

8 November 2019

# News Release

## **UBS/PwC Billionaires Report 2019: Billionaire-controlled companies return almost twice the average market performance**

**Findings come as billionaire wealth dips in 2018, following five years of growth**

### **Key findings:**

- **Over the 15 years to the end of 2018, billionaire-controlled companies listed on the equity market returned 17.8 percent, compared with the 9.1 percent of the MSCI AC World Index**
- **The strong dollar and volatile equity markets saw billionaire wealth decrease to USD 8.5 trillion after five years of growth**
- **The Americas saw a slight increase in wealth, adding 33 new billionaires in 12 months**
- **Tech billionaires saw their wealth increase more than any other sector last year, fuelled by existing businesses and disruptive new market entrants**
- **Billionaires are now using their business experience to drive impact through philanthropy**
- **The number of female billionaires has grown by 46 percent in five years**

Zurich/London, 8 November 2019 – Billionaire-controlled companies have returned almost twice the average market performance over the past 15 years, new research published today reveals.

This is one of the findings of the annual UBS and PwC Billionaires Insights report, *The Billionaire Effect*. The report also reveals that, more broadly, billionaires' wealth dipped by USD 388 billion in 2018, following five years of growth.

Asia's billionaires saw a correction following five years of significant growth, during which their wealth almost quadrupled. By contrast, the Americas saw a slight wealth increase this year, led by prominent US tech billionaires. Despite slowing growth last year, billionaire wealth is over a third higher (34.5 percent) than five years earlier, amounting to an increase of USD 2.2 trillion.

**Josef Stadler, Head of Ultra High Net Worth at UBS Global Wealth Management, commented on the new report:** "The billionaire boom of the past five years has now undergone a natural correction. The stronger dollar, combined with greater uncertainty in equity markets amidst a tough geopolitical environment, has created the conditions for this dip."

"Nevertheless, it's clear that billionaire businesses continue to thrive. Billionaires are creating and steering businesses that consistently outperform equity markets. This business acumen has also translated into their philanthropy, as billionaires seek new ways to engineer far-reaching environmental and social change. This 'Billionaire Effect' is alive and well across the world – and shows little sign of slowing."

*Key findings include:*

### **The Billionaire Effect drives outperformance**

- Billionaire companies listed on the equity markets outperformed the global benchmark by 8.7 percent in the 15 years to the end of 2018.
- Billionaire-controlled companies, both public and private, delivered a return on equity (ROE) of more than 16 percent over the 10 years to the end of 2018, again beating the MSCI AC World Index, which averaged slightly over 11 percent.
- This Billionaire Effect can be attributed to billionaires' appetite for smart risk taking and their greater willingness to plan and invest for the long term.

**Marcel Tschanz, Partner and Swiss Head Wealth Management, PwC Switzerland, said:** "First the EU action plan for Sustainable Finance, then the UN Sustainable Development Goals (SDGs) have shown the world how individuals and institutions are expected to foster sustainability. The broad public, however, is just catching up with our self-made entrepreneurs, who in the past years have transformed, innovated, and become more strategic in their ways of doing good."

"Even if all the billionaires donated their total aggregated wealth of USD 8.5 trillion, they would not bridge the SDGs' yearly funding gap, estimated at USD 7 trillion. Billionaires have taken up their responsibilities and a growing number of them are active in tackling world epidemic issues. It is up to all of us now to follow the leadership role billionaires have led, raise the power of technology and push for change."

### **Billionaires are transforming the business of global philanthropy**

- Self-made billionaires are seeking new ways to make the world a better place. Traditional grant-giving is evolving into strategic philanthropy and championing some ambitious causes.
- Philanthropists are also increasingly collaborating to make a difference, with other billionaires, NGOs, charities and governments.
- Billionaires are using their wealth, problem-solving skills, networks and influence, to develop new models of philanthropy which achieve the greatest impact.

### **Women are joining billionaire ranks in greater numbers**

- The number of female billionaires has grown by 46 percent in five years - ahead of the growth rate of male billionaires in the same period (39 percent). There are now 233 female billionaires, up from 160 in 2013.
- In Asia, over half (57 percent) of female billionaires are now self-made.
- Four in 10 of 2018's self-made female billionaires built businesses in the consumer and retail sector.

### **Billionaires are becoming entrepreneurial investors**

- Nearly four in ten UBS client advisors (39 percent) say their clients have purchased businesses in the past year. At the same time, many say their clients have sold businesses (33 percent) through trade sales or IPOs in the past 12 months, while a similar number (30 percent) expect clients to do so in the next year.
- In order to safeguard record growth from the past five years, over one-fifth of client advisors say their billionaire clients have made significant changes to their investment strategies. Another 13 percent suggest their clients will do so in the next 12 months.

### **Other regional highlights include:**

- **The Americas bucked the trend of dipping wealth, nudging upwards 0.1 percent.** The net number of billionaires in the Americas also rose by 4.8 percent to 749 by the end of 2018. Growth

was lifted by US tech titans, as existing entrepreneurs continued to maintain their growth and new entrants started to make good headway.

- **In EMEA, wealth dipped nearly 6.8 percent** to USD 2.4 trillion. The number of European billionaires declined by 4.9 percent to 598.
- **APAC remains the region with the highest number of billionaires globally.** Nevertheless, the number of billionaires in APAC dropped 7.4 percent to 754 in 2018. This masks considerable churn, as 169 people fell off the billionaire list and 110 new entrants emerged. China produced 56 billionaires in 2018, which equates to one per week.

