



WEALTH-X  
CONNECTING YOU TO WEALTH

# WORLD ULTRA WEALTH REPORT 2012 - 2013

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LONDON | LUGANO | MADRID | MUMBAI | NEW YORK | SYDNEY



## A NOTE TO THE READER



We at Wealth-X are proud to present the second edition of our cornerstone report on the world's ultra affluent, the World Ultra Wealth Report. Our report is the only analysis in the world built from the ground up, using our extensive and exclusive database of ultra high net worth individuals (UHNWIs). We focus solely on persons with a net worth of US \$30 million and above (after accounting for shares in public and private companies, residential and investment properties, art collections, planes, cash and other assets), providing unique data, insights and trends related to this highly sought-after community.

Since the last edition of the Wealth-X World Ultra Wealth Report, there have been significant global events that have directly impacted the ultra affluent to varying degrees, differing chiefly by location, wealth-tier and industry. These factors, along with increasing governmental activity have seen UHNWIs seek new approaches to wealth preservation, growth and transfer. Consequently, we have included additional analysis on global hotspots, key countries that are leading indicators for current and future world wealth.

As our global staff tracks the world's most affluent individuals, we continue to discover new billionaires, new pockets of wealth and new trends that demonstrate the interconnected nature of the world's UHNWIs. This is the result of painstaking detailed research and increased investments in human capital and technology.

The World Ultra Wealth Report provides many valuable insights, forecasts and analyses. We are sure you will find it an interesting and essential read, critical for the formulation of successful strategies for those who interact, study and seek to better understand the world's richest people.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Mykolas D. Rambus". The signature is stylized with many overlapping strokes.

Mykolas D. Rambus  
Chief Executive Officer

A handwritten signature in black ink, appearing to read "David S. Friedman". The signature is stylized with a large, sweeping "D" and "F".

David S. Friedman  
President



WEALTH-X LONDON OFFICE

**Wealth-X** is the global ultra high net worth (UHNW) prospecting, intelligence and wealth due diligence firm. Wealth-X provides its members with qualified prospects and intelligence on UHNWIs along with the privately held-companies they control. We work with 8 of the top 10 global private banks, leading educational institutions, not-for-profit organisations and luxury brands.

The Wealth-X database offers exclusive details on ultra wealthy individuals, including their wealth, income, passions, philanthropic interests, affiliations, politics, advisors, families and biographies.

Headquartered in Singapore, the company has offices in Beirut, Budapest, Guangzhou, Hong Kong, Kuala Lumpur, London, Lugano, Madrid, Mumbai, New York and Sydney.

Wealth-X, the global authority on UHNW individuals and the worldwide standard for professionals working with the ultra affluent, is indispensable for private bankers, professional fundraisers and luxury brands.

## WEALTH-X SOLUTIONS

Our Vision is to create a perfect market between those individuals with substantial financial means and those with authentic reasons to engage them.

We do this by developing deep insights through detailed research on Ultra High Net Worth Individuals (UHNWIs).

Compiled by our team of over 200 global researchers, we deliver detailed Dossiers through our online database and provide our clients with the information and support they need to qualify new prospects, build meaningful relationships and win business.

Our solutions help Private Bankers, Prospect Researchers, Fundraisers, Marketing Executives and Business Developers reduce time spent on research and prospect development and increase their focus on understanding clients and prospects.

### WEALTH-X PROFESSIONAL

Grow your UHNW business through real-time, searchable intelligence

Wealth-X Professional is a platform where our members access detailed Dossiers on UHNWIs compiled from over 1,100 sources with coverage of 160 countries. Wealth-X is the industry standard, having a highly structured online database containing thousands of UHNW Dossiers that highlight wealth, interests, affiliations, advisors, families, biographies and news. Clients receive regular updates on UHNW individuals, latest industry insight and automated newsfeeds with a focus on the UHNW segment in various geographies. Membership includes access to Bespoke Dossiers and a dedicated Concierge Service to support your business development and client engagement activities.

### WEALTH-X SCREENING

Find the real potential in your Global Prospect Base and boost your probability of success by qualifying and focusing your efforts on the right prospects

Wealth-X Screening is the only solution for identifying UHNWIs within global prospects lists. Our solution is unique as it leverages Wealth-X's proprietary valuation methodologies and our extensive research capability to assess, name-by-name, the UHNW status of your prospects and delivers you a firm foundation for action.

## WEALTH-X DILIGENCE

Enhance your compliance assessment with comprehensive, consolidated information that helps wealth managers proactively address compliance, reputation and business risk.

Wealth-X helps you close the gaps in your compliance approach by providing a comprehensive assessment of the sources of your client's wealth. Our expert research team can help you acquire the full picture of your client's Asset Holdings from the sources of their first million dollars right up to the total value of their assets today.

## WEALTH-X CONSULTING

Fuel your business strategy using Wealth-X's unique insights and experience in UHNW business development to enhance your success in winning new business

Wealth-X offers bespoke consulting that supports your organization's success in client acquisition and business development. Combining our detailed intelligence with unique insights we have developed through our research and personal experience in UHNW business development, we can support your organisation in developing the right foundation for success:

- Assess your Share of Wallet and Market Share
- Develop client segmentation
- Cluster analysis to understand behavior patterns and demographics

## WEALTH-X TRAINING

Accelerate your team's business development success and understanding of what is important to UHNWIs through hands-on training delivered by industry experts.

Wealth-X Training combines our significant research and analysis with our expertise in supporting clients in the development of successful long-term relationships with UHNWIs to deliver the knowledge your team needs to be successful in client acquisition and retention. We focus our training approach on helping your team understand what is critical for UHNWIs:

- Family Structures and Wealth Transfer
- Lifestyle and Luxury
- Philanthropy
- UHNWI specific business development approaches



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## WORLD ULTRA WEALTH REPORT OUTLOOK

Global recovery continues to display signs of weakness. Heightened Eurozone financial market and sovereign distress, stuttering recovery in the U.S. and softer than expected growth in major emerging market economies are the main drivers behind the IMF's recent adjustment of its forecast for global growth downwards to 3.5% for 2012 and 3.9% for 2013. The two main assumptions that the forecast is founded upon are policy action in the Eurozone that allows financial conditions to ease gradually and recent monetary policy changes in emerging market economies gaining traction.

The continual recurrence of financial market distress leading to sovereign distress and bailout packages that provide temporary relief in the Eurozone heightens the potential for uncontrolled default and Euro exits. Both these scenarios will have a severe impact on global economic growth prospects and wealth growth.

The following is an analysis of global developments and trends in wealth and ultra wealthy populations for 2012 to 2013 based on Wealth-X's proprietary research.

Major Wealth Indicators	GDP*	Currency	Equity	UHNW Population	Combined Wealth
North America	▲ UP	N/A	▲ UP	▲ UP	▲ UP
Asia	▲ UP	▼ DOWN	▼ DOWN	▼ DOWN	▼ DOWN
Europe	▼ DOWN	▼ DOWN	▼ DOWN	▼ DOWN	▼ DOWN
Latin America	▼ DOWN	▼ DOWN	▲ UP	▲ UP	▼ DOWN
Middle East	▼ DOWN	▼ DOWN	▼ DOWN	▲ UP	▼ DOWN
Africa	▲ UP	▼ DOWN	▲ UP	▲ UP	▼ DOWN
Oceania	▲ UP	▼ DOWN	▲ UP	▲ UP	▲ UP
WORLD	▼ DOWN	▼ DOWN	▼ DOWN	▲ UP	▼ DOWN

Note: \*All GDP growth rates are measured relative to the previous year's growth rate.

### WEALTH TRENDS

#### Investment

UHNW investors are shifting their wealth into private companies, real estate and commodities.

Risk aversion is largely reflected in the shift away from speculative financial investments to hard assets.

Professionals and institutions engaging with UHNWIs should consider strategies and approaches that address the current concerns and focus of these clients.

#### Reduction in Tax Exposure

As governments around the world look to revive state finances through higher and stricter taxation regimes, UHNWIs look to reduce their tax exposure through a shift to territories with beneficial tax regimes. Professionals engaging with the ultra wealthy need to consider strategies that reduce tax exposure and address their clients' concerns.

### WEALTH CURRENTS

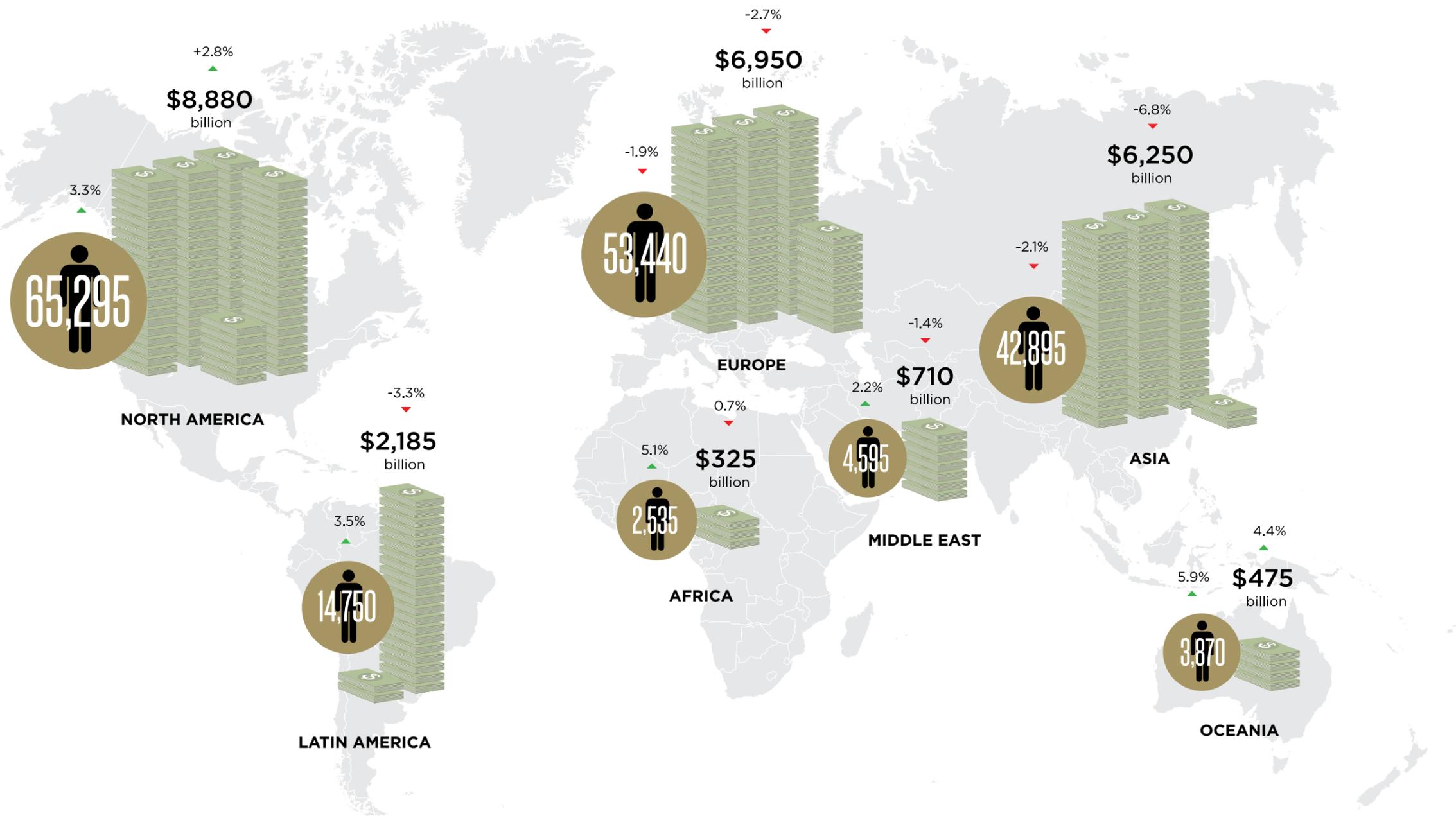
2012 at present has been a year of shifting wealth currents, with the broad direction for wealth flows going eastwards. Eurozone UHNWIs, concerned over volatility and distress in sovereign and financial markets, have shifted wealth away from the periphery towards core economies with Germany and Switzerland as favoured destinations on the Continent. Other beneficiaries include the United Kingdom, the US, Hong Kong and Singapore.

The shift in wealth growth to emerging economies poses a challenge for wealth management firms based in the U.S. and Europe, who need to convince clients of their long term viability. In contrast, finding and keeping talent in developing markets is a key success factor as wealth management firms need to invest in human capital to capitalise on the opportunities presented by the shift.

# STATE OF WORLD'S UHNW POPULATION

- The global UHNW population stands at 187,380 with a combined wealth of US\$25.8 trillion. Combined wealth attributable to this segment shrank by 1.8% from a year ago. The decrease was largely driven by the Eurozone crisis and a slowdown in emerging economies.
- Oceania saw the greatest growth in UHNW population, with an increase of 5.9%, largely driven by the continued growth of Australia.
- Asia, in contrast, saw the largest percentage reduction in UHNW population amongst the regions. The 2.1% reduction in UHNW population is a result of poor equity performance, particularly in Japan, China and India.
- Combined wealth loss was highest in Asia as Hong Kong, China and Japan led wealth loss across the region.
- The U.S. leads in terms of real growth in UHNW population numbers, with 2,250 UHNWIs joining the ranks of the ultra wealthy. The combined total wealth of the U.S. UHNW population expanded by US\$ 265 billion.

	 THIS YEAR'S UHNW POPULATION	 THIS YEAR'S WEALTH US \$ BILLION	LAST YEAR'S UHNW POPULATION	LAST YEAR'S WEALTH US \$ BILLION	 POPULATION CHANGE %	 TOTAL WEALTH CHANGE %
<b>GLOBAL TOTAL</b>	<b>187,380</b>	<b>25,775</b>	<b>186,345</b>	<b>26,255</b>	<b>0.6%</b>	<b>-1.8%</b>





WORLD UHNWI	THIS YEAR'S	THIS YEAR'S	LAST YEAR'S	LAST YEAR'S		
Net Worth	UHNW POPULATION	TOTAL WEALTH US\$ billion	UHNW POPULATION	TOTAL WEALTH US\$ billion	POPULATION CHANGE %	TOTAL WEALTH CHANGE %
\$1 billion +	2,160	6,190	1,975	5,430	9.4%	14%
\$750 million to \$999 million	990	855	1,090	845	-9.2%	1.2%
\$500 million to \$749 million	2,475	1,560	2,415	1,440	2.5%	8.3%
\$250 million to \$499 million	8,090	3,225	9,275	3,620	-12.8%	-10.9%
\$200 million to \$249 million	13,500	3,035	14,690	3,450	-8.1%	-12%
\$100 million to \$199 million	22,290	3,335	24,125	3,735	-7.6%	-10.7%
\$50 million to \$99 million	56,205	4,295	51,435	4,475	9.3%	-4%
\$30 million to \$49 million	81,670	3,280	81,340	3,260	0.4%	0.6%
<b>TOTAL</b>	<b>187,380</b>	<b>25,775</b>	<b>186,345</b>	<b>26,255</b>		
WORLD POPULATION CHANGE %	0.6%					
WORLD WEALTH CHANGE %	-1.8%					

Wealth-X analysis shows the world's UHNW population grew by 0.6%. The growth rate of the global billionaire population outstripped that growth rate by expanding at 9.4%.

