



Women Investors: A Powerful and Confident, Yet Often Misunderstood, Economic Force

As part of its Wisdom of Experience investor survey series, American Funds® commissioned new research to better understand women's attitudes toward investing for retirement and their financial power, challenges and expectations as investors.

Many of the women surveyed are highly engaged in financial and investing decisions, contribute meaningfully to household income and assets, and are savvy about their portfolios. They believe that women as a group have more economic power as investors than in the workplace. Despite this, eight out of 10 (81%) women say they have personally experienced negative stereotypes about their investing acumen and financial contributions to their household.

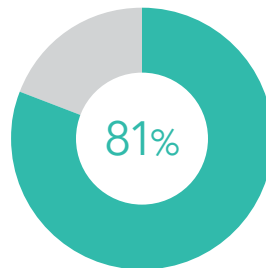
Women investors do not fit preconceived notions about being risk-averse, but they do indicate a somewhat higher preference than men for investment approaches that offer resilience in market downturns. Generation X and Baby Boomer women, in particular, want to outperform the stock market in the long run. Of the three generations surveyed, Millennial women started saving for retirement earliest and are most confident about investing, but they are also most worried about having enough money for their children's education and taking care of aging parents.

Women have higher expectations than men when it comes to what's important to them for the companies they invest in. This is true both for financial performance factors such as earnings growth and technological innovation, as well as the importance of giving back to country and community.

Capital Group, home of the American Funds, is one of the world's largest independent investment managers focused on delivering superior, consistent results for long-term investors for more than 85 years.

Part I: Bucking Stereotypes

More than half of women surveyed rate themselves as meaningful contributors to their household income and assets. Nine in 10 women are very or somewhat confident they have the knowledge to make good financial decisions. Despite this, eight in 10 women have personally experienced negative stereotypes or preconceived notions about their investing expertise and financial contribution to their household.



Eighty-one percent of women investors have experienced stereotypes about investing acumen or financial status, including 87% of Millennials.

Women are disproportionately more likely than men to face stereotypes about their investment knowledge, how much money they make and which spouse or partner is the decision maker. The most common stereotype encountered by women is that they know little or nothing about investing (33%), followed closely by misconceptions that they make less money than their spouse or partner (32%). Millennials are the most likely to report that they have been viewed as more focused on household expenses than investments (36%) or that they did not generate their own wealth (22%). Nearly a quarter of women (23%) report they have personally encountered preconceived notions that they are confused by numbers and math.

What are some preconceived notions or stereotypes that you have personally encountered or have been expressed to you at some point in your life?

	ALL WOMEN (%)	MILLENNIAL (%)	GEN X (%)	BOOMER (%)
Encountered at least one or more stereotype	81	87	76	78
I know little or nothing about investing	33	38	31	31
I make less money than my spouse or partner	32	31	34	31
I am more focused on household expenses	30	36	30	25
I have a low appetite for risk	30	25	28	36
My spouse or partner is the decision maker	26	28	23	27
I am confused by numbers and math	23	24	24	21
I didn't generate my own wealth	17	22	16	14

Contrary to these stereotypes, women are highly engaged in financial and investing decisions.

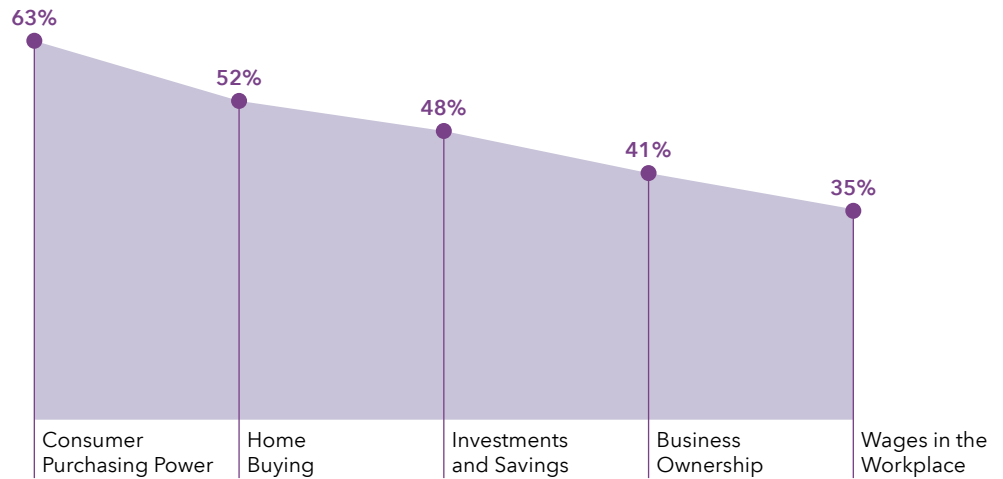
A majority of women (53%) say they are a meaningful contributor to their household income and assets. This sentiment carries across generations with the highest being Gen X women at 57%. In addition, half of all women, including 63% of Baby Boomers, say they know the rough balance and types of investments in their portfolio. These two findings belie some of the stereotypes that they have faced throughout their lives.

