The image shows the cover of the World Wealth Report 2016. It features a scenic photograph of a fjord with snow-capped mountains and a vibrant aurora borealis in the sky. The text 'WORLD WEALTH REPORT' is in white, and '2016' is in gold. A gold seal in the top right corner marks the 20th anniversary.

WORLD WEALTH REPORT

2016



World Wealth Report 2016 Key Findings

Brussels, 23rd of June 2016

Agenda

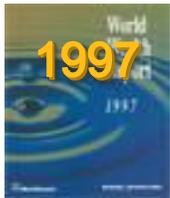
- **Market Sizing and Impact of Key Drivers of Wealth**
- **WWR 2016- Economic Review Belgium**
- **Findings from the Global HNW Insights Survey, 2016**
- **Looking Back and Forward: 20 Years of the World Wealth Report**
- **Digital Maturity an Elusive Goal for Wealth Management Firms**
- **Questions and Answers**



Overview

This year we celebrate 20th anniversary of the WWR, which has been an industry leading report for two decades

Changing HNWI Behaviors



Offshore vs. Onshore Capital Flows



Change and Innovation in Private Banking



Ultra-HNWIs



Specialized Products and Strategies



Europe vs. North America HNWI



Impact of New Market Realities on HNWI



Institution-Like HNWI Behaviors



Mid-Tier Millionaire Challenge



Globalization and Wealth Transfer



Needs-Based Client Service Models



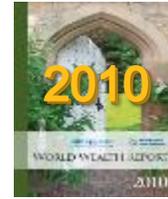
Meeting Needs of Growth Markets



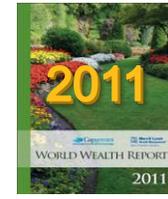
Adapting to New Market Realities



Change in Investor Psyche post Crisis



Leveraging Enterprise Value



Developing Scalable Business Models



Regulatory Impacts on WM Firms and their Clients



Digital: The New Wealth Management Mandate



Addressing Evolving Role of Wealth Manager



Digital Maturity Remains an Elusive Goal



**WWR 2016
20th Year
Anniversary**

This year's WWR assesses the HNWI market and their preferences, and industry's digital maturity

Four Components of 2016 World Wealth Report

1 High Net Worth Market Sizing and Impact of Key Drivers of Wealth

HNWI Investment and Allocation Preferences **2**

3 Anniversary Special! - 20 Years of the World Wealth Report and Looking Ahead

Spotlight on Digital Maturity of the Wealth Management Industry **4**

The four components of the WWR were produced using a variety of global and local primary and secondary sources.



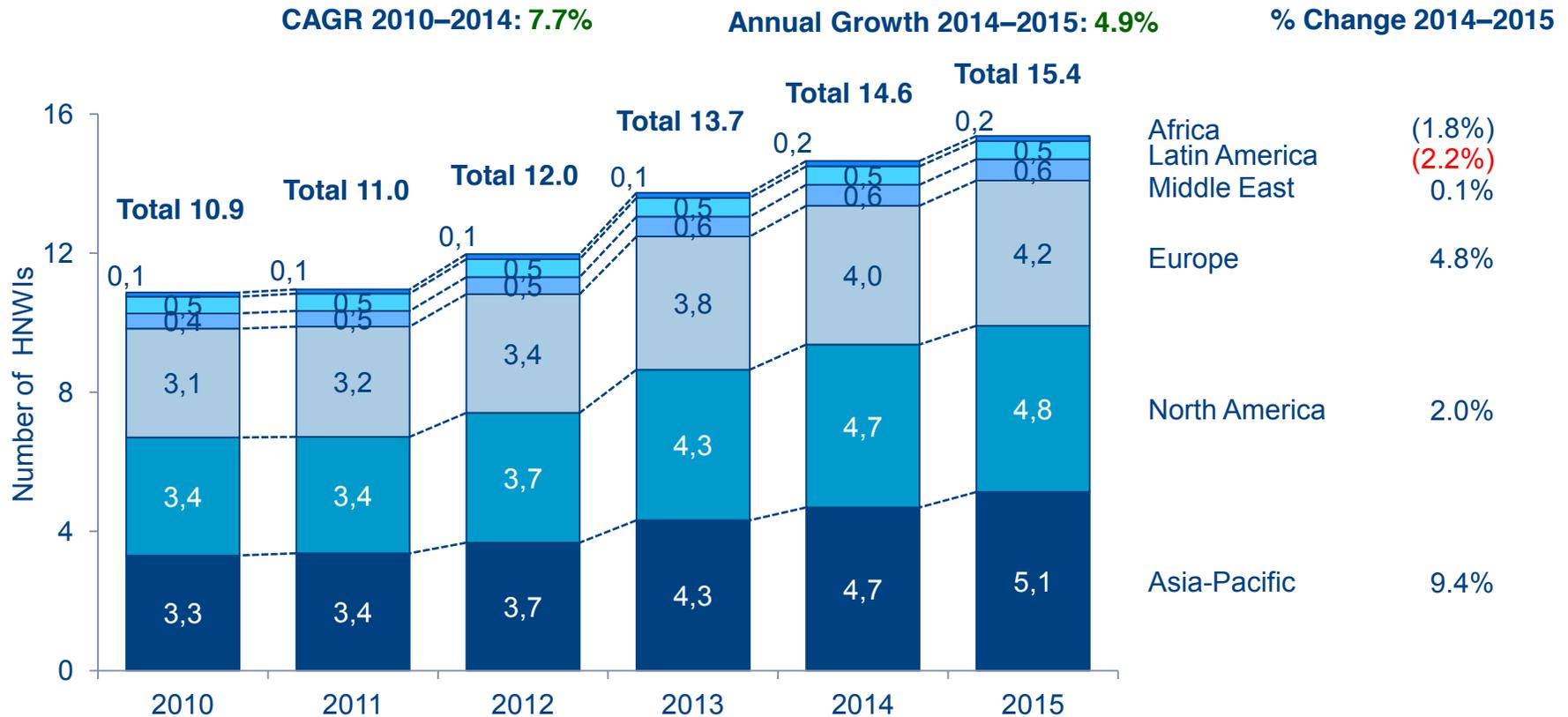
High Net Worth Market Sizing and Impact of Key Drivers of Wealth

Key Findings: Market Sizing and Growth

- **Global HNWI population and wealth expanded at subdued rates of 4.9% and 4.0% respectively in 2015**
- **Asia-Pacific overtook North America to become the region with the largest amount of HNWI wealth at US\$17.4 trillion in 2015 after having already surpassed it on the HNWI population count last year**
- **China and Japan emerged as growth engines and drove close to 60% of the global HNWI population growth in 2015**
- **Global HNWI wealth is expected to cross US\$100 trillion by 2025, nearly triple the 2006 amount**

HNWI population grew 4.9%, led by Asia-Pacific

Number of HNWIs by Region (Millions)



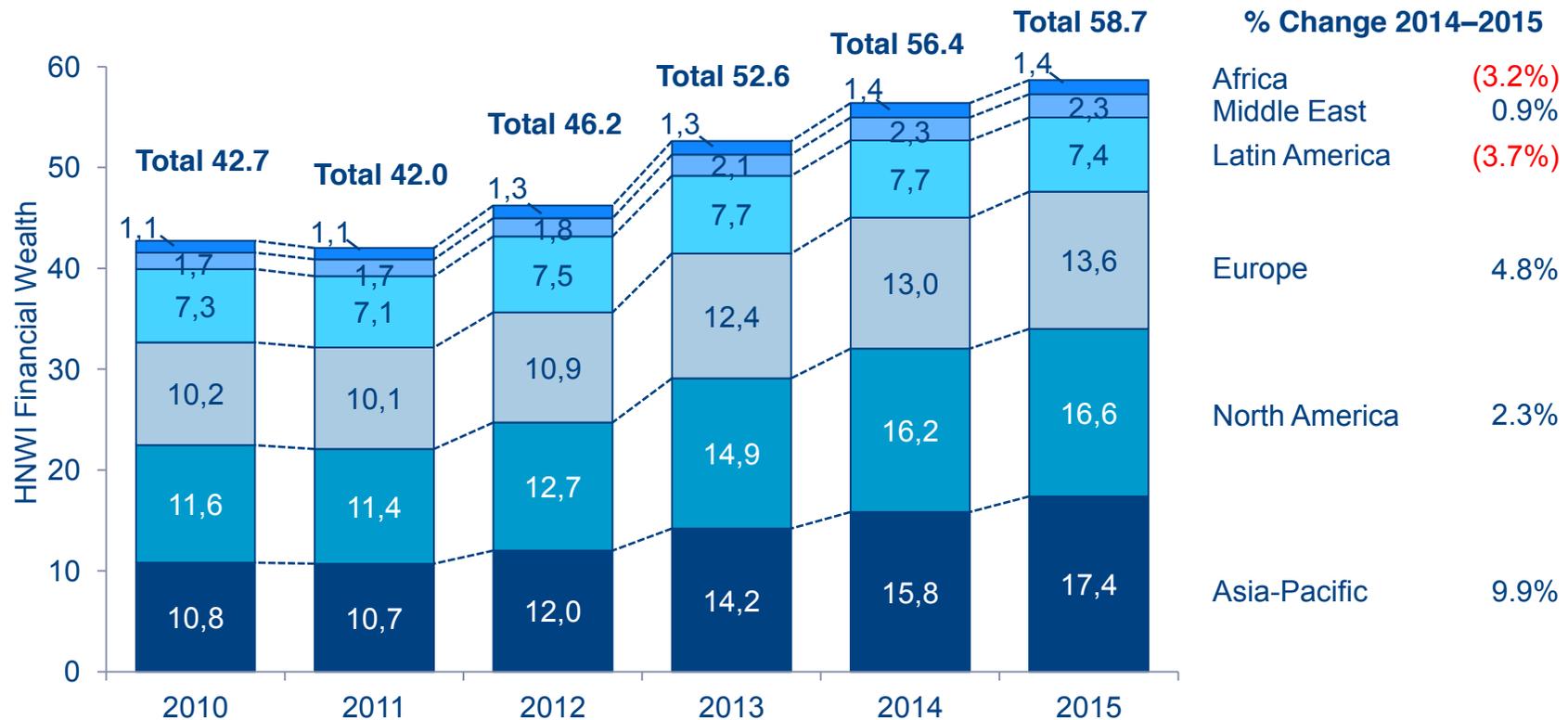
Source: Capgemini Financial Services Analysis, 2016

