



SEEK



THINK



SHAPE



CREATE

# The Scorpio Partnership HNW Asset Allocator III

Revaluating risk and return in private client portfolios

Q2, 2011

# About asset allocator

## In brief

**The HNW Asset Allocator III report** is the third in a series of semi-annual reports by Scorpio Partnership, the London-based wealth management consultancy firm. The research, which tracks asset allocation trends in the global wealth management industry, was conducted in partnership with LPEQ, the listed private equity association.

This most recent report is based on results captured from 22 private wealth institutions, which collectively hold USD 5.7 trillion in private client assets. This is equivalent to approximately 33% of all private client assets managed by wealth management firms worldwide.

The research was conducted between April and June 2011 with the cooperation of senior investment professionals at each firm. The sample group included private banks, universal banks, private client asset managers, single- and multi-family offices. The research was carried out using an online survey.

This most recent report is based on results captured from 22 private wealth institutions, which collectively hold USD 5.7 trillion in private client assets.

The report is focused on understanding the way in which these institutions invest the assets that they manage on behalf of their private clients and the trends which have developed since the last phase of research in 2009, when financial institutions emerged from the shock of the financial crisis.

The HNW Asset Allocator III report includes

- Regional market trends and global allocation shifts
- Comparative insight on allocation trends between 2009 and 2011
- Distribution of portfolio and mandate allocation across respondents
- Allocation trends for asset classes including equity, fixed income, cash and alternatives
- In depth analysis of the evolving alternative asset class including hedge funds and private equity

## Table of contents

### Section one: executive summary

- Introduction
- Profile of respondents
- Key findings

### Section two: traditional assets

- Asset allocation changes since Q2, 2009
- AUM by client mandate
- The role of equities in the search for investment returns
- Increased use of equities across all portfolio mandates
- Preferred equity products
- Mixed views on fixed income as wealth managers redefine “safe”
- Preferred fixed income products
- Cash allocations on hold

### Section three: alternative assets

- The changing role of alternative investments
- Revaluating alternative assets
- Allocation within alternative investments
- A cautious shift into private equity
- Private equity trends relative to benchmark
- Preferred private equity products

### Section three: additional trends

- Bullish emerging market sentiment
- International investment trends
- How investment products are sourced

### Section four: conclusions

- Conclusions

## Table of charts

- Profile of respondents, by organisation type
- Profile of respondents, by asset threshold
- Profile of respondents, by assets under management
- Asset allocation changes between Q2, 2009 and Q2, 2011, by mandate
- Percentage of AUM by type of account
- Percentage of discretionary portfolios that conform to benchmark mandates
- Percentage of AUM by mandate
- Changes in equity allocation between 2009 and 2011, by mandate
- Expected changes to equity allocation over the next 12 months, by mandate
- Current use of equity products
- Expected changes to fixed income allocation over the next 12 months, by mandate
- Current use of fixed income products
- Expected changes to cash allocation over the next 12 months, by mandate
- Expected changes to alternative investment allocation over the next 12 months, by mandate
- Current perceptions of the risk/return profile for different alternative asset classes
- Breakdown of alternative investment asset allocation
- Expected changes to private equity allocation over the next 12 months
- Current private equity allocation versus benchmark
- Current use of private equity products
- Overall regional asset allocation
- Expected changes to regional asset allocation over the next 12 months
- Current percentage of internally-sourced products

The Q2 2011 HNW Asset Allocator III report is now available

| Asset Allocator service          | Price (GBP) |
|----------------------------------|-------------|
| Single user<br>(Electronic copy) | 495         |

