THE BUSINESS OF WEALTH

FAMILY OFFICE MAGAZINE

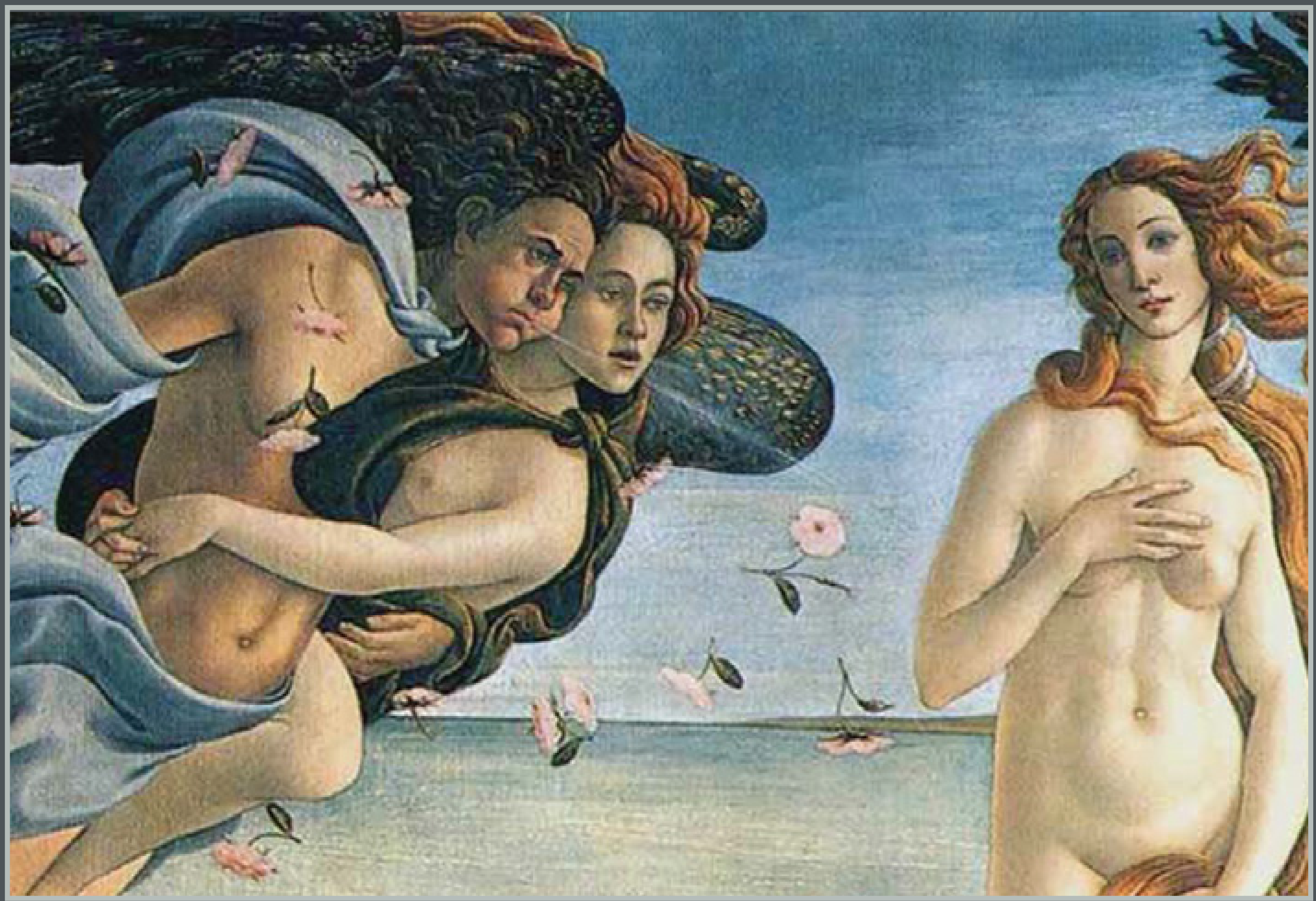
WINTER ISSUE 2018

ART & MUSEUM MAGAZINE INCLUDED

PHILANTHROPY

SUZANNE HAMMER

FAMILY OFFICES - UHNWI - WEALTH MANAGEMENT- PHILANTHROPY- LUXURY - LIFESTYLE




The difference is to be sharper than anyone else.
LÜRSSEN
The difference.

THE BUSINESS OF PHILANTHROPY: BALANCING PASSION AND STRATEGY

by Suzanne Hammer of Hammer & Associates

Philanthropy is the ultimate luxury. You are giving money away in hopes of changing something in the world or your community, and you are doing so with the people closest to you—your family.

For family offices, philanthropy is an unparalleled educational opportunity to share the values, skills and creativity that comprise the family as a whole.

As a philanthropy advisor, I meet with a lot of family office leaders and family members who ask questions, such as: What is the best strategy in philanthropy? How can my family and I agree on something that will keep us together over time? How can I achieve the best results for my community or funding area?

The word impact always finds its way into the conversation. Most everyone wants to make an impact, and yet there is some confusion over what that means. People hear about the importance of impact, and it leads them to believe their giving should be more structured. They get nervous that they aren't doing enough, or that they aren't doing it right. Others might insist they need a business mindset to measure their outcomes.

To some people, a "business mindset" means setting a philanthropy strategy and making it a priority over personal passions. It means responding to the needs of their community of interest above their own family needs. And it could mean taking the long view rather than expecting the gratifying 'feel good' results of today.

Yet to others, business-minded philanthropy sounds hugely boring or technical. It may also create a risk of family members losing some interest or energy along the way. Where's the heart in it? They might ask. Plus, impact is subjective; it means different things to different people, and for that reason, it may be hard to measure.

Suzanne Hammer
Hammer of Hammer & Associates

What's the best approach for you and your family office?

Your philanthropy doesn't have to be technical or overly measured, but consider this: What would it look like if you created a strategy around what you—and your family—are already passionate about?

Strategy simply means setting goals and having a thoughtful process to gauge the success of your giving. Unlike traditional charity, which tends to focus on finding a quick fix now, strategic philanthropy deals in intention and outcomes.

It looks to solve root problems for the long-term. In its simplest terms, strategic philanthropy means deciding what change you and your family want to make in society, and then using outcomes-based philanthropy as a tool to make that change.

Philanthropy by Passion
Most people first get into philanthropic giving because they feel passionate about something. This is a good thing. Passion is the cause or issue that drives your energy; it's the spark that spurs you to action—the desire to make a difference.

Some philanthropic families fund every "pet passion" in their family for a good reason: they want to create family unity. Their philanthropy is an expression of family interests, and it's important to keep the family together over time. Philanthropy, for these families, may be less about the here and now, and more about creating a long-term legacy.

Others find it works for a time, and then they run into trouble. You know the saying—please everyone and you will please no one. Families can easily spend more time jockeying for their own projects or passions, and less time collaborating or coming together in consensus. As new generations and family branches emerge, there may be less "family" in the "family philanthropy" than you (or the founder of the family office) originally intended.

Giving by passion alone may limit your overall impact because you are giving to organizations or causes you care about, without much concern to how they implement programs, what their leadership is like, or how financially healthy they are. You may give because you like the idea of what they are doing, or perhaps because you have met a charismatic executive or board member with whom you are socially connected. You write the check, with no true due diligence to see if the organization has the capacity to manage the incoming money, and no follow up reporting from them on how they applied your support.

Here is a look at the possible pros and limitations of philanthropy by passion:

Pros
Family members stay energized because their pet projects are funded

Emotional is "go with the flow" and responsive, rather than taking the time to plan ahead

Donations or "checkbook philanthropy" often provides immediate unrestricted support

Limitations
Dispersed among many interest areas, funding can be scattered, with limited social impact

Giving can be "knee-jerk" when based on personal whims or social obligations

Donations lack a genuine understanding of where the needs are greatest and resources most scarce

Philanthropy by Strategy
If philanthropy by passion is about following your intuition, philanthropy by strategy is about honing your passion and applying wise action that will produce a positive outcome.

Strategic philanthropy is simply intentional philanthropy that aims to meet the demonstrated needs of a community or cause, and that can be measured by specific and relevant outcomes.

In even simpler terms, strategic philanthropy means:

- Finding out what a community or cause truly needs
- Setting a goal to meet that need/make a change
- Giving toward that goal
- Measuring your results: did the change happen, and how?

Often, a family will choose to give more strategically when there is an influx of assets, such as a death in the family or the sale of a business. Suddenly the family may have more funds to give away, and realize they can no longer manage to give "with the flow." Or younger generations may grow into adulthood, and want to partner in the family philanthropy—perhaps challenging the status quo.

Others decide to become more strategic about their philanthropy when they become frustrated by their own lack of impact. Most agree that impact is incredibly important if humans are going to make a dent on the world's problems. It's something that new donors and young donors place at the forefront of their philanthropy. People want to know they are making an actual difference.

In all of these instances, it's a good time to reflect on what family members hope to achieve through their giving—both as a family overall, and as individuals.

Here is a look at the pros and limitations of philanthropy by strategy:

Pros

Funding is a proactive response to what the community or issue needs

Strategic giving sets shared goals that can measure social impact

Strategic philanthropy can be more fulfilling over time, as a family and community share in success

Limitations

Family members may feel disconnected or stop participating if the giving area is outside of their passion or interest

Since impact is subjective, it may be hard—and costly—to measure

Too much focus on measuring results may take away the "joy" of family philanthropy

Finding the Right Balance

There's no need for passion to be at odds with strategy. What would it look like if you created a strategy around what you—and your family—are already passionate about?

Most start-ups and entrepreneurs employ a similar process: they find something the world needs, that they are in turn excited and passionate about, they develop a plan, and then they execute it.

Strategic philanthropy doesn't have to be technical or overly measured. In fact, some argue that trying to predict strict outcomes doesn't fit the realities of social change in a complex world.

In this case, consider setting some shared goals that family members can agree on, and a way of measuring those goals. This will help you track and gauge the difference your dollars make.

But what about keeping family members interested? Will strategy kill the "fun" in family philanthropy?

Experienced family funders say no. One interviewee said this: "Although the measurement piece can feel rote at times, the proposal review process, site visits and decisionmaking meetings brings excitement back to the table. Family members who keep learning about the problem or issue they are supporting tend to stay more engaged."

It's important to find that philanthropic strategy that works for you. Finding the right strategy may also include how much time, effort, energy you want to put into the work. It also includes deciding what kind of funder you want to be: an engaged philanthropist, a convener, a collaborator, a seed investor, etc.

5 Additional Ideas Family Funders use to give from a Place of Passion and Strategy:

1. Create legacy grants for those organizations that meant the most to parents or grandparents, and the remaining grant portfolio focuses on a funding area that interests the family as a whole. This works well in situations where the older generation's interests are different from those of the younger generation.

2. Divide your philanthropy portfolio by percentage (such as 40/30/30 or 50/30/20), allocating a certain percent to strategic ("impact") giving, a percentage to passion giving (the family's historical interests or pet projects), and a percentage to more fluid giving, such as disaster relief or emergency funds.

3. Create options for discretionary giving, where family members have a certain amount of money to give to their personal passions, while maintaining a pot of money to give to a collective mission. Some family offices and foundations require that discretionary giving go toward the chosen mission; others allow for members to make grants outside of the mission.

4. Use a donor-advised fund for projects and causes that interest the family, and keep the bulk of the philanthropic portfolio focused on a particular strategy.

5. Think more than money. You and family members may be able to create a larger impact for an organization or cause by leveraging your leadership, skills, influence and connections. Find out what an organization really needs, and how you might help.

7 Questions for Family Office Staff to Consider

How can family office staff assist the families they work with to find a balance between philanthropic passion and strategy? Ask family members to answer these questions themselves on paper first, and then discuss them aloud. You may be surprised what you learn.

1. What is more a priority for you in your philanthropy—to achieve family unity or to make social impact? (It's okay to choose both; however helpful to have the discussion and be honest about which matters more and why.)

2. What are your shared values as a family? (If you haven't yet articulated your values, see Laying the Groundwork in Philanthropy: A Family Office Guide for Meaningful Giving, Hammer & Associates, 2016.)

3. What areas have you given to in the recent past that you feel were most important or impactful? What is it about those donations/grants that feels this way?

4. What areas energize the family as a whole?

5. What specific goals and strategies can you agree on that will guide your family's giving? What do you hope to achieve? What will it take to get there?

6. How can learn more about the issues you care about, and how your philanthropy might fit in?

7. What other funders or advisors can you talk with to learn about what might be the most effective approach for your philanthropy?

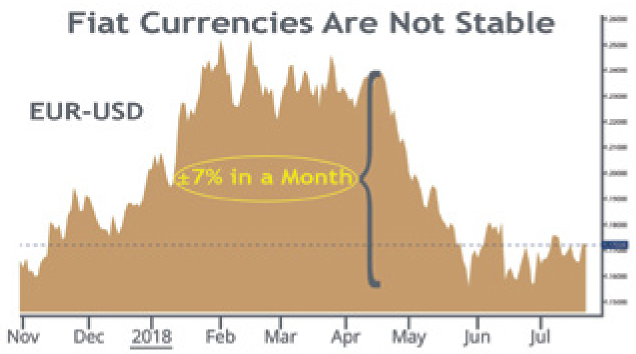
Suzanne Hammer of Hammer & Associates gives family offices the tools they need to engage in and connect with their philanthropy—helping philanthropic individuals and families pair their passion with proven strategies. To learn more, download her EngagedPhilanthropy™ toolkits at SuzanneHammer.com or contact 303-319-3029. Follow @SuzHammerGiving

INVENTING BETTER MONEY

by Kevin Kirchman, CEO Worldfree Software Corporation, Ltd

Let's say that you want to invest in a foreign security. Maybe in an emerging market—perhaps to diversify your fund's portfolio, to spread risk over different market segments, or even to catch a potential market opportunity. After careful, prudent planning, you make your move by exchanging your country's money into the other state's currency in preparation for making your commitment.

Wait a minute: currencies such as the USD can vary in value 7% or more in a month, or even 2%+ in a day! They have in 2018, as shown below. If you are right about your investment, are you also right about exchange movements? An ROI of 6% in 6 months is a score—a successful investment. But 10% exchange volatility in that same time frame could wipe out your success and expose your fund to losses.



What an absurd situation. Whole societies—pensions, businesses, investment funds—all forced to expose their capital in a world where the currency variations can wipe out any gains. What prospect is there for rational investing? It is difficult enough to assess the future value of companies or other assets. Determining the future value of currencies is nearly impossible, as any kind of event—political, monetary, economic or even social—can have drastic effects on foreign exchange rates. Manufacturers face the same problem—they get an order, fill it a month or so later, while their margin may have evaporated.

Can we not, as a civilisation enduring increasing globalisation, do better than that? As societies, we have come to accept currency volatility as normal. It slips up on us—little by little as we focus on our day-to-day challenges—we don't see things happening to us on a larger scale.

It hasn't always been that way. Volatility snuck up on us with the demise of the Bretton Woods agreement in the 1970s when President Nixon's administration removed the assets that were backing the major governments. Where once currency had intrinsic value, because it could be redeemed for gold, for example, subsequent to this sleight-of-hand, currencies had 0% asset-backing. Currencies have only tenuous extrinsic value because others opt to accept them as a value, giving rise to instability.

What can we do?
We all face the risk and have badly needed a sound solution for a very long time.

Consider Bitcoin. Yes, Bitcoin also lacks intrinsic value, again, having value only because of the fickle opinions of a market that temporarily grants it, like a fad or the latest style. Yet Bitcoin was only an important first step—a hint that we might create genuine value to function as a medium of exchange in the virtual world, to transfer value in the physical world.

The Bitcoin experiment showed us why volatility destroyed economies. When the value of Bitcoin went up, owners held it, rather than spending it. Likewise, when it went down, sellers of goods and services refused it or demanded higher prices to reflect the risk. At a point in 2017, Bitcoin dropped 20% in 20 minutes—a taxi driver could not reasonably accept this kind of digital currency that changed so much during a single journey.

But just as the Bitcoin showed us how value could be transmitted immediately over the internet, it demonstrated a problem that had to be solved before digital currencies could be used as a general medium of exchange. The question is 'How can we make currencies more stable?' It is a general question, and as the above examples show, it needs a solution because not only is volatility stunting the cryptocurrency economy, it is also stifling the global economy.

The FreeMark is a new digital currency that differs because it reconnects the value of a digital currency to the physical world, in a scientific sense. Newton's laws, Einstein's theories and the advances of many others who sought to identify general principles of knowledge, provided the basis for all the many technologies that we have today. Without science, we could not enjoy these applications that better our world.

The FreeMark uses three principal ideas at its foundation:

1. STABILITY—necessary to reduce risk, protect savings, allow use as money

2. ASSET-BASED—for a more legitimate, real-valued medium of exchange

3. VENTURE RETURNS—for early users to incentivise viral use and network effect.

If you are in a country with 15% inflation, that means that next year you will pay 15% more for the same things. The devaluation of currency is also another big problem, as it erodes wealth over time—the opposite of what intelligent investors are trying to accomplish.

First, to protect purchasing power over time, a medium of exchange must have little variation in value in relation to goods and services. It is these things that we want to connect a currency to so that it does not exhibit economy-stunting volatility.

Because most goods are raw materials, and most raw materials are commodities, connecting the price of a currency to a diversified basket of commodities provides a new and unique currency that is much more stable concerning goods and services rather than government currencies, not just other cryptocurrencies. Since any individual commodity varies in price because of effects of supply and demand, using a 12-month moving average of many rather than just a few commodities (with the highest trading volume) averages these market swings and provides additional stability.

Commodity	%Weight	Peg Amt	12mo MA	Total
Rice	5.0%	0.082170	$11.65	$0.048
Sugar	5.0%	0.075765	$12.35	$0.047
Wheat	5.0%	0.002177	$491.0	$0.053
Corn	5.0%	0.002769	$366.3	$0.051
Coffee	5.0%	0.008198	$114.0	$0.047
Soybean	5.0%	0.001028	$935.0	$0.048
Oats	5.0%	0.004008	$255.6	$0.051
Cotton	5.0%	0.012717	$82.16	$0.052
Tin	5.0%	0.000049	$20,084	$0.049
Silver	5.0%	0.059493	$16.23	$0.048
Copper	5.0%	0.000147	$6,587	$0.048
Aluminium	5.0%	0.000465	$2,125	$0.049
Nickel	5.0%	0.000078	$13,212	$0.052
Zinc	5.0%	0.000317	$2,934	$0.047
Iron Ore	5.0%	0.014968	$67.76	$0.051
20 Total	100.0%			$1.0047

Second, restoring intrinsic value, by supporting a digicurrency with a regulated, audited liquidity fund makes money genuinely valuable again—liquidity is imperative to support price stability.

Third, as a basis for an investment opportunity and as an incentive to change behaviours, a digital currency must be engineered with a venture return for early adopters. Recognising the principle that people need a reward for risk, currency should be designed to better fulfil people's needs as a medium of exchange.

No currency can be perfect, but this ground-breaking approach is the start of an explosion in the use of virtual mediums of exchange.

freemark by worldfree

The whole world is enduring additional risk because of volatile fiat currencies. This risk undermines economic activity, potentially reducing investor returns, and lowers GDPs.

JOINING FORCES

By Laura Henderson, Managing Editor, Abode2

High-net-worth buyers are often motivated by that elusive, yet highly prized investment attribute - peace of mind. So, it makes sense that the concept of a managed, branded residence might tick all the right boxes. Buying overseas can be complicated, so a development footprint from a trusted source is understandably appealing.

The conversion ratios for branded investments speak for themselves too. Fast tracking as one of Europe's strongest emerging investment trends, the number of hotels now offering labelled residences is up tenfold in the decade to 2012, with a forecast for dynamic mainstream growth in key Mediterranean destinations in the next five years. Further afield – the market in the Far East is currently valued at over $16 billion, with hot spot destination Thailand leading by example. There, branded residences are expected to account for 37% of future development projects.

Motivational drivers are understandably key to moulding and shaping the branded real estate offering. These not only include top-notch facilities and high-quality guest services, professional property management and access to an environment of like-minded people, but also the expectation of increased chances of capital appreciation, rental returns and better resale potential.

Design is a critical influencer too. Increasingly, rarefied names in the fashion and design world are being lured to lend their makeover expertise to these homes, a case in point - funky developer brand Yoo, who is partnering with names like Kelly Hoppen and Jade Jagger to market its holiday homes.

DMA Fachada Diurna

Aston Martin Residences Miami

Perhaps the trickier part of the equation is successfully addressing growth driven by a desire to satisfy evolving 'below the line' priorities, intuitively appealing to buyers' emotions. Consumers are more 'home comfort' conscious these days, and as such, a high-performing development must be driven by exceeding customers' evolving requirements and desires. Increasingly these have been shifting towards the 3 Cs - convenience, confidence and after-care – and from the evidence, this trend is firmly set to continue.

Branded properties normally sell at between 20-30% more than non-branded equivalents, a key consideration, particularly in an uncertain market, where buyers are seeking reassurance of quality, but also value for money. The established relationship and loyalty forged with a known and trusted label can certainly offer an investment edge. Buyers just need to be sure that the premium price tag pays its way.

ONES TO WATCH

ASTON MARTIN RESIDENCES, MIAMI

South Florida is undergoing an impressive overhaul, with developers crafting the region's next generation of luxury living. Perhaps more impressive than the sheer number of developments however, are the names attached, including motoring powerhouse Aston Martin. The luxury car brand recently broke ground on a 66-story waterfront tower in Biscayne Bay, with residences ranging from $700,000 to $50 million for a penthouse. "Aston Martin designs sports cars for those who appreciate automotive fine art, so it was a natural progression for us to extend our expertise in design, materials and craftmanship into a project of this calibre," says Aston Martin's vice president and chief marketing officer, Simon Sproule.

Rising from one of the last parcels of available land along Miami's waterfront, the 66-floor ultra-luxury skyscraper will tower above its neighbours. The development's expansive one- to five-bedroom apartments will be complemented by seven penthouses – including two-story duplexes and a three-story triplex – all of which will enjoy private pools and spacious terraces. Highlight features will include doors with bespoke artisan Aston Martin handles, number plinths and kestrel tan leather door tabs. Resident perks will include 24-hour valet service, an art gallery, fitness centre, movie theatres, and an infinity pool on the 55th floor.

Owners of top-tier apartments will receive a special limited-edition Aston Martin 'Miami Riverwalk' DBu and the buyer of the $50 million penthouse will be handed one of the most sought-after cars on the planet - a $2.3 million Aston Martin Vulcan; perks that perhaps confirm why the property is already 35% percent sold even though the project is three years from completion.
www.astonmartinluxuryresidences.com

MILENNIUM BINGHATTI RESIDENCES, DUBAI

The AED400 million Millennium Binghatti Residences project on the Dubai Water Canal in Business Bay is a combined effort of Binghatti Developers and the esteemed Millennium Hotels and Resorts, a company that has built a stellar reputation for pure opulence and ultra-luxury stays.

Comprising 230 units including studios and spacious one and two-bedroom apartments, hotel-inspired facilities are all part of the owner service offering including concierge, daycare, catering, laundry, housekeeping and maintenance services.

"Residences are assets for savvy investors aware of the large rental revenues and prosperity of this thriving region, says Muhammad Binghatti, CEO and head of Architecture at Binghatti Developers. "Apartments deliver the very best in comfort and convenience for every resident."

Unit prices start at AED625,000. 60% of units are now sold following market launch in spring 2018, with project completion slated for June 2019
www.binghatti.com/millennium

HALF MOON BAY, ANTIGUA

The Caribbean's first new resort of calibre for decades, investors can scoop up one of the luscious 44 branded beachfront residences at Half Moon Bay on the oasis island of Antigua, decked out with the highest standard features that guests of Rosewood Hotels and Resorts have come to expect.

Buyers can also take advantage of the bespoke build option; an opportunity to select, design, and build their retreat on the half-mile beach, on the cliffs, or near the hotel – complete with full access to the full panoply of Rosewood Half Moon Bay amenities, services, and immersive experiences.

"The benefit of ultra-luxury means you can put a less significant footprint on the land, in this case we have just 40 villas and ten plots of land," explains Half Moon Bay CEO, William Anderson. "These are not big numbers, which makes Half Moon Bay compelling for people who want a truly singular experience."

The resort is set to open in 2021, with eight plots of land remaining. Plot prices range between $10 and $25 million, branded residences from $3.5 - $15 million.

www.halfmoonbayantigua.com

THE DYNAMIC FAMILY OFFICE AND THE LAZY PORTFOLIO

Saskia Kalb MSc RA

Ir. Frans Peeters

Traditionally Family Offices have managed wealth with well-diversified portfolios, which include private equity, art and direct real estate. As for the liquid part of the assets, it can become increasingly challenging to find suited investment opportunities to add value in the current low-interest rate environment.

When you invest in the markets, it is always tempting to try and do some market timing to improve your returns. Buying low and selling high is the general idea of investing but adding value through market timing can be quite challenging.

Already in 1975, William Sharpe, a Nobel laureate, found that you have to be right in 74% of your market timing calls to beat a buy-and-hold portfolio. You may wonder why this is not 50%, like flipping a coin, but a straightforward example can shed some light here.

Suppose you sell the market today because you feel, or your broker tells you, that this is an excellent time to take profits. If this turns out to be a good call, the next question you have to address is when to get back into the markets, so a second opportunity to make a wrong call, either too early or too late.

Also, if you are wrong initially by selling today, the markets will continue to rise and it will then become increasingly difficult for you to reinvest at higher levels, which will, of course, impact your overall portfolio performance.

If timing the markets is difficult to get structurally right, why do so many people try their luck? There are of course conspiracy theorists who think they can see patterns and connections which in the end turn out not to exist. The generic term for this kind of behaviour is apophenia and it is a significant source of underperformance in poorly managed portfolios. However, eventually, most investors will have to acknowledge that market timing is not for them and will look for alternative investment strategies.

Politics, demographics and global warming are just a few of the factors that push and pull in different directions with effects on the financial markets that are impossible to predict. In this highly volatile landscape which we live in nowadays, the only thing one can do is construct a sound, well-diversified portfolio that can weather the storm.

Today banks and asset managers are obliged to determine a risk profile for their clients. This is mainly used to assess how much equity risk a client can take on in his portfolio. This indicator for risk is structurally flawed in that it is at best a snapshot of the client's willingness to take on equity risk and is bound to evolve.

In essence, all clients are Absolute Return (AR) investors, more than willing to participate in the markets when times are good but very keen to protect their capital when the markets are going down.

Since the financial crisis of 2008, AR has a negative connotation, being associated with significant hedge fund and derivative investments. However, the idea of an AR portfolio was launched more than 20 years ago with the permanent portfolio (PP) by Harry Brown, a renowned investment advisor at the time. His idea was to invest in four equally weighted asset classes and only rebalance the portfolio once a year.

The asset classes are Equities, Government Bonds, Gold and Cash. The overall idea is that the performance cycles of these asset classes are uncorrelated and that over time losses in one asset class will be more than compensated by returns of one of the other asset classes in the portfolio, which generates a more stable performance.

This strategy has produced good returns in the long run but less than the equity markets overall and also less than a 60% Equity 40% Bond portfolio. However, of course, the big advantage of this permanent portfolio is that you do not need a view on the markets or bother yourself with market timing, you rebalance the different asset classes to equal weight once a year.

Even if the general idea of the permanent portfolio is appealing, there are some caveats. First, in a period of equity market surges, the PP will massively underperform. It would be best if you were steadfast to accept this because the longer the bull-phase lasts the more difficult it will be to stay on the sidelines and be content with your PP.

Also, the PP is a structure which was developed in a different era. Mean reversion was the main driving force in the markets. Government bonds for instance still reflected the expectations of inflation and growth and gold was the only relatively liquid safe-haven available.

Over time several improvements have been proposed to the permanent portfolio concept with fancy names like, "lazy portfolio" or "couch potato portfolio".

First dividing the portfolio into equally weighted blocks is probably too much of a one-size fits all approach. The investor's risk profile, if correctly assessed and regularly updated, can help determine the size of the equity building block in the permanent portfolio.

Secondly, at the outset only the domestic (US) equity markets were considered, today a global equity portfolio seems more appropriate. Moreover, commodities, in general, are now an asset class of their own, with cycles that are not that correlated to equities and which might therefore also add value to a PP.

So, even if the general concept of a PP or lazy portfolio is just a low frequency rebalance to initial weights of a limited number of asset classes, general long-term trends should not be neglected. As J.M. Keynes used to say, "in the long term we will all be dead", but there is no reason why a dynamic Family Office with an eye on the future shouldn't take a step back and consider a classic like the Permanent Portfolio in order to generate some stability and return at the same time.

Authors:
Ir. Frans Peeters has worked for several international banks, such as UBS, ABNAmro and ING, in the Netherlands, Belgium, France, Monaco and Switzerland. Among other duties, he was responsible for managing UHNWI portfolios and has worked closely with Family Offices in that capacity. Frans Peeters is the founder of Verifin.eu based in the Netherlands, but operating internationally.

Saskia Kalb MSc RA is a chartered accountant and holds a degree in psychology. She is currently writing a psychology book about Anxiety. Saskia has worked for several Family Offices and is a board member of a non-profit organisation funded by a Family Office which supports short-term projects with long-term benefits to communities worldwide.

www.mercer.com

MONACO MADAME 2018

CELEBRATING THE HIGH LIFE OF COURCHEVEL

ON September 27, 2018 at Le Meridien Beach Plaza, Monte-Carlo, Le Syndicat des Hôteliers Restaurateurs de Courchevel, as and the Mayor of Courchevel, Mr. Philippe Mugnier made an official announcement that in February 2023, Courchevel and Meribel will host the Alpine Ski World Championships.

Mr. Philippe Mugnier, Mayor of Courchevel said, *"We can be proud to have been chosen by the international authorities to organize this large-scale event, and we are overjoyed to host dazzling lifestyle events with Monaco Madame Magazine and in partnership with Courchevel."*

Courchevel is known as one of the most glamorous destinations in the French Alps. With three "palaces" and eighteen five-star hotels, you'd be hard-pressed to find a higher concentration of luxury hotels and Michelin stars anywhere else in the world. It also has superb skiing and has views of the iconic Mont Blanc. Courchevel is connected to the Trois Vallées, the largest ski domain on earth.

The well-groomed, high-altitude pistes at "Courchevel 1850" are adored by adrenaline hounds. Its one of the favoured winter destinations of choice for the international jet-set.

