BILLIONAIRES

INSIGHTS

The changing faces of billionaires

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INTRODUCTION: THE CHANGING FACES OF BILLIONAIRES

Welcome to the UBS/PwC report on Billionaires: The changing faces of billionaires, which reveals the evolving identity of the world's billionaires over the last two decades. Not only has the billionaire population become more diverse in terms of age, sex and nationality through the emergence of new billionaires and intergenerational wealth transfer, but maintaining the "billionaire" status is a significant challenge.

Building on our original *Billionaire* report, which analysed wealth creation, preservation and philanthropy, this report takes a deeper look at today's billionaire population. Looking back 20 years, we surveyed 1,300 people in the 14 markets that account for 75% of global billionaire wealth and compiled a comprehensive database on the world's billionaire population.

Over this time period, female billionaires outpaced their male peers, with their ranks and wealth growing at faster rates. In Asia, where this growth is most impressive, over half of the female billionaire population is self-made, well ahead of their US and European counterparts.

Over the last two decades, global GDP has almost tripled from $30 trillion to over $77 trillion. But the wealth of billionaires in our study has increased almost eightfold, from $0.7 trillion in 1995 to $5.4 trillion in 2014.

Just because the amount of money billionaires have accumulated has skyrocketed, however, does not mean that all billionaires benefited. Of the billionaires surveyed in 1995, less than half were still on the list in 2014. Factors contributing to their loss of "billionaire" status include death, dilution and business failure and serve as a reminder of the sometimes fleeting nature of wealth.

In every culture, there is an expression about how wealth can easily disappear. In Italy, it's 'from the stable to the stars and back again' and in Scotland it's 'the father buys, the son builds, the grandchild sells, and his son begs.' Avoiding the pitfalls in wealth transfer is a priority for many of the billionaires we studied. To preserve wealth over multiple generations, business decisions must move from the family's kitchen table to the office's boardroom. With the Baby Boomer generation in the corridor of wealth transfer, the need for careful legacy planning, whether it be philanthropy, intergenerational transfer or a combination of both, is vital.

The wealthy already look less like the West and more like the general population of the world – more women and more diverse, in some cases skewing younger. That trend isn't going to slow.

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EXECUTIVE SUMMARY

// **The Athena Factor –** Reflecting what we call the Athena Factor, the number of female billionaires is growing, as is their influence as wealth creators and champions of philanthropy. The number of female billionaires grew by a factor 6.6 from 1995 to 2014, and the number of men by a smaller factor of 5.2. While most female billionaires come from the US and Europe, Asia has the greatest growth in number of self-made female billionaires. Over 80% of female billionaires are coming from the US and Europe. More than 50% of Asian female billionaires are self-made, compared to 19% in the US and 7% in Europe.

// **Breaking the mould –** Women are wielding greater influence, driving family wealth creation, promoting firm and family governance, and championing philanthropy. Globally, every second female billionaire is an active wealth creator for their families' businesses: 57% in the US, 63% in Europe and even 96% in Asia.

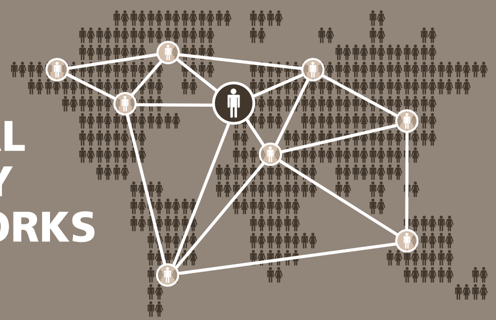
// **Volatility of wealth –** Just 44% of 1995's class of billionaires remained in this bracket of great wealth in 2014, showing the volatility of billionaire fortunes. Illustrating how fortunes fluctuate and the global billionaire population has changed, they represent less than 10% of 2014's 1,347 billionaires. Death, dilution of wealth and business difficulties account for the precariousness of entrepreneurs' fortunes. From 1995's class of 289 billionaires, 66 have died, 24 fortunes have been lost through family dilution and a further 73 have disappeared due to business problems and other reasons.

// **Survive and thrive –** Surviving billionaires have boosted their wealth. Since 1995, they have created US$1 trillion of wealth, approximately 21% of that produced by our entire global billionaire population. The growth in their assets has outperformed both equity markets and global GDP, boosting average wealth per billionaire from US$ 2.9 billion in 1995 to US$11 billion today. The three 'sweet spots' globally for billionaire wealth are the Consumer & Retail, Technology and Financial Services sectors. However, they vary regionally in line with the structures of local economies. For example, in Europe Industrials is a sweet spot while Real Estate is in Asia.

// **The road to success –** There are three 'moments of truth' for legacies: economic crises, regulatory and tax challenges, and transitions to the next generation. Our research shows that 88% of long-term billionaires entirely or partly kept their initial businesses. If they are to survive, legacies must have the strength and flexibility to respond to regulatory and taxation changes, to maintain robust engines of wealth and to manage family transition issues.

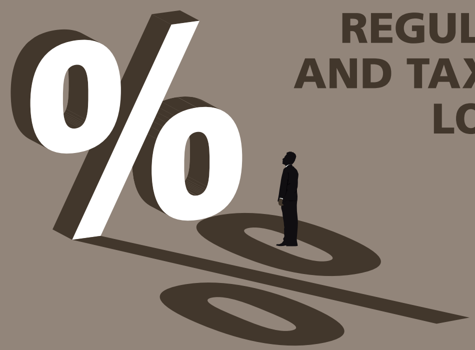
// **Tough decisions ahead –** A survival rate of over 40% clearly shows the volatility of great wealth. With the increased complexity of regulations and taxes, building lasting legacies will become even more difficult in the future. We expect multi-generational families in Asia to help themselves through creation of family offices, while US and European family offices will become even more sophisticated to help sustain legacies. Shared identities and common sets of values among large families will become more important. Greater complexity means that greater pragmatism is needed in order to preserve legacies.

GLOBAL FAMILY NETWORKS



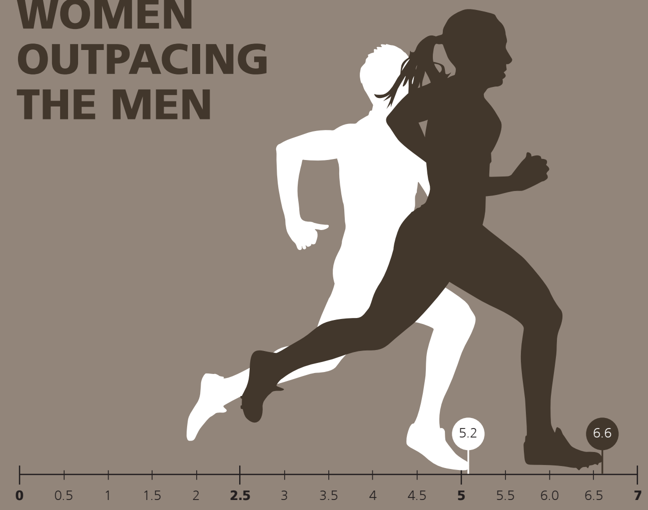
Shared identities and common sets of values among large families is vital to creating a lasting legacy as billionaire families are becoming increasingly global.

REGULATORY AND TAXATION LOOMS...



Currently billionaire families see regulation and taxation as a key menace to maintaining their legacy.

