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ELITE
SPECIAL EDITION

BNY Mellon

Cory McCruden

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OTHER STORIES...

What is a Family Office?

Tom McCullough

Family offices originated over 100 years ago when wealthy families, mostly in the United States, hired dedicated staff to manage and coordinate their diverse financial affairs. They were designed to look after investment management, tax planning, succession, insurance, philanthropy and a myriad of other needs particular to the family. Names like Rockefeller, Carnegie, and Pitcairn are among the best known in North America. In Europe, private banks have been the main vehicle serving the wealthy and have been doing so for over 300 years.

There were often several reasons that drove families to set up a family office.

• Assets had grown to a size where full-time professional management was required;
• The family members were frequently too busy or didn't feel qualified to handle the increasingly complex financial issues brought about by their wealth; or
• A liquidity event, such as the sale of a business, required a significant range of coordinated decisions.

Most family offices oversee the affairs of single families. A relatively recent phenomenon is the multi-family office, which has arrived along with the proliferation of wealthy families in the past 20 years. Multi-family offices serve the needs of more than one family, and the asset requirement is considerably less than that of single-family offices, typically from $10 or 20 million of net worth up to $500 million.

Whether operating as a single-family office or a multi-family office, an important characteristic of the family office is their intimate knowledge of the family's values and generational issues, as well as 'institutional memory' of the family's affairs. This allows the family office principals to speak intelligently with third-party experts (accountants, lawyers, etc.) and be a source of general advice and counsel to the family on important issues as they arise.

Another benefit unique to multi-family offices is the resulting purchasing power. It provides participating families with access to the widest range of investment opportunities and the top tier of advisory services at a lower cost than if each single individual or family were to contract those services on their own. When all is said and done, the real value of a family office is having a trusted team of advisors to coordinate all the diverse aspects of a family's financial lives.

Tom McCullough is Chairman and CEO of Northwood Family Office a leading global multi-family office based in Toronto, Canada and author of the new book "Family Wealth Management"(http://amzn.com/0470824298).


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SUPERYACHTS

INTERVIEW WITH CHRIS CECIL WRIGHT

CECIL WRIGHT
FANATICAL ABOUT YACHTS

Family Office Elite had the opportunity to interview Chris Cecil-Wright, who launched Cecil Wright & Partners as a boutique superyacht brokerage two years ago. Specialising in the purchase, sale, build and charter of superyachts.

WHY ARE SUPERYACHTS SO POPULAR AMONGST THE WORLD"S WEALTHIEST INDIVIDUALS?

Ultra-high-net-worth individuals enjoy not only the freedom that life on the water brings but also the privacy that a superyacht offers. A stay in the finest hotel just cannot compare with the facilities and levels of service on board a luxury yacht but most importantly, the privacy that is achieved by being able to go where you want, when you want and with no one else around is something that money can't buy. As demand for the highest levels of luxury and the ultimate facilities on board has developed, a superyacht also manages to effectively amalgamate a place of work and leisure. Many of the yachts that we have for charter have both board room and business facilities as well as extensive leisure and sports facilities. They are also the perfect environment for entertaining. Our clients want to recreate everything that they have in their homes on their yacht, so when working with them on the design and build or even just a charter, we go to great lengths to ensure every aspect of their life is replicated. A superyacht enables people to travel to unbelievable destinations but with the highest levels of comfort. We have clients who enjoy chartering in the Med but also many clients who wish to venture further afield and incorporate elements of extreme sports and adventure into their travels. Many people also now use a superyacht as a base for "extended family" holidays.

WHAT IS IT THAT YOU DO BEST?

The most important aspect of our business is understanding people, and not boats! Knowing about superyachts is a necessity but the difference is in the detail and having a more intuitive approach to what we do. We take valuable time in getting to know our clients, understanding their desires and then we can pre-empt their requirements. We always aim to surpass expectations and our motto is "Fewer Clients, Serviced Better."

YOU HAVE A PASSION FOR FEADSHIP. CAN YOU EXPLAIN WHY?

We work very closely with Feadship, who, in my opinion, build the finest boats on the water today. They have the ability to not only create the wow factor but also deliver the technical wizardry. Their attention to detail is second-to-none, and they just do a great job! have been responsible for the construction of some of the largest Feadships in recent years, including the 77.7m TANGO, the 78.5m HAMPSHIRE II and the 99m MADAME GU. I have also represented the buyers and sellers of 15 pre-owned Feadships, so I do know Feadship well and am always impressed.

HOW DOES SOMEONE EVEN START THE PROCESS OF BUYING OR BUILDING A YACHT?

Many people decide that they want to own a superyacht having initially tried chartering. This gives them a taste of the reality that being on a yacht brings and it is very enticing! As a broker, we guide clients through the entire process and talk through the options available, whether to buy or build a yacht and all that those options entail. I will take clients to the shipyard and talk through the process as well as introducing them to designers, naval architects, etc.

This is where the relationship that I referred to earlier is so important. It is vital that clients trust their broker and are confident in their experience, knowledge of the market and ability to get the job done. I have a small team of experts working with me at Cecil-Wright, so we offer a very personal but specialist service with extensive knowledge of sailing yachts as well as motor yachts. I can then put together a Dream Team to create the perfect yacht for the client.

WHAT DOES THE FUTURE HOLD FOR CECIL WIGHT & PARTNERS?

I started the business two years ago, having been a Director of Edmiston for twenty years previously. I am enjoying the challenges and rewards of having my own brokerage and am looking forward to the future. We have a small team based in our offices in Monaco and London, and we are keen to remain small and focussed. We offer a low-key, discreet and very personal approach, and we don't want to lose that as our clients really value this aspect. The world of superyachts can be somewhat brash, but that is not what we are about. Even our marketing materials are a little bit different – we send our clients and potential clients a quarterly newspaper rather than a glossy brochure!

CORY McCRUDEN VICE PRESIDENT

BNY Mellon Wealth Management, Advisory Services

Cory McCruden is a leader of BNY Mellon's Wealth Management business working with family offices and their advisors around the world and is currently based in Toronto.

Bringing over 14 years of experience in investment banking, consulting and working with private clients and institutional investors, she helps clients with succession planning and meeting their overall wealth and investment goals.

Cory is a Vice President and Wealth Director of BNY Mellon's Wealth Management business in Canada. Passionate about supporting entrepreneurs and committed to advancing gender equality, Cory leads the Investor Committee for the 30% Club-Canada. She obtained her Master's degree at Yale University, is originally from New York City, and now lives in Toronto with her husband, who is an Assistant Professor at the University of Toronto, and son.

Ms. McCruden is a mentor through Catalyst and Women in Capital Markets and is a member of the steering committee for the 30 % Club-Canada.

She is passionate about supporting entrepreneurs and committed to advancing gender equality and leads the Investor Committee for the 30% Club-Canada. The 30% Club is an organization that believes gender balance on boards not only encourages better leadership and governance but contributes to better all-round board performance. We asked Ms. McCruden to write about the 30% Club, and the following is in her own words

Studies show that women tend to save less and invest less than men. At the same time, women tend to live longer—that leaves them less prepared financially for retirement. As the boomer generation ages, the financial services industry needs to do a better job of addressing the retirement and planning needs of women of all ages.

Research has shown time and again that companies with a diverse workforce are better positioned to serve a diverse audience. So it makes sense that financial services companies with a proportionate number of women in executive positions are often better able to understand and anticipate the needs of women as investors, as well as employees.

When I moved to Canada in 2014 to support the growth of our Wealth

Management business, I became chairperson of the Investor Group for the 30% Club-Canada. The 30% Club launched in the UK in 2010—by Helena Morrissey, a BNY Mellon executive—to promote a voluntary effort to have a minimum of 30% women on FTSE-100 company boards. In Canada, the S&P/TSX 60 Index is at 20.8%. So we still have a way to go.

My role with the 30% Club-Canada, gives me an opportunity to work with Canada's top business leaders and investors to broaden the pipeline of women at all levels, from schoolroom to boardroom.

What's most important is that helping women advance professionally isn't a woman's issue: It's a business issue. Businesses that understand that, and strive to empower all their employees, can be more successful. It's that simple.


TIMELESS
GALLERY
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TIMELESS GALLERY

THE BEAUTIFUL, UNIQUE, AND VALUABLE, IN ONE PLACE

The new era of art collecting is here. Timeless Gallery Group is run by Joanna Segelstrom, who has more than 25 years' experience in the fields of fine arts and contemporary art and the young entrepreneur Mikael Segelstrom. Proof of this professionalism is the couple's expanding empire that now comprises seven galleries; six in Europe and one in Miami, Florida. The latter is an example of the strong professional relationships that Mikael developed in the United States.

The Segerstroms' success is due to good artist management, impeccable taste, painstaking attention to detail and strict client confidentiality. Most of us will be familiar with the maxim that holds that success will arise from following your passion, and this is exactly what the Segelstrom family has done. Moreover, they turned Timeless Galleries into not only a hotspot for art lovers and investors, but also a second home for many of them.

Timeless is outstanding for its tight relationships with artists and lovers of exquisite art. It is a place where one can experience the beautiful, the rare and the valuable in one space and feel part of one, big family. This is a venue where business is conducted smoothly and without pressure and where clients can make investment decisions while being treated like members of the family.

The luxurious side of art appreciation

The galleries offer a luxurious experience, not only via valuable art pieces, but also by paying the strictest attention to every single detail. From the showroom's design to the personal service offered to clients and the professionalism of the team, there is plenty to surprise even the most jaded investor. The gallery is a creative hub and staff members have revealed that several regular clients had never thought of collecting art before entering the gallery for the first time.

TGG doesn't sell art – it provides a base for understanding its enigmatic world, offering people the opportunity to define their taste, support artists, enter the world of free expression and, of course, to build knowledge of the business. Many clients are invited to TGG's private art villa in Benahavís, one of the most desirable spots in Europe, to enjoy the finest pieces of TGG´s collection.

After experiencing a couple of days in an environment filled with fantastic art, architecture, food, music, cars and intelligent people, many find it difficult to return to reality. Collectors are flown in to stay at Mikael's villa so they can experience living with art, proof of the man's exceptional business mind and artistic sensibility. This is how luxury is defined by TGG – the artistic should be experienced in every single element of our lives.

Timeless Gallery Group gained its reputation by providing top quality support for its artists, regular feedback to its clients, amazing ROI results for its investors and an unconditional passion for art, both as a pleasure and as a profession. This ultimately has led to the Timeless Gallery expansion, a constantly increasing client interest generating the opening of the two new showrooms – one in Marbella and one in Miami. Many artists have already expressed an interest in being showcased in these state-of-the-art venues. The collection is constantly increasing and, although the gallery specialises in exclusive artworks, there is a range for every taste and budget. If you love art and want to enjoy it, TGG will offer you the best, no matter what. This is another reason that TGG keeps expanding around the world.

The investments of passion

Not many realise that art is a valuable asset; already, TGG has built a serious portfolio of investors. This is augmented by strong artist support from TGG founder Joanna, the overseeing of all aesthetic, technical, legal and economic aspects, the High Net Worth Individuals (HNWI) network and impeccable artistic taste. These generate new assets daily for clients and investors.

The Segerstroms predict that the proportion of all luxury spending on art will continue to increase as investors seek assets that will retain their value in the longer term, especially in a period of economic uncertainty. Finally, there is a growing recognition of art as an investment asset class by TGG investors. People have become more sophisticated in their financial and estate planning and have begun seriously to view art as an investment. Some take a more in-depth and measured approach to portfolio management and are willing to consider diversification strategies that encompass more exotic investment classes, such as art and other collectible assets.

Last but not least, the current socio-economic context creates a demand for 'real assets', because many serious investors lost money in the financial crisis by investing in products they did not understand, and are turning back to things that are closer to their heart and which, at the same time, offer protection and a solid return on investment.

With financial markets still in flux, some HNWIs indicated they are approaching their 'passion' investments as investor-collectors, seeking out those items that are perceived to have a tangible long-term value, which is exactly what TGG provides. However, as the operation of fine art markets is complex, TGG allows those with or without inside knowledge to reap substantial benefits.

Finally, apart from a potential increase in value, art provides these additional financial benefits:

• Art provides a hedge against inflation and currency devaluation.
• There is little risk of losing your principal if you purchase from Timeless Gallery Group.
• No minimum investment is required.
• Art investments enjoy favourable tax treatment.
• Reduction of risk because of low correlation with other financial assets.
• Possibility of earning extra revenue by lending out the work or of participating in events such as exhibitions and meetings of experts.
• Art has no geographical risk and can be moved easily.
• Art can easily be insured.

The TGG team can use art to make your properties look more sophisticated, increase your asset's sustainability and advise you on building a collection. You will be surprised by the Timeless result.

Art is Timeless

The Art raises the ethos, sophisticates and stimulates creativity and innovation. Experiencing Art is experiencing the beauty of nature – it makes a man better. Thanks to Art, feelings, imagination and ability to the most personal reactions are awakened. It is the way of discovering one's personality. That is why Timeless Gallery Group wants to create an ambience where the most beautiful pieces of art can be found to inspire, to touch and to allow experiencing their wonderful, spiritual light through diversity. Timeless Galleries is home to artists and audience and where they meet without needless words. The nest of an aesthetic oasis, as well as an inspiring and developing community, because as Cicero once said, 'The Art is the philosophy of life'.

Timeless Gallery Group is and has been working eagerly throughout these many years to create a serene working environment and promote a magical scenery full of art, beauty and passion.

ROLLS ROYCE

"Black Badge is an attitude to life, an aspect of the Rolls-Royce brand that appeals to those people who are elusive and defiant, the risk takers and disruptors who break the rules and laugh in the face of convention"

BLACK BADGE

ROLLS-ROYCE

AN ALTER-EGO FOR A NEW BREED OF CUSTOMER

BLACK BADGE

The substantive transformation of an icon

FAMILY OFFICE ELITE MAGAZINE SPECIAL

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Torsten Müller-Ötvös, Chief Executive Officer Rolls-Royce Motor Cars

"Black Badge is an attitude to life, an aspect of the Rolls-Royce brand that appeals to those people who are elusive and defiant, the risk takers and disruptors who break the rules and laugh in the face of convention. They are driven by a restless spirit. They play hard, and they change the world.Technically and aesthetically Black Badge is the alter ego of Rolls-Royce, darker, more assertive, more confident and powerful, and more demanding. With Black Badge, we have created the most commanding presence on the super-luxury landscape. It is a truly transformative moment for our great brand."

Sir Malcolm Campbell, Howard Hughes, Keith Moon, Yves Saint Laurent, Muhammad Ali and our own Charles Rolls to name a few. Young gentlemen in a hurry, driven by their restless spirits to change the world in their own way. Untrammelled by social convention, these disruptors lived life on the edge, believing the ultimate power to be self-empowerment, pushing every boundary to realise their personal vision. Glamorous and daring, they lived fast, worked hard and played hard.

Today's generation of young, self-empowered, self-confident rule-breakers are just as uncompromising and unapologetic in their choice of living and lifestyle as their predecessors. They follow the road less travelled, live the unconventional life, darkly obsessed by their own pursuits and accomplishments from which they derive a pure adrenaline rush.

Their life is their entertainment, and they live it on their own terms.

And when the day is done, and the battle is won, these supremely confident people engage with the night, they go where it leads, and take all it has to offer as their just reward.

As demanding in their lifestyle as they are in their life pursuits, these highly-driven people insist on great substance from any symbol of their lifestyle. More and more, such individuals wish to demonstrate their success through a symbiosis between their life's work and their chosen brands.

Over the last years, many such individuals have gravitated towards the revitalised Rolls-Royce Motor Cars as the brand most appropriate to encapsulate their truly different lifestyles, much as their celebrated predecessors did in days past.

Always pushing their own boundaries, they have asked Rolls-Royce Motor Cars to do the same. Excited by the infinite possibilities that its Bespoke approach offers, they have asked the marque "to produce a Rolls-Royce like

Rolls-Royce Black Badge speaks to the darker, more assertive, confident and demanding aesthetic of these customers.

no other, a Rolls-Royce that not only appeals to, and projects, our sensibilities, but is fundamentally different – like us."

And, always ready to deliver a truly Bespoke answer to meet the customer's desire, Rolls-Royce Motor Cars has once again demonstrated its true luxury credentials as the world's leading super-luxury brand. Rolls-Royce has transformed the very icons of its brand to access a darker side of its character more suited to this breed of successful people.

Rolls-Royce Black Badge speaks to the darker, more assertive, confident and demanding aesthetic of these customers. As a truly Bespoke response to their desires, the interplay of brand and customer has had a transformative effect on the appearance and substance of Rolls-Royce Ghost and Wraith. The result is Ghost Black Badge and Wraith Black Badge.

Together with the Parthenon Grille, the famous Double R logo and the Spirit of Ecstasy are the very embodiment of the Rolls-Royce brand. However, these treasured symbols of the marque have been willing to change their identity in appropriate circumstances before.

In Ghost Black Badge it is important to ensure rear compartment passengers' comfort by maintaining Rolls-Royce's renowned 'Magic Carpet Ride'. Rolls-Royce engineers used the flexibility of the 6.6 litre V12 engine to make Ghost Black Badge a little more menacing. Subtle engine output modifications see power increase by 40hp (30kw) to 603hp (450kw) and torque by 60Nm (840Nm) compared to current Ghost, whilst upgrades to the 8-speed automatic transmission give Ghost Black Badge an added sense of urgency in how it delivers its power.

"Black Badge was a fascinating challenge for Rolls-Royce's engineers."

THE NEXT TECHNOLOGY GOLD RUSH

BIO-PRINTING

BIOPRINTING BODY PARTS FOR TRANSPLANTS

Bioprinting involves the use of advanced printing technology to print live cells for use as human organs for transplants; the cells then seem to be able to rearrange themselves after printing.

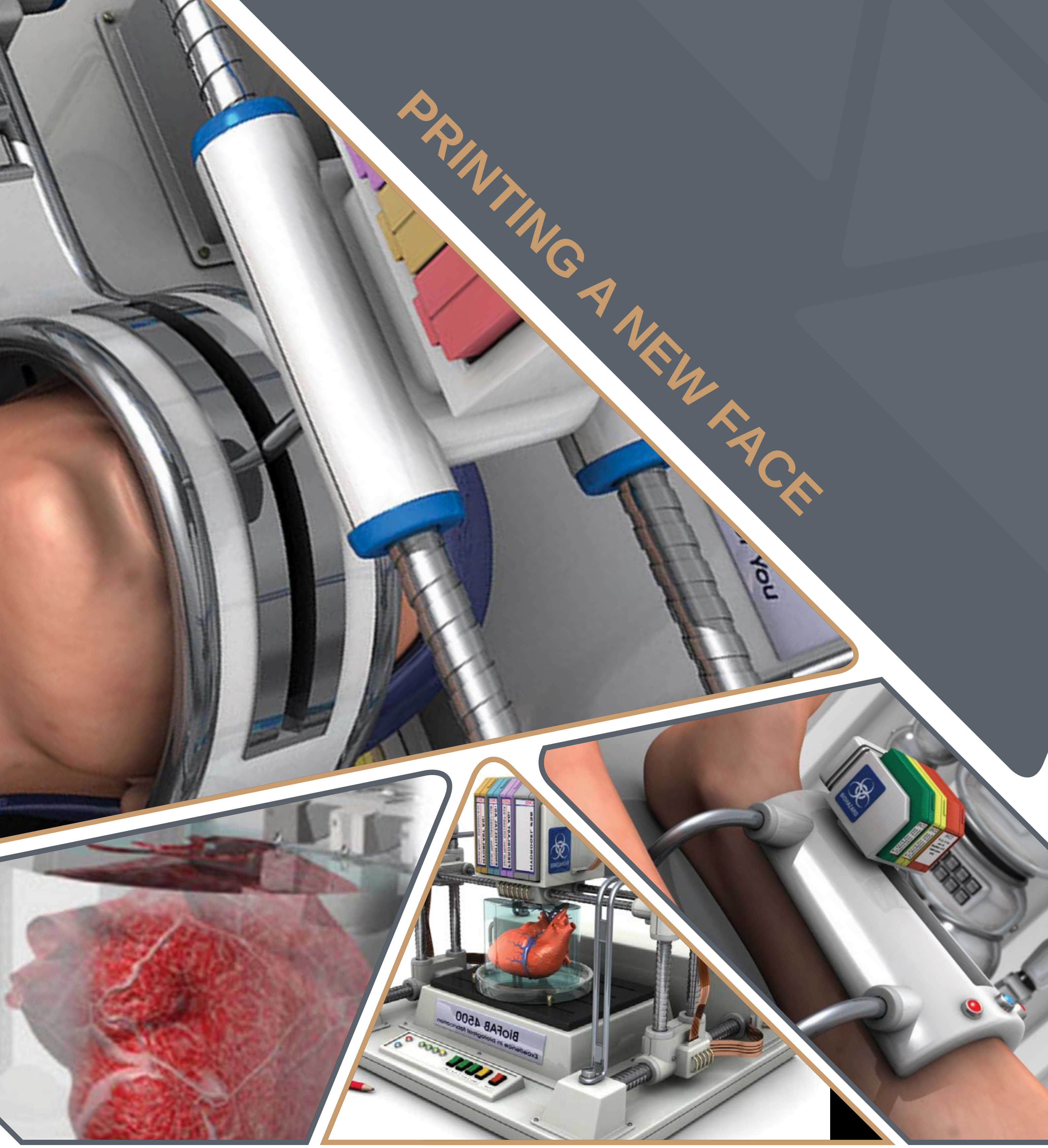
The 3D printing industry has come a long way in the last few years and has for some time been printing a diverse selection of objects in areas such as automotive, medical, business, industrial equipment, education, architecture, consumer products, plastic and metal items. However, while this seems like an incredible achievement, even more incredible is the recent development of bioprinters. This technology that can construct living tissue by outputting layer-after-layer of living cells will revolutionize the medical field. 3D printed prosthetics and implants have already been on the market for a number of years. Recently in the news, the first customized 3D-printed lower jaw was created for an 83-year-old patient with a serious jaw infection. The FDA has also given approval for a 3D printed implant that replaced 75% of a man's skull.

Future developments include keyhole bioprinters that can repair organs inside a patient's body during an operation; other developments have cosmetic applications such as face printers that could evaporate existing cells while simultaneously replacing them with new cells. Future technology could also give people the ability to download a face template from the Internet and have it printed onto their own face or have a saved template of their own younger face and have it reprinted back on, later on in life. As bioprinting interacts more and more with the medical fraternity, replacement body parts and organs will be a relatively simple and routine task. In addition, as every organ printed will be from a patient's own cells, the risk of transplant organ rejection would be negligible.

According to Christopher Barnatt, the Associate Professor of Strategy and Future Studies at Nottingham University Business School in the UK, 'I believe that bioprinting will become a mass-use medical technology, largely because it will be readily scalable, unlike current transplant techniques that are limited by donor tissue availability. I expect bioprinting to enter an application in the early 2020s for things like nerve and arterial graft transplants. Kidneys will probably follow by the late 2020s, and more complex organs, plus in situ bioprinting in the 2030s.

- REPRINT DAMAGED BODY PARTS AND SKIN
- REPRINT YOUR YOUNGER FACE AT ANY AGE
- POSSIBILITIES FOR MEDICINE ARE ENDLESS

PRINTING A NEW FACE



VIDEO ADVERTS

VIDEO PRESENTATION

A professionally designed video presentation for you company or services to host online or in FOE.

AWARD WINNING COMPANY

Video adverts are designed and created by an international team of award-winning producers.

Video Advertising

We can all identify with that age old saying "One picture is worth a thousand words".

So what is a Video Promo,? Its simply Video advertising that uses online or offline interactive media to communicate with a target audience to promote a brand or service

These come in many shapes and sizes such as the video promo on the facing page. Video promos are now an essential marketing tool to showcase a business's service, corporate profile, philanthropic project or political announcement. A Video promo can be used in a promotional material and PDF's and included in your companies website or used as a TV advert. It goes without saying, if you need to get the word out about your business then your brand needs to be recognized and in every way possible and in every medium available.

In today's modern world advertising is still much the same as in days gone by. Yes, we now have social media and visual mediums such as TV, Radio, and the Internet. But incorporating video adverts into a company's marketing strategy like the one on the facing page has many benefits to a business.(click on the link to view it online)

While advertising for some, is done on the cheap via online social media platforms, others go the full distance. That said, without the proper training or the required budget, social media is going to be hit or miss unless you are paying a social media expert, who knows who, what, why, where and when to target an audience. However, this is not easy within the Family Office Sector. This is a sector that like to remain private, however, we have seen some service providers attempting to reach out and offer their services to family offices by buying one of the notorious lists of Family Offices that are floating around the internet. We believe that any list that is for sale to "all and sundry" is nothing more than a spam list. This is a sure fire way to alienate your business as opposed to promoting it. We all know that the vast majority of such email will hit the junk folder automatically.

Some other service providers attend dozens of Family Office expos and conferences around the world each year in an attempt to try and meet the desired connections within this sector. This is worth considering, but you will have to attend a lot of these events to get to know which events are full of people just like you, trying to sell their services or events where family office principals attend.

That said, the cost of attending these events may be quite substantial if you attend a few. With fees for Expo entry, promotional material, flights, hotels and expenses this can add up quickly and may not produce the desired results you may be searching for. While many things have changed over the years, advertising is still much the same, the

YOUR COMPANY MESSAGE

Create a dedicated message to new and old clients about your business or services in a professional way.

INTERACTIVE TRAINING VIDEO

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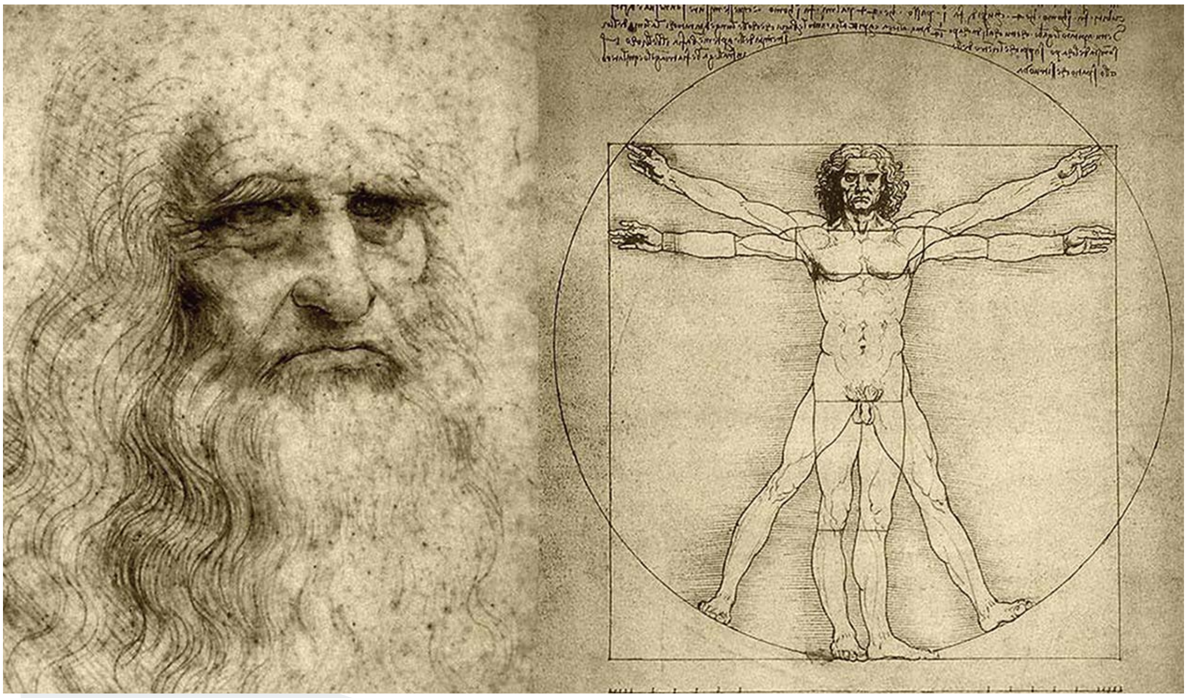
"One picture is worth a thousand words"



Click on the image above to view the promotional video from DOMOS Fine Art

only thing that has changed is the technology. Many publications now have both online and offline issues with the online taking over in the past few years. Some publications have stopped putting our hard copies entirely as the online version is reaching the same audience. Some publications now have the facility to incorporate video presentations and advertising into their publications.

