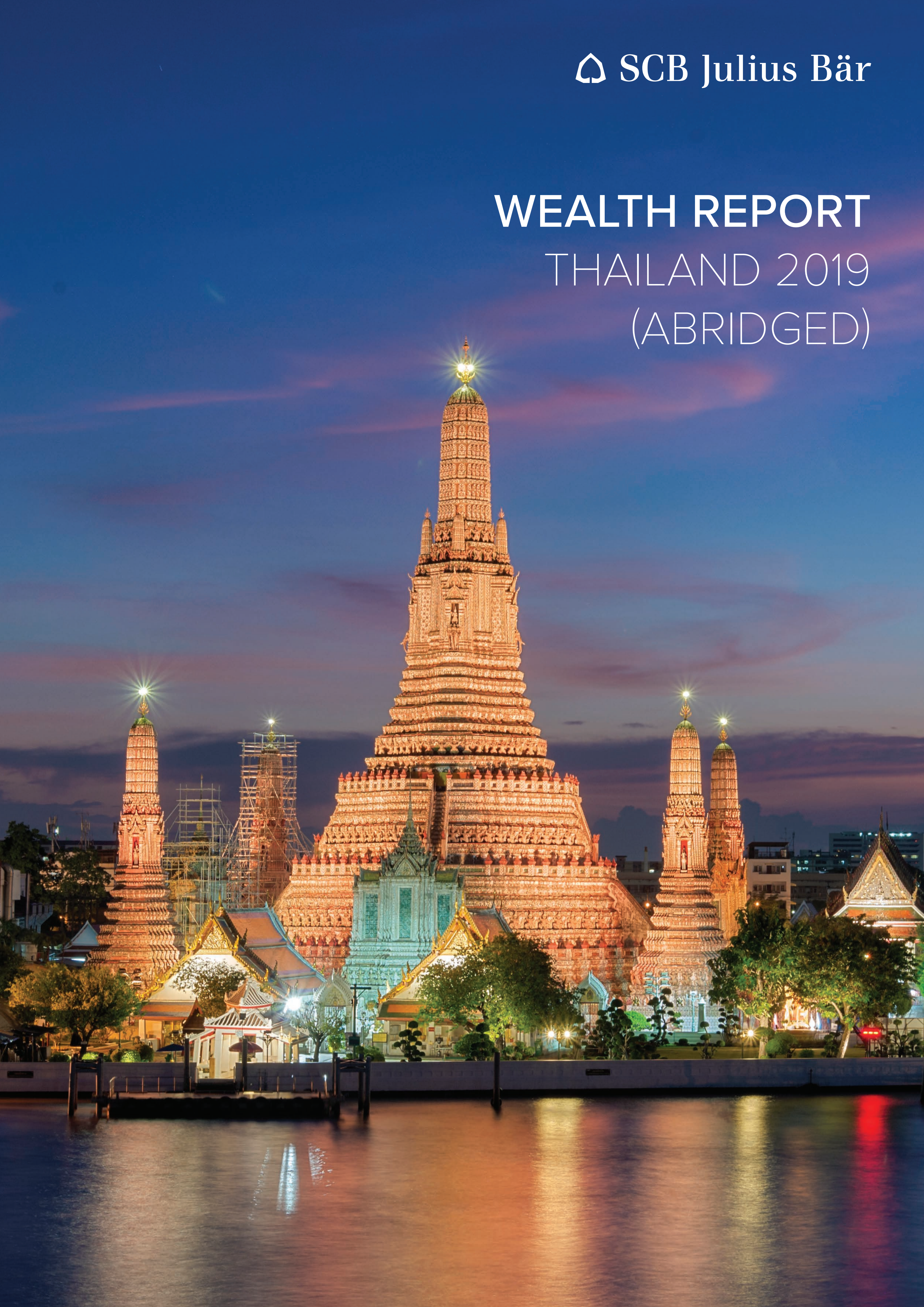
SCB Julius Bär

WEALTH REPORT

THAILAND 2019 (ABRIDGED)



EDITORIAL

The global economy appears to be defying doomsayers of late. The three largest economic blocs in the world – the US, European Union and China, which comprise almost half of global output – have reported stronger-than-expected first-quarter gross domestic product (GDP) growth estimates. Thailand is primed to benefit from the general positive momentum in emerging Asia.

In recognition of the rising tide of Thai wealth, our inaugural edition of the Wealth Report Thailand examines the issues that are significant to Thai high net worth individuals (HNWI). These include the domestic macroeconomic environment and outlook, the Thai luxury market and price trends of luxury goods and services in the Julius Baer Lifestyle Index, as well as the burgeoning local wealth market.

THAI HNWIS ARE MORE INCLINED TOWARDS WEALTH CREATION COMPARED TO WEALTH PRESERVATION.

Within the Asia Pacific region, the Thai HNWI segment bears close watching for its growth promise. Central to the report are our survey findings concerning clients' attitudes towards wealth and investing. In particular, Thai HNWIs indicate a greater inclination towards wealth creation compared to wealth preservation. This underscores the substantial demand potential for offshore investment opportunities, which SCB Julius Baer offers.

We invite you to read more of our insights in the Wealth Report Thailand 2019 and we thank you for your support.