Which of these attributes, if any, reflect your own personal experience?

	ALL WOMEN (%)	MILLENNIAL (%)	GEN X (%)	BOOMER (%)
I am a meaningful contributor to my household income and assets	53	51	57	53
I know roughly the total balance and types of investments in my portfolio	50	41	45	63
I am at least an equal partner in investment decisions	44	38	44	50
I take a thoughtful long-term approach to investing and risk	44	41	49	40
I make my own investment decisions or share responsibility	40	36	39	44
I have enough knowledge to ask informed questions about my investments	40	38	39	42
None of these apply	5	3	5	7

Women report more economic power as consumers and investors than in the workplace.

When asked about women's economic power as a group, nearly two-thirds (63%) rated women's consumer purchasing power as high, while about half say that women have a great deal of economic power as home buyers (52%) and investors (48%). By contrast, only 41% said women have significant power as business owners, and a mere third (35%) gave women's economic power as wage earners in the workplace a high rating.



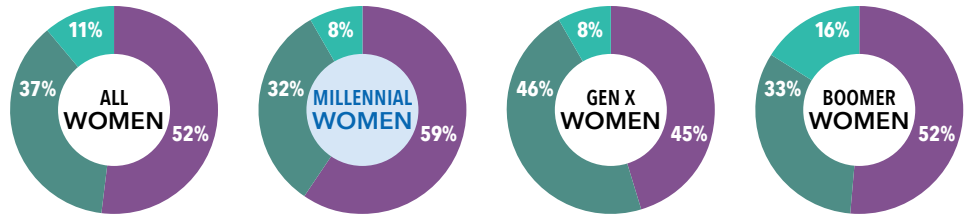
Rate the economic power – on a scale of 0 to 10 – that you believe women have in the following areas.

(Results shown reflect percentages of women who responded between 8 and 10, or a great deal of economic power.)

	ALL WOMEN (%)	MILLENNIAL (%)	GEN X (%)	BOOMER (%)
Consumer Purchasing Power	63	59	66	65
Home Buying	52	50	55	51
Investments and Savings	48	48	49	48
Business Ownership	41	40	43	42
Wages in the Workplace	35	40	35	32

Millennial women have the most confidence about their financial decisions.

Nine in 10 women investors (89%) we surveyed are very or somewhat confident they have the knowledge to make good financial and investment decisions. About half of all women (52%), and 59% of Millennial women investors in particular, say they are always or usually confident.



How often, if at all, would you say, "I am confident that I have enough knowledge to make good financial and investment decisions"?

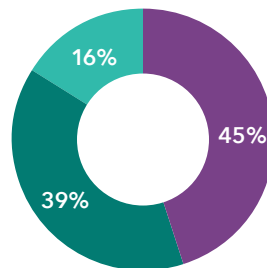
	ALL WOMEN (%)	MILLENNIAL (%)	GEN X (%)	BOOMER (%)
Always/Usually	52	59	45	52
Sometimes	37	32	46	33
Rarely/Never	11	8	8	16

Part II: Great Expectations

Women want to do better than the stock market and expect their investments to work hard for them. The women we surveyed expressed interest in funds that have a history of outpacing the market over the long term or doing better than average during market downturns. They want to invest in companies that perform well financially and deliver positive social and economic benefits for Americans.

Women want to beat the stock market.

About half of Boomer (50%) and Gen X (48%) women investors say their top priority outcome is beating the market over time, compared to a little more than a third of Millennial (35%) women investors. Boomer women investors are also most focused on reducing their losses during periods of market downturns, compared to Millennial and Gen X women, given the need to preserve capital and generate income when they are closer to retirement age.



Overall, the number one preferred investment outcome for women is doing better than the stock market over time.

Which one of the following would you consider a better outcome for you?

	ALL WOMEN (%)	MILLENNIAL (%)	GEN X (%)	BOOMER (%)
● Doing better than the stock market over time	45	35	48	50
● Growing my investments in line with the stock market	39	51	36	31
● Reducing my losses during market downturns	16	14	16	19

Women investors do not fit simplistic notions of being risk-averse – they are focused on long-term performance and downside resilience.

