

U.S. High-Net-Worth and Ultra-High-Net-Worth Markets 2020

Implications of Wealth Concentration

OVERVIEW & METHODOLOGY

In its 13th iteration, this annual report provides a comprehensive analysis of the high-net-worth (HNW) (investable assets greater than \$5 million) and ultra-high-net-worth (UHNW) (investable assets greater than \$20 million) marketplaces in the United States. Specific focus is given to HNW market sizing and projections, portfolio construction, product demand, environmental, social, and governance (ESG) and sustainable investing, operational and technology trends, and wealth managers' initiatives to attract wealthy families and retain next-generation clients.

In the next decade, major demographic shifts will impact the HNW segment, including an aging client population that is looking to transfer their wealth to the next generation of heirs. A new wave of younger, more diverse investors is demanding a more seamless client experience, personalized service model, and sustainable investment solutions. By understanding these trends, firms can gain a better grasp of the changing attitudes among their HNW clients and develop their service and product offerings accordingly.

USE THIS REPORT TO

- Learn about the growth of the HNW and UHNW landscape over the past decade, while also exploring several defining trends that will help shape future growth in the years to come
- Review HNW asset and marketshare projections, as well as estimated HNW-focused advisor headcounts, across intermediary channels
- Explore environmental, social, and governance (ESG)/socially responsible investing (SRI) trends across HNW channels, as well as wealth and age tiers, including product demand, primary ESG drivers, and barriers to adoption
- Understand portfolio construction and product use trends among HNW-focused advisory practices
- Gain insight into asset managers' most effective distribution strategies when working with multi-family offices and best practices when developing relationships with key centers of influence

QUESTIONS ANSWERED

- What are the implications of increased wealth concentration for HNW practices?
- What are the drivers of marketshare among HNW wealth management practices?
- What are the best practices for firms developing effective wealth transfer plans for clients?
- How are HNW practices evolving their technology offerings in 2020?
- How are HNW investors shifting their portfolios in the midst of pandemic-related volatility?
- How are distribution teams evolving their coverage models when targeting HNW practices?

PRODUCT DETAILS

Included with Purchase

- Digital report in PDF format
- Unlimited online firm-wide access
- Exhibits in Excel
- Key findings
- Analyst support
- Interactive Report Dashboards

Interactive Report Dashboards

Interact and explore select report data with Cerulli's visualization tool.

- **Cerulli Wealth Transfer Projections:** Explore projections for the amount of assets to be transferred to heirs and charities in the next quarter century, with interactive filters by transfer type and generation.
- **Custom High-Net-Worth Channel Asset Projections:** Review Cerulli's projected HNW wealth management assets under management (AUM) across channels and compare against customizable user projections.
- **Product Mix Comparison:** Analyze a side-by-side comparison of current and projected product use across affluent-focused advisory practices.
- **Top-25 Multi-Family Offices:** Explore an MFO asset leaderboard, in addition to a profile for each firm, which includes historical firm AUM, growth rate, average client relationship size, and number of clients and advisors.
- **Cerulli Wealth Tiers:** Understand the average age, average investable assets, and household and asset distribution among HNW and UHNW wealth tiers.



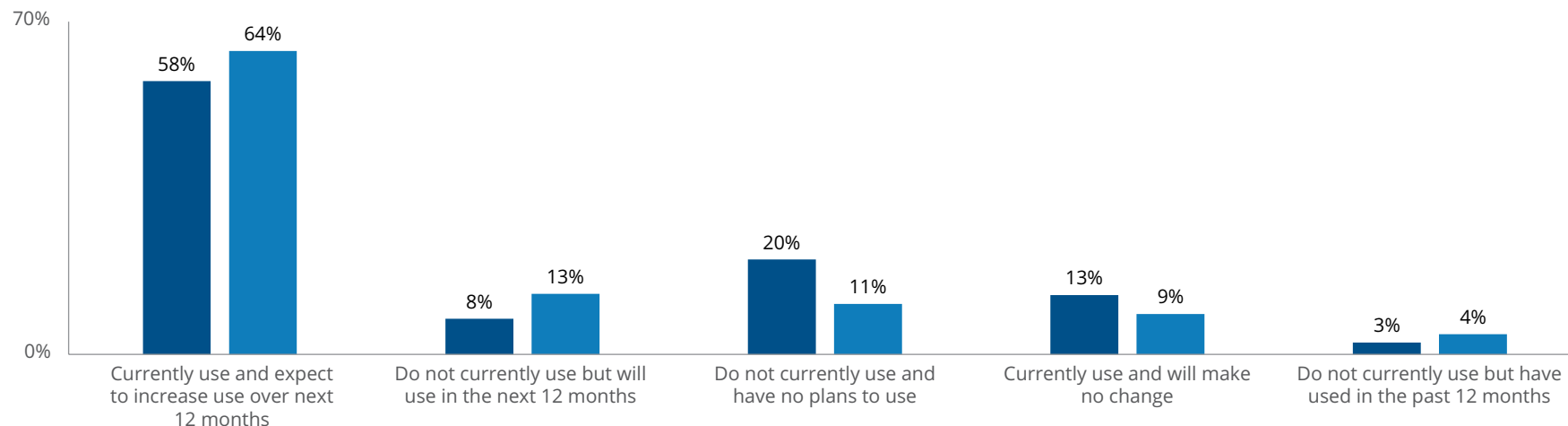
Exhibit 11.03

HNW Practices' Demand for ESG/SRI Offerings, 2019 vs. 2020

Source: Cerulli Associates

Analyst Note: "Currently use and do not expect to use in the future" was an option but was not selected.

■ 2019 ■ 2020



- Nearly two-thirds (64%) of surveyed HNW practices indicate they currently use ESG and expect to increase use over the next 12 months, an increase from 58% in 2019.
- While one-quarter of HNW practices do not currently use ESG, 13% indicate they plan to start using in the next 12 months.

Key Implication: In recent years, a growing number of HNW investors have increased their focus and capital toward companies that align with certain ESG/SRI criteria. Cerulli finds that nearly two-thirds (64%) of surveyed HNW practices currently use ESG/SRI and plan to further increase their allocations in the next 12 months, up from 58% in 2019. Furthermore, another 13% indicate their plans to start using ESG/SRI strategies in the next year. In discussions with leading HNW practices, executives tell Cerulli the growing interest in ESG is primarily being driven existing clients’ children and entrepreneurial-minded clients, but adoption is starting to expand across client segments. According to one family office executive, “Some clients have decided they want to invest in sustainable investments across their entire fixed-income and private equity portfolios, while others are just starting to ask about incorporating ESG values into their due diligence/screening process.” HNW practices that have not already made a strategic effort to incorporate ESG in some element will need to make a conscientious effort to introduce investments that are aligned with younger inheritors’ values (e.g., clean energy, gender equality, and human rights), or they run the risk of losing a significant client demographic.

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