Monaco Madame Magazine has a stellar reputation for hosting high-end events with a whos who from the world of wealth. Monaco Madame organised the very exclusive Monaco Madame's Night during the Monaco Yacht Show. The venue was the five star Le Méridien Beach Plaza which is the only hotel in the Principality of Monaco that has its own private beach: This was the 4th consecutive year that Monaco Madam organised this event.

Left to right: Laurence Genevet, MD of Épi Communication, Editor-in-Chief of Monaco Madame Magazine; Franck Brionne, General Manager of Hôtel Le Lana Courchevel; Régine Le Brun of Confluence Paris; and Michel Comboul, Owner of Épi Communications.

Le Méridien Beach Plaza has a very contemporary and bright space with breath-taking views of the sea. More than two hundred VIP guests attended the luxury event at this five-star venue and discovered a host of emerging and established international luxury brands. There was an abundance of very highest quality caviar and Champaign, cheeses and wines to please any discerning guest.

The guests who attended the Monaco Madame event are, without doubt, citizens of the world and many "ultra high net worth individuals" and "Family Offices" were in attendance. Some who travel the planet, stopped off in the Principality and others reside.

Ms. Hinduja S.P. Shanu gave a speech of gratitude in which she gifted to Courchevel a luxury accessory prototype from her own soon-to-be lifestyle brand.

Left to right: Charles Richez, The General Manager of Les Neiges de Courchevel and Le Gray d'Albion Cannes since 2014, along with 3 Master Chefs.

The professional competing skier, Manuel Gaidet.

The event was also attended by Ms Shanoo SP Hinduja who is a member of the Hinduja family and a Leader in Strategic Vision and Direction. Ms. Hinduja S.P. Shanu is Chair of the Hinduja Bank Switzerland; Co-Chair of the Hinduja Global Solutions; Chair of the Hinduja Foundation U.K.; and Founding Member of the Prince Albert II of Monaco Foundation. She is committed to extending the services of the Bank to new sectors and to address global issues that are close to her heart. These include education, healthcare, clean technology, women's empowerment and a sustainable human lifestyle.

The Hinduja Bank (Switzerland) Ltd has its headquarters in Geneva with offices in Zurich, Lugano, Dubai, St Margrethen, and Basle. It also has a global presence in London, Mauritius, and Chennai. The bank's activities include Wealth Management, Corporate Finance Services, and Global Investment Solutions.

Ms. Hinduja S.P. Shanu gave a speech of gratitude at the event in which she gifted a luxury accessory prototype from her soon-to-be lifestyle brand to Courchevel.

Som of the highd brands that were presnet were PERRIS MONTE-CARLO - An Honest-to-goodness Perfumer. After a world voyage, Perris Monte-Carlo turns to Italy to procure its precious raw materials for its treasured collection. The premium excellence of ingredients, the ancestral know-how and the product innovation of Capua, (specialist of citrus essential oils since 1880), are the founding inspirations in the making of these new sumptuous scents.

Some of the other brands were:

ROAL BELGIAN CAVIAR 100% Belgian, 100% natural 100% Passion. Royal Belgian Caviar is the pioneer of 'the black gold' in the European Kingdom. In 2002 Royal Belgian Caviar was the first and only Belgian producer of caviar on the market. All sturgeons used for caviar, come from their own farm and are fed with mixed food from their own production. Royal Belgian Caviar is a worldwide quality reference among caviar lovers. Top chefs appreciate the quality and class of the Belgian caviar.

VALENTINA NESSI - An Influencer Turned Designer. Valentina Nessi is a Swiss Italian trendsetter. An influencer turned fashion & lifestyle designer after five years of blogging. Her concept is creating capsule collections that are both socially responsible and Eco-friendly. Valentina specialises in Resort Wear and Ready Couture. The label fits seamlessly into the day-to-day living of HNW jet-setters seeking exclusivity and a privileged relationship with their designer.

EMMA ISRAELSSON - Modern Refinement by a Swedish Mastermind. Emma Israelsson Stockholm is an invigorating timeless jewellery collection expanding beyond its Swedish borders, spreading to the four corners of our world. Swedish mastermind and designer Emma Israelsson founded the delicate jewellery line. The collection is referred to as modern clean-cut and delicate. Emma's pieces can be worn from dawn to dusk, in the midst of country living or in the thick of city commotion.

INFINITE 8 CHAMPAGNE - A Passion Inaugurated by Founders Nicolas Le Tixerant and Frank Leroux. Champagne Infinite 8 seduced our Monaco Madame guests with a toasted nose, creamy notes of honey, vine peaches, cherry plum and candied fig vinosity. Designed immaculately with a label that glows, produced at the family Domaine in Reims since the French Revolution, and whose wine presses were rented by the prestigious Champagne house KRUG between 1970 and 1976.

CELEBRATING BOCONCEPT - Danish Design since 1952. The 4th edition of Monaco Madame's Night was adorned with Danish sofas from BoConcept. BoConcept was founded in Denmark in 1952 and is today a premium lifestyle brand with nearly 300 boutiques in over 60 countries. They design, produce and sell sleek, modern furniture, accessories and lighting for living rooms, dining rooms, bedrooms, home offices and outdoor environments.

THE BRITISH VIRGIN ISLANDS - A Dream for Yachting. Do you dream of discretion, relaxation and freedom? Head to the islands with your yacht! An infinite space out of time where the land is always within sight and the lobsters are among the tastiest in the world!

CAMPDEN WEALTH

DETAILED STUDY INTO PRIVATE EQUITY INVESTING AND CO-INVESTMENT ACTIVITY BY FAMILY OFFICES

Private equity plays a pivotal role in many of the portfolios of family offices globally, with this asset class accounting for a notable 22% of the average family office portfolio worldwide in 2018. Interest amongst the family office community continues to grow, driven mainly by outsized returns and the availability of opportunities that are deemed superior to those within public equities. This unique, proprietary research aims to better understand what motivates family offices to deploy extraordinary amounts of capital into this space.

Campden Wealth, the global research and networking organisation for families of substantial wealth, details the continued growth of private equity and co-investing within family offices in its new report released today titled, Private Equity Investing and Co-Investment Activity by Family Offices.

The report, developed and published with support from the global investment firm KKR, provides a deep dive analysis into why key trends within the private equity and co-investing arena have occurred. Over 75 family offices globally completed a survey on the topic. The report also features case-studies with senior family office executives who discuss their experiences with private equity and co-investing.

Fast facts you need to know:

- Allocations to private equity are predicted to rise 73% between 2017 to 2019, or USD $51 million to USD $88 million per family office over this period.
- Family offices reported that an incredible 91% of their private equity investments either met (53%) or out-performed (38%) their expectations in the last 12 months. Their average private equity return stood at 14% in 2017, and respondents predicted that their average return for
- 2018 will again be 14%, but will rise to 18% in 2019.
- Healthcare is the most popular sector for family offices' private equity fund investment, according to 55% of respondents.
- More than half (53%) of all private equity fund investments are put towards growth capital deals, while 28% go towards leveraged buyouts and 19% venture capital.
- (67%) of respondents believe that family offices' demand for co-investing opportunities will increase over the coming 12 months. Importantly, zero argued that the demand would decline.
- Over half (57%) of the family offices stated that 'lower middle markets' offer the best opportunities for co-investment deals, followed by middle markets (26%).

Dr. Rebecca Gooch, Director of Research at Campden Wealth, commented:
"Across the globe, family offices' allocations to private equity are predicted to rise over the coming year. The family offices we studied for this report predicted a significant 73% climb in investment between 2017 and 2019. That translates into an average allocation of $51 million per family office in 2017 to a projected $88 million in 2019. This will certainly solidify private equity's place as the second most significant asset class to family offices, trailing only behind equities."

It is also interesting to report that a significant nine out of ten of family offices' private equity investment returns either met or exceeded expectations this last year. With family offices projecting that their average returns will increase from 14% in 2018 to 18% in 2019, this supports the position that many have been taking in terms of embracing a somewhat higher risk, more illiquid investment strategy within their portfolios."

She further remarked:
"Demand for co-investing is increasing, with two-thirds of family offices expecting to see a rise in calls for co-investing opportunities over 2019. Family offices would be wise, however, to choose their co- investment partners carefully. The report uncovered that experience and most importantly a track record of value creation are key criteria. Financial alignment is also key."

Jim Burns, head of EMEA client and partner group, and head of individual investor business at KKR, said: *"Large family offices are often well-suited to invest in private equity, given their long-term investment horizon and flexible investment mandates. Additionally, many family offices have a different liquidity profile than other investor types – a characteristic that lends itself nicely to investing in private equity."*

He continued, *"Beyond regular-way fund investing, family offices are increasingly looking for creative ways to gain private equity exposure, including co-investing and direct investing into companies. While this can prove cost-effective in certain situations and gives investors the comfort of diligencing assets on a deal-by-deal basis, this approach requires an appropriate amount of committed capital, as well as dedicated investment resources, to deliver the returns expected by the family over time."*

Campden Research supplies market insight on key sector issues for its client community and their advisers and suppliers. Through in-depth studies and comprehensive methodologies, Campden Research provides unique and proprietary data and analysis based on primary sources. Campden Wealth also publishes the leading international business title, CampdenFB, aimed at members of family-owned companies, family offices, and private wealth advisers.

To obtain the report, visit: campdenresearch.com. Follow @CampdenResearch and #Top75

For information, contact:
Dr. Rebecca Gooch,
Director of research, Campden Wealth

Tel: +44 20 3763 2806
E-mail: rebeccagooch@campdenwealth.com

PRACTICAL STEPS TO PROTECT THE PRIVACY OF THE WORLD'S WEALTHY

Edward Marshall, Director, Global Family Office Group, Citi Private Bank

In an increasingly digitalized and connected world, humans have fundamentally changed not only how they view privacy but also their expectations of it. Smartphones are now ubiquitous, with nearly everyone relying on it for many of their day-to-day activities. Furthermore, people are willing to share their personal data - knowingly and unknowingly - to ease a process without fully realizing the consequences of their actions.

For example, emails, phone numbers, social networking activities, search engine histories, contacts, friend lists, photos, locations, and device usage are all 'shared' in one form or another with third parties who can retain this information forever and potentially share it without your knowledge. Moreover, today's digital world has a long memory and even well-crafted attempts to delete information can fail to achieve the desired effect. Understanding, monitoring, and controlling one's 'digital exhaust' has become an increasingly difficult goal.

This means protecting the privacy of wealthy families has become an even bigger and more substantial challenge for family offices around the world. Family offices see this as their duty, and regardless of whether family members are celebrities, high-profile business owners and executives, or famous philanthropists, there is an expectation that a family office will marshal the resources to safeguard the privacy of a family's actions, assets, and personal affairs.

Privacy breaches are often the prelude to reputational damage to wealthy families and their family offices. For example, leaked emails could have detrimental effects on the professional reputation of a family business by revealing confidential proposed business transactions or family information that should remain private.

Family offices face many challenges trying to achieve a myriad of goals set by their principals - maximizing investment returns, family harmony, entrepreneurialism, philanthropy, perpetuating wealth across generations, legacy, wealth education, convenience - while maintaining a family's rightful desire for discretion and a private life.

Trying to comprehend the amount of personal information people share in the digital world so readily can make family offices and the families they serve feel powerless. Although cybersecurity awareness and preventative measures have increased, willingness to modify behavior patterns for digital safety has not grown in parallel. This privacy paradox leaves many family offices exposed. Even a small digital footprint does not reduce all of the privacy threats that exist as non-digital public records can be mined and leveraged as well.

But by making a few astute changes now, family offices can significantly reduce the possibility of a future privacy invasion and/or reputational damage. Family offices can play an important role by helping families address these issues with a three-step framework: 1) audit, 2) assessment, and 3) action. This framework allows family offices to incorporate both an individual family member and overall family privacy plan into their risk management strategy. Doing so can prove to be incredibly helpful and allow families to identify the inter-connectedness of their personal affairs and assets, and the levels of power and influence that many actors and detractors can hold over a family's privacy.

Here are some practical examples that family offices can consider as they assemble their privacy systems.

Although many family offices and the families they serve may already know not to use public Wi-Fi without adequate safeguards when making online purchases, they may not think about search engine suggested searches.

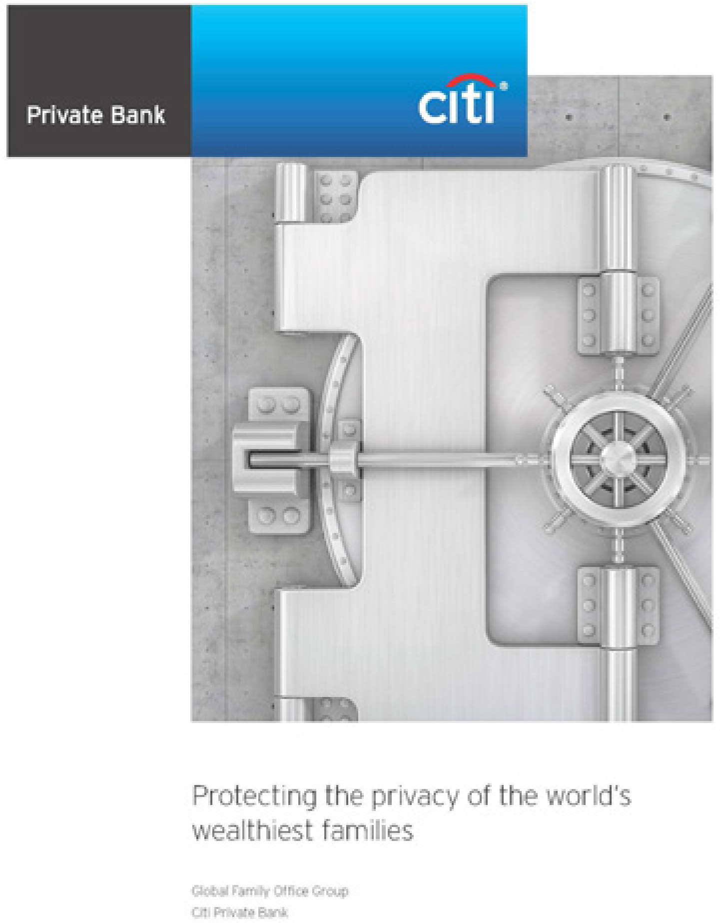
Whenever terms are first entered into internet search engines, the website will usually suggest a series of more complete search options. These suggested searches – which constantly change and vary by location – are generated by these companies' proprietary algorithm 'learning' about search subjects based on previous searches. If using the internet to find media coverage of a sensitive or confidential issue, take care not to inadvertently teach the algorithm a negative search string about the subject (e.g. '[Company X] scandal') or revealing confidential information (e.g. '[Person X] owner [Property Y]'). A number of people searching a term, or set of terms, could inadvertently create a new but unwelcome suggested search. Family offices should also consider anonymization browsers and related service providers to protect their searches and online activities.

Family offices should also assess a family's privacy risks when purchasing property. It is a common misconception that owning a property through a company can provide an individual anonymity from the process. Journalists and other third parties are able to 'reverse search' public databases using a company name, though not the name of an individual. Therefore, if a principal or family office executive can be linked to the corporate entity in any way – including through media reports or other documents naming family lawyers or other advisors – principal ownership may be identifiable. If families own properties in multiple jurisdictions, family offices should be well versed in the country-specific laws on property ownership privacy as they vary greatly. It is likely that the transparency of property ownership will increase over time in most countries, therefore family offices should be prepared.

The answers to privacy issues tend to be less complex than expected, and minor but meaningful tweaks in process, targeted technology deployment, and training can mean all the difference. Regular education of family members and family office personnel on prevalent privacy risks and preventative measures that individuals can make will go a long way. Lots of seemingly insignificant actions – removing historical location data from search engines, being mindful of how easy it can be to triangulate personal data based on usernames, requesting removal from data broker websites, disabling apps from using one's location on smartphones, or monitoring image rights - are small steps that allow family offices to protect their principals' and the family's privacy in this information age.

The Global Family Office team at Citi Private Bank has published a white paper sharing best practices on preventing privacy and reputational risks.

The white paper can be read here:
https://www.privatebank.citibank.com/home/fresh-insight/protecting-the-privacy-of-the-worlds-wealthiest-families.


Private Bank

citi

Protecting the privacy of the world's wealthiest families

Global Family Office Group
Citi Private Bank

‘FUTURE-PROOFING’ YOUR PROPERTY INVESTMENT

We live in uncertain times. It’s more difficult than ever to reliably forecast the direction of markets, and the Prime Central London residential property market is no exception. This is why Hannah Aykroyd, Founder and Managing Director of Aykroyd & Co, a gold-standard boutique buying agency that specialises in PCL residential property, has developed guidelines to help her ultra-high net worth clients FUTUREPROOF their residential property investments.

As Hannah says, “the PCL residential property market is complex and competitive in the extreme,” “Investing in a challenging market naturally entails some risk, but it also offers the potential for huge rewards. The savvy investor can protect himself against a quixotic market by taking expert advice and following a few key rules.”

1. Buy in London
While Brexit is causing some uncertainty in the Big Smoke, it must be remembered that life goes on and London will always be a magnet for global investment. Looked at it in an international context, London continues to offer some extraordinary advantages: excellent schools and medical care, a straightforward and trustworthy legal system, political stability, low crime rates, a central location and time zone, superb cultural offerings, and a comparatively solid currency. It’s a secure, open, cosmopolitan English-speaking city, and it still offers asset protection to investors from less stable environments around the world, which means property in London will have solid value far into the future.

“We firmly believe that once Brexit is resolved – one way or another – residential investors will get off the fence,” says Hannah. “With prices down 15-20% since the 2014 high, and sterling down about the same percentage, there are great values to be had, especially for the dollar-based investor.”

2. Buy Best in Class
“Whatever the market conditions, we always advise our clients to buy only best in class or blue-chip properties,”

Hannah Aykroyd
Aykroyd & Co

explains Hannah. “These hold their value in a down market, and appreciate at the highest rates in a rising market.”

What constitutes a best in class property? Location is obviously key, as are elements that cannot easily be changed – such as ceiling height. Certain squares and roads – even certain sides of certain squares or roads – are especially coveted. An experienced advisor can help ensure investors buy properties that are truly best in class, and can help to source them.

“There is an especially low supply of best in class properties. Stock levels are not going to change – this is due to the fact that if vendors can hold at the moment they should do”, advises Hannah. “It is also in part because a huge number of top-end properties will always remain entirely off-market. We leverage our vast network to source these hard-to-find properties for our clients.”

Prime Central London’s residential property market is complex and competitive in the extreme. Although it may look at first glance as if the market is soft and there are plenty of properties available, there is actually an extremely low supply of best in class properties, and for these there are often highly competitive bidding situations with multiple buyers and a fairly strong £psf achieved.

3. Buy at the Best Price
It’s often said in property that you make your money on the way in, not on the way out. In today’s climate, most sellers are quite motivated. If they weren’t motivated, they would be holding. For this reason, negotiation plays a massive part in achieving the best possible price.

“In some cases, we’ve managed to negotiate price drops as large as 26%,” explains Hannah. “This is not just because we negotiate firmly; it’s also because we have a strong track record within the market and can present our clients as the ultimate committed and focused buyers. It’s difficult to know what true market value is at the moment without the right advice.”

4. Buy Smart
Expert structuring of transactions is another essential when it comes to navigating the luxury property market. Consult with experienced advisors and consider all angles carefully, most especially tax efficiency. Stamp Duty tax has been gently increasing since 2014, and while London is ranked only 9th in the world overall in terms of the cost of buying and holding property, it’s also true that anyone buying a second home over £1.5million will have to pay 15% SDLT (Stamp Duty Tax).

Aykroyd & Co always recommends buying unmodernised properties, where possible, as the lower purchase price obviously means a lower SDLT. Some investors can benefit from Multiple Dwellings Relief, i.e. purchasing more than six properties in one transaction. Buying properties with a short lease is still a smart investment, although this opportunity is declining due to many wishing to capitalise on this opportunity. Short leases are particularly prevalent in Chelsea and Belgravia and is a way to pay less SDLT overall due to the purchase being treated as two separate, smaller transactions. Buying properties held in corporate structures can minimise or negate any SDLT outlay, however, there are other taxes to be aware of, and the legal and other professional fees involved in the acquisition are higher than for an average purchase.

“When clients are tax planning, one needs to take into account re-sale, inheritance and possible relocation and immigration,” explains Hannah. “Tax liabilities can be complicated, and so we always introduce our clients to an experienced tax advisor to ensure they are structuring correctly from the outset.”

Currency is another consideration. Investors can save literally hundreds of thousands of pounds by employing a top currency trader who can advise on timing to ensure the best rate and lowest fees.

“We work closely with a tried and tested team of professional advisors to ensure the entire acquisition process is seamless from beginning to completion, and well beyond”, says Hannah.

5. Buy to hold
In today’s climate, it’s wise to look at a 10+ year hold to mitigate the variances in the market and SDLT outlay. This means buying properties an investor is comfortable holding in their portfolio for a long time.

“If clients are buying for their person use, we challenge them as to what exactly they need out of this house, both in the short and long term,” says Hannah. “We often mediate and find common ground between couples. What is most important? Transport links, schools, amenities, favourite restaurants, gyms, airport, family staying/ not staying, separate nanny flat (even if they haven’t had children yet we prompt these conversations), parking, lift, porter. You have to imagine your needs well into the future.”

The average time a buyer spends in a house is 20 minutes – not very long for such a substantial investment. Following these few key guidelines and taking expert advice will help investors to futureproof their residential property investments in these uncertain times.

IDENTITY REPORT

Every transformative age needs a review of the ground rules. The information age needs some for privacy.

Surveillance is everywhere; transparency is an end in itself and information is traded cheaply. Openness is a virtue: if you have nothing to hide, you have nothing to fear. The world is giving up a vague notion of privacy in return for tangible benefits: security, access, entertainment and convenience. That's a good trade, so privacy must be dead, right? Why waste time mourning its loss?

The information revolution has not only sped up the pace of change; it has increased its rate of acceptance. It took decades for electricity to reach communities. In places, it still hasn't. On the other hand, in less than a single decade, almost everyone carries a portable computer and accepts its expanding role in their lives, often without question. Some of those computers are literally getting under our skin. The Big Brother warnings are whispers in the winds of change.

Furthermore, the media has recast our private lives as sources of furtive embarrassment. If we want privacy, we must be looking for secrecy. To see why the media makes this argument, follow the money. Intrusions into privacy are not only standard journalistic fodder; they are good for business as margins get tighter.

The media has formed an accidental alliance with governments, preoccupied with security, and tech companies, pre-occupied by progress. All three might have an interest in implying that privacy is dead. Not that they need to imply it strongly, because many of us are complicit: ticking the box and buying in with barely a whimper.

But there are good reasons to take a different position and to have a debate about privacy in the 21st century. That debate could first address some existential questions. Does privacy make us human? What role does it play in understanding ourselves and others? How does privacy

Tim Robinson CBE
PARTNER AT SCHILLINGS

give us space to exercise our imaginations, to create and to challenge? Without privacy, to what extent do we become components of the mainframe; traces in a melded blob of humanity?

Then there is the question of our relationship with technology. Technology should enrich, not diminish our lives. It requires care to ensure that it remains a liberating force rather than the cause of oppression and exploitation. Without foresight, information technology will strip layers from our privacy and make servants of its masters.

This is, even more, the case as artificial intelligence and machine learning continue to play an increasing role in our lives. The robots are being given rules and values – but what should these be and how will we as individuals be affected? How will the rule of law and personal responsibility apply in the virtual world?

And the law has something to say. We have a legal right to a private life. The law balances privacy with freedom of expression by applying a test. What's more in the public interest: my right to say what I like about your affairs, or your right to keep them private? A similar weighing of the scales occurs between privacy and security, or privacy and progress.

However inconvenient, this important question of legal balances should be considered in each case, rather than turned into a done deal for all. And let's go back to 1948 to remind ourselves that we are talking about human rights. Article 12 of the UN Universal Declaration:

No one shall be subjected to arbitrary interference with their privacy, family, home or correspondence, nor to attacks upon their honour and reputation. Everyone has the right to the protection of the law against such interference or attacks.

Personal privacy makes a contribution to collective productivity. Excessive intrusion and transparency is not good for productivity – the Holy Grail for our economies. The greater the scrutiny, the lower the willingness to take risks and to think the rewards are worth the hassle. But if nothing is ventured, nothing will be gained. Exposing wrong-doing is justified; sucking the life out of creativity, hard work and aspiration is not.

Every transformative age needs a review of the ground rules. The information age needs some for privacy. It is far better that such rules result from a debate, rather than evolve randomly or are imposed by vested interests. In the meantime, individual privacy is worth fighting for and it can be protected, albeit in new ways, with new expectations. With forward planning, it is still possible to secure modern privacy, on our terms.

Tim Robinson CBE is a partner at Schillings, the law firm specialising in privacy, reputation, privacy and confidentiality protection. He was formerly a major general in the British Army.

HOW PRIVATE BANKS CAN SUPPORT FAMILY OFFICES IN MONACO

The family office industry has grown tremendously over the past twenty years and will continue on this growth path as global wealth is expected to reach an all-time high of 399 trillion USD by 2023. As a consequence, recent years have shown a rising demand for family office services.

The Principality of Monaco is not an exception to this trend. Monaco has attracted the wealthy from around the globe for decades and remains the top global country for millionaires' density. Providing maximum security to its residents, economic prosperity and a long-standing history of political stability, Monaco ecosystem is particularly well-suited to Ultra-High Net Worth families. The Monaco Government also actively encourages the development of family offices, new legislation on multi-family offices has recently been passed.

Despite a highly favourable environment for family offices in Monaco, the complexity of their needs have also increased dramatically, and Private Banks can be partners of choice to help Single and Multi-Family offices tackle this increasingly complex framework.

First and foremost, family offices need efficient banking solutions and investment platforms. Private Banks can accompany wealthy families and independent wealth managers at every step of their family office's investment journey, helping them devise relevant strategies and choose portfolio architecture accordingly. Beyond personal accounts for family members and online banking including personal and non-personal accounts, the management of complex family funds may also require specific products such as dedicated funds. Compagnie Monégasque de Banque (CMB) is the leading player in Monaco mutual funds market. It has launched and manages a large part of the 60 Monaco funds authorised to date. Moreover, some Private Banks may be able to offer easy access to financial markets, with opportunities of trading non-deliverable forward currencies.

Werner Peyer is CEO
Compagnie Monégasque de Banque

Furthermore, some Private Banks are guided by the belief that managing and nurturing family wealth can best be achieved by equipping family members with the knowledge and skills needed to understand investment decisions. In 2016 CMB created a first of its kind educational programme to enable female clientele to take on a lead role regarding family wealth's management.

Another key element to take into consideration when choosing a Private Bank for your family office is the approach to asset management and track record of performance delivered in all market's phases. CMB has a team of dedicated professionals who can discuss with you your family office's future vision and strategy. To sign a management mandate at CMB means having access to customised investment strategies and all portfolios are actively managed according to your chosen risk profile. Furthermore, consolidation is a key service your family office might be interested in. A consolidated view can offer full visibility to ensure efficient diversification, as a consolidation service carried out by an independent affiliate can provide a critical review of single and overall asset allocation and performance.

Last but not least, Private Banks and family offices can work hand-in-hand to help Ultra-High Net Worth families devise philanthropic investment strategies. CMB has for instance set up a Philanthropy Academy which aims to transfer expertise to potential philanthropists through six training modules mixing theory and practical case studies. This approach brings both Private Banks and family offices closer to local charity organisations and fuels considerations on how philanthropy projects can be incorporated into a clients' wealth planning strategies.

Despite a keen understanding of the perks of partnering with a Private Bank, both Single and Multi-Family offices may still struggle to identify which one to partner with. With access to a plethora of Private Banks currently offering their services to family offices, the main differentiating factor when choosing which Private Bank to work with should be their ability to truly understand the families' values and long-term goals. Choose a bank with a human touch and a keen belief that the key to success is to build relationships that go beyond one-time projects, and which is willing to provide value to their clients on a consistent, ongoing basis. If you do so, the Private Bank you cherry-picked would prove to be a reliable partner and should be able to provide to your family office value that goes beyond the traditional offering of banking solutions.

Werner Peyer is CEO of Compagnie Monégasque de Banque (CMB), a Private Bank based in Monaco and wholly owned by Mediobanca Group. With over forty years of experience, CMB specialises in wealth management. The bank offers a wide range of tailor-made investments and services, ranging from Asset & Wealth management to Financing and investment advice customised to the specific needs of each client.

www.cmb.mc

HAVE YOU CONSIDERED A VIRTUAL FAMILY OFFICE?

By David M. Kraemer, Founder and Managing Member of 10 || 2 Capital Partners, LLC

Imagine having a top-tier team of non-overlapping, objective advisors located in multiple countries and acting as a trusted fiduciary for your family's global financial affairs. "Sounds interesting," you say, "but having such a set-up would cost a bundle for sure?" Not necessarily, thanks to the emerging growth of the Virtual Family Office (VFO) model.

Please note, my brief discussion of VFOs is by no means an attempt to undermine the significant benefits of a family establishing/maintaining a full-service Single Family Office (SFO), or partnering with a cutting-edge Multi-Family Office (MFO). In my experience, each family office is unique to the family that sets them up; so to suggest a VFO is what an average family office should construct, is an exercise in futility.

Instead, with the increasing advances of technology, if a family has a lower threshold of complexity, assets, business interests, and/or needing less frequent advisory services, exploring the establishment of a VFO model is worth the time in the due-diligence process. With that in mind, I'll list some of the benefits and limitations of utilising a bespoke VFO.

There are always exceptions, but as a general rule, VFOs tend to operate at the smaller end of the family office spectrum regarding assets, generally with an aggregate of assets of under $250MM. From the metrics and discussion, I've had, establishing and running a full-service, 24/7, single-family office with actual brick-and-mortar offices, employee benefits, salaries + carry, etc., at the $250MM level and below can be quite costly.

Hence, the first benefit of a VFO (assuming all the outsourced advisors and providers are conflict-free, experts) has a customised model to meet the current and evolving needs of the family without the level of overhead costs and liabilities of a SFO or growing a MFO. Consisting of all the family's specialised advisors, the VFO works together to create a holistic approach, aided through a well-defined structure and governance process. Where this can go awry, is

David M. Kraemer
10 || 2 Capital Partners, LLC

if the specialised advisors are not fully-collaborating with each other, ultimately leading to unwanted gaps in planning, tax, investment, risk management, etc.