Jiralawan Tangitvet
Chief Executive Officer
SCB Julius Baer

CONTENTS

SECTION 1: THAILAND BY **THE NUMBERS**

1. The Stock Exchange of Thailand (SET) Index is forecast to hit **1,800** points by the third quarter of this year.[1]

2. The baht is likely to remain in the **31 – 32 THB/USD** range by the end of 2019, which is stronger than the average of 32.3 THB/USD in 2018.[2]

3. The kingdom saw a record **38.3 m** tourists in 2018, up 7.5% from 2017. Chinese visitors remain the top driver of foreign receipts in an industry that makes up **12%** of Thailand's GDP.[3]

4. Thai HNWI wealth is estimated to grow at a five-year compounded average growth rate (CAGR) of **9.9%** from 2015-2020E to **USD 401.2 bn.** The drivers behind this growth are steadily growing household wealth, economic development and a buoyant property and stock market.[4]

5. The top advisor for clients when making investment decisions is Family and Friends **(43%)** followed by their Private Banker **(27%).**

6. Thai HNWIs in our survey have a **55%** allocation to liquid assets (stocks, bonds and funds) vs **47%** for Global HNWIs and **46%** for Asian HNWIs.[5] However, the majority of their liquid assets are in onshore products.

7. The Julius Baer Lifestyle Index shows that Bangkok remains the **7th** most expensive city out of 11 cities in Asia. Luxury goods are pricier in Thailand due to excise taxes, whereas luxury services are generally well-priced due to lower operating costs.[6]

8. Thai spending on luxury goods is expected to reach a retail value of **USD 2.2** bn in 2019.[7] Bangkok's wealthy are certainly not shying away from big-ticket purchases, snagging up a record **250** Aston Martin supercars, priced at over **USD 475,000** each in 2018.

9. A Shoe-In – men rejoice. The Ferragamo cap-toe Oxford is the most affordable in Bangkok at **USD 755.** In contrast, the same shoe model is sold in Taipei for USD 976.

[1] Siam Commercial Bank (SCB)
[2] SCB
[3] Department of Tourism, World Travel & Tourism Council 2017 & Deloitte Thailand estimate
[4] Julius Baer

[5] Scorpio, Capgemini - World Wealth Report 2018
[6] Julius Baer
[7] EOS Intelligence - Thailand: Endeavoring to Become Asia's Next Luxury Shopping Stop

SECTION 2: MACROECONOMIC REVIEW & OUTLOOK

CALM AFTER OR BEFORE A STORM?

Following the sell-off in global financial markets in late 2018, the dovish policy stance adopted by major central banks, together with other positive developments, has revived investor confidence. But with simmering financial and political risks, it remains to be seen if the positive momentum can be sustained throughout the year.

The risk-off sentiment in 2018 reflected then concerns about a global recession, Sino-US trade tensions and the expectation that the US Federal Reserve (Fed) would continue its path of quantitative tightening. In 2019, however, markets did a volte-face and rallied so much that valuations are now looking rich. For the year to date[8], the MSCI World has delivered an above-average return of 12.6%, with a price-to-earnings ratio of approximately 15.3 times 2019 earnings.

SETTING THE TONE IN 2019

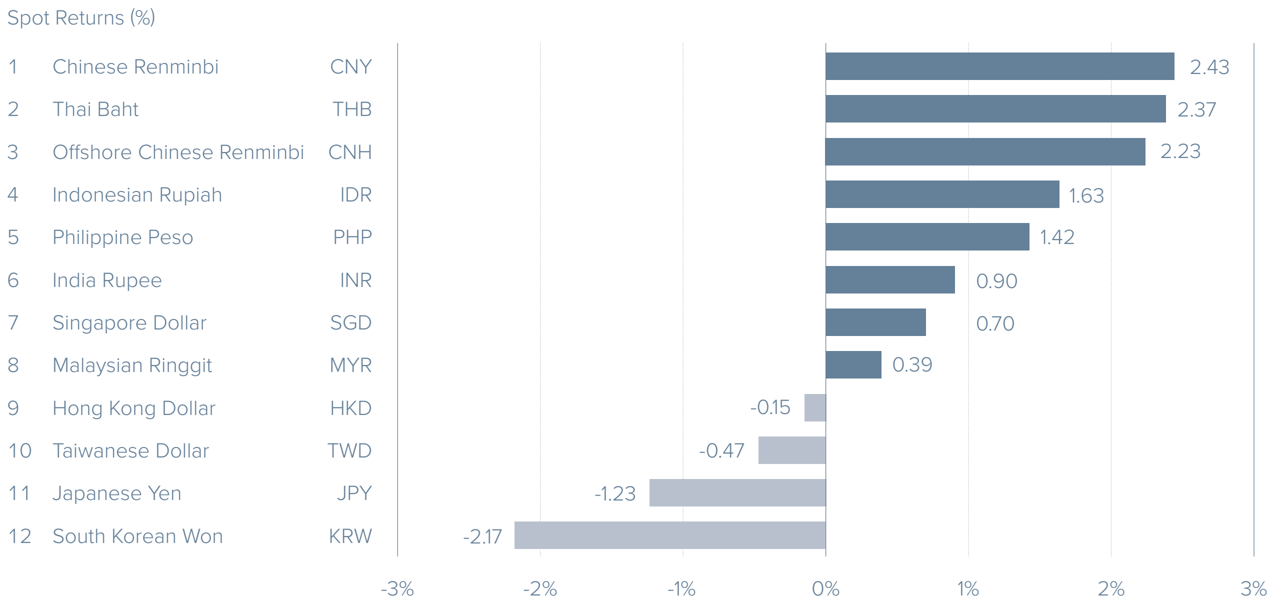
The global forecast for Asian markets is generally decent following the encouraging outlook for interest rates and the global investment climate. We remain positive on the Thai stock market on the back of decent economic activity, healthy domestic demand and easing macroeconomic pressure. As well, the rise in oil prices is particularly beneficial for the SET Index, which is heavily skewed to the energy sector. The SET Index is forecast to reach 1,800 points by the third quarter of this year.[9]

WELL BAHTRESSED

The THB has been one of the top-performing Asian currencies for the year to date. We estimate that the baht could appreciate slightly against the USD by the end of 2019, mainly due to a possible weakening in the USD. The dollar could depreciate as a result of the Fed's adoption of a more dovish tone, as well as a slowdown in the US economy.

