



# Future Wealth Insights

Through the looking glass

May 2010



scorpiopartnership  
what wealth needs next





## ABOUT THE PARTNERS

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### Scorpio Partnership

Scorpio Partnership is a strategy consultancy to the wealth management industry, based in London. Having provided consultancy to the wealth management sector for over ten years and with numerous proven results to our name, Scorpio Partnership has developed the formula for success in the world's most lucrative yet hard-to-navigate market.

### The Standard Chartered Private Bank

The Standard Chartered Private Bank is the foundation sponsor of the Futurewealth Project. The Standard Chartered Private Bank's heritage stems from over 150 years of international banking excellence that is the Standard Chartered Bank.

The Standard Chartered Private Bank works with clients and their families to understand not just their financial goals but also their fundamental beliefs and values. By offering true open architecture and best of breed products as well as delivering first class service for the daily banking needs of its clients, The Standard Chartered Private Bank is ideally placed to help clients achieve what they want from their wealth.

We draw on the strength of the Standard Chartered Bank network to deliver a portfolio that is truly personal to the individual. Our clients benefit from a broad array of specialised products and services that can better meet complex needs as their wealth grows, ranging from margin trading, complex credit solutions, structured products, commodities and estate planning, to a wide range of investment products including mutual funds and discretionary portfolios, to the transactional deposits and savings accounts.

### Morar Consulting

Morar Consulting was founded to bring new approaches to brand strategy and brand measurement to help our clients grow the value of their brands. The success of our work is built on a combination of four key elements: insight, expertise, technology and action.

### Goosebumps

Goosebumps is a branding and design consultancy, based in London, and founded on the belief that the most successful brands have the power to stir emotion. In every aspect of our work, from brand strategy, through to identity, engagement and experience, we aim to give our clients, and their customers, goosebumps.

#### Important Information

The Standard Chartered Private Bank is the private banking division of Standard Chartered Bank. Banking services may be carried out internationally by different SCB legal entities according to local regulatory requirements. Not all products and services are provided by all SCB branches, subsidiaries and affiliates. Product availability may vary depending on your Investment Centre.

Standard Chartered Bank (SCB) is incorporated in England with limited liability by Royal Charter in 1853 Reference Number ZC 18 and its principal office is situated in England at 1 Aldermanbury Square, London EC2V 7SB. In the United Kingdom, SCB is authorised and regulated by the Financial Services Authority ('FSA') and is entered into the FSA register under number 114276."

## INTRODUCTION

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In the summer of 2009 we launched the Futurewealth project. Using online surveying techniques we sought to gain a deeper understanding of a segment of the global population that is much talked about and much misunderstood. It is a segment that we have dubbed the world's Futurewealthy.

Why? Because over ten years of research into the financial habits of so-called high-net-worth individuals around the globe, we have come to realise that the world doesn't divide neatly into the "haves" and "have nots". In between, there is a very interesting group of ambitious and upwardly mobile individuals who are in a dynamic phase of wealth creation.

We felt the challenges wealth creation, with all its opportunities, sacrifices and pitfalls, merited a better understanding – not least, so that the individuals who are facing those challenges can have their needs better met by the providers who target them.

It seems our hunch was right. 1,414 Futurewealthy individuals from around the world answered our call last year. The average wealth of those individuals was USD2 million and their common financial goal was to achieve total wealth of USD8 million within a 10-year time frame. There were plenty of other indicators in that first phase of research that suggested to us that the Futurewealthy are indeed a tribe – with common aspirations, common attitudes and common behaviour.

We were thrilled by the findings. So much so that we wanted to probe a little deeper, particularly around the personality traits of the Futurewealthy and how they plan to meet their financial targets.

For this insight, we have gone back to a smaller section of the participants – those who kindly agreed to give us a little more of their time. We have had responses from 202 individuals. Once again, we are very excited by the results.

We hope you enjoy the following insight from a select group of the world's Futurewealthy.

Sebastian Dovey  
Managing Partner, Scorpio Partnership



# Section one: Life drawing



When drawing a portrait, it is important not to overlook the obvious subtleties.

