Fund Management

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Assets under management of the global fund management industry increased for the third year running in 2005 as a result of rising equity markets and strong economic growth. The recovery over the past three years follows three consecutive years of decline. The UK is one of the largest markets in the world for fund management along with the US and Japan. It has a strong international orientation and attracts significant overseas funds. London is the leading international centre for fund management.

FUNDS UNDER MANAGEMENT IN THE UK

UK fund management overview According to IFSL estimates, the UK fund management industry was responsible for a record £3.5 trillion of funds at end-2005 (Table 1, Chart 1). The 7% growth in 2005 was largely a result of an increase in alternative and private clients' funds as equity markets continued their recovery. Prior to this, between 2000 and 2002, declines in the equity markets reduced commission income and fee levels, and made it more difficult to attract new funds.

The international orientation of the UK's fund management industry is reflected in the presence of a broad range of UK and foreign-owned firms, in the significant investment in overseas securities, and in the management of overseas clients' assets. Around a quarter of funds under management in the UK are from overseas (Chart 3). London is central to the UK's strong international position. Edinburgh and Glasgow are also important international centres for fund management.

It should be stressed that the figures for assets under management in the UK represent a conservative estimate. This is particularly the case with the overseas clients figure as many firms have global operations so are servicing clients in multiple locations. The overseas clients also do not take account of significant funds managed in the UK for which there are no data such as funds managed on behalf of some foreign governments, particularly those from the Middle East as well as private client funds managed, for example, by family offices.

Types of funds Institutional funds account for the bulk of funds under management in the UK. The UK's strong international position as a fund management location means that significant funds from overseas are managed there. UK private clients generate the remaining funds.

Institutional funds in the UK have increased by over 40% over the past decade. In 2005, they accounted for around two-thirds of funds under management. Institutional funds include insurance funds, corporate pension funds, local authority and charity funds. As Shown in Chart 2, in recent years pension funds and unit trusts increased more quickly than insurance funds.

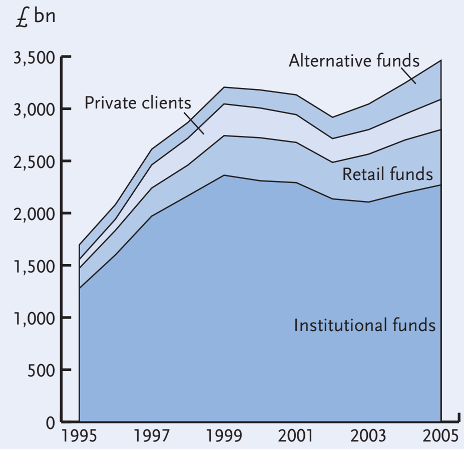
- Over the past decade UK insurance funds have nearly doubled to around £902bn or a quarter of funds under management in the UK. Around 90% of insurance investment funds are from long-term insurance policies in which premiums paid over many years are invested by insurance institutions in order to meet the liability at maturity. The remainder are

Table 1 Funds under management in the UK

Client type, £bn, 2005	Total
Institutional	*2,270*
- insurance	902
- corporate pension fund	896
- other (local authority, charity, etc.)	472
Retail	*530*
- UK domiciled unit trusts, OEICs, invest. trusts.	347
- Retail funds domiciled outside the UK	180
Total IMA[1] members	***2,800***
Alternative funds[2]	***374***
- Hedge funds	120
- Property funds	240
- Private equity funds	14
Private client funds	***276***
Total funds under management in the UK	**3,450**

[1] Investment Management Association
[2] Figures have been adjusted to take account of double-counting
Source: IMA, ComPeer, Eurohedge, BVCA, IPD, IFSL estimates

Chart 1 Growth of funds under management in the UK



Source: IFSL estimates based on IMA, ONS, ComPeer, Eurohedge, BVCA and IPD data from general insurance policies which have a shorter timescale.

- UK pension funds' assets totalled £896bn at end-2005. The UK pension fund industry has been affected in recent years by various factors such as changes in regulation and accounting standards, the introduction of Stakeholder Pensions and the continuating shift from defined benefit to defined contribution schemes.

Retail funds generated around 15% of funds under management in the UK in 2005 or £530bn. They consisted of:

- UK domiciled funds including unit trusts and open ended investment companies (OEICs), investment trusts and other retail products. Funds under management of UK authorised retail funds increased 5% in 2005 to a record £347bn. This was their third successive year of growth helped by the recovery in equity markets (Chart 4). Net retail sales in 2005 increased to their highest level since 2001. In December 2005, 12.9% of funds were from ISAs and 11.6% from PEPs.