WOMEN OUTPACING THE MEN



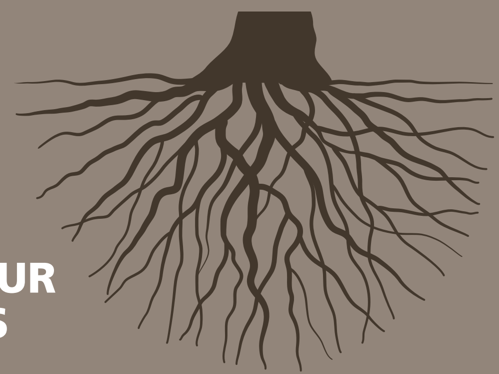
The number of female billionaires grew by a factor 6.6 from 1995 to 2014, and the number of men by a smaller factor of 5.2.

MASTERS OF WEALTH CREATION

over
$1.0 TRN

126 billionaires created US$1 trillion of wealth. (Approximately 21% of that produced by our entire global billionaire population.)

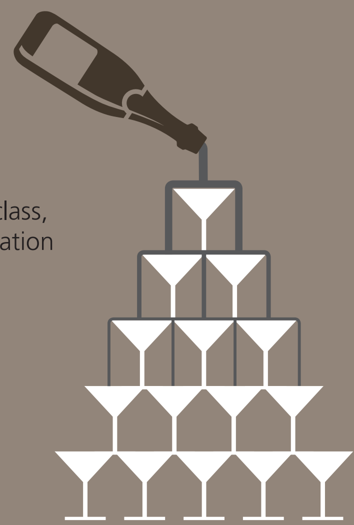
STICK TO YOUR ROOTS



Dominant strategy is staying invested in the original business (both as a cash generation machine and to maintain a common purpose), eventually adopting a 'firm over family' governance model.

DILUTION OF WEALTH

From today's billionaire class, only 30% are 2nd generation or beyond.



THE 'ATHENA FACTOR'

Women are taking their place in the elite club of billionaires, both as entrepreneurs in their own right and as leaders of family dynasties. We call this the 'Athena Factor', after the Greek goddess of wisdom, courage and inspiration. In the recent past, they've emerged not only as business pioneers but also as the drivers of families' business and philanthropic legacies.

Breaking the mould
Across the world, the number of female billionaires is rising, as is their influence over great wealth. Compared with 20 years ago, there are more billionaire women today and the power they wield over great wealth has grown. Our research shows the number of female billionaires has grown by a factor of 6.6, from 22 in 1995 to 145 in 2014. By comparison, the number of male billionaires remains far larger at 1,202, but has grown by a relatively smaller factor of 5.2.

Asia: Entrepreneurs blazing the trail
Notably, Asia's fast-growing, young economies have allowed a small but increasing number of female entrepreneurs to create billion-dollar legacies. In the past 10 years, Asia's female billionaires have grown by a factor of 8.3, from just three in 2005 to 25 in 2014, versus 2.7 in Europe and 1.7 in the US. Admittedly, this rise is from a very small base but it tells the story of how women have played a part in Asia's economic rise.

Our research shows that the three leading sectors where these women have made their wealth are: Real Estate, Industrials and Health. Equally, some have inherited from their fathers – the region's pioneering entrepreneurs. Of these female billionaires, 72% have stuck with their original businesses, while around 24% have expanded into other sectors, taking advantage of Asia's vibrant economic growth.

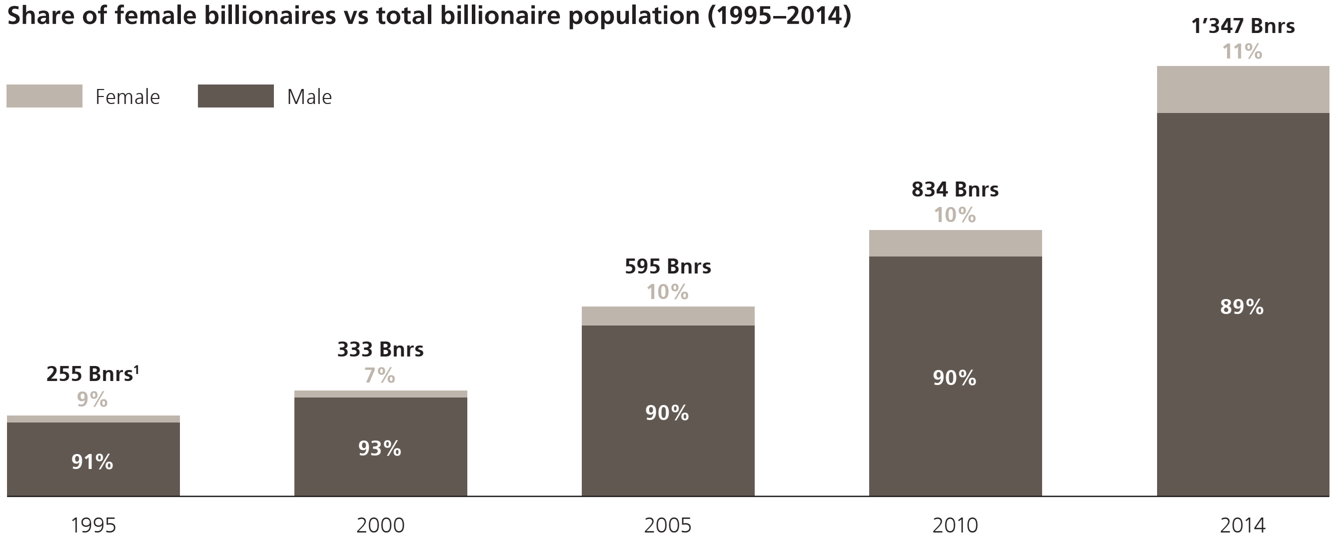
Approximately half (52%) of Asia's female billionaires are first-generation entrepreneurs. They tend to be younger than their female peers elsewhere (an average age of 53 in Asia compares with 59 in the US and 65 in Europe). Some have been educated in Europe or the US, before returning home and implementing western business practices, which complement local business traditions.

One female billionaire relates how the classic Asian pattern of saving hard to pay for a western education, where she gained experience of western business practices, fostered her success. "After working in a factory for some years, I saved sufficient to study abroad and get a degree," she said. "However, when I came back to my home country it was less the degree but more the knowledge of how to do business in the western world, and how to raise the appropriate financing for my new business idea, that helped."

Europe and US: Influence and power grow
Within Europe and the US, female billionaires have mostly inherited their wealth (93% have done so in Europe, versus 81% in the US). Notably, almost a fifth (19%) of US female billionaires are self-made, compared with 7% in Europe. This thriving US entrepreneurial culture has caused female billionaire wealth to become far more evenly spread across sectors, as they've built businesses in science-based sectors such as Technology and Health Industries.

