Julius Bär

MEDIA RELEASE

Bank Julius Baer & Co. Ltd.

Julius Baer launches 'Industry Report Latin America'

The inaugural edition of Julius Baer's 'Industry Report Latin America' charts the evolution and challenges wealthy individuals and the wealth management industry in Latin America are facing today. The region has seen a profound transformation over the past 40 years, preparing the foundation for medium-term wealth creation. The wealth management sector is adapting and firmly embracing the industry's global reshuffle to unlock the region's full potential.

Zurich/Nassau, 30 October 2014 – Julius Baer launched today the first edition of the 'Industry Report Latin America', covering wealth creation, wealth management and investment behaviour in Latin America. The report was produced – according to Julius Baer's open product and service philosophy – in cooperation with leading market specialists such as Aite Group and BlackRock. Roi Y. Tavor, Head Independent Asset Managers & Global Custody Americas and Africa, who initiated the study, said: "With this inaugural edition of Julius Baer's first Industry Report on Latin America we aspire to highlight various aspects of the changing wealth management landscape in Latin America. We hope that this report will serve as a reference for all participants in the Latin American wealth management industry, including private clients, family offices and external asset managers."

Ingredients for sustained wealth creation

There are a number of ingredients for sustained wealth creation in place in Latin America today. Growing at a strong pace, the region has almost tripled its gross domestic product since 2002, allowing for sustained periods of political stability. An overall higher purchasing power has enabled important parts of the population, which historically speaking were economically insignificant, to influence the overall level of activity in the region. In Brazil, for example, demand for cars has surged from 1.7 million units in 2005 to 3.8 million units in 2012. This rise of the middle class continues to shape the economic structure of Latin America.

Governments in the region have wisely used the windfall profits of the commodity super cycle to strengthen their financial position. External debt in % of GDP declined since 2002 from 42% to 25% of GDP, driving institutional and socio-economic change. A more business-friendly environment as well as checks and balances on governmental institutions continue to be established, a precondition for sustained growth. For example: Colombia carried out 27 reforms over the past eight years to improve the regulatory environment for doing business; key economies within the region have more than halved the time to start up a new business between 2003 and 2013 and the rising middle class in Brazil is increasingly educated, as reflected by a growth of tertiary education by 215% from 1998 to 2011.

Thus, the ingredients necessary to reveal the region's full potential for wealth creation are provided for. Latin America today is one of the regions with the highest expected growth rates of wealthy individuals with the number of ultra high net worth individuals (UHNWI) expected to grow by 42% until 2023.

Bank Julius Baer & Co. Ltd.
Bahnhofstrasse 36, P.O. Box, 8010 Zurich, Switzerland
T +41 (0) 58 888 1111, F +41 (0) 58 888 1122
www.juliusbaer.com

Fundamental shifts within the wealth management landscape

Latin American high net worth individuals (HNWI) are on average far wealthier than those in other regions (USD 13.5 million compared to e.g. European HNWIs with USD 3.3 million). The USD 2.66 trillion wealth management industry servicing this clientele is changing, evidenced by a shifting landscape of market participants. The drive towards localisation, the rise of transparency and the renewed role of cross-border banking accelerate the demand for a refined HNWI service offering, focused on a sophisticated understanding of client needs and circumstances, professionalism and accessibility. In light of this new environment, financial institutions such as dedicated private banks and professional external asset managers – if committed to adapting accordingly – will thrive given the dynamism and value that can be achieved from serving the region's HNWIs.

Evolving investment behaviour

Latin American investors have become younger and more sophisticated over the past decades, resulting in an increasing risk appetite and a more diversified portfolio to achieve investment objectives. But cash, fixed income and real estate investments still represent 76% of average Latin American asset allocation today. Latin American economies, at the same time, are more integrated into the global economy today than ever before and thus more exposed to international economic cycles and global social trends. With total wealth in the region set to continue to grow, heightened exposure to external shocks and increased investor sophistication will lead to new investment behaviours. The growing middle classes are forced to think beyond their immediate consumption needs and to re-evaluate notions of saving, wealth protection, investment preferences and allocations, while considering systematic risks amongst others.

The inaugural 'Julius Baer Industry Report Latin America' was presented at the 35th anniversary of Julius Baer Bank & Trust (Bahamas) Ltd. in Nassau today. Gustavo Raitzin, Head Latin America and Israel and Member of the Executive Board, commented: "The 'Julius Baer Industry Report Latin America' reflects our dedication to guiding our clients through complexity by anticipating trends and jointly developing strategies to prepare for a prosperous future."

Link to the publication: http://www.juliusbaer.com/htm/1915/en/Julius-Baer-Industry-Report-Latin-America.htm

Contact

Media Relations, Zurich, tel. +41 (0) 58 888 8888

About Julius Baer's Wealth Report Series

The new 'Industry Report Latin America' expands the existing series of Julius Baer's Wealth Reports focused on the development of wealth in Asia and Europe. Looking beyond pure wealth themes, the Industry Report highlights facts, figures and trends relevant to all participants in the Latin American wealth management industry, including private clients, external asset managers and family offices.

About Julius Baer

Julius Baer is the leading Swiss private banking group with a focus on servicing and advising sophisticated private clients and a premium brand in global wealth management. Julius Baer's total client assets amounted to CHF 372 billion at the end of June 2014, including CHF 274 billion of assets under management. Bank Julius Baer & Co. Ltd., the renowned Swiss private bank with origins dating back to 1890, is the principal operating company of Julius Baer Group Ltd., whose shares are listed on the SIX Swiss Exchange (ticker symbol: BAER) and form part of the Swiss Market Index (SMI), comprising the 20 largest and most liquid Swiss stocks.

Julius Baer is currently in the final phase of integrating Merrill Lynch's International Wealth Management business outside the US. This will increase the Group's presence to more than 25 countries and 50 locations. Headquartered in Zurich, we have offices in key locations including Dubai, Frankfurt, Geneva, Hong Kong, London, Lugano, Monaco, Montevideo, Moscow, Singapore and Tokyo.

For more information visit our website at www.juliusbaer.com