- UK managed funds domiciled outside the UK such as UCITS and ETFs marketed to retail investors. A number of firms have significant retail operations where the assets are largely managed in the UK but with domicile in Luxembourgh, Dublin and other overseas locations. This is often due to tax and regulatory advantages.

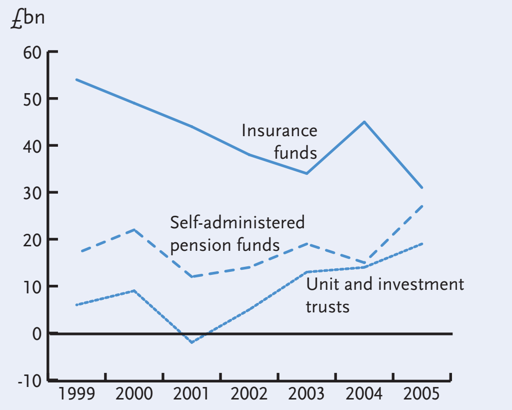
Overseas clients In recent years, the UK has consolidated its position as one of the most important centres for the management of funds on behalf of foreign clients. Funds in the UK managed on behalf of overseas clients totalled around £760bn in 2005 or almost a quarter of the UK total (Chart 3). Institutional clients were the source of around £560bn while the remainder came from private clients and alternative funds. The 2005 total is twice the figure a decade earlier due both to growth in the client base and consolidation which has been reflected in some significant acquisitions.

Private clients are a significant niche in the UK market and generated around £276bn at end-2005. This figure includes private client firms such as stockbrokers and private client departments of banks and fund managers. Individual ownership of UK shares accounted for around 14% of total share ownership or £208bn in 2004, down from over 50% in the 1960s. Although the proportion of equity held by individuals is lower than in some other countries, the greater UK market capitalisation implies a more significant penetration of individual share ownership.

Advantages of the UK as a centre for fund management

- Highly sophisticated and innovative management styles, techniques and strategies;
- Skilled labour force and high quality professional and support services;
- Wide ranging client base: private and institutional, UK and overseas;
- Highly liquid market with the opportunity to trade in large blocks of shares;
- History of openness with relatively easy access to markets;
- Liberalised operating environment combined with protection against abuses;
- Competitive infrastructure in telecommunications services and airline links;
- Perception of a proportionate approach to its regulatory environment which facilitates innovation.

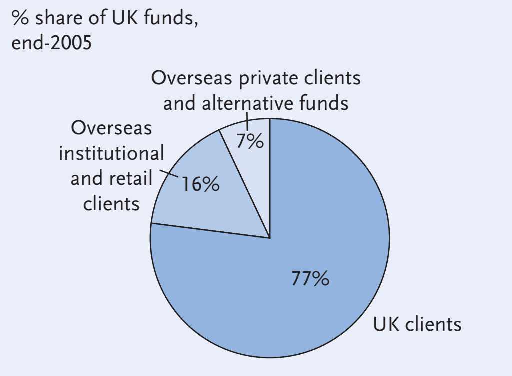
Chart 2 Annual net investment by UK institutional groups[1]



[1] Pension funds and insurance companies assets include investments in unit trusts

Source: ONS

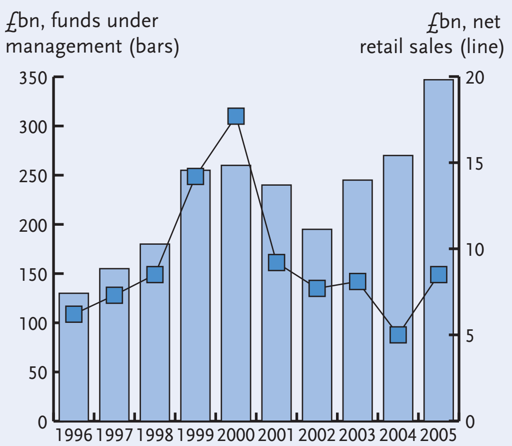
Chart 3 Assets managed in the UK by domicile



Total: £3,450bn

Source: IFSL estimates based on IMA, Compeer, Eurohedge, ONS, BVCA and IPD data

Chart 4 UK domiciled retail funds under management



Source: Investment Management Association

Funds under management in Scotland

According to the Scottish Financial Enterprise, funds managed by the Scottish investment management industry totalled £308bn. A third of the funds invested by Scottish managers are long term life assurance funds with a further third in pension assets. Mutual funds and private and charitable funds make up most of the remainder. Scotland has a traditional strength in pensions and the management of long-term savings, including open and closed-end mutual funds.

