFESTYLE AND VALUES:

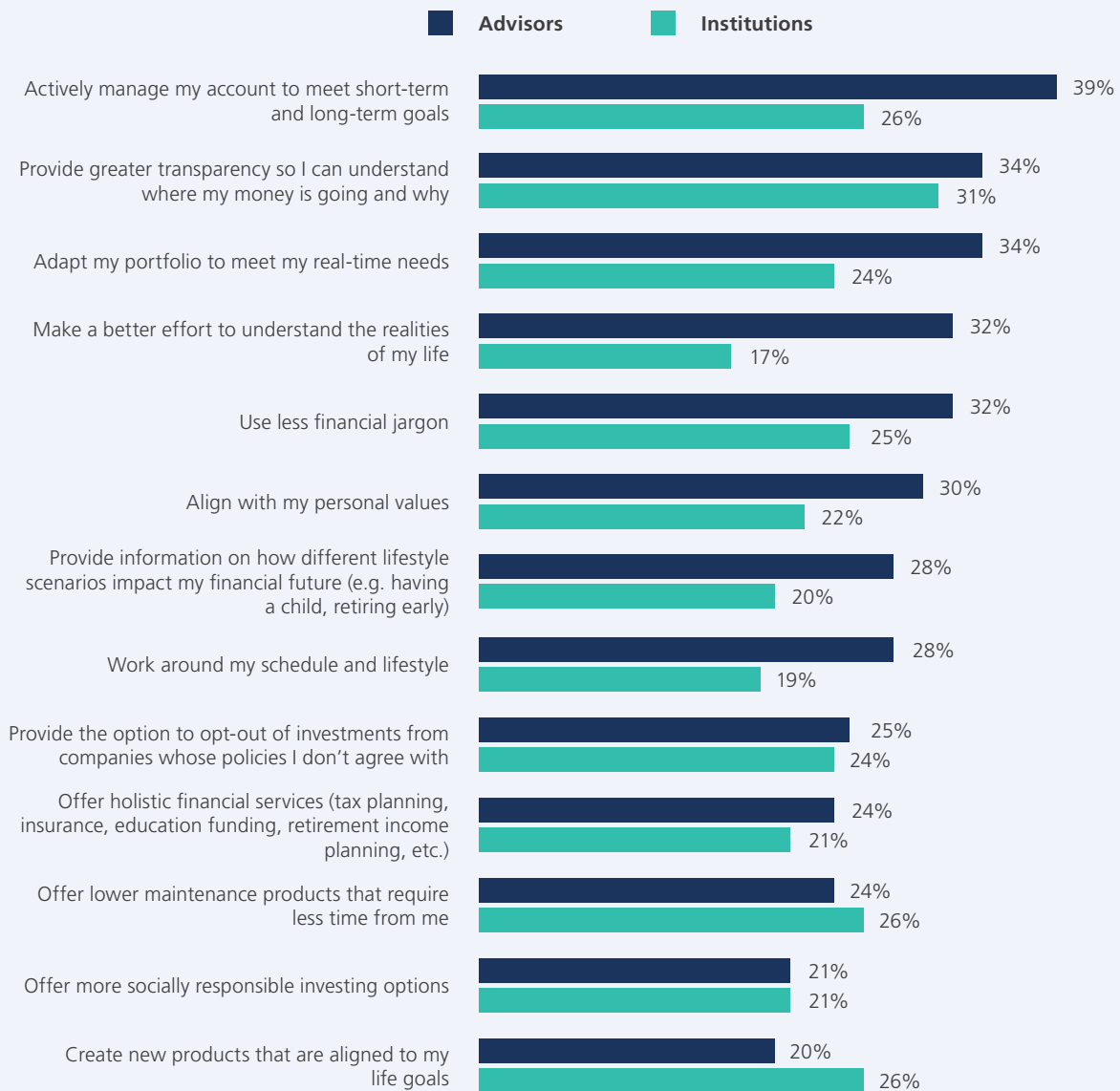
Recreate the framework: Traditional long-term, growth-oriented investment models may not meet the needs of women investors. Women are looking for a combination of products tailored to their needs, including short- and long-term goals, income generation and return potential, and alignment with personal values. When asked how financial advisors can improve, women listed active management of their portfolio to meet short- and long-term goals a top priority (39%), and 26% say they want to be presented with products that align with their life goals.