Global HNWI wealth up 4.0%

HNWI Investable Wealth by Region (US\$ Trillion)

CAGR 2010–2014: 7.2%

Annual Growth 2014–2015: 4.0%

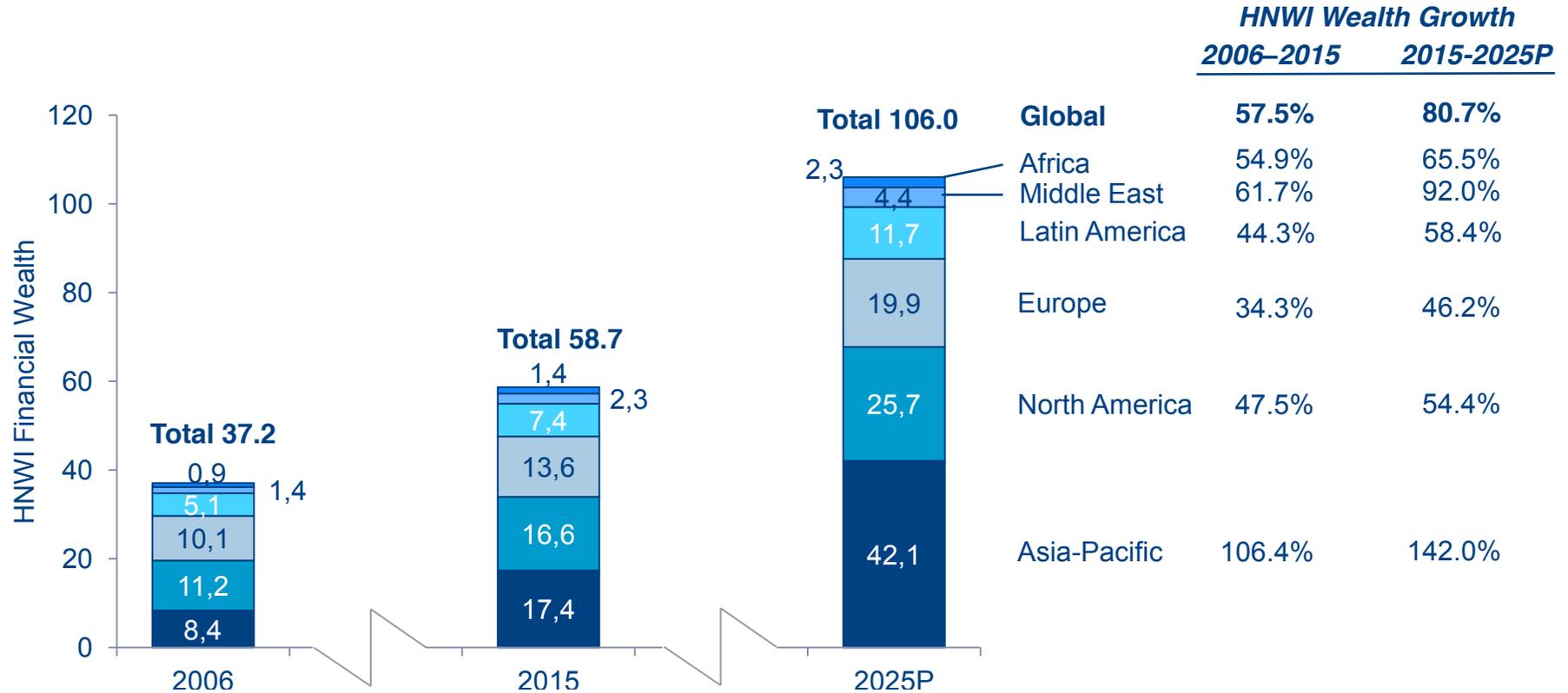


Asia-Pacific surpassed North America on HNWI wealth

Source: Capgemini Financial Services Analysis, 2016

By 2025, HNWI Wealth to reach almost triple the 2006 amount

HNWI Wealth Projection, 2006, 2015, 2025P (by Region)



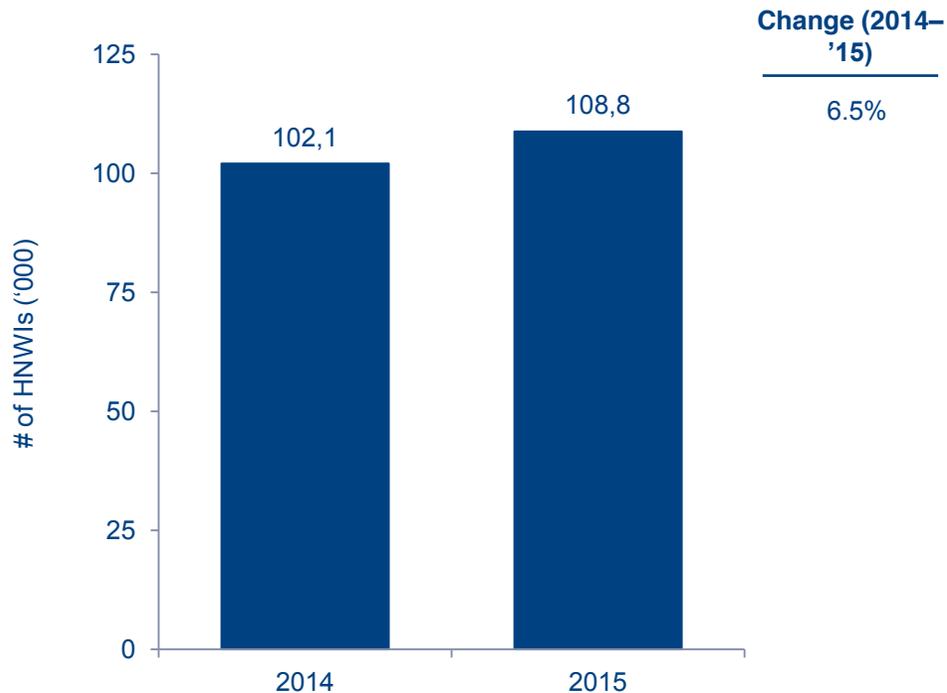
Source: Capgemini Financial Services Analysis, 2016



2016 World Wealth Report Economic Review – Belgium

Belgium – 2015 Economic Review

**Number of HNWIs for Belgium ('000),
2014–2015**



Drivers of Wealth (+)

- Real GDP stood at \$ 435.2 billion, representing a growth of 1.4% in 2015
- Market Capitalization increased by 12.6% in 2015
- Real estate prices decreased by 0.7% in 2015

Inhibitors of Wealth (-)

Note: HNWI numbers have been rounded up to one decimal place for representation while the change is calculated based on complete numbers

Source: Capgemini Financial Services Analysis, 2016; Capgemini Lorenz curve methodology; EIU Country Reports, March 2016; EIU Data, March 2016; Global Property Guide, April 2016

Belgium – 2015 Economic Review

Key Macroeconomic Drivers and Inhibitors of HNWI Wealth

Factor	2015 Performance	2015 Drivers and Inhibitors	Model Impact
GDP Growth	<ul style="list-style-type: none"> ▪ Real GDP Growth: <ul style="list-style-type: none"> • 1.4% in 2015 • 1.3% in 2014 	<ul style="list-style-type: none"> ▪ Real GDP stood at \$ 435.2 billion in 2015, representing a growth of 1.5%, compared to a growth of 1.3% in 2014 ▪ Increased private consumption, low global oil prices, wage moderation and improving productivity is supportive of economic growth which is evident in the improving growth rates after the stagnation in 2012-13 	
Savings	<ul style="list-style-type: none"> ▪ National Savings as a Percentage of GDP: <ul style="list-style-type: none"> • 23.5% in 2015 • 22.8% in 2014 	<ul style="list-style-type: none"> ▪ National savings as a percentage of GDP increased marginally in 2014: <ul style="list-style-type: none"> • Private consumption stood at \$ 220.5 billion, representing a growth of 1.4% in 2015, compared to a growth of 0.3% in 2013 • Government consumption stood at \$95.8 billion, representing zero growth in 2015, compared to growth of 0.6% in 2014 	
Market Capitalization Change	<ul style="list-style-type: none"> ▪ Market Capitalization Change: <ul style="list-style-type: none"> • 12.6% in 2015 • 12.4% in 2014 	<ul style="list-style-type: none"> ▪ Market Capitalization increased by 12.6% in 2015, compared to 12.4% in 2014 ▪ With Germany and France being large trading partners of Belgium, the markets were subdued given the sluggish economic performance these major economies of the Euro zone 	
Real Estate	<ul style="list-style-type: none"> ▪ Real Estate^b price change: <ul style="list-style-type: none"> • (0.7%) in 2015^a • 1.3% in 2014 	<ul style="list-style-type: none"> ▪ Real estate prices in Belgium fell by 0.7% in 2015, compared to a rise of 1.3% in 2014 ▪ Despite most of the European countries experiencing sharp fluctuations in the housing market, Belgium's housing market has been relatively stable over the last few years and the stability is expected to continue further in 2015 	

a Y-o-Y change from Q4 2014 and Q4 2015

b Price changes of all residential properties, Eurostat

Note: National savings = Real GDP – Total Real Consumption (Government + Private)