Video presentations have proven to be very effective as they can be utilized within a website, within a promotional pdf, TV, and on all computers and handheld devices. The visual medium is just getting bigger all the time, and we have to move with the times if we are to remain competitive. Advertising is the lifeblood of any business. When advertising a business or service in a publication, make sure you advertise with a publication that has the type of reach you need to get your business noticed in the sector you are targeting. This publication has nestled rather snuggly into a niche position within this sector, that being the Family Office sector.

If you would like to learn more about advertising or a video promo advert, view our media kit online or drop us an email

www.ourmediakit.co.uk

e-mail info@familyofficeelite.com

THE RETURN OF BRITISH POLO DAY

400 guests and VIPs

British Polo Day returned this March for the first of its 2016 events. Both Abu Dhabi and Dubai played host to some 400 guests and VIPs including Sheikh Mohammed bin Khalifa Al Maktoum, Sheikha Maitha bint Mohammed bin Rashid Al Maktoum, HH Sheikh Saeed Al Maktoum, Mr Mohammed Al Habtoor, Ms Pooya Ahmadi, Mr Hossam Alsaady, Mr Amr Zedan, Dr & Mrs Hitesh and Minal Bodani, Hossam Alsaady, Mr Amr Zedan, Dr & Mrs Steven and Gillie Lamprell, Princess Alexandra Cantacuzene and Marc De Panafieu came together to celebrate the best of UAE and British tradition. Taking in the very best the Arabian Peninsula has to offer, guests embarked on an exciting itinerary which included an authentic dinner at Byblos Sur Mer with traditional Royal Salute 21-year-old Quaich experience, cricket match which saw Eton play Harrow at the Emirates Palace and traditional Majilis by kind invitation of HH Sheikh Nahyan bin Mubarak al Nahyan. Making their way through the cityscape to the modern oasis that is the Shangri-La Dubai, guests enjoyed an evening with Jaeger-LeCoultre to celebrate the 85th Anniversary of an icon – the Reverso timepiece - at the Dubai Polo & Equestrian Club, a Taylor Morris Volleyball tournament at Cove Beach Club and a

Presented by RJI Capital, an international merchant banking firm...

vintage Global Partnership Family Offices Desert Safari which took guests through the rolling sand dunes whilst also taking part in activities such as falconry. Rounding off the action-packed itinerary that had something for all the senses, Harrods also hosted an exclusive fragrance dinner presented by renowned perfumer Roja Dove allowing special guests a sneak peek into the new Black Tier Fragrance launching this summer. On Saturday 19th March, British Polo Day Abu Dhabi took place at Ghantoot Racing & Polo Club, the private royal polo ground of HH Sheikh Falah bin Zayed Al-Nahyan. The glamorous black-tie evening kicked off with two rather unusual takes on the traditional game of polo – with the Bentley Cavalry team beating the Etihad British Army Guards 4-1 in a game of camel polo for The Thesiger Trophy. The Hackett Rest of World Team won decisively 4-1 against the Intercontinental UAE team in a light-hearted game of Brompton bicycle polo; a sport played in the Olympics over 100 years ago. The highlight exhibition polo match of the evening – The British Polo Day Plate – saw the home team RJI Capital Ghantoot Polo Team play the visiting Royal Salute British Exiles. Following an official prize-giving ceremony, guests sat down to a delicious three-course dinner followed by a live charity auction raising a total of $46,000 for Women And Health Alliance International (WAHA) launched by Her Highness Sheikha Shamsa bint Hamdan Al-Nahyan and Ending Domestic Violence, a UK based charity under the patronage of Baroness Scotland of Asthal, dedicated to finding effective ways to end domestic violence worldwide. Guests bid fiercely for lots including a stay on ultra-exclusive Velaa Private Island, a safari of a lifetime to Kenya with The Safari Collection, a special cigar dinner at Franco's in London and a luxurious retreat to Royal Mansour Marrakech.

On Friday 25th March – the eve of the world-famous Dubai World Cup – British Polo Day Dubai brought a touch of quintessential British equine heritage to the Emirate under the patronage of Mohammed Al Habtoor, the Vice-Chairman and CEO of the Al Habtoor Group at The Dubai Polo & Equestrian Club. Once again, the opening match saw Execu-Jet Guards beat British Silverware Cavalry 1-0 in the camel polo. Swapping camels for pedals, Hackett Rest of World beat Taylor Morris UAE 3-0 in Brompton bicycle polo. These preceded the two highly-anticipated polo matches between RJI Capital Oxbridge and Shangri-La Dubai Gulf Polo and – following which – Royal Salute British Exiles versus home side: Bentley Habtoor Polo.

As is fitting for such a glamorous Dubai setting, the day's polo drew to a close with an official prize-giving ceremony and after-party. Commenting on British Polo Day UAE Tom Hudson, Co-Founder of British Polo Day, commented: "This is now our 7th year in the UAE, and we are very grateful for all the support we have received from our hosts and all our partners. Polo in the UAE is going from strength to strength and we are proud to have been part of that journey."

Photo credit Sam Churchill

IMPACT INVESTING IN THE FAMILY OFFICE

FIVE STEPS TO START

By Suzanne Hammer – Hammer & Associates

Impact investing is an investing approach that intentionally seeks to create both financial return as well as positive, social and/or environmental return — and one that is actively measured.

Across the globe, people are looking to put their assets to work on the world's problems while retaining their wealth and legacy for the long-term. For this reason, impact investing is attracting individuals, institutions, foundations and family offices the world over.

Whereas traditionally investors have kept their financial goals and resources separate from their philanthropy, impact investing offers an opportunity to give money and make money. Individuals and families can align their investments with their values, produce competitive returns, and make a significant impact on a local and/or global scale.

According to Peter Cafferkey of Boncerto Ltd.: 'For a number of families, there is a wish to have a larger scale impact on social issues which are just too large for them to address purely through their philanthropy. Through impact investing, families can put more of their resources to work with the aim of gaining social change. It enables them to recycle funds invested to enable a more long-term social impact, and also bring more of their investment skills and analysis to the investment.' Deals in this space, he said, can be innovative and exciting—adding to the attraction.

Some investors focus only on projects, not impact investing funds. According to Tatiana Alexandra Ward of Rex Clement Capital in Hong Kong, 'It's much harder to find suitable, diligence worthy projects, but the families I work with appreciate the more tangible impact of owning a real asset — be that a wind farm, a hydro plant or a training facility in rural Africa.'

Impact investing as a trend is in its early days, and it can be a complicated marketplace. There are barriers to entry, among them, the definition. According to Lisa Parker, vice president of philanthropic services at Whittier Trust Company, 'The term itself means different things to different people. Some view it as avoiding 'sin stocks' and investing in companies with positive ESG scores (Environmental, Social, Governance). Others see it as investing in much different terms — for example, funding social ventures in developing countries. Some expect market returns; others are not looking for significant returns but simply want their investable funds to work towards their mission alongside their charitable contributions. There are cases where impact investing is returning as much as, if not more than, traditional market investing, so it is not as straight-forward as one might think.'

Beyond finding a common definition of impact investing, other challenges include: finding opportunities, which can be rare, and how to go about measuring social returns, which can be a long and expensive process. Finding projects that match a family's cultural preferences can add even more complexities.

While the challenges to impact investing are real, they are not insurmountable. Most philanthropic families focus on traditional philanthropy first and dabble in impact investing on the side. 'The families we work with aren't saying 'let's pull our philanthropy and do impact investing,' said Cafferkey. 'Rather, they see impact investing as a way to leverage more resources for the social good, and make their philanthropic money work harder.'

Family offices can play an important role in bringing scale to the impact-investing sector in the coming years. The most successful impact investments are those in which the family is fully engaged — not necessarily from a time perspective, but from the actual project/ investment perspective. For family offices exploring the possibility of getting involved in impact investing, here are five steps to start:

1. Decide why impact investing is for you. Write a list of what matters to you individually and as a family. Where is there overlap with other family members? Rule out whether exclusive investment or philanthropy would be more appropriate or effective. Why or why not?

2. Engage an advisor. An advisor specializing in impact investing can be brought in before, during or after the narrowing process of what to focus on and why. When identifying an advisor, take your time. Rely on personal recommendations and a comparison of fee structure, type of opportunities in which sector, region, size of the organization, etc.

3. Do your research. If a particular social issue is motivating you, research that issue (or engage others to do so for you) so that you understand the social element and the gaps in that marketplace. By building your knowledge of the social challenge, you will be better able to identify opportunities for the largest social impact in that area.

4. Engage with others. If financial innovation and potential returns are your primary motivation, look to engage with other investors, understand the common challenges and talk with others who are already involved in impact investing.

5. Learn by doing. Make a small number of initial investments in areas of interest and view them as learning opportunities. Within impact investing, many individuals have become involved by initially putting to one side a small part of their philanthropic portfolio to experiment with funds for which they have little expectations of returns.

To learn more about impact investing in family offices, read the report Philanthropy in the Family Office: A Global Perspective, June 2015, produced by Hammer & Associates and the Global Family Office Community. Download the report at www.suzannehammer.com.

About Hammer & Associates
Hammer & Associates is a full-service firm that works with a select number of family philanthropies. We form deep, long-term relationships with foundations, family offices, and the advisors who serve them, helping philanthropic individuals and families pair their passion.

REAL ESTATE KEY TO SECOND CITIZENSHIP

For High Net-Worth Investors

Nuri Katz is President at Apex Capital Partners, a leading international advisory firm specializing in investment consulting and wealth management for multinational, high net-worth clientele.

According to recent data, there are more than 211,000 ultra-high-net-worth investors (UHNWI) globally, with a combined net worth of nearly $30 trillion, a 6% increase from 2013. Experts are predicting that this number will grow by another $10 trillion by 2020. As this investor base continues to expand, many individuals realize the need to provide security and wealth protection for their families, as well as diversify their assets, particularly given the state of today's global economic climate and the increasing geopolitical instability worldwide.

Nuri Katz
Apex Capital Partners

Recognizing the investment opportunities around the world, one emerging trend among the ultra-wealthy has been citizenship-by-investment, which provides UHNWI and their families the opportunity to become legal residents or citizens of a new country of their choice, through investment in real estate or government programs. With more and more affluent investors seeking out ways to invest in second citizenship, especially in the real estate sector, financial advisors who work with these wealthy individuals and their families should understand the intricacies of how this process works and the benefits and challenges associated with this opportunity.

Obtaining Second Citizenship Through Real Estate Investments

In the past five years, the number of citizenship-by-investment programs has more than doubled. These programs vary from country to country, but they typically fall into one of three categories: investing in private sector assets, such as real estate or a business venture; investing in an entity or instrument issued by the government, such as a bond or promissory note; and, contributing to a government development fund.

Of the three options available, the most common financially sound approach to dual citizenship by UHWNI is through real estate. These types of investment opportunities are mutually beneficial to both the investor and the participating country – helping to create jobs and stimulate the local economy through the injection of direct investments from foreign investors, while also allowing the investor to gain lawful and permanent access to a more financially desirable region or country.

Right now, there are approximately twenty nations that offer citizenship or residency programs, with most countries located in Europe, North America or the Caribbean. The benefits and minimum investment requirements vary tremendously depending on the participating country. The least expensive country to offer second citizenship is Dominica, a small island in the Caribbean that requires a minimum investment of $100,000, plus $1,800 in filing fees.

Grenada reinstituted its residency program in 2013 and UHNWI can now immediately become a citizen for a minimum investment of $350,000 in real estate within the country. This program requires that the government individually vet applicants and their family members, though it typically only takes about 60 days for applications to be processed, with passports issued shortly thereafter.

St. Kitts and Nevis established their citizenship-by-investment program in 1984, making it the longest standing second citizenship program in the world. It allows investments in pre-approved real estate to be purchased for a minimum investment of $400,000. Antigua and Barbuda, which is home to the most active and prestigious yachting industry in the Caribbean, can also be an option for a minimum investment of $400,000.

For more luxurious real estate offerings, UHNWI can look to countries like Cyprus or Malta, where second citizenship can be purchased for a minimum investment of about $1.2 million. These programs offer full access to the EU and is one of the least restrictive passports available for global travelers. In Spain, the minimum investment is $700,000, while countries such as Portugal have a Golden Visa Program that offers non-EU investors a fast track to obtaining a valid residency permit.

In Cyprus, UHNWI can choose to invest €5 million in either state bonds, local real estate and other developments, or local businesses. Alternatively, investors can purchase a €2.5m stake in a collective investment opportunity, providing the total value of the plan is at least €12.5m. Applicants also need to buy a Cypriot residential property for at least €500,000 and maintain this after being granted citizenship. Challenges Associated with Obtaining Citizenship By Investment Ultimately, there is a great variety of citizenship by investment programs available to UHNWI, with the choices that vary based on available capital, desired location and the length of time required to obtain residence or citizenship. There are, of course, different challenges associated with each individual country's program, which financial advisors should understand in order to educate and advise their clients.

American UHNWI have additional issues to overcome in order to benefit from gaining a second citizenship. The most common hurdle is the financial obstacles that result from the Foreign Account Tax Compliance Act (FATCA), which took effect in July 2014. It requires banks worldwide to report to the U.S. authorities the accounts held by Americans abroad, meaning that U.S. citizens must continue to pay U.S. tax regardless of where they reside. With approximately eight million Americans living abroad, many have reported problems with applications for and maintenance of accounts locally as foreign banks have rejected American customers rather than comply with the exhaustive demands of FATCA.

This has presented a challenge for Americans living or doing business overseas that, according to recent data from the U.S. Treasury, 1,335 expats renounced their U.S. citizenship in the first three months of last year. Moreover, almost 75% of expats say at least one part of their finances has become more complicated living abroad, whether that concerns new currencies, taxes or moving money abroad.

Despite these obstacles, UHNWI's are continuing to seek out second citizenship investment opportunities around the world. They are looking to their advisors to understand the challenges, as well as the different minimum investment requirements required by each country, in order to weigh up the various government programs and real estate developments available worldwide in order to find the right opportunity that best meets their needs.

OPPORTUNITIES FOR PRIVATE BANKING AND FAMILY OFFICE BUSINESS IN AFRICA

ING Luxembourg

By Yves Ducaté Private Banker ING Bank

Since the financial crisis of 2008, the global banking environment as well as client behavior have changed significantly.

FATCA, CRS, BEPS and, in general, the willingness of states to combat tax fraud effectively have transformed the banking landscape and have, in particular, lead to the tightening of client eligibility criteria by financial institutions.

Bankers have been empowered in their relationship with their clients, and if some inconsistencies were revealed by a KYC (Know Your Customer) check (for example during a relationship review), the client was required to rectify the situation.

Moreover many countries have set up "special" procedures or have legislated in order to permit clients who failed to report income, to regularize their situation.

The enhancement of bank's due diligence requirements are felt most strongly in financial centers actively operating internationally, such as Switzerland, London and the Grand Duchy of Luxembourg, resulting for some clients in a lot of difficulties when collecting the documentation requested by their financial intermediary.

Additionally, some clients residing in non-participating countries of the future CRS (Standard for Automatic Exchange of Financial Account Information by OECD) were also surprised by their banker's premature requirement to provide the same documents justifying the compliance of their tax affairs as those required from residents of

Yves Ducaté
ING Bank

participating countries of the OECD program. Some emerging countries understood the opportunities of this new environment, such as Morocco and Ivory Coast which have created the legal conditions (in 2014 and 2016, respectively) to enable any person being a resident in these countries to regularize their situation and thus breathe new life into their economy and add a certain modernity.

In Morocco, the "Contribution in Full Discharge of foreign assets" law helped bail out the State to the tune of more than € 250 million but has mostly helped to inject new capital into the economy andthereby boost investments in the country. From an individual perspective, this law has however created a real earthquake in wealthy Moroccans' habits who, accustomed to the highest level of discretion, found themselves after regularization in an unprecedented situation: having to manage international patrimony in a fully open and transparent manner.

This new situation has created some surprises. Many Moroccans were faced with new and often complex situations, such as:

· Taking assets out, previously owned through a company, even offshore, could generate a tax cost in the foreign country but also in Morocco. However the "Contribution in Full Discharge" doesn't exempt future taxes such as capital gains, liquidation proceeds or others.

· Holding foreign patrimony can necessitate the requirement to meet certain reporting obligations in the country where the assets were located and may have tax implications such as wealth or inheritance tax.

· Foreign succession rules that may apply in some cases on the transfer of assets located abroad may be in contradiction with the wishes of the deceased and/or with the Moroccan law.

· Depending on the nature of the assets, reporting rules for the Moroccan authorities could be difficult to achieve.

· In many cases, the risk profile of the client's portfolio was not aligned with the client's expectations and management fees were higher than the average levels.

In short, new situations that required expertise hitherto non-existent in Morocco: i.e. international wealth engineering. Unfortunately, these visionary governments in search of modernity are still too rare in Africa, the ultimate emerging continent, where it is often difficult for an African resident entrepreneur to engage with an international bank.

Large international law firms or Corporate Finance and M&A (merging & acquisition) specialists realize this every day. Although some African businesses, often family ones, which by their activity, size or location are potential targets of Private Equity funds on the lookout for businesses on the continent that are going to experience the greatest growth in the 21st century, it is often during the due diligence that the operation fails either because the African entrepreneur is poorly structured or because it is structured through a SPV (special purpose vehicle) derived from tax havens that are blacklisted in most Western states.

Yet these families are often in need of advice and support in order to prepare their company to cross borders. These groups have the financial means to expand but often ignore the tools available to be optimally structured, which is needed when becoming a multinational company.

The same is true regarding the private wealth of these families. Because of a lack of alternatives, a big portion of their personal assets is often included in the structure of the company. They neither have an overall view on it, nor a detailed or a structured one and they often ignore its importance and profile.

The new global transparency rules are an opportunity for these families and businesses to "clean" and structure their assets, which is the only solution if they wish to continue their international expansion and deal with partners who are very rigorous on new global rules.

But it is also an opportunity for Private Bankers and Family Offices to invest in these African countries where everything has to be done, at the dawn of a century that looks exceptional in terms of growth for this continent, cradle of Modern Man.

Yves Ducaté
Private Banker
African Markets

CHIVAS LIVE WITH CHIVALRY

YOUR PASSPORT TO INTERNATIONAL STYLE AND LUXURY

Craftsmanship, generosity and a passion for travel are at the heart of the new collaboration between British luxury brands Chivas Regal and Globe-Trotter. Renowned for handcrafting luxury suitcases and leather goods, Globe-Trotter has partnered with Chivas to design an exciting series of three collectibles for the whisky connoisseur and world traveller - the Chivas 12 'Made for Gentlemen' by Globe-Trotter limited edition gift tin, a limited run of Chivas 12 'Made for Gentlemen' by Globe-Trotter 20 inch Carry-on Cases and a Chivas 12 'Made for Gentlemen' by Globe-Trotter Steamer Trunk.

The Chivas 12 'Made for Gentlemen' by Globe-Trotter limited edition gift tin houses a bottle of Chivas 12 blended Scotch whisky and showcases a vibrant tale of international travel. Inspired by the tradition of applying stickers onto one's luggage to proudly showcase destinations visited, bespoke luggage stickers were hand-drawn by the British illustrator Andrew Davidson to celebrate iconic cities and adorn the contemporary tin design.

A first from Globe-Trotter, the

INTRODUCING CHIVAS 12 'MADE FOR GENTLEMEN' BY GLOBE-TROTTER...

Chivas 12 'Made for Gentlemen' Carry-On Case is a 20 inch trolley case that has been crafted to suit the needs of the busy modern gentleman on short haul business trips and city breaks. It can be stowed in the flight cabin of all international airlines and features a customised lining that elegantly intertwines a never-seen-before Globe-Trotter archive design with the Chivas iconic signifier. The sturdy, burgundy, vulcanised fibreboard case also features wooden handles, brushed brass hardware and an internal leather plaque to mark the collaboration for posterity.

To showcase the true craftsmanship of Chivas Regal and Globe-Trotter the Chivas 12 Made for Gentlemen by Globe-Trotter Steamer Trunk is an original design that will see proceeds of its sale donated to charity The Prince's Trust. It includes a beautifully crafted mini bar with mirrored back for serving Chivas Regal Scotch whisky. American white oak trimmed drawers have been handmade to honour the oak casks essential to Chivas Regal 12YO's rich complexity and a hand engraved copper plaque made from a retired Scotch whisky still assures its authenticity.

To be displayed from 5th October in Globe-Trotter's flagship store in Albemarle Street, London, the one-off Chivas 12 Made for Gentlemen by Globe-Trotter Steamer Trunk for The Prince's Trust will retail at £12,000.

For further information:
www.chivas.com

BUTTON
COLLECTIVE

US Congress Enacts Entirely New Tax Examination and Collection Regime for Partnerships and LLCs

Caplin & Drysdale By By Charles M. Ruchelman

In recent years, the U.S. Internal Revenue Service ("IRS") and U.S. Congress recognized two important divergent trends. While the use of pass-through entities, such as partnerships and limited liability companies ("LLC"), as business and profit-seeking structures, was growing, the number of IRS examinations of these entities was staying stagnant. According to the IRS's own statistics, the percentage of partnership and LLCs that were examined each year for the past decade was less than one-half of one percent. In 2015, the IRS examined only .51% of the partnership and LLC tax returns that were filed. In comparison, in 2015, the IRS examined over 11% of all large corporate tax returns that were filed.

Charles M. Ruchelman
Caplin & Drysdale

The IRS and the Congress appear to have laid the blame for the low examination rate, and related lost tax revenue, to the complex procedures set forth in the 1982 partnership examination laws, known as "TEFRA," the statute that originally enacted the unified partnership examination provisions ("TEFRA stands for the "Tax Equity and Fiscal Responsibility Act of 1982"). The inconsistent judicial interpretations of the TEFRA partnership rules, as well as the agency's slow-moving enforcement and actual implementation, demonstrated that these rules were not appropriate for the changing partnership and LLC landscape. Accordingly, Congress made an important change in the law that all persons with partnership or LLC interests should be aware of.

Certain provisions of the Bipartisan Budget Act of 2015 (the "Act") made fundamental changes to the rules by which partnerships, and entities that elect to be treated as partnerships for tax purposes (e.g. limited liability companies), interact with the IRS with respect to the tax examination, litigation, and collection process. The Act repealed the "TEFRA" partnership regime and replaced it with an entirely new set of rules. While the new regime has similarities to TEFRA, there are significant changes that will now require careful review and revisions to certain tax provisions of partnership agreements. In light of the new legislation, partnerships and partners should now evaluate the current provisions of their partnership agreements and make fundamental changes to the tax procedure provisions.

Generally, the Act substantially changed (1) the ability of the IRS to collect an underpayment of tax, penalty, and interest from the partnership itself, (2) current partners' exposure to tax liabilities of prior partners, and (3) the powers entrusted in the partnership's designated liaison with the IRS (formerly known as the "tax matters partner"). Also, Congress provided the Treasury Department with broad regulatory authority to implement the goals of the statutory revisions. Therefore, partnerships should pay attention to the issuance of new Treasury regulations in the coming months.

Some of the statutory revisions that affect typical partnership agreements are as follows:

I. New Tax Terms and Concepts: The new regime repeals well-known TEFRA terms (e.g., "tax matters partner") and creates completely new legal terms and concepts including "partnership representative," "imputed underpayment," "reviewed year," and "adjustment year." To synchronize with the new Code requirements, these terms and concepts should be incorporated into partnership agreements. Reviewing and revising the partnership agreements now will allow for an orderly process if and when the IRS examines a partnership tax return, makes tax adjustments, and/or requires payments of additional tax, penalties, and/or interest. Furthermore, revisions to the partnership agreements will provide clarification of the rights and obligations of the partnership and the partners.

II. Tax Underpayments To Be Collected from Partnership: As under TEFRA, tax adjustments will continue to be made at the partnership level. However, unlike under TEFRA, unless a partnership is eligible to make an annual election and does, in fact, make the election, the tax attributable to an adjustment, and related interest and penalties, will be collected, subject to certain possible adjustments, at the partnership level.

When the IRS makes a tax adjustment, the partnership's current partners (the "adjustment year" partners) will effectively pay the tax for the partners who were in place in the tax year for which the adjustment was made (the "reviewed year" partners). The tax to be paid is based on another new concept, a calculation called the "imputed underpayment." Generally, the imputed underpayment is calculated at the highest tax rate for the reviewed year. This change in the law may require parties to consider or review indemnification provisions in the partnership agreement.

III. Ways to Modify or Avoid Tax Collection at Partnership Level: The "imputed underpayment" collection process can be avoided or modified in one of three ways.

1. Elect Out on Timely Filed Return: First, if a partnership has no more than 100 partners and no partner is itself a partnership (or an entity that has elected to be treated as a partnership, like a limited liability company), then the partnership can make an annual "opt-out" election on a timely filed tax return. To preserve this option, a partnership agreement could be amended to limit the number of partners to 100 and to restrict the ability of other partnerships to join the partnership as a partner. If a partnership elects out of the new regime, the partnership and partners will be examined under the rules applicable to individual taxpayers.

2. "Reviewed Year" Partner Pays Tax With Current Year Individual Return: Second, within 45 days of receiving a notice of final partnership adjustment, any partnership, regardless of size, may elect out of the "imputed underpayment" process so long as it provides the IRS with "a statement of each partner's share of any adjustment to income, gain, loss, deduction, or credit (as determined in the notice of final partnership adjustment)." Under this procedure, "reviewed year" partners calculate their share of additional tax due based on the statement described above (i.e., like an amended Schedule K-1) and the "reviewed year" partners will pay the additional amount with their respective current year individual tax returns. An election under this provision, however, increases the applicable underpayment interest rate by two percentage points. The new statute requires fast action by the partnership (i.e., 45 days) to perform computations and send the proper notices. Therefore, a procedure should be put in place to accomplish this procedural route.

3. Modify "Imputed Underpayment" Where Reviewed Year Partner Files Amended Reviewed Year Tax Return: Third, a partnership can reduce the amount of the "imputed underpayment" if one or more of the "reviewed year" partners files an amended return and pays the tax attributable to the adjustment allocable to that partner. To implement this, the partnership must submit information to the IRS sufficient to modify the "imputed underpayment" amount within 270 days of the notice of proposed adjustment. Verifying that an amended tax return has been filed by a reviewed year partner may raise certain privacy concerns. A partnership thus may wish to establish a method that allows for the implementation of this alternative, rather than undergo the "imputed underpayment" procedure.

IV. Powerful New Partnership Representative: The Code now mandates that the partnership designates a "partnership representative" instead of a "tax matters partner." The "partnership representative" will "have sole authority to act on behalf of the partnership" and the "partnership and all partners shall be bound by actions taken … by the partnership." Interestingly, this controlling entity need not be a partner in the partnership. Furthermore, the new rule significantly curtails the ability of other partners to participate in an IRS examination or litigation with the IRS. Therefore, partnership agreements may need to be adjusted to provide contract rights to other partners that once existed as a statutory matter under TEFRA. For example, a partnership might consider whether the Partnership Representative has unbridled power to settle a case or extend the statute of limitations without approval from the other partners. This new statutory regime obviates the need of the IRS to "chase down" each and every partner to sign a Form 870-PT (Agreement for Partnership Items and Partnership Level Determinations as to Penalties, Additions to Tax, and Additional Amounts) or sign a Form 906 (Closing Agreement On Final Determination Covering Specific Matters) in order to implement an examination's adjustments or a settlement. For present purposes, partnership agreements should be revised to reflect this new, critical designation. If there is no partnership designated representative, the Code gives the IRS the authority to designate one. Certainly, partnerships and partners do not want to relinquish that selection right to the IRS.

These new rules apply to partnership tax years beginning after December 31, 2017. However, a partnership may elect to have the new rules apply to partnership tax years beginning after the date of enactment and before January 1, 2018. Given the many new legal terms and concepts, and the potentially significant shift of the benefits and burdens of post-adjustment tax items, existing partnerships and partners should review and modify their partnership agreements. New partnership agreements should accommodate the new partnership tax audit and collection regime.