Demonstrate understanding of a woman's daily realities and needs. The vast majority (78%) would be more interested in talking to financial advisors if they focused on improving their quality of life, versus just beating the market. Meanwhile, 71% of women would switch to a financial advisor who proactively makes managing their finances easier. More than a quarter say they're looking for advisors who work around their schedule and lifestyle, and who provide information on how different lifestyle scenarios will affect their financial futures. Other key traits women seek in advisors include aligning with their personal values (30%) and providing transparency into where their money is going and why (34%).

78% of women say they “would be more interested in talking to a financial advisor if they focused on improving their quality of life, versus just beating the market.”

“The investing world needs to be easier to navigate for women, with more transparency about the reality of what the investing world is like.” – Focus group participant

Q: Which of the following are ways financial advisors and/or financial institutions should improve to better meet your needs? (n=748)

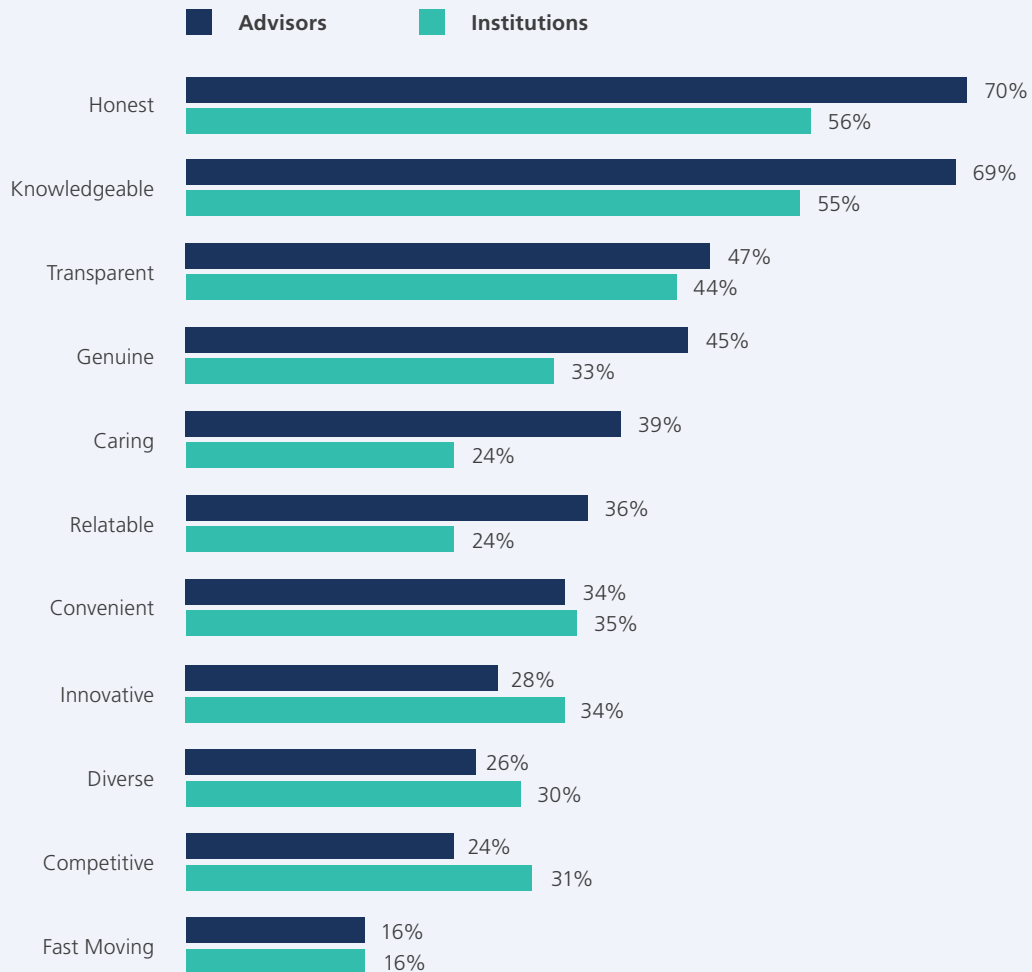


TAKE A HUMAN APPROACH:

Create experiences that empower. Currently, women believe the investment climate is set up to confuse them. The vast majority (72%) agree “the system is set up to be confusing” – and this is especially true for millennials (81%). In addition, more than half say they feel the industry isn’t set up to meet their needs, saying “the system doesn’t reflect their lifestyle or realities” (53%). Overall, women are most likely to characterize the current investing experience as “complicated”

(30%) and “challenging” (30%) over “empowering” (24%). Only 2% describe the investing experience as “simple.” More than half find the experience intimidating, saying that they almost need to become financial experts to talk to a financial advisor (51%). One in five would go so far as to prefer trusting a bot, agreeing that robo-advisors understand their needs better than humans (21%).

Q: What do you believe are the most important values to make a good financial advisor and/or financial institution? (n=748)



Source:

¹BMO Financial Group, "BMO Report: Despite Controlling \$14 Trillion in Wealth, American Women Still Have Challenges to Overcome," MarketWired, April 2015, <http://www.marketwired.com/press-release/bmo-report-despite-controlling-14-trillion-wealth-american-women-still-have-challenges-tsx-bmo-2006436.htm>

METHODOLOGY

Focus groups

