FINmarie

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INTRODUCTION

In Germany, women earn on average 21 percent less than men, and are are underrepresented in top jobs across almost all sectors.

Wealth, by definition, is the difference between an individual's assets and liabilities. It is also the ability to pay for higher education or an emergency expense, the freedom to buy a home or save for retirement. In short, wealth is security and financial freedom.

"The wealth gap is a much more meaningful gap both in terms of overall economic stability and how well women are able to provide for their own future and their family's future," said Mariko Chang, a former sociology professor at Harvard University and author of Shortchanged: Why Women Have Less Wealth and What Can Be Done About It.

Women generally earn less, and are more likely to take up part-time work or have career breaks to care for family and do domestic labour. This means that, compared to men, women have less money to invest in the first place—and, due to the long-term nature of those disadvantages, the deficit is compounded over time. What's more, women have a longer average lifespan and lower incomes in retirement, so must rely even more heavily on savings and investment than men do. When you add it up, it's not surprising (though still shocking) to learn that 30 percent of women in the EU live in poverty after retirement.

During our financial group meet-ups women report us that money is their number one source of stress and that they avoid dealing with it. Women stress because they worry that dont have enough money and they dont know enough about it. We stress because we dont have from beginning a financial plan. Women told us, that they think they are bad with money (we dont know where to start and how. The second aspect is shame. Shame because women think they should be more proactive with money. Shame because we think we spend too much of it and we think we have less impact with our money.

Additional in German culture talking about money ist the last existing taboo.

We also noticed during our „Mind the Gap" workshops/seminars that there are many myths that have build up around women and investing, like:

1. Men are better investors than women.

Not true. Women make different investment decision to men. We live in a man's world. The entire banking system was built by men, and as such, it remains a place that's much more weighted towards the lifestyles, priorities and worldviews 3ft he male half 3ft he population. A UBS survey revealed that only one in five women in the US say they are confident about their financial knowledge, and many feel their wealth managers do not understand them or their needs (and they would be right—just 2 percent of wealth managers see women as an audience with specific requirements).

Research suggests that differences in gender perceptions have a real effect on investment decisions. For example, according to a UBS report, "women have a tendency to perceive wealth more as a source of security, rather than an opportunity, and therefore place more value in leaving a legacy to their loved ones." Studies also show that women are more risk averse—but also that they more disciplined, prefering to invest in companies with a meaningful mission.

2. Women are to risk-averse to invest.

Not true. Women are more risk-aware. Women investors are less concerned with the recent investment return of their portfolio. What they really care about ist he specific amount they will have to live on during retirement. The recent investment return must be related to their long-term goal of financial security, not the higer return.

3. Women need more financial education to invest.

Who doesn't? Men also need more financial edcuation. And nowdays more women graduate college and have a Master's degree.

4. Women are not interested in investing.

Again not true. Women are largely responsible for the managing of their family's day-to-day finances and are more likely to make financial decisions that will affect the future of their families. More than 80% of women are already a CFO of their haushold. The ability of women to stay the course and not react to or try to beat markets is one of the reasons the portfolios of women generate higher returns than those of men. Moreover, women shift to a long-term focus, save more up front and assume less risk, such as not loading up entirely on equities.

We – Women – want to understand what we are doing so that we can feel confident about our decisions around our investments. More than 86% women want to invest in organisation that promote social-well being. Men on the other hand focus more on how much money they can make based on their investments.

The reality is not that women are less interested in investing, but rather the investing industry is not set up to serve women. In industry where more than 85% are men has not meet the challenge of serving female clients. Women are 50% of population and 30% of private wealth is held by women regarding BCG, Global Wealth 2016. More than 65% women switch wealth managers due to feeling misunderstood and poor customer experience. Women investors will represent the largest percentage of investors in the next few decades. That's why it's so important that financial advisory firms reassess how they provide financial advice and as well as the type of financial advice.

