

INSIGHTS

For the Mainstream Investor

WEEK ENDING MARCH 9, 2018 EDITION 235



NOTE FROM THE EDITOR

Where you see this symbol, we've focused on stories related to International Women's Day (observed on March 8th, 2018), a day to celebrate the social, economic, cultural and political achievement of women.

GENDER PAY GAP

Not equal pay

Most studies show that women earn about 75 to 80% of men's pay. There is evidence that this pay gap widens in later life. Another measure used to demonstrate the imbalance is Equal Pay Day. This date indicates how far into the year women must work to earn what men did in the previous year. In 2017, this date in the US was April 4. So it's clear, there's a clear imbalance.

Unfortunately, as with all data, especially that used in economics, life is more complicated. Claudia Goldin, Professor of Economics at Harvard, states, 'It is true that if you took individuals in the labor force and took those who were working full-time, and took all women, took the median annual earnings of those women and took the same thing for men, and divided the two, it would be 0.77'. But the preference would be to look at equal pay for equal work. To provide this comparison, adjustments need to be made. For example, are the individuals undertaking the same role? Do they have the same labor-force participation rates (i.e. full-time and part-time) and have they the same education? But even on this basis, most researchers still reach a figure of less than one.

SOLVING THE PUZZLE?

Should index funds divest from unethical companies? There is an argument that divestment is ineffective as the asset owner which sells merely passes on the problem to the next owner. For index companies this is particularly tricky as divestment will result in divergence from the index and will also add costs to the investment process. Both these factors could lower returns. So it's alright for an index provider to invest in a company that violates human rights then?

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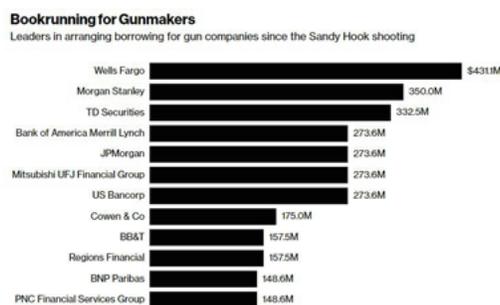
GENDER REPRESENTATION

Perception vs. reality

Do men know much about women? Do women know much about women? An Ipsos survey, released on International Women's Day suggests we all have a lot to learn. When asking both males and females about equal pay and the date at which parity is likely to be reached, using current rates of progress, both UK and US citizens are well off target. The gap between perception and the forecasted pay equality date, was 82 years in the UK and 31 years in the US.

A similar question on economic equality between the genders demonstrated that all countries seriously underestimated the forecasted equality date. In this instance, the UK was the best with an under-estimation of 117 years while the US undershot by 167 years, the same as Germany, Japan and Sweden. When questioned about female CEOs and what percentage of the largest 500 companies have women in this role, the average guess was 19% for all countries. The actual proportion is 3%. South Korea, Australia and the UK were the most realistic in their guesses, while Malaysia, Mexico and Peru were the least accurate. So is there any hope? Thomson Reuters identifies that gender diversity reporting is increasing. It's not much, but it's something.

INFOGRAPHIC OF THE WEEK



Source: Bloomberg

THIS WEEK IN NUMBERS

5,000 households (67 GWh) is the power that GE's latest – and the world's most powerful wind turbine – will supply from a single turbine

132 years old was the message in a bottle picked up in western Australia, used to measure ocean currents

100 million tons of ash and other waste is produced by US utilities annually

100 Tesla Gigafactories could power the entire world says Elon Musk

37 countries are in need of external assistance for food according to the FAO

26 percent of Brazil's national seas will be protected once two new marine conservation areas are approved

16 one billion-dollar weather and climate disasters in the US, in 2017

5 months after the revelation that Kobe Steel manipulated quality data, the CEO resigns

1 st female has been appointed to the board of Toyota

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♀ FEMALE WEALTH

Getting there, slowly

Although most of the headlines in recent days have focused on the [gender wage gap](#), maybe there should be more focus on the gender wealth gap – i.e. the difference in net worth between men and women. This, in turn has given rise to [studies](#) that indicate that women are 80 percent more likely than men to face financial hardship in retirement. However, research by the Boston Consulting Group suggests that women's share of private wealth has increased from 28% in 2010 to 30% in 2015. This upward trend is forecasted to continue rising, albeit slowly. So why is the wealth gap closing? It's probably down to the fact that more women are working and in some countries are gradually moving into more senior roles. Furthermore, females often [outlive](#) male partners which means they can inherit wealth. In most countries, the idea of passing on wealth to the son has also changed. And females often set different investment objectives. Males' priority is often to outperform the market. Females target specific financial goals, such as retirement. Furthermore women prefer sustainable investing.

GOOD NEWS

[Elephants](#) appear cleverer than we thought. By communicating they appear to be migrating to safer regions to avoid poaching and doing so under cover of darkness.

DID YOU SEE?

The US House of Representatives has [voted](#) to lessen air pollution standards for certain types of coal-fired plants. The main beneficiaries will be power stations in Pennsylvania. Furthermore, the bill prohibits the EPA from making tighter rules for those pollutants in the future.

TERM OF THE WEEK

[Hydrail](#). Trains that run on hydrogen. Already being tested in Germany and the Czech Republic and plans for them in Canada and the UK.

♀ NATIONAL ANTHEMS

Gender neutrality issues

Germany's equality commissioner has suggested that the country's national anthem should be altered to make it gender neutral. For example, the reference to "Fatherland" would be changed to "homeland" (Heimatland) and "brotherly" to "courageously". Perhaps, the German Family Ministry was looking at the border towards [Austria](#), which made its anthem gender neutral in 2012 by referring to "sons and daughter" (rather than just the former). [Canada](#) is the latest to make amendments changing "thy sons" to "all of us". Ironically, the original version was gender neutral. The UK looks set to continue to change its gender bias, depending on the sex of the monarch. Perhaps the likes of Spain, San Marino, Kosovo and Bosnia & Herzegovina were well ahead of the times. All these countries have national anthems without words. A word of caution from the editor. Whatever your nationality be careful before singing your national anthem in your mother tongue; do it in your first language.

WE'RE WATCHING

On this issue of [dual class](#) shares, corporate governance looks to be taking a step backwards in Asia. Out goes one share one vote as the Hong Kong Stock Exchange approve different class shares, as will Singapore. This change appears driven by the desire of the exchanges to attract Chinese tech listings, hence the fees.

♀ QUOTE OF THE WEEK

As I spend more time visiting communities and meeting people around the world, I am convinced that we'll never reach our goals if we don't also address the systematic way that women and girls are undervalued.

– [Melinda Gates](#), Co-chair, [Bill & Melinda Gates Foundation](#)

LISTENING LIST



Getting to grips with air pollution
[Financial Times](#)

The Documentary – Sierra Leone: Blood Mining
[BBC](#)



The true story of the gender pay gap
[Freakonomics](#)

WATCH LIST



[The Economist](#)
Troubled Water



[Financial Times](#)
Do we need the macho men of the car industry?

READING LIST



Tips on tearing down barriers to the C-suite
[Egon Zehnder](#)



When money flows into the hands of women, everything changes
[Melinda Gates](#)



The rewards of an engaged female workforce
[The Boston Consulting Group](#)

BELIEVE IT OR NOT

Some younger Republicans are arguing in favor of a carbon tax; 23 student bodies at US colleges to date. They argue for a carbon tax and associated carbon dividend payments. [READ MORE](#)

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