

THE BUSINESS OF WEALTH

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FAMILY OFFICE INSIGHTS

ARTHUR A. BAVELAS

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

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China Alternatives Investment Summit 2018

CaishiV will be hosting the China Alternatives Investment Summit 2018 (Annual Hedge Fund China and Annual Next ETF & Indexing) on Oct.26st, 27st, our endorsers such as CAIA. For the past years, Caishi V have managed to reach out to more than 5000 management positions, company leaders and industry leaders. There will be numerous top investors, firms and authoritative Asset Managers, Private Banks, IETF Issuers, including 600 buy-side and sell-side executives, more than 40 sponsors get involved in this two days gathering.

Previous Speakers



Angelo Lin
Managing Director
Sinopac Aessert
Management



Tariq Dennison
Registered Investment
Advisor
GFM Asset Management



Na Li
Director
NCSS



Misha Graboi
Partner and MD
CEO
PAAMCO



Hua Fan
Head of Fixed Income
China Investment
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Yang Yu
Managing Director
CIO
Harvest Fund



Jing Zhou
General Manager of
International Business
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Fortune SG Found Management



William Ma
Co-Chief
Investment Officer
Noah Holdings



Xia Guangmin
Product Director
Private Bank
Ping An Bank



Joanne Murphy
MD, Asia Pacific
CAIA Association



Yu Pingkang
Chief Economist
Chang Jiang Pension



Wang Li
President and CIO
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Yun Jooyoung
Head of ETF Management
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Mirae Asset
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Key Issues

- ETF Market Development Trends and Global ETF Market Outline
- The Rise of Passive Investment Strategy and Current Investment Opportunities
- The Indexation of Alpha and Smart Beta
- New Challenges in Structuring Your Family Office in Asia
- The Opportunities and Challenges of ESG ETFs ?
- WOFE PE Fund Managers are Coming and Its Impact to A-share along with China's Asset Management Industry
- ETF in the Current Weak Stock Market
- AI and Robo-advisory in ETF
- Pension Fund Big Thinking: What will be the Opportunities and Challenges We Will Face in the 2019?
- A-Shares Market Outlook in 2018
- Fund of Hedge Fund & Fund Selectors in Global Market
- Offshore RMB Hedging and CNH Futures
- COO Panel: Fund Management & Operation of a Global View
- Exploiting Data into Quantitative Investment Process
- Unstructured Data, Machine Learning to Generate Alpha
- Looking for New Opportunities in CTA Strategy
- Offshore Trust Service to Meet China's Rich

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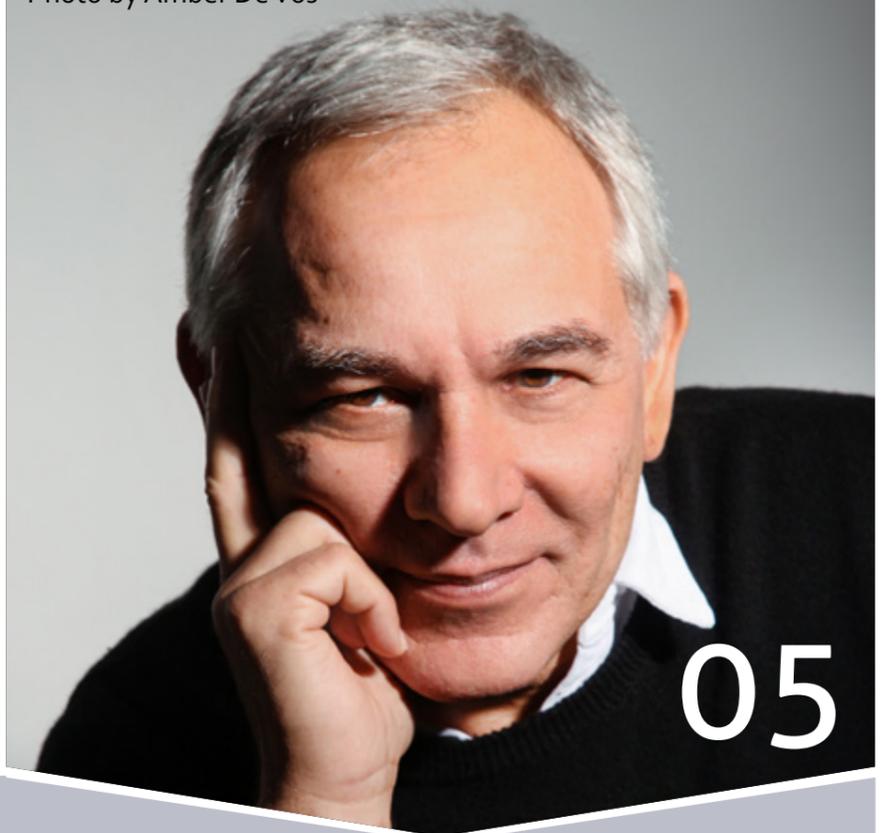
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ARTHUR A. BAVELAS
FAMILY OFFICE INSIGHTS

Photo by Amber De Vos



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CUSTOMISATION OF RANGE ROVERS OVERFINCH

A PILLAR IN LUXURY LIFESTYLE

Founded in 1975, Overfinch has spent the past forty-three years building its legacy as the pre-eminent brand in the modification and customisation of Range Rovers. A company created with the specific purpose of enhancing both the performance and looks of the traditional Range Rover; its vehicles have fast become a pillar in luxury lifestyle.

It's the individualisation, bespoke modification and discrete styling upgrades that have become trademarks of Overfinch conversions - attention to detail that no other conversion company can equal.

The newest 2018 model is a stylish, dynamic re-interpretation of Land Rover's flagship model. The exterior features a deep Overfinch front air dam with dramatic lower air intakes and Overfinch's signature LED running lights. The subtly-flared lines accentuate the visual impression of width without bulk. Exposed carbon fibre, in perfectly-aligned herringbone weave, is on the intake grilles and spoiler.

It's a similar approach at the back where the Overfinch rear bumper and air dam add drama and aggression without losing the purity of the original design. The deep aero diffuser is flanked by two beautifully cast and branded Overfinch exhaust tips, part of an exhaust system which enhances sound and performance, and features Bluetooth-controlled valves that allow the driver to modify the signature engine note.

Step inside, and you can settle into the deeply upholstered embrace of the new 'Lumière' seats. The perforated leather centre panels are framed by hexagonal motif stitching. These seats are trimmed in leather from the Scottish Bridge of Weir tannery - unless you'd like to select an even more exclusive material. If so, the Overfinch team can craft bespoke upholstery in a choice of responsibly-sourced exotic hides, including ostrich and shagreen.

In each case, the chosen upholstery is complemented by a wide choice of veneers, from traditional burr walnut to piano black with mother-of-pearl inlays. Each veneer set is hand-selected and finished with the utmost care. If you prefer, Overfinch offers a range of carbon fibre finishes including both lacquered and matte. Optional carbon fibre side sills, tailgate badging and a near infinite palette of colours and trim options ensure that every Overfinch is a limited edition of one.



CUSTOMISED LUXURY AND CRAFTSMANSHIP

Overfinch still goes to the ends of the earth to stay ahead.

Taken to a new level of exclusivity and individuality the latest Overfinch has been executed with a precision and attention to detail that no other conversion company can equal.

SEVEN RULES TO ACHIEVE FAMILY OFFICE ANTIFRAGILITY AND GROWTH

Erratic conditions surrounding traditional investments prompt many family office investors of all sizes to seek more diverse, and often elusive, choices to balance their portfolios. Increasingly, family offices opt for unique and exclusive investment opportunities that can provide a better match for their objectives.

These opportunities feature the typical private equity and hedge fund offerings but also include private debt financing, real estate, internet coin offerings (ICO), venture capital and angel rounds, or social impact investing that appeals to a family's values and ethics.

When evaluating a limited access investment opportunity, family office leaders—family members and wealth advisors alike—should refer to these rules to help balance potential return while safeguarding against financial fragility.

Rule #1: Know your Stakeholders

Stakeholders include multiple generations of family, spouses, ex-spouses, and possibly even employees, staff, and the circle of advisors. Each stakeholder has a unique set of plans, hopes, and expectations for the family fortune. They also have individual emotions, perspectives, and values that feed opinions and ideas about what should be done to grow, preserve, and distribute legacy funds.

When it comes to managing sustainable multi-generational family wealth, it is best to get everything out in the open to address any issues and deal with underlying feelings of anger or resentment. When things are left unsaid, stakeholders may become threatened and are more likely to act out of fear and negative emotions, endangering the execution of wealth strategies. No family member or wealth manager enjoys getting blindsided by conflict and emotional turmoil. Strive to understand stakeholder agendas, even when they may not be understood by the stakeholder itself.



Arthur A. Bavelas CEO
CEO Bavelas Group Family Office
and founder Family Office Insights

Rule #2: Know Yourself

As the advocate for an investment, you'll need to explain the merits of any proposed action truthfully and reasonably. You should balance snap judgements and romanticised opportunities with honesty that comes from understanding yourself and your leadership role. Assuming responsibility for the family fortune takes discipline, courage, truthfulness and study. Sometimes, though, things don't work out well, so be prepared to learn from the experience, apologise to the stakeholders, and move on.

