



WEALTH-X

APPLIED WEALTH INTELLIGENCE

VERY HIGH NET WORTH
HANDBOOK 2021

VERY HIGH NET WORTH HANDBOOK 2021



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EXECUTIVE SUMMARY

The global very high net worth (VHNW) population increased slightly in 2020 by **1.3%** to 2.7 million people.



Combined wealth rose by 1.2% to **\$26.8 trn**

- This was a resilient performance set against the backdrop of a global pandemic and the deepest contraction in world economic output for a generation.

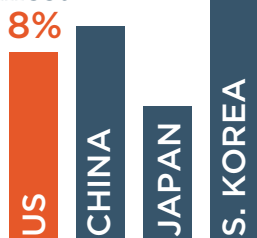


North America and Asia were, by far, the best performing regions.

- All remaining five regions, in contrast, posted falls in the size of their VHNW class and combined wealth.

Among the **top 10 VHNW** countries, the **US, China, Japan and South Korea** all performed well.

The **US VHNW** population grew by almost **8%**



- The majority of top ranking Asian countries performed strongly, in contrast to Hong Kong. A notable feature was their more effective management of the pandemic than most of their global peers.



LONDON fell out of the top 10 city list for the first time in our records.

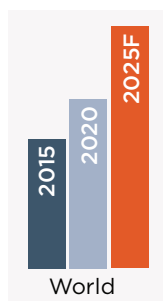
- Ongoing Brexit-related damage, poorly performing equity markets and pandemic-related economic weakness all contributed.

The average age of the global VHNW population is **just over 60**.



- It takes time to create and/or accumulate significant wealth. The UAE, Bangladesh and Qatar have the youngest VHNW populations — they represent economies where wealth creation has been fairly recent.

By **2025** we forecast the global VHNW population will total **3.8 million individuals**, a rise of 1.2 million on 2020.



- We expect a rebalancing of growth among VHNW regions, following a five-year period in which growth has been powered mainly by North America and Asia.

INTRODUCTION



The Wealth-X *Very High Net Worth Handbook 2021*, the second edition and most recent member of our annual flagship report series¹, focuses on an important and relatively large group of wealthy individuals: those with a net worth of \$5m to \$30m.

Perhaps more so than any other cohort among the wealthy², the very high net worth (VHNW) group comprises a highly varied collection of individuals: from entrepreneurs and business owners, to corporate executives and retirees as well as inheritors.

We first take a look at wealth distribution among the wealthy, providing context of where the VHNW group sits. We next explore the global VHNW population and its wealth in 2020, set against the backdrop of a tumultuous year of a global pandemic, international travel bans, trade disruption and the deepest contraction in world economic output for a generation. We analyze wealth drivers, regional trends and present a ranking of the leading VHNW countries and cities. Albeit in an environment of considerable uncertainty, we examine the five-year outlook for wealth by region.

Digging deeper, we profile the global VHNW population by exploring key characteristics, such as wealth source, gender, age, industry focus, asset holdings as well as interests and hobbies. While members of this cohort share a number of defining traits, we also highlight the substantial variations among such individuals (this year focusing largely on regional differences) and also how they compare with those with less and more wealth.

The Wealth-X *Very High Net Worth Handbook 2021* offers unrivaled insight into this group of individuals, their characteristics and the constantly changing landscape of wealth creation, making it an essential read for any provider looking to prospect for and engage with individuals in this unique group.

KEY DEFINITIONS

Very high net worth (VHNW) individuals

Those with a net worth of \$5m-\$30m.

Ultra high net worth (UHNW) individuals

Those with a net worth of \$30m+ (also referred to as the 'ultra wealthy').

¹ We publish the *World Ultra Wealth Report* and *Billionaire Census* on an annual basis.

² Wealth-X's demarcated 'major' wealth tiers, in ascending order of wealth, are: people with \$1m to \$5m in net worth; the VHNW with \$5m to \$30m; the ultra wealthy (those with \$30m+); and billionaires.

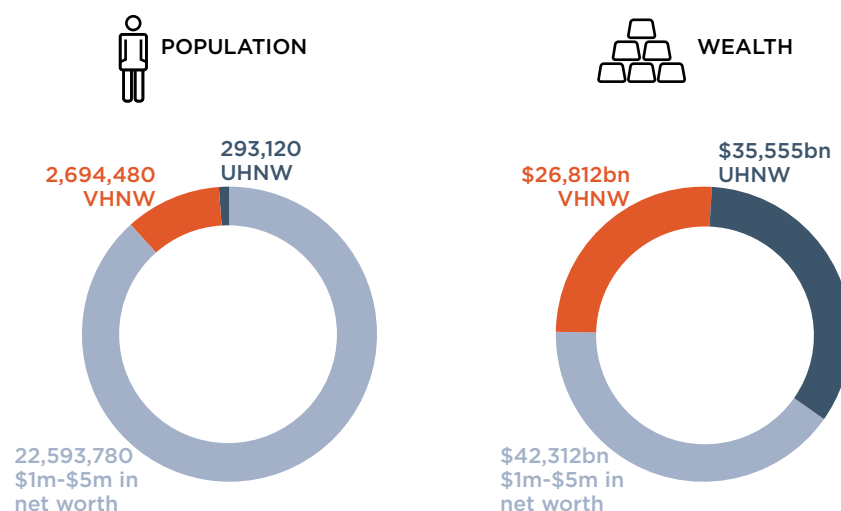
A WEALTH TIER OF CONSIDERABLE IMPORTANCE

One in every 10 of the world's millionaire population is VHNW.

In 2020 there were 25.6 million global millionaires (those with a net worth of more than \$1m), with combined assets totaling just under \$105trn. Almost 90% of all millionaires have a net worth of \$1m to \$5m, the 'lowest' of the three major wealth tiers. Reflecting the large size of this group, their combined net worth is the largest of the three tiers at \$42.3trn (accounting for a 40% share of global millionaire wealth).

Exclusivity rises as wealth increases. One in every 10 of the world's millionaires is a very high net worth (VHNW) individual — each with a net worth of between \$5m and \$30m. With \$26.8trn in combined wealth, the VHNW class accounts for just over 25% of global millionaire wealth, a testament to their importance as investors, consumers of luxury products, and donors to the not-for-profit sector. At the upper end of the wealth scale, the ultra wealthy (those with a net worth of more than \$30m) represent just 1.1% of the global millionaire population, yet their combined net worth accounts for a substantial 34% share, highlighting the vast amounts of wealth held by an exclusive group of individuals.

POPULATION AND WEALTH BY MAJOR WEALTH TIER 2020



Note: UHNW denotes ultra high net worth individuals, those with \$30m and more in net worth.

Source: Wealth-X

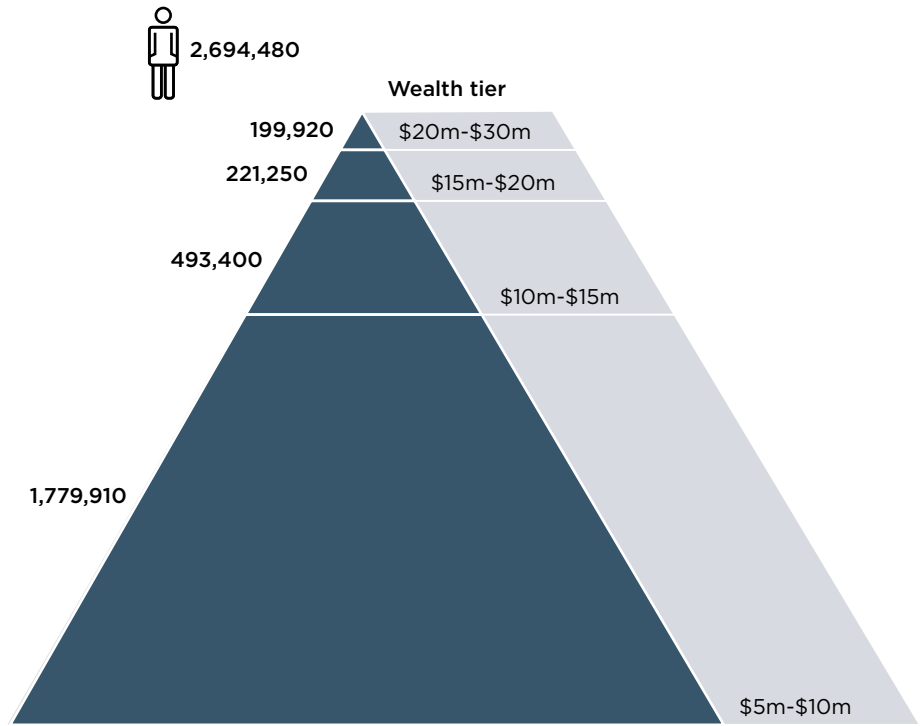
Two-thirds of the VHNW class have a net worth of \$5m to \$10m — the lowest VHNW wealth tier.

An uneven distribution of global wealth is evident among the VHNW population itself. With an average net worth per individual of \$10m, two-thirds of the VHNW class have a net worth that places them in the lowest of the cohort's four wealth tiers (\$5m to \$10m), commanding just under half of total VHNW wealth. Meanwhile, those in the cohort's upper two wealth tiers (\$15m to \$20m and \$20m to \$30m) represent just under 16% of the VHNW population, but their share of the group's total wealth is twice as large (32%). These distributions tend to change very little over time.