There are 2,160 billionaires globally. This group of billionaires, representing the top 1.2% of the world's UHNW population, control 24% of the total fortune attributable to the ultra wealthy. On average, these billionaires are worth US\$2.9 billion each.

The lowest tier of the UHNW group represented by those worth US\$30 million to US\$49 million is the largest group, making up 43.6% of the total global UHNW population. They have a combined fortune of close to US\$3.3 trillion or 12.7% of the total wealth of the world ultra affluent population.

## THE WEALTH-X FIVE YEAR FORECAST

In the next five years, Wealth-X forecasts that the world's UHNW population will grow by an annual average of 3.9% and the wealth attributable to the UHNW population is expected to grow by 5.5%.

REGION	AVERAGE ANNUAL POPULATION CHANGE%	AVERAGE ANNUAL WEALTH CHANGE%
North America	2.4%	3.4%
Asia	5.4%	7.9%
Europe	2.9%	3.5%
Latin America	6.5%	12.1%
Middle East	4.5%	7.4%
Africa	6.9%	11.2%
Oceania	2.9%	5.5%
WORLD PROJECTIONS		
GLOBAL AVERAGE ANNUAL POPULATION GROWTH %	3.9%	
GLOBAL UHNW WEALTH AVERAGE ANNUAL GROWTH %	5.5%	

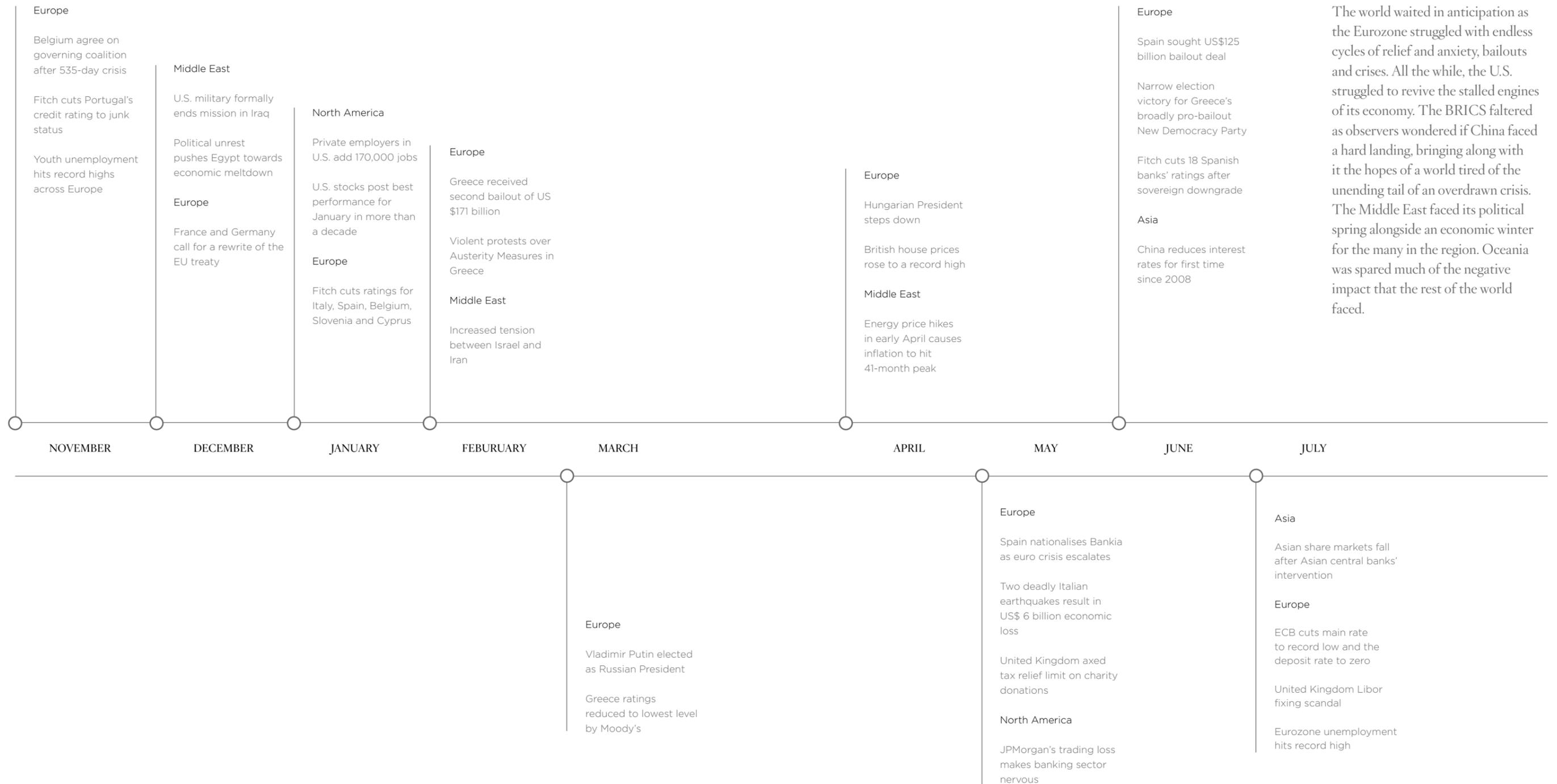
Of all the regions, Africa's UHNW population is expected to grow at the fastest rate, expanding by an average of 6.9% each year. The North American UHNW population, in contrast, is expected to grow at the slowest pace, expanding at 2.4%. The combined wealth attributable to the Latin American UHNW population is expected to grow by 12.1%, a rate that surpasses that of Africa. In terms of wealth growth, North America lags the other regions, seeing wealth growth at an average rate of 3.4%.

Based on the forecast growth projections, the Asian UHNW population will surpass the same measure for the U.S. by 2025, ahead of the 2032 prediction made in the 2011 - 2012 World Ultra Wealth Report. Total Asian UHNW wealth is forecast to surpass the U.S. combined wealth by 2020.



FRANKFURT, GERMANY

## KEY WORLD EVENTS IN 2011 - 2012





NEW YORK, U.S.

## NORTH AMERICA STILL LEADING

Growth in the North American region is expected to be stable but modest. The International Monetary Fund (IMF) predicts the U.S. economy will expand by 2% in 2012, compared to the 1.7% Gross Domestic Product (GDP) growth in 2011. Canada is expected to see moderate growth, going from 2.5% in 2011 to 2.1% this year.

Even as growth momentum in the world's biggest economy slowly recovers, downside risks remain. There is much debate as to whether the recovery in the U.S. will accelerate. The Federal Reserve has maintained interest rates near zero since 2008 and plans to maintain those rates through 2014 to revive the economy. To date, the U.S. Federal Reserve has carried out two rounds of quantitative easing. While the short term policy measures introduced after the financial crisis in 2008 have been sufficient, questions remain as to a sustainable fiscal plan for the longer term.

While the equity markets are positive, the S&P 500 index was up 7.2% during our measurement period, the housing market is stabilizing and consumer spending and confidence remain cautious. Corporate profits strengthened during the year, in part due to cost cutting measures. With the 2012 Presidential election in the balance and uncertain economic conditions in the Eurozone, there are fears of possible spillover effects on the American economy, which may in turn cause a drag on Canada's economy. The overall outlook for North America is cautious as potential threats lie ahead on the road to full recovery.



NEW YORK, U.S.

## Hotspot U.S.

- America's ultra affluent segment is growing at a rate that is faster than projected GDP for the country, boosted in part by the performance of equity markets. The wealth of the nation's richest expanded at a pace that outstripped the increase in UHNW population. This underlines the fact that the ultra wealthy generally recover faster during periods of recovery and expansion.

- Despite the weakness in global markets and the tepid recovery within the U.S., the American UHNW market is one that captures attention. The number of billionaires in the country grew by 5.5% against a backdrop of resentment against the rich and those perceived to have exploited loopholes in the banking system, resulting in major protests and movements that spread round the world. America's billionaires, or the top 0.8% in the ultra affluent space, control 24.8% of the total wealth attributable to the UHNW segment.

- With the U.S. authorities ramping up the fight against offshore tax havens, American UHNWIs are having to identify new avenues to protect their wealth and reduce tax exposure. The ultra wealthy are expected to continue to seek markets with less transparency and no tax treaties with the U.S.

	THIS YEAR'S	THIS YEAR'S	LAST YEAR'S	LAST YEAR'S
U.S. UHNWI	UHNW POPULATION	TOTAL WEALTH US\$ billion	UHNW POPULATION	TOTAL WEALTH US\$ billion
\$1 billion +	480	2,055	455	1,910
\$750 million to \$999 million	230	215	220	205
\$500 million to \$749 million	935	690	850	620
\$250 million to \$499 million	1,370	665	1,590	760
\$200 million to \$249 million	3,045	740	2,910	715
\$100 million to \$199 million	4,435	790	4,160	795
\$50 million to \$99 million	19,070	1,750	18,330	1,650
\$30 million to \$49 million	30,715	1,380	29,515	1,365
<b>TOTAL UHNW</b>	<b>60,280</b>	<b>8,285</b>	<b>58,030</b>	<b>8,020</b>

Our analysis shows there are 480 billionaires in the country. This group of billionaires, control almost a fifth of the total fortune attributable to the ultra wealthy segment. On average, these billionaires are worth US\$4.3 billion each. Wealth-X estimates that the UHNW population in the US expanded by 3.9% and total wealth of the ultra affluent grew by 3.3%.

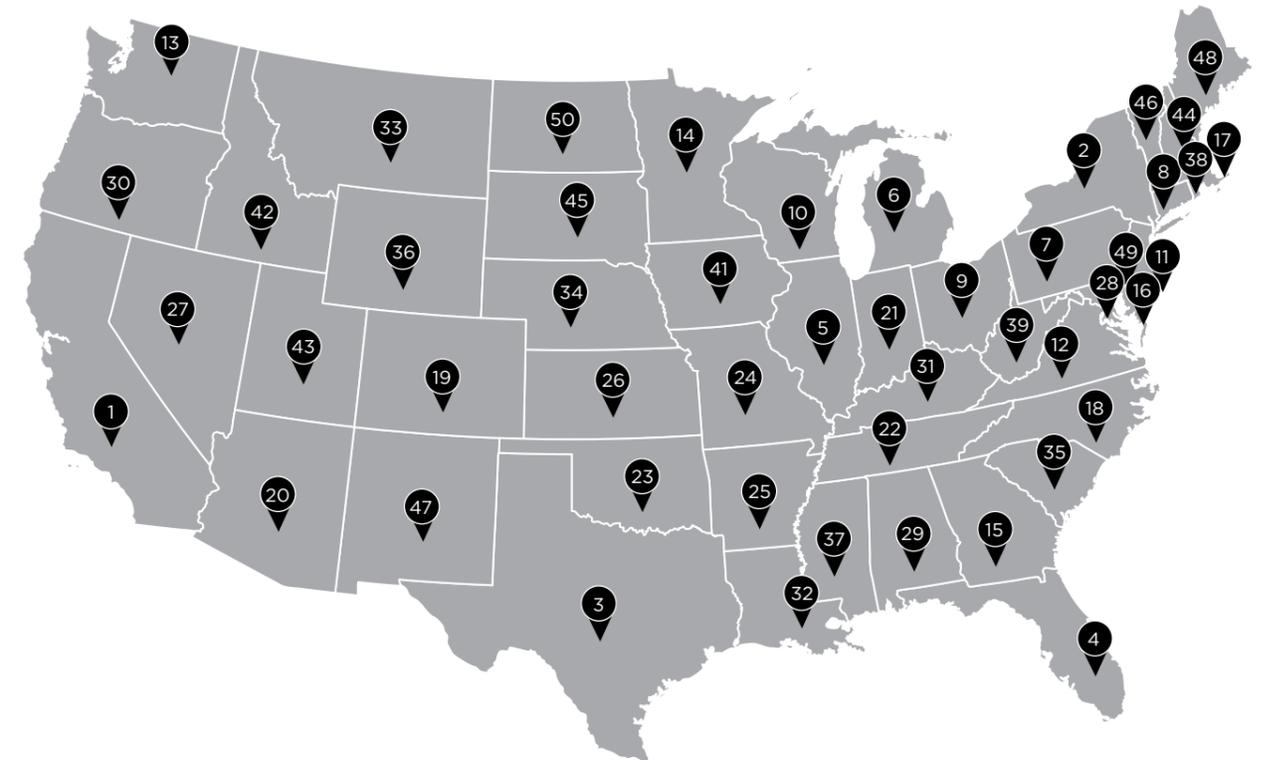
The lowest tier of the UHNW group represented by those worth US\$30 million to US\$49 million is the largest group, making up 51% of the total UHNW population in the U.S. They have a combined fortune of US\$1.4 trillion or 16.7% of the total wealth of the American ultra affluent segment.

Major Wealth Indicators	GDP*	Currency	Equity	Property	Luxury Spending
For America	▲ UP	N/A	▲ UP	▲ UP	▲ UP

Note: \*All GDP growth rates are measured relative to the previous year's growth rate.

