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Accelerated Performance through Research



**Affluent Market
Practice**
860-653-1720

Size of the Affluent Markets – An Update

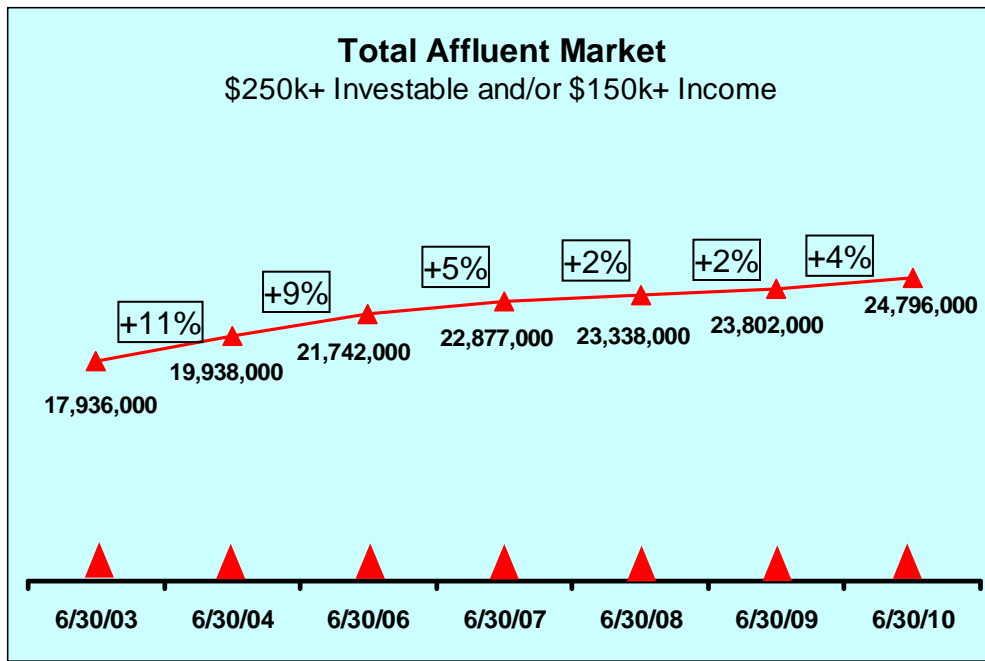
September 15, 2010



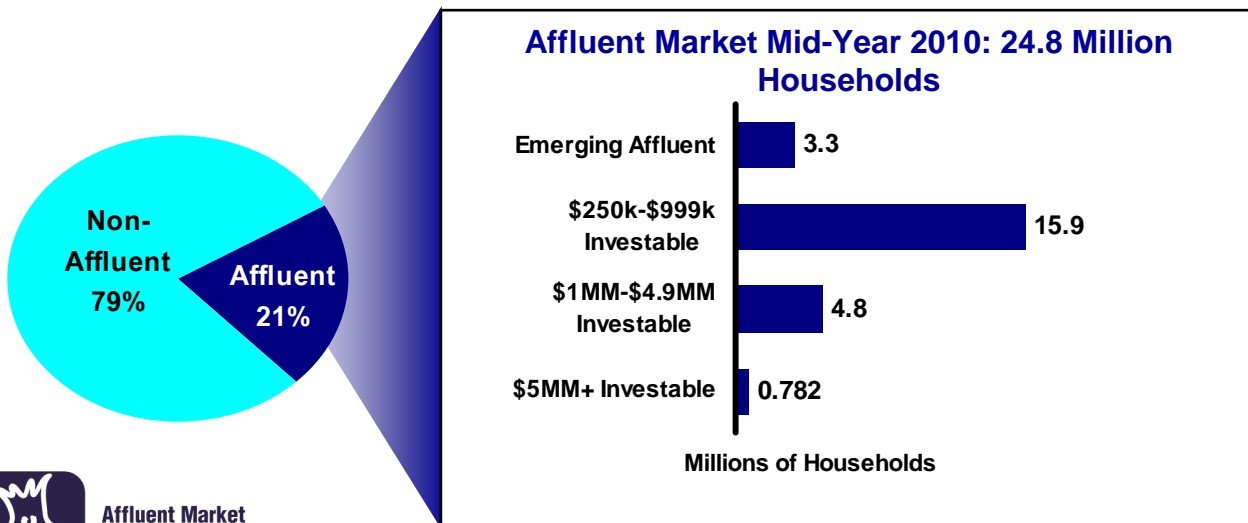
Impressive Resilience of Affluent Investors

Despite enormous volatility in the economy and stock markets, the broad affluent market in the U.S. has managed to register small gains in numbers over the past three years, and now number nearly 25 million households. As the Total Affluent market is defined in part by income, it is likely that income growth at the higher end of the spectrum, rather than portfolio growth, has been the key factor in the continued increase in this market (see next page for details).

Phoenix defines Total Affluent as \$250,000 or more in investable, or liquid assets, or \$150,000+ in household income.