[8] Year to 24 May 2019, Source: Bloomberg Finance L.P.
[9] SCB

CHART 1: YEAR TO DATE RETURNS FOR ASIAN CURRENCIES VS USD



As of 11 April 2019

Source: Bloomberg Finance L.P.

CONCLUSION

The outlook for global growth momentum remains a key driver of asset classes. In Thailand, investors can take comfort that the economy remains fiscally strong. Thailand's healthy foreign exchange reserves should continue to provide a bulwark against market volatility. Firm domestic demand is a key factor, while key industries are expected to continue their moderate growth momentum. Overall, the country's long-term economic potential is promising as it stands to benefit from its Eastern Economic Corridor (EEC) development project.

Emerging economies, including Thailand, are set to outpace the developed world in terms of wealth growth. The nation's wealth management is at the nascent stage compared to more mature markets in the region, which translates to future opportunities for a comprehensive range of financial and investment solutions. This will be expanded in greater detail in the section on the Thai wealth market.

SECTION 3: THE THAI WEALTH MARKET

OUTLOOK FOR THE THAILAND WEALTH MARKET

Asia's pool of investable assets held by HNWIs is on track to reach USD 14.5 trn by 2020, representing growth of 160% in the current decade.[10]

Within the Asia Pacific region, the Thai HNWI segment bears watching for its growth potential. It is estimated that Thai HNWI wealth will grow at a five-year CAGR of 9.9% from 2015-2020E to USD 401.2 bn. Over a ten-year period, this translates into a CAGR of 6.5%. The drivers behind this growth are steadily growing household wealth, economic development and a buoyant property and stock market.

In tandem with global trends, growth is expected to be fastest at the top wealth segments. The ratio for HNWI Wealth to Nominal GDP in Thailand is expected to rise steadily as the population grows wealthier. HNWI Wealth/Nominal GDP ratio in Thailand is projected to increase from 62.7% in 2010 to 71.0% in 2020E.

THAI HNWI WEALTH IS PROJECTED TO GROW AT A FIVE-YEAR CAGR OF 9.9% FROM 2015-2020E TO USD 401.2 BN.

CHART 2: THAILAND NOMINAL GDP AND HNWI WEALTH GROWTH

	2010	2015	2016	2017	2018	2019E	2020E
Nominal GDP in USD bn	341.3	401.8	412.5	456.0	505.0	535.3	565.0
Nominal GDP growth in USD		-1.4%	2.7%	10.5%	10.8%	6.0%	5.6%
MSCI Thailand IMI (Annual Return) in USD		-26.0%	23.2%	25.5%	-10.4%	14.7%	9.8%
Growth in HNWI Wealth		**-6.6%**	**7.4%**	**16.1%**	**9.1%**	**9.2%**	**7.7%**
HNWI Wealth	**214.0**	**250.8**	**269.4**	**312.7**	**341.1**	**372.4**	**401.2**
HNWI Wealth/ Nominal GDP	**62.7%**	**62.4%**	**65.3%**	**68.6%**	**67.6%**	**69.6%**	**71.0%**

Source: Bloomberg Finance L.P., MSCI, Julius Baer estimates

[10] Julius Baer - Wealth Report Asia 2018

DEVELOPMENT OF THE **THAI HNWI** MARKET

Thailand's economy is predominantly driven by its private sector. The majority of companies are family owned or managed by entrepreneurs, with the rest large public groups. Research suggests that the majority of Thai HNWIs earned their wealth through business/entrepreneurship while others acquired their wealth through inheritance or through their professions. This is corroborated by our survey findings where the majority of respondents are business owners (55%) as compared to employees (22%) and professionals (9%).

FAMILY-RUN BUSINESSES IN THAILAND PLAY AN IMPORTANT ROLE IN THE THAI ECONOMY AND ARE AMONGST THE NATION'S BIGGEST EMPLOYERS.

Family-run Businesses

Family-run businesses in Thailand play an important role in the Thai economy and are amongst the nation's biggest employers. Studies have shown that many family-run businesses in Thailand have thrived and coped with rapid changes in the economy by diversifying their businesses and establishing corporate reforms that have enhanced their competitiveness and ability to react.[11]

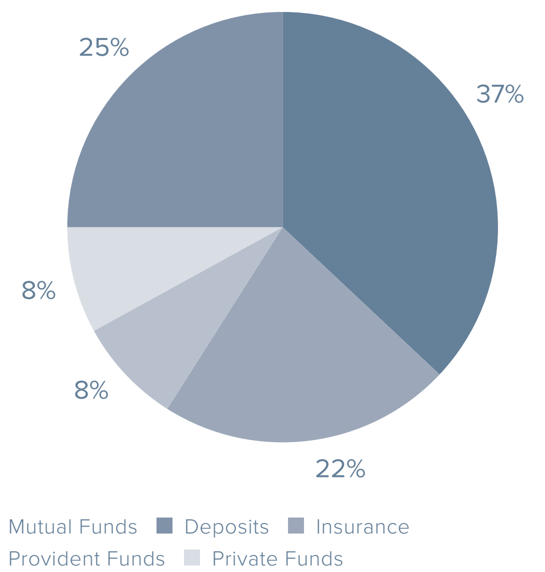
As these family businesses mature (22% of business owners in our survey are >60 years of age), they will need to understand and implement effective succession planning for the next generation. Research on succession indicates that 30% of business families can pass and maintain their prosperity and competitive advantage to the second generation, and only 15% can maintain and transfer to the third.[12] The challenge for family businesses lies in balancing the need to maximise the full potential of the business whilst meeting the expectations of the family members.