Rule #3: Prepare a Written Plan

A documented financial management plan serves multiple purposes. Primarily, it allows you to develop strategies and tactics that address stakeholders' interests as well as prepare for contingencies. However, it is also a way to allow for all parties to discuss and react to ideas within a structured and logical framework that diffuses emotion. The plan should be accessible to all stakeholders for input, discussion and feedback.

Rule #4: Sleep on all investment ideas

In the passion of the moment, unique opportunities

that present exponential returns seem to be "too good to be true" and they often are. Understand that it is human nature to get caught up in the excitement of an exclusive opportunity. Remember that the risk of loss is always a genuine possibility. A cardinal rule to remember: It's easier to hold on to your money than it is to recover from a loss, so allow time to think about your investment ideas. Fully comprehend the growth potential vs downside risk and the time to recovery.

Rule #5: Don't Lose Money

Recovering from a loss is much harder than holding on to the money in the first place. Very often, things don't develop quite as you expect. Let's say you exit your \$100,000 investment at a loss of \$10,000. To recover your loss, you may think you need to realise a 10% annual rate of return. However, this calculation does not consider two essential variables: time and rate of return. After the 10% loss, you are left with \$90,000. A 10% rate of return would yield just \$9,000, still leaving you \$1,000 short of full recovery.

You would need to earn an annual rate of at least 11.1% for a 12-month-time-to-recovery period to get back to your starting point. Moreover, that doesn't include additional costs for taxes, fees, lost opportunities, and inflation. Calculate the time to recover before you make an investment decision to determine how long it will take the family fortune to recover from an investment gone wrong. Make sure this timing fits with the family's goals and outlook. The best financial managers understand how time-to-recovery works when considering the risk vs upside potential.

Rule #6: Understand "What Could Possibly Go Wrong?" before Investing.

Determine everything that could go wrong even before you consider the benefits an investment may offer. This also includes calculating the full range of costs involved. For example, consider a real estate transaction which often includes less apparent associated expenses—utilities, maintenance, hazard insurance, title insurance, environmental hazard remediation, the right of condo boards to impose assessments, transfer fees, real estate taxes, interest, points, and more—that must be deducted from any

gross property valuation gain in order to realize the true return on investment.

Note that fees and taxes—up front, deferred, on-going, and others—should be balanced against the projected return to get a correct understanding of potential risks and/or reward. Consider that sometimes, you might save more money with better tax planning than you might earn on a particular investment. For early-stage investment opportunities, give special consideration to the risks of the particular industry, and your level of confidence in the management team to overcome them.

Rule #7: The Best Strategies Adapt to Changing Conditions.

Relationships, loyalties, markets, and laws change over time. A good financial manager maintains the mental flexibility to question assumptions—and to change a mindset as the facts change. Update the financial management plan as circumstances evolve to capture new family dynamics and market opportunities.

As family office leaders explore an expanding variety of exclusive investment opportunities, the importance of their role as responsible stewards of wealth and antifragility grows, too. Following these rules will help sustain the family's legacy for future generations.

About the author:

As an entrepreneur, author, and family office investor, Arthur Bavelas is a pioneer in developing one of the first private opportunity peer review networks for investors within the family office community.

He founded *Family Office Insights* in 1998 to provide meaningful access and engagement for active, socially conscious entrepreneurs and wealth managers. Mr Bavelas draws upon his experience of founding, building and exiting a successful technology startup to evaluate opportunities spanning technology, market access, and impact investing.

He frequently speaks about wealth preservation and legacy investing. His written work has been published in *The Wall Street Journal*, *Bloomberg*, *Investment Advisor* and *Family Office Magazine*.

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As the world's leading luxury brand, Rolls-Royce Motor Cars is best placed to understand and harness the many different possibilities of luxury for its influential clients.

PRIVACY





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Over 1800 skilled men and women are employed at the Rolls-Royce Motor Cars' head office and manufacturing plant at Goodwood, West Sussex, the only place in the world where the company's super-luxury motor cars are hand-built.

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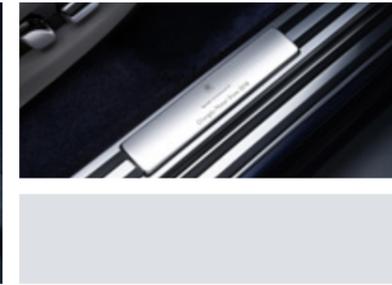
As the world's leading luxury brand, Rolls-Royce Motor Cars is best placed to understand and harness the many different possibilities of luxury for its influential clients.

Throughout history the power brokers and history makers have negotiated some of the most historical agreements in confidence thanks to the 'luxury of privacy' afforded to them by the rear compartment of a Rolls-Royce. In this spirit, Rolls-Royce announced at the 2018 Chengdu Motor Show today the introduction of the 'Privacy Suite' for the new Extended Wheelbase Phantom; an innovation that provides unrivalled levels of privacy and luxury.

As it has over the past 90 years, Phantom today stands as the most celebrated luxury item in the world. Its legend compels the world's most influential and enigmatic individuals – men and women who demand the 'luxury of privacy' wherever they travel. Expressing a deep understanding of this requirement, the marque has created the Privacy Suite, balancing function and luxury without compromising the space and comfort of rear passengers.

Rolls-Royce has once again demonstrated the link between luxury and technology with the integration of Electrochromatic Glass, allowing front and rear cabins to be visually separated at the touch of a button. The rear occupant is offered the option to see through the glass and on to the road ahead or to instantly transform the glass to opaque, providing a highly sophisticated and absolute level of privacy.

The Privacy Suite also represents a leap forward in sound absorption in a motor car that is already hailed as the quietest in the world, delivering the highest possible levels of acoustic insulation. A frequency-specific compound inhibits the transmission of conversations in the rear cabin to the front cabin, yet a fully integrated Intercom System allows communication on demand. Controlled by the rear passenger, the Intercom System can



Rolls-Royce 'Privacy Suite' for the new Extended Wheelbase Phantom; an innovation that provides unrivalled levels of privacy and luxury.

be used to open a direct line to the driver at the press of a button whilst the driver is able to 'call' the rear occupants, who can choose to answer or reject the communication.

In addition, a large aperture controlled solely by the rear passenger allows documents or other objects to be easily passed between the front and rear cabins. When open, the aperture is discretely illuminated to ensure passengers are satisfied with the nature of the documents or objects before they receive them.

A Bespoke Rear Theatre Entertainment system has also been integrated into the Privacy Suite, which includes two high definition 12-inch monitors linked to the motor car's suite of fully connected software as well as an HDMI port that allows passengers to synchronise their highly secure personal devices.

This complex execution of craftsmanship and technology is deployed and controlled from the centre console and, combined with Starlight Headliner and Bespoke Clock, creates a peerless ambience for passengers.

Rear Privacy Curtains have also been added allowing full closure of the side and rear window as well as Rear Privacy Glass, extending discretion when the curtains are open.



"A Bespoke Rear Theatre Entertainment system has also been integrated into the Privacy Suite"

OVERCOMING OBSTACLES TO CRYPTO FUND MANAGEMENT

The world economy is enjoying a tremendous growth run that's propelled by a strong stock market, low unemployment, and new opportunities for many people. After a devastating global recession and an altered financial landscape, this is welcome news for everyone.

For asset managers navigating this post-recession economy, there are some specific implications. Things have changed considerably since the last boom cycle, and that means that financial professionals enjoy new opportunities but also have many new responsibilities.

In the past 18 months, the most compelling investment asset is entirely new to the field. Digital currencies like Bitcoin and Ether sprung out of digital obscurity to capture a good deal of mind and market share. Now, they are a dynamic investment opportunity that many people are eager to explore.

Not wanting to miss an opportunity for clients, many asset managers sprung into action and have devised investment plans that include digital assets. Those that did were rewarded for their ingenuity.

Crypto Assets Outperform Traditional Assets

While the S&P 500 predictably provides a 10% return on investment, the most popular cryptocurrencies increased in value by thousands of per cent, dwarfing the possible gains from traditional assets like stocks. Even after a steep downturn in 2018, Bitcoin and other mainstream tokens are still up by hundreds of per cent from their early 2017 levels.

The finance community has expressed mixed reactions to the shifting market dynamics. JP Morgan Chase CEO, Jamie Dimon, famously described Bitcoin as a "fraud" and promised to fire any trader who pursued the digital currency. In contrast, other institutions



David Wills,
COO and Co Founder of Caspian

including Goldman Sachs, CME, and Cboe, welcome digital currencies in the form of futures contracts.

Besides, many crypto-focused hedge funds opened shop and embraced the opportunities afforded by this popular new commodity. According to Reuters, there are hundreds of crypto-focused hedge funds, and more than 200 of them opened this year alone. It's clear that there is a market for crypto-related assets, and it's not difficult to understand the rationale. As The Wall Street Journal eloquently opined, "Reports that one of the largest, a bitcoin hedge fund operated by Pantera Capital, was counting its returns in tens of thousands of percentage points hardly hurt their popularity."

New Challenges for Fund Managers

The changing financial landscape creates unique challenges for fund managers. Customer demand for crypto is undeniable but acquiring, storing, and reporting on those digital assets is not as simple as with other, more traditional assets.

The crypto ecosystem is expansive and diversified,

but it lacks a unified framework for acquiring and exchanging digital assets. There are dozens of crypto exchanges that offer specific tokens. Moreover, most use their digital wallet services, and they have other idiosyncrasies that make them mostly incompatible with one another.