## In brief

- In our last survey, we used profiling questions that helped us to identify four wealth personalities among the Futurewealthy participants. We were delighted to find in our latest survey that 65% of the Futurewealthy strongly agree with these wealth personalities.
- With their additional input, we have also been able to refine the wealth personalities further. The new, improved versions aim to strike a better balance between the Futurewealthy's main priorities of family, fun and focus.

## DO YOU KNOW WHO I AM?

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Last year, we made a fairly bold assertion when we assigned our Futurewealth community to one of four wealth profiles. We suggested, based on a series of binary questions, they were either:

- Quietly confident
- Family activists
- Headliners
- Life surfers

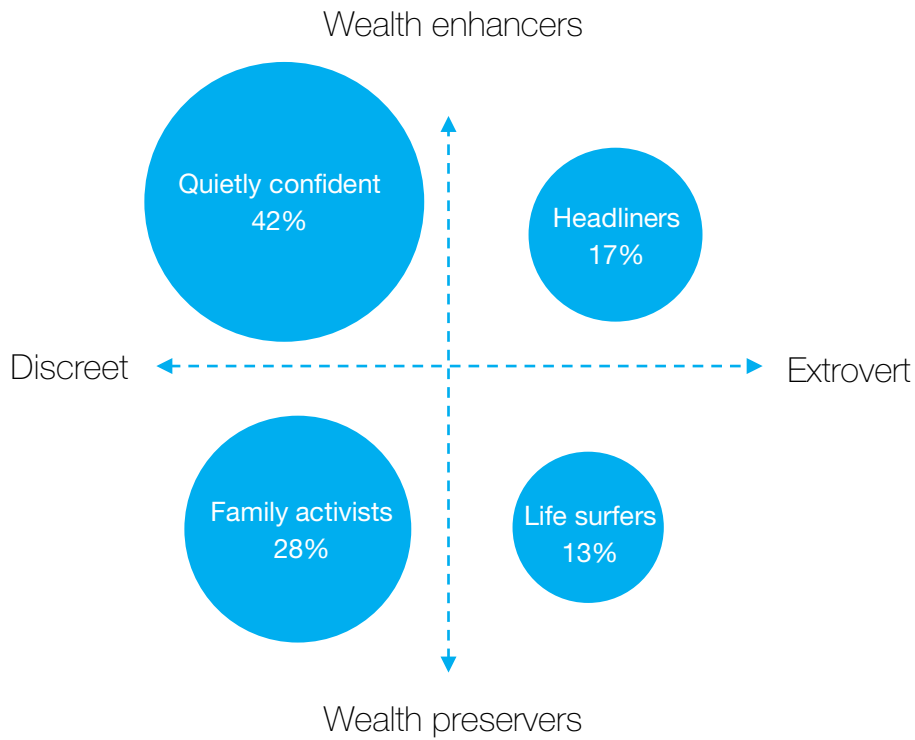
So, it was not without some trepidation that we asked participants if they agreed with us. With a huge sigh of relief, we are pleased to find that 65% of the Futurewealthy said they strongly agreed with our profiling. For the Quietly Confident and the Family Activists, the confidence levels were even higher at over 75%.

However, the Quietly Confident – whom we had pegged as a fairly earnest bunch – were quick to point out that they too occasionally lock their goody two shoes in the cupboard and enjoy life's indulgences.