[11] Akira, S. and Wailerdsak, N. (2004) - Family Business in Thailand: Its Management, Governance and Future Challenges
[12] Obrahim et al., 2001; Le Breton-Miller et al., 2004

HOW DO **THAIS INVEST** THEIR WEALTH?

Broadly speaking, there has been a historical preference for the majority of Thai consumers to keep their wealth in simple financial products such as deposits and insurance. In recent years, this is slowly changing as investors have shifted away from deposits into mutual funds post the local banks' peak deposit competition phase in 2010-2014. This is reflected in the rising ratio of fund unit holders to population and to bank accounts. The assets of the mutual funds industry rose by 59% between 2013 and August 2017 (from THB 3.08 trn to THB 4.91 trn).

CHART 3: THAILAND ASSETS UNDER MANAGEMENT (AUM) BY HOLDINGS



Source: Citi Research, Bank of Thailand

THAI INVESTORS HAVE BEEN SHIFTING AWAY FROM DEPOSITS INTO MUTUAL FUNDS IN RECENT YEARS.

WEALTH MANAGEMENT **OPERATING MODELS**

Wealth managers have taken different approaches to tapping the wealth potential in Thailand, choosing to operationalise their business onshore, offshore or through a partnership.

Offshore Wealth Management

a) Offshore jurisdictions

For HNWIs globally, investing in offshore jurisdictions is attractive due to political stability, property rights and offerings of high-quality, reliable financial services. There are also other idiosyncratic aspects like tax neutrality and personal preferences. Global wealth managers with offshore hubs at the same time tend to have the economies of scale to develop a more affordable and more sophisticated digital offering for their clients.

b) Offshore investments

As compared to more mature markets, the access for Thai HNWIs to overseas investment products has been limited though this is slowly liberalising. In addition, Thailand's financial-literacy scores are below the global average, ranking 17th of 30 surveyed economies, behind Hong Kong (5th) and South Korea (7th).[13]

In a bid to develop the nascent financial sector, Thai regulators have been gradually easing regulations to allow investors in Thailand to invest offshore.

CHART 4: LARGEST OFFSHORE WEALTH CENTRES GLOBALLY

	Switzerland	Hong Kong	Singapore	US	Channel Islands and Isle of Man	UAE	Luxembourg	UK Mainland	Monaco	Bahrain
Offshore wealth (USD trn)	2.3	1.1	0.9	0.7	0.5	0.5	0.3	0.3	0.2	0.2
CAGR 2012-2017	3%	11%	10%	5%	5%	4%	2%	2%	1%	5%
Top three sources	Germany France KSA	China Taiwan Japan	China Indonesia Malaysia	Mexico China Argentina	UK Russia KSA	KSA Iraq Iran	Germany France UK	China KSA Russia	France Italy UK	KSA Iran Iraq

Note: Offshore wealth in USD trn. KSA = Kingdom of Saudi Arabia; UAE = United Arab Emirates

Source: Global Wealth Report 2018 - BCG Global Wealth Marketing Sizing Database

[13] Organization for Economic Cooperation and Development

Onshore Wealth Management

Onshore wealth management is becoming an increasingly attractive proposition to HNWIs worldwide with the globalisation of regulations (Common Reporting Standards or CRS) and subsequent repatriation of assets. While Thailand has yet to implement CRS,[14] it was announced that the country will begin its transition in 2019 and fully implement the global data exchange by 2022.[15]

Onshore wealth management services in Thailand are currently dominated by domestic financial banks and asset managers. Cognisant of this, the regulator is encouraging foreign firms to consider expansion in Thailand, while also pushing for more open architecture at local banks. The intention is to bring the product and service offerings in the country closer to global standards and to allow local investors to diversify their investments.

Partnerships / Joint Ventures (JVs)

In order to develop financial literacy and sophistication onshore, local banks have been forging partnerships with foreign banks to expand their products and services offering.

Developing partnerships provide mutual benefits. Foreign firms gain better access to the opportunities in Thailand and reduce spending on business infrastructure. They also enrich their market knowledge and capabilities, and boost their brand presence onshore. On the other side, local firms gain from the value added services of training and education which helps to raise their overall investment service standards.

- In 2019, Siam Commercial Bank (SCB), the first commercial bank in Thailand, and Julius Baer, the leading Swiss wealth management group and one of the four largest private banks in Asia, announced that their joint venture company, SCB Julius Baer, received the necessary approvals and licenses to operate in Thailand, beginning with over 50 dedicated professionals.

Conclusion

The opportunities are tremendous for the fast growing Thai wealth market. Changing customer behaviour towards investment, low penetration of investment products (especially offshore) and tax and regulatory changes will underpin this opportunity.

OPPORTUNITIES ARE TREMENDOUS IN THE THAI WEALTH MARKET UNDERPINNED BY CHANGING CUSTOMER BEHAVIOUR, LOW PRODUCT PENETRATION AND TAX AND REGULATORY DEVELOPMENTS.