What's more, crypto assets are in a developmental stage, so new tokens are frequently being generated, and each one alters the landscape for potential investments. For example, on average three new digital currencies are issued each day. To be sure, not all of these are of interest to fund managers, but it reflects the continually shifting nature of the crypto market.

Therefore, fund managers must navigate an array of different exchanges and services to provide a cohesive investment product for their clients.

Of course, storing digital assets is different from other investments. Rather than maintaining investments through a bank, crypto investors are either forced to save the assets on exchanges or to implement self-storage methods to secure the tokens. Given the shocking frequency of crypto exchange hacks, most wise managers are storing these investments on digital storage drives that are disconnected from the internet.

As a result, compiling the paperwork required for reporting these assets can be extremely challenging. Unfortunately, as countries around the world have demonstrated, fund managers holding cryptocurrencies should expect to be audited.

Preparing to Succeed

The rapid escalation of crypto markets can make them feel much more mature than they are. In reality, Bitcoin, the first and still most popular digital currency, is still less than a decade old. All other digital currencies are even younger than that. By comparison, the New York Stock Exchange has been in operation for nearly 200 years.

Therefore, even crypto experts are novices at best. In a recent interview, Ignacio Griego, a crypto fund

manager from San Francisco, noted, "Many people don't know what they are doing concerning crypto funds as more and more service providers try to get into this space."

To avoid the pitfalls of novelty, fund managers must grapple with distinct challenges that are unique to their field. Producing legal records, determining asset custody, and grappling with the legality of certain investments, including ICOs, are critical endeavours that require intentional preparation to ensure the fund's success.

Today, Tomorrow, and Beyond

The next step for crypto markets is the development and implementation of single platform trading services that integrate the abundant opportunities into a single space. A development that will profoundly simplify the process for fund managers and casual investors.

At Caspian, we've created a comprehensive platform for asset managers that simplifies the trading process while providing the technical framework for the monitoring and legality aspects of fund management.

As single-access platforms continue to proliferate, they will remove a significant hurdle that's preventing some asset managers from pursuing digital assets, and it will make the process more accessible for those that already are.

It's clear that crypto assets are becoming more prevalent among traditional investors. Trading volumes for Bitcoin futures contracts have increased, governments and financial institutions are recognising their efficacy and new products are continually arriving. However, ease of use is still a noteworthy hurdle to mass adoption, and a more streamlined approach in the form of single-access platforms is what's needed now.

Digital assets are a compelling opportunity for many people, and they should feel like an option, not a hassle.

<https://caspian.tech>

CEO COUNTERESPIONAGE

by Michael O'Rourke



You possess valuable business secrets and unscrupulous people, even nations, want them. Knowing this, your family office takes measures to protect your intellectual property and other critical data on home soil. However, if you're reading this at 30,000 feet, or in your foreign hotel suite where your trade secret-filled laptop is connected to the Wi-Fi, please read on.

Entrepreneurs and executives face a more significant economic espionage threat while travelling than ever before, and the family office is no exception. When a foreign intelligence service is your adversary, the deck is stacked against you. Negotiating a manufacturing deal in China? The Chinese government goes after intellectual property on an industrial scale. Did you enjoy the World Cup in Russia? You might have scored an own goal with your trade secrets in the number two international threat. Nations traditionally considered as friends don't always play nice when it comes to economic espionage. To avoid offending allies, I will refer to two of the worst offenders as France and Israel. Intellectual property is the lifeblood of innovation.

Many companies, perhaps yours, will have sixty-five per cent or more of their total value directly tied to their information, technology, or another proprietary competitive advantage. The latest market disrupting product will have tens of millions of pounds or dollars in research and development costs before release. All of this could be lost unless you learn how to protect your trade secrets while travelling.

Before you dismiss the following advice because your family office does not deal in military technology, let us briefly discuss the possible economic espionage targets in your laptop right now. Proprietary formulas and processes, prototypes, technical plans, research, passwords, client and employee data, manufacturing plans, specifications, mergers and acquisitions plans, negotiating strategies, customer data, and investment plans merely begin a long list of business secrets you may carry during your travels. If you run a multi-family office, the potential cost of compromise is further magnified.

Defeating the world's spies requires you to think like one. The number one way to protect your secrets on the road is to leave them at home. Since that makes doing business difficult, here are some ways you can go spy versus spy and come out on top.

Leaving your regular laptop and smartphone behind, travel with clean devices. Preload only the phone numbers and encrypted files needed for that trip. Do not connect any device with sensitive data to the internet. Since many of you will connect in any event, the next two bits of advice will put you head and shoulders above most travelling executives. Establish secure email accounts for you, trusted staff, and advisors that are not connected to your company network. Switzerland-based Proton Mail is a solid option that provides end-to-end encryption. Encrypt your text, voice and video calls with the Signal app by Open Whisper Systems. I've used both in Iraq, Afghanistan and other high threat environments to relay information vital to my security clients securely.

A Virtual Private Network for all internet connections is an absolute must. Airports and hotels host some of the most compromised networks. Install the VPN on your laptop and phone before travelling to the most privacy-phobic countries, then virtually place yourself in a country that allows information to flow unregulated. Think of the VPN as your escape tunnel to freedom through dangerous networks.

Never work on sensitive projects in public spaces like coffee shops, airport terminals, or while in flight. A shoulder surfer could be sitting behind you or zooming an overhead security camera onto your screen. When you ignore this advice, and many of you will, at least make the spy's life more difficult. Placing a privacy filter over your screen severely limits the viewing angle. For less than forty dollars you help protect intellectual property worth millions.

Take your computer whenever you leave your hotel room. More specifically, do not leave the hard drive unattended. Yes, it is inconvenient when you're just heading out to dinner or to the hotel bar. Intelligence services in many countries have ready access to the rooms foreign business travellers occupy. When you step out, they could slip in and surreptitiously harvest

your data from the source. Forget about the in-room safe for data security. Most have an easy way to bypass the code you set. Don't believe me? Call the front desk and tell them you forgot the code, then watch what happens.

Once home, have your IT department check everything. They're searching for signs of tampering and malicious activity, whether intrusions or malware. After safely removing needed data, all devices are wiped clean and ready for the next trip.

These techniques sound relatively simple because they are. Even at this basic level, deploying counterespionage procedures makes you more secure by far than most business travellers. Mastering advanced level CEO Counterespionage places you in a different league altogether, requiring a commensurate level of commitment on your part, and intentional vagueness on mine. A detailed discussion in print would only benefit our mutual adversaries.

Specific protocols for composing, sending, and receiving email are required. Specific steps for accessing and working with your sensitive data must be followed. Depending upon your travel destination, even where you sit in your hotel suite while logging into your computer is carefully considered. Details concerning your devices and possible security modifications are better discussed in person.

We have not descended into paranoia. Instead, we frankly acknowledge the multibillion-dollar economic espionage threat against which global executives must conduct business. It is a discussion in which more of us must engage.

Michael O'Rourke is CEO of Advanced Operational Concepts, an international security consultancy. He leads his firm in providing bespoke advice and personalised training to counter economic espionage in the modern threat environment. Michael may be reached at

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PERILS OF THE PSYCHE: IKEA STYLE INVESTING



Ir. Frans Peeters



Saskia Kalb MSc RA

Warren Buffett once wrote the memorable words: "Success in investing doesn't correlate with I.Q. above the level of 25. Once you have ordinary intelligence, what you need is the temperament to control the urges that get other people into trouble in investing."

The difference between an average investor and a good investor might be all in the mind. The biggest hurdle in becoming a successful investor is probably one's own psyche with perhaps the most obvious trap being 'The Guru Effect'. No one will ever be entirely in control of the outcome of their investments because there are just too many factors at work, each pushing and pulling in different directions. For example, politics cannot be influenced by an individual, nor can demographics or nature to name just a few significant influences on the financial markets. One can only try to minimise the risks one might incur, make a sound allocation decision and fill these asset classes with care. Any wealth advisor or individual investor for that matter, who advises his clients or his family and friends of a guaranteed outcome of an investment decision is either a self-proclaimed guru, has inside information or suffers from brain biases. Each of these possibilities are to be avoided by the prudent investor.

This Guru Effect can be amplified by 'The Peltzman

Effect', wherein one tends to take higher risks when there is a perception of greater safety.

The investor who has not fallen prey to a guru might nevertheless be burdened by 'The Dunning-Kruger Bias'. The unskilled investor often has a tendency to overestimate his or her knowledge and skills, whereas the experts often underestimate their own ability.

People often tend to value objects and ideas that they have assembled themselves disproportionately high. This is known as 'The IKEA Effect' in cognitive psychology. No matter the quality of the end product, whether it is a budget piece of furniture or an investment portfolio, it is exceptional because they constructed it.

Everyone, individual investors more often than professional investors, has a pet stock. A stock that one is emotionally attached to. This favourite investment, which 'I' discovered so it must be good, blurs rational judgement and makes the investor prone to 'Confirmation Bias'. Positive information regarding this particular investment is selectively filtered out to the detriment of negative information. Furthermore, negative information that does penetrate the consciousness is interpreted and memorised favourably.