UHNW POPULATION BY STATE/ DISTRICT

STATE	THIS YEAR'S NUMBER OF UHNW RESIDENTS	LAST YEAR'S NUMBER OF UHNW RESIDENTS	POPULATION GROWTH%
1 California	10,955	10,335	6%
2 New York	8,595	8,175	5.1%
3 Texas	5,890	5,520	6.7%
4 Florida	3,650	3,600	1.4%
5 Illinois	2,780	2,670	4.1%
6 Michigan	1,700	1,590	6.9%
7 Pennsylvania	1,620	1,590	1.9%
8 Connecticut	1,345	1,280	5.1%
9 Ohio	1,330	1,305	1.9%
10 Wisconsin	1,295	1,280	1.2%
11 New Jersey	1,275	1,255	1.6%
12 Virginia	1,200	1,175	2.1%
13 Washington	1,195	1,160	3%
14 Minnesota	1,125	1,105	1.8%
15 Georgia	1,110	1,085	2.3%
16 Maryland	1,060	1,035	2.4%
17 Massachusetts	995	940	5.9%
18 North Carolina	945	905	4.4%
19 Colorado	925	885	4.5%
20 Arizona	910	880	3.4%
21 Indiana	830	815	1.8%
22 Tennessee	815	790	3.2%
23 Oklahoma	800	785	1.9%
24 Missouri	760	750	1.3%
25 Arkansas	560	560	0%
26 Kansas	560	550	1.8%
27 Nevada	495	500	-1%
28 District of Columbia	475	440	8%
29 Alabama	380	395	-3.8%
30 Oregon	380	350	8.6%
31 Kentucky	375	375	0%
32 Louisiana	375	385	-2.6%
33 Montana	340	340	0%
34 Nebraska	300	305	-1.6%
35 South Carolina	295	295	0%
36 Wyoming	295	300	-1.7%
37 Mississippi	265	280	-5.4%
38 Rhode Island	260	255	2%
39 West Virginia	205	210	-2.4%
40 Hawaii	200	195	2.6%
41 Iowa	200	195	2.6%
42 Idaho	190	190	0%
43 Utah	190	180	5.6%
44 New Hampshire	180	175	2.9%
45 South Dakota	145	145	0%
46 Vermont	135	135	0%
47 New Mexico	130	130	0%
48 Maine	85	85	0%
49 Delaware	55	55	0%
50 North Dakota	55	50	10%
51 Alaska	50	45	11.1%
<b>TOTAL</b>	<b>60,280</b>	<b>58,030</b>	<b>3.9%</b>



• **California** continues to be home to the largest population of UHNW individuals in the U.S., with 18.2% of the total UHNW population in the country. This comes as no surprise as wealth-generating clusters, such as Silicon Valley, power the state. Compared to the same period last year, the state added close to 6% more ultra affluent residents, thanks to a recovering equity market which benefited the U.S.'s largest home base of over 3,500 publicly traded companies. 2012 has seen many liquidity events involving social media, with Facebook grabbing headlines with its Nasdaq listing and propelling a number of its shareholders firmly into the UHNW segment.

• **New York** follows with 8,595 ultra wealthy dwellers. The state saw a 5.1% increase in UHNW residents compared to last year.

• The collective population of the top ten UHNW states accounted for 65% of the total U.S. UHNW population, slightly higher than the previous year. Within the top ten states, **Connecticut** overtook **Ohio** as the eighth largest state in part due to a rebounding New York City, which benefited the Tri-State area.

• The states that saw the largest percentage growth in UHNWI population were: **Alaska** at 11.1% and **Oregon** at 8.6%. Improvement in the unemployment rate in Oregon has seen it take the lead in UHNW population growth. **Mississippi** led all states with a decline in growth of -5.4%; **Alabama** at -3.8%; and **Louisiana** at -2.6%. With high concentration in manufacturing, these Southern states have borne the brunt of the economic slowdown.



CHICAGO, U.S.

	TOP 10 U.S. CITY RANKING	THIS YEAR'S POPULATION
1	New York	7,535
2	San Francisco	4,580
3	Los Angeles	4,525
4	Chicago	2,610
5	Washington	2,395
6	Houston	2,285
7	Dallas	2,015
8	Atlanta	970
9	Seattle	950
10	Boston	915
10	Philadelphia	915

- The NYC Metro area once again tops the UHNW U.S. City Rankings with 7,535 individuals worth at least \$30 million. San Francisco overtook Los Angeles as home to the second largest population of UHNW individuals due to local firms who benefited from buoyant equity and venture capital markets. Chicago, Washington, Houston, Dallas and Atlanta all retained their places on the list.
- Seattle, with stronger corporate profits and job growth, overtook Boston in terms of the UHNW population.
- Philadelphia made its debut on the list, sharing tenth spot with Boston.



SHANGHAI, CHINA

## ASIA SLOWING GROWTH

Asia emerged relatively unscathed from the financial contagion sparked by the 2008 credit crisis that has continued to affect the other parts of the world. Although Asia has been spared the fallout from the credit and sovereign debt crisis in the Eurozone, the crisis has dampened the pace of growth Asia has been accustomed to in recent years.

Asia, as a region, has seen GDP growth dip from 8.3% in 2010 to 5.9% in 2011, according to the IMF. With GDP growth rate expected to stabilise at 6% for 2012 and set to rise to 6.5% in 2013, Asia looks to be a rare spot of stability in a world where uncertainty and volatility is the new norm.

The majority of downside risks to Asia are external. The most apparent risk is that of the adverse impact on Asian exports from reduction in demand from western economies. This is particularly evident in export-oriented economies, including Thailand, China and India, where a reduction in demand from crisis-hit economies in the West has impacted growth. Other risks include those from volatile capital flows and those faced by importers and exporters due to the volatility of commodity prices. Asia has the flexibility and policy tools to manage these risks due to prudent macroeconomic policies pursued in the aftermath of the 1997 Asian financial crisis.

The need to support domestic demand in the region is crucial. Despite the adoption of tightening measures, loose monetary policy is expected to prevail, particularly in China and India. Fiscal policy remains supportive of growth in most countries, through an emphasis on social spending and infrastructure. However, credit growth, which has helped sustain domestic demand, has begun to decelerate across the region. The slowdown reflects a number of factors, including weak credit demand and tightening of credit policies within the banking system.

The impact of rising oil prices, particularly in the event of supply disruptions from tensions in the Middle East, could result in lower growth in energy dependent economies as well as higher inflation rates. Combined with the possibility of sluggish domestic demand, growth across Asia could disappoint. However, most observers agree that the Asian growth story largely continues unabated, anchored by China, with particular emphasis on the need to rebalance and promote domestic demand driven growth.

	THIS YEAR'S	THIS YEAR'S	LAST YEAR'S	LAST YEAR'S		
ASIA	UHNW POPULATION	TOTAL WEALTH US\$ billion	UHNW POPULATION	TOTAL WEALTH US\$ billion	POPULATION CHANGE %	TOTAL WEALTH CHANGE %
Japan	12,830	2,075	13,040	2,270	-1.6%	-8.6%
China	11,245	1,580	11,510	1,695	-2.3%	-6.8%
India	7,730	925	8,215	980	-5.9%	-5.7%
Hong Kong	3,135	470	3,200	530	-2%	-11.3%
South Korea	1,385	265	1,400	290	-1.1%	-8.6%
Singapore	1,305	155	1,355	170	-3.7%	-8.8%
Taiwan	1,185	200	1,155	205	2.6%	-2.4%
Indonesia	785	120	750	85	4.7%	41.2%
Malaysia	780	100	725	100	7.6%	0%
Thailand	625	95	600	95	4.2%	0%
Philippines	580	85	550	100	5.5%	-15%
Pakistan	310	40	285	40	8.8%	0%
Vietnam	170	19	170	19	0%	0%
Kazakhstan	140	20	155	25	-9.7%	-20%
Bangladesh	85	13	105	16	-19%	-18.8%
Uzbekistan	80	12	75	11	6.7%	9.1%
Srilanka	60	9	75	11	-20%	-18.2%
Azerbaijan	60	9	60	9	0.0%	0%
Mongolia	40	6	35	5	14.3%	20%
Tajikistan	40	6	40	6	0%	0%
Rest Of Central Asia	95	14	85	14	11.8%	0%
Rest Of Asia Pacific	230	35	225	35	2.2%	0%
<b>TOTAL</b>	<b>42,895</b>	<b>6,253</b>	<b>43,810</b>	<b>6,711</b>		
<b>ASIA POPULATION CHANGE %</b>	<b>-2.1%</b>					
<b>ASIA WEALTH CHANGE %</b>	<b>-6.8%</b>					

Wealth-X analysis has identified Asia as home to 42,895 UHNW individuals with a combined net worth close to US\$ 6.3 trillion. There are 915 individuals who have left the ranks of the ultra wealthy since the release of the 2011 World Ultra Wealth Report. Asia saw a loss of 2.1% of its ultra wealthy population.

Wealth-X analysis shows Sri Lanka saw the largest percentage reduction in UHNW population, followed by Bangladesh and Kazakhstan. In absolute terms, India suffered the largest reduction in UHNW population, losing 485 ultra wealthy individuals, followed by China who lost 265 UHNWs and Japan who lost 210. In contrast, Mongolia's UHNW population increased by 14.3%, followed by the rest of Central Asia and Pakistan. Total wealth for the region declined by US\$458 billion or close to 6.8%.

#### Significant Drivers:

- Declines in total wealth and population figures are largely driven by declines in three major countries, namely Japan, China and India, who collectively constitute close to 75% of the UHNWI population for the region. However, we are confident that these trends will reverse in the future based on the strength of financial systems and economies in the region.
- **JAPAN:** Japan's GDP saw modest growth, however, its equity market declined by 16% during the measuring period. Japan's property market also saw a slight decline while the Yen appreciated by 3.3%, due to the continuing effects of the 2011 earthquake and tsunami.
- **CHINA:** China's GDP estimates have been weaker than earlier forecasts. The Shanghai Stock Exchange Composite Index declined by 20% during the measuring period. The Chinese property market was stable with a downward bias while the Yuan appreciated 2% after central bank intervention slowed the pace of appreciation.
- **INDIA:** India's GDP continued to moderate. The Indian equity markets, which have significant impact on the local UHNW population, declined by 8% during the measuring period while the Indian Rupee declined by 25%.



HONG KONG

NORTH ASIA

The leading engine of growth, North Asia has consistently seen higher GDP growth than other sub-regions of the Asian Continent. The ongoing financial crisis in the Eurozone has brought about deteriorating external demand and volatile financial markets in North Asia. GDP growth for the sub-region saw a dip to 8% for 2011 and is set to further decline to an estimated 7.1% for 2012, according to the Asian Development Bank. Leading indicators point towards continual moderation, particularly in industrial production, retail sales and exports.

Growth is expected to stabilise in 2013 at a forecast rate of 7.5%. Any visible economic slowdown in China would reverberate across global supply chains, creating a domino effect for commodity and resource rich economies. The spilling over of geopolitical tensions into the economic arena continues to be the single most disruptive factor in the sub-region.

UHNW population and wealth growth is dependant on leading economies in the sub-region avoiding further spillover from the Eurozone crisis.



		THIS YEAR'S	THIS YEAR'S	LAST YEAR'S	LAST YEAR'S		
	NORTH ASIA UHNWI	UHNW POPULATION	TOTAL WEALTH US\$ billion	UHNW POPULATION	TOTAL WEALTH US\$ billion	POPULATION CHANGE %	TOTAL WEALTH CHANGE %
1	Japan	12,830	2,075	13,040	2,270	-1.6%	-8.6%
2	China	11,245	1,580	11,510	1,695	-2.3%	-6.8%
3	Hong Kong	3,135	470	3,200	530	-2%	-11.3%
4	South Korea	1,385	265	1,400	290	-1.1%	-8.6%
5	Taiwan	1,185	200	1,155	205	2.6%	-2.4%
	<b>TOTAL</b>	<b>29,780</b>	<b>4,590</b>	<b>30,305</b>	<b>4,990</b>	<b>-1.7%</b>	<b>-8.0%</b>

The slowing of growth across North Asia has had a direct impact on UHNW populations across the sub-region with a majority of the countries registering a drop in UHNWIs and combined wealth.



BANGALORE, INDIA

SOUTH ASIA

South Asia counts some of the poorest countries in Asia amongst its members with many currently in nascent stages of economic development. Despite the dip in growth to 6.4% in 2011%, South Asia saw Foreign Direct Investment (FDI) grow by 23% in 2011. With the weak global environment leading to a reduction in exports and investment inflows, South Asia is set to see growth further moderate to 6.2% in 2012, according to the Asian Development Bank.

Widening trade deficits have led to the depreciation of most currencies in the sub-region and increased inflation levels, though stable inward remittances have helped offset some of the negative effects. Manufacturing growth has largely slowed and FDI has declined particularly in India and Pakistan. The poor performance of the Indian equity markets has had a negative impact on the Indian UHNWI population. Political unrest and instability across the sub-region continues to exert negative influence and act as deterrents for investors.

		THIS YEAR'S	THIS YEAR'S	LAST YEAR'S	LAST YEAR'S		
SOUTH ASIA UHNWI		UHNW POPULATION	TOTAL WEALTH US\$ billion	UHNW POPULATION	TOTAL WEALTH US\$ billion	POPULATION CHANGE %	TOTAL WEALTH CHANGE %
1	India	7,730	925	8,215	980	-5.9%	-5.7%
2	Pakistan	310	40	285	40	8.8%	0%
3	Bangladesh	85	13	105	16	-19.0%	-18.8%
4	Sri Lanka	60	9	75	11	-20%	-18.2%
TOTAL		8,185	985	8,680	1,045	-5.7%	-5.7%

The South Asian sub-region recorded the steepest decline in UHNW populations and the second largest decline in combined wealth figures in Asia as a result of equity market valuation decreases.





JAKARTA, INDONESIA

## SOUTH EAST ASIA

South East Asia has displayed financial resilience amidst the ongoing global crisis, that is a legacy of the 1997 Asian financial crisis. The sub-region's economies expanded 4.3% in Q1 2012, according to the Asian Development Bank. Growth largely came from the strong rebound in Thailand after the flood-related disruptions of 2011 and robust growth in the Philippines. Large-scale investments in infrastructure and burgeoning private consumption, driven by a growing middle class and social reforms, are key drivers of growth in the sub-region.

Strong domestic demand has helped offset weaker export figures as consumer confidence increased across the region, particularly in Thailand and Indonesia. Luxury consumption across the sub-region has remained stable despite the global uncertainty and natural disasters, a reflection of the strength of the economies that form the regional subset. South East Asian equity markets continue to see IPO activity, despite a slowdown in equity markets elsewhere, with Indonesia as a star performer.

While Singapore has emerged as a global wealth management hub, it is Indonesia that has topped the sub-region as the powerhouse of UHNW wealth and population growth.