Source: Wealth-X

VERY HIGH NET WORTH POPULATION BY WEALTH TIER 2020



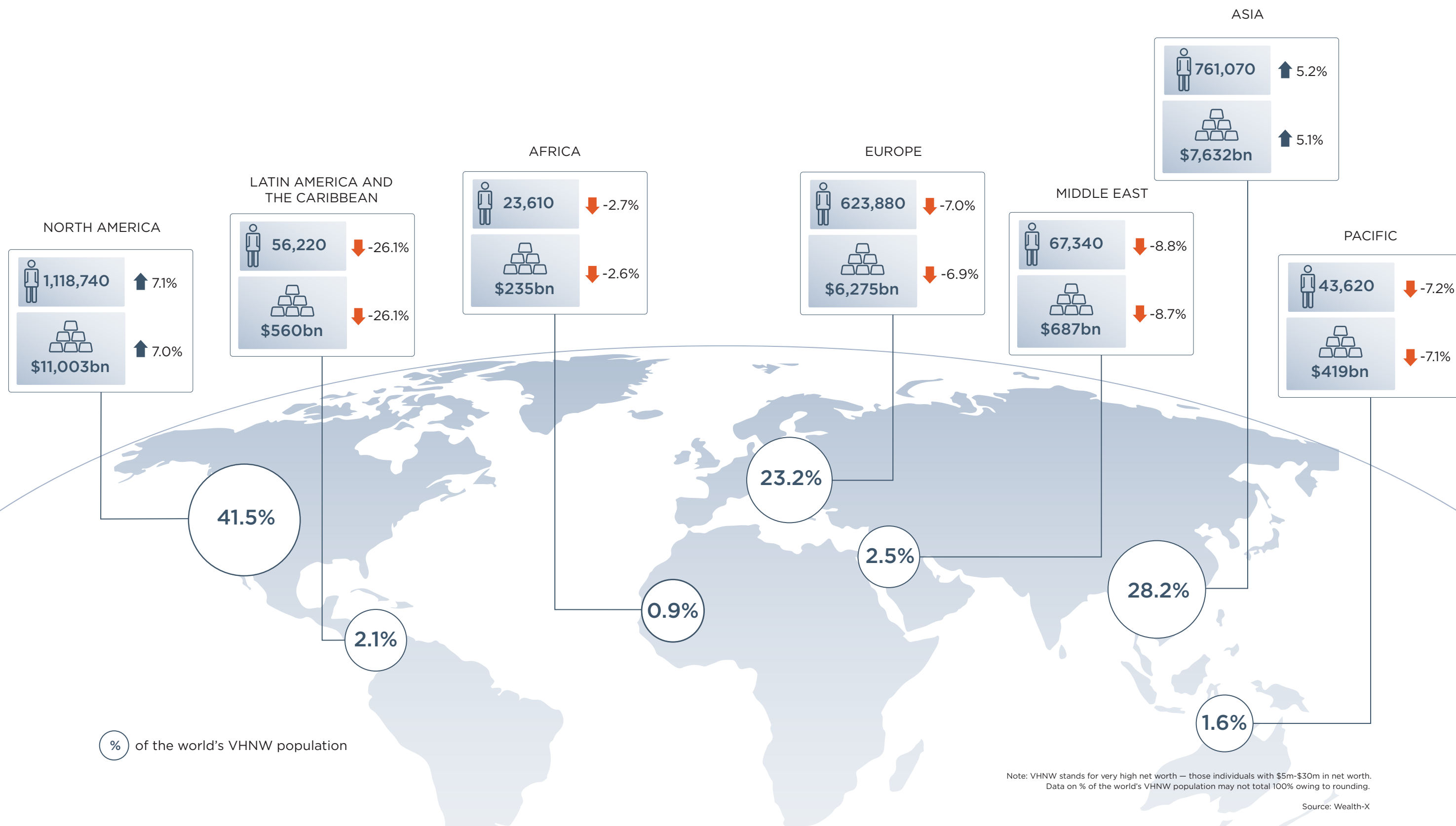
Source: Wealth-X

GLOBAL MAP OF THE VERY HIGH NET WORTH

2020
VHNW population
and total wealth

↑ 1.3% % change in population
from 2019
2,694,480
Number of VHNW
individuals

↑ 1.2% % change in wealth
from 2019
\$26,812
Total wealth
(\$bn)



THE VERY HIGH NET WORTH IN 2020

Wealth gains (for some) in a tumultuous year

The global VHNW population increased slightly in 2020, rising by 1.3% to 2.7 million individuals. This was a sharp slowdown from double-digit growth a year earlier, and masked large regional differences, but was a resilient performance set against the backdrop of a global pandemic, national lockdowns, international travel bans, trade disruption and the deepest contraction in world economic output for a generation. A collapse in financial markets in the early part of the year was met with another wave of central bank monetary stimulus, a swathe of government interventions and enormous fiscal largesse. Alongside promising late-year vaccine developments, this not only stabilized markets but triggered a sharp rebound in global equities and other 'risk-on' assets, with almost all major stock-market indices posting healthy annual returns. Overall, the combined net worth of the VHNW population in 2020 rose by 1.2% to \$26.8trn.

Regional winners and losers

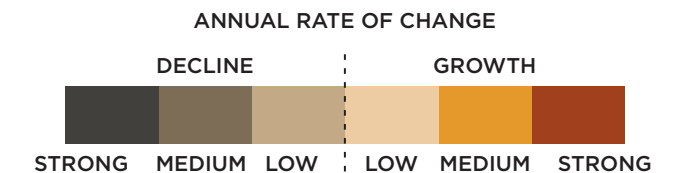
One feature of the pandemic has been its disproportionate impact on certain businesses, industries and population groups. The uneven nature of the crisis can also be seen in the significant regional variations in VHNW performance in 2020, reflecting the contrasting outcomes in terms of public health, economic damage, policy intervention and vaccine progress around the world. As in 2019, the best-performing regions were the two largest wealth hubs of **North America** and **Asia**, which saw healthy growth of their VHNW populations and collective net worth. It was a very different picture elsewhere, with the other five regions posting falls in the size of their VHNW class and combined wealth. **Africa** held up fairly well, whereas **Europe**, the **Pacific** and the **Middle East** all registered sizeable declines that more than erased the gains of the previous three years in each region. The outlier, however, was **Latin America and the Caribbean**, whose VHNW population and collective net worth slumped by more than one quarter.

This diverse wealth performance can mainly be attributed to pandemic-related developments, with dominant market movers, such as the flood of liquidity in financial markets and the accelerated adoption of technologies, further accentuating the positive wealth creation trends seen in North America and Asia over recent years. But there were also other influencing factors, including volatile commodity and currency markets, the US presidential election, a pro-democracy clampdown in Hong Kong, heightened tensions across the Gulf region, and still elevated Brexit uncertainty.

The global VHNW population rose by 1.3% in 2020 — a resilient performance set against the backdrop of a global pandemic and the deepest contraction in world economic output for a generation

VHNW REGIONS IN 2020 AT A GLANCE

ANNUAL CHANGE IN VHNW POPULATION



NORTH AMERICA

Surging equities alongside extensive fiscal stimulus measures

EUROPE

Fairly steep economic contractions amid virus spread and restrictive lockdowns

ASIA

Faster economic bounce-back and strongly performing equity markets

LATIN AMERICA

Hit by a sharp decline in economic activity, weakened commodity markets and subdued equity markets

PACIFIC

Asset portfolios hit by the slump in commodity markets and the impact of pandemic restrictions

MIDDLE EAST

Slump in demand for oil, travel restrictions and a weakening of local currencies

AFRICA

Currency and portfolio effects limited wealth losses

Note: Categorizations of the annual rate of growth in regional VHNW population are based on increments of 5 percentage points: 0% to 5% for low growth; 5% to 10% for medium growth and 10% and more for strong growth; with the same ranges (but negative) for annual rates of decline.

Source: Wealth-X

North America: surging equities drive wealth expansion

North America bolstered its status as the world's leading VHNW region in 2020, recording the most dynamic population growth and wealth gains of any region. The number of VHNW individuals increased by 7.1% from a year earlier to 1.1 million, equivalent to a global share of 41.5%. Collective net worth expanded by 7% to \$11trn. Equity markets were the primary driver of wealth creation, alongside extensive fiscal stimulus measures (the largest being the US CARES Act) that helped to underpin business and consumer sentiment in the early stages of the pandemic. There was modest support from the US dollar, which appreciated against most major currencies before a late-year dip.

Mirroring the global trend, equity markets slumped dramatically in March but then staged a remarkable rally after the US Federal Reserve (the US central bank) slashed interest rates to zero, significantly expanded its quantitative easing program and launched a range of special financing schemes. Surging gains for mega-cap US tech stocks, such as Microsoft, Amazon and Facebook, helped to propel the main US indices to record highs, with the S&P 500 closing the year up 18% and the tech-heavy NASDAQ Composite Index up a staggering 45%. These returns significantly outperformed their global peers and more than offset concerns over the US government's laissez-faire attitude to the pandemic, deeply partisan electoral divisions, and widespread civil tensions over the summer linked to policing and racial justice. Joe Biden's presidential election victory in November paved the way for another late-year stimulus program.

