Transcript

The Ideas Exchange
Episode 2: Girl power – female investors taking charge
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Voiceover [00:00:03] Welcome to the Monthly Ideas Exchange podcast brought to you by ASX, the heart of Australia's financial markets. Each month we'll connect you to a range of leading industry experts who'll give you a look into the finance industry and deliver valuable insights, hear about important market events, industry research, tips for your own market research, as well as innovative products to help you diversify your investment portfolio. Your host, Martin Dinh, has a passion for all things investing and is a major player in the investment products game, having assisted in the release of over 150 investment products since 2013 with ASX. Join him as he explores investment opportunities beyond just shares from ETFs, REITs, mFund and much more.

Voiceover [00:00:57] Joining Martin today is Anastasia Anagnostakos, Business Development Manager in the Investment Products Division at ASX. She is responsible for sales, distribution, product optimisation and education of the ASX Investment Products Suite, and has over 11 years financial markets experience across the U.K., Europe and Australia.

Martin Dinh [00:01:19] Hi everyone, this is Martin Dinh, and welcome to another episode of the Ideas Exchange Podcast. Anastasia, thanks for letting me rope you into this episode. So, tell me, what are we covering this time?

Anastasia Anagnostakos [00:01:31] You barely roped me here, Marty. Thank you firstly for the invite, I'm looking forward to our discussion today. So, with International Women's Day on the horizon, it seems like a timely choice to discuss on the Ideas Exchange the importance of investing for women. We should highlight that this isn't a once-a-year discussion when International Women's Day rolls around, but an everyday one that we need to have. Today, we are joined by one of the most recognised women in Australian investing and our good friend, Gemma Dale, from Nabtrade, where we'll chat about some of the challenge's women encounter when it comes to investing, how women can overcome these obstacles, why it is important to invest, and some tips for new investors and much more.

Martin Dinh [00:02:10] Well this sounds very exciting and that it looks like it will be a very eye-opening conversation, so let's jump right into it with Gemma.

Martin Dinh [00:02:17] Hi, Gemma. It's so great to have you here today. And thank you for joining me and Anastasia.

Gemma Dale [00:02:23] Absolute pleasure. It's lovely to be here.

Anastasia Anagnostakos [00:02:24] Thanks, Gemma. Thanks for being here.

Martin Dinh [00:02:26] Gemma, first of all, before I kick off, I actually wanted to congratulate you on reaching your one hundred and twenty sixth podcast episode. Your podcast actually has been a great source of inspiration for me. So well done on that.

Gemma Dale [00:02:39] Oh, thank you. Yeah, we started it a while ago. I'm a big fan of podcasts, I prefer to consume ideas and content that way. And so I was dying to start one and, and it's been more fun for me than anybody else I think.

Martin Dinh [00:02:53] So as we approach International Women's Day, I thought we would do a very special episode about a topic that I know Anastasia and Gemma are very passionate about - the importance of investing for women. I might just jump right into it. Into our first question, Gemma, in our most recent ASX Investor Study, we found that women were less confident than men to take on riskier investments such as Australian shares and ETFs, and more likely to hold most of their money in term deposits. Why do you think women have been more hesitant than men to jump into the stock market?

[00:03:31] It's a complex question, but a really good one. So, there's a few good reasons for it and some less good reasons. I think the critical thing is women are 50 percent of the population, right? So, they're not a homogenous group. People have very different reasons for doing things and women are the same. There would be many reasons why different women will choose to undertake one kind of investing behaviour or another. So not all women are the same. Obviously, you can't generalise across the whole cohort, but there are some characteristics women have that are quite, quite unique and also some factors that that are far more difficult for women than for men, even though that might apply to some men as well. The obvious reason why many women are less likely to take on risky assets is they have less money to risk. And it's awful and I hate talking about it, but it's a fact. So many women have not worked throughout their lives. You know, older women may have had to leave the workforce when they had children, when they got married. They may have taken time out to have children voluntarily. They may have worked in lower paid employment. They may have gotten divorced and ended up with no assets. As a result, they might be sick. They might be a whole variety of reasons. But we know women have less money just in general. Right. They earn less and they earn less for shorter periods of time. So, women have less money. And when you've got less money, you are far less likely to risk it in something that you perceive to be volatile or where there's risk that you lose it. Right. If your primary source of income is the age pension or you're earning twenty-five thousand dollars a year, you don't want to be investing in an asset where things go up and down 20 percent each year. That is far too high risk for you. Right. So, a term deposit might be appropriate for someone in that situation where they don't have a lot of capital. They're unlikely to earn more capital in the future or to be able to generate more. And that would be true for women or men, but it's far more likely to be women for a whole lot of historical factors. So that's the I guess, the good reason, it's not a good reason, but it's a logical reason why women would be less likely to take risk. The confidence side is a different one. So, the psychological reasons that are unrelated to people's actual financial situation. So, you might be any great money, doing really well, have plenty to invest and still prefer a term deposit, that's a different situation. And many women appear to prefer tangible assets like property, and property is prohibitively expensive to invest in in this country, it's very, very difficult to get into. And saving to buy a property is obviously quite challenging for a lot of people. If you have a three to five year timeframe to save for a property again a term deposit is the appropriate place because you don't want to risk your money. But that's a long, long time to be earning nothing, so it's a tough one. For a lot of women, there's a really good reason why they're not willing to risk their money, if it's simply psychological barriers about a perceived risk of entering the market, that's a bit of a different scenario.