Control and flexibility is another benefit of utilising a VFO model. While no one can predict the future, if a family partners with an MFO, or even a boutique division of a large wealth advisory firm, they may end up with a "mismatch" on advisors and related team members regarding personalities, professional experience and outlook, concierge service requirements and so on. While under the VFO approach, if a family finds they'd rather work with another professional, etc., they have virtually (no pun intended) unlimited options of global talent to choose from, vs being "fixed" with the team assembled in the MFO or wealth advisory boutique.

Moreover, if a key professional or other primary advisory members within an MFO are lured to a competitors "greener pastures", the families applecart can get upturned as well. Having an ad hoc advisory panel to assist the family with sifting through the many pools of talent and providers may help mitigate this, by ultimately selecting a "best fit" from the beginning.

The potential for broader investment viewpoints is also a positive of the VFO model. For example, by outsourcing the chief investment officer component via a VFO model, the outsourced-CIO (who's also working with other select family offices) will invariably come across a larger pool of investment opportunities for consideration and be more on the pulse of best-practices, vs only working for one family in a vacuum. This is not to say that a full-time CIO for a SFO will be less opportunistic or effective than an outsourced-CIO or venerable MFO. Preferably, the chances of being exposed to how other families are allocating, the terms involved, unique co-direct investment options, etc., may be less prevalent.

While the above advantages of utilising a VFO model are sound reasons to consider, there are also some limitations with opting for a VFO model in place of a SFO or MFO structure. The first disadvantage is the promptness of response to a family's various financial inquiries, and / or crucial events needing swift attention (i.e., responding to a death in the family, the timely disposition of an asset, an immediate legal concern, etc.) may be delayed since the advisor/provider is not on an exclusive relationship with the family.

One of the outcomes resulting from the dot-com bubble, and the 2008 financial crisis, has been families becoming ever more sensitive to the capitalisation and risk profile of "too-large-to-fail" financial institutions. As a result, another potential downside of opting for a VFO is inadvertently picking a provider whose capital base and/or fiscal performance is more susceptible to a serious downturn. Independent boutiques and MFOs are not impervious as well, so hyper-vigilance on each outsourced component of the VFO is critical.

Another conceivable drawback of integrating a VFO model is the chance (albeit low) of a family having their confidentially breached. As a result of more remote "spokes in the wheel" via the VFO structure, the chance for information leakage may increase, which could ultimately lead to the family having to withstand undesired coverage in the press and media, and / or even irreversible reputational loss, etc.

Overall, the rise of families opting for a VFO is likely going to increase as technological advances enhance the cost-effectiveness and innovation within such a model. Moreover, as existing family offices transition to another generation, and new, highly-affluent families continue to pop-up globally, especially in the emerging nations, a viable option for a family's planning, investment, business, and legal and tax concerns can be fulfilled through the virtual family office structure.

www.102capital.com

BUYING INTO THE LÜRSSEN LIFESTYLE

"To those who have never owned a yacht, but who have the means, you don't know what you are missing," says John Risley.

It's a definitive statement from someone who certainly speaks from experience: Risley is the ex-owner of the 63-metre Polar Star and the 75-metre Northern Star, now called Bella Vita, both highly capable superyachts built by the family-owned German yard Lürssen. However, what does owning a Lürssen entail, and what is it about the superyacht lifestyle that attracts such a wide variety of individuals?

Ask a selection of owners what they love about their yacht, and they will invariably give you a range of answers, but a common theme is always the peace and privacy that a yacht affords. Privacy is a crucial factor in making a yacht feel like a home away from home – rather than a hotel – a place where you can relax and let your guard down with friends and family.

"A luxury hotel is a commercial establishment. A yacht is a home and a place to welcome and entertain family and friends. The two don't compare," says Risley. By its very nature, a yacht affords an isolation from the outside world, something increasingly rare in this digital age. "I love the feeling of being removed from the stress of traffic and the urban pressures. The whole pace of life slows down on a boat," adds Risley.

Shahid Khan is a well-known businessman and sports club owner, but in the superyacht industry he is also known for being a repeat Lürssen owner, and currently owns one of the most talked-about yachts since her launch in 2015, Kismet. "I wanted to own my own yacht because it's an expression of freedom and adventure that cannot be equalled, and the experience you get is one you can share with family, friends and business associates," he says. "One of my favourite parts of being on board is knowing that anything is possible, whether it's a beautiful journey with loved ones or a celebration with hundreds of friends, old and new."

Lürssen is a well-known name in the superyacht industry, having built some of the most famous yachts over the years, and, recently, many of the largest. The pedigree of a shipyard is undoubtedly a top consideration for many would-be buyers.

Kismet's 95.2 metres make her one of the largest superyachts in the global fleet today, but the German yard can also lay claim to some even more impressive figures, such as building Azzam, at 180-metres the largest superyacht by length in the world, and Dilbar, 156-metres, the largest by total interior volume, at 15,917 gross tonnes. However, size isn't everything, and the yard builds yachts from 50-metres in length.

"We chose Lürssen because we wanted safety, stability, quality and lasting value," says the owner of Lady Kathryn V, a 61-metre yacht launched by the yard in 2011. *"Our family always had smaller boats, and after a yachting trip as a guest, we decided we wanted our own yacht. Our times aboard Lady Kathryn V are the best times of our lives, especially when family and friends join us."*

Positive feedback about building a custom yacht is not hard to come by, but it can still be a long and sometimes daunting process, which is where choosing the right shipyard to build the right yacht comes in to play.

"Owning a yacht, any yacht, is a very personal experience," says Risley. *"Custom yachts more so, as that experience extends to the design, the construction and the use. A yacht becomes a part of the family because it brings the family together and produces wonderful memories and happy times. I want to build my yachts*

with a family and a yard owner whose handshake means something. I want to do business with people who take pride in what they do, who have a long attachment to the business, so it's not just a business, it's a passion and a source of great satisfaction."

In terms of useful advice for anyone thinking of building a superyacht, Khan's suggestions are succinct: "I am biased, but I have been yachting for almost two decades, so I feel I have an educated viewpoint on this. The first thing you do is start with the best. That's Lürssen."

Like many owners before him, Khan has once again put his trust in the family-owned business and built more than one yacht with the German yard, the current Kismet replacing a smaller yacht launched a few years ago.

Kismet was delivered three years ago and has already travelled extensively, including to London on a number of occasions. This has to be one of the main draws of yachting: the ability to see so many new places. "I have many 'favourite places', so I cannot choose which I prefer," says Khan. *"The way I look at it, cruising to any destination on Kismet is special. Wherever we end up, it's my favourite place in the world at that time." Moreover, when it comes to onboard spaces, the choice is equally difficult. "The great thing about Kismet is that Lürssen made it possible to have multiple favourite places on board, depending on the environment, guests or event. If I were alone, I'd say it's the eagle's nest on the very top deck. When we have a party or 300-plus guests, then it's the main saloon with the two-story lounge videos. However, with family, it's the bridge deck aft with the open air, beach deck and outdoor cinema."*

For the owner of Lady Kathryn V, the bridge deck is also a preferred spot to relax in. *"We love the bridge deck salon and bar with its 180-degree floor to ceiling views. This is one of the best parts of owning a yacht: the ever-changing view. Also, of course, relaxation and privacy."*

Owning a superyacht is undoubtedly luxurious, but that isn't just down to the first class service or the inherent privacy; there is also the luxury of choice in how to spend your time. Whether relaxing in the world's hotspots or travelling to the remotest points

around the globe, spontaneity is your friend if you so choose, as is deciding to wake up in a new place every day. *"Being on a yacht is adventurous and truly dazzles all of your senses,"* says Khan. Owning a superyacht truly is an infinitely rewarding experience for those who value time with friends and family away from the eyes of the world.

About Lürssen

The German yacht-builder Lürssen has earned an international reputation as the No. 1 specialist in exclusive, custom-built yachts. The privately run company was founded in 1875 and remains solely in the hands of the 4th generation of the Lürssen family. With a workforce of 2700, Lürssen maintains eight state-of-the-art facilities at Bremen-Aumund, Lemwerder, Berne, Rendsburg, Wilhelmshaven, Wolgast and two yards in Hamburg. Its main headquarters are located in Bremen.

Contact
Lürssen Yachts
E-mail: yachts@lurssen.com
www.lurssen.com

WHAT TO LOOK FOR WHEN CHOOSING A JET CARD

by Steven Warner-Gould, Head of JetCard at Air Partner

For those who frequently fly privately, convenience and efficiency are without exception the priority when choosing the right private jet programme. Jet card programmes are unrivalled regarding flexibility and give the member access to the benefits and advantages of a private jet on standby. Investing in a Jet card can allow you to reap the same benefits of having your own jet, without the capital expenditure and depreciation of ownership or fractional schemes. Compared to on-demand private jet charter, Jet cards provide a more straightforward way to fly with a more streamlined booking process, as well as access to premium terms that allow more flexibility.

The number of Jet card programmes in the market has risen over the past few years. With more choice, it can be challenging to find the solution that is right for you and your flying profile. Not all Jet cards offer the same benefits and there are many hidden variables that are important to consider before choosing a programme.

FLEXIBLE TERMS

A good Jet card is one that is flexible to the needs of the member. Some providers will cap the number of users that can be linked to one account, making it a less attractive prospect when flying with colleagues for business. Others will limit the number of aircraft you can access per day whereas the best will allow unlimited users, giving total flexibility. The immediacy of availability can also vary, with some programmes guaranteeing an aircraft with just 24 hours' notice and others requiring booking up to 7 days in advance.

The majority of providers base their Jet card hourly rate on the aircraft size. There are six widely accepted categories that increase in both size, range and amenities. It's worth thinking about your flying needs to ensure you choose the correct category - a good provider will assess your flying profile and advise the category that will best suit your requirements. There may however be times where you require a different sized aircraft – an unexpected long-haul trip for example. Some Jet card programmes will allow you to interchange between aircraft categories freely, but others will charge a penalising rate to use a jet that is outside of your usual category. It's an important factor to consider if you are likely to fly Transatlantic, travel with a larger group or on some occasions you want to save some money by taking a smaller jet than usual.

TRANSPARENCY

Do flight hours expire? Many providers will offer hours that you will have to use within a certain

period of time. After that time, you will lose any remaining hours you purchased but haven't flown. By choosing a programme with flight hours that never expire, it puts you in control when selecting how often and when you wish to travel without being limited by an expiry date. Are unused funds refundable? More often than not, they aren't but some programmes will return all your remaining funds should your flying circumstances change. This flexibility can be important when weighing up the investment of a programme – with refundable cards you will only pay for the hours you fly.

What is included in the cost of my hours? Many programmes will cover the cost of your time in the air but may add on additional extras such as landing charges, de-icing fees, fuel or catering costs. It is worth investigating the small print and understanding what is included in your hourly price – some programmes offer a fully inclusive hourly rate, meaning that there won't be any surprise costs. Are there additional monthly management fees to consider? Does the programme offer round-trip discounts? It's worth making a comparison once all costs are taken into account.

It's important to ask the question of where are the funds held. Air Partner's JetCard money is held in completely segregated bank accounts, in trust, ensuring that all client money is safe, not co-mingled with the company's cash, and managed in line with best practice as you would expect from a PLC listed on the LSE.

Also, consider whether the rates are guaranteed to remain static. Jet cards that offer a fixed rate for the lifetime of the purchased hours allow members to budget for a number of years in advance, due to a fixed price and zero annual escalator guarantees.

SAFETY AND RELIABILITY

The private aviation market has boomed in recent years and consequently seen a rise in many new charter businesses. It is essential to understand the background of the company you are purchasing from. Consider factors such as their reliability and financial strength for peace of mind that your funds are secure.

What is the company's safety management system and do they regularly operate comprehensive audits of their own aircraft or the ones they use? Air Partner conducts comprehensive audits of every supplier used, which includes operating standards, crew experience, safety records and finances.

SERVICE

The service offered by different companies can also vary. Key considerations include catering and the aircraft offered. It's worth investigating whether the provider offers a wide selection of aircraft models to ensure your private jet always best suits the requirements of your flight.

There's nothing more frustrating than having to state the same preferences every time you want to book a flight. Jet card programmes offer a dedicated Account Manager who understands your preferences and ensures every detail of every flight is in place. It saves having to advise preferred catering and specific requirements each time.

To conclude, there are many benefits to investing in a Jet card programme, but it is essential to consider the number of variables across the market. By taking the time to investigate and asking the right questions means you can make the right choice for your needs.

ABOUT AIR PARTNER.

Air Partner is a leading global aviation group listed on the LSE. In addition to offering a JetCard programme, the group provides charter services across private jet charter, group charter, freight and aviation safety consultancy. Established in 1961, the Air Partner JetCard was one of the first private jet membership programmes when it was introduced 14 years ago and is ranked the most flexible programme in Europe and the US by Conklin & de Decker, the independent aviation consultancy.

www.airpartner.com


ALPHA-CENTAURI
LUXURY HYDROPLANES
INEFFICIENT IMPRACTICAL EXPENSIVE TERRIFYING
WWW.ALPHA-CENTURI.CO.UK


8-16
DEC 2018
PARIS
Nautic
#INPARADISE
#BOAT
#NAUTIC2018
DOWNLOAD
FREE APPLICATION
MON NAUTIC
WWW.SALONNAUTIQUEPARIS.COM
NAUTIC FESTIVAL
FÉDÉRATION DES INDUSTRIES NAUTIQUES
Nautic
SALON NAUTIQUE DE PARIS
VOLVO

WHY VENTURE DEBT, AND WHY NOW

How Canada's surging technology sector is benefiting from new funding options

It is no secret there has been massive amounts of investor capital flowing into the technology sector, both into big names like the so-called FAANG stocks and also into start-ups and smaller companies.

This hot flow of money has been making its way to the obvious tech-hub locales: Silicon Valley, San Francisco and New York, and even some smaller centres like Seattle and Portland on the west coast and Boston and Providence on the east.

Missed by many investors and market-watchers, however, has been Canada.

While the FAANGs aren't based here, some of their lesser-known relatives indeed are Shopify, RateHub and Hootsuite, to name a few. Start-ups and early-stage companies are also sprouting and growing like weeds – companies in all things new and exciting and the tech and innovation space, from green technology, health technology and the data revolution to artificial intelligence and more.

Canada's tech sector continues to grow by leaps and bounds. Indeed, from early to mid-stage, companies with scalable business models and big markets to grow into are hitting it out of the ballpark in growing tech hubs like Toronto, Montreal and Vancouver.

While the flow of investor capital into Canada's technology ecosystem is starting to pick up the pace, one issue that has opened up is the lack of funding options available to Canada's start-ups and early-stage tech companies.

Indeed the bulk of investor capital going into the sector is coming from venture capital and private equity sources; capital which comes with equity stakes and board seats which take away vital control from founders and entrepreneurs.

If founders lose control too early, before they have enshrined the vision and future direction of the company, the result can be a diffusion of entrepreneurial energy, sub-optimal strategic decisions and ultimately an exit that ends with a thud versus a bang.

Enter 'venture debt'.

Venture debt is a less-known and less-utilised way to raise cash. Popular in the U.S. but still catching on in Canada, venture debt has proven to be one of the critical tools that helps aid and support growth among tech companies – by providing financing that not only allows founders to retain control longer, but also create greater net worth for themselves, their employees and their early investors.

What exactly is venture debt?

Venture debt is what it sounds like: a term loan or line of credit used by technology companies to fund growth investments. Unlike traditional bank lending, venture debt is available to start-ups and growth companies that do not have positive cash flows or significant assets to use as collateral. Venture debt funders accept more considerable risk than traditional lenders are willing to take, and it is an excellent complement to equity financing from angels and VCs.

Venture Debt as an asset class:

The notion of private or venture debt as an asset class to invest in has been around for some time. Although it has taken off in the past few years as investors continue to search for a broader array of non-correlated, diversified investments, and as tech founders and other entrepreneurs seek alternative raise to raise capital that doesn't involve giving up control.
What has developed in Canada is a perfect storm for investors looking to capitalise on the tech space, without having to invest either directly or through an index, in the mostly over-priced FAANGS. As the tech sector in Canada grows, so too does the need for investor capital, creating opportunities left and right for Canadian investors to get in on the ground floor of what many are calling the "Silicon Valley of the North".

Venture debt allows the founders of the company to retain both economic and strategic control over their baby longer than if they were to fund with equity alone. Using the most recent data from Pitchbook, we estimate that if a company funded each of its seed, A and B rounds using one-third debt and two-thirds equity, the insider (founders, family and friends) would retain 53% ownership in the company versus 40% if the funding were comprised of equity alone. The data support the view that venture debt can have a profound impact on keeping founders in control, particularly during early, more dilutive financing rounds. Founder-run companies, especially in the tech space, tend to perform better longer-term.
For investors, it's an obvious benefit for the companies you are investing in to grow in the right way. Espresso Capital, over a period of nine years, has provided venture debt loans to more than 240 technology companies. Across all of those loans, Espresso has a loan-loss rate of less than 1%. What this illustrates more than anything is that when the proper due-diligence is conducted, venture debt can be an incredibly successful asset class, which yields positive, and perhaps more importantly, uncorrelated returns.

Furthermore, as Canada's technology ecosystem continues to grow, the demand for investor capital will grow alongside it, creating more and more opportunities. Venture debt will continue to play an important role in this growth, with the desire from founders and entrepreneurs to keep more control of their companies.

Alkarim Jivraj is President of Espresso Capital, a Canadian-based technology venture debt provider. He has been involved in technology investment banking, venture capital and venture debt for over 20 years, during which period he has advised or invested in over 200 companies.

BRITISH POLO DAY INDIA

British Polo Day Celebrates its Return to the Pink City of Jaipur and the Blue City of Jodhpur. A platform for the world's most dynamic and most interesting individuals, Hosted by Indian Royalty

December, Jaipur & Jodhpur – British Polo Day brought together the best of Indian and British on the polo field, along with the world's business, cultural and lifestyle leaders to enjoy the magic and majesty of Jaipur and Jodhpur. Presented by Chelsea Barracks in Association with VistaJet the Jaipur event was hosted by Her Highness Rajmata Padmini Devi of Jaipur, and the Jodhpur occasion was hosted by His Highness The Maharaja Gaj Singh II of Marwar-Jodhpur.

.

Jaipur
Returning for the fourth time, British Polo Day Jaipur started with a beautiful bang at the SUJÁN Rajmahal launch party, before all-out action on the polo field, and followed up by a black-tie gala at the City Palace hosted by His Highness Maharaja Sawai Padmanabh Singh of Jaipur.

BPD was honoured to welcome the Duchess of Rutland as the British Representative, and the Duchess threw the ball in to kick off proceedings on the field.

The polo saw BPD Royal Salute vs. Rajasthan Polo Club competing for the Chelsea Barracks Jaipur cup, and BPD I against Jaipur for the Rajmata Padmini Devi of Jaipur Shield. The first game saw a 7-4 victory to BPD Royal Salute. In this highly charged second match the Jaipur team lifted the shield with a victory of 6 goals to 4.

Jodhpur
On the eigth year in the Blue City, guests were treated to the colours and vibrancy of Rajasthan, beginning with sunset drinks on the terrace of the Umaid Bhawan Palace, which was voted number one hotel in India by Condé Nast in 2016. The first day of British Polo Day Jodhpur pitted the Jodhpur Polo Team against the Mundota Fort & Palace, Jaipur Team who battled it out for the Marwar Trophy.

Also on the opening day, the Royal Salute team were up against Mayo College, helmed by Pacho Jaipur. A close run match that saw Royal Salute scoring their fourth goal in the final seconds, but it wasn't quite enough to pip Mayo College's five goals, and Pacho and his team lifted the Marwar Tropy, presented by Miles Wood, sales director at Chelsea Barracks.

On the evening of the second day, guests followed a procession of fire breathers, Rajasthani trumpeters and traditional Marwari horses to the battlements of one of India's largest forts, the majestic Mehrangahr Fort, for an event celebrating everything Indian. Peter Prentice, Royal Salute Global VIP Relationships Director & Chairman Keepers of The Quaich Society, led a traditional Royal Salute Quaich Experience to toast to His Highness and the Game of Kings.

The following day saw the British Army VistaJet team lose by half a goal against Jodhpur II for the Umaid Bhawan Palace Cup. Jodhpur I took on Mundota for the Yuvraj Shivraj Singh of Jodhpur plate, which resulted in an honourable draw. The cup was awarded by Bruno Gregolin of VistaJet and His Highness the Maharajah of Jodhpur.

The last night was marked by a gala dinner on the lawns of the Umaid Bawan Palace hosted by His Highness Gaj Singh II Maharajah of Marwar- Jodhpur. A grand total of £38,000 was raised for Head Injuries Through Sport, a charity close to the heart of British Polo Day. The auction takings were greatly assisted by the sale of a Jaeger-LeCoultre Reverso Tribute Duoface watch engraved with the coat of arms of Marwar- Jodhpur, which went under the hammer for $18,000.

Ben Vestey, CEO and Partner of British Polo Day said: "British Polo Day is delighted to be returning India, a magnificent jewel in the BPD crown. The base of partners – with over 2,000 years of combined heritage between them – says so much about the relationship building opportunities that British Polo Day creates. British business continues to prosper in India, and myself and Chairman Tom Hudson are delighted that British Polo Day can be a part of this success story."

It was a matter of great pride that former England Polo Captain and Royal Salute World Polo Ambassador, Malcolm Borwick played in India, his fourth, British Polo Day event, captaining the Royal Salute British Exiles team. To celebrate the occasion, Royal Salute, known as the 'King of Whisky', served its signature 21 Year Old blend as well as the limited edition Beach Polo Edition; the latest release in the annual Polo Collection created as the ultimate celebration of polo, the Sport of Kings.

British Polo Day Heritage
Over 100 top British and international players have played at British Polo Day since its inception, and 2018 saw H.H. Maharaja Sawai Padmanabh Singh of Jaipur joining the HRH The Duke of Sussex on the field at our Great Britain event in June, alongside the world's number one male polo player Argentine Adolfo Cambiaso, and the number one female player Nina Clarkin.

www.britishpoloday.com

SUCCESSION PLANNING AND THE POWER OF ADVICE

CHILDREN CLOSE THEIR EYES TO ADVICE BUT OPEN THEIR EYES TO EXAMPLES

We live in a world where technology makes communication instantaneous and yet the views of different generations stand miles apart. The founder of the family business may resist listening to their adult children when they say it's all about empowering employees and impact investing can be more beneficial than mere philanthropy – "at the end of the day, what do they know? It is not them who made the business what it is today". Perhaps, but it may well be them who turn it into a legacy.

To use a real-life example, the patriarch who was behind a very successful magazine business struggled to embrace his daughter's suggestion and transition to the online environment. With a "my way or the highway" approach and taking no professional advice at all, he ended up having to exit the business. If times had been different, maybe the business would have continued to thrive; but they are not.

At the other end of the spectrum, a dairy business owner was approached by his eldest son with a suggestion to diversify into low-fat yoghurt treats and was happy to consider it. The son had assembled a team of experts and professional advisors to help and together with the father, took a leap of faith into the unknown (but stuck to the carefully prepared business plan). The story has a happy ending where father and son worked together to bring to life the son's novel idea and the business is now in the hands of the son, currently exporting all over the world and being very successful. It wasn't an easy journey, but teamwork made it happen. The above may well be two polarised examples, yet these are conversations that take place at a crossroad in the family business and family members should be equipped with the right skills to deal with them. Numerous matters diverge when it comes to decision-making styles specific to different generations, and yes, change can be challenging, but the interesting aspect of it all is that despite their differences, the goal is ultimately the same , the preservation of family wealth and creation of a legacy.

Andra Ilie
Associate Director
Knox Private Office

So how can we, advisors, bring it all together and ensure a successful transition for the family to the next generation and beyond (assuming that the family wishes to do so)? And how can we make sure we avoid the pitfall of being perceived to be closer to one generation than other? Without preaching for a magic solution, it feels like the answer sits somewhere at the junction of trust, communication and planning, mixed with experience and collaboration.

Founders are not just craftsmen of the business; they are the business itself. While it depends significantly on the entrepreneur's stage in the cycle (be it a second generation or multi-generational), the fundamentals are the same – taking a proactive approach towards change, futureproofing the business and planning for succession are all vital, as is knowing when not to make business decisions for family reasons.

Entrepreneurs know their businesses inside out, but do they understand the need for flexibility when it comes to asset structuring and how to best adapt to regulatory changes? Typically, entrepreneurs are "doers", mainly following their instincts rather than predetermined action plans. However, with increased global transparency it can be a nightmare for cross-border families to navigate the geopolitical maze of requirements and changes without a roadmap. The good news is that there are professional advisers out there who can help families throughout the journey.

Over the past years, there has been more and more onus on business owners and their advisers, such as trustees, around regulatory compliance that started with the likes of FATCA and the Common Reporting Standard and has culminated with a new set of record keeping and disclosure obligations. And there is more to come. How will they deal with all of this and manage the business at the same time?

Today's entrepreneurs are technically astute, internationally mobile, transacting all over the world. They relocate at will, change their residency and buy properties and businesses in different jurisdictions without spending too much time considering the long-term impact. Next, there comes the point in the entrepreneur's lifecycle when wealth becomes a burden by creating stress and anxiety, and all of this stops them from enjoying what they're most passionate about by having to deal with compliance and administration, or even worse, a letter of enquiry from HMRC. So how can advisers help with all of these?
In the same way, as kings have their council, families have their carefully assembled teams of trusted advisers, just like the dairy entrepreneur, each with their designated specialism. The team of advisers may be within their family office or may be independent, but acting collectively by having a birds-eye perspective, the family's private office benefits from a unique position which allows them to identify any areas of immediate risk or concern and tackle them efficiently while causing minimum disruption to the family and the business. Such professionals can assist with pressing issues, alleviate cumbersome compliance, while also facilitating communication in an unbiased forum and act as a sounding board for family-related business decisions.

Having external advisers can help de-personalise discussions while also educating family members on regulatory matters relevant to their business and prompt alternatives for planning ahead – do they even want to carry on in business together? Designing a governance framework is often the bedrock for successful dynastic transition as it can take away the concerns by factoring in contingency options and introducing mechanisms for conflict resolution while maintaining an outward-looking focus.

In the end, it comes down to having a clear path for the journey to the creation of a legacy and this is paved with knowledgeable, trusted advisers who can guide the family in bringing it all together. It is about finding mindfulness in an ocean of change and most of the times; it takes a question to find out the answer that you've been looking for.

www.knoxprivateoffice.com

INVESTING IN 'NEW LUXURY'

EXPERIENCES FOR THE NEXT GENERATION

Luxury is changing. The global inclination for decreasing ownership of assets is visible across every age bracket and wealth class, substituted for the desire to experience all that the world has to offer.
The trend is most apparent amongst the super wealthy. For those who can afford it, the desire to push the boundaries of travel and take in incredible and unique experiences is increasingly enticing. The scope of delivery of such trips is also expanding as access to new technologies grows.

For ten years, Cookson Adventures has been at the forefront of the ultra-luxury adventure travel market, taking it to a new level of personalisation.

Set up by founder Henry Cookson a decade ago, Cookson Adventures specialises in developing 'world first' experiences for UHNWs and their families, while keeping luxury at the heart of adventure. Himself an avid adventurer and explorer, Henry has pushed boundaries on many daring expeditions that include trekking to the magnetic North Pole and Southern Pole of Inaccessibility, claiming two world records in the process. "Setting up Cookson Adventures," explains Henry, "was all about following my heart by helping people to undertake exciting adventures in places that very few people, if any, have been to."

Such is the nature of travel, however, that Cookson Adventures must continuously innovate and refresh its ideas to stick to Henry's vision that each adventure should be unique. To that end, the company's resident travel team works closely with a global network of scientists, explorers, guides, archaeologists, biologists, conservationists, and many more worldwide experts, to deliver the trips for which it has become renowned.
Amongst the growing trends in the travel industry is the prevalence of family-orientated experiences.

While family offices often organise such trips, it is rarely their crucial competency, and many functions, such as chartering a yacht or a helicopter, may need to be outsourced. In contrast, having a joined-up and highly tailored approach to 'adventure planning' suits families who are keen to push their own personal boundaries. Henry regularly accompanies family trips to remote parts of the world, where there is a much higher regulatory framework governing what can and cannot be done. The trips are therefore elaborate and often require months of specialist planning. To that end, Cookson trips are built from the ground up to reflect every client's differing preferences and, with philanthropy and CSR often interlinked with investing and family interests, taking this into account as part of their experiences – by integrating conservation or science – is a natural extension. This process also enshrines the concepts of philanthropy many families consider essential and binds the generations together through shared outcomes.

The other clear emerging trend is the desire to invest in the next generation. While millennials consider themselves global citizens far more strongly than previous generations, many families feel that their heirs are not equipped to deal with the needs of the family businesses. A former Venture Capitalist and now CIO of one of Europe's largest family offices suggests this trend is common: "I consistently hear from other family offices that they are worried about their children not having the skills to take over the running of the business. They need to be helped to accept the responsibilities."

Encouraging young adults to take time after schooling to engage in philanthropy, while also taking themselves out of their comfort zone, has therefore grown in prominence. Prince Harry's gap year trip to Lesotho, which was the genesis of his now famous charity Sentebale, was a clear example and has acted as a strong encouragement for many families to follow suit to help their children develop the necessary experiences to play an active part in managing the family interests.

Usually, these experiences can combine different elements; the physically challenging, intellectually broadening and culturally stimulating, often including conquering a mountain peak, building a schoolhouse in a developing country or attending a rarely-seen coming of age ceremony. All are developmental accelerants and can be life-changing, especially when the context is the relative shelter of an urban upbringing. Families are, therefore, increasingly looking to give the next generation exposure to this ever-shrinking world the world and different cultures at young ages.

"We had a trip request," Henry recalls, "for a 14-year-old girl who was fascinated by both diving and medicine; an ideal project. We put forward a suggestion of diving with a marine conservancy organisation in the Galápagos Islands, followed by working with a focused medical NGO. On another project, we are talking to a principal about a trip that includes both him and his children exploring Patagonia. The adventure is too exciting for him to let his sons go without him, but when the parents go, there is the added dimension of the bonding."