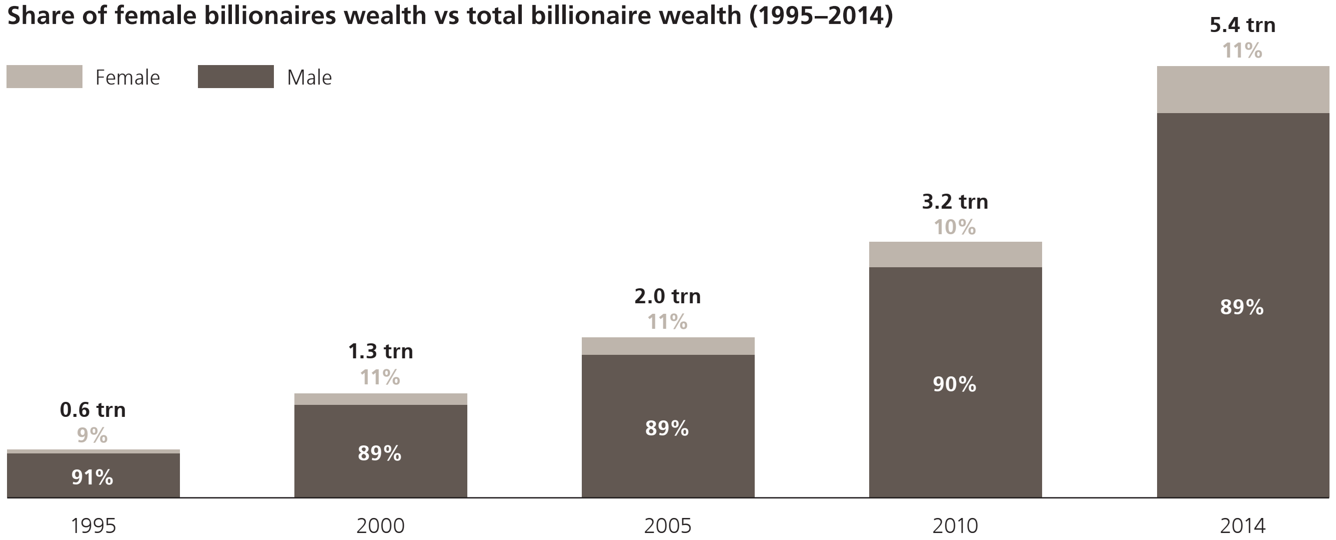
Share of female billionaires is on the rise.

Share of female billionaires vs total billionaire population (1995–2014)



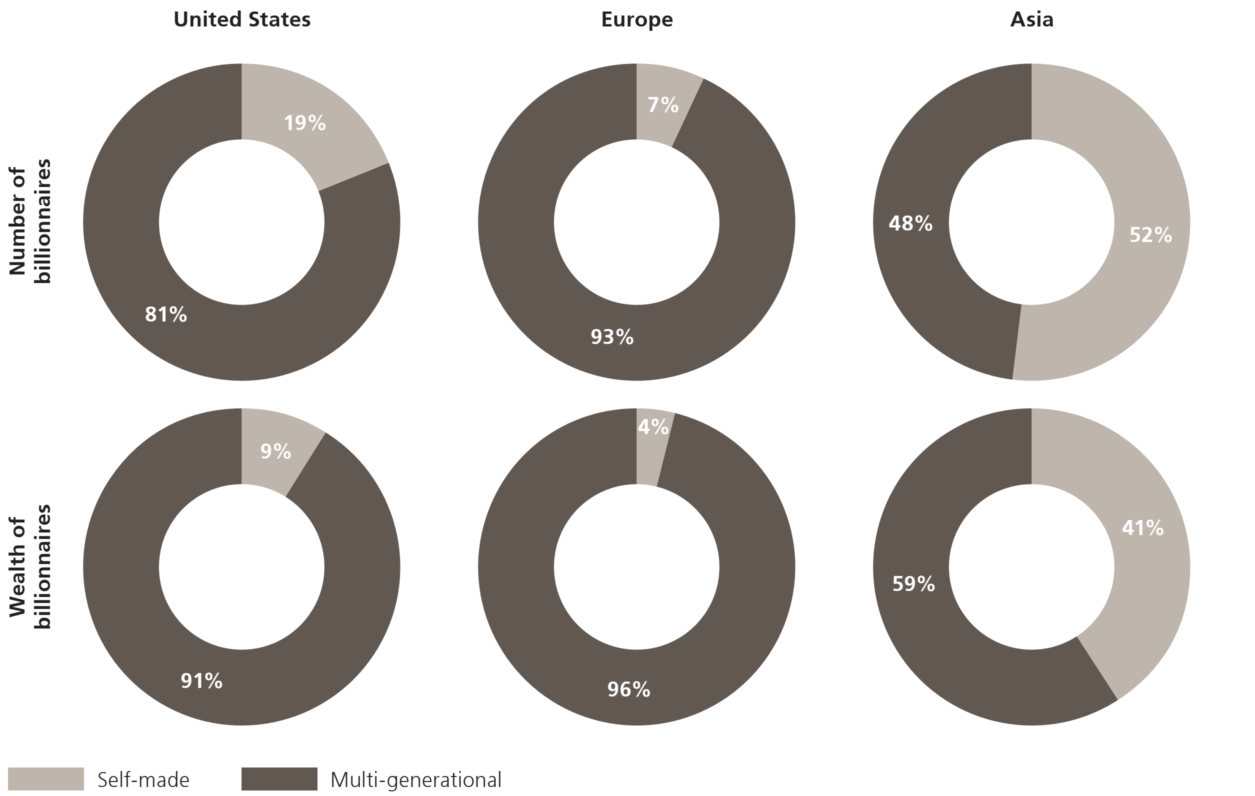
[1] Number does not include 34 billionaire families.

Share of female billionaires wealth vs total billionaire wealth (1995–2014)



Asia's female billionaires include a higher number of entrepreneurs. Those in Europe and the US have mainly inherited their wealth.

Regional overview of self-made vs multi-generational female billionaires (female billionaire class of 2014)



Women creating wealth

The growing numbers of female billionaires alone doesn't tell the Athena Factor's full story. In fact, just as there are growing numbers of female executives in senior public company positions, so women are increasingly often driving billionaire families' businesses, philanthropic enterprises and governance. Our research reveals many examples of growing influence, whether as architects of business strategy after the death of a founder, guardians of governance or champions of philanthropy. Over two thirds of billionaire women in our study are active value creators. Our interviews and research have identified female billionaires taking on three roles in addition to that of the self-made billionaire. While not being mutually exclusive, these roles are:

// The driver of wealth creation as entrepreneur or in the family business
// The promoter of family and firm governance
// The passionate philanthropist

As cultural norms change, women who've inherited wealth on the death of their husbands, or daughters who've succeeded their fathers, are becoming increasingly assertive. We discovered that women inheriting business empires from their husbands or fathers are far more likely than their male counterparts to take the initiative, stepping into the patriarch's shoes and often driving expansion to the next level. There are several examples of wives in the US and Europe who, upon inheriting businesses in traditionally male-dominated sectors, take aggressive action to expand these enterprises through acquisition and organic growth. Furthermore, billionaire patriarchs and multi-

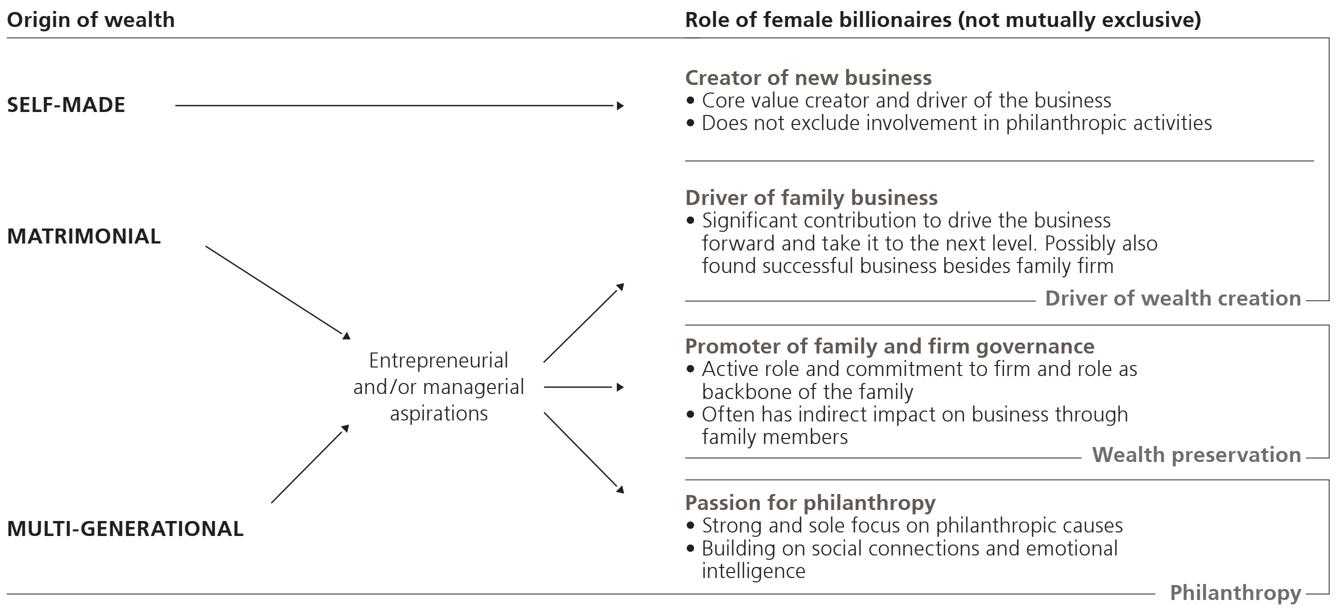
generational families are now more frequently preparing their daughters to play significant roles in their businesses. Choosing the best successor irrespective of gender is to be seen as a strategic step to safeguard the family's interests.