		THIS YEAR'S	THIS YEAR'S	LAST YEAR'S	LAST YEAR'S		
	SOUTH EAST ASIA UHNWI	UHNW POPULATION	TOTAL WEALTH US\$ billion	UHNW POPULATION	TOTAL WEALTH US\$ billion	POPULATION CHANGE %	TOTAL WEALTH CHANGE %
1	Singapore	1,305	155	1,355	170	-3.7%	-8.8%
2	Indonesia	785	120	750	85	4.7%	41.2%
3	Malaysia	780	100	725	100	7.6%	0%
4	Thailand	625	95	600	95	4.2%	0%
5	Philippines	580	85	550	100	5.5%	-15%
6	Vietnam	170	19	170	19	0%	0%
	<b>TOTAL</b>	<b>4,245</b>	<b>574</b>	<b>4,150</b>	<b>569</b>	<b>2.3%</b>	<b>0.9%</b>

With the exception of Singapore, the sub-region saw healthy growth in UHNW populations and combined wealth for some with Indonesia in the lead.



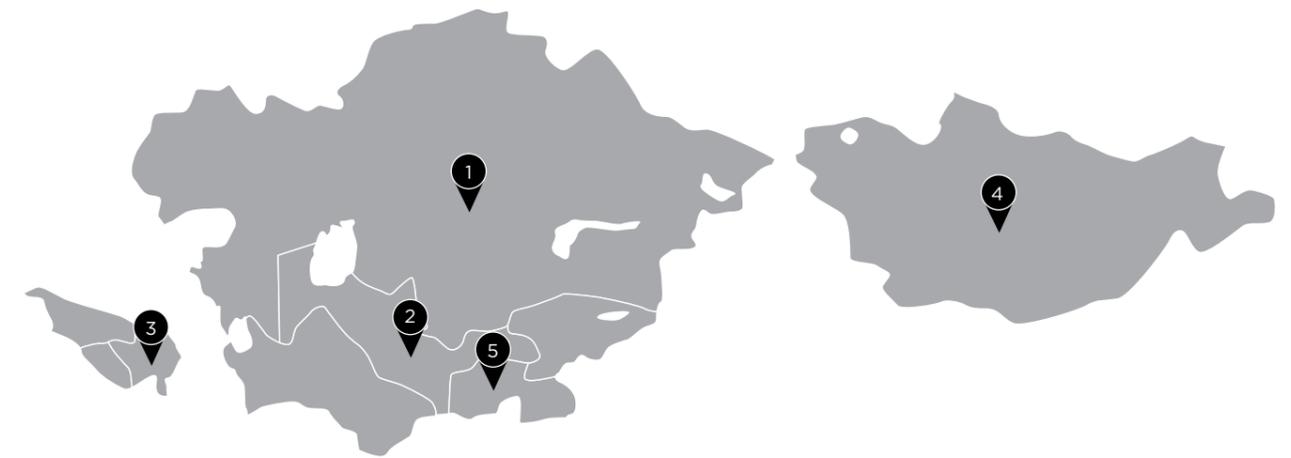
AL MATY, KAZAKHSTAN

CENTRAL ASIA

Central Asia continued to deliver steady GDP growth. Despite a dip in GDP growth in 2011, Central Asia looks set to stabilise at a respectable 6.1% for 2012. As commodity exports boomed and overseas remittances grew, Central Asia saw steady economic performance in the last two years. In particular, the discovery of some of the world's largest unexploited mineral deposits in Mongolia led to an unprecedented boom in FDI into the region.

Strong public spending growth, development of a new oil field in Kazakhstan and a new gas pipeline network in Turkmenistan are expected to support growth in the sub-region. With commodity and fuel prices expected to stabilise, the outlook for Central Asia remains optimistic. The main downside risk comes in the form of political instability, which could destabilise the sub-region and act as a deterrent for investors.

UHNW population and wealth growth is very much dependant the maintenance of stability in the sub-region and continued resource demand from external countries.



		THIS YEAR'S	THIS YEAR'S	LAST YEAR'S	LAST YEAR'S		
	CENTRAL ASIA UHNWI	UHNW POPULATION	TOTAL WEALTH US\$ billion	UHNW POPULATION	TOTAL WEALTH US\$ billion	POPULATION CHANGE %	TOTAL WEALTH CHANGE %
1	Kazakhstan	140	20	155	25	-9.7%	-20%
2	Uzbekistan	80	12	75	11	6.7%	9.1%
3	Azerbaijan	60	9	60	9	0%	0%
4	Mongolia	40	6	35	5	14.3%	20%
5	Tajikistan	40	6	40	6	0%	0%
	Rest Of Central Asia	95	14	85	14	11.8%	0%
	<b>TOTAL</b>	<b>455</b>	<b>65</b>	<b>450</b>	<b>70</b>	<b>1.1%</b>	<b>-4.3%</b>

The star performer in the sub-region is Mongolia, which registered unprecedented growth in UHNW population and combined wealth.



## Hotspot INDIA

- Asia's third-largest economy saw growth decelerate to 6.9% in 2011 and is expected to grow at 6.6% in 2012, according to the World Bank.
- India's growth has slowed down due to global uncertainty, tightening measures adopted by the central bank in the form of higher interest rates as well as a deceleration in investment. The last is linked to structural impediments to investment, such as, problems with power supply, land acquisition and securing government approvals. The resolution of these impediments to private investment is critical to India's growth.
- A general lack of comprehensive infrastructural development and the prevalence of corruption are direct challenges for foreign investors and local business. The need to deal with infrastructure bottlenecks and ensure smoother public service delivery cannot be overstated. According to the IMF, India will accrue a demographic dividend in the next few decades and its ability to capitalize on it will depend on the development of its infrastructure.
- Recent tax-related policies announced by the government as part of its budget has caused unease among foreign and local firms. Prime Minister Manmohan Singh's assurance in early July that the government will not implement arbitrary taxation policies has sent a message of reassurance to the global investment community that "India is a safe and attractive investment destination".
- A combination of regulatory and political risks as well as hefty fiscal and current account deficits led to downgrades in India's credit rating outlook from both Fitch and Standard & Poor's earlier in the year.
- Choosing to see rising inflation as the greater of two evils, the Reserve Bank of India allowed interest rates to rise till October 2011, despite the resultant high cost of capital causing concern amongst industry players and growing signs of stagnation in the manufacturing sector.
- With slowing growth as well as declining investment and business sentiment, there is speculation that the central bank may need to go beyond easing reserve requirements and directly cut interest rates to infuse liquidity into the economy.
- UHNW population and wealth growth depends on the economy redefining its direction and clarity of government policies.

	THIS YEAR'S	THIS YEAR'S	LAST YEAR'S	LAST YEAR'S		
INDIA UHNWI	UHNW POPULATION	TOTAL WEALTH US\$ billion	UHNW POPULATION	TOTAL WEALTH US\$ billion	POPULATION CHANGE %	TOTAL WEALTH CHANGE %
\$1 billion +	109	190	115	205	-5.2%	-7.3%
\$750 million to \$999 million	25	20	25	21	0%	-4.8%
\$500 million to \$749 million	125	80	135	90	-7.4%	-11.1%
\$250 million to \$499 million	200	75	215	75	-7%	0%
\$200 million to \$249 million	655	160	665	155	-1.5%	3.2%
\$100 million to \$199 million	845	135	895	140	-5.6%	-3.6%
\$50 million to \$99 million	2,240	140	2,380	160	-5.9%	-12.5%
\$30 million to \$49 million	3,535	125	3,785	135	-6.6%	-7.4%
<b>TOTAL</b>	<b>7730</b>	<b>925</b>	<b>8,215</b>	<b>980</b>		
POPULATION CHANGE %	-5.9%					
WEALTH CHANGE %	-5.7%					

Wealth-X analysis shows there are 109 billionaires in the country. This group of billionaires, representing the top 1.4% of the UHNW population, control 20.5% of the total fortune attributable to the ultra wealthy segment. On average, these billionaires are worth close to US\$1.7 billion each.

The lowest tier of the UHNW group represented by those worth US\$30 million to US\$49 million is the largest group, making up 45.7% of the total UHNW population in India. They have a combined fortune of US\$125 billion or 13.5% of the total wealth of the India's ultra affluent.

## NON-RESIDENT INDIANS (NRIs)

NRIs	THIS YEAR'S UHNW NRIs BY REGION	LAST YEAR'S UHNW NRIs BY REGION	POPULATION CHANGE %
North America	1990	1925	3.4%
Europe	1050	1080	-2.8%
Asia	915	955	-4.2%
Middle East	760	750	1.3%
Latin America	205	200	2.5%
Africa	50	50	0%
<b>TOTAL</b>	<b>4970</b>	<b>4960</b>	<b>0.2%</b>

The global NRI UHNW population grew by 0.2% during the measuring period, largely driven by increases in the NRI UHNW population in North America. The positive performance of the technology sector in the U.S. has been a major factor behind the growth of the NRI population in the region.

The NRI population in Asia was adversely affected by the poor performance of equity markets and weakness in the financial services sector.

Major Wealth Indicators	GDP*	Currency	Equity	Property	Luxury Spending
For India	↓ DOWN	↓ DOWN	↓ DOWN	↑ UP	↑ UP

Note: \*All GDP growth rates are measured relative to the previous year's growth rate.



## Hotspot CHINA

- As the world's second-largest economy and widely regarded as the most important driver of global growth, China has seen growth slow to 9.2% in 2011 and is expected to see even slower growth in 2012 at a forecast rate of 8.2%, according to the World Bank.
- General consensus among China observers is that the objectives of rebalancing should be achieved through raising the domestic absorptive capacity of China's economy by increasing the relative share of consumption and directing resources into more productive sectors of the economy, rather than a reduction in the net role of exports. The need for China to shift from investment-led to consumption-led growth was officially incorporated as a priority in the 12th Five Year Plan released in 2011.
- Despite widely held views that China's heavily export-oriented economy needs to address imbalances to stave off crisis in the long run, fixed asset investment, particularly infrastructure investment, remains a choice option to prevent any slowdown from turning into a slump in the short run. World Bank data shows gross fixed asset investment rose to over 45% of GDP back in 2010 and has continued to grow. The IMF believes that gross fixed asset investment accounting for 45% of GDP or more may be maintained for the next five years.
- Fixed asset investment as a proportion of GDP continued to rise this year, with fixed asset investment undertaken by State-Owned Enterprises (SOEs) expanding by 25% in June.
- Local government debt, the burden imposed by the financing needs of SOEs and the growing trend of non-performing loans continue to prompt concern among observers that liquidity problems might contribute to the difficulties plaguing the Chinese economy. For the first time since 2005, the volume of non-performing loans held by Chinese banks increased in two consecutive quarters in the first half of 2012.
- The China Banking Regulatory Commission is expected to keep the maximum loan-to-deposit ratio at 75% and could adopt measures that constrain credit growth. In addition, limits were placed on bank lending to local governments to reduce liquidity risk, prevent an increase in bad assets held by banks and decrease the likelihood of default. All in an effort to balance the consequences of lower interest rates and reserve requirements that are the result of stimulative monetary policy.
- Efforts to deflate the housing bubble and discourage speculative activity in the housing market have accompanied the easing of credit market conditions for the rural sector. Taken with measures to boost consumer purchasing power, provide pension insurance for all rural residents and unemployed citizens as well as alleviate income inequality, there is clear focus on the harmony ideal espoused by the government.
- The central bank decision to increase the trading band for the Renminbi is expected to allow market forces to play a greater role in determining the level of the exchange rate. However, the slow appreciation in the effective exchange rate may do little to ease tensions that have arisen over accusations of currency manipulation.
- Weakening global demand, exacerbated by Eurozone instability and a weak U.S. recovery, has led to a notable slowdown in manufacturing activity in China. Trade surplus data for China provided further evidence of the softening of domestic demand and exporters' moves to reduce inventory due to concerns over weak growth in new orders.
- The impact could reverberate along the global supply chain as trade partners that have vertical supply chain links with China, particularly commodity suppliers, who may face a decline in demand for commodities alongside China's exports as the Eurozone crisis plays out.
- In a year of political power transition in China, major economic disruptions and the potential turmoil from the unwinding of imbalances is expected to be avoided. China observers largely agree that maintaining the status quo is the favoured option of the government and bureaucracy.
- UHNW population growth will accelerate should there be a smooth transition to consumption-led growth and the political direction continues to remain clear.

	THIS YEAR'S	THIS YEAR'S	LAST YEAR'S	LAST YEAR'S		
CHINA UHNWI	UHNW POPULATION	TOTAL WEALTH US\$ billion	UHNW POPULATION	TOTAL WEALTH US\$ billion	POPULATION CHANGE %	TOTAL WEALTH CHANGE %
\$1 billion +	147	380	150	540	-2%	-29.6%
\$750 million to \$999 million	70	60	75	60	-6.7%	0%
\$500 million to \$749 million	245	145	250	145	-2%	0%
\$250 million to \$499 million	785	265	800	255	-1.9%	3.9%
\$200 million to \$249 million	1,175	250	1,205	225	-2.5%	11.1%
\$100 million to \$199 million	1,470	165	1,505	155	-2.3%	6.5%
\$50 million to \$99 million	2,745	145	2,810	145	-2.3%	0%
\$30 million to \$49 million	4,610	170	4,715	170	-2.2%	0%
<b>TOTAL</b>	<b>11,245</b>	<b>1580</b>	<b>11,510</b>	<b>1,695</b>		
<b>POPULATION CHANGE %</b>	<b>-2.3%</b>					
<b>WEALTH CHANGE %</b>	<b>-6.8%</b>					

Wealth-X analysis shows there are 147 billionaires in the country. This group of billionaires, representing the top 1.3% of the UHNW population, control 24.1% of the total fortune attributable to the ultra wealthy segment. On average, these billionaires are worth almost US\$2.6 billion each.

The lowest tier of the UHNW group represented by those worth US\$30 million to US\$49 million is the largest group, making up 41% of the total UHNW population in China. They have a combined fortune of US\$170 billion or 10.8% of the total wealth of China's ultra affluent.

### TOP 10 CHINESE CITIES BY UHNW POPULATION

	CHINESE CITIES	UHNW POPULATION BY CITY
1	Beijing	2,295
2	Shanghai	1,435
3	Shenzhen	1,070
4	Guangzhou	970
5	Hangzhou	780
6	Chengdu	435
7	Xiamen	385
8	Changsha	325
9	Ningbo	285
10	Fuzhou	265

First line cities lead the charge when it comes to where UHNW individuals choose as their primary location in China. Beijing, Shanghai and Shenzhen top the table.

Guangzhou, Hangzhou and Chengdu continue to be popular among the newly rich. Cities in the East and South dominate the list.

8, 245 UHNWIs or 73% of China's UHNW population are located in the top 10 cities.