Source: Capgemini Financial Services Analysis, 2016; EIU Country Reports, March 2016; EIU Data, March 2016; Global Property Guide, April 2016; <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=teicp270&plugin=1>

Belgium – 2015 Economic Review

Other Key Drivers and Inhibitors of HNWI Wealth

Factor	2015 Drivers and Inhibitors
Monetary Policy	<ul style="list-style-type: none"> ▪ The European Central Bank (ECB) is expected to further expand its Quantitative Easing programme by Euro 10-20 bn and cut deposit rates from -0.3% to -0.5% to revive the stagnating euro zone economy and to fight the fears of deflation ▪ The weak global economy might need ECB to sustain the low interest rates till 2018, with a possibility of raising rates in 2020 ▪ The ECB is determined to revive inflation to a target of 2% by any monetary policy measure under its control ▪ The ECB also announced that it will now extend its bond-buying scheme to high rated corporate bonds
Fiscal Policy	<ul style="list-style-type: none"> ▪ Belgium is committed to fiscal consolidation mainly by expenditure based adjustments in the form of public spending cuts ▪ Increased spending on refugees and on increased counter-terrorism and security measures is expected to impede the process of spending cuts in the near future ▪ Budget deficit is expected to have been 2.6% of GDP in 2015 but should narrow down to 1.9% by 2020
Other Factors	<ul style="list-style-type: none"> ▪ Driven by recovery in the euro zone economy and increase in Belgian exports, the current account deficit is forecasted to narrow during 2015-17, from an estimated deficit of 3.6% of GDP in 2014 ▪ The EU-harmonized inflation in 2015 was 0.6% which is the highest rate in the Euro zone, owing to a 15 percentage point increase in VAT on electricity as part of a tax-shift programme ▪ Private consumption will be the main driver of growth in 2016 along with investment growth to satisfy pent-up private-sector demand

Source: Capgemini Financial Services Analysis, 2016; EIU Country Reports, March 2016; EIU Data, March 2016



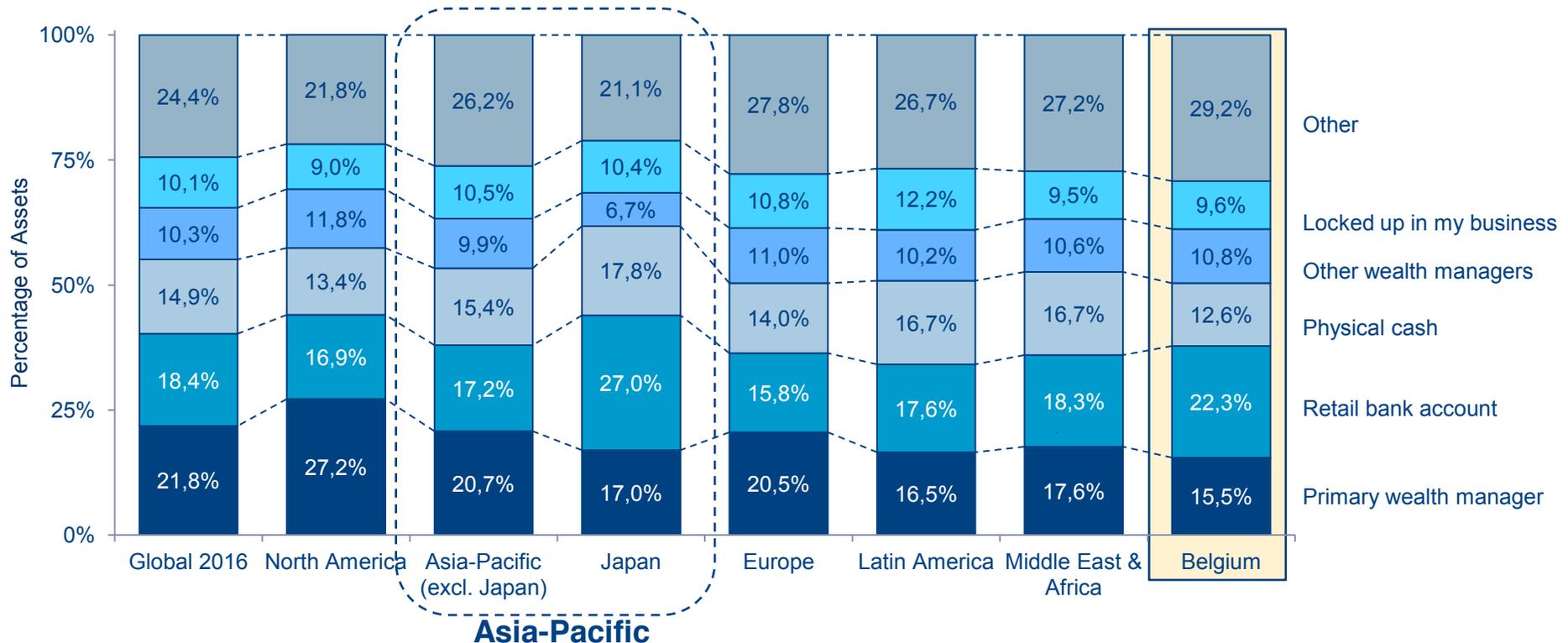
Findings from the Global HNW Insights Survey, 2016

Key Findings: Global HNW Insights Survey, 2016

- **HNWI trust and confidence in wealth management firms (and other stakeholders) increased significantly, while trust in wealth managers remained flat**
- **Despite the more favorable trust environment, HNWIs hold less than one-third of their global wealth with wealth managers**
- **HNWIs cite financial planning expertise, investment access and advice, as the most important elements in a wealth management relationship**
- **Wealth managers have an opportunity to tap into HNWIs' investment advice requirements, especially since nearly half of HNWIs favor growth-oriented investment**
- **More HNWIs are starting to favor a pay-for-performance fee model, presenting a challenge to firms and wealth managers, but also a lever for those able to profitably offer such a model**

Firms and wealth managers only manage a small portion of HNWI wealth

Investable Wealth Across Entities and Accounts

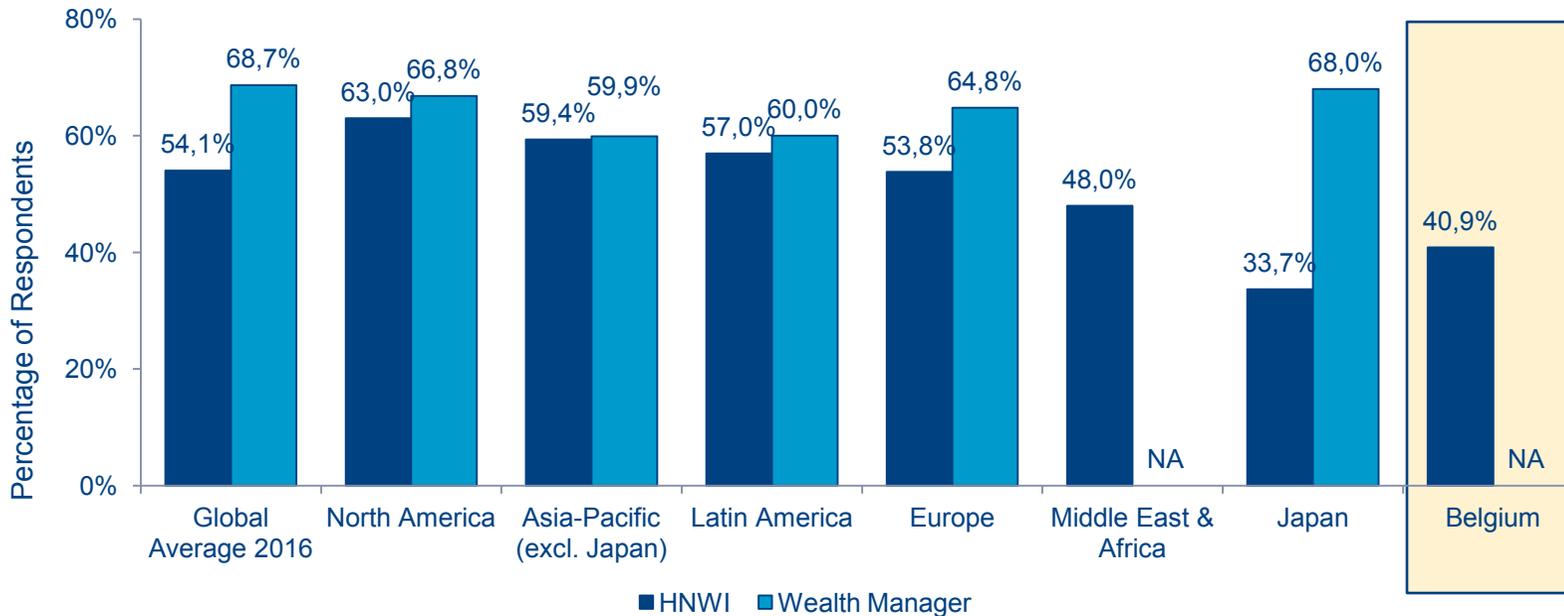


Note: Question asked: "How does your investable wealth breakdown across entities and accounts?"; Chart numbers may not add up to 100% due to rounding; Real estate is included as a part of Other