Anastasia Anagnostakos [00:06:35] Well, we've touched on a few different reasons there for why women perhaps put off from investing in asset classes such as shares. For the reasons like those psychological reasons, Gemma, how can women overcome the obstacle of taking the plunge?

Gemma Dale [00:06:54] Yeah, that's a great question, too, because I think it's really important. There's a lot of historical reasons why women would have avoided risky assets, but there are more and more women who absolutely have enough money to invest and do want to grow their wealth and do want to approach investment markets, but it can be quite intimidating, right? it's a very male dominated industry. If you watch any of the business channels or look at any of the sort of mainstream media featuring investment professionals, you're looking hard to find a woman in that cohort. It's mostly blokes in suits, so for women it can be quite off-putting. Often when I'm at an event, often ASX events, I get women coming up to me saying, thank God you were there because you're the only one that we could look to, right, to have a conversation with someone that looked and felt like us. So, the things that I would suggest if you are thinking about this or even if you're not thinking about it, obviously if you're listening to this podcast, you are definitely thinking about it. But it's understandable that getting into investing is intimidating. It is a fairly opaque universe, and you can look at it and go 'oh my god! It's just numbers and lines on top. I have no idea what's going on'. One of the reasons that women, ironically, tend to do really well, and I know we're going to talk about this later, when they do invest is they're less likely to approach markets, thinking 'I'm an investing genius, I'm going to be great at this', and then blow all their cash. So, we know that men are prone to overconfidence, women are prone to under confidence. Again, massive generalisations, but there's really good data around this. So, if under confidence is something that, you know you're dealing with, you look at this market, you go this is very opaque, it's complicated, and I can't deal with it or I'd like to, but I'm scared. That particular feeling may well be the thing that makes you a better investor than another male of your age, particularly if you're young. Young men very prone to overconfidence, young women, less so - Good! Means you probably do your research and make fewer stupid decisions, right. So, the one thing I will say for all investors, male or female, is that investing is a hell of a lot easier now than it's ever been. The amazing range of low cost, accessible products that give you a simple way to approach investment markets, and it's really appealing. So, Marty, you were talking about ETFs, for example. And I know in this podcast you talk about exchange traded funds and how they work. The ASX does great research and also great education on this. So, there's an amazing amount of really high-quality education out there for anyone who wants to start investing. And if you are worried or concerned that there's too much risk or you're just not ready to take that first step, just availing yourself of that research is a great way to break down the barriers a little bit. At Nabtrade, which is the business I work in, we're an online trading platform. We've just launched something called 'The Academy', which is designed to take you through a fairly straightforward educational process that will give you insight into some of this stuff, like what is it? How does it work? In a short video, someone just explains what something is and how it works and how much risk you're taking and all that kind of stuff. And there are infinite resources of that type out there that are dramatically different to what was out there 20 years ago. Right. You used to have to go and buy a book, there were probably five books to choose from. And if you wanted to buy a share, you had to find yourself a stockbroker and call them up. I've told the story a million times, but the first time I bought a share, I had to look up a stockbroker in the Yellow Pages. There would be people listening to this who don't even know what the Yellow Pages is. And you imagine at the age of 18 just how thrilled they were to take on a young girl ringing them up, going like we'll find some guy in the copy room to take this call, because clearly this girl has no money whatsoever and no idea what she's doing, which was 100 percent true, but changed over time. Yeah, it was really intimidating back then, whereas now you can do the research in the comfort of your own living room or on your phone, on the bus. Right. And you can educate yourself, learn a lot, avail yourself of insights from amazing high-quality investors, you know, great speakers, people all over the place. And I will give you ideas for free. And then you can go and open a trading account and place trades for a tenth of what I paid ten years ago. Yeah, life is better if you want to become an investor, whether you're male or female. So, there's a lot to be said for being alive and trying to do it now.

Anastasia Anagnostakos [00:11:33] The internet's a wonderful place these days isn't it? You can get a lot of things for free that you used to have to pay for. But one point that you made as well, is that when you made your first trade, you had no idea or you had very little idea, as did I. And that's one thing that really, I highlight as important is because we've learnt by doing, people might look at you or me and say, well, you work in the industry. But back then I didn't have that knowledge. And I'm assuming you didn't have your knowledge would have been 18, 19 years old when you put that first trade on. So, for me, the highlight there is that you learn by doing as well. You just got into the market and you gave it a go and you started small, and you go from there.

Gemma Dale [00:12:28] You're absolutely right. That's just, it's absolutely imperative. And that's the power of compounding, which is true for all forms of investment. But the one that I think most Australians, you look around your suburb and the sixty-five-year-old who has no assets is living in a two-million-dollar house because they bought it 40 years ago. Right. And they made one good investment decision and paid it off. And that good decision, it probably felt terrifying for them 40 years ago when they bought it. Right. They probably felt sick at the size of the mortgage. And now you're looking at them going, you lucky sod, you've got a thing I could never afford. Well, in 40 years time, that will be you. But you have to do something first and you might well choose something brilliant, like buying CBA or CSL, you know, 15 years ago. Or you might choose something really stupid, but you learn from it. And the other thing you've pointed out is you start small. The lovely thing about shares is you start small; with property you start big. So, if you get it wrong, it's really going to hurt. With shares, you start small, and you can afford to make some mistakes over time if you're starting young, and that learning by doing thing is just absolutely imperative. The one thing that doesn't change is that you've got to take action in order to have something happen.

