

Media Release

# International Equities. The HNWI love affair continues

(20 July 2015 – Hong Kong) Asia’s High Net Worth Individuals (HNWIs) are continuing to focus on international equities as an asset class, and are recalibrating their investment portfolios accordingly.

The fifth round of the Asian Wealth Index (AWI) conducted by East & Partners Asia (E&P Asia) has found that Asian HNWIs allocated 25.2 percent of their portfolio to international equities, and plan to increase this to 25.9 percent in the next six months.

When E&P Asia launched the Index in June 2013, international equities comprised 17.7 percent of portfolios.

The movement to international equities has largely been at the expense of domestic equities, where the allocation has dwindled from 23.6 percent of the portfolio in June 2013 to 19.2 percent in the latest round. The domestic allocation is also forecast to fall to 18.7 percent in the next six months.

According to the report, investment property remains the single most popular asset class, representing 34.2 percent of the portfolio.

The May AWI is the result of 931 interviews conducted with C-suite executives across ten Asian markets (ex-Japan). The average investable wealth of the sample is US\$5.39 million, outside of the family home.

While this has increased from US\$4.7 million in June 2013, growth has slowed and along with it sentiment. HNWIs are now less bullish about the immediate future and investable wealth – although increasing – has shown a slower level of growth in each round of the AWI.

Lachlan Colquhoun, chief executive of East & Partners Asia, said volatile and uncertain markets were having an impact.

“The AWI results show we’ve moved into a new period in terms of sentiment, expectations and performance,” said Colquhoun.

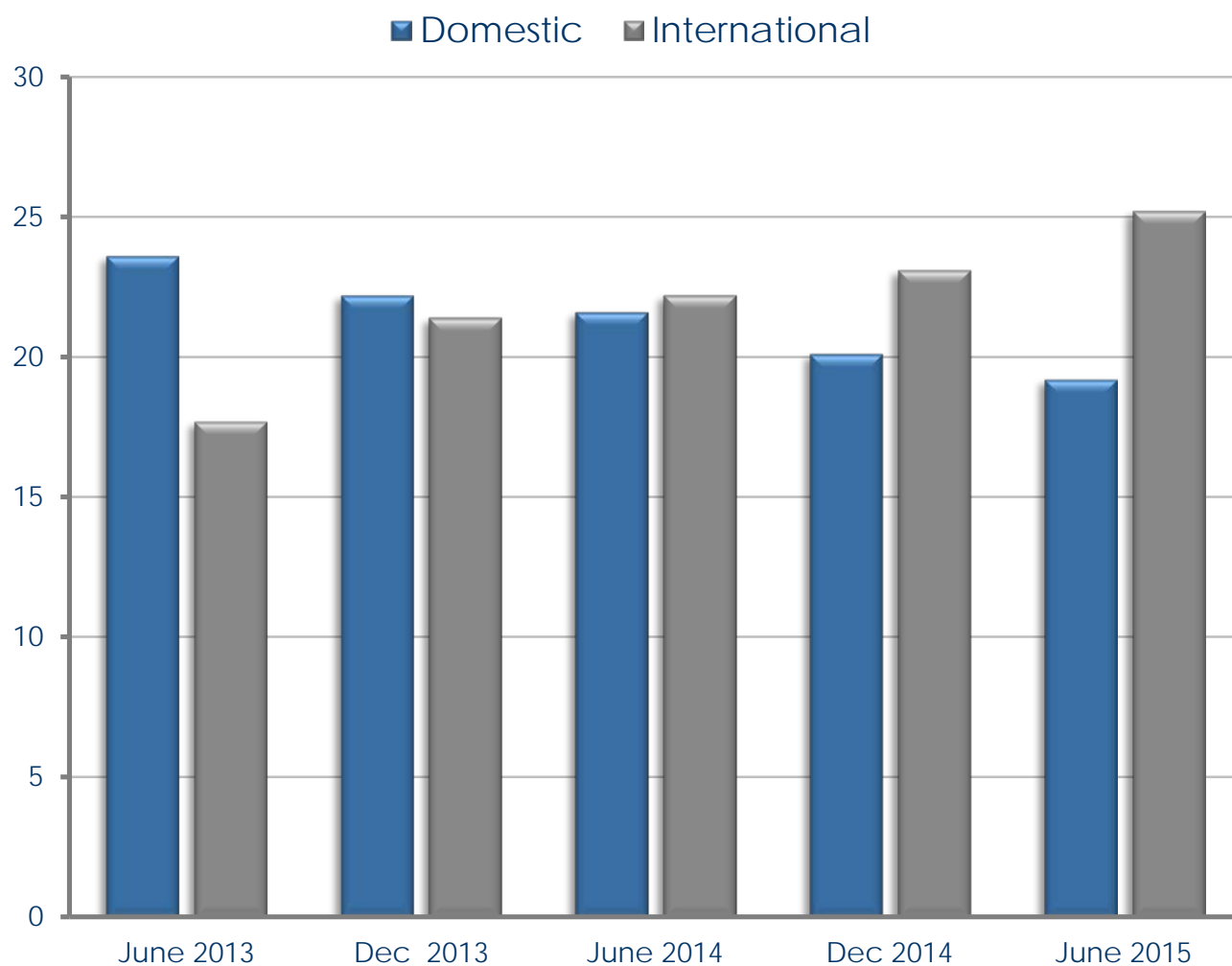
“The move to international equities was a result of the search for returns, which have been flat across many other asset classes, and it is going to be interesting to see if recent events on the Chinese stock market have an impact on this trend in the next round.

“HNWIs want returns, but they are also risk averse, which is also reflected in the overall popularity of property as an asset class. If stock markets are considered too risky, then we’ll see an impact on the trend.”

The AWI also looks at who is managing wealth for the HNWI's, and reveals that private banks are gaining more traction in Asia in this market segment. Over 24 percent say they have engaged private banks to manage their wealth, up from only 9.9 percent in the first round in June 2013.

## Comparison of Domestic vs International Equities Allocations

% of Total Portfolio Allocation



Source: East & Partners Asia 'Asian Wealth Index'

## About East & Partners Asia 'Asian Wealth Index'

Delivered bi-annually, the index delivers key metrics on Asian HNWI and, importantly, focuses on future intentions. The index captures Asian HNWI at a crucial moment in their wealth journey from several perspectives: their engagement with service providers, their levels of optimism amid turbulent markets, and how they plan to shift allocations among asset classes to take best advantage of changing investment returns.

East's Asian Wealth Management Index is based on direct interviews with "C" suite executives at Asia's Top 1000 corporates across ten Asian markets including China, Taiwan, Hong Kong, Singapore, Indonesia, Malaysia, the Philippines, India, Thailand and South Korea.

Detailed data analysis includes:

- Market Optimism
- Asset Allocation
- Asset Management

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