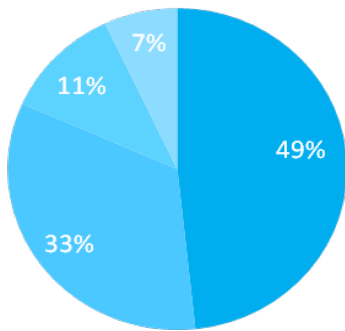


PRESS RELEASE

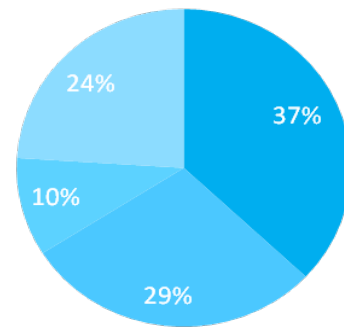
Global private wealth management allocates USD7.11 trillion to equities and looks cautiously to benefit from market volatility with increased exposure

18TH January 2010, London – The global private wealth management market now manages an estimated USD7.11 trillion in equities as the sector continues its journey back into the asset class following the global economic turmoil. The responses from the second bi-annual asset allocation survey conducted by leading consultancy Scorpio Partnership reveal a current allocation to equities in a balanced portfolio of 49%, up from 37% in Q1 2009. Indeed, spotting opportunity amid continued stock market volatility, 42% of the institutions engaged by in its latest industry research will further increase their weighting in equities through 2010.

Balanced portfolio asset allocation, Q4 2009



Balanced portfolio asset allocation, Q1 2009

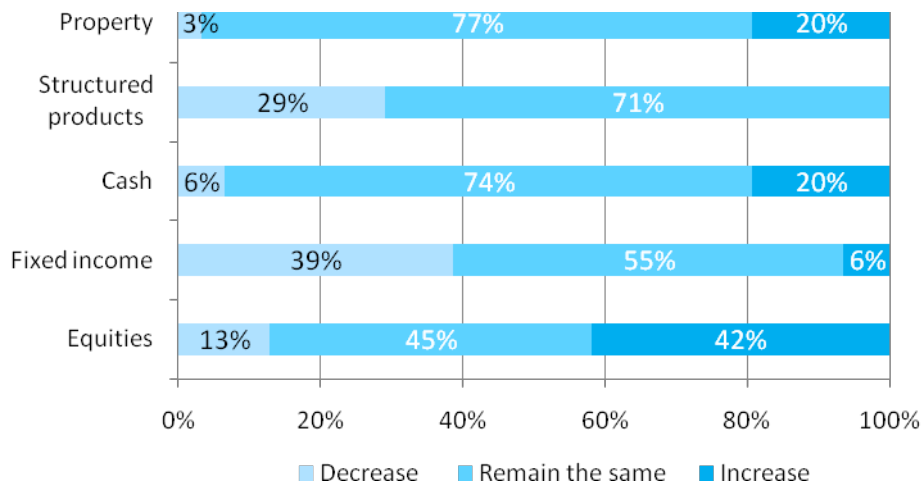


■ Equities ■ Fixed income ■ Cash ■ Alternative investments

Source: Scorpio Partnership Asset Allocator, Q4 2009

Interestingly, at the same time as upping allocations to equities, the market also struck a cautious note, maintaining defensive positions – in the form of fixed income and cash – against further potential negative movements. Over the course of 2009 the biggest loser was alternatives, dropping massively from an allocation of 24% on average in Q1 2009 to 7% by Q4 2009. Looking into 2010 and the ravages of alternatives continue; the only exception being property, a traditional hedge against the potential of inflation.

Asset allocation expectations through 2010

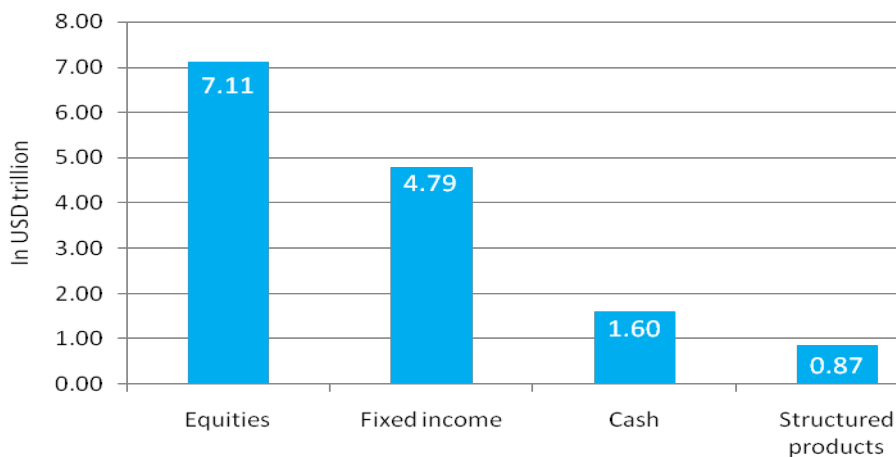


Source: Scorpio Partnership Asset Allocator, Q4 2009

“Cautiously benefitting from market volatility appears to be the plan of attack”, said Sebastian Dovey, Managing Partner of Scorpio Partnership. “At the same time, at a strategic asset allocation level this year will be about proving a point for private banks that they are actually worth their salt in volatile market conditions. The last two years the banks have put together a good scorecard on this factor. The question now is can they maintain it?”