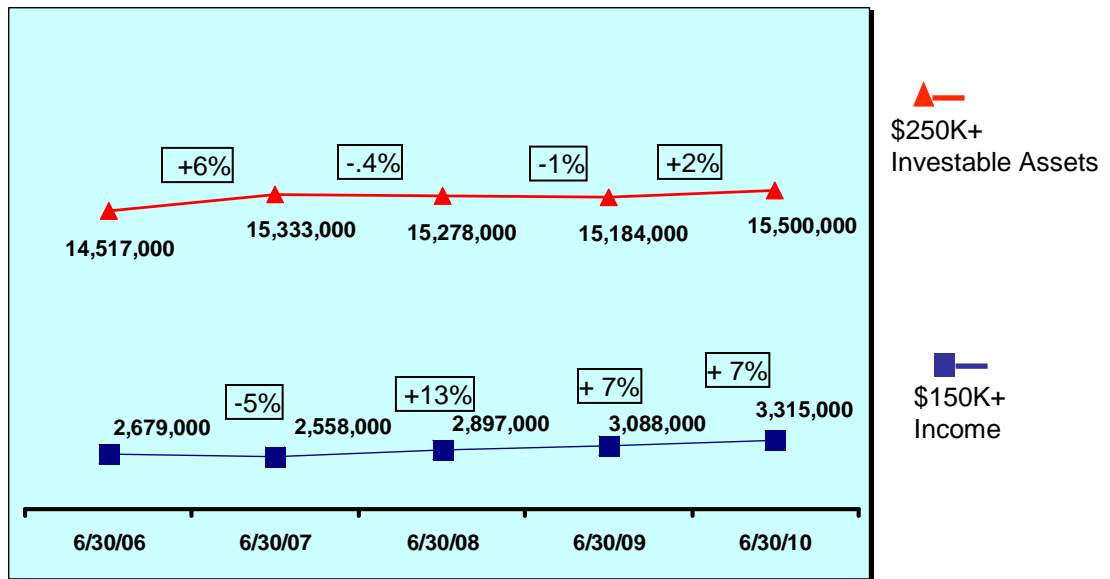


Data not reported for 2005 due to discrepancies in sources

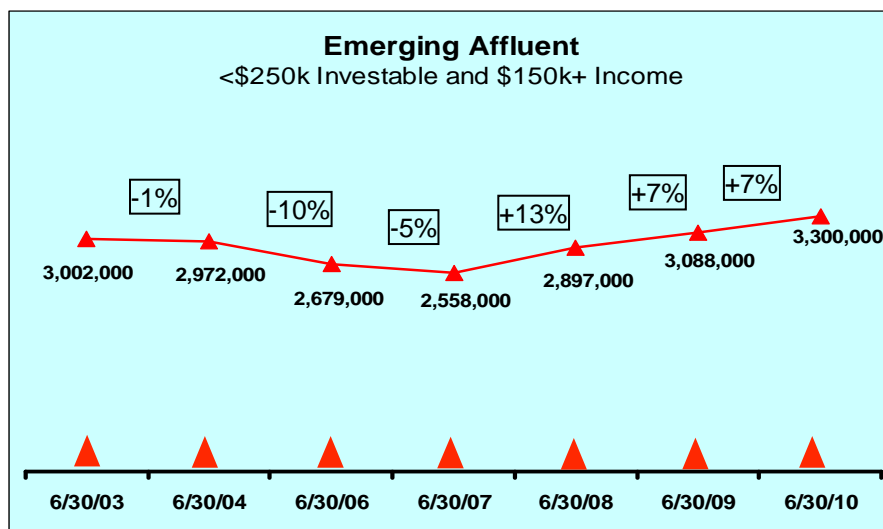


Impact of Income Versus Investable Assets

Current gains in the number of affluent households can be largely attributed to income growth. Investors with \$150k+ in income saw an average of a seven percent gain in numbers from 2008-09 and from 2009-10. In contrast, when measured by investable assets only, the size of the market declined by one percent from 2008-09 and grew only two percent from 2009-10.