Anastasia Anagnostakos [00:13:47] That's right. And if you're not in it, there's no way that you're going to a return to have to be in it. But that's the, that's the main takeaway that I got from that as well, because I can vouch for my first trades, they were placed at the height of the market in 2007, just before the GFC hit. And I'm sure I shared this sentiment. And it was a horrible trade at the time, but it didn't put me off, it just taught me what to do next time. And the imperative thing also there is that you hold on, you learn that you have to hold on. There are people out there that are day traders, or they like to enter and exit positions and make money quickly out of positions. But overall, that's not what we're trying to do. We're investing. And investing is a long-term gain.

Gemma Dale [00:14:37] If it makes you feel any better, I placed my first trade the week before September 11, so you can imagine what an event of that size did to the share market. Nothing good. So, my first experience was losing money. Like literally a week after I'd invested.

Anastasia Anagnostakos [00:14:53] We both lost money, but we're both still here.

Gemma Dale [00:14:56] It was a good long-term investment, but in the first week I was like, what the hell have I done? So, it was not fun at all.

Anastasia Anagnostakos [00:15:03] It was a horrible move, but it is what it is, right. And you just keep going. You learn from it. And that's why ETFs, especially if you don't have the financial knowledge or you don't know what particular stocks you would like to buy. ETFs are a great move because you don't have to have any stock specific knowledge to get into the market. You can just have exposure to the market.

Gemma Dale [00:15:28] It is amazing how many problems new investment products have solved. An ETF is amazing to me, in that we've got plenty of traders Nabtrade, plenty of investors, but there are always people who go, 'this is complicated, and I just don't want to have to make the decision'. And there are also many others who know the research tells you that generally speaking, the fewer decisions you make in investing, the better off you will be. So, an ETF is one decision, literally, I'm going to buy this particular ASX 200, for example, or S&P

500 or whatever it might be. I'm going to buy it. I'm probably not going to trade it. I'm just going to sit on that thing, and I might accumulate more over time. And the data tells us that you may well, you are very likely to do just as well, if not better, then if you try and pick your own stocks, if you try to pick a fund manager or an LIC manager, for example, who's going to outperform the market, outperforming is difficult. Right? The stock that I bought in 2001 was a good company, did not predict 2001 the September eleven incident, right. So just because you bought a good company does not mean everything is going to go your way. A lot of us didn't pick covid or the equine flu and all the other things that can happen, so ETFs are fabulous if you don't need the anxiety of trying to pick it and pick everything right. There's a lot to be said for just outsourcing that decision and going, the market has decided for me what I'm going to buy. I'm going to get the top two hundred of the top five hundred or whatever it will be, and I'm going to stick to that.

Martin Dinh [00:16:58] Yeah, those are really great tips. That ETF, I'm just going to share a little secret. My first ever trade was actually an ETF, so I was actually quite successful.

Gemma Dale [00:17:07] Oh stop showing off!

Martin Dinh [00:17:12] Sorry maybe it wasn't as popular back then, but that was actually my first investment. And the reason why, was like, what you guys were saying was that, you know, I didn't know what stock to pick, so I took the direction of the market, and that kind of helped me solve my problem. I've actually forgotten about it. I don't know how long I've had it for. But, you know, I think that's a great tip. And I think the one point that really resonated, you know, both from yourself, Gemma and Anastasia, was just, there's now trading apps that only require a few dollars to put into the app. So, when the market goes down, you don't have to panic. And I guess when you start to feel comfortable, you can put more money in and then build your wealth that way and build your confidence that way. So anyways, I think we've talked a lot about investing. So, I think our listeners are probably thinking to themselves, why do I even need to invest? So, in your opinion, Gemma, why do you think it's so important that women learn about investing?

Gemma Dale [00:18:10] I think everyone understands that long term, you want to have some wealth behind you, right? Your salary won't continue forever unless you intend to work forever. And we also understand now that the job you currently do may not exist in 20 years time, unless you're a nurse or a doctor or in a profession of that type. There are plenty of other professions where things are changing very rapidly. Your career is likely to change dramatically, you want at some point to be able to leave the workforce, either voluntarily or involuntarily, and have assets to rely on. So the big thing in Australia is home ownership, it gives us a really strong sense of security and so on. But in addition to that, most Australians have superannuation and it's a wonderful thing. We are literally the envy of the developed world with our superannuation system. So we get foreign governments and foreign treasuries in particular coming to us going, how did you develop that thing? That is amazing. That is such a source of wealth for Australians going into retirement. That takes pressure off the public purse, but also gives people a lot of confidence and supports the economy. So you probably have investments anyway long term, and superannuation is a wonderful way to build long term wealth. But you can't touch it till you retire. That's probably going to be age 60 plus, so plenty of us would like to have some money before then, that's not just going on daily expenses. I think most people understand why building wealth matters and they want to build wealth, a lot of people don't understand how, or they feel it's going to take a greater sacrifice then they're willing to make at this particular point in time, and so I am going to think about it tomorrow or next year or when I'm older or when I've paid off my mortgage or when I've got a better job or whenever. So I think most people go, yeah, I'd love to be sitting on a million bucks and just enjoying the dividend. But the gap between where they are now, and the million bucks is so great they kind of put off the decision.

