

Asia's Wealthy forecast 15 percent increase in personal wealth

(17 June 2013 – Asia) High Net Worth Individuals (HNWIs) in Asia are optimistic about the year ahead and are forecasting a mean 15 percent increase in their personal wealth in the next 12 months, according to the current release from East & Partners' Asian Wealth Management Index.

East interviewed a structured sample of 949 "C" suite, financial services executives across ten Asian markets in May, seeking views on how this deep sample of HNW retail investors – with median investable wealth of US\$4.22 million beyond the main family home – is currently investing and how they will invest in the next year.

East's Asian Wealth Management Index contains details on investor sentiment, their service providers and also their asset allocations, which reveal a significant relative shift towards international equities and alternative asset classes and a continuing focus on property as a core asset class.

The Index shows that the allocation to international equities will move from 17.7 percent over the next year to forecast of 20.9 percent while the allocation to alternative asset classes – such as private equity and infrastructure – will increase from 8.0 percent to 11.4 percent.

The allocation to domestic equities is forecast to fall from 23.6 percent to 21.1 percent, while the allocation to property will decline from 36.8 percent to 40.4 percent, but still remain the single largest allocation.

Asked to rate their level of optimism on the investment climate for the year ahead on a scale of 1 to 5, with one being highly optimistic and 5 not optimistic at all, 71 percent rated their sentiment at either a 1 or a 2.

The Index also shows a marked drift towards private banks as preferred wealth managers, with the percentage of HNWIs using private banks forecast to increase from 10 percent to 15 percent in the next year.

At the same time, the percentage using their business bank to manage their wealth is forecast to fall from 16 percent to 14 percent, while the percentage of those self managing their wealth will fall from 70 percent to 65 percent.

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Lachlan Colquhoun, Head of Markets Analysis at East & Partners, said the new Index delivered new insights into the Asian HNW market.

“This most recent round of quarterly research gives us an invaluable benchmark monitoring for future rounds of the Index,” said Colquhoun.

“Already, we can see that Asian HNWIs are optimistic in sentiment, but looking to tweak their investment allocations towards international equities and alternatives.

“The other major takeout is the movement towards private banks as preferred wealth managers. Clearly the majority of these HNWIs currently prefer to self-manage their wealth, but the private banking industry should be encouraged by the growth the Index is forecasting after several years of pitching value propositions around external, informed advice based management.”

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