WEALTH-X

APPLIED WEALTH INTELLIGENCE

WORLD ULTRA WEALTH REPORT 2017

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EXECUTIVE SUMMARY

A RISE IN THE GLOBAL ULTRA WEALTHY POPULATION AND ITS TOTAL WEALTH. In 2016, the world's ultra high net worth (UHNW) population – individuals with $30m or more in net worth – grew by 3.5% to 226,450 individuals, a partial recovery from a sharp fall a year earlier. Their combined wealth also increased in 2016, expanding by 1.5% to $27trn. The average net worth of the ultra wealthy declined for the first time since 2013.

NORTH AMERICA AND ASIA THE GROWTH FRONT-RUNNERS AS LATIN AMERICA FALTERS. There were sharp regional fluctuations in dollar-denominated wealth creation, with North America (+5.1%) and Asia (+3.5%) recording the only significant rises in wealth in 2016. The picture was subdued in Europe, with the ultra wealthy population and its total wealth edging slightly lower, while fortunes remained largely unchanged in the Middle East. Latin America and the Caribbean registered a significant fall and Africa also posted a decline.

DIVERGING PERFORMANCE ACROSS THE WORLD'S MAJOR ECONOMIES. Currency movements were a key driver of UHNW wealth trends in 2016, contributing to solid gains in the US, Japan, India and Indonesia, but generating substantial losses in the UK, Russia, Mexico and Brazil. Buoyed by a stronger dollar, rising equity markets and a robust tech sector, the US consolidated its dominant position as the world's leading UHNW country.

THE NEW YORK METROPOLITAN AREA BOLSTERED ITS POSITION AS THE WORLD'S LARGEST UHNW CITY. Two other global financial hubs, Hong Kong and Tokyo, maintained their top-three city status. London remains the largest UHNW city in Europe, but its lead over Paris narrowed sharply. Though China has the world's third-largest ultra wealthy population, Shanghai came in joint 29th, emphasising the point that robust wealth creation is occurring not just within its top-tier cities.

LIQUID ASSETS ACCOUNT FOR THE LARGEST SHARE OF HOLDINGS. The stock of liquid assets (primarily cash) owned by the ultra wealthy stood at $9.6trn in 2016, accounting for the largest share (35.4%) of UHNW holdings. Abundant liquidity also reflects a continuing 'search for yield' and underlines the enormous spending potential of the world's ultra wealthy.

OPPORTUNITIES AND CHALLENGES FOR THE INDUSTRIES THAT CATER TO AND TARGET THE ULTRA WEALTHY. Rapid advances in technology, growing demand for 'experiential' luxury, the movement towards increasing global transparency and rising philanthropic engagement have implications for the wealth management, luxury goods and not-for-profit sectors in the years ahead.

SOLID GROWTH EXPECTED ACROSS THE ULTRA WEALTHY SECTOR. Despite the heightened geopolitical instability, the global ultra wealthy population is forecast to rise to 299,000 people by 2021, an increase of 72,550 compared with 2016 levels. UHNW wealth is projected to rise to $35.7trn, which implies an additional $8.7trn of newly created wealth over the next five years. The trend towards a more balanced global distribution of ultra wealth across the different regions will continue.

INTRODUCTION

The Wealth-X *World Ultra Wealth Report 2017* analyses the state of the world's ultra high net worth (UHNW) population, an exclusive group of wealthy individuals located across the globe, each with $30m or more in net worth. This report offers a detailed insight into developments across the ultra wealthy population in 2016. It considers political and market moves, regional trends and the distribution of wealth, and profiles the ultra wealthy population in terms of their asset holdings, source of wealth, industry focus, education and hobbies. We also draw on our extensive knowledge base to rank the leading countries and cities of the world in terms of their ultra wealthy populations.

The report also looks to the future, presenting our outlook for the ultra wealthy population and its combined net worth to 2021, alongside an analysis of the geopolitical risks, economic prospects and structural factors that underpin this forecast. We examine major trends among the ultra wealthy – advances in technology, rising demand for 'experiential' luxury, the move towards global transparency and a rise in philanthropy – and consider some of the implications for the wealth management, luxury goods and not-for-profit sectors.

As in our recent *Billionaire Census 2017*, we also investigate the characteristics of four archetypal ultra wealthy groups: individuals from 'emerging Asia' (Asia excluding Japan, Singapore and Hong Kong); those who graduated from an Ivy League university in the US; millennials (those born between 1980 and 1995) and the female ultra wealthy population. This deep drill reveals some contrasting trends across age, gender and geography, while also highlighting the different channels – new and established – of ultra wealth creation.

At a time of political and economic change, the Wealth-X *World Ultra Wealth Report 2017* offers a unique and market-leading insight into this group of individuals, the changing landscape of the ultra wealthy and the key issues that are likely to influence wealth creation in the years ahead.

AN UPDATE TO THE WAY IN WHICH WE SIZE AND FORECAST THE ULTRA WEALTHY POPULATION AND ITS WEALTH

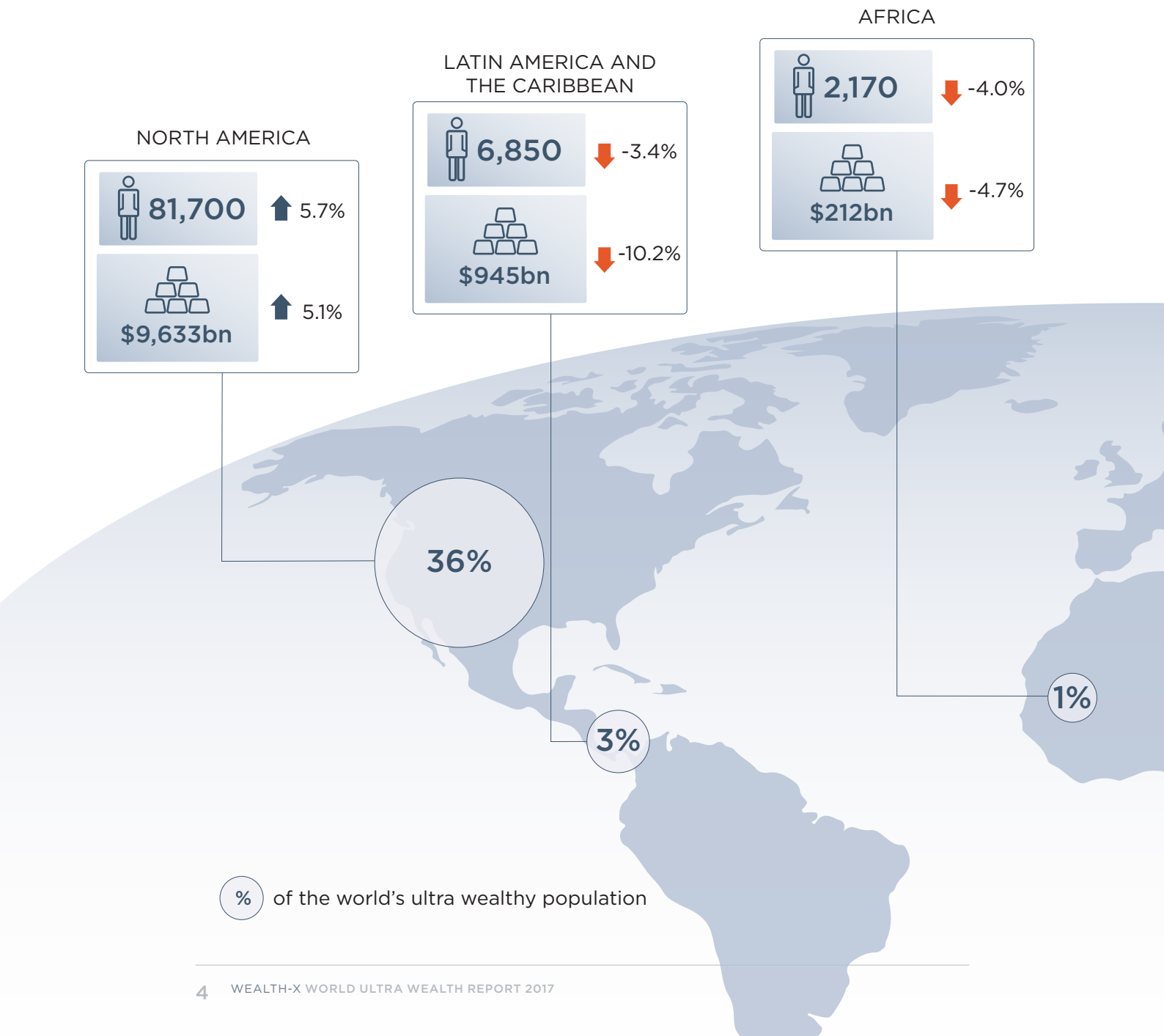
In order to estimate the size and wealth of the ultra wealthy population, and to rank the top countries and cities, this report uses our newly updated proprietary Wealth and Investable Assets Model. This model produces statistically significant estimates for total private wealth and estimates the size of the population by level of wealth and investable assets for the world and each of the top 70 economies, which account for 97% of world GDP.

Due to a lack of wealth distribution data, most wealth models estimate wealth distribution patterns using income distribution data. However, Wealth-X's proprietary database of more than 100,000 dossiers on ultra high net worth individuals across the globe, as well as further dossiers on individuals lower down the wealth pyramid, allows us to construct wealth distribution patterns using real – rather than implied – wealth distributions, making the model more reliable.

To profile the ultra wealthy population in greater depth, we continue to use our unique and proprietary Wealth-X Ultra High Net Worth Database, the world's most extensive collection of curated research and intelligence on ultra wealthy individuals.

For further information, please see the Methodology section.

