

INSIGHTS FROM CFA SOCIETY SINGAPORE

The alternative investment gender gap: Marketing to female clients

Female retail investors have been lagging in this area of investment as compared to their male counterparts. BY BARBARA STEWART

WHY do men allocate twice as much of their assets to alternative investments as women do? That's one of the questions I asked 52 successful investors around the world for my Women & Alts: A Global Perspective white paper. Some of the answers may surprise you. In this article, I identify women's favourite alternative investments, the marketing strategies that do not resonate with women, and those that do.

I share insights from some of the 26 women and 26 men I interviewed in the global finance industry across 31 cities and 25 countries this summer. I asked each of them about their approaches to investing, and we discussed the current holdings in their portfolios.

Why does the gender gap demand attention? Because alternative investments are important for any investor's portfolio. Big money institutional investors have known this for years and male retail investors seem to be moving this way.

Female retail investors, however, have been lagging. Global alternative assets under management will increase to US\$24.5 trillion by 2028, up from an estimated US\$16.3 trillion in 2023, Preqin's Future of Alternatives 2028 report predicts.

The defining characteristic of alternative assets is their relative lack of correlation with standard asset classes such as traditional equities and bonds.

Adding alts to a portfolio improves overall diversification, reduces risk, and should lead to higher long-term returns.

Nobody agrees on the definition of alternative investments – there are many kinds of alts, and the categories are expanding over time. Through my research this summer, I identified the top 10 alternative assets that resonate with women and list them, in no particular order: Private equity; art; private credit/debt; gold; non-primary residence real estate; startups; angel investments; wine; collectables; and infrastructure assets.

Do women want alts? The answer is a resounding "Yes". Women need and deserve equal access to the world's fastest-growing asset class. I deliberately selected male and female interviewees with diverse backgrounds and from a wide variety of senior roles: academics, corporate directors, founders, senior executives, institutional salespeople, traders, portfolio managers, economists, professional investors and management consultants.

This research was commis-

sioned by Kensington Capital Partners and follows my 2024 Rich Thinking research paper, What's in your investment portfolio?

Marketing to women: What's not working

Financial institutions around the world are rapidly realising that women represent a lucrative business opportunity, and they are today's largest, fastest growing and most under-served new target market.

Over the past few years, initiatives around women and wealth have proliferated – from bank-owned sites and standalone private platforms to educational in-person forums and communities for women.

That said, much of the associated messaging is out of date, condescending or just plain wrong. Saying that women lack confidence or that women are risk-averse is seriously lazy and inaccurate messaging. Here are some quotes and snippets from the white paper as to what's not working.

Alts are opaque

Caroline Miller, an independent corporate director from Montreal, Canada, said: "Whether we are talking about private credit or private equity, for women this is one big bucket that is perceived to be conceptually more opaque and logistically less liquid, thus requiring a deeper dive."

"For clarity, women's need for greater explanations of alternative investment products is down to the industry's marketing shortcomings, not women's inability to comprehend them."

Miller points out that, even though a globally diversified portfolio requires a comprehensive cross-asset strategy, "people play the fiddle they know". The farther you get from plain vanilla public market securities, the wider the information chasm. Outside of their core equity and fixed income holdings, women tend to allocate some capital to real estate investment trusts for a steady income stream or maybe buy gold. "But what else would they invest in if they understood the full array of alternatives?" she asks.

"Women have fiduciary responsibility for significant financial wealth. They want and need to know more."

The network effect is lacking for women

Diana Biggs, a partner at Ikx in Zug, Switzerland, said: "The world of private equity and alternative in-



Financial institutions are rapidly realising that women represent a lucrative business opportunity, and they are today's largest, fastest growing and most under-served new target market. PHOTO: PIXABAY

vestments can feel daunting if you don't have power. Lots of deals come via social circles, and you need to be invited in. The men who typically have access to invite people need to open the door, and the women also need to be interested in taking the opportunity to learn. We can onboard each other.

"Critically, I tell women not to be turned off...keep trying."

Biggs thinks men involved in alternative investments are not necessarily behaving with ill intention.