Alternative funds include hedge funds, property funds and private equity funds. Adjusting for double-counting, alternative funds were the source of around £370bn in 2005 or 11% of UK funds under management. A large proportion of this was invested in property funds. The UK accounted for around a third of the European property funds market in 2005. London is also Europe's leading centre for managers of hedge funds. In 2005, three-quarters of European-based hedge funds' assets totalling £175bn were managed out of London. Including US hedge funds with an office in Europe, London probably accounted for 90% of European hedge fund assets. (IFSL has published separate reports on *Hedge Funds* and *Private Equity*).

UK fund management organisations can be classified by manager type into:

- *Insurance companies* Insurance companies managed a third of total funds in the UK at end-2005 (Chart 5). Two-thirds of funds originated from their clients and most of the remainder from pension assets (Table 2). Around four-fifths of insurance companies' funds are either managed by their internal investment department or by a separate subsidiary which might manage funds of external clients as well as those of its parent company. The remaining funds are outsourced to third-party asset management firms;

- *Fund managers* include independent investment managers that are not linked to any UK-based banking, securities or insurance groups. Their share of funds totalled 22% at end-2005. The bulk of funds managed by asset managers came from pensions;

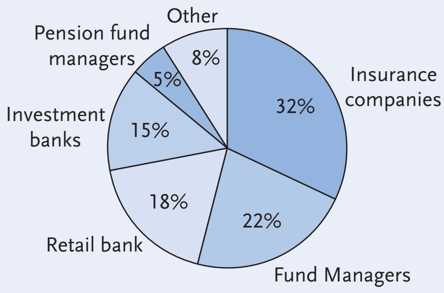
- *Retail and investment banks* represent banking and securities groups some of which combine securities and fund management operations. Retail and investment banks accounted for 18% and 15% respectively of UK funds under management at end-2005. Investment banks' funds predominantly came from pension assets while retail banks' funds originated from both insurance and pension assets equally;

- *Pension fund managers* represent separate legal entities set up to manage a company's pension fund assets. Their share has fallen in recent years as companies' pension funds are increasingly managed independently. In 2005, UK self-managed pension funds held around 5% of assets under management.

Largest UK fund management organisations The UK market is relatively concentrated at the top end with the top three fund managers accounting for a half of the pool of assets of the top fifteen fund managers. There are however many medium and small players on the market. Barclays Global Investment Managers was by far the largest UK

Chart 5 Assets managed in the UK by manager type

% share of UK funds, end-2005



Source: Investment Management Association

Table 2 Institutional assets managed in the UK by manager and client type

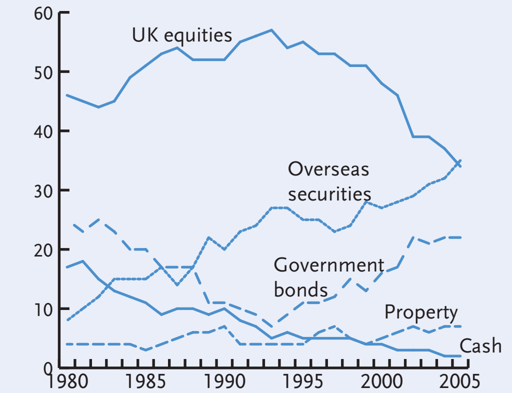
% share

Manager type	Client type: Pension	Insurance	Other
Insurance company	29	66	5
Retail bank	34	41	25
Asset manager	46	17	37
Investment bank	51	4	45
Pension fund manager	98	0	2
Other	27	14	59

Source: Investment Management Association

Chart 6 Asset allocation of UK pension funds

% share



Source: UBS Asset Management

Table 3 Asset allocation in the UK by institutional client type

% share, 2005

	Corporate Pension Fund	Insurance	Local Authority	Charity	Total
Equities	59.4	37.8	63.4	67.0	47.8
Bonds	32.2	46.8	24.9	11.0	35.9
Cash	2.3	6.3	4.4	10.5	8.4
Property	2.7	7.3	1.8	2.0	4.6
Other	3.4	1.8	5.5	9.5	3.4

Source: Investment Management Association registered investment manager at end-2004 with $1,362bn under management (Table 4). Substantial restructuring in the UK industry in recent years has reflected global developments. Recent consolidation activity included the merger of F&C Management and ISIS Asset Management to create F&C Asset Management, Aberdeen Asset Management's purchase of a number of investment businesses from Deutsche Asset Management and the purchase of Baring Asset Management from ING by MassMutual. Some of the mergers have not only been between asset management firms but have also included related industries such as banking and insurance as firms seek to diversify.