We acted on the feedback and insights from hundreds of hours of interviews with women. We have started our financial group Mind the Gap (www.mindthegaphub.com) in August 2017 in Berlin. Mind the Gap as a series of regular events and workshops to educate women about finance and wealth management. The response was overwhelming. Women want and need to be part of the world of finance, yet there were still no financial products made by women for women: Nothing that would help women understand the complexity of finance, and encourage them to thrive.

That's why FinMarie was born. To meet female expectations and preference. FinMarie mission is to encourage more women to consider investing as a long-term alternative to cash savings.This could have a significant impact on reducing the investment gap, while providing a boost to the wealth generation of women, their families and the country at large.

FINMARIE APPROACH

The FinMarie approach examines women's goals, their timeline and then designs the investment portfolio to meet those aspirations. Additionally, women can select single or multiple goals and change them as needed. FinMarie daily portfolio monitoring aims to keep women on track to meet their goals. The ongoing management includes portfolio rebalancing, when necessary.

FinMarie offers high selected ETFs universe to come up with funds that have low fees, high liquidity, tax efficiency, and ones that closely follow their stated benchmark.

We estimates lifetime salaries (women's salary curves) and how much money its clients will need in retirement. FinMarie investment philosophy consider 4 aspects:

1. Real-word evidence (gender pay gap, carriers breaks, part-time work, maternity leave) and continuous decision-making to help reach women's financial goals.

2. Our research leads to launching investing startegy, which composed EFTs with customizable risk management and personalised investment plan. A personalised investment plan helps women to match time horizont to their asset allocation.

Goal-based wealth management allows women to plan future expenditures (like an apartment purchase, retirement expenses or child's education expences) and deposit their money into an investment account. This methodology encourages to think and prioritize goals far in advance and prevent from underestimating family budget. For example: Marie would like to support Adam's education in the future – 65.000 € for college abroad. She will not finance it, but rather save up ahead of time. She plans ahead and starts saving five years out and now she hast o save only 54.000€ (7% nominal annual return, FinMarie calculations).

FinMarie algorithms look across all goals at the same time and make sure that women do not get any downsize.

3. **Diversification.**

The goal of diversification is to distribute the exposure within a portfolio and reduce losts on account. Formal and statistical analysis about the benefits of diversification emerged in the 1950s with Harry Markowitz and what is known as Modern Portfolio Theory (MPT). Markowitz proposed that by holding a diversified mix of assets, investor can lower portfolio risk. This is because a loss in one investment might correspond to a smaller loss (or even a gain) in another investment, thus offsetting some of the negative effects. The old adage do not put all of your eggs in one basket rings true here. Spreading money around, in itself, can be helpful for reducing risk, but spreading money around intelligently offers an even larger benefit.

FinMarie investment portfolio is diversify by:

- equity style (value vs. growth)
- geography (gaing exposure to different parts oft he world)
- more asset classes (stock and bonds, commodities)

4. **Compering costs with potencial value.**

FinMarie approach balances all types of the costs of an investment with the overall value that women can expect to receive.

1. ASSET ALLOCATION

Portfolio construction is one of the most critical aspects of asset management, particularly how money is allocated among various assets. FinMarie portfolio of 12 asset classes has been optimized to deliver the best possible expected returns at every level of risk. We integrate a number of sophisticated strategies that are implemented as part of our dynamic portfolio allocation, including maximizing upside potential and minimizing the downside risk for each of women‘s investment goals. Every portfolio that FinMarie constructs has a goal associated with it. These goals have two main dimensions: the level of diversification and the targeted growth potential. In terms of diversification, a portfolio can range from concentrated to very diversified. Mixing different investments together can create a diversification effect across various asset classes, as well as within them. The growth potential of a portfolio can vary from conservative to moderate. A conservative mix tends to take less risk to go along with lower potential returns, while a moderate mix takes necessary risks in order to produce added growth potential. Determining which portfolio is right for each woman is something we pay close attention to. Our sign-up questionnaire uses data science and algorythm to implement a tailoring process, matching women's needs to the allocations (based on a variety of factors including account size, net worth percentage, different goals and investment horizon).