Yet stepping up into the father's role often still requires a tough induction process, with daughters have to prove themselves in a male environment in order to gain acceptance, according to several of our interviewees. "I am involved in my father's business with the aim of taking over when the time is right," said the daughter of one US entrepreneur. "It's a very hands-on business and I've been through a lot of trouble to toughen up. It's taken a while to establish myself as a merited successor." In Europe, where there are several examples of daughters preparing to move into their fathers' businesses, we heard a similar story. "We still haven't decided whether to sell the firm or hand it to the next generation," explained one interviewee. "From three daughters, only one is willing to step into her father's place; she's making a big effort to get the right education and experience to run the mostly male-dominated business herself one day. Most importantly, she wants to fully understand how the company functions and be on an equal footing with the board. "

Echoing our original *Billionaire* study, the women making a success of their business inheritances tend to share the billionaire personality traits we identified then. These are: smart risk taking (an optimistic attitude towards risk, focusing on risks that are understood, backed by clever ways to reduce them), obsessive business focus (constant curiosity about where untapped needs create business opportunity) and dogged determination (undeterred by failures and roadblocks, billionaires have a tremendous work ethic).

Regardless of origin of wealth, women show affinity for wealth creation.

Female billionaire roles in family business (female billionaire class of 2014)

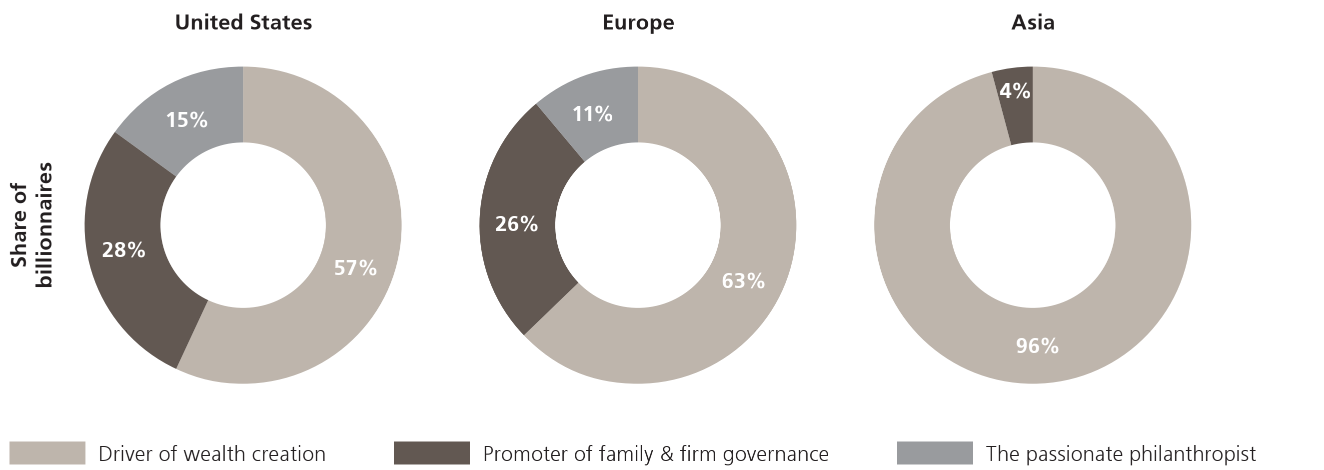


Women are also assuming greater responsibility for the governance and identities that are critical for ensuring that billionaire legacies last. Our case study analysis shows several examples of this. Even if these women aren't board directors of their family companies, they wield considerable power over business strategy and significant decisions. To some extent, we see the dictum 'behind every powerful man there is a powerful woman' confirmed, as these women act as alter egos to male entrepreneurs and leaders of family dynasties.

Finally, women are often leading families' philanthropic endeavours, pioneering entrepreneurial approaches. There are several well-known, public examples of the passionate female billionaire philanthropist. Yet our case study analysis indicates that this phenomenon is even more common than it appears, as the wives and daughters of the very wealthy seek to make a difference through a variety of activities, often combining the family's and firm's skills and resources. Asked about her role, a 6th-generation female billionaire told us: "effectively, I see myself as both a driver of the family business and a passionate philanthropist."

Women as drivers of wealth creation in all regions, with US and Europe carrying a passion for philanthropy.

Regional overview of different roles of female billionaires (female billionaire class of 2014)



THE VOLATILITY OF GREAT WEALTH

The billionaire population has changed beyond recognition in the past 20 years. This partly reflects the extraordinary number of newly-minted billionaires, as described in our initial Billionaire study. Yet what's easily overlooked is the volatility of great wealth. Approximately two thirds of 1995's billionaires no longer qualify for this status.

Notably, those that have sustained their status live mainly in the US. Many have gone on to increase their wealth considerably, largely through business success in the Consumer & Retail, Technology and Financial Services sectors.

Best in class
Testifying to the transience of wealth, only 44%, or 126, of 1995's class of 289 billionaires in our analysis of the 14 largest billionaire markets still qualify for this league of great wealth in 2014. Showing just how much the global billionaire population has changed, they represent less than 10% of 2014's 1,347 billionaires.

Death, dilution of wealth and business difficulties account for the precariousness of entrepreneurs' fortunes. From 1995's class of 289 billionaires, 66 have died, 24 fortunes have been lost through family dilution and a further 73 have disappeared due to business problems and other reasons.