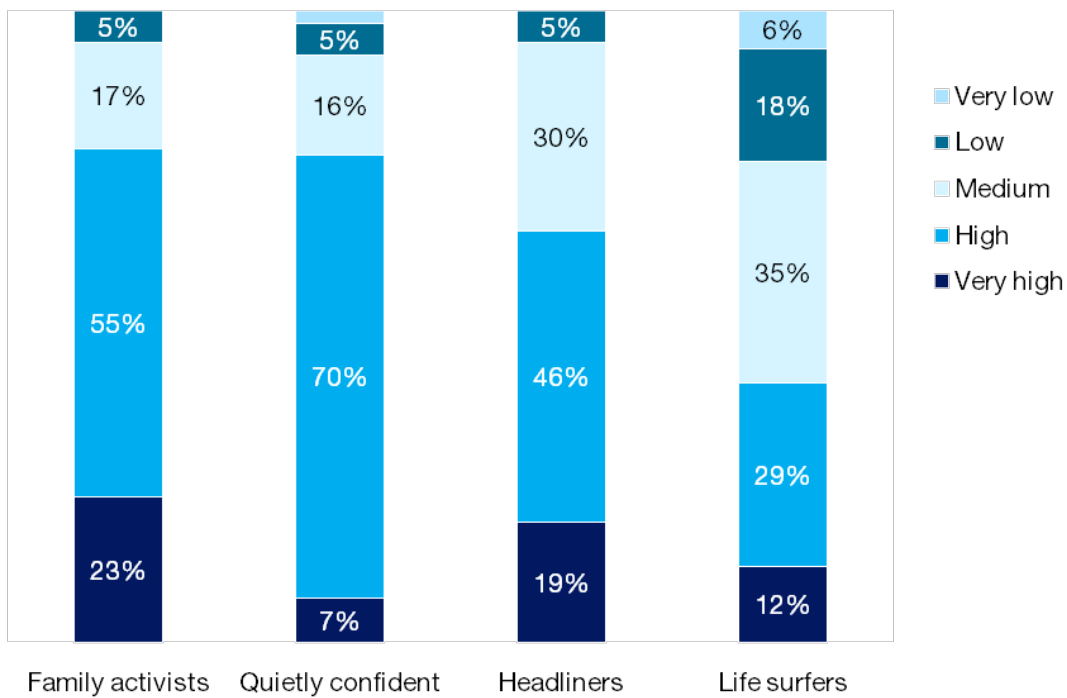
Meanwhile, Family Activists felt we had underestimated their drive, particularly in financial matters. Rather than family being the centre of the universe, it is more the case that family eclipses other goals.

Headliners were keen for us to put the fun back into their functional lives; while Life Surfers want to be taken a little more seriously.

With which “wealth personality” type do you most identify?



How strongly do you identify with the wealth personality you have selected?



## MIRROR, MIRROR ON THE WALL

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So, having overlooked some obvious subtleties in the earlier version of our wealth personalities, we hope with this new input we can turn our frogs into handsome princes and beautiful princesses. See what you think.

### Quietly confident (42%)

The Quietly Confident are innovators with a desire to change things for the better. Career and personal development are important to them. They are confident when it comes to investing their money and set themselves clear goals. They may take input from professional advisers on financial matters, but are fundamentally self-reliant and spend a lot of time thinking about how to make their money work harder for them. They have little interest in status purchases, preferring to put their disposable income to better use. They like to give to charity and may well have children in private education, but will equally allow themselves time out and the occasional luxury.

### Family activists (28%)

Family Activists are more likely to be female and their main life goals are to secure a future for their family and be remembered as a good person. This focus on family may eclipse other goals, which often get put on the back burner in terms of time and energy. In turn, this means they are less likely to have specific financial goals or go to professional investment advisers. They spend their money on family and holidays, with little interest in conspicuous spending. However, they would like more money to spend on properties and private education for their children.

### Headliners (17%)

They are more likely to be male and business owners. They are putting a lot of energy into their money but try hard to make sure this is not always at the expense of family, friends and fun. A major goal for Headliners is to be a leader in their chosen field. They also have a strong desire to achieve financial security, often with a specific goal in mind. Linked to their own high standards, they are more likely to spend on quality items, including clothes, cars, home furnishings, watches and jewellery. But with more money, they would change their lifestyle focus with increased leisure, holidays and hobbies.

### Life surfers (13%)

More likely to be an employee, Life Surfers by far are the most fun loving. They like to look after themselves and their family and see their career as an important means to that end. Money is important to them as it provides financial security and allows them to pursue their leisure activities and entertainment. They trust themselves for their financial decisions and at present their house represents the majority of their worth, with few holding other specific investments. However they also enjoy spending disposable income on clothes, jewellery and home furnishings. They typically do not believe in private education, but would like to do more to support good causes.