Source: Capgemini Financial Services Analysis, 2016; Global HNWI Insights Survey 2016, Capgemini

HNWIs are willing to consolidate wealth with wealth managers

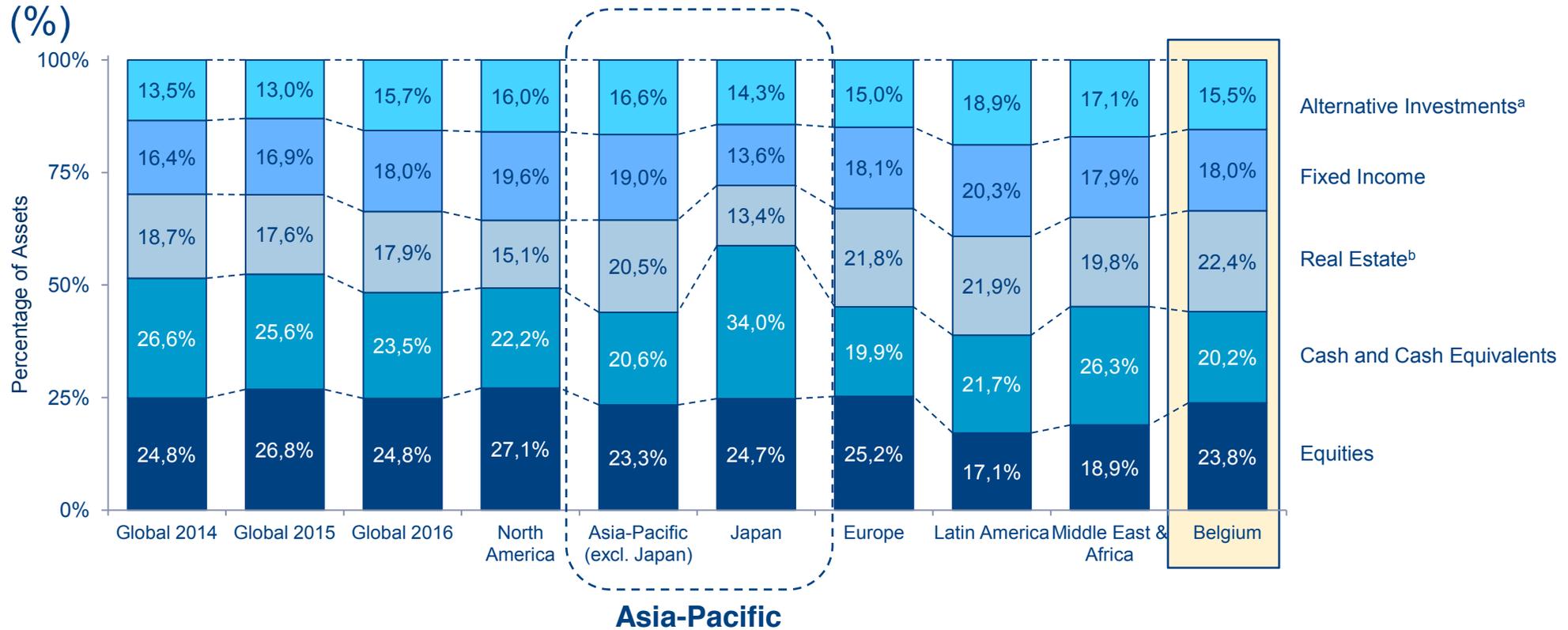
HNWIs Likelihood of Consolidating More of their Assets with Primary Wealth Management Provider Compared to Wealth Manager Perspective



Note: Questions asked: "How likely is it that you would consolidate more of your assets with your primary wealth management provider?"; "How likely is it that your HNWI clients would consolidate more of their assets with their primary wealth management provider?"; Please indicate your response on a scale of 1–7. 1 = Not at all likely, 4 = Neither likely nor unlikely, 7 = Extremely likely; Ratings of 5, 6 and 7 have been shown in the chart above

Source: Capgemini Financial Services Analysis, 2016; Global HNWI Insights Survey 2016, Capgemini; Capgemini Wealth Manager Survey, 2016

HNWIs allocate half of their assets to equities and cash, and many HNWIs take a growth-focused strategy



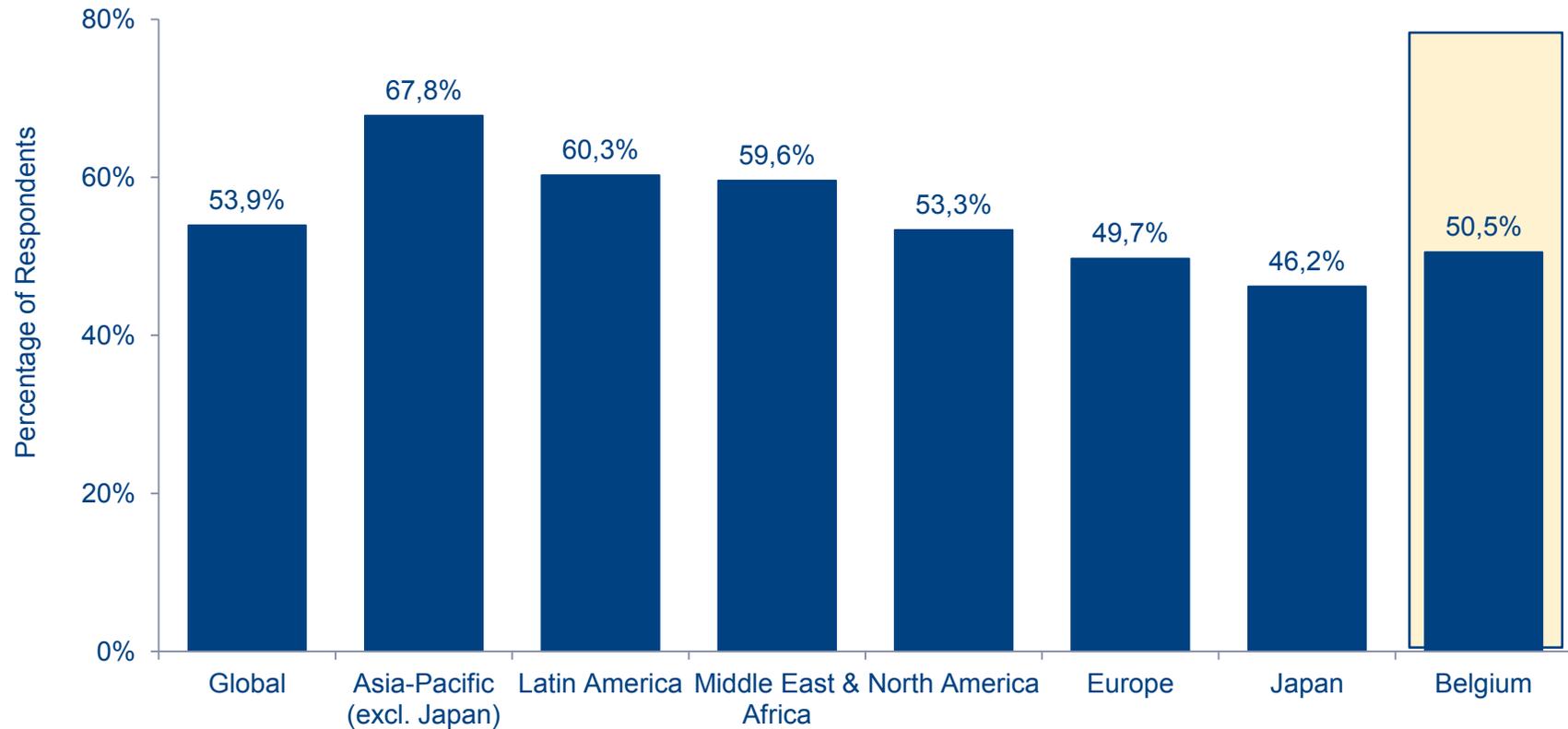
- a. Includes structured products, hedge funds, derivatives, foreign currency, commodities, and private equity
- b. Excludes primary residence

Note: Question asked: "What percentage does each of these asset classes approx. represent in your CURRENT financial portfolio?"; Chart numbers may not add up to 100% due to rounding

Source: Capgemini Financial Services Analysis, 2016; Global HNWI Insights Survey 2016, Capgemini; Capgemini and RBC Wealth Management Global HNWI Insights Survey, 2015