#### Major Wealth Indicators

	GDP*	Currency	Equity	Property	Luxury Spending
For China	↓ DOWN	↑ UP	↓ DOWN	↓ DOWN	↑ UP

Note: \*All GDP growth rates are measured relative to the previous year's growth rate.

Hotspot  
INDONESIA

- Southeast Asia's largest economy grew at its fastest pace in 2011, 6.5% according to the World Bank. With growth projected to be 6% for 2012, Indonesia's outlook is promising.
- Rating agencies, prompted by robust economic growth figures and evidence of fiscal prudence, raised Indonesia's sovereign credit ratings, returning the country to investment grade 14 years after the Asian financial crisis.
- Foreign investors have returned in droves, attracted by the country's abundant natural resources, booming private consumption and a favourable investment climate. However, the wave of protectionist regulations aimed at increasing revenue, encouraging investment and protecting local interests, particularly in relation to the mining sector have raised concerns amongst foreign investors. Contributing almost 11% to Indonesia's GDP, the mining sector has been a focal point for an estimated US\$ 19 billion in FDI inflows in 2011.
- The sector is vulnerable to vertical supply chain stresses resulting from weakening demand from large trading partners, such as China. The vulnerability of the mining sector is expected to be partly offset by robust domestic demand.
- An appreciating currency and inflationary pressures have accompanied strong growth prospects and the boom in foreign investment, making attempts to reduce fuel subsidies controversial and unpopular. Total energy subsidies are expected to top US\$ 32 billion in 2012. The failure to cut the subsidies is expected to push the country's budget deficit to 2.3% of GDP.
- Indonesia's demographics are largely in its favour, with more than half its population under the age of 30 and a large portion of its population poised to enter the middle class. For foreign investors, Indonesia is an important consumer market as robust domestic private consumption shields it from global economic shocks. Indonesia's stock market has been on a positive trajectory with new historic highs reached in early April and saw success in the fixed income arena as well with a highly successful U.S. dollar bond issue placement.
- Pervasive corruption and bureaucratic inefficiencies are constant challenges Indonesia needs to address. Infrastructural inadequacies form another formidable hurdle for the government. While the government has promised increased investment in infrastructure development, investors need to see plans transform into action.
- The large disparity in income levels indicates there is scope for philanthropy to contribute towards the reduction of social inequality.
- UHNW population growth has been supported by the outstanding performance of the economy and looks set to continue to the foreseeable future.

INDONESIA UHNWI	THIS YEAR'S	THIS YEAR'S
Net Worth	UHNWI	TOTAL WEALTH US\$ billion
\$1 billion +	25	50
\$750 million to \$999 million	15	12
\$500 million to \$749 million	10	6
\$250 million to \$499 million	35	12
\$200 million to \$249 million	50	10
\$100 million to \$199 million	95	10
\$50 million to \$99 million	175	11
\$30 million to \$49 million	380	12
<b>TOTAL</b>	<b>785</b>	<b>120</b>

Wealth-X analysis shows there are 25 billionaires in the country. This group of billionaires, representing the top 3.2% of the UHNW population, control 40.7% of the total fortune attributable to the ultra wealthy segment. On average, these billionaires are worth US\$2 billion each.

The lowest tier of the UHNW group represented by those worth US\$30 million to US\$49 million is the largest group, making up 48.7% of the total UHNW population in Indonesia. They have a combined fortune of US\$12 billion or 9.8% of the total wealth of Indonesia's ultra affluent.

AGE DEMOGRAPHIC

The average age of the Indonesian UHNWI is 60. Wealth protection, estate taxes and wealth transfer are likely to take priority for these UHNWIs in the next decade.

Major Wealth Indicators	GDP*	Currency	Equity	Property	Luxury Spending
For Indonesia	↓ DOWN	↓ DOWN	↓ DOWN	↑ UP	↑ UP

Note: \*All GDP growth rates are measured relative to the previous year's growth rate.

Hotspot  
MONGOLIA

- Mongolia saw unprecedented GDP growth in 2011 of 17.3%, close to triple the rate in 2010 of 6.4%, according to the World Bank. The strength of Mongolia's economic growth remained strong with GDP rising 16.7% in Q1 2012.
- Unemployment fell from 13% in 2010 to 9% in 2011. The development of the Oyu Tolgoi mine continued to have a strong spillover effect on the rest of the economy, including the positive impact on consumer and business sentiment.
- The sharp rise in government spending that reached a record 56% of GDP in 2011 and budgeted to rise by another 32% in 2012, fuelled by sharply rising resource revenues, has led to concern that the Central Asian economy is overheating. There are fears that pro-cyclical fiscal policies could result in a repetition of a "boom-bust" cycle for Mongolia, particularly as a global economic slowdown in growth could result in sharp declines in mineral prices and in turn, government revenues. To meet the requirements of the 2% structural deficit ceiling under the Fiscal Stability Law that comes into force in January 2013, Mongolia is expected to undergo severe fiscal tightening in 2013 to reduce structural deficit (last seen at 6.1% of GDP in April 2012) to meet targets set out under the law.
- Liquidity risks are on the rise with bank lending having expanded by a staggering 73% year-on-year in 2011. Loan books are seeing increasing numbers of non-performing loans (NPLs). The ease of conversion between U.S. Dollar denominated and Mongolian Tugrog currency accounts leaves the banking system vulnerable to capital flight. Further macroeconomic instability could expose liquidity and asset quality vulnerabilities in individual banks and the banking system.
- Strong growth was seen for exports, with coal shipments to China constituting a major component of total exports. Mongolia also saw record FDI inflows of US\$ 5.3 billion, a hefty 62% of GDP.
- High domestic inflation and declining commodity prices near the end of 2011 led to an 11% depreciation in the Mongolian Tugrog in 2011. Rising inflation reflected demand related pressures from higher government spending and rising food prices.
- While Mongolia has taken the right step with the establishment of the Fiscal Stability Fund, the amount of savings is insubstantial and leaves the country exposed to volatility in commodity prices.
- The World Bank has recommended that Mongolia adopts fiscal prudence, tightens fiscal and monetary policies to reduce inflation and takes action to reduce systemic risks in the banking sector.
- UHNWI population growth depends on stable economic growth, steady FDI inflows and continued demand for resources from emerging economies.

MONGOLIA

5 YEAR FORECAST	POPULATION GROWTH %	TOTAL WEALTH GROWTH %
2011 - 2012	14.3%	20%
2012 - 2013	11.4%	8.5%
2013 - 2014	11.7%	8.7%
2014 - 2015	8.1%	5.2%
2015 - 2016	12.6%	9.7%
2016 - 2017	8.4%	7%

The wealth effect from the resource boom is expected to continue into the foreseeable future with potential volatility in commodity prices and markets reflected in the uneven trend of growth in wealth and UHNW populations.

Based on GDP projections and key economic indicators, wealth growth for Mongolia will decline significantly from 2012-2013. Growth rates at present are partly the result of expansionary fiscal expenditure, which is expected to be curbed significantly in 2013 with the Fiscal Responsibility Law coming into effect. The dip in UHNW population growth rates and wealth growth rates in 2014-2015 is expected to be a side effect of the Fiscal Stability Law that takes effect from January 2013.

Major Wealth Indicators	GDP*	Currency	Equity	Property	Luxury Spending
For Mongolia	NEUTRAL	DOWN	DOWN	UP	UP

Note: \*All GDP growth rates are measured relative to the previous year's growth rate.



PARIS, FRANCE

## EUROPE IN A STALL

In the eye of the storm, Europe continues to be held hostage by mounting social unrest, political instability and speculative investment flows. On the back of weakened confidence, escalating financial stress stemming from sovereign debt crises, effects of deleveraging on the real economy and fiscal consolidation across the euro area, GDP for the region is expected to dip from an expansion of 1.4% in 2011 to a contraction of 0.3% in 2012, according to the IMF.

As deleveraging plays out in the public, household, and banking sectors across Europe, it is proving to be a force that is deepening the recession in most European economies. Observers and economists are increasingly concerned over signs that the core countries of the Eurozone are affected by the deleveraging process. Undoubtedly, the slow recovery of demand from emerging markets contributes to the situation, however, domestic factors are the main drivers.

The primary challenge for Europe is to balance the much needed recapitalization and restructuring with measures that counter the side effects of tighter credit supply. Similar balance is required for fiscal adjustment, more commonly referred to as austerity measures. Apart from the political capital tied to such measures, fiscal adjustment that is overly rapid may strangle economic growth which is vital for the viability of any long term repayment and restructuring schemes.

The prospects for consumption are weak due to the decline in confidence, employment and income coupled with high debt in various economies on the Eurozone periphery. Of particular concern is the high level of youth employment in these countries. However, Germany and some of its northern neighbours may break the pattern, reinforcing the perception of a two-speed Europe.

UHNW population growth has been adversely affected by the Eurozone crisis and the implications of stricter tax regimes pursued by financially distressed governments.

Wealth-X analysis has identified Europe as the home of 53,441 UHNW individuals with a combined net worth of close to US\$ 7 trillion. There are 1,054 individuals who have left the ranks of the ultra wealthy. Europe saw a 1.9% reduction in its ultra wealthy population.

Spain, France and Italy suffered the largest absolute drop in terms of UHNW population. In contrast, Luxembourg and Denmark showed strong growth in UHNW populations, underlining the strength of Scandinavian countries in the region. Total wealth for the region declined by US\$190 billion or 2.7%.

		THIS YEAR'S	THIS YEAR'S	LAST YEAR'S	LAST YEAR'S		
	EUROPE	UHNW POPULATION	TOTAL WEALTH US\$ billion	UHNW POPULATION	TOTAL WEALTH US\$ billion	POPULATION CHANGE %	TOTAL WEALTH CHANGE %
1	Germany	15,770	2,050	15,985	1,945	-1.4%	5.3%
2	UK	10,515	1,325	10,490	1,275	0.2%	3.7%
3	Switzerland	5,595	655	5,220	635	7.2%	3.1%
4	France	4,100	475	4,415	535	-7.1%	-11.2%
5	Italy	1,940	220	2,245	270	-13.6%	-18.5%
6	Spain	1,520	180	1,880	225	-19.1%	-20%
7	Norway	1,370	155	1,345	160	1.9%	-3.1%
8	Netherlands	1,205	135	1,225	145	-1.6%	-6.9%
9	Russia	1,145	605	1,290	710	-11.3%	-14.8%
10	Sweden	990	110	970	115	2.1%	-4.3%
11	Turkey	830	95	800	95	3.8%	0%
12	Portugal	785	90	795	95	-1.3%	-5.3%
13	Poland	775	90	875	105	-11.4%	-14.3%
14	Belgium	750	85	775	95	-3.2%	-10.3%
15	Denmark	685	75	630	75	8.7%	0%
16	Luxembourg	655	65	600	70	9.2%	-7.1%
17	Ireland	570	65	550	65	3.6%	0%
18	Austria	530	60	610	75	-13.1%	-19.5%
19	Ukraine	480	55	530	65	-9.4%	-15.1%
20	Greece	455	50	445	50	2.2%	0%
21	Finland	405	45	405	50	0%	-10%
22	Hungary	365	40	390	45	-6.4%	-11.1%

		THIS YEAR'S	THIS YEAR'S	LAST YEAR'S	LAST YEAR'S		
	EUROPE	UHNW POPULATION	TOTAL WEALTH US\$ billion	UHNW POPULATION	TOTAL WEALTH US\$ billion	POPULATION CHANGE %	TOTAL WEALTH CHANGE %
23	Croatia	260	30	260	30	0%	0%
24	Czech Republic	260	30	250	30	4%	0%
25	Monaco	195	23	200	24	-2.5%	-5.9%
26	Romania	125	14	125	15	0%	-8.4%
27	Belarus	115	13	110	13	4.1%	-3.3%
28	Georgia	105	12	105	13	-0.4%	-6.5%
29	Serbia	90	11	120	15	-25.3%	-25%
30	Bosnia and Herzegovina	85	9	65	8	30.2%	13.3%
31	Lithuania	80	9	80	10	-0.4%	-8%
32	Liechtenstein	75	8	75	9	-0.4%	-12.7%
33	Moldova	75	8	70	9	6.7%	-6.5%
34	Slovenia	70	8	75	9	-7.0%	-12.7%
35	Iceland	65	7	65	8	-0.4%	-11.9%
36	Latvia	65	8	65	8	-0.4%	0.7%
37	Albania	55	7	55	7	-0.4%	4.1%
38	Slovakia	45	5	55	7	-18.5%	-25.6%
39	Cyprus	45	5	50	6	-10.4%	-18.2%
40	Bulgaria	45	5	45	6	-0.4%	-9.1%
41	Estonia	40	4	40	5	-0.4%	-18.2%
42	Macedonia	35	4	35	4	-0.4%	-6.5%
43	Montenegro	21	2	20	2	4.6%	-18.2%
44	Andora	19	2	20	2	-5.4%	-18.2%
45	Malta	16	2	15	2	6.2%	9.1%
	Rest of Europe	20	2	20	2	-0.4%	-18.2%
	<b>TOTAL</b>	<b>53,440</b>	<b>6,950</b>	<b>54,495</b>	<b>7,140</b>		
	<b>EUROPE POPULATION CHANGE %</b>		<b>-1.9%</b>				
	<b>EUROPE WEALTH CHANGE %</b>		<b>-2.7%</b>				