Martin Dinh [00:20:08] Yeah, I think that's a that's a very good point. You know, I think a lot of the times people forget the objective of investing, sometimes. The objective of investing, at least in my view, is that it can be used to help you achieve your long-term goals. So, income, right, you're working to make money. Investing, on the other hand, that money is, you know, that's doing the work for you. And I just wanted to share a pretty interesting example I did. And this was a bit of research I did before the podcast, and I did a hypothetical. So, just bear with me, there's a bit of numbers, but trust me, its exciting numbers, so don't leave yet. I did this example, hypothetically, if you held all your money in a savings account, you would earn about three percent per year. So that's according to the Money Smart website. Now, if you held all your money into an ETF that say tracked the Australian benchmark, the S&P ASX 200 index, you'd earn a net total return of seven point six per cent per year. That was some data, according to Bloomberg. Now for a hundred-thousand-dollar investment, assuming just no regular deposits, I would be seventy-three thousand dollars worse off in ten years time and two hundred and fifty thousand dollars worse off in 20 years time, if I chose to hold my money in a term deposit as opposed to holding my money in this ETF. And the funny thing is, you know, you mentioned compounding, Gemma, this number actually grows exponentially over time. So, for our listeners, I think one thing that I can suggest to you is try using the Money Smart Compound Interest Calculator, just to compare some investment returns for different investments, just to see the impact of compounding. Really, I think that to me, it's a game changer.

Gemma Dale [00:21:56] It's so powerful to see it visually, the impact of either small differences in return, or small contributions over time. So I remember doing this when I was young, going, OK, although I did it back to front, I had a I had a little special thing that would show me how much I needed to save each month to have a million dollars by the time I was 30 and it was more than my total salary. So that was upsetting. But it turns out that is not the end of your life, right? Time goes on and you know, you can get there eventually. I think that compounding, if if you're not into numbers and many people aren't, seeing it visually can be very, very powerful. And there's some fabulous tools that graph it for you and show you how that works. So you talk about exponential numbers and everyone goes 'ahh I don't know what you just said', but if you go online and have a look at those calculators and those tools and the Money Smart website is fantastic. It will show you the impact of those differences. And to be frank, three percent per annum in cash these days, that doesn't exist. Right. So the difference is dramatically higher than you just said, dramatically higher.

Anastasia Anagnostakos [00:23:05] I think the term deposit rate, for one year is around point three five percent or in finance talk 35 basis points, which is basically nonexistent.

Gemma Dale [00:23:17] Yeah, nothing. You're getting nothing. And it's depressing if you are a saver. Right. Which is intentional, but you have a choice between spending and investing. That opportunity to invest is really powerful. And if you haven't already shown yourself what the long-term impact could be, go and have a look and don't get depressed if you're not a millionaire by the time you're 30.

Anastasia Anagnostakos [00:23:40] I couldn't agree more with that, in terms of Australia just generally has a love for property. So, we equate investment with property and wealth with property, and shifting that mindset, sometimes it's quite hard because people do believe that they need a certain amount before they can get into the market. Understanding that effect that compounding has and actually seeing it if you're not good with the numbers, there are calculators like the Money Smart website, like we've said, that you can go and actually see it. And when you actually see it for yourself and you realise what you are missing out on even as we speak, that should be a catalyst to do something. As we know, the Australian stock market has been the best performing asset class over the last 20 years, not property.

Gemma Dale [00:24:32] So few people really appreciate that. Property is just so deeply ingrained in our psyche as the way to make money and people are so passionate about it. And there's certainly many people who've done extremely well out of property. But the challenge for so many people is it's prohibitive to get into, levels of homeownership are dropping fairly dramatically in this country. And if that's you, the idea that you just have to throw up your hands and opt out of wealth, because the real difficulty is if you're not contributing to some asset that's going to grow over time, then your ability to grow wealth will diminish pretty rapidly. Right. You can't keep your money in cash. And if you spend it all, that's going to help much either. So, contributing to something is really powerful. The idea that the share markets actually done better is quite eye-opening for a lot of people. A lot of people find that hard to understand. There's heaps of information out there about it. The other thing I think that's really important is, and I'm going to use a technical term, but the barriers to entry are so low now for investing in shares. So, when I first started, you had to find a stockbroker and they did not like the idea of talking to someone who only had a thousand dollars. And I was like i have a thousand dollars! This is a lot of money for me. And they are like, you are an irrelevant, just an irrelevance to us. You are not going to be exactly our best client, which was fair, I wasn't. Being able to buy shares yourself online for unbelievably low brokerage and to be able to offer an ETF for next to nothing now. And you can get amazing research. I say this all the time. The actual insights and tools you have available to you now through the most basic trading platform are better than a professional fund manager had in the 90s.

