



Calm, Cool and Invested

Understanding how women investors are reacting to volatility

September 2020

Methodology

These survey results contain the opinions of the respondents and are not necessarily those of PIMCO. The data contained within the report may not be related to any PIMCO product or strategy and should not be relied upon for any investment decision.

BACKGROUND

In 2018, PIMCO commissioned The Harris Poll to conduct an online survey of 1,500 U.S. adults 18 and older, including 748 women. All respondents had over \$10,000 in investable assets and at least some financial decision-making responsibility within the household. 317 women had over \$100,000 in investable assets.

CURRENT SURVEY

PIMCO and The Harris Poll conducted a similar online survey this year to gauge if and how the climate of uncertainty had effected women's attitudes and behavior toward investing. The survey was conducted from September 9 through 17, 2020, reaching 1,001 U.S. adults 18 and older, including 448 women. Again, all respondents had over \$100,000 in investable assets and at least some financial decision-making responsibility within the household.

The online survey is not based on a probability sample and therefore no estimate of theoretical sampling can be calculated. The sample of individuals was not large enough to draw broader conclusions during the current economic landscape. Still, the pandemic presented an unprecedented financial crisis that allows us to see how women react in times of uncertainty, and how investment professionals can help them during these times.

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Part 1

*Understanding shifting attitudes
and needs: Revisiting women
investors*

2018 findings: Women model characteristics of ideal investors

Understanding affluent women's views on money, wealth and investing

U.S. women are increasingly in charge of personal wealth. As of 2020, women control a third of total U.S. household financial assets – approximately \$10 trillion. That number is expected to triple over the next decade.*

In 2018, PIMCO commissioned a large-scale market survey to gain insight into this important segment of the investing population.

One key finding from this research was that women have many of the attitudes and behaviors of ideal investors.

2018 Findings

Clear investment goals

Women's goals are more purposeful than cumulative, with the vast majority investing as a means of living their desired lifestyles. 84% see investing as a tool for creating choices in life and include seeing their portfolio advance toward their lifestyle goals among the top 3 indicators of performance.

Reasonable performance expectations

Women evaluate their performance by their own standards. 6 in 10 say generating steady income is a top indicator of success (61%), and 71% would rather meet their personal financial goals than outperform the market.

Well considered risk philosophy

68% would take on less risk even if it meant taking longer to reach their goals.

*Source: McKinsey & Company report "Women as the next wave of growth in U.S. wealth management" July 29, 2020

2020 changes: COVID-19 and economic uncertainty

Women took the brunt of COVID-19

The COVID-pandemic spread with alarming speed, taking an extreme toll on America's health and economy. The government-mandated shutdown in February led to a dramatic drop in GDP, sudden volatility in the stock market (as measured by the S&P 500 Index) and a significant decline in bond yields (as measured by 10-year U.S. Treasuries). This situation stressed all Americans, but by many measures it put an outsized burden on women. Women were more likely to lose their jobs,* more likely to bear the responsibility for children when schools and day cares closed and more likely to care for sick family members.

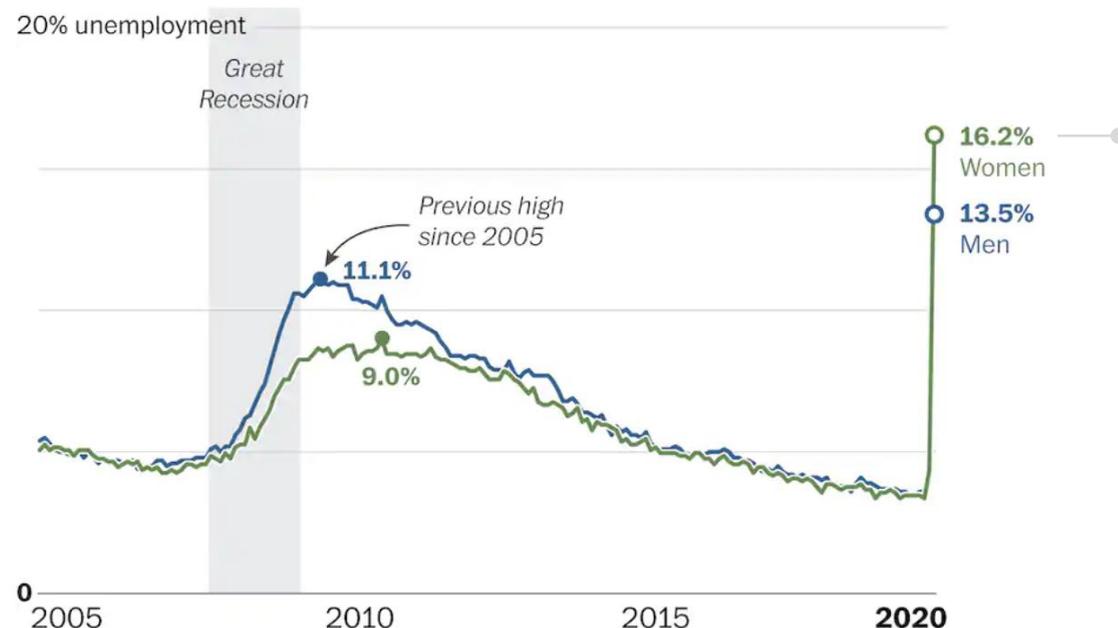
“Working from home has highlighted and compounded the heavier domestic burden borne by women.”