Asset allocation Fund managers have an array of investment choices available to them at home and overseas including equities, bonds, property, and cash. Around a half of UK institutional funds are invested in equities (Table 3) and a third in bonds. As many pension funds are facing a deficit there is a heightened awareness of risk. Many defined benefit schemes are closing to new entrants and are being replaced by defined contribution schemes. UK pension funds' allocated 69% of their portfolios' to equities in 2005, down from 79% in 1999 (Chart 6). In 2005, for the first time, UK pension funds allocated more funds to overseas equities than domestic equities. UK government and overseas bonds accounted for around a fifth of UK pension funds' investments in 2005, around 7% was held in property and the small remainder in cash. The use of derivatives as a means of facilitating the transfer of risk and implementing tactical asset allocation decisions has become a common feature of many fund managers. IFSL's report - *Derivatives* - describes the role of the derivatives markets in more detail.

CONTRIBUTION TO THE UK ECONOMY

Value added While there is no official figure for the contribution of fund management to the UK's GDP, IFSL has made an estimate by applying cost margins indicators (Chart 7 and 8) to total funds under management in the UK in Table 1. According to this measure, fund management generated around 0.75% of GDP or £8.2bn in 2005. It was therefore an important component of the financial sector's overall contribution of 8.6% in that year. Fund management's wider contribution to the economy stems from its promotion of the UK's capital market and from the many links fund managers have with other financial services providers, particularly banks, securities dealers and information providers.

Revenue Combining IMA's estimates on revenue margins with data on revenue for private clients separately estimated by ComPeer, IFSL estimates that the total revenue of fund management activities totalled over £11bn in 2005.

Profits and costs IFSL estimates that fund management margins (profit / revenue) increased slightly to around 26% in 2004, extending the recovery of the previous two years. The increase in margins between 2002 and 2004 was largely due to a reduction in costs, an inflow of new money and an increase in prices. The recovery was more evident in the retail sector. Prior to this, for most of the 1990s profit margins were relatively stable, fluctuating between 29% and 33% (Chart 8).

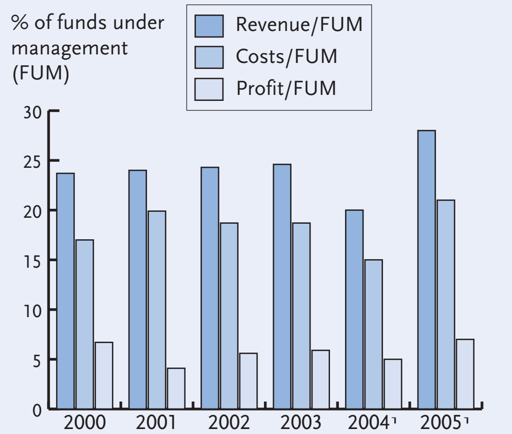
Table 4 Largest UK fund management organisations

assets under management, as at 31 Dec 2004, $bn

1	Barclays Global Investors	1,362
2	Aviva	526
3	HSBC Holdings	476
4	Amvescap	382
5	Prudential M&G	359
6	Legal & General Invest. Mgmt.	319
7	F&C Management	239
8	Standard Life Assurance	208
9	Schroder Investment Management	204
10	Scottish Widows Investment	158
11	Insight Investment Management	150
12	Henderson Global Investors	133
13	Threadneedle Asset Management	120
14	Hermes Pensions Management	98
15	Baillie Gifford	62

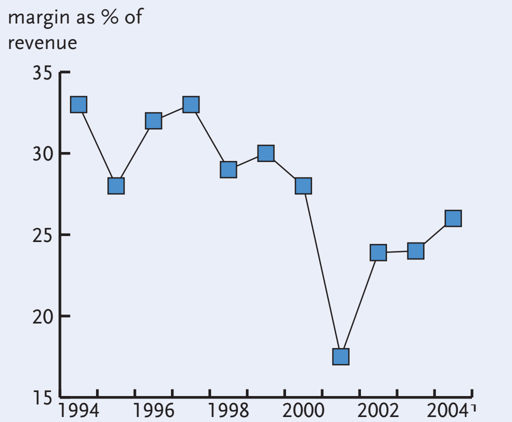
Source: Watson Wyatt World 500, Pensions & Investments

Chart 7 Fund management industry profitability



¹ IFSL estimates based on IMA data
Source: IBM, IMA, IFSL estimates

Chart 8 Fund management margins



¹ IFSL estimates based on IMA data
Source: IBM; IFSL estimates

In an effort to reduce costs, a number of firms have consolidated fragmented back-office operations into centralised infrastructures. Some firms have outsourced back-office processes while others have moved services such as transactions processing, IT services and call centres to offshore locations. Offshoring has been more common amongst firms based in the US, UK and Asia, while firms in France, Italy and Germany have been more reluctant, partly due to the language barrier.