Anastasia Anagnostakos [00:26:23] You've got algorithms and bar charts happening in the background, which definitely was not available to the average stockbroker twenty years ago.

Gemma Dale [00:26:32] No, and you don't have access to one broker's information and research on a stock. You have access to ten and you have people giving you ideas about how you want to invest. And you can buy the ASX 200 in one trade for ten bucks. Yeah, it is a completely different universe. So, the idea that one asset class is so far out of the reach, property, is really depressing. On the flip side, another asset class is so much more accessible than it's ever been, and it gives you fabulous potential for long term returns. You can accrue it over time. You don't have the same. Risk of buying one thing and hoping like hell that it works. So, even though the story around property is so complex, the story around shares is really, really positive and anyone has been around for a while knows that. But if you're young, you're used to being able to access everything via an app immediately. So it's not, you're kind of like 'yeah, but hasn't it always been like this?', No it hasn't! This is all new and it's very exciting.

Anastasia Anagnostakos [00:27:29] They're the same people that don't know what a cassette is.

Gemma Dale [00:27:34] So it's there and it is accessible. And the quality of data and insights and tools you have is amazing. I think part of the challenge, though, is because you have this extraordinary wealth of information at your fingertips, it's so easy to access, it can be a bit intimidating. You're not a professional stockbroker from the 90s. You are not expected to be able to understand everything that is sitting on a screen in front of you the first time you log in. So that might be a bit of a challenge, you open it up and you're like, 'I don't know what I just did, I've stepped into an alternate universe where I'm watching heat maps and I don't know what that is either'.

Anastasia Anagnostakos [00:28:07] So we've talked a lot about the tools, and what you can do, and the pros of being able to get into the market so easily. Now, from your experience, what do you think makes a successful female investor? There might be differences between a successful male, a successful female in investing, but, Gemma, what do you think makes a successful investor?

Gemma Dale [00:28:35] So I will talk a little bit about the gender differences, because there is actually very good research about this if you look for it. The seminal paper on it, it was called 'Boys Will Be Boys', good title, academic paper from 1999, so it's old it's not new data, which looked at professional fund managers in the US of whom a very small number of females, most of them are blokes. Right. Sort of 90 plus percent of guys, and a small number of women. And they found that on average the women outperform the men and not just on average, but consistently. And what they found was that they do it because they trade less often, and they do more research. Blokes, there is this issue of overconfidence in male investors, and you see, particularly in young men, where they come in and we've heard all about Reddit and all of these extraordinary places people go to get their information and it's very blokey and very testosterone fueled and kind of Wild West stuff sometimes, it's at the margin, right. Like if you met half of our investors, they're over 50 and extremely sensible. But there is this group of particularly young guys who get really excited about the market and about trading and they blow up all their profits because they didn't bother to do their research, they heard a tip from a mate, they decided they were going to make a thousand percent in three weeks. And so, this excitement and this enthusiasm, and we know young men are very prone to high-risk behaviour relative to other cohorts in the population.

Just ask any insurer. Right. They will tell you there's a reason why premiums for young men are much higher than for everybody else. So, guys go in with this sort of greater level of confidence with less information and less research on average. Very important. Not all guys are like this. And I'm sure there are some women who take wild risks as well. Women, because they tend to be more cautious, will do more research, on average, generalising. But this is from the data. So, this is this paper from 1999 saying women on average outperform. Then they've looked at heaps of other cohorts over time. There's a group of Norwegian fund managers. Again, the women outperformed. They looked at Vanguard's 401k plans, which is the equivalent of superannuation and this was hundreds of thousands of members. So, this is individuals, not professionals, who are again, women outperformed men because they didn't panic and sell during a crisis and they didn't buy at the top as often. So, the men tended to move in and out of assets more frequently. The other thing they do is tend to trade away their profits more frequently, which just leads to higher costs. Right. So, there's a whole series of different papers and they all come to roughly the same conclusion, which is women just tend to be a bit more sensible when they invest.

Anastasia Anagnostakos [00:31:25] The higher conviction. Women generally have high conviction when they do make a decision and are less likely to back out of that decision if there is some turbulence in the market, is what the research suggests.

Gemma Dale [00:31:39] Yes. And in addition to that, because men have this higher tendency to trade their portfolios, they're more likely to buy stuff that blows up and they're more likely to trade away their profits. So, they trade so frequently that the brokerage costs tend to outweigh the benefit of any changes that they made.

Anastasia Anagnostakos [00:31:59] And brokerage is still a cost. There's still roughly about 20 bucks a trade on either side. So, if you're only trading at two thousand dollars, then twenty-dollar trade, that's still like two percent of your trade. It's still, it's still significant.