[14] According to CRS regulations, CRS jurisdictions must satisfy data security standards and identify each citizen of other CRS countries who hold accounts in that region. Data on such individuals must be given to the local tax authorities to forward to the tax authorities in the relevant country

[15] Baker McKenzie - Common Reporting Standard: Potential Impacts on Financial Institutions in Thailand and Residents

SECTION 4: SURVEY FINDINGS

Background and objective

With recent regulatory changes and the easing of Thailand's capital controls, investors previously unexposed to offshore investments are now faced with unprecedented investment opportunities. The awakening of the Thai wealth management is in its early days, but the estimated USD 341 bn (as of 2018) industry has shown robust growth in recent years.

On 25 April 2019, SCB and Julius Baer proudly announced their establishment of Asia's first private banking joint venture. This partnership between Thailand's first commercial bank and Switzerland's leading pure private banking institution seeks to serve Thailand's fast-growing HNW market and offer clients the best of both worlds.

So what is the profile of the Thai HNWI? How do they make investment decisions? What are their attitudes towards offshore investments?

To find out, Julius Baer and SCB conducted a comprehensive client survey with over 350 Thai private banking clients to gain tangible insights into the Thai onshore wealth market. The survey successfully concluded in February 2019.

CHART 5: THAI HNWIS - PORTFOLIO ALLOCATION

Average portfolio allocation (%) to an asset class (sum to 100%)	Cash (Including Savings/ Fixed Deposits)	Fixed Income (e.g. bonds)	Stocks / Equities	Funds (e.g. Mutual Funds)	Insurance	Direct Real Estate Assets	Philanthropy / Donations	Private Equity	Hedge Funds	Currency Investments	Private Real Estate Funds	Others
	21.5%	20.4%	19.5%	15.3%	7.8%	6.7%	2.6%	2.3%	1.9%	1.1%	0.5%	0.4%

Source: SCB, Julius Baer

Thai HNWIs are more invested in liquid assets (stocks, bonds and funds) than Global and Hong Kong and Singapore HNWIs. They have the largest exposure to Cash (21.5%), followed by Fixed Income (20.4%), Stocks (19.5%) and Funds (15.3%). In aggregate, Thai HNWIs have a 55% allocation to liquid assets vs 47% for Global HNWIs and 42% for Hong Kong and Singapore HNWIs.[16] However, the majority of their liquid assets are in onshore investment products.

Interestingly, Thai HNWIs are under-invested compared to their Global counterparts in Real Estate and Alternatives.

Global HNWIs hold 17% of their portfolios in Real Estate and Hong Kong and Singapore HNWIs have an even higher interest with an 18% allocation. Both are well above the holdings of Thai HNWIs' (7%) representing an untapped opportunity. A similar pattern exists for Alternatives, with Thai HNWIs owning 6% in the asset class, against 11% for Hong Kong and Singapore HNWIs and 9% for Global HNWIs.

Thai clients are more geared towards wealth creation than wealth preservation (56% vs 41%). This is augmented for the up to 40 age group (71% vs 27%).

As is expected for a closely knit society, the top advisor for clients when making investment decisions is Family and Friends (43%) followed by their Private Banker (27%). It was also revealing that 13% of clients (across age groups) indicated that their top source for advice when making a decision was online research demonstrating high digital savviness. This is in alignment with studies showing high digital usage in the nation. There are 92 m mobile subscribers (133% penetration) with 55 m active mobile internet users. Thailand is also the highest ranked globally for internet banking services (74% penetration).[17]

Lastly, Thai clients have high return expectations, with only 27% of clients indicating they are satisfied with their current returns matching their expectation, whereas 13% indicated, "not-at-all satisfied".

THAI HNWIS ARE UNDER-INVESTED COMPARED TO THEIR GLOBAL COUNTERPARTS WHEN IT COMES TO REAL ESTATE AND ALTERNATIVES.

[16] Scorpio, Capgemini - World Wealth Report 2018
[17] We are Social - Global Digital Report 2019

OFFSHORE INVESTMENTS

Swiss, Asian and US firms have made forays into Thailand through tie-ups or through direct onshore expansions with differing levels of success.

To gain an understanding of Thai HNWIs' offshore investment provider brand awareness, we put this question to our respondents: when you think of offshore investment providers, what brands come to mind?

US FIRMS WERE THE MOST CITED FOR PROVIDING OFFSHORE INVESTMENT OPPORTUNITIES, FOLLOWED BY SWISS FIRMS AND LOCAL FIRMS.

Awareness amongst our survey respondents is relatively low with 74% unable to name an offshore investment provider. Those (26%) that did cited US firms the highest number of times (25% of mentions), followed by Swiss firms (20%), and Domestic firms (19%).

Asian firms were well-featured especially Singapore firms, which received 15% of the mentions. This is congruent with our finding that Singapore is the most popular offshore investment destination for Thai HNWIs.

CHART 6: SURVEY QUESTION: WHEN YOU THINK OF OFFSHORE INVESTMENT PROVIDERS, WHAT BRANDS COME TO MIND?

Headquarters	% of Total Mentions	% of Front of Mind (as % of Total Mentions)
US	25.5%	13.4%
Swiss	19.9%	10.6%
Domestic	18.5%	4.2%
European	17.1%	7.4%
Asian (Singapore)	14.8%	3.2%
Asian (Malaysia)	3.2%	0.9%
Asian (Japan)	1.0%	0.5%

Source: SCB, Julius Baer

Offshore Investment Usage & Experience

Of the respondents, 40% currently hold at least one offshore investment, which was within our range of expectations. Of these, equities and fixed income are most widely held in investment portfolios (80%) followed by funds (75%) and direct real estate (51%). Naturally, a high number of non-users (73%) indicated no familiarity with the concept of offshore investments, while 65% of these individuals indicated a lack of understanding when it came to accessing offshore investments.