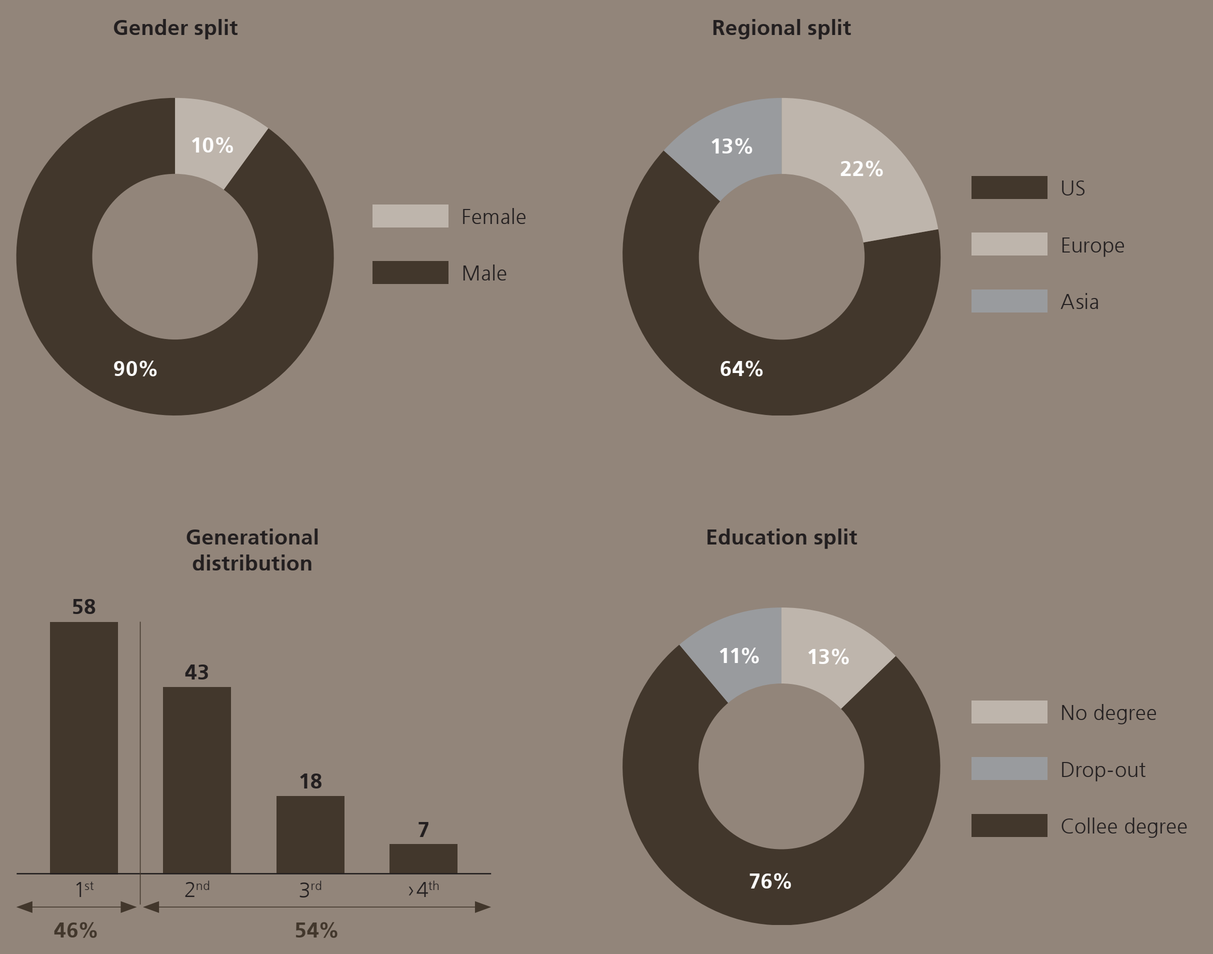
We found three main reasons for this high rate of attrition, starting with business failure, which has proved the greatest destroyer of wealth:

1. Business failure
The three personality traits of successful entrepreneurs that we defined in our first *Billionaire* report were *smart risk taking, obsessive business focus and dogged determination.* While these traits give billionaires a competitive edge, they do not always protect them from risks and are difficult to pass on to their offspring. Consequently, our case study analysis shows third and fourth generation billionaires taking risks they don't always understand, often at the wrong time in the business cycle and with excessive debt.

2. Death and taxes
The second reason why billionaires drop off the list is death. The implications of this are straightforward. When wealth is transferred to the next generation, the taxes may be substantial. In the UK they are 40%, for example, and in the US even higher. This has led to high inheritance tax bills on estates, so that billionaire status isn't passed on from one generation to the next.

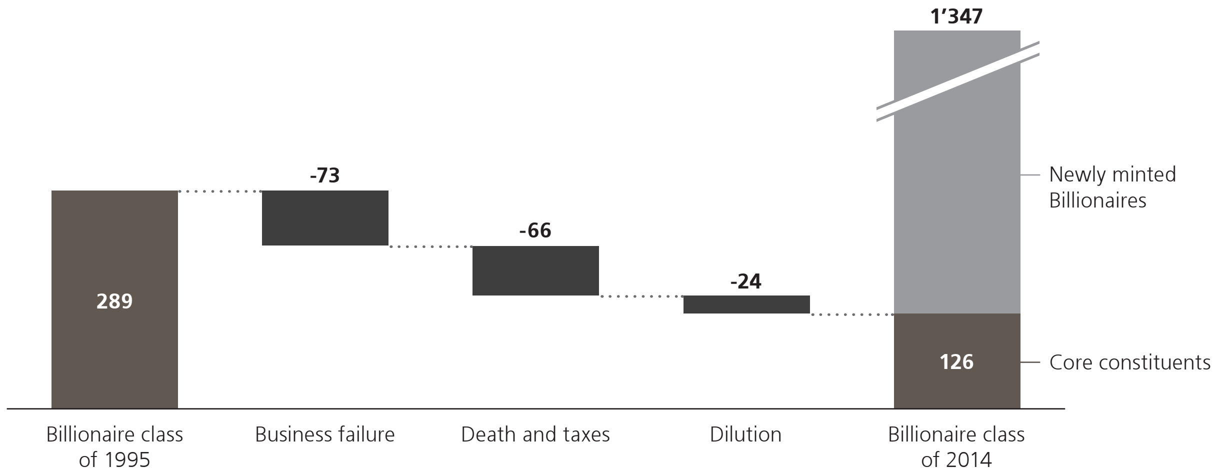
The surviving cohort of 1995's billionaires is US-centric (64%), reflecting the country's stable economic growth, and wave of innovation in Technology and Finance. Women account for 10%, a similar share to the overall billionaire population.

Demographics of surviving billionaires



From the 289 billionaires in 1995 of our in-scope markets, only 126 core constituents have prevailed for the past two decades.

Dynamics of billionaire population 1995–2014



3. Dilution
Our first report used the concept of 'generational algebra' to illustrate the dynamic of dilution when wealth passes from one generation to the next. The power of compound wealth fragmentation means that if each member of a family has three children, by the second generation there are nine family members and by the fifth there are 243. Correspondingly, a sum of US$1 billion dilutes to US$333 million for each child when it's passed on to the second generation. By the fifth generation, each child inherits US$12 million.

Survive and thrive
We're looking back at a period of exceptional wealth creation – benefiting the core constituents and new billionaires and the hundreds of thousands of people working for their businesses and suppliers. Billionaire wealth of core constituents has multiplied by 3.8 times in the past 20 years, from US$365 billion to US$1.38 trillion. By comparison, the MSCI World Index (a proxy for equity markets) and global GDP have increased by just 2.5 times.

