How the World's High-Net-Worth Grow, Sustain, and Manage Their Fortunes

WEALTH

Associates of
Merrill Lynch and Capgemini

Foreword by Robert J. McCann, Merrill Lynch
and Bertrand Lavayssière, Capgemini

How the World's High-Net-Worth Grow, Sustain, and Manage Their Fortunes

WEALTH

Associates of
Merrill Lynch and Capgemini

Foreword by Robert J. McCann, Merrill Lynch
and Bertrand Lavayssière, Capgemini

Table of Contents

WEALTH

How the World's High-Net-Worth Grow, Sustain and Manage Their Fortunes

Associates of
Merrill Lynch and Capgemini

WILEY
John Wiley & Sons Canada, Ltd.

Library and Archives Canada Cataloguing in Publication Data

Wealth : how the world's high-net-worth grow, sustain and manage their fortunes / by associates of Merrill Lynch and Capgemini

Includes index.
eISBN : 978-0-470-67511-3

1. Finance, Personal. 2. Wealth. 3. Investments. 4. Rich people—Finance, Personal. I. Merrill Lynch & Co. (1973-) II. Capgemin (Firm)

HG179.W.024'01 C2008-900607-0

Production Credits
Cover design: Michael Freeland
Interior text design: Adrian So
Printer: Friesens

John Wiley & Sons Canada, Ltd.
6045 Freemont Blvd.
Mississauga, Ontario
L5R 4J3

FP

General Disclaimer:

The information contained herein was obtained from various sources; Capgemini and Merrill Lync do not guarantee its accuracy or completeness nor the accuracy or completeness of the analys relating thereto. This book is for general circulation and is provided for general information only. An party relying on the contents hereof does so at its own risk.

The information and case studies in this book are intended to be a general introduction to weal management. They are not intended to be either a specific offer by any Merrill Lynch entity or perso to sell or provide, or a specific invitation to apply for, any particular product or service. Merrill Lync and its affiliates offer a broad range of brokerage, investment advisory (including financial planning banking, trust, mortgage and other financial services and products. The nature and degree of advi and assistance provided, the fees charged, and client rights and Merrill Lynch's obligations will diffe among these services. Neither Merrill Lynch nor its Financial Advisors provide individual tax advic Clients should review any planned financial transactions and strategies that may have tax implicatio with their personal tax advisors.

Specific Disclaimer: Alternative Investment Strategies (Chapter 6)

Most alternative investments are sold in private placements and may be offered only to individua who are both Qualified Purchasers and Accredited Investors. No assurance can be given that ar product’s investment objectives will be achieved. Many alternative investment products are sol pursuant to exemptions from regulation and, for example, may not be subject to the same regulator requirements as mutual funds. Each product will be subject to its own specific risks, includir strategy and market risk.

Hedge funds are speculative and involve a high degree of risk. An investor could lose all or substantial amount of his or her investment. There is no secondary market nor is one expected develop for investments in hedge funds and there may be restrictions on transferring fur investments. Hedge funds may be leveraged and performance may be volatile. Hedge funds have hig fees and expenses that reduce returns.

A private equity investment involves significant risks and is illiquid on a long-term basis. Interes may not be transferred, assigned or otherwise disposed of without the prior written consent of th manager. Investors may lose their entire investment. Private equity funds are subject to significar fees and expenses, including management fees and, typically, a 20% carried interest in the net profi generated by the fund paid to the manager. Private equity funds may make a limited number investments, and such investments generally will involve a high degree of risk, such as start-u ventures with little or no operating histories, or companies that may utilize significant leverage.

ACKNOWLEDGMENTS

While the idea for *WEALTH* was inspired by the tenth anniversary of the *World Wealth Report*, quickly took on a life of its own. This deeply collaborative effort has evolved over the past two yea to, we hope, provide a richer view of the world of wealth.

First and foremost, we would like to thank the management of Merrill Lynch and Capgemini f their support in agreeing to support this effort amidst multiple priorities, as well as the many thoug leaders who graciously agreed to share their views, insights and lessons learned about wealth and i preservation. Of these, we are particularly grateful for the expertise and guidance of Bob McCan Vice Chairman and President of Global Wealth Management at Merrill Lynch, and Bertran Lavayssière, Managing Director of Global Financial Services for the Capgemini Group. If not for the steadfast support and deep industry knowledge, the storyline could not have matured.