Our survey showed that 52% of Thai clients first held offshore investments because it was a unique opportunity found offshore. However, since then their driver (50%) has shifted to looking for an investment return to match their expectation for future offshore investments as their key motivator, reinforcing the importance of investment performance to onshore Thai HNWIs.

SECTION 5:

THAI HNWI PROFILES

We surveyed over 350 HNWIs within Thailand to prepare this report. Through our analysis, we identified three distinct profiles that represent key target groups within the Thai onshore HNWI client universe - the Millennial Entrepreneur (up to 40 years old), the Mature Investor (41-60 years old) and the Techie Retiree (61 years old and above).

CHART 7: SURVEY METHODOLOGY

ON AVERAGE

MEDIAN AGE	51
RISK PROFILE	MEDIUM
CAREER	BUSINESS OWNER

MALE	FEMALE
50%	50%

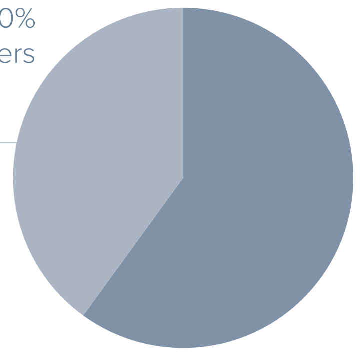
TOTAL SAMPLE & BUSINESS OWNER PROFILES

Age	**Millennial Entrepreneur** (up to 40 years old)	**Mature Investor** (41-60 years old)	**Techie Retiree** (61 years old and above)
Number of respondents	19%	59%	22%

NUMBER OF USERS OF OFFSHORE INVESTMENTS

Top 5 holdings for offshore investment users

- Cash
- Stocks
- Fixed Income
- Funds
- Direct Real Estate Assets



Source: SCB, Julius Baer

GENERAL FINDINGS

OFFSHORE INVESTMENTS

As a nascent wealth management market, most Thai HNWI respondents indicated that they do not hold offshore investments. The majority are unfamiliar with the concept of offshore investments, and are unsure of how to access these products. They would consider offshore investments as means of diversifying portfolio returns, and also for their potential for greater alpha.

TOP ADVISORS

As most Thai HNWIs made their money through family businesses, they naturally seek advice from Family and Friends first when it comes to making financial decisions. They also highly value their Relationship Manager, and oftentimes will supplement all the advice they received with online research they do themselves.

OFFSHORE FINANCIAL PRODUCTS

Advisory Mandates, Financial Planning, and Tax Planning were the most relevant services, especially when it comes to offshore investments. This comes as no surprise given that the majority of respondents seek professional investment advice but prefer to retain autonomy over decision-making.

ATTITUDE TOWARDS WEALTH

Across all profiles, they all enjoy the financial security and wider range of opportunities that having wealth affords them and their families. Having wealth was not seen as a badge of honour, nor do they seek wealth to boost their social and professional status.

DIGITAL ATTITUDES

The Thai HNWI is a digitally competent individual. Close to a third of all respondents perform online research when it comes to making investment decisions, and almost 40% of respondents were informed of the joint venture between SCB and Julius Baer through social media.

PORTFOLIO REVIEW

When it comes to a portfolio review, our respondents are most concerned with the performance of their portfolios, followed by the alignment of their portfolios with their financial plans.

MILLENNIAL ENTREPRENEUR

POPULATION	67 (19% of total sample)
MEDIAN AGE	35 years old
RISK PROFILE	Mid-high

KEY FINDINGS

- She is well educated with 87% holding a Bachelor's degree or higher.
- 51% of Millennial Entrepreneurs are business owners.
- Owing to their growth-oriented mindset, 71% of Millennial Entrepreneurs prioritise Wealth Creation over Wealth Preservation.
- The Millennial Entrepreneur prefers a provider with good performance, and understands her personal requirements.
- Similar to the other profiles, she would like guidance when it comes to investments, but prefers to have the autonomy to make decisions.
- She relies primarily on Family and Friends when it comes to making investment decisions.
- She holds a diversified portfolio of investments, but is currently underinvested for Wealth Creation needs. She is also digitally savvy (45% found out about the JV from social media), yet has a good relationship with her Relationship Manager (RM) (55% found out through RM).
- Digital financial services are relatively more important to her than to our comparative profiles.
- She is a highly-engaged client, seeking monthly reviews of her portfolio.

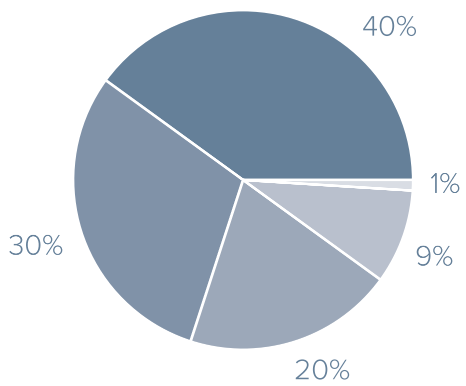
OFFSHORE INVESTMENT RANKING (% OF TOTAL RESPONDENTS INVESTED)

Funds (e.g. Mutual Funds)	20.9%
Cash (including Savings / Fixed Deposits)	9.0%
Stocks / Equities	7.5%
Fixed income (e.g. Bonds)	6.0%
Hedge Funds	3.0%
Insurance	3.0%
Direct Real Estate Assets	3.0%
Private Equity	1.5%
Currency Investments	1.5%
Others	1.5%