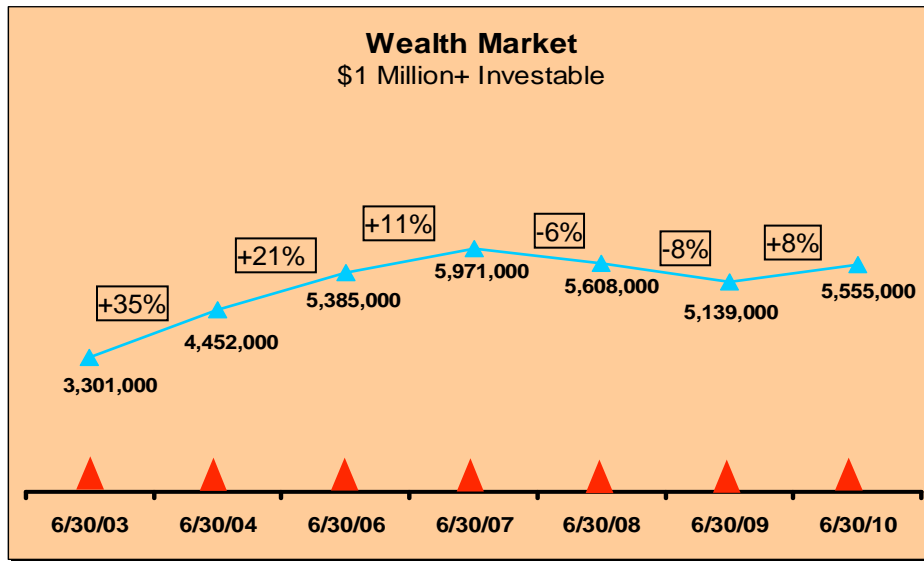


Income gains, coupled with households that have fallen out of the Mass Affluent segment, have also contributed to steady gains in the number of Emerging Affluent. Gaining seven percent in numbers over the past two yearly tracking period, Emerging Affluent now number 3.3 million U.S. households. While they have the income to potentially grow into higher wealth categories, many Emerging Affluent are saddled with enormous levels of debt, and cash flow needs constrain their ability to invest.



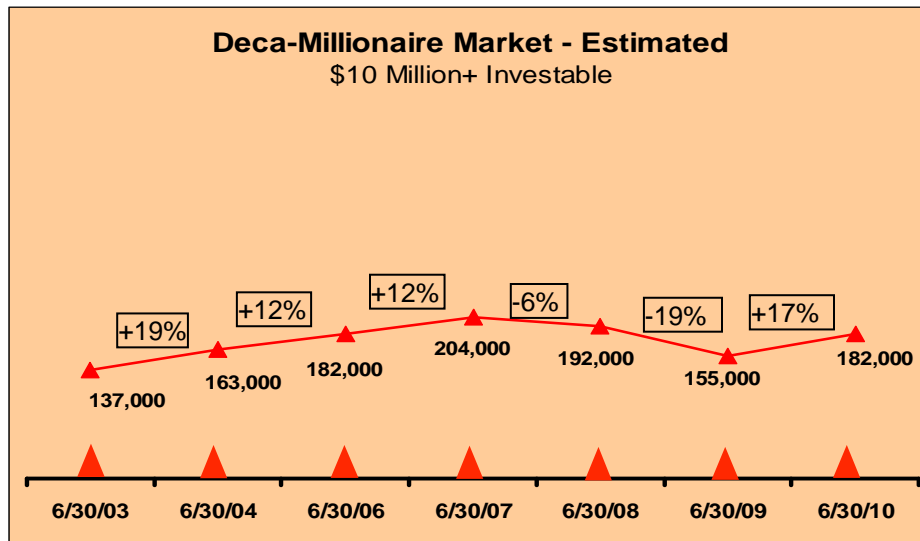
Millionaire Rebound

After downsizing in number through the market turmoil of mid-year 2007 to mid-year 2009, Wealth Market households rebounded at mid-year 2010. Recording an eight percent growth rate from 2009 to 2010 from the strength of increases in the equity markets, Wealth households now number nearly 5.6 million in the U.S.



* Data not reported for 2005 due to discrepancies in sources

At the very high end of the affluent market, among Deca-millionaires, segment growth rates mirror those of the Penta-millionaire market. As of mid-year 2010, we estimate that there are about 182,000 households in the U.S. with \$10 million or more in liquid wealth, up seventeen percent from the previous tracking period.



Market Sizing Report

The Phoenix Affluent Marketing Service (AMS) Sizing report is intended to provide estimates of the number of affluent and wealthy households in the country. Sizing estimates are provided at the State level as well as by Core-Based Statistical Areas (CBSAs). A Core-Based Statistical Area, which replaces the previously reported Metropolitan Statistical Area (MSA), is comprised of Metropolitan and Micropolitan Statistical Areas which are defined as follows:

- Metropolitan statistical areas have at least one urbanized area of 50,000 or more population, plus adjacent territory that has a high degree of social and economic integration with the core as measured by commuting ties.
- Micropolitan statistical areas are a new set of statistical areas that have at least one urban cluster of at least 10,000 but less than 50,000 population, plus adjacent territory that has a high degree of social and economic integration with the core as measured by commuting ties.

Currently, there are 940 Metropolitan and Micropolitan statistical areas in the United States.

Methodology

The AMS sizing estimates are developed using a combination of sources including a national survey conducted by TNS, our AMS field partner, as well as Claritas. The national survey sample provides the framework and allows us to determine the general number and distribution of households by their level of investable assets. It employs a weighting model which includes six demographic inputs: age, income, geographic region, household designation, household size, and market size. Estimates are further refined using the age and income distributions provided by Claritas. Together, these inputs enable us to estimate the number of households by investable assets at a national level.

Formulas are then created by applying national estimates to closely linked variables developed by the Census. This methodology allows us to obtain estimates at smaller units of geography. It is important to note that the numbers provided in this report are estimates, not actual number of households. They can best be used for comparative purposes.