Secondly, we would like to thank the management of Merrill Lynch and Capgemini for the support in agreeing to support this effort amidst multiple priorities, as well as the many executives both firms who invested considerable time and effort in reflecting and commenting on the points view expressed in this book. The ability of both organizations to reach out to a global network economists, academics and experts in the field for validation and support was a key factor broadening the scope of the work.

Thirdly, Capgemini and Merrill Lynch would like to thank Michael Sisk of Hamilton, Bridg Media Inc., for the numerous interviews he conducted across the globe, and for his skill organization of the many stories and ensuing research into a commendable first draft. In the process guiding our manuscript to completion, Stephen Fenichell of Merrill Lynch's Executi Communications group provided color, texture and a narrative framework, in addition to conducti further interviews and research.

We would also like to extend our sincere appreciation to Petrina Dolby of SECOR Consulting f her insight, creativity and tenacity in overseeing this complex and collaborative process.

On the Capgemini team, we would like to acknowledge the key contributions of William Sulliva Manager of Capgemini's Global Wealth Management Center of Excellence, for his leadership in th book's development; Scott Becchi, Karen Cohen, Chris Gant, Andres Guibert, Bob McGraw, Patric Neuwirth, Eric Rajendra, Stephen Ray, Ileana van der Linde, Liz Witt, and Alan Young fro Capgemini's Financial Services practice for providing industry insights and expertise; a Capgemini's Strategic Research Group for providing research and in-depth market analysis. We wou also like to thank Capgemini's Group management for supporting this endeavor.

At Merrill Lynch, Erik Hendrickson, Michael O'Looney and Tricia Nestfield provided indust perspective and oversight of the editorial and research process.

We would additionally like to recognize the contributions of a number of senior executives Merrill Lynch, including: Stacy Allred, Sameer Aurora, John Barrett, Nancy Bello, Richard Bernstei Stephen Bodurtha, Candace Browning, Darcie Burk, August Cenname, Daniel Dunn, John Hogar Richard Jones, Karen Klein, Joseph Lam, Albert Lee, Rahul Malhotra, Patricia McLaughlin, Marc

Mitchell, Alyssa Moeder, former CEO Stan O'Neal, Paula Polito, David Ratcliffe, Diane Schuenema Raj ~~Sharma, Dan Sontag, Ed Specter, Michael Sullivan, Tom Sweeney, Victor Tan, John Thiel,~~ Kevi Waldron, and Ken Winch.

We would like to express our appreciation to our colleagues at Wiley for adeptly steering *WEALT* through the publishing process and for their collective commitment to editorial excellence. A speci thank you goes to Karen Milner, Elizabeth McCurdy, Pamela Vokey, Peter Knapp and Lucas Wilk.

Finally, we have benefited enormously from the many industry authorities and clients who hav been so generous with their time in granting extensive interviews for this book. Namely: Antoine va Agtmael of Emerging Markets Management, LLC, Patricia Angus of Shelterwood Financial Service Jacques Attali of PlaNet Finance, Edward Bernard and James A.C. Kennedy of T. Rowe Price, D James Canton, Jon Carroll of Family Office Metrics, Charles Collier of Harvard University, Lar Fink and Ralph Schlosstein of BlackRock, Doug Freeman and Lee Hausner of IFF Advsiors, Gera Cavendish Grosvenor, The Duke of Westminster, Gregory Johnson of Franklin Templeto Investments, Michael Lee-Chin of AIC Investments, James Rothenberg of Capital Research ar Management, Michael Saadie of ANZ Private Bank, Dr. Lee Shau Kee of Henderson Lar Development, Charlie Simonyi, Domhnal Slattery of International Aviation Management Group, D Paul Tiffany of The Wharton School of Business of the University of Pennsylvania and of the Ha School of Business of the University of California, Berkeley, and Dr. Cheng Yu-Tung of New Worl Development.