HNWIs Holding Investments Outside their Home Country (by Region), Q1 2016

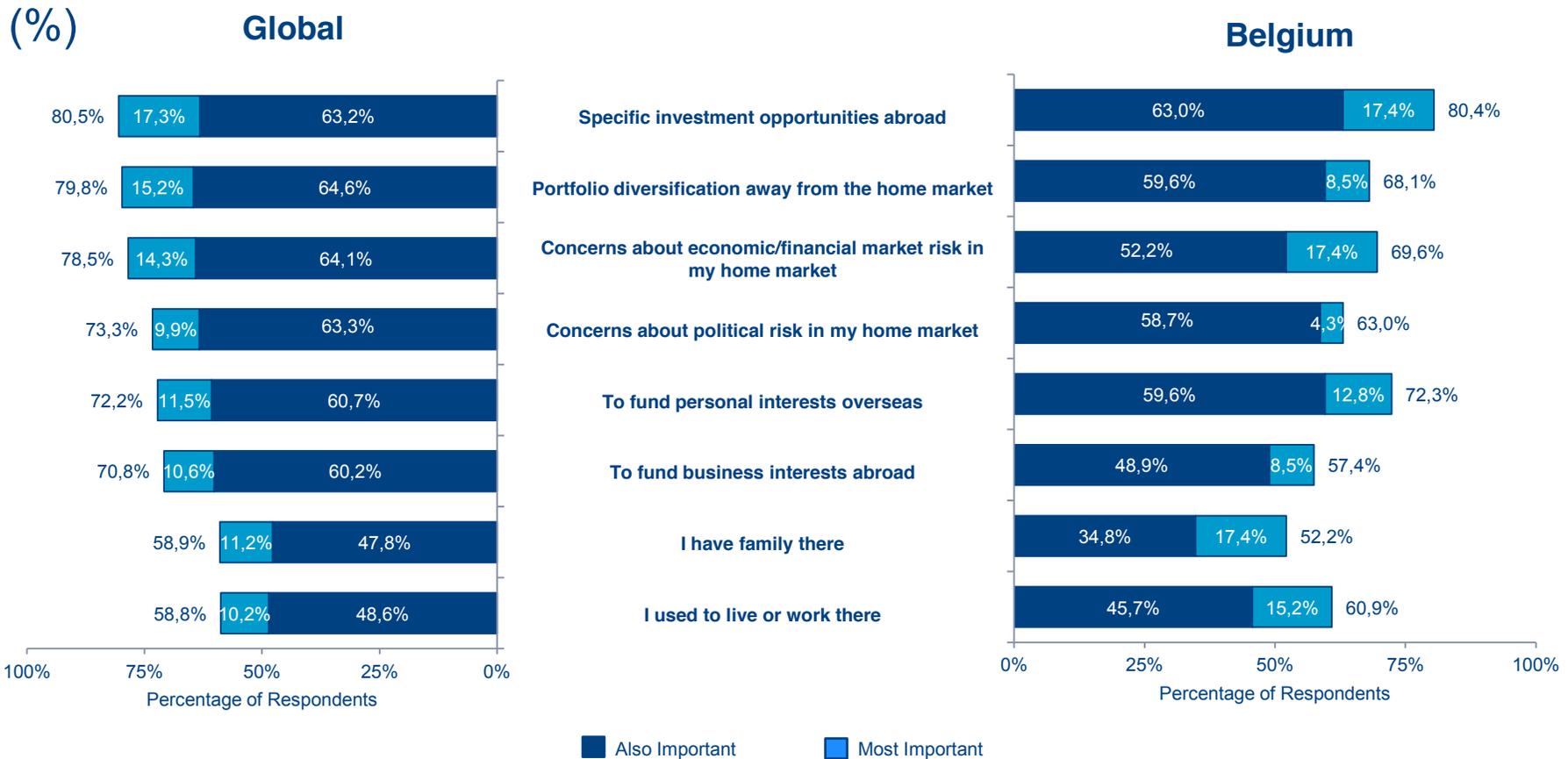
(%)



Note: Question asked: "Specifically, do you hold any assets or accounts in markets outside of your home country?"

Source: Capgemini Financial Services Analysis, 2016; Global HNWI Insights Survey 2016, Capgemini

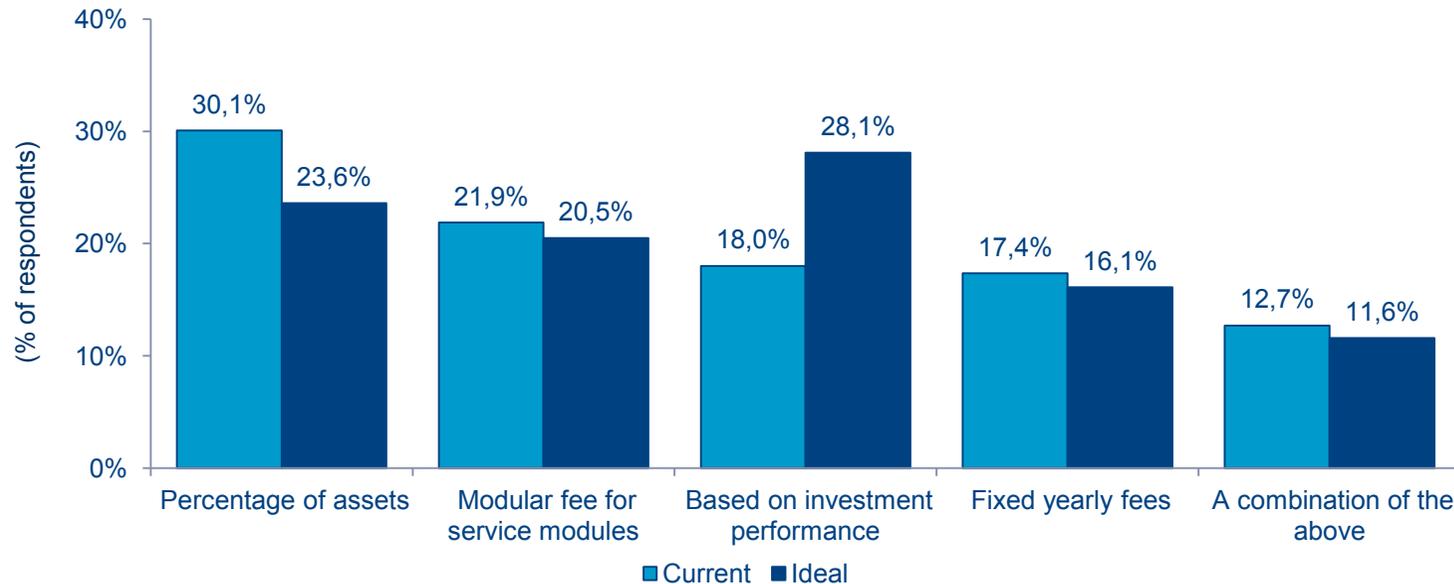
Most Important Reasons for HNWIs to Hold Assets or Accounts in Markets Outside of Home Country (%)



Note: Question asked: "What are your main reasons for holding assets or accounts in markets outside of your home country?" Chart numbers and quoted percentages may not add up due to rounding
 Source: Capgemini Financial Services Analysis, 2016: Global HNW Insights Survey 2016, Capgemini

HNWIs are moving away from fee as percentage of assets

Payment for Wealth-Related Services

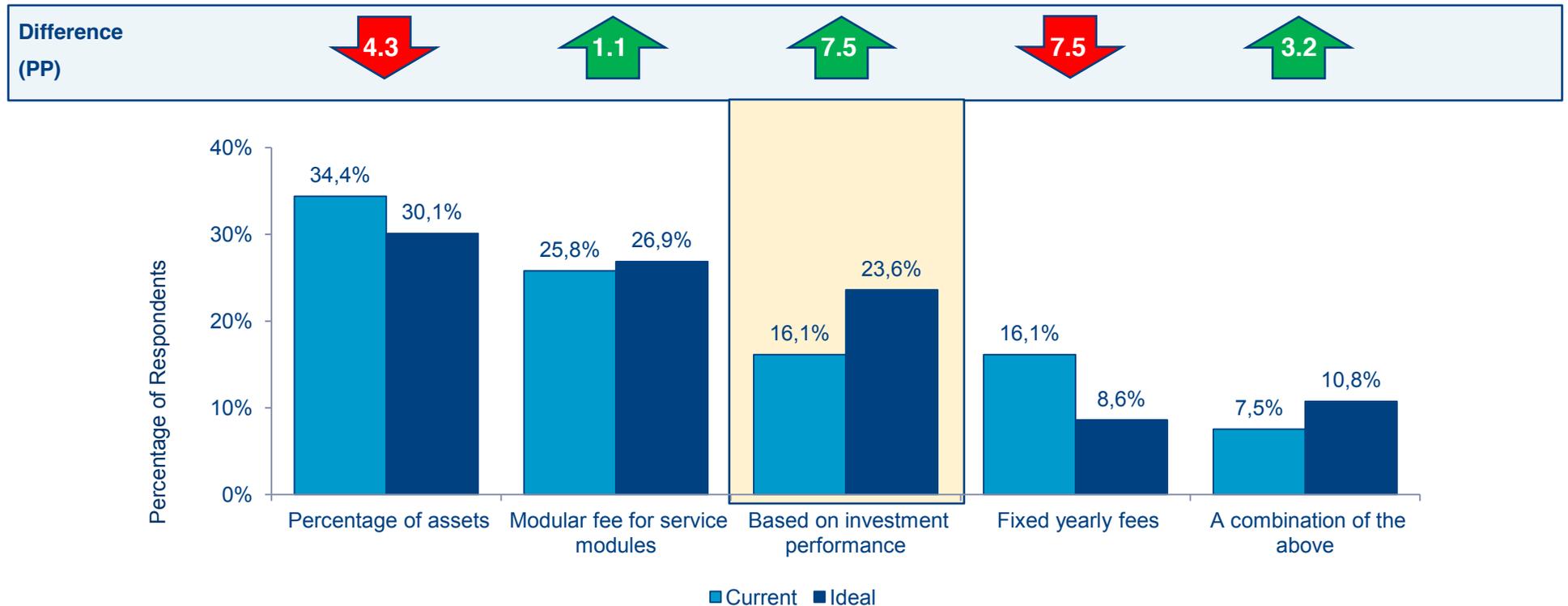


HNWIs becoming enamored with idea of fees based on performance

Source: Capgemini Financial Services Analysis, 2016; Global HNWI Insights Survey 2016, Capgemini

Payment for Wealth-Related Services, Q1 2016, Belgium

(%)



Note: Questions asked: "How do you currently pay your wealth manager for wealth-related services?"; "In an ideal world, how would you like to pay your wealth manager for wealth-related services?"
 Source: Capgemini Financial Services Analysis, 2016; Global HNW Insights Survey 2016, Capgemini