PORTFOLIO ALLOCATION

Cash (including Savings / Fixed Deposits)	23.7%
Stocks / Equities	21.2%
Fixed income (e.g. Bonds)	15.4%
Funds (e.g. Mutual Funds)	15.4%
Insurance	8.6%
Direct Real Estate Assets	7.4%
Hedge Funds	2.3%
Private Equity	2.3%
Philanthropy / Donations	1.4%
Currency Investments	1.4%
Others	0.5%
Private Real Estate Funds	0.4%

WEALTH MANAGER CHARACTERISTICS



- If they have a track record of returns
- If they can understand my personal requirements
- If they have a good reputation
- If they have global investment access
- If they have a local presence (local branches, offices or a local brand)

MATURE INVESTOR

POPULATION	208 (59% of total sample)
MEDIAN AGE	51 years old
RISK PROFILE	Mid-high

KEY FINDINGS

- The Mature Investor is the most highly educated, with 96% holding at least a Bachelor's degree.
- The Mature Investor has a rather balanced attitude towards Wealth Creation (55%) and Wealth Preservation (39%), recognising the need to stay protected.
- He heavily prioritises the growth of his investments (70%) over the growth of his business/ career.
- He takes a holistic approach to selecting a financial provider: he wants a provider with a good track record of returns, good reputation, and can provide tailored solutions.
- Compared to our other profiles, he has a slightly better understanding of how to access offshore investments and currently has exposure to a more diverse range of offshore assets.
- He is an investor who values advice not just from Family and Friends, but also his RM.
- Stability and security are greatly prized when choosing an offshore investment provider and they see offshore investments as a means to diversify their portfolio.
- Portfolio review once every quarter is ideal.
- The Mature Investor has a higher capital allocation rate than the other age groups (79.8%).

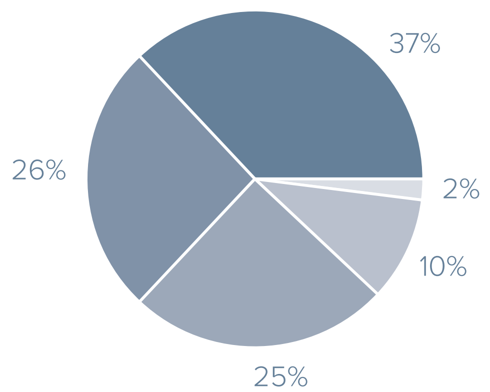
OFFSHORE INVESTMENT RANKING (% OF TOTAL RESPONDENTS INVESTED)

Funds (e.g. Mutual Funds)	20.2%
Stocks / Equities	12.5%
Fixed income (e.g. Bonds)	11.1%
Cash (including Savings / Fixed Deposits)	10.6%
Others	3.4%
Direct Real Estate Assets	2.9%
Hedge Funds	2.4%
Private Equity	1.0%
Insurance	1.0%
Currency Investments	1.0%

PORTFOLIO ALLOCATION

Fixed income (e.g. Bonds)	20.3%
Cash (including Savings / Fixed Deposits)	20.2%
Stocks / Equities	19.7%
Funds (e.g. Mutual Funds)	15.2%
Insurance	7.7%
Direct Real Estate Assets	6.6%
Private Equity	2.8%
Philanthropy / Donations	2.8%
Hedge funds	2.4%
Currency Investments	1.3%
Private Real Estate Funds	0.5%
Others	0.5%

WEALTH MANAGER CHARACTERISTICS



- If they have a track record of returns
- If they have a good reputation
- If they can understand my personal requirements
- If they have global investment access
- If they have a local presence (local branches, offices or a local brand)

TECHIE RETIREE

POPULATION	76 (22% of total sample)
MEDIAN AGE	66 years old
RISK PROFILE	Low-mid risk

KEY FINDINGS

- 17% of Techie Retirees hold Doctorates, the highest proportion amongst our profiles. In total 89% hold Bachelor's degrees or higher.
- 50% of Techie Retirees found out about the JV through social media, and 30% make investment decisions based on online research that he does himself.
- The Techie Retiree prefers Wealth Preservation (58%) over Wealth Creation (39%).
- Like the Mature Investor, the Techie Retiree prioritises the growth of his investments (68%) over the growth of his business/career (32%).
- He takes a holistic approach to selecting a financial provider and wants a provider with a good track record of returns, good reputation, and can provide tailored solutions.
- The Techie Retiree is the group least familiar with offshore investments, with 73% stating they are unfamiliar.
- Amongst the different profiles, the Techie Retiree expresses the greatest desire to have his money professionally managed (26%).
- Like the Mature Investor, the Techie Retiree values advice from Family and Friends and his RM.
- When considering offshore investments, the Techie Retiree prefers to a greater extent investments that align with his risk profile than the other age groups.
- The Techie Retiree wishes to have portfolio reviews once a month or whenever he wants.