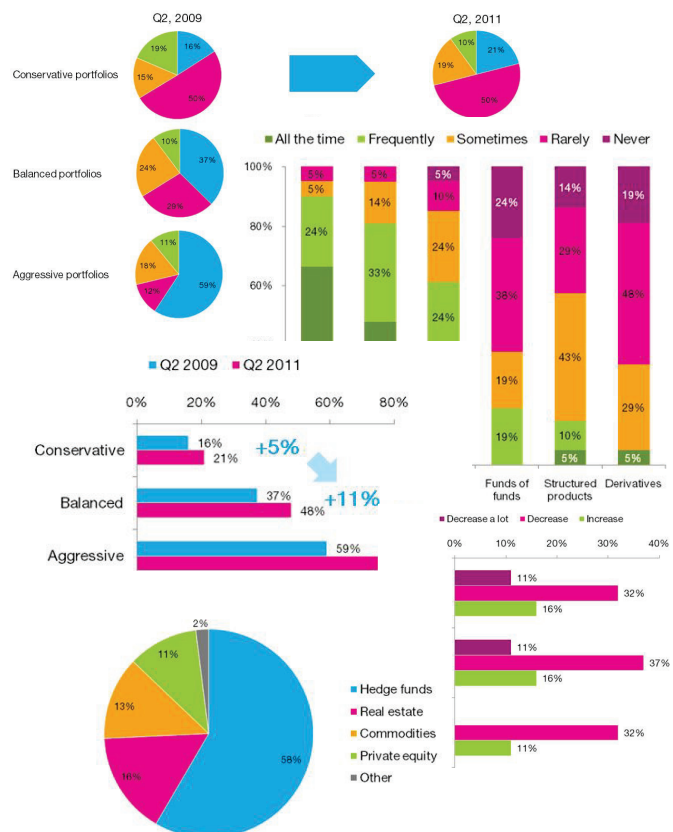
All prices ex VAT

For further details, content inquiries or to discuss any issues with the report, please contact: Alex Johnson +44 20 7811 0127 or [alexj@scorpiopartnership.com](mailto:alexj@scorpiopartnership.com)

## KEY FINDINGS FROM THE Q2 2011 HNW ASSET ALLOCATOR III INCLUDE

- 62% of client assets are managed in discretionary mandates
- 5% of client assets are managed on an execution-only basis
- 51% of client portfolios are managed as balanced mandates
- Less than half of the investment products included in client portfolios are sourced internally
- Equity allocation has increased substantially across all portfolios with a jump of 16% in aggressive portfolios since Q2, 2009
- Wealth managers are also turning their attention to growth markets as a potential source of investment returns
- Replacing the fixed income and cash weightings, many firms are increasing their exposure to alternative investments

### HNW Asset Allocator III trend analysis



# About Scorpio Partnership

Scorpio Partnership is the leading insight and business consultancy to the global wealth industry.

The firm specialises in understanding the wealthy and the institutions they interact with. We have developed four transformational disciplines – **SEEK**, **THINK**, **SHAPE** and **CREATE** – each designed to enable business leaders to strategically assess, plan and drive growth. The solutions Scorpio Partnership develops regularly win awards for its institutional clients and help them financially profit.

Our discipline teams leverage expertise in:

## SEEK

- Client research
- Advisor research
- Market mapping
- Company/Intermediary research
- Brand identity audits

## THINK

- Product/Service development
- Business case development
- Concept solutions
- M&A diligence
- Brand identity development

## SHAPE

- Market entry solutions
- Media and Event solutions
- Training and Education solutions
- Sales & Marketing campaigns
- Brand identity solutions

## CREATE

- Campaign management
- Change management
- Strategic marketing
- M&A implementation
- Specialist consulting

Scorpio Partnership has conducted more than 300 global assignments across wealth for institutions in the banking, fund management, regulation, IT and technology, insurance and charity sectors.

Scorpio Partnership has been voted best global consultancy to the wealth management industry for the three consecutive years and was shortlisted for Agency of the Year in 2010\*. The firm is independent and owned by management.

For more information go to [www.scorpiopartnership.com](http://www.scorpiopartnership.com)

\*Wealth Briefing, Financial Services Forum