New York Times, June 3, 2020
Pandemic Could Scar a Generation of Working Mothers

*Labor Department, April 3, 2020. 701,000 jobs were lost in March, 60% of which were held by women.

Women felt the force of pandemic unemployment

Unemployment by gender



Note: For civilian Americans age 16 and older, seasonally adjusted

Source: Labor Department

THE WASHINGTON POST

Women's unemployment increased by 2.7% more than men's in April 2020.

Mid-pandemic mindset: How women are coping

Prioritizing survival today over planning for tomorrow

2020 financial markets tested even the most seasoned investors. PIMCO commissioned a second online survey to determine how the climate of uncertainty impacted women investors in particular.

Our research showed that already time-starved women struggled to keep up. Understandably, this was especially true among women with children, 72% of whom said lack of time was often the biggest challenge of their day (up 18% from women overall).

Women overall listed coping with uncertainty as their biggest daily challenge, leading almost half of them to describe their primary mindset as “survival mode,” where they were just trying to get through the pandemic day-by-day.

Women’s primary mindset

47%

Survival mode

27%

Reset mode

26%

Recovery mode

58% say “*planning for tomorrow is difficult when there is already so much on my plate today*” (up 17% from 2018)

Part 2

*Attitudes toward investing:
Women remain calm and cool*

Wake-up call: More engagement, planning and goal setting

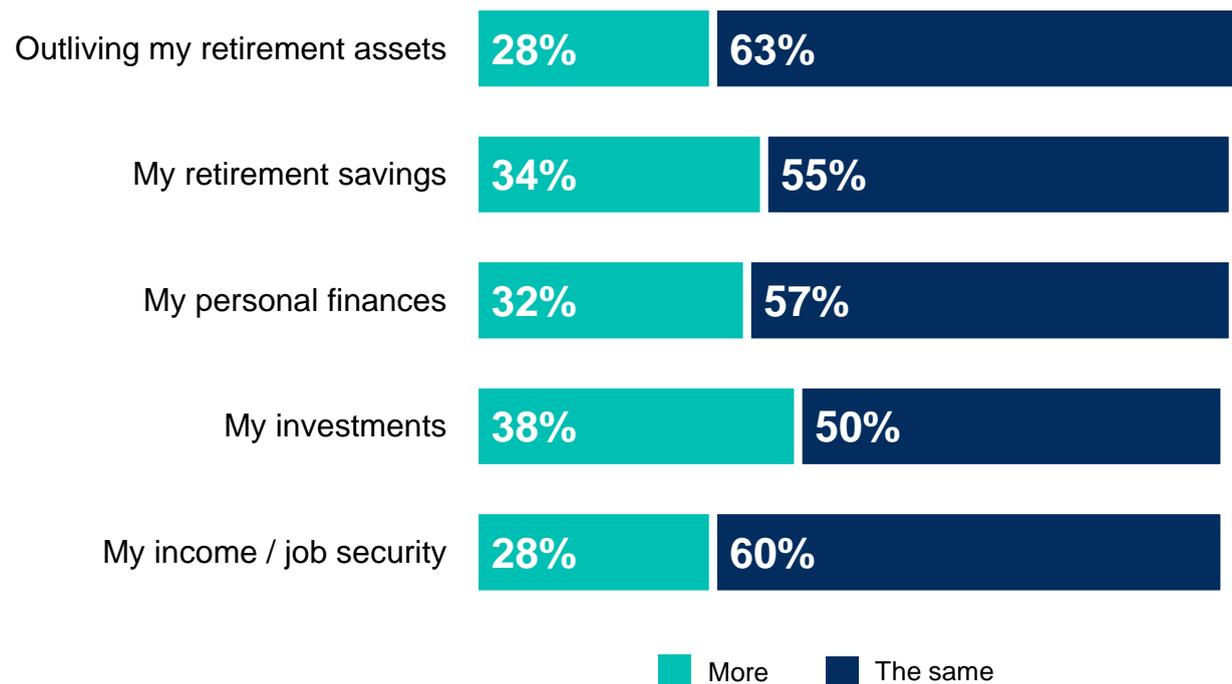
Survival mode leads to increasing levels of attention and concern