# Section two: Guerrilla tactics



Street smart and opportunistic, the approach to wealth creation is more guerrilla warfare than trench warfare.

## In brief

- Many were shocked after our last survey which showed that one of the key characteristics of the Futurewealthy was a desire to quadruple their current wealth of around USD2 million within a 10-year time horizon. Not possible, they said.
- But, for the Futurewealthy, wealth creation is not just a financial exercise. It is a life's work. And there are many moving parts: income and investments managed with more than a little ingenuity.
- More than that, the Futurewealthy are clear-headed optimists, with appetite for all life's opportunities and assured self-awareness about their wealth creation potential. They are already on track to achieve their wealth goals for 2010 and are still more optimistic into 2011.

## ITCHY FEET AND TINGLING FINGERS

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The vast majority of the Futurewealthy see 2010 as a year of opportunity for increasing their overall income. Around three-quarters (74%) identified this as their main wealth goal. Meanwhile, a significant minority (32%) are aiming to reduce their debts this year.

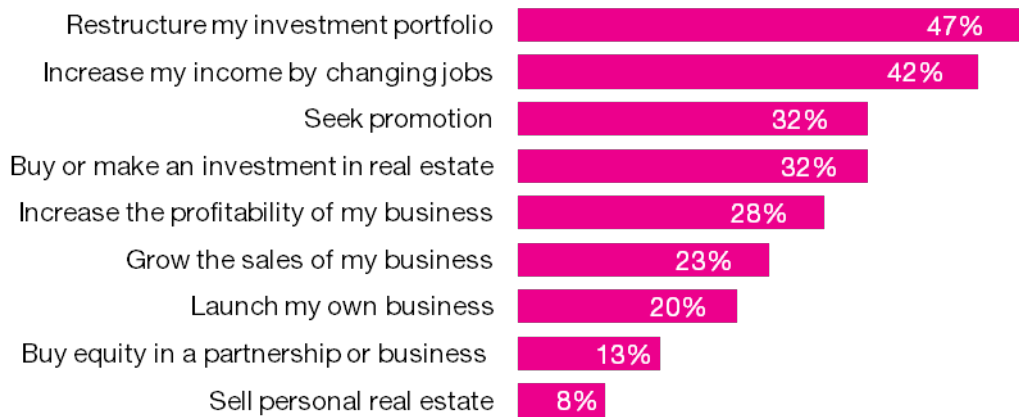
But when it comes to fulfilling these goals, the wealth strategy of the Futurewealthy is perhaps best described as a plan that incorporates many moving parts. The wealth strategy of the Futurewealthy encompasses not just their savings and investments, but also career plans, property deals and business ventures.

And in 2010, almost 80% are planning to boost their wealth profile by seeking promotion or changing job. Meanwhile, 33% are looking to launch a new business or buy into an existing one.

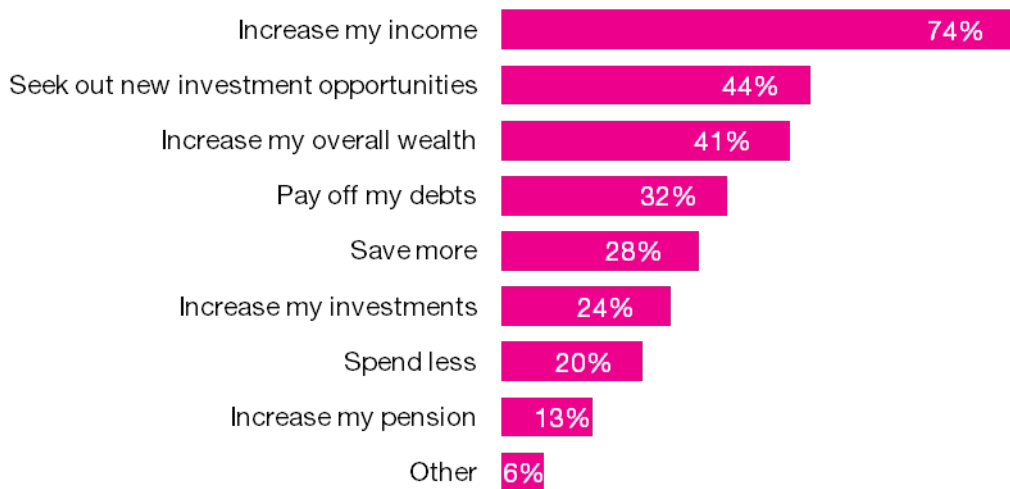
With the economic fallout from the financial crisis still reverberating around the globe, these figures show an almost staggering optimism.