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BURGESS SILVER FAST

At 77 metres (252.6ft), SILVER FAST is the world's largest and fastest aluminium motor yacht with conventional propulsion. Her distinctive styling, with a sleek, streamlined hull and metallic silver livery was designed by Espen Øino. She is the fourth and most advanced vessel in the multiple award-winning Silver Series, whose DNA is based on high calibre all-aluminium superyachts with fast, fuel-efficient credentials and long range cruising capabilities.

SILVER FAST's remarkable performance was demonstrated last year on her 3,200 nautical mile maiden voyage from Perth, Western Australia to Sri Lanka, which she completed at an average speed of 17 knots with fuel consumption of only 400 litres per hour (106 US gallons per hour). Delivering a range of 4,500 nautical miles at 18 knots, her powerful MTU engines can carry her to a top speed of 27 knots in optimum conditions, and her long-range cruising speed is 20 to 22 knots. Proven for long ocean passages in all sea states, her slender hull cuts through the waves with ease, and she is quiet and vibration-free for night-time passages at 18 to 20 knots. Quantum zero-speed stabilisers keep her equally comfortable at anchor. Her shallow draft of 2.6 metres (8.5 feet) makes her perfect for cruising the shoal waters of the Gulf, the Maldives, the South Pacific and the Bahamas. SILVER FAST's airy, the contemporary interior was conceived by Andreas Holnburger of Vain Interiors to be both fresh and luxurious. Teak paneling and grey glass mirrors are complemented by innumerable custom finishes such as metallic painted walls with leather steps on the central stairwell. Weight reduction is

achieved by the use of lightweight aircraft honeycomb construction. The main deck features panoramic views from large picture windows and leads aft to the 'theatre room' with huge plasma cinema screen. From there you can head out into the 'winter garden' – a fantastic glass-screened, air conditioned space that allows for flexible indoor/ outdoor dining whatever the weather. Wraparound sliding glass doors shield from wind and rain without detracting from the view, while the mirrored ceiling adds light to the dining area below which can seat up to 20 guests. The aft deck itself features comfortable raised lounge seating and a top-of-the-range fully integrated 70,000 watt sound system.

The spacious sea level 'beach club' on SILVER FAST has been expanded to allow for more gym equipment in the comprehensive spa facility with customized sauna, hot steam room, massage room and beauty salon. On the sun deck, the mirrored bar front converts into a TV to allow movies to be viewed from the glass-fronted eight-person Jacuzzi.The innovative tender stowage area is accessed via forward gull wing doors and houses two 7.4m (24.2ft) all-weather custom tenders. On the foredeck, the "touch and go" helipad is suitable for an AgustaWestland AW109 or a Eurocopter EC135.

This ground-breaking superyacht is a real head-turner and offers speed, efficiency and stylish luxury in equal measure. - www.burgessyachts.com

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Learn what the expert gunmakers have to say!

Holland & Holland guns are celebrated throughout the world as the perfect combination of artistry and craftsmanship. To understand why, you need simply pick one up, balance it in your hands, and allow your eyes to take in every detail of its lines.

Such an achievement does not come into being by evolution alone, even though Holland & Holland guns and rifles trace their lineage back to the year 1835. Its other parent is curiosity, the desire of the craftsman and gunmaker to see whether an improvement can be made on accepted methods. The company was founded by Harris Holland in London in 1835 and by the turn of the 19th century had become one of the best known and highly regarded London gun and rifle makers. Taken forward by his nephew, Henry, who became a partner in 1867 (from then on the company was known as Holland & Holland), the company built a gun factory in Kensal Green in 1898 which has since been in continuous use.

To consider an antique or vintage weapons as an investment may not be as daft as it would first seem. Like all collectables, fashions come and go so not everything is going to be desirable all the time. The one certainty is that, if carefully purchased, values never appear to go down but generally increase on a regular basis of around 3 - 5% per year. There are many specific areas of the market, but the most popular to delve into is classic sporting shotguns and rifles. It is generally recognised that the epitome and benchmark of excellent sporting guns and rifles that are produced in the UK, so this is where our search begins. We must first take into consideration that condition is key. Although you may pay a little more for something unique, totally original, unaltered and in excellent condition, you will not normally not have a problem selling it on. When looking for a good investment, one likely to make reasonable return in the years to come, the sound advice would to be to first look for something with fairly standard specifications. By doing this it means that when you come to sell you will appeal to a wider market, rather than

CONSIDERATIONS

1. Condition

2. Best gunmakers

3. Purchase price/future value

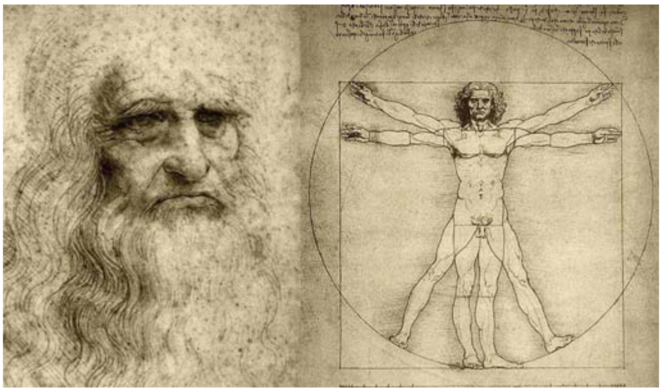
4. Enjoyment factor

just a few collectors. A second consideration should perhaps be the name. Holland & Holland, Boss and Purdey will always command a higher price as the original standard of workmanship is higher than the majority. However, a poor condition best gun or rifle will not hold or increase its value anything like one in mint condition of a lesser make. Your third consideration must be what as an individual, are you looking to achieve? If it's just pure investment then it's down to condition, originality and purchase price, but to enjoy and make use of the guns and rifles whilst you own them, to me, is a bonus.

A great number of owners use these collectables week after week but take care to maintain their condition. We must remember that although considered 'antiques' these are working guns that were made to be shot. It is not uncommon for someone to turn up to a shoot with their one-hundred year old Holland & Holland still in perfect working order. So where should we look to start with all this? Are you a rifle or a shotgun man? Do you have a passion for old rather than new? Maybe you like them all. Decide what would benefit you the most by looking what you can use and enjoy, decide how much you wish to invest and then look on the internet, at auction sites and in the shooting press to see what others are showing interest in. When looking at shotguns, a hammerless sidelock is popular, but if you want a rifle, the big calibre's are in demand. 'New or Old?' A very common question indeed and something that splits opinion, with some suggesting 'they don't make them like they used to.' The plus side of buying new is that the quality of today's materials, manufacturing and craftsmanship is as high as it ever has been. The standard perceived gets better year after year and having a bespoke gun made to your measurements cannot be bettered. If it's old you decide on every maker at various times through time purports to be better than the next. The major advantage of buying old as an investment is that you can see an immediate return if you paid the right price. Remember to keep the following in mind, and you will not go far wrong: 1.Condition, 2. Best gunmakers, 3. Purchase price and future value and 4. Enjoyment factor now.

INVESTING IN FINE ART

Fine Art SPV: Buy and Hold – VS – Buy and Loan



With the current instability in the world markets, more and more Investors are paying attention to fine art as an asset class. Of course, one of the primary factors in this sector, like any other, is conducting thorough due diligence on any art that may be under consideration.

One of the first issues in this process would be to ensure that the provenance and condition of fine art must be right. If there is even the slightest of doubt as to the validity of the provenance of any fine art, no matter how attractive the painting looks, the obvious conclusion is to pass on it. There are many other issues in relation to fine art that need to be addressed as part of the due diligence processes; these may include taxes, export licensing, forensic examination and so on.

That said, investing in off-market Fine Art has a number of interesting advantages over traditional asset classes, as it is now proving to be a very attractive option for the wealthy. One way of achieving this is via a fine art SPV (Special Purpose Vehicle) An SPV can be set up in most jurisdictions and in a number of different ways, dependant on the client's requirements. However, from an investor's perspective, the SPV should be owned entirely by the Investors.

Therefore, there are little running costs, no salaries, no huge commissions and there can be attractive tax incentives dependent on where the SPV is located.

The Buy and Hold SPV – This is a rather simple process and is predominantly utilized by the hard-core investor as a vehicle to park funds for a long-term period. The art that is owned by the Buy and Hold SPV can be stored at a Free Port or another location, home or office until the investor then decides to sell. Although this is horrifying prospect to most fine art connoisseurs (individuals who reputedly have the ability to tell almost instinctively who painted a picture), to your hardcore investor, it's just business.

We asked one art investor recently how he felt about the connoisseurs' aversion to this 'Buy and Hold' process; he replied 'when the connoisseur saves up enough money, just like I have, then he can come back and buy the art from me. Until then, I'll have if safely put away for them.

Buy to Loan – This is another option for investors to consider, as investing in quality fine art and loaning it out to a reputable museum has some unique advantages.

This strategy also falls under the remit of Family Offices, as investing in quality fine art, is in essence, preserving the wealth for the next generation. This may have a number of advantages, namely the low costs associated with loaning it to established museums, this would be dependent on the terms and conditions of any loan agreement.

Should you need more information about acquiring fine art then please use the contact details below.

DOMOS Fine Art


The 9th Annual
9 & Wealth Management Private Banking Asia 16
THE 9TH ANNUAL
WEALTH MANAGEMENT &
PRIVATE BANKING ASIA
Hong Kong, China | June 23–24, 2016
Key Issues
> Market Analysis on Asia and China Wealth Management
> Globalization of China Wealth Management Institution
> Insurance Package for Private Wealth Management
> Risk Control with Diversified Portfolio
> Innovative Technologies for Wealth Management
> Big Data Application for HNW Clients Wealth Management
Organizer
士研咨询
SHINE CONSULTANT
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Angela SUN
Tel：86-21-52428067
Email：angela.sun@shinemediaworld.com
Website: www.private-bank-china.com

PULSE CINEMAS

Pushing the Boundaries of Home Cinema Style

From its humble beginnings in the late Seventies, home movie viewing has come a long way. Not just with advances in audio and visual technology but also with comfort and design. Even the 'home' is no longer a restriction; you'll see many a lavish private cinema on board yachts, in penthouse suites or beside swimming pools.

Since 2003, Pulse Cinemas have become the go-to consultants in the home cinema landscape. Pulse supply inspiration and technical know-how in order to push the boundaries in home cinema comfort, sound and visual quality for their elite client base. In Pulse's book, there are no restrictions. Anything is possible; ideas are without limit. Home cinemas are an interior design feature, and no detail is overlooked.

Use of space is important, Pulse CEO Mike Beatty insists ", there's not a more fascinating experience than spending the evening with friends and family watching the latest blockbuster movie on your the big screen within your very own dedicated cinema. But what if space doesn't allow for rows of Fortress Cinema chairs and a dedicated Screen Research screen, a projector shining from a darkened ceiling, a rack of Datasat processors and power amps; all driven by a Kaleidescape movie server?"

The solution here, he explains is the super covetable flex cinema set up, where a living space has a dual function and some serious wow-factor ", at first, glance your beautiful living room offers nothing more than a low-level Japanese dining table; cushions scattered around the floor and lighting that focuses the guests' attention on the gorgeous meal that has been served... Then, at a touch of a button, like something from a Bond movie, your beautiful living space becomes an amazing cinema... Your Lutron lights dim, the blinds silently fall from a slither in the ceiling, the hidden Runco projector and Screen drops into place and suddenly the generous Kaleidescape offering of the latest blockbuster movies, in full HD quality, appears on screen for your guests to choose from."

Of course, whatever room the cinema is in, acoustics play a key role in the perfect set up "Cinema Acoustics offer a whole range of acoustic panel treatments to improve the audio performance of a room," explains Andy Jones,

Sales Director at Pulse ", by using a combination of absorption, diffusion and bass control these panels dramatically improve the listening experience, increase immersion and reduce listener fatigue. These acoustic panels are made to order and can be customised with the clients' own artwork or images, giving a completely bespoke solution. We have seen movie posters, family photos, artwork or even suede finishes complete the room."

Sitting pretty? Pulse Cinemas insist that the performance and quality of the seating should match that of the technical equipment and work closely with Californian company Fortress to create stylish seating, right down to the detail of the stitching. Whether your penchant is for fringed red velvet reminiscent of a vintage theatre seat to a sleek leather finish monogrammed with studs, Fortress chairs can be created to differing back heights, reclining to the angle of the customers' choice.

Another component that Pulse fully endorse is the Kaleidescape system, which they describe as "THE high-performance movie and music server system." The newly available Encore product line allows movies to be purchased, backed up and saved to a cloud – then watched in 4K Ultra HD at any time. For the luxury cinema environment, it seems, anything else would be inferior. "It's the only choice for clients looking for their cinema at home to recreate what the director intended..."

With prices for a bespoke home, cinema beginning at around 15K (and going up to over £million) another trend Pulse are quick to highlight is that they are no longer the bastion of the single male. Mike Beatty emphasises ", On the contrary, 95% of our dealers' customers are couples, choosing the cinema for the family to enjoy. Home cinema is definitely no longer perceived as Dad's toy; our business is to create beautiful cinema designs, and this includes choosing fabric for chairs, bespoke colour-schemes... It is a family decision. People often think home cinema is just for watching films, but they are awesome for watching music events or even playing console games."

www.pulsecinemas.com

SHOWCASING THE AMAZING

1066 PIANOS

TRUSTED SUPPLIER OF THE WORLDS FINEST PIANOS FOR MORE THAN THREE GENERATIONS

Now in its third generation, even today 1066 Pianos remains a family-run business with a vision to carry forward its tradition, craftsmanship and exceptional technical knowledge from our Cambridge workshops based in England.With more than 10,000 square feet of space devoted to the line of work, The 1066 Pianos Workshops are among the few largest still in existence. Nowhere else in the world will you find such a unique variety of fine, handcrafted pianos. Furthering our commitment to quality, all work is carried out at our family workshops by our Cambridge artisans, technicians and craftsmen.

Engineered to be exceptional.
From initial concept through to their execution, a 1066 piano is designed to be truly exceptional. In the 1066 Workshops irreplaceable, time-proven experience combines with computer-aided design (CAD) to dramatic effect. True craftsmanship meets state-of-the-art design processes, and finely-honed cutting edges meet the very latest in laser technology. In brief: the wealth of our great piano heritage combines with 21st century innovation to produce the very finest pianos in the world.

Finely attuned to perform.
Our master technicians fulfil the original designer's vision with their outstanding ability, experience and technical knowledge that enable the impressive dynamic response for which a 1066 piano has become internationally renowned. They are the magicians of the 1066 Workshops, who combine their many years of sound expertise with the application of scientific principles to truly exceptional effect.

Exquisitely tailored.
As with a bespoke tailored suit, your piano should be a 'perfect fit' for you — and you alone. It should proverbially fuse with your fingers, becoming a part of you. Responding with fine alacrity to your every whim. Likewise, the piano should be able to express you — through the roar of thunder, or a light expression of joy and laughter — the piano should express your thoughts precisely as you want them heard.

This is what is so uniquely special about a 1066 piano. It is made especially for you.

www.1066pianos.com

"finely tuned by 1066 to per-form"

"engineered to be excep-tional"

A BESPOKE PIANO

How would you like your piano to look

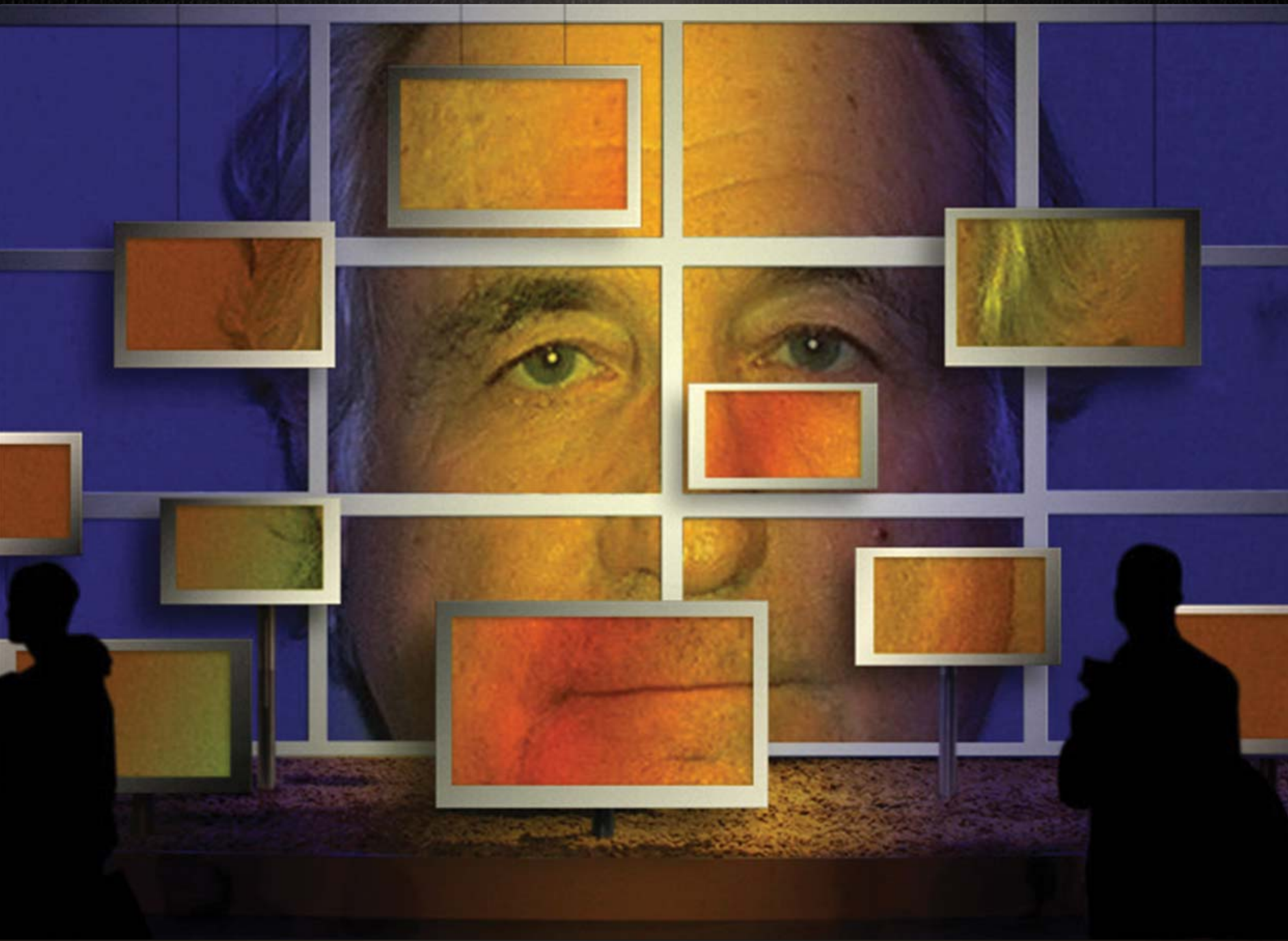
Whether you want a magnificent period art case piece or a bespoke designer piano, The 1066 Grand Hall we have an outstanding selection of instruments to choose from.

You can discuss your personal piano requirements. One of their experts will be delighted to talk through the options with you, whereabouts in your home it will go, which size is ideal etc., and guide you further along the path towards your perfect piano.

1066 also specialise in 'sculpture pianos,' amazing sculptures with a fine handcrafted acoustic piano inside each one individually designed and bespoke to be exactly as the client wants it.

A BESPOKE PIANO AS YOU WANT IT

MADOFF



WHISTLEBLOWER

The Bernie Madoff Ponzi Scheme

WHISTELBLOWER FRANK CASEY

At least 339 hedge funds feeding victims from over 40 countries to Madoff.

Bernard Madoff was born on April 29, 1938, in Queens, New York. He used $5,000 earned from a lifeguarding job to found his investment company. Madoff's built up his firm and before his incarceration, his estimated net worth is $17 billion. He is the former non-executive chairman of the NASDAQ stock market and the mind behind the largest Ponzi scheme in history.

THE WHISTLEBLOWER

Frank Casey is a former US Airborne Ranger Infantry Captain with 39-years expertise in Corporate Risk Management, Alternative Investments-Hedge Funds, Private Equity, Business Development and Due Diligence. Frank Casey stresses transparency, liquidity, client control, and never compromising absolute honesty in every representation and execution.

The Madoff case began thirteen years ago when Frank Casey and Harry Markopolos knew that returns reported by investment manager and broker Madoff were fraudulent. They set about documenting a case against Madoff using math and mosaic intelligence. They warned the SEC about Madoff over and over again in the 8.5-year period. Submission and after submission fell on deaf ears, and 29-Red Flags ignored. Through the SEC's complacency Madoff's Ponzi Scheme was allowed to grow tenfold, to over $50 billion. Despite these many setbacks, the group persisted, not only because it was wrong but because it went against their ex-military officers' creed of "Duty, Honour and Country."

Had the SEC been paying attention to Casey and the team, investors would not have suffered $Billions in losses. Casey said, "If this fraud grew large enough, it would bring down the U.S. financial system and the credibility of our regulatory system." Regulators at the SEC, who were mostly attorneys, could never grasp or understand the fraud. The fraud succeeded not only because of the SEC's but also because a number of banks and wealth-managers were wilfully blind, this in understandable as there were making money from Madoff's feeder funds. While there are many victims of Bernie Madoff's fraudulent activity, but there is another interesting story to this case, that of a small and secretive group, who became known as "The Fox Hounds." For almost a decade, the Fox Hounds fought with the SEC to bring down Madoff, supplying it with a mountain of evidence that proved beyond doubt that Madoff was running his Ponzi scheme.

Frank Casey, a Fox Hound member, then an options specialist working at a firm named Rampart, was trying to convince pension funds to invest in a Rampart structured financial product wrapping hedge funds to generate about 12% per annum. Thierry de la Villehuchet, the co-founder and CEO of another hedge funds specialist firm, Access International, explained to Casey that his fund had invested more than $300 million with a manager few people even knew was in this business. This manager demanded complete privacy, so much so that anyone who admitted they have invested with him risked having all their money returned – but his economic performance was astonishing.

Unbelievable, month after month, no matter how the market performed, he made money using what is known as a split-strike conversion; Madoff generated 1% on the total investment per month like clockwork! Casey finally learned the name of the manager, Bernie Madoff. The same Bernie Madoff whose brokerage firm bearing his name is a well-known market-maker and founder and the former Chairman of NASDAQ, one of the most respected, even beloved, men on Wall Street.

Madoff was also running one of the largest and arguably most successful money management firms in the world. Casey is impressed, but de la Villehuchet leads him to believe that if Rampart can devise a similar strategy, it could get a portion of Access' $300 million investment. Casey returned to Rampart with financial data outlining Madoff's strategy and showed it to Harry Markopolos, a Chartered Financial Analyst who understood the choreography of numbers. Frank asked Harry to create an investment product that could compete with Madoff. Harry took a look at Madoff's monthly returns, then looked at Madoff's investment strategy, within five minutes he said, "This is a fraud. Maybe even a Ponzi scheme." And then it took him an additional four hours to prove that Madoff was a complete fraud.

As the team gathers more information about Madoff, they realize there are only two possible ways Madoff could be so successful: He was front running, meaning he was using information from his brokerage operation to illegally manipulate the market or secondly, he was running possibly the largest Ponzi scheme in history. Most people who knew Bernie Madoff would never have considered that Bernard Madoff, a financial genius, a humanitarian, a man who contributed millions to charity, could be a crook of epic proportions. In addition to Frank Casey, Harry drew into the chase his protégé, the equally intense Neil Chelo, a young member of several of the most prestigious financial organizations, who sat directly across the desk from him at Rampart. The three colleagues began by gathering as much information about Madoff's operation as possible.

The numbers continued to get bigger and bigger: Seven-billion, Ten-billion. Incredibly, Bernie Madoff was secretly running the largest hedge fund on Wall Street. His business was completely unregulated. Initially, Harry believed Madoff was either front running or engaged in a Ponzi scheme, but leaning toward the latter theory. Neil and Frank weren't so sure, believing he was front-running order flow. After all, who would believe such a highly respected professional of Wall Street would be running a Ponzi scheme. Finally, in May of 2000, the Team put together their first submission to the SEC, a document outlining the reasons Madoff couldn't possibly be legitimate. Among the twelve red flags listed that were in order to be following this investment strategy Madoff would need to have access to about $7 billion in options – and he was supposedly trading his options on the Chicago Board of Options exchange -- which had less than $1 billion options available. Madoff had up to Seven billion of investors' money in the strategy, and he was growing larger by the day.

Early in 2001 Mike Ocrant an investigative reporter for the respected hedge fund journal Mar Hedge became the fourth member of this group and began working on a story about Madoff's secret investment fund. He couldn't believe what he found. Eventually, he called Madoff and requested an interview. Madoff shocked him by suggesting he come right over to the office. He found Madoff to be charming and direct, he answered every question, and Ocrant left his office believing there had to be some mistake. Eventually his story about Madoff's secret investment fund and the questions that couldn't be answered – ran in a Wall Street trade newspaper. It should have destroyed Madoff –but no one even blinked. A week later, a much more widely circulated Barron's picked up the story.

The team was certain this was the end of Madoff. The articles raised too many questions and should have brought down his empire. However, no one paid any attention to them. It was becoming clear that Bernie was too big to be brought down.

The Fox Hounds began collecting as much information as possible about Madoff's money management business. Madoff had warned his investors not to talk about the fund. For good reason, Harry had discovered:

Whistleblower Frank Casey

MADOFF GUILTY OF 11 FELONY COUNTS
sentenced to 150 years in prison.

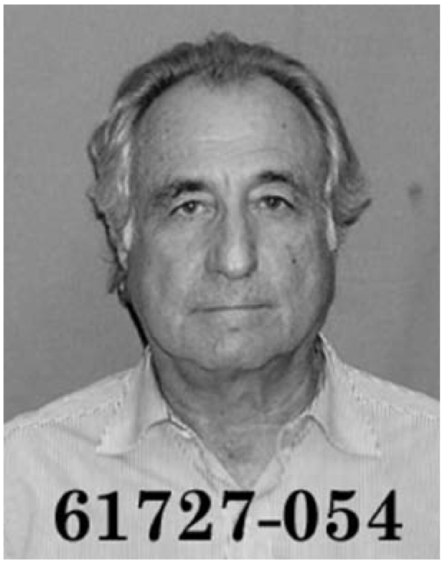
Madoff was paying them far greater returns than any other firm, returns far beyond what might be expected.

In 2002. Harry had finally created a product that could generate returns that would rival Madoff – but with much greater risk. Rampart and Access agreed jointly to market the product and Harry went on a sales trip to Europe with Thierry de la Villehuchet. They met with 20 private banks, 14 of them admitted they 'had' Madoff, and each of those 14 confidently explained to Harry that although Madoff was no longer accepting new money, they had a special arrangement with him, and he accepted their money, and only their money.

Later, Frank asked Thierry de la Villehuchet bluntly what he would do when it was proven Madoff was a fraud, de la Villehuchet replied that it was impossible, he had done his due diligence, but admitted that if he was wrong then he "was a dead man." What was astonishing to The Fox Hounds was the immense size of this scam. At the 1999 investigation start, they estimated the fraud to be as much as $5 billion, but what they learned caused them to reassess that figure. Way upwards. Madoff's tentacles reached deeply into Europe and even South America, and estimates of the fraud continued to grow to $20, then $30 billion dollars. The team was tracking 30 Madoff feeder funds. Only after Madoff surrendered was it revealed there were probably at least 339 hedge funds feeding victims from over 40 countries to Madoff.

During the next few years Harry, with the assistance of his team, made four more submissions to the SEC, eventually there would be a total of six, each one of them carefully listing the reasons Bernie Madoff was running the largest Ponzi scheme in history. But no one would listen, and the scam imploded north of $50 Billion. In 2009, Madoff pleaded guilty to 11-felony counts securities fraud and was sentenced to 150 years in prison.

For More Information see "Scam of the Century" by CNBC, Frontline's "The Madoff Affair," "No One Would Listen" by Harry Markopolos-Wiley Publishing, the "Chasing Madoff" documentary available "On Demand."