"We have developed a real insight, through our interactions with families," comments Cookson's CEO Adam Sebba, "that the older generation wanted to help their children grow into outstanding global citizens, aware of issues such as climate change, rare species extinction and marine pollution. Multi-generational trips aren't without their challenges – you have to please a wide range of constituents – but by expanding our offering to incorporate young adults, we have been extremely helpful to families in a number of ways. We are raising awareness of such issues for the next generation.

www.cooksonadventures.com

Living like a laird

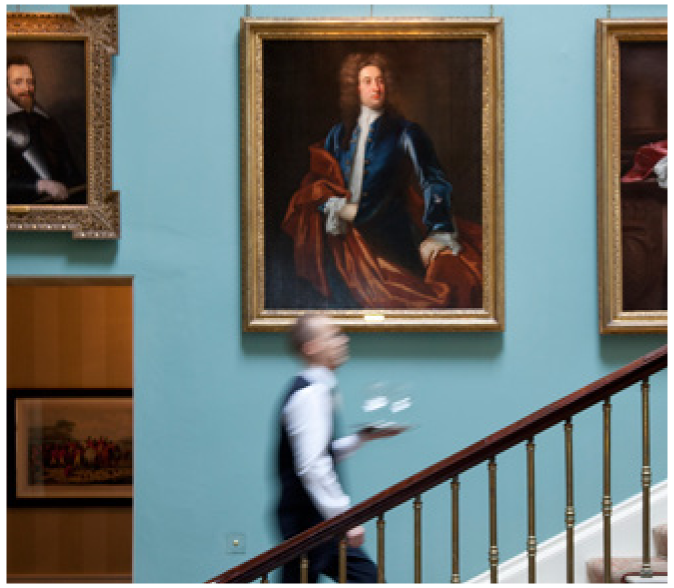
The luxury travel world has enjoyed an enormous surge in demand over the last twenty years and the product on offer is incredibly diverse from resort hotels all the world to amazing African lodges, ice hotels in the Antarctic and some pretty cool contemporary inns dotted around remote corners of the globe. Whatever you want, someone can generally provide it and I suppose the most significant change from days of old is that the level of luxury even in the remotest locations is extraordinarily high.

Since 1999 Loyd & Townsend Rose (LTR) has been letting houses & Castles in the UK and Ireland to private families to celebrate a special birthday or to be together as a family group. Once the right estate has been found, we then offer a full concierge service and arrange everything for the guests. Since we started, there has been a considerable change in the quality of the estates that we can offer, the demands of our guests and the cost involved. Twenty years ago, it was mainly impoverished aristos who let their homes, but now everyone is in on the game from Kevin Costner in Aspen to some of the wealthiest business families across Europe. It is socially acceptable now to let your home and of course many are just one of many homes owned by a particular family, who rarely use them. So why not let them, to offset a few costs and give the staff something to do!

So from slightly frayed ancestral piles, with erratic heating and gurgling water pipes, we have progressed to amazingly comfortable houses & castles with the odd ultra-cool contemporary home also thrown into the mix. LTR guests want a squishy country house downstairs and a luxurious hotel upstairs. Amazingly some homes can now deliver this with aplomb, but the selection of really top homes to rent is still quite small or certain ones that would suit our clients. The combo of ingredients has to be spot on, as the modern client is also very private so having nobody else anywhere near is also vital and easy access to an airport is also a high priority. Rural homes must be able to allow easy access by helicopter or seaplane and one of our estates even has a private train station. Comfort is key, excellent internet access, power showers in every bathroom, fantastic kitchen and plenty of different spaces for dining and relaxing with family & friends. Gyms, indoor pools and media rooms are seldom requested as our guests can get these facilities in hotels and they enjoy spending a few days in a different sort of environment.

The other key element to the modern- day rental is the service, and here too demands have increased as our guests get used to a certain level of attention wherever they may be in the world. So staffing has become an enormous issue, which again is not always easy in rural areas but we work hard to ensure a very high level of service, excellent food and wonderful activities & sightseeing provided in a fun and original way. Whatever the guests want, we strive to deliver, however wacky the request. Avoiding crowds and getting off the beaten path is another challenge but this is what we try to provide so guests can experience the real Scotland or England. This often means persuading guests not to go to the usual places and to strike out into less well- known parts of the countryside.

There can be some resistance to this, but it is well worth the effort. Parts of the highlands made famous by movies are now in high season need to be avoided as visitors flock to Harry Potter locations on Skye while the next- door island will be comparatively deserted. The Old Course at St Andrews is a nightmare to get on, while Kingsbarns up the road is equally pretty and has plenty of access and a civilised flow of golfers. Avoid the big names and head for the hidden gems!



Costings of these family adventures is a more sensitive issue than a few years ago, as the internet allows clients a far greater knowledge of what things actually cost.

Our clients are looking for an exceptional estate to rent and will pay a hefty fee, but ancillary services need to be sourced at realistic prices. To provide maximum transparency, LTR now charges an agreed concierge fee and then provides all services at cost, which seems to work well and makes our accounting so much easier. Clients seem to appreciate this and whether we work directly with them or via their travel agent, it helps create a feeling of openness.

Modern-day travellers are also likely to be very well prepped from their own research as to what they want to eat, drink and experience during their stay. They will often know a lot about the history of where they are visiting and the key sites in each area. This can be challenging for guides, but it does allow the client to skip places of little interest. The modern-day traveller is time poor and cash rich which means careful scheduling is vital. It's only the more affluent clientele and seasoned traveller who realise that actual time spent at a property just relaxing and soaking in the atmosphere is just as pleasurable as seeing all the sights. Providing a grand home away from home in a beautiful private setting is what our guests call 'true luxury'.

MERCEDES-AMG BRINGS FORMULA 1 TECHNOLOGY TO THE ROAD

Mercedes-AMG Project ONE

FORMULA 1 HYBRID TECHNOLOGY FROM THE RACE TRACK TO THE ROAD

217 mph

The Mercedes-AMG Project ONE will celebrate its world premiere at the International Motor Show (IAA) in Frankfurt: the two seater supersports showcar for the first time brings the very latest and efficient, fully-fledged Formula 1 hybrid technology to the road. This high-performance hybrid has an output of over 1000 hp and a top speed exceeding 350 km/h. The showcar combines outstanding racetrack performance with day-to-day suitable Formula 1 hybrid technology and exemplary efficiency.

The Mercedes-AMG Project ONE show car brings the very latest efficient, fully-fledged Formula 1 hybrid technology from the race track to the road

The two-seater high-performance hybrid produces over 1,000 hp and reaches top speeds of beyond 217 mph

The complex development work was carried out in close cooperation with the Formula 1 experts at
Mercedes-AMG High Performance Powertrains in Brixworth and with the Mercedes-AMG Petronas Formula 1 team in Brackley
The Mercedes-AMG Project ONE is the first Formula 1 car with MOT approval.

Together with the four-door AMG GT Concept, the Mercedes-AMG Project ONE provides another insight into the future performance-hybrid drive strategy of the sports car brand

The 1.6-litre V6 hybrid petrol engine with direct injection and electrically assisted single turbocharging comes directly from the Mercedes-AMG Petronas Formula 1 racing car

The vehicle is mid-engined (ahead of the rear axle) and it can easily reach speeds of 11,000 rpm, which is currently unique for a road-going vehicle

The battery cells, their arrangement and the cell cooling system are the same as used in the Mercedes-AMG Petronas Formula 1 racing car. However, the quantity of battery cells in the AMG Project ONE make it significantly more practical for everyday use.

The basis for the outstanding driving characteristics of the Mercedes-AMG Project ONE is provided by the lightweight, high-strength carbon-fibre monocoque body, the technology of which also comes from Formula 1

Another completely new development is the 10-spoke forged aluminium wheel with centre lock, which is exclusively reserved for the Mercedes-AMG Project ONE. This improves the car's aerodynamics and Cdfigure by optimising the airflow around the wheels.

The car is equipped with an advanced, weight-optimised ceramic high-performance compound braking system. Its low weight reduces the unsprung masses, thus improving driving dynamics and agility.

A NEW PHILOSOPHY FOR EDUCATION

by the Headmaster Mr Jeff Shaw

An insight into a new philosophy for education alongside an innovative investment strategy as described by the Headmaster Mr Jeff Shaw.

The Oxford English Dictionary states that education is "The process of receiving or giving systematic instruction, especially at a school or university." Although I am sure this is factually accurate, it lacks inspiration and is certainly not what I would choose to invest in for my family. The aforementioned mechanical description harks back to the Victorian schooling system, where repetition of facts and the liberal use of a slipper or cane were the norm.

This outdated philosophy was designed to create an industrial workforce who do not think creatively, do not question the norm, and work unquestionably in a factory environment. Parents that I know of are more interested in a school that will develop their children to be innovators, leaders, socially capable and the leading creative thinkers of the future. In short, they do not want their children to be educated in some kind of 'human sausage factory'.

Looking around at executive board tables and leading entrepreneurs in the world, we see people who can manifest visions, read situations and have resilience in abundance. They are often, but not exclusively, high academic achievers and have a fire in their spirit that attracts others and leads the way. They are also adaptable, innovative and value the need for reflection and perspective.

Independent education in the UK has sometimes fallen into the trap of focusing solely on narrow measures of success and stifling the creativity and skills that are key to life. This type of education is potentially regressive, and a new philosophy of education must now be embraced and supported. The present system boxes pupils into a pre-determined pathway, ignoring the holistic, personal and character development of a child (as well as their creative potential).

Scarisbrick Hall School in Lancashire, a vibrant co-educational independent school that has outstripped national growth for seven consecutive years, has embarked on an investment programme that supports this new philosophy. As well as high academic standards, the school also focuses on what they call "RIVER Learning". RIVER stands for: resilience, independence, values, exploration and reflection. Pupils at the school rub shoulders with leading professors, debate issues with peers from the House of Lords and also take part in all of the usual high-end private school activities (including extensive outdoor pursuits in their fifty-acre site, sports and arts). Academic achievement is high but this school has a tangible difference in their philosophy.

School reports are sent home every six weeks, however as well as the usual academic grades (including behaviour and homework), their RIVER attitude is also reported to parents and encouraged throughout the school. A calm purposeful atmosphere is manifest in the school and staff are encouraged to display this philosophy through their actions. Pupils are immersed into specialist teaching environments with leading experts and coaches, they are even able to personalise the curriculum to support their holistic development.

Class sizes at the school are of a size that maintains a family atmosphere (averaging 22) and there are no more than three forms in a year group to allow each pupil to have a voice. Leadership and service are high on the agenda as well as debating, public speaking and mock trials. Pupils achieve highly and are valued for who they are. The school is one of the leading lights for pupil wellbeing and has also won a number of national awards, including one for their innovative curriculum and provision.

A key part of their RIVER philosophy is values. This is something that is taken seriously by the school. Through their international trips, ethical awareness,

support for charities and the highest levels of integrity that are instilled into the pupils; this is truly a 'values driven' education model. The school understands the need for the leaders of the future to be grounded in ethical values and responsibility.

This type of philosophy encourages each individual to be extraordinary at whatever they are passionate about and in turn also facilitates academic achievement. Readdressing the balance that has been spiralling for so long not only liberates the creativity within pupils but also the teaching profession. Scarisbrick Hall stands for something different, a new philosophy of independent education that aims to develop the inspirational leaders of the future.

The growth in pupil numbers and parental interest globally and locally indicates that there is a growing number of families who seek this new philosophy. There is no doubt that academic success will always be a necessity at any independent school although, the difference here is that this has been achieved because of the pupils thriving holistically as individuals.

The vision of Scarisbrick Hall School resulted in an invitation to investors to share in the growth potential of the School business by supporting the expansion of their provision by providing world class facilities on their fifty-acre campus. After successfully securing planning permission and funding for a 3.7 million pound investment in Performing Arts they now seek to expand their vision to incorporate boarding and a new sports complex.

GENDERED CLIENT SERVICE

SEGMENTATION OR SOFT SKILLS?

By Frederique Meyer, Private Client Director for First Names Group in Switzerland

As the percentage of private wealth held by women continues to rise on a global scale, what is the right way to approach female private clients?

The Wealth-X World Ultra Wealth Report 2018 highlights that the number of ultra-wealthy women globally is currently just under 35,000, which represents a record-high 13.7% of the global UHNW population. It also notes that the number of UHNW women grew by an estimated 31% in 2017, far outpacing the 10% growth in the equivalent male population.

In parallel, there is increasing recognition in our industry that service needs can notably differ between male and female clients. Recent research has highlighted a number of gender-based drivers behind these differences – from life experience to life expectancy – and the importance of tailoring service delivery to ensure that the growing segments of UHNW women receive the very best service to meet their specific requirements.

For example, WealthBriefing's 'Winning Women' report reveals that seven in ten wealth-holders, both female and male, believe very strongly that gender should be a primary segmentation factor, while EY's 'Women and wealth' research highlights some important differences between female and male investors across a number of key areas. It found that women tend to have different investment priorities than men, with women taking a much broader view of success and paying more attention to end goals that money can help them achieve – such as funding children's education, benefitting a philanthropic cause or starting a business. Women also see clear, substantive explanations of investment decisions as an essential driver of trust, and place a higher value than men on human contact, accuracy and prompt responses.

Interestingly, there are also points of divergence in the research findings. WealthBriefing highlights socially responsible investing as having particular appeal to female investors and refers to "abundant research" indicating women are more risk-averse and conservative in their investments. Meanwhile, EY found "little evidence to support some common assumptions about women investors, such as a lower risk appetite or an attachment to ethical investing".

There is undoubtedly merit in all of this research and a clear need for better tailoring to suit female service needs and preferences, but equally, we must be careful not to make too many assumptions about what our clients want based solely on their gender. For one thing, there are a considerable number of other factors at play, including nationality, religion and culture.

If we consider our own experience of working with female clients across the globe, there are some parts of our Group, such as the UK and the Channel Islands, that are seeing a significant rise in self-made female private clients. For example, our team in Jersey has observed a marked increase in approaches from self-made wealthy women who are looking to set up trusts for their husbands and children. The recent Wealth-X report underlines the fact that female entrepreneurs are an emerging force, with almost half of this group located in the US in view of its favourable environment for innovative risk-taking.

At the other end of the spectrum, the female clients of our Swiss offices tend to come from regions such as the Middle East and South America and we are much more likely to see women taking more of a back seat alongside their spouses in meetings without actively participating in the discussion. This may be because they are less intimately involved or interested in the family finances, or it can be due to a fear of saying the 'wrong' thing. Either way, these wives may at a later date, upon widowhood, suddenly find themselves with full responsibility for the family wealth, at which point a particular hand-holding process is required and previously formed relationships become paramount.

For us, what stands out from the research and our own experiences is the need to prioritise soft skills development among our client service professionals. Technical prowess is essential, of course, but so is the ability to understand and empathise with a client and tailor our approach accordingly. Having a focus on soft skills is key to future success because it means knowing your client, not just in terms of clever micro-segmentation, but knowing them personally and understanding their personal goals, priorities and ambitions. This applies equally to male and female clients.

At First Names Group we have multiple UHNW clients who say we are like a member of their family and I have one client who I always spend a few days with during the summer holidays. Visiting our clients at their homes, attending their events, forging genuine relationships with the whole family – all of this helps us to understand the client and what is right for them for generations to come.

Gender is the latest stand-out factor within an increasingly diverse client base with a range of nationalities and cultural backgrounds. It may have been the case 20 years ago that we would have had a more homogeneous client base, where everyone came from the same 'stock', but this is no longer true today. A client's preferences might be based on gender or nationality or religion or culture, or all of the above; ultimately, it's about understanding them as an individual.

The rise in wealthy women at the global level is a welcome phenomenon and one which seems set to continue. The statistics and research serve to remind us that, as an industry, we need to do something to ensure our service delivery methods evolve in line with our ever-diversifying client base. But segmentation can only get us so far. I believe the right way forward is to encourage the human resources functions of our industry to foster greater sensitivity and empathy in our professionals through soft skills development across all levels of the organisation – especially among senior players who may perhaps be more set in their ways. This will equip our teams to offer a future-proof tailored approach to all clients irrespective of their gender, culture or background.

THE EMOTIONAL JOURNEY THAT IS INEXTRICABLY LINKED TO THE WEALTH JOURNEY OF UHNW FAMILIES

"It's important to take into account that human behaviour, rather than financial performance, is by far the most important factor in successful wealth transfer"
James Fleming, Chief Executive of Sandaire

A family business, in most cases, is entwined to the core of the emotional, logistical and functional aspects of a family dynamic and this is unsurprising. For many, a family business not only represents the source of a family's wealth but also can encompass the heritage, values and spirit of ancestors, as well as providing a common purpose for the current generation and a reason to stay united.

Given the above, it is natural that for family businesses there are many emotional elements of their wealth journey, a significant one being the sale of the said business, which at Sandaire our founding family has a great deal of experience dealing with.

James Fleming, Chief Executive of Sandaire, joined a year ago and spoke highly of the story of Sandaire's founding family,

"The history of Sandaire is fascinating; it is an example of a family moving into a major liquidity event. Alex Scott was faced with a huge burden of responsibility. After four generations, the family business was sold and the family faced new challenges, exploring new opportunities. Alex considered many options and finally decided to collaborate with other families in similar situations, thus the first multi-family office in the UK was born, in the form of Sandaire."

When selling a family business, many families go through a 'bereavement' process where they have a sudden and significant cash influx but no longer have the family business that bound them together with a strong and unifying common purpose.

Every family is comprised of its own special ecosystem made up of a group of individuals who are alike in some ways, perhaps sharing common family values, but then

James Fleming
Chief Executive of Sandaire

equally different in others. They, as individuals and as a family entity, are continually growing, evolving, and shifting their needs and priorities. As such, it's incredibly important to provide delicate guidance and careful stewardship to help families navigate the sale of a family business.

Having an intricate knowledge of this emotional wealth journey is crucial in order to serve families effectively, and also understand the soft factors and emotions inextricably linked with this. It is important for a family office to take many forms and shift depending on the needs of each specific family in this instance – whether that's as a leader, a partner, a facilitator, or a mediator.

James Fleming acknowledges the importance of understanding the emotive side of these events, *"We can't lose sight of emotion, as naturally, it is ever present in a family office business. You have to be well versed in dealing with delicate personal matters."*

We tell the story of our founding family to show that the journey can be navigated successfully, as the Scott family moved carefully through this major liquidity event and managed to maintain their family connection and ethos through successive generations still. From the sale of their family business, the Scott family created and developed a new business that bound them together.

Philip Marcovici, renowned tax advisor and author of many books including 'the destructive power of family wealth' recently joined Alex Scott in contributing to Tom McCullough and Keith Whitaker's new book titled, 'Wealth of Wisdom - 50 questions that wealthy families ask', in which Alex addressed the above through the question of 'Can a family stay together after the operating business is sold?'. In the book, Philip addresses the importance of third-party advisers and also the difficulty in finding advisers that a family can genuinely trust, who understand the needs of the client and act in their best interests at all times. *"An effective advisor is one who has the interests of their clients at the forefront, and positions themselves as a true trusted advisor."*

Through the first-hand experience of our Founder, the expertise of our Independent Chairman, Chief Executive and the team of trusted Relationship Advisors, Sandaire still operates for our clients in the way that the Scott family wanted to be treated themselves when they faced selling their business along the path of their wealth journey.

PHILANTHROPIC CAUSES

UNIVERSAL FILM AND FESTIVAL ORGANISATION

The Universal Film & Festival Organisation (UFFO) was founded to support and implement a code of practice for film festivals throughout the world. It is now dubbed 'FEST-COP', and its logo is now a familiar sight at many film festivals. The UFFO is a global not-for-profit voluntary organisation, and it created a "best business code of practice" for film festivals to combat the high level of corruption that blights the industry.

Its former president was the legendary actress Maureen O'Hara, and the organisation now has at least 240 film festival members.

UFFO's FEST-COP is entirely voluntary, free and easy to implement. Also, it is a blueprint for filmmakers in deciding which film festivals to do business with. Only film festivals that have subscribed to the UFFO best business code of practice are entitled to use the UFFO logo.

The organisation is now seeking a benefactor to help it move forward with its plans to further its remit and to create an online porthole to ensure filmmakers can deal with film festivals via a trusted source. The porthole will also act as a distribution platform and as an online TV channel for filmmakers to show their work.

Email info@uffo.org. - www.uffo.org

FAMILY INVESTMENT COMPANIES CAN HELP DODGE THE 'DEATH TAX' BULLET

by: Howard Bilton – Barrister-at-Law, TEP, Chairman Sovereign Group

No tax is popular but 'death taxes' – also called death duties, inheritance tax or estate tax – are generally more unpopular than most. Not only are they regarded as a form of 'double taxation' because the assets have already been taxed at least once but they can be highly destructive if they force the sale of family businesses, estates and houses.

Many countries, including Australia, Canada, Russia, India and Norway, have abolished death duties in recent decades. In the UK, however, Inheritance Tax (IHT) has become an increasingly lucrative source of government income. As property prices have increased, the number of estates liable for IHT has grown too. In 2017/18, it reached 24,500, a 5% increase on the preceding year. This article focuses on the options for UK-based families, but many of the suggested solutions can be equally as effective and useful for residents and citizens of other countries

The current UK IHT regime is an amalgamation of the old capital transfer tax and estate duty regimes, so it targets both gifts made during a lifetime as well as bequests made on death. The rate of tax might also be considered penal. It is currently 40% on the total value of the estate of a deceased after exemptions.

The number of estates investigated by Her Majesty's Revenue and Customs (HMRC) for underpayment of IHT is also on the rise. Some 5,400 estates were investigated in 2015/16, nearly a quarter of the total. If an investigation finds that IHT has been underpaid, the estate may have to pay all of the tax owed plus a penalty, which could be up to 100% of the tax at stake in the estate.

Despite this IHT, is sometimes described as a 'voluntary tax' on the basis that it can largely be avoided through relatively simple tax planning – some traps will catch the unwary or poorly advised.

The most obvious way to avoid IHT is to spend it all before death. This would be fine if you know precisely how long you were going to live. That is generally an unknown. Although DeathClock.com purport to be able to tell you if one is brave enough to have a look. And it is not a solution if you want to leave something to your heirs.

In the UK transfers between spouses, whether during lifetime or on death, are tax-free as long as the giver is domiciled in the UK. They also do not attract Capital Gains Tax (CGT) provided the spouses live together (TCGA 1992 Section 58). This works to an extent, but the exemption only delays the IHT until the death of the surviving spouse when any remaining assets will be taxed.

Outright gifts reduce the value of the estate and can be made tax-free to other individuals under the Potentially Exempt Transfer (PET) regime. Three key conditions must be met:

- Both parties must be natural persons. There is no exemption on gifts to companies or trusts (other than to a disabled person's trust);
- The assets transferred must either form part of the donor's estate or increase the value of the giver's estate;
- The donor must survive the gift by seven complete calendar (not tax) years. Failure to do so triggers an IHT charge on a sliding scale with the taxable value being reduced by 20% per year from the third year onwards.

Trusts were traditionally highly effective in eliminating IHT, but this is generally no longer the case. If an UK-domiciled person transfers assets to a trust, there is now an immediate charge to lifetime IHT of 20% of the value of the capital transferred. Additionally, the trust will be subject to a periodic IHT charge of around 6% of the capital value every ten years.

The exception is for non-UK domiciled persons (non-doms). Non-UK assets can be transferred into the trust before a non-dom becoming 'deemed domiciled' – thus applies to non-doms who have resided in the UK for 15 out of the last 20 years – and this will be an Excluded Property Trust (EPT). Assets within that trust remain outside the UK IHT charge provided that they stay within the trust. UK assets – except residential property – can also be transferred to overseas companies and the shares of those companies can be settled into the EPT.

Increasingly, wealthy UK individuals are turning instead to Family Investment Companies (FICs) – often known as a 'common law foundation'.

This is a relatively simple solution by which assets are transferred to an overseas or UK company. The rights and obligations attaching to the shares of the company are separated into shares that only carry voting rights, shares that carry only income rights (dividends) and shares that carry only rights to the underlying assets (capital).

A FIC enables the transferor(s) – generally the parent(s) – to retain the voting shares and therefore maintain control over the assets and the affairs of the company. It is also possible to retain some or all of the income shares in order to receive dividends and an income during a lifetime.

The capital shares, however, are immediately or progressively given away to family members. The gift of the capital shares would qualify as a PET, so the transferor must survive for seven years for the gift to be tax-free.

It is possible to provide for different levels of dividends to be declared across different classes of shares, but it is not possible to declare different levels of dividends on shares within a particular class. Every family member holding shares of a particular class is entitled to a pro rata share of the dividend.

In the right circumstances, FICs can undoubtedly provide an attractive and reasonably flexible alternative to trusts and certainly offer very attractive tax advantages in certain areas-particularly with the current low corporation tax in the UK when set against the 20% IHT charge on transfers into discretionary trusts above the nil rate band.

The transferor and participating family members will all need to ensure that their wills are correctly aligned with the provisions of the corporate documents governing the FIC so that they can avoid creating difficult issues for surviving family members to deal with. In short, FICs are a simple and effective alternative to trusts or foundations which can often now be viewed highly suspiciously by tax authorities and have adverse tax consequences.

EMBRACING CHANGE TO SERVE BETTER

Egon Vorfeld
The Forum Finance Group
Geneva, Switzerland.

Mikhail Myakishev
The Forum Finance Group
Geneva, Switzerland.

The wealth management industry has been undergoing a profound transformation during the past thirty years. Regulatory changes with consequential effects on profitability have made many financial institutions change their business models. Fortunately, the emergence of fully integrated family offices offered High Net-Worth Individuals (HNWI) an alternative.

Family offices can be dedicated to one or more families or be a fully integrated office with a significant number of private and institutional clients. The Forum Finance Group is the latter version with several family stakeholders relating to the company's managers, where their assets are co-managed in an identical manner to discretionary and advisory clients. There is a full alignment of interest across all mandates, and all clients benefit from advantageous conditions with partnering custodian banks.

What defines a good family office? It is evident that critical mass and strong corporate governance have become fundamental in the wealth management industry; however, an ability to navigate exogenous changes without compromising on consistency towards all stakeholders requires flexibility, independence and a high degree of pro-activeness.

The independent nature of family offices has allowed them to withstand profitability pressures arising from regulatory changes and to maintain an open architecture approach in selection and recommendation of investments.

Through having a global universe of investments without a corporate link to a small number of asset managers and investment providers, clients of family offices can benefit from "best-in-class" financial vehicles and products.

A well-organised family office with an investment research capacity not only selects good managers but is also capable of making tactical and strategic adjustments in global wealth allocations with little constraint. To a certain extent, a good family office internalises some functions of financial institutions in order to deliver customised services and investment portfolios and solutions, while maintaining increasingly scarce and – more than ever - necessary human touch and interaction.

At a more elementary level, a pro-active family office can use its top-down perspective to minimise and optimise financial services costs for its stakeholders constructively. Recent developments in Fintech and proliferation of analysis tools permit family office to crosscheck pricing of financial products and to eliminate excessive costs. For example, sophisticated family-offices can quickly and cheaply engage in hedging operations or yield enhancement through the use of derivatives without the involvement of fee-incentivised third-parties.

At the same time, more secure data access with banking institutions significantly improves a manager's ability to consolidate and accurately supervise or report on the total wealth of its clients. Global consolidation of assets is now feasible in real-time regardless of underlying liquidity and nature of assets, ranging from marketable securities to art collections and real-estate.

The ultimate objective of a family office is to accompany clients and industry partners through all stages of a wealth cycle: from the initial determination of capital requirements to investment management to wealth and estate planning. A family office's capacity to offer wealth planning services and advice to clients effectively pre-empts most of the issues relating to changing circumstances. Through complete supervision of a wealth cycle, client's assets not only grow but are preserved through sound and transparent wealth planning for future generations.

Family offices are often able to provide longevity and loyalty in their interactions with clients, through the stability of their personnel. In cases where client's assets are managed in a partnership with a bank, a family office acts as an objective controller and facilitator of a bank's relationship with the client.

One of the ways of delivering a high-quality service is by embracing the exogenous changes and appreciating the global nature and mobility of wealth. That is not done by avoiding and postponing implementation of regulatory changes, but by pro-actively preparing to assist clients in their endeavours. Initially, it requires a full understanding of and preparation for the relevant local regulations. That is implemented through self-evaluation, investment, and re-organisation to be fully regulated by the highest available financial authorities. One of the ways of achieving that is through continuing compliance training and required structures to have an ability to manage assets in other regions in full accordance with stipulated rules. In a complementary manner, a family office could choose to be supervised by an additional regulatory body. For example, the Securities and Exchange Commission (SEC) authorisation should be a minimal requirement in selecting a genuinely global family office.

In the globalised economy and increasing mobility, it is highly probable that a portion of client's wealth could fall under the jurisdiction of the USA. It is not rare for a family member of a HNW individual to reside a substantial portion of his/her time in the U.S. and even immigrating there. Just because a client or a family member becomes a U.S. person – a status which can pose a significant number of challenges (if not outright termination of services) for European financial institutions – it does not mean that a family office should relinquish its responsibility toward global wealth management for its client's assets.

In a nutshell, a good family office can adapt rapidly to changing circumstances and market conditions, as well as heftier regulatory pressures without sacrificing its nimbleness. It should be omnipresent throughout all environments and life stages to provide consistent and reliable services to its clients and stakeholders.

At The Forum Finance Group, we have embraced exogenous changes and ensured that we could continue to serve all our stakeholders: whoever they are and wherever they choose to live. That is why we are authorised as asset manager by FINMA (Swiss Financial Market Supervisory Authority) and registered as an investment adviser with the SEC (US).

POLITICAL RISK MINIMISATION – A ROADMAP FOR WEALTH AND BUSINESS OWNERS

By Hussein Haeri, Iraj Ispahani and Philip Marcovici

Political risk is one of the most salient concerns of international investors today. Such risks are far from being confined to nationalisations or direct expropriations of international investments. More frequently, international investors in foreign countries can over time face materially different regulations and legal frameworks to those which informed their investments in the first place.

Political risk is also a home country reality for many wealth and business owners and this not only in the developing world. Populist governments, confusion about how best to address income and wealth inequality and many other factors have made political risk something that wealth and business owners internationally need to consider. Often, however, wealth and business owners fail to adequately address political risk in their development of asset ownership and succession structures. However, they should and must.

In simple terms, political risk has to be considered at three levels. First, attention needs to be paid to political uncertainty in the country of the citizenship and/or residence of the wealthy owner. Second, political risk needs to be considered in the location that investment structures are maintained. Third, of course, is the country in which an investment is made. Notably, compared with commercial risks, political risks can be amorphous and hence difficult to predict and manage.