In the UK payments by fund managers in the form of higher commissions known as "soft commissions" had come under criticism for inflating costs of fund investors in recent years. Since January 2006 new Financial Services Authority rules limit commission payments to research and execution and require firms to provide clients with regular breakdowns of payments. It is expected that research and execution costs are likely to decrease in the coming years as a result of the new rules.

Employment According to the latest Investment Management Association (IMA) survey, fund management firms in the UK directly employed between 22,000 and 25,000 people at end-2005. Of this, 26% were employed in asset management, 21% in marketing and client services, 13% in fund accounting and administration, 9% in corporate finance and corporate administration, 5% in compliance, legal and audit and the remaining 4% in transaction processing. These figures largely exclude private client investment managers and stockbrokers who are thought to employ an additional 20,000 people. It should be noted that due to increasing outsourcing of many operations by fund management firms within the UK, these figures significantly understate total employment generated by the fund management industry.

Net exports generated by fund managers' services rose by 30% in 2005 to a record £2.0bn (Chart 9). The increase in net exports since 2001 has been largely due to rises in the charges for net exports of fund managers. Some of the increase since 2003 was also due to improved sample selection carried out by the Office for National Statistics. The Balance of Payments inflow from portfolio investment by financial institutions, which will have owed much to the activities of UK fund managers, totalled £43.9bn in 2005, more than double the level a decade earlier.

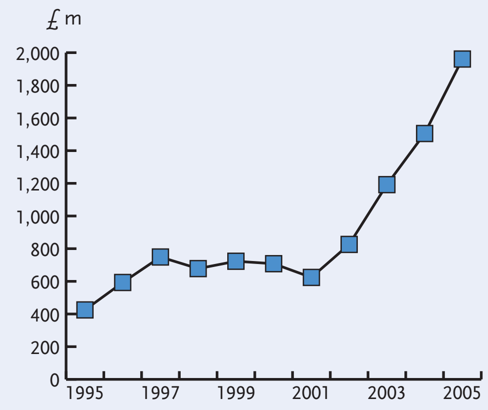
INTERNATIONAL COMPARISONS

Assets of the global fund management industry increased for the third year running in 2005 to reach a record $55.0 trillion (Chart 10). This was up 10% on the previous year and 54% on 2002. Growth in recent years has largely been due to rising net flow of investment and strong performance of equity markets.

Pension assets accounted for $20.6 trillion of funds in 2005, with a further $17.8 trillion invested in mutual funds and $16.6 trillion in insurance funds (Table 5). Merrill Lynch also estimates the value of private wealth at $33.3 trillion of which about a third was incorporated in other forms of conventional investment management.

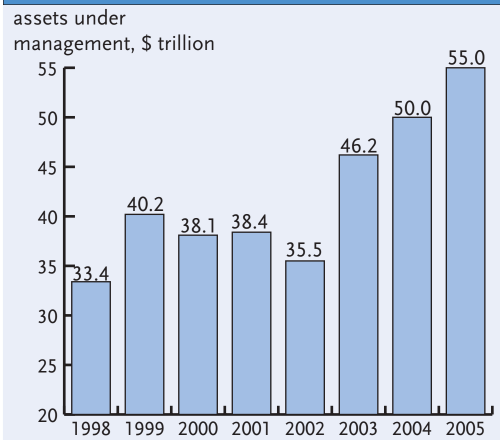
The US was by far the largest source of funds under management in 2005 with 48% of the world total. It was followed by Japan with 11% and the UK

Chart 9 Net exports of UK fund managers[1]



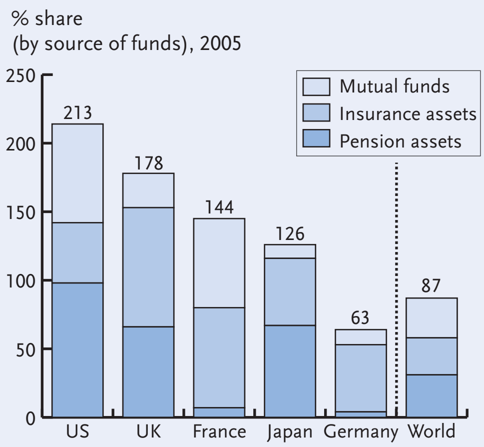
[1] Data since 2003 is not entirely comparable with prior years due to wider sample selection
Source: ONS

Chart 10 Global fund management of conventional assets



Source: IFSL estimates based on Watson Wyatt, Bridgewell, Merrill Lynch, ICI, SwissRe, Hennessee Group data

Chart 11 Funds as percent of GDP



Source: IFSL estimates based on Watson Wyatt, Bridgewell, Merrill Lynch, ICI, SwissRe and OECD data with 7%. Rankings based on sources of assets however, understate the UK's position due to the substantial value of funds managed there on behalf of overseas clients (Chart 3). Funds managed in the UK are much larger than those managed in France and Germany. The Asia-Pacific region has shown the strongest growth in recent years. Many fund management firms are showing an increased interest in countries such as China and India in recent years as they offer huge potential.