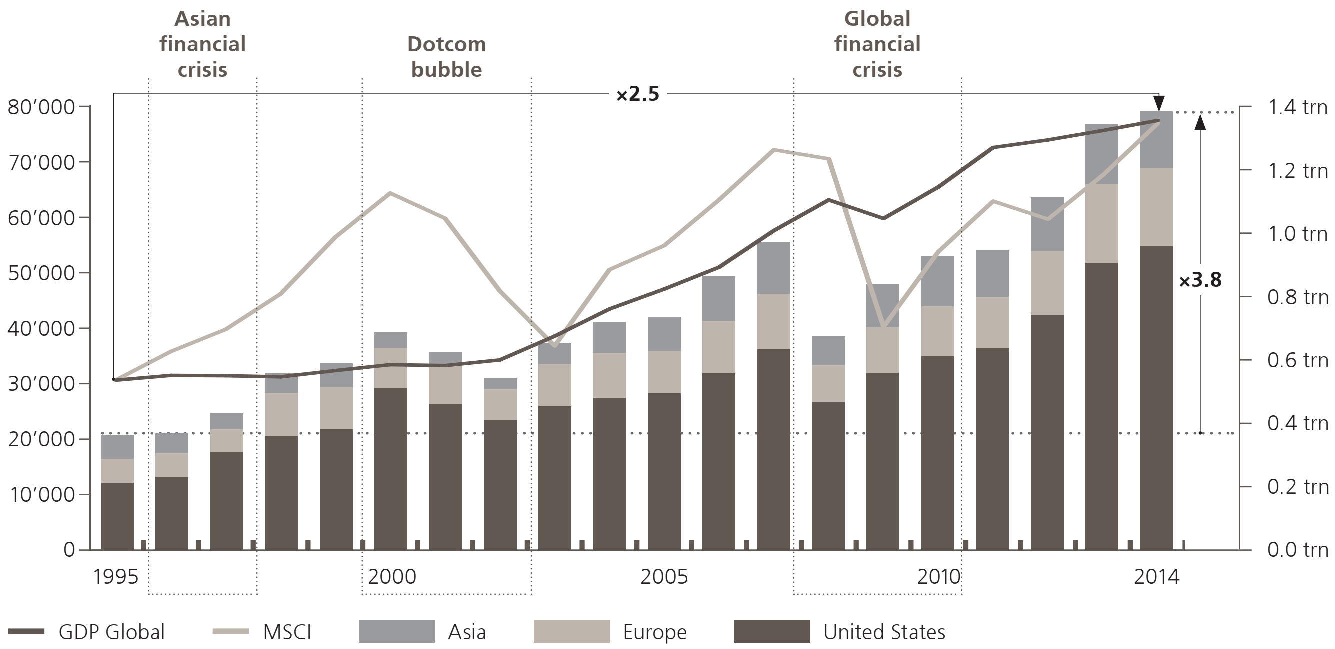
This exceptional group of billionaires has not only been able to remain in this elite class, they have grown their average wealth by a factor of 3.8 in the last two decades, boosting their average wealth from US$ 2.9 billion to US$ 11 billion in 2014. Since 1995, they have created a total of US$1 trillion of wealth, approximately 21% of that produced by our entire global billionaire population.

Billionaire's wealth is correlated with both equity markets and GDP, but it's less volatile than the former and shows stronger growth than the latter. Demonstrating the strength of these entrepreneurs' businesses, they've proven more resistant to the frequent crises that have punctuated the past 20 years than equities.

Upon a closer look at the industries of these long-term billionaires, three sweet spots stand out. These are: Consumer & Retail (32%), Technology (19%) and Financial Services (16%). Between them, they account for almost two thirds of total wealth. Technology has doubled its share of wealth, up from just 10% in 1995. Meanwhile, Consumer & Retail remains the single sector holding the greatest wealth, accounting for a similar proportion to 1995 (30% in 1995). Financial Services' share has grown

The compounding effect of billionaires' robust businesses outperforms equities and GDP.

Dynamics of Core Constituents' wealth 1995–2014 per region (in trn)



slightly (12% in 1995). From a regional perspective, the picture is slightly different. In Europe, Industrials takes the place of Financial Services, reflecting the strength of engineering. In Asia, Real Estate is a top sweet spot, benefiting from the wave of urbanisation and significant rise in asset values.

By contrast, on a global level and reflecting the US-centric nature of survivors, the sectors with the highest dropout rates were: Industrials, Real Estate and Health Industries.

Keeping a business intact when a crisis hits a sector takes the dogged determination identified as a key personality trait of the self-made billionaire: "When the whole industry went down, I had to cope with real stress, slept only four hours a day, changed my nutrition and put my personal life on hold in favour of the business," said one survivor. "Once I stabilised it, I started taking over several smaller competitors and ended up with my business almost double in size after the crisis."

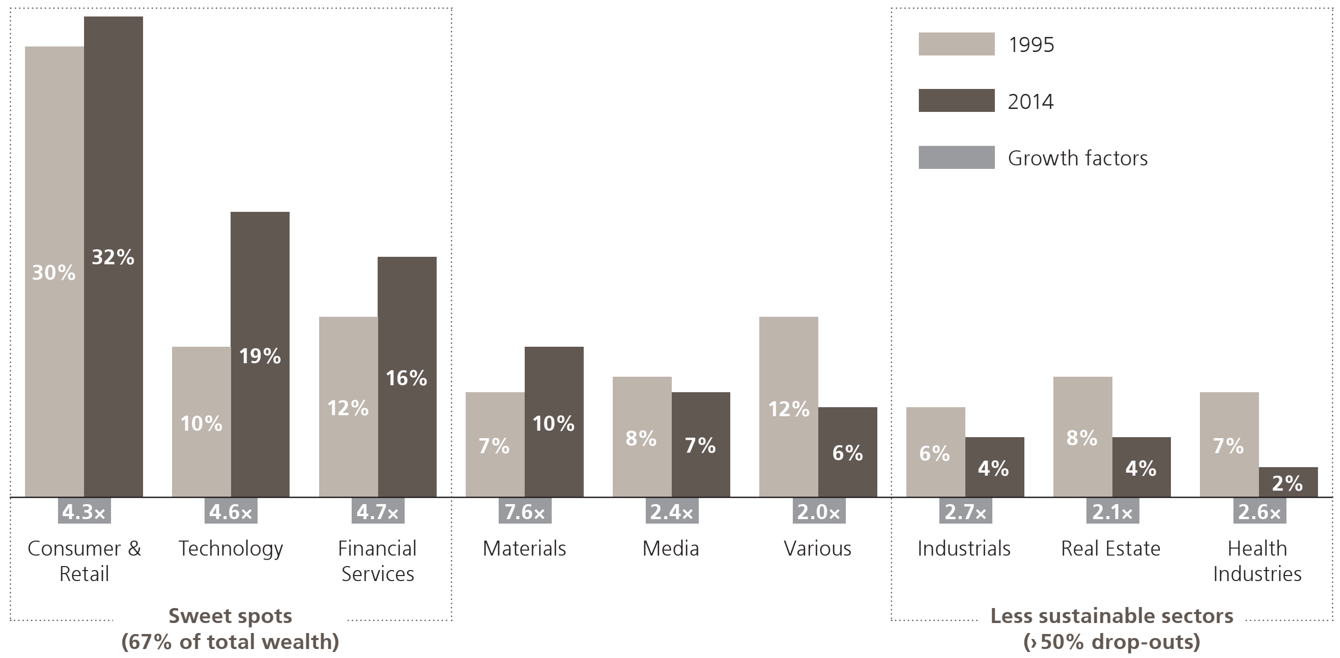
Stick to what you know

Our analysis shows that every sector has its own characteristics, thus requiring a different billionaire playbook. Yet from an empirical point of view, the majority of billionaires across our sweet spots have kept their original business (Consumer & Retail 76%, Finance 31%, Technology 47%) or chosen what we call a hybrid strategy where they've kept parts of the business and expanded into other fields (Consumer & Retail 18%, Finance 37%, Technology 47%).

// In **Consumer & Retail**, our analysis shows that holding on to the original business most effectively preserves wealth or creates further growth. In these businesses, scale is a considerable competitive advantage and a barrier to entry. The sector's multi-generational billionaires, which make up two thirds of the group, have tended to hold their wealth in the original business, showing the longevity of this approach.

Sustainable wealth preservation across sectors.

Share of total wealth



// The **Technology** sector shows a different picture. Made up of self-made entrepreneurs, this group splits between holding on to the original company and the hybrid approach. Our view is that tech billionaires riding the wave of innovation and technology at some point recognize the double-edged sword of disruption. Thus, once the company allows it, we see tech billionaires adapt a hybrid strategy through hedge funds, endowments and private investment offices in order to diversify away the cluster risk and often also pursue aggressive wealth creation opportunities elsewhere.