Emerging and frontier markets represent growth opportunities. Diversification, and growing beyond one's borders, is generally recognised as a practical business strategy. Thus, while political risks will shape some investment decisions and flows, such risks cannot easily be bypassed by international investors.

Indeed, political risk is now a fact of life across the world; it isn't confined to a select few countries that can be avoided.

History serves as a reminder of the disruption that occurs when revolutions happen, borders may be redrawn and wars can develop. All too frequently, assets including key industrial and commercial assets and land are seized from private citizens by governments. Such takings of private property for supposedly public use is something which wealth owners globally still fear. However, there are more options today to diminish the impact of big geopolitical changes via thoughtful asset protection strategies.

Wealth and business owners can learn from history and pay more attention to what has worked and has not worked in the context of political crises. During the second world war, for example, a number of European companies, including the Philips Electronics group, took steps to isolate their European assets from holdings elsewhere, such as in the U.S. In the 1980s and early 1990s, many businesses in Hong Kong were restructured in view of perceived political risk associated with the return of Hong Kong to China in 1997.

There is moreover a very significant international legal instrument which is all too often overlooked by wealth and business owners: the investment treaty. Investment treaties are international agreements between sovereign states that aim to promote and encourage investments between them. There are over 3,000 investment treaties worldwide.

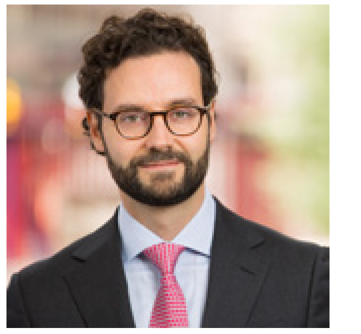
These investment treaties frequently provide direct rights for international investors which qualify for protection under their terms. This frequently includes a right to be treated fairly and equitably, a right not to be discriminated against and a right to be compensated for the direct or indirect expropriation of investments.

These investment treaty rights are wide-ranging and afford protection from the actions of governments, legislatures, courts and regulatory authorities. Perhaps the most important aspect of investment treaties is the right for investors to bring direct international arbitration claims against the host country government for breaching investment treaty obligations. Arbitration under investment treaties is often conducted under the auspices of ICSID, a branch of the World Bank.

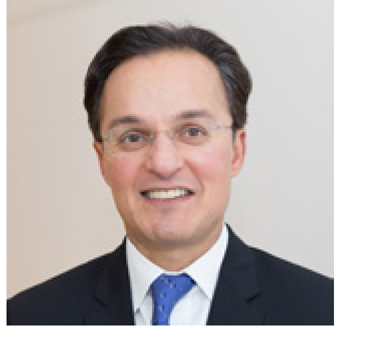
Given the value of investment treaties to manage political risk, sophisticated international investors increasingly structure their investments through holding companies established in specific jurisdictions to take advantage of particular investment treaties, alongside other considerations.

The importance of dovetailing investment protection with other considerations in investment structures, including taxation, corporate efficacy and disclosure, can be considerable. An investment structure that takes a holistic approach to all factors that are relevant to the specific circumstances is likely to be optimal.

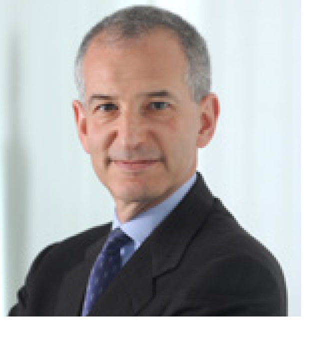
Background on the authors Hussein Haeri is a Partner and Co-Head of International Arbitration at Withers LLP, based in the firm's London office. He is a leading specialist in the field of international investment law and investment treaty arbitration and has served as counsel in over 20 investment treaty arbitrations between international investors and sovereign states. He has drafted model investment treaties and investment legislation for governments. He is a Solicitor-Advocate of the Higher Courts of England and Wales, and previously practiced law in New York and Paris.



Iraj Ispahani is the CEO of Ispahani Advisory Ltd. and is based in London. Iraj serves as a Group Director and Board Member of M.M. Ispahani Ltd, a family business headquartered in Bangladesh which will celebrate 200 years in 2020.



Philip Marcovici is retired from the practice of law and consults with governments, financial institutions and global families in relation to tax, wealth management and other matters. Philip is on the boards of several entities within the wealth management industry, as well as of entities within family succession and philanthropic structures.



SOCIAL POLITICS, WEALTH AND RELATIONSHIPS

Why, when a wealthy woman dates a much younger attractive man, is she judged so much more than when a man does the same thing?

Today we are constantly bombarded by information. Social psychologists hypothesise that to deal with this flow of information efficiently, we use subconscious templates to help us make judgements about the people and things we encounter. These templates, known as schemata, help us to slot people and situations quickly into nice, neat categories so that we know how to respond to them.

This is generally helpful for things that we are familiar with, but when we come across unfamiliar people or situations, these schemata can cause us trouble. We are forced to make new schemata to accommodate this new information – and the new schemata may not always be positive or even correct. Our schemata define what we consider to be normal, regarding people, behaviours and even relationships, allowing us to feel that we understand them and the world in which we live. For example, in our society, we have schemata for what we consider 'normal' in sexual relationships between couples, which is generally defined as being between people of similar ages. Additionally, our society generally shares schemata for relationships between older, wealthy men and younger, beautiful women. Because we have schemata for these relationships, we accept them as normal and do not pay them too much attention.

According to social psychology, things that seem unfamiliar are likely to be regarded with suspicion, and often fear. These feelings stem from the potential that 'unusual' information has to make us question our understanding of the world and our place within it. Humans tend to crave understanding and the sense of control that comes with it. Indeed, the less we understand something, the more we fear it.

Susie Ambrose
Seventy Thirty

Perhaps this is the reason why relationships between older women and younger men tend to be judged more negatively than their reverse. Our collective lack of schemata for this relationship dynamic means that this type of relationship is considered 'abnormal' and therefore frightening.

As schemata are driven by culture and society, they differ across the world. For example, in many well-known tourist spots there tend to be more older women seeking the company of younger men. Indeed, some western women travel to these locations specifically for this purpose. As such, this relationship dynamic is absorbed into the norms and schemata of this culture. It is considered normal and raises no eyebrows. Often the most upwardly mobile eyebrows belong to those who do not share the schemata of the local residents.

If we think about the question from an evolutionary perspective and understand that, as well as being rooted in social norms, our behaviour is also driven by the innate knowledge we have gathered over millennia of evolution; we get another take on it. A relationship between an older man and a younger woman makes sense from an evolutionary viewpoint. This relationship would achieve the goals of both parties: she would provide him with children and he would, in turn, deliver the resources and protection she requires.

From this perspective, we can understand why women tend to be attracted to power. Increased power means increased access to resources. Power enables the male to provide for potential offspring and means that he will be able to select a healthy mother for his children so that they will benefit from a healthy and robust gene pool. Viewed through this lens, it is not surprising that – even today – men can offset their power against other elements of attraction (in which they may be lacking, such as appearance and age) to attract a young and healthy woman.

Inversely, historically, men are not as sexually attracted to power and tend to prefer to obtain power through competition with other males, rather than their selection of a mate. Unfortunately, from a female perspective, this means that a powerful woman does not enjoy the same benefits from power as males in terms of increasing their attractiveness and compensating for other areas of attraction in which they may be lacking.

This is likely to be another reason why the dynamic of older, powerful females and younger males may be harder to understand than its reverse. However, the world is evolving quickly. The rise in inequality between men and women regarding wealth and power and the subsequent increase in independent, successful women is changing the way society views traditional female norms. Over time, as this relationship type becomes assimilated into our culture and lives, schemata will develop and this relationship type will seem less unusual.

www.seventy-thirty.com

UBIQUITY UNIVERSITY

A WHOLE NEW KIND OF EDCUATION FOR A WHOLE NEW KIND OF WORLD

Gone are the days when you can get a college degree and go out and find a job. Today you need to learn to create the job that fulfils your sense of purpose. If you can do that, everything is possible. That is the mission of Ubiquity University, to assist students in building their competencies and developing their potential so their passion and creativity will enable them to make the world a better place.

Ubiquity represents the latest iteration of a university founded in 1996 as a graduate school in California, which transitioned into a for-profit education and technology platform company in 2012, and which is now operating globally to provide innovative and affordable education for students worldwide. The university offers BA, MA, MBA, and PhD degrees. It also offers honorary doctorates for individuals who have distinguished themselves in service to make the world a better place.

At Ubiquity, we want to know who you want to become. We want to know what you are passionate about and how you can link your passion to global problems that need to be solved. This is what gives life ultimate meaning, linking what we love with what we do.

Most schools offer learning but don't take stands on anything. At Ubiquity, we believe in taking stands. We take a stand on climate change. It is a real and urgent global issue that needs to be solved. We take a stand on gun violence and support the emerging Generation Z in demanding a cessation of gun violence not only in the United States but in stopping violence around the world.

We take a stand that our students need to be aware of and engaged with global challenges. This is why we embrace the UN Sustainable Development Goals. We take a stand that activating your deepest passion and linking it with a global challenge is the key to making the world a better place.

We learn all the time - at work, at play, in our families, with our friends. Learning when framed like this is life-long learning, not limited to an academic environment. Books and courses can help us develop a competence, but they are only one way. More often than not it is in practice that we learn the most. The question is: how do we help each other recognise what we have learned through all the activities in our life, and share that information in such a way that it is useful to someone else anywhere in the world?

Ubiquity University has the answer to this question. Our Global Standard Credentials, which we call UbiCerts, are credentials that anyone can gain by submitting evidence of competence from any domain of life. In most schools developing competency training, you need to take their courses to get credentialed. You can do that at Ubiquity too, and you can get credentialed for competencies you are developing in your job or through other life experiences.

True learning must be about unlocking human potential. It can no longer simply be about how well you memorise information for tests. Yet that is how virtually every university in the world operates, even though study after study has shown that the competencies you need to focus on are organised around who you are much more than what you know. Are you collaborative, creative, and resilient?

How is your emotional intelligence, your social awareness, your sense of self-esteem? How well do you play with others, how easily do you function in cross-border teams? This is what global companies are looking for; this is what you need to succeed, this is what Ubiquity is designed to nurture in you. Our UbiSkills training program empowers students to learn Soft Skills such as global awareness, honouring diversity, innovation and entrepreneurship, emotional intelligence, critical thinking, leadership and whole system design.

Ubiquity's mission is to empower you to be all you can be. Our entire curriculum is organised around Knowledge, Self Mastery, and Impact Projects. You need to know information, so you understand the state of the world, you need to cultivate your inner potential so you can flourish, and you need to be able to bring your passion into the world so you can be an effective changemaker. Holistic education is about your head, your heart and your hands all working together. This is how you walk your talk. This is the foundation of Ubiquity's Integral Learning System, and each of the three aspects carries equal weight in term of credit toward a credential or a degree. All are essential for you to unlock your potential to become who you truly are and be the change in the world you would like to see.

Each and every student is mentored in their acquisition of Knowledge, their development of Self Mastery, and in their Impact Project. This means each student has at least three mentors. The mentors are there for only one purpose – to support you as a student to get the most out of every course and to consult with you to make sure the courses you take are exactly what you need. We want to enable you to unleash your potential, your passion and your gifts to be a changemaker in your community.

The key to unlocking your potential is collaboration. In virtually every university in the world competition for grades and class order is the norm. Not at Ubiquity. At Ubiquity, all students study together in pods of 8 – 10 students per pod. We encourage students to collaborate on every aspect of their studies, from watching the modules, to the quizzes, to their Self Mastery exercises, to their Impact Projects. There are no tests. Instead, we have Creative Assignments at the end of the course in which students collaborate to create multi-media demonstrations of what they have learned. We believe in creativity and we believe in collaboration.

Study after study shows that the more students collaborate, the more they learn, the longer the remember what they've learned, and the higher their self-esteem. And it is self-esteem, even more than grade point average, that determines whether a student finishes school or not.

At most universities, you can only take courses inside the university curriculum. At Ubiquity, you can certainly take our courses, but we know that knowledge is expanding and accelerating so fast that no university can contain it all. We encourage our students to learn from whatever source they need and we will provide credit as long as the learning is legitimate and credentialed in some way. Education should be as much about what you learn outside the classroom as inside the classroom. Ubiquity is designed for both. We believe the whole world should be your classroom.

The education of the past is obsolete. A whole new way of learning is required. Students need a holistic education that activates both their left and right hemispheres of their brain and activates their minds, their hearts, their hands. Students need to know about the global crises confronting the human community and how to link their passions to global challenges. Students need to be at the centre of their own learning pathways and be able to design what is exactly right for them. All these aspects comprise the new kind of education Ubiquity has been established to provide for students at affordable prices all around the world.

www.ubiquityuniversity.org

ROLLS-ROYCE

FIRST ROLLS-ROYCE CULLINANS RELEASED INTO THE UNITED KINGDOM

Following a highly successful debut to the world's media in Jackson Hole, Wyoming, Rolls-Royce Motor Cars has released the United Kingdom's first Cullinans into the region for patrons of the marque to experience. Eight Cullinans departed the Home of Rolls-Royce in Goodwood, West Sussex, in unison at 1pm on Friday bound for the eight showrooms that represent the brand across the country. Following final sign off from Julian Jenkins, Regional Director, Rolls-Royce Motor Cars, the Cullinans were driven by showroom representatives to their new homes in Edinburgh, Leeds, Manchester, Birmingham, Bristol, Essex, London and Sunningdale, where they will further galvanise this transformative motor car's standing as truly Effortless Everywhere. "Response to our new Rolls-Royce Cullinan from the world's leading opinion formers and global media has been unequivocally positive and I am delighted that, from today, prospective clients will have the opportunity to experience this remarkable motor car via their local Rolls Royce showroom."

INDIVIDUALS AS INSTITUTIONS

By Daniel Wildermuth

Over the past several decades, institutions have widely adopted more sophisticated investment strategies that incorporate far more asset classes than simply stocks and bonds. Increasingly, individuals have been moving in a similar direction as access grows to a broader range of investment sectors and structures. Just a few years ago, asset classes such as private equity, hedge funds and direct real estate were generally the purview of only the very wealthy or very adventurous. Today, investments in assets far outside traditional markets are becoming the norm for a rapidly growing cadre of more salient investors.

The reasons for the investment approach's growing adoption are easy to understand. As many endowments have demonstrated, successfully executing the strategy can result in both strong performance and lower portfolio volatility. Also, portfolios following the strategy have much lower exposure to both stocks and bonds. Many would argue that today's valuations combined with the outlook for the general economy suggest that stocks are not positioned for strong performance over the next decade. Similarly, low interest rates and rate increase expectations will likely result in poor bond returns.

The investment landscape is also changing dramatically offering investors far more opportunities in new investment types and sectors. At the same time, traditional markets offer investors fewer choices than in years past. Equity markets provide a clear illustration.

Capital markets within the US and worldwide are undergoing an enormous change. Decades ago, companies routinely used public markets to raise capital, and firms would often go public with revenues under $100 million. Now, small initial public offerings essentially no longer exist. The disincentives to listing such as costs and heavy public market regulation combined with dramatically expanded access to capital through private markets have transformed the equity market landscape.

Today, companies remain private much longer before going public and may choose never to list and simply sell to other companies. As a result, investors benefitting

Daniel Wildermuth

Wildermuth Advisory

from company growth are increasingly those that invested in companies through private markets rather than through buying equities via public markets. The shift is spectacular.

Microsoft listed in 1986. Investors in their public stock earned greater returns than those enjoyed by the original investors. Amazon, coincidentally another Seattle based company, also listed early in their history as a small-cap stock at a market value of $438 million in 1997. In both cases, individual investors participated in the companies' phenomenal growth via holding public stocks.

Compare these companies to Google which went public on August 19th, 2004. Its listing was the largest initial public offering in history, raising $1.6 billion at a valuation of $23 billion. Through January of 2018, investors in Google's public stock would have earned $22,000 for every $1,000 invested on the day of the IPO. Yet, if the same investor had invested initially in Google as a young, private start-up company, the same $1,000 would have grown to $1.1 million.

Similar examples are common and multiplying. Twitter listed at around a $24 billion valuation and Snapchat's IPO put their valuation at $29 billion. Uber, a company still less than ten years old remains private and has an estimated valuation above $70 billion. Another private company, Airbnb expects to list at more than a $30 billion valuation. Investors in only public markets are missing out on returns that now go to private market investors.

The number of public markets is also declining. Since 1996, public companies trading in the U.S. have declined by more than half from more than 7,400 companies to less than 3,700. There are fewer public companies in existence today than there were in 1976 despite a more than tripling in the US GDP over the same time period.

Changes are not limited to equity markets. Private credit markets fund an increasing array of borrowers through growing private lending and credit markets. Real estate, probably the oldest form of direct investing, continues to tap private markets for financing whether debt or equity. Essentially, nearly every funding need can be met through increasingly sophisticated private markets. The change obviously impacts investors.

Much of the shift was started by institutional investors seeking to secure different types of portfolio returns and risk exposures through employing different investment structures while working directly with capital seekers. The development of more sophisticated portfolios was initially led by large college endowments looking to generate both strong long-term returns while minimising near-term volatility in portfolios used to fund universities. Led by David Swenson at Yale's endowment, the portfolio model simply expanded on modern portfolio theory, initially conceived by Harry Markowitz in 1952. His paper, "Portfolio Selection" posited that portfolios could be constructed to maximise return for a given level of risk through diversification.

While Markowitz's original theory employed only stocks and bonds, the endowments took the concept several steps further by including many additional asset classes. Through including more uncorrelated assets with strong performance expectations while reducing exposure to more defensive assets such as fixed income, endowments sought to both increase return while lowering total portfolio risk. The general success of the strategy has resulted in the portfolio approach becoming the de facto standard for large institutions, particularly endowments and pension funds. The change has also transformed capital markets.

Large, sophisticated endowments have recognised, and in many cases facilitated capital market developments. As private markets advance and channels beyond institutions expand, the financial services industry is creating increasingly varied and sophisticated means and structures for investors to participate in new assets classes. Growth in opportunities for higher net worth investors has been particularly strong resulting in the potential for investors to participate in potentially highly attractive opportunities. Finally, today's valuations and expected returns for both stocks and bonds likely make a portfolio allocation more similar to endowments attractive whether an investor is seeking out private market opportunities, trying to proactively emulate endowments or minimising pitfalls of commonly available public market investments.

Daniel Wildermuth is the Chief Executive Officer and Chief Investment Officer for Wildermuth Advisory, an SEC-registered investment adviser.

WINCH DESIGN

CREATING HOMES ON LAND, AT SEA AND IN THE SKY

Images © Winch Media and Breed Media

The trends in ultra-luxurious, fully bespoke design are continually evolving and until recently, there have been individual differences in the interior design of yachts, planes and properties, as well as the way they have been used and enjoyed. We are seeing a shift in the desires of UHNWIs as they look to spend more time on their yachts, (some even making it their primary residence), and are viewing their private jets as less of a way to get from A to B, and more of a space to enjoy whilst in the sky. This gradual evolution of mindset has begun to blur the lines between yachting, aviation and architectural interior design, as clients are looking to create homes to live in and make the most of, whether it be on land, at sea or in the sky. Here at Winch Design, with our dedicated Architecture, Yachts and Aviation studios, we wanted to shed some light on the synergy between the three and how each department benefits daily from one another.

Regarding design possibilities, architectural projects will always have the upper hand due to the freedom that land offers and the lack of constraints that one has to adhere to when designing a yacht or a plane. However the more time people are spending at sea and in the air, the more residential design elements we are trying to incorporate on them. Now more than ever, clients favour having a private jet with an environment that comes as close as possible to the comfort and style available in homes or hotels. Aircraft shouldn't merely be seen as a means of transportation, but rather a sophisticated home to enjoy and to be inspired by. Owners are looking for a seamless transition between the house, the office and the aircraft. They want consistency of design quality and elegance throughout their fleet, to maintain a luxurious experience for the duration of their journey. As a result, we see spaces that offer vast amounts of customisation compared to older, more formulaic business focused designs that have been the norm for years. Furniture that appears free-standing, more creative surface textures and the use of mood lighting are all relatively new design trends that help develop a residential feel. "By creating a bespoke interior rather than using the standard 'private jet' model, and by using a colour palette and materials normally found in residence rather than in the sky, we can fulfil these 'home from home' dreams." – Jim Dixon, Director, Yachts & Aviation at Winch Design.

One client came to Winch seeking an ACJ319 interior that would provide "a space in which to feel comfortable and experience travel, not as a chore but a fine art," says Dixon. When faced with a task such as this, we often take a look at what works well in our architectural projects and see how this can be adapted and incorporated to fit with this interior. For this project, a leather floor with contrast stitching, soft lighting and a sofa that transforms into a large daybed were introduced to invite the client to relax on the journey. To make their dream a reality, the Winch Aviation studio designed a space that's not only functional but also creates its own aura of peace and tranquillity. It entices you to pull up an armchair, pour yourself a drink, and delve into your favourite book. A faux bookshelf that doubles as concealed doors separates the living area from the master suite and makes you feel as though you are sitting in a grand library instead of a wide-body aircraft.

In much the same way that our architectural interiors increasingly influence these aircraft projects, our superyachts have also followed suit. This is mainly due to the amount of time we are seeing our clients spend on their yachts, resulting in design decisions that are based on long-term plans to spend months on board. Where owners once used their vessels intermittently for short holidays, some are now even using them as their primary home.

Family rooms, offices, study rooms, beauty and wellness areas are all being developed and adapted to offer our clients everything they will need to live there for months on end! The inspiration for our 74m Amels yacht Plvs Vltra came from the famous hotels of the south of France, whose light and architecturally classic interiors became the foundation for her design. The client wanted a comfortable transition when travelling from hotel to yacht, and the experience of our architectural interiors team was drawn upon to make the spaces feel as residentially comfortable as possible, planning each room with a view of the sea in mind, much like an ocean suite in one of the luxurious hotels along the French coast.
This architectural influence isn't always, however, and our clients will often want us to recreate a feature from their yacht in their property. These usually revolve around the idea of opening up spaces to bring the outside inside, much like what beach clubs on yachts do so well.

A Cliffside residence in South Africa that we are building at the moment has floor-to-ceiling glass walls in the bedrooms overlooking the ocean, mimicking the feeling of waking up in the owner's suite on a yacht out at sea. Simon Tomlinson, Director of Architecture at Winch Design states that "land-based developers increasingly want to align their brand with ours and tap into our marine legacy for land-based projects. In part, I think that is because we don't just look at things aesthetically, but really engage with their environments."

It is this cross-pollination of design influences and the opportunity to draw inspiration from another department that puts Winch Design in a unique position, allowing for the ability to truly fulfil our clients' dreams, and creating the ultimate sense of home for them wherever they may be.

www.winchdesign.com

THE CANNABIS VENTURE

by Eric Lasky, Institutional Sales Trader, RF Lafferty

Each new transformational era reminds us of missed opportunities. I was there when cable TV was born and was lucky to have a StarTac so soon after Captain Kirk wielded his on Star Trek. How do I explain to my children what a 9600 modem was or what life was like before Google? Opportunity, Invest, Gold rush, Fortune, Next. Rinse and Repeat. Like it or not, Cannabis is the current alternative investment nirvana.

Medical scientists have already made billions. Think of pioneering GW Pharmaceuticals Inc. With its $44 billion market cap. Fortunes were made and cannabis was still illegal. Financial gurus and a community of cannabis pioneers currently maintain billions in market capitalisation and 'High Times' isn't even public yet. Some believe cannabis is the future of medicine.

Pharmaceuticals have always had bottomless pockets, so it was no surprise that they were the pioneers of the cannabis sector. Medicine is full of deep unknowns. Even family offices with high-end medical consultants on staff could not have been entirely to blame. It was a scary first step.

Opinions are plentiful and quality opportunities are limited in number primarily due to the illegality at the federal level. Governor Cuomo recently set in motion plans to make recreational use in New York legal. Which is more attractive for state governments, the reduction in correctional facility expenditures or the additional tax revenue for underfunded education programs? We expect that, but we're continually opening our eyes to the verticals. How can one commodity that grows like a weed has so many opportunities? It's almost not fair.
In October 2017 Constellation Brands, a beverage company invested $191 million in a Canadian cannabis company. That investment gave Constellation Brands their own personal window into the cannabis economy. That guaranteed them the opportunity to look down the rabbit hole and see what was there. Ten short months later, Constellation Brands invested another $4 billion in that same company. We can assume they saw Nirvana.

After the pharmaceutical industry success, although it was ok to be still sceptical. It was less the case the day after Constellation Brands made its first investment, but was it still ok to question if there was another opportunity after the next round?

When we learned about prohibition, as investors, what we told ourselves should have pertinence here. What would we have invested in or better yet, what would we have wished we had invested in?

Even after pharmaceutical companies succeeded with cannabis, logic would have directed you to cigarettes and logic would have been wrong...but not for long.

Four months after Constellation Brands became $4 billion serious, on December 7th, 2018, Altria Group plunked down $1.8 billion into Cronos Goup, Inc. for a minority stake in Canada's fourth largest Canadian Cannabis producer.

Any family office that is not invested in cannabis is not paying attention to the math and is missing a tremendous opportunity. Please proceed to the nearest ostrich farm.

The largest consumer products companies in the world are tripping over each other to align themselves with the Cannabis Economy. Some say we're in the first inning and no company or investor should miss this. The transactions we've highlighted here are a pittance compared to what's to come. M&A activity has started percolating. Multiple countries are plotting their own game plans and are not waiting for cannabis legalisation at the federal level, but they all believe it's coming.

Ask Larry Schnurmacher, Managing Partner of Phyto Partners. Phyto Partners is his Marijuana Investment Fund which is rated in the Top 5 by Forbes Magazine. His venture capital fund invests in privately held companies operating in the cannabis industry. In many of Phyto's investments, they avoid much of the legal downside by investing in lateral cannabis industry businesses such as software. A comparison can be made to the gold rush era and those who sold pickaxes and shovels to the gold miners.

"The cannabis economy will continue to grow exponentially without regard or correlation to the economy, interest rates, or other asset classes," he added.

If you meet up with Larry at his daily yoga practice, he will open your eyes to the valuable data that is currently being mined on the habits of cannabis users. Weeks ago, Larry returned from The Marijuana Business Conference & Expo in Las Vegas and the evidence is overwhelming. "Attendance is like in the first days of Comic-Con, Namaste."

Attendance at the annual MJBizCon brought 25,000 attendees and 1,000 exhibitors, a roughly 50% increase since 2017.

Every insider we've spoken to says the same thing. It's Econ 101: The market and demand already exist. The TAM (Total Addressable Market) continues to grow and expand both geographically and demographically.
Four days after Altria bought into The Cronos Group, a Federal Farm Bill compromise was reached, which is expected to provide subsidies to farmers. This is bullish for hemp and cotton should heed the warning. Hemp is three times stronger than cotton; Naturally resistant to mould and mildew; Softens with each washing, without fibre degradation; Breathable; readily takes dyes and it grows like a weed. You will assuredly read more about this when High Times, the cannabis industry's longstanding magazine, becomes publicly traded in the near future.

Recently a think tank suggested that the taxes on marijuana could pay for much-needed subway repairs. Separately, a New York University group estimated that an annual $1 billion in taxes would end up in state coffers.

Reliable surveys estimate that marijuana approval statistics have exceeded 60 per cent and most agree that these numbers will increase when cars drive themselves. The danger of driving under the influence of cannabis will be nonexistent when self-driving Uber's and Tesla's control of the wheel without human interference.

FAMILY PHILANTHROPY: POPULATING THE BOARD OF THE FAMILY CHARITABLE TRUST

by Gavin McEwan, Head of Charities, Turcan Connell

Families structuring their charitable giving through their own charitable trusts are often faced with the problem of populating their trustee boards with the right mix of individuals. Choosing family members who will bring the right degree of interest and engagement, and preserve some of the family's philanthropic ethos, can sometimes mean that difficult choices have to be made between competing family members – with some potentially disappointed relatives who don't make the final cut.

Aside from the occasional difficult decision, the choice of trustees for family-based charitable trusts can, on the face of it, look like the simplest and most straightforward form of recruitment there is. There will be no advertisements or applications, no formal interview or assessment processes: instead, there will generally be a few carefully timed conversations or direct invitations made, and the very briefest of inductions on how the family's charitable trust operates. However, is this what the regulators expect regarding best practice? Should families approach the process differently to ensure that the composition of the board remains fit for purpose?

The charity regulators across the UK have sent out fairly consistent messages about how to choose the right people to be charity trustees, and the Charity Commission for England and Wales, in particular, reflects on broader issues of best practice around trustee recruitment and service. Although this guidance is designed to be jurisdiction-specific, the themes which the regulators focus on reflect the kinds of good practice that all charities, no matter where they are located, would do well to consider.

One of the most important points that the charity regulators stress in their guidance is that being a charity trustee is not simply a chance to "do good". Family charitable trusts are of course a means to direct a family's overall charitable objectives and to promote a degree of philanthropic ethos across younger generations. However, becoming a charity trustee is not simply about objectives and ethos. The role carries with it formal legal duties which charity trustees are legally obliged to adhere to. If the trustees fail to perform,

Gavin McEwan,
TURCAN CONNELL

that failure could result in regulatory action in extreme cases of misconduct.

To manage the performance of legal duties effectively, most charity boards have regard to trustee skills that the charity will need to ensure that it can be run properly. Skills and experience can arise through formal education and employment, and they can also be taught and learned around a charity board table – but there are some skills which it is easier to bring on board in a 'ready-made' fashion, either by employing a part-time staff member or a professional adviser to fill a skills gap, or by ensuring that the board itself contains a proper coverage of skills amongst individual charity trustees from the start.

Measuring and filling skills gaps within a family will not always be easy, but a balanced board can help to achieve a number of positive ends. The Charity Commission encourages trustees to think about the different viewpoints which can be brought to a discussion, the different insights which can be gained from trustees' own life experience and networks, and the ability to create innovative ways of planning grant-making or of identifying causes to support through a blend of gender and age. Not every family will be able to produce a lawyer, an accountant and an investment manager from amongst their own contacts (if those are some of the skills a family thinks it might need from time to time), but they will usually be able, with a bit of thought, to create a board which represents an interesting and exciting blend of opinions and contacts.