MAJOR WEALTH DRIVERS IN 2020

Region	Local currency against the US dollar		
	GDP	Equities	
Africa	↑	↑↑↑	↓↓
Middle East	↓↓↓	↓	↓↓↓
North America	↓↓	↑↑↑	↓
Pacific	↓↓	↓↓↓	↓
Latin America and the Caribbean	↓↓↓	↓↓↓	↓↓↓
Europe	↓↓	↓↓↓	↑
Asia	↑	↑↑↑	↓
World	↓	↑↑↑	↓

Note: GDP represents the sum of each country's real GDP (constant 2010 \$ prices) within each region and for equities, the sum of stock-market values. Currency movements were aggregated based on each country's proportion of GDP within its region.

Sources: Wealth-X; International Monetary Fund; World Bank; national stock market exchanges

Asia: wealth gains supported by faster economic bounce-back

As the only other region to register an increase in wealth, Asia consolidated its second-placed position ahead of Europe. Its VHNW population rose by 5.2% to 761,070 individuals, with a similar expansion lifting collective net worth to \$7.6trn, equivalent to almost 29% of global VHNW wealth. On the whole, equity markets performed strongly, with most currencies resilient against the US dollar. The region's overriding feature was the more effective control and suppression of the virus than in most of its global peers, allowing for a quicker and more sustained recovery in economic activity (China was the only G20 economy to report full-year GDP growth in 2020).

This was particularly the case in the region's two largest wealth markets of China and Japan, as well as South Korea and Taiwan — all four recorded solid growth in their VHNW populations and collective net worth. The Shanghai Composite Index ended the year up 14% (in local currency terms), with Japan's Nikkei Index 16% higher, although both were outshone by a 31% jump in South Korea's tech-heavy stock market. There were underperformers in the region, including India and Hong Kong, both of which experienced falls in their VHNW populations and total wealth.

Europe: VHNW wealth hit by virus spread, lockdowns and Brexit

The third major wealth region of Europe significantly underperformed its global peers, with the VHNW population declining by 7% to 623,880 individuals. The region's share of the total VHNW class fell to 23.2%, five percentage points below that of Asia. Collective net worth dropped by 6.9% to \$6.3trn, its lowest level since 2016. This weak outturn reflected a range of factors: elevated levels of virus cases and deaths (especially in the UK and Spain); comparatively strict lockdown restrictions; a severe winter second wave of infections; many countries' high dependence on consumer-facing industries, such as hospitality and tourism; a more limited influence of tech stocks on regional equity indices; and ongoing Brexit-related weakness in the UK.

Despite fairly extensive policy stimulus from the European Central Bank, a major fiscal expansion in Germany and agreement on a €750bn European recovery fund, most regional stock markets struggled in 2020. There were modest gains on the German DAX and some mid-sized indices, but double-digit falls in the UK's FTSE 100, Spain's Ibex 35 and the MSCI Russia index. Alongside fairly steep economic contractions in most of the region's major economies, this contributed to a broad-based decline in VHNW wealth portfolios, with the largest falls of around 12% in France and the UK.

Middle East: slump in demand for oil and travel restrictions take their toll

The Middle East retained its position as the fourth-largest VHNW region in 2020 but recorded the second-largest declines (in relative terms) in population and collective net worth. The size of the region's VHNW class fell by 8.8% to 67,340 individuals, equivalent to a 2.5% share of the global total, while combined wealth slid by 8.7% to \$687bn. The region's largest wealth markets were hit by a pandemic-driven slump in oil demand and restrictions on international travel and tourism, which weighed on domestic stock markets and contributed to a broad weakening of local currencies against the US dollar. Oil prices temporarily plunged to a multi-decade low in April and were down by an average of 20% over the year as a whole, despite a second-half recovery. At a broader level, rising disaffection among marginalized young populations across the region remained a constraint on wealth creation opportunities, as did elevated geopolitical tensions involving Iran, Syria, Yemen and Saudi Arabia. More positively, the initial vaccine rollout progressed well in several of the Gulf states and Israel.

Latin America and the Caribbean: wealth portfolios suffer a painful slump

The VHNW class in Latin America and the Caribbean took a severe hit from the pandemic, with the size of the population declining by 26.1% to 56,220 individuals. Collective net worth also plunged by more than one quarter to \$560bn, equivalent to a 2.1% global share. This slump followed a relatively weak performance for the region in 2018-19. Wealth portfolios were damaged by a sharp decline in economic activity, weakened commodity markets, subdued equity markets and, in particular, a marked depreciation of most local currencies against the US dollar. That said, developments were by no means uniform across the region's largest markets. In economic terms, Argentina, Mexico and Peru were among the worst hit (with Argentina defaulting on its external debt), whereas Brazil, Chile and Colombia fared less badly.

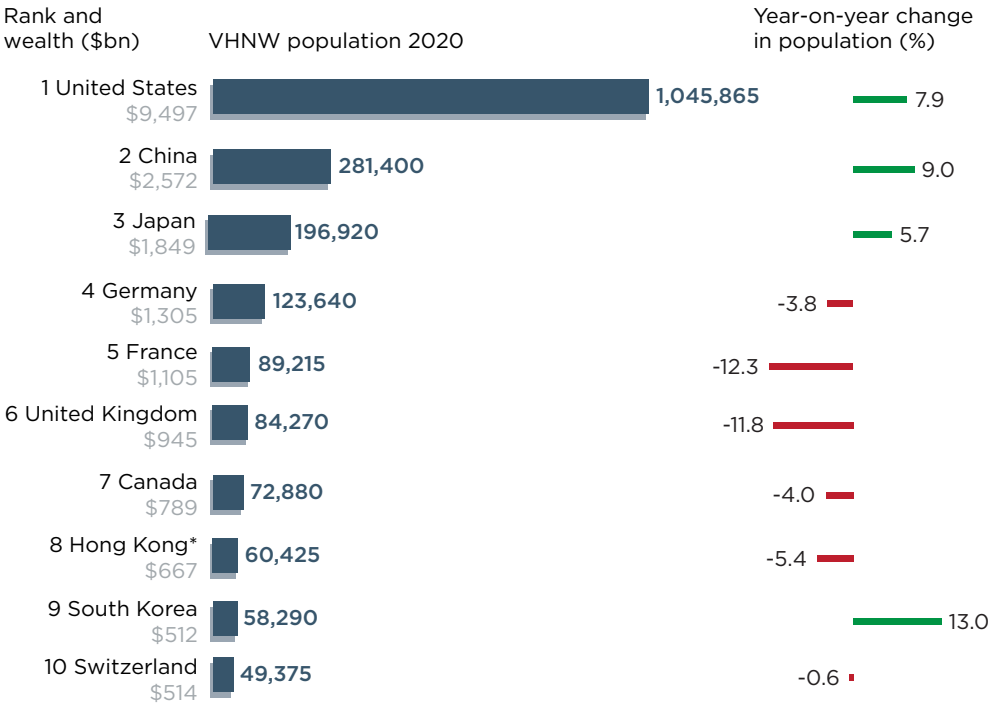
Pacific: VHNW wealth dragged down by commodities and virus restrictions

The relative falls in the VHNW population and combined wealth in the Pacific region were of a similar scale to those in Europe, with the number of individuals declining by 7.2%, to 43,620, and total net worth down by 7.1% to \$420bn. The regional total primarily reflects developments in Australia, where asset portfolios were hit by the demand slump in commodity markets and the impact of pandemic restrictions on the large tourism sector, which contributed to the country's first economic recession in almost 30 years. Some offsetting support came from a significant expansion of monetary stimulus and a resilient Australian dollar (which is viewed by financial markets as a proxy for the economic performance of China, its largest trading partner).

Africa: currency and portfolio effects limit wealth losses

The smallest VHNW region of Africa fared slightly better than some of its larger peers in 2020, with falls of 'only' 2.7% in its VHNW population — to 23,610 individuals — and 2.6% in collective net worth to \$235bn. The continent's two economic powerhouses, Nigeria and South Africa, had a difficult year, either because of protracted lockdowns (in South Africa) or low global oil prices (in Nigeria) but, on an aggregate basis, portfolio effects from equity market performance and currency depreciation against the US dollar were less damaging than in some other wealth markets.

TOP 10 VHNW COUNTRIES



Note: Population numbers are rounded to the nearest 5. Annual changes are measured based on model inputs updated retrospectively and not on previously published figures. For further information about our Wealth and Investable Assets Model, please see the Methodology section.

*Hong Kong is a semi-autonomous, special administrative region of China.

Source: Wealth-X

WHAT DRIVES THE GROWTH OF WEALTH?

A multitude of factors influence the size of a country’s wealthy (and VHNW) population, its combined net worth and how that wealth is distributed over time. These include the quality of institutions, economic structure, natural resources, tax and trade policies, and the level of entrepreneurship, among many others. These factors shape the size of a country’s economy, the value of its stock market(s) and the strength of its exchange rate — all of which are leveraged in our Wealth and Investable Assets Model³ to measure wealth by country.

³ See the Methodology section for further details.

NOTABLE HIGHLIGHTS

THE TOP 10 COUNTRIES ACCOUNT FOR THREE-QUARTERS OF THE WORLD’S VHNW POPULATION.