Gemma Dale [00:32:15] Yeah, it still matters. And I think timing the market is unbelievably difficult for professionals, let alone for individuals. So, we know from the data that the vast majority of professionals will never get it perfectly right. Some of them will get it frequently wrong. And getting that wrong will cost you a hell of a lot more than just sticking with it, because women are more likely to just stick with it. So, they will have made a decision, 'I'm going to buy the ASX 200, I'm going to buy the S&P 500, I'm going to buy two bank shares and CSL', or whatever it is they've decided to buy. They tend to have thought about that quite a lot. And then they just do it and they stick with that decision because they spent the time thinking about it in advance, whereas a guy, again generalising, who has gone, 'my mate told me that rare earths are definitely the place to be', and then when rare earths blow up goes, 'well that was rubbish, I'm going to sell', and then rare earths come back and they're like, 'oh damn it, I'm not holding it anymore. I sold at the bottom', have a very different experience because they're in this far more kind of gossip related, trend related approach to investing. Now, this is a small cohort of guys who were right at that margin of trading. So, it's certainly not everybody. And if I look at some of our professional investors, we've got some unbelievably sophisticated male investors, so these are all generalisations. But the one thing that guys do is they get started. And then even when they make heaps of stupid decisions, as we were talking about earlier, they learn from them. So, you could blow up all your capital at twenty-five and still be very wealthy by thirty-five because you learn from those stupid experiences. And I've met heaps of guys in that situation. A lot of the older, more experienced traders and investors we have who are male started really young, making stupid decisions, grew up and start making better decisions. And they're our wealthiest clients. Right. So, this thing about getting started and learning from your mistakes is relevant for both women and men. We know that women tend to make better decisions, but the most important decision is getting started. So, if you don't make that one, the rest of them are irrelevant, right?

Anastasia Anagnostakos [00:34:35] That's right. And that's so important in terms of understanding what makes a successful investor. It's not always understanding the technical or always understanding how to read financials, which is very important to know how to do because you need to know what you're buying and feel comfortable buying it.

Gemma Dale [00:34:53] So from the research and also from what we observe, I guess, in our client base and the people that I speak to, what makes a successful investor is someone who gets started in investing. The second thing is knowing what you want to achieve. So, for a lot of young people, but particularly young men, when they get started, their motivation is to make money as fast as possible. And that comes with the risk of losing money very quickly, but at least they knew what they were trying to do and then they tend to change their goal to make money and leave out the fastest possible bit and start making better decisions. So generally speaking, with the women that I meet, their goal is to invest for something long term, whatever that might be. Often, they don't have a specific target attached to them. If you know, your goal is to invest for the long term, you're 80 to 90 percent of the way there. It's then choosing investments that match that profile. And for a lot of women, that step is the most important one, just getting past knowing what it is that you want to achieve, doing the research and coming up with a plan that you can stick to.

Martin Dinh [00:36:09] Gemma, I think, you know, you've done me a really good favour because I thought I was going to get in a lot of trouble for asking this controversial question. I was going to ask you whether men were better investors than women, but I actually took a lot away from that response. Like, the first thing is, you know, I can empathise. Sometimes I can be a bit overconfident. I can do a bit of short trading. I forget about the trading costs. But, you know, the thing I did was I took the initiative and I just went for it. And it's almost like the point that you make is that you can take a couple of qualities from the men, which is take the initiative, get started. And then second, you know, take some of the qualities that make, you know, some women successful, which is, you know, take a long-term approach, sit on the money and just if you can sit on your money and forget about it, I think that's a good thing. An interesting quote by Warren Buffett. I think, what was his quote? He said, 'If you can't think of owning something for 10 years, don't even think about owning it for ten minutes'. You know, I think that's a wonderful quote, and it summarises that investment philosophy of patience extremely, extremely well.

Gemma Dale [00:37:11] Patience is a massive virtue in markets because as we continue to learn that weird stuff happens that nobody predicted. So, no matter how good your investment thesis and no matter how good your research, stuff will happen that you did not predict. The one I love that's fairly recent is, I speak to a lot of professional fund managers, mostly blokes, but a lot of women as well. And most of them would have told you last year, in January, that Sydney Airport was like the most offensive stock you could hold. Right. Sydney Airport, amazing, continuous income, brilliant, solid quality, high managed business, well managed business, high quality business. Hang on to that venue. It'll be brilliant forever. Then covid happened and you know, their foot traffic dropped by 90 percent. So, it's amazing how risky things can be without your having any anticipation of what those risks might be. And if you don't have a long-term strategy and a long-term plan, that kind of stuff will make you panic. Plenty of people do panic in that situation. If you just bought it because someone told you to and then you saw it drop by 50 percent, you would probably panic and sell. Whereas if you've done your research, you go its still high quality, well managed business. Right? It will come back eventually. I'm going to hang on to that. You've probably done alright. So, it's always interesting to see how people respond, the quality of their thinking before they do the trade or the investment. You can kind of see it when things change. Right. Whether they really believe in what they bought or whether they just bought it as a punt, and then things change, very different responses.

Anastasia Anagnostakos [00:38:52] That leads me to the next question Gemma, and this is one that sort of gives me goose bumps, makes me feel a little bit sick as well when I think about it. When we think about the gap between the number of men and women investing, will that gap do you think ever close? And by investing, I mean also investing in the market, not necessarily, just because I don't think putting your money into a TD is an investment, that's just a holding account, in my opinion, right now. Ten years ago, it was an investment, but not anymore. And we've talked about that. Do you think the gap between men and women will close up?