As well as reflecting on skills gaps, the charity regulators encourage charities to consider the rotation of charity trustees to ensure a regularly refreshed board which brings on new people and ideas from time to time. With the exception perhaps of very large families, this can be one of the hardest aspects of good standard governance to build into a family-run board. Provided that they have an understanding of their legal duties and are fulfilling their own charity's constitutional objectives, it seems to me that the rotation of family trustees will not always be in a family charity's interests at all – but there could still be something to be said for fixed renewable terms to be put in place.

The benefit of fixed renewable terms for charity trustees is that a mechanism is created which allows family trustees to manage a dignified exit at a reasonably foreseeable time, and makes way for well-timed replacements as time goes by. In the absence of fixed terms, unless a family has properly tuned into succession planning, two possible outcomes can arise: a board can stagnate, because there is no hint of possible succession for the trustees to focus on; or trustees may stay on board beyond the date that they would like to have exited through their own sense of family loyalty. Fixed terms can create a method to avoid both of these outcomes if they are taken seriously and managed adequately. After all, serving as a charity trustee, even on a family charitable trust, ought not to feel like a life sentence.

Finding the right family members to serve, involving others at the right time and in the right way, thinking about skills gaps and trying to fill them, and reflecting on sensible use of fixed terms: all of these general good governance points for charities can also be useful to family charitable trusts. A tightly-run closed-shop approach may help with initial stability for new family charities – and a few may feel that no other model ever needs to be introduced – but the regulators' encouragement to think about how charity boards are populated deserves some space on the agenda. It could well be the route to ongoing success.

www.turcanconnell.com

SOCIAL ENGINEERING FRAUD:
WHEN PEOPLE ARE MORE VULNERABLE THAN MACHINES

It wasn't long ago that cyber liability was the latest exposure for family offices and other professional service firms to worry about. As business continues to rely more heavily on technology, liability arising from the collection of information has materialised in a meaningful way. Although privacy liability is more prevalent than ever, companies are doing their best to address the risk through enhanced policies and procedures such as Incident Response Plans, Information Security Policies, firewalls, encryption, and more. Basically, in response to technologically caused losses, businesses have turned to more technology for protection.

While privacy claims continue to accumulate, a new exposure has arisen. Hackers have determined that due to the increased sophistication in computer security, it is easier to manipulate an individual rather than a machine.

Social Engineering Fraud (SEF), a term that is used to refer to scams criminals use online to trick, deceive or scam victims into releasing confidential information or funds, has cost U.S. business over $1.6B since 2013. A traditional SEF scam is a phone call or e-mail purporting to be a legitimate client, vendor, or employee of a business fraudulently asking for a disbursement. These schemes are operated on a grand scale, affecting over 100,000 people every day.

SEF losses in family offices most frequently, are fraudulent requests from clients. An example would be a client requesting a wire disbursement for a purchase or to transfer funds to a new account. While these may appear as simple, avoidable errors, oftentimes these schemes are very sophisticated. A criminal may have gained access to an email server and monitored conversations for months. This level of familiarity would allow the criminal to address the recipient intimately; to know whether the victim uses the full name or a nickname, to ask about that recent vacation or the kids at school, and so on. Even more,

Seth Spreadbury
National Family Office Practice Leader
Marsh & McLennan Agencies

it allows the criminal to know when a client may be nearing an event where they would be asking for a cash distribution, such as the purchase of a new home, a college tuition payment, or a new car. Further, with e-mail access, a criminal could intercept a perfectly valid request for funds and modify financial account numbers to make a legitimate disbursement go to the wrong recipient, which is even more difficult to detect.

Most SEF exposures can be addressed through appropriate policies and procedures. These include eliminating accepting disbursement requests via e-mail or having a pre-determined call back number and password for any disbursements.

All payments should require two approvals for authorisation, and applications should only be received by employees who are authorised to initiate a transaction. Further steps include having recorded lines for incoming and outgoing calls, employee training, and sending ACH payments in place of wire transfers.

Family offices may be at higher risk

With policies and procedures in place, SEF is preventable. However, what these criminals are counting on is manipulating an employee to violate those policies. Family offices are particularly exposed to this manipulation. First, family offices can be intimate with their clientele. e. A family office would know their clients' personalities, work and travel schedules, likes and dislikes, and more. A family office employee's job is to be intimate with the client. One of my family office clients suffered a loss due to this familiarity; they knew a client was travelling abroad and was unreachable by phone. The same client was also a collector of art. When they received an email request for a wire payment to an art gallery, everything looked legitimate. However, the intimacy with the client caused them not to follow their procedures, and no verifying call was made to the client. The family office wired $250,000 based on a fraudulent request because their close relationship with the client caused them to overlook their best practices.

Insurance Solutions

Despite the prevalence of Social Engineering Fraud losses, insurance has yet to provide a consistent solution. Most large carriers have created a Social Engineering Fraud or similarly titled endorsement for use on a commercial crime policy or a fidelity bond. However, it is very much in the insured's best interest to read beyond the title, as not all endorsements are created equally.

First, insurers need to look at the limit offered. Very rarely are carriers offering full policy limits for SEF; most frequently, it is sub-limited to a much smaller amount. This allows carriers to offer SEF while mitigating their exposure. Even with comprehensive underwriting of disbursement and transfer policies and procedures, carriers are still hesitant to offer more than a sub-limit.

Second, insurers need to look to see if there are any qualifiers to the loss. Carriers have put different exclusions into the coverage, including exclusions based on the perpetrator, amount, how the request was received, and others. One carrier I have seen has offered coverage, but only if the call was received by an individual authorised to make a transfer, the individual called back to a predetermined number and obtained a predetermined password or PIN, and all calls were recorded. After jumping through all those hoops, the insured's chances of loss are almost nil.

While insurance is continuing to develop responses, Social Engineering Fraud continues to evolve. Unfortunately, the nature of insurance is reactionary; someone has to have experienced a loss before insurance can determine if coverage exists or create a product to cover it. As with cyber liability, SEF continues to blossom under the current technologically dependent environment. Even with the best policies and procedures, all business, particularly family offices, are exposed, as the primary target of these schemes is all subject to one large fault: human intervention.

SAND, SUNSHINE AND PASSION

FROM GREECE TO SPAIN ON A LUXURY SUPERYACHT CHARTER ACROSS THE MEDITERRANEAN

Photos© Tankoa Yachts

by Rachael Steele: CharterWorld

The Mediterranean is still the number one destination that attracts luxury yacht charter groups the world over who are wise to travel to some of the most beautiful, warm and sunny locations to be found in the south of Spain and the brilliant blue waters surrounding Greece. Superyacht charters can be organised to cater to specific interests, like learning to Scuba dive or jet ski during the trip. Additional benefits such as a sauna, spa massage room or even a beauty salon might be available aboard certain vessels, where the interior decor ranges from beach club chic to Italian elegance in black and white marble. Highly trained chefs will provide a unique dining experience using fresh local ingredients, while simultaneously catering to allergies and other dietary requirements of different guests.

Take life at your own pace and have complete peace of mind as you visit one or more of these amazing Mediterranean holiday destinations, filled with passion, good food, sunshine and relaxed way of life.

GREECE

The Greek islands offer a wealth of possibilities for both families and groups of friends. The popular week-long cruises typically explore the Ionian Islands, Dodecanese, Cyclades or the Sporades. Both snorkelers and Scuba divers will find it easy to encounter the region's various fish species while visiting in certain months might result in close encounters with octopus, dolphins and turtles.

The Ionians

This cluster of larger islands is ideally placed for luxury yacht cruises that include Croatia's Dalmatian Coast - another fantastic holiday spot for music festivals, historic ruins and translucent waters along serene sandy coasts. The Ionian Islands have a mix of traditional villages and developed tourist attractions for visitors looking to step onto dry land, with tavernas pressed in beside neon bars and top quality restaurants.

Corfu is the northernmost Ionian Island and has a reputation for water as clear as its pale blue skies and the gentle breezes that make for excellent conditions for sailing yachts as well as kite surfers and similar water toys.

Having passed through numerous powers over the millennia, there is a great variety of architecture to admire that is built from local stone. The main harbour at night is particularly beautiful with the city lights bouncing off the water, as are the striking starry skies from the unpolluted anchorages.

Zakynthos is home to plenty of secluded coves and golden sandy beaches, including the iconic Shipwreck Beach. Near the south-western tip of the island, Vassilikos is a quiet village that is also home to turtle nesting grounds, and snorkelers and Scuba divers in the region might be lucky enough to have a close encounter with one of these amazing creatures.

The Dodecanese

This island chain's proximity to Turkey has left a noticeable influence on the culture, particularly evident in the architecture and cuisine. Visitors to the region shouldn't miss out on the chance to see the UNESCO World Heritage Sites of the Old Town and the Palace of the Grand Master on Rhodes, and the long sandy crescents fringed by blue waters and countryside make idyllic spots for romantic sunset meals.

In Symi, combine your seaside relaxation with laid-back days drinking ouzo and learning about local history, visiting the stunning religious sites (which include the world's highest Baroque bell tower), or buying souvenirs from the locals.

Water sports are a favourite pastime in Kos and the clear blue waters make it easy to see the bottom – a confidence boost for younger children and those learning a new skill such as Scuba diving.

The Cyclades

Close to the Greek mainland, the Cyclades are excellent for international visitors looking to combine great snorkelling and Scuba diving sites with arts, culture, and modern and traditional nightlife all with the convenience of an international airport close by.
The picture-perfect windmills of the Cyclades Islands attract leisure seekers and party-goers alike. In addition to the region's spectacular beaches, Ios has numerous bars and clubs for a night on the town for younger charter groups. Those looking to absorb their surroundings might prefer the vivid volcanic landscapes of Santorini where destinations such as

Beach, Black Beach and the vineyards are distinctively shaped by the minerals within the sand and soil.
For water sports, Paros has superb conditions for windsurfing and kite surfing and is just as suited as Naxos in offering shallow beaches for groups with young children.

The Sporades

Located to the north of Athens, the Sporades have long been a haven for quieter luxury yacht charter groups seeking out the beauty of the Eastern Mediterranean while still enjoying modern comforts.

Although there aren't the white-washed houses of the south, visitors will have to themselves some of the most spectacular beaches, along with a hikers' paradise of heady-scented pine tracks leading up to the mountains. Alonissos is the quietest of the three main islands, while Skiathos, the island featured in the Mamma Mia films, tends to be the party capital with bars, clubs, art galleries and festivals mainly catering to the LGBT community.

Each island has an abundance of secluded bays and coves where luxury yacht charter groups can relax in total privacy and unwind with spa massage services on deck, a dip in the Jacuzzi with a cocktail from the bar, or spend the afternoon letting loose with the great variety of motorised water toys on board.

SPAIN

If you wish to begin and end your holiday in Spanish waters, Barcelona has an international airport as well as the well-developed Port Vell marina, home to the lavish OneOcean Club.

In addition to the kilometres of beach for sunbathing and party games away from the crowds, Barcelona has its own character in Ciutat Vella (the Old City), where the Medieval architecture of Barri Gotic can be found.

However, the heartbeat of the city is its people who bring the streets alive with markets and monthly festivals. Street performers and artists entertain along Las Ramblas, and art lovers have plenty to absorb in the early works of Pablo Picasso, Gaudi's Casa Mila and Sagrada Familia, which isn't expected to be completed until 2032.

After the bustle of city life, your group will appreciate the serene luxury of your own charter yacht as you soak in the Jacuzzi with a cocktail and take in the cityscape after dark, then cruise through the night to wake up in your next incredible destination.

The Balearic Islands
Although the Balearic Islands have a reputation as a young clubbing destination, they also have a wealth of history and culture as well as myriad incredible Scuba diving spots that include cave dives and wrecks to give more experienced divers a new challenge.

Mallorca
Superyachts gather at the marina in Palma de Mallorca year-round to savour the nightlife, sunshine and the boutique stores among the local landmarks. A short cruise away there are charming coastal villages and secluded coves for your own private beach party or restful night under the stars.

Menorca
This far-away island has as many beaches as Ibiza and Mallorca together, and its rugged nature appeals to hikers as well as water sports enthusiasts. The local villages give an authentic taste of island living while at the same time offering boutiques and galleries for that perfect present while on holiday.

Ibiza
More than bars and nightclubs, Ibiza is a winding coast of villages and dramatic coves and inlets just waiting to be discovered. Portinatx to the north-west is a top quality alternative to eating aboard your yacht and the snorkelling and Scuba diving spots are plentiful, many only accessible by luxury yacht.

Formentera
There is little to do but relax on one of Formentera's many untouched beaches, and the transparent sea still retains some warmth. Guests can cruise from sheltered cove to tumbling waters depending on whether they are looking for a calm afternoon with family and friends or a heart-stopping adventure on the water toys amongst the waves.

Some luxury yachts also have bikes stowed away in the tender garage, and the cycle tracks around Formentera will allow visitors to exercise and explore on dry land before returning to life at sea.

If you're planning a luxury getaway in the Mediterranean, talk to the expert brokers at CharterWorld to find out about the latest deals, best luxury yachts, skilled crews and itineraries tailored to your group and interests.

CharterWorld.com
world.reservations@charterworld.com

THE IMPORTANCE OF FAMILIES PROTECTING THEIR REPUTATIONS

Cassio was not wrong when he declared one's reputation to be "the immortal part" of the self. We spend our lives – inadvertently, maybe – building our reputation in the expectation that it will precede and assist us in achieving our goals, be them the elevation to the position of School Prefect, our promotion at work, or securing a significant commercial deal. It is only too easy to put a foot wrong or to be seen to have put a foot wrong. Our reputations are affected by the opinions, thoughts and conceptions of others, many of whom have never met us. And with the speed of messaging in today's online world, and the far-reaching spread of the Twittersphere, good news spreads fast - but bad news spreads everywhere.

Millicent Freeman
Mishcon de Reya

We are wise to remember the importance of family in building and maintaining our reputation. Pride and Prejudice's Lady Catherine de Bourgh was not wrong when she declared a "false step in one daughter would be injurious to the fortunes of others". After all, "who will connect themselves with such a family?" There are reputational challenges unique to families, however, which ought to be considered.

Take a holistic view

Families are made up of many moving parts, with everyone having a role to play. Managing and forging a good family reputation is dependent upon a sound balance of those roles, as individual reputations may clash with the overall family "brand". Tensions which exist for any reason will inevitably be amplified when the pressure is on. For example, where one family member is being criticised in the press, other members are likely to be invited to comment or face scrutiny themselves. While total harmony may be unachievable, thinking in advance where there can be consistency of messaging and approach is in everyone's interests.

Historic areas of weakness

Long gone are the days when a tricky story published in the newspaper was yesterday's chip paper. We must all be aware of our own digital footprint, and families must ensure that their connections and activities don't compromise each other. Specific weaknesses in a family's background should be identified, possibly by way of a reputation "audit". Mapping out a family's reputation, both as a family and as a group of individuals, and also as related businesses, is a vital step in proactive reputation protection. Families should consider coming up with a strategic plan to prioritise and tackle challenges which can be identified and anticipated in advance. This might involve engaging with publishers, platforms, search engines and compliance databases to have material corrected, removed or delisted, depending on the content, limitation period, and the public interest in continued publication.

Social media

Families must be astute in managing a successful online presence. There is little point in a business-savvy family member keeping out of the spotlight and ensuring the privacy settings on their Facebook, Twitter and LinkedIn pages are reviewed continuously and tightened if their children have a less fastidious approach. In July 2011, Pink Floyd guitarist Dave Gilmour and his wife, Polly Samson, saw their son Charlie jailed for 16 months after he was photographed hanging from a union flag on the Cenotaph and leaping onto the bonnet of a Jaguar forming part of a royal convoy. Charlie's antics pulled his father back into the spotlight, not for his musical prowess, or even for his work in protecting animal rights, but because a snap-happy passer-by recognised him and sent a photograph to the newspaper. Managing a successful family brand where members have a significant online persona is a delicate balance. Younger family members in particular - maybe those who are "tech-savvy" but not "privacy-savvy" - should understand the possible risks.

Have the right team

Families sometimes struggle to be honest with other, and challenge each other and themselves as frankly as is sensible. Independent eyes can add clarity and perspective, and clearly defined and agreed roles avoid disputes and delay in the event of reputational challenges. There should be a proper crisis plan in place, detailing who will speak for the family and communicate with the press and key stakeholders in the event of a threatened breach of confidence or misuse of private information, or in response to damaging allegations. It is true that some crises appear out of the blue, but many can be planned for in advance – particularly around key events that will inevitably attract press interest.

Families also ought to continually review and update their security provisions in order to safeguard private information, to stop it being leaked or misused. This may involve auditing the family's cybersecurity, including their use of social media, privacy settings and passwords, as well as their broader security operation. Remember: serious organised crime groups have business plans, too. We often find ourselves advising clients in times of heightened stress.

Maybe their company has suffered a serious data breach, or an ex-wife has given a "tell-all" interview to a tabloid newspaper. We have more control over our reputations that we think, but no one can ever opt out of having one. Family members must be mindful that, whether they want to or not, they each have a role to play in the creation and protection of a family's brand. A single ill-advised action by a family member can put the family's name and fortunes at risk. And without a good reputation, returning to Cassio, "what remains is bestial".

by Millicent Freeman, Associate, Mishcon de Reya

WHY WOULD YOU NEED A SPECIALIST SECURITY PROFESSIONAL?

When human nature tends to keep us focused on the things that make us happy and prosperous, it's understandable that security is often an afterthought, but what is the risk of us as individuals or our family, our business or our property, being compromised in some way?

No one would argue that the world appears to have become less stable and secure over recent years. While we may continue to feel, for the most part, safe at home and work, we are all more aware of potential issues affecting us. It's a very natural reaction to our perception of the changing world around us but what level of concern is realistic? Risk analysis, regarding frequency and severity, is a standard tool used in many different contexts and it is the basis on which security assessments start, by looking at the main areas of our lives, work, home, travel and family.

What should you expect?
To arrive at appropriate recommendations, or level of security required, a professional expert would want to undertake a full review of all your activities, on a week-by-week basis, not only of the preceding six to twelve months but also your future plans.

Our working life is frequently the place where security as a need first starts to register.

An individual's work will impact on their security. The security provider should want a good understanding of the nature and location of your work, be that one in the private or public sector. Any review would include a detailed analysis of your place or places of work. This will be the same regardless of whether, or not; your position is one where you are well known publicly, the position you hold is a matter of public interest, or where the activities of your business have a significant impact on the general public. Our personal lives carry the same security demands as our professional lives and from a security specialist's point of view, both are inextricably linked.

Richard Aitch
MOBIUS

Reviewing security for existing and potential residential properties need to include all conceivable issues and current security measures. The aspects they should consider run from exposure and hidden weak points outside the plot, perimeter security (physical and electronic), and access points through to internal precautions such as safe rooms and exit strategies. Consideration would be given to local crime rates, civil unrest, terrorism, natural disasters and the effectiveness of reaction by emergency services. The aim is to deter, detect, deny and delay any unauthorised access. It's essential for these reviews to be carried out on-site by an experienced security assessor and not conducted remotely.

The type of travel an individual undertakes, whether for business or pleasure, alone or in a company, has a notable effect on the level of risk which is to be considered and this will vary greatly depending on the specific location and country.

When considering travel for you and/or your family, the professional should fully explore the level of perceived risk within a country itself, including factors such as local crime, civil unrest, political stability and the quality of local enforcement agencies. The status and wealth of an individual take on an extra dimension in specific countries where the local situation and their profile may place them at greater risk. Trains, taxis and commercial flights all significantly increase the number of interactions and therefore the potential risk. Private cars, larger vehicles or aircraft all provide for a higher level of security. In some countries and locations, this would be a minimum standard, with armed escorts and or armoured vehicles and vehicle convoys being some of the more extreme measures for ensuring safe passage. Non-business travel can often demand greater examination due to the potential for an increased number of individuals, transfers, activities and locations.

In some situations, where a risk exists for an individual, it can also transfer to their immediate family.

Any competent security provider will consider your family's risk to be synonymous to your own level of risk. As well as the consideration of an unwelcome by-product of an attack against you, careful consideration must also be given to a direct threat for the purposes of extortion, or distraction. Each of the areas of Work, Home, Travel and Location need to be considered for each person who may be affected. If this is an area of concern, in our experience, the preferred solution is for it to be managed in a way which doesn't interfere with normal family life and is as discreet as possible. The extent of social media activity brings with it an extended set of concerns when considering security. One of the primary concerns is the disclosure of the person's location, which can have an impact on both their personal security as well as possibly increasing the threat to their property.

And finally, putting it to the test.
A security solution can be put to the test by running penetration testing. This involves a combination of overt and covert attempts to circumvent the security systems and is carried out by an independent team, usually without the knowledge of any existing security team. Penetration testing can be an excellent tool for identifying weaknesses and should always include a detailed report as well as recommendations for improvements. Mobius International are experts in the provision of Bespoke Protection Services. If you would like to discuss any security needs or concerns in complete confidence, please contact us.

Richard Aitch is Director of Operations and Training and a world recognised published author on the subject of Close Protection.

www.mobius.international

Engaging and Empowering the 'Rising Generation'

Many successful families worry about their children becoming stereotypical trust fund babies – lazy, wasteful, and spoiled. They also have reasonable concerns that inherited wealth can create feelings of isolation, addiction, delayed emotional development, and depression. It is frightening to think that after achieving a dream of providing the life you've always wanted for your family, that your success could have the opposite effect. There is no magic solution to ensure your children grow up grounded, independent and responsible. However, at Cresset, we have found the following help individuals and families flourish across generations and into the future.

1. Start with the Why

When engaging with your family about your wealth and what you hope to accomplish with it, it's essential to answer the "why" question. Why are you investing time, energy and resources in empowering and engaging the next generation? What are the expectations? What are your fears? What does success look like – not a financial success – but family harmony and the realisation of a shared vision?

2. Talk About the Tough Stuff

There is no substitute for open, honest and transparent communication. Relationships take a lot of hard work. Talking about wealth and the desired impact of it can be difficult. So before you start talking, think about creating a safe space where vulnerability and authenticity are encouraged. Being able to talk openly and honestly about achievements, setbacks, money, expectations, and emotions should be a primary consideration. In order for the next generations to be responsible and prepared, they need to not only know what is coming but that that the true meaning of wealth is more than money.

3. Involvement Leads to Commitment

Consider the WIIFM question – "What's in it for me?" If you are striving for an engaged and motivated next generation of family members, find ways to get them involved. Give them a voice. Invite them to participate and listen to their ideas. Share why it is important and how being a responsible, educated steward will benefit them (and future generations).

4. Invest in Learning – Start Now

Calculate how much you spend on the custody, management, preservation, and transition of your financial capital. Imagine spending as much or more time and resources on the development of the human, intellectual, social and spiritual capitals of your family! Make the investment to create a culture of learning in your family. Develop a concrete plan to prepare the rising generation for their roles and responsibilities today and in the future based on their learning style, interests and life stage. Be specific on the roles and responsibilities, as well as the opportunities and challenges they will face. Help identify the skills, experiences and practice (learning from their own mistakes) they will need to be successful and fulfilled.

5. Let Go

Author Hodding Carter said, "There are only two lasting bequests we can give our children. One is roots and the other is wings." What most deters parents from achieving that ideal state is needing to retain "control". True, children need to be told, no. They need boundaries, rules and structure to feel safe during their formative years. Roots are solidified during this time by modelling your values, showing love and compassion, and creating a safe space where children can discover themselves. That said, there is tremendous value in the struggles and failures that inevitably occur as we grow up. Let your family experience those valuable life lessons. Don't over-protect or control them. Give them the wings and freedom to fall and then to get up and fly.

Conclusion

To raise productive, independent, generous and grounded children, first look inside yourself to gain clarity on your values and goals. Role model those behaviours you hope to see in your children. Support their dreams, recognising their definition of success may be different from your own. Talk openly and honestly with your children. Be vulnerable. Share your fears and failures in addition to your accomplishments. Most importantly, please do not wait until it is too late to talk about money and prepare your heirs for its impact.

by Jill Shipley, the senior managing director of Family Culture, Impact and Governance for Cresset Family Office

Bonny Landers joins Bridges advisory platform to help investors define their impact strategy

Bridges Fund Management ("Bridges") has hired Bonny Landers, a seasoned family office professional, to join its advisory team. Her role will focus on helping more families and high-net-worth clients develop a strategy for incorporating impact into their investments.

Interest in impact investing has been growing rapidly in recent years, thanks partly to the ongoing transfer of wealth to a younger generation. A survey by US Trust found that 75 per cent of wealthy millennials "consider the social and environmental impact of the companies they invest in to be an important part of investment decision-making". More than one-third of family offices already invest in impact investing, according to a recent UBS/ Campden Research report, and 39% believe the next generation will increase their allocations to impact and/or ESG investing.

Bonny will be building on the work done by Bridges' advisory team, which has been supporting family offices, corporates and financial institutions in this area for several years. Recent clients have included Barclays Wealth and Skopos Impact Fund, a private vehicle owned by the Brenninkmeijer family. Bridges' work with Skopos – which involved helping to articulate the fund's impact goals and translate this into a clear investment strategy – was subsequently published as a report and became the basis for The Impact Management Project ("IMP"), an industry-wide effort (led by Bridges) to develop a global standard for impact measurement and management.

Bonny has extensive experience of advising private clients on how to invest in line with their values, most recently as head of sustainable, responsible and impact investment at the London-based multi-family office Sandaire Investment Office. Before that, she ran her independent consultancy firm, Bay Street Consultants, and was also CEO of two private family offices in Hong Kong. She began her career in banking with Chase Manhattan Bank, JPMorgan Chase & Co and ABN Amro, where her responsibilities included client management with corporate and institutional clients as well as risk management, corporate finance, investment banking and asset management, working with a range of organisations, from central banks to SMEs, in more than 80 countries across the globe.

Bonny's appointment will strengthen Bridges' ability to work with families and high-net-worth clients, drawing on the lessons learned from IMP to help them think about their values, articulate their impact goals and develop a strategic impact investment approach.

Michele Giddens, Partner and Co-Founder of Bridges, said: "In recent years, we've met with lots of private investors who are eager to invest for impact but need some help to define a clear strategy.

Bonny's appointment hugely strengthens our ability to meet this growing demand for specialist, independent advice. Her outstanding track record as a trusted advisor to families, individuals and financial institutions shows that she is a highly effective advocate for sustainable and impact investing. By offering Bonny's expert services to help these clients develop clear strategies, we hope to find out whether we can move more private capital into impactful investing – in line with Bridges' ongoing mission to grow this market."

Bonny Landers, Senior Client Advisor, Wealth Strategy at Bridges, said: "In the last decade, I've seen first-hand a considerable growth in demand from family offices and private clients for quality advice on how to develop a coherent approach to sustainable and impact investing. As the next generation inherit wealth, this trend will only accelerate. I'm delighted to join Bridges to see how we can support these clients.

We look forward to helping more private investors explore how their investments can better align with their values and achieve a more positive impact on people and the planet."

www.bridgesfundmanagement.com/

THE LUXURY NETWORK:

A PRIVATE MEMBERSHIP CLUB ELEVATING ITS MEMBERS

This autumn, The Luxury Network celebrated their expertise in amplifying brands and businesses for success, and the achievements of their members at their 5th anniversary.

The celebrations took place at Rosewood London, where a bright red McLaren 570S Coupé was parked by the courtyard entrance to the Mirror Room. 'The Nines' band entertained and roamed the room before the fantastic violinist duo 'Stereo Twins' played Happy Birthday as the candles were lit on the birthday cake, followed by a DJ set. Canapes were served until the cake was cut and drinks were supplied by Nyetimber and Bird In Hand.

Described as "The next generation of marketing for luxury brands" by the British media, The Luxury Network is supported by the UK Trade and Investment globally. It is a private membership club, established in luxury capitals or countries around the world, within which premium companies work closely together at senior director level for mutual business and client development – and the objective is simple: To facilitate co-operation and exciting new business development activities between top-end companies, under the umbrella of affinity marketing, providing direct access to each other's pre-qualified, high net worth private clients.

Through The Luxury Network, new business partnerships are thus created via strategic alignment, joint collaborations, product placements, endorsements, media sharing, B2B and B2C networking, sales and luxury showcase events and numerous other affinity marketing activities. Members of The Luxury Network receive a comprehensive programme of new pre-planned professional business development activities and events to maximise their relationships with other luxury brands.

The luxury industry has undergone major changes during recent times. Economic uncertainty and geopolitical crises, rapid digital transformation and fast

evolving consumer preferences are creating a new competitive and challenging landscape. With the market fast evolving and Brexit on the horizon, The Luxury Network offers extraordinary partnership event and collaboration opportunities, so brands not only navigate any unforeseen headwinds but are propelled and elevated, giving members a reason to celebrate.

Members join this exclusive club to anchor their brand in the luxury space, building brand awareness and creating powerful affinity activities with like-minded luxury professionals. Members share clientele and activations to support business development and client retention. Through industry seminars and networking at director and owner level within the luxury sector, they gain access to peer group intelligence.

The UK is fast becoming the most affordable luxury market in the western world. Despite market uncertainty due to Brexit, there have been few

fall in the value of sterling has had tills ringing with overseas visitors spending heavily. Compared with China, prices in the United Kingdom are on average 22 per cent cheaper.

Chinese arrivals into the U.K. have now increased by a massive 58% since 2014 with a projected 46% growth in the next 5 years; China now makes up 23% of tourist spend on luxury goods in the UK, followed by the U.S. at 13%, and Middle East at 12%. Luxury shopping continues to be a status symbol for wealthy tourists with the total spend increasing by 41% in the last 5 years.

The United Kingdom is fast becoming the most affordable luxury market in the western world, and London retains its mantle as centre of the retail world, with all major brands maintaining flagship stores in the capital. Meanwhile domestic luxury customers are reducing their shopping abroad due to unfavourable exchange rates, and spending more at home instead.

Sales in the U.K. have historically been driven by the growth in luxury cars, designer leather goods, accessories, and beauty. However, it is expected that categories such as luxury hotels, and other luxury services in the hospitality sector to increase in importance as consumer continue to look towards more luxury experiences over 'things.'

Sunseeker Adding 'Wow' Factor with Alexander James Interiors

For The Luxury Network, one of the most successful brand collaborations to date has been between Sunseeker London Group and Alexander James Interiors, the award-winning luxury interior design firm, which now dresses all Sunseeker yachts at boat shows around the world, including Cannes, Southampton, Genoa, and Monaco last month. When a client saw the very first boat they had dressed, they wanted to buy it, so long as they could have all the interiors. With boats selling for between £3 to 5 million, it has proven to be an exceptionally fruitful relationship, and since joining The Luxury Network three years ago, Alexander James Interiors says that the network accounts for between 50 to 60% of their marketing activity for a fraction of their marketing budget.