The dominant share of the top 10 shows that the largest windows of opportunity for providers that target or cater to the wealthy tend to be concentrated among a select group of wealth markets. Each year brings some small shifts within the top rankings, but wealth is largely resilient across these markets. In 2020, the US and China consolidated their position as the top two VHNW countries, increasing their combined share of the global VHNW population by more than three percentage points to 49%.

THE US, THE WORLD’S LARGEST WEALTH MARKET, SAW FAIRLY ROBUST GROWTH.

The US remains far and away the dominant location for the global VHNW population: with just more than 1 million individuals, the US VHNW class outnumbers the combined total of the other nine countries in the rankings. US wealth is indicative of the world’s largest economy, backed by the US dollar’s global reserve currency status, bolstered by dominant financial services and technology sectors, and underpinned by a business environment largely supportive of private enterprise and competition. Its VHNW population grew by almost 8% in 2020, largely on the back of strong equity gains and an economy buffered by extensive policy stimulus. This performance was in contrast to eighth-placed Canada, where the VHNW population declined, influenced by a contracting economy despite modestly positive stock-market returns.

CHINA, JAPAN AND SOUTH KOREA ALL PERFORMED STRONGLY IN ASIA, IN CONTRAST TO HONG KONG.

A notable feature of all four countries was their more effective management of the pandemic than the majority of their global peers. Over recent years, China has cemented the second-placed position it assumed over Japan in 2014, but it remains far behind the VHNW status of the US (which has almost four times as many VHNW individuals). Wealth portfolios in China were buoyed by a faster economic recovery from the pandemic than in most countries, supporting firm equity gains. This was similar to South Korea, where net worth was especially boosted by a surging stock market; while in Japan the economy contracted but the Nikkei Index had a solid year. In Hong Kong, China’s imposition of a new national-security law led to widespread social unrest and diminished the territory’s attractiveness as an international business hub.

GERMANY, FRANCE, THE UK AND SWITZERLAND ALL REGISTERED FALLS IN WEALTH.

All major European markets experienced declines in their VHNW populations and their combined wealth, led by double-digit falls in France and the UK. The pandemic and its associated lockdowns took a substantial toll on these economies, with wealth portfolios in the UK also hit by Brexit-related weakness. Despite policy stimulus from the European Central Bank — and in the UK, the Bank of England — as well as extensive fiscal support measures, most regional stock markets struggled, among which the UK’s FTSE 100 posted double-digit falls. Wealth losses in Switzerland were partly constrained by an appreciation of the safe-haven Swiss franc. Italy and Russia, which both rank among the top 20 countries, also saw their VHNW populations fall.

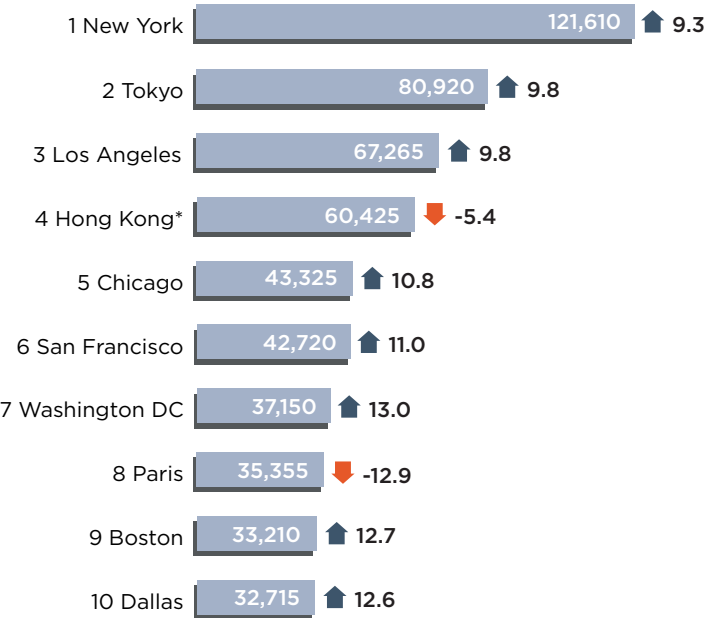
SOUTH KOREA, SWITZERLAND, INDIA AND ITALY VIE CLOSELY FOR INCLUSION IN THE TOP 10 EVERY YEAR.

With their respective VHNW populations ranging from 45,000 to 60,000, these four countries tend to swap rankings with one another on an annual basis, depending upon the performance of local wealth drivers. India appeared in the top 10 in 2019 for the first time but, in 2020, its VHNW population and wealth both fell by more than 5%, causing it to drop out of the leading rankings. Despite stock-market gains, the country and economy were hit badly by the pandemic, with India’s high population density and inadequate healthcare infrastructure resulting in stringent lockdowns.

TOP 10 VHNW CITIES

Rank and city (metro areas and urban agglomerations) VHNW population in 2020

Year-on-year change in population (%)



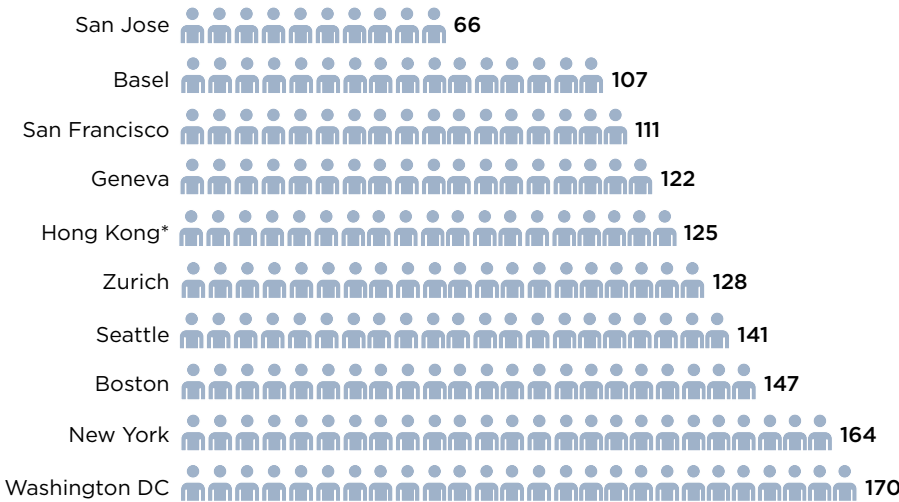
Note: Population numbers are rounded to the nearest 5. Cities are defined on the basis of urban agglomerations and metropolitan (metro) areas, which include the built-up areas outside the administrative core. For example, New York includes New York City, Newark and Jersey City. We focus on metro areas to ensure comparability because globally comparable city-level data is not available. Major cities are determined on a nominal GDP basis in \$. Annual changes are measured based on model inputs updated retrospectively and not on previously published figures. For further information about our Wealth and Investable Assets Model, please see the Methodology section.

*Hong Kong is a semi-autonomous, special administrative region of China.

Source: Wealth-X

TOP 10 CITIES BY VHNW DENSITY 2020

Number of city residents per VHNW individual



*Hong Kong is a semi-autonomous, special administrative region of China.

Source: Wealth-X

NOTABLE HIGHLIGHTS

THE TOP 10 VHNW CITIES ACCOUNTED FOR 20.6% OF THE GLOBAL VHNW POPULATION IN 2020.

This was up slightly from the 19.8% share in 2019. The share of the top 10 VHNW cities has been broadly stable over the past couple of decades, amid a very gradually rising trend, showcasing the global cities' allure to the wealthy in terms of commercial prospects, talent and an array of cultural, educational and lifestyle opportunities. Similar to the top 10 countries (page 13), the city rankings highlight the significant concentration of global wealth in select locations.

NEW YORK, THE PRE-EMINENT GLOBAL CITY OF THE WEALTHY, EXTENDED ITS LEAD OVER SECOND-PLACED TOKYO.

New York is home to almost 41,000 more VHNW individuals than Tokyo, an increase of 8% over the 2019 difference. Both cities' VHNW populations had a bumper year in 2020 (growing by over 9%), reflecting their countries' good overall performances but also their specializations as global financial centers and their status as the respective countries' largest city economies. New York overtook Tokyo in the VHNW city rankings in 2012 and the gap between the two has widened steadily since, driven in part by their respective countries' diverging economic performance.

US VHNW CITIES DOMINATE, WITH SEVEN RANKED IN THE TOP 10.

This reflects two main factors. First, the US is by far the world's largest VHNW wealth market, and so many of its major cities have high VHNW populations. Second, average growth in the VHNW populations of these seven cities (11.3%) vastly outpaced global growth in 2020 (at 1.3%) — largely reflecting the bumper year for US wealth holdings, which were distributed across the country's leading wealth cities. Meanwhile, no Chinese or German cities feature in the top 10 (or, in fact, the top 20), which is explained by the nations' relatively large stock of private wealth being more evenly dispersed in urban centers across the two countries.

LONDON FALLS OUT OF THE TOP 10 RANKINGS.

The city's VHNW population fell by a substantial 16% in 2020, dropping London from eighth place in 2019 down to 12th. London's VHNW cohort contracted at a faster rate than that of the UK as a whole, which itself saw a sizeable decline. This is the first time in our records (dating back to 2004) that London has fallen out of the tier-one ranking. Ongoing Brexit-related damage, poorly performing equity markets and pandemic-related economic weakness all contributed, with the city's ranking slump exacerbated by a markedly stronger performance across most major cities in the US and Asia.