These biases prevent the investor from exiting a particular position in a rational, calm way and makes them hold on to the position against the odds. In this context, the term HODL springs to mind. Even though this acronym was born out of a typo by one of the Bitcoin Gurus (no pun intended), who meant to write HOLD, Crypto Currency investors worldwide now claim with pride to Hold On for Dear Life to their Bit- or Altcoins.

'Conservationism' is a bias closely linked to these phenomena. We are generally reluctant to revise our beliefs when presented with new evidence. This fallacy diverts us from a rational state of mind, in which we would alter our beliefs.

Other lesser-known biases which might exert an influence on our financial decision-making process are 'The Pro-Innovation Bias' and 'The Gambler's Fallacy'. The former means that we are prone to thinking that anything new, especially technology related, is good. The latter means that we are biased in thinking that future probabilities are altered by past events. One might falsely believe in a casino playing roulette that the chance of red coming out after seven black numbers are much greater than black turning up again.

Differing investing styles between women and men driven by their psychological characteristics are currently more in focus.

The battle of the sexes is in full flow in the investment world. Without pinpointing a winner from a performance point of view yet, there are some very interesting behavioural differences to be observed.

The most prominent differences are related to confidence and social or communicative issues. In general, men are more confident than women regarding financial decision making. One might even argue that a considerable proportion of men are overconfident and suffer from a 'Confidence Bias'. This has a direct effect on risk appetite. Women take less unnecessary risks than men and thus the gains are more moderate overall, but this approach will also provide more downside protection. In general, one might conclude that men would opt more often for an offensive risk profile and women more for a defensive profile. A study by Berkeley Haas School of Business showed that men are more active traders. They engaged in 45% more trading

activity than women. Alas, this six-year study showed that higher trading volumes resulted in men having lower investment performances than women. Besides, women also trump their male peers when it comes to diversification, leading to a better spread of their bets.

A myriad of other biases are to be considered, but what is one to learn from the fact that we have to make investment decisions with a flawed brain?

First of all, knowing that we make imperfect decisions is important. It might be wise to reflect when holding on to or entering into an investment. Ask yourself: Is a Confirmation or IKEA Bias playing with my mind? Secondly always make informed decisions based on your own analysis and do not simply be influenced by one of the gurus. Even when you have a wise and seasoned wealth advisor, make sure that you know the basics to do a proper health check of the soundness of your portfolio.

Another interesting gender difference in this respect is that men learn differently from women when it comes to investing. This is where the social and communicative aspect comes into focus. Men are self-starters, they use the internet more than women and are more often self-educated. Women, on the other hand, rely more on social networks, friends and family or financial planners. They use a networking approach to gathering information.

Benjamin Franklin has given the best advice: "An investment in knowledge pays the best interest."

Authors:

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

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



THE CHANGING FACE OF PHILANTHROPY

With the third quarter well underway, I am approaching the end of my first year at Sandaire and what a busy year it has been. Brexit, of course, continues to dominate the news and we cannot see this changing in the near future. This being said, there have also been other highly important agenda items occupying our minds.

Few were spared the avalanche of emails from firms being proactive at changing their processes and procedures on managing personal data to comply with the introduction of the General Data Protection Regulation (GDPR) at the end of May. Fraud and cybercrime continue to be an issue that affects society at large, and the finance industry is working together to play its part by investing in advanced security systems, as well as improving standards for dealing with victims and deterring criminals.

So, moving the focus to what have I learned during my first year here at Sandaire. First, the key difference between an investment office for families and foundations and other investment management firms is that whilst both are engaged in the oversight and management of clients' investments, the family investment office tends to have a much wider mandate when working with families; one that encompasses care of a complete family 'balance sheet'.

Although we are all engaged with the details and responsibilities of day-by-day investment, the investment office's mandate will encompass a clear engagement, strategic direction, and supervision. We have to remember that today's urgent issue must not obscure what is important in the long term.

Investment performance is only one of the determinants of a family's success. A family's legacy will be driven by multiple influences, some of which are ultimately more important than the urgent business of investment.



James Fleming
Chief Executive Officer
Sandaire

Many wealthy families aspire to pass along their wealth from generation to generation. It's important to take into account that human behaviour, rather than financial performance, is by far the most important factor in successful wealth transfer. It follows that while financial assets must be protected and grown, individual behaviours must also be congruent with financial ambition.

A topic that is also close to our clients' hearts is philanthropy. First comes caring for their families, but as Sidney Frank said, "doing good and feeling good for doing it" is a key theme for Ultra High Net Worth Individuals and many donors want their values to inform their philanthropy.

Philanthropy is not new, and our clients and staff were recently treated to insights by BBC Historian Dan Snow on what philanthropy, and the progression of philanthropy, meant to Queen Victoria and 19th

century Britain. The progression sprang from the end of the 18th century, where royal figures all over Europe were falling and concern increased that poverty may cause unrest, through into the 19th century and Queen Victoria's reign. Within this time it was made very clear that, unless the monarchy re-invented themselves and portrayed themselves as members of society who were benefiting their people and helping, that they would potentially 'face the chop.'

Queen Victoria who, as a woman in Victorian Britain, was secluded to a certain extent from politics, would no longer lead an army into battle and so had to reinvent her role and be sensitive to social needs.

"Royal authority could no longer be determined by divine right or military might but instead, paternalism" - Dan Snow

Queen Victoria was a patron to 150 institutions in her reign and by 1851, in her first 20 years as Queen, she had given personally to 210 initiatives, 50 schools, 37 hospitals, 21 churches and parted with 15% of her personal income. Prince Albert was also a philanthropist – he saw a need and helped create a new perception, he gave to 60 institutions and went to places royals never went before leading the 'hearts and mind campaign'.

This is how the Victorian age became the 'Golden age of Philanthropy'. Queen Victoria used charity to gain power and she achieved her aim, to reinvent the monarchy and cement the role of a donor and a figurehead for philanthropic exertions.

So, philanthropy is not new, whether you are creating, managing or financing wealth. It does bring several opportunities and challenges for our clients as they look to us for advice. Client behaviours are constantly changing and there is a growing demand for simple and powerful personalisation while reflecting more price/value sensitivity. As I referenced before, clients' perception of value is moving increasingly towards engagement and relationships. And not only is there an interest in philanthropic engagement, but in sustainable responsibility and impact investing. As always, trust remains a key component when selecting an adviser. Some of this is not new, but providers have to respond to client's behaviours and they require great capacity and understanding to succeed.

As we move into 2019, our visions remain; developing meaningful relationships and creating successful financial stewardship for our clients.

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CONSIDERING RELOCATION

WHY NOT LUXEMBOURG?



Cyril Poels



Julie Hecklen

Located in the heart of Europe, Luxembourg is the prime private banking centre in the Eurozone. Recently, Standard & Poor's has confirmed Luxembourg's AAA rating. To keep its position as a leading and enticing financial centre in Europe, Luxembourg offers a forward-looking approach to attract foreign individuals seeking a new place to live and/or manage their assets.

Personal relocation in Luxembourg

Luxembourg is an attractive place to live in; almost 48% of inhabitants living in the Grand-Duchy are foreign nationals. Although a permit is not required for nationals of European Union Member States, Norway, Iceland and the Swiss Confederation, foreign nationals from third countries must first obtain a temporary and then a long-term residence permit before they may reside legally in Luxembourg.

Since March 2017, Luxembourg immigration law allows for an innovative new residence permit for investors ("titre de séjour pour investisseur"). Aiming to attract high-net-worth individual investors from the non-EU Member States and promote local investment activities. This new residence permit may be granted for an initial period of three years with the possibility of renewal. In order to acquire this permit, the applicant should

either (i) invest at least EUR 500,000 in an existing Luxembourg company and commit himself/herself to maintain the investment and the employment, or (ii) invest at least EUR 500,000 in a new Luxembourg company creating at least five jobs.

The residence permit will also be granted in the case of an investment of at least EUR 3,000,000 in a new or an existing management and investment structure or an investment of at least EUR 20,000,000 deposited in one sole Luxembourg financial institution with the commitment to keep it for at least five years.

Moreover, a favourable tax regime for qualifying international employees (impatriate regime) allows skilled foreign workers, provided certain conditions are met, to benefit from significant tax savings on relocating expenses paid by the employer (e.g. moving expenses, housing costs, school fees). This regime applies for five years from the arrival date in Luxembourg.

Individuals qualifying as tax residents in Luxembourg will be subject to a particular tax regime. While the progressive income tax rate varies from 0% up to 42%, several categories of income may benefit from an exemption.

Capital gains on movable assets, for example, are taxable only if realised before a six months holding term. Assuming that the shares are sold after said holding period, the capital gain will only be subject to taxation if the seller has held, in the last five years, a substantial participation (i.e., more than 10% of the share capital). This situation will, however, lead to a reduction in taxation, equal to half of the normal income tax rate.

Furthermore, since the tax year 2015, substantial participations held by newly relocated residents can be valued at their market value on the day of the relocation (so-called "step-up in basis"). Therefore, a new Luxembourg resident is tax-exempt in Luxembourg on the portion of the capital gain realised before his/her relocation.

Regarding real estate, capital gains on assets located in Luxembourg are subject to taxation at the usual income tax rate only if the sale occurs within two years after the purchase. If the disposal takes place after such a detention period, capital gains are taxed at a quarter of the income tax rate until 31 December 2018, due to temporary provisions implemented in 2016. Furthermore, any capital gain realised on the disposal of the main residence of the taxpayer is exempt in Luxembourg.

