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**MERRILL LYNCH AND CAPGEMINI LAUNCH  
*ASIA-PACIFIC WEALTH REPORT***

***Regional High Net Worth Population Grows to 2.4 Million***

***Five Markets Rank in the Top 10 Fastest-Growing High Net Worth  
Individual Populations Worldwide***

**NEW YORK**, Oct. 10 – Merrill Lynch (**NYSE: MER**) and Capgemini have announced that in 2005 Asia-Pacific represented 27.1% of the world's High Net Worth Individuals (HNWI), those with net financial assets of at least US\$1 million excluding their primary residence and consumables. The news was reported as the two firms unveiled their *Asia-Pacific Wealth Report*, which is a regional extension of the firms' annual *World Wealth Report* and provides an in-depth view of the changing Asia-Pacific wealth management market.

In addition, it was reported that the region was home to five of the 10 fastest-growing HNWI populations in the world, and the number of HNWIs grew by 7.3 percent to 2.4 million from 2004. The number of Ultra-HNWIs, those having net financial assets of more than US\$30 million, grew by 12.1 percent, to 15,600. The total wealth of the Asia-Pacific high net worth population was US\$7.6 trillion in 2005, growing at an 8.0 percent pace over 2004.

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It was noted that above-average performance of wealth-creating economic drivers, including the primary catalysts of GDP and market capitalization, bolstered wealth accumulation in the region.

"The findings of the *Asia-Pacific Wealth Report* reinforce many of the themes that we have long-championed for this part of the world," said Raymundo Yu, Head of EMEA & Pacific Regions for Merrill Lynch's Global Private Client Group. He added that, "The future of the wealth management industry in Asia holds many exciting opportunities as the region is home to some of the world's fastest-growing economies."

While 2005 growth rates for GDP and market capitalization in Asia-Pacific mirrored the world's slowing trend following 2003's crest, the region's economies grew at a faster rate than those in other parts of the world. HNWI in Asia-Pacific continued to benefit from strong economic conditions in 2005, adding wealthy investors to their ranks and expanding their financial wealth.

The Report found that wealth was more heavily concentrated in the lower HNWI wealth bands and that Ultra-HNWIs grew at a faster pace than HNWI in 2005. This faster-paced growth in the higher wealth bands suggests that wealth will concentrate as Asian markets further develop, a trend confirmed among maturing markets.

### **Differences Define Market Potential**

Five Asia-Pacific markets ranked among the global top 10 fastest-growing HNWI populations in 2005, according to the Report. South Korea, India and Indonesia were the three fastest growing HNWI populations in the world, surging 21.3%, 19.3% and 14.7%, respectively.

Japan maintains more than half of the HNWI in the region, but only a 30% share of Ultra-HNWIs. Together, China and Japan hold over 65% of the region's US\$7.6 trillion financial wealth.

HNWI saturation levels differed by market, suggesting varying levels of market potential. The Report found that Hong Kong, Japan and Singapore showed higher than average levels of market saturation, while Indonesia, India and China ranked lowest in terms of their HNWI concentrations. HNWI from China and Hong Kong had the highest average net worth.

### **Asset Allocations Remain Diversified and Conservative; Lack Strong International Exposure**

Confirming a trend observed in the *2006 World Wealth Report*, HNWI's in Asia-Pacific pursued diversified asset allocations in 2005. Favoring equities and alternative investments, HNWI's invested nearly a quarter of their portfolios, 24% and 23% respectively, into each asset class.

“While they exhibited a preference for sophisticated alternative investments, Asia-Pacific HNWI's sought to offset higher-risk investments by holding a significant portion of their assets in more conservative asset classes,” said Mr. Yu.

Asia-Pacific HNWI's' international allocations exhibited a more narrow focus compared to other regions. More than half of HNWI's' assets were invested within the Asia-Pacific region and more than a quarter of assets were allocated to North America, with the balance spread across Europe, Latin America and the Middle East.

### **Varying Stages of Market Development Create Opportunities for Wealth Management Providers**

The Report groups each market into one of three broad stages of wealth management maturity: *Emerging*, *Developing* and *Mature*

China and India represent the *Emerging* markets of Asia-Pacific as they provide a largely untapped pool of wealth for wealth management institutions. Currently, the wealthy sectors in these two markets, while growing rapidly, lack investment experience. Underdeveloped capital markets, capital controls, currency inconvertibility and strict licensing requirements create a thorny wealth investment environment for HNWI's looking to invest and for wealth management providers aiding in the process.

“Difficulties exist specifically in developing entry strategies, attracting clients to wealth management services and building investor sophistication” said Dirk Chanmueller, Vice President & Financial Services Leader, Capgemini Greater China.

Markets classified as *Developing* in the Report include Indonesia, South Korea and Taiwan. These markets prospered earlier than the *Emerging* markets and provide valuable lessons for wealth management institutions looking to access *Emerging* HNWI's. With more advanced capital markets, HNWI clients have started showing enhanced investment sophistication and the need for more complex wealth management solutions. Some clients have moved up to more sophisticated services such as trusts, philanthropy and capital-raising. "Foreign institutions will find it more difficult to break into these markets as domestic banks control the majority stake of HNWI clients," Mr. Chanmueller said.

Japan, Hong Kong and Singapore registered as Asia-Pacific's key *Mature* markets. The Japanese wealth management market is encountering strong demand. With client demand up, there is intense competition for experienced financial advisors, training personnel, and IT professionals.

Hong Kong and Singapore are the most advanced wealth management markets in Asia-Pacific and "each has an influence span significantly wider than its own borders," said Mr. Chan Mueller. While sharing similar traits, a competitive rivalry fuels each market's drive to be considered the best. Singapore aspires to become 'Asia-Pacific's Switzerland', an island oasis for HNWI's, while Hong Kong has long been considered the gateway to China's HNWI market.

### **About Merrill Lynch**

Merrill Lynch is one of the world's leading wealth management, capital markets and advisory companies with offices in 36 countries and territories and total client assets of approximately \$1.5 trillion. As an investment bank, it is a leading global trader and underwriter of securities and derivatives across a broad range of asset classes and serves as a strategic advisor to corporations, governments, institutions and individuals worldwide. Merrill Lynch owns just under half of BlackRock, one of the world's largest publicly traded investment management companies with approximately \$1 trillion in assets under management. For more information on Merrill Lynch, please visit [www.ml.com](http://www.ml.com).

### **About Capgemini**

Capgemini, one of the world's foremost providers of Consulting, Technology and Outsourcing services, has a unique way of working with its clients, which it calls the Collaborative Business Experience. Through commitment to mutual success and the achievement of tangible value, Capgemini helps businesses implement growth strategies, leverage technology, and thrive through the power of collaboration. Capgemini employs approximately 61,000 people worldwide and reported 2005 global revenues of 6,954 million euros.

Capgemini's wealth management practice is continuously working to help clients develop and operationalize innovative growth strategies and successfully implement customer relationship management solutions, wealth advisor workstations, Internet-based "self directed" and "full service" offerings, as well as front-and back-office systems. More information about individual service lines, offices and research is available at [www.capgemini.com](http://www.capgemini.com).

### ***Note to Reporters/Editors:***

For a copy of the 2006 Asia-Pacific Wealth Report, please visit [www.capgemini.com/worldwealthreport](http://www.capgemini.com/worldwealthreport).

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