SAN JOSE (CALIFORNIA) HAS FAR AND AWAY THE HIGHEST DENSITY OF VHNW INDIVIDUALS.

A city's level of density is influenced not only by the number of VHNW individuals, but also the size of its general population and the demarcation of physical city limits. With a relatively modest general population of around 2 million and its status as the wealth center of Silicon Valley, the metro area of San Jose has one VHNW individual for every 66 city residents. San Francisco and three Swiss cities — Basel, Geneva and Zurich — also rank highly for VHNW density. The former shares many of the same attractions and characteristics of its Northern Californian neighbor, while the latter three are all modestly sized but highly international cities with a longstanding emphasis on financial services and private wealth.

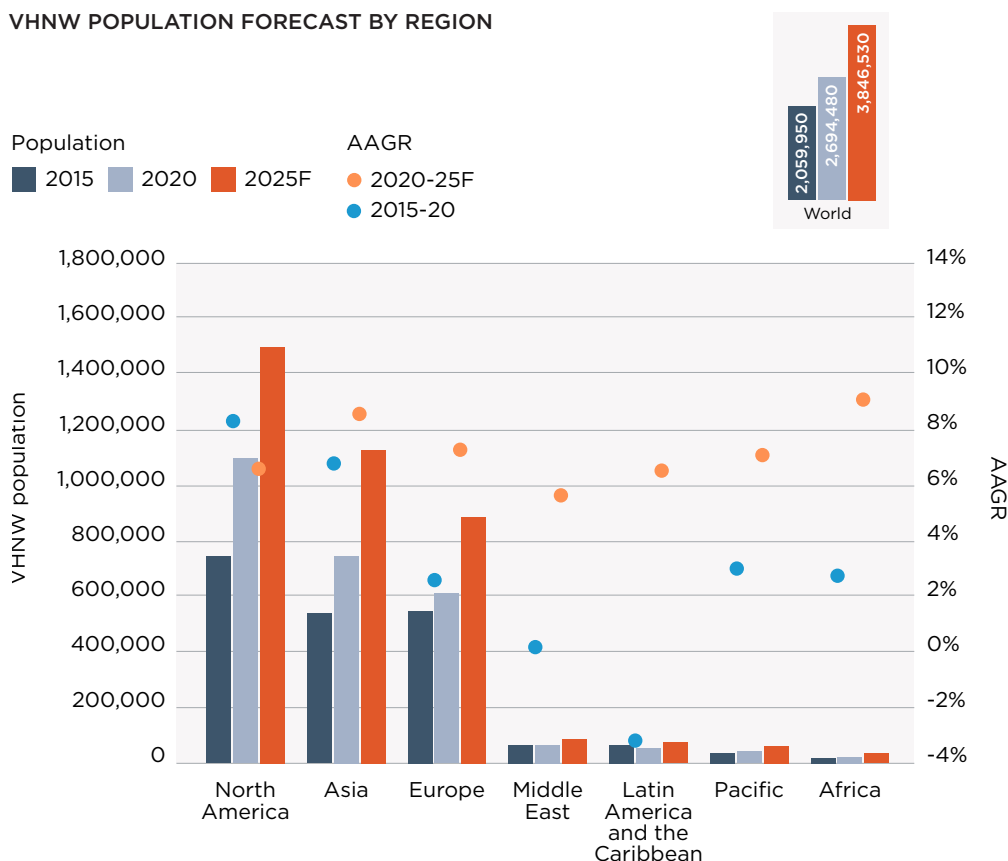
FIVE-YEAR OUTLOOK

Over the past five years the global VHNW population has increased steadily on an annual basis, underlining the resilient trend in wealth creation despite an often volatile geopolitical backdrop, comparatively weak economic growth, heightened world trade tensions and an enormously disruptive global pandemic. Between 2015 and 2020, the VHNW population (and its collective net worth) expanded at an average annual rate of 5.5% — more than double that of world GDP.

Despite an often volatile backdrop, wealth growth has been resilient over the past five years

Our forecasts show a stronger pace of growth in 2021-25, with the global VHNW population rising at an average annual rate of 7.4% over the next five years. This partly reflects assumptions of a firmer trend in world GDP compared with 2015-20, but we again expect the size of the global VHNW population (and collective net worth) to increase at a faster pace than economic growth. By 2025 we forecast the VHNW class to total 3.8 million individuals, a rise of 1.2 million compared with 2020. The level of VHNW wealth is forecast to increase to \$38.2trn — an additional \$11.4trn of newly created wealth over the five-year period.

VHNW POPULATION FORECAST BY REGION



Note: AAGR stands for average annual growth rate.

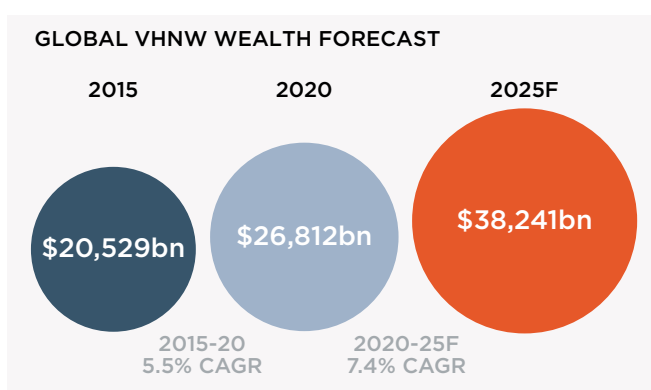
Source: Wealth-X

A REBALANCING OF GROWTH AMONG REGIONS

Our data shows that growth of the global VHNW population in 2015-20 was powered mainly by North America and Asia, which both significantly outperformed all other regions, particularly the Middle East and Latin America. As highlighted in the previous section, this reflects to a large extent the sharply contrasting impact of the pandemic. Before the crisis, regional variations in VHNW population growth were of a more limited scale — in 2015-19, for example — although North America and Asia were still the dominant performers.

In 2021-25, we forecast a more balanced distribution of global VHNW wealth creation. The strongest VHNW population growth is expected in **Africa**, supported by recovering commodity markets, expanding private-sector investment activity, rising capital inflows and gradual business-supportive market reforms. Above-average population growth is also forecast in **Asia**, as many of the structural drivers mentioned above sustain the ongoing shift in the global balance of power from West to East, alongside concerted efforts by China to expand its sphere of influence on both a regional and global scale.

Compared with 2015-20, we expect a much stronger five-year VHNW performance in **Europe**, on the back of rising investments in technology and energy infrastructure, extensive policy support and a strong bounce-back in many of the region's large consumer-facing service industries. VHNW population growth in **North America** is forecast at just below the global average, underpinned by ongoing policy stimulus and consumer strength but constrained, in part, by the broadening impact on business of further US-China tensions, as well as the effects of a shrinking labor force, deep political divisions and wide income inequality. Firming commodity prices, less volatile financial markets and recovering travel and tourism demand will aid wealth-creation opportunities in both the **Middle East** and **Latin America**, where VHNW populations are forecast to rise at an average annual rate of around 6%. Notwithstanding, regional political tensions, debt overhangs and social unrest are likely remain areas of concern.



Amid continued uncertainty, we expect stronger wealth growth over 2021-25

Note: CAGR stands for compound annual growth rate.

Source: Wealth-X

UNCERTAINTY AHEAD

These forecasts are, of course, presented in an environment of considerable uncertainty, heightened further as a result of the pandemic. Prospects for wealth creation will be determined strongly by the speed and scope of vaccine rollout programs around the world; how economies and financial markets respond to the huge fiscal costs arising from the crisis; how electorates in many countries react to the extraordinary expansion of executive powers since the start of the pandemic; whether the winding down of support schemes and likely emergence of new inequalities spurs a generalized increase in social unrest; how US-China relations will evolve; and the extent to which business and consumer behavior has been altered permanently by the pandemic.

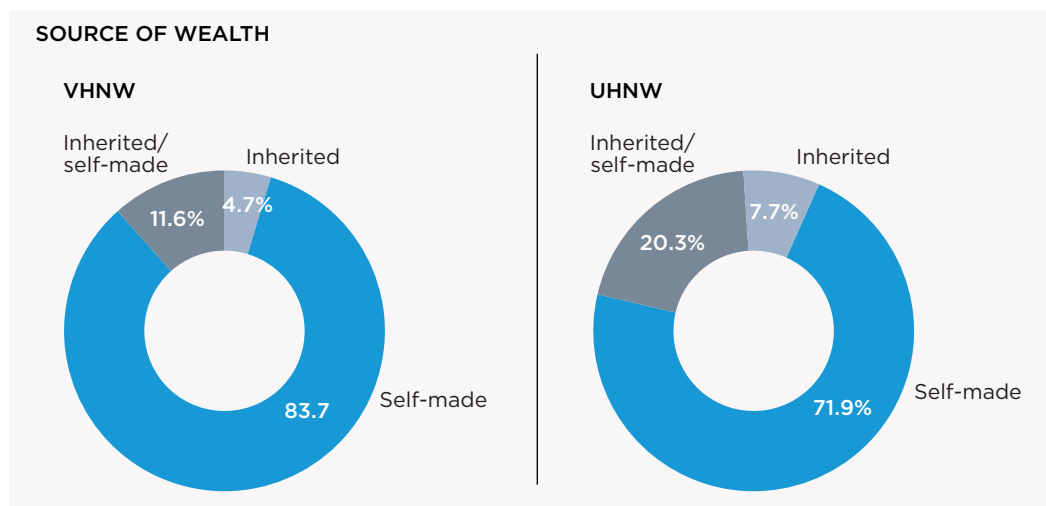
PROFILING TODAY'S VHNW INDIVIDUALS

What are the defining features of VHNW individuals as a group? In this section we examine a variety of characteristics: wealth source, gender, age, industry focus, asset holdings, and interests and hobbies. While many VHNW individuals share common traits, we find that there are also substantial differences at a country and regional level, as well as according to gender, age and more. Moreover, the VHNW cohort is distinct in many respects from its even wealthier UHNW counterpart. The theme that emerges is that when prospecting for, targeting and engaging with those among the VHNW population, it is essential not only to understand them in the context of their own peer group but also as individuals.