FOREWORD

Our Eight Convictions about the Future of Wealth Management

By Bertrand Lavayssière, Managing Director of Global Financial Services for the Capgemini Group and Bob McCann, Vice Chairman and President of Global Wealth Management at Merrill Lynch & Co.

The world is witnessing the greatest period of wealth accumulation in history. Never before have s many people from so many different regions of the earth become so wealthy in so short a period time. And never before have so many opportunities existed to create new wealth, both as the natur outcome of new ideas and the product of existing capital appropriately and prudently leveraged. Du to the downfall of the Berlin Wall in 1989, coupled with the concomitant rise of global capitalism ar globally integrated capital markets, the twenty-first century presents an unprecedented opportunity f innovative and entrepreneurial spirits to profit from these long-term secular trends. This will continu to fuel the concentration and consolidation of wealth at the unprecedented velocity witnessed over th past decade. Although economic disruptions and volatility can by no means be relegated to history, w firmly believe that the future of global capitalism is bright. In support of this belief, we hav documented and validated eight convictions, which we are convinced will continue to shape the wor of wealth as it evolves in the twenty-first century.

Eight Firmly Held Convictions Regarding the Future of Wealth Management

Based on our collective experience, extensive research and dozens of interviews conduct specifically for this book, we have developed eight firmly held convictions regarding th future of wealth management. We will illustrate all eight throughout the book by usin detailed examples and case studies. We will demonstrate the myriad ways by which wealth investors and their financial advisors, as well as the broader community of aggressive ar informed investors worldwide, can materially benefit from the wide universe of weal creation opportunities before us.

1. The global economy and investment focus for high-net-worth individuals is evolvi from a two-pole world dominated by Europe and North America to a multi-polar wor including Asia and the Middle East.
2. This multi-polar evolution will accelerate as an unprecedented wave of wealth transf occurs, putting assets into the hands of a younger, more internationally focuse technologically savvy generation.
3. Diversification of investments across different investment vehicles, asset classes ar geographies will be the key to consistent and, at times, superior performance.

4. New investment products will continue to arrive at a rapid pace, accompanied by rap obsolescence and product cycles. As in the past, early adopters may benef substantially before a new product is commoditized and returns inevitably revert to t mean.
5. Investor sophistication—the ability to understand these new products, to invest in the and to compare them—will depend on a mixture of cutting-edge technolog information and expertise.
6. Investors will have an increasing responsibility to stay informed and educated. Th must be ready to engage and question their financial advisors about wealth manageme strategies. They must participate in the dialogue.
7. Family education around financial issues will become increasingly important demystify money, create family unity and prepare children to be good stewards capital—whether through investments or philanthropy.
8. Business ownership will remain the main driver of wealth creation. Business owne will increasingly demand that advisors manage their wealth as professionally as th manage their own businesses, prompting advisors to offer an ever-broader and deep range of financial products and services to the wealthy and ultra-wealthy.

TAKING FULL ADVANTAGE OF A WEALTH OF OPPORTUNITIES

The recent growth of global wealth prompts an obvious question: How can the wealthy (and those us who aspire to join them) and their families maximize their returns, commensurate with their ri appetite, in a rational and measured way that permits them to sleep at night while achieving the increasingly complex financial and personal goals? The purpose of this book is to provide son insightful working responses to this question. Not only are we convinced that the current era promis an unprecedented opportunity for abundance, but that all of us can share in the seemingly limitle prosperity of our era.

While the various topics treated herein may be of keenest interest to present and aspiring possesso of wealth, the rapidly increasing population of financial advisors and their associates will find muc to provoke their interest and stimulate discussion of the ever-shifting landscape of weal management. While we can by no means guarantee that we will address every question posed b professionals, we can offer assurances that most of the broader dimensions of this holistic weal management process have been covered.

When Capgemini and Merrill Lynch published their first *World Wealth Report* in 1997, the goal the project was modest and simple: to compile and distribute a discrete set of data points, conclusion and insights describing an explosively expanding class of individuals whom we dubbed HNW ("high-net-worth individuals"),[1] individuals with more than US$1 million in financial assets—an about whom the financial services industry of the time knew astonishingly little.