They are very busy and probably don't notice you, she advises. "When I go to funds conferences or trader chat gatherings, there are 20 men and maybe one to two other women in the room. It can be hard to get into the conversation. It would be nice for this huge majority of men to recognise what exactly is missing and help figure out how to bring women in."

Macho-themed sales and marketing falls short

Blair duQuesnay, lead adviser of Ritholtz Wealth Management in New Orleans, US, said: "The culture of the investment industry in the United States is still very male-centric. The dominant focus is on 'us versus them', 'you either win or you lose', and 'eat what you kill'. This attitude continues to be a turn-off to all women – just as I wrote about five years ago in my New York Times opinion piece, Consider Firing Your Male Broker."

Marketing in the financial ser-

VICES industry mirrors the culture of investing: macho, duQuesnay pointed out.

"Investors have an expectation that as they accumulate more wealth, there (are) 'better' investments available to them. The attitude about alternative investments is, 'Now that you have \$X million net worth, you will have access to private opportunities with guaranteed higher returns.' In reality, just because investors have \$5 million, they don't necessarily need to start investing differently. What about the person behind the money? Who is this woman? What is she trying to accomplish? For what purpose?"

DuQuesnay said that men generally seek out alts, while most female clients don't ask for alts.

Instead, she said, they are sold these investments. "Sometimes the alts were sold to them in a good way, but a lot of times they were sold to them in a bad way," she adds.

"We've seen portfolios with up to 35 to 40 per cent in illiquid investments. This comes with a lot of operational complexity and complicated tax returns. In our \$100 million+ portfolios, we'll sometimes see 20 to 30 different private managers. The operational load for administering many private investments can be overwhelming, even requiring client signatures while on vacation."

Fifty-two interviewees shared many marketing ideas and best

practices from around the world that they think work well. The key to attracting more women to the alternative asset class seems to be about making alts relatable to women.

Explain the product effectively

Marguerita Cheng, founder of Blue Ocean Global Wealth in Washington DC, US, said: "Women will be more open and vulnerable in their communication and say that they don't want to invest in areas that they don't understand. They really value education and want to know how investments will affect their personal situation and how it will be helpful to their family and people they care about."

"Hey! Our private equity dollars are going to private/public partnership projects that help women who have experienced domestic violence and abuse. Why does the money need to be tied up for seven years? Because this is the timeline needed to get funding. Show a colourful infographic that tells the story of the timeline. Get people interested enough to read the prospectus."

Make it personal rather than transactional, Cheng advised. "Where is the money going to go? If we make it more relatable, we could start getting more women invested in alts."

Women's forums, events, communities and campaigns work
Angela Holter, founding partner

and chair of the board at WIN Ventures in Oslo, Norway, said: "A fundamental shift occurred in 2019 when DNB Bank started a marketing campaign called 'Hun Investeer' (it translates to 'She Invests'). It was a game changer. They showcased the imbalance with female investors owning fewer stocks, and this put the conversation on the table. This campaign inspired me to start WIN, an investment network for women in 2020, to learn about investments and to invest together."

"Later in 2023, together with my two co-founders, I launched WIN Ventures, a company with only women investors. We had an overwhelming response to our first session – attracting 200 women. Our first WIN ventures fund has a ticket size of US\$1,200 to US\$20,000 and we are 35 female shareholders. We will soon launch our second WIN ventures, which will be much larger, and we will have even more female shareholders."

Meet them where they are

Alice Chen, a luxury strategy professional in Singapore, said: "When you are at the point of being interested in investing in alts, in Singapore you will notice tons of ads in subways and on buses with splashy headlines. There are trading platforms like Moomoo SG that offer easy access to alts. Depending on the age of the woman, they consume content differently: the number one source of information for people in their 20s is TikTok. In my 30 to 35 categories, we like to learn by attending events in our social network such as our school alumni and local women's business associations."

A lot more work needs to be done by the investment industry and marketers to ensure that women have equal opportunities to invest in alts.

Thanks to the participation of 52 men and women around the world, we have a robust set of ideas to help guide the way.

The writer is a chartered financial analyst with 30 years of investment industry experience