Men are from Mars, women have particular investing needs

DIANE JERMYN
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What are female executives and wealthy entrepreneurs looking for from a wealth-management perspective?

Barbara Stewart knows a lot about women's investing habits. After 25 years in the industry – half of her high-net-worth clients were female – the former Toronto portfolio manager turned her attention to research on women and finance.

After conducting more than 600 interviews with women around the world of varied backgrounds, ages and cultures, she feels comfortable drawing trends.

She is convinced that wealthy women and men are similar to most other investors in that they all have unique backgrounds and personalities.

The differences? Women prefer to invest in causes and concerns that matter to them. Women also tend to be more interested in learning about financial matters through real stories from real people, then they share those lessons with friends or the next generation. Stories, narratives, relationships and family life are central.

"Women take a far more holistic approach than men," says Ms. Stewart. "A woman's definition of investing is much broader than the traditional equity markets. She wants to make a difference – that's universal in every single interview."

Generally speaking, men are more focused on earning a reasonable rate of return, she says, "while women would gladly give up a per cent or two if they had the opportunity to invest in a company or project aligned with their personal values."

Women are highly interested in issues such as sustainability, environment and climate, her research shows. She sees a significant demand for investment options in those areas, as well as a huge opportunity for the financial industry to do a much better job of understanding women's concerns and then coming up with specific investment recommendations based on them.

"I'm always asked at various stock exchanges how we can get women to invest more in the equity markets," Ms. Stewart says. "There's this myth that if women aren't investing in the equity markets, they're risk averse."

But that's not true, she says. "Women in many cases are taking on more risk because they're investing in non-traditional ways."

Many of the women she interviewed were investing sizable assets outside of their traditional equity portfolio, she says. "They want to spend money on the things they are passionate about – personal causes and private businesses that reflect their core values."

When it comes to choosing a financial advisor, Ms. Stewart suggests that advisories and banks study Nordic countries that have already recognized women as their No. 1 clients.

"Women are looking for advisors, whether male or female, who understand women are risk aware, not risk averse – so it isn't about 'Oh you're a woman, here's a bunch of bonds,' " Ms. Stewart says.

Here are two other experts' views and recommendations for female investors.

Sheila Walkington, a fee-only advisor and co-founder of Money Coaches Canada, Vancouver

The main difference between the sexes, both wealthy and not so much, is that women lack confidence, Ms. Walkington says.

They also have less interest in the subject than men. She has noticed that wealthy women in particular often feel guilty that they aren't taking more of an interest, but they avoid the topic anyway and live with the discomfort.

"Many women are not feeling financially savvy and feel bad about that," says Ms. Walkington. "Men feel that they're supposed to be talking about money with their pals and peers, whereas women don't, so we don't learn the language."

Women are busy, she says, but they need to find time to become more informed on investing. They should at least reach out to an advisor who will explain things in more detail in language they understand.

She advises women to seek an advisor who suits their needs. Too often, women delegate to their parents' or husband's advisors or go to the banks because they already have a relationship with them.

Ms. Walkington says most women want a more engaged relationship with their advisor. That person should be willing to spend a bit of time educating them on their choices and giving them information on what they're investing in.

Women should go online, read reviews of advisors and check out their websites. They also need to be aware that there are different types of advisors, such as those who pick stocks, those who only sell mutual funds and others who just provide advice.

"You could start by following a blog," Ms. Walkington says. Find a good female advisor or a female-focused company that speaks your language and do your research on their credentials. Then interview. "Every financial advisor will give you a few minutes of their time, so go and meet them to get a sense of what their style is. Have some questions prepared.

"It's your money. It has to work for you."

Esther Bast, senior vice-president for financial services, Investors Group Inc., Winnipeg

Ms. Bast, an executive at Investors Group but not a portfolio manager, is a devoted hockey mom and serious investor. She is adamant that her personal investments represent her values and protect her family. In many ways, she personifies what women want in their portfolio.

The majority of her holdings are equity based – whether in mutual funds, preferred shares or high quality company stocks. It's a very well balanced portfolio, she says, but there's more to her investment plan.

"What I'm looking at goes beyond just investments," says Ms. Bast. "I look at not just the long term rate of returns of companies, but their stability. I also want to be comfortable with the holdings themselves, so that it represents things I believe in – and I'm not interested to invest in things I don't believe in. I'm very green-conscious, so I want to make sure that fits into my investment philosophy as well."

She says she's not risk averse, but she wants to make sure her money is invested for the long term with a lean toward moderately conservative to moderate risk level. "I want to make sure my money is protected so it takes care of me no matter what and it also takes care of my children," she explains.

When Ms. Bast was in her early twenties, she had a negative experience with a financial advisor who responded to her husband instead of her whenever she asked a question. "That is not what I was looking for," she says.

"What I wanted and later found was someone I could trust completely. Trust is one of the most important things. My advisor is someone who speaks to me on my level in normal language and doesn't use crazy acronyms. He listens to what I need and tailors it. You can tell when a person truly listens."

As a busy executive, she also appreciates that her advisor accommodates her schedule, whether it's meeting her at 7 a.m. for breakfast or through technology using video calls or e-mails. He even sat down with her two young sons to advise them on their own little holding accounts.

"It's very important to me that he's taken time and attention to educate my children on how to properly invest money," Ms. Bast says. "If there are women who aren't happy with their advisor, we need to be very open and not be scared to find an advisor who's the right fit."