Sunseeker's Group PR, Marketing & Events Director Alexandra Harrison, remarked: "The Sunseeker London Group have been members of The Luxury Network for four years. Helena's passion for connecting like-minded brands is exceptional and through her introductions we have made many superb, beneficial connections."

Managing Director of The Luxury Network London and Global Head of Business Development, Helena Warren, the luxury expert with the superlative matchmaking skills for high-end brands commented: "The rude health of the luxury sector has led to a demand for increasingly sophisticated sales techniques to promote products and services in a fiercely competitive market; we excel in affinity marketing4, which isn't a new concept, but an arguably unrivalled approach to accessing new clients".

We want our clients to stay ahead of their peer group, so we are constantly innovating, and we are excited to be celebrating our fifth birthday and our members successes with the launch of additional new services, including brand and business development, event planning and management, and marketing planning and delivery, including management of social media."

The network is currently also developing stronger 'category verticals' to maximise membership exclusivity, focusing on luxury goods, luxury services, finance, hospitality and property.

www.theluxurynetwork.co.uk

Learning from entrepreneurial families: managing the shift from the "New Normal" back to the "Old Normal"

By Andreas Lesniewicz

IMany family companies are extraordinarily successful and the distinctive way they run their businesses is one of the keys to their success. These successful families expect their asset managers to manage their funds differently from that of a typical private banking mandate. Other investors can learn from their approach – after all, this strategy has delivered generations of success for many families.

There are a number of factors that make them not just successful entrepreneurs and investors but leaders in the sector. What sets them apart is their commitment to maintaining a long-term focus, combined with discipline and patience while investing over several investment cycles. The ability to focus on these essentials, to think and act independently and flexibly while accepting controlled risks. The success of many families speaks for itself. Studies show that companies in which families have a significant influence perform better than both listed and private companies. Many of these entrepreneurial principles that serve family companies so well can also be applied to asset management. These families look for the best possible team and demand above-average performance - not just within the cycle, but also in the long-term. When it comes to investing your funds, what good is it to have achieved above-average performance in 2016 and 2017 only to lose a large part of your assets in 2018 and 2019? Being able to pass on the companies and its assets to the next generations is of utmost importance to most entrepreneurial families.

Responsible asset management is currently facing a significant number of challenges. In addition to the most extended bull market we have seen in over a century, the peaks of the economic and corporate earnings cycles and a global interest rate turnaround on the horizon. We are moving from the 'New Normal' to the 'Old Normal'. Liquidity of economies and markets is already worsening. Are we in the midst of a global bear market as they are clear signs that we are heading that way. Also, there is a vast array of technological innovations encompassing everything from artificial intelligence, fracking, alternative energy and energy storage to medical advances and digitalisation which are changing our economies and societies. One major strength of many family businesses is that they have been successful across generations in times of radical change and upheaval. These families demand high standards and skill from their asset managers who understand the family business mindset.

Despite, or even because of the current challenges, the desire for capital protection remains unchanged. However, strategies that delivered excellent results in the past can now involve substantial risks. Investors must think and act independently and flexibly in order to protect their assets.

Passively swimming with the market and blindly relying on the old tried-and-tested approaches and correlations can be fraught with risk in today's market. Genuine active investing offers the best chance of success while navigating this period.

No family business would allow themselves to be limited by drawing imaginary lines (by a benchmark) or being guided by daily fluctuations (volatility) instead of long-term prospects. As investors, they must also avoid doing this and have the courage and independence to manage our allocation and investment ratio actively. As entrepreneurs and investors, we must use the advantage of being able to say no. We do not always need to be fully invested; it is not necessary to play every hand.

One of the significant advantages of family businesses is that they focus on the long-term growth of their company rather than short-term profit optimisation. This ability to think long-term is also a key factor to success in asset management.

Although it sounds simple enough, this is not always the case. When investing, it is difficult for people to understand just how long cycles can continue. For many, it's tough to hold out for that long. At present, we have been experiencing falling interest rates for the last 35 years and rising stock prices for more than a hundred months. There are more and more claims that things can, will or are going to be different this time around, for example, the experiences of the financial crisis seems to have faded into memory.

This forgetful mindset appears to be the norm at the end of a cycle. To achieve long-term success, it is sometimes necessary to show considerable patience and discipline in implementation – to wait it out and then succeed while swimming against the tide — the fact that it is difficult to counteract the cycle and the consensus and conduct is precisely the reason why there are cycles in the first place. People shape markets and thus through emotions and with many through incomplete information processing.

When people ask, what they can learn from families that have been successful for generations, we would have to say: think long-term instead of wobbling short-term. Find solutions for all of your liquid assets instead of putting a small proportion to work for you, set achievable targets instead of maintaining unrealistic expectations, diversify instead of gambling. Also, interact with the markets with a steady hand and humility rather than recklessness, define processes rather than shooting from the hip, and find your own way, solution and team. Put these building blocks in place for calmness, consistency and lasting success. It will simplify your fortune and give you a better life and performance.

Andreas Lesniewicz co-founded the Salmuth Family Investment Office CONREN in 2004. Coming from a family of entrepreneurs himself, Andreas has consulted entrepreneurial families and their companies in investment and operational matters for more than 15 years.

He studied business administration & commercial law at the Otto-Friedrich University Bamberg, Bavaria; combined with guest stays at Harvard University, Cambridge, and Columbia University, New York. His specialisations were finance and auditing. After graduating, he worked in corporate finance in Frankfurt.

Altrafin: www.altrafin.com
CONREN: www.conrenresearch.com

FACTION SKIS
BRINGING THE ALPS TO LIFE

World's Fastest Growing Ski Brand Targets IPO

Faction Skis, designer and manufacturer of performance skis, and fastest growing global ski brand, is on a steep growth trajectory with rapid growth and industry-leading margins, suggesting a €100m valuation at standard revenue multiples within four years. Having sold 30,000 pairs into 35 countries in 2018, and recently achieved to successfully close a £4.5m investment round, Faction is enjoying a 40% year-to-date sales growth in a multi-billion euro market.

Handmade in Europe, Faction skis are produced and tested in the heart of the Swiss Alps in the world-class playground of Verbier, Switzerland – which, in contrast to many other big ski brands who outsource their production, gives Faction direct control over product and quality.

Faction is committed to innovative design, high quality materials, and is applying these values not only to skis but to Alpine outerwear for the 2019/2020 winter season with a range entitled 'FW: Gear for Alpine Living'. As focus on quality, story, and experience is currently defining the retail and media landscape, Faction has managed to capitalise on a gap left open by generalist retailers and multi-brand conglomerates.

The Rise of Premium Brands

"The middle is dead. You either want to deliver fantastic price-point basics or differentiated premium quality with meaning today – and we've always focused on quality and engagement with our fans," explains Founder & CEO Alex Hoye and adds that also the digital and social media revolution has provided an "unprecedented opportunity to change the brand landscape towards premium, innovative brands." With roots in necessity as much as strategy, this helped Faction to also establish itself as a leading film media production company; at the beginning of their journey they could not afford to buy a slot with the big ski film production companies, so they turned to new technology like drones and rider-held steady cams and made up for what they lacked in budget with creativity. The down to earth approach bolstered by some of the best skiers in the world was a change and an irresistible movement.

Faction has since partnered with Candide Thovex, who in skiing is known as the G.O.A.T (Greatest Of All Time), and as an athlete, shareholder and director, his creative productions have generated over 100 m views with 'One of Those Days' and 'Ski the World', and an audience of 1.5m Facebook & Instagram followers. Candide's seven Cannes Lion Awards demonstrates his immense marketing talent as well as his cat-like skiing grace. Last season Faction had a 300-stop, 32-country film tour filling 1,800-capacity cinemas to universities, with 1m digital views of all content and the next Blockbuster is already in production for an autumn 2019 launch in cinemas.

With no desire to become a mass market player, losing margin and quality for market share as many of its peer group owned by slower-moving corporates, Faction cultivates a lean, global infrastructure capable of achieving scale with strong profit margins, with less than 3% market share, and will exceed its ambitions if fans continue to prioritise quality and experience.

"We were lucky really. We built a brand with a focus on creating better, and respecting and getting involved with our fans; we call ourselves The Faction Collective. A decade later retail channels are collapsing and buyers are holding brands accountable to quality and being real, not just consumer machines. Our world-class team and investors have built a global platform, the best in the industry, and is showcasing the best people on skis in our creative on media with humbling response from Tirol to Tokyo," says Hoye and continues, "The five-year plan has Faction growing to only 64,000 skis for season 2022-2, although our forecasts do not take the significant opportunities in China into account."

Asian Skiing Boom

The Chinese ski industry has been rapidly expanding, making it the biggest growth driver for the ski industry globally. Faction is already established as an aspirational brand in the Chinese market with e.g. the first AFP-sanctioned (Association of Freeskiing Professionals) freeski competition in China co-sponsored by Faction and won by Faction Olympian Alex Hall. The Chinese skiing boom has already fuelled the construction of more than 700 domestic indoor and outdoor ski resorts, and in the lead up to the 2022 Beijing Winter Olympics, President Xi Jinping has stated his intention of 20% growth in skiers each year reaching over 100 million by the Games, and 300 million skiers by 2030. This season Faction products will also be stocked in more than 50 premium retail stores across Japan, where demand is likewise ever increasing.

Rideable Art

As part of their DNA of keeping things fresh, Faction doesn't let skis retain the dated style of the bigger brands, which were mostly founded between 1935 and 1954 and reflect that era of general brand positioning today. Taking inspiration from the sneaker and fashion collaborations, Faction focuses on artist and core brand collaborations beyond skiing, such as leading eyewear and accessories brand Dragon Alliance. Faction embraces the cross-cultural vibe that is seen and felt in the adoring queues in Shoreditch for limited edition launches of the sneakers that come out of collaborations between trainer brands and artists.

The Roadmap to IPO

After a successful end-of-year investment round and 400+ shareholders now on board, Faction is nearing key thresholds of €10m in revenues, accelerating growth and considering selective acquisitions which could benefit from the brand's global sales and media reach. Having already invested in a strong foundation, Faction's focus is now shifting towards profit margins, and the management team is driving to a goal of secondary raise by 2021 and striving to be retail investment ready by 2022.

Faction holds a unique shareholder story, having Octopus Ventures investing in and supporting the brand's growth since 2012, but the majority of the backing has come from the over £10m invested by angel investor. CEO and Co-Founder Alex Hoye is an angel investor, and says that Faction's DNA has been to do things better and differently since its inception. With his experience in public listings and private equity, as well as being an angel investor himself, he has committed to enable skiers and angels who back the company to benefit from shareholder value appreciation from the very beginning and into the future.

With 90% of its £4.5m round being subscribed by existing investors including Octopus and new angels, Faction will open up investment to a broader base by offering further investment on Crowdcube in 2019.

www.factionskis.com

FAMILY OFFICE

by BARNES UK

SOUTH AFRICAN MARKET COMMENT

BARNES manages the investment, enhancement and realisation of real estate – and a selection of other asset classes – on behalf of the world's most affluent individuals. The growing team currently have on average £60 million of capital tied up in property bids each week. BARNES International Property Specialist Chris Maclean discusses below the firm's most recent expansion into the rapidly growing South African property market and provides an insight into the region's market.

As the London and UK property markets continue to steady we have begun to follow the growth and development of the South African property market. The Rand continues to be an attractively low currency for many foreign investors who are looking for prime seafront properties or rural retreats for holiday homes. It also remains an attractive market for affluent South Africans as the number of prime properties and developments increase across the region.

We began our BARNES South African expansion in early 2018 as we identified the investment process in South Africa is relatively open to foreigners and is comparatively straightforward, and in the company of a good lawyer, the legalities and fiscal commitments are relatively unencumbered. South Africa is also Africa's most visited nation, with visitor numbers increasing on a yearly basis. The country welcomed over 16 million tourists in 2017, 11,000 of which were multimillionaires.

Demand for property is coming from a number of areas, including locally with affluent residents from Johannesburg and Pretoria taking advantage of their proximity and buying luxury holiday homes on the coast. Wealthy residents from neighbouring African countries are also attracted to South Africa as an area in which to grow their business and leisure base on the continent, and finally, the international buyers who habitually enjoy the annual benefits of South Africa are increasingly attracted by the quality and value of property in the market and decide to buy.

BARNES have seen the rise in popularity predominantly in Cape Town, on the Atlantic Seaboard, with the city seeing double-digit property price growth for the last few years and a year-on-year ten year high of 15.4% in 2016. Having been just behind China's major cities in the global property rankings, we are starting to see property prices cooling across Cape Town for this second quarter, something that was expected due to the region's exponential yearly growth over the last decade. Cape Town remains, however, one of the leading cities for Ultra High Net Worth Individuals and the global investing elite, with the scenic seaboard views, vibrant city culture and the increased security and privacy that accompanies prime developments cropping up throughout the city.

Cape Town specific buyers include Indian businesspeople who are regular visitors to Cape Town, as well as CEO's, founders of startups and expats from significant companies from China, Brazil and Northern Europe, notably Germany and Scandinavia. Preferred neighbourhoods for investors include Table Bay and Robben Island thanks to breathtaking views. Bantry Bay properties are usually sea facing properties that again give owners unparalleled Atlantic views, and of course Clifton Bay is home to some white sandy beaches, favoured by families. We have two Clifton Bay properties on our portfolio which are stunning duplex apartments.

Further afield South Africa has long been known for its wine and wildlife, both of which are attracting another group of buyers to the region. Wine enthusiasts and makers are procuring properties and vineyards in areas around Robertson, Wellington and Stellenbosch, which sits on the outskirts of Cape Town and is often referred to as the billionaire's playground.

Those interested in conservation and the vast array of wildlife are investing in farms and estates with extensive private land or traversing rights. Heading further inland, we have recently been appointed the UK brokers for a substantial family home based on a 5000-acre private estate. This estate comprises an association of landowners committed to , conservation, allowing for wildlife to roam freely across the land. This property is based in the Klein Karoo, a rural area north of George in the Western Cape.

The nations diversity and continuing economic development will only serve to increase interest in the country's real estate, while also attracting a growing number of UHNWI tourists and businesses. As a direct result of these factors, we expect the market to remain stable and potentially further grow as investors begin to purchase property and invest capital into property development across South Africa.

www.barnes-privateoffice.com

USING BIOMARKERS TO SUPPLEMENT THE DIAGNOSIS OF TRAUMATIC BRAIN INJURIES

An external physical force causes traumatic brain injuries (TBI) to the head; prime examples are car accidents and falls. TBI can also be caused by a sudden and forceful movement of the head. There are currently significant issues in current TBI detection and case management.

It is estimated that the global market potential for a diagnostic device detecting traumatic brain injury in point-of-care setting – meaning conducting a test at the site of the accident – will exceed $2 billion annually. There are significant problems in the current diagnostics and treatment of traumatic brain injury. Many injured people remain undiagnosed, exposing them to risk of severe brain damage. Failed diagnosis of brain injury can also lead to permanent lesions of the brain tissue.

After a traumatic brain injury, the physical force causes the brain cells to be disrupted. Moreover, secondary damage can evolve after the initial injury. The disrupted cells can start to produce harmful compounds that deteriorate the surrounding healthy cells and activate chemical reactions causing progressing lesions. This means that time is a critical factor in the care process. The brain is slow in recovering from significant damage. The injured person's identity could change permanently and he/she may even have to live with a permanent disability.

TBI is a global problem. It´s been referred to as a 'silent epidemic', because of its high prevalence but low awareness. A real-life example of the issue emerged on a large scale in the US when soldiers returned from the middle-east. Almost 400,000 were incorrectly diagnosed with post-traumatic stress disorder (PTSD). It was only later discovered that the majority of them were actually suffering from long-term conditions of traumatic brain injury caused by blasts and explosions. They were misdiagnosed and then treated for the wrong disorder. Annually approximately 2.8 million Americans visit the Emergency Department due to brain injuries. As many as 50 000 people die of brain injuries and more than 3 million are suffering from long-term conditions caused by such injuries. The figures in Europe are similar. A recent study estimated that about 2.5 million new TBI cases occur in Europe every year. Approximately 1 million people are admitted to hospitals and 75 000 people die of brain injuries.

It´s estimated that globally 10 to 16 million people suffer from severe brain injury. Mild traumatic brain injury, however, represents the largest segment; approximately 90 % of TBI cases are mild. Slight injuries are the most significant challenges for diagnostics as there is an unknown number of victims misdiagnosed and sent home from medical centres without treatment.

Current methods to diagnose TBI are unable to detect mild traumatic brain injuries and concussions reliably. The doctor performs a neurological examination based on the patient's responses. Because patients have individual symptoms and presentation of responses is prone to interference, the evaluation is not reliable in mild cases. Some patients also have images taken of their head using either CT or MRI options. These are based on large and expensive devices that are available in 24/7 hospitals mainly. In addition, the patient is exposed to a substantial dose of radiation or contrast dyes. While a CT or MRI can reliably detect significant bleeding and skull fractures, they cannot detect mild TBI injuries.

If an undiagnosed person with TBI is sent home without treatment or follow-up, they will be at risk of a worsening of the condition. A genuine danger is suffering from a second concussion which in most cases can cause severe damage and can even lead to permanent brain damage.

One company, Medicortex Finland are developing a biomarker-based test to detect TBI and to help correctly diagnose mild traumatic brain injuries and concussions. A biomarker-based test would supplement the diagnosis and it would significantly improve the correct detection rate. A more significant proportion of TBI sufferers could receive proper treatment and a medical follow-up. Furthermore, the number of unnecessary CT scans could be decreased. If the test shows a negative result, the patient can safely be sent home.

The test is based on biomarkers released by disrupted brain cells. These biomarkers are abnormal metabolic products that aren't usually present in the body in high amounts. They are first released to the cerebrospinal fluid and then leaked to the blood and other body fluids through the compromised blood-brain barrier.

Medicortex have shown in a clinical trial that these products are present and detectable within saliva and urine.

The ProbTBI™ test is non-invasive, meaning it is performed either on saliva or urine. Because of its non-invasive nature, the test has excellent potential for point-of-care use. It can be used anywhere because of its small size and its portable and it doesn't need electricity or extra equipment to function. The test is quick: it will take only minutes to perform and the result is easy to interpret. The answer is given in "yes/no" manner similar to a pregnancy test.

The test is relatively cheap compared to current head imaging methods, which in comparison can cost hundreds to thousands of euros per scan. Medicortex estimates a final price of their test to be in the region of 50 euros per unit.

Aside from hospitals and emergency rooms, the test could be used at the scene of an accident by paramedics to screen for brain injury and notify the hospital who can then be prepared with the proper means of treatment. According to Medicortex sports organisations have shown much interest in the product. Private people could buy the test from pharmacies and test themselves or their children. Insurance companies could refer to the test result in insurance claims related to brain injury. Pharma companies could use the test as an endpoint measurement when developing brain injury medications.

Medicortex is currently running a large clinical trial to verify their findings and study the changes over time in the emergence of the biomarker. In the near future, they are also starting the prototype development which will be further validated in a clinical trial. Once the prototype is ready, they will initiate the regulatory processes to commence market entry. Medicortex estimates the market entry to take place in 2021.

Medicortex Finland is composed of a core team of five people with different backgrounds and experience in sciences and enterprise. The valuation of the company today is €7.5 million.

www.@medicortex.fi

THE MODERN DAY MR CARSON
WHAT IT TAKES TO KEEP LONDON'S BEST PRIVATE RESIDENCES RUNNING LIKE CLOCKWORK

He was the venerable butler of Downton Abbey, ensuring that the silver was polished, the staff was immaculately turned out, the meals were served on time and that every aspect of the household ran like clockwork. Away from the screen, in Central London's prime new-build properties, modern day 'Mr. Carsons' are very much in demand from ultra-high net worth residents, who want their homes and lives managed in a similarly smooth fashion. They dress in liveried uniform, look after and maintain thousands of square feet of high-value property containing priceless antiques and works of art and cater to the residents' every requirement.

Staff of porters, concierges and gatekeepers are required to be on-call twenty-four hours a day, seven days a week managing all manner of domestic requests however big, small or challenging. Bruton of Sloane Street is an estate management firm that specialises in managing London's most prestigious and high-value new-build properties.

Bruton's team of specialists possess in-depth knowledge and understanding of the Prime Central London market, of high-value property and the valuable assets held within them and work together to ensure that the very specific needs of these properties and homeowners are met. One such property is Burlington Gate, Mayfair's latest prime residential development by Native Land.

To meet owner expectations at Burlington Gate, Bruton of Sloane Street have sourced and trained a team of experts headed up by Head Concierge Alex Marcu. Marcu is in charge of the day to day running of Burlington Gate, seeing to residents' every whim, at any given time.

For example, sourcing a specialist interior designer; helping curate, hang or indeed light a fine art collection; or providing access to the capital's most exclusive cultural or sporting events such as the RHS Chelsea Flower Show, Masterpiece London Preview or even Wimbledon. Candles are not entirely forgotten of course – a scented candle has been created especially for the development.

Andrew Kafkaris
Founding Director
Bruton of Sloane Street

Alex Marcu, Head Concierge at Burlington Gate, comments on his role, "At Bruton of Sloane Street, no two days are the same. I may one day be learning to use new smart technologies for security or property management and the next I may be sourcing specialist hangers of 16th-century artworks. I work with a range of contractors from electricians to personal trainers to interior designers to sommeliers, and my job is to ensure that all deliver a seamless and efficient service that meets our residents' needs. It's a diverse, challenging and fast-moving role that differs vastly from the traditional butler model but one where the same standards of conduct are expected."

Staff must maintain an impressive, extensive and established network of industry contacts in order to offer high-quality home and lifestyle management services, which can include, but are by no means limited to, sommelier services and wine cellaring; yoga and personal training; education and private mentoring; art consultancy and bespoke private events and catering. They also manage partner relationships with the likes of Bodyism, which delivers the development's spa services; Fortnum and Mason, which offers residents VIP shopping services; and a number of specialist caterers.

The team's most challenging responsibilities can include hiring bodyguards for VIPs and their families at a moment's notice, ensuring the constant security of priceless wine or jewellery collections and overseeing the complex network of staff and suppliers, which keeps this development of luxury residences running smoothly and safely. To complement, speaking multiple languages is essential when catering to the needs of a growing international client base and, indeed, Alex Marcu is fluent in English, Romanian, Italian, Portuguese and Russian.

Overseeing the installation of new household technology, organising dry cleaning and other domestic services, booking specialist electricians, taking online deliveries, contracting out of hour's plumbers and even helping to organise residents' parties and events are all in a day's work for the skilled and knowledgeable on-site staff at Bruton of Sloane Street.

According to Andrew Kafkaris, Founder of Bruton of Sloane Street: "We recognise the need for superior property management services and this is why we employ RICS-qualified estate managers and specialist on-site household staff to manage the properties in our portfolio as well as connoisseurs in arts and culture to deliver lifestyle services for our residents. Our staff's knowledge, contacts and faultless service is underpinned by professionalism, integrity and absolute discretion."

To maintain the standards of luxury, wellbeing and technology offered in London's prime developments requires the very best in class estate management. The question that all purchasers should ask themselves is not only what services and amenities do the development offer but how will they be managed as this will ultimately decide how enjoyable their living experience will be.

www.brutonofsloanestreet.co.uk
www.burlingtongate.com

REGISTRATION OF OVERSEAS ENTITIES: UK PROPERTY NO LONGER "HANDS-OFF" FOR OVERSEAS INVESTORS

By Dhana Sabanathan, Partner, Winckworth Sherwood

In a key development for property investors, the Government has published a Bill establishing a public register of overseas entities (including companies and partnerships) which own property in the UK.

The Registration of Overseas Entities Bill ("the Bill") has been presented as an innovative and far-reaching initiative to combat corruption. The Bill envisages a two-point approach to enforcement by firstly restricting an overseas entity's ability to acquire and dispose of property and secondly by implementing criminal liability for breach. In doing so, it introduces significantly more onerous filing requirements for non-UK entities owning interests in UK property (whether residential or commercial) and has the potential to be a trap for the unwary.

Who registers?

Most overseas legal entities that hold property will be required to register and, therefore, provide details about their beneficial owners which will be publicly available. Generally substantive trusts, however, are excluded from the scope of the new register. HMRC has already established a separate Trust Registration Service, which operates as a non-public register for UK trusts and non-UK trusts with UK tax liabilities.

Determining whether an entity falls within the definition of an "Overseas Entity" requires an analysis of the legal personality of the entity under its governing law, and so the result under English law principles cannot automatically be assumed.

A good example is that a US discretionary trust governed by US law would be required to register under the Bill, but a discretionary trust governed by English law would not.

When do overseas entities register?

Overseas entities will be required to register with Companies House prior to acquiring certain property interests. Where they already hold property, they will have an eighteen month period from when the Bill is passed into law to either register the beneficial ownership information or to dispose of the property if they do not wish to register. While the Bill could be enacted within a shorter time frame; the Government has announced that it expects the register to be operational by 2021.

We would expect to see a publicity campaign informing existing owners of these new requirements, but are concerned that news of the changes may well not reach many investors, who perceive UK property as a 'hands-off' investment not requiring regular professional advice. Furthermore, the register information must be updated at least annually, and so additional ongoing compliance costs will need to be incurred.

The requirement to register will apply to entities holding leasehold (of more than seven years), as well as freehold, interests in land where title would require registration at HM Land Registry. The new registration system is linked to land registration and any transfers of title, in order to provide incentives for compliance and capture future transactions.

What are the consequences of non-compliance?

Transfers to unregistered overseas entities will only provide equitable title, leaving the transferee without full legal title and potentially unable to sell the property and/or obtain security. Titles held by registered overseas entities will require a registration number, without which the proprietor will be unable to sell, lease or charge the property.

This is by no means to suggest that those who do not intend to deal with their properties will be allowed to avoid the register. Should other incentives prove insufficient, the Government has introduced a number of criminal offences, such as:

- failure to comply with the registration regime after the end of the 18-month transitional period for existing owners;

- failure to keep information up-to-date (as above); or

making false or misleading statements, whether knowingly or recklessly, for the purposes of the new overseas register.

What will the register contain?

While investors use overseas vehicles for a number of reasons, privacy is one of the key considerations cited; in this regard, the introduction of the public register will represent a radical change.

The register will contain broadly the same information as is currently required of UK companies under the Persons of Significant Control ("PSC") register, including information about who controls and beneficially owns the entity. Non-UK entities will be under a duty to obtain this information by sending 'information notices' to those they believe to be their beneficial owners, with criminal penalties for non-compliance.

Residential addresses of beneficial owners and some other data will generally be withheld from public view, although if the overseas entity owns the individual's main residential address, this will not provide effective protection. Where an entity is unable to provide information in respect of beneficial owners, a statement must be produced to that effect with information on its managing officers, to provide, at a minimum, an indication of who controls the entity. As the Government indicated in its consultation, we hope that similar provisions to the PSC regime will be introduced so that an individual can apply to have certain information withheld from the record where there is a risk of serious violence or intimidation. These provisions may be detailed in supplementary regulations in due course.

What to do next?

During its passage through Parliament, the Bill remains subject to amendment or change. Before its enactment – and particularly before the 18-month window for existing owners to register – those affected would be wise to take the opportunity now to consider:

- the efficiency of their current structure
- the adequacy of their compliance; and
- their potential restructuring options.

The key is to understand and re-evaluate the initial rationale for using an overseas entity. This review might be combined with a general 'tax health check' following a number of changes to the taxation of UK property of late. These include the Annual Tax on Enveloped Dwellings ("ATED"), inheritance tax on residential property and tax changes for non-resident investors owning commercial property. These changes mean that the costs of an offshore structure have likely increased over time, with the benefits having been reduced.

About the Author
Dhana Sabanathan specialises in private client tax and estate planning for high net worth individuals, families and family offices.

INVESTING IN THE 5TH MACHINE-AGE UNLIMITED X-REVOLUTION

BY Stephen Ibaraki

I'm sharing my viewpoint from concurrent chairman, founder, board roles in business/finance, entrepreneurship, global computing science organisations, UN innovation progs, top industry-organisations and think tanks, and No.1 summits (acronym BE-SUNIS).

The catalyst for global transformation

The 4th Industrial Revolution is now trending towards Society 5.0 or what I call, the 5th Machine-age Unlimited X-revolution or 5-MUX. This provides unprecedented investment and high return (IRR 40+%) opportunities.

It's the first time in history; we have hyper: automation, time compression in innovations, the convergence of the physical/digital/ biological realities, and ubiquitous connectivity or "A triple C".

The expanding digital innovations are undeniable – as is the central role of investors in being the catalyst for high impact and returns from entrepreneurs founded on 5-MUX.

The exponential opportunity of 5-MUX

The digital transformation and digital economy centred on 5-MUX proliferating globally will create 60% of global GDP (soon US $90+ trillion from 2018 $87.5 trillion) by 2025.

Examples of 5-MUX innovations would be big data, artificial intelligence/machine-learning (AI/ML), blockchain, 5G with 6G already in planning, robotics, quantum computing, augmented reality/virtual reality (AR/VR), Internet of Things (IoT), 4-D printing, autonomous transportation, wearable technology, new materials, cloud computing.

The investment and 40+% IRR return opportunities stem from the startup space. Launching a startup is increasingly globally democratised with low barriers to entry.

Today to produce a minimum viable product for a startup in 5-MUX demonstrating proof of concept is under $5000; down significantly from the $50,000 start-up funding in 2010. Thus, this creates a greenfield of opportunities for investors who have access to quality 5-MUX deal flow.

As a foundation is the Unlimited generation (which I term, Unlimited-X) nearly 2 billion young people aged between 10 and 24 who are born into 24/7 5-MUX integration.

This is on trend with global impact investment by alignment with the United Nations 17 Sustainable Development Goals (SDGs).

What kind of technologies to look for in startup investments?

The proliferation of reports this year speaks to the high adoption of 5-MUX technologies and particularly in artificial intelligence (AI) and blockchain.

There is commonality from these reports from Gartner, McKinsey, Deloitte, ITU, OECD, PwC, World Economic Forum (WEF) and more.

Here are highlights of data publicly available from the World Economic Forum (WEF) Jobs Report 2018. The report covers 2018-22, spanning 12 industries, 15 million workers and a good balance between developed and developing countries representing 70% of global GDP.