GLOBAL MAP OF THE ULTRA WEALTHY



2016
Ultra wealthy population and total wealth

3.5% % Change in population from 2015

226,450
Number of ultra wealthy individuals

1.5% % Change in wealth from 2015

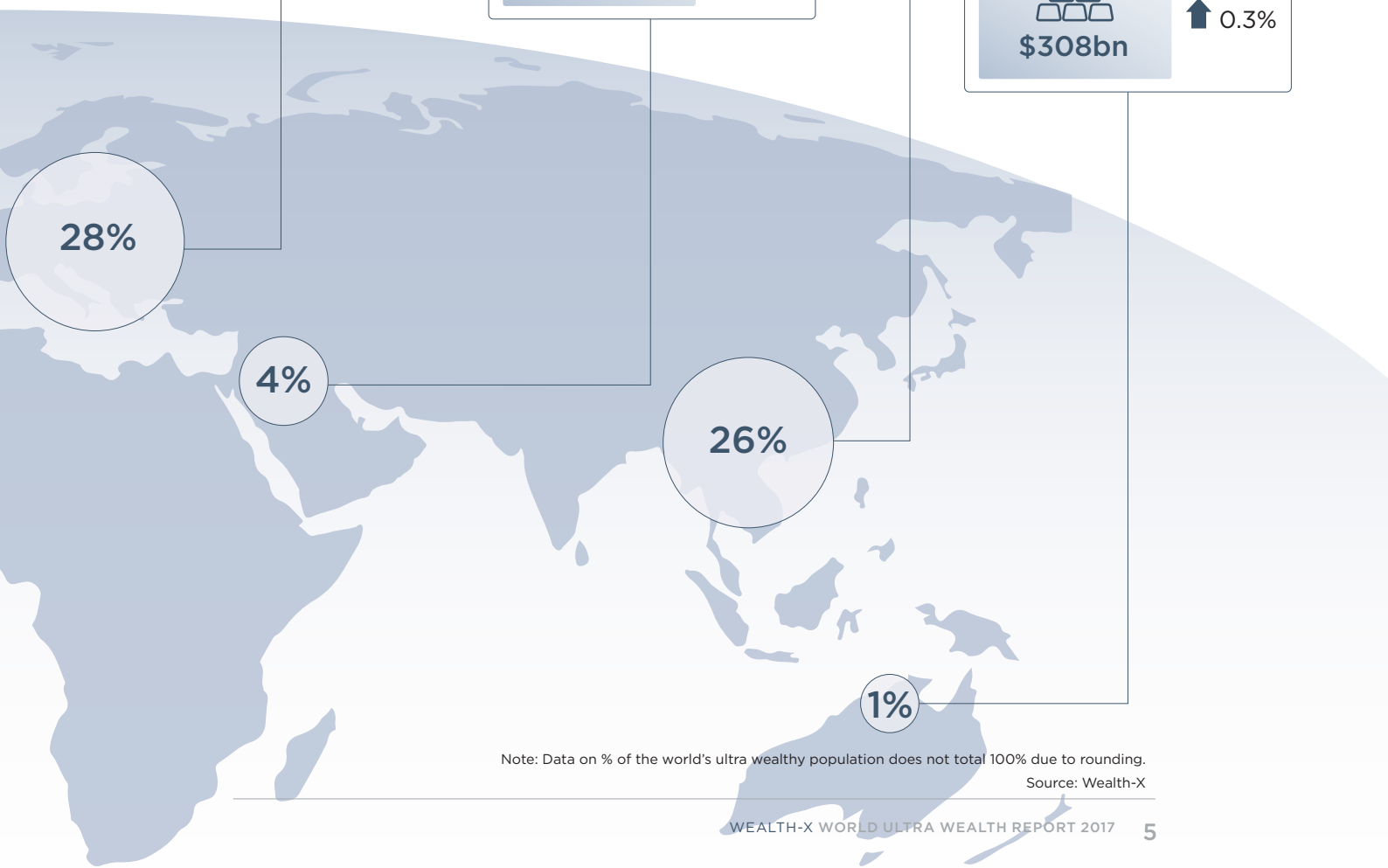
$27,035
Total wealth ($bn)

EUROPE
64,370 -0.2%
$7,724bn -2.4%

MIDDLE EAST
8,380 -0.1%
$1,440bn 0.1%

ASIA
59,850 6.6%
$6,773bn 3.5%

PACIFIC
3,130 3.0%
$308bn 0.3%



Note: Data on % of the world's ultra wealthy population does not total 100% due to rounding.
Source: Wealth-X

THE ULTRA WEALTHY IN 2016

HOPES AND FEARS

In a year of political shocks and economic uncertainty, the world's ultra wealthy population, comprising people each with a net worth above $30m, grew by 3.5% to 226,450 individuals, a partial rebound from a sharp fall of 7.1% a year earlier. The combined wealth of this exclusive group – which comprises just 0.003% of the global adult population – also increased in 2016, albeit by a modest 1.5% to $27trn. As a result, the average net worth of the ultra wealthy declined slightly for the first time since 2013.

IN 2016, THE WORLD'S ULTRA WEALTHY POPULATION GREW BY 3.5% TO 226,450 INDIVIDUALS, A PARTIAL REBOUND FROM A SHARP FALL OF 7.1% A YEAR EARLIER.

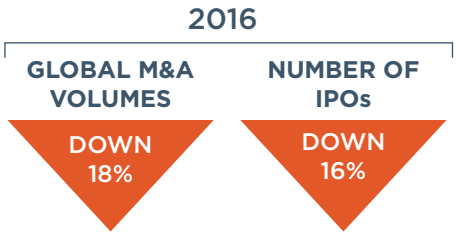
Mirroring the volatile global backdrop, there were marked regional fluctuations in the ultra wealthy population and in total net worth. Among the seven main regions, four – North America, Asia, the Middle East and Pacific – recorded an increase in wealth, although the Middle East and Pacific registered only very slightly positive increases. North America and Asia registered the strongest growth in the number of ultra wealthy individuals. In contrast, 2016 was a terrible year for Latin America and the Caribbean, which suffered double-digit falls in its ultra wealthy collective wealth, although the decline in the population was less severe. Elsewhere, the picture was subdued, with the ultra wealthy population and its wealth edging lower in Europe and Africa.

One notable development in 2016 was the diverging wealth patterns in many of the world's major economies. Whereas the US, Japan, India and Indonesia all generated substantial additional wealth, sizeable losses were recorded in the UK, Russia, Mexico and Brazil. Currency movements were a key driver of these contrasting fortunes – an indication of heightened market instability throughout the year – although other broader trends in global markets and country-specific events were also at play.

SIGNS OF THE TIMES

Political risk was the defining feature of 2016, contributing to an underlying sense of business and investor caution, while also triggering volatile shifts in market sentiment. Donald Trump's presidential victory in the US and the unexpected Brexit vote in the UK revealed a previously untapped populist agenda and set out an uncharted policy course for two of the world's largest economies and financial-services markets. Uncertainty was compounded by escalating tensions across the Middle East, an attempted coup in Turkey, a constitutional referendum defeat in Italy, anti-immigrant friction across the EU, a populist surge in the Philippines and a presidential impeachment in Brazil.

The upshot of all this was a roller-coaster ride in the economic and financial markets. The broad picture was one of subdued global growth and investor activity over the first nine months of 2016, followed by a synchronised upturn in output and a 'Trump reflation' boost to financial markets late in the year, leaving most major exchanges reporting year-end growth. On an annual basis, global real gross domestic product (GDP) in 2016 rose at its weakest pace for seven years, constraining international trade flows and commodity prices.



Global mergers and acquisitions (M&A) activity followed a similar trend, gaining momentum only late in the year to deliver a series of major deals, capped by AT&T's $107.9bn bid for Time Warner, the seventh largest M&A transaction on record. Over 2016 as a whole, M&A volumes were down 18% from the record-high level of the previous year. Revenue was just 2% lower,[1] however, indicating the significant proportion of mega-deals. The technology sector led the way for a second successive year. In general, corporates around the world adopted a fairly cautious stance on new fundraising, with the number of initial public offerings (IPOs) down by 16% over the year (following a fairly subdued performance in 2015) and the amount of capital raised declining by a third.[2] Asia-Pacific was the dominant region, accounting for more than half of global IPO activity both in terms of volume and proceeds raised.

1 Dealogic, *Global M&A Review: Full Year 2016*
2 EY, *Global IPO Trends 2016 4Q*

DOLLAR STRENGTH

The US dollar was a major factor in the fluctuating regional fortunes of the global ultra wealthy population in 2016. Having strengthened over recent years, the currency appreciated to a 13-year high (in trade-weighted terms) immediately after the US presidential election in November, delivering an across-the-board boost to domestic financial markets. The S&P 500 composite equity index ended the year up 10%, with the financial-sector index 20% higher, underpinned by a steadily expanding US economy.

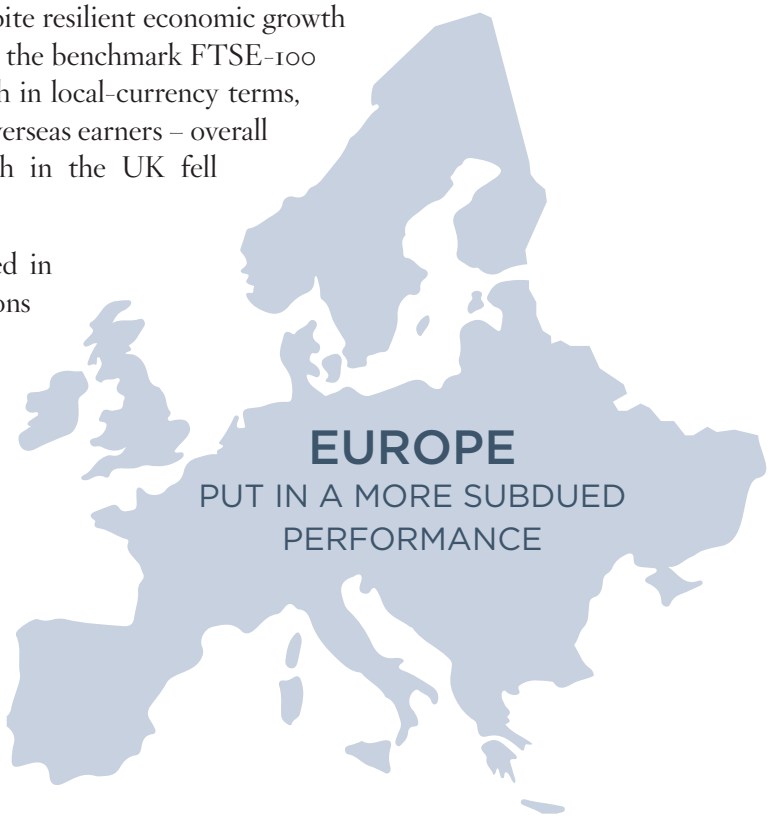
Lifted by this favourable backdrop, **NORTH AMERICA** recorded the strongest growth in ultra wealth in 2016, posting a 5.1% increase and consolidating its position as the world's dominant UHNW region with a 35.6% share of global wealth. The rise in net worth was accompanied by a robust expansion of the region's ultra wealthy population, which advanced to a record high of 81,700 individuals. This was a US-driven story, with Canada seeing a decline in the number of ultra wealthy individuals and their combined wealth, hampered by a weaker Canadian dollar and the still subdued trend in global oil prices.