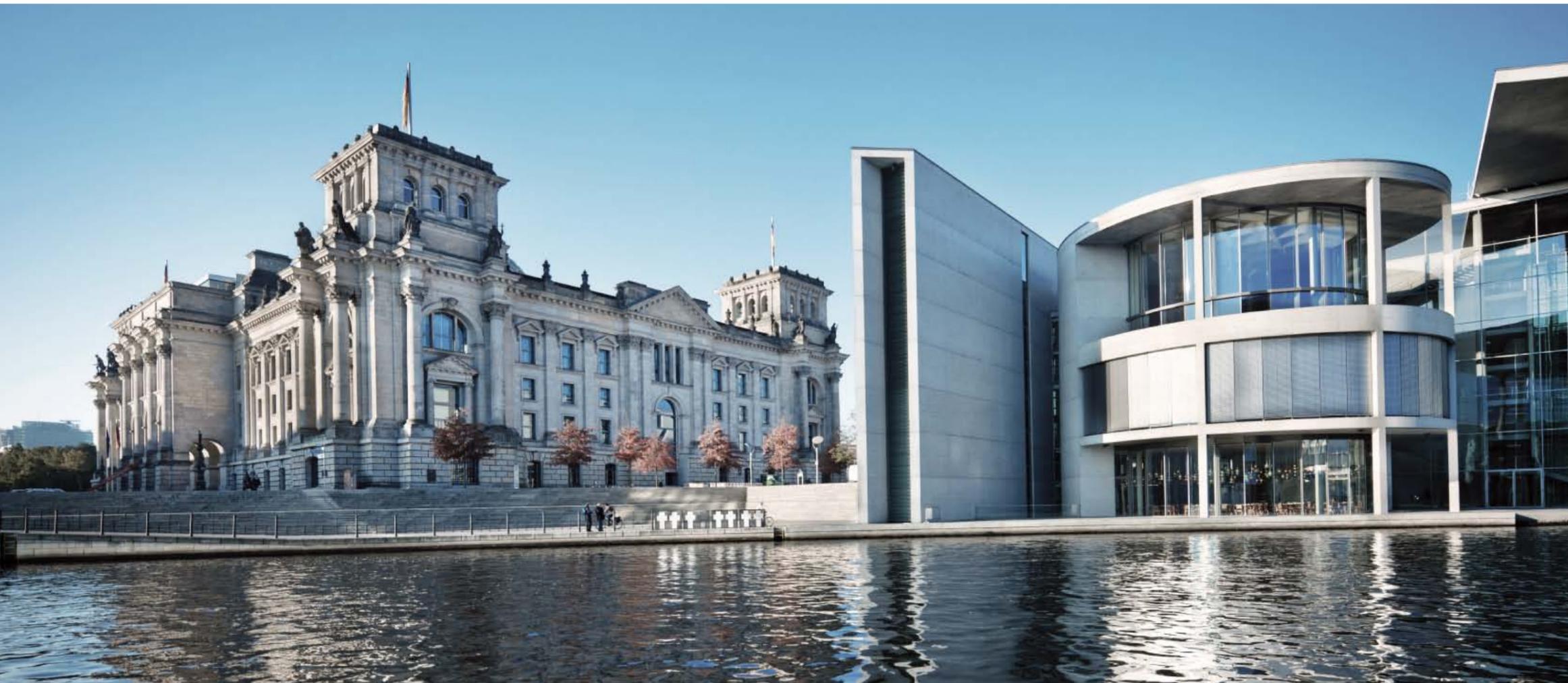


LONDON, UNITED KINGDOM

The region as a whole saw a loss in total wealth driven largely by developments in the peripheral Eurzone countries and those bordering the Eurozone as increasing uncertainty drove wealth flows from the periphery towards core economies such as Germany as well as popular safe havens that include the United Kingdom and Switzerland. Growth in wealth in the United Kingdom, Switzerland and Germany has helped to ameliorate the situation for Europe as a whole. Future growth in UHNW populations and wealth is dependent on Eurozone member states reaching a satisfactory resolution of the sovereign finance and credit crisis that has played out across the region, particularly one that ensures long term stability. It is our opinion that should the ongoing crisis continue unabated, an eventual decline in both UHNW population and total wealth will be inevitable for Europe.

#### Significant Drivers:

- **The United Kingdom:** GDP was stagnant with a downward bias along side a 2.4% decrease in the equity markets during the measuring period. The British Pound saw a devaluation of 4%.
- **GERMANY:** GDP stagnated accompanied by a 2.6% fall in equity markets and a 13% devaluation of the Euro.
- **SWITZERLAND:** The healthy 15% rise in equity markets outweighed the limited growth in GDP. However, the Swiss Franc saw a large devaluation of more than 24% during the measuring period.



BERLIN, GERMANY

## Hotspot GERMANY

- Europe's largest economy faces the difficult task of restoring some semblance of health to the monetary union while dealing with growing domestic dissatisfaction over perceptions that Germany has taken an overly large share of the bailout burden. Despite increasing pessimism surrounding its economic outlook due to the ongoing Eurozone crisis, Germany retained a stable outlook for its Standard & Poor's long-term debt sovereign rating.
- After a drop to 3.1% in 2011, Germany is expected to see GDP growth decline sharply to 0.6% in 2012 on the back of a spiralling sovereign crisis enveloping the Eurozone. While observers have noted that a two-speed Europe is developing with core economies like Germany decoupling from fragile periphery economies, they are of the opinion that Germany needs to recognise its fortunes are fundamentally tied to the Eurozone.
- An intensification of the Eurozone crisis will impact the German economy directly through the trade and financial links that bind it to the Eurozone as well as indirectly through impact on business and consumer confidence that is barely recovering. To secure financial stability in the Eurozone, Germany needs to help peripheral economies by allowing the labour markets in these economies to become more competitive without resorting to the reduction of nominal wages. This entails tolerance for more rapid wage growth within Germany.
- According to Mr Subir Lall, IMF Mission Chief to Germany, in a conference call on Germany on 3 July 2012, the German banking system as a whole (outside of the Sparkassen sector) is vulnerable to external developments due to large cross-border exposures. Other vulnerabilities include significant reliance on wholesale financing, high leverage ratios and the poor quality of bank capital. However, Germany has the capacity for appropriate easing measures and fiscal stimulus should external downside risks materialise.
- German demand for exports from peripheral Eurozone economies could be boosted through a combination of faster wage growth and higher inflation levels. This combination should set the stage for healthy consumption growth that boosts domestic demand as well as the labour and investment markets.
- The German luxury market saw rapid growth in 2011 with sales across luxury sectors estimated to have risen by 16%. The potential of the German market, which currently accounts for only 0.3% of GDP, is in part enhanced by the development of an increasingly positive attitude among German consumers towards luxury products. Thanks to higher incomes and a robust labour market, German consumer confidence has been largely unaffected by the Eurozone's deepening fiscal crisis. On a related front, the rise of luxury tourism has had a positive impact on the German market with Chinese and Russian tourists increasing their spending by close to 50% on average in 2011.
- UHNW population growth was strengthened by the perception of Germany as the most stable of the Eurozone economies and further escalation of the crisis will accelerate this trend.

GERMANY UHNWI	THIS YEAR'S	THIS YEAR'S
Net Worth	UHNWI	TOTAL WEALTH US\$ billion
\$1 billion +	137	550
\$750 million to \$999 million	180	140
\$500 million to \$749 million	640	325
\$250 million to \$499 million	810	260
\$200 million to \$249 million	700	145
\$100 million to \$199 million	1,210	130
\$50 million to \$99 million	4,775	260
\$30 million to \$49 million	7,320	240
<b>TOTAL</b>	<b>15,770</b>	<b>2,050</b>
POPULATION CHANGE %	-1.4%	
WEALTH CHANGE %	5.3%	

Wealth-X analysis shows there are 137 billionaires in the country. This group of billionaires, representing the top 0.9% of the UHNW population, control 26.8% of the total fortune attributable to the ultra wealthy segment. On average, these billionaires are worth US\$4 billion each.

The lowest tier of the UHNW group represented by those worth US\$30 million to US\$49 million is the largest group, making up 46.4% of the total UHNW population in Germany. They have a combined fortune of US\$240 billion or 11.7% of the total wealth of the German ultra affluent segment.

**TOP FIVE CITIES IN GERMANY BY UHNW POPULATION**

GERMAN CITIES	UHNW POPULATION BY CITY
Munich	1,595
Dusseldorf	1,380
Hamburg	1,345
Frankfurt	1,135
Stuttgart	1,120

Major Wealth Indicators	GDP*	Currency	Equity	Property	Luxury Spending
For Germany	↓ DOWN	↓ DOWN	↓ DOWN	↑ UP	↑ UP

Note: \*All GDP growth rates are measured relative to the previous year's growth rate.



ZURICH, SWITZERLAND

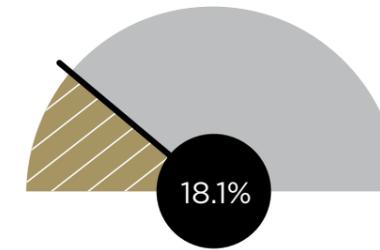
## Hotspot SWITZERLAND

- Widely and traditionally recognised as a safe haven for wealth, Switzerland had expected to see GDP growth decline from 1.9% in 2011 to 0.8% in 2012, according to the IMF. However, the outlook for Switzerland has improved recently with its State Secretariat for Economics (SECO) forecasting GDP growth of 1.4% for 2012.
- These positive growth forecasts are significantly dependent upon the assumption that European economic policy is successful in preventing an uncontrolled proliferation of the crisis into a widespread banking and financial crisis, as the SECO noted.
- The first hint of insularity was displayed in the imposition of a cap on the franc by the Swiss National Bank in September 2011 has helped shield the economy from greater impact on trade and export margins due to the strength of the currency. On the export front, Germany, the largest consumer of Switzerland's exports, is expected to experience robust domestic demand growth. This is expected to help to offset the negative effects of the strong franc.
- The impetus towards insularity was further reinforced with the re-imposition of quotas on immigrants from eight other central and eastern European nations, in an effort to protect Swiss citizens' interest and keep unemployment levels at a target of 3%.
- Robust domestic demand has helped offset the effects of a strong franc on the export front. Strong local consumption led to national output expanding close to 2% in Q1 2012.
- The UBS Swiss Real Bubble Index, launched in May 2011 to study the risk of a property bubble in the Swiss residential housing market, declined for the first time in four years in Q2 2012 from a peak in Q1 2012. The imposition of minimum requirements for mortgage financing in July 2012 is expected to help curb demand for residential property and reduce price growth rates.
- The scrutiny of and crackdown on Swiss banking institutions on the back of suspicion surrounding their role in tax-evasion schemes has tarnished their reputation and contributed to the dismantling of the code of secrecy that has been a critical part of the Swiss banking sector for decades. Switzerland's Federal Department of Finance announced on 18 July 2012 that it intends to implement legislation which will allow Switzerland's tax authorities to share greater amounts of information on overseas residents who hold bank accounts in Switzerland. Such measures will better facilitate the sharing of data regarding suspected cases of tax evasion. As financially distressed governments seek to rejuvenate state finances, the pressure on Swiss banking institutions and authorities is set to increase.
- Observers have reported European investors resorting to stashing cash and gold bullion in Switzerland in a bid to protect their wealth from global economic uncertainty. The fallout from the Eurozone crisis and quantitative easing measures pursued by central banks have resulted in increasingly risk averse investors seeking safe havens and safe assets that retain value should inflation levels surge.
- Credit Suisse, one of Switzerland's biggest banks, adopted measures to boost its capital base after the Swiss National Bank's annual financial stability report pointed out that Swiss banks in general were inadequately prepared for deteriorating economic conditions in Europe or shocks from the domestic real estate market. The Swiss National Bank singled out UBS and Credit Suisse for criticism related to the need to reduce risk and strengthening capital reserves. Both banks hold close to US\$250 billion of domestic mortgage debt, with half in property in regions, such as Zurich and Geneva, where the housing markets are overheating.
- UHNW population growth has benefitted from the flight to safety impetus across the Eurozone and looks set to continue.

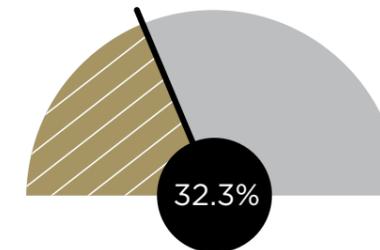
SWITZERLAND UHNWI	THIS YEAR'S UHNWI	THIS YEAR'S TOTAL WEALTH US\$ billion
Net Worth		
\$1 billion +	57	125
\$750 million to \$999 million	60	50
\$500 million to \$749 million	220	115
\$250 million to \$499 million	295	90
\$200 million to \$249 million	230	50
\$100 million to \$199 million	445	45
\$50 million to \$99 million	1,695	90
\$30 million to \$49 million	2,595	90
<b>TOTAL</b>	<b>5,597</b>	<b>655</b>
POPULATION CHANGE %	7.2%	
WEALTH CHANGE %	3.1%	

Wealth-X analysis shows there are 57 billionaires in the country. This group of billionaires, representing the top 1% of the UHNW population, control 19.1% of the total fortune attributable to the ultra wealthy segment. On average, these billionaires are worth US\$2.2 billion each.

The lowest tier of the UHNW group represented by those worth US\$30 million to US\$49 million is the largest group, making up 46.4% of the total UHNW population in Switzerland. They have a combined fortune of US\$90 billion or 13.7% of the total wealth of the Swiss ultra affluent segment.



Switzerland



United Kingdom

### NON-DOMICILED UHNWIS

The data reflects the trends in the composition of the UHNW population in Switzerland, often viewed as a traditional favourite for global UHNWIs for taxation and privacy reasons.

Non-domiciled UHNWIs account for 18.1% of the Swiss UHNW population, which is in stark contrast to the 32.3% figure for the United Kingdom. A reason for the phenomenon may be the Swiss economy's reliance on certain industrial sectors, including machinery, chemicals and banking, as well as the smaller size of the Swiss labour market, which is only a sixth of the British labour market.

Major Wealth Indicators	GDP*	Currency	Equity	Property	Luxury Spending
For Switzerland	↓ DOWN	↓ DOWN	↑ UP	↑ UP	↑ UP

Note: \*All GDP growth rates are measured relative to the previous year's growth rate.



## Hotspot

### UNITED KINGDOM

- Despite being widely seen as a favoured safe haven amid the economic, political and social crises on the European Continent, the United Kingdom is faced with the prospect of recession in 2012. Having seen GDP decline from 2.1% in 2010 to 0.7% in 2011, the United Kingdom is set to see a further decline in 2012 to 0.5% according to the OECD.
- The near-record levels of cash held by corporate entities are seen as an indication of caution on their part and a form of insurance against volatility and rapid shifts in the availability of capital. This heightens concern as private sector capital expenditure and investment are seen to be key to any recovery. Particularly as the United Kingdom is into its third year of fiscal austerity and government spending is not expected to contribute to the recovery.
- Consumption faces mixed fortunes as households are expected to face years of deleveraging and rising unemployment which may only be offset by declining inflation rates that could support real incomes.
- Despite current wealth inflows from risk adverse European UHNWs, recent research suggests a potential reverse in these capital flows will emerge on the back of massive devaluation across the Continent should countries exit the euro. A reversal in capital flows may have an adverse effect on the short term outlook for the financial services industry.
- The luxury property sector in the United Kingdom remains the envy of many as it has seen positive growth over recent years with foreign investors buying luxury homes in the United Kingdom, specifically London, to preserve wealth.
- Apart from residential property, UHNW investors are moving into the commercial real estate space. According to Jones Lang LaSalle, a global real estate services firm, 65% of the Central London office market was purchased by foreign investors in 2011 hailing from 30 countries. Jones Lang LaSalle estimated that in 2011, US\$80.6 billion of overseas investor equity targeted real estate in the United Kingdom with London dominating interest. However, a potential Eurozone breakup will lead to massive devaluation across the Continent that will lead to a subsequent reverse in capital flows. The consequences for the luxury property sector could be devastating with a drop of up to 50% in London property prices.
- The decision to scrap plans to cap tax relief on charitable donations means the estimated US\$2.1 billion of donations on which relief is claimed each year has been secured, much to the relief of the fundraising sector.
- UHNW population and wealth growth has benefited from the perception that the United Kingdom is a safe haven for wealth in uncertain economic conditions.

