

FINANCIAL SERVICES

## Brexit could cause British affluents to take their investments abroad: report

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*British affluents prepare for Brexit. Image credit: Rolls-Royce*

By BRIELLE JAEKEL

While the outcome of Brexit is still up in the air, more than half of British affluents are preparing by rearranging their portfolios ahead of the initial date.

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Uncertainty is significant throughout the United Kingdom, where consumers and brands alike are wary of a post-Brexit future and the terms that will be settled on. This is especially true for wealthy British consumers, with a **new report from Altiant** finding that 23 percent of them are considering leaving the U.K. if it does in fact completely separate from the European Union.

"The purpose of the research was to measure the impact of Brexit on their finances, shifting natures of portfolios and the risk of investment flight," said Lars Long, CEO of **Altiant**, Stockholm. "Yet we discovered something with an even larger impact: a real risk of investors' flight.

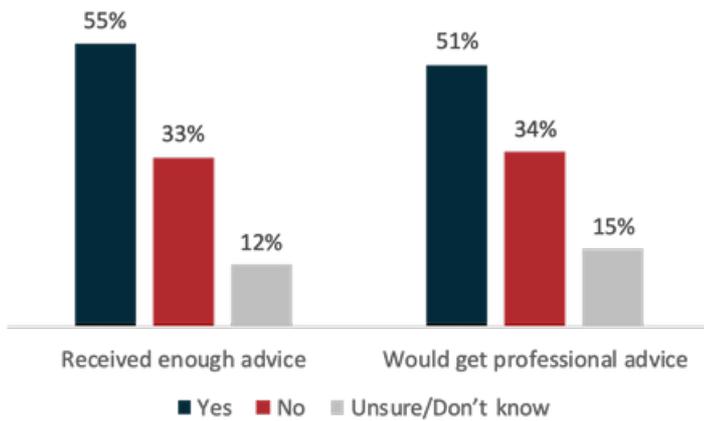
"If the U.K. does implement Article 50 to leave the E.U., 23 percent of the U.K. affluent investors interviewed say that they would consider emigrating," he said. "This represents a real risk for the U.K., especially considering that this population has the means to execute their will. This population tends to be prolific investors abroad.

"This financial resentment' might be related to another finding. When we asked them if the U.K.'s decision to vote to leave the E.U. had affected their finances from 2016 to now, more than a third felt they were worse off."

Altiant's survey looked at 200 verified affluent and high-net-worth individuals in the U.K., with more than 400,000 pounds, or about \$530,000 at current exchange, in investible assets.

### Brexit and investors

Forty-three percent of those surveyed did note that their assets remained largely unchanged following the announcement of Brexit three years ago, but 55 percent stated they reorganized investments ahead of the deal.



Graph on affluent's thoughts on advice following Brexit announcement. Image credit: Altiant

Since the original 2016 referendum, 35 percent of British affluents feel as though they are worse off, but 22 percent believe they have been positively impacted.

While much of the segment would like to move out of the U.K. due to Brexit, many cannot due to work or personal restrictions. Meanwhile, 18 percent were unsure or could not say.

Most British affluents in the survey have 25 to 50 percent of their assets abroad, with 27 percent falling into this bracket, followed by 26 percent of affluents having 10 to 25 percent of assets overseas.

Only 9 percent have more than half of their assets outside of the U.K.

When posed with a hypothetical question on which company wealthy British citizens would choose to invest in between two identical firms with the same return amount, one in the U.K. and another in Europe, 46 percent went with the British company. However, 26 percent chose the European company and 28 percent did not decide.

Uncertainty regarding Brexit is widespread, but 50 percent of Altiant's survey said they prefer that the U.K. stay with the E.U., compared to 40 percent who do not and 7 percent who are unsure.

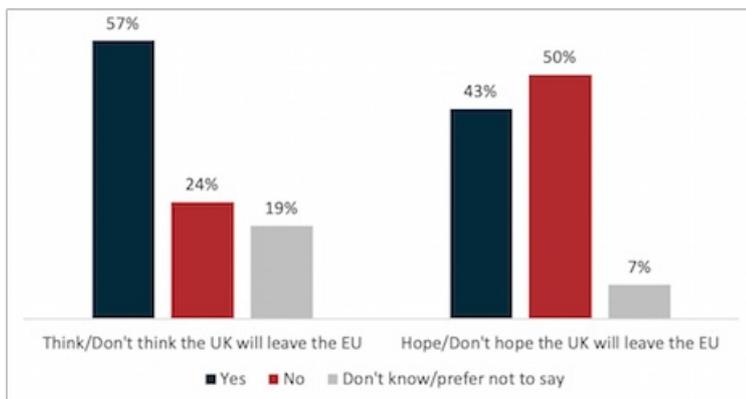


Chart on affluent's feelings on Brexit. Image credit: Altiant

Fifty-seven percent believe that the U.K. will leave, only 24 believe it will not and 19 are unsure.

#### Brexit insight

Other recent research shows that Brexit could be detrimental to British luxury brands if no deal is met.

According to a report from Walpole, British luxury could lose up to a 6.8 billion pounds, or almost \$9 billion if the United Kingdom leaves the E.U. without any sort of deal. Additional tariffs, taxes and regulation differences between the U.K. and the E.U. may cause a fifth of British luxury business to be at risk ([see story](#)).

Brexit has been pushed beyond its original March 29 deadline, as Parliament voted to push back its split from the European Union.

Following failed votes to gain favor for Prime Minister Theresa May's Brexit deal and a no-deal exit from the E.U., lawmakers passed a vote on a motion to delay the break up ([see story](#)). The E.U. member states granted the U.K. an extension to April 12.

Parliament is set to begin voting on alternatives to the deal on March 27. Almost 6 million citizens signed a petition

to revoke Article 50, which will be debated next week by the legislature.

"The wealthy seem as divided as the general population was almost three years ago, but this time in favor of a remain' decision," Mr. Long said. "Moving from sentiment to rational, when we asked them if they thought the U.K. will leave the E.U. as a result of these negotiations, only 24 percent thought the U.K. will not leave but an important proportion, 19 percent, didn't know or preferred not to say, stressing here that the uncertainty is also rampant among the higher educated affluent, HNW population."

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