Managing your assets in Luxembourg

When it comes to determining the right jurisdiction to manage and diversify their assets, foreign nationals may find a wide range of attractive investment vehicles in Luxembourg. Considering the current economic context, one of the main concerns of investors remains the protection granted to them in the event of bankruptcy of any financial institution.

The Luxembourgish life insurance protection system called "triangle of security" is unique in Europe. This tripartite agreement between the insurance regulator, the custodian bank and the insurance company, ensures a segregation of assets and a special privilege for the policyholders as preferential creditors in case of default. In addition to the strong flexibility given to the assets' allocation, the life insurance policies remain fiscally neutral for non-residents, since the applicable taxation rules will be those as per the country of residence of the

subscribers and beneficiaries. As the largest investment funds centre in Europe, Luxembourg offers a strong legal framework covering a large variety of investment structures. Depending on the needs of the investor, a whole range of regulated or unregulated funds can be set-up, such as investment companies with variable capital (SICAV) or collective investment funds (FCP).

Mainly used for hedge funds, private equity and real estate investments, the specialised investment fund (SIF) can also offer a large range of investment strategies. Combined with an attractive tax regime, the SIF offers a flexible way to manage investments for sophisticated investors.

For well-informed investors, the reserved alternative investment fund (RAIF), created in July 2016, may have interesting features. Its characteristics are comparable to those of a SIF, but, given that a RAIF is not subject to supervision by the local regulator (CSSF), it can be launched without obtaining regulatory validation. The RAIF is not limited in respect to eligible assets or investment policies and can be structured as an "umbrella fund" with several compartments.

Finally, in order to manage private and liquid financial assets in a tax attractive environment, individual investors may use a family estate management company (SPF), a well-known tool for its tax neutrality and its simplicity in use.

The ING Private Banking team in Luxembourg will be happy to share more information on those topics and remain available to discuss potential opportunities applicable to your personal situation.

Julie HECKLEN and Cyril POELS
Wealth Analysis & Planning

ING Luxembourg Private Banking



FAMILY OFFICES ENJOY A BUMPER YEAR AS INVESTMENT PERFORMANCE MORE THAN DOUBLES

Global Family Office Report 2018: the world's leading family office research study offers insight into performance, investments and structural issues

Key findings:

- The average family office portfolio returned 15.5 percent in 2017, up from 7 percent the previous year
- Almost two-fifths of family offices are now engaged in sustainable investing
- Alternatives now constitute nearly half of the average family office portfolio
- Slow progress on preparing for generational transfer

UBS, in partnership with Campden Wealth Research, has today launched its annual report on family offices globally. The Global Family Office Report 2018 surveyed principals and executives in 311 family offices, with an average size of USD 808 million assets under management.

Investment performance more than doubles as family offices exploit bull equity market

Having returned 7 percent in 2016, and just 0.3 percent in 2015, the average portfolio delivered returns of 15.5 percent last year.

This accelerating performance was driven by family offices' continued preference for equities in the context of a strong bull market. 28 percent of the total average family office portfolio is now comprised of equities. Improved performance can also be attributed to strength within the private equity space, which comprises over a fifth (22 percent) of the average portfolio and has delivered returns of 18 percent in 2017.

Reflecting this year's upward performance levels, almost half (48 percent) of family offices reported that their assets under management increased over the year.

Sara Ferrari, Head of Global Family Office Group, UBS AG, said:

"Family offices have delivered their strongest returns since we began measuring their performance five years ago. This reflects the bull market, as well as family offices' ability to take a long-term approach and embrace illiquidity."

"For the first time since we have been analysing this data, Asia has led the way on performance, benefiting from a relatively high exposure to developing market equities and the high number of private equity deals in the region. Following a path we've seen in other regions, we're also seeing family offices in developing markets becoming increasingly sophisticated and institutionalised. We expect this trend to accelerate in the coming years."

Dr. Rebecca Gooch, Director of Research, Campden Wealth said:

"In addition to the robust average family office portfolio performance of 15.5%, we have witnessed a significant growth and professionalization of the family office space since the turn of the millennium. One-third of all responding family offices now have secondary branches, half have reported that their AUM has increased year-on-year, and three-quarters reported that the wealth of the families they serve has risen over the last 12 months."

Trend towards riskier, more illiquid investments continues

The year saw a continuation of family offices' drive towards higher risk, more illiquid investments in their pursuit of yield. As part of this, nearly half (46 percent) of the average family office portfolio is now allocated to alternative investments.

Private equity has maintained its momentum, with allocations having increased over the year to 22 percent. While allocations to hedge funds have continued to slow, real estate has seen a slight rebound in popularity. After a small decline in allocations in

2016, family offices have increased their exposure to real estate direct investments to 17 percent of the average family office portfolio.

When asked about their investment intentions for the coming 12 months, half of family offices reported that they intend to invest more in direct investments, namely private equity. Over a third also noted that they plan to increase their allocations to developing market equities, private equity funds and real estate direct investments.

Family offices increasingly manage their wealth with purpose

Almost two-fifths (38 percent) of family offices are now engaged in sustainable investing. As part of this trend, impact investing has experienced a particularly significant increase in participation; the amount of family offices making such investments has increased from one quarter in 2016 to one third in 2017. The most common areas of investment are education; housing and community development; agriculture and food.

More broadly, nearly half (45 percent) plan to increase their sustainable investments over the next 12 months while, looking further ahead, 39 percent of family offices projected that when the next generation takes control of their families' wealth, they will increase their allocation to sustainable investing.

Sara Ferrari said:

"Families of great wealth feel a deep-seated obligation to make a positive impact on the world, which is reflected in a consistently high level of philanthropic activity. The family office structure allows them to go further and translate their values into financial returns through impact investment. Yet many are still to be persuaded to cross the line from interest to action. The appetite is there, but more work needs to be done to build the investment case and create opportunities."

Dr. Rebecca Gooch said:

"Impact investing will be an important space to watch over the coming years. Our research shows that the next generation, and millennials in particular, are driving impact investing within the family office space. This is key as we are on the precipice of a major generational transition set to take place over the coming 10 to 15 years. This could result in the growth and transformation of the impact investing arena."

Slow progress on preparing for looming wealth transfer
70 percent of family offices expect a generational transfer in the next ten to 15 years. Next-gen family members are taking a more active role within the family office, indicating that the handover is beginning to take place. Amongst the next generation of family members, three in ten (29 percent) family offices now hold management or executive roles, while 23 percent sit on the board.

However, half of all family offices do not have a succession plan in place. Indeed, there has only been a one percentage point increase in succession plans since UBS and Campden Wealth warned of the problem last year.

Sara Ferrari commented:

"The next generation are clearly influencing family office direction and investment strategy, particularly on questions of sustainability and impact. But all too often, the underlying issue is not being addressed. Families need to be much more proactive in tackling the issue of succession."

About Campden Wealth

Campden Wealth is a family-owned, global membership organisation providing education, connectivity, research and networking opportunities to families of substantial wealth, supporting their critical decision-making, helping to achieve enduring success for their enterprises, family offices and safeguarding their family legacy.

Campden Research supplies market insight on key sector issues for its client community and their advisers and suppliers. Through in-depth studies and comprehensive methodologies, Campden Research provides unique proprietary data and analysis based on primary sources.

Campden Wealth owns the Institute for Private Investors (IPI), the pre-eminent membership network for private investors in the United States founded in 1991, and the Campden Club, a global membership network for families and family office executives. Campden further enhanced its international reach with the establishment of Campden Family Connect PVT. Ltd., a joint venture with the Patni family in Mumbai in 2015.

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REPUTATION MANAGEMENT FOR FAMILY OFFICES WITH FINE ART ASSETS

"It takes 20 years to build a reputation and five minutes to ruin it..." So said Warren Buffett. It is as true for the world of finance as the world of high value art. Maintaining an existing reputation is one of the primary responsibilities of a family office and its advisors. Any incident affecting the reputation of one individual member or branch of the family can have implications for the family name, for other members or even for future generations. Family Offices actively acquiring or selling fine art and other luxury assets are especially exposed to risk in an increasingly media intrusive world.

Reputation management is a vitally important aspect of the art world; it affects buyers, sellers and intermediaries in terms of their standing and, indeed, the artworks themselves can become 'tainted' by allusions to dubious authenticity. When doubts are raised, a work may rapidly lose its value, and become more difficult or impossible to sell which then may have implications for the dealers themselves.

Daniel Taylor set up Taylor Hampton, a specialist reputation management firm, in 2007, after many years specialising in libel and privacy, having defended the press in numerous high-profile actions.

Taylor Hampton has been fortunate to have been involved in two of the seminal libel actions of the past decade, including the case of the art and culture critic Sarah Thornton against Telegraph Newspapers, which led to the requirement in the Defamation Act 2013 for there to be serious harm to reputation before proceedings for libel could be brought. The case of Lachaux v Independent, shortly to be heard before the Supreme Court, has reaffirmed that serious harm can be inferred from the words themselves without the need to call evidence.