“My financial confidence comes from my own ability to remain in employment due to my skills, capability and experience.”

Which of these areas will you focus on in 2010 as part of your wealth strategy?  
(multiple options)



What are your main wealth goals for 2010? (3 options)



But then, confidence isn't something the Futurewealthy are short of. In September 2009, as the world started to lumber out of its catatonic financial stupor, 78% of the Futurewealthy were quick off the mark indicating that they expected to make money over the coming year.

You're crazy, was the knee-jerk response from a number of commentators on the results of the first survey. But actually, their early confidence appears to have been pretty well founded. 56% are now reporting that they have made money over the last 12 months. And, if you project their financial situation forward, they are almost exactly on track for 2010.

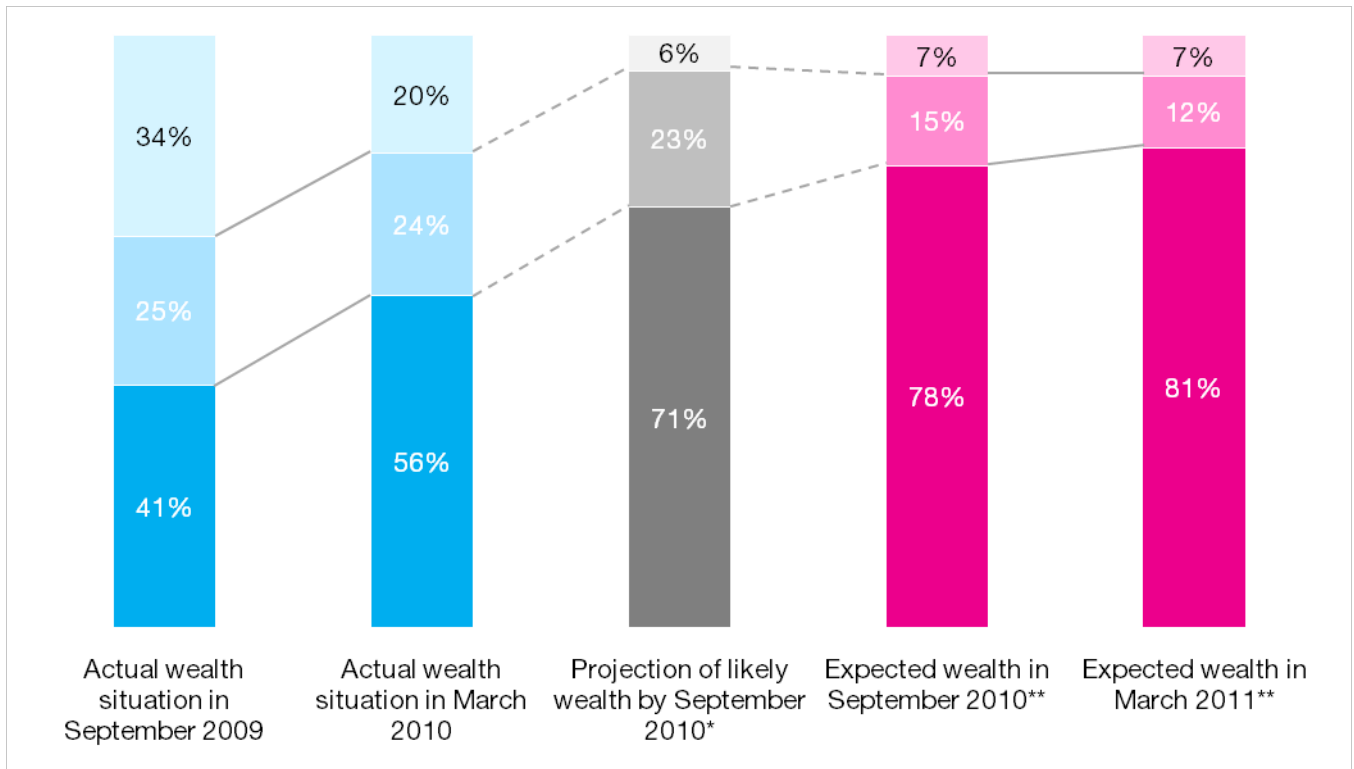
## Tracking the financial confidence of the world's Futurewealthy (actual growth and expectations)