Based on the above allocations and a global market that manages approximately USD14.5 trillion in AUM, a figure from Scorpio Partnership’s Global Private Banking Benchmark 2009, the size of the equity pool is approximately USD7.11 trillion. For fixed income it is USD4.79 trillion.

Estimate of the global market size by asset classes managed by private banks

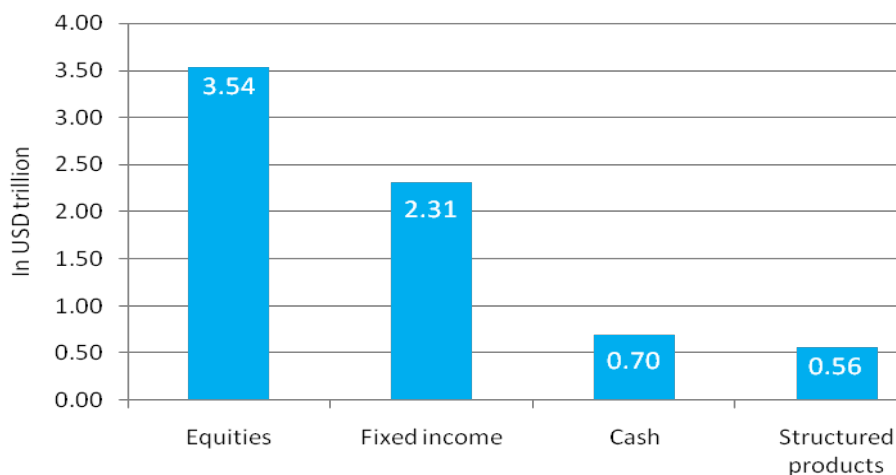


Source: Scorpio Partnership Asset Allocator, Q4 2009

From the perspective of asset management suppliers looking to sell into this market, the opportunity is however impacted by the shifting allocation by product to in-house products. From Q1 2009 through to Q4 2009 the aggregate allocation to in-house product moved up from 22% up to 40% as institutions sought to protect diminishing margins, particularly in lower margin product areas.

For the equity pot, the current amount managed on an external basis is in the region of USD3.54 trillion, though this is likely to increase as the sector seeks to shift allocations upwards.

Estimate of the global market size by asset classes outsourced to external providers by private banks



Source: Scorpio Partnership Asset Allocator, Q4 2009

“The shift in allocations back towards in-house product is an interesting dynamic for the private wealth market and one that results directly from an effort to bolster margins in a cautious market”, said Stephen Wall, Director of Scorpio Partnership. “While gross margins may be under pressure as clients have pushed institutions away from aggressive high margin product, the shift to source lower margin product in-house should have a positive impact on net margins.”

About Asset Allocator, Q4 2009

The results of the second Scorpio Partnership asset allocation study are based on responses from 33 private wealth management institutions internationally which together manage in excess of USD7 trillion in HNW assets. These participants included private banking divisions of universal bank, private banks, private client asset managers and single and family offices. The research was undertaken in Q4 2009. The goal of the research is to understand trends in the flow of HNW assets managed by wealth management firms. The long term objective is to provide insight into the changing patterns in high net worth client portfolio management.

Availability

The full Asset Allocator, Q4 2009 Report is available from Scorpio Partnership for a price of **GBP250**. For a two week period up until the close of business on Friday January 29 the Report is available for **GBP175**. Contact details for the Scorpio Partnership team are below.

About Scorpio Partnership

Scorpio Partnership is a strategy consultancy to the wealth management industry, based in London. The firm has conducted more than 300 global assignments across the wealth spectrum for over 120 institutions in private banking, fund management, family offices, technology and resource management, as well as for related service providers to the wealth management industry.

Scorpio Partnership specialises in interview-based insight gathered from financial industries connected to global wealth. The firm does this with HNW individuals directly and wealth management industry professionals to support strategic assessments and future initiatives for clients. This long term pulse testing, refined over 10 years' expertise, forms the foundation for strategic recommendations to clients.

In 2008, Scorpio Partnership was voted the best global consultancy to the wealth management industry for the third consecutive year, ahead of the top three global management consulting firms. The firm is independent and owned by management.

For further comments or to access the survey, please contact:

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