// Within **Financial Services**, the story is simple and hinges on the question of how to continue the business without the acumen of the entrepreneurs. While billionaires invested in traditional financial services firms chose to stick to their original businesses, this strategy has proven difficult for hedge funds and private equity firms where the business depends on the founder's investment skills to a large extent. Here we see billionaires again putting their eggs in different baskets as they move towards wealth preservation. One finance billionaire described clearly in a videoconference interview that he not only doubted his children would have his investment skills but also wanted them to make their own way: "I don't want my children to succeed me in my industry since they lack the expertise and the knowledge. Rather, I want them to excel in what they've studied and are passionate about, and succeed there."


FERRAGAMO
FERRAGAMO

MAKING WEALTH LAST: AVOIDING THE TRAPS

At the end of the first 'Gilded Age', economic depression, higher taxes and the emergence of large public companies suppressed the opportunities for creating great wealth. Echoing this, we believe the factors that may lead to this second Gilded Age levelling off are intensifying, which will put billionaires and their legacies under pressure.

The impact of increasing regulation and taxation has yet to feed through fully to billionaires' businesses, but our interviews suggest that it may be significant. In part, more regulation and tax may be a natural reaction to a period of extreme wealth generation. Combined with the slowing economic growth in parts of Asia and other emerging markets, this is making the environment more challenging.

Yet even in normal times it's difficult to leave lasting legacies. As our research shows, only 31% of 2014's billionaires are multi-generational.

The road to lasting legacies
What makes it so difficult to build legacies that last? Based on our research, there are three 'moments of truth' for legacies – economic crises, regulatory and tax challenges, and transitions to the next generation. If they are to survive, legacies must have the strength and flexibility to respond to market movements, regulatory and taxation changes, to maintain robust engines of wealth and to manage family transition issues.

Dealing with taxation and regulation
In the past 10 years, the political mood has significantly changed over regulation and taxes. An era of deregulation and liberal taxation has made way for re-regulation and tighter tax legislation. In part, this results from the financial crisis.

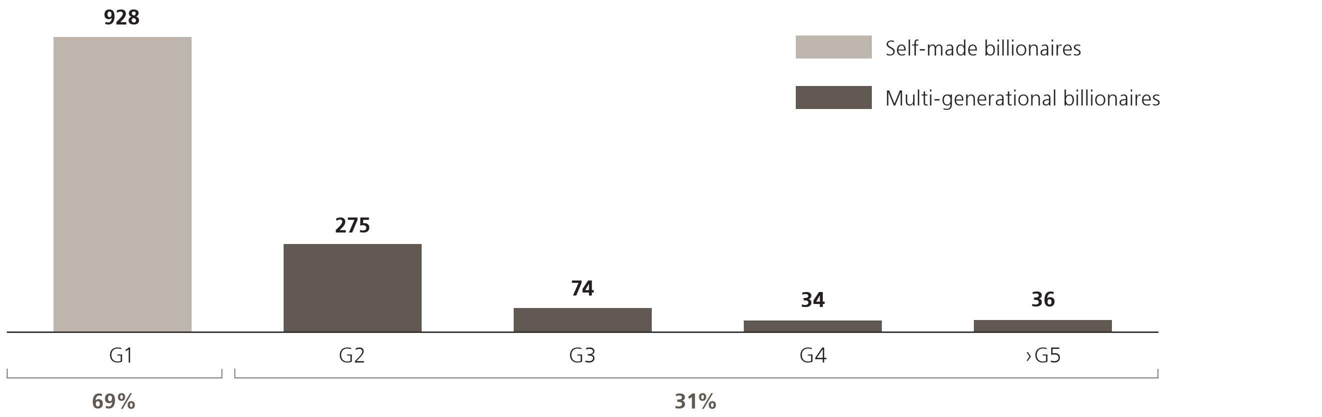
Regulation threatens two of the sweet spots for billionaire wealth generation in particular – Technology and Financial Services. In the EU, regulators have launched anti-trust investigations into technology firms. Meanwhile, rising regulation of banks, private equity and hedge funds has reduced remuneration and raised barriers to entry for boutique asset managers.

Recent changes in the tax landscape affect legacies from all sectors. A global governmental drive to tighten tax legislation, spearheaded by G20 and then the OECD's Base Erosion and Profit Shifting (BEPS) project to target multinationals, is also having an impact on the very wealthy.

For legacies, the effect of these measures goes beyond taxation. While family members face greater taxation (i.e. new or increased inheritance tax, dividend or capital gains taxation), the business legacy has to cope with a set of new transparency and transfer pricing rules that have wide-ranging implications. One third-generation billionaire explained: "With new regulations and taxes coming it is more and more difficult to take a long-term approach to investing in start-ups and our existing business, which acts as a cash generator both for the family and for expanding into new markets and technologies.

Only 31% of billionaires are multi-generational, iterating the difficulty of leaving a lasting legacy.

Billionaire generation distribution of in scope markets



"The authorities have even started challenging our business rationale and putting forward their own ideas about how a business should be run, which is unacceptable."

Maintaining robust wealth engines
All lasting legacies have one thing in common – a wealth engine robust enough to weather economic crises. There are three options: retaining the original business, choosing a hybrid strategy of retaining the business and making further investments, or becoming a pure financial investor. More than two thirds (69%) of today's multi-generational billionaires have kept their businesses, suggesting this route has been the most successful. Some 19% have followed the hybrid route, while 12% have become pure financial investors.

For some of the old European and US multi-generational billionaire families, retaining a large stake in the original business has increased wealth in line with the growth in family members. These businesses have maintained their competitive advantages and provided an engine for family wealth down the generations. Pure generational algebra means that in growing families a first-generation legacy of US$1 billion can dilute down to a few millions of dollars five generations later.

Summing up the difficulty of avoiding family wealth dilution, an Asian second-generation billionaire said: "With a fast growing family we need to have a business that grows in order to satisfy the needs of family members. We must take on more risk and the family is aware of it."

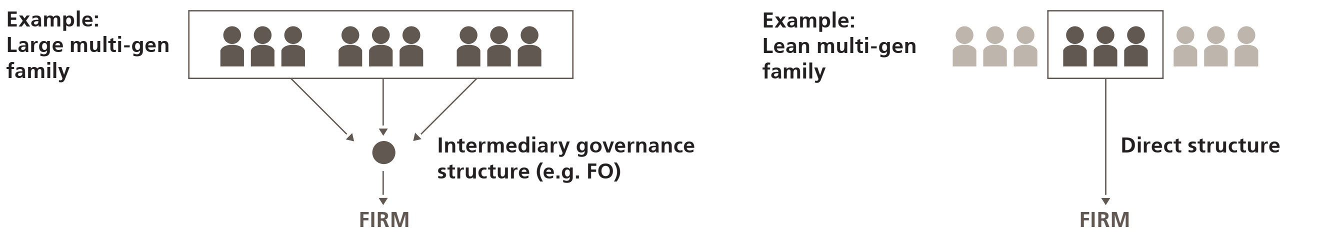
Inheriting more than genes
When it comes to the bond between the family and the firm in a legacy, our research confirms the importance of deciding whether the family or firm comes first. This results in two distinct governance models: "family-over-firm" and "firm-over-family". The family-over-firm model is natural when the entrepreneur is still running the business and even in the second generation. But the firm-over-family model becomes common from the third generation onwards, when businesses need to be sheltered from the diverging interests of multiplying family members.

Illustrating the dynamics of the firm-over-family model, a third-generation billionaire family member stated: "As family members we can have a say in the firm, but the firm does not belong to us. It belongs to the family and if you want to be part of it you have to adhere to the family constitution."