In 2009 Bernie Madoff pleaded guilty to 11 felony counts securities fraud and was sentenced to 150 years in prison

Charles Ponzi, was an Italian businessman and con artist in the U.S. and Canada, in the early 1920s he promised clients a 50% profit within 45 days, or 100-% profit within 90 days, In reality, Ponzi was paying early investors using the investments of later investors. This type of scheme is now known as a "Ponzi scheme". His scheme ran for over a year before it collapsed, costing his "investors" $20 million.

STAMP SOLD FOR $9M-£5.6M

1856 -1cent Magenta $9.M - £5.6M

Inverted Jenny below $3 Million

'Mona Lisa of the stamp world'

INVESTING IN STAMPS

RARE STAMPS COMMANDING HUGH SUMS AT AUCTION

Mona Lisa Stamp owned by convicted murderer John du Pont!

The world's rarest stamp has sold at auction for a record-breaking $9.5 million (£5.6million). The sale makes the extremely rare one-cent postage stamp the most expensive stamp to ever be sold. The Magenta stamp measures 1 inch by 11/4 inches and it bears the image of a ship with the former colony of British Guiana's motto, 'We give and expect in return' in Latin. The image is in black on magenta paper.

The postmaster of British Guiana created the rare stamp back in 1856 when a shipment of stamps was delayed from London. At the time, it was one of three created and is thought to be the only one left in circulation. The stamp has changed ownership over the years; a 12-year-old Scottish schoolboy, Louis Vernon Vaughan originally found it in 1973, by, in a bundle of family paperwork. To him, it was simply a new addition to his own collection.

Experts describe it as 'The Mona Lisa of the stamp world' and it hasn't been displayed publicly since 1986. It was later owned by John du Pont, the heir to the du Pont chemical empire, who was convicted of murdering the Olympic gold medal-winning wrestler David Schultz in 1997. Steve Carrell is to portray Du Pont in a feature film, 'Foxcatcher', which is set to be released later this year. John du Pont died in prison in 2010, aged 72. The proceeds of the auction for the Magenta Stamp will be divided, with 80% going to the family of du Pont's wrestling friend Valentin Jordanov Dimitrov.

Jane Blood, a collector and locator of fine and rare stamps said, 'This is one of the very rare times that such a valuable stamp becomes available for auction. This is a great long term investment and we had a number of our own clients who were bidding for the stamp at the much-anticipated auction"

PHILATELIC INVESTMENT

Investing in rare stamps, as with any other investment, requires a high degree of expertise. Rare stamps are among the most portable of tangible investments; they take up little space but require careful storage as condition is one of the most important factors in determining the value of a stamp. Other tangible investments include art, antiques, precious metals, rare coins and many others that are all termed alternative investments. Interest in stamps as an investment tends to increase when traditional investments are not doing well, causing investors to seek alternatives. The increasing age of the population in western countries has also been credited with the resurgence in interest in stamps. Unlike stocks and shares, the majority of transactions in the philatelic or stamp market take place informally.

Treskilling Yellow:

U.S.Franklin Z-

Penny Black: $5M

Post Office

JANE BLOOD Stamp Dealer:

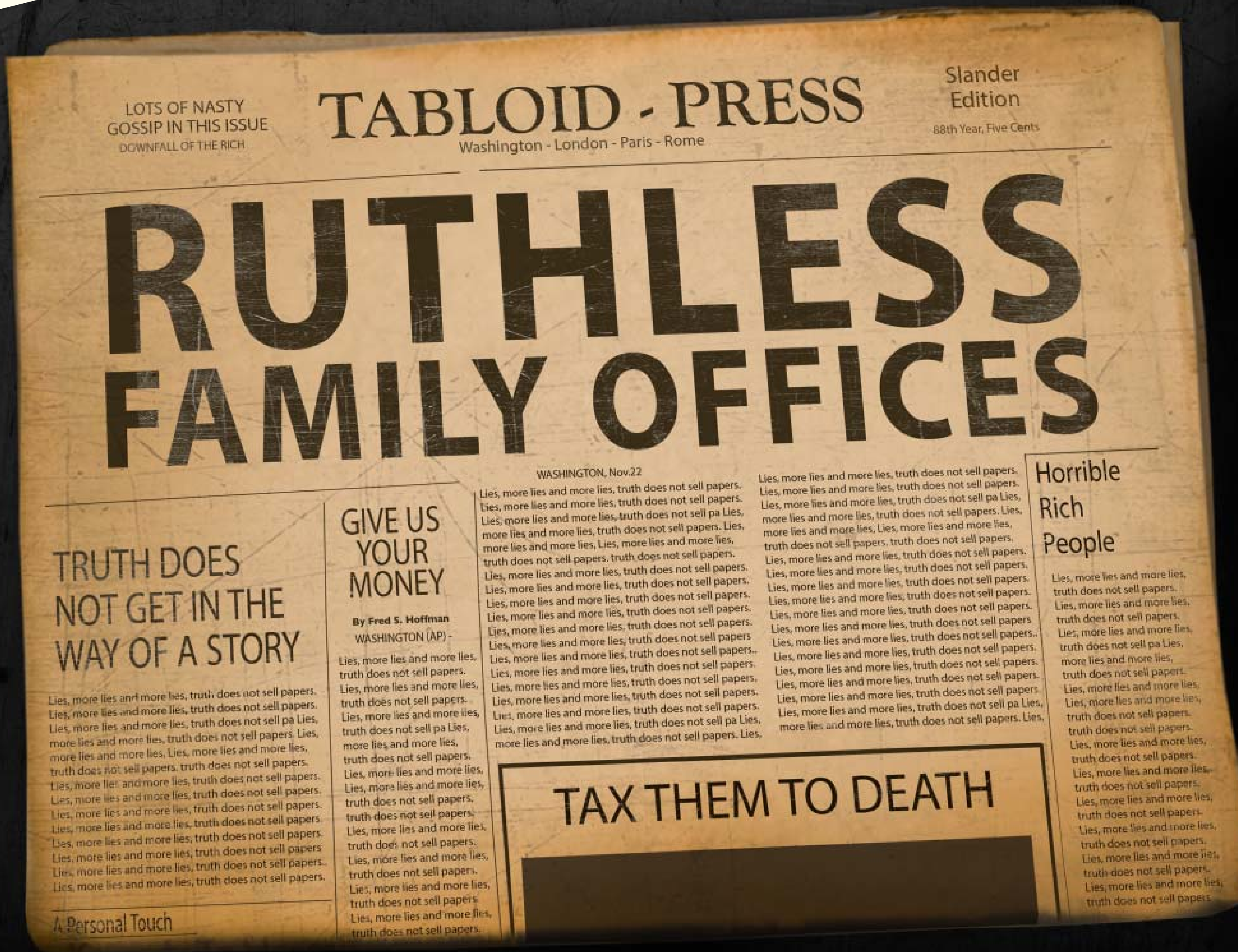
Jane blood acts as an agent locating rare stamps says. "you really have to know what you're doing to be able to buy at right prices and realize a profit"

'You have to know what you're doing to be able to buy at the right prices.'

The market is certainly much smaller than the financial markets, but it is not trivial and has been estimated at £5 billion. Stamps can represent a valuable diversification within a wider portfolio. They are highly portable stores of wealth and are easily transported. Stamps are not a financial asset and so may perform better than cash in times of high inflation. As a tangible asset, a stamp cannot go out of business like a company quoted on the stock market. Most stamps are a relatively confidential investment, unless bought at a public auction; ownership is private and there is no public register as there is for many investments in equities.

Interest in stamp investment has increased significantly since the sale of the Magenta, as this latest auction has demonstrated and illustrates just how good an investment in stamps or postal history can be. Stamps purchased for investment do not normally have any special regulatory protection for the purchaser. In the United Kingdom, there is no regulation of this area at all from the Financial Conduct Authority. However, where investment is collective through a mutual fund, there may be some regulation of the activities of the fund, depending on where it is based.

PRESERVING AND PROTECTING WEALTH AND REPUTATION



SATO Consultants is a global advisory firm that provides a comprehensive service to a select clientele. SATO is particularly adept at assessing potential vulnerabilities when dealing with the media or a media crisis. In a fast-moving world of media and entertainment, our clients need immediate results. SATO responds quickly with innovative solutions to evaluate any internal or external threats to our clients that may impact revenues and damage reputations.

www.satoconsultants.com

MEDIA CRISIS PLANNING AND POLICIES

It is everyone's worst nightmare: a media crisis that has snowballed out of control and taken on a life of its own, posing a very real threat to an organization's reputation. A hard-earned reputation can be damaged by just one error of judgment that could cause irreparable damage to an organisation or to an individual. What is the answer in such a situation?

MEDIA CRISIS POLICY

The answer may be a media crisis policy that would have specific criteria in place to rapidly respond to negative media or bad press. It is, therefore, critical to have a media crisis policy in place, not only to limit any potential damage but to counter any negative media or press before a problem has time to escalate.

MEDIA MANAGEMENT

It is also imperative to develop media management plans and policies by identifying the key strengths and limitations within an organization's infrastructure. This will assist in formulating an effective strategy that is crucial in dealing with the press and media or a media crisis.

POLICY DEVELOPMENT

Developing an effective media crisis policy will assist an organization's response to a media crisis. SATO's team of experienced consultants can draw upon sector-specific expertise to create an effective media management policy that will preserve an organization's reputation and address any issues that can lead to negative press.

EVALUATION AND REVIEW

If an organisation is forward-thinking in its approach to media management and has a media management policy in place, SATO can conduct an annual review, making the necessary improvements and recommendations as required.

RISK EVALUATION

All organizations have an informed understanding of risk; it is, therefore, essential to evaluate an organization's risks from potential negative press or bad publicity. This evaluation would include a complete review of the entire organization and key management, which will assist in identifying any potential sources of negative publicity.

RISK MITIGATION

One can analyse identified risks by reviewing the probability of negative press or bad publicity occurring and the resulting consequences such risks can pose to an organisation and therefore plan effective damage limitation in a worst-case-scenario.

CONTINGENCY PLANNING

Robust contingency planning in a media crisis is paramount for an organization to counterpoise (suggest counteract) negative press. Such planning can provide many benefits in terms of reducing bad publicity and minimising any potential damage to an organization's image. Where risks are not addressed, contingencies must be put in place instantly to react to a media crisis and limit the impact posed to an organisation by a hostile press.

'Protecting the wealth and the reputation for the next generation'

LONDON ON WATER YACHT & BOAT SHOW

LONDON YACHT,JET & PRESTIGE CAR SHOW

These exciting events are running with...

PRESTIGE LONDON

THE INSIDE TRACK

Located at Old Billingsgate, a prestigious Thames-side exhibition centre, and at St. Katharine Docks, London's premier marina village, more than 120 exhibitors and 6,000 visitors attended the first London Yacht, Jet & Prestige Car Show in April 2015.

Following this success the show has been developed into three very special events by joining forces with 'Prestige London', showcasing London's premier luxury goods and services and 'London on Water', an exclusive on-water yacht and boat show located at St Katharine Docks. Designed to appeal to those who enjoy the finer things in life, 'Prestige London' and 'The London Yacht, Jet & Prestige Car Show' held at Old Billingsgate (4-6th May 2016) will display and present companies from around the world that create the globe's most exclusive luxury items.

London is arguably one of the most important international market for superyacht and luxury yacht builders, being home to more than twice as many billionaires and millionaires than any other city in the world. One of the major attractions of this event is the participation of many of the world's top superyacht builders: Nobiskrug, Lürssen, Blohm + Voss, Amels, Abeking and Rasmussen, Azimut Benetti, Pendennis Shipyards, Sunrise Yachts, Princess, Sunseeker London, Westport Yachts, Spirit Yachts, Fincantieri, plus many more. Some will be exclusively showing visitors the latest yachts launched and a wide variety of designs of the future.

One of the most eagerly awaited features of the event will undoubtedly be the supercar and prestige car grid. Building on the fantastic display of cars at The London Yacht, Jet & Prestige Car Show 2015, this year's event will present several superb cars and specialist car dealers, including McClaren, Noble, Tesla Mansory and for the first time Ferrari and Lamborghini. Possibly the most special car at the event will be the ultra-exclusive Ferrari LaFerrari, the fastest road-going car ever built by the famous Italian brand. Alongside this, a selection of the world's top private jet and helicopter dealers and charter agents are exhibiting at Old Billingsgate. Leading names such as NetJets, Xclusive Jet and Sikorsky helicopters will be on hand to discuss your airborne travel requirements.

As well as yachts, jets & cars, connoisseurs of luxury goods and services will also be in for a treat. The 'Prestige London' element of the show features an exclusive presentation of companies engaged in interior design, luxury furnishings, fine art and sculpture, exclusive audio visual technology, fine watches, jewellery, objets d'art and fashion. If you are thinking of investing in London property come and see the experts exhibiting at the show, such as Harrods Estates, who can advise you where and when to invest.

Visitors will also exclusively be able to view highly sought after collectors items from our event sponsors Ulysse Nardin and Senturion With entertainment and client networking an important factor of the inaugural London Yacht, Jet and Prestige Car Show and Prestige London, the 2016 event will display enhanced facilities to accommodate this. Featuring a VIP sponsor lounge, private meeting and function rooms, plus champagne, seafood and sushi bars overlooking the River Thames, Old Billingsgate is the perfect venue to meet clients, friends or simply enjoy a day out shroud in luxury. Designer fashion shows will add even more to this unique occasion, with three evenings of fashion shows planned in association with Fashion TV. In partnership with The Superyacht Group, a cutting-edge series of

talks on luxury asset acquisition, focusing on the three themes of air, land and sea, will be held from 4th – 6th May at Old Billingsgate. Created for superyacht owners and high net worth individuals, the seminars will be hosted by The Superyacht Owner and Superyacht Buyer, and organised by Superyacht Events.

The summit will take place over three consecutive mornings and will focus on the problems and pitfalls of owning, buying and managing luxury assets. Each day will concentrate on a specific commodity; private jets, property and superyachts respectively. With a targeted audience of industry stakeholders and a chance to engage with leading panelists from the luxury industry during daily Q&A sessions, the event is sure to be an unrivalled networking opportunity for anyone involved in the purchasing of luxury assets.

Running along side Prestige London & The London Yacht, Jet & Prestige Car Show, London On-Water (4th-7t May 2016) will present the UK's leading marques of luxury sail and power boats with several choosing the show to premiere new boats for 2016 such as the extraordinary Glider SS18 and the superb Discovery 58. Britain's major luxury yachting brands such as Sunseeker, Princess, Fairline and Spirit Yachts among others, are all supporting and displaying yachts at this event. Located just a short walk from Old Billingsgate at St Katharine Docks next to Tower Bridge, this wonderful display of yachts and boats is rapidly developing its place on the calendar as London's largest and most prestigious On-Water Yacht & Boat Show.

Show tickets for all three events are now available to purchase online with up to 30% discount off the 'on-the-door' price. Visit www.prestigelondon.org (general ticket price covers access to all three events).

MAYBACH S600 GUARD

S 600 Guard is €470,000 plus VAT

The special-protection version of the Mercedes-Maybach is the first vehicle to be certified with the highest ballistic protection level VR10 for civilian vehicles.

WORLDS FIRST PASSENGER CAR WITH HIGHEST LEVEL PROTECTION

MAYBACH S600 GUARD

The special-protection version of the Mercedes-Maybach is the first vehicle to be certified with the highest ballistic protection level VR10 for civilian vehicles. These guidelines specify that the bodywork and windows must be able to withstand hardened steel core bullets fired from an assault rifle. When it comes to blast protection in accordance with Directive ERV 2010, too, the Mercedes-Maybach S 600 Guard leads the luxury class. With the new record, the Mercedes-Maybach emphasises its exclusive position as a Mercedes-Benz flagship in terms of occupant protection, too. The price of the Mercedes-Maybach S 600 Guard is €470,000 plus VAT.

The Mercedes-Maybach S-Class fuses the perfection of the Mercedes-Benz S-Class with the exclusivity of Maybach. At 5453 mm long and with a wheelbase of 3365 mm, the flagship of the Mercedes-Benz model range is 20 cm larger in both dimensions than the S-Class Saloon with a long wheelbase. Rear passengers benefit from this increased size, as well as from standard equipment that includes executive seats on both left and right and other exclusive details such as innovative voice amplification.

Heads of state and business leaders en route have never been as comfortable and simultaneously as well protected as they are in the new Mercedes-Maybach S 600 Guard. The armoured version of the Mercedes flagship delivers the highest levels of ballistic and blast protection available for non-military vehicles, at the same time offering unsurpassed standards of spaciousness, ride comfort and luxury on-board features. The rear seats have been repositioned further back, adding to the sense of privacy.

Part of the protection concept is that it takes a very keen eye to distinguish the armoured version of the Maybach from its series-produced counterpart. A series of special technical features also ensures that the Maybach S-Class remains mobile during and after an attack and is, therefore, able to exit the danger zone.

The new Mercedes-Maybach S 600 Guard has been officially certified by the Ballistics Authority in Ulm; for the first time, it meets the requirements for VR10 protection rating according to Directive BRV 2009 Version 2 (Bullet Resistant Vehicles). These guidelines specify that the bodywork and windows must be able to withstand hardened steel core bullets fired from an assault rifle. The vehicle also has an ERV 2010 rating (Explosive Resistant Vehicles). The test criteria used to determine this rating are not in the public domain. After inspection by Germany's Federal Office of Criminal Investigation, the vehicle was approved without any constraints.

The Guard principle: sophisticated integration of all protective elements

The armouring of the Mercedes-Maybach S 600 Guard follows the principle of integrated protection based on many years of Mercedes-Benz experience in building special-protection vehicles. The key advantages are:

- Outstanding strength and stability thanks to specific reinforcement of the base structure which is integrated into the bodyshell production stage.
- The high level of comfort is maintained by sophisticated integration and intelligent overlapping of all protective elements.

Already at the bodyshell stage, protective components of special steel are integrated into the cavities between the body structure and the outer skin. Special aramid and PE components help ensure the protection offered by the vehicle. Intelligent overlapping systems at particularly critical points, such as material transitions and interstices, provide comprehensive ballistic protection.

The windows are a

fixed and essential part of the protective elements, and particular attention was paid to selecting the appropriate materials and thicknesses. The windows are coated with polycarbonate on the inside for splinter protection, and have outstanding visual characteristics, despite their laminated structure.

The interaction between all the components provides the occupants with a highly effective protective space which not only includes ballistic protection, but also comprehensive protection against explosive devices. In the event of an explosive charge detonating at the side of the vehicle, the armouring protects the occupants as effectively as it does in an assault with explosives beneath the vehicle: the new underbody armouring, already tried and tested in the S-Class, entirely covers the underbody under the occupant compartment, a unique feature in the civilian special-protection segment.

The Guard family: special protection ex-factory
In addition to the new Mercedes-Maybach S 600, the Mercedes-Benz Guard range currently includes S-Class, G-Class and GLE models. With special-protection vehicles in six model series, Mercedes-Benz offers a more extensive range of special-protection vehicles than any other manufacturer. As in the case of series-produced models, the full manufacturer's warranty also applies to the models in the Guard family. All the Mercedes-Benz service outlets worldwide are also able to service, maintain or carry out any necessary repairs to the Guard models.

• Mercedes-Benz G 500 Guard: The G 500 Guard is equipped with a
5.5-litre V8 engine and highest protection to VR7 (according to BRV 2009).

• Mercedes-Benz GLE Guard: Available as GLE 350 d 4MATIC and as GLE 500 4MATIC. As a special-protection vehicle, the GLE Guard meets all requirements of protection levels VR4 or VR6 (according to BRV 2009) and ERV 2010.

• Mercedes-Benz S-Class Guard: Available as an eight-cylinder (long-wheelbase S 500) and as a twelve-cylinder (long-wheelbase S 600). The special-protection version of the new S-Class, presented in 2014, was the first vehicle to be fully certified with the highest ballistic protection level VR9 (according to BRV 2009, version 2). When it comes to protection against explosives, the S-Class proved its capability by fulfilling the requirements of ERV 2010 (roof, floor, sides) and Germany's Federal Office of Criminal Investigation.

Experience: Mercedes-Benz has been building special-protection vehicles for over 85 years. It started way back with the 1928 Nürburg 460 model when Daimler-Benz became the first company to begin factory-fitting saloons with special protective features to shield the occupants from gunshots and explosives. Mercedes-Benz also developed specially protected variants of subsequent luxury-class and prestige vehicles such as the "Grand Mercedes" 770 and the 500 model. Emperor Hirohito of Japan personally selected an armoured "Grand Mercedes" as his official car. Today the vehicle, delivered in 1935, can be seen in the Mercedes-Benz Museum in Untertürkheim.

Many politicians and heads of state followed the emperor's example and entrusted their safety and security to Mercedes-Benz special-protection vehicles. From 1965 onwards Mercedes-Benz offered numerous models with special protection. In addition to the legendary Mercedes-Benz 600 Saloon and Pullman Saloon models, in the 1970s and 1980s, the range included the 280 SEL 3.5 and V8 S-Class models, the 350 SE/SEL and 450 SE/SEL as well as the 380 SE/SEL to 560 SEL. Since 1979, Mercedes-Benz has also been building G-Class models with protective systems.

Jan van Bueren
& Thomas Ming

MULTI-FAMILY OFFICE SELECTION

by Jan van Bueren & Thomas Ming

Family offices are 'in fashion.' A growing number of wealthy families are considering the use of a multi-family office, and an ever-increasing number of companies are starting to offer family office services.

A family office is a company that supports wealthy families with the management, organisation and maintenance of their wealth. Although there is no set minimum, the use of a multi-family office (MFO) is mostly considered by families with wealth above twenty-five million US dollars. As wealth keeps increasing worldwide, the rise of the family office model is a natural development: beyond a certain amount of wealth, (financial) needs grow beyond pure private banking services, and complementing typical banking services with those offered by MFOs makes sense. Where most (private) banks advertise, are well-recognised and have offices on the 'high street' of cities such as Zurich, London, New York and Singapore, most MFOs are defined by their discretion. Also, as only a relatively small number of people use family offices, it is not an easy task for a family to find and select the most suitable provider. That said, as a family's wealth and future well-being strongly depend on the choice of the right provider, the selection process should be taken very seriously.

NO TWO MULTI-FAMILY OFFICES ARE THE SAME

Within the MFO universe there is no 'one size fits all' solution for every family. Most MFOs offer tailor-made and completely incomparable services. Some of the providers are specialised in philanthropic or wealth planning services whilst others focus more on lifestyle management or administrative services in order to improve the family's quality of life. This different angle is often related to the origin of the family office and the experience/background of its founders; indeed, whether the founder is a lawyer or a former banker will significantly impact the scope of his/her offering. Even when MFOs mainly offer asset management services, significant differences may occur between the providers. There can, for example, be a focus on certain types of investment, on pure asset allocation or on reporting and consolidation services. The type of client focused on, the size of the family's wealth or the region out of which clients are serviced may also vary widely from one provider to another.

An additional reason MFOs are so diverse is the fact that, with the exception of the United States and Luxembourg, they are not regulated in most jurisdictions – even though the asset management component of their activities is usually regulated by the financial supervisory authorities. As MFO services are offered to the public without a licensing procedure, the result is a very different offering with respect to both the actual services provided and the quality of those services.

HOW TO SELECT A MULTI-FAMILY OFFICE

The preservation and protection of wealth are often the main drivers behind the use of family office services. This is why the location of the actual office should lie at the heart of the selection process. An MFO should preferably be located in a politically and financially stable jurisdiction such as Switzerland, the United Kingdom or Luxembourg, in order to safeguard the wealth and wellbeing of the family under all circumstances. A family office which is located in the home country of the family can seem like the right fit, but might also turn out to be the Achilles' heel of the whole set-up at precisely the moment when stability and protection are what the family needs. In practice, it is this kind of consideration which is often overseen or ignored by families, either because they have not been properly advised or because they simply consider a set-up in their home country as being more practical.

WHAT AND WHY?

Apart from location, the type of services sought by the family ('what') is another important factor to take into account during the selection process, as most MFOs tend to focus on a specific selection of services, rather than on a wide array of them. As most providers cannot be compared in any way, it is also important that the family stakeholders establish which goals they actually seek to fulfil by hiring a family office ('why'). A family office may focus on giving the family insight into its financial situation, for example by offering consolidated reporting and acting as the central point of contact with banks, or it can act as the coordinator of external advisors like trustees, lawyers, tax advisors and real estate agents. But it may also specialise in more practical and operational support, coordinating household staff, acting as a private secretary and making travel arrangements for the family.

TAKING THE PROCESS SERIOUSLY

It is advisable to visit and analyse several providers before choosing an MFO. Which questions to ask when visiting different providers, what type of MFOs exist and what type of services they offer is important information that can take time to gather.

Where the primary motivation for a family in searching for an MFO is that they no longer want to deal with numerous banks and a large number of (financial) intermediaries themselves, our experience has shown that families often do not know their own needs that well, or are not aware of what kind of services are offered by different MFOs. They, therefore, struggle to find the 'right fit,' i.e. the appropriate MFO that will offer them the best-suited services.

As the MFO market is far from transparent and it is not easy to compare different providers, families often start their search by being referred by friends to the MFO they are using. Here it is often forgotten that different families have different goals and needs for MFO services, and that 'one size fits all' does not exist in the MFO industry. Also, as for the choice of a private banker, the connection one has with the MFO staff is crucially important, as they become a part of the family's life and usually remain in place for generations. If only for this reason it is advisable to visit and analyse several providers before deciding which MFO provides the better match.

FOSS Family Office Services Switzerland (FOSS), is part of the wealth planning services of Union Bancaire Privée, UBP SA in Switzerland. FOSS is a web platform developed by Jan van Bueren & Thomas Ming specifically to support families with the selection of a multi-family office.

www.switzerland-family-office.com

The exciting world of skiing...

LUXURY CHALET

A SKI AREA OF 600KM

When Ultimate Luxury Chalets first launched in 2005, a luxury ski chalet could be classified as such if the property had fully en-suite bedrooms. Nowadays, there are whole new benchmarks being set season after season that now provide guests of the most sought after luxury ski resorts in the Alps with a whole new level of sumptuousness. Private swimming pools, hot tubs, massage and wellness centres, and extravagant home cinemas are now a standard wish list inclusion of our discerning clients. It seems that in the key resorts of Courchevel, Megeve, Val d'Isere, Verbier and Zermatt, new chalets are popping up each year that simply try to out-do the older chalets by offering more lavish facilities and much larger living spaces. In Courchevel, for example, the previous 'top dog' in terms of size was the vast Chalet Edelweiss at 3,000m². This season sees the introduction of the Chalet Apopka, a chalet that will span 4,000m² and includes a 26m swimming pool, an additional indoor/outdoor swimming pool to the master bedroom, and a plethora of facilities even including a golf driving range! Things just got silly!!

Although some international markets are down in their touristic visits of resorts such as Courchevel, particularly on the Russian side, there is a new wave of visitors with a huge demand for the resort coming from the United Arab Emirates and South America. The lure of Courchevel is obvious..... pristine piste maintenance, a vast ski area, covering approx. 600km of runs, a huge choice of pistes offering great skiing for all abilities and with plenty of opportunities for beginners and early intermediates to learn or to master their parallel turns. Couple these ski related pluses with the fact that the Three Valleys is now home to 12 Michelin starred restaurants, and shopping boutiques in Courchevel offer all of the latest ranges from Fendi, Gucci, Chanel, Bognor, Moncler and many more, it is easy to see why Courchevel remains the No. 1 ski destination in many people's eyes.

When discussing the best properties available to rent in Courchevel, we would, without doubt, have to include the aforementioned

Chalet Edelweiss, spread over six levels and with eight luxuriously appointed bedrooms. The chalet has a huge area dedicated to wellness with a 13m pool, hot tub, sauna, Jacuzzi and a superbly equipped gym. For those that like to entertain or simply want to carry on partying after the nightclubs in a resort close their doors for the night, there is even an in-house personal nightclub with DJ booth!

A personal favourite has to be the Chalet White Dream. Immaculately finished and white washed, the chalet gives off an aura that encourages you to believe that you are staying in a fairytale chalet, tucked away in your own winter wonderland. It's not the largest or the grandest chalet in Courchevel, but it offers a charming location for its guests to enjoy a celebration or gathering of friends and family in the mountains.