THE US DOLLAR WAS A MAJOR DETERMINANT IN THE FLUCTUATING REGIONAL FORTUNES OF THE ULTRA WEALTHY.

ASIA was the only other region to register a significant increase in UHNW wealth, which rose by 3.5% on the back of solid gains in Japan and India and a more moderate gain in China. The region recorded the fastest growth in its ultra wealthy population, with a 6.6% expansion just outpacing the 5.7% rise in North America. Asia's market share of the global ultra wealthy population has been increasing steadily and accounted for over 26% in 2016, up from just above 18% a decade earlier. Resilient economic growth and supportive currency movements were the main drivers of wealth gains across the region in 2016. Investor fears of a major slowdown in China were largely unfounded, while ongoing reforms in India continued to support robust economic activity, despite the disruption of a banknote demonetisation in November. Japan recorded the largest rise in UHNW wealth of all the Asian countries, boosted by the strength of the safe-haven Japanese yen, which even appreciated against the dollar. There was a positive overall equity performance in the region (in dollar terms) but this disguised quite sharp local-currency falls in China's benchmark Shanghai Stock Exchange and Japan's Nikkei Index.

BREXIT WEAKNESS

In contrast to North America and Asia, ultra wealth trends were more subdued in **EUROPE**, the other dominant UHNW region. The number of ultra wealthy individuals decreased marginally by 0.2%, while the combined wealth of the region declined by 2.4%, dragged down by sharp falls in the UK and Russia. The most immediate impact of the mid-year Brexit vote in the UK was a slump in the value of sterling, which fell to a 31-year low against the US dollar before recovering a little ground later. Despite resilient economic growth and a positive equity performance – the benchmark FTSE-100 Index ended 2016 at an all-time high in local-currency terms, boosted by mining companies and overseas earners – overall dollar-denominated UHNW wealth in the UK fell by 14.2%.



A sizeable decline was also recorded in Russia, amid ongoing trade sanctions and the continued fallout from the earlier slump in commodity prices. Ultra wealth levels in other major countries in the region, such as Germany and France, remained largely stable in 2016, if in slightly negative territory. While economic growth in the region showed signs of modest improvement, financial-market activity was muted. Even with a fourth-quarter rally, the annual level of capital raised in IPO activity in Europe slumped by almost 50% compared with 2015, while M&A volumes in the region fell by 13% to a three-year low.

LATIN AMERICA AND THE CARIBBEAN was the hardest-hit region, experiencing a 3.4% fall in its ultra wealthy population and a 10.2% slump in combined wealth. The region's two largest economies, Brazil and Mexico, continued to underperform, while assets denominated in local currencies fell sharply in value in late 2016 against a strengthening US dollar. Investor unease was also heightened by political instability in Brazil following the presidential impeachment and removal from office of Dilma Rousseff in August.

MAJOR WEALTH DRIVERS IN 2016

Region	GDP	Equities	Local currency against the US dollar
World	↑	↑	↓
Africa	↑	↑	↓
Asia	—	↑	↓
Europe	—	—	↓
Latin America and the Caribbean	↓	↑	↓
Middle East	—	↑	↓
North America	↑	↑	—
Pacific	↑	↑	↓

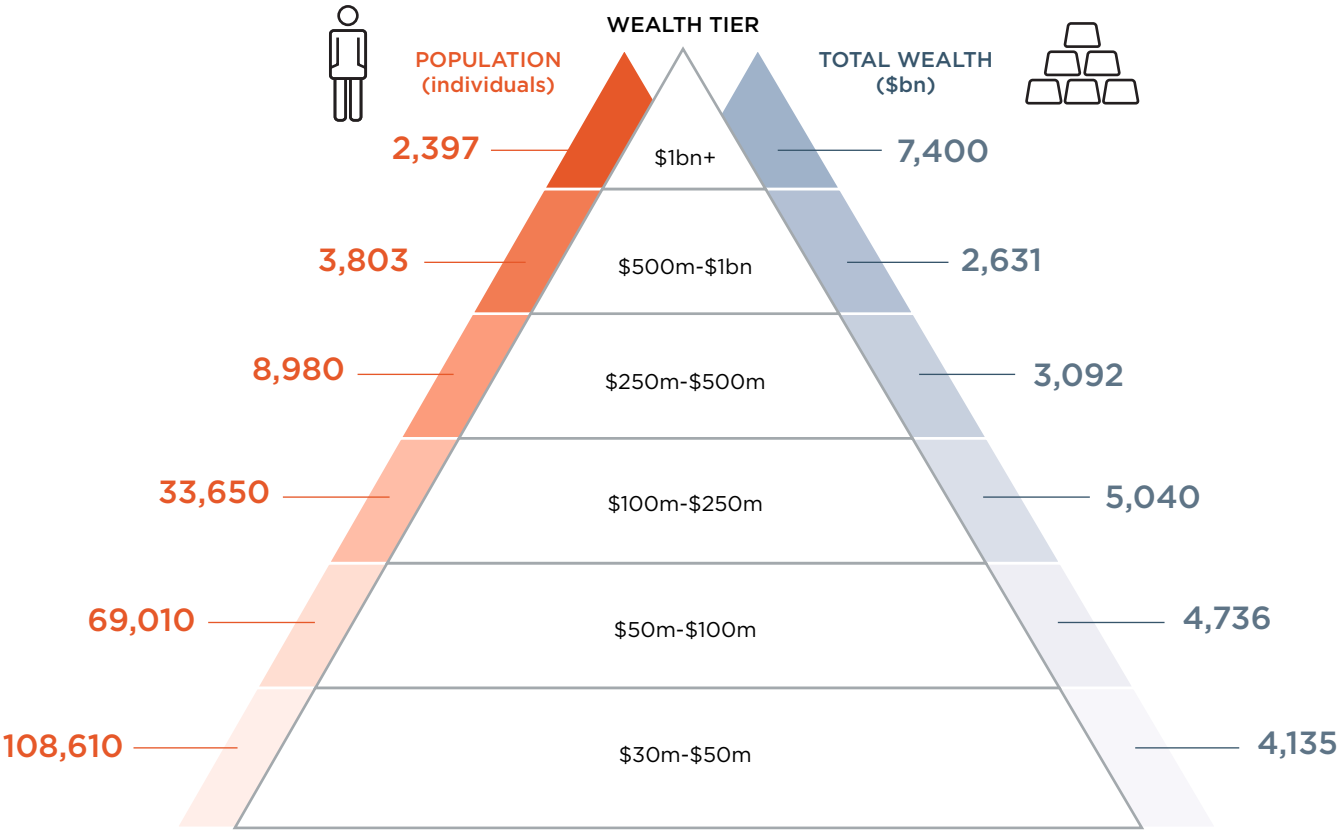
Note: GDP represents the sum of each country's GDP in current $ prices within each region and equities the sum of stock-market values in $. Currency movements were aggregated based on each country's proportion of GDP within its region.
Sources: Wealth-X; International Monetary Fund; World Bank; national stock-market exchanges.

With growth in equity markets and economic activity subdued, and parts of the region beset by social unrest and war, the **MIDDLE EAST** recorded a flat performance in UHNW wealth and population size in 2016, although this was a major improvement on the slump of 2015. We have highlighted in previous reports the diversified asset portfolios of the region's ultra wealthy individuals, but the wealthiest countries in the region – Saudi Arabia, the United Arab Emirates and Kuwait – nevertheless continued to struggle with the underlying weakness of oil prices, despite a gradual recovery in global commodity markets over the course of 2016.

In the **PACIFIC** region, which primarily reflects developments in Australia, ultra wealth was broadly flat, rising by just 0.3%, while its population rose by 3%. Modest support from a relatively stable currency, an improved equity performance and still rising real estate prices helped to offset the country's significant asset exposure to subdued commodity markets. **AFRICA** recorded a 4% drop in its ultra wealthy population in 2016, led by a substantial fall in Nigeria. South Africa, the region's most industrialised economy, experienced a small increase in its ultra wealthy population and combined wealth following three successive annual falls.

ULTRA WEALTH BY TIER

2016	226,450 Ultra wealthy individuals	% Change in population from 2015: 3.5%	$27,035 ($bn)	% Change in wealth from 2015: 1.5%



Source: Wealth-X

ALMOST HALF OF THE GLOBAL ULTRA WEALTHY POPULATION HAD A NET WORTH OF BETWEEN $30M AND $50M, WITH THE NUMBER OF INDIVIDUALS IN EACH TIER DIMINISHING STEADILY AS THE WEALTH PYRAMID RISES.

In 2016, all tiers of the global ultra wealthy population expanded in size and recorded an increase in net worth, with the notable exception of billionaires. This exclusive group registered a 3.1% decline in numbers – the first annual fall since the global financial crisis – and took a 3.7% hit to its combined US dollar wealth.[3] Despite the modest falls in individuals and net worth, the influence of the global billionaire population remained considerable. Accounting for just 1.1% of the total number of ultra wealthy individuals, this elite group controlled almost 28% of the world's combined ultra wealth.

Among all the other wealth tiers combined, the annual pace of growth in population and net worth was around 3% – an indication that despite the uncertain global backdrop, opportunities for wealth creation were widely available, more so than in 2015.