SOURCE OF WEALTH

Self-made wealth pervades the VHNW class

In contrast to often-popular conceptions of wealth, most wealthy individuals across the globe are self-made. That is, they have created their fortunes without an inheritance. This is particularly true at the VHNW level, where more than eight in every 10 individuals are self-made. Of the remainder, around two-thirds have net worth that stems from a combination of inherited and self-created wealth, with only a small proportion relying solely on inheritance.



Note: The totals may not add up to 100% as a result of rounding.

Sources: Wealth-X 2021 and Wealth-X's *World Ultra Wealth Report 2020*

That said, as personal net worth increases, so too does the role of inheritance as a source of wealth. Among the global VHNW population, a combination of inherited and self-created wealth accounts for 12% of these individuals' fortunes. Yet among the UHNW class this share rises to 20%, indicating that an initial injection of capital can often make a significant difference to overall wealth holdings at a later date.

Digging a little deeper at the VHNW level, inheritance as a source of wealth takes on a slightly more important role for those aged under 50, compared with the overall VHNW population. This demonstrates the amount of time self-made wealth takes to accrue and the impact of the rising number of first-time intergenerational wealth transfers across Asia and other emerging wealth markets.

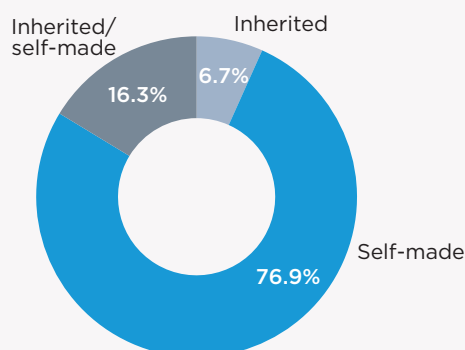
GENDER

Male dominance increases in line with wealth

The global VHNW population is heavily male dominated, with men accounting for 84%. The proportion of VHNW women has been on a gradual upward trend over the past five years, reflecting changing cultural attitudes and growth in female entrepreneurship, as well as ongoing wealth transfers between generations. Nonetheless, given that the average VHNW individual is aged just over 60, it is likely to be some time before a significant shift is discernible.

As wealth increases, we find that the share of men rises too. Among those with \$1m to \$5m, the share of women is just over 19%, slightly higher than the VHNW cohort as a whole and nine percentage points higher than at the ultra wealthy level. While dominant among all wealth tiers, the role of self-made wealth is even more marked among the 'lower' wealth tiers. Given their lower wealth thresholds, the fruits of rising levels of female entrepreneurship will first be seen among these.

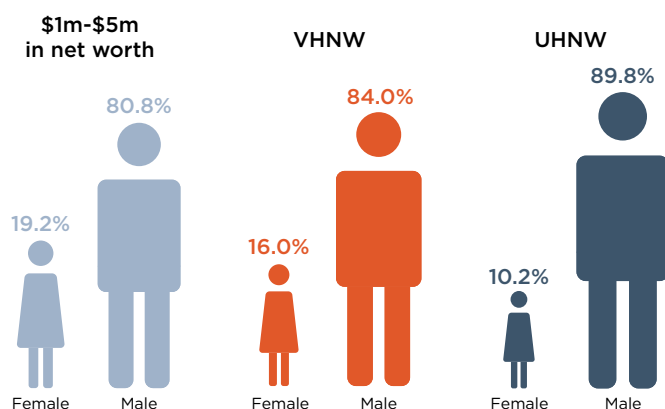
SOURCE OF WEALTH AMONG VHNW INDIVIDUALS UNDER 50



Note: The total may not add up to 100% as a result of rounding.

Source: Wealth-X 2021

GENDER (% OF POPULATION)



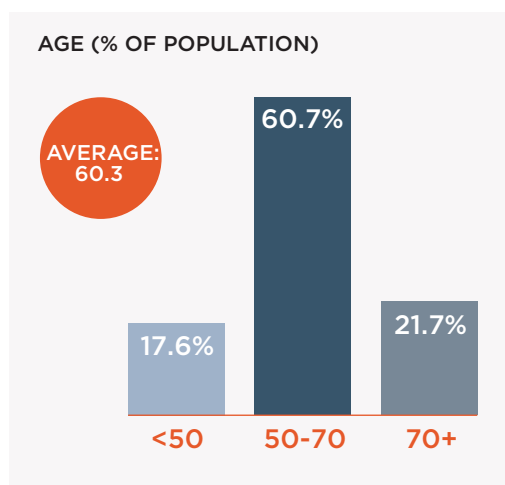
Note: The total may not add up to 100% owing to rounding. Our data on gender was updated in October 2020 (as part of Wealth-X's *World Ultra Wealth Report 2020*) and previous reports are no longer comparable. This is due to our database having better coverage and integrating different techniques including stratified sampling.

Source: Wealth-X 2021

AGE

More than half of VHNW individuals are aged between 50 and 70

It takes time to create and/or accumulate significant wealth — the average age of the global VHNW population is just over 60. Among this cohort, there is a wide range of wealth holdings: individuals with a net worth of \$5m are substantially more common than those with wealth approaching the upper end. Individuals range from highly remunerated corporate executives, entrepreneurs of well run and profitable small to medium-sized businesses, and those who have sold their successful businesses, among others. Across all, it typically takes the best part of a professional career to reach this level of wealth — the fast-moving technology sector being a notable exception. Indeed, it takes years, often decades, to build a profitable company worth millions of dollars — even with the help of extensive start-up capital or an established business that is already up and running — or to assume a role where salaries or bonuses are extremely well paid (more often than not in the finance sector).



Note: The total may not add up to 100% as a result of rounding.
Source: Wealth-X 2021

It takes time to create and/or accumulate significant wealth

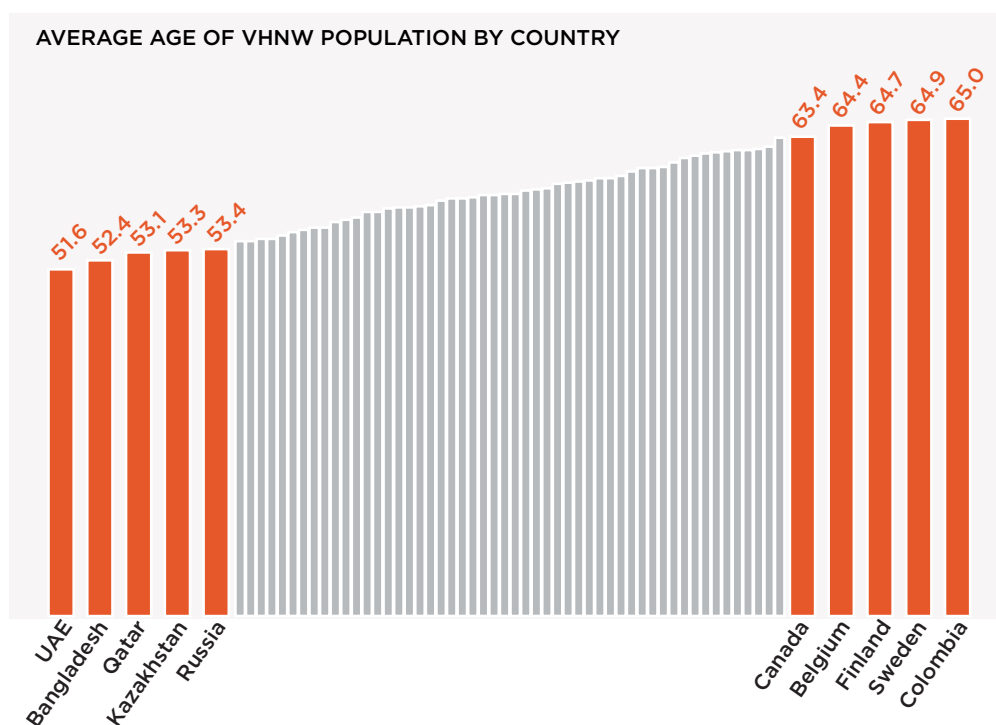
Well over half of the VHNW population is aged between 50 and 70, with a broadly equal split of the remainder aged above 70 and below 50. Just over a fifth of the VHNW class is over 70. Many of these individuals remain active in their business activities to varying degrees, but there is a clear shift to spending a larger proportion of their time on hobbies and philanthropic initiatives.

