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Asia-Pacific Leads World in Wealth Growth

High confidence and focus on wealth growth drove greater risk-taking by the region's wealthy says Asia-Pacific Wealth Report 2014

Singapore, Hong Kong, October 21, 2014 – With Japan and China leading the way, the Asia-Pacific region registered world-leading levels of High Net Worth Individual (HNWI)¹ population and wealth growth in 2013, with no signs of slowing down, according to the Asia-Pacific Wealth Report 2014 (APWR), published today by Capgemini and RBC Wealth Management. The region's population of HNWIs grew 17 percent to 4.3 million, while their wealth grew 18 percent to reach US\$14.2 trillion, compared to growth rates of 13 percent and 12 percent respectively in the rest of the world².

"While equity market performance across Asia-Pacific was mixed in 2013, strong economic growth and real estate prices in key markets drove healthy overall wealth growth," said M. George Lewis, Group Head, RBC Wealth Management & RBC Insurance. *"Asia-Pacific is expected to continue to lead global growth and pass North America as the region with the highest HNWI population by the end of 2014 and the greatest HNWI wealth by 2015."*

Japan and China, which hold over two thirds of Asia-Pacific's HNWI population, drove 85 percent of the HNWI population growth in 2013, increasing their number of HNWIs by 22 percent and 18 percent respectively to reach 2.3 million and 758,000. They also saw HNWI wealth increase at the region's highest rates of 24 percent to US\$ 5.5 trillion (for Japan), and 20 percent to US\$ 3.8 trillion (for China).

The report notes that Asia-Pacific's ultra-HNWIs³ grew their wealth at about twice the rate of their peers in the rest of the world, both in 2013 (20 percent vs. 10 percent) and in the five-year period from 2008-2013 (average annual growth rate of 17 percent vs. eight percent).

¹ HNWIs are defined as those having investable assets of US\$1 million or more, excluding primary residence, collectibles, consumables, and consumer durables.

² Rest of the World refers to all countries covered in the Global HNWI Insights Survey 2014 except those in Asia-Pacific.

³ Ultra-HNWIs are defined as those having investable assets of US\$30 million or more, excluding primary residence, collectibles, consumables, and consumer durables

High trust levels and focus on wealth growth drive international investments

According to the report's Global HNW Insights Survey⁴, HNWI in Asia-Pacific (excl. Japan)⁵ have the highest trust and confidence levels globally in all aspects of the wealth management industry: 85 percent expressed high trust in wealth managers, 87 percent in wealth management firms, 78 percent in financial markets, and 80 percent in regulatory institutions. Looking ahead, 88 percent of Asia-Pacific (excl. Japan) HNWI are confident in their ability to generate wealth in the near future.

High trust and confidence levels may have contributed to a greater focus on wealth growth (41 percent) rather than preservation (31 percent) among Asia-Pacific (excl. Japan) HNWI. In seeking growth, they significantly increased foreign investment allocations to 43 percent in early 2014, up from 30 percent a year prior, with Europe attracting the largest share at 15 percent, followed closely by North America at 14 percent. Looking at the make-up of their portfolios overall, real estate remains the preferred asset class of Asia-Pacific (excl. Japan) HNWI (23 percent of portfolios), which differs from a preference for equity investments (27 percent) in the rest of the world.

Region's HNWI have distinct demands and expectations of firms

Asia-Pacific (excl. Japan) HNWI have distinct preferences in how they are served by firms, as they are more inclined to seek professional advice (45 percent, the highest globally) and pay for customized services (37 percent) than HNWI in the rest of the world (36 percent and 30 percent). While HNWI globally share a preference to work with a single wealth management firm, those in Asia-Pacific (excl. Japan) differ in their preference to work with multiple experts (39 percent) versus a single point of contact (26 percent). They also have the highest demand globally for digital interactions, with 82 percent (versus 61 percent for those in the rest of the world) expecting most or all of their wealth management relationship to be run digitally in five years.

Wealth manager performance scores flat, creating opportunities for firms

Despite rising wealth and trust levels and a desire for advice, Asia-Pacific (excl. Japan) HNWI increased their performance scores of wealth managers by only half a percentage point to 68 percent in early 2014, although this compares to a drop by five percentage points to 66 percent in the rest of the world.

"Asia-Pacific offers a ripe environment for firms to establish deeper client relationships and improve performance scores, given the high confidence levels, complex needs, focus on wealth growth, and openness to advice of HNWI in the region," said [Jean Lassignardie](#), Chief Sales and Marketing Officer, Capgemini Global Financial Services. *"Wealth managers and firms will need to evolve their offerings to meet the changing preferences of Asia-Pacific HNWI in how they interact with their firms and advisors, including through the development of digital channels."*

⁴ The Capgemini, RBC Wealth Management, and Scorpio Partnership 2014 Global HNW Insights Survey queried more than 4,500 HNWI across 23 major wealth markets in North America, Latin America, Europe, Asia-Pacific, the Middle East, and Africa, including more than 1,400 in Asia-Pacific across eight major markets of Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, and Singapore.

⁵ As Japanese HNWI have unique investing behaviors and preferences, and because the country accounts for more than 50% of the region's HNWI population, we frequently isolate and make reference to Asia-Pacific excluding Japan when performing regional analysis. Complete findings on Japan as a country are covered extensively in the Asia Pacific Wealth Report.

Asia-Pacific HNWIs most driven globally to create positive social impact

The report reveals that 97 percent of Asia-Pacific (excl. Japan) HNWIs feel it is important to invest their time, money or expertise to make a positive social impact, with 81 percent describing it as very or extremely important (compared to 59 percent of their peers in the rest of the world).

Asia-Pacific (excl. Japan) HNWIs are driven primarily by a feeling of responsibility to give back and are uniquely focused on food security, which ranked as the top priority cause (vs. 12th for those in the rest of the world), with 40 percent currently giving back in this area. Following food security, health (39 percent), education (37 percent), the welfare of children (33 percent), and the welfare of older people (31 percent) rounded out their top five causes. Climate change and the environment is also a high priority, with 30 percent of Asia-Pacific (excl. Japan) HNWIs contributing time or wealth in this area versus 20 percent of HNWIs in other regions.

View the report at www.asiapacificwealthreport.com.

About Capgemini

With almost 140,000 people in over 40 countries, Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services. The Group reported 2013 global revenues of EUR 10.1 billion. Together with its clients, Capgemini creates and delivers business and technology solutions that fit their needs and drive the results they want. A deeply multicultural organization, Capgemini has developed its own way of working, [the Collaborative Business Experience™](#), and draws on [Rightshore®](#), its worldwide delivery model.

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About RBC Wealth Management

[RBC Wealth Management](#) is one of the world's top five largest wealth managers*. RBC Wealth Management directly serves affluent, high-net-worth and ultra-high net worth clients in Canada, the United States, Latin America, Europe, the Middle East, Africa, and Asia with a full suite of banking, investment, trust and other wealth management solutions. The business also provides asset management products and services directly and through RBC and third party distributors to institutional and individual clients, through its RBC Global Asset Management business (which includes BlueBay Asset Management). RBC Wealth Management has more than C\$700 billion of assets under administration, more than C\$442 billion of assets under management and approximately 4,400 financial consultants, advisors, private bankers, and trust officers. For more information, please visit www.rbcwealthmanagement.com

*Scorpio Partnership Global Private Banking KPI Benchmark 2014. In the United States, securities are offered through RBC Wealth Management, a division of RBC Capital Markets, LLC, a wholly owned subsidiary of Royal Bank of Canada. Member NYSE/FINRA/SIPC.

About RBC

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