Investment: A little bit of risk can reap dividends

At various stages of one's life, financial needs may differ. For this reason it is important to change financial strategies and instruments used to fulfill those needs. The investment behaviour of women differs to that of men. Women often feel comfortable with "secure" and "predictable" investments, explained Christelle Louw, advisory partner at Citadel."The problem is that these investments mostly do not offer the required performance after inflation and tax to achieve their financial goals," she said.

For this reason, equities are becoming an important element to include in their portfolios. This is also true as women become more sophisticated investors, with surplus income to invest.

Over the past few years women have been playing a bigger and more prominent role in business, and their earnings are increasing. This is contributing to their empowerment. The global income of women will grow from $13trn to $18trn over the next five years worldwide, according to the CFA Institute.

Women are also living longer than men. According to the World Health Organisation's 2015 data for global life expectancy, women will live five years longer than men. More women are seeing the need for inflation-beating investments to sustain their lives once their partners are gone.

"It is important to ensure that they have made financial provision beyond the life expectancy of their husband or male partner," said Louw.

Women's investment behaviour

Citadel's research shows that traditionally, women in their twenties often choose cash saving deposits and unit trust investments, using monthly debit orders.In the age group between 30 and 50, women opt for cash savings. They also look to investments in residential properties, unit trusts, retirement annuities and endowments, and company share options are also popular.

Over the age of 50, women often consolidate their investments into a diversified portfolio. This could consist of cash, bonds, property, preference shares and ordinary shares. They might look into getting international exposure through hedge funds with a unit trust of direct share portfolios.

Louw explained that during their 30s to 50s, women should focus on getting rid of debt to ensure they do not have to dip into savings to finance lifestyle or family expenses when changing jobs.

It is also important to make time to manage investments, and it may be easier to do so using a trusted, independent financial adviser.

"Make sure you know what you need to save to be financially independent. You need to have a goal to ensure you plan your savings," she said. "Keep in mind that the best way to save is to put that amount away first before you spend and pay bills."

It's best to start early and invest in growth portfolios; this includes shares.

More women are showing interest in investing in the stock market, according to data from FNB.

“While we have seen a steady increase in the number of investors across the board, we have also noted an upsurge in female investors,” said Aneesa Razack, CEO of Share Investing at FNB.

The data shows that the youngest group of female investors is aged between 21 and 25. This is not the biggest group of female investors but it is “encouraging” to see young people investing in shares, stated Razack.

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Source: Finance24