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S'pore millionaires have US$300b combined wealth

Their numbers rise 3% thanks to strong equity markets

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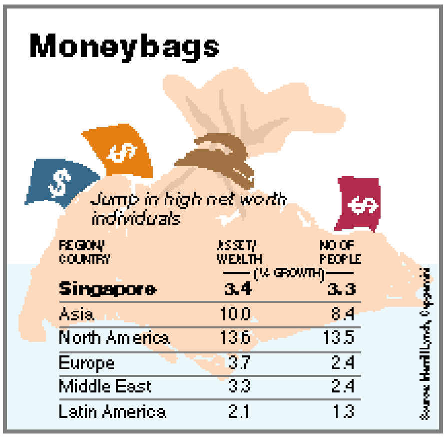
(SINGAPORE) There were about 31,000 millionaires in Singapore last year, each worth US$1 million or more. Their combined wealth of US$300 billion - up 3.4 per cent from a year ago - is about three times the size of Singapore's GDP in 2003.



According to the 2004 World Wealth Report published this week by Merrill Lynch and Capgemini, the number of high net worth individuals (HNWIs) in Singapore grew 3.3 per cent from 2002, thanks to the strengthening of the local currency and equity markets.

'After the decline in 2002, Singapore bounced back in both the number of wealthy people and their total wealth,' said Eng Huat Kong, Merrill Lynch Global Private Clients Market managing director for South Asia.

'The Singapore equity index was up 30 per cent in US dollar terms last year as a result of decent market performance and a stronger Singapore dollar.'

HNWIs are defined by Merrill Lynch as people with financial assets of at least US$1 million, but this excludes home real estate, a market that has also been booming in past years.

The estimates were based on information culled from various sources, including Capgemini in-house analyses and reports, Merrill Lynch surveys and studies and statistics pulled from global indices.

But despite a healthy recovery, Singapore lagged its Asian counterparts in terms of growth in high net worth.

Hong Kong saw a 30 per cent leap in the number of HNWIs, while the number of US dollar millionaires in India and China swelled 22 per cent and almost 12 per cent respectively.

China and Hong Kong's wealthy were reported to be worth US$969 billion, with Hong Kong accounting for almost half of that wealth.

Asia's growth in wealth was the second highest globally with the region's overall number of HNWIs jumping 8.4 per cent last year, and the region's combined wealth increasing 10 per cent to US$6.5 trillion.

This is equal to 22.5 per cent of the global wealth of the richest.

Capgemini predicted that Asia's wealth will increase by 7.4 per cent per annum to US$9.3 trillion by 2008, while global wealth is slated to rise to US$41 trillion by the same year.

The report also highlighted the greater use of sophisticated diversification strategies by HNWIs, especially in Singapore and Hong Kong, to create more dynamic asset allocations both by asset class and geographic allocation.

'Unsurprisingly, HNWIs in Hong Kong and Singapore made the most geographically diverse investments, spreading their assets across the globe from Japan to Kazakhstan to the United States,' it said.

Diversification has also led to the increased popularity of non-correlated alternative investment assets, such as hedge funds, according to the report.

Private clients who increased their allocation to hedge funds and structured products received an average return of 19 per cent, the report said.

Alternative investments aim to make money for investors regardless of what markets are doing. Some hedge funds, for example, use short selling as a tool when markets are falling.

Such a trend towards alternative investments has been reflected in the Singapore hedge fund industry.

Last month, the Monetary Authority of Singapore said total hedge fund assets under management in Singapore now exceed US$2.5 billion, with the number of hedge funds here more than doubling since 2002.

Meanwhile, a study published earlier this month by Citibank said wealth in Singapore has been growing for the past 10 years at an annual rate of 8 per cent.

The report, which estimated wealth here had doubled in 10 years to over $200 billion, said that household financial assets of the Asia Four - Singapore, Hong Kong, Taiwan and Korea - grew at a 10-year compounded annual rate of 8.2 per cent to US$2.3 trillion.

Singaporeans are also increasingly parking their wealth with professional institutions.

The Citibank report found that last year they handed over 46 per cent of their wealth to professional managers, up from 37 per cent 10 years earlier.