Within the firm-over-family model, we've observed two forms of ownership – the 'large' versus 'lean' multi-generational family approaches.

Large and lean multi-generational firm-over-family models.

Different ownership models



Key Factors	• Focus on securing strong decision-making ability of the firm • Keep whole even with fragmented ownership across family • Regulated involvement of family members in the business	• Reduction of stakeholder complexity by truncating family size through cash-out or other means • Keep whole for inner circle of family in favour of the firm

One of our interviewees, a third-generation member of a family following the 'large family' approach described the principle: "We have clear criteria of who can be involved at what level of the firm and always benchmark with outside talent. The purpose of the firm stands above the purpose of the individual family members."

By contrast, a member of a fifth generation 'lean family' stated: "It was a very conscious decision to remove the cousin from the firm, albeit a very expensive one."

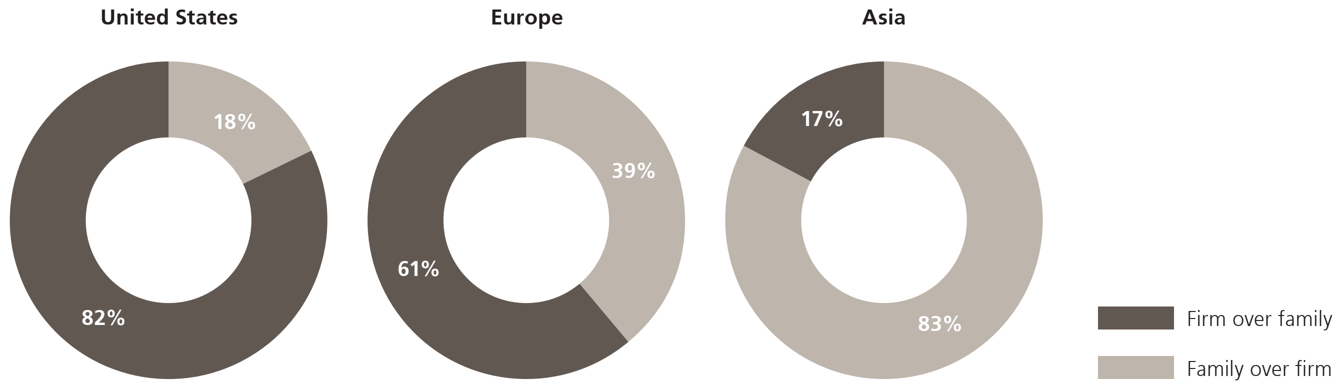
Location, location, location

Culture and society also affect these models. While regions such as the US and Northern Europe prefer firm-over-family models, Southern Europe and Asia adopt family-over-firm models. The latter tends to be more widespread in cultures where the eldest in society are held in high esteem and individual interests are subordinated.

An Asian second-generation female billionaire illustrates the geographical trend. "Since my husband died, I have become the single owner of all our family assets, but I delegate the business decisions to my three sons," she said. "In our culture, ownership brings authority and I do not want to lose this, so I will keep the assets until I die." Exactly the opposite opinion is expressed in other corners of the globe. A billionaire we sat down with in the US admitted:

Location, location, location: Governance differs across regions

Governance model of multi-generational billionaires across regions (class of 2014)



"Managing the family in the transition is really difficult, as the young seem to less and less accept the elders in my opinion".

Our findings also show that, irrespective of the governance model, a shared identity and common set of values lies at the heart of a lasting legacy. Businesses held through generations provide the backbone for such legacy values, which are often complemented by meticulously designed family charters and similar governance aids. The pursuit of philanthropy can also foster a family identity, as we have seen more frequently in the last decade. In our interviews, one billionaire told us how philanthropy plays a central role within his family's legacy, joining together resources from both the business and the family in a common philanthropic purpose.

Taking measures to preserve these values is becoming more important as globalisation and the increased mobility of young people brings new perspectives and values home. In particular, this is challenging the domestic and family-oriented values that define legacies in regions such as Asia.

OUTLOOK – WHAT'S NEXT

Change is constant, even in the elite world of billionaires.

Over the past two decades the population of billionaires globally has grown more than four fold. More than 90% of billionaires today gained their wealth over the last two decades and only 44% of billionaires identified in 1995 remain so today. It is an increasingly diverse population, with more women and more nationalities represented. Their philanthropic outreach is growing, but so are the challenges confronting them: economic crises, regulatory and tax challenges and intergenerational transfers of wealth and ownership.

Based on our analysis, we expect two current trends to gain momentum during the next decade.

More women, more wealth creation
Although female billionaires remain a minority, the growing opportunities for women to accumulate wealth suggests female entrepreneurs will drive significant growth in the number of billionaire women. In multi-generational billionaire families, we expect more and more daughters to be groomed to take an active role in leading the family and its business.

We expect female billionaires in the US and Europe will pioneer entrepreneurial philanthropy, engaging in public policy advocacy and for-profit investments that further their favoured causes. And in Asia, the region we expect to be the centre of new billionaire wealth creation, we expect the strong entrepreneurial trend to continue. Female billionaires will drive philanthropy forward as they increase in number and as they play larger roles in their families' commitments in the space.

Tough decisions lie ahead
A survival rate of just over 40% of fortunes over the past 20 years clearly shows the volatility of great wealth. With the increased complexity of regulations and taxes and two-thirds of billionaires over age 60, sustaining legacies may be the most difficult and immediate challenge for today's billionaires.

Greater complexity means that greater pragmatism is needed in order to preserve legacies. Based on our extensive body of research, we expect multi-generational families in Asia to help themselves through creation of family offices, while US and European family offices will become even more sophisticated to help sustain legacies. Developing shared identities and common sets of values among large families will become more important for legacies to last.

Other billionaires have taken this complexity out of the equation for the greater good. Nearly one-sixth of US billionaires have decided "the buck stops here" as they have joined the pledge to give nearly all their fortune to philanthropic causes during their lifetimes.

While we can expect change from year-to-year to be gradual, we are confident that the billionaire population 10 or 20 years from today will be just as different from today's billionaires as they are from those we studied 20 years ago.

A few words about the research and sources:
A number of sources were utilized to research and profile the characteristics of wealthy individuals. These were blended into a mosaic analytical framework from which we conducted extensive modelling and analysis. This information and data is part of PwC proprietary data and analytics structures and are non-commercial in nature and specifically non attributable regarding the identity of any underlying individual or family.

PwC acts as a supplier of data and analysis for the purpose of this report. In addition the following were specifically leveraged as a part of our research:

- PwC has a significant body of research drawn from publishing studies on Wealth and Private Banking, and Family Businesses including current and future perspectives on a number of industries from which we were able to derive insights. These include The Global Private Banking and Wealth Management Survey (2013, 2011, 2009), and the Asset Management 2020, A Brave New World (2014), Family Business Survey: Up Close and Professional (2014) and from our network firms Strategy&: Leveraging an untapped Talent Pool (2014) and INTES: Nachfolge in Familienunternehmen (2015). Further 'UBS' body of research and insights in Wealth Management were leveraged. This includes the Global Family Office Report (2015).

- Other analysis is based on our proprietary PwC databases which covers non client specific detailed bottom-up data on more than 1,300 billionaires from the US, Germany, UK, France, Switzerland, Turkey, Italy, Spain, China, India, Hong Kong, Japan, Singapore, Russia. This is a private non-commercial data structure designed to support analysis of specific market segments.

- Specific interviews with a number of billionaires in various geographies were conducted exclusively by PwC and the information from those qualitative discussions were incorporated on a non-attributable basis without regard to any business /client relationship with any person, firm or organization.

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