

**Merrill Lynch Contacts:**

Mona Kwatra  
[mona.kwatra@baml.com](mailto:mona.kwatra@baml.com)  
+919820210441/022-66328513

**Capgemini Contacts:**

Merrin Netto John  
[merrin.netto-john@capgemini.com](mailto:merrin.netto-john@capgemini.com)  
+9820299325

**ASIA-PACIFIC HNWI WEALTH AND POPULATION NOW SECOND LARGEST IN  
THE WORLD ACCORDING TO SIXTH ANNUAL WEALTH REPORT**

*Asia-Pacific's HNWI Population Exceeds Europe's for the First Time at 3.3 Million*

*India's HNWI Wealth up 22% from 2009*

**Mumbai, October 13, 2011** – Asia-Pacific's population of high net worth individuals (HNWIs<sup>1</sup>) grew 9.7 percent to 3.3 million in 2010, exceeding Europe's for the first time and placing the region as the world's second-biggest market after North America, according to the 2011 Asia-Pacific Wealth Report released today by Merrill Lynch Global Wealth Management and Capgemini. The HNWI's wealth in India grew by 22 percent in the period 2009-10 accounting to US\$582bn, as compared to US\$477bn in 2008-09.

*“India along with China has been the most consistent driver of Asia-Pacific wealth over the last couple of years,”* said **Atul Singh**, Head, Merrill Lynch Wealth Management, India. *“Despite inflation being a concern, a real GDP of 9.1% and a 24.9% increase in market capitalization, is an indicator of the long-term fundamentals of India's economy remaining solid and will help investors withstand volatility ahead.”*

This is the second straight year in which India's HNWI population growth has been

---

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

among the top gainers, fueled by strong macroeconomic growth and by market performance. As per the findings of the report, in 2010, India's HNWI population grew at 20.8 percent, to 153,000 compared with 126,700 in 2009. India was among the eight of the 20 fastest-growing Asia Pacific markets in HNWI population including Hong Kong, Vietnam, Indonesia and Sri Lanka.

Asia-Pacific HWNI wealth, which overtook Europe's in 2009, gained 12.1 percent to US\$10.8 trillion in 2010, compared with Europe's US\$10.2 trillion. With the fastest regional growth rate, the number of Ultra-HNWIs<sup>2</sup> in Asia-Pacific rose 14.9 percent to 23,000, while their wealth jumped 16.8 percent in 2010, beating increases of 10.2 percent and 11.5 percent in global UHNWI population and wealth respectively. Now the world's second-biggest market for HNWI wealth and population, the region's HNWI numbers are also 18.3 percent larger than 2007, prior to the global financial crisis.

### **India Wealth Still Highly Concentrated**

India's population of high net worth individuals (HNWIs) increased their exposure to Equities, Real Estate, Gems & Jewellery in 2010, reflecting regained confidence even as financial crisis subsided.

Indian HNI investment in Equities went up to 36 percent in 2010 from 32 percent in 2009, while real estate moved up marginally to 23 percent in 2010 as compared to 22 percent in 2009. India's HNWIs at 36 percent of their holdings in equities is far higher than the global average at 33 percent.

The passion investment in Gems & Jewellery too went up to 37 percent in 2010 from 33 percent in 2009. The Indian HNWI's exposure to Fixed Income, Alternative Investments and Cash/Deposits is more or less at the same level ranging from 26 percent in 2010 from 25 percent in 2009, 6 percent in 2010 from 8 percent in 2009 and 9 percent in 2010 from 13 percent in 2009, respectively.

---

<sup>2</sup> Ultra-HNWIs are defined as those having investable assets of US\$30 million or more, excluding primary residence, collectibles, consumables, and consumer durables

## **Asia-Pacific HNWI Wealth and Population Still Highly Concentrated**

The top three countries—Japan, China and Australia— accounted for 74.4 percent of the Asia-Pacific HNWI population and 68.2 percent for wealth in 2010. Japan and China together were home to 68.6 percent of HNWI in the region and 62.8 percent of regional HNWI wealth, down from 70.4 percent and 64.7 percent respectively a year before.

Japan is by far the single largest HNWI market in Asia-Pacific and it accounted for 52.5 percent of the Asia-Pacific HNWI population and 38.2 percent of its wealth at the end of 2010. At the same time, growth in Japan was less than in other markets due to the slowdown in Japan's macroeconomic growth and the relatively weak performance of its stock markets. China remained the second-largest HNWI base in the region, and fourth-largest in the world, with 535,000 HNWIs, up 12.0 percent from the previous year.

Australia and India posted robust growth in 2010 as well, with both rising through the world's top 12 markets for HNWI population. Australia progressed one place to number nine while India became the world's twelfth largest in 2010, entering the top 12 for the first time.

*“Asia-Pacific remains a region of enormous wealth creation, spearheaded by China, India and Japan, which continues to outpace global levels,”* said **Pradeep Dokania**, Chairman, Merrill Lynch Wealth Management India. *“The increasing sophistication and demands of Asia-Pacific HNWIs mean that those wealth management firms that can leverage across their businesses are best-placed to better serve their clients' needs.”*

## **Outlook for Asia-Pacific HNWIs**

Asia-Pacific excluding Japan is expected to remain the engine of global economic growth in 2011 and 2012, but increasing capacity constraints are likely to slow the rate of expansion, keeping GDP growth to an estimated 6.9 percent in 2011 and 6.8 percent in 2012. While the region will continue to be the engine of global growth through 2012 at least, the actions Asia-Pacific governments take to restrain inflation, control foreign-capital inflows and deflate potential asset bubbles will certainly affect the pace of that expansion.

