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## News Release

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## UBS/PwC Billionaires Report 2018: Total billionaire wealth grows 19 percent to a record USD 8.9 trillion

### Chinese entrepreneurs lead the way as billionaires add USD 1.4 trillion to their wealth in 2017, the greatest annual increase ever

- Chinese billionaires increased in number to 373 in 2017 from 318 in 2016 and their wealth rose by 39 percent to USD 1.12 trillion. Growth rate in APAC is 32 percent;
- China minted two new billionaires a week, and Asia minted more than three billionaires a week
- In the Americas, wealth increased slower than the global rate at 12 percent - to USD 3.6 trillion but still boasts the biggest wealth concentration from the tech industry by far
- Currency appreciation saw European billionaires' wealth grow by 19 percent, but the number of billionaires rose by just 4 per cent to 629
- Less economic growth expected in the next year in the US and China, if there is a full trade war

Zurich / London, 26 October 2018 – Billionaires' wealth enjoyed its greatest-ever increase in 2017, rising 19 percent to USD 8.9 trillion shared among 2,158 individuals. Despite healthy growth in the Americas and Europe, Chinese billionaires expanded their wealth at nearly double the pace, growing by 39 percent to USD 1.12 trillion.

These findings were published today in UBS and PwC's joint, annual Billionaires Insights report: *New Visionaries and the Chinese Century*. Now in its fifth edition, the report draws on UBS and PwC's extensive client network and access to data, and aims to promote a deeper understanding of the billionaire population globally.

**Josef Stadler, Head of Ultra High Net Worth at UBS Global Wealth Management, commented on the new report:** "Over the last decade, Chinese billionaires have created some of the world's largest and most successful companies, raised living standards. But this is just the beginning. China's vast population, technology innovation and productivity growth combined with government support, are providing unprecedented opportunities for individuals not only to build businesses but also to change people's lives for the better."

"We are experiencing a new wave of entrepreneurship worldwide, with billionaires at the vanguard of innovation. They are creating jobs and prosperity, but their impact goes beyond economics. A new generation is emerging, and they see an opportunity to tackle some of the greatest environmental and societal challenges facing humankind."

### The China Phenomenon and its challenge to Silicon Valley:

- There were only 16 Chinese billionaires as recently as 2006. Today, only 30 years after the country's government first allowed private enterprise, they number 373 – nearly one in five of the global total.



- The Chinese cohort is 97 percent self-made, many of them in sectors such as technology and retail. 89 Chinese entrepreneurs became billionaires in 2017, roughly three times more than in the US and EMEA.
- Billionaires from Asia and especially in China's city of Shenzhen are now challenging the US' traditional dominance in technology entrepreneurialism. In 2017, they equalled America's level of venture capital funding for start-ups, registered four times as many Artificial-Intelligence-related patents and three times as many blockchain and crypto-related patents as their US counterparts.

### **Ravi Raju, Head of Asia Pacific Ultra High Net Worth at UBS Global Wealth**

**Management commented:** "Asia's billionaires are young and relentless. They are constantly transforming their companies, developing new business models and shifting rapidly into new sectors. This cohort is overwhelmingly self-made and determined to capitalize on one of history's greatest moments for new enterprise."

### **Globally, self-made billionaires drive innovation:**

- They have driven 80 percent of the 40 main breakthrough innovations over the last 40 years.<sup>1</sup>
- In 2017, a total of 199 entrepreneurs became self-made billionaires, including innovators in the fields of blockchain, peer-to-peer lending, genomics and green energy.

### **Next generation influencing the new wealth agenda:**

- A major wealth transition has begun. There are 701 billionaires over the age of 70, whose wealth will transition to heirs and philanthropy over the next 20 years, given the statistical probability of average life expectancy. This is almost 40 percent of current billionaire wealth (USD 3.4 trillion) worldwide
- Younger billionaires are the driving force behind a growth in philanthropy and sustainable investing, as they use their wealth to create positive social impact. More than one third (38 percent) of family offices are now engaged in sustainable investing, and almost half (45 percent) plan to increase their sustainable investments in the next 12 months.
- Young billionaires are also looking to create their own economic value. Nearly two thirds (62 percent) of billionaires' sons and daughters who inherited the family business in 2017 sought to become entrepreneurs, compared with 42 percent who inherited assets.

**Dr. Marcel Widrig, Partner and Private Wealth Leader, PwC:** "Our report reveals how China is currently the leading country for entrepreneurs to create wealth. Nowhere else has the same combination of a huge population, technology innovation and government support. We have also found that Next Gen billionaires are extremely entrepreneurial. Using the advantages of a top-tier university education and a global network, they often create their own new businesses combining latest technology with sustainability goals. Further, billionaires are embracing sustainable investing, seeing how it not only does good, but also adds value in their businesses. Indeed, many of the younger generation want to change the world, making an impact through their family offices and philanthropic organizations."

### **Impact of US-China trade-war**

- If the existing US/China trade-war escalates, UBS foresees lower economic growth in both countries before policy responses.
- US and Asia ex-Japan equities could fall by 20% from their mid-summer 2018 levels.

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<sup>1</sup> Sources: Wharton School of Economics, "A World Transformed: What Are the Top 30 Innovations of the Last 30 Years" (2009); Massachusetts Ins



- For China's young billionaires, while a trade-war may slow down growth rates, the country's fundamentals of a huge population and rising technology will continue to offer fertile conditions for entrepreneurs to grow their businesses.

#### **Billionaire wealth in numbers:**

- Global billionaire growth of 19 percent was lower than growth in the MSCI World Index, which rose by 25 percent. The biggest growth sectors were consumer & retail, which rose by USD 360 billion, technology (USD 250 billion) and materials (USD 180 billion).
- **The Americas region is still home to the largest concentration of billionaire wealth**, which in the US grew by 12 percent to USD 3.1 trillion, powered particularly by the technology and consumer & retail sectors. But wealth creation is slowing, with the US creating 53 new billionaires in 2017, compared to 87 five years ago.
- **In Europe, wealth grew 19 percent** to USD 1.9 trillion. This was largely due to currency appreciation in the euro versus the dollar. In fact, the number of billionaires in the region only grew by 4 percent. Wealth transition from just five families accounted for 30 percent of the continent's wealth expansion.
- **APAC's share of billionaire wealth rose to USD 2.7 trillion, 30 percent of the global total**, with the consumer & retail, technology and real estate sectors leading the way.

The study is available on [www.pwc.ch/billionaires-insights](http://www.pwc.ch/billionaires-insights).

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UBS is present in all major financial centers worldwide. It has offices in 52 countries, with about 34% of its employees working in the Americas, 34% in Switzerland, 18% in the rest of Europe, the Middle East and Africa and 14% in Asia Pacific. UBS Group AG employs approximately 61,000 people around the world. Its shares are listed on the SIX Swiss Exchange and the New York Stock Exchange (NYSE).

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