Over the last 12 months, how has your financial situation changed?

Over the next 12 months, how do you expect your financial situation to change?

- My wealth has decreased
- My wealth has stayed the same
- My wealth has increased

- My wealth will decrease
- My wealth will stay the same
- My wealth will increase



\*Based on growth rate in actual wealth

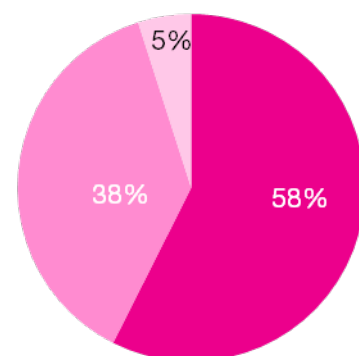
\*\*Based on 12-month forecast by participants

In turn, this suggests the Futurewealthy have a clear vision of their wealth creation potential. And, by extension, their long-term goal to quadruple wealth within 10 years may not be wholly unrealistic.

Indeed, it is increasingly becoming clear that well-founded confidence and restless opportunism in pursuit of specific goals are deeply characteristic of the Futurewealthy's approach to life and wealth.

Not only are they itchy-footed for immediate career opportunities, well over half (58%) of the Futurewealthy have considered moving country or city in recent years, with more than three-quarters (79%) planning the move to chase business and other career opportunities.

Have you considered changing location in the last five years?



■ Yes ■ No ■ Don't know

For comparison, tax concerns were also a motivating factor for around half (46%). Clearly, tax is an irritant, particularly in high tax jurisdictions, but is much less likely to prompt a move than the opportunities for business and career advancement.

Along with itchy feet, many of the Futurewealthy are displaying signs of tingly fingers, with a strong desire to restructure investment portfolios in 2010. As noted above, 47% identified this as an area of focus for 2010.

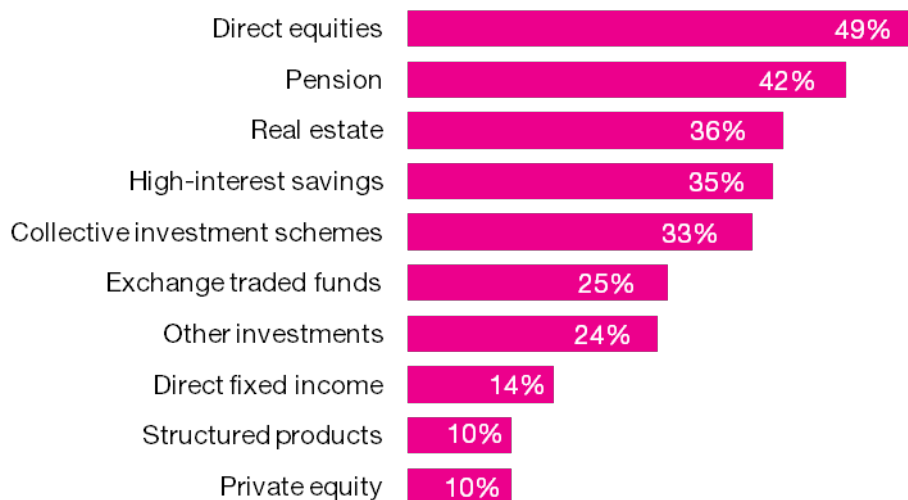
And, interestingly, 44% said a major wealth goal for this year is to identify new investment opportunities. They may not know exactly what those investments will be, but there is a clear sense that the current flux in global markets and economies will present new investment opportunities for those bold enough to take them.