We could not have known then that this project would inadvertently give birth to the no commonly used acronym, HNWI (pronounced by the cognoscenti as "HUNWEE") which would destined to take pride of its place in the popular parlance of the burgeoning wealth manageme industry. ~~As we began more closely to observe, track and interpret the distinctive needs and behavio~~ of these individuals, we identified an even more rarefied class of investors with financial assets excess of US$30 million, which we subsequently called ultra-HNWIs (ultra-high-net-wor individuals)[2] who exhibited behaviors more institutional-like than the “average” HNWI.

APPRECIATING WHAT A DIFFERENCE A DECADE MAKES

The world of wealth described in that first seven-page report was positively quaint by today standards. In 1996, the number of dollar millionaires had just topped six million; ten years later t ranks of the wealthy had swelled to nearly ten million. In 1996, the pool of assets controlled by t wealthy stood at approximately US$17 trillion. By 2007, that number had surged to US$37 trillion.

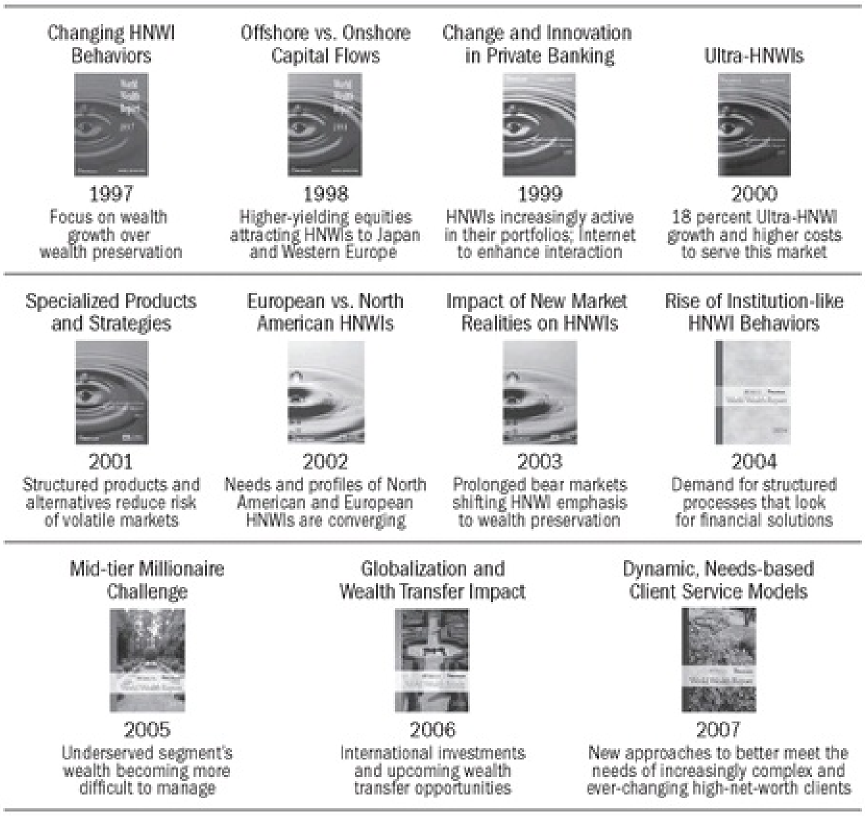
The approximately twenty trillion dollars in newly accrued assets accumulated by the wealthy a ultra-wealthy over the past decade represents not only a trend toward ever-greater weal consolidation and concentration, but also its accelerating globalization. In 1996, the most dynam regional wealth generators worldwide were in Asia and Latin America, although all the emergi markets were shortly to be significantly if briefly disturbed by the onset of economic contagion fro Asia and its fallout. This included the disruptive default on Russian sovereign debt, which first rais its ugly head in the summer of 1997.

We also documented a trend by which many of the world’s wealthiest individuals and families we abandoning traditional private banking havens in Switzerland in favor of offshore centers in t Caribbean. Additionally, we identified a behavioral pattern that has since accelerated, as the wealt and ultra-wealthy diversified their portfolios to embrace a number of then-radical and exot investment strategies, loosely grouped under the generic term “alternative investments.”