Looking Back and Forward: 20 Years of the World Wealth Report

Key Findings: Looking Back and Forward

- In spite of the devastating effects of the financial crisis, global HNWI wealth expanded almost fourfold over the last 20 years
- In 20 years of the WWR, we anticipated several industry trends, including technology disruption and the rise of social impact investing, but some unexpected trends unfolded
- The pace of change over the next decade will accelerate across client, operations, regulatory and digital areas
- Firms appear to be constrained in their ability to invest for the future, given their relatively low budget allocations to forward-looking areas such as re-orienting the business model and developing new propositions

Industry executives foresee significant disruption for the next 10 years

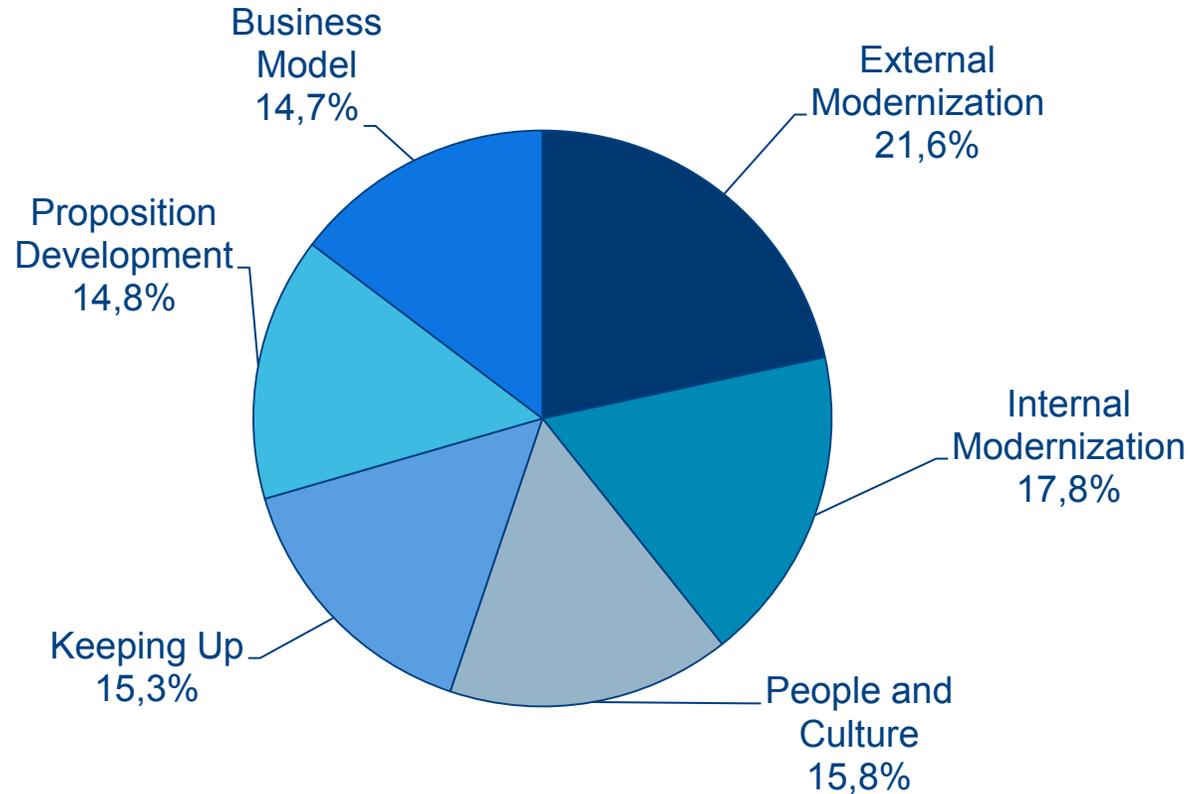
Future Trends in Wealth Management Across Client, Operations, Regulatory, and Digital (CORD) Areas

CLIENT	OPERATIONS	REGULATORY	DIGITAL
<ul style="list-style-type: none"> Continued robust HNWI wealth growth, led by Asia-Pacific and high-tech industries Continued (potentially increased) overall market volatility Potential era of low and hard-to-predict investment returns Increased HNWI financial literacy and demand for sophisticated advice Acceleration of inter-spouse and inter-generational issues related to wealth transfer Potentially negative impact on service levels as firms exit the market for cost and regulatory reasons Continued rise in demand for social impact investing 	<ul style="list-style-type: none"> Goals-based financial planning to replace brokerage models Future winners will have scale and global operating model to meet HNW client needs Persistent low interest rate environment leading to margin pressure Increase in mutualization/sharing of functions across smaller banks in order to survive After investment management, commoditization moves to financial planning tools, Continued consolidation of sub-scale firms Shortage of experienced and capable wealth managers to meet new service requirements Pay for performance fees become more widespread and signal the death of commissions 	<ul style="list-style-type: none"> Short-term “landing” of core post-crisis regulations Possible receding of volume of new regulations, unless a new crisis or acceleration of populist pressure on politicians Continued governmental and societal “war on wealth”, including pressure on white-listed jurisdictions General trend towards increased fiduciary duty and wealth manager certification in all jurisdictions Increased regulatory focus on new entrants such as automated advisors as AUM rises, especially in the wake of any market disruption 	<ul style="list-style-type: none"> Spread of FinTech disruption across full value chain Rise in sophistication of third-party support tools to wealth firms Increased use of innovation hubs within wealth management firms to combat rise of disruptive new entrants (often working as partners) Increased outsourcing of back, middle, and front office functions in response to margin pressures Broader leverage of account aggregation technology Increased innovation with data and analytics to drive enable differentiated service New investment/loan models built on P2P and crowd-sourced tools to emerge Major focus on IT security

Source: Capgemini Financial Services Analysis, 2016; WWR Executive Interviews, 2016

Firms are anticipating the need to invest for a changing industry

Wealth Management Firms' Future Investment Allocation



However, transformation takes a backseat to day-to-day needs

Source: Capgemini Financial Services Analysis, 2016; WWR Executive Interviews, 2016



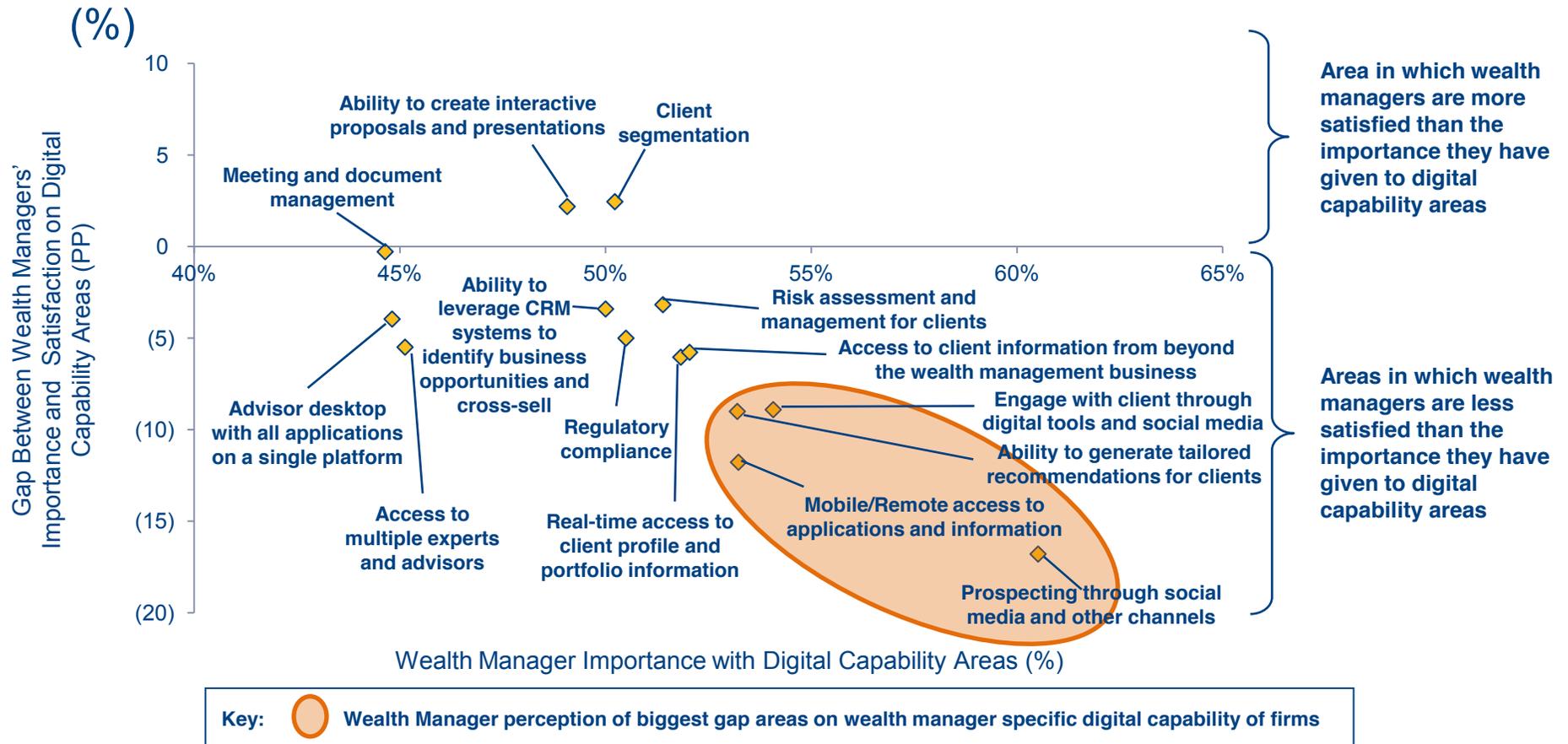
Spotlight: Digital Maturity an Elusive Goal for Firms