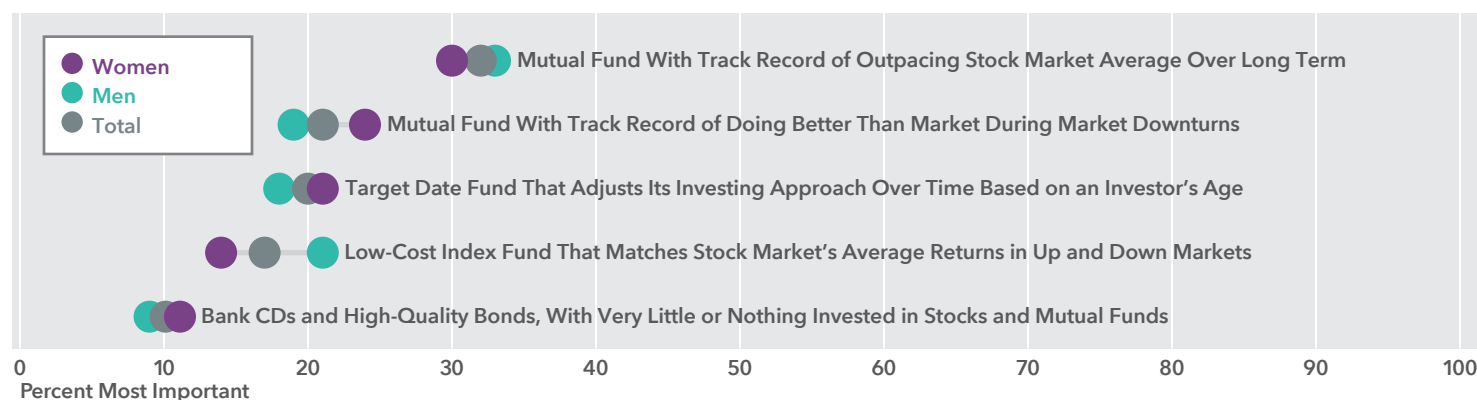
Women and men are quite similar in their investment preferences when asked about the investment approach that best aligns with their retirement savings objectives. Only one in 10 women (11%) and men (9%) chose the most conservative option: bank CDs and high-quality bonds with little or no money invested in the stock market.

In contrast, the top choice overall for one in three women (30%) and men (33%) was a mutual fund with a track record of outpacing the stock market over the long term. Women investors also favor a long-term investing approach with a target date fund (TDF) that adjusts its approach based on an investor's age, with 21% of women choosing TDFs, compared to 18% of men.

Nearly one in four women (24%) investors surveyed voiced their highest preference for mutual funds that do better than the stock market during downturns, compared to 19% of men, indicating a somewhat higher interest in downside resilience on the part of women. Only 14% of women investors gave their top choice as low-cost index funds that match the stock market's returns in up and down markets, compared to 21% of men – a difference of 7 percentage points that offers further evidence of women's interest in downside resilience.

Which investment approach best aligns with your retirement savings objectives?

(Results shown are the percentages of top preference.)



Women want to invest in financially successful companies and ones that give back to country and community.