Whether those alternative investments included taking the plunge into frontier emerging marke making a proprietary private equity placement, or perhaps purchasing one or more holdings from rapidly expanding menu of comparatively exotic structured financial instruments and vehicles,[3] t penchant of the wealthy and ultra-wealthy to seek enhanced performance closely mirrored increased appetite for measured and structured risk—i.e., alternative investments—on the part institutional investors. By late 2007 and 2008, however, the global credit crunch threatens to ca many of the rosy scenarios underlying these pooled assets into question.

A brief history and synopsis of the ten-year trends can be found in Figure 0.1.

Figure 0.1 - *World Wealth Report* Spotlight Sections, 1996-2007



From 1997 to 2007, the number of HNWIs grew at an annual rate of 7.6 percent, from nearly s million to nearly ten million. At the same time, their financial assets surged at an annual rate of percent, to US$37.2 trillion from US$16.6 trillion. In 2006, for the first time, the Forbes 400 w composed strictly of billionaires. HNWIs, who tend to be older than the general population and hov somewhere on the cusp of traditional retirement age, have been saving and spending in their lifetim according to patterns and strategies quite different from the wealth accumulation and preservatic strategies employed by their parents. What is more, as these wealthy individuals pass their assets on their children, they will in all likelihood usher in a new generation, armed with a different mindset ar approach, which is likely to give rise to yet newer forms of investment methods and strategies. Tl profound social and economic implications of what is predicted to be the largest intergeneration transfer of wealth in history will be discussed at length in later chapters. This growth over the pa decade is broken down into an annual timeline in Figure 0.2 below.

Figure 0.2 - *World Wealth Report* Scorecard, 1996-2006

Source: Capgemini Lorenz Curve Model; Capgemini/Merrill Lynch 2007 *World Wealth Report*

HNWI Global	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Financial Wealth (US$ trillions)	16.6	19.1	21.6	25.5	27.0	26.2	26.7	28.3	30.7	33.4	37.2
Number of HNWIs (millions)	4.5	5.2	5.9	7.0	7.2	7.1	7.3	7.7	8.2	8.8	9.5

Running concurrently with these long-term economic and demographic trends has been tl overarching phenomenon of globalization, coupled with the advent of sophisticated technologies th have integrated the world's capital markets while fostering the creation of a steady stream of comple financial instruments. If two decades ago the financial services industry resembled a mom-and-po sidewalk food stand offering a mere handful of plain-vanilla entrees on its menu—stocks, bonds an mutual funds—today's financial marketplace more closely evokes a full-service restaurant locate inside a five-star hotel, replete with smiling and eminently capable maîtres d'hôtel and a concier prepared to meet—and ideally anticipate—every conceivable need, articulated or not, of th discerning investor.

The popularity of structured instruments—including collateralized debt obligations and other form of asset-backed securities, some of which courted controversy and even outright incredulity during th credit crunch of 2007—is clearly responsible for a significant proportion of the new wealth spawne within the first decade of the twenty-first century. Yet broader access to these high-performance an often high-risk vehicles (the Porsches and Maseratis of the financial world) has not come without co or anxiety. The sheer complexity of such instruments demands a level of expertise to ful comprehend and navigate through their exotic universe and has only increased the value of expe guidance and advice to baffled yet justifiably intrigued clients. Many of today's structured produc require advanced math degrees not only to create, but even to comprehend.[4] The global nature of the investments also means that numerous tax and regulatory jurisdictions may come into play, furth enhancing the chances that expert guidance in the field will be required by clients and advisors alil when engaging with a wide variety of products.

Just as the *World Wealth Report* colorfully accomplished over the past decade, this book will tra the evolution of the financial services industry, from its comparatively humble beginnings as straightforward purveyor of stocks, bonds, mutual funds and garden-variety investment advice to th affluent masses, to a globally distributed group of high-level custom-shops or boutiques, frequent contained within and supported by global financial powerhouses, and offering a staggering array products and services precisely targeted at the wealthiest of wealthy individuals and households. W will also provide guidance on the strategies and insights developed by many HNWIs to take fu advantage of the plethora of often exotic products and services on the menu.