Key Findings: Spotlight

- **Wealth managers have joined HNWIs in expressing demand for digital tools, but they are not fully satisfied with the digital tools their firms provide**
- **Digital capability is crucial to maintaining and growing profits, but very few firms have built differentiated digital maturity into their businesses, putting a portion of profits at risk**
- **Digital maturity is only going to increase in importance as HNWIs increasingly embrace new FinTech capabilities**
- **Wealth management firms can enable digital success by putting wealth managers at the center of digital transformation and collaborating with FinTech players**

Wealth managers join HNWI demand for digital tools but their satisfaction falls short

Wealth Manager Importance for/Satisfaction with Different Digital Capability Areas



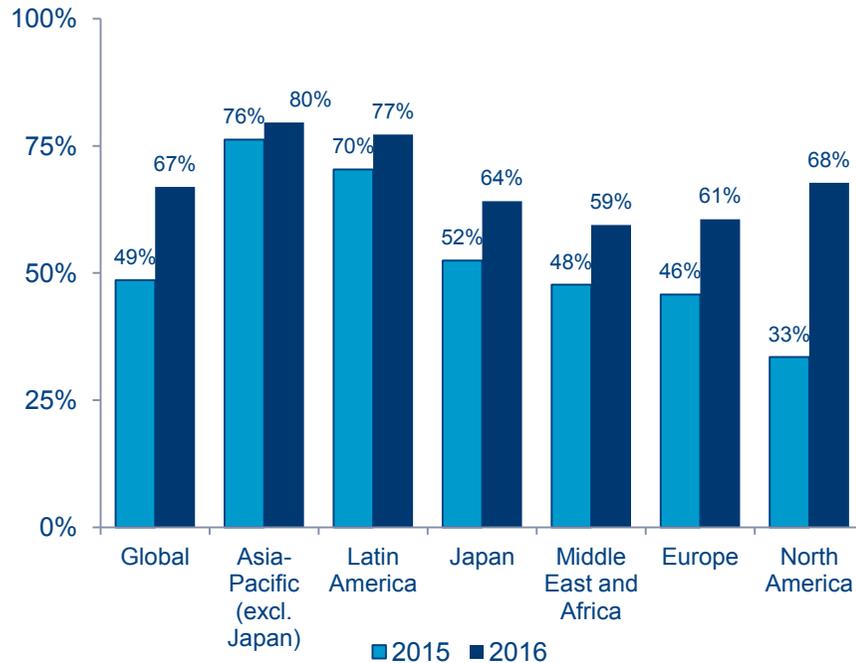
Source: Capgemini Financial Services Analysis, 2016; Capgemini Wealth Manager Survey, 2016

Digital maturity's importance is going to increase as HNWI's increasingly embrace new FinTech offerings

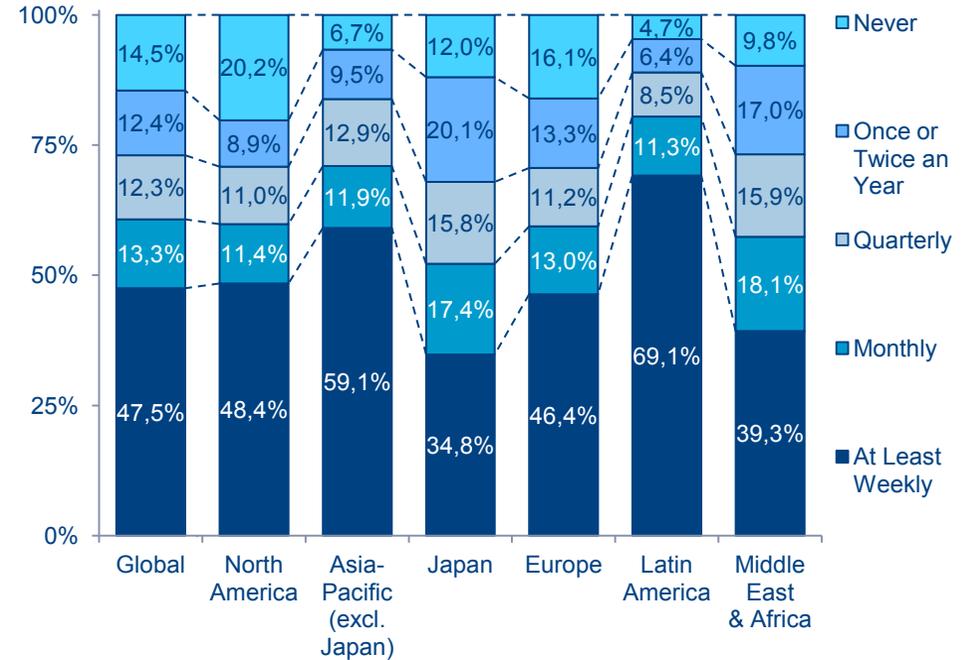
HNWI Propensity to Use Automated Advisory Services and Current Frequency of Usage of Peer-to-Peer Advice Forums

(%)

Automated Advisory Services



Use of P2P Advice Forums

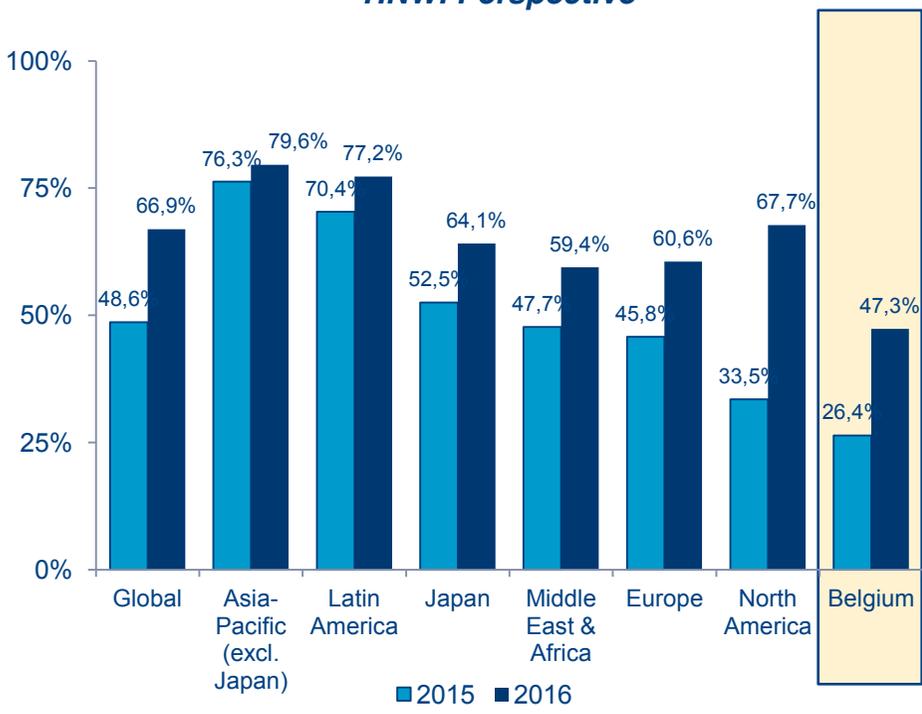


Source: Capgemini Financial Services Analysis, 2016; Global HNWI Insights Survey 2016, Capgemini; Capgemini and RBC Wealth Management Global HNWI Insights Survey 2015

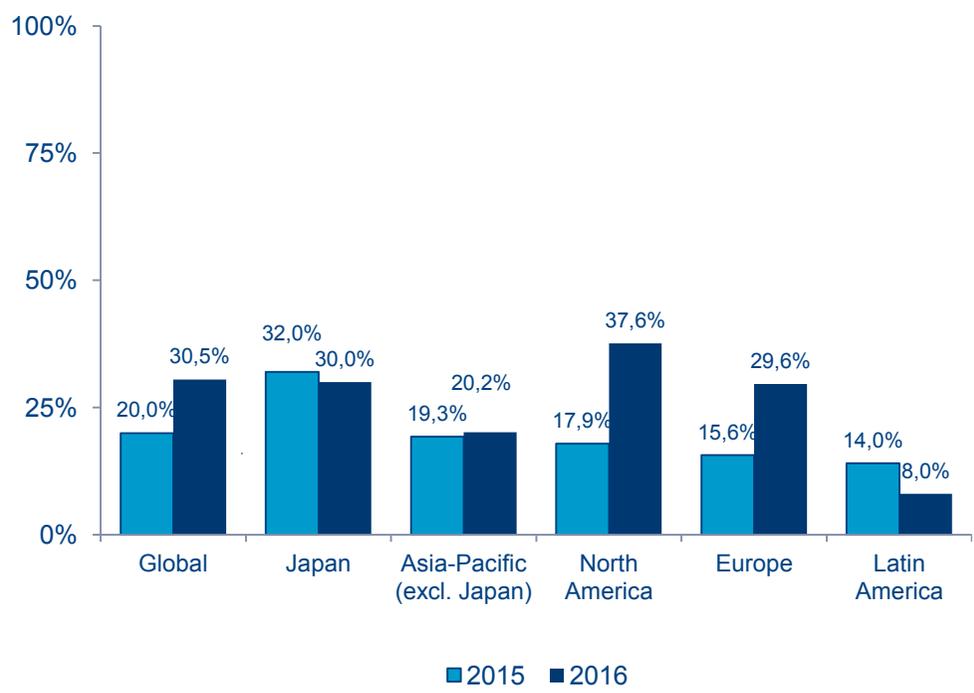
HNWI and Wealth Manager Assessment of HNWI Propensity to Use Automated Advisory Services (by Region), Q1 2015 and Q1 2016