Verbier is home to some stunning ski chalets, with the largest on the rental market being the Chalet Truffe Blanche, spanning 3,000m². The chalet has not one, but nine treatment rooms dedicated to pampering the 18 guests that it can occupy. Chalet Truffle Blanche's entertainment on offer is so vast that you will struggle to comprehend finding the time to head out onto the mountain. The chalet features a state-of-the-art private cinema, a sushi and vodka bar, chic private nightclub, pool table, an impressive wine cellar and a huge private gymnasium. As Verbier is such a desired corporate destination, over recent years there has been a significant increase in properties set up to cater for these company groups

and to establish themselves as the coolest chalet for clients to be 'wowed.' The Chalet No 14 is one of the undoubted contenders for this mantle, equipped with 13 bedrooms sleeping a total of 26 guests. The chalet is, as standard, equipped with a 10m indoor pool, a wonderfully cosy cinema, indoor and outdoor hot tubs, and offering a team of 16 dedicated staff who will wait on the guests and address their every whim.

Then comes the choice of those looking for a more discreet location, one of the most charming and authentic ski resorts in the Alps, where fine dining and boutique shopping are in abundance, and with a refined elegance that captivates its visitors. We are talking obviously about the resort of Megeve, just an hours' transfer from Geneva airport.

Opulence is situated on the legendary Rothschild hillside of Mont d'Arbois with stunning views of the surrounding mountains of Megeve. It spans 1,350m² of living space and sleeps up to 26 guests in unrestrained luxury. As with all of the top-end chalets the obvious inclusions are the indoor swimming pool, hot tub, steam room, private nightclub and cinema. The chalet's attention to detail is impeccable, and it is most definitely one of my top 10 chalets in our ever-expanding collection.

The Chalet Ma Datcha holds a location that is very hard to find and impossible to beat in Megeve. Being a freestanding chalet sleeping up to 14 people in 7 bedrooms, the chalet is situated just a short stroll from the centre of Megeve and the central lift station of Rochebrune. The chalet has a picture postcard outdoor swimming pool with neighbouring hot tub on the vast terrace. Inside, it oozes sophisticated luxury, yet with a very traditionally styled décor.

For further information
Ultimate Luxury Chalets
T +44 (0) 1202 203650

SAFRA FOUNDATION MAKES DONATION TO CLINATEC

Edmond J. Safra Foundation

The Edmond J. Safra Foundation makes a new major donation to Clinatec. The foundation will match each euro donated to Clinatec, up to €5 million, through the end of its eight-month fundraising campaign

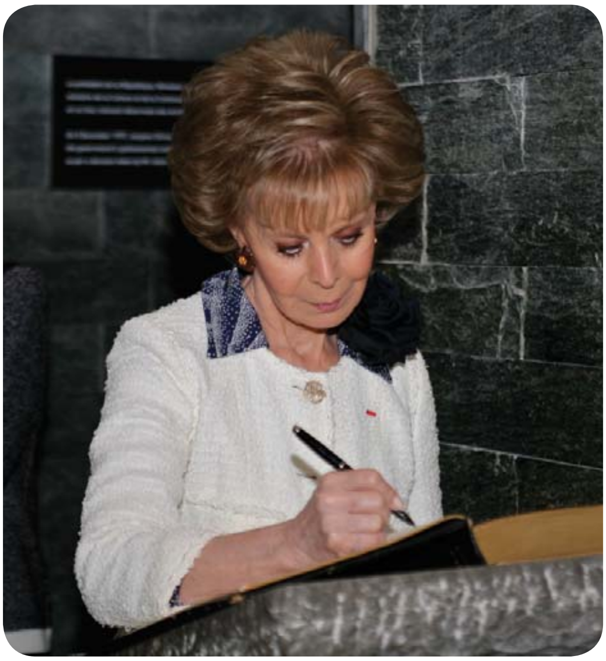
Mrs. Lily Safra, Chairwoman of the Edmond J. Safra Foundation, recently announced a major matching grant donation to Clinatec, the pioneering biomedical research center. The Foundation will match every donation given to Clinatec, euro for euro, up to a total of 5 million euros.

The objective is for Clinatec to raise 10 million euros in its fundraising campaign. The matching grant challenge is open to all: philanthropists, corporate sponsors, foundations or individual donors. Proceeds will be used for medical research projects at Clinatec on neurodegenerative diseases, motor disabilities and cancer.

As one of the founding donors of Clinatec, the Edmond J. Safra Foundation's 5-million euro donation demonstrates its continuing commitment to this leading research center, co-founded by Professor Alim-Louis Benabid and Jean Therme, Director of Technological Research at the CEA (the French Alternative Energies and Atomic Energy Commission).

Clinatec, the Edmond J. Safra Biomedical Research Center, is a unique research facility utilizing the latest technologies – micro- and nanotechnologies and electronics – to treat patients. At the heart of the research and development center is a hospital service that includes a surgical unit and laboratories.

The multidisciplinary team comprises more than a hundred doctors and biologists, as well as scientists from the CEA, Inserm, the Grenoble Hospital and the Joseph Fourier University, all under the leadership of Professor Benabid. Professor Benabid thanked the Foundation and Mrs. Safra, for their renewed commitment: 'Once again, it is a great honour and demonstration of confidence of Mrs. Lily Safra, for our past and upcoming research. You have been part of the Clinatec project from the start. Thanks to you, Clinatec has become what it is



Mrs. Lily Safra signing the visitors' book at the Mémorial de la Shoah (the Holocaust Memorial) in Paris, with former Minister Simone Veil in the background. The Edmond J. Safra Education Institute at the Mémorial de la Shoah organizes programming for the 30,000 young people who visit with their school classes each year, as well as groups of police officers, health care professionals, army officers, and elected officials.

today: a unique place where research is entirely devoted to patients' well-being.' Mrs. Lily Safra commented: 'Three years have already passed since we had the privilege to inaugurate Clinatec, the Edmond J. Safra Biomedical Research Center. In this short period of time, the Center has reached all of its objectives, and in a remarkable way. I am delighted to provide renewed support for Clinatec through this additional €5 million gift. Professor Benabid and his colleagues represent hope for millions of patients and their families. I know my husband would have been proud to be associated with their efforts.' Professor Benabid's findings in the area of Parkinson's disease have earned him several prestigious prizes and international recognition, including the 2014 Lasker-Debakey award. Professor Benabid has notably initiated the development of high-frequency deep-brain stimulation of the subthalamic nucleus, a surgical technique that decreases tremors and restores motor functions in patients with Parkinson's disease at an advanced stage. More than 150,000 people in the world have already benefited from this treatment.

Mrs. Lily Safra visits the Edmond and Lily Safra Children's Hospital in Tel Hashomer, outside Tel Aviv, one of the leading children's hospitals in the Middle East. Over the past decade the Edmond and Lily Safra Children's Hospital has developed from a small pediatric medical division into a unique and well-regarded tertiary medical service, treating children from Israel, the Palestinian Authority, and throughout the region."

Edmond J. Safra, one of the 20th century's most accomplished bankers and a devoted philanthropist, established a major philanthropic foundation to ensure that needy individuals and organizations would continue to receive his assistance and encouragement for many years to come. Under the chairmanship of his beloved wife, Lily, the Edmond J. Safra Foundation draws continuing inspiration from its founder's life and values and supports hundreds of organizations in over 40 countries around the world. Its work encompasses four areas: Education; Science and Medicine; Religion; and Humanitarian Assistance, Culture, and Social Welfare. Clinatec – The Edmond J. Safra Biomedical Research Center teams of medical doctors, biologists, mathematicians, engineers and other specialists bring a unique, multi-disciplinary approach to diagnosis and treatment of neurodegenerative diseases cancer and motor disabilities, and development of innovative biomedical devices to improve patient lives. The teams comprise personnel from the Grenoble University Hospital Centre, CEA, Université Joseph Fourier and Inserm.

Clinatec's current projects include:
Adapting a brain-computer interface to an exoskeleton system to provide mobility to quadriplegics. Clinatec teams already have demonstrated the feasibility of controlling equipment attached to the body and connected to the human cortex. This project awaits human trials.

The start of clinical trials for the Near Infrared Radiation (NIR) project, which is investigating the progress of Parkinson's disease through the neuro-protective effect of near infrared light. When applied to the precise spot in the brain where PD and other diseases cause irreversible damage, near-infrared radiation can prevent damage. By protecting the neurons, this process could avoid the gradual degradation of the patient's faculties and the major disabilities that follow. An intracranial NIR system is currently under development.

The fundraising campaign is led by Alain Mérieux, chairman of Institut Merieux, an international medicine and public health concern focused on diagnostics, immunotherapy and nutrition. 'Since its beginning, the Mérieux Institute has worked on developing biology and innovative medicine that is accessible to all. This is an ambition we share with Clinatec, one of the world's most unique research centers,' Mérieux said. 'Together with Clinatec, we are taking part in the fight against diseases that can affect all of us, and by supporting Clinatec, we are joining a great scientific, medical and human initiative.'

www.edmondjsafra.org

GULFSTREAM MANUFACTURES 100TH G650

HIGH SPEED CRUISE Mach 0.90 / 956km/h

RANGE 7,500nm / 13,890 kn/h

G650 DATA

PERFORMANCE

Range - 7,500nm.13,890km
Crusie Speed-Mach 0.85
High Speed Crusie-Mach0.90
Takeoff Distance 6,299 feet
Initial Cruise alt 41,000 ft
Max Crusie Alt 51,000 ft

WEIGHTS

Max Takeoff Weight 103,000lb
Max Landing Weight 83,500lb
Max Zero Fuel weight 69,500lb
Basic operating weight 54,000lb
Max Payload 6,500 lb
Payload & Max fuel 1,800 lb
Max Fuel Weight 48,200lb

ENGINES

Two Rolls Royce BR725 A1-12

AVIONICS

Gulfstream PlaneviewTM II

TAKEOFF THRUST

16,900 lb

PASSENGERS

11 - 18

Gulfstream Aerospace Corp. announced recently that it has manufactured the 100th G650. The ultra-long-range business jet was delivered to the customer on Nov. 14, 2014.

"The production of the 100th G650 is a testament to the demand for this incredible aircraft," said Larry Flynn, president, Gulfstream. "It truly set a new world standard for performance, range, speed, safety and comfort when it entered service in December 2012.

The aircraft was certified by the Federal Aviation Administration on September 7, 2012, and by the European Aviation Safety Agency on December 21, 2012. The aircraft can fly near the speed of sound, with a maximum speed of Mach 0.925. It has a range of 6,000 nautical miles/11,112 kilometers at Mach 0.90 or 7,000 nm/12,964 km at Mach 0.85. It can connect passengers nonstop from London to Los Angeles and Beijing to New York.

"Since it entered service, the G650 has proven it is a performance leader," said Scott Neal, senior vice president, Worldwide Sales and Marketing, Gulfstream. "The G650 has claimed 42 speed records and secured an around-the-world speed record. It's more fuel-efficient than many other aircraft, offers customers one of the most comfortable cabin experiences and is equipped with industry-leading safety features."

The G650 has the largest business-jet cabin and provides passengers with wider seats, more aisle room and the ability to control the cabin entertainment, temperature and lighting with a smart device, such as an iPhone® or iPod®. The large windows, quiet cabin and low cabin altitude improve comfort and reduce fatigue. Passengers can work, connect to the Internet or relax before arriving at their destination. The G650 features the PlaneView II cockpit, which includes standard state-of-the-art Enhanced Vision System (EVS) II and the Gulfstream Synthetic

GULFSTREAM AEROSPACE
G650 Manufacturing Plant

Vision-Primary Flight Display (SV-PFD). EVS provides pilots with real-time images of the aircraft's surroundings and greatly improves situational awareness in low-visibility conditions. In zero-visibility conditions, pilots can rely on SV-PFD to understand the position of the aircraft in relation to the runway, terrain or obstacles. Gulfstream was the first to implement these safety technologies in business jets.

Gulfstream also recently delivered the first fully outfitted G650ER business jet to a customer, ahead of the 2015 projected delivery date. Gulfstream announced the G650ER in May of this year. The aircraft received type certification from the U.S. Federal Aviation Administration five months later.

"In today's fast-paced world, our customers need to travel longer legs at faster speeds," said Scott Neal, senior vice president, Worldwide Sales and Marketing, Gulfstream. "We are proud to be able to offer a product that meets the needs of our customers. I commend our employees, from engineering to manufacturing, who have worked to develop and design such a superior aircraft."

The G650ER travels near the speed of sound with a max speed of Mach 0.925. At Mach 0.85, it can carry passengers 7,500 nautical miles/13,890 kilometers, and at Mach 0.90, 6,400 nm/11,853 km. It connects more international cities and offers more nonstop destinations, from Hong Kong to New York, and Los Angeles to Melbourne, Australia.

MAX SPEED MACH 0.925

THE G650 ER

RANGE 7,500 NAUTICAL MILES

FERRARI'S HOMAGE

TO HOLLYWOOD AND BEYOND

To celebrate Enzo Ferrari's birthday, a new exhibition was unveiled at the Museo Enzo Ferrari in Modena, entitled 'Red Carpet'. As the name suggests, the exhibit is a tribute to Ferrari's role on the Silver Screen and beyond.

This exhibition brings together the models used on screen with clips of them in action in an homage of sorts to the world of film and television which was so quick to spot their star quality and give them their moment in the spotlight: from the famous Magnum P.I. 308 GTSs to the Miami Vice Testarossa, the 512S used in Le Mans and the 375 America driven by Sofia Loren in Boy on a Dolphin. But Ferrari's relationship to Hollywood is not limited to its role in the films themselves. Many actors and actresses are or were devoted Ferrari owners also. Paul Newman, for instance, even competed a 365 GTB4 in legendary races such as the 24 Hours of Daytona, while Steve McQueen owned a whole slew of Ferraris now much sought-after by collectors.

Marilyn Monroe adored Ferraris too – the white 250 GT Cabriolet Pininfarina featured in this exhibition was one of her favourites, in fact. Peter Sellers, Nicholas Cage and many other famous faces also fell under the Prancing Horse spell. Like any exhibition, this one has taken a little artistic licence to include the F430 Schumacher voiced in 'Cars', complete with big cartoon eyes. We also picked the Thomassima, an American-style Ferrari sculpted by designer Tom Mead on 250 GT running gear, to symbolise the many Maranello cars that have appeared on screen in disguise, not least in the Fellini-directed segment of 'Histoires Extraordinaires', 'The Racers' and 'The Love Bug'.

On a racing track, movies of the likes of 'Grand Prix', 'Le Mans' and, more recently, 'Rush' are the reasons why a contemporary Formula 1 car is the symbol of the event. Because Ferrari would never have existed without the track.

REAL ESTATE IN THE FAMILY OFFICE PORTFOLIO

How to Add Quality Real Estate to Your Portfolio

DJ Van Keuren is a Director for a Real Estate Family Office based out of Colorado. He has over 25 years of experience in real estate, finance, fund management and investing. DJ is a graduate of Harvard University, author of "real estate investing for family offices", founder of www.usfamilyofficerealestate.com, and sits on many Family Office panels regarding real estate investing for Family Offices.

DJ Van Keuren
Arsenault Family Office

Real estate is an important part of any portfolio, especially for family offices. Real estate has many benefits—from the use of leverage, tax-free growth, and tax deferment to depreciation and mortgage interest deductions, and especially the opportunity for families to build legacy wealth. A good property in a good location can be a long-term family asset, providing cash flow, appreciation, and tax benefits for generations to come.

Because of these benefits, the question then becomes: How can a family office invest in real estate and maximize the benefits that real estate has to offer?
The options available to family offices are 1) direct investing, (or a subset of direct investing), 2) fund investing, and 3) investing through publicly traded entities such as REITS or individual stocks of real estate and real estate-related companies. For the purposes of this article, we will focus on direct investing through joint ventures, separately managed accounts, limited partnerships, and club investing rather than when the family or family office invests directly and manages the property themselves.

Choosing the right real estate asset to invest in is more of an art than simply investing in what appears on the latest broker flyer or what is offered during a phone call from a real estate operator. To choose the proper asset and opportunity, one of the best ways to add real estate to your portfolio is to partner with another family office that has created its wealth through real estate. After all, as a family office, this group will also understand the challenges facing your family or family office related to estate planning, transferring wealth to subsequent generations, building a business, and creating or preserving wealth. The question then comes down to: How does a family office evaluate a potential real estate partner?

Although you may want to add a few more items to your list when evaluating a potential partner, the following are five items that real estate investment banking firms and institutions consider before investing with a real estate partner. This should help with your evaluation of a partner as well as touch on some of the areas that should be explored by the family office during the due diligence process.

The five areas are: partner's experience, partner's strengths, partner's track record, the economic viability of the investment(s) or opportunity, and alignment of interests with your potential partner.

Partner's Experience

What is the partner's experience? Does the real estate partner have experience in similar types of deals, property types, and geographic markets for the asset that the partner is asking the family office to invest into? Does the partner have an excellent reputation in its field, a focused investment strategy, a proven track record, and management by a team of experienced professionals?

As the family office will look to its partner for relative expertise in the day-to-day operations of the real estate opportunity, it must have complete confidence in the partner's ability to manage the project not only during good times but also when things don't turn out as projected or the market changes direction.

Partner's Strength

Does the partner have both a strong business balance sheet and a personal balance sheet to complete the suggested project(s) and weather any storms? How many projects does the partner have in their pipeline and how many opportunities are they evaluating on a monthly basis to choose from? Is the partner spreading themselves too thin, or do they have the capacity to see each of its projects through to fruition? The last thing the family office wants is to see an investment fail because the partner spread itself too thin or took on too many opportunities because "the market was hot." Lastly, if you are investing as a Limited Partner or LP, make sure that your documents do not make you liable for any recourse or carve outs as part of the joint venture or investment. This should be standard so that the only financial risk you assume concerns the capital you invested, but it is better to check before the transaction is completed in case a problem exists.

Partner's Track Record

When evaluating an investment with a real estate partner, the following questions must be asked: What does the partner's history show? Have its returns been consistent? How long is its track record? One year? Five years? Twenty years? If the partner's track record started in 2010, ask whether its success is simply due to a favorable market. Has the partner weathered multiple real estate cycles? If so, how did it perform during those times? The track record says a lot—it can give insight into the future relationship with your real estate partner. Don't take your partner's word for it; be sure to confirm the track record.

Economic Viability of the Investment Project(s)

The investment opportunity must be carefully reviewed to ensure it's economically feasible and the partner's ability to secure financing, whether it comes from public, commercial, or private sources. The funding sources and profits earned must be legitimate and transparent. Also, you should understand whether:

• The project is able to cover operating costs over its lifetime and generate an acceptable rate of return for you and the family office.

• The project is flexible enough to adapt to future changes in user needs, ownership, laws, regulations, and economic fluctuations.

• The project's financial models proposed to the family office by the partner are aggressive or conservative? Ideally, you should understand your potential returns from three vantage points: the worst-case, best-case, and middle-case scenarios. Too often, all that is presented to the family office is the best-case scenario.

• There are similar properties with similar markers from existing or recent sales:

  - the cap rate projected at purchase or sale;
  - any increase in percentage in rent over the estimated period; and
  - Construction costs and price per square feet are applicable; for example, if everyone is renting a space for $100/month, the last thing you should expect is $150/month.

Alignment of Interests

Conceptually, in the majority of partnerships, the family office is considered a Limited Partner (LP) and is a passive partner in the management of the deal. Investment and risk management considerations, for example, are entirely delegated to your real estate partner, who is also considered the General Partner (GP)—but that brings us back to what you are looking for and hoping to accomplish: finding an experienced partner that you can trust and rely on. The success of the partnership model relies on the interests of both he passersby.parties being adequately taken into account.

One way to address still-existing shortcomings in the alignment of interests is to implement what we will call here an enhanced alignment model. The goal of such a model is "defensive": to ensure that the real estate Partner or GP and its managers deliver on the agreed-upon investment objectives, undiluted by other interests.

The financial structure associated with partnerships varies greatly; however, a typical investment might provide for leverage or debt of 75% on the property (of which should be non-recourse to the family office), with the limited partner(s) providing 80%–90% of the equity and the general partner investing 10%–20%. All equity will receive a pari passu return to an agreed-upon level or preferred return, after which the general partner receives a disproportionate share of the returns, referred to as a "promote." Promotes are negotiated so that the partner, based on leveraged internal rates of returns (IRRs) at the time of refinancing or sale, could earn an additional 25%–50% above a certain equity return.

As the operator of the asset, the GP is generally able to earn market rate fees for its services, such as development and property management fees.

Some family offices prefer a simple structure of a "50/50" split with minimal fees going to pay the basic expenses of the transaction. Sometimes, general partners will want to charge fees that may be more than what the true costs are for the property. Although it is fine for the general partner to charge fees, you still need to have a good understanding of what they are to ensure a proper alignment of interests rather than a structure that benefits the partner regardless of the investment outcome. The end purpose of fees is to compensate the general partner for the expenses that it occurs, rather than to serve as a profit center.

Conclusion

Forming a partnership with a real estate operator or real estate family office is an exciting way for family offices to gain exposure to real estate as a direct investment, which, is an important addition to any investment portfolio. Such partnerships free the family office from the tedious and time-consuming task of looking at and evaluating enough deals to make a good decision, and to operate the property from purchase to sale.

Many families have created their wealth in a variety of ways. From chemicals and food businesses to hedge funds, each family's wealth is created from expertise in its respective industry. Knowing that, one of the best ways to gain exposure to real estate is to find another family office that created its wealth through real estate. After all, by combining a partner's history, track record, and awareness and understanding of the real estate industry with your capital, one family office can benefit from another real estate family office's experience and, ultimately, from this important asset class.

THE HEADHUNTERS

Proper executive placement

By Alan J Cutts,

Why you should use a specialist executive search consultant to fill those key roles?

Many years ago we were called in to meet with a well-known, global, investment house. The company had been searching for a key investment desk head for many months and had retained an expensive and high profile international recruitment practice to find an appropriate individual. They were now at their wits' end as the only candidates that had been put forward on a shortlist were people they knew already that did not have any confidence in to undertake such an important role. The search company had produced a mountain of research and had taken nearly six months, effectively to produce no real results.

When we walked into the meeting we were confronted by the Head of HR and the chief investment officer. The Head of HR picked up a beautifully bound report from the incumbent executive search firm and threw it on the desk in front of us; she said, "we have paid £60,000 for this heap of rubbish (my word not hers) and it is completely worthless." After we had examined the research, we had to agree. It was totally irrelevant and the vast majority of its content was either out of date or way off message. She asked us if we felt that we could pick the assignment up and turn it into a silk purse. We picked up the sow's ear and ran with it! Suffice it to say, it took five weeks to find four potential candidates for the client, each of whom could all tackle the job in hand. This was choice enough to reach a happy conclusion for them. In addition, the client did not have to pay another huge retainer up front, just a small fee to cover the initial research. The final fee was simply based on the contract given to the successful applicant, without extra percentages for "entertainment, messengers, contingencies and estimated bonuses..." Also it is important to note that there was no fee due at a notional second stage; we prefer to be paid on results.
On the other side of the coin we have often been called in to meet a client when their management team has exhausted its collection of "little black books" and Linked in/ outlook contacts.

To succeed as a specialist head-hunter a search consultant has to be remarkably good at finding appropriate candidates and filling complex vacancies with unique blends of skills. They should provide clarity by acting as an objective filter that functions on the facts, the market's opinions and on their own informed understanding that has been built on years of experience in their market, supported by the candidates' responses to a comprehensive array of key questions that allow us them to build reports that are an effective way of comparing like with like. An excellent consultant strives to move from a "qualitative" opinion to a more "quantitative" conclusion.
The simple fact is that no one can compete with the combination of experience and objective knowledge about a specific industry segment that a specialist, targeted search consultant brings to the table. Add to this the ability to think out of the box and produce lateral solutions for difficult assignments, often where none appear to be evident, and you will understand why the specialist search consultant can command both a reasonable (hopefully not exorbitant) fee and, more importantly, a great deal of respect in the market from both clients and candidates.

Serious search consultants generally work on a mandated, retained, basis because the initial retainer engages both parties, committing them to each other and building a relationship and atmosphere of mutual trust; the surrounding contract defines the relationship and etiquette going forwards. Also, retained relationships protect the client from the depredations of a contingency only environment. "Off limits" applies to retained clients for an agreed time after the latest retained placement is effective – normally twelve months or longer as agreed. Hopefully the relationship between the search consultant and client will develop so that they need never think again about time limits on off limits in any case and the interests of client and consultant will totally converge. The combination of true objectivity and total familiarity with the nuances of a role and the culture of the hiring company means that hiring a specialist executive search consultancy to concentrate on mission-critical vacancies more than justifies the outlay, and the speed at which they can work should not be underestimated. Generally, most of the delays that occur can be laid at the door of the hiring company. This is understandable because clients have busy staff with demanding schedules, they have huge demands on their internal diaries and often there are shadowy politics at play behind the scenes. Additionally, head-hunters are realistic enough to understand that they are rarely at the top of the clients' priority lists for lots of reasons!

In terms of timescale, the time lapse from initial briefing to first interviews should not take any longer than 8 weeks and quite often can be quicker than that. In addition, you should expect that all the candidates put forward can more than tackle the job in hand and each will bring unique skills to the table. The client's ultimate decision will be based more on cultural and personality issues than raw ability and experience. The aim is to find the very best person for the job. As an industry our measure of success is long term; we like to hear that the people we have placed are thriving after years in their roles and that they have become valued members of their teams. Anecdotal and procedural elements to assignments are fine; all of us probably have a good idea of what a recruiter should be doing (after all, there should be no rocket science or witchcraft involved). A good search and its corollary good conclusion depend on some very simple factors and the responsibility for defining these is shared between the client and the search consultant.

Firstly, it is important to insist on a coherent job description. If the client and the consultant do not know what is needed, they are on the road to nowhere. The document should not be "War and Peace", far from it; what is needed is an agreed understanding of the role, its responsibilities and limitations, and the ideal mix of experience and qualifications expected from suitable candidates. Obviously, we all want to hire someone we can trust and like, but without some kind of definition nothing can happen.

Secondly, the search consultant will seek commitment from the client and needs to know the full background to the hire including the negative points; good candidates will be insightful, plugged into their markets and probably very good at researching. It helps us to have the answers to those awkward questions that they will pose and to become ambassadors for the client. Often the consultant will be candidates' first ever point of contact with their client so they need to understand, thoroughly, the client's marketing, goals and culture. Consultants, should be willing to take long shots as well as certainties, because creativity can unearth really special people where none would be apparent. Also, as trusted consultants, they should be able to articulate their views and make recommendations, even when the client has initially rejected someone who would seem to be a great candidate! Conversely, if a candidate checks out badly, a good search consultant should not let their hearts overrule their heads; they should be prepared to drop them like a hot potato. A large part of specialist search consultant's skills is their understanding of the market and their ability to take informal references without trying to hear what they want to hear or ignore what they do not want to hear.

Finally, in the complex mix of relationships between candidates, clients and consultants a major skill on all sides is the ability to be responsive and decisive, even in the most trying circumstances. We all really appreciate good decision-makers who listen to valid arguments, make considered decisions and articulate them well. This is how we make that perfect hire. To quote client views on what we bring to the table:

"Your success with us is founded on your understanding of the knowledge and skills you bring and your ability to communicate, relate, and work with us. The candidates understand that you're not just trying to deal, but are genuinely in this game trying to get the right results, knowing that your reputation and your business flourishes by doing just that"

"The soft skills of recruitment are so important, and that's what you guys bring to us. A sense of individual rather than a commodity, and I thank you for that."

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Endless sunshine, sparkling sea, beautiful beaches and absolute indulgence: these are the synonyms of a perfect vacation! With the Spring just around the corner, our desire to relax on a beach, sip on a refreshing cocktail and bathe in the warm summer breeze ceaselessly increases. We have been waiting for this vacation all year round and want to make sure that it is as flawless as possible. Embarking on a luxury yacht charter, you can rest assured that you will be pampered day and night, while effortlessly discovering multiple destinations, thanks to the made-to-measure travel itinerary carefully planned ahead of your departure.

