

## Global Assets Under Management Up 11.5% - BCG Study

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11/06/2010 00:34 - NEW YORK (Dow Jones)--Global assets under management rebounded 11.5% to \$111.5 trillion in 2009--driven by Asian growth--but client trust and the performance of wealth managers are still lower than they were before the economic crisis, according to a new global wealth-management study.

At the end of 2009, global assets under management were just shy of their 2007 peak, and the number of global millionaire households had jumped by 14%, according to Boston Consulting Group's 10th annual wealth-management study, which was released Thursday.

North America posted the largest absolute gain in wealth in the period--an increase of \$4.6 trillion or 15%--but the Asia-Pacific region, excluding Japan, experienced the largest percentage gain--wealth increased \$3.1 trillion, or 22%, there, the study found. Latin America had the second-largest percentage growth rate at 16%, it found.

North America and Japan were the only regions where wealth remained below year-end 2007 levels, it said. Wealth in North America increased by \$11.5 trillion to \$35.1 trillion, accounting for about 40% of the global wealth increase in 2009, according to the study.

The study looked at 62 countries, which represent more than 98% of global domestic product and BCG sent questionnaires to 114 global banks and included input from its internal wealth-management experts around the world.

"What a difference a year makes," said Monish Kumar, global leader of asset and wealth management at BCG. Assets recovered much faster than expected, driven by resurgent financial markets and increased savings and virtually offsetting the 10% decline in global assets under management in 2008, he said.

In North America, higher market values accounted for 90% of the growth, while market values and savings made nearly equal contributions to growth in Europe and Asia-Pacific, not including Japan, BCG found.

Global wealth is expected to grow 5.8% each year from the end of 2009 through 2014, much slower than the sharp 2009 recovery, but still higher than the 4.8% annual growth rate from the end of 2004 through 2009, BCG said. Emerging markets wealth will continue to grow faster than developed markets fueled by strong economic growth, BCG said.

Tjun Tang, a BCG partner and a co-author of the report, said, "We expect Asia-Pacific, excluding Japan, to grow at nearly twice the global rate, raising its share of global wealth from 15% to 20% in 2014."

Wealth also became more concentrated. The number of millionaire households rose across all geographic regions in 2009, BCG said. Globally, they rose by about 14% in 2009 to 11.2 million, about where they were at the end of 2007, the study found. While less than 1% of all households were millionaires, they owned about 38% of the world's wealth, according to BCG.

The U.S. had the largest number of millionaire households, which rose by 15.1% to 4.7 million in 2009, but in China those households rose by 30.7%, the study found. Singapore, however, had the highest growth in millionaire households, up 35%, followed by Malaysia, with an increase of 33%, according to the study.

With so much cash still remaining on the sidelines and "close to being in motion," the opportunity for wealth managers to thrive "is unbounded," Kumar said. But wealth managers are still grappling with falling revenue and shrinking margins, and will face challenges ahead, the study concluded. Pressures on their growth and profitability will continue, BCG said.

"To capitalize on the momentum of the nascent and somewhat fragile recovery, wealth managers need to improve their revenue margins and risk-management functions while making a concerted effort to attract and retain investors," the study said. "Attention to fundamentals, rather than the supposed buoyancy of rising wealth, will ultimately set the best wealth managers apart from the crowd."

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