(%)

HNWI Perspective



Wealth Manager Perspective



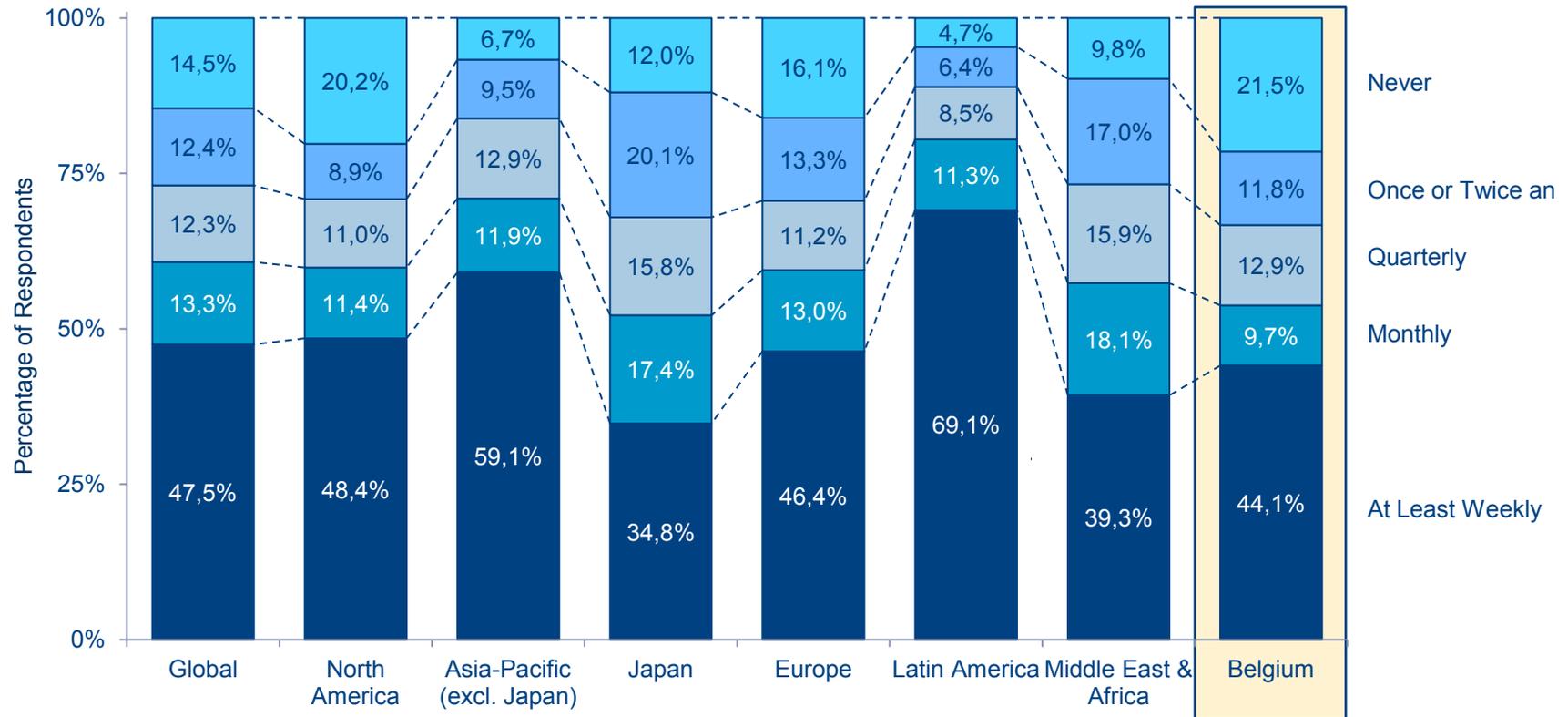
Note: Questions asked: "Would you ever consider having a portion of your wealth managed by an automated advisory service?"; "In your view, would your HNWI clients consider having a portion of their wealth managed by automated advisors?"

Source: Capgemini Financial Services Analysis, 2016; Global HNWI Insights Survey 2016, Capgemini; Capgemini and RBC Wealth Management Global HNWI Insights Survey, 2015; Capgemini Wealth Manager Survey, 2015, 2016

Current Frequency of Usage of P2P Advice Forums (by Region), Q1 2016

(%)

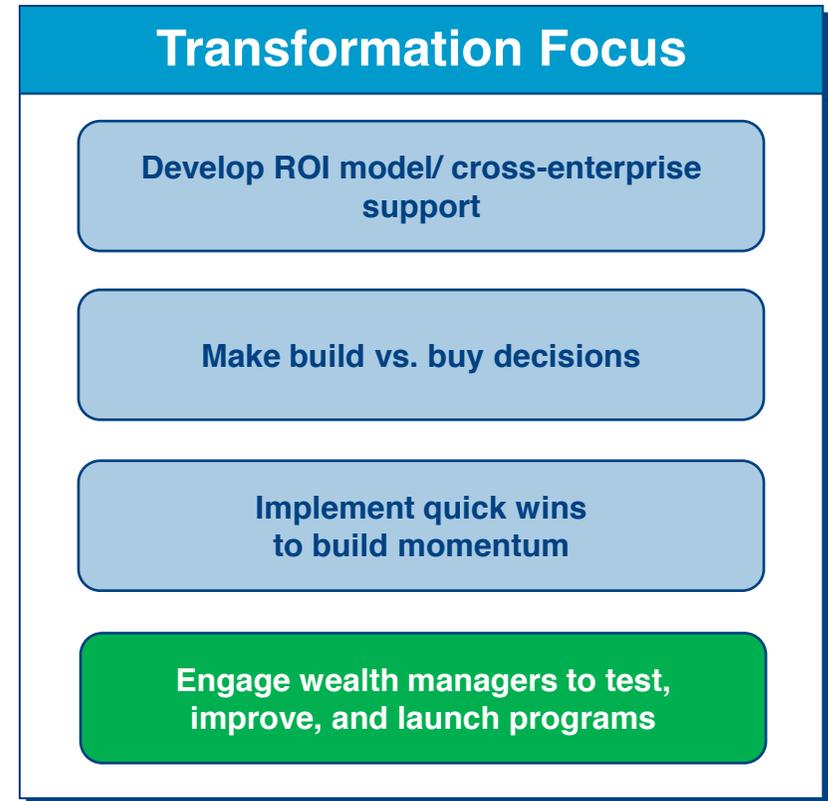
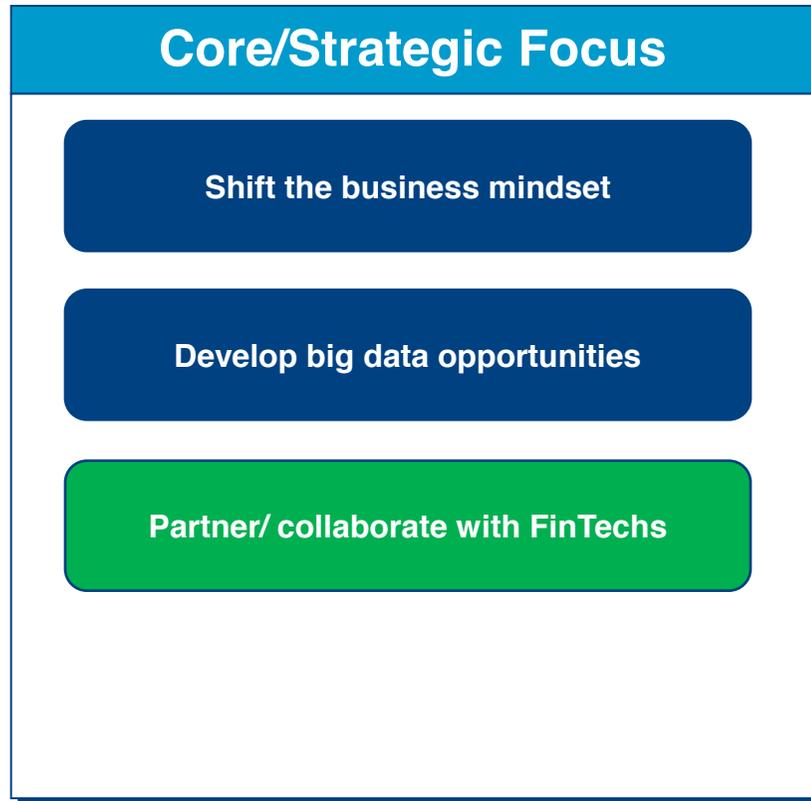
HNWI Propensity to Use Automated Advisory Services and Current Frequency of Usage of Peer-to-Peer Advice Forums



Note: Question asked: "How often do you currently use digitally accessed peer-to-peer advice forums for your wealth management advice needs?" Chart numbers may not add up to 100% due to rounding
 Source: Capgemini Financial Services Analysis, 2016; Global HNWI Insights Survey 2016, Capgemini

Wealth manager engagement and FinTech collaboration can push digital agenda

High-Level Digital Prioritization Roadmap in Wealth Management



 Additional Recommendation for 2016  Strategic Recommendation from WWR 2014  Transformation Recommendation from WWR 2014

Note: Steps do not necessarily need to be taken sequentially
Source: Capgemini Financial Services Analysis, 2016; WWR Executive Interviews, 2016



Questions



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Thank You!

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