The UK has the second highest ratio of funds as a per cent of GDP (178% in 2005) of the largest countries after the US (213%). They were followed by France (144%) and Japan (126%) as shown in Chart 12. The global average totalled 87%.

Sources of funds Conventional assets under management consist of pension funds, insurance companies and mutual funds. Other funds under management include private wealth and alternative assets such as hedge funds and private equity. Institutional clients generate the majority of funds. There are substantial variations, however, between countries in the institutional to retail ratio. In France the retail sector accounted for more than a half of funds. On the other hand institutional investors were the biggest source of funds in the US, UK and Japan.

Pension fund assets Global pension assets totalled $20.6 trillion at end-2005, up around 10% on the previous year. The US remains the largest single market with $12.1 trillion in pension assets or more than half of the world total. Japan was the second largest centre (with 16% of the world total) followed by the UK (8%). The large volume of pension assets in the US and Japan is mainly a reflection of their substantial domestic markets. The UK system, with assets amounting to 66% of GDP in 2005, has a more developed pensions industry than most other major European economies. Sweden (122%) had the most well funded pension system followed by Switzerland (116%).

Insurance funds According to IFSL estimates, insurance companies held around $16.6 trillion of funds under management at end-2005. Approximately four-fifths of insurance funds are from long-term insurance policies and the remainder from general policies, such as health and property and casualty insurance. Over the past decade, insurance funds grew faster in Europe than in the US. Life companies funds also grew faster than non-life ones. UK insurance companies' investments totalled around $1.9 trillion, much higher than in any other European country.

Mutual funds' assets increased by 10% in 2005 to a record $17.8 trillion. This follows a 15% and 24% increase in the previous two years. Assets fell by 5% between 1999 and 2002, as a result of the weakness in the global economy and equity markets. Most mutual funds are generated in only a few countries. The US was by far the biggest source of assets with more than half of the world total at end-2004. UK mutual funds grew by nearly a half between 1999 and 2005 to $547bn or 3.1% of the global total. Other important centres include France, Luxembourg, Australia, Italy and Japan.

Table 5 Sources of global assets under management

$bn, end-2005

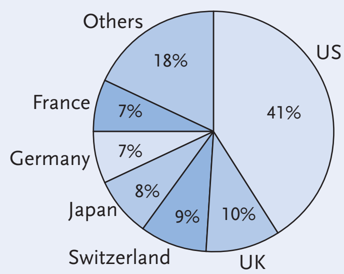
	Conventional investment management					
	Pension funds	Insurance assets	Mutual funds	Total conventional	Private wealth[1]	Alternative funds[2]
US	12,119	5,465	8,905	26,489	9,400	-
Japan	3,419	2,264	470	6,153	-	-
UK	1,607	1,907	547	4,061	-	-
France	165	1,527	1,363	3,055	-	-
Germany	114	1,370	297	1,781	-	-
Netherlands	693	385	94	1,172	-	-
Switzerland	469	337	117	923	-	-
Other	1,967	3,371	5,978	11,316	-	-
Total	**20,553**	**16,626**	**17,771**	**54,950**	**33,300**	**1,500**

[1] around one-third of private wealth is incorporated in conventional investment management
[2] estimate of hedge fund assets and private equity funds; [3] these figures only show domestically sourced funds for each country without regardless where they are managed
[4] no reliable international comparisons are available for total funds under management in each country

Source: IFSL estimates based on Watson Wyatt, Bridgewell, Merrill Lynch, ICI, SwissRe Hennessee Group and Hennessee Group data

Chart 12 Assets of 500 global managers

% share, 2004,
funds totalling $48.8 trillion



Source: P&I/Watson Wyatt World 500

Table 6 Largest global investment managers

assets under management,
as at 31 Dec 2004, $bn

1	UBS	Switzerland	1,975
2	Allianz Group	Germany	1,459
3	Barclays Global Investors	UK	1,362
4	State Street Global	US	1,354
5	Fidelity Investments	US	1,286
6	AXA Group	France	1,185
7	Credit Suisse	Switzerland	1,079
8	Capital Group	US	1,021
9	Vanguard Group	US	848
10	JPMorgan Chase	US	792
11	Deutsche Asset Man.	Germany	731
12	Mellon Financial	US	707
13	ING Investm. Man.	Netherlands	671
14	Northern Trust Global	US	572
15	Morgan Stanley	US	563