Daniel Taylor
Taylor Hampton Solicitors

The growth of social media, the hype surrounding celebrity culture, paparazzi exploits and the press's desire for scandal, has assured Taylor Hampton a steady stream of new clients seeking to redress unwanted media attention. Daniel Taylor's experience in having represented both the media and Claimants is that "upholding and maintaining your good reputation is critical and everyone has the right not to be traduced by defamatory and untrue remarks and not to have their private information misused".

However, it is not always those with a high media profile that are vulnerable. Anyone can fall foul of unfortunate circumstances and find themselves in the media spotlight. The firm was involved in a highly-publicised action in the phone hacking scandal case which led to the closure of the News of the World and the firm also acted in the landmark privacy case of Gulati v Mirror Group Newspapers which has set the benchmark for damages in privacy cases.

In this regard, slander of title, or a false denial of a work's authenticity can have potentially serious consequences for the dealer and the artwork. In the famous case of Hahn v Duveen, the highly influential art dealer, Sir Joseph Duveen declared American collector Andrée Hahn's masterpiece to be a fake. The work in question was Leonardo da Vinci's *La Belle Ferronniere* and it cost the owner the sale. Duveen paid a significant amount to settle the matter. It is an illustration of how such matters relating to authenticity and title can impact on the art market.

Any attack on an artwork could potentially have serious consequences for its owner. In a recent American case, the well-established art dealer Gerald Peters claimed that his own reputation was at stake because another gallery declared a painting he was selling, *The Sun and The Rain*, to be a fake. The painting was valued at some £750,000. However, the judge found that defaming the painting did not defame its owner. It is a moot point as to whether the conclusion of the Judge in that case would be similarly followed in UK law.

Drawing on the company's experience and recognition in its field in steering complex cases to a successful outcome, the same expertise is now being brought by Taylor Hampton to bear in the art market, a world increasingly subject to high profile scandals.

The firm acts for several artists and also art market professionals. It has recently been involved in a high-profile art fraud case as a founder member of the Art Due Diligence Group, a body of specialists assisting family offices, collectors and advisors with high-end art transactions, art recovery and reputation management.

The company's Art Law department is currently seeking to recover monies in respect of a sculpture that was never delivered.

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World Islamic Banking Conference (WIBC) hosts the 25th edition in strategic partnership with the Central Bank of Bahrain



Amwaj Islands, Kingdom of Bahrain, 13 August 2018: Held under the patronage of HRH Prince Khalifa Bin Salman Al Khalifa, The Prime Minister of the Kingdom of Bahrain and the strategic partnership of the Central Bank of Bahrain, the World Islamic Banking Conference (WIBC) will take place on November 26th, 27th & 28th in the Kingdom of Bahrain. Middle East Global Advisors (MEGA), a leading financial intelligence platform facilitating the development of knowledge-based economies in the MENASEA markets, announced that it will convene the 25th anniversary edition of their flagship offering – the largest and most prestigious gathering of Islamic banking and finance leaders in the world – at the ART Rotana Hotel in Amwaj Islands. Over 1200 global industry powerhouses, policy makers, innovators and stakeholders will converge for the three-day long forum that is spearheading a series of discussions gravitating around the theme of “Islamic Finance & Sustainable Economic Growth in the Age of Disruption” in line with its steady vision to serve as a compass for the global Islamic finance and banking industry.

Speaking ahead of the 25th WIBC, Ehsan Abbas, Chairman, Middle East Global Advisors, said: “For over 25 years, WIBC has helped forge a robust ecosystem to widen the scope of Islamic finance to

meet new realities, while staying true to its ideals. 2018 will mark the 25th-anniversary edition of the World Islamic Banking Conference – a testament to its continued significance as a trusted benchmark for the industry to gather and share critical insights going forward.”

Adding further, Mr Abbas said, “To assess recovery of economic growth, WIBC will seek to address the optimal ways that policymakers can support long-term robust growth by preparing to cope with possible bouts of financial market volatility. Countries need to rebuild fiscal buffers, enact structural reforms, and steer monetary policy cautiously in an environment that is already complex and challenging. In the midst of this, the 25th WIBC will focus on how Islamic finance can build on its global value proposition as a means of strengthening the financial sector.”

Speaking on behalf of WIBC’s Strategic Partner, Khalid Hamad Abdul-Rahman Hamad, Executive Director - Banking Supervision, Central Bank of Bahrain, said, “The Central Bank of Bahrain is pleased to be a strategic partner for the 25th edition of the World Islamic Banking Conference to be held on 26-28 November in Bahrain. The conference this year combines the best of Islamic Banking & Bahrain against

the backdrop of recent changes. Key areas of focus will be new initiatives in Digital Banking, Economic Growth & Sustainable Finance, and country-specific showcases. The Minister for Oil and Gas will also be talking about investment opportunities in Bahrain’s recent mega Oil and Gas discovery. The CBB is committed to remaining at the forefront of these developments by providing regulatory oversight to emerging technologies and ensuring the sustainability of financial resources. With the recent announcement of the Regulatory Sandbox and Bahrain Fintech Bay, Bahrain now also has an ecosystem in place to encourage growth in the Fin-Tech industry, making all the conference discussions & participatory interaction very relevant.”

WIBC has annually reaffirmed its reputation in generating breakthrough thought leadership. A true flagbearer for the conference and its ethos year-on-year, His Excellency Rasheed Mohammed Al Maraj, Governor, Central Bank of Bahrain, will showcase his support for the event by delivering the keynote address at the 25th World Islamic Banking Conference, with the vision of furthering the ecosystem for Islamic finance entities to thrive and grow globally.

With the pace of change in Financial Services increasing rapidly, so does the urge for the industry to react. Quickly embracing the widespread disruption and forging partnerships in efforts to sharpen operational efficiency have taken precedence in the digital era. Over the last few years, a key focus area for WIBC has always been to connect the industry with leading pioneers and innovators in the FinTech space and forge a fresh, innovative and technology-enabled phase of the industry’s development. While last year’s edition witnessed keynote speeches by Alex Tapscott, CEO NextBlock Global, Co-Author of Blockchain Revolution & Founding Member, IMF’s High Level Advisory Group on Fintech and Xen Baynham- Herd, Head of Strategy and Lead Economist – Blockchain who spoke about embracing new technologies like blockchain in the changing face of financial services due to the advent of the digitization. This year’s edition will also see leading technology experts deliberate as part of an exclusive FinTech Panel.

Critical features for WIBC 2018 include: Governors’ Addresses; High-profile Regulatory Debate among Central Bankers; a conversation with a distinguished

Islamic finance veteran on the future course of the Islamic economy, The Regulations Power Table on fostering synergies among regulators, standard setters and global financial regulatory authorities to further Islamic Finance; Panel discussions focusing on sustainable, equitable & inclusive growth, FinTech, new horizons for Islamic finance, cross-jurisdictional issues on Sharia standards & practices and much more.

Industry leaders will also be recognised for their excellence through the WIBC Performance Awards 2018, the nominees of which will be announced weeks before the November event, and the winners at the Gala Dinner on November 27. Confirmed partners at WIBC 2018 so far include Casablanca Finance City Authority, Ithmaar Bank, Khaleeji Commercial Bank (KHCB), World Gold Council, First Energy Bank, The Perth Mint, Eiger Trading, Bahrain Islamic Bank (BisB) & Fitch Ratings.

WIBC 2017 registered participation from a staggering 1200 delegates, 87 partners, 90 high profile speakers from across 50 countries, further boosting the powerful WIBC brand and its legacy. The distinguished line-up of speakers over the years include:

- His Excellency Rasheed Mohammed Al Maraj, Governor, Central Bank of Bahrain
- His Excellency Dr. Kairat Kelimbetov, Governor, Astana International Financial Centre (AIFC)
- His Excellency Dr. Ahmed Abdulkarim Alkholifey, Governor, Saudi Arabian Monetary Agency
- Kishore Mahbubani, Dean, Professor in the Practice of Public Policy, Lee Kuan Yew School of Public Policy, National University of Singapore
- H.E. Hamood Sangour Al-Zadjali, Executive President, Central Bank of Oman
- H.E. Riaz Riazuddin, Deputy Governor, State Bank of Pakistan (SBP)
- Manjiang Cheng, Chief Economist, Bank of China International (BOCI), CEO, Research Company of BOCI
- H.E. Dr. Mohammad Y. Al-Hashel, Governor, Central Bank of Kuwait

To find out more about the 25th World Islamic Banking Conference, visit: www.wibc2018.com

Join the global conversation on Twitter at: @WIBC2018 #WIBC2018

www.capitaliumadvisors.ch



CYBERSECURITY IS A SHARED RESPONSIBILITY

By: Stefan Ludlow | Director of Technology

Cybersecurity has become one of the most frequently used buzzwords over the past few years, with new online attacks, advice, and vendors continuously coming out of the woodwork. As you would constantly check your financial health, Family Offices and High-Net-Worth Individuals (HNWIs) need to check their cybersecurity health as well. GM Advisory Group (GMAG) recognises the need to protect highly sensitive data.

Unfortunately, there are no clear and defined industry guidelines for doing so, and often the advice provided is highly technical, overly onerous, or generally confusing. Yet the costs of not addressing cybersecurity head-on are enormous, with cybersecurity firm Rubica estimating that individuals with over \$5 million in net worth have a nearly 90 per cent chance of experiencing a loss averaging \$75,000 by 2020.