THERE IS SIGNIFICANT DIVERGENCE AMONG COUNTRIES

While all major wealth markets have VHNW populations with an average age of over 50, there are substantial differences among countries, reflecting the diverse factors that can influence the time it takes to create and preserve wealth, such as culture, history, attitudes to family enterprise and economic circumstances.

While a mix, the countries with the five youngest VHNW populations — with an average age in their early 50s — are economies where wealth creation has been fairly recent. Both the UAE and Qatar saw their wealth grow exponentially during the 1970s oil boom, with sustained reforms to diversify their economies towards business and tourism continuing to this day. The wealthy of Kazakhstan and Russia largely amassed their wealth during the transition to private enterprise after the collapse of the Soviet Union in the early 1990s. In addition to their country's very young population in general, Bangladesh's small number of VHNW individuals (slightly more than 2,700) have benefited from recent rapid economic expansion, urbanization and the growth of its garment-export industry.

In contrast, the countries with the oldest average VHNW populations tend to be the rich, developed nations (with the exception of Colombia) where wealth has had generations to accumulate. Canada and Colombia show a long-standing focus on specific industries (particularly natural resources) and a comparatively high share of multi-generation businesses. Europe is home to three of the five countries, a reflection of the region's long-established culture of commercial enterprise and its many family-held/created businesses of global renown.



Source: Wealth-X 2021

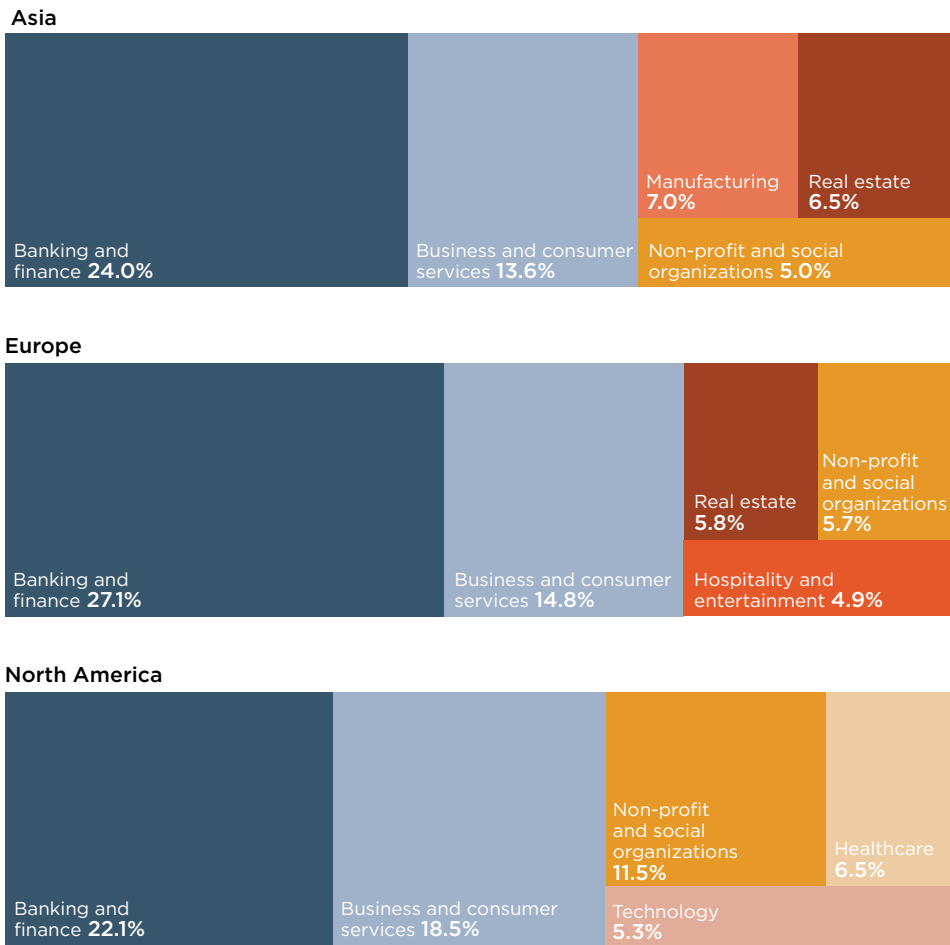
The countries with the youngest VHNW populations are all economies where wealth creation has been fairly recent

PRIMARY INDUSTRY

Regional differences aplenty but finance, business and consumer services dominate

There are many industries⁴ to which VHNW individuals devote their time. While a few core ones tend to dominate, the primary industries of these individuals differ at a regional level — reflecting factors such as economic specialization, culture, natural resources and government policy towards enterprise.

TOP FIVE PRIMARY INDUSTRIES BY REGION



Source: Wealth-X 2021

Among each of the three major VHNW regions — North America, Asia and Europe — banking and finance leads while business and consumer services ranks second, in combination accounting for well over a third of all industries (in Europe these two categories account for as much as 42% of all such individuals’ industries of choice).

Banking and finance dominates, reflecting the significant role that financial services has played in generating overall wealth in recent decades. Business and consumer services has been bolstered by the continued commercial opportunities offered by the growing middle class in emerging markets over the past two decades (although Covid-19 has brought a hiatus to this in many markets) as well as the dominant role of services and increasing digitalization in developed economies. Real estate is also popular (it just misses the top five in North America), boosted by continued urbanization, the increasing spread of rentier capitalism and the persistent low interest rate environment.

The not-for-profit sector ranks in the top five among all three regions. As careers or businesses reach maturity, or in line with their own life-cycle progression, an increasing number of VHNW individuals choose to spend a large proportion of their time on philanthropic initiatives. Somewhat unsurprisingly, it is most popular as a primary industry among North American VHNW individuals — reflecting the region’s elevated wealth and, particularly, the longstanding tradition of public giving in the US — followed by Europe and then Asia. This regional order is also reflected in the interests of VHNW individuals (see page 26) and tallies with our data on philanthropy, which takes into account actual individual donations⁵.

Small changes occur on a year-to-year basis but, over time, new economic and industry trends can result in substantial changes to the rankings of the main industries. In North America, the huge growth of technology companies of all sizes — in Silicon Valley and many other tech hubs, such as Austin and Seattle — has created new VHNW individuals and wealth, with technology featuring in the top five for the first time.

In North America, the huge growth of technology companies of all sizes has created new VHNW individuals and wealth, with technology featuring in the top five industry ranking for the first time

⁴ Primary industry refers to the industry to which the wealthy devote most of their time, not necessarily the industry by which they created their wealth, although they are often one and the same.

⁵ For deeper insight on philanthropic giving by the wealthy, please see our two reports *Spotlight on Major Giving 2020* and *The New Normal: Trends in UHNW Giving 2019*.

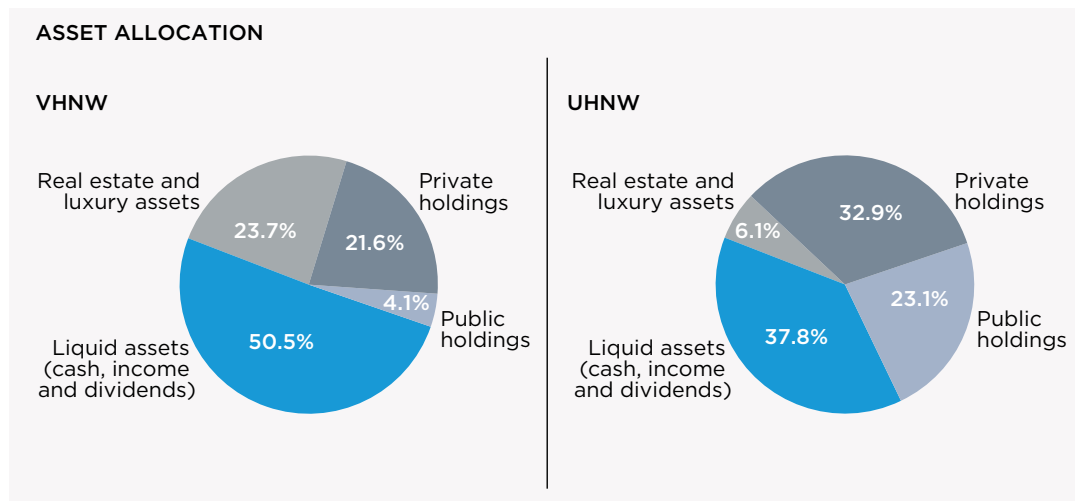
ASSET ALLOCATION

Higher shares in liquid assets — and real estate and luxury — differentiate the VHNW from more wealthy individuals

With their substantial wealth holdings, VHNW individuals have their own distinct wants and needs — and these are reflected in their asset allocation. In common with the ultra wealthy, liquid assets (cash, income and dividends) account for the largest share of combined VHNW wealth although, at just over half, this is some 12 percentage points higher than for the UHNW class.

With two-thirds of individuals occupying the lowest VHNW wealth bracket of \$5m to \$10m, salaries, bonuses and shares in the companies they work in or own account for a large slice of their wealth. This proportion declines as wealth rises, for one of two reasons: either as a result of the ability to free up assets and diversify towards investments in public and other privately held companies; or the tendency of the wealthiest individuals to be business owners, with private holdings rising among the ultra wealthy. Moreover, given the continuing geopolitical and economic environment and ultra-low interest rates, which encourage investors to 'search for yield', savings and funds for investment opportunities also comprise a part of these liquid assets.

