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Wealth of £2.9m? Sorry, you're just not worth it . . .

by Patrick Hosking, Banking and Finance Editor
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Morgan Stanley yesterday set a new benchmark for anyone aspiring to be considered rich, indicating that it was no longer interested in UK private clients with less than £3 million in liquid assets.

In a move illustrating the relative desirability of rich versus super-rich clients, Morgan sold its so-called "mass affluent" fund management business Quilter for £230 million.

James Gorman, president of Morgan's wealth management group, said that the bank now wanted to concentrate on richer clients. "This sale is the result of our strategy to focus our UK wealth management effort on the high net-worth and ultra high net-worth market segments," he said. Morgan defines high net-worth people as those with non-property wealth of £3 million or more. Ultra high net-worth means more than £20 million.

The sale comes five years after Morgan bought Quilter from CGU, a forerunner to Aviva, for £172 million and comes weeks after Morgan underlined its shift upmarket with three hedge fund acquisitions.

Morgan's decision to specialise in the super-rich is because it is able to treat them more like its institutional clients, putting them in more complex alternative assets and derivatives. Banks and wealth managers catering to the merely well-off have sometimes struggled, their computerised, formulaic approach failing people wanting a personalised service. There is a serious shortage of well-qualified financial services sales people.

The high cost of specialist tax and investment advisers can much more easily be absorbed by the larger portfolios of the super-rich.

Wealth managers are gearing up for an unprecedented inflow of new money in January and February as London investment banks pay record bonuses. Morgan staff are due to be told the size of their bonuses today. James Anderson, chairman of the PAM Directory, which ranks wealth managers, said: "The very rich are getting much richer, much faster, than the rest of the population."