Most of the women we spoke with experienced a direct impact to their physical or financial health, with 1 in 4 women under 40 saying their household lost income due to the pandemic (24%).

Women responded to this financial wake-up call with increasing concern over their personal finances, investments and income/job security. Of those who started prioritizing investing more in the last six months, 41% said it was because market volatility had opened their eyes to how vulnerable their investments were.

60% of the women we surveyed said the pandemic has made them realize they need more of a financial plan (72% among women under 40), with 1 in 3 reporting they have started looking at their existing portfolio with greater concern (35%).

Level of concern compared to pre-pandemic



57% of affluent women say they are are “**worried about outliving their retirement saving assets.**”

64% of women say “COVID-19 has made me realize I need to be more engaged with my investments.”

Shifting priorities: Focus on stability and retirement

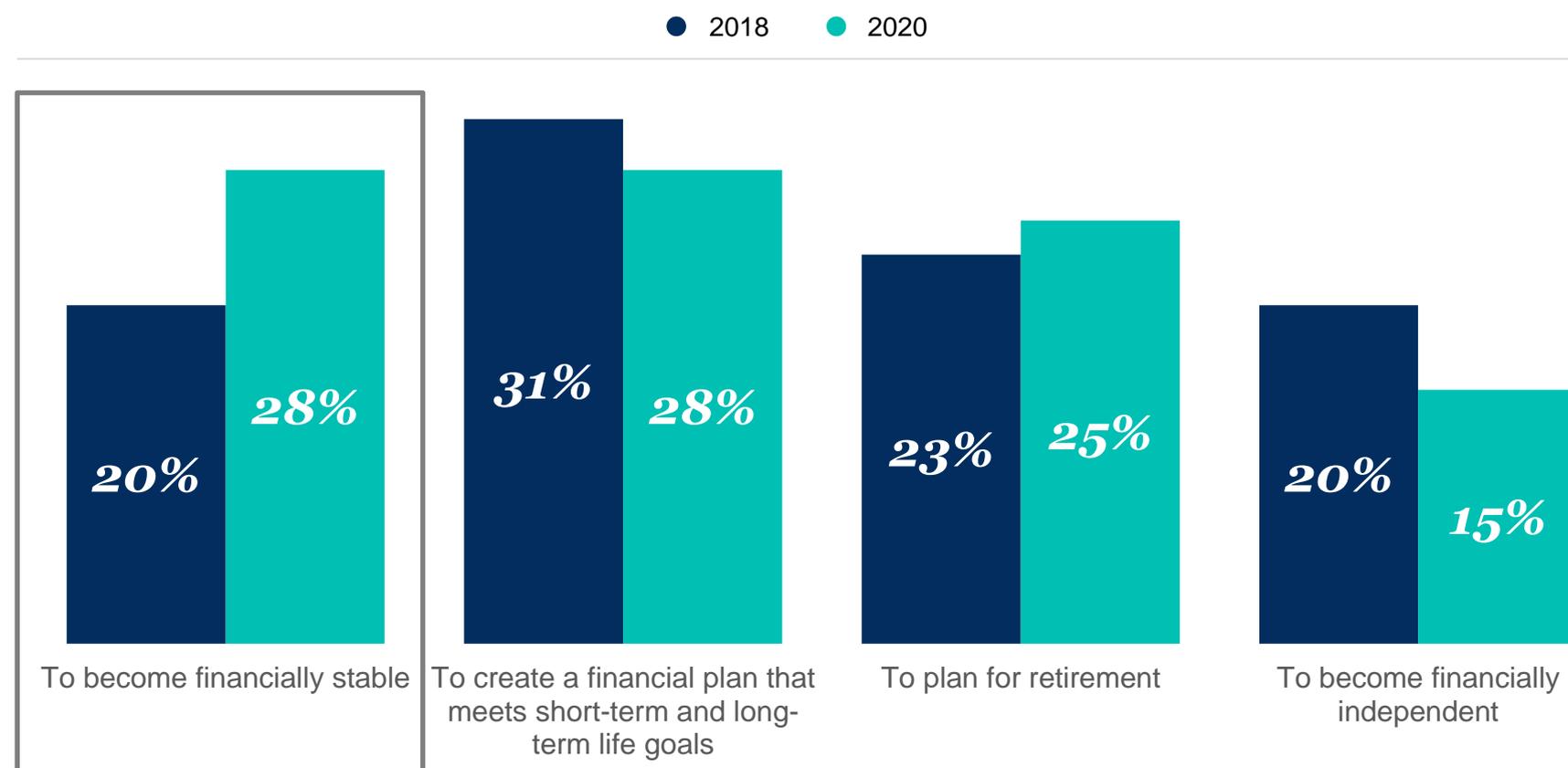
Financial goals then and now

As women pay more attention to their finances, they are also reconsidering their investment goals.

In 2018, our research showed that women were primarily investing to achieve lifestyle goals and to have the freedom to make choices as opportunities arise. As a result, the top financial goal reported at that time was to meet short-term and long-term life goals (31%).

Women today are now placing a greater emphasis on security. In 2020, 28% of women listed financial stability as their top goal (up from 20% in 2018). In addition, 25% of women listed retirement as a priority, up from 23% in 2018.

Top financial goal



Strong fundamentals: Staying calm in the face of uncertainty

Women still show characteristics of ideal investors*

Despite all the other demands on their time and attention during the current crisis, women continue to take responsibility for their investments and remain unapologetically sure in their ability.

In 2020, 35% of women said they felt highly confident in making investment decisions, with 79% saying they are coping with the current uncertainty in the market better than others.

These self-assured investors continue to exhibit many of the characteristics of ideal investors, including patience and a long-term outlook in the face of market volatility.