UNITED KINGDOM UHNWI	THIS YEAR'S	THIS YEAR'S
Net Worth	UHNWI	TOTAL WEALTH US\$ billion
\$1 billion +	140	430
\$750 million to \$999 million	80	65
\$500 million to \$749 million	195	105
\$250 million to \$499 million	375	105
\$200 million to \$249 million	405	90
\$100 million to \$199 million	1,080	185
\$50 million to \$99 million	2,750	165
\$30 million to \$49 million	5,490	180
<b>TOTAL</b>	<b>10,515</b>	<b>1,325</b>
POPULATION CHANGE %	0.2%	
WEALTH CHANGE %	3.7%	

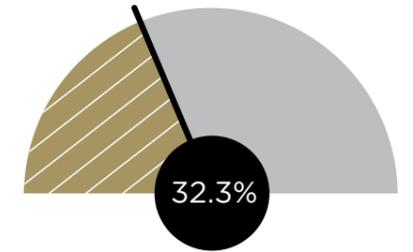
Wealth-X analysis shows there are 140 billionaires in the country. This group of billionaires, representing the top 1.3% of the UHNW population, control 32.5% of the total fortune attributable to the ultra wealthy segment. On average, these billionaires are worth US\$3.1 billion each.

The lowest tier of the UHNW group represented by those worth US\$30 million to US\$49 million is the largest group, making up 52.2% of the total UHNW population in the United Kingdom. They have a combined fortune of US\$180 billion or 13.6% of the total wealth of the British ultra affluent segment.

### THE DIVERSE FACE OF WEALTH

ETHNIC GROUP	% OF UHNW POPULATION
Black	1.2%
Caucasian	61.9%
Chinese & North Asian	4.2%
Hispanic	0.3%
Middle Eastern	4.1%
South Asian	28.3%

### NON-DOMICILED UHNWIS



The data reflects the trends in the composition of the UHNW population in the United Kingdom. That non-domiciled UHNWs account for 32.3% of the UHNW population of the United Kingdom points towards the emergence of UHNWs who are global in their outlook and lifestyles.

Major Wealth Indicators	GDP*	Currency	Equity	Property	Luxury Spending
For United Kingdom	NEUTRAL	⬇️ DOWN	⬇️ DOWN	⬆️ UP	⬆️ UP

Note: \*All GDP growth rates are measured relative to the previous year's growth rate.



SAO PAULO, BRAZIL

## LATIN AMERICA PLENTIFUL OPPORTUNITIES

Latin America has seen steady growth over much of the last decade, fuelled by favourable commodity prices and the ready supply of international credit. Many Latin American governments used increased revenues in economically sound ways. Consequently, the region in general has seen deficits turn to surpluses and lower debt to GDP ratios. The investment in targeted social programs has resulted in a reduction in regional poverty levels.

GDP growth for the region declined sharply from 6.2% in 2010 to 4.5% in 2011 and is expected to slide further to 3.7% in 2012, according to the IMF. However, observers see the region continuing to converge towards its potential long term growth rate. Across the region, the pace of growth is expected to be uneven, with a split between countries that have strong links with the U.S. and those who are subject to Asian influences and whose economies are largely domestically driven. Venezuela and Argentina, in particular, are expected to see economic contraction due to the erratic nationalization policy trend in Argentina and political uncertainty in Venezuela that have caused unease amongst investors. Countries in the region generally have manageable fiscal deficit positions, allowing governments to play more dominant roles and adopt stimulus strategies should external shocks, such as impact from the Eurozone crisis, materialise.

The region is expected to see domestic demand outstrip GDP growth in 2012, stoked by buoyant consumer confidence and strong credit market performance. Regional performance is as much shaped by internal factors as high export prices that ensure trade deficits are manageable. Foreign investors tend to see potential primarily in the infrastructure and resource sectors and FDI flows into the region that target these sectors have been significant. On the other hand, the risks of overheating remain as high commodity prices and ebullient domestic demand heighten inflationary risks. Central banks in the region are expected to try to offset inflationary and currency pressures through the adoption of macroprudential policies.

Challenges that countries face run the gamut from labour market rigidities to the impetus towards trade protectionism and political uncertainty, reflecting both the diversity and complexity of the region.

UHNW population growth has accelerated off the back of strong economic performance across the region.

		THIS YEAR'S	THIS YEAR'S	LAST YEAR'S	LAST YEAR'S		
LATIN AMERICA UHNWI		UHNW POPULATION	TOTAL WEALTH US\$ billion	UHNW POPULATION	TOTAL WEALTH US\$ billion	POPULATION CHANGE %	TOTAL WEALTH CHANGE %
1	Brazil	4,640	865	4,725	925	-1.8%	-6.5%
2	Mexico	3,240	430	2,900	420	11.7%	2.4%
3	Argentina	1,040	140	1,050	150	-1%	-6.7%
4	Colombia	690	85	675	90	2.2%	-5.6%
5	Peru	595	70	580	75	2.6%	-6.7%
6	Chile	550	70	560	75	-1.8%	-6.7%
7	Venezuela	420	55	375	50	12%	10%
8	Ecuador	250	30	230	30	8.7%	0%
9	Dominican Republic	240	30	225	30	6.7%	0%
10	Guatemala	235	28	230	30	2.2%	-6.7%
11	Bolivia	220	30	200	28	10%	7.1%
12	Honduras	205	27	185	26	10.8%	3.8%
13	Nicaragua	190	26	180	25	5.6%	4%
14	Paraguay	165	22	150	22	10%	0%
15	El Salvador	145	20	140	20	3.6%	0%
16	Uruguay	115	16	105	16	9.5%	0%
17	Panama	105	15	100	14	5%	7.1%
18	Puerto Rico	100	14	100	14	0%	0%
19	Costa Rica	85	12	110	18	-22.7%	-33.3%
20	Cuba	45	6	45	7	0%	-14.3%
	Rest Of Latin America	1,475	195	1,380	195	6.9%	0%
	<b>TOTAL</b>	<b>14,750</b>	<b>2,185</b>	<b>14,245</b>	<b>2,260</b>		
	LATIN AMERICA POPULATION CHANGE %	3.5%					
	LATIN AMERICA WEALTH CHANGE %	-3.3%					

Wealth-X analysis has identified Latin America as the home of 14,750 UHNW individuals with a combined net worth of close to US\$ 2.2 trillion. There are 505 individuals who have joined the ranks of the ultra wealthy. Latin America saw an increase of 3.5% in its ultra wealthy population.



Wealth-X analysis shows Brazil and Chile suffered two of the the largest percentage reductions in UHNW population. In contrast, Venezuela's UHNW population increased by at least 12%, followed by Mexico. Total wealth for the region declined by US\$74 billion or 3.3%.

The region as a whole saw an increase in UHNW population driven by growth in Mexico and Venezuela. Across the region, growth is largely driven by resource exports. Diversification is necessary for sustained growth in the future.

#### Significant Drivers:

- **BRAZIL:** GDP saw modest growth, however that was offset by the 10% decline in equity markets and the 31% devaluation in the Brazilian Real.
- **VENEZUELA:** GDP growth was matched by an unprecedented 172% rise in equity markets. However, the Venezuelan currency was stagnant.



RIO DE JANEIRO, BRAZIL

## Hotspot BRAZIL

- Since early 2011, buoyant commodity prices, robust private consumption and investment activity have seen Brazil's economy the focus of much speculation and attention. Signs have emerged that the B in BRICs may be fading into the background.
- On the back of a global slowdown and the effects of tightening policies, Brazil is expected to see growth ease further to 1.9 % in 2012, according to a survey commissioned by the Brazilian central bank. This comes on the back of a sharp dip in GDP growth from 7.5% in 2010 to 2.7% in 2011.
- Europe's sovereign debt crisis has eroded demand for exports from emerging economies and reduced demand for resources. Any heightening of the crisis could lead to a sharp spike in risk aversion, a drop in commodity prices and a knock-on effect in major trading partners, particularly the US and China. As the impact reverberates along the global supply chain, commodity prices are likely to be constrained, contributing to slowing economic growth in Brazil for 2012.
- The easy availability of credit particularly in 2003-2008 created a credit boom. With the fizzling of Brazil's decade-long credit binge, further drag on the real economy has been created. Consumer spending, which accounted for close to 60% of GDP, has declined, leading to speculation that this is the beginning of the end of a debt-fuelled consumer spending boom.
- Going forward, Brazil's central bank is expected to pursue monetary easing policies amid the current weak patch and a perceived need to lower interest rates to ease the effect of earlier tightening measures.
- Brazil's attraction as an investment destination is supported by its net global creditor status, stable external liquidity position as well as enviable international reserves, which are approaching the US\$380 billion mark, approximately half the region's reserves. Though the negative impact of an appreciating currency is widely recognised, there is official support for policies that support a strong Brazilian Real. The Real is expected to appreciate in view of excess global liquidity and investor thirst for high yield investment options, particularly in terms of global fixed income investments.
- Further liberalisation of state-controlled sectors and companies, such as state-controlled banks and Petrobras, could boost Brazil's attraction for investors, who have felt locked out by state controlled monopolies. Brazil reportedly received close to US\$60 billion FDI flows from June 2011-2012.
- The need to invest in energy and transport infrastructure, prerequisites for future growth, is urgent and should be at the forefront of government policy. Significant capital spending on the part of Petrobras to exploit vast ocean-based oil reserves is expected to be accompanied by the continued auction of assets to stimulate private sector investment in infrastructure. Such projects are expected to drive growth and productivity while improving public finances.
- Hurdles that Brazil potentially faces include, the inclination towards increased trade protectionism, perceived growth in corruption and the need to address challenges faced by the manufacturing sector in relation to the tax structure.
- UHNW population growth has suffered from the steep drop in GDP growth but may stabilize should appropriate policies be adopted.

	THIS YEAR'S	THIS YEAR'S	LAST YEAR'S	LAST YEAR'S
BRAZIL UHNWI	UHNW POPULATION	TOTAL WEALTH US\$ billion	UHNW POPULATION	TOTAL WEALTH US\$ billion
\$1 billion +	49	300	50	320
\$750 million to \$999 million	30	25	30	27
\$500 million to \$749 million	135	85	140	90
\$250 million to \$499 million	295	100	300	115
\$200 million to \$249 million	420	95	430	100
\$100 million to \$199 million	620	95	630	100
\$50 million to \$99 million	1,200	90	1220	95
\$30 million to \$49 million	1,895	75	1925	80
<b>TOTAL</b>	<b>4640</b>	<b>865</b>	<b>4725</b>	<b>925</b>
POPULATION CHANGE %	-1.7%			
WEALTH CHANGE %	-6.7%			

Wealth-X analysis shows there are 49 billionaires in the country. This group of billionaires, representing the top 1.1% of the UHNW population, control 34.7% of the total fortune attributable to the ultra wealthy segment. On average, these billionaires are worth US\$6.1 billion each.

The lowest tier of the UHNW group represented by those worth US\$30 million to US\$49 million is the largest group, making up 40.8% of the total UHNW population in Brazil. They have a combined fortune of US\$75 billion or 8.7% of the total wealth of Brazil's ultra affluent.



**MOBILE AND VERSATILE**

The Brazilian UHNW population is mobile and versatile, with at least 10% of UHNWIs conducting business primarily outside of Brazil and at least 9% owning residences outside of Brazil.

Major Wealth Indicators	GDP*	Currency	Equity	Property	Luxury Spending
For Brazil	▲ UP	▼ DOWN	▼ DOWN	NEUTRAL	▲ UP

Note: \*All GDP growth rates are measured relative to the previous year's growth rate.



## MIDDLE EAST AND AFRICA WEALTH AMONGST VOLATILITY

The Middle East faces fiscal sustainability and structural issues. The region's growing population of youths will increase the demand for jobs in the future and the limited supply of oil points towards the increasingly important need to accelerate economic diversification. The petrodollar liquidity flush that the region is experiencing should be channeled into avenues that boost sustainable economic growth. This requires an expansion of financial markets in the region.

Amidst the spike in oil prices, increasing tensions in the Middle East and Africa, both regions may see political uncertainty hampering growth potential. Economic activity within the North African region is tempered by geopolitical unrest within the region. Countries such as Egypt, that are slowly rebuilding after the Arab Spring of 2011, have yet to find a firm grip on the economic and political compass guiding their future. UHNW population growth was stable despite political uncertainty and looks set to grow as political stability returns to the region.

Meanwhile, growth in sub-Saharan Africa has not shown any signs of decline, but rather reflects the encouragement of positive commodity prices. Despite the promising picture, Africa, like other emerging economies, is susceptible to Europe's ongoing crisis. The gloom in Europe may prove to be the drag on economic expansion in Africa and the Middle East through the reduced demand for oil and an increase in risk aversion amongst investors. However, China's controversial series of investments in Africa reflects the continuing attraction of the resource-rich African continent. UHNW population growth has thrived off the back of demand for resources from emerging economies.

The Middle East and Africa are home to at least 7,130 UHNW individuals with a combined net worth of at least US\$1 trillion. The steady pace of increase in the population of UHNW individuals reflects the tremendous potential of the two regions despite the political uncertainty that overshadows them.



There are 4,595 UHNW individuals in the Middle East, with a total net worth of US\$710 billion. The Middle East saw an increase of 2.2% in its ultra wealthy population. Overall combined wealth for the Middle East UHNW population saw a decrease of 1.3%.