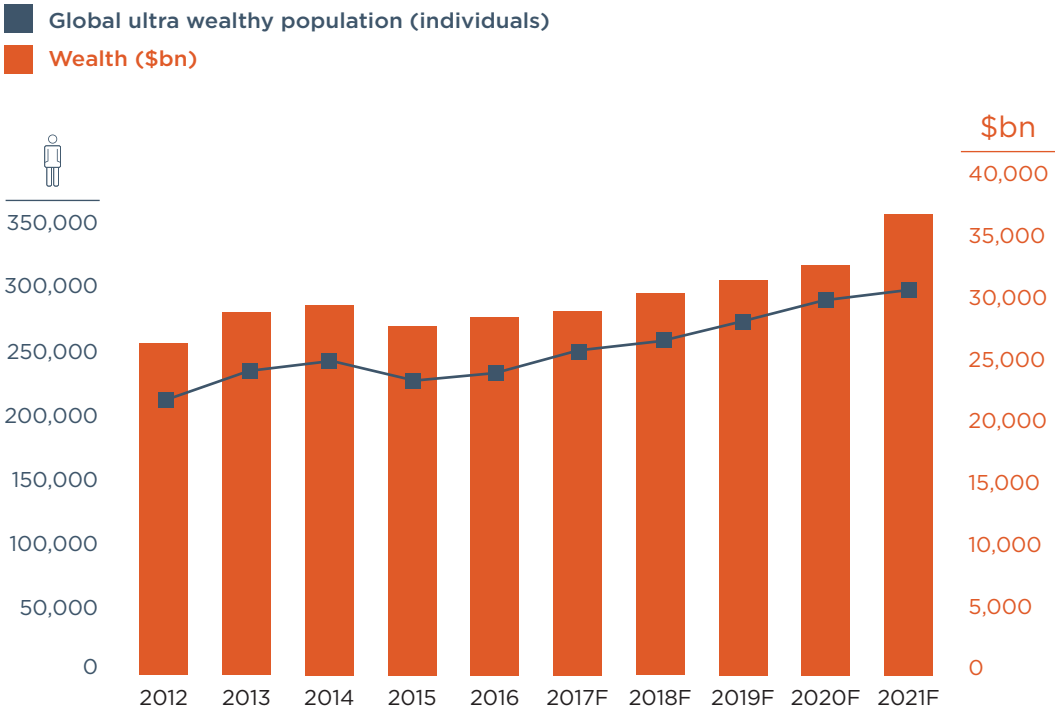
Almost half of the global ultra wealthy population had a net worth of between $30m and $50m, with the number of individuals in each tier diminishing steadily as the pyramid rises. Average net worth for the approximately 108,500 UHNW individuals in the lower tier was $38m, rising to $344m for those in the $250m to $500m bracket and a substantial $3.1bn for the small group of 2,397 billionaires.

3 See our *Billionaire Census 2017* for further information.

FORECAST TO 2021

Following a period of robust growth at the beginning of this decade, momentum in ultra wealth creation has softened over recent years against a backdrop of weaker global economic activity, a slowdown in globalisation and heightened geopolitical risks. However, the steady expansion of the ultra wealthy population in 2016 underlined the resilience of this group of people and we forecast strong growth in the total number of ultra wealthy individuals and their combined wealth over the coming years.

By 2021, we expect the global ultra wealthy population to total 299,000, an increase of 72,550 compared with 2016. The level of UHNW wealth is projected to rise to $35.7trn, which implies an additional $8.7trn of newly created wealth over the next five years. Our forecasts show similar compound annual growth rates for the ultra wealthy population and its combined wealth over the 2017–2021 period, pointing to a stable pattern in average net worth. Meanwhile, the trend towards a more balanced global distribution of ultra wealth across the different regions is expected to continue.



Source: Wealth-X

STRUCTURAL DRIVERS

LONG-TERM GROWTH DRIVERS INCLUDE URBANISATION, RISING INCOME LEVELS AND AN INCREASE IN FEMALE LABOUR IN DEVELOPING MARKETS, AS WELL AS THE ONGOING RAPID ADOPTION OF TRANSFORMATIVE DIGITAL TECHNOLOGIES AROUND THE WORLD.

Short-term prospects for ultra wealth creation have been boosted by the moderate – but clear – upturn in global economic activity since late 2016. A synchronised firming of industrial demand and financial-market sentiment, alongside faster inflation and falling unemployment in most major countries, point to a world economy that is looking healthier than it has for some time. A gradual tightening of monetary policy by the Federal Reserve (the US central bank) is testament to the more upbeat tone across global markets, with equities, IPO activity and M&A transactions all rising in the opening months of 2017. The greater optimism should not be overstated, yet the expectation is for a more supportive economic environment for wealth creation during 2017.

On a broader level, a number of underlying structural trends in the global economy will continue to provide opportunities for asset-value appreciation throughout the five-year forecast period. Growth drivers will include urbanisation, rising income levels, the 'premiumisation' of consumption (the shift among consumers towards more expensive premium products as their income/wealth rises) and an increase in female labour in developing markets, as well as the ongoing rapid adoption of transformative digital technologies around the world.

RISING IN THE EAST

Much of the expansion of the global ultra wealthy population will be driven by Asia, notably China and increasingly India – the latter is likely to emerge as the region's fastest-growing large economy. The number of ultra wealthy individuals is also expected to expand rapidly in other high-growth Asian countries, such as Vietnam and Indonesia. Although the pace of headline economic growth in China is expected to moderate, discretionary income levels across the country will continue to rise, reshaping the world's largest consumer market and creating additional opportunities for wealth creation, especially in retail and real estate. China's One Belt, One Road (OBOR) initiative – or the Silk Road Economic Belt and 21st Century Maritime Silk Road, to give it its proper title – will also present numerous openings for new and expanding fortunes across Asia and its surrounding regions, particularly in the areas of infrastructure, energy and technology.

Outside Asia, the ultra wealthy population of the US is forecast to continue to expand steadily. Growth in the European ultra wealthy population is projected to rise at a more modest pace than that of the US. The Middle East, as well as parts of Africa and the Pacific region, should be supported by a moderately firmer trend in global commodity markets.

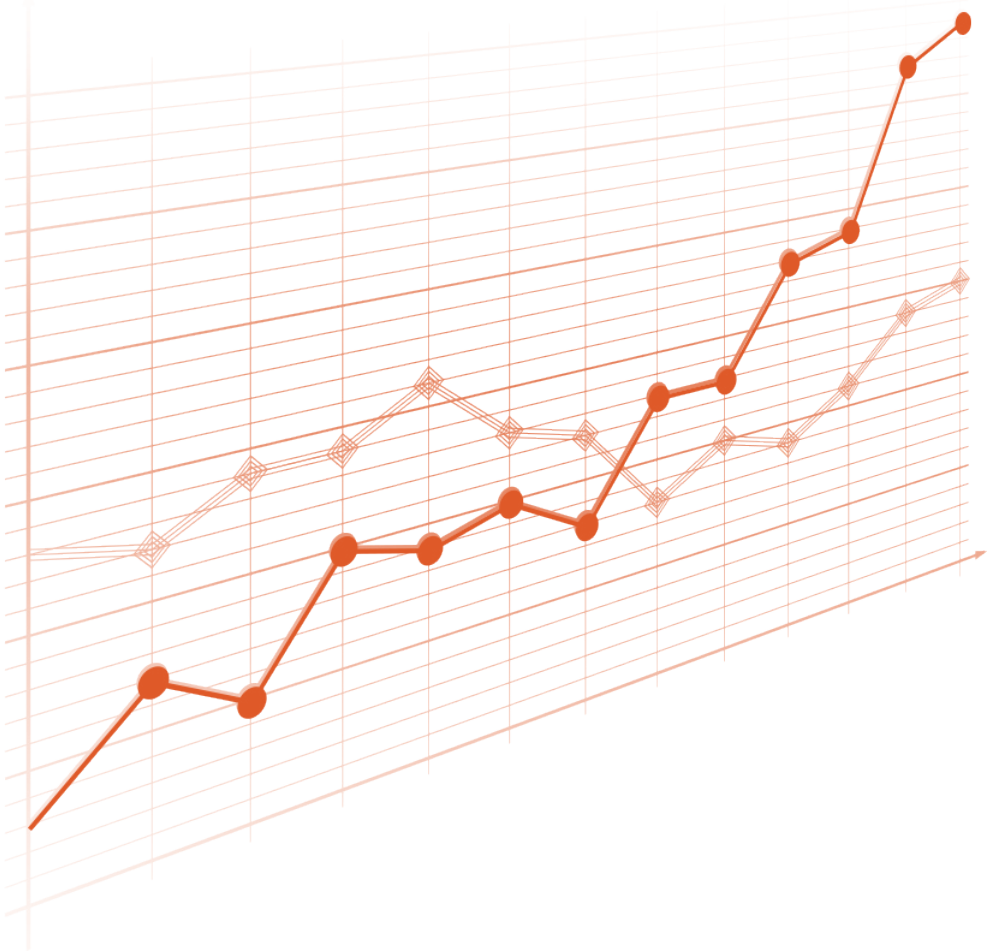
HEADWINDS ABOUND

However, while we expect a robust expansion of the global ultra wealthy population and its net worth over the next five years, it is important to acknowledge the dramatic shift in the geopolitical environment that has taken place recently. The changes bring greater uncertainty over the prospects for future wealth creation, along with a number of significant downside risks to global growth. Underlying Donald Trump's unexpected victory in the US presidential election and the UK's decision to leave the European Union was a clear sense of deep popular dissatisfaction with the 'establishment elite' and a desire for change. Although the populist challenge in Europe has since lost some momentum following elections in the Netherlands and France, the threat of a broader retreat from peak globalisation around the world is likely to continue over the coming years, amid more strident views on issues of immigration, deindustrialisation and sovereignty.

TRENDS AMONG THE ULTRA WEALTHY

IMPLICATIONS FOR THE WEALTH MANAGEMENT, LUXURY AND NOT-FOR-PROFIT SECTORS

Rapid advances in technology, growing demand for personalised consumption, more restrictive controls on cross-border flows and rising philanthropic engagement were some of the major social, political and economic trends to evolve in 2016. In today's innovative and complex global economy, they are especially relevant to the ultra wealthy and the industries that either target them or cater specifically to their needs. We examine recent developments in these areas and consider the implications for the wealth management, luxury goods and not-for-profit sectors in the years ahead.



HOW TECHNOLOGY IS DISRUPTING WEALTH MANAGEMENT

Rapid advances in technology, coupled with a new generation of investors whose preferences and expectations have been shaped by the digital world, are having a transformative effect across the global economy. From retail to manufacturing, from telecoms to financial services, the disruptive impact of new technology is clear to see.