Reasonable expectations of performance

Nearly half of the women surveyed continue to cite steady income as the top indicator of portfolio success (49%).

Well considered risk philosophy

Mitigating risk is the top measure women use to evaluate the success of their investments, outpacing minimizing fees and better returns.

Patience and long-term outlook

More than one-third (39%) say the reason they are prioritizing investing less in the last six months was because they are “waiting for the market to level out.”

Women investors remain relatively optimistic about the financial markets over the next six months, ranking their confidence at 6.4 on a scale of 1-10.

*PIMCO, 2018, Women, Investing & The Pursuit of Wealth-Life Balance

Part 3

*Investing behavior: Women
remain invested under pressure*

Staying the course: Women make an active effort not to overreact

Few reactionary moves in spite of crisis mindset

While women may be reconsidering their financial goals and strategies, they have largely resisted the urge to adjust their portfolios in reaction to short-term market volatility.

In fact, 1 in 5 women say they made an “active effort” not to adjust during this time (20%).

Of those who did make financial shifts, the survey revealed that most women made changes aimed at reducing overall risk, increasing retirement investing or accessing cash.

Affluent women are twice as likely as men to say they have not made changes to their portfolios in the last 6 months (33% women, 15% men), with 1 in 5 saying they have made an “active effort” not to adjust during this time (20%).

Financial shifts during crisis (in the 6 months prior to the survey)

1	I have made an active effort not to adjust my investments	20%
2	I have shifted investments to less risky vehicles	15%
3	I have invested more in retirement	14%
4	I have not had as much time to think about investments	12%
5	I have sold investments to re-invest	12%
6	I have invested less in retirement	11%
7	I need to delay my planned retirement date	10%
8	I have sold investments (e.g., stocks) to cash out	10%
9	I have invested more in fixed income	8%
10	I have withdrawn from retirement savings early	8%
–	None of the above	33%

Making smart decisions: How women keep perspective

Taking steps to be mindful and reduce bias in the midst of a crisis

Women used a variety of strategies to help them make smart investment decisions during this stressful time.