Family offices represent nearly 50 per cent of global HNWIs, and studies show that 15 per cent of family offices have been victims of a cyber attack. It is critical that the threat is taken seriously and that measures to protect sensitive information are put into place. GMAG recognises that resources aren't readily available for every family office or HNWI to address these threats, and as such, we make ourselves available as a resource to provide recommendations and advice when it is appropriate for clients. In reviewing the threat landscape, GMAG has found that threats generally fall into one of three categories, with different response strategies suggested for each: direct attacks, indirect attacks, and third-party attacks.

Direct attacks target employees of the family office or the HNWIs they serve. These attacks take various forms, ranging from phishing scams to sophisticated breaches, where hackers directly access the firm's network. Attackers can install malware directly on firm machines, log keystrokes and information accessed, directly pull information such as financial statements and saved



Stefan Ludlow

Wealth Management Technology Expert

passwords, and access applications such as email or banking sites to send wires or transfer funds. Direct attacks are some of the most destructive and require a conscientious effort on the part of the family office and its clients to mitigate potential harm. Whether it is for HNWIs and their families or the Single-Family Office with a handful of employees, infrastructure security and basic cybersecurity awareness are a must. IT infrastructure should be installed and regularly maintained by a qualified IT professional to reduce the risk of breaches due to out-of-date software or equipment—one of the most frequent avenues of attack.

GMAG strongly recommends that you hold regular cybersecurity awareness training to review best practices to avoid the dangers of phishing and other common attacks. A standard set of policies and procedures should be implemented to ensure that if a breach occurs, a plan

of attack is in place. Even policies as simple as requiring a verbal confirmation anytime a wire transfer is requested can prevent large financial loss.

Indirect attacks target individuals such as family members, friends, and/or associated employees outside of the office. Indirect attacks do not result in an immediate, direct breach of assets or information, but, this type of attack can potentially lead to a direct attack if it is not addressed. A Facebook or Instagram page with lax privacy settings can be enough for an attacker to use social engineering to obtain access to information, enabling the offender to facilitate a direct attack.

Hackers can perform sophisticated breaches to access a firm's network directly. For example, if the children of HNWIs are posting about an exciting vacation away from home, it's simple for a bad actor to breach their physical property. If a child uses your iPhone and inadvertently downloads a malicious application or visits a malicious website, a bad actor could use the opportunity to attack you or the information of your family office.

Indirect attacks can be more challenging to address because defensive practices require the cooperation of individuals beyond the family office. At GMAG, we play an instrumental role in encouraging cybersecurity best practices among the families and family offices we serve.

The social media profiles of the entire family and family office employees should be completely private and visible only to friends. Family heads should understand which profiles or applications their family uses and make sure they see what is posted. GMAG strongly advises that family devices be secured with passwords and updated regularly. Additionally, local networks and computers at the family home should be installed, configured, and updated regularly by an IT professional to prevent indirect as well as direct attacks.

Similar to indirect and direct attacks, a third-party attach poses another serious cyber threat. This is when nonpublic, private information is compromised through a third party, such as the Equifax breach of 2017, and highly sensitive data becomes exposed. These breaches are almost impossible to prevent from the individual

or family office perspective; however, the impact of a breach can be mitigated. For example, upon learning of the Equifax breach, GMAG immediately acted and contacted our clients to create simple steps to secure their identities and data integrity. The leading result of third-party attacks is identity theft and credit fraud, which can be mitigated by judicious credit monitoring and ongoing identity theft protection using an outside service.

We spend more time online than any other platform. While it is nearly impossible to stop cyber attacks entirely, there are ways we can become smarter about our cybersecurity. At GMAG, we believe that cybersecurity is a priority and a shared responsibility for us all. We must be aware of the types of threats out there and what can be done to reduce risk and exposure. Standardizing policies around high-risk business processes like asset transfers, securing cybersecurity insurance, and regularly retaining assistance from IT professionals can help reduce the risk of attacks.

Cybersecurity is a team effort. You are only as strong as your weakest link. Awareness training and proper security policies around devices and social media profiles should be the standard for all family members and employees. Most importantly, prioritise cybersecurity—take the time and use available resources to address these threats.

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A BLOCKCHAIN-BASED FUTURE FOR THE MALTA GAMING INDUSTRY

Fourteen years ago, Malta made waves with the enactment of its remote gaming regulations, resulting in it being recognised as a world-class jurisdiction for regulated online betting and gaming operations. Now, Malta has set its eyes on the blockchain and cryptocurrency industry, seeking to repeat the gaming industry's success story.

The nature of iGaming lends itself to a rapid adoption of digital ledger technology (DLT) and virtual currencies (VCs). Online gaming operators tend to be tech-savvy entities who already have experience with the issuance of what may be considered digital assets,

such as in-game tokens or credits. For gaming companies, making the shift to cryptocurrencies should be an easy one.

Blockchain as a solution for gaming operators

A gaming platform built on blockchain technology could provide players, operators and regulators increased trust and transparency.

The application of DLTs will create an immutable record of the transactions, plays and bets placed by the player. In this manner, claims that online operators take advantage of their position vis-a-vis players would be tackled in a transparent way.

Moreover, the use of a blockchain for gambling operations would reduce the risk of fraud and money laundering from players with nefarious intentions. DLTs would adopt identity verification mechanisms and validation of transactions through proof of stake, which would facilitate the fulfilment of operators' obligations under money laundering rules and data protection regulations, amongst others.

DLTs would grant operators and players greater liberty in transactions on the gambling platform through the deployment of cryptocurrencies to carry out bets. The use of VCs has proven to be cheaper, eliminating the

intervention of third-parties such as banks and doing away with credit card transaction fees and other international fees implemented by banks while providing holders with real-time results.

A significant issue that would be faced by operators and players is the high volatility of the value of cryptocurrencies. Problems may arise between players and operators as to which exchange rate would be applicable: that at the time of deposit, placing of the bet or winning?

Another issue is scalability (transactions per second [tps] limit) of transactions on a blockchain, which is slower than conventional payment methods (2tps on Bitcoin Blockchain and 20tps for Ethereum as opposed to 450tps for PayPal and 56,000tps for Visa). This problem may be an obstacle for high-traffic gaming operators and players who generally require instantaneous deposits and withdrawals.

Player benefits in iGaming blockchain

Smart contracts could increase transparency and efficiency in player pay-outs through additional means of verification to ensure that winnings are reasonably determined.

Through smart contracts, bets and subsequent winnings are recorded instantly, and payment is triggered immediately. The deployment of smart contracts on such a DLT would ensure that all parties involved

are aware of the way pay-outs are carried out, their basis and the systems on which such results are determined. Blockchain will verify each transaction through a proof of work carried out by several nodes within the blockchain. Any changes to the information on the blockchain would be impossible (or exceedingly expensive) to carry out, as the majority of nodes would need to approve such changes. This will eliminate instances of manipulation, creating an immutable record of transactions.

Regulation

The potential use of blockchain technology in iGaming has given rise to various regulatory challenges. For blockchain to function in a regulated sector such as gaming, where ultimately the licensed gaming operator is responsible for legal obligations, a distributed ledger system, rather than a decentralised ledger, would need to be applied. Additionally, observer nodes would need to be created for regulatory authorities to access the systems of the licensee.

The Malta Gaming Authority (MGA) has published a consultation document in March 2018 to commence the discussion amongst stakeholders for the introduction of DLTs and VCs in gaming.

No specific regulation has been enacted yet; however, the new gaming laws cater to the adoption of regulations concerning VCs and DLTs – making Malta one of the first jurisdictions to regulate this area.

The future of gaming

Despite the difficulties, regulatory authorities like the MGA seem keen to embrace the technology that is disrupting commerce and industries. The MGA recognises the inevitable rise of blockchain and, subsequently, the need for it to remain at the forefront of innovation.

As part of a concerted effort for Malta to create the first European blockchain hub, initiatives show that the Malta Digital Innovation Authority and the MGA are working closely to provide a regulatory framework for the next generation. It is expected that as was the aim of the iGaming regulations years ago, new legislation will focus on protecting investors and players, while allowing operators to flourish within a dynamic environment.

As the blockchain industry develops, its application in various businesses expands. For gaming developers and operators, the adoption of blockchain may not be an option but may become a necessity.

By Steve Muscat Azzopardi and Dr Silvana Zammit,

About Chetcuti Cauchi Advocates
Chetcuti Cauchi Advocates is a European law and professional services firm, with offices in Malta, Cyprus, London, Zurich and Hong Kong.

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THE CARNEGIE CLUB AT SKIBO CASTLE SCOTTISH HIGHLANDS

Situated in the heart of the Scottish Highlands, The Carnegie Club at Skibo Castle is an exclusive private members club located to the west of the Royal Burgh of Dornoch. With spectacular views over rolling hills, woodland and the waters of the Dornoch Firth, membership to the club offers access to one of the world's most extraordinary and luxurious residential spots.

With beginnings as a charter in 1211, the residence of the Bishops of Caithness, the Skibo estate has changed hands several times over the years, before it was eventually acquired in 1898 by a wealthy industrialist of the Victorian era and one of history's greatest philanthropists, Andrew Carnegie. Erstwhile the richest man in the world - no expense was spared in transforming Skibo Castle from a run-down country estate into a millionaire's playground. Lochs were created and stocked with brown trout for fishing, a golf course and swimming pavilion built, while the castle tripled in size and an electric power station was constructed. Now belonging to a private family, significant investment has continued with more

than £20 million contributed to a programme of conservation and in the preservation of the Grade-A listed sandstone castle and improvement of the 8,000-acre estate surrounding it.

