

ULTRA-HIGH-NET WORTHS — HOW A CHANGING MARKET SPURS ADVISERS TO ADAPT

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In an article for eprivateclient's 2019 Guernsey Report, A Global Island, Richard Tribe of [Equiom](#) discusses the evolving needs of ultra-high-net-worth individuals and the growing requirement for a more global service.

As an international professional services provider, Equiom has been serving multi-generation families for decades and we have seen some dramatic changes to client behaviours over the years. Most notably, there has been a shift in attitudes of the very wealthy, from a focus on wealth protection for future generations to more immediate, material desires – a luxurious lifestyle involving expensive cars, multiple properties, private jets or yachts. This development is particularly true for previously under-developed and unstable countries.

The wealthy of these nations were traditionally humble people who wanted the best for their offspring, with many sending their children to be educated in the UK and US where they often settled. This resulted in a dispersion of wealthy families located across the globe and created the need for family offices with a true multi-jurisdictional reach.

The ultra-high-net worth (UHNW) populations have shifted geographically over the years and today's global picture is quite different. According to Knight Frank's 2019 Global Wealth Report, the UK and US are still home to many of the world's wealthy. Europe has the highest number of UHNW individuals with the United States second, followed closely by Asia. However, the highest rate of growth in the UHNW population is predicted in Latin America, Asia and the Middle East. The five-year growth forecast for UHNWs in these regions is more than 30%, compared to the historically more prominent regions such as North America and the majority of Europe, where predicted growth in this population remains under 25%. More and more countries have adopted the materialistic way of life. This is becoming apparent with a richer population in previously less-developed countries, such as China and India, which are among the fastest growing populations for wealthy individuals.

Investment behaviours have changed too. The traditional model of investing in a conservative stock portfolio is rarely seen as the norm these days. Developments in technology over the years have opened doors to more sophisticated cross-border investment opportunities, and it is not uncommon to find UHNWs holding a diverse range of assets, comprising, for example, real estate (both long-term investment and development projects globally), interests in start-up or well-established trading entities, artwork and antiquities, and cryptocurrency.

In respect of offshore structures, the ever-changing tax laws internationally mean that traditional service providers need to be flexible and incorporate the very best tax and legal advice to ensure the solution not only meets the needs of the client, but is also fit for purpose. For trusts nowadays there are more limited tax advantages. However, the fundamental purposes of asset protection, succession planning and confidentiality are still extremely important and are now seen as the main driver for such wealth planning. In markets such as the Middle East and Asia we have seen much greater interest in private trust companies (PTCs) over the last 12-18 months, as clients can retain a certain amount of control over their assets while still achieving the aforementioned objectives.

Closer to home, Guernsey has seen a rise in the number of family offices. The reason for this is an increase in UHNWs seeking a single service provider in one location that can manage all of their wealth interests across the world. With more complex structuring needs, modern families are looking to Guernsey for a comprehensive wealth advisory solution covering all aspects of their wealth journey, from asset protection to estate planning. Similarly, impact investing has increasingly come onto the private client radar in Guernsey. Clients still look for returns on their capital but are becoming more mindful of doing right by our community and environment. We are seeing more families who want to give something back to society and this requires the use of intricate structures, such as foundations, an area where Guernsey has a favourable legislative position and specialist expertise.

As a jurisdiction, Guernsey's expertise extends across a range of niche areas, owing to its mature system of licenced banks, advocates, investment, insurance and fund managers. It also has a sterling reputation as a safe

and secure environment for private wealth. Because of this, Guernsey has been able to structure its legislation surrounding key financial services to the investor's benefit, without compromising on transparency and integrity, and this stands us in good stead for serving the UHNW market.

Launching Equiom Private Office (EPO) has helped us to more accurately meet these more complex needs for clients in Guernsey and further afield. A bespoke, premium service, EPO, was founded on the three pillars of wealth management that our clients value – asset protection, succession planning and confidentiality.

The needs of UHNWs are ever-changing. A thorough understanding of the current generation and the most experienced professional team to cater to each individual situation and client is vital to staying ahead of the trends in this discerning market.

An original version of this article first appeared in the eprivateclient Guernsey 2019 report: A Global Island. [Click here](#) to access the full report.

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