The traditional business model of wealth management is one predicated on a personalised client service, providing counsel tailored to an individual's investment goals, lifestyle choices and attitude to risk. For many ultra wealthy individuals with complex asset structures and intricate wealth transfer requirements, this personal interaction is likely to remain in high demand. It offers a sense of assurance on savings, investments, tax and legal affairs in a rapidly changing regulatory environment. Rising concerns over security and data privacy among the ultra wealthy also suggest there is a limit to their reliance on technology. Nevertheless, many aspects of the wealth management sector remain highly vulnerable to digital disruption, given the ongoing innovation in algorithmic software, the growing competition from standalone fintech firms and the steady increase in tech-savvy ultra wealthy individuals who demand convenience and speed in service delivery.

The evolution is already apparent across parts of the industry, with fully automated robo-advisors now able to offer a streamlined wealth management service to investors, employing algorithms to determine a suitable investment strategy based on a defined set of personalised data. This is aimed primarily at the lower strata of wealth accumulation, but the wider implications are clear to see. As expectations for digital functionality continue to rise among the ultra wealthy – many of whom now regularly use online and mobile banking services and review their portfolio markets online – an increasing share of the traditional wealth manager's role faces being delegated to technology. A similar bifurcation of the market is becoming apparent in the luxury real estate sector, with technology now addressing many of the simpler aspects such as property availability, internal viewing and services support. The role of the luxury property broker has become more of a high-level wealth advisor, offering expertise, nuance and insight about specific markets and locations.

The complexities of tax structures, estate planning and investment suggest a hybrid arrangement of technology-driven service efficiency and personalised face-to-face client interaction will emerge as the preferred form of wealth management provision for most ultra wealthy individuals. For the sector itself, the digital revolution implies a significant shake-up of the status quo, throwing up tough challenges but also creating new opportunities to adapt and refresh the client-wealth manager relationship.

EARLY ADOPTERS AND THE SHIFT TO 'EXPERIENTIAL' LUXURY

The number of ultra wealthy individuals is forecast to grow strongly over the next five years. This will provide a larger pool of potential consumers of luxury goods and services, and greater opportunities for luxury brands to enhance their market share around the world. The ultra wealthy have always been avid early adopters and new frontiers will remain a particular focus of luxury consumption. On the technology front, continued advances in artificial intelligence (AI), virtual reality (VR) and smart-home technology are likely to attract increasing levels of spending by ultra wealthy individuals. Within the luxury car segment, the ultra wealthy have been among the prime purchasers of electric vehicles and marques equipped with connected-car technologies. This first-mover approach is expected to extend to self-driving vehicles – touted to be available by the end of the decade – which have the potential to be one of the most revolutionary advances in modern living.

A recent trend in the more established wealth markets of Europe and North America has been a shift in consumption away from tangible goods and towards more 'experiential' luxury. While this may still involve the purchase of a desirable luxury asset, such as a super yacht or private jet, the driving force is just as likely to reflect an increasing focus of the ultra wealthy on a lifestyle experience and personal enjoyment as a simple statement of riches. This shift is stimulating demand for other out-of-home[4] luxury experiences, such as 'transformative' travel (from socially engaged trips to the ultimate escape of space flights), fine dining, high-end entertainment and personal beauty services, as well as in-home indulgences linked to high-quality design, architecture and fine art.

High-end businesses in these sectors will benefit particularly from the growing discernment among the expanding ultra wealthy population in emerging markets. It will also spur more luxury providers to integrate a more heuristic approach to the consumption process, with service likely to become a strong differentiator for luxury brands. This also fits with the ultra wealthy's growing requirement for personalisation in the search for exclusivity and uniqueness in today's increasingly commoditised world.

4 Bain, *Luxury Goods Worldwide Market Study*, fall-winter 2016

THE PUSH FOR GLOBAL ASSET DISCLOSURE

Rising public awareness of – and opposition to – the global tax arrangements of the wealthy in recent years has led to a more concerted international examination of cross-border flows of private wealth. Governments around the world have stepped up efforts to regulate these movements of capital, adopting stronger regulatory positions on secrecy, transparency and protection of personal data.

This push for growing global asset disclosure and reporting requirements is an important issue for the ultra wealthy, extending beyond concerns over asset protection and tax liabilities to the pertinent challenge of how best to pass on their wealth and businesses to the next generation. This is more relevant than ever given the more apparent threat to wealth preservation from the uncertain geopolitical environment and the rising privacy and security concerns of the ultra wealthy.

The momentum on full disclosure and exchange of information for tax purposes is building through frameworks such as the Foreign Account Tax Compliance Act (FATCA) in the US and the Organisation for Economic Cooperation and Development's Common Reporting Standard (CRS). Over the past few years, the governments of China, Russia and Brazil have tightened their regulations on private wealth transfers, while a host of countries have introduced more restrictive residency and stamp-duty rules linked to real estate investments. Ahead of the introduction of the CRS, tax amnesties, such as those in Italy and Indonesia, have been introduced to encourage investors to repatriate undeclared liabilities from foreign assets, and more are likely to be announced. The CRS will come into effect across most countries throughout 2017–18 and will significantly increase the volume and sharing of financial data on foreign citizens between governments. Ultra wealthy individuals, especially those in jurisdictions where regulatory oversight and technological standards may be lacking, will be concerned about the security of this data.

A GROWING SENSE OF PHILANTHROPIC ENGAGEMENT

Donations to philanthropic causes from the global ultra wealthy population have increased steadily since the global financial crisis, according to Wealth-X's proprietary database on the ultra wealthy.[5] This tallies with other survey findings that suggest philanthropy is becoming more important to ultra wealthy individuals around the world. The precise reasons for this can be difficult to pin down, although two broad themes to emerge are a growing sense of social engagement and a motivation for personal fulfilment.

The younger generation is likely to be a factor behind this – notwithstanding their modest share of global ultra wealth – because they tend to be more socially and environmentally minded and more willing to drive employee-based philanthropy. Innovations in giving by several high-profile tech billionaires over recent years may also have spurred wider engagement, along with growing concerns over the rise in global wealth inequality. The latter may partly reflect the stronger growth in the ultra wealthy populations of many emerging economies, where religious beliefs and family/social ties – especially among first-generation ultra wealthy individuals – have instilled a desire to give something back.

With the level of intergenerational wealth transfers set to rise sharply over the next decade and beyond, the growing share of social entrepreneurs and environmentally conscious individuals among the global ultra wealthy population has implications across a range of sectors. From a wealth management and not-for-profit sector perspective, there will be rising demand to cater for the increasingly sophisticated channels of philanthropic engagement. New developments such as impact investing – leveraging private capital for social good – are building on the work of traditional foundations and financial vehicles are becoming more closely integrated into the core strategy of the ultra wealthy's businesses. Limited liability corporate (LLC) structures have been championed by eBay founder Pierre Omidyar and more recently by Facebook's Mark Zuckerberg and his wife, Priscilla Chan. Other innovations range from donor advice funds (DAFs) to social impact bonds and programme-related investments (PRIs). Many of these new products are hybrids, combining aspects of traditional philanthropy with tools more familiar to investment professionals.

5 See also Arton Capital and Wealth-X, *Changing Philanthropy – Trend Shifts in Ultra Wealthy Giving (Third Edition)*

TOP 30 UHNW COUNTRIES

Rank	Country	UHNW population 2016	UHNW wealth ($bn) 2016	Year-on-year change in population (%)	Year-on-year change in wealth (%)
1	United States	73,110	8,719	↑ 6.7	↑ 6.0
2	Japan	16,740	1,546	↑ 14.7	↑ 13.8
3	China	16,040	1,950	↑ 3.6	↑ 2.2
4	Germany	13,420	1,570	↑ 4.5	↓ -0.1
5	United Kingdom	8,860	994	↓ -14.2	↓ -14.2
6	France	8,630	924	↑ 2.7	↓ -0.4
7	Canada	8,590	914	↓ -1.5	↓ -2.4
8	Hong Kong*	7,650	986	↑ 4.1	↓ -2.4
9	Switzerland	5,940	788	↓ -0.5	↓ -1.4
10	Italy	5,530	624	↑ 1.8	↑ 1.7
11	India	4,510	604	↑ 8.9	↑ 4.7
12	South Korea	4,230	409	↑ 1.7	↓ -0.7
13	Russia	3,780	666	↓ -6.2	↓ -7.2
14	Brazil	3,570	451	↓ -1.1	↓ -9.6
15	Spain	3,190	395	↑ 3.2	↑ 2.5
16	Taiwan	3,000	322	↑ 2.0	↑ 1.7
17	Netherlands	2,860	345	↑ 4.4	↑ 2.5
18	Sweden	2,660	315	↑ 4.3	↑ 3.2
19	Saudi Arabia	2,640	427	↓ -0.4	↓ -1.2
20	Australia	2,470	240	↑ 2.5	↓ -0.8
21	Singapore	2,170	273	↓ -0.5	↓ -0.9
22	Indonesia	1,950	230	↑ 9.6	↑ 4.0
23	Denmark	1,440	149	↑ 7.5	↑ 5.6
24	Ireland	1,330	133	↑ 6.4	↑ 5.9
25	Belgium	1,320	122	↑ 7.3	↑ 7.2
26	Thailand	1,250	174	↑ 4.2	↑ 0.3
27	Turkey	1,190	150	↓ -0.8	↓ -2.2
28	United Arab Emirates	1,120	272	↑ 2.8	↑ 4.4
29	Mexico	1,050	205	↓ -10.3	↓ -19.7
30	Iran	950	190	0.0	↓ -3.0

Note: Population numbers are rounded to the nearest 10.
*Hong Kong is a semi-autonomous, special administrative region of China.

Source: Wealth-X

The leading five countries (the US, China, Japan, Germany and the UK) accounted for almost 57% of the global ultra wealthy population and just short of 55% of UHNW wealth in 2016. Overall, the top 30 countries accounted for around 93% of both the world's ultra wealthy population as well as its total wealth. Of these 30 countries, 12 are in Europe, nine are in Asia, four are in the Middle East, two are in North America and two in Latin America, and one is in the Pacific region.

Buoyed by a stronger currency and rising equity markets, the US consolidated its dominant position as the leading country for ultra wealthy individuals in 2016. The ultra wealthy population of the world's largest economy increased to 73,110, more than the combined total of the next six largest UHNW countries (China, Japan, Germany, the UK, France and Canada) and equivalent to just under one-third of the global ultra wealthy population. The level of UHNW wealth in the US rose by 6%, with only Japan among the top 20 UHNW countries recording stronger growth. The combined net worth of ultra wealthy individuals in the US totalled $8.7trn, more than the cumulative UHNW wealth across the whole of Asia and the Middle East.