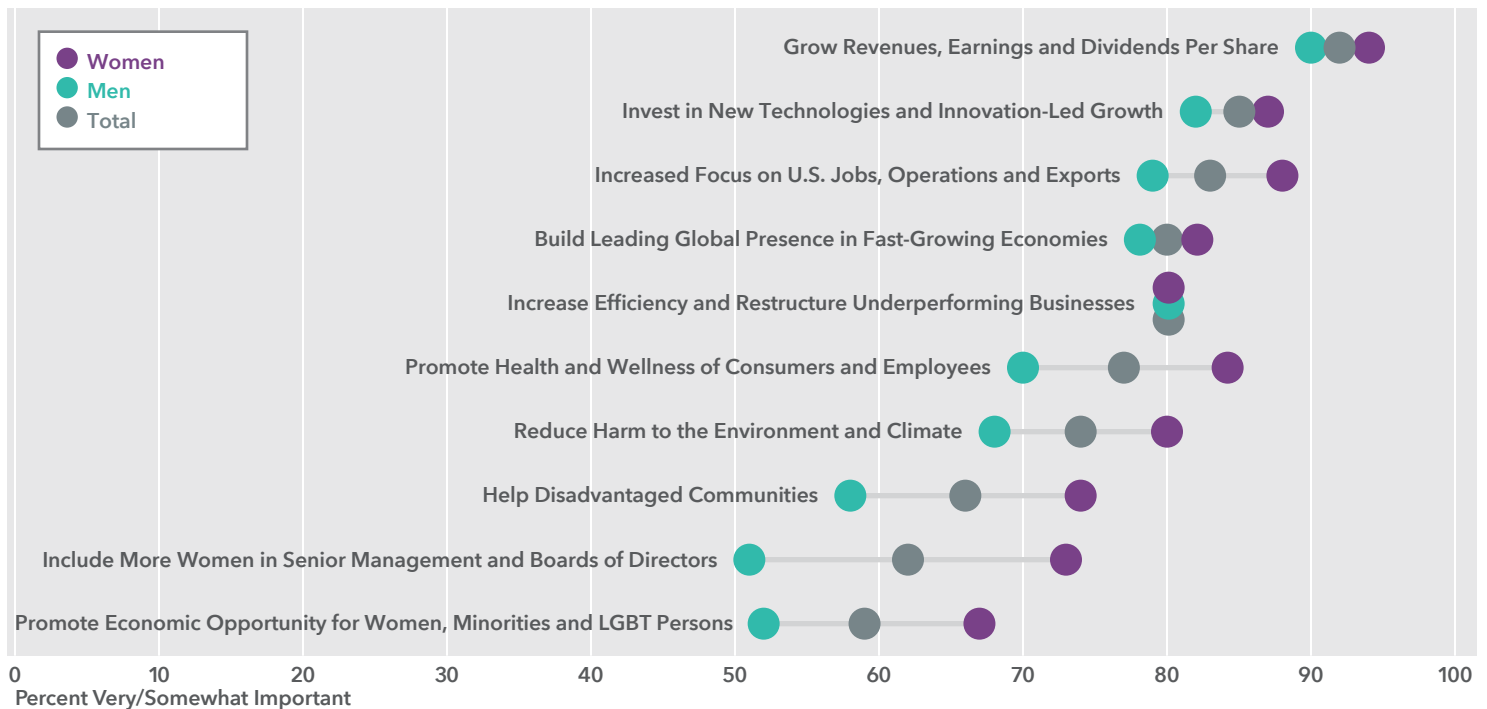
Nine out of 10 women (94%) and men (90%) want the companies they invest in to deliver strong financial performance in terms of revenues, earnings and dividends per share growth. Women are also somewhat more likely than men to want companies that invest in innovative technologies (87% women versus 82% men) and build global leadership overseas (82% women versus 78% men).

In addition, women investors expect the companies they invest in to deliver broader economic and social impact. By a margin of nearly 10 percentage points as compared to men, women prioritize the impact their investments have on their country: 88% want the companies they invest in to increase the focus on U.S. jobs, operations and exports. Women also value investments that address key areas of social responsibility more than men do: 84% of women and 70% of men think it's important for the companies they invest in to promote the health and wellness of consumers and employees; 80% of women and 68% of men want companies in their investment portfolio to reduce harm to the environment and climate; and 74% of women want companies they invest in to help disadvantaged communities, as compared to 58% of men.

Women are 22 percentage points more likely than men to emphasize the importance of investing in companies that put women in senior management and board roles (73% women versus 51% men). Women are also more likely than men (by 15 percentage points) to emphasize the value of companies in their portfolio that promote economic opportunity for women, minorities and LGBT individuals (67% women versus 52% men).

What values are important to you for companies in your investment portfolio?

(Results shown are the total percentages of very important and somewhat important.)



Part III: What Keeps You Up at Night?

A majority of women investors are worried about having enough money for retirement, but there are considerable differences based on age, race and ethnicity. Millennial women are the most confident about their investing decisions probably/most likely because they started investing in their early years. In contrast, two-thirds of Gen X women say that not having enough money to retire keeps them up at night, while Boomer women are the least worried about retirement peace of mind.

Millennial women investors started earlier and are more confident about investing than the other generations surveyed.

Millennial women are 14 percentage points more confident about investing than Gen X women. The higher investing confidence levels expressed by Millennial women may be attributable to starting at an earlier age with more years to build a retirement nest egg. Sixty-three percent of Millennial women say they began to care about money and investing in their 20s; however, only 28% of Gen Xers and 16% of Baby Boomers say they focused on financial decisions and investments in their 20s.

