



**June 20, 2006**

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**MERRILL LYNCH AND CAPGEMINI UNVEIL  
10<sup>TH</sup> ANNIVERSARY EDITION OF WORLD WEALTH REPORT**

***Global High Net Worth Population Grows to 8.7 Million;  
U.S. Increase Slows While Emerging Markets and Asia Pacific Set Pace***

***Individuals More Aggressive with Asset Allocation,  
Shifting Funds to Equities and Alternative Investments***

**NEW YORK**, June 20 – The wealth of high net worth individuals (HNWIs), people with net financial assets of at least US\$1 million, excluding their primary residence and consumables, climbed to US\$33.3 trillion in 2005, an 8.5 percent increase over 2004, according to the 10<sup>th</sup> Anniversary Edition of the World Wealth Report (“The Report”), which was released today by Merrill Lynch (NYSE: MER) and Capgemini. The Report found that the number of HNWIs grew by 6.5 percent over 2004, to 8.7 million, and that the number of Ultra-HNWIs – those who have financial assets of more than US\$30 million – grew by 10.2 percent, to 85,400 in 2005.

For the first time in three years, the U.S. HNWI population failed to exceed the previous year’s gains, growing 6.8 percent in 2005 as compared to 9.9 percent in 2004.

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Canada's HNWI population grew by 7.2 percent. The two nations' combined HNWI population increased by 6.9 percent in 2005, compared to 9.8 percent in 2004. Despite this slowdown, North America remained home to the largest number of HNWIs and continued to have the largest amount of accumulated HNWI wealth in the world.

“Real GDP growth and market capitalization were the two main drivers of wealth creation, making 2005 a year of robust but decelerating growth for some regions following two consecutive years of strong global performance,” said Robert McCann, Vice Chairman and President of Merrill Lynch's Global Private Client Group. “Market returns and economic indicators signaled that the creation of wealth was slowing somewhat in many regions of the world – most notably, North America – but HNWIs were still able to benefit from pockets of high performance last year.”

Mr. McCann continued, “One area where HNWIs found significant opportunity was in the Asia Pacific region, where the twin drivers of market capitalization and GDP continued to deliver high rates of growth in 2005. Meanwhile, Latin America and the Middle East also exhibited strong growth, which benefited HNWIs investing domestically and from other parts of the world.”

The HNWI population grew most dramatically in South Korea, rising 21.3 percent; India rising 19.3 percent; Russia, where it rose 17.4 percent, and South Africa, where it grew by 15.9 percent. In addition, three of the four BRIC nations (Brazil, Russia and India) are among the top 10 fastest growing HNWI populations.

### **U.S. HNWIs Missing Out on International Market Opportunities**

Despite the strong financial performance of overseas markets, the investment portfolios of U.S. HNWIs are more domestically focused than those of their peers in other countries.

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“As a result, U.S. HNWI’s are missing out on the full benefit of gains posted overseas,” said Bertrand Lavayssière, Managing Director, Global Financial Services, Capgemini. “But overall we’re seeing an increasing number of HNWI’s adopt the strategies of Ultra-HNWI’s and begin to rebalance their portfolios to increase their exposure to international investments as those markets continue to deliver higher returns and uncertainty prevails around the dollar. This is particularly evident in investment increases by HNWI’s in Asian Markets”.

**Aggressive Asset Allocation Shows HNWI’s Moving Investments from North America to Pursue Higher Returns; HNWI’s Remain Well Diversified**

The Report finds that HNWI’s were more aggressive in allocating their assets last year than in 2004, though they remained well diversified to maximize investment protection.

HNWI’s increased investments in equities and alternative vehicles and, anticipating higher bond rates in the future, shifted funds from fixed-income. Globally, funds allocated to private equity rose, while hedge funds – which have seen steady declines in returns in the last two years – lost favor among HNWI’s.

Though it remains the world’s most popular region for investment, HNWI’s continue to shift investments away from North America. In 2004, HNWI’s showed a decided lack of confidence in the U.S. dollar and reduced their North American investments accordingly. Even though the dollar bounced back somewhat in 2005, investors trimmed their North American allocations because of low returns.

Meanwhile, the Asia Pacific region passed Europe to become the second most popular region for international investment. Globally, Asia Pacific investments represented 23 percent of the total assets held by the world’s HNWI’s last year.

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Though outpaced by the Asia Pacific region last year, Europe retained 22 percent of HNWIs' worldwide assets. Strong performance by Europe's mature capital markets, coupled with strong advances in its emerging markets, persuaded local HNWIs to increase their allocation to domestic markets to 48 percent, up from 40 percent in 2004.

### **Real Estate Continued to Deliver Last Year; Cool-Down Expected**

Despite rising interest rates and fears of a downturn in the sector, real estate continued to provide strong returns for HNWIs throughout 2005. Although the gains were markedly lower than those made in 2004, HNWIs held onto their real estate investments in 2005.

Based on interviews with HNWIs and relationship managers from multiple institutions it is anticipated that HNWIs will begin to reduce their real estate allocations in 2006.

### **Looking Ahead**

Report research suggests that HNWIs will continue to transfer assets away from mature markets and into emerging markets for the foreseeable future.

It is also expected that their investments in North America and Europe will continue to decline over the next few years as HNWIs reallocate funds to Asia Pacific and Latin America. Findings show that in terms of asset mix, HNWIs are likely to continue to embrace a slightly more aggressive portfolio, decreasing their cash/deposit and real estate positions and moving funds to equities and alternative investments.

“HNWIs' heightened interest in international investments, along with their growing exposure to equities and alternative investments, are clear signs that the world's wealthiest individuals are not only becoming more sophisticated investors, they also are more determined than ever to achieve returns comparable to those experienced in 2003 and 2004,” said Mr. Lavayssière.

### **About Merrill Lynch**

Merrill Lynch is one of the world's leading wealth management, capital markets and advisory companies, with offices in 36 countries and territories and total client assets of approximately \$1.8 trillion. As an investment bank, it is a leading global trader and underwriter of securities and derivatives across a broad range of asset classes and serves as a strategic advisor to corporations, governments, institutions and individuals worldwide. Through Merrill Lynch Investment Managers, the company is one of the world's largest managers of financial assets. Firm-wide, assets under management total \$581 billion. For more information on Merrill Lynch, please visit [www.ml.com](http://www.ml.com).

### **About Capgemini**

Capgemini, one of the world's foremost providers of Consulting, Technology and Outsourcing services, has a unique way of working with its clients, which it calls the Collaborative Business Experience. Through commitment to mutual success and the achievement of tangible value, Capgemini helps businesses implement growth strategies, leverage technology, and thrive through the power of collaboration. Capgemini employs approximately 61,000 people worldwide and reported 2005 global revenues of 6,954 million euros.

Capgemini's wealth management practice is continuously working to help clients develop and operationalize innovative growth strategies and successfully implement customer relationship management solutions, wealth advisor workstations, Internet-based "self directed" and "full service" offerings, as well as front-and back-office systems. More information about individual service lines, offices and research is available at [www.capgemini.com](http://www.capgemini.com).

For a copy of the 2006 World Wealth Report, as well as more specific regional data, please visit [www.capgemini.com/worldwealthreport](http://www.capgemini.com/worldwealthreport).