In March and April 2018, we conducted focus group sessions in Newport Beach and New York City to capture ideas from thought leaders in women's perspectives on investing, lifestyle and goals across media, finance and communications.

Financial decision-maker survey

This survey was conducted online within the United States by The Harris Poll on behalf of PIMCO from May 3 through May 16, 2018, among 1,500 U.S. adults ages 18 and older, including 748 women. All respondents had over \$10,000 in investable household assets and at least some financial decision-making responsibility within the household. This online survey is not based on a probability sample and therefore no estimate of theoretical sampling error can be calculated.

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With our launch in 1971 in Newport Beach, California, PIMCO introduced investors to a total return approach to fixed income investing.

In the 45+ years since, we have continued to bring innovation and expertise to our partnership with clients seeking the best investment solutions. Today we have offices across the globe and 2,300 professionals united by a single purpose: creating opportunities for investors in every environment.

WHAT WE BELIEVE IN

PIMCO partners with a wide range of institutions, including corporations, central banks, universities, endowments and foundations, and public and private pension and retirement plans. In addition we work with financial advisors and millions of individual investors pursuing personal financial goals, from preparing for retirement to funding higher education. Investing our clients' assets is a tremendous responsibility, and for that reason there can be no shortcuts. We work relentlessly to help these investors reach their goals.

Prepared. PIMCO believes that performance starts with preparation. We conduct exhaustive research and analysis to continuously evaluate the world's changing risks and opportunities, from broad economic trends to individual securities. Our aim is to deliver forward-looking solutions that maximize the possibilities for our clients.

Tested. There is no substitute for experience. Our distinctive top-down, bottom-up investment process has been tested in every market environment. That process is more than any one person – it is fundamental to our firm and will guide our efforts on behalf of our clients.

Invested. PIMCO believes there is nothing more important than the partnership with our clients. Markets don't stand still and neither do we, innovating to build solutions to meet investors' evolving needs. We are invested in helping our clients achieve what they set out to accomplish.

For more information about this report, please visit pimco.com/diverse-perspectives.

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