The technology adoption by 2022 across the 12 industries, provides a forecast of the 5-MUX startups that will provide high returns. For example, 85% adoption of big data analytics, 75% IoT, 73% machine learning (form of AI), 58% AR/VR, 45% blockchain, 40% autonomous transportation, 37% stationary robotics, 36% quantum computing.

This can be broken down by sectors such as the nearly $150T financial services and investors industry. Here we have 86% adoption of big data, 73% machine learning and blockchain, 65% IoT, 59% AR/VR, 49% wearable technology, 43% quantum computing, 35% humanoid robots.

I will illustrate again with the global health and healthcare industry which is nearly $9T or 10.5% of GDP in countries. The adoption is 87% for big data, 80% machine learning, 73% wearable technology, 67% blockchain and IoT and AR/VR, 60% new materials, 47% stationary robots.

AI as a top investment target

In looking at the WEF data, AI and technology related to AI have high adoption rates. These include big data, machine learning, robots (stationary, non-human, humanoid, aerial and underwater).

This aligns with other reports such as from PwC--up to nearly $16T in wealth creation from AI by 2030.

This is accelerated by global programs in AI such as United Nations ITU AI for Good Global Summit; Cross industry AI Pioneers, UN ITU Focus Group AI for Health working with the World Health Organization.

A growing area, though still considered frontier technology is Artificial General Intelligence or AGI, which is more human-like. I recently conducted a chat, appearing under "Interviews" the Association for Computing Machinery, with Ben Geortzel who coined the term AGI. Ben is the chief scientist for Hanson Robotics and the CEO of SingularityNET.

Another take on AGI is the "*Master Algorithm*" from the famed data scientist Pedro Domingos. Bill Gates has indicated when AI achieves this kind of ability; it would create a company worth ten Microsoft's so roughly $10T in market capitalisation.

Pedro is the only data scientist recently recognised as top-ranking by both President Xi of China and Bill Gates concurrently. Pedro is making progress as noted in this chat I had with him recently with the ACM.

In terms of a startup in AGI, an example is Mind.ai, with its inductive, abductive, deductive reasoning.

Written by Stephen Ibaraki, chairman, managing general partner REDDS Capital, 14x Microsoft MVP awardee 2018/19 in AI, founder ITU AI for good, steering committee AI Pioneers

HIRING AN OUTSTANDING PA HOW TO REAP THE REWARDS

With modern multi-family offices offering an array of services, from wealth and estate management, through to philanthropic activities and organising travel plans, highly skilled and adaptable personal assistants (PAs) are in high demand.

More than any other role within the family office, PAs will often transcend the entire organisation, frequently bridging the business and domestic staff. As a result, finding the right individual is paramount, with the proper education, background and skills to thrive in the unique family office environment.

However, the breadth of the role means it can be tricky to clearly define each PAs specific duties and responsibilities while ensuring they have the support they need to excel. Here are the key elements to successfully hiring and managing an exceptional family office PA:

Take your time
Don't rush the recruitment process. Take the time to develop a detailed job description and draw on specialist expertise to help you. Make sure the recruitment agency you are using understands how family offices work and the unique culture of your team, including spending time in your office if possible. Family offices are unique environments and the right candidate fit is essential. Ask final candidates to come in and meet the principal and the broader team, to ensure the chemistry is right. PAs often work across all areas of the business, so it can be helpful to collate collective feedback before making a hire.

Clearly define roles
A PA's effectiveness depends on them having a good understanding of their purpose within the organisation, as well as the roles and responsibilities of those around them. Family offices, particularly single offices, can often lack structures and processes that are standard practice for most businesses and it's not unusual for roles to change significantly from the original brief. This is unsettling for PAs and may impact their ability to do the job well, and leading to high turnover of staff.

To avoid this situation, set expectations from day one, being clear on who the PA will be supporting and how. For example, if there will be a requirement to travel a couple of times a month, ensure this forms part of the job specification. Working with the right recruitment consultant is a huge advantage here, as they will ask all the relevant questions, prompting you on all the elements to think about before advertising and interviewing for candidates.

Hire a 'hybrid PA.'
Experienced PAs come with buckets of expertise. Often educated to degree level (or above), they frequently have a second or even third language, and may well bring specialist industry knowledge from previous roles. So consider what skills are lacking in the office - do you need someone who speaks Russian? Or experience liaising with certain cultures? Great PAs are open to taking on more diverse roles, and are often demanding it.

We've seen a 147% rise in demand for 'hybrid-PAs' in the last year; those who combine traditional PA skills with specialist knowledge in areas such as investor relations and marketing. So thinking laterally, when you are recruiting for your PA, and seek out opportunities to maximise their skills

For example, one area where experienced PAs can add particular value to family offices is in business development, often coming armed with a little black book of contacts. To maximise their input, ensure you expose them to the full workings of the business, giving them insights into what you're investing in and what you want to achieve. This will help them to get them involved in your business development pipeline early on.

HR and career development
HR can often be overlooked in family offices, but some key structures and processes will make a huge difference in the success of your PAs and other support staff:

Performance and salary reviews: Everybody needs feedback on how they are performing, as well as areas where they can improve and opportunities for growth. Ideally, these conversations should happen on a day-to-day basis, but performance reviews help to formalise the process and provide a set time dedicated to that individual. Be clear on when these will be held and ensure they are conducted professionally.

Line Management: Even in smaller offices, make sure the PA has a line manager, who isn't the principal, so they know who they are reporting to and where to go with any issues or questions. To make things more streamlined, ideally, the principal should only have one or two individuals reporting to them, who then manage the remainder of the staff.

Training and Development: As mentioned previously, PAs are highly skilled and adaptable, with the ability to add value to the business beyond organising diaries and taking minutes. So work with your PA to identify areas in the business where they could offer more support, and provide them with relevant training, whether internally or via an external course. It will help ensure their loyalty and benefit the business.

Ensure total confidentiality
Discretion is the top priority for most family offices, and while all good PAs understand its importance, you should always confirm this in writing. Your PA will be exposed to sensitive information from day one, so a Non-Disclosure Agreement (NDA) is essential, and you should also consider carrying out an enhanced DBS check.

PAs can make an enormous difference to the success of a family office, not only supporting the principal and others within the business, but also adding value to a host of broader activities. However, they can do that in an organisation that fits with their strengths and experience, and where they are provided with the right structures and support to succeed. Get that right, and your family office will reap the rewards.

by Laura Glendenning, Head of Tiger Private

HEDGE FUNDS ARE EXPERIENCING A RENAISSANCE

Hedge funds are coming back in style. Having faced an extended period of low investor confidence and net capital outflows, the hedge fund industry is now experiencing a renaissance.

Bruno Schneller, CAIA
CIO/Co-Founder
Skënderbeg Investment Management

The most hated bull market in history

Nearly every business and investment discussion include an update on just where are we in the business cycle. Is the cycle long in the tooth and likely to soon see the wheels come off a near-record long US economic expansion and equities bull market? Alternatively, perhaps the recovery from the great recession and financial collapse was so slow and liquidity-driven that historical measures of cycle maturity are inappropriate. Many are concerned about a flattening Treasury yield curve—a classical signal of late cycles—even as other economic vital signs remain robust and healthy.

The passive investment industry has terrific momentum right now with inflows seemingly breaking records daily. Of course, passive index funds are attractive because they are low cost. Since the global financial crisis, buying the index has paid-off handsomely because the economic and monetary environment was very supportive. In this backdrop of "free money", equity markets have climbed and climbed, and investors have piled more and more money into the same stocks; this is a potentially toxic combination because naïvely buying an index is not investing based on fundamentals. It is speculating, pure and simple.

The "most hated bull market in history" has been driven mainly by extraordinary accommodative monetary policy globally. That particular cycle has ended, and we now face a host of different challenges that will be propelled by an unwinding by the Federal Reserve, higher interest rates and rising inflation (not to mention the potential for Trump-inspired trade wars and geopolitical risks). With so much entrenched uncertainty right now, we think that an absolute return strategy is a sensible route for investors.

There is a significant correlation between the length of the bull market and the severity of the losses in the first year immediately following its end; typically, the longer the bull market, the higher the losses. While the declines do vary greatly, the average loss in the year following the end of a bull market is -16% (S&P 500). Therefore, when this particular bull market ends, it is sensible to assume that the loss will be higher than the average loss.

It's difficult to make money on shorts when markets are rising in unison

We are at an advanced stage of the economic and market cycle and it is therefore normal for investors to seek greater diversification on asset classes that are less tied to price lists. In fact, hedge funds aim to protect capital, offering asymmetric returns compared to the main asset classes. Moreover, because of the expansive monetary policies that have lasted for years and low yields, the bond universe offers limited opportunities and, on the contrary, could be vulnerable in the event of increases in interest rates that are more sudden than expected. Hedge funds are therefore proposed as an alternative for investors looking for higher returns without wanting to increase the equity component.

Hedge funds are often constructed with expectations of performing well whether broader markets rise or fall. Hedge funds usually shine brightest when volatility is high and global markets aren't trading in sync—that's when active managers may have the most impact on generating returns. When global markets correlate, it's harder for active managers to outperform their benchmarks.

Some hedge funds take positions that aim to limit downside exposure. Those have a cost, like an insurance policy, and don't pay off in rising markets. Other funds take short positions in investments they expect to fall in price. It's difficult to make money on shorts when markets are rising in unison. These conditions are changing. Since the US presidential election in late 2016, while broad market indices have been heading higher, individual securities have posted a wider range of returns, allowing some hedge fund managers to seize opportunities.

Rebound in hedge fund performance

Last year brought a rebound in hedge fund performance and 2018 continued that trend. While volatility was near multiyear lows at the start of the year, macroeconomic factors—like rising global inflation, increased political uncertainty and divergent monetary policies—have contributed to increased volatility and lower correlation levels between individual securities.

Both can be positives for hedge funds. Now that the "melt up" environment appears to have subsided, we believe hedge funds will have the opportunity to produce attractive results from both long and short positions. As always, manager selection will remain a critical component in allocation decisions as there will likely be greater dispersion among returns due to an increase in volatility as the market cycle progresses.

Experience shows that, in the previous cycles of US rate hikes (1994-1995, 1999-2000 and 2004-2006), hedge funds proved to be the most performing asset class, offering a valuable complement to traditional investments in stocks and bonds. As part of a well-diversified portfolio, alternatives can help reduce volatility and offer returns that are less correlated with market performance.

Within the different hedge funds strategies, we continue to favour long/short equity funds. While they faced months of challenging transversal stock rotations, we expect their environment to improve for several reasons. First, the peak in the economic momentum suggests that future stock rotations could be more macro/cyclical driven.

These are easier to capture for such funds. Second, the return of volatility is a strong positive, the lack of which plagued the strategy for months while forcing to raise leverage. Third, after moving in a pack, the differentiation across quant factors is resuming. Fourth, the lack of rationality, visible over the last EPS seasons, between stock returns and the quality of their earnings, is unlikely to repeat. Finally, we see more short opportunities, a noticeable improvement for neutral styles.

www.skenderbeg.li

DO YOU NEED AN EXIT STRATEGY? EXPATRIATION IS A LEGAL OPTION

Preparing for an uncertain future requires consideration of a broad range of potential outcomes. Advanced planning may be necessary to meet the challenges posed by events which may affect your family's wellbeing. Internal and external forces affecting the US in the future may create an environment where an exit strategy is critical to maintaining a way of life.

An increasing number of American citizens are giving up their US citizenship. The number varies by source, with three government agencies reporting different numbers. However, all sources point to a significant increase since 2012.

In 2016 the Treasury Department published the names of 5411 persons who gave up their US citizenship or ended their US resident status for federal tax purposes. After the first three quarters of 2017, it appeared that another record would be set when 4448 persons had expatriated, but there was a dramatic downturn in the 4th quarter when only 685 persons were listed. Was this the result of expectations of tax reform? It is impossible to know why people do not expatriate.

There is no empirical data on the motivations of US citizens to give up their citizenship. However, interviews and published articles point to four primary categories: (1) Dual citizens who reside elsewhere and do not utilise the benefits of US citizens. Former London mayor and present cabinet minister of Great Britain, Boris Johnson, is an example. This category represents the clear majority of expatriates. (2) Citizens are concerned about a future wealth tax or a Cyprus-style confiscation of bank accounts. (3) Citizens with foreign financial accounts and assets motivated by the regulatory burdens and penalties associated with FACTA and FBAR reporting requirements. (4) US citizens who wish to avoid paying income and estate taxes to the federal and state government.

1) How to give up US citizenship
An obvious prerequisite to expatriation is to obtain citizenship in a foreign country in advance.

With foreign citizenship in hand, the primary consideration is the method of giving up citizenship. The two primary ways to do this are renunciation and relinquishment.

Renunciation is simple. A person wishing to renounce his or her U.S. citizenship must voluntarily and with intent to renounce U.S. citizenship:
1) Appear in person before a U.S. consular or diplomatic officer,
2) In a foreign country at a U.S. Embassy or Consulate; and
3) Sign an oath of renunciation

A person wishing to relinquish his or her US citizenship must voluntarily and with intent to relinquish US citizenship perform an "act of expatriation". The most common act of expatriation is to obtain citizenship in a foreign country. Other expatriating acts include treason and enlisting in the armed services of another country. The individual is still required to perform the three steps listed above with the exception that he or she signs an oath of relinquishment, not renunciation.

Recognising that avoiding U.S. income tax law was a motivation to expatriate, Congress included in the Illegal Immigration Reform and Immigration Responsibility Act of 1996, a new ground for inadmissibility into the United States. In what is known as the "Reed Amendment" (Sen. Jack Reed (D-RI)) the act provides in relevant part: "any alien who is a former citizen of the United States who officially renounces United States citizenship and who is determined by the Attorney General to have renounced United States citizenship for the purpose of avoiding taxation by the United States is inadmissible." The US government has not issued regulations to enforce the act and the Attorney General is not authorised to obtain the necessary information from the IRS to make the required finding of tax avoidance as a purpose of the expatriation. To date, there are only three reported cases of expatriates being denied access to the United States due to the Reed Amendment. All three involved individuals who upon entry into the US affirmatively admitted to Customs and Border Patrol that their purpose for expatriation was the avoidance of US taxation.

2) Citizenship Planning/Passports.
Globally, there is approximately one hundred citizenship by investment programs. The basic structure allows an individual, and usually, direct family members, to obtain citizenship in a country by paying a fee and/or making an investment in a government approved project. The process also often involves a grant of legal residency in advance of the citizenship grant.

Residency requirements vary from several years to never having to visit the country. Many of the programs are structured to allow only permanent residents of the country to obtain citizenship and others are merely a purchase of citizenship. Some programs require certification that the applicant speak the language, others prohibit dual citizenship requiring an applicant to revoke all other citizenships. All of the programs claim an in-depth due diligence process to weed out undesirable candidates, but the level of due diligence varies by program. One EU program came under fire from the EU after the list of names of new citizens contained Russian oligarchs and criminals.

Many of the programs are flexible with their requirements, including residency. Flexibility in adjusting the rules of the program is often a function paying more. Increasing the application fee, increasing the amount of investment and donations to a charitable or educational entity are among the means utilised to modify a programs requirement. I was personally involved in obtaining a grant of citizenship on a date specific with two countries. Having a date certain was required to complete the timing of a relinquishment appointment. An increase in the application fee was required by one country and a donation to a charity was the consideration for the other. We contracted with two countries to ensure the success of our plan in the event one country failed to deliver as promised. Many people have read about Peter Thiel receiving a grant of citizenship in New Zealand after being fast-tracked and not having satisfied the residency requirements. This type of accommodation is not unusual in many of the citizenship by investment programs.

3) Lifestyle and visa planning
By giving up your US citizenship, you are no longer subject to US taxes on worldwide income and are free from government regulations like FACTA and FBAR. If your income producing assets are in tax havens and you can avoid becoming a tax resident where you reside, you can live without paying income or estate taxes.

A person needs to know in advance the rules on tax status in every country where he/she will reside and will have significant business interests. Many countries require residency of at least 183 days/year or invoke tax status when the centre of a person's business and family life exists in that country. These are not difficult rules to understand and follow in most circumstances.

Depending on the quality of your passport(s), you may want to consider permanent residency (PR) in any country where you will spend considerable time and not be a citizen. If you are a permanent resident of a country, you do not need a visa to enter no matter the passport you hold. A careful consideration of tax rules on PR is a prerequisite.

Two very important lifestyle considerations that are not well publicised are the fact that expatriates can obtain a visa to visit the US and if an expatriate wishes to regain US citizenship, he or she can follow the path of many wealthy foreigners who are welcomed as investors and taxpayers in the US. This is contingent on avoiding the prohibitions of the Reed Amendment or future legislation affecting expatriates.

4) Tax implications of expatriation
Expatriates must pay an exit tax in their final US tax return. The tax is calculated on all assets as if they were sold the day before expatriation. However, losses on personal real estate are not included, but gains are subject to taxation.

After expatriation, a person is no longer taxed on worldwide income and is subject to US taxes only on US generated income in the same way as any foreign citizen. The expatriate is no longer subject to FACTA and FBAR and can more readily open bank and investment accounts offshore. Offshore assets are no longer subject to US estate taxes as well. It is easy to see the significant financial benefit.

Certain transfers of assets (including money) to US citizens are subject to sec 2801 of the Internal Revenue Code imposing a 40% tax to be paid by the recipient of the transfer. Please note that regulations enabling 2801 have yet to be passed, but it still should be considered in your planning. Establishing US-based non-grantor trusts for the benefit of US citizens in advance of expatriation is one planning tool, with variations, to be effective for gifts to US citizens.

Some US assets like real estate cannot be transferred offshore and other types of investments may stay US based to provide for an expatriate's objects of financial affection.

Transfers to US based charities are not subject to the sec 2801 tax.

Advanced planning includes the creation of vehicles to hold investment and other assets offshore, preferably in a tax haven. Each asset class needs to be examined for the proper way to complete the transfer. Fortunately, many tax havens have flexible laws on the structure of entities to hold assets.

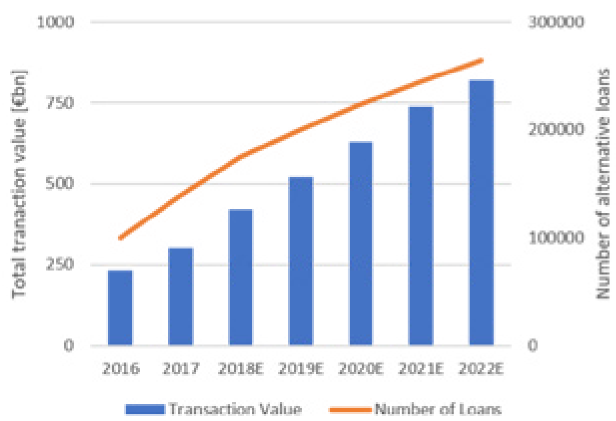
5) Advanced planning

Having an exit plan in advance of needing to execute one may provide families with the peace of mind that they are prepared for whatever the future holds. Some of the steps necessary to establish an acceptable lifestyle offshore take time. Citizenship acquisition can take several months or even years to complete. Determining which programs fulfill a family's requirements and waiting for due diligence to be performed can also take several months to complete. Determining which jurisdiction(s) to establish offshore structures to hold assets and establishing the structures can also be performed in advance. You should determine in advance how to transfer your assets offshore. Many funds, including PE, VC and hedge funds have time limitations on redemption or liquidation. Investigating tax and residency requirements where you will reside is essential. In summary, advanced planning of an exit strategy can allow a family to execute the exit more rapidly and efficiently.

by John Prescott who is the Managing Director of Family Office Services at Shepherd Kaplan Krochuck in Boston MA. USA jprescott@sk-llc.com

PUBLIC MARKETS, PRIVATE MARKETS THE FUTURE OF FINANCE IN SOCIETY

Whoever said investing was easy only has to look at the performance of both passive equity and bond indices this year, as well as active manager net returns, to understand that the environment in 2018 has been very challenging. Flat to negative performance in global stock markets and rising Treasury yields masks the real issue. It's not where we have got to, but how we have got there that has been the difficulty for investors, as geopolitical jitters in the UK and Italy, global slowdown fears, trade war talks and weakness in the commodity markets have all contributed to volatility.



As a family office, we embrace market volatility because, more often than not, volatility brings with it opportunity which we aim to take advantage of – for example, buying into sell-offs when investors throw in the towel. However, for a portion of our capital, we look to harvest modest 'fixed income' returns by taking a minimal amount of risk but with the aim of also having very low volatility in our return stream. Bond markets clearly do not currently meet the latter criteria as volatility has risen across the board. Indeed, since way back in 2008 bonds have traded in line with other risk assets – rising on central bank liquidity injections and as a result not providing the low correlation, low volatility returns investors once enjoyed from the asset class.

So where should investors look to in their search for yield if not to the public markets? One area of focus for us has been the secured private loan market.

This is an asset class which has grown enormously post the 2008 financial crisis, and it is anticipated to thrive over the next few years as *Figure 1 demonstrates.*

For those readers unfamiliar with alternative loans or private lending, the opportunity stems from the fact that post-2008 banks pulled away from lending to SMEs. Initially this was as a result of just not having any appetite to lend, but more recently the regulatory landscape has also made it more difficult, enabling other liquidity providers (institutional, as well as private investors) to intermediate and lend directly to these counterparties. This is undoubtedly a positive development, as it has provided SME corporates with the finance they seek, but it is also good for lenders because it largely eliminates the volatility associated with bond beta (listed corporate and government debt).

However, the risks of operating in this space are much more operational in nature and many institutional investors don't have the internal resources and experience to address those issues adequately; nor are their traditional advisers structured to provide them with the guidance needed in this relatively new space.

In our opinion, then, investors must collaborate with teams who fully understand the issues at stake. The private lending space offers outstanding opportunities, and the possibility of genuine credit diversification, but investors need to understand the pitfalls. Below I highlight three of the biggest:

(1) Liquidity promises that can't be kept – all too often I see funds in the direct lending space providing 12-24 month loans to counterparties, but promising quarterly, or even monthly, liquidity to investors. If 2008 taught us anything, it is to ensure that the duration of underlying loans should match the liquidity offered to investors – 'gate' provisions in prospectuses are not the solution.

(2) Monitoring and pricing loan defaults – in the private debt markets, by definition there is no public accountability or pricing mechanism. The performance of the underlying loan portfolio, and how it is accurately priced, comes down to the fund manager and the independent administrator. I would urge investors to ensure that (a) the fund has a clear valuation policy and (b) that there is some independent loan monitoring by the administrator rather than relying on information given to them by the fund manager.

(3) Collateral management – making loans and earning an excellent yield is all very well until there is a problem. Take time to investigate what type of collateral is being taken – is it an asset (a piece of machinery or a property), or cash flow (for example, an invoice receivable)? How readily realisable is that collateral in the event of default? Are there any additional personal pledges to you as a creditor?

There are many others, but space limits me. In summary, take some time and spend some money investigating the private lending space. The case for private market lending is, in my opinion, a robust one if investors are searching for yield while trying to minimise bond beta. Don't be put off per se by large asset inflows. Instead, analyse, embrace and (most importantly) proceed selectively.

by Nick Rees, CEO of Blu Family Office

SANDAIRE NEW TALENT TO BOLSTER LEADERSHIP TEAM

Sandaire, the international multi-family office, has bolstered its leadership team with the appointment of Marc Cane as the new Head of Risk and Compliance.

Marc joined Sandaire from WH Ireland, where he held the roles of Head of Compliance and Money Laundering Reporting Officer. Marc has over 20 years' experience in the sector, having held a number of senior positions including eight years working at Ingenious Media and three years working at Permal.

Commenting on his appointment, Marc said: "I am thrilled to join Sandaire. In an increasingly strict regulatory environment, it's crucial to have rigorous measures in place, and I look forward to working with the team at Sandaire to ensure peace of mind for the business and our clients."

Marc Cane

Marc's new role marks the second addition to the Sandaire leadership team in the last year, following the appointment of Andy Mattocks to the newly created role of Head of Corporate Development.

As Sandaire's Head of Corporate Development, Andy is the architect of Sandaire's business strategy and is responsible for the development and implementation of Sandaire's future plans and marketing function.

Andy joined Sandaire in December 2017, bringing with him over 30 years of private banking and wealth management experience at Duncan Lawrie Private Bank, Arbuthnot Latham & Co., Coutts, and the broader private banking and wealth businesses of NatWest and RBS. Through a variety of roles leading strategy, planning and change, operations, risk, marketing and client management, Andy has built a broad portfolio of skills and experiences.

Andy Mattocks

On his appointment, Andy said: "I am proud to be working with the team at Sandaire to drive future growth. With a number of promising opportunities in the pipeline, it's an exciting time for the business. I'm looking forward to working in sync with our leadership team to drive the business forward in 2019 and beyond."

Sandaire's CEO James Fleming said, "As this busy and exciting year draws to a close, Sandaire is welcoming two talented senior appointments to our leadership team. Together they bring a wealth of experience and have made a significant impact already. These senior appointments will further strengthen our leadership team as we position Sandaire for the next phase of growth over the next few years".

REAL INVESTMENT SECURITY

by Michael O'Rourke

As an experienced businessperson, exercising proper due diligence before acquiring an ownership stake in a business or adding to your real estate portfolio is the standard operating procedure. While most investors carefully determine a prospect's fiscal soundness before committing, too often, they overlook physical security when making acquisition decisions. If you do the same, you may face severe and unanticipated financial repercussions while leaving yourself dangerously exposed legally.

Think about physical security regarding risk. While information security and cybersecurity are typically front and centre, physical security is at best an afterthought. However, if a nefarious person can walk into a business location unchallenged to connect a USB flash drive to an unattended workstation, and in a matter of moments compromise the network, the best cybersecurity in the world cannot stop this type of attack. The compromise of customer financial data, employee personal information, and company intellectual property is every bit as severe as if committed by foreign hackers a continent away. Now imagine this intruder arrives with deadly intent towards employees and customers. The potential civil and criminal liability facing the owners, of which you are now one, is startlingly real. Lives may be lost, profits erased, wealth eroded, and reputations destroyed.

Information security and cybersecurity have somewhat narrowly defined roles while the physical security portfolio is writ large, protecting people, data, assets, facilities, and more. Though asked to do so much, most entrepreneurs and investors do not understand physical security, so it is often ignored or improperly evaluated during acquisition. Understanding the physical security environment, however, can provide a distinct advantage during negotiations.

Approving a physical security assessment conducted by your expert provides you with distinct advantages. The assessment report will inform you if the existing security scheme fails to meet Duty of Care requirements. The report should also estimate the cost in money and time to achieve compliance. This foreknowledge is powerful leverage across the negotiating table.

Recently my firm was engaged to conduct a physical security assessment of a major media corporation's headquarters. Among the findings were no automated lockdown and inadequate access controls at the entrances to the modern, multi-story office and studio tower. This glass-covered structure also faced significant vulnerabilities to the explosive and ballistic threats not uncommon in this foreign capital. Other occupied structures in the multi-acre complex of over twenty buildings were not to fire and safety code, placing hundreds of employees at risk. The time and cost of remediation were significant and would have impacted any sale or merger in the works.

Parallels exist between the physical assessment of a business and the world of commercial and residential real estate. Were that media tower a multi-tenant skyscraper, failing to correct detectable deficiencies could expose the new owner to multiple lawsuits and claims from tenants and their insurance carriers, as well as civil and criminal penalties. Once you take ownership, Duty of Care is immediately your responsibility.

During negotiations, the seller may present you with the results of their in-house security assessment. Never take these findings at face value. In-house assessments are difficult enough to accomplish with a clear vision—confirmation bias being merely one obstacle to objectivity. The added motivation of a pending sale might be too tempting to resist pencilling over some security gaps. Insist that your security expert conduct an independent security assessment.

Purchasing a residential estate should also take place only after your expert conducts a bespoke physical security assessment. If you travel often, the peace of mind knowing your family is secure at home is priceless.

While investing early in the security assessment pays dividends for years, it is unnecessary to commission one for every property under consideration. Some of our clients seek assistance only with the final two or three properties on their list. Most, however, will ask us to examine a single property after they have eliminated all others based on personal criteria. This is most efficient and arms the client with valuable knowledge going into final purchase talks.

One recent example illustrates this well. Our client was enthused by the enhanced security features built into the family wing of one estate. Among these were bullet resistant glass and doors at the wing's entry. I demonstrated that although the glass was up to the task, it was poorly anchored and would quickly yield to brute force. This knowledge proved valuable to the client, who completed the purchase and our recommended improvements under favourable terms.

Your current estate should not be overlooked. If a security assessment was not performed prior to purchase, this should be sorted as soon as practical. Homes passed through the family for generations especially benefit from a professional security consultant's attention. We were brought in to assess one family's estate compound and found several vulnerabilities in earlier security enhancements. Each deficiency had gone unnoticed during an assessment conducted by a firm with no previous experience with the estates of high net worth families. One of the most glaring oversights was the telltale mark on the floor left by the secret door to the hidden safe room.

Selecting your security consultant must be done with utmost care. The imperative is their independence from all security equipment manufacturers, installers, and sellers. Every security issue looks like a nail to the consultant selling hammers. Independence ensures that your consultant works only in your best interest. They should happily sign your nondisclosure agreement, treat you and family members with respect and discretion, and view your existing security team as allies rather than adversaries. You should demand impeccable service, prompt communication, and no-punches-pulled in your assessment.

Michael O'Rourke is CEO of Advanced Operational Concepts, an international security consultancy. He leads his firm by providing independent security assessments of businesses, large commercial properties, hotels and resorts, residential estates, and critical infrastructure globally

mike.orourke@adopcon.com
https://adopcon.com

MONACO INVEST

Affiliated group

MONACO ECONOMIC BOARD

INDIVIDUALS OR COMPANIES LOOKING TO RELOCATE TO MONACO WILL BENEFIT FROM OUR INTIMATE KNOWLEDGE OF THE PRINCIPALITY.

WE ARE ON HAND TO HELP COMPANIES EVERY STEP OF THE WAY TO ENSURE SETTING UP A BUSINESS IN THE PRINCIPALITY IS A SIMPLE AND EFFORTLESS EXPERIENCE.

EMAIL US AT: INFO@MONACOINVEST.MC

2, rue de la Lüjerneta BP 653 - 98013 Monaco Cedex
www.meb.mc - info@meb.mc - Tél. : +377 97 98 68 68