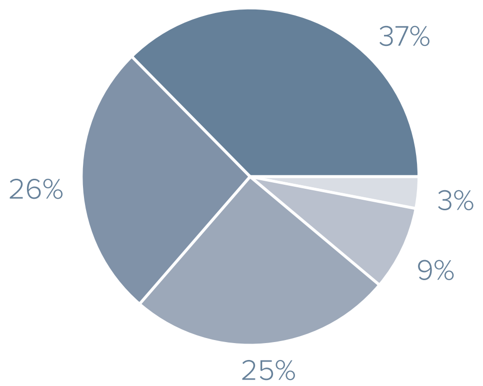
OFFSHORE INVESTMENT RANKING (% OF TOTAL RESPONDENTS INVESTED)

Funds (e.g. Mutual Funds)	17.1%
Cash (including Savings / Fixed Deposits)	11.8%
Stocks / Equities	11.8%
Fixed income (e.g. Bonds)	3.9%
Hedge Funds	2.6%
Direct Real Estate Assets	1.3%
Currency Investments	1.3%
Others	1.3%

PORTFOLIO ALLOCATION

Fixed income (e.g. Bonds)	24.7%
Cash (including Savings / Fixed Deposits)	23.1%
Stocks / Equities	17.9%
Funds (e.g. Mutual Funds)	15.5%
Insurance	7.4%
Direct Real Estate Assets	6.4%
Philanthropy / Donations	2.4%
Hedge Funds	1.0%
Private Equity	0.9%
Private Real Estate Funds	0.4%
Currency Investments	0.3%

WEALTH MANAGER CHARACTERISTICS



- If they have a track record of returns
- If they can understand my personal requirements
- If they have a good reputation
- If they have global investment access
- If they have a local presence (local branches, offices or a local brand)

SECTION 6:
THAILAND'S LUXURY MARKET & INTRODUCING THE JULIUS BAER **LIFESTYLE INDEX**

THAILAND'S INSATIABLE APPETITE FOR LUXURY

Thai consumers across the socioeconomic spectrum (but especially the well-to-do) are increasingly opening their wallets to spend on luxury such as dining out, travel, watches, jewellery, and smartphones.[18] Compared with other consumers in the Southeast Asia, Thai consumers also more likely to indulge in luxury retail therapy. They are also very loyal to their favourite brands, contrary to their counterparts in the rest of Southeast Asia.

Thai spending in luxury goods is also expected to reach a retail value of USD 2.2 bn in 2019.[19] Bangkok's wealthy are certainly not shying away from big-ticket purchases, snagging up a record 250 Aston Martin supercars, priced at over USD 475,000 each in 2018. In addition, domestic tourism is expected to take off in the coming years, as the purchasing power of the average Thai grows.

[18] Boston Consulting Group - Thailand Consumer Survey 2017
[19] EOS Intelligence - Thailand: Endeavoring to Become Asia's Next Luxury Shopping Stop

WHERE DOES THAILAND **STAND IN ASIA?**

Julius Baer's Wealth Report Asia features the Julius Baer Lifestyle Index which is designed to capture typical items that would make up a large part of spending for HNWI in Asia. The Lifestyle Index is based on a basket of 22 luxury goods and services that represent discretionary purchases of HNWI in the region.

In the 2018 findings, Bangkok maintained its status as a relatively inexpensive city for shoppers, retaining its 7th place from 2016 to 2018 in USD terms.

CHART 8: CITY RANKINGS FROM 2016 TO 2018

	2018	2017	2016
Shanghai	1	2	1
Singapore	2	3	2
Hong Kong	3	1	3
Tokyo	4	5	4
Taipei	5	4	5
Seoul	6	6	6
Bangkok	**7**	**7**	**7**
Mumbai	8	8	11
Manila	9	9	8
Jakarta	10	10	9
Kuala Lumpur	11	11	10

Source: Julius Baer

Between 2017 and 2018, on a weighted-average basis, prices in Bangkok were flat y/y in local currency terms (+1.0%). However, the baht's appreciation translated into prices in USD being higher by 4.9%. The price of a degustation dinner rose by 44.4% in baht terms due to the inclusion of Bangkok in the Michelin Guide. Prices of cigars, men's suits and luxury residences also rose by 28.6%, 8.3%, and 4.9% respectively. In contrast, prices of a luxury hotel stay, ladies shoes, and legal consultation fees fell by 29.8%, 28.0%, 17.7%, and 17.0% respectively. Luxury hotel prices were hard hit by oversupply and increased competition from short-term accommodation providers such as Airbnb.

The capital of the land of smiles remains the 7th most expensive city in Asia based on the index. Luxury goods are more pricey in Thailand due to excise taxes on some imported luxury products whereas luxury services are generally well-priced due to lower operating costs in Thailand.

Keeping with its reputation as a haven for bargain hunters, throwing an opulent wedding is the most affordable in Bangkok. A golf club membership, business class flight, and night at a luxury hotel are also second most affordable among the focus cities.

THE CAPITAL OF THE LAND OF SMILES REMAINS THE 7TH MOST EXPENSIVE CITY IN ASIA ACCORDING TO THE JULIUS BAER LIFESTYLE INDEX.

CONCLUSION

The steady momentum in global growth is encouraging. Although the pace of economic activity in the US is dependent on further fiscal stimulus, which is not guaranteed, economists generally agree that there is no longer the need to warn about a slide in the global economy.

In Thailand, investors can take comfort that the economy remains fiscally strong. Thailand's healthy foreign exchange reserves should provide some buffer against market volatility. Firm domestic demand is an important factor, while key industries are expected to continue their moderate growth momentum. The country's long-term economic potential is also promising as it stands to benefit from its EEC development project.

Steadily growing household wealth, economic development and a buoyant domestic property and stock market all augur well for the Thai wealth market. The rise of the affluent middle class is a critical income segment, which should lead to improved domestic consumption.

Finally, our client survey provides key learnings into the portfolio allocation and investment preferences of onshore HNWIs in Thailand and highlights the many opportunities that exist.

We hope you have gained valuable insights from our findings in the Wealth Report Thailand 2019 and that they have been informative for you.

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Front cover:
Wat Arun (Temple of Dawn), Bangkok, Thailand
Source: Getty Images

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