	THIS YEAR'S	THIS YEAR'S	LAST YEAR'S	LAST YEAR'S		
MIDDLE EAST UHNWI	UHNW POPULATION	TOTAL WEALTH US\$ billion	UHNW POPULATION	TOTAL WEALTH US\$ billion	POPULATION CHANGE %	TOTAL WEALTH CHANGE %
1 Saudi Arabia	1,265	230	1,230	230	2.8%	0%
2 United Arab Emirates	810	120	775	120	4.5%	-0.1%
3 Kuwait	735	125	720	125	2.1%	0%
4 Israel	300	65	315	70	-4.8%	-6.9%
5 Qatar	300	45	290	46	3.1%	-2.2%
6 Syria	215	23	225	23	-4.4%	0%
7 Iraq	160	14	150	13	6.7%	10.2%
8 Oman	140	18	140	18	0%	0%
Rest Of the Middle East	670	70	650	75	3.1%	-6.7%
<b>TOTAL</b>	<b>4,595</b>	<b>710</b>	<b>4,495</b>	<b>720</b>		
<b>MIDDLE EAST POPULATION CHANGE %</b>	<b>2.2%</b>					
<b>MIDDLE EAST WEALTH CHANGE %</b>	<b>-1.3%</b>					

Combined wealth declined slightly in the Middle East driven by declines in Israel, and Qatar. Iraq recorded the fastest rate of UHNW population growth at 6.7%, followed by the UAE at 4.5% and Qatar at 3.4%. Israel and Syria saw the largest percentage reductions in UHNW population for the region.

#### Significant Drivers:

- **QATAR:** GDP grew at 6% which offset the 1% decline in equity markets. The Qatari Riyal was stable during the measuring period.
- **UAE:** GDP growth was a modest 2.3% while the equity markets declined by 1.7%. However, the property market saw growth of 15% and the United Arab Emirates Dirham was stagnant during the measuring period.



DOHA, QATAR

Hotspot  
QATAR

- Previously one of the poorest Gulf states, Qatar is now one of the richest countries in the region, driven by exports of oil and gas. While its UHNW population is approximately a quarter of Saudi Arabia's, Qatar has the third fastest rate of UHNW population growth in the Middle East.
- The lack of sophisticated investment options, reliance and comfort with equity markets, and heavy dependence on overseas financial managers especially those in Europe are reasons for total net worth not increasing alongside the rise in UHNW population.
- As it prepares to play host to the 2022 FIFA World Cup, Qatar is instituting massive economic change through heavy investments in infrastructure. The funding of the infrastructure developments will spur the development of financial markets. This will lead to an expanded range of financial investment options for the ultra wealthy to consider.
- Appetite for debt instruments, such as Shariah compliant bonds or *sukuk*, is expected to be driven by the desire to diversify portfolios geographically and from an asset class perspective. Furthermore, with Qatar's equity market slowing down, investors are expected to seek alternative investments.

QATAR UHNWI	THIS YEAR'S UHNWI	THIS YEAR'S TOTAL WEALTH US\$ billion
Net Worth		
\$1 billion +	12	17
\$750 million to \$999 million	5	4
\$500 million to \$749 million	5	3
\$250 million to \$499 million	10	3
\$200 million to \$249 million	34	7
\$100 million to \$199 million	28	3
\$50 million to \$99 million	60	3
\$30 million to \$49 million	145	5
<b>TOTAL UHNW</b>	<b>300</b>	<b>45</b>
POPULATION CHANGE %	3.1%	
WEALTH CHANGE %	-2.2%	

There are 12 billionaires in the country. This group of billionaires, representing the top 4% of the UHNW population, control 37.8% of the total fortune attributable to the ultra wealthy segment. On average, these billionaires are worth US\$1.4 billion each. Wealth-X estimates that the UHNW population in Qatar expanded by 3.4% although total wealth of the ultra affluent contracted by 2.2% to reach US\$45 billion.

The lowest tier of the UHNW group represented by those worth US\$30 million to US\$49 million is the largest group, making up 48.3% of the total UHNW population in Qatar. They have a combined fortune of US\$5 billion or 11.1% of the total wealth of Qatar's ultra affluent segment.

Major Wealth Indicators	GDP*	Currency	Equity	Property	Luxury Spending
For Qatar	↓ DOWN	NEUTRAL	↓ DOWN	NEUTRAL	↑ UP

Note: \*All GDP growth rates are measured relative to the previous year's growth rate.



ABU DHABI, UNITED ARAB EMIRATES

Hotspot  
**UNITED ARAB EMIRATES**

- Made up of seven emirates (Abu Dhabi, Dubai, Sharjah, Ajman, Umm al-Quwain, Ras al-Khaimah and Fujairah), the United Arab Emirates is experiencing a boom in its property market with its economy registering positive growth.
- Dubai had a headstart in transforming its economy and presently acts as a gateway to the Arab world. Dubai is now an internationally recognized financial centre.
- While there are ample opportunities to develop within the UAE, private wealth managers and established financial institutions can also look to tapping the emerging Middle East wealth markets including Qatar and Saudi Arabia to spur business.
- Wealth-X ranks the UAE as the second largest UHNW market within the Middle East.

UAE UHNWI	THIS YEAR'S	THIS YEAR'S
Net Worth	UHNWI	TOTAL WEALTH US\$ billion
\$1 billion +	35	40
\$750 million to \$999 million	10	8
\$500 million to \$749 million	35	20
\$250 million to \$499 million	30	8
\$200 million to \$249 million	50	11
\$100 million to \$199 million	85	11
\$50 million to \$99 million	195	10
\$30 million to \$49 million	370	12
<b>TOTAL</b>	<b>810</b>	<b>120</b>
<b>POPULATION CHANGE %</b>	<b>4.5%</b>	
<b>WEALTH CHANGE %</b>	<b>-0.1%</b>	

Wealth-X analysis shows there are 35 billionaires in the country. This group of billionaires, representing the top 4.3% of the UHNW population, control 33.3% of the total fortune attributable to the ultra wealthy segment. On average, these billionaires are worth US\$1.1 billion each.

The lowest tier of the UHNW group represented by those worth US\$30 million to US\$49 million is the largest group, making up 45.7% of the total UHNW population in the UAE. They have a combined fortune of US\$12 billion or 10% of the total wealth of the UAE's ultra affluent segment.

The UHNW population in the UAE expanded by 4.5% and total wealth of the ultra affluent declined slightly by 1.4% to reach US\$120 billion.

Major Wealth Indicators	GDP*	Currency	Equity	Property	Luxury Spending
For UAE	↓ DOWN	NEUTRAL	↓ DOWN	↑ UP	↑ UP

Note: \*All GDP growth rates are measured relative to the previous year's growth rate.



There are 2,535 UHNW individuals in Africa, with a total net worth of US\$ 329 billion. Africa saw an increase of 5.1% in its ultra wealthy population. Overall combined wealth for the African UHNW population saw a decrease of 0.7%.

The growth in the African UHNW population was largely driven by growth in South Africa, which has the largest UHNW population on the continent.

		THIS YEAR'S	THIS YEAR'S	LAST YEAR'S	LAST YEAR'S		
	AFRICA UHNWI	UHNW POPULATION	TOTAL WEALTH US\$ billion	UHNW POPULATION	TOTAL WEALTH US\$ billion	POPULATION CHANGE %	TOTAL WEALTH CHANGE %
1	South Africa	785	100	725	100	8.3%	0%
2	Egypt	490	65	490	65	0%	0%
3	Nigeria	455	60	440	60	3.4%	0%
4	Kenya	125	16	115	16	8.2%	-1.6%
5	Tanzania	105	14	95	13	10.1%	4.6%
6	Angola	100	13	90	11	11.1%	18.2%
7	Tunisia	70	9	60	9	16.2%	5.9%
8	Libya	60	8	55	8	8.6%	3.1%
9	Ethiopia	50	7	50	7	-0.4%	-0.2%
10	Morocco	35	5	40	6	-12.9%	-11.2%
11	Algeria	35	5	35	5	-0.4%	2.3%
	Rest Of Africa	225	27	215	32	4.7%	-15.6%
	<b>TOTAL</b>	<b>2,535</b>	<b>325</b>	<b>2,410</b>	<b>330</b>		
	AFRICA POPULATION CHANGE %	5.1%					
	AFRICA WEALTH CHANGE %	-0.7%					



JOHANNESBURG, SOUTH AFRICA

## LOOKING AHEAD

AFRICA	AVERAGE ANNUAL UHNW POPULATION CHANGE (%) OVER 5 YEARS	AVERAGE ANNUAL WEALTH CHANGE (%) OVER 5 YEARS
South Africa	6.2%	12.4%
Egypt	5.8%	9.3%
Nigeria	9.1%	12.6%
Kenya	11.3%	13.1%
Tanzania	13.8%	14.6%
Angola	7.1%	15.4%
Tunisia	6.4%	12.3%
Libya	8%	12.7%
Ethiopia	7%	5.5%
Morocco	6.1%	4.3%
Algeria	5.1%	5.4%

Wealth-X projects that South Africa's UHNW population will expand an average of 6.2% over the next five years driven by a surge in property and equity markets. Total wealth is expected to grow 12.4% in the same period.

Wealth-X forecasts over the next five years that Tanzania and Kenya will lead the growth in UHNW population within the African region.

Tanzania's economy is fuelled by the demand for gold and coffee, the East African nation's major produce. Currently, it is home to at least 105 UHNW individuals with a total net worth of US\$14 billion. With high gold prices and sustained demand for gold as investors seek alternative forms of investment which can act as a hedge against inflation, the future is bright for Tanzania's ultra wealthy.



## OCEANIA TWO ECONOMIES

Growth within the Oceania region has been supported primarily by healthy economic expansion in Australia and New Zealand. Australia has experienced robust economic growth as a result of the mining boom and sustained demand for resources from emerging economies, such as China and India.

As a potential hard landing for China looms, Australia's economic growth is expected to be negatively impacted should China, its largest trading partner, fail to introduce new stimulus measures for its economy. The global economic slowdown, due to the spiraling Euro debt crisis, will hamper growth and could prove to be a drag on the overall expansion within the region.

UHNW population growth depends largely on the demand for resources from emerging economies and could be affected should that demand weaken. The two-speed economy in Australia is a major concern for observers.



Oceania is home to 3,871 UHNW individuals with a combined net worth of at least US\$475 billion. There are 20 individuals who have joined the ranks of the ultra wealthy. Oceania saw an increase of 5.9% in its ultra wealthy population with growth largely driven by Australia. Overall combined wealth for the Oceania UHNW population saw an increase of 4.4%. The increase was driven by economic growth across the region.

		THIS YEAR'S	THIS YEAR'S	LAST YEAR'S	LAST YEAR'S		
OCEANIA UHNWI		UHNW POPULATION	TOTAL WEALTH US\$ billion	UHNW POPULATION	TOTAL WEALTH US\$ billion	POPULATION CHANGE %	TOTAL WEALTH CHANGE %
1	Australia	3,350	410	3,140	390	6.7%	5.1%
2	New Zealand	485	61	480	60	1%	1.7%
	Rest Of Oceania	36	4	35	5	2.9%	-20%
	<b>TOTAL</b>	<b>3,870</b>	<b>475</b>	<b>3,655</b>	<b>455</b>		
	<b>OCEANIA POPULATION CHANGE %</b>	<b>5.9%</b>					
	<b>OCEANIA WEALTH CHANGE %</b>	<b>4.4%</b>					

Growth in the region was driven by Australia. In turn, Australia's growth was driven by resource exports although service sectors constitute a large part of it's GDP.

Future wealth and UHNW population growth will face negative impact from a persistent slowdown in China and the larger Asian region.

**Significant Drivers:**

- **AUSTRALIA:** GDP grew at 3% and the property market saw a boom of 12% which offset the 5% decline in equity markets. The Australian Dollar, despite interim volatility, was stable at the end of the measurement period.
- **NEW ZEALAND:** GDP growth was a modest 2.3% while the equity markets saw a 3.9% growth. However, the property market saw growth of 5% and the New Zealand Dollar devalued by 7% due to the continuing impact of the Christ Church earthquake.



PERTH, AUSTRALIA

Hotspot  
**AUSTRALIA**

Powered by demand from emerging nations for commodities, such as iron ore, coal and natural gas, Australia's economy expanded by 3% despite the gloomy outlook for the global economy.

While fears of a possible slowdown in China have raised concern over the potential impact on growth in Australia, long term demand for coal in India and China is expected to remain unaffected. In fact, the demand from resource-hungry China and India is likely to sustain export growth for Australia, albeit at a slower pace.

Australia's ultra wealthy seek "buying and selling" opportunities, expanding their reach beyond industries which propelled them to wealth. Although equity markets were down this year, it presented opportunities for new acquisitions.

UHNWIs in the construction sector look set to flourish due to the demand from mining and as a result of lower interest rates, rising rental yields and population growth. However the wealth story reflects the dual economies in Australia where mining dominates growth and other sectors are in decline.

	THIS YEAR'S	THIS YEAR'S	LAST YEAR'S	LAST YEAR'S
AUSTRALIA UHNWI	UHNW POPULATION	TOTAL WEALTH US\$ billion	UHNW POPULATION	TOTAL WEALTH US\$ billion
\$1 billion +	30	90	34	90
\$750 million to \$999 million	25	20	23	19
\$500 million to \$749 million	55	30	50	30
\$250 million to \$499 million	140	40	130	50
\$200 million to \$249 million	230	55	215	45
\$100 million to \$199 million	370	50	355	50
\$50 million to \$99 million	900	60	850	55
\$30 million to \$49 million	1,600	65	1,485	50
<b>TOTAL</b>	<b>3,350</b>	<b>410</b>	<b>3,142</b>	<b>385</b>
POPULATION CHANGE %	6.6%			
WEALTH CHANGE %	5.4%			

Wealth-X analysis shows there are 30 billionaires in the country. This group of billionaires, representing the top 0.9% of the UHNW population, control 22.0% of the total fortune attributable to the ultra wealthy segment. On average, these billionaires are worth US\$3 billion each.

The lowest tier of the UHNW group represented by those worth US\$30 million to US\$49 million is the largest group, making up 47.8% of the total UHNW population in Australia. They have a combined fortune of US\$65 billion or 15.9% of the total wealth of Australia's ultra affluent.



SYDNEY, AUSTRALIA

SPOTLIGHT ON AUSTRALIAN LUXURY SPEND

Aircraft	10.0%
Luxury Property	70.6%
Yachts	19.4%

According to Wealth-X research, at least 70.6% of Australian UHNWIs are spending money on luxury property in Australia and the rest of the world. Yachts and aircraft round up the list of UHNW favourite luxury investments.

Major Wealth Indicators

	GDP*	Currency	Equity	Property	Luxury Spending
For Australia	▲ UP	NEUTRAL	▼ DOWN	▲ UP	▲ UP

Note: \*All GDP growth rates are measured relative to the previous year's growth rate.





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