As we noted a decade ago, the traditional world of the obsequiously discreet and low-key priva banker was even then fading fast into a dusty past. "Private banks can no longer expect to recei handsome fees for providing old-fashioned trust and investment management services merely protect assets from inflation or domestic taxation." Clients then, as now, "are becoming increasing sophisticated and demanding…and expect not only outstanding service but consistent stron performance, active wealth management, and a multi-market investment strategy."[5]

Family offices and multi-family offices that provide tailored advice to an exclusive and limite network of families, relatives and friends have continued to proliferate in the HNW univers Financial services boutiques (many located within larger institutions) that strive to maintain the hig touch intimacy of the traditional private bank have continued to thrive. Several of the largest financi institutions have been quite aggressive in preserving the best of the private-banking tradition b carving out private banks within their larger wealth management divisions, while supplementing th skill sets of their high-production private bankers with expertise drawn from the broad array activities conducted by the firm.

LEVERAGING HOLISTIC WEALTH MANAGEMENT TO MEET THE DEMANDS OF THE MASERATI INVESTOR CLASS

Wealthy and ultra-wealthy investors' perennially urgent demand for convenient and comprehensiv access to markets and information has given rise to a dazzlingly broad range of bespoke products ar asset classes. The most avid consumers of these new asset classes consist primarily of a new clie class we have labeled "active performance-driven investors." While once upon a time the averag wealthy investor might have sought out a private banker for his or her high-end investment advice- probably the same private banking house that served his or her parents or grandparents—today's mo versatile, knowledgeable and empowered HNWIs are inclined to take a broader view of their enti financial picture. This broader view has in turn ushered in an era of financial service in which comparatively small number of firms with a global footprint are prepared to combine the intimacy a financial boutique with the intellectual capital of a financial powerhouse.

Active performance-driven investors require returns backdated into the past and thrusting far in the future, encompassing asset allocation, risk management, credit, tax strategies, insurance, esta planning, college planning, financial education and philanthropy—not to mention the occasion provision of a sought-after ballet ticket, entree to an intimate lecture by a world-class financial exper or possibly even a financial boot camp for their children so they are more fully grounded in legac issues and the ins and outs of intra-generational wealth transfer.

When a HNWI turns to a wealth manager in our era, he or she invariably demands to know abo and perhaps even fully understand the identity of the newest exotic investment vehicle being offere much as the same discerning consumer might prefer to acquire a custom-made designer suit opposed to a mass-production item pulled straight off the rack. Whether it is the most secure ris management tactic, the latest estate tax strategy, or the best way to structure a charitable foundation accordance with local tax law, the inherent complexity of managing wealth in this day and ag demands a genuinely holistic approach.

Particularly for many of the more recently minted HNWIs, as well as for entrepreneurs so ofte busy building their businesses that they lack the time or inclination to dwell on wealth manageme issues, it is critical to grasp the fact that a more holistic wealth management view offers the sure path to wealth for the broadest class of discerning investors. For advisors, it pays to know that HNW will increasingly expect this breadth of service. For large banks, with complex global structures, it h become all the more urgent to break down silos and integrate across lines of business and geographi to provide the holistic service HNWIs need and will expect.

In our chapter on investor sophistication, we examine the remarkable strides in financial literac among HNWIs, arguably driven by three factors:

1. The enormous amount of information available via the Internet, which allows HNWIs educate themselves more easily than ever before;
2. Globalization, which has forcibly broadened HNWIs' investment views;
3. Steadily increasing household liquidity. Through initial public offerings and private equi buyouts, entrepreneurial HNWIs, or those with a family business, may suddenly fir themselves with tens or even hundreds of millions of dollars on hand, which they must wise allocate across asset classes and geographies.

A key finding here is that as HNWIs become more engaged than ever before in their investment they are less and less self-directed.

HNWIs will continue to require and value the high-level expertise and sophistication that a goo financial advisor can bring to the table. That may be good news for advisors, but it also means th HNWIs are relentlessly raising the bar of expectations for them. They fully expect their financi advisor to understand and explain how products fit into the overall portfolio. Or, depending upon th product or instrument in question, they expect their advisor to be in a position to call upon the rig expert to add their specialized knowledge to the relationship—a synergy that private banks cradle within global financial institutions and offering a wide array of products and services excel delivering.

