



RBC Wealth Management

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Global Population of High Net Worth Individuals and their Wealth Hit New Highs

North America and Asia-Pacific led the way in 2014, with European growth expected to accelerate in next few years, finds World Wealth Report 2015

Toronto, Paris, June 17, 2015 – Strong economic and equity market performance helped create nearly a million (920,000) new millionaires globally in 2014, as High Net Worth Individuals (HNWIs¹) grew in both number and wealth to 14.6 million and US\$56.4 trillion, respectively. This reflects an increase of about seven percent, roughly half the growth rate of the previous year, according to the World Wealth Report 2015 (WWR) released today by [Capgemini](#) and [RBC Wealth Management](#). The report found that while the vast majority of the HNWI population and wealth is relatively evenly distributed between North America, Europe and Asia-Pacific, the Asia-Pacific region grew at the fastest rate and is now home to more HNWIs than any other region.

While North America continues to rank first overall for HNWI wealth at US\$16.2 trillion vs. Asia-Pacific's US\$15.8 trillion and Europe's US\$13.0 trillion, Asia-Pacific's wealth growth (11 percent vs. North America's nine percent and Europe's 4.6 per cent) is expected to continue. In fact, Asia-Pacific is expected to take top spot for HNWI wealth before the end of 2015.

Asia-Pacific also expanded its HNWI population at the fastest rate globally (nine percent), pushing it past North America as the region with the most HNWIs at 4.69 million. North America's HNWIs grew to 4.68 million (eight percent growth) and Europe's grew to 4.0 million (up four percent).

"2014 was the sixth consecutive year of growth for the High Net Worth market, with robust equity returns and economic performance enabling wealth to grow by about seven percent, following double digit growth the year prior," said George Lewis, Group Head, RBC Wealth Management & RBC Insurance. *"Asia-Pacific led the*

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

growth in wealth this year and just edged out North America as the new leader in High Net Worth population. Looking ahead to the next few years, we expect Europe to be a large driver of HNWI wealth as the region recovers economically.”

From a country-level perspective, China and the U.S. drove more than half (52 percent) of global HNWI population growth. India led the world in growth for both HNWI population (26 percent) and wealth (28 percent) due to strong equity market performance and the reduced cost of its substantial oil imports. China followed, with population and wealth growth rates of 17 percent and 19 percent, respectively, driven by GDP growth, increased exports and moderate equity market performance.

Strong growth in Asia-Pacific and North America contrasted with negative growth in Latin America – the only region with a decline in HNWI population (-2 percent) and wealth (-0.5 percent) in 2014, largely due to falling commodity prices and a resulting decline in equity markets. In Europe HNWI population and wealth grew by roughly four percent due to weak economic performance and falling equity markets in most countries.

Equities and cash dominate HNWI portfolios; use of credit also high

Equities overtook cash as the preferred asset class of HNWIs in 2014, representing 27 percent of portfolios, according to the Global High Net Worth Insights Survey² in the WWR.

“Approximately five years into a steady rise in global stock markets, equities have overtaken cash as the dominant asset class in HNWI portfolios,” said Andrew Lees, Global Sales Officer, Capgemini Global Financial Services. *“Increased exposure to equities indicates a slowly expanding appetite for risk as High Net Worth Individuals show comfort in equities taking up a larger portion of portfolios, as asset values rise.”*

HNWIs continue to hold more than one-quarter (26 percent) of their wealth in cash, doing so primarily to maintain their lifestyle (36 percent) or for security in case of market volatility (31 percent). The balance of portfolios was allocated to real estate (20 percent), fixed income (16 percent) and alternative investments (10 percent).

The WWR also found that the use of credit in HNWI portfolios is widespread, with 18 percent of assets being financed through borrowed money, with higher levels evident amongst women (19 percent), those in higher wealth bands (US\$20 million+: 22 percent), and those under 40 (27 percent). Credit is used largely as leverage for investments (40 percent), followed by real estate (22 percent).

HNWIs seek to make a positive impact on society

As shown in the World Wealth Report 2014, HNWIs continue to have an interest in investing their wealth, expertise and/or time to drive a positive social impact, with 92 percent viewing it as important to do so. This year’s report notes that HNWIs turn primarily to wealth managers (30%), family (27%) and friends (22%) for advice on social impact opportunities and approaches. It also shows that of those HNWIs currently receiving

² The Capgemini and RBC Wealth Management Global HNW Insights Survey 2015 is the largest and most in-depth survey of high net worth individuals ever conducted, surveying more than 5,000 HNWIs across 23 major wealth markets in North America, Latin America, Europe, Asia-Pacific, the Middle East, and Africa and was conducted in January and February 2015.

social impact support from their wealth managers and firms, more than half (54%) want even more help in setting clear social impact goals, determining which investments will affect the most change, structuring their investments, and measuring the impact of their social efforts.

Global HNWI wealth forecast to top \$70 trillion by 2017

Looking ahead, global HNWI wealth is projected to grow by almost eight percent annually from the end of 2014 through to 2017, to reach US \$70.5 trillion, led by Asia-Pacific at an anticipated growth rate of 10.3 percent. In a shift from recent years, Europe is expected to act as a more prominent engine of HNWI wealth expansion at 8.4 percent annually, as a result of improved optimism for a more substantial recovery throughout the region, while the wealth of HNWIs in North America is anticipated to grow by a more modest seven percent.

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 19th annual edition includes findings from the most in-depth primary research works available on global HNWI perspectives and behavior. Based on responses from over 5,100 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. The inaugural 2015 Capgemini Wealth Manager Survey also queried more than 800 wealth managers across 15 major wealth markets to assess the evolving role of wealth managers.

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

About Capgemini

With more than 145,000 people in over 40 countries, Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services. The Group reported 2014 global revenues of EUR 10.573 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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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 Wealth Report 2015 and other Capgemini thought leadership is available for your iPad through Capgemini's Financial Services Insights app. Download it through iTunes [here](#).

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 globally with a full suite of banking, investment, trust and other wealth management solutions, from our key operational hubs in Canada, the United States, the British Isles, and Asia. 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\$747 billion of assets under administration, more than C\$481 billion of assets under management and approximately 4,100 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

Royal Bank of Canada is Canada's largest bank, and one of the largest banks in the world, based on market capitalization. We are one of North America's leading diversified financial services companies, and provide personal and commercial banking, wealth management, insurance, investor services and capital markets products and services on a global basis. We employ approximately 78,000 full- and part-time employees who serve more than 16 million personal, business, public sector and institutional clients through offices in Canada, the U.S. and 39 other countries. For more information, please visit rbc.com.

RBC supports a broad range of community initiatives through donations, sponsorships and employee volunteer activities. In 2014, we contributed more than \$111 million to causes worldwide, including donations and community investments of more than \$76 million and \$35 million in sponsorships.