Accounting for almost a quarter of VHNW wealth, the next largest share is in real estate and luxury assets. These usually comprise a main residence and sometimes a holiday home (or two), as well as luxury cars and soft luxury goods, such as jewelry and wine or art collections. Particularly for those VHNW individuals in the \$5m-\$10m range, these assets can account for a considerable proportion of total net worth. This contrasts with the ultra wealthy, for whom such assets comprise just 6% of their total wealth.



Note: The totals may not add up to 100% as a result of rounding.

Sources: Wealth-X 2021 and Wealth-X's *World Ultra Wealth Report 2020*

Private holdings account for a fifth of all assets. Most VHNW individuals are business owners in some form (this reflects the vast majority being self-made). Public holdings, such as stock-market-listed equities, account for a significantly smaller share of total wealth. This partly reflects the two-thirds of VHNW individuals in the lowest wealth cohort, whose net worth is largely allocated to liquid, residential and luxury assets, and also an increased appetite to invest directly in early-stage private companies.

INTERESTS, PASSIONS AND HOBBIES

Sport is the most popular pastime in Asia and Europe, while philanthropy leads in North America

Wealthy status affords individual freedom to pursue a range of pursuits, and examining the interests, passions and hobbies of the VHNW population allows us to gain a better sense of what makes them tick.

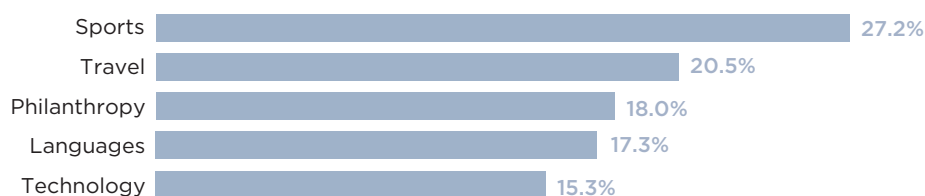
Examining the three major VHNW regions once again, a few distinct trends are worth highlighting. First, sport is either the most or second most popular interest or passion among the VHNW populations, with at least a fifth regularly engaged in sport as an active leisure pursuit or as a means of relaxation. Soccer, golf and tennis are highly popular, along with skiing on occasion, but the list is extensive.

TOP FIVE INTERESTS, PASSIONS AND HOBBIES BY REGION

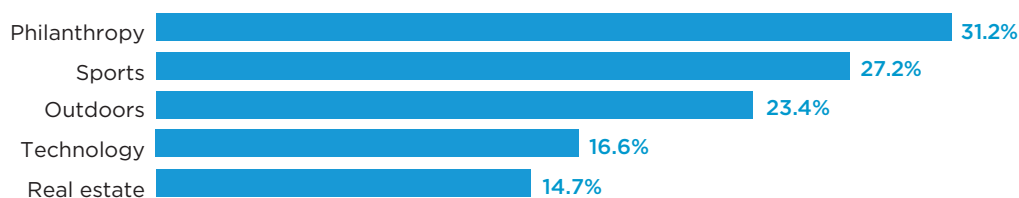
Asia



Europe



North America



Note: More than one interest, passion or hobby is possible, so the numbers do not add up to 100%.

Source: Wealth-X 2021

Philanthropy is also a top-five interest across these three regions. The wealthy have become progressively more involved in philanthropic activity over time. This has been driven not only by a growing awareness of environmental and social issues across the globe, but also by shifting attitudes towards civic engagement among an increasingly diversified wealthy population and a more widespread public perception of — and concern about — rising wealth inequality. Demonstrating this interest in action, we estimate the global VHNW population to have donated \$73bn to philanthropic initiatives in 2019, equivalent to a considerable 16% of global individual giving, including that of the general population.

In North America, philanthropy is this group's favored interest, with sport ranked second (in contrast to first among the VHNW class in Asia and Europe). This largely reflects the strong tradition of public giving in the US; and is more in line with the interests of the ultra wealthy and billionaires⁶, for whom philanthropy also ranks highest. Only a small proportion of VHNW individuals will have an individual charitable foundation, in contrast to those in the highest wealth tiers, where it is much more common. Creating and/or running a foundation is an investment in time and resources that the wealthiest may be most able to afford and benefit from.

Technology ranks among the top-five interests in all three regions, having risen gradually in the rankings over recent years amid the rapidly increased digitalization of the global economy. Technology ranks higher among the VHNW class than among the ultra wealthy, most likely due to two factors: the slightly younger VHNW age profile (these individuals are more likely to be engaging with tech innovation in their leisure time) and the slightly higher ratio of VHNW individuals whose primary industry is technology.

At least a 10th of VHNW individuals in each of the three regions has a keen interest in real estate, be it for emotional reasons (style, location, interior design), practical lifestyle purposes or as an important component of their asset portfolio, though the category only achieves a top-five ranking in one region (North America).



Note: This figure excludes giving by corporations as well as businesses owned by the VHNW. Please see the Methodology section for further detail on the methodology.

Source: Wealth-X

Philanthropy is among the top-five interests across the VHNW in Asia, Europe and North America

⁶ See Wealth-X's *Billionaire Census 2020*.

METHODOLOGY

To size the VHNW population and its combined wealth, we use our proprietary **Wealth and Investable Assets Model**. This model produces statistically significant estimates for total private wealth and estimates the size of the population by level of wealth and investable assets for the world and each of the top 70 economies, which account for 98% of world GDP.

We use a two-step process. First, to estimate total private wealth, we use econometric techniques that incorporate a large number of national variables, such as stock market values, GDP, tax rates, income levels and savings from sources such as the World Bank, International Monetary Fund, Organization for Economic Cooperation and Development and national statistics authorities. Second, we estimate wealth distribution across each country's population. Owing to a lack of wealth distribution data, most wealth models estimate wealth distribution patterns using income distribution data.

Wealth-X's proprietary database of hundreds of thousands of records on the world's wealthiest individuals enables us to construct wealth distribution patterns using real, rather than implied, wealth distributions, making the model more reliable. We then use the resulting Lorenz curves to distribute the net wealth of a country across its population. The database is also used to construct investable asset distribution patterns across each country's population. The model uses residency as the determinant of an individual's location.

Our model also estimates population, wealth and investable assets for the world's 170 major cities as ranked by nominal GDP in \$. These cities are defined on the basis of urban agglomerations (UAs) and metropolitan (metro) areas, which include the built-up areas outside the administrative core. We find that metro and urban areas are closer to self-contained entities compared with city administrative cores (city proper) because more residents are likely to work and spend within the metro/UA boundaries. We focus on metro areas to ensure comparability because globally comparable city-level data is not available.

To profile the VHNW in greater depth, this report leverages the unique and proprietary **Wealth-X Database**, the world's most extensive collection of curated research and intelligence on wealthy individuals. Our database provides insights into their financial profile, career history, known associates, affiliations, family background, education, philanthropic endeavors, passions, hobbies, interests and much more. Our proprietary valuation model (as defined by net worth) assesses all asset holdings, including privately and publicly held businesses and investable assets. The database uses the primary business address as the determinant of a wealthy individual's location. References to \$ or dollars refer to US dollars.

To size philanthropic giving by the VHNW, we use our **Philanthropic Giving Model**. Please see our two reports, *Spotlight on Major Giving 2020* and *The New Normal: Trends in UHNW Giving 2019*, for a complete explanation.

ABOUT WEALTH-X

The global leader in wealth information and insight, Wealth-X partners with leading prestige brands across the financial services, luxury, not-for-profit and higher-education industries to fuel strategic decision-making in sales, marketing and compliance.

Wealth-X boasts the world's most extensive collection of records on wealthy individuals and produces unparalleled data analysis to help organizations uncover, understand and engage their target audience, as well as mitigate risk. Founded in 2010, with staff across North America, Europe and Asia, Wealth-X provides unique data, analysis and counsel to a growing roster of more than 500 clients worldwide.

ABOUT EUROMONEY PEOPLE INTELLIGENCE

Euromoney People Intelligence, a Pillar of Euromoney PLC, provides organizations with unique data intelligence that connects them with the individuals who will have the greatest impact on their goals. Euromoney People Intelligence is comprised of three unique brands: BoardEx, WealthEngine, and Wealth-X. We empower our clients to build greater relationships, obtain and manage their best talent and reduce commercial risk.



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WEALTH-X ANALYTICS

Analysis of the data and additional insights in this report were provided by the **Wealth-X Analytics** team. Leveraging the Wealth-X Database and its own data models, Wealth-X Analytics provides customizable data assets tailored to your organization's needs. Wealth-X Analytics is uniquely positioned to provide market-level data and analysis to inform strategies across the financial services, luxury, not-for-profit and education industries.

The Wealth-X Analytics team is composed of experienced analysts, economists and thought leaders, armed with deep sector knowledge and unique skills. The team regularly collaborates with clients across industries to provide:

- Market sizing and forecasting
- Profiling/archetyping
- Indexing
- Inputs for thought leadership

To learn how Wealth-X Analytics complements our full suite of data-driven products and services, email us at contact@wealthx.com.

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