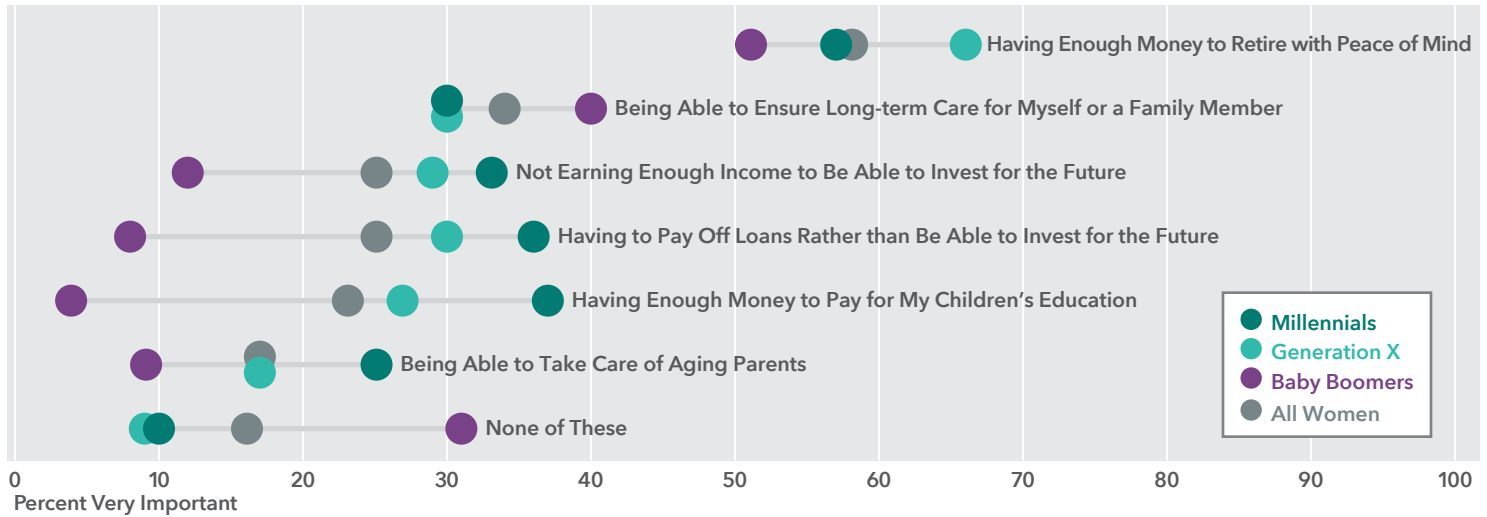
Gen X women are most worried about retirement, while Boomers are least worried.

Consistent with prior findings from our Wisdom of Experience investor surveys, Generation X is the most anxious about the future. Having weathered the collapse of the dot-com bubble and 2008 financial meltdown, as well as sluggish wage growth during their formative adult years, two-thirds of Gen X women (66%) say that not having enough money to retire keeps them up at night – by far the most of any generation. Conversely, Boomer women (51%) are the least worried about money in retirement and three in 10 (31%) say that nothing related to finances keeps them up at night.

Millennial women focus on family and education as part of their financial future.

Millennial women started investing earlier than preceding generations and have more time to save before retirement, yet 57% are still worried about their futures and being able to retire with peace of mind. Additional concerns are due to paying off loans (36%) and worries about caring for family members in the long term (30%). Among many things, both Millennial and Gen X women (33% and 29%, respectively) are kept up at night worrying that they're not earning enough to invest for the future. Additionally, Millennial women are the most family-focused generation, whether that concern is directed toward paying for their children's education (37%) or taking care of aging parents (25%).

When it comes to your finances, what are the things that keep you up at night?



Having enough money to retire is the top concern for women of all ages and racial backgrounds.

Loans and family concerns are a prominent piece of this story. Hispanic and African-American women are concerned about paying off loans (42% and 46%, respectively); however, this is not nearly as much of a concern for white women (20%). African-American women are most focused on taking care of aging parents (34%) compared to other groups, while Hispanic women are most focused on paying for their children's education (35%). White women overall are generally not as concerned about either of these topics – only 14% are focused on taking care of aging parents and 21% are concerned about financing their children's education.

How the Survey Was Conducted

The survey was conducted by APCO Insight, a global opinion research firm, in March 2017. The research consisted of an online quantitative survey of 1,200 American adults – 400 Millennials (ages 21–37), 400 Generation Xers (ages 38–52) and 400 Baby Boomers (ages 53–71) – of varying income levels, who have investment assets and also who have some responsibility for making investment decisions for their families. This sample includes 600 women, 200 each among Millennials, Generation Xers and Baby Boomers. The overall sample reflects national representation on key demographic measures according to the U.S. Census Bureau.

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