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# VIEWS FROM THE BRICK

GRL PWR

Half of the world's population is female. While that might seem like it's pretty logical, the fact that women only account for half of the humans, doesn't mean they carry half of the influence. In many ways, representation of women is far less than half, which is something that has been loudly spoken out against in recent years and continues to be a focal point of society. But in other ways, women carry far more influence than their male counterparts likely ever will. Quite frankly, we're better off acknowledging this second point and everyone being on board with it now. The differences between men and women can't be boiled down into trivial metaphors with cats and dogs. No, it's much more serious. It's more like dollars and cents.

## DID WE SAY 50?

The female influence within our economies is far greater than what any census will ever show. The purchasing power of women is something that is likely to never be matched by men. Despite the wage gap that has been well documented, women have outpaced men in dollars spent. We know what you're thinking and no, that doesn't translate to lower savings rate. We'll get there; women win that one too. In fact, women account for roughly 73% of all household spending in the United States (a market in which they represent almost 51%)<sup>1</sup>. Globally women tally 63% of household spending. With this type of say over what makes it into our homes, women are arguably the most important demographic for all businesses to be catering to. There cannot be a product or service (or law) brought to market without developers and marketing teams making sure it will appeal and serve women. One way to help decipher that code? Make sure you have women involved in those decisions being made.

This dominance of spending isn't only due to the fact that more women are doing the shopping for families and households. Education is another field where women have outpaced men, making for a brighter future for all of us. It is expected that 54% of all doctoral degrees conferred within the United States will go to women by 2021. Master's degrees? That number was 60% in 2013 and expected to reach 62% by 2021 as well<sup>2</sup>. What's one way to fight the wage gap? Make yourself too good to be ignored, and women are doing just that.

SOURCE: This presentation is solely for informational purposes and should not be taken as investment advice. For further information, please contact one of our investment adviser representatives. <sup>1</sup> Catalyst Buying Power: Women in the US. <sup>2</sup> Catalyst Buying Power: Women in the US.

## SHOW ME THE MONEY

A quick note on the wage gap. Imagine if these consumers were going to the market with more dry powder in their pocket. You don't have to imagine too hard what it would be like because trained professionals have done it for us already. On a macro level, a recent report from McKinsey Global Institute estimated that \$12 trillion can be added to global growth by advancing gender equality. That number alone, you'd think, would be enough for society to get it together. But the World Economic Forum estimates it could take 118 years to close the gender gap<sup>3</sup>. That's just gross.

## YOU CAN'T SIT WITH US

So if women are 50% of the population, and influence from 70-80% of purchases made globally, where are they in the boardroom? We just told you, if you're bringing a service, or product, or law to the people you better be sure it appeals to women. The best way to make sure the female opinion is satisfied is include them in the decision-making process. Since the message seems to be lost on corporations, please forgive us for repeating ourselves. But we won't say it a third time (something our moms would probably tell us) we're just going to leave these stats from MSCI here<sup>4</sup>:

- Out of 4,218 companies, just 15% of all board seats were held by women.
- Of those companies, 73.5% had at least one female director. Just 20% had at least three.
- Within the S&P 500, women held 20% of board seats
- In its study, MSCI found that having three or more women on a board significantly increased the chances of the female voice being heard.
- Companies with strong female leadership has led to higher ROE (10.1% vs 7.4%), superior P/B values (1.76 vs. 1.56) and less governance controversies than companies with female representation below those thresholds mentioned above.

You mean including the point of view of the gender that overwhelmingly influences the global economy in leadership roles translates to better-run businesses? Quick, tell the government.

## PATIENCE IS A VIRTUE THAT WOMEN HAVE MASTERED

Powerhouse consumers, undervalued teammates and high-performing leaders. Check, check and check. What about investors? There's no plot twist here, women win. Women account for over half of the wealth in the United States. About 40% of millionaires in North America are women<sup>5</sup>.

Data provided by Fidelity Investments recently brought some transparency to this issue. Fidelity's data shows women don't only save more than men, but also outperform them in their investment selections. On average, women show a savings rate .4% higher while returning .4% more<sup>5</sup>. Compound those numbers over time and women are likely to reach their long-term goals with a bit more comfort than men. What's the reason? Women have loyalty, patience, discipline and self-awareness in their DNA.

Fidelity's research showed men are 35% more likely to trade in their investment accounts. This turnover eats away at long-term returns by way of fees and runs the risks of mistiming the market. On the flipside, women check their account less frequently and concern themselves with relative returns less as well. They concern themselves with reaching their goals more so than outpacing a benchmark.

Long-term vision, self-awareness, low turnover and continuously building a base. All investment characteristics that align with success. For men, investing has long been sport or pastime. Because of this, they've shown habits of getting away from the fundamentals. Women seem to understand, despite the bells and whistles, this isn't a game and it's not complicated. Luckily, the future is female, and we all will probably be better because of it.

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