“I do not feel that the financial crisis influenced my wealth or the investments I plan to make.”

Futurewealthy investment portfolios show a strong affinity with direct equity, investment properties and high-interest savings accounts. So, it is no surprise that these investments feature as part of the wealth strategy of the Futurewealthy for 2010.

Pension plans are also naturally important to the Futurewealthy, most of whom are executives or business owners with a strong desire for long term financial security.

### What types of investments do you envisage making in 2010?



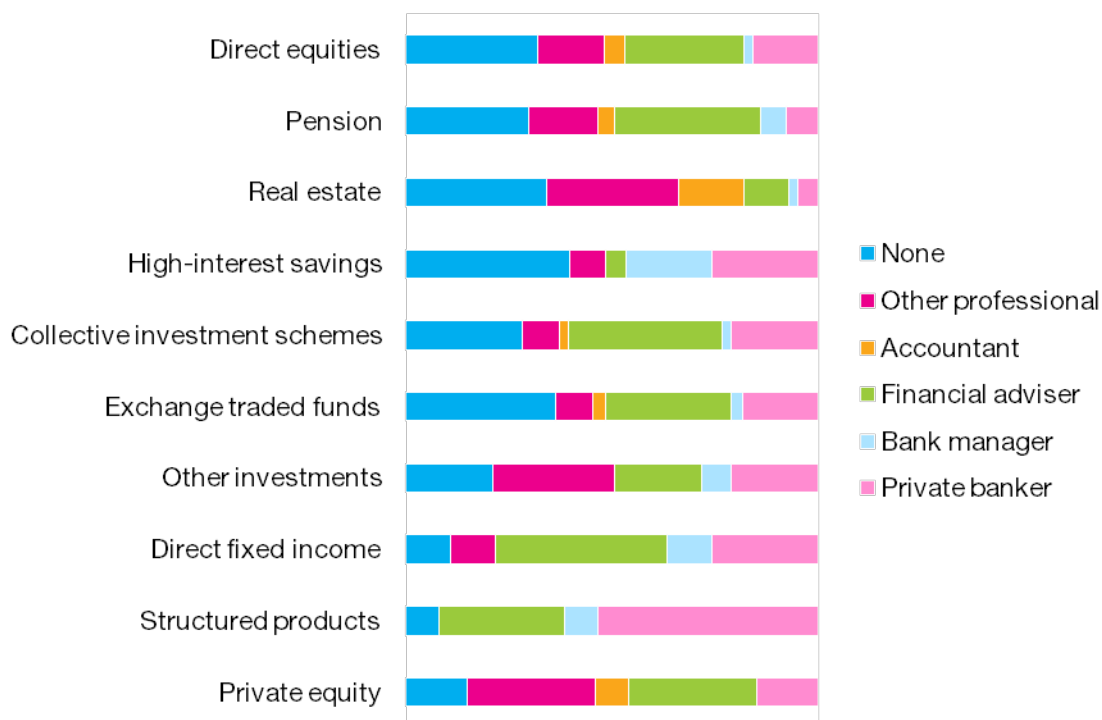
## IF YOU THINK YOU CAN DO IT, OR YOU CAN'T DO IT, YOU ARE RIGHT

And, when asked who they will turn to in order to help make their investment plans a reality, the Futurewealthy show characteristic self reliance. They trust their own information, instincts and network first and foremost. However, this doesn't mean they don't seek input at all.