Gemma Dale [00:39:32] I sincerely hope so. We have seen an up lift in the number of new accounts from women. So, we don't get fifty fifty in new accounts. Existing accounts is not a particularly good basis to judge it on right because many women have not had an opportunity to build wealth at all during their lifetimes. So, it's no surprise to anybody that men have substantially more money in retirement, for example, than women. So about two thirds of the assets held on our platform, by which I mean shares and so on are held by men. There are a lot of people who consider their assets joint anyway, if they're in a couple and so on. So, whether or not that's a good judgement, I don't know. It's not going to be absolutely perfect; you can't look straight into someone's house and tell exactly who owns what. But for new accounts, it's much higher than a third. And that's really good to see, right. So, we know that many more than a third of our new accounts are coming from women and younger women are more likely to invest than, say, 50-year-old women and more likely to open an account, so that's awesome. The concern is it's not 50 50 yet. It's quite a long way off 50 50. And the closer we get to that, the happier we will be obviously. One issue I think we do see is women tend to come to trading or to investing a little bit later than guys. And that has a fair bit to do with that high-risk behaviour that we see from young men. So, you see guys opening accounts at the age of 18. So you have to be 18 in order to open a trading account. And they will open it on their looking at their 18th birthday and they're ready to go, whereas young women might wait till the twenty-one or twenty-two. They've got some savings behind him. They're a little bit more conservative. And sometimes that three or four years can be really, really important. They might be the best three or four years in the market in a decade. And so, for many young women, we would love to see more young women come into the market. We want to see more middle-aged women coming to the market. We want to see more women investing across the board and when and how that happens. We also want to help them engage properly. You know, making one decision is great, but you got to keep doing it. So, we hope to see more, we're a long way off closing the gap, unfortunately, like, it's not it's not going to be 50 50 for a while, but we're certainly closer than we have been in the past, that's a good thing.

Anastasia Anagnostakos [00:42:04] Which is an improvement. And that's the positive trend that we should take away from.

Gemma Dale [00:42:09] Yes. And the more that we do this kind of stuff, have a conversation about it, talk to women directly, because, as I said, the industry is very male dominated and there's a lot of guys talking. I always, certainly when I started in the industry, I could never understand why there were specific events for women until I would look around and realise, I was the only woman in the room and obviously the only one who didn't care about being the only woman in the room. Like it takes a certain type of person to not care that you're the only woman. And clearly, I was that weirdo. But other women just want to see other people like them. Right. Which is fair enough. There's not a lot of blokes who show up to all women events either. So, making the industry a little bit more inclusive is nice, too.

Anastasia Anagnostakos [00:42:52] Yeah, I would agree with that. How many times, especially when I was an analyst, going to visit companies at the boardrooms of Deutsche Bank and Goldman Sachs and so forth, and I would be the only female in there. Like you, it didn't bother me. You need a certain skin for it not to bother you. And I think we have that skin. But it's good to see that also changing. And people should know that I can see, in the last five to seven years in the industry, there are definitely more females participating and we have more of a voice. So, it's not so male anymore.

Gemma Dale [00:43:31] Yeah, it's certainly getting better. But I think we have to keep working at that, you know, making finance dense and number based and very dry. I mean, I get terribly frustrated when I see presentations with pictures of shoes for women like that just irritates the hell out of me. I love shoes as much as the next person, but it's got nothing to do with shares. If I want to know about shoes, I'll go and look at shoes. Right. So, there's a way of being more inclusive without talking about shoes and finding that middle ground I think is very important.

Martin Dinh [00:44:04] We have seen a trend with our data that, you know, the number of women has increased. And what you're say, Gemma, that it's a positive sign that any new accounts that you've seen opened, you've seen an increasing number of women opening up accounts. And that's a positive trend. But I think spot on Gemma, more work needs to be done to make, you know, increase the inclusiveness of women into investing, because already we've already articulated why it's important to learn about investing. So, Gemma, you know, you've given us some handy tips about how, you know, females can overcome some of the obstacles investing and why it's important. So, I'm sure there are probably a lot of listeners out there probably thinking to themselves, how do I start my investment journey? So for those that are looking to start the investment journey, what's one piece of advice that you can give to them?

Gemma Dale [00:44:51] If you're listening to this podcast, you are already thinking about investing and you are already thinking about shares, which is fabulous. If you haven't done it, please go and open an online trading account or find a stockbroker if you would prefer to do it that way or a financial advisor. So, there are different ways you can approach this. But the thing I would say about online trading accounts, they're free to open and you can suddenly see this universe of information and insights, is a bit of maybe a marketing term, but share ideas. Shares, maybe buy this stock, this stock and this stock, this is why we think they're good or don't buy this, we think it's bad value or sell it or whatever it might be. Simply opening the account, you can set up a watch list, which is just playing with imaginary money. You can do the ASX share trading game, which is also a fabulous way of getting onto it. Exposing yourself to the universe of investing by simply going into it, is a really good way to start. I find that it's a little bit like opening your first bank account. You can open a bank account, but unless you can see it in internet banking, frankly, you're probably not paying any attention to it. Once it's on your phone, suddenly it's quite real for a lot of people. So, you can open it up and look at it any time and you can start exposing yourself to this universe. The next step is obviously to choose something to invest in and do that. But because it costs nothing to do and you get access to all this amazing information, just opening an account and having a look at the amazing amount of information available to you and picking a few things you want to read, a few things you want to follow, I think is a great start for anyone who's having a lot of trouble kind of getting over that first hurdle.