CURRENCY SWAP

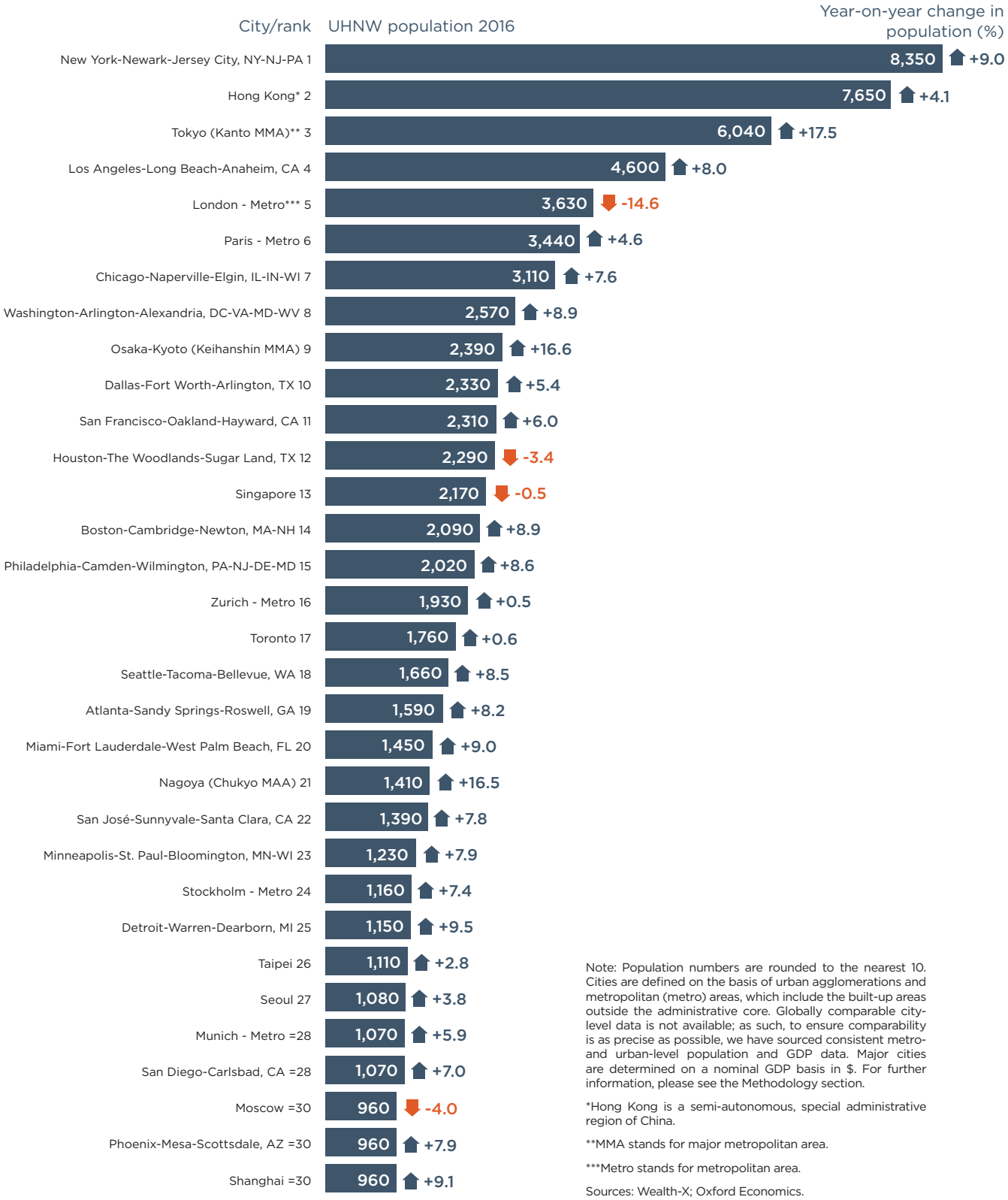
Whereas currency depreciation against the US dollar was a shared occurrence for most major economies in 2015, foreign-exchange movements were more diverse in 2016, which had a significant bearing on the rise and fall of UHNW wealth around the world. A rally of the yen in 2016 supported a robust increase in the ultra wealthy population and its combined wealth in Japan, while countries such as Indonesia and Denmark – whose currencies were broadly stable against the firming dollar – all recorded solid year-on-year gains in UHNW wealth and the size of their ultra wealthy populations. The euro also held its ground in a gradually improving regional economy, which led to respectable gains in net worth across some of the 19-member bloc, particularly in Ireland, Belgium and the Netherlands.

In contrast, the major countries that suffered the largest falls in their ultra wealthy populations and levels of UHNW wealth in 2016 – Mexico, Russia, the UK and Brazil (albeit just in its wealth) – all saw their currencies weaken sharply against the dollar. A weak economy, subdued stock-market performance and deepening political corruption scandals all contributed to a near 10% slump in UHNW wealth in Brazil (though a less severe 1.1% drop in population). The Mexican peso and British pound both depreciated by more than 10% against the dollar. Heightened Mexico-US political tensions and the Brexit vote in the UK prompted a reassessment of the countries' economic prospects among investors. The UK experienced just over a 14% decline in both its ultra wealthy population and UHNW wealth in 2016, one of the largest falls of any major country. Although it was able to preserve its fifth-placed ranking, the UK lost considerable ground to its peers.

CANADA FALLS AGAIN

Among the other leading UHNW countries, China recorded more modest growth in its ultra wealthy population and combined wealth as currency trends and resilient economic activity helped to offset a disappointing equity market performance. China has one of the youngest ultra wealthy populations, whose wealth is held predominantly in more illiquid assets, such as private holdings and real estate. Germany strengthened its position as the largest UHNW country in Europe with a 4.5% rise in its ultra wealthy population, although net worth remained broadly flat, implying a decline in average wealth levels. Along with the UK, Canada was the only other top-10 country to suffer a sizeable fall in its ultra wealthy population and net worth in 2016. This occurred on the back of a moderately weaker currency and the relatively subdued trend in commodity markets. Since 2013, the country's ultra wealthy population has declined steadily, which has pushed Canada down the rankings to its current seventh position.

TOP 30 UHNW CITIES



Note: Population numbers are rounded to the nearest 10. Cities are defined on the basis of urban agglomerations and metropolitan (metro) areas, which include the built-up areas outside the administrative core. Globally comparable city-level data is not available; as such, to ensure comparability is as precise as possible, we have sourced consistent metro- and urban-level population and GDP data. Major cities are determined on a nominal GDP basis in $. For further information, please see the Methodology section.

*Hong Kong is a semi-autonomous, special administrative region of China.

**MMA stands for major metropolitan area.

***Metro stands for metropolitan area.

Sources: Wealth-X; Oxford Economics.

The New York metropolitan (metro) area bolstered its position as the world's largest UHNW city in 2016, with the number of ultra wealthy individuals rising strongly to more than 8,300. The world's premier financial centre and the largest regional economy in the US remains a powerful magnet for the ultra rich. Two other global financial hubs, Hong Kong and Tokyo, maintained their top-three city status, with the Japanese capital recording the largest increase in UHNW population (in percentage terms) of all 30 leading cities. New York and Hong Kong were also the top two billionaire cities as investigated by our recent *Billionaire Census 2017*, though Tokyo was ranked lower, in 16th position.

US CITIES DOMINATE

Underlining its dominant status among the global ultra wealthy population, the US accounted for five of the top 10 cities in our ranking and more than half of the top-30 list. All but one, Houston, recorded an increase in their ultra wealthy population in 2016, benefitting from the improved performance of domestic financial markets, the continued expansion of the lucrative tech sector and the broad appeal of the large US economy in more uncertain times. The allure and prestige of the celebrated powerhouses of New York and Los Angeles is clear but ultra wealth is spread far and wide across the US, with less celebrated cities such as Philadelphia, Seattle and Atlanta being the location of choice for a sizeable number of UHNW individuals. Also of interest is the San Francisco metropolitan area's 11th-placed ranking, which compares with its elevated fifth position in our study of top billionaire cities. As home to many of the world's very richest individuals, including household names in the tech sector, San Francisco attracts considerable attention. However, in terms of its overall UHNW population, it lies behind a number of other cities, including Chicago and Dallas.

London was a stand-out performer for the wrong reasons in 2016, being the only top-10 city to register a decline in its UHNW population. In fact, the UK capital suffered the largest proportional drop in ultra wealthy numbers of all 32 cities in our ranking, as wealth levels took a hit from currency weakness and Brexit-related concerns. Still a major financial and cultural draw for the world's ultra wealthy, London held on to its status as the largest UHNW city in Europe, although its lead over Paris narrowed sharply. In terms of regional coverage, Europe accounted for six of the top 30 UHNW cities, with the financial safe-haven of Zurich the next highest in the ranking. Moscow – another high flyer in our billionaire list – just made the final cut, experiencing the second-largest fall in its UHNW population (after the UK) of the top 30 cities.

SHANGHAI JUST MAKES THE CUT

Despite boasting the fourth-highest number of ultra wealthy individuals of any country (and the most in Europe), Germany only has one city – Munich – in our list, ranked in a modest 28th position. Similar in part to the US, although without a star performer at the helm, this highlights how Germany's substantial levels of wealth are dispersed across the country. This is also applicable to China, with Shanghai coming in joint 29th, even though the country has the world's second-largest ultra wealthy population (Beijing ranks 35th). Robust wealth creation is occurring across the huge expanse of China, which now has more than 100 cities with a population of more than one million individuals. In contrast to London, for example, which is home to 41% of all the UK's ultra wealthy individuals, Shanghai accounts for just 6% of the total Chinese ultra wealthy population.

There is also no city representation from the Latin America, Middle East, Africa or Pacific regions. Notable absences – based on our country ranking – include major cities in Brazil, such as Rio de Janeiro and São Paulo, as well as Mexico City and the largest UHNW city in Australia, Sydney. Negative economic developments and a hit to wealth from currency depreciation contributed to marked falls in the UHNW populations of these four cities.

PROFILING TODAY'S ULTRA WEALTHY

A breakdown of the global ultra wealthy population in 2016 by their asset holdings, gender, industry focus, wealth source, education and hobbies.