73% of the women surveyed reported they took specific steps to be more mindful and to reduce bias when making financial decisions.

Importantly, many of these steps also included consulting industry professionals for advice or tools and increasing understanding of financial markets.

Steps taken to help with financial decision-making in last 6 months (March-September 2020)



Practicing activities that help regulate emotions like exercise and therapy
(28%)



Taking time to learn more about the market on my own
(26%)

29% confident making investing decisions / 19% not confident



Consulting an advisor or third party for advice
(25%)

42% who have financial advisor



Using will power to focus on logic rather than emotion
(22%)



Practicing meditation and mindfulness
(21%)



Using planning tools from financial services company or employer to reduce uncertainty about financial future
(17%)



Making situational changes like switching jobs or relocating
(11%)



None of these
(27%)

Part 4

*How the industry can help:
Meeting the challenges still
to come*

Long climb to recovery: Investors should prepare for more uncertainty

PIMCO forecasts “Escalating Disruption”

It is tempting for investors to think COVID-related health and economic problems will disappear soon, but expert analysis suggests the global economy and financial markets will face many challenges on the road to recovery, creating more uncertainty for investors.

PIMCO’s [Secular Outlook](#) (3–5 years) forecasts numerous economic disruptions, leading to a prolonged period of low returns and higher volatility.

Investors may want to adopt a patient, flexible, global approach that emphasizes capital preservation and avoids unnecessary risk – something a lot of women may already know how to do.

Down the elevator, up the stairs

- Near-term mechanical bounce in economic activity will be followed by long and arduous climb to recovery.
- Multiple sources of uncertainty exist, including continued health crisis, cascading business bankruptcies, and trade tensions between the U.S. and China.
- Monetary and fiscal policies will play an uncertain but crucial role in cushioning the effects of the recession and propping up asset prices.



Access PIMCO’s Secular Outlook, *Escalating Disruption* [here](#)

Statements concerning financial market trends or portfolio strategies are based on current market conditions, which will fluctuate. The continued long term impact of COVID-19 on credit markets and global economic activity remains uncertain as events such as development of treatments, government actions, and other economic factors evolve. The views expressed are as of the date recorded, and may not reflect recent market developments.

Increased education: Women want to better understand the market environment and their options

Giving women access to information when and how they want it

The short- and long-term implications of COVID-19 on the global economy and financial markets is a complex topic, leaving many women investors feeling overwhelmed. As a result, they are searching for clear, concise educational content.

This search for education is not new. In 2018, 72% of women said they believed the financial system was set up to be confusing. As a group they expressed interest in jargon-free financial education that would help them better understand the economy, the financial markets and their investment options.

That sentiment continues in the 2020 survey: 59% of women under 40 claimed they “almost need to become a financial expert to talk to a financial advisor.”

Hindsight in 2020: what women wish they had known about investing

How to react when there is volatility	26%
How the economy works	15%
Average timeframes for the market to recover from a downturn	13%
Difference between investment vehicles	11%
Information about interest rates	5%
How fiscal stimulus works	3%

Women are looking for information and advice, including strategic recommendations, delivered less frequently but with more substance.

Supporting the needs of women: What financial professionals can do

Seeking help during uncertain times

According to our 2020 survey results, 58% of affluent women currently have a financial advisor – 9% of whom started working with an advisor in 2020.

Among those who don't have an advisor, 14% say they wish they had one to turn to during the current economic situation and 11% said they are planning to work with an advisor as soon as possible.

Advisors looking to be of most value to women investors during this time will want to consider their priorities. Among the topics women most want advice on are planning for consistency and stability.

Top advice women want from financial institutions

1	How to establish a plan for consistent income in retirement	33%
2	Strategies to cope with market volatility	30%
3	Tactics to weather market volatility	28%
4	Investment opportunities that arise in down markets	28%
5	How to alter financial strategies in the event of job loss or income reduction	18%
6	Underlying mechanics of the stock market to prepare for future events	17%

PIMCO's resources for financial professionals and investors

In order to support women investors today, financial professionals can provide education to help them shore up their portfolios for future issues and better understand the markets for long-term peace of mind

Women & Investing *The Equality Advantage*



Learn more about PIMCO's Women & Investing platform and research on women investors

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