The Mediterranean Sea is without doubt the most popular summer destinations for yachting, offering beautiful weather, stunning natural environment, rich architecture, vibrant atmosphere and colourful traditions of the countries covering this area. While the French Riviera and Italy are traditionally the most frequented locations by superyachts, Croatia, together with Montenegro in the Eastern Mediterranean are steadily gaining in popularity.

Dotted with seemingly endless amount of islands and islets, Croatia boasts immense natural beauty coupled with charming architecture of terracotta roofs and warm, inviting locals. It is home to numerous UNESCO World Heritage sites, awe-inspiring natural parks and water falls. White beaches, crystal-clear waters, river canyons, glittering lakes, combined with your superyacht's water toy selection, provide for unlimited fun and entertainment. Cobble-stoned streets wind through charming little seaside villages and towns, offering an array of restaurants, cafés, art galleries, souvenir shops and boutiques. Croatian cuisine offers fresh Mediterranean dishes, with plenty of seafood, vegetables and local specialities, accompanied by locally produced selection of wines.

One of the most prominent tourist destinations and a great starting point for a charter vacations, Dubrovnik is amongst the most important cities to visit in Croatia. A UNESCO World Heritage Site since 1979, the city is known as "the Pearl of the Adriatic" thanks to its truly beautiful and mesmerising Old Town, adorned by Gothic, Renaissance and Baroque architecture, narrow cobbled streets and an endless amount of museums, art galleries and monuments to visit. Once the sun sets, Dubrovnik lights up to unveil a fabulously sparkling atmosphere with numerous fine-dining restaurants, high-end nightclubs, wine bars or discotheques to visit. If loud music and dancing is not your thing, you could sample some of Croatia's excellent wines in one of the relaxed and quaint little wine bars or sip on a late night coffee watching the passersby.

A popular stopover for jet sets, movie stars and discerning clientele, the Croatian island Hvar prides itself on boasting captivating Gothic palaces and impressive 13th-century walls, as well as buzzing atmosphere and nightlife. For a quieter, yet still very exciting excursion, Mljet offers a unique stopover for families, or groups of friends travelling together. It is known as the most beautiful and the greenest islands of the Adriatic. It is home to the Mljet National Park, incorporating two salt-lakes: Veliko Jazero and Malo Jazero, encircled by rich forests and mesmerising nature.

Leaving Mljet, set off to the magnificent historic town and island of Korcula, famous for its traditional Knight's dance, celebrating the Turkish assaults on the island. The island itself is covered with heavy pine, oak tree and cypress forest. Thanks to its unique historic heritage, it is amongst the most interesting islands to visit. From Korcula cruise to the nearby island of Vis and enjoy a leisurely day, followed by an exquisite dinner at one of the best local restaurants set in the exotic gardens of the 16th century Garibaldi mansion. Following day, cruise to the Palinsky islands, renowned for its secluded coves and stunning beaches. This is a great place to unwind, snorkel, swim or simply sunbathe relaxed, away from the hustle and bustle of the busier destinations.

An exceptional final destination and situated just south of Croatia, Montengro is often included as part of a yachting vacation in the Eastern Mediterranean. It is famous for its breathtaking Bay of Kotor (of Boka Bay) and the recently developed and very exclusive Porto Montenegro marina in Tivat. Known as the southernmost fjord in Europe, the Boka Bay is home to mimosas, kiwi, palm, agave, oleander and pomegranate plants. Kotor, located in the Boka Bay, is yet another famous UNESCO World Heritage town, representing an old coastal and cultural centre boasting charming churches and ancient squares. Some of the most popular destinations in Montenegro include the 14-kilometre long Velika Plaza (Grand Beach) located in the southern part of the country - a perfect place for kitesurfing or windsurfing. Tara Canyon, a UNESCO World Heritage site and the second deepest canyon in the world, offers impressive waterfalls and number of sandy beaches to escape to.

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Regulatory Changes to Money Market Funds

WHAT SHOULD A FAMILY OFFICE DO WITH THEIR CASH

Securities and Exchange Commission's decision to tighten regulations on money market funds

TWO YEARS TO IMPLEMENT CHANGES

by Michael Kastner - Halyard Asset Management LLC

Recently, the Wall Street Journal reported that "U.S. regulators approved rules intended to prevent a repeat of an investor exodus out of money market funds during the financial crisis," referring to the Securities and Exchange Commission's decision to tighten regulations on money market funds (MMF's). We believe the rule changes do the exact opposite and will likely worsen an exodus, and perhaps even hasten one. The commission gave fund managers two years to implement the changes.

The most significant change, at least initially, is that Institutional Prime MMF's will no longer be allowed to maintain a stable Net Asset Value and will, instead, be required to allow the NAV to float. In addition, all fund companies, individual as well as institutional, will be allowed to temporarily block investor redemptions, also known as gating, and impose a redemption fee of as much as 2% in the event of a mass exodus of investors. Such an exodus would be defined as a 10% fall in assets under management over the course of one week. When investors come to understand that a 200 basis point fee could be imposed on a money market fund that's paying them no more than a handful of basis points, they're likely to look for an alternative.

The likely alternative to Prime funds would be U.S. government MMF's, funds that invest only in U.S. Government debt. Those funds will be required to hold at least 99.5% of their assets in government paper, that's an increase from the current minimum of 80%. Additionally, U.S. government MMF's will not be subject to the mandatory redemption gate or fee imposed on Prime MMF's. That is unless the board of the fund decides that a gate or a redemption fee is needed, in which case they can apply either or both. Given that U.S. government MMF's invest almost exclusively in the massive, highly liquid Treasury bill market, such a gate is not likely to be needed. However, simply the possibility of an exodus may be enough to discourage investors from using government MMF's funds. One only needs to look back two years for such a risk, as Congress threatened to default on maturing Treasury securities. While they avoided default, had they not, it's likely there would have been a mass exodus out of Treasury paper and a flight from government MMF's.

The catalyst for the added regulation is that despite the presumption of being safe, stable investments, some MMF's are not always very well managed. Based upon SEC rule 2a-7, the funds are allowed to hold up to 5% of a single issue and up to 10% exposure to a single guarantor, an intolerably high level of concentration for a fixed income portfolio. In an attempt to understand the riskiness of MMF's, we analyzed a number of the largest funds. We were shocked by the composition of one of the top 5 "household name" funds. The top 10 holdings of the fund totaled 49% of the portfolio, with 15% of the fund invested in Japanese banks (including 7.1% invested in the bank of Mitsui Sumitomo alone), 20% invested in 10 different European banks, and 10% invested in Canadian and Australian banks. When the next financial crisis hits, it's highly likely that the 20% allocation to European banks will weigh on the NAV of that fund. Similarly, should the Japanese stimulus program fail and bank defaults rise, the large Sumitomo position may impact the fund negatively. That, and a number of other possible scenarios, are likely to test the resolve of the fund management to maintain liquidity and resist the temptation to impose a 2% redemption fee. With the coming regulatory changes to money market funds, what should a family office do with their cash? Family offices typically carry high cash balances in MMF's to meet cash flow needs and as "dry powder" for unexpected investment opportunities. Such an arrangement may no longer be feasible given the potential for lock up and fee imposition. That could be a blessing in disguise given the high concentration risk and lack of diversification discussed above. Instead, family offices should adopt a cash management strategy similar to that of many Fortune 500 corporations. The CFO's of those corporations hire third-party managers and work with them to establish a separately managed account of fixed income securities governed by a strict investment policy statement. A typical cash management investment policy statement would cap maximum maturity at two years, establish a minimum weighted average credit rating of "A," and maximum holding per position of 2.5%. By moving cash to a separately managed account, the family office immunizes itself from both the risk of having their cash gated and the detrimental effect on return when the MMF manager is forced to sell securities in a falling market to meet redemptions. While it's possible that the separate account may incur a mark-to-market loss during such a run, the manager may not be forced to sell into a falling market and if the manager holds the securities to maturity, would incur no loss at all. In effect, the family office gains full transparency and decision-making over their cash assets while broadening the diversification of the portfolio.

Halyard Asset Management LLC

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Beaufort House Chelsea, is the Kings Road's premier brasserie and private members' club. Set over four floors and boasting a brasserie, two-cocktail bars, an exceptional penthouse champagne bar, a stunning private members lounge, as well as a surround sound meeting room complete with state-of-the-art screening facilities, Beaufort House excels where other venues merely strive. It has developed a reputation for outstanding service and beautiful yet comfortable interior, making it London's official 'home away from home' and one of Chelsea's premier venues.

This exclusive venue has won a number of awards including "Best Private Members Club" in the London Lifestyle Awards, and it was also voted "Best Private Members Club in London" and is deserving of such an accolade. Beaufort House has established itself as a much-needed breath of fresh air for the Kensington and Chelsea area. From film premieres and magazine launches to high-profile guests, musicians, actors and socialites, preserve of the rich & famous, from royalty to rock stars, Beaufort House has asserted itself as The club in the heart of Chelsea, London.

A long-recurrent debate in the field of investment management

MAN - VS - MACHINE

The arms race of machines has already come a very long way

WHO WILL WIN OUT IN THE END?

by Con Keating

This is a long-recurrent debate in the field of investment management. To open this issue up in a meaningful way and avoid confusions, it becomes necessary to consider differences in time scale. This is the short-term versus long-term question. The difference between weather forecasting and climatology is a very useful analogy. In the field of weather forecasting, we use some of the largest and fastest computers in the world, but we cannot forecast accurately beyond a few days – weather forecasting is fundamentally short-term. Climatology is very different; we can rely on it being warm in summer and cold in winter; monsoons, snow and floods are highly predictable. The investment counterparts are that the short term is concerned with market behaviour and the long term with economic performance, and the degree to which the companies, in which we have invested, participate in that performance.

It is amazing how few fund managers consider the development of the labour versus capital share of national output when discussing long-term prospects, the most fundamental division of the cake, but that is getting ahead of ourselves. The properties of long-term investment differ profoundly from the short-term. In the short term, returns are dominated by changes in the prices of assets but in the long-term, income dominates returns, and asset prices are almost irrelevant.

The exponential comes into its own, and the power of compounding reigns supreme. The market adage, that time in the market is more important than the timing of markets, remains sound. In the short term, market returns are negatively correlated with economic output, but in the long-term, returns are strongly correlated with long-term economic growth. In the short-term equities and bonds are highly volatile; this arises from the endogenous game between market participants and speculators. This is the world of hyperactive trading, and information-free momentum and trend-following strategies, where machines reign supreme. Markets are mixed games; partly exogenous, against nature, but predominantly endogenous, against others. The game against others is a strategic game; it is zero-sum in the sense that my gains are someone else's losses. The game is concerned with predicting the behaviour of others. This aspect is the subject of intense research by the computer scientists, with natural language interpretation and sentiment analysis as poster children.

There is little doubt that these techniques will advance greatly, and perhaps even to the point of passing the Turing test of indistinguishability from human interaction. This is an arms race, ever more powerful; ever faster machines are needed. The strategic game of development drives even more development in an unlimited process of infinite regress, where the only limitation is one of cost – at some point the investment cost is not justified by the potential reward. In the long-term, volatility, is broadly in line with the volatility of national output. Rather than being some unexplained property of mean reversion, this is convergence to economic reality. While this is not always immediately apparent in the patterns of seemingly chaotic securities prices over time, it is more clearly demonstrated in the foreign exchange markets, where a relatively small stock is turned over manically. The result is a short-term series totally dominated by noise, but where, in the much longer term, basic macroeconomic pressures prevail. In the long-term diversification is concerned with the number of effectively independent sources of income, while in the short term it is all about the happenstance diversity of periodic returns, and relative price performance.

The arms race of machines has already come a very long way, to the point of flash crashes and the inexplicable behaviour of the ten-year US Treasury bond on October 15. The domination of financial markets by short-term speculation is not benign. Volatility is, as Black Scholes formalised for us, the speculators' friend; it drives up premiums or prices. The problem with these higher prices is that this lowers the income yield available to investors. The higher volatility will also drive a wedge between the annual returns of the short-term and the compound geometric returns of interest to long-term investors; twenty percent price volatility lowers long-term returns by 2% per annum. Short-term speculation is more than a beggar-my-neighbour game, it literally steals from the future.

To make these points a little more concrete, consider the UK housing market. For several decades, we have seen ever-increasing house prices, greatly assisted by munificent mortgage leverage, and now our children cannot afford to buy anything. The diagnosis of the problem is simple; for decades, new housing construction has languished at around 50% of new household formation. The remedy is far more difficult, politically; when more than 50% of voters are house-owners, they are most unlikely elect any party that does not serve their interest.

Surveys have asked fund managers what they consider the long-term to be, and the most common answer received has been 3-5 years. When we look at fund managers' turnover in active portfolios, it is clear that, in fact, the overwhelming majority are operating to a timescale of between a few months and two years. If we take the long-term for investment to be that term beyond which non-market sources of cash flow dominate returns, then we see that the long-term over the history since 1900 of the London Stock Exchange has been a little over thirteen years. Prospectively, the lower income yields prevailing today imply that the long-term now is a little over twenty-five years.

The most important facet of our long-term future is that it is largely the product of our own decisions and actions, where the socio-political aspect can dominate the technological or economic dimensions. The choice of man versus machine is really no choice; every day, we decide to take an umbrella or not depending upon the weather forecast, but we book our holidays based on the climate. Of course, the weather forecast does not affect the climate, but short-term speculation most definitely does affect long-term investment performance.

COLLECTING AND INVESTING

1. Woman with a Mirror

2. Marguerite-Flower

3. Builders

IN CHINESE MARKET POCKET WATCHES

From the time of the Jesuits' first encounters with China in the late sixteenth century, the gift of timepieces to the Chinese imperial court became a de rigour requirement of trade, dominated until the late eighteenth century by British made clocks and watches, but from the late eighteen century through to the 1930's dominated by Swiss watches and automata.

The 'golden age' for these pieces was c.1790 to 1840 when the Chinese market could afford the sumptuous watches made by the combined skills of Genevan enamellers, goldsmiths, jewellers and watchmakers. This trade was promoted from the early nineteenth century by numerous Swiss houses having establishments in China - at Canton, Tianjin, Shanghai and elsewhere. Many of these imperial treasures returned to Europe after the burning of the Emperor Qianlong's Palace in 1860, and in the aftermath of the Boxers' siege of the European legations in 1900. The continuing chaotic state of the country after that provided further opportunity for significant 'repatriations'.

So what is the Swiss Chinese market watch? The three examples shown, made c.1820–30 are gold cased, with a white enamel dial, quarter repeating, (sounding the quarters on two gongs within the watch), and with a sweep centre seconds hand. The Chinese liked the centre seconds hand because it showed that the watch was 'alive'. The decoration of each of these watches is outstanding. The back of the first has a fine enamel painting, after Titian's 'Woman with a Mirror' (in the Louvre Museum). It is framed with swirls of half pearls and rubies, and despite its superb quality, neither the watch mechanism nor the enamel painting is signed. The second example, by the premier Geneva firm of Piguet and Meylan, has the back decorated to represent a marguerite flower. Each enamel petal is painted with different floral motifs, and delineated by lines of half-pearls (over 300 in total). The centre shows a landscape, probably by the Swiss artist Jean-Louis Richter. The third example shows a watch with an automaton scene, in which the figures of workers in multi-coloured gold, hammer and saw, whilst the water flows via a rotating millwheel, all accompanied by a melody played by a tiny musical movement. With all antiques, the better the quality the greater the value, in this case now greatly increased by the interest of Chinese collectors. Watches from the Swiss 'golden age' command the highest prices at auction that, over the last twenty years, have grown substantially. Watches with these fine enamels are typical $35,000–$65,000, but with fine jewellery decoration, this price can rapidly escalate to over $200,000. Examples include a fine watch by Ilbery with a fine enamel waterfront scene that fetched $231,750 in 2012, and another, by perhaps the best firm making these watches Piguet and Meylan, with minute repeating and an enamel of Venus and Cupid in the same year fetching $700,000 (both sold by Antiquorum).

A popular automaton scene on these watches is of a dog attacking a swan, the dog making a barking noise. A good example of this automaton watch in Sotheby's New York sale in June of this year fetched $130,000. These manufacturing techniques are also found in Swiss bijou terce often including watches, which were also popular Chinese market items. However this genre is even more diverse and sumptuous, and accordingly overall much more expensive, as shown by the sale of a small singing bird flask by Sotheby's New York in June, which fetched $2.5 million.

The Chinese market watch, embodying beautiful enamels, automata and complex watch work, and an incredible diversity of creativity poses difficulties for the investor in judging what to buy and what to leave. Enamels are easily damaged, are very difficult to restore, and, even if well done, never have the same appeal as an intact piece, but complex watch, musical, and automata mechanisms can all, at a cost, be restored. The investor and collector must have a good deal of knowledge, and good advice to venture into this market. Nonetheless, for the astute investor this field has provided many rich rewards, and Chinese interest in the genre remains unabated.

Ian White; the writer of this wonderful piece is researching the export of timepieces from Europe to China over the period 1580 – 1840. He is the Author of English Clocks for the Eastern Markets and the Author of The Life and Collection of Gustave Loup (1876–1961).He is currently writing a book on the Swiss made Chinese-market watch, provisionally entitled, The Majesty of the Chinese Market Watch.

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PHILANTHROPIC CAUSES

UNIVERSAL FILM AND FESTIVAL ORGANISATION

The Universal Film & Festival Organisation (UFFO) was founded to support and implement a best business 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 organization, and it created its remit of a best business code of practices for film festivals to combat the high level of corruption that blights the industry.

Its president is legendary actress Maureen O'Hara and the organization now has at least 225 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 organization is now seeking a benefactor to help it move forward with its plans to further its remit and to create an online porthole payment system 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.

UFFO is now planning the 'Best of Festivals' event and bringing the member festivals, their best films, actors, directors and producers to one event that will rival the biggest events in the world.

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

PRIVATE BANKING NOW COMES WITH AN INVESTMENT BANKING FLAVOUR

by Christian Fringhian
Partner, co-head of Reyl Corporate Advisory & Structuring

In a time when Swiss private banks are being forced to revamp a business model relying heavily on wealth management, it is worth paying attention to a stimulating initiative currently taking place in Geneva. Located in the heart of the city, near the Old Town, REYL & Cie has been actively engaged over the past few years in renewing its approach to private banking, thus opening new perspectives for the entire Swiss financial sector. The main idea underlying its approach consists in completing its wealth management services with high added-value corporate advisory services. In the view of its executives, who favor a cross-border entrepreneurial clientele, private bankers with corporate banking DNA might very well make the best wealth managers.

The aftermath of the 2008 financial crisis has taken a painful toll on Swiss private banks. The Swiss financial marketplace has certainly displayed overall strong resilience, but its banks still need to cope with constant margin erosion. Increases in costs due, in particular, to new regulatory constraints, are forcing the wealth management industry to re-examine its value proposition as well as its business model. Swiss private banks are thus incentivized to innovate and find relays of growth in order to remain competitive. In that regard, the corporate angle certainly deserves more attention.

Rather than focusing strictly on financial assets, the bank has widened its value proposition to the customers' asset base in its entirety, no matter how complex it might be, to the extent that it now includes corporate advisory services. Partners at REY & Cie are confident that a private bank needs to move beyond portfolio management, and must be able to address all constituents of their clients' overall wealth. Although banks do not necessarily see them as an area of focus, corporate assets obviously fall into the category. REYL & Cie has therefore committed to filling the gap, eager to prove that corporate advisory and wealth management can develop synergies aimed at creating long term sustainable value for clients.

REYL & Cie was created in Geneva by Dominique Reyl in 1973 as a wealth management boutique. His son François, who joined, in 2002, initiated a significant diversification program. Over the past 14 years, REYL & Cie has developed a diversified range of financial services which now encompass Wealth Management, its historical core business, Asset Management, Corporate & Family Governance, Corporate Advisory & Structuring and most recently Asset Services. Across these five distinct yet complementary business lines, the bank is developing a client base consisting mostly of institutional investors and cross-border entrepreneurs with an expansion strategy geared towards high growth regions such as South-East Asia and the Middle East.

The Corporate Advisory & Structuring business line was launched in 2013 with the ambition of assisting international entrepreneurs in the most critical stages of their business expansion. Drawing on an interdisciplinary team with in-depth expertise, REYL & Cie covers most sought-for areas such as strategic advice, financing strategies, capital raising, balance sheet restructuring and optimization, recapitalization, mergers, and acquisitions. Over the past two years, it has also acquired a solid know-how in the particular field of private debt financing, an innovative yet affordable funding solution for entrepreneurs looking for an alternative to bank lending.

However, corporate advisory services add up to a larger picture. "The value we create at the corporate level contributes substantially to growing the asset base", says Christian Fringhian, who heads this business line. "Here lies our key selling proposition. In many ways, we ensure our clients that the development of their corporate assets will be fully integrated into the overall wealth management process.

We have succeeded in aligning wealth management services with corporate advisory services in an integrated way. Few banks can actually provide this kind of approach. Many of them are used to having separate divisions which can create challenges when interacting with each other. REYL & Cie, on the other hand, can quickly and efficiently mobilize a multi-disciplinary team around a joint project. Our main strength is that we understand the central role played by the company in the wealth creation process. We have always considered companies as assets in their own right and we have assembled the resources required to incorporate the entrepreneurial dimension of our clients into the wealth management framework".

For REYL & Cie, adding Corporate Advisory to the value proposition follows a natural path. Companies have always formed a familiar work environment for the bank's managing partners who have previously distinguished themselves in well-renowned investment banks. For years, they have dealt with the harsh realities and challenges of developing a business, acquiring over precious time experience. REYL & Cie has the particularity of being a private bank managed by former renowned investment banking professionals.

François Reyl, CEO of the bank, embodies this concept of convergence. Between 1995 and 2002, he worked at Credit Suisse First Boston in London, where he executed numerous mergers, acquisitions, leveraged buy-outs as well as equity and debt capital markets transactions. « This is the kind of background that our clients value", says François Reyl. "They prefer to talk to a private banker who understands how important their businesses are in building up their wealth.

The profile of Lorenzo Rocco di Torrepadula shows a similar pattern. Lorenzo worked with François Reyl in London, at Credit Suisse First Boston, which he also left in 2002 to join REYL & Cie. A partner and member of the Executive Committee, Lorenzo is now co-responsible for the Bank's wealth management activities in Switzerland.

Also a partner and a member of the Executive Committee, Christian Fringhian is in charge of the Global Corporate Advisory & Structuring practice. He has gained over time a solid expertise in this particular field. His career first took him to JP Morgan, in 1992, and then on to Deutsche Bank in Paris and London. Next, he moved to Barclays Capital, where he led the Public Sector Solutions group, developing and managing a range of advisory services in the areas of Debt Capital Markets and risk management.

Wealth Management might be our core business line; he sums up, but the corporate advisory is a big part of our genetic code". REYL & Cie might still be a newcomer in the corporate advisory landscape but the bank's latest performances suggest a promising future. Five years ago, REYL & Cie's assets under management accounted for CHF 4 billion. At the end of last year, they were closing in on over CHF 11 billion. The corporate advisory expansion clearly contains a recipe for success and, as such, it is certainly catching the attention of other Swiss wealth management firms in search for relays of growth.

NEW GENERATION PRIVATE EQUITY

Leading the mega trend of European SME Acquisitions dubbed the 'greatest transfer of wealth in history'

by Stephen Greenwood

A recently established 'new-generation' PE fund has opened up to investors the prospect of high rewards generated by combining the acquisition of profitable SME businesses with employee ownership. This ethical investment hybrid is the Acuity Private Equity Fund and predicts 25% plus returns annually over the ten year life span of the investment. One of the most successful business models operating in current markets is that based upon employee ownership. The best known example of this is the John Lewis Partnership, dubbed 'the socialist on the High Street'. All 69,000 permanent employees are Partners who own John Lewis department stores, Waitrose supermarkets, an online and catalogue business, johnlewis.com and a direct services company, Greenbee.com, with a turnover of nearly £7bn last year.

Stephen Greenwood
Acuity Management Limited

According to research carried out by the Employee Ownership Association, employee-owned companies consistently outperform the FTSE All-Share, with a 9.9% boost to share value (Martin Conyan and Richard Freeman, Shared Modes of Compensation and Company Performance, National Bureau of Economic Research, Working Paper 8448). Other research shows that this model outperformed the FTSE-100 throughout the post-credit crunch crisis, generating 174% greater earnings per share (EPS). All very well, but how can this include a return for external shareholders? The principal architect of Acuity, Stephen Greenwood, believes that an answer to this conundrum has now been skilfully engineered. "This is the only fund in the world that acquires the majority equity of between 60%-70%, for example and creates employee ownership by allowing the employees and managers to own 30-40% and benefit from higher growth for investors and co-ownership with employees " he explains. Collaborating in a Joint Venture with Close Brothers Merchant Bank enables the Fund to use only small slices of equity investment while still obtaining the majority equity. The Fund is executing a strategy that directs this ethical approach to acquisition towards the demographics of the baby-boomers born between 1947 and 1957. Thousands of 'grey entrepreneur' business owners across the EU are now turning 65 years old and want to retire but wish to leave in such a way as to protect their legacy and see their staff rewarded. This has been called the 'greatest transfer of wealth in history' but the financial crisis of 2008 means that these businesses, while established and profitable, are finding it difficult to find buyers.

Many of these businesses now face the very real prospect of disappearing, effectively wiping out decades of dedicated work and destroying the livelihoods of their employees, with the knock-on negative impact that this will have on their local communities. Nearly a third of all the 19.3 million SME's in the EU are owner-managed businesses (OMBs) set up by the post-war generation. Many of these businesses would, pre-2008, have been up for sale. According to the European Commission reports on Succession there are 690,000 profitable trading businesses that must find new owners each year for the next ten years. This will continue up until 2025 and involve businesses worth an estimated €27.3 trillion that must find a new owner.

Before the credit crunch, the exit strategy for such businesses was relatively simple: a management buy-out (MB0. The credit crunch put an end to that, devastating the MBO market is so that there is barely any activity compared to pre-2008 levels: less than 10%. The reasons are two-fold: the banks will not lend and the private equity houses are only interested in the bigger businesses, typically £60 million plus (as shown in Private Equity Demystified 2012 by Prof Mike Wright and John Gilligan). For business owners of the baby boomer generation succession is the key issue as there is no easy way of realising the true value of their business while also safeguarding jobs and creating the conditions for future growth.

The option to sell to the employees preserves what is unique and special about the business – its DNA – while ensuring that it is owned and managed by people who share the values and vision of the outgoing owner. Employee ownership also preserves jobs and the contribution that the business makes to the economic viability of the area in which it operates – the aim of many social enterprises.

There is a ten-year window of opportunity in which the Fund can take its pick of the very best SMEs available. The Fund has six basic criteria in selecting suitable businesses:

- Ten years of profit
- Strong managers
- Recession resilient
- Defined market niche
- Unrealised growth potential
- Long-term dividends

The Fund is currently invested equally within the three sectors of Industrials, Procurement and Media but the strategy is based upon demographics rather than being sector specific and neither is it limited by geography: it will acquire SMEs in any EU state. The team behind Acuity has put a lot of effort into creating buy-out vehicles that create what Greenwood terms 'a low risk environment for investment' that will also deliver high rewards – the targeted return is more than 25% for the life of the Fund. Greenwood himself has some form in this regard as he was involved in a joint venture with Mitsui Sumitomo that acquired a portfolio of 122 SMEs over 15 years for £600 million that was worth more than £1 billion at the time of disposal. Highlights included the acquisition of the North West chemicals company Multisol for £31 million, which was valued at £80 million on exit.

Greenwood and his team have developed three new buy-out frameworks or 'intelligent buy-outs' that are tailored to acquire the SME's that private equity houses ignore, those worth between £1m and £25m. These 'IBO' vehicles are unique to Acuity and are registered as intellectual property and legally protected as such. The three types of framework are Management Involved Buy Out (MIBO); Management and Employee Involved Buy Out (MEIBO); and Employee Co-Ownership (ECO). These are based on sharing the ownership of the business – and its increasing value - with managers and employees, but taking a long view.