Source: Watson Wyatt World 500, Pensions & Investments

Managers of funds Assets under management of the world's largest 500 fund managers increased 13% in 2004 to reach $48.8 trillion (Chart 12). This follows 22% growth in the previous year. European managers continued to increase their share of the total and overtook US firms for the first time in terms of the value of assets managed. US and UK owned firms held the majority of the total with 41% and 10% respectively. Swiss firms held 9%, Japanese firms 8%, and German and French 8% each. Concentration of the industry has grown in recent years. The top 20 fund managers' share of top 500 assets increased from 29% in 1996 to 36% in 2004.

Table 7 Asset allocation in major pension markets

% share, 2005

	Domestic equities	Internat. equities	Domestic bonds	Internat. bonds	Cash	Other
Australia	32	27	14	5	8	14
Japan	30	18	24	13	6	9
Netherlands	6	43	5	33	5	8
Sweden	28	15	30	17	0	10
Switzerland	13	14	29	16	9	19
UK	34	32	22	3	2	7
US	48	15	32	1	1	3

Source: UBS Global AM

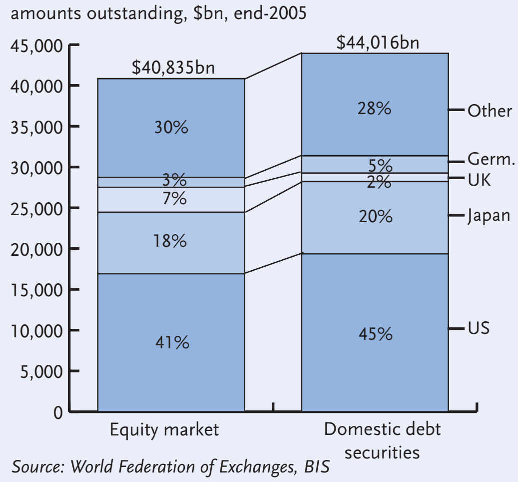
Asset allocation and capital markets Asset allocation around the world varies considerably. In the UK, US and Australia, the proportion invested in equities has generally been higher than in other centres, with less investment in government bonds and property. UK insurance companies and pension funds typically invest more than two-thirds of their portfolios in equities (Table 7). In Continental Europe, around a third of portfolios are invested in equities with the remainder mainly in bonds and real estate.

Global equity market capitalisation increased for the third year running in 2005 to reach a record $40.8 trillion (Chart 13). This was up 10% on the previous year. Equity markets had fallen between 1999 and 2002 following a period of rapid growth in the 1990s. This was particularly the case with technology and telecommunications stocks. The value of the world's domestic bond markets reached $44.0 trillion at end-2005 up 6% on 2004.

Asset management firms have, in recent years, reduced the number of mutual funds and products they offer. Many funds have been merged or liquidated. This rationalisation of funds has been primarily due to the downward pressure on fees, distribution costs and compliance costs. Another trend in recent years has been the growth of alternative investments such as those in hedge funds, exchange-traded funds, private equity, venture capital, structured finance and real estate (Chart 14).

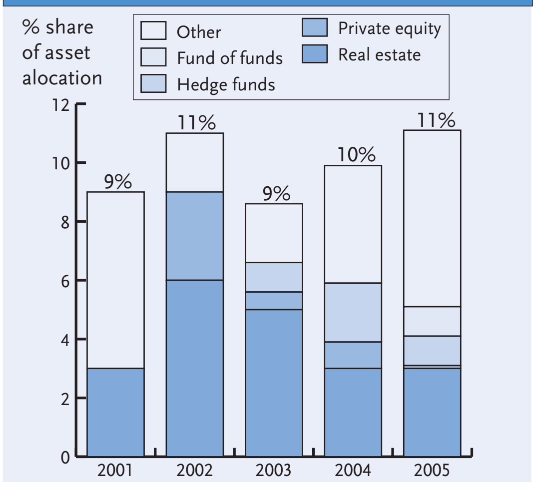
The hedge fund industry in particular has attracted new investments, both from individuals and institutions. Assets under management of the hedge fund industry totalled $1,130bn at end-2005 (Chart 15). This was up 13% on the previous year and nearly twice the total three years earlier. Because hedge funds typically use leverage, the positions that they can take in the financial markets are larger than their assets under management. The number of hedge funds increased 6% in 2005 to reach around 8,500. Although the US is still by far the most important location for hedge fund managers with around three-quarters of hedge fund assets under management, over the past few years Europe has gained in importance. European-based hedge funds' assets more than doubled between 2002 and 2005 to reach $325bn. Its share of the global total increased from 15% to 27%% during this period. More information on hedge funds can be found in IFSL's report - *Hedge Funds.*