ASSET ALLOCATION

	Liquid assets (cash)	Private holdings	Public holdings	Real estate and luxury assets
% share	35.4	33.0	25.0	6.6
Wealth ($bn)	9,570	8,922	6,759	1,718

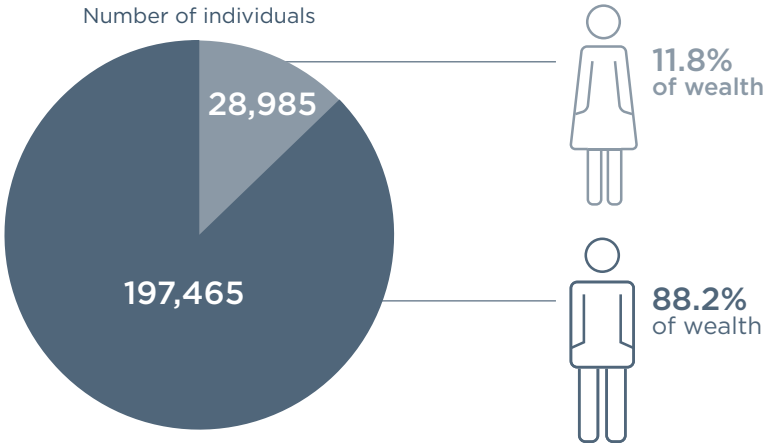
Source: Wealth-X, 2016

The stock of liquid assets (primarily cash) owned by the ultra wealthy totalled $9.6trn in 2016, representing the largest share (35.4%) of UHNW holdings. Abundant liquidity is a reflection of the broader 'search for yield' in an environment of ultra low interest rates and elevated equity valuations, with cash-flush portfolios offering the flexibility to respond quickly should advantageous investment opportunities arise. Also, in an uncertain global economy, the preservation of wealth – and ensuring its transfer to the next generation – has become an increasingly important factor for many of the ultra wealthy. Total holdings in privately owned companies and other private equity stakes accounted on average for one-third of their asset portfolios.

ABUNDANT LIQUIDITY WITHIN UHNW HOLDINGS IS A REFLECTION OF THE BROADER 'SEARCH FOR YIELD' IN AN ENVIRONMENT OF ULTRA LOW INTEREST RATES AND ELEVATED EQUITY VALUATIONS.

The value of all the ultra wealthy's public holdings, such as stock-market-listed equities, totalled $6.8trn in 2016, equivalent to a 25% allocation. The volume of global M&A transactions was the third-highest on record in 2016, whereas IPO activity was relatively weak. The remaining 6.6% share of wealth was held in real estate and other luxury assets, such as yachts, planes, automobiles, art and jewellery.

GENDER



Source: Wealth-X, 2016

The global population of ultra wealthy individuals is still very male dominated, with women accounting for a modest 12.8% share in 2016. This proportion has remained fairly steady over recent years, while average net worth is largely similar for both genders, at $110m for women and $120m for men. There is a clear distinction in wealth source between the genders, with a much larger proportion of ultra wealthy women having received some or all of their fortunes through inheritance. The past two decades of wealth creation have been driven largely by self-made individuals; without a sizeable influx of new female entrepreneurs, female representation is unlikely to change substantially.

PRIMARY INDUSTRY

Rank	Industry	%
1	Finance/banking/investment	14.5
2	Manufacturing	7.4
3	Technology	7.1
4	Non-profit and social organisations	5.7
5	Business services	5.3

Source: Wealth-X, 2016

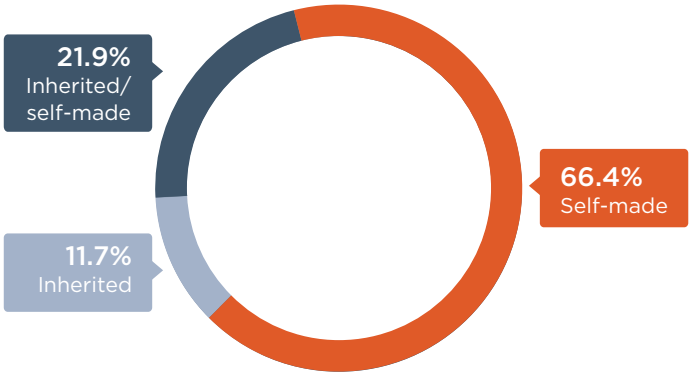
Overall, recent years have shown a gradual broadening of industry diversification among the ultra wealthy. This reflects the expansion of technology, a more challenging environment for financial services, the ongoing development of emerging markets, increasing global demand for business services and a broadening sense of philanthropic engagement.

Financial services remains the most significant industry for the ultra wealthy population, with finance, banking and investment the major business activity for 14.5% of these individuals in 2016, around twice the share of either manufacturing or technology. This was largely unchanged from a year earlier although, compared with several years ago, the financial sector is now a less significant channel of new wealth creation, reflecting higher levels of economic volatility and market regulation. Globally, 7.4% of the ultra wealthy were based primarily in manufacturing, narrowly ahead of the 7.1% in technology.

The technology sector has risen steadily up the rankings in recent years as rapid global digitalisation has opened up new opportunities for substantial wealth creation. As we noted in the *Billionaire Census 2017*, there are very large fortunes to be made from pioneering 'disruptive' technologies, with the average net worth of tech billionaires being considerably higher than that of billionaires in other major industries. Five of the 10 richest people in the world amassed their wealth primarily from technology in 2016 (whereas no-one from finance, banking and investment made it into this top 10). As demand for social media services, e-commerce, mobile payment systems and 'connected technologies' expands around the world, the share of ultra wealthy individuals – and their total wealth – in the sector is expected to continue to rise.

RECENT YEARS HAVE SHOWN A GRADUAL BROADENING OF INDUSTRY DIVERSIFICATION AMONG THE ULTRA WEALTHY.

WEALTH SOURCE



Source: Wealth-X, 2016

The fortunes of the global ultra wealthy population are predominantly self-made, with two-thirds sourcing their wealth from fruitful business ventures or successful investments. The wealth of just under a further 22% has been accumulated through a combination of inheritance and personal enterprise.

Individuals who have solely inherited their wealth account for a relatively small 11.7% share. Against the backdrop of increasing inter-generational wealth transfers, rather than simply boosting the share of inherited wealth, this handover of fortunes has spurred greater entrepreneurialism among members of the next generation, who are keen to pursue their own business interests in areas such as retail, fintech and real estate.

THE FORTUNES OF THE ULTRA WEALTHY POPULATION ARE PREDOMINANTLY SELF-MADE, WITH TWO-THIRDS SOURCING THEIR WEALTH FROM THEIR OWN EFFORTS.

TOP EDUCATIONAL QUALIFICATIONS

1 Economics
2 Business
3 Engineering
4 Finance
5 Accountancy
6 Law
7 Management
8 Mathematics
9 Computer science
10 History

Note: Educational differences between countries mean some qualifications may overlap. Includes both undergraduate and graduate qualifications.

Source: Wealth-X, 2016

A ranking of the most popular qualifications (both undergraduate and graduate) held by ultra wealthy individuals is headed by the usual suspects of economics, business, engineering and finance.

US-BASED INSTITUTIONS FILL ALL THE TOP 10 POSITIONS IN THE GLOBAL RANKING OF EDUCATIONAL ESTABLISHMENTS ATTENDED BY THE ULTRA WEALTHY.

While obtaining an academic degree is certainly no prerequisite for future financial success, the choice of educational establishment can be an important determining factor. Standing out from the crowd is Harvard University, the leading academic institution for today's ultra wealthy graduates and one that regularly provides the largest number of billionaires. Its attraction is global, with Harvard accounting not only for the highest share of ultra wealthy individuals in the Americas but also in Europe, the Middle East and Africa (EMEA) and Asia-Pacific (based on an individual's primary business address).

The US universities of Stanford, Columbia and Pennsylvania also rank highly as educational establishments attended by ultra wealthy individuals from across the world. Indeed, US-based institutions fill all the top 10 positions in the global ranking. On a regional basis, the universities of Oxford and Cambridge in the UK remain a popular destination for the ultra wealthy in EMEA, with the National University of Singapore prominent in Asia-Pacific.

TOP EDUCATIONAL ESTABLISHMENTS ATTENDED BY THE ULTRA WEALTHY

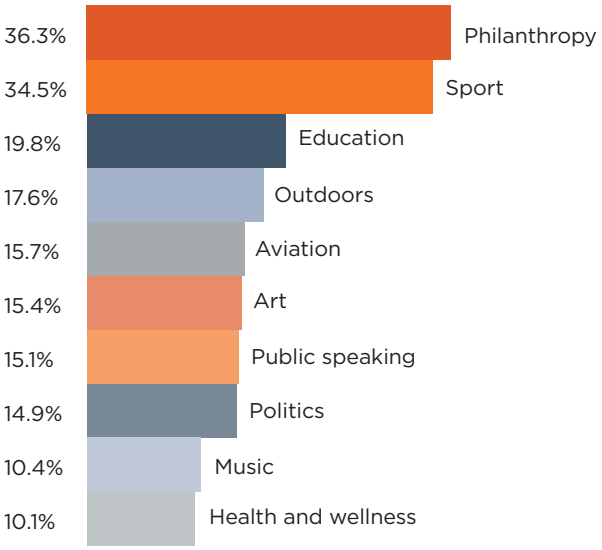
Rank	Americas	EMEA	Asia-Pacific
1	Harvard University	Harvard University	Harvard University
2	University of Pennsylvania	University of Cambridge	National University of Singapore
3	Columbia University	INSEAD	University of Mumbai
4	New York University	University of Oxford	University of Pennsylvania
5	Stanford University	American University of Beirut	Tsinghua University

Note: Based on an ultra wealthy individual's primary business address as opposed to citizenship or residency.

Source: Wealth-X, 2016

PASSIONS, INTERESTS AND HOBBIES

TOP INTERESTS AS PURSUED BY PERCENTAGE OF ULTRA WEALTHY INDIVIDUALS



Note: Individuals are able to have multiple interests.
Source: Wealth-X, 2016

Philanthropy ranks as the most common interest among the global ultra wealthy population, with just over a third engaged in benevolent causes, such as education, healthcare, the arts, the environment and enhancing life opportunities around the world. Personal fulfilment will be a driving force for many philanthropists, although recent global coverage of charitable endeavours – such as the Giving Pledge initiated by Bill and Melinda Gates and Warren Buffett, and the promise by Mark Zuckerberg and Priscilla Chan to give away 99% of Facebook shares – as well as a recognition of widening wealth inequality may also have instilled a greater sense of humanitarian responsibility.