## **Asia-Pacific HNWIs Continued to Favor Equities and Real Estate in 2010**

Similar to 2009, HNWIs in Asia-Pacific were heavily invested in real estate and equities. They ended 2010 with 27 percent of their assets held in real estate. While this was little changed from 2009's 26 percent, it is far above the global average of 19 percent as many Asia-Pacific HNWIs have long favored real estate. In India, HNWIs allocated 23 percent of their assets to real estate marginally high from 22% in 2009.

Equities accounted for 26 percent of their investments in 2010, from 27 percent in 2009. Although in 2012 equities is likely to be the most preferred asset class by HNWIs from India, the allocation to equities is expected to decrease marginally from 36 percent in 2010 to 35 percent in 2012.

Looking forward, Asia-Pacific HNWIs are likely to increase their exposure to equities and fixed-income holdings, while cutting the amount held in cash/deposits by 2012. They are also expected to reduce their relative holdings of real estate to 20 percent next year amid concerns that property prices in many Asia-Pacific markets are due for a major correction after the past few years' gains.

## **Wealth Management Firms Need to Offer Capabilities from Other Business Units to Better Serve Asia-Pacific HNWIs**

As the majority of Asia-Pacific HNWIs source their wealth from business ownership, wealth management firms that can generate enterprise value – the ability to leverage capabilities from across different business units - will be able to serve their clients better. More HNWIs in Asia-Pacific than in other regions believe it is important for wealth management firms to create enterprise value, such as leveraging the corporate and investment banking resources, as their businesses progress through different stages.

The ability of wealth management firms to provide enterprise value is especially pertinent for Asia-Pacific's Ultra-HNWIs because of the large scope of their wealth and investments which span regions as well as asset classes. In addition, entrepreneurs will likely require investment banking services as well as wealth management services.

*“Within Asia-Pacific, the importance of Enterprise Value is perceived to be one of the highest in India”* said **Salil Parekh**, CEO, Applications Services, US, UK, Asia - Capgemini *“Implementing such approach in Asia-Pacific will require a well defined market strategy to capture market-specific opportunities, especially in fast-growing emerging markets, like India. Among the key components will be firm-wide accountability, appropriate incentives, and integrated IT. Most importantly, firms will need to hone their strategy for each market, and not impose arbitrary standards from highly developed markets.”*

### **Wealth Management Firms Need to Offer Capabilities from Other Business Units to Better Serve Asia-Pacific HNWIs**

As the majority of Asia-Pacific HNWIs source their wealth from business ownership, wealth management firms that can generate enterprise value – the ability to leverage capabilities from across different business units - will be able to serve their clients better. More HNWIs in Asia-Pacific than in other regions believe it is important for wealth management firms to create enterprise value, such as leveraging the corporate and investment banking resources, as their businesses progress through different stages.

The ability of wealth management firms to provide enterprise value is especially pertinent for Asia-Pacific’s Ultra-HNWIs because of the large scope of their wealth and investments which span regions as well as asset classes. In addition, entrepreneurs will likely require investment banking services as well as wealth management services.

### **About Merrill Lynch Global Wealth Management**

Merrill Lynch Global Wealth Management is a leading provider of comprehensive wealth management and investment services for individuals and businesses globally. With more than 16,200 Financial Advisors and more than \$1.5 trillion in client balances as of June 30, 2011, it is among the largest businesses of its kind in the world. More than two-thirds of Merrill Lynch Global Wealth Management relationships are with clients who have a net worth of \$1 million or more. Within Merrill Lynch Global Wealth Management, the Private Banking & Investment Group provides tailored solutions to ultra affluent clients, offering both the intimacy of a boutique and the resources of a premier global financial services company. These clients are served by more than 160 Private Wealth Advisor teams, along with experts in areas such as investment management, concentrated stock management and intergenerational wealth transfer strategies. Merrill Lynch Global Wealth Management is part of Bank of America Corporation.

*Source: Bank of America. Merrill Lynch Global Wealth Management (MLGWM) represents multiple business areas within Bank of America's wealth and investment management division including Merrill Lynch Wealth Management (North America and International), Merrill Lynch Trust Company, and Private Banking & Investment Group. As of June 30, 2011, MLGWM entities had approximately \$1.5 trillion in client balances. Client Balances consists of the following assets of clients held in their MLGWM accounts: assets under management (AUM) of MLGWM entities, client brokerage assets, assets in custody of MLGWM entities, loan balances and deposits of MLGWM clients held at Bank of America, N.A. and affiliated banks.*

## **About Capgemini**

With around 115,000 people in 40 countries, Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services. The Group reported 2010 global revenues of EUR 8.7 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.

Learn more about us at [www.capgemini.com](http://www.capgemini.com).

Capgemini's Financial Services unit brings deep industry experience, innovative service offerings and next generation global delivery to serve the financial services industry. With a network of 17,000 professionals serving over 900 clients worldwide, Capgemini collaborates with leading banks, insurers and capital market companies to deliver business and IT solutions and thought leadership which create tangible value.

More information is available at: [www.capgemini.com/financialservices](http://www.capgemini.com/financialservices)

*Rightshore® is a trademark belonging to Capgemini*

*Note to Editors/Reporters:* For more information or to download the 2011 Asia-Pacific Wealth Report, please visit [www.capgemini.com/worldwealthreport](http://www.capgemini.com/worldwealthreport).

*Disclaimer:* Please refer to the disclaimer in the 2011 Asia Pacific World Wealth Report which forms a part of this press release

# # #