Chart 13 Size of the global equity and bond markets



Source: World Federation of Exchanges, BIS

Chart 14 European institutional investments in alternative assets



Source: Invesco

PRIVATE WEALTH

The annual World Wealth Report published by Merrill Lynch and Cap Gemini (MLCG) estimates that the number of people with financial assets in excess of $1m increased 7% in 2005 to 8.7 million. Their combined financial holdings totalled $33.3 trillion, up 8.4% on the previous year (Chart 16). This means that the private wealth industry is larger than the global insurance industry, pensions industry or mutual funds industry. However, these categories overlap since the private wealth industry is also an investor in 'conventional assets'. The growth in private wealth assets in 2005 was due to a steady increase in real GDP and market capitalisation, the two primary drivers of wealth creation. Growth was particularly strong in Latin America, Eastern Europe, Asia-Pacific, Africa and the Middle East.

Based on MLCG's report, Europe and North America were the major sources of private wealth with 59% of the total wealth at end-2005 and 65% of the number of HNWI (High Net Worth Individuals). HNWI from Asia held 23% of wealth and those from Latin America 13%. The Middle East and Africa together accounted for the remainder. A report by The Boston Consulting Group, estimates that the total value of assets managed on behalf of all investors totalled $85.3 trillion in 2004. More information on private wealth can be found in IFSL's report - *International Private Wealth Management*.

LINKS TO OTHER SOURCES OF INFORMATION:

ComPeer Limited: In Depth Review of Wealth Managers
www.compeer.co.uk

Boston Consulting Group: Global Wealth Report, Global Asset Management
www.bcg.com

IBM Consulting: Investment Management Survey
www.ibm.com

Institutional Investor/Watson Wyatt: World's top 500 fund managers
www.institutionalinvestor.com

Investment Management Association: Fund Management Survey
www.investmentuk.org

Investment Property Databank: IPD Pan-European property index
www.ipdindex.co.uk

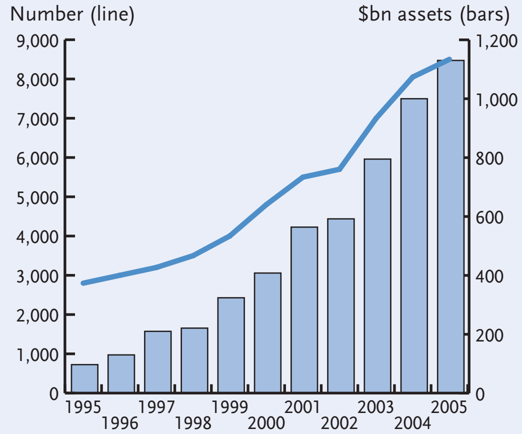
Merrill Lynch Capgemini: World Wealth Report
www.ml.com

Office for National Statistics: Insur. Companies', Pension Funds' and Trusts' Investment, Q4
www.nationalstatistics.gov.uk

UBS Asset Management: Pension Fund Indicators, International Pension Fund Indicators
www.ubs.com

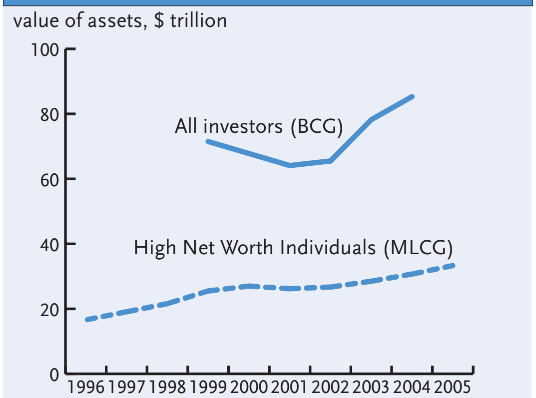
Data files
Datafiles in excel format for all charts and tables published in this report can be downloaded from the Research section of IFSL's website **www.ifsl.org.uk**

Chart 15 Global hedge funds



Source: Hennessee Group LLC; IFSL estimates for 2005

Chart 16 Private wealth



Sources: Boston Consulting Group (BCG), Merrill Lynch Capgemini (MLCG)

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This Brief was compiled by IFSL's Senior Economist Marko Maslakovic.

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