Now in its fifth year, the Billionaires Insights 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. Our research includes over 30 face-to-face interviews with billionaires and their heirs and, for the first time, a survey of over 100 UBS client advisors.

**To download the 2019 UBS/PwC Billionaires report** and previous versions, please visit:

<https://www.ubs.com/billionaires>, or <https://www.pwc.ch/billionaires>

## Notes to Editors

### About UBS

UBS provides financial advice and solutions to wealthy, institutional and corporate clients worldwide, as well as private clients in Switzerland. UBS's strategy is centered on our leading global wealth management business and our premier universal bank in Switzerland, enhanced by Asset Management and the Investment Bank. The bank focuses on businesses that have a strong competitive position in their targeted markets, are capital efficient, and have an attractive long-term structural growth or profitability outlook.

UBS is present in all major financial centers worldwide. It has offices in 50 markets, with about 31% of its employees working in the Americas, 32% in Switzerland, 19% in the rest of Europe, the Middle East and Africa and 18% in Asia Pacific. UBS Group AG employs over 67,000 people around the world. Its shares are listed on the SIX Swiss Exchange and the New York Stock Exchange (NYSE).

### About PwC

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 157 countries with over 276,000 people who are committed to delivering quality in assurance, advisory and tax services. PwC Switzerland has over 3,300 employees and partners in 14 locations in Switzerland and one in the Principality of Liechtenstein. Find out more and tell us what matters to you by visiting us at [www.pwc.ch](http://www.pwc.ch).

PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.

## Report methodology

Research methodology for section 1

To conduct the research in section one, we first needed to identify the companies controlled by billionaires. Taking the 2,101 billionaires on our database at the end of 2018, we identified those companies that they controlled, using the following definition of control:

- 20% or more of a company's equity;

- 30% or more of a company's voting rights;
- despite having less than 20% of the equity and 30% of voting rights, the billionaire evidently steers the company.

### **Goals and scope**

We set out to assess the performance of billionaire-controlled companies in three ways:

- Through stock performance in public equity markets (by creating an index)
- By comparing the profitability of billionaire-controlled companies under different ownership models;
- Analyzing the pre- and post-IPO profitability. See below for methodologies in each of these three areas of analysis.

### **Stock performance on public equity markets**

We identified publicly-listed companies controlled by billionaires at the end of the years 2003, 2008, 2013 and 2018, narrowing this selection further to companies that represent a respective billionaire's primary source of wealth. From this selection, the stock performance data was collected for 604 companies from January 1 2003 to December 31 2018, using Bloomberg as data source. We calculated the average annualized returns for the companies selected in 2003, 2008 and 2013, and constructed an index that switches the universe every five years to the new set of billionaire-controlled companies in order to reduce the selection bias. The index has been adjusted to reflect the sector and regional weightings of the MSCI ACWI. We focused on the returns of an equal-weighted portfolio rather than on a capitalization-weighted portfolio. In terms of numbers of companies in scope, both universes of constituents (billionaire companies and the MSCI ACWI) increased over the past 15 years. The number of billionaire companies, however, increased significantly more in terms of percentage points.

### **Profitability under different ownership models**

For this analysis, we looked at the companies controlled by the billionaires in our 2018 list and included privately-held companies. We selected 535 companies judged to be billionaires' primary sources of wealth and for which data was available for the 10 years from 2008 to 2018. We calculated the average return on equity (ROE) per year, excluding the outliers, and ensuring that the data collected covered all regions and all sectors. We then compared ROE against the average for the MSCI ACWI.

### **Pre- / post-IPO profitability**

We identified 102 billionaire-controlled companies (excluding outliers) that based on Bloomberg data have floated on public equity markets in the 10 years from 2009 to 2019. We calculated the average ROEs for these companies in the three years before initial public offering (IPO) and up to six years after. Average ROE was compared with that for 9,069 non-billionaire-controlled companies that had an IPO from January 2009 until July 2019.

### **UBS Group AG**



Media Relations

Tel. +41-44-234 85 00



Media contacts

**UBS**

Switzerland: +41-44-234 8500  
UK: +44-207-567 47 14  
Americas: +1-212-713-3130  
APAC: +852-297-1 8200  
[mediarelations@ubs.com](mailto:mediarelations@ubs.com)

**Headland Consultancy**

Oliver Tilley: +44-20-3805 4836, [otilley@headlandconsultancy.com](mailto:otilley@headlandconsultancy.com)  
Del Jones: +44-20-3805 4860, [djones@headlandconsultancy.com](mailto:djones@headlandconsultancy.com)  
Hannah Davis: +44-20-3725 7503, [hdavis@headlandconsultancy.com](mailto:hdavis@headlandconsultancy.com)

**PwC**

Stephanie Tobler Mucznik  
Manager Integrated Communications, PwC Switzerland  
+41-58-792 18 16, [stephanie.tobler.mucznik@ch.pwc.com](mailto:stephanie.tobler.mucznik@ch.pwc.com)

Andrea Colosio  
ADV FS Consulting, PwC Switzerland  
+41-58-792 40 19, [andrea.colosio@ch.pwc.com](mailto:andrea.colosio@ch.pwc.com)

© UBS 2019. All rights reserved.

The key symbol and UBS are among the registered and unregistered trademarks of UBS.

[www.ubs.com/media](http://www.ubs.com/media)