

# Wealth-Bulletin

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## Comment:

### Ultra-HNW think differently than the mere wealthy on prospects

The ultra-wealthy tend to have the edge on most of us when it comes to making informed decisions about where to put their money.

Whether it is because they are better informed by their advisers, or make it their business to be better informed themselves, they tend to make investment decisions that deliver superior returns than most retail, and even millionaire investors.

Of course there are exceptions and the current credit crunch has thrown up a few cases of very rich people losing millions from the occasional bad hedge fund or property investment choice.

But they are rare, because if the credit crunch was really hurting the very rich then there would not be the continuing demand for the most expensive residential property in the world, nor would there be the onward surge in the sale of private jets, super yachts, contemporary art and top end antique furniture.

Given that the very wealthy seem to still be very wealthy, a survey of their investment preferences should be taken seriously by the wider investment community.

Nearly 90% of the New York-based investment club **Tiger 21**'s members, each with worth around \$70m or more, foresee above-average risk for investments during the rest of 2008, and only 2% predict below-average risk. Once more Tiger's members aren't about to get more optimistic anytime soon.

**Michael Sonnenfeldt**, the multi-millionaire founder and chair of Tiger 21, said: "Given the upheaval in so many markets over the last several months, we frankly expected to see even more rebalancing of our members' portfolios than the latest Index indicates."

He added: "What's most revealing is that the basic mindset that existed in the wake of 9/11, with increased emphasis on security, liquidity and conservation of assets, is even more pronounced now, with a different set of economic threats affecting investment decisions."

Contrast these views with those of the mere wealthy as surveyed recently by Fidelity Investments.

Fidelity's research, which mostly polled those with between \$1m and \$10m, found that while rich people's confidence in the market is at an all-time low, they expect a rebound in the economy – particularly in real estate and the US stock market – beginning next January.

Indeed, the period from now until then is being looked at as a sort of cautious buying time for investments.

Wealth preservation may be uppermost in the minds of America's wealthiest, but the wealth adventurousness of the mere wealthy could be a little bit premature.