Sport is also a passion for more than a third of ultra wealthy individuals. Popular activities include golf, skiing, tennis and American football but soccer leads the way. The expansion in soccer's television rights has been a dual driver. It has broadened soccer's global reach to encompass previously indifferent regions, such as North America and Asia, while also substantially boosting the financial power of the sport and its potential monetary returns. Soccer is no longer simply a passion, it is a major investment opportunity.

ULTRA WEALTHY ARCHETYPES

In this section we examine in more detail some of the key characteristics of four selected ultra wealthy groups: individuals from 'emerging Asia' (Asia excluding Japan, Singapore and Hong Kong); those who graduated from an Ivy League university; millennials (people born between 1980 and 1995) and women. While there is naturally some overlap between the four chosen groups, each one displays a number of distinctive traits among its cohort, whether related to age, geography, wealth source, asset holdings or average net worth.

	ALL	MILLENNIALS (BORN 1980-95)	WOMEN	EMERGING ASIA	IVY LEAGUE
Number	226,450	7,200	28,985	33,290	34,961
Total wealth ($bn)	27,035	334	3,190	3,968	6,928
Average wealth ($m)	120	45	110	120	200
Top 3 countries (%)	US (33)	US (64)	US (45)	China (48)	US (77)
	Japan (7)	UK (6)	UK (5)	India (14)	UK (3)
	China (7)	India (5)	China (4)	Korea (13)	India (3)
Male (%)	87	92	0	89	93
Female (%)	13	8	100	11	7
Average age	62	34	50	66	63
Proportion under 50 years of age (%)	17	100	41	13	16
Self-made (%)	66	66	45	68	75
Inherited/self-made (%)	22	20	19	20	16
Inherited (%)	12	13	36	12	9

Note: Emerging Asia refers to Asia excluding Japan, Singapore and Hong Kong. Average wealth is rounded to the nearest $5m. Millennials' source of wealth does not total 100% due to rounding. Wealth-X considers UHNW alumni as belonging to the university/ies from which they graduated. Both undergraduate and postgraduate degrees are counted but diplomas, certificates, honorary and incomplete degrees are not included. Alumni of multiple institutions may be counted more than once.

Source: Wealth-X, 2016

ULTRA WEALTHY MILLENNIALS: A SMALL BUT INFLUENTIAL GROUP

The number of ultra wealthy individuals born between 1980 and 1995 is small, accounting for only 3.2% of the global ultra wealthy population. Recipients of inherited wealth are a minority, with two-thirds having made their fortunes through their own endeavours (the same share as for all ultra wealthy individuals). This small share is a testament to the difficulty in amassing substantial levels of wealth at a relatively young age. Despite the media attention given to young tech billionaires or property heirs such as Yang Huiyan (one of the richest women in Asia), wealth creation and accumulation is more often than not a long-term process. As with the general population, our research has shown that the net worth of ultra wealthy individuals rises steadily with age. At $45m, the average net worth of the millennial cohort was just over a third of the level of the global population, with women representing just 8% of the group. The US is home to almost two-thirds of ultra wealthy millennials, reflecting, among other things, the country's strong entrepreneurial environment, the global pull of the country's higher education institutions and the rapid advances of its technology sector. Wealth earned from sport, entertainment and real estate largely underpinned the UK's second-placed ranking.

MILLENNIALS ACCOUNT FOR ONLY 3.2% OF THE GLOBAL ULTRA WEALTHY POPULATION.

ULTRA WEALTHY WOMEN: UNDER-REPRESENTED BUT SLOWLY GAINING GROUND

Ultra wealthy women are, on average, 12 years younger than the global ultra wealthy population, have a lower level of average net worth – $110m compared with $120m in 2016 – and are three times more likely to have inherited their fortunes. They are also significantly under-represented in the global ultra wealthy population – totalling just shy of 13% in 2016 and accounting for around 12% of UHNW wealth. As with the cohort of millennials, the younger average age of the female group partly explains the disparity in average wealth holdings with the global mean. Stark differences in wealth source are also a factor: 55% of ultra wealthy women received some or all of their fortunes via inheritance, compared with a third of men. However, this does disguise a growing trend for family wealth and business responsibilities to be transferred to younger female generations than was previously the case. This is likely to support growth of the hybrid self-made/inherited wealth source category among females over the coming years. Almost half of ultra wealthy females have their primary business in the US, a higher share than among all individuals.

ON AVERAGE, ULTRA WEALTHY WOMEN ARE THREE TIMES MORE LIKELY TO HAVE INHERITED THEIR FORTUNES.

ULTRA WEALTHY IN EMERGING ASIA: BECOMING MORE PROMINENT

Emerging Asia represents an increasingly important and growing cohort of ultra wealthy individuals. In 2016, the region accounted for almost 15% of the global ultra wealthy population, up from 10.5% in 2010. Growth has been driven predominantly by China on the back of still impressive rates of economic growth and the rapid evolution of the technology, consumer retail and real estate sectors. More recently, however, there has also been strong growth in the ultra wealthy populations of India and Indonesia and, from a lower base, those of Vietnam and the Philippines. On average, ultra wealthy individuals in emerging Asia are slightly older than their global peers and have a higher level of wealth. Most are still at the wealth creation rather than the wealth preservation stage, which contrasts with the multi-generational wealth patterns more common in Europe and North America. That said, the share of inherited wealth is expected to rise further over the next decade as the emerging Asia region undergoes its first major intergenerational wealth transfer.

EMERGING ASIA ACCOUNTED FOR ALMOST 15% OF THE GLOBAL ULTRA WEALTHY POPULATION IN 2016, UP FROM 10.5% IN 2010.

ULTRA WEALTHY IVY LEAGUE ALUMNI: AN EXCLUSIVE NETWORK

Around 15% of the global ultra wealthy population graduated from an Ivy League university, a select group of eight higher education establishments in the north-east of the US that includes Columbia, Harvard, Princeton, Yale and the University of Pennsylvania. This underlines the global attraction of the US higher education system – around a quarter of Ivy League alumni have their primary business outside the US – and the powerful 'network effect' at such elite institutions, where access to well connected, privileged networks and a fast-track career can significantly boost the prospects of future wealth creation. The average net worth of Ivy League alumni is more than one-and-a-half times that of the global ultra wealthy population average. It is perhaps surprising, given the exclusivity and highly selective admission criteria of the eight institutions, that this cohort accounts for the lowest share of inherited wealth of all four archetypes, with an above-average 75% having made their own fortunes. Ultra wealthy Ivy League alumni include Elon Musk (University of Pennsylvania), Jeff Bezos (Princeton), Warren Buffett (Columbia) and Jorge Paulo Lemann (Harvard).

AROUND 15% OF THE GLOBAL ULTRA WEALTHY POPULATION GRADUATED FROM AN IVY LEAGUE UNIVERSITY.

METHODOLOGY

To size and forecast the ultra wealthy population and its combined wealth, we use our newly updated proprietary **Wealth and Investable Assets Model**. This model produces statistically significant estimates for total private wealth and estimates the size of the population by level of wealth and investable assets for the world and each of the top 70 economies, which account for 97% of world GDP.

We use a two-step process. First, to estimate total private wealth, we use econometric techniques that incorporate a large number of national variables such as stock-market values, GDP, tax rates, income levels and savings from sources such as the World Bank, International Monetary Fund, Organisation for Economic Cooperation and Development (OECD) and national statistics authorities. Second, we estimate wealth distribution across each country's population. Due to a lack of wealth distribution data, most wealth models estimate wealth distribution patterns using income distribution data. However, Wealth-X's proprietary database of more than 100,000 dossiers on ultra wealthy individuals across the globe, as well as further dossiers on individuals lower down the wealth pyramid, allows us to construct wealth distribution patterns using real – rather than implied – wealth distributions, making the model more reliable. We then use the resulting Lorenz curves to distribute the net wealth in a country across its population. The database is also used to construct investable asset distribution patterns across each country's population. The model uses residency as the determinant of an individual's location.

Our model also estimates population, wealth and investable assets for the world's major cities as ranked by nominal GDP in $. These cities are defined on the basis of urban agglomerations (UAs) and metropolitan (metro) areas, which include the built-up areas outside the administrative core. We find that metro and urban areas are closer to self-contained entities compared with city administrative cores (city proper) because more residents are likely to work and spend within the metro/UA boundaries. Globally comparable city-level data is not available so to ensure comparability is as precise as possible, we have sourced all metro- and urban-level population and GDP data from Oxford Economics.

To profile the ultra wealthy in greater depth, this report leverages the unique and proprietary Wealth-X **Ultra High Net Worth Database**, the world's most extensive collection of curated research and intelligence on ultra wealthy individuals. Our database provides insights into their financial profile, career history, known associates, affiliations, family background, education, philanthropic endeavours, passions, hobbies, interests and much more. Our proprietary valuation model (as defined by net worth) assesses all asset holdings, including privately and publicly held businesses and investable assets. The database uses the primary business address as the determinant of an ultra wealthy individual's location.

Analysis of the data and additional insights were provided by Wealth-X Custom Research. The Custom Research (formerly Ledbury Research) department conducts primary and secondary research globally to give our clients in the wealth management, financial and luxury industries bespoke insight to fuel strategic decision making. References to $ or dollars refer to US dollars.

ABOUT WEALTH-X

Wealth-X is the leading global wealth information and insight business, partnering with prestige brands across the financial services, luxury, not-for-profit and higher education sectors. We have developed the largest collection of hand-curated dossiers on UHNW individuals available anywhere in the world today, as well as the world's foremost HNW market research team.

At Wealth-X, we believe in the power of applied wealth intelligence to drive success for our clients. Our proprietary data assets and specialised research capabilities help our clients understand and engage their target audience, minimise their risk and make informed strategic decisions.

Founded in 2010, the Wealth-X team has grown to more than 200 staff across North America, Europe and Asia, working with more than 500 clients.

Our team of experts is widely quoted as the global authority on wealth intelligence by top-tier media organisations, such as *The Wall Street Journal*, *Financial Times*, *Business Insider*, CNN, *The New York Times* and the BBC.

If you would like further information, please email wuwr@wealthx.com.

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