Again, unlike traditional private equity houses, Acuity plans to keep the companies in which it invests for 10 years, not five, and so that investors will benefit from long term dividends. In fact, Acuity has already bought a small number of businesses and is expecting to distribute its first dividend in May this year. Though the amount to be paid has yet to be decided, the Fund says that already the return on investment has been an extraordinary 560% due to the effect of gearing. The Acuity Fund offers an alternative investment for sophisticated investors who want to diversify their portfolio with exposure in the developed economies while remaining true to the social values of economic security and job creation. It also offers a potentially high earning investment at a time when yields from many conventional asset classes are sharply diminished.

The Fund's combination of a high yield with a social impact has led to a number of coinages, with some terming it 'The Ethical Acquisition' while others prefer "Socially Engaged Capitalism". Based on the Berkshire Hathaway model, the Fund's strategy is for long term investments that offer a high yield while being risk-averse so that the initial capital is protected and secure.

www.acuityag.com

Art Finance & Law

Art Law Foundation Conference Series by Anne Laure Bandle & Sandrine Giroud

Anne Laure Bandle

Sandrine Giroud

The practice of art financing and investment is representative of the development of the art market over the past decades. It's no longer exclusive to a small group of players and has grown in size, scope and figures. The market has also transformed the purpose of buying and holding art. Generations ago, collectors owned masterpieces like treasures; they bought what they liked. Today, as art prices have soared, art buyers can consider a profit as part of their decision.

Last November, Geneva-based Art Law Foundation launched a conference series on "Art Finance & Law: Risk, Rules and Opportunities in Art Investment". This aims to examine the growing practice of art investments and the use of art as an investment asset. With the help of many renowned speakers from academia and practice, the series explores securitisation of art as an asset class, the differences between art funds and hedge funds, the peculiarities of portfolio and fund management, the different types of loans against art collateral, and the risks and rules for art investments. The series is organised in partnership with Falcon Fine Art, Sotheby's, LALIVE, borro and Oblyon.

The first conference of the series was held in London at the Institute of Contemporary Art and attracted a wide range of industry professionals, media and students. Several experts demonstrated to what extent they can foresee and reduce the risks in art investment and why Art as an asset class is particularly challenging when compared to other types of assets.

Melanie Gerlis, Art market editor at The Art Newspaper and author of the book Art as an investment?, warned of the risks that art investment entails by comparing Art to other asset classes such as gold, equities, and wine. She chaired the first round table discussion which explored whether the Art market needed more regulation. David Arendt, Managing Director at the Luxembourg Freeport and Philip Hoffman, Founder and CEO at the Fine Art Fund stated that they welcome existing regulation, as it made the Art market more efficient. Karen Sanig, Head of Art Law at Mishcon de Reya, stressed the difficulty of finding a consensus and creating a law. She warned that the law is not always suited to govern Art related issues, particularly with regard to authenticity disputes. Instead, the art market has begun to regulate itself. The speakers seemed to agree that overregulation might kill the Art market. An example was provided by Marco Mercanti and Stefanie Berloffa-Spadafora CEO and Head of Legal at Oblyon. They showed how applicable export laws in Italy made art business difficult, thereby causing a lack of growth in Italy's Art market. The afternoon session on art lending was introduced by Anna Dempster, Associate Professor at the Sotheby's Institute and editor of the book "Risk & Uncertainty in the Art World". She underlined the limits of traditional economic models when applied to the art market. The market's idiosyncrasies, including factors which cannot be calculated, such as emotions, call for expert advice in order to successfully manage the risks tied to art transactions. During a roundtable discussion, various players in Art lending explained their model and due diligence on an art assets' title, authenticity and quality. Further legal issues in art lending were enumerated by Amanda Gray, Associate at Mishcon de Reya. Overall, the expansion in art lending models and the growth of such businesses shows the market's thirst for liquidity.

The second conference of the series will take place in Geneva on 26 January 2015. Jointly organised by the Art Law Foundation and the Centre for Banking and Financial Law of the University of Geneva, it will approach the topic of art finance and law from the perspective of players of the local market such as Frédéric Dawance of Banque Lombard Odier & Cie SA, Manuela de Kerchove of Schroders, Yann Walther of the Fine Arts Expert Institute and Yves Bouvier of Natural Le Coultre. Other international experts, including Jan Prasens of Sotheby's Financial Services in New York and Fabian Bocart of Tutela Capital in Luxembourg will provide their view on the evolution of art as an asset class and the risks and opportunities in art investment. Top legal experts such as Luc Thévenoz and Xavier Oberson of the University of Geneva, and James Carleton of Farrer & Co LLP will also share their expertise on the issues of banking, finance and tax law related to art investment .

These experts will, in particular, look at issues of compliance in the art market: banking compliance, provenance, authentication and, against the background of an ever attractive art market, discuss the recurring question of a need for more regulation.

As Andy Warhol once said "Making money is art and working is art and good business is the best art." This conference series will be an opportunity to have a sense of our time and examine whether art investment has become an art in itself.

THROUGH THE DIN

Philip Watson, Head of Global Investment Lab, Citi Private Bank. The Global Investment Lab is a unique team dedicated to helping Family Offices better understand their investment portfolios – supporting their needs in areas such as portfolio construction, asset allocation, risk management and investment strategy.

Philip Watson
Citi Private Bank

Family offices require simple and cost effective solutions for their diverse day-to-day challenges. One area of concern that surfaces all too frequently is the question of how to best manage portfolios of disparate assets. These are frequently advised by a collection of third party providers, all with different custody arrangements and advisors.

Bringing the Contours of the Hill into Sight

On the surface, the inherent diversification within the multi-custodian and multi-advisor model appears to satisfy many. However, the challenges this places on family offices often outweigh the benefits. It is not uncommon for a family office to be managing five or more banking relationships, with hundreds – or thousands - of positions of negligible size within the overall portfolio. While the original premise was to diversify risk, the unintended consequence is a heavily diluted and unwieldy portfolio. This leads to portfolio inertia: even strongest performing assets end up contributing very little. Moreover, the practical realities of combining investment oversight with administrative governance - multiple statements, different vehicles, myopic (possibly conflicting) advice - can lead to an overall absence of clarity on the big picture. These requirements - with their associated cost and time pressures - are akin to juggling balls: the situation is manageable until it isn't! Bringing the contours of the hill into sight before taking the journey up is a critical step. Once that lens is in place, the family office can focus on making holistic, objective and proactive decisions.

Risk - What Really Matters?

2015 has been a year abundant with mini "crises", most recently a global growth panic, a Greek debt crisis, and the US slowdown at the start of the year. The tension in the Crimea seems like an age ago. Family offices have needed to navigate these – and more so, their effect on investment portfolios. Living through the moment is one approach. Another has been for family offices to cross proactively examine and stress the portfolio to identify potential sensitivities: Unravelling risks inherent in a portfolio, fathoming the outliers, and distinguishing the likely from the probable. Irrespective of risk profile, this approach works for many for the way that it not only identifies the risk but helps quantify them about others. The old truism 'investors chase returns, not asset classes' continues to apply today with a noticeable absence of cult in any asset class. Family offices are adept to deploying capital across the cycle dynamically – both by asset classes and product type. In this environment, however, it is the underlying risk dynamic that is important, and while solutions change, the underlying risk may end up remaining static. Perhaps amending the adage to "investors acquire risks, not asset classes" may be more appropriate. Throwing water on conventional approaches, family offices need an approach that cross-examines their portfolios in an alternative way: linking consequences to implications.

The modern investor seeks to classify risks as exposure factors that identify what is driving returns. This factor analysis, as the name suggests, applies complex mathematics to categorise a portfolio into a set of actionable factors. By way of example, these factors might include macro factors such as US industrial production, specific market (e.g., Latin American equities), or factors such as "valuations". Identifying which factors a portfolio is sensitive to (out of literally hundreds of potential ones) can help guide a family office on the key drivers of return and isolate potential duplications in risk.

This additional information is also vital in identifying the right solution. With the result being that family, offices can make a better-informed decision on whether to hedge or diversify current portfolio positions. Such detailed analysis also provides assurance to the family office that investment exposures are indeed intended.

Across the world, we are seeing increasing need for factor analysis among family office clients. Take the recent case of a Latin American family office that managed over $500 million, predominantly comprised of a handful of strategic companies. Their concern was how to design a complementary portfolio without duplicating existing risks. In another case, we dissected the investment portfolio of a Northern European family office that managed more than $500 million. Our analysis found that 54% of overall risk was concentrated on Western European market returns, despite its initially diversified geographical appearance.

On other occasions, the driver for running factor analysis is an initial concern regarding a specific risk. One family office based in South East Asia expressed concern of interest rate and currency risk within their portfolio. The findings of the analysis led to a "right – sized" solution that was tailored to hedge these particular risks. For these examples and so many more, the family office needs are unique. The challenges they face, however, run in parallel.

Risk Management Takes Disparate Forms

Risk management remains a core part of the family office day to day. At this stage in the business cycle especially, family offices are increasingly seeking solutions for downside risk management and refining their approach to risk management.

Among the most prominent trends is a deliberate shift to redefine the purpose of portfolios from 'benchmark orientation' to an outcome-based solution. In turn, this has raised the prominence of an absolute return strategies - including hedge funds - as invaluable sources of risk-adjusted contributors rather than solely alpha. Family offices are also increasingly deploying well-defined segregation strategies that result in separate pools of capital run to different mandates. This may be by asset class, risk, motivation (e.g. pre-defined level of income) or exposure groups. This brings the 'contours of the hills' back into sight and is especially relevant for family office portfolios that are often unbalanced in risk due to concentrations in family businesses.

Finally, raising the overall governance level from the very outset through strong investment guidelines with clear accountability has been the solution for others. This process, though involved, ensures all parties including all third party managers – are in sync from the beginning. While the exercise is non-trivial - this practice can be supported in a variety of ways through some tools and capabilities.

In the end, these developments in managing disparate assets amount to an end state of preparedness. Family offices want to make informed decisions - with expert advice that transforms such complexities into simple, digestible solutions. And while no one has a crystal ball, time and again, we have seen that it is the most progressive and adaptive family offices that succeed.

citi®

MASTER BANKER

FRANCK MULLER

Unveiled in 1995, The Master Banker Collection is celebrating its 20th anniversary with a new model: the Master Banker Index Map.

Drawing its inspiration from the businessman of Wall Street, the Master Banker offers 3 different time zones, all adjustable with the same crown. Thus its owner can instantly see the time at the stock exchange location of his choice, throughout the world. The dial features the home time in the center (hours and minutes) as well as two other world time zones indicated by two hours and minutes counters either at 6 o'clock or at 12 o'clock.

The sun-stamped dial adorned with a map of the world highlights the worldwide character of this model. This timepiece combines function, aesthetics and horological complexity. The new sporty and stylish luminova index give this timepiece its modern yet undeniable distinctive look. The line is fitted with an automatic movement and comes in the elegant and timeless

THE BANKER

DISPLAY:

- Central hours, minutes and seconds
- Two time zones that can be set to the minute at 12 and 6 o'clock with date at 8 o'clock

Cintrée Curvex shape.

To suit every businessman the watch is available in a large range of colored dial and comes in gold, platinum 950 and stainless steel with a colored alligator leather strap.

The new Master Banker: an utterly new design and a sporty look for an emblematic model.

SPIRIT YACHTS SHOWCASE
JAMES BOND YACHT

British classic yacht company to exhibit renowned Casino Royale© yacht at London luxury show. Luxury yacht designer and builder Spirit Yachts will be showcasing the iconic 54-foot yacht, which starred alongside Daniel Craig and Eva

Green in Casino Royale©, at this year's London on Water show at St Katharine Docks from 4th – 7th May. Officially named Soufrière, the yacht was sold following her movie début and enjoyed subsequent years' cruising and participating in competitive racing.

Spirit Yachts CEO and head designer Sean McMillan comments, 'Soufrière was designed specifically for Casino Royale© following the production company's search for a classically elegant, unique, British built yacht. The scene in which Daniel Craig and Eva Green glide into Venice on-board, Soufrière granted her a place in British film history. What better place to re-launch her to the public than London; the home of James Bond?'

On display in berth C09 at the London show, Soufrière is designed to appeal to a distinguished owner looking for an iconic British yacht with the style and performance to match. This elegant, modern, classic yacht is suited to an owner who desires a balance of racing and leisure cruising. Down below, Soufrière has a forward owner's cabin as well as a double cabin aft, both of which have en-suite facilities; ideal for owner and guest privacy. Sporting a powerful rig and an impressive displacement of just over eight tonnes, Soufrière excels on longer passages when racing but still has the capacity required for cruising.

During her recent refit in the Spirit yard in Ipswich, Suffolk, Soufrière was given a fresh coat of paint on her elegant ice blue coloured hull, and all external varnish was stripped and re-varnished where necessary. The interior woodwork has been re-varnished where required, and all equipment from the engine to the rigging has been inspected and serviced.

AUTHENTICITY IN THE ART MARKET

AN IMPORTANT ISSUE THAT MUST ALWAYS BE ADDRESSED

Are there more fakes on the art market these days or is it that we are now flushing the perpetrators out into the open and becoming cognisant of the scale of the issue? Since Actor Steve Martin bought a fake Campendonk in 2004 from a Parisian dealer, many other works by its notorious forger Wolfgang Beltracchi, not to mention numerous others, are still deemed to be in circulation.
Great art market minds have been coming together in the US and Europe to debate how to tackle crime in the art world. This autumn in London alone we witness at least three conferences addressing the idiosyncrasies of trading art and artefacts. Market regulation and bad practice were the subject of September's Art Business Conference in Westminster. Then in October international law firm K&L Gates held a seminar solely focused on authenticity and now in December; 'Fake or Fortune - On the Issue of Forgery of Russian Avant-garde Art' takes place at the GRAD cultural space in Fitzrovia.

The Guardian back in February 2014 suggested that 90% of the works on the Russian Art Market are forgeries. This is a staggering figure by any standards, and the art market needs to address the problem of how to verify what is passing hands as more serious collectors, often across a chain of sale, suffer from dire financial consequences and tarnished portfolios.
It is a market full of intermediaries, often trading across borders with anonymous clients. Handling stolen, fake or suspect artefacts is often not deliberate and a dealer can unwittingly be an arbiter of bad practice and could be prosecuted for fraud in the worst case scenario.
Berlin lawyer Frederike Gräfin von Brühl pulled no punches when she opened the K&L Gates' debate with the pertinent question "Who will supervise the supervisors?" There is nothing to stop a self-appointed committee setting up to authenticate an artist's oeuvre and some boards have comprised questionable or compromised officials. As a result, hapless buyers have been fooled by sham certificates validating fake artworks. Even where genuine, the so-called committees of experts can also be a law unto themselves. Foundations such as the Wildenstein

by: Pandora Mather-Lees, Art Advisor, SIGILLUS

Institute exist to protect and validate an artist's repertoire, reputation, copyright and moral rights. The committee produces a catalogue raisonné - a comprehensive listing of the approved and known works by an artist. While this assists buyers to purchase works officially recorded as authentic, the art world is full of petty issues, protectiveness and professional jealousies that can lead to works not being included that should be. Von Brühl argues, that the official compilation, traditionally a printed publication, is deemed to be definitive, yet it should have the flexibility to reject or accept new additions - the solution being an online database. 'Getting In' to the book is so very critical to selling a work at the right price that authors can be liable for prosecution if they do not publish a work that is, by many accounts, considered an original. The French Supreme Court ruled in an appeal, ordering the Wildenstein Institute to accept a Kees van Dongen to the official list. Its argument? Failure to do so would have a significant impact on the work's marketability for the owner.

On the flip side, authentication committees don't have it easy. Legal costs can escalate out of all proportion, and they have been sued and 'coerced' into making positive statements about a work of art they genuinely have doubts about. The Pollock-Krasner board was even shut down, bankrupted, over a law suit about a disputed work. Equally there are cases where artists, Picasso included, leveraging 'Doit d'auteur', their Moral

Right, have disavowed genuine works. The auctions houses tend to come under a lot of scrutiny here because of the public nature of their activities, the large numbers of works of art passing under the gavel and the soaring values which result in higher stakes when a forgery surfaces. At the Authenticity debate, Sotheby's Cecilia Fletcher suggested that the criticism frequently levelled at Auction houses trading in these works is unfair. Their experts carry out careful due diligence, based on years of experience in specific fields and go out of their way to verify the artefacts they take on board. How rigorous is this 'due diligence' in practice, however? Sarah Charles, Senior Legal Counsel with Christie's, says that they typically take three steps. The first is basic connoisseurship using the appraisers and experts in the appropriate departments and second there is the careful verification of provenance and associated documentation. Finally, scientific analysis is carried out.

This form of materials analysis is now becoming more accurate and also cost effective. Science is now enabling buyers and sellers to have more confidence in trading art as techniques improve. It can rule out the possibility of a work being a forgery and is a critical part of the due diligence loop. Laboratories such as Art Analysis & Research run by Nicholas Eastaugh, the scientist famous for nailing Beltracchi, have a suite of forensic gadgets at their disposal that would not be out of place in a James Bond film. These tools include highly sophisticated digital X-ray, UV and infra-red analyses, deep specialised imaging and microscopy.
This is all good stuff and helps to eliminate doubt, but what if a client taking a highly prized Rembrandt to market doesn't want to know the truth in case the work, which he paid millions for, turns out not to be worth the canvas it is painted on? Nicholas Eastaugh says, "We believe scientific analysis in combination with a comprehensive understanding of artist's use of material represents the future of due diligence in the art market and demand for it is expanding rapidly. That is why we are investing in our capabilities to stay ahead of forgers while expanding both our geographical reach and the talent in our C-suite" Generally this kind of intricate detective work can be applied to works on paper, canvas, sculpture, ceramics and of course wood with radiocarbon dating. AA&R claims the science has limited value in isolation; it really comes into its own when a scientific examination is carried out in conjunction with applied historical expertise with their resident art historians.

Are there other ways to verify what you are buying at auction or from your trusted dealer? Not for existing works on the market, however Aris Title insurance company is sponsoring a novel technology that can be embedded into a painting in the form of a scannable label that will verify the owner and the work. The somewhat unwieldy named 'Global Center of Innovation for i2M Standards' is doing for art what companies such as Spectra Systems does for the luxury goods industry – fighting fraud with complex technical innovation. The organisation is working globally and already has early adopters for its solutions. While one imagines that any 'unbreakable code' will eventually be cracked by hackers, Aris CEO Lawrence Schindler makes a strong case for the robust nature of i2M and such a measure, when supported by an industry with a serious problem that inhibits its ability to trade, must surely be applauded.

There is an analogy here with house insurance. Properties with alarm systems pay lower premiums and are less at risk from burglary. Leaving one's door unlocked altogether is plain stupidity and prevention is better than doing nothing. A system like i2M needs to become industry standard throughout the world and bought into by all the various stakeholders to succeed and that is a tough call, so the market will be following its developments.

Meanwhile back to Russia and the final word on the value of these public symposia from Natasha Butterwick Director of Butterwick Russian Art Gallery. Natasha and James Butterwick have been fighting for transparency in a world of pandemic corruption which goes back as far as the Cold War when many works with murky provenance were smuggled into the West: "The very public battle against Russian fakes and especially those who provide these second rate paintings with certificates of authenticity is reaching its apogee – reports of arrest warrants soon should become public knowledge. Such conferences are a vital cog in the machine to finally bring this absurdity into a wider domain."

SCIENTIFIC EVIDENCE

Reveals Art forgeries in Geneva, Switzerland

Kilian Anheuser: Executive director, Head scientist
FAEI - Fine Arts Expert Institute

Today art forgery scandals regularly fill the news as paintings and other works of art are taking on an increasingly important role as an alternative investment. In a market where traditional art historians alone can no longer guarantee authenticity, science comes to the rescue. At Geneva Freeport, FAEI – Fine Arts Expert Institute (www.faei.org) in partnership with SGS Art Services (http://www.sgs.com/en/Arts-and-Culture.aspx) provide scientific authentication services for paintings and other works of art.

Scientific examination of works of art began in the 1960s in museums and other learned institutions. For many years, these services remained primarily a subject of academic interest with studies restricted to museum paintings. However, in recent years new services tailored to private clients are offered by independent laboratories that benefit from an extensive range of specialist reference data gathered over the years by academic institutions worldwide on many of the well-known artists from all periods.

With 20 years experience, Dr Kilian Anheuser, FAEI's Director and head scientist says, "Our team of specialist scientists, paintings conservators and art historians search for inconsistencies in a painting. We always start with a thorough visual examination of all the elements that make up a painting: stretcher, canvas, painting ground, the different paint layers, and finally the varnish. To us, the back of the painting is just as important as the front."

Imaging in infrared and ultraviolet light will reveal the artist's original underdrawing and recent restorations. X-radiography reveals concealed damages as well as the artist's handwriting. These examinations are non-invasive and provide important information to distinguish between an original and an ancient or recent copy. Valeria Ciocan, an imaging specialist at SGS Art Services adds, "It is fascinating to be the first person after the artist to see the original drawing beneath a painting, a design that takes us back to the very moment of creative inspiration."

To address specific questions other techniques may be used, for example, to identify modern industrial organic pigments introduced to paint formulations at more recent dates. This type of examination requires a micro sample measuring a few tenths of a millimeter, taken with the tip of a scalpel under a microscope. The sample is then analysed using state-of-the-art analytical instruments.

Following the examination, the client will receive a report verifying whether the artist's materials and working practices match authentic references or if there are significant differences. Also, it will demonstrate to what extent the painting has been restored. Sandra Mottaz, paintings conservator at FAEI, confirms, "The latter is an extremely important element not only for the collector and indeed any person appreciating a work of art, but it also carries important implications for its valuation." Jacqueline Couvert, a senior scientist at FAEI, sums it up, "Around 80% of the paintings that we examine turn out not to be the work they were taken for when they were purchased by their current owners. This does not necessarily mean they are forgeries, they may for example also be high-quality historic copies. For many centuries, artists learnt their trade by copying old master paintings. The resulting works often have become collectibles in their own right. However, at FAEI we believe that the owner has the right to know, as well as his insurer or a potential buyer." There are positive surprises too, for example when an elaborate underdrawing is indicative of an original design rather than a second version or a copy.

As works of art are highly individual objects, the scientific approach has to take into account the period, the presumed artist, the technique and other features. Dr Isabelle Santoro, scientist and project coordinator at FAEI, explains, "FAEI will issue a detailed quotation, free of charge, on the basis of a short questionnaire filled in by the client, and of photographs of the painting in question. All information remains fully confidential." As some of the analytical equipment is portable, certain investigations can also be carried out on the client's premises.

Conveniently situated inside Geneva Freeport, a hub of the international art market, the laboratory serves a variety of clients, ranging from private collectors to art dealers, insurance companies or professional investors who require scientific expertise as part of their due diligence procedures. Yan Walther, Managing Director of SGS Art Services, points out, "Owners of paintings often come to see us only when doubts have already arisen about their works. In order to avoid undesirable situations we highly recommend that a condition report and a technical examination should be a standard element in any pre-sales procedure similar to a home survey or a technical inspection before the acquisition of a vintage motor car."

CANNES COLLECTION

ALL YOUR HEART DESIRES

Cannes Collection is a brand new show, debuting in June 2016, conceived by friends and collaborators Bertrand Foäche and Eric de Saintdo, both renowned for putting on international shows such as Première Classe, Who's Next, Fame and the Cannes Boat & Yacht Show.

Cannes Collection is based on evolving notions of luxury and hopes to inspire and delight a discerning, global clientele who seek convenience, speed and service as well as world-class quality and performance.

Here you will find yachts from 20m to 60m, private planes, helicopters, prestige cars and motorcycles, art, property, travel, objets d'art and more...a selection of the very best brands and finest products carefully curated in one of the worlds most beautiful cities.

Held from June 2nd to 5th, Cannes Collection is scheduled to run immediately after the famous Cannes film festival and the Monaco Grand Prix, two landmark events that draw the eyes of the watching world and which, for many visitors to the Riviera, represent the beginning of the Summer Season.

In fact, everything at Cannes Collection will be available to try and to buy, lease or order right away to enjoy over the coming summer. A concept summed up in the show's rallying cry – 'WANT IT NOW? HAVE IT NOW!'

Cannes Collection will be held around the famous Old Port in Cannes, a unique and iconic location in a city that already hosts some of the most important shows in the world, boasting as it does a beautiful harbour and bay, fantastic hotels, restaurants, bars and nightlife. At the show itself, an exclusive network of sector experts and specialists will be on-hand to offer advice and insight including:

Eric de Saintdo, former organizer of the Cannes Yacht Show.
Michel de Rohozinski, President of Azur Hélicoptères.
La Squadra, Agency specialists in experiential car marketing who manage all test drives during « Le Mondial de l'Automobile » in Paris.
Romain Réa, Horology expert, retained by the auction house Artcurial.

A visit to Cannes Collection promises to be a truly unforgettable experience with the opportunity to try many of the fabulous items showcased. Sail a yacht out into the Bay of Cannes and see how she performs on the open water or take a beautiful car for a spin with an experienced driver at your side. Take a trip over the old town of Cannes in a helicopter or peruse impeccable timepieces and stunning contemporary art in one of the modern pavilions. A number of auctions of exceptional and rare pieces will be held during the show culminating with a charity dinner in support of The Womanity Foundation, created and chaired by Yann Borgstedt, whose mission is to improve the access to quality education, training and empowerment for disadvantaged girls and women.

The Old Port of Cannes, one of the most beautiful Mediterranean ports, will host CANNES COLLECTION, thanks to the commitment and confidence of the City of Cannes and the Nice-Côte d'Azur Chamber of Commerce and Industry. The perfect showcase for hosting this new event, the strategic location of the port facilitates the display of prestige automobiles and motorcycles, helicopters and private jets around an extraordinary selection of yachts up to 60 metres long.

Cannes Collection runs from June 2nd to June 5th 2016. Further information is available at

www.cannes-collection.com

IMPACT AND PHILANTHROPY

by Christopher Carnie and Wolfgang Hafenmayer

There is a Babel of new terminology in philanthropy. We talk about 'impact investing', 'social enterprises', 'Social Impact Bonds', 'soft loans', 'patient capital', 'quasi-equity' and 'crowdfunding'. We talk about 'Programme Related Investment' or 'Mission Related Investment' and 'philanthropic banks' (an apparent oxymoron, until one, realises that these are foundations acting as 'philanthropic banks.')

These and a range of other terms have been created by the new professionals operating in the non-profit space. This is a flowering of new, or substantially recycled, tools for philanthropy designed to meet the needs of the new generation of philanthropists and their advisers.

IMPACT

'Impact' is the theme of many, perhaps most, of the conversations that one has with philanthropists. It is used in a number of ways, with a range of meanings. Impact is used to mean 'a measurable change in society or in the environment,' normally with the implication that this is a change for the better. It is linked to the word 'investment' to mean 'an investment that brings both financial change and social or environmental change' with, again, the hoped-for changes being positive.

Why do we hear so much about impact? Interviews and research conducted for a forthcoming book authored by Christopher Carnie "Uncovering Philanthropy in Europe: A practical guide" (Policy Press, 2017) suggest at least six reasons for the growing interest in impact:

- A new generation of philanthropists, with new demands
- Growing professionalism in the philanthropic and non-profit sectors
- A search for sustainability in investments
- The identification of significant social and environmental problems, and opportunities
- The entry of foundations
    - o As grant-makers interested in impact
    - o As investors interested in impact
- The potential for catalysing system change, by demonstrating impact

NEW GENERATION, NEW IMPACTS

'Some people say that venture philanthropy started in the 1960s,' says Wolfgang Hafenmayer, Head of Societal Impact Advisory at Trusted Family, 'but it only really took off in the 2000s when business people came into the sector. They brought their business mind-set, that of people who had made a lot of money quickly. The impact investing field emerged here. They focused on organisations that could link making money and doing good.' This link is present, says Wolfgang, in all asset classes; 'in all of them you could find ways of making a positive impact.'