We started with a philosophical foundation based on Nobel-prize winning research from the past seven decades - with the concept of diversifying as much as possible (Markowitz, Modern Portfolio Theory, 1950s), and then picked low cost, index-tracking, high liquidity ETFs for our portfolio.

Moreover our investment strategy based on tax optimisation, that's mean tax location with individual securities places assets in the right account.

2. FINMARIE PORTFOLIO STRATEGY

Our core portfolio consists of low-costs Exchange Traded Funds – ETFs. An ETF is a security that generally tracks a broad-market stock or bond index or a basket of assets just like an index mutual fund (index ETFs closely track their benchmarks—such as the DAX or Dow Jones). ETFs are priced in real time and can be bought or sold on major exchanges, which is very helpful for liquidity. ETFs' liquidity makes them cheaper and easier to trade on-demand for activities like creating a new portfolio or rebalancing an existing one.

Morover, ETFs have a different structure, which improves tax efficiency. If a shareholder wants to sell a share of an ETF, she simply sells it directly to another investor who want to buy. The resulting transaction would only generate a capital gain or loss for the seller and not all investors in the fund. ETF tax profiles are fairly static with most of the tax realization/deferral control being held by the individual investor.

The growth of the global ETF market over the last two decades has led to the development of an huge spectrum of products covering different asset classes, markets, styles, and geographies. The result is a robust market of potential portfolio components which are extremely liquid, and easily substitutable.

Choosing the right investments to offer exposure to a given market is a multi-faceted process. When it comes to ETFs, there are 4 primary criteria that inform our decisions: Assets Under Management AUM, liquidity and Expense Ration.

The amount of assets that a fund has amassed is a crucial indicator of its quality. Not only are large ETFs less likely to halt operations, but a large number of assets means that investors are comfortable with the fund. Because it typically takes some time for ETFs to get off of the ground after they launch, looking at AUM also tends to filter out funds that are brand new and/or unproven. The level of liquidity that a security offers is an important consideration for any manager. Low liquidity numbers increases liquidity risk - the risk that you won't be able to buy or sell a security in an efficient manner, or at all - and this can cause trouble for investors, particularly during crisis or panic periods. Moreover, all ETFs have an expense ratio, which is an ongoing fee that investors in the fund pay. We continue monitor women's portfolio and we give carefully consideration to every security we choose to include in women's portfolio.

3. SOPHISTICATED PORTFOLIO CUSTOMIZATION

Because FinMarie investigates a complete financial picture, we can provide the best allocation based on real-time assets and goals. As women's life evolves, and market conditions change, so does our allocation. We do not believe in a "one size fits all" portfolio. Our management is tailored to women's circumstances and specific objectives.

We strive to offer a great user experience and design our technology to be friendly and accessible for women. Everyone (not only women) has questions regarding financial services, but a lot of people are embarrassed to ask those questions. Through FinMarie, women can ask questions anytime and receive help from our customer support team. Women can also access financial experts and receive advice.

FinMarie -Platform enables women to visualise the impact of trade-offs, helping them save at each stage of their life, and move toward achieving goals like:

- Planning for retirement. We show women how to save, what types of accounts to invest in, and an optimal risk level based on when they want to retire.

- Planning buy a home. We create a slightly more conservative portfolio, given that this is a short- to medium-term goal.

- Having a baby. We advice how to invest in child's future.

- Receiving an inheritance. We show how to invest money.

CONCLUSION

FinMarie was created to offer all women access to the expertise and standard of care of a trusted online wealth management without the industry jargon. A FinMarie-Platform is a platform for woman, who:

1. Does not want to leave decisions about her financial life to someone else
2. Wants a clear language explanation of relevant financial products and opportunities
3. Knows she is perfectly capable of managing her financial life with a little guidance
4. Wants to be spoken to with respect and without jargon
5. Focuses on her goals, not on out-performing markets
6. Does not want a black-box solution but does want the convenience of 24/7 digital
7. Wants to be engaged and involved in the decisions which shape her financial future.