Far from being financial go-it-aloners, the Futurewealthy often seek the advice of specialist professionals, particularly in areas where they don't have direct knowledge. So, for the main areas of investment focus in 2010 – direct equities, pensions, real estate and high-interest savings – they are more likely to rely on their own judgement. But in less familiar territory – direct fixed income or structured products, for example – their preference is to seek out specialist advisers.

As a group, around three-quarters of their investment decisions involve a specialist. The point is that they select when and how to access the experts and rely on their own judgement when it comes to making the final call.

Considering the investments you envisage making in 2010, who will be your main professional adviser?





# Section three: What next?



## GETTING IN WITH THE INSIGHT CROWD

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We started the Futurewealth project with a simple objective. To improve the products and services delivered to a segment of the global population loosely known as wealth creators. Most companies know this segment as demanding, discerning and even a little difficult. But little was known about what exactly makes them tick.

Taking a logical approach, the first step in our project was to answer the question “just who are the world’s Futurewealthy”? We believe we now have a good answer to this first question

Our next step will be to run another major survey in the summer. We don’t want to give too much away at this stage, but let’s just say; now the fun begins...

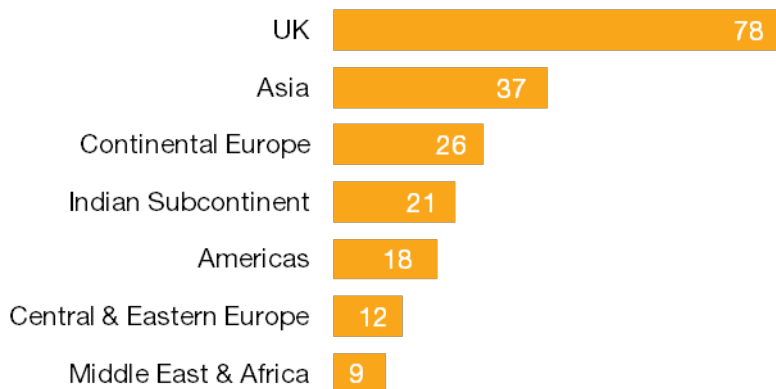
We would also like to say a big thank you, once again, to all those who have taken part so far.

For research purposes, the vital statistics of the individuals who took part in this latest Futurewealth Insight survey are below.

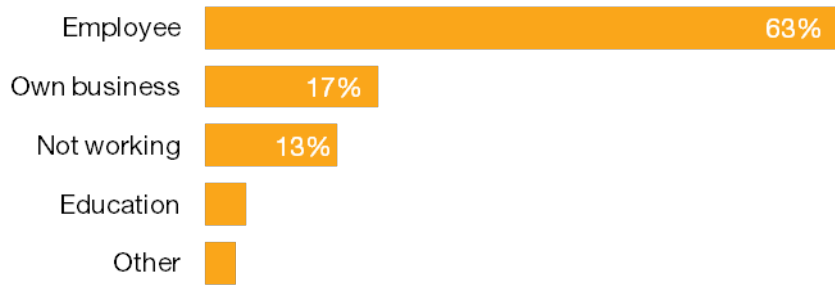
But obviously, there is more to being Futurewealthy than demographic details. In fact, we would like to have many more participants from around the world, from all walks of life and certainly more women.

So, if you think you fit the profile, please do feel free to join the Futurewealth project at [www.futurewealthlab.com](http://www.futurewealthlab.com).

### Geographical profile



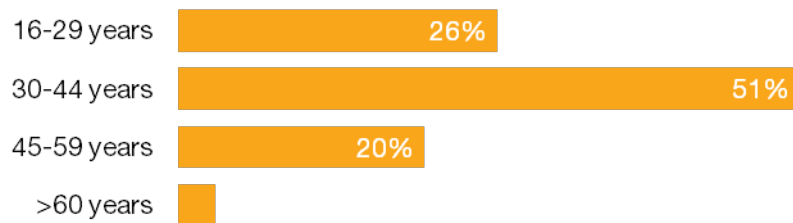
## Work profile



## Gender profile



## Age profile







SEEK



THINK



SHAPE



CREATE