To ensure the highest level of service, HNWIs need to be active participants in a dynamic dialogu between client and advisor. Investors cannot be passive bystanders to the management of their wealt Advisors, for their part, need to know how to encourage and stimulate this dialogue so that goals ma be clearly understood and expectations managed on both sides. The wealth of opportunities availab today mean that one's net worth should be viewed as a means to achieve life goals, in addition being a potential revenue stream.

RECOGNIZING "ASSET ALLOCATION" AS SIMPLY CODE FOR "RISK MANAGEMENT"

"Asset allocation" is, in fact, code for "risk management." HNWIs and their advisors should use ass allocation as a tool to achieve acceptable risk levels. If conducted correctly, unexpectedly high return are as much a warning sign that risk levels are out of sync as low returns. While concerns abo achieving high returns are perfectly understandable, rest assured that the rules of investing a suspended for no one and that unexpectedly high returns will very likely over time lead to unexpecte volatility and losses. According to the "wealth allocation framework" designed by Ashvin Chhabr former head of wealth management strategies and analytics at Merrill Lynch—now at the Institute Advanced Studies at Princeton—HNWIs and their advisors should move beyond modern portfol theory, today the basis of virtually all investment strategies, and put *risk allocation* ahead of *ass allocation*.

PREPARING FOR INCREASED DEPENDENCE ON ALTERNATIVE INVESTMENTS

We delve deeply into the heady issue of alternative asset classes, including hedge funds, priva equity, derivatives of all stripes and even investments of passion such as art or yachts. All are playin an increasingly critical role in the ongoing quest for diversification of assets and concomita mitigation of risk. Collectively, alternative assets have shifted from a minor component of the averag HNWI investment portfolio ten years ago to roughly 25 percent today; in addition, this multifacete asset class has become a veritable wellspring of financial innovation and high returns for clients an advisors alike. While financial advisors must ensure that their clients have been provided with acce to ~~the best thinking around these innovative products, attaining diversity through an appropria~~ distribution of risk across multiple alternative asset classes remains the key to consistent and eve superior performance. HNWIs who fail to demand educated access to these asset classes are, b definition, failing to optimize their returns in the current environment.

WITNESSING THE RISE OF INTERNATIONAL INVESTING

The rise of international investing is the natural outgrowth of globalization and the free flow of capit it encourages. This international flavor in investing has been adopted by a large percentage investors globally. An exception has been North American investors, who have not taken fu advantage of the growth and benefits international diversification has to offer. They have historical invested the least overseas, certainly by comparison to their European and Asian counterparts, than to the deep and stable U.S. market. This provincial strategy has until recently served them fairly we but as exotic frontier markets including Vietnam, Dubai and Brazil continue to mature, su reluctance to invest overseas will limit potential returns. Overall, international investing will contin to grow and play a more significant role in investor portfolios, including those in North America has been highlighted in the *WWRs* over the past three years.

In the meantime, emerging markets are attracting local investment on a scale never seen before. Asia and the Middle East, where local wealth frequently flowed without question to Europe and Nor America, more capital is staying onshore. We see local

HNWIs as canaries in the coal mine, with their increasing participation in their own markets a economies a powerful validation of the growing internationalization of capital (and of returns), whi every wealthy individual or household worldwide should strongly consider emulating.

EXPLORING THE EMERGENCE OF GENERATIONAL WEALTH ISSUES

We zero in on the trends around educating children and multiple generations about wealth. Not lo ago, parents could, if they chose, keep most of the details of their fortune hidden from children. Ma did this not for the purpose of deception but out of a not unreasonable fear that if the full scope their fortunes were known they would demotivate their children and create passive “trust funders”- children who sponge off their inherited wealth and never develop into fully formed adults w contribute to society.

Today’s parents no longer have the luxury of nondisclosure—even if they think they still d Information age tools, such as the Internet, and greater mandated disclosure by players in increasin transparent financial markets mean that children are able to find out plenty about their family fortun in the absence of parental consent. According to the most sophisticated advisors in this area, it generally advisable to talk directly with these children about wealth, the responsibility it brings, a