Judith Symonds, a consultant in philanthropy, strategic planning, and public affairs, says that 'the younger generation want to be certain to have an impact, and to control where their money goes.' These ideas were underlined by a Dutch philanthropist and social investor interviewed for the book, who said that 'social impact is new for our family. It combines two things - doing good, and you can reuse money multiple times. We are an entrepreneurial family, so we like the entrepreneurial logic, the discipline, and rigour. With a social impact approach, you become co-owner rather than just donor'. But there are nuances, and this philanthropist is not solely interested in impact; his motivations mix giving with the measures of efficiency that impact offers. 'Social impact is a complement to [traditional] donations. We have been an impact-first social investor for a long time.'

IMPACT, THE PROFESSIONAL APPROACH

Impact could be a way of expressing your professional status – 'professionalism through impact measurement' as Serge Raicher, co-founder of EVPA expresses it.

Funders, fundraisers, and staff in the field have 'become more professional,' says Arnout Mertens, General Director of Support Services at Salvatorian Fathers and Brothers in Rome. 'We are moving away from charity to impact. Governments are imposing more stringent rules. They don't fund without a needs assessment, and if we don't have a financial [management] manual in place then the project does not get the grant. We need three quotes for bills of quantity - in places where even basic literacy may be a problem. There are visits from funding organisations, financial audits... There has been a significant change in funder attitudes over the past two years.' Arnout debates the practicality of all of this. Salvatorian Fathers and Brothers work in what he describes as 'forgotten places' – the lost villages of the Global South. Data gathering, reliable monitoring, long-term impact evaluation are all very hard to achieve when there is no electrical power, no or few literate adults and the constant threat of natural or human disaster.

That view is seconded by Marie-Stéphane Maradeix, CEO (Déléguée générale) of the Fondation Daniel et Nina Carasso, a philanthropic foundation based in Paris and Madrid which derives from the family that owned Danone, the dairy foods company. She illustrates the difficulties and contradictions inherent in measuring philanthropy; 'There is a real demand [amongst philanthropists] to understand impact. They are used to working with KPIs [Key Performance Indicators]. When [the foundation board] interviewed me [for this job] they asked me about KPIs. I said that the foundation was working with complex social and/or cultural issues which are not always measurable in the way that an industrial product can be measured. Measuring social impact needs a long-term vision that is not always compatible with short-term projects.'

INVESTMENT, SUSTAINABILITY, AND IMPACT

Impact is part of a convergence of ideas. It has emerged as the basis for a class of investment. Investment with impact – that creates both financial and social or environmental value – is a fast growing class of assets. The annual J.P. Morgan/Global Impact Investing Network (GIIN) survey of the sector for 2015 (Saltuk, 2015) reports a 7% growth in capital committed between 2013-2014 and a 13% growth in the number of deals, with survey respondents managing a total of US$60 billion in impact investments.

Through the growth of impact investments more and more people were arguing that every investment has an impact, the only questions are weather this impact is positive or negative. And many people would argue today that we are at a point in human history, where we cannot afford more investments with negative impact.

FOUNDATIONS OF IMPACT

Foundations in Europe seek impact in their grant-making, but they are increasingly also seeking it in their investments. This is a radical departure for a foundation sector in Europe that has, for years, focused only on the financial, and not on the social returns from its investments. That requirement was laid down in regulations – until 2011, for example, the UK Charity Commission guidance to trustees was to maximise financial returns. In that year, the Commission issued new guidelines 'on investments that help the charity to achieve its mission where this has no significant financial detriment (mission related investment)'. This new guidance allowed foundations in the UK to make impact investments. As is often the case, the US had been there before; in his 2016 book on the impact economy, Dr Maximilian Martin (Martin, 2016) reminds us that 'the Ford Foundation pioneered PRI [Programme Related Investment] in 1968.'

Philanthropic foundations can provide the first finance that leads to a social enterprise being created; the grant that funds research, or the zero-cost loan that buys a first vehicle or building for a project. Because foundations are not beholden to shareholders, they can afford to take on projects that offer no return, or a loss. This is the idea of 'de-risking', where a foundation accepts the highest risk tranche of a loan or investment in order to reduce the risks for other investors, and thus to encourage them to join the loan or investment.

BACK TO PHILANTHROPY

'In no basic definition of philanthropy does it say that you cannot get anything back,' says. Wolfgang Hafenmayer. 'Sometimes doing good means being tough and saying "I want something back".'

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Wolfgang Hafenmayer oversees the Societal impact solutions for Business Owning Families at Trusted Family.

Before this, Wolfgang built LGT Venture Philanthropy from scratch to a recognized global leader in impact investing. Having started with the support of the Princely Family of Liechtenstein, Wolfgang's global team of investment managers and impact investing advisors took care of a significant number of families spread over five continents. Before starting LGT Venture Philanthropy (2007), Wolfgang gained rich experience in the industry as an investment manager with BonVenture. He also helped set up Forma Futura, a sustainable asset management company. Previously, he was the executive director of Consileon and also worked for Bain & Company.

Wolfgang is a well sought-after speaker in his domain of expertise. For his book "The Future Makers", he interviewed 230 social entrepreneurs, politicians and scientists in 26 countries.

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BNY MELLON

The Softer Side of the Evolving Canadian Family Office

Trevor Hunt

Anthony J. Messina

The concept of a single family office or multi-family office is fairly new to Canada compared with Europe and the United States. However, particularly since 2008, there have been an increasing number of family offices that have been created upon liquidity events. This is typically a result of family assets having grown considerably and required specialised expertise or due to first generation family members facing progressively more complexities and embracing sustainable wealth transfer to the next generation and beyond. Significant Canadian families have accumulated wealth through various industries, although, predictably, these have often been concentrated within commodities, real estate and infrastructure, and to a lesser extent, technology. Given that our firm's approach here in Canada is most similar to that of the investment arm of a multi-family office, we fully appreciate that no two families and no two family offices are alike. On a case-by-case basis there should be sufficient flexibility in deciding which functions are best serviced in-house by the family offices versus those services which should be out sourced, to ultimately maximise efficiencies and quality of services for the family. These decisions are fundamentally, but not always, dependent on size. Substantially larger family offices (over $500 million in assets) can attract talent which can make it economically advantageous to carry out a full-spectrum service whilst others may benefit from leveraging resources and intellectual capital collectively. The latter describes a multi-family office approach.

Putting the investment related activities aside, we are noticing an escalating demand for what some refer to as the "softer issues" within the family office environment.

These responsibilities may include:

1. Family governance – Most of us have heard of the shirtsleeves to shirtsleeves phenomenon whereby the wealth that has been created by the first generation is significantly diminished if not decimated by the third generation. Family governance formalises the process for preparing the family to receive the wealth, rather than merely getting the money ready for the family. The first step in this process is establishing open communications and trust within and across generations. A family office can play a key role here, in

convening family "get togethers". These may start by being purely social gatherings and gradually progress to include more formal discussions and exercises. This could encompass collaboratively establishing a family mission statement, deciding on a family vision based on shared core values, and designing a code of conduct for future meetings. As the family grows in numbers and wealth, this often also includes defining roles and responsibilities, possibly codified in a family constitution.

2. Education – A key early step in preparing families for their inheritance is educating the beneficiaries so they become better stewards of their future wealth. This can start with basic instruction on different types of investments and does not stop at asset allocation and investment policy knowledge. It should however include: how to select an investment manager, that is, both quantitative and qualitative criteria with arguably a greater emphasis on the latter. One facet to be stressed is a deeper understanding of the motivations driving an investment manager's decisions. This can be achieved through asking the right questions e.g. how is the investment manager compensated? Does he/she have any of their own wealth invested in the underlying strategy? If so, what percentage of their own wealth is invested alongside their investors?

3. Philanthropy – Many financially successful Canadian families are generous and philanthropy is one area that is relatively easy for the entire family to be able to participate in. While it's nice to give family members the chance to allocate some of their charitable gifts to their own favourite causes, we have observed that families benefit on many levels when they dedicate at least a portion of their donations to "family philanthropy". By making a collective decision to contribute to a specific cause or causes that reflect the family's values, multiple generations participate in joint decision making in a feel good, nonthreatening way. If used correctly, philanthropy can be an effective tool for evaluating differing family members' communication styles and assist in nurturing decision making capabilities within families and across generations.

Like other regions, the evolution of family offices in Canada has given rise to peer group networking amongst affluent families who share with each other the challenges and the successes of operating a family office in order to establish the optimal practices that may be followed. For instance, earlier this month, one of the senior members of our team attended a private family office conference in the remote location of Banff in Alberta. The audience included family members and their advisors from around the country with representatives from Vancouver, Edmonton, Calgary, Toronto and Montreal. The agenda, for the most part, addressed these softer issues with an emphasis on people within the family office, family dynamics, governance and education. "By coming together in a forum such as this, families and their advisors can learn from each other to a. mitigate potential pitfalls and b. uncover any hidden opportunities, to effectively execute best practices." Said Trevor Hunt, Wealth Director at BNY Mellon Wealth Management in Toronto.

Although the financial assets of the family office may seem paramount, successful multi-generational families have demonstrated the value of developing human and intellectual capital as well. The softer issues cannot be ignored and are increasingly a focal point for family offices across the country. This is an area where leadership from a single or multi-family office can be a major plus.

Anthony J. Messina is the President of BNY Mellon Wealth Management based in Toronto. The Canadian business advises on nearly $5bn in assets primarily through third party investment managers and predominantly for significant Canadian families in addition to institutions.

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WEALTH MANAGEMENT

Alternative Risk Management for Family Offices

by Dennis M Govan

Whether its a Single or Multi-Family Office, the challenges and demands in meeting your client's needs, objectives and expectations are huge. Each family has its own priorities depending upon the evolutionary stage of the family office, family culture, values, demographics, size, age, education, ambitions and other factors.

Since the financial crisis of 2008-09, it has become obvious that robust risk management is a crucial service that Family Offices (FOs) must provide for their clients. With this said, from discussions with FOs, Trustees, and other professionals together with various surveys on this subject, it would seem that many FOs unfortunately still fall short in this regard.

While most FOs do of course have specialist investment portfolio risk analysis, measurement and reporting capabilities and tools; they typically do not have comprehensive risk management processes and policies in place that cover many of the other inherent risks experienced by families and their businesses.

The recent investment market volatility continues to highlight the importance of appropriate portfolio strategies, tactical allocations, and regular reassessment and has already had extensive industry commentary. Therefore, in this article, I will concentrate on the wider subject of risk management and especially the use of insurance to cover other asset classes and risks.

As families evolve and invest more into custom and multiple homes, fine art, collectables, jewellery, yachts, aircraft, and car collections, whether this is for purely personal enjoyment or investment diversification, there is nevertheless an increased need to consider how to protect the real value of these assets. The heightened threat of Cyber-attack and Kidnap and Ransom must also be given serious consideration.

Recently introduced and proposed UK tax changes in respect of domicile and UK residential property, including potential IHT, create additional challenges and insurance considerations. It is, therefore, imperative that the proper attention is given to the assessment of current insurance requirements, adequacy of existing policies, security options, contingencies and of course what happens if you have to make a claim.

Traditional Insurance

Insurance coverage for a FO is not a simple single product. In many cases, the FOs have multiple brokers or agents covering different asset classes and several policies. Even if the family/FO has worked with 'trusted' brokers for many years, the lack of transparency in the level of brokerage commission can be an issue. Do you know if you are paying 5 percent or 40 percent?

Families with substantial assets who insure their homes, yachts and valuable collections through these traditional brokers or agents and with some of the better-known market carriers, frequently overpay for protection that still leaves them exposed to significant financial loss.

Furthermore, the diversity of the risk exposures for the extended family often tends to be overlooked with the insurance program focused only on the needs of the patriarch/matriarch.
It is not uncommon for families to view the cost of insurance prohibitive and rather run the risk of loss, believing that this is 'self-insurance,' which it is certainly not! There are, however, alternatives that can achieve significant cost savings and flexibility in cover.
The Alternatives

Stand Alone Captive Insurer
A 'captive' insurance company is effectively an 'in-house' insurance provider formed primarily to insure its owner and can be viewed as a form of 'self-insurance'.

The use of a captive insurance company can result in a meaningful reduction in overall insurance costs, improved risk management, efficient administration, and potential tax benefits in some cases.

However, the high operating costs and regulatory challenges of running you're own stand-alone captive insurer have meant that captives have typically been the reserve of major corporations only.

An alternative structure used by many SMEs, providing very similar benefits but at a substantially lower cost is a 'rent-a-captive' offered by an insurance protected cell company (PCC) or Segregated Account Company (SAC) or Segregated Portfolio Company (SPC), depending upon jurisdiction and relevant legal framework.

There are some subtle differences between PCCs, SACs, SPCs, but in essence, all have accounts (cells) containing assets and liabilities that are legally separated from the assets and liabilities of the company's ordinary account. For the purpose of this article, and my preference, I will concentrate on the Guernsey Insurance PCC.

A PCC Cell

Guernsey pioneered the introduction of the PCC for insurance companies in 1997 and is Europe's leading captive insurance domicile with more than 800 international insurance entities, of which 444 are PCC cells. Approximately 40 percent of FTSE 100 companies have captives in Guernsey.

The structure consists of a 'Core', which has an insurance license granted by the Guernsey Financial Services Commission 'GFSC'. The Core can issue an indefinite number of Cells which are separately approved and licensed by the GFSC to provide captive insurance to the owners of the individual Cells. As each cell is legally segregated, it has its own assets and liabilities and the balance sheet of one cell cannot be co-mingled or used to meet the liabilities of another. The physical assets are not held in the Cell. Each Cell is independently audited with no consolidated reporting at Core level.

Each Cell has its own captive insurance programme that is tailored to meet the owner's individual requirements. The same Cell can be used for several categories of insurance. This 'bundling' of risks into a single policy can significantly ease the burden of administration and benefit from the PCC Core's overall reinsurance market pricing and reduced brokerage. However, if preferred or volume and value justify the business case, individual Cells can be used for different categories of insurance.

A Cell must meet specific solvency requirements based on the risks underwritten and any risk retained within the Cell. The owner, therefore, has the ability to fund any smaller losses from the capital of the Cell, which can accumulate over time from the savings due to the lower costs of re-insurance. Typically, the owner will continue to pay premiums at the same level as previously, especially if this is tax deductible, but as the costs of the re-insurance is lower than the current premiums, this creates the surplus within the Cell. The greater the amount of the smaller claims the owner is prepared to self-fund, the greater the savings as insurance companies penalise clients that make smaller claims.

The Cell owner can decide to reinsure all the risks rather than self-funding the smaller claims. The Cell is thus used for re-insurance arbitrage to benefit from the lower insurance premiums available from the re-insurance market. If no risk is retained in the Cell, there is no minimum capital requirement at Cell level.

Fine Dining Soaring at 30,000ft

Enhancing the Charter Catering Experience is on the Menu

Plane food doesn't have a great reputation – in fact; it's so bad many people simply refuse to eat the meals that are served on flights by the cabin crew.

Recent findings have tried to offer answers as to why plane food is viewed so negatively and propose that perhaps it's not the airline's fault. Cornell University indicated the noisy atmosphere in the cabin can actually change the taste of food while scientists at Oxford University believe our taste buds and sense of smell change at 30,000ft, suggesting the food is unappetising and bland. While this may be of little comfort to commercial passengers, for those in the private charter industry, there continues to be an increase in scrutiny of what culinary delights are available on board.

Andrew Whitney, commercial director at private jet and helicopter charter company, FlyMeNow, reports that a stark trend is emerging among clients. More and more, consumers are

Andrew Whitney

FlyMeNow Founder

demanding the very best for their money – from aircraft to staff to destinations – everything is under the microscope, especially the food that is being served on-board.
He said: "Research into plane food always sparks interesting debate and the topic is always on our minds at FlyMeNow. We provide clients with the option of a private jet charter around the globe, so our client base is extremely diverse, with a mix of nationalities and backgrounds frequently flying with us.

"This is why it's important that every flight is personal and is tailored to their exact requirements – we regularly receive requests for food and drink which means it's imperative that our offering is of the highest standard." In its effort to enhance the service, FlyMeNow's catering company of choice is On Air Dining, pioneers in the private charter catering industry for a number of years. With Daniel Hulme, CEO, at the helm, it constantly revolutionises its menu to meet all the current demands of the client, while keeping an eye on upcoming trends and client expectations.

Andrew added: "On Air Dining is very focused on providing the best client experience, and we share that vision. What Daniel and his team are doing is the best in in-flight dining and that expertise complements our service." Daniel launched and revamped On Air Dining in early 2014 and is regarded in the industry as an in-flight cuisine expert. He said: "At On Air Dining we believe the catering service can make or break a flight experience, so we have gone to great lengths to deliver a food service that incorporates food trends, associated with elite restaurants, and take them into the air.

"The in-flight dining experience we can provide varies according to the mission type. For example, we have specially devised menu boxes that are specifically for the short haul, or for round robin flights that can incorporate up to two or three stops in a day.
"We also provide fine dining for larger charter jets carrying passengers on long-haul trips."

Passengers can enjoy options including Kopi Luwak Coffee - renowned as the world's most expensive coffee - unique cocktails and personalised tasting menus. Chefs can also be provided on board wide body jets. They also recently introduced an exclusive, free training service for flight attendants, teaching techniques and skills required to deliver fine food at altitude.

But what about the research into the taste of food, 30,000ft up in the sky? Daniel said: "We can't do anything about the changes to people's taste buds while they are travelling. But what we can do is ensure the food we are offering is of the highest standard, and that is our constant challenge.

He continued: "We live in the world where everything is instant. Technology has developed to the point that anything we want or need is at the click of a button. We want things now which is why we are seeing a growing demand from our clients to offer only the best because they know they can shop around. "The end to end service has to be on point and to ensure every aspect of the flight is the best it can be. We want to make the experience as pleasant and memorable as possible for our passengers."

Andrew agrees, adding: "The private aviation industry is growing at a rapid rate and continues to increase in strength as we move through 2015. If operators want to stay at the top of their game, they need to be looking at their onboard experience and seeing what they can improve.

"Consumers' demands are changing, they want more and it's our job not only to meet that expectation but also give them value for money."






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HOW PRIVATE BANKS CAN HELP FAMILY OFFICES

By Jeffrey Sacks, EMEA Capital Markets Strategist, Citi Private Bank

There is a growing recognition that for wealth to be sustained over several generations, collaboration and good communication is required between family members. This lessens the potential impact of family disputes, poor decision-making, unprepared heirs and feelings of entitlement. This is especially the case with multi-branch families that are geographically disbursed. This article explores how private banks can be integrated into this process, and why is can be advantageous to do so.

A family office architecture has three elements:
1. Size: This is the number of family members, the number of staff and the amount of assets under management.
2. Complexity: This includes investment types, number of generations in the family and legal entity structures.
3. Autonomy: The degree to which professional functions are outsourced, what the typical professional services are and what the advantages of outsourcing are if done with private banks.

The burdens that come with significant wealth can be complex and challenging. This is why ultra-high net worth (UHNW) individuals and wealthy families are creating family offices. Sometimes, a family office can be separate from the family business; sometimes not. Family offices are typically dedicated to providing professional and personal duties for the family. They centralize the execution of investment strategy, tax services, insurance planning, philanthropic advice and personal services.

Given the breadth of the institutional level of access and service needed by UHNW and family offices, some of the needs are outsourced to the larger private banks. The demand for outsourcing is growing rapidly, particularly amongst a handful of bigger global private banks. In particular, the private banks that are succeeding in partnering with UHNW and family offices are those that can offer a mix of positive investment results, deep intellectual capital, quality research, unique products and dedicated advisory teams that can deliver exceptional client experience and have corporate reputations for ethics and innovation.

While the decision to outsource is firstly driven by considerations of cost, flexibility and confidentiality, family offices typically look to outsource functions where there are diseconomies of scale (i.e. too much volume), specialized skill needs (e.g. aircraft maintenance, estate law), low-cost access to alternatives like external fixed income managers and new technology solutions to support consolidated reporting and risk management. In outsourcing, some or all of these areas have a higher probability of better transitions of wealth from generation to generation – a key advantage, as research has shown that, in 90 percent of cases, family wealth dissipates by the third generation (source: The Williams Group, Raymond James).

A large Private Bank can assist in four main areas:
1. Family mission statement.
2. Investment Strategy.
3. Governance Structure.
4. Wealth education curriculums.

The family mission statement's purpose is to assist the family in developing and establishing fundamentals for the extended family to follow and learn from. The objective of the mission statement is to define the core purpose of the family, and in so doing establish a guiding force for relevance of the current and future generations. In considering the mission statement purpose and objectives, some key questions need to be addressed, such as what the meaning of the family wealth is and why the family business exists. Ultimately, the family mission statement should help to align family core values and ideals and facilitate leadership. These core values should be regularly reviewed and periodically re-confirmed.

In formulating an investment strategy, the first step is to establish an investment committee. This involves selecting experienced investment professionals – both generalists with broad experience as well as specialists in key areas – and a strong well-respected Chairperson.

The investment committee should have no conflicts of interest. Its aims should be to formalize the investment process, enhance portfolio strategies, educate family members, provide a forum for discussion for internal professionals and formalize the review process. Its responsibilities include agreeing procedures and a decision-making process, writing an investment policy, monitoring strategic allocation and asset classes, actively reviewing the performance of managers and investigating new investment alternatives.

Of the above, the investment process and investment policy are critical, and are areas where the private bank partner can be actively involved.
The investment process should be rigorous and consistently applied in order to achieve strong long-term returns. The private bank partner can assist in all areas of the process:

1. Investment policy statement – defining objectives, benchmarks, roles and responsibilities.
2. Asset allocation – considering potential risks and potential rewards across all asset classes and regions, also taking into account liquidity and behavioural biases of the family.
3. Portfolio construction – using the bank's research and analytics capability, establishing minimum and maximum exposures by asset class and region, as well as rebalancing rules. Performance reporting - regular in-depth reporting of performance against benchmark and objectives.

If the family office does not need to outsource all of these elements of the investment process, then the private bank could undertake a competency risk analysis to help identify specific areas of weakness within the family office resourcing. With the portfolio construction, in the critical areas of fund and security selection, the best partners for family offices are those private banks with open architecture. In practise, this means having agnostic product selection with objective selection based on independent investment and operational due diligence, pricing transparency with only one level of fees and no retrocessions on discretionary or advisory mandates, having the right incentives with selections based on performance and no additional incentives for the salesforce to sell in-house products, and independent advice (i.e. private banks that do not own a hedge fund manager, do not run a private equity business, and do not own a fund management company). In addition, private banks that can offer the family office access to their institutional trading platforms should be preferred. In particular, access to a capital markets platform can offer speedy and efficiently priced execution with smooth settlement. Some larger private banks are also able to offer access to their institutional teams, so enabling family offices to create uniquely structured hybrids and customized structured products based on objective risk profiling and desired outcomes.

The investment policy can be framed by the private bank and needs to consider firstly the investment objectives; for example, how much loss is acceptable? What is the financial goal? What is the potential annual cost of achieving that goal? Secondly, the investment philosophy should be considered; for example, does the family feel strongly in favour of an aggressive trading approach? How much diversification is wanted? How many core positions are preferred versus non-core positions? Thirdly, specific investment selection criteria for funds, stocks and bonds should be decided. Finally, monitoring procedures need to be established.

These include assessments of how to monitor, how often to monitor and how to assess if the portfolio guidelines are being met. Private banks can have significant roles to play in helping to develop the right governance standards for the family office. There are four components within a governance system:

1. Constitution - the preservation of family vision and values.
2. Assembly – recurring meetings and leadership training for the next generation of wealth.
3. Council – enhancing strategic effectiveness by using the expertise of advisory professionals.
4. Process – efficient decision-making and conflict resolution process.

There are three key decision methods: principal directed, where one or two key family members make all the major decisions; family board, where three to six family members with a Chair make the decision formerly, at least, quarterly; outside directors, with whom the family board make all the major decisions. Private banks can assist with wealth education. This involves implementing strategies that provide age/skill/interest-appropriate opportunities to lead, learn, influence or grow. This builds family cohesion and communication. At the individual level, developments can be made in financial independence, internships, understanding how credit works and appropriate uses, encouraging saving and budgeting and understanding the power of compounding. In terms of continuing the family legacy, wealth education can encourage information sharing within families, using philanthropic accounts and foundations for exploring investment strategies and encouraging collaboration, and can also provide opportunities for the senior generation to guide the family and to share philosophies.

In summary, the private banks can help enhance the structure and governance of a family office, raise the rigour of investment decision-making and monitoring, help to build cohesion around the family philosophy and develop the younger generation. The larger private banks are especially well-placed to do this, with their institutional trading platforms, quality research and capital markets expertise.

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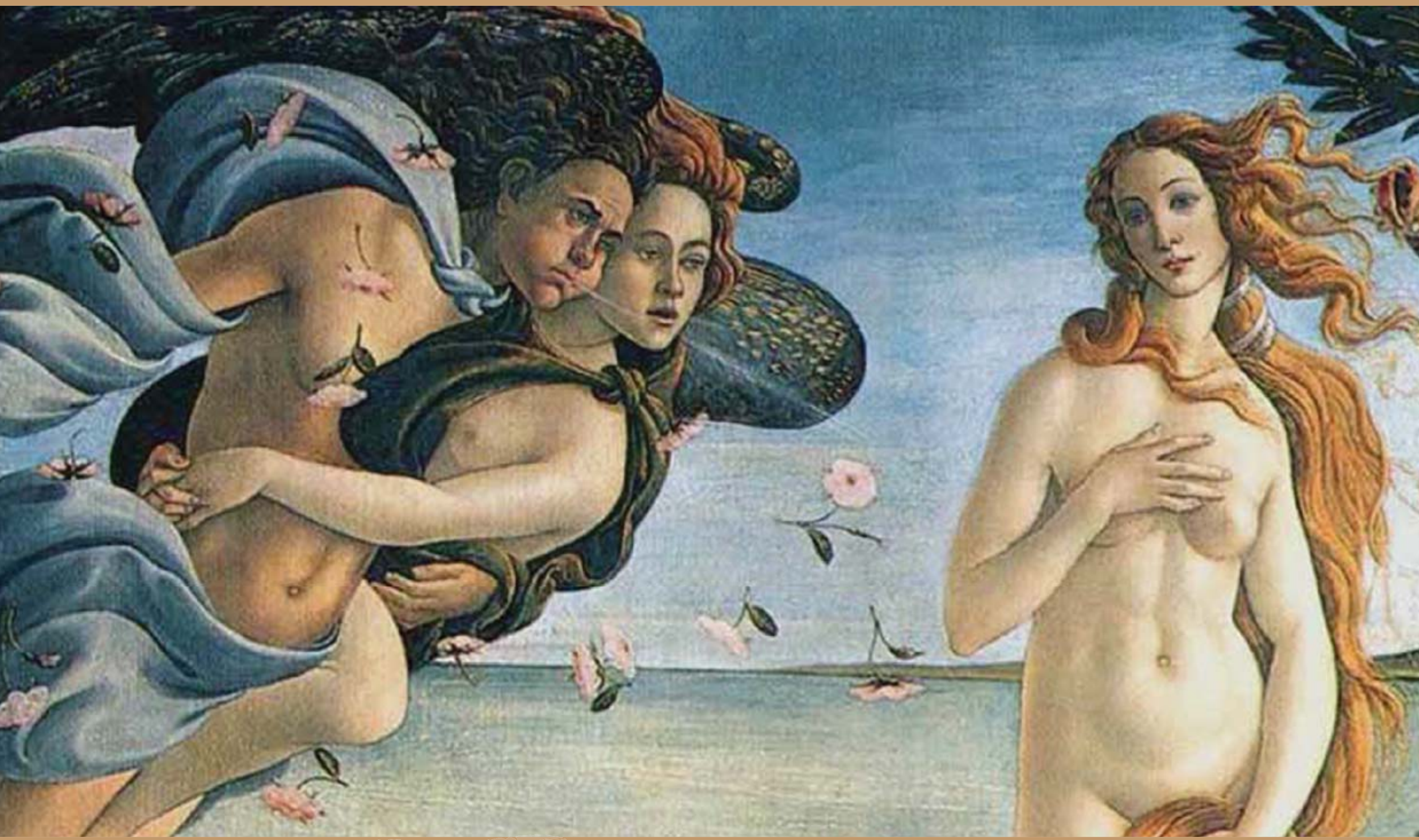

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