Anastasia Anagnostakos [00:46:42] Then that's perfect in terms of talking about getting started. But say you're already in it or you want to get further into it, or if you've got three resources, like your top three. We've discussed heaps of resources today and I'm sure some of our listeners have already found them or some of our listeners are yet to find them. But if you had to list your top three resources, Gemma, what would they be?

Gemma Dale [00:47:10] That's such a good question. It depends very much on where you are, I think, on your investing journey. Right. So, if you are a little way along, say you've bought a couple of ETFs, so you've started a portfolio and you're trying to think about more, one thing you can start doing is reading the financial press, daily. So we've got some high quality sort of financial, certainly the AFR, for example, and so on. So that will give you a really good understanding of the major companies in Australia and what they're doing. Alternatively, following sort of the online news as it relates to particular companies. So that's one that keeps you up to date with what the companies themselves are doing, and that's awesome. The other thing you can do is pick one or two financial influencers. I hate that word, but influencers who appeal to you because there are plenty of different ones. There are people who are like, 'here's my five steps to financial freedom. Just do this. Don't touch anything else'. And if that's what you want, follow them. If you want someone who's going to give you stock tips, pick them. So, there are a lot of people out there. First of all, you want to make sure it's someone credible and you should be able to work out how credible they are relatively quickly. Have a look at who follows them, that kind of stuff. So, you want to make sure it's someone who's got a legitimate basis for the advice that they're giving you, but I think following some influencers can be very valuable because they're going to regularly give you ideas that you can then act on. And then the third one is if your situation is starting to get complicated, and it might, so the things that tend to, I don't think everybody needs financial advice. There's a lot of people who absolutely could and should do it themselves. But there will come times in your life where you might need advice. And if you're in that situation, please get it rather than guessing. So, as you approach retirement, if you've got a complex superannuation scenario, get advice. If you are be approaching a divorce, advice can be very useful. If you're receiving a benefit from an estate, for example, that's also a good scenario where you might need advice. So, if and when it all gets too much or it's a bit overwhelming, I would strongly recommend advice. I would start with getting on top of the press, just choosing a couple of really good quality sources or choose a couple of really good quality influencers. Podcasts are fantastic, I love them as a couple of great ones out there. And then finally, if there are things that are beyond your expertise and you're struggling with them, advice is a good path to go down.

Anastasia Anagnostakos [00:49:56] Now, I'm a bit of a reader and this is not a plug by any means. But for me that somebody that has a bit of financial background and likes to read up every day, one free source in the Australian markets, which is great because a lot of fund managers and experts contribute to it is Livewire, and that's free to access, but that's just one out there. There are plenty of other sources, but like you said, there's so many resources and just pick a format that suits you and a level that suits you.

Gemma Dale [00:50:31] Yes. Ausbiz, this is another one, which is a free streaming app that's also on the Channel 7 app on your television, where they have experts on all day, very similar to Livewire. For many people, that is extraordinary. The quantity and the quality of what you're provided with via those sorts of channels is amazing. The only thing I would say is if you are easily overwhelmed, don't do those ones because there is just a deluge of information and you will probably pick out two or three people on those channels that you really like that you want to keep going back to. You can literally open Livewire in the morning or Ausbiz and have three different people give an opinion on the same stock and ones a buyer hold and sell. Right. So don't overwhelm yourself if you are still learning.

Anastasia Anagnostakos [00:51:25] Yeah, it's definitely know where you're at, pick where you're at, and if you feel like you're being overwhelmed, that's probably a good time to take a step back and try something else rather than persist with a source that doesn't serve you.

Martin Dinh [00:51:40] Gemma and Anastasia, those were some really interesting tips. I mean, I wrote some things down. First of all, reading the press, getting some information on major companies. The press can include things like Livewire and Ausbiz. Also, if you're confused, don't be afraid to speak to a financial advisor. They can be a valuable source of information, and also podcasts as well, so that's one of my personal favourites. I listen to yours, Gemma, and now I listen to our own Ideas Exchange podcast. But if you search investing tips on podcasts, you'll find countless resources. But the one thing that you mentioned that really stood out was a point about financial influencers. When I get home, I want to follow Scott Pate, i.e., the writer of the Barefoot Investor. Well, that pretty much wraps it up. And I want you to thank you, Gemma, so much for sharing your wonderful insight. I think time is actually flowing so quickly and I hope that some of our listeners have taken a lot out of it. And we look forward to having you back in the future.

Gemma Dale [00:52:42] It's been an absolute pleasure. Thank you so much.

Martin Dinh [00:52:46] I also have to thank my special co-host, Anastasia. Thank you for letting me rope you in with this special episode. I also can't wait to bring you back down the road.

Anastasia Anagnostakos [00:52:55] Thanks, Marty. Thanks for the invite. It's been a lot of fun and I look forward to doing it again sometime soon.

Voiceover [00:53:01] Visit the ASX website, ASX.com.au, and register for the next Investor Day. Our premier education event providing timely market insights and ideas from a range of industry experts.

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