



RBC Wealth Management

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**Nearly Two Million Individuals Join High Net Worth Ranks
As Wealth Levels Reach Another Record High: World Wealth Report 2014**

Asia-Pacific narrows North America's lead in High Net Worth Population to less than 10,000

Toronto, Paris, June 18, 2014 – Improving economic and equity market performance helped add 1.76 million people to the global High Net Worth Individual (HNWI)¹ population in 2013, while the investable wealth of HNWIs grew by nearly 14 percent to reach a record high of US\$52.62 trillion, according to the [World Wealth Report 2014](#) (WWR) released today by Capgemini and RBC Wealth Management. The report notes that the 15 percent increase in HNWI population in 2013 is the second-largest since 2000, surpassed only by immediate post-crisis catch-up growth of 17 percent in 2009.

North America and Asia-Pacific remained in a close race for the world's largest HNWI market by population in 2013, with growth in Asia-Pacific narrowing North America's lead to less than 10,000 individuals. North America's HNWI population expanded by 16 percent to 4.33 million, while Asia-Pacific's grew by 17 percent to reach 4.32 million. North America maintained its position as the wealthiest region, increasing its HNWI wealth by 17 percent to reach US\$14.88 trillion, though this growth was again outpaced by Asia-Pacific, where HNWI wealth expanded by 18 percent to reach US\$14.20 trillion. Europe's HNWI population grew by 12 percent to reach 3.83 million and its wealth at 14 percent to reach US\$12.39 trillion, both significant increases from the previous two years. Latin America was again an exception to strong global HNWI growth, with increases of only four percent in population and two percent in wealth, due to slow GDP growth and challenged equity markets.

“Overall, 2013 was another strong year for the High Net Worth market, with surging equity markets and improving economies contributing to double digit growth in both population and wealth levels,” said M. George Lewis, Group Head, RBC Wealth Management & RBC Insurance. *“Looking at longer term growth trends, nearly 40 percent of the current level of High Net Worth wealth has been created in the past five years alone.”*

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

HNWIs show increased global investment mindset, ultra-HNWIs shift focus to growth

HNWIs took on a more global mindset with their wealth in early 2014 allocating over one-third (37 percent) of their assets outside of their home region, up from one-quarter (25 percent) the year prior, according to the Global High Net Worth Insights Survey in the WWR,² capturing feedback from more than 4,500 HNWIs. While cash levels remained high at 27 percent, allocations to alternative investments³ increased by three percentage points to represent 13 percent of portfolios. There was a clear shift towards wealth growth among ultra-HNWIs⁴ who reduced their focus on wealth preservation from 45 percent to 28 percent, in favor of growth (31 percent, up from 18 percent).

Confidence in wealth management industry climbs, but firms have more to do to meet HNWI needs

HNWI trust and confidence in the wealth management industry surged, with about three-quarters expressing high levels of trust in wealth managers and firms in early 2014, up from 61 percent the year prior. Confidence in financial markets and regulatory bodies also increased, up to 58 percent from 45 percent, and 56 percent from 40 percent respectively. HNWIs remain optimistic about their future prospects, with 77 percent feeling confident in their ability to generate wealth in the near future.

Despite strong wealth growth and increasing confidence levels, HNWIs gave their wealth managers lower performance ratings than last year, down by four percentage points to 63 percent in early 2014. The most substantial drop in ratings was in North America, at seven percent, but this market continues to maintain the highest performance score of all regions with a 77 percent rating, ahead of Middle East and Africa (69 percent), Asia-Pacific excluding Japan⁵ (68 percent), Latin America (67 percent), Europe (59 percent) and Japan (46 percent).

Looking at how HNWIs want to be served by firms, they prefer to seek professional advice (34 percent versus 21 percent not seeking advice), work with a single firm (41 percent versus 12 percent multiple firms), and receive customized services (29 percent versus 24 percent standardized services). While HNWIs continue to prioritize direct contact with their wealth manager (30 percent), versus digital contact (26 percent), digital is gaining prominence, with almost two-thirds of HNWIs expecting most or all of their wealth management relationship to be run digitally within the next five years.

“Even though we are seeing an encouraging environment of high growth and confidence, declining wealth manager performance scores indicate opportunities still exist for firms to tailor their offerings to better meet client needs,” said [Jean Lassignardie](#), Chief Sales and Marketing Officer, Capgemini Global Financial Services. *“One way to address the evolving demands of current and future clients is to provide digital capabilities that move beyond simply having a digital presence, to offering an integrated and seamless client experience that incorporates digital at all touch points.”*

² Capgemini, RBC Wealth Management, and Scorpio Partnership Global HNWI Insights Survey 2014

³ Alternative investments include: structured products, hedge funds, derivatives, foreign currency, commodities, and private equity

⁴ For survey purposes, we have used the bracket of US\$20 million and above in financial assets as our upper wealth band. The definition of ultra-HNWI remains US\$30 million and above. For analysis purposes, the upper survey band serves as a reliable proxy for ultra-HNWIs.

⁵ Asia-Pacific (excluding Japan) refers to Australia, China, India, Hong Kong, Singapore, Indonesia and Malaysia

HNWIs Seeking to Make a Positive Impact on Society

This year's WWR also highlights that the vast majority (92 percent) of HNWIs feel that investing their time, money or expertise to make a positive social impact is important to them, with 61 percent describing it as very or extremely important. Globally, HNWIs are looking to firms to play a greater role in supporting their social impact objectives.

Future wealth growth expected to accelerate with an additional \$12 trillion generated by 2016

Looking ahead, global HNWI wealth is forecast to reach a new high of US\$64.3 trillion by 2016, representing 22 percent growth from 2013 levels and approximately US\$12 trillion in new wealth. Robust growth is expected in most regions, with Asia-Pacific at the forefront with an anticipated 9.8 percent annual growth rate, positioning the region to be the largest HNWI market by population in 2014 and by wealth by 2015.

The World Wealth Report 2014

The World Wealth Report from Capgemini and RBC Wealth Management is the industry-leading benchmark for tracking high net worth individuals (HNWIs), their wealth, and the global and economic conditions that drive change in the Wealth Management industry. This year's 18th annual edition includes findings from the most in-depth primary research works available on global HNWI perspectives and behavior. Based on responses from over 4,500 High Net Worth Individuals across 23 countries, the Global HNWI Insights Survey explores HNWI confidence levels, asset allocation decisions, perspectives on driving social impact, as well as their wealth management advice and service preferences.

For more information, explore the interactive report website at www.worldwealthreport.com

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Connect with our wealth management experts in the Financial Services section of Capgemini Expert Connect at <http://www.capgemini.com/experts/financial-services>

The World World Wealth Report 2014 and other Capgemini thought leadership is available for your iPad through Capgemini's Financial Services Insights app. Download it through iTunes at <https://itunes.apple.com/us/app/capgeminis-financial-services/id668885174?mt=8>

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About RBC

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*Scorpio Partnership Global Private Banking KPI Benchmark 2013. 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.