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## **ASIA-PACIFIC SHOWS RESILIENCY IN FACE OF GLOBAL ECONOMIC CHALLENGES, DRIVING WEALTH FOR “MILLIONAIRES NEXT DOOR”**

### ***Steady but Uneven Growth Makes Asia-Pacific's Population of High Net Worth Individuals the Largest in the World***

**Singapore, Hong Kong, Paris, September 19, 2012** – Asia-Pacific's healthy gross domestic product (GDP) growth and strong base of entrepreneurship helped the region overtake North America as home to the largest population of High Net Worth Individuals (HNWIs)<sup>1</sup> in the world, finds the Asia-Pacific Wealth Report 2012 released today by Capgemini and RBC Wealth Management. The Asia-Pacific Wealth Report provides HNWI market sizing with a review of economic drivers, market performance drivers and HNWI investing behaviors in the Asia-Pacific region.

#### **Asia-Pacific Sees Steady but Uneven HNWI Segment Growth**

The report finds that Asia-Pacific's HNWI population grew by 1.6 percent, twice the global population rate in 2011, reaching 3.37 million HNWIs and surpassing North America for the first time. Asia-Pacific had seven of the top 20 fastest-growing HNWI populations globally in 2011, down from eight in 2010 and 14 in 2009. HNWI population growth was steady but uneven, with robust growth in Thailand (12.8 percent), Indonesia (8.2 percent), China (5.2 percent), and Japan (4.8 percent) offsetting significant declines in the key markets of India (of 18 percent) and Hong Kong (of 17.4 percent) which had led growth in the last two years.

The report also notes that wealth is increasingly concentrated geographically in the region, with 76.1 percent of HNWIs located in Japan, China, and Australia in 2011, up from 74.4 percent in 2010.

#### **Population and Wealth of 'Millionaires Next Door' Increased in 2011 Despite Headwinds**

While the wealth of Asia-Pacific's mid-tier and Ultra-HNWIs dropped in 2011 by 5.2 percent and 1.9 percent respectively due to their exposure to higher risk assets, the region's 'millionaires next door'<sup>2</sup> saw increases in both their overall population (1.5 percent) and wealth (1.9 percent). This is in part because

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<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. In the APWR analysis, we also separate HNWIs into three discrete wealth bands, those with US\$1million to US\$5million in investable assets (so-called “millionaires next door”); those with US\$5million to US\$30million (so-called “mid-tier millionaires”) and those with US\$30 million or more (“Ultra-HNWIs”).

<sup>2</sup> The ‘millionaires next door’ account for 91.5 percent of the region's total HNWI population and possess US\$1 million to US\$5million in investable wealth

Asia-Pacific's economy, excluding Japan, continued to grow faster than other major regions, posting 6.5 percent growth in GDP in 2011, compared with world GDP growth of 2.7 percent. China and India, the emerging giants from Asia-Pacific, were key contributors to Asia-Pacific's wealth picture with GDP growth of 9.2 percent and 6.9 percent respectively in 2011, which were low rates by historical standards, but still better than other major economies.

In 2011, Asia-Pacific experienced its share of economic challenges, as it dealt with the impact of the Eurozone crisis and slumping overseas demand and myriad domestic challenges, such as slumping property prices, policy paralysis and inflation. The region was also heavily exposed to international capital outflows. China and India had US\$1.60 billion and US\$4.09 billion in foreign institutional investor funds leave their markets. The report findings show these had a negative impact on HNWI overall wealth, which declined by 1.1 percent.

*“Asia-Pacific will likely continue to face domestic challenges such as high inflation and global factors such as the weak economy in Europe,” said Jean Lassignardie, Corporate Vice President, Head of Sales and Marketing, Capgemini Global Financial Services. “However, the diverse nature of Asia-Pacific exports and economies means the outlook for the region as a whole remains strong.”*

### **Entrepreneurs and Industries Aimed at Improving Society's Wealth Will Generate Next Wave of HNWI Wealth**

Entrepreneurship remains a major wealth driver in Asia-Pacific, accounting for more than half<sup>3</sup> of the HNWI wealth in Asia-Pacific. Entrepreneurs are heavily involved in a variety of industries in the region, including automobile, healthcare, IT, and manufacturing, which have contributed to HNWI expansion, though growth in 2011 was constrained by global economic challenges. The report predicts that industries aimed at improving society's wealth, such as financial services, education, healthcare, and value-added manufacturing, will lead the next wave of HNWI wealth.

*“As emerging economies progress, the industrial focus will likely shift toward sectors that can distribute wealth and welfare more widely throughout the population,” said George Lewis, Group Head, RBC Wealth Management. “Entrepreneurs who can establish or invest in businesses focused on improving the wealth of society will be well-positioned to grow their investable wealth.”*

### **An Optimistic Outlook for Asia-Pacific Economy and HNWI Wealth**

Global, regional and local macroeconomic conditions will remain critical drivers of the HNWI segment. Looking forward, the Asia-Pacific economy, excluding Japan, is expected to grow by 6.1 percent in 2012 and 6.6 percent in 2013, driven by China and India, which are likely to remain the fastest-growing economies in the world. The performance of various asset classes and the state of the business sector in each market will also be critical to the growth of Asia-Pacific HNWI wealth, given the heavy reliance to date on equities and real estate in portfolio allocations and the importance of entrepreneurship within the region.

### **The Asia-Pacific Wealth Report 2012**

The Asia-Pacific Wealth Report, now in its seventh year, is a product of Capgemini and RBC Wealth Management working to better understand the needs of the high net worth marketplace. Accounting for

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<sup>3</sup> See World Wealth Report 2011.

91.5 percent of the region's gross domestic product, the report focuses on 10 core countries and territories: Australia, China, Hong Kong, India, Indonesia, Thailand, Japan, Singapore, South Korea, and Taiwan. To download the full report, please visit [www.capgemini.com/apwr12](http://www.capgemini.com/apwr12).

### **About Capgemini**

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### **About RBC Wealth Management**

RBC Wealth Management is one of the world's top 10 largest wealth managers\*. RBC Wealth Management directly serves affluent, high-net-worth and ultra-high net worth clients in Canada, the United States, Latin America, Europe, the Middle East, Africa and Asia with a full suite of banking, investment, trust and other wealth management solutions. 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\$562 billion of assets under administration, more than C\$324 billion of assets under management and approximately 4,300 financial consultants, advisors, private bankers and trust officers.

### **About RBC**

Royal Bank of Canada (RY on TSX and NYSE) and its subsidiaries operate under the master brand name RBC. We are Canada's largest bank as measured by assets and market capitalization, and among 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 services, insurance, corporate and investment banking and investor services on a global basis. We employ approximately 80,000 full- and part-time employees who serve more than 15 million personal, business, public sector and institutional clients through offices in Canada, the U.S. and 51 other countries. For more information, please visit [www.rbc.com](http://www.rbc.com).

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\*Scorpio Partnership Global Private Banking KPI Benchmark 2012. 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.