Offering twenty-one exceptional castle rooms and eleven estate lodges, no one room offers an experience like the other. Guest rooms within the castle each have their own distinct charm: some have four-poster beds, others original Edwardian fixtures and fittings including tiling and roll-top baths, and one even has a private library tucked in a tower.

Estate lodges are perfect for larger groups, families and members who prefer the privacy of their own property. Each lodge is unique, and guests can enjoy large open fires, panoramic views of the Dornoch Firth from their private sun terrace or a game of croquet on their own lawn. It's not just the setting which makes the Carnegie Club so special, members are free to enjoy an array of activities on offer at Skibo. Whether the chance to explore the estate on foot, by bicycle, Segway or on horseback, there is also swimming,

tennis on the French clay court, game and clay pigeon shooting, fishing, archery, falconry or golf on the world-renowned Carnegie Links course.

The Carnegie Links is an 18-hole Championship course that offers players 6,833 yards of golfing genius. There are no tee times at Skibo, so members are free to play as and when the mood takes them. With its relaxed atmosphere and array of golf professionals on hand for tuition, the Carnegie Links is ideal for all levels, from beginners to accomplished golfers. Golf professionals including Paul Lawrie, Sandy Lyle and Jack Nicklaus have played the course and it is frequently rated among the top 150 courses in the United Kingdom. Set within Carnegie's former Victorian power station, Skibo's Spa offers a relaxing haven of tranquillity with its full range of signature experiences from Aromatherapy Associates, Carol Joy and Ishga facial, body and specialised treatments.

After a relaxing spa treatment, members can unwind in the glass-roofed swimming pool, set in a former ballroom, offering spectacular views over the estate, spend time in the steam rooms or work off Skibo's excellent food in the state-of-the-art gym furnished with Life Fitness equipment and Peloton spin bikes. Members of the Carnegie Club today find themselves surrounded by the castle's rich history. They listen as the 1904 organ is played during breakfast by one of the Club's resident musicians, flick through the pages of one of the 4,500 original books in the library, gather around the original Bechstein piano in the Drawing Room for pre-dinner cocktails and sit down to eat at



the same dining table used by the Carnegie family and their many guests over the years.

Skibo's Executive Chef Craig Rowland and Head Castle Chef Lindsay Mackay are responsible for the first-class food, committed to sourcing as much of the produce that goes into their innovative menus as possible from the estate itself or from the local area. Breakfast is a selection of homemade granola, honey from Skibo's own apiary, smoked salmon from a nearby loch or croissants baked fresh that morning by the pâtissier, served in the elegant Breakfast Room.

Lunch could be an Italian-style pizza or fresh salad at the Clubhouse on the golf course, which also offers informal brasserie dinners, while an afternoon tea of scones, sandwiches and cakes is served back at the castle at tea time. Depending on the season and their preference, members can join the hosted dinner served in the majestic Mr Carnegie's Dining Room, at the very oak table used by Carnegie and his guests, enjoy the peace of the private dining room or even have dinner served in their lodge.

In the evenings parents can enjoy dinner in the castle safe in the knowledge that their little ones are being taken care of by the club's experienced babysitting team. Children of all ages are welcome at Skibo, and the Children's Barn has everything a young member could ask for – drum-sets for making noise, paints for making a mess and an outdoor playground with swings, slides and trampolines. For older children, there are pool tables and gaming consoles.

Falconry is available and children of all ages love visiting the club's alpacas, rabbits and tortoises. For the adventurous there are even options to try bush-craft and outdoor survival, gorge-walking, rock climbing and boat trips to spot birds, seals and dolphins.

No matter what the choice of experience, there truly is something for everyone at Skibo castle. Membership costs £8,000 per year plus a one-off joining fee of £25,000. Room rates cost from £1,280 per night for a large double room, all-inclusive. Prospective members are invited to stay for a trial weekend (starting from £2,100 per night) before applying, and applications are approved by the club's membership committee.

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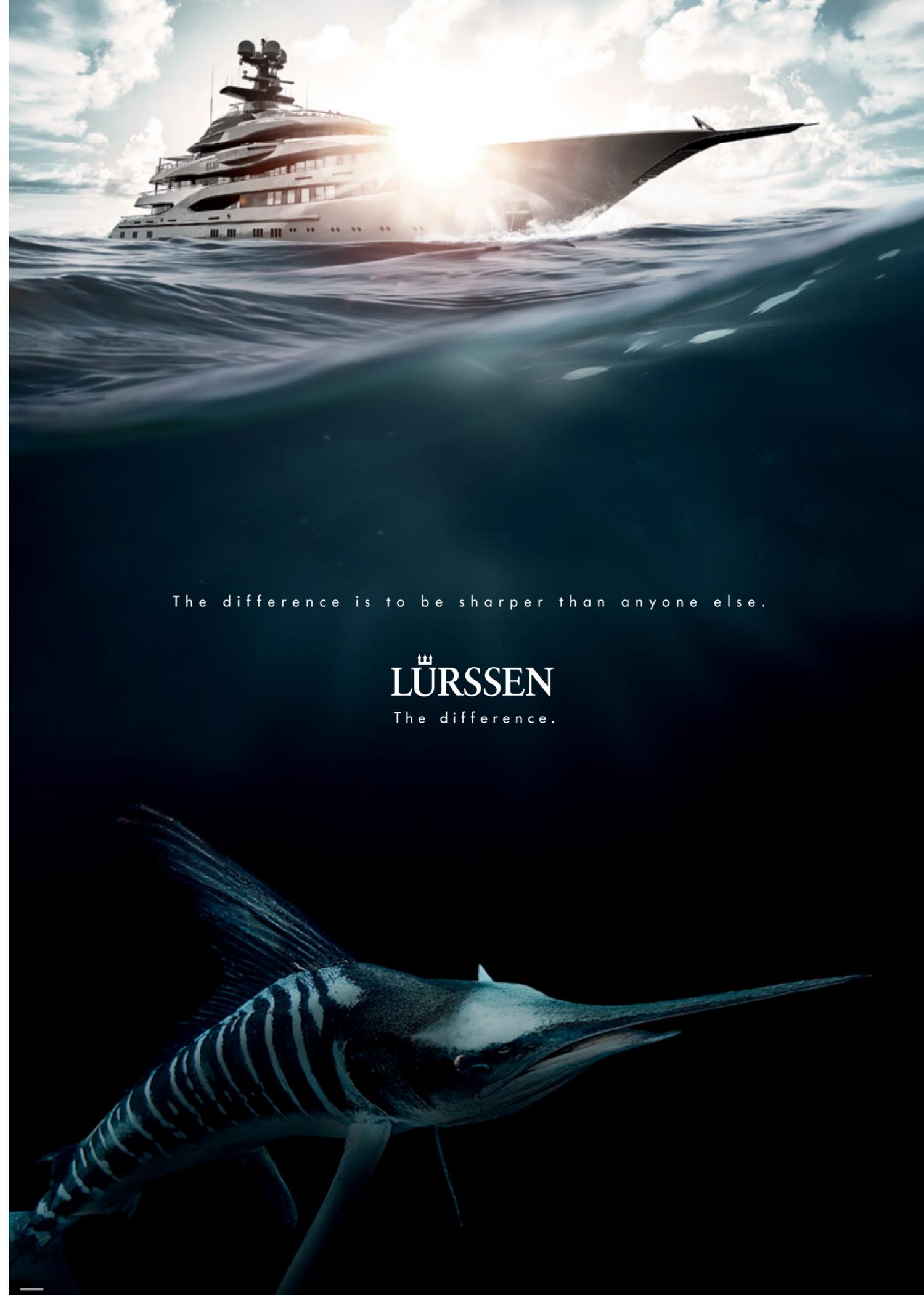
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OSINT (OPEN SOURCE INTELLIGENCE) AND THE FAMILY OFFICE

MAKING SENSE OF THE GRAPEVINE

Historically speaking, organisations have had to invest heavily in human capital to process large quantities of publicly available information to find a few actionable nuggets.

Fortunately, with new technologies and human-computer interactions, breakthroughs have been achieved to make information gathering timelier and more pertinent without a considerable investment. Now, with OSINT (Open Source Intelligence), leveraging relevant and timely intelligence products for family offices and their clients is no longer a burdensome ROI consideration.

Currently, family offices and other organisations, large and small, benefit tremendously from OSINT services for competitive intelligence purposes, insider threat investigations, due diligence, third-party vendor reconnaissance, and brand protection, to name a few. Ultimately, risk management is no different from walking across a tightrope. It is a balance which gets us to the other side. However, what is OSINT really, and how can this service benefit the family office as part of its risk management strategy in practical terms?

OSINT (Open Source Intelligence) has its roots in government research and development programs.

According to the Central Intelligence Agency, OSINT is drawn from publicly available material including the internet, traditional mass media (e.g. television, radio, newspapers, magazines), conference proceedings, geospatial information (e.g. maps and commercial imagery products), specialised journals, photos, and think tank studies.

While many of the collection tools in the private sector differ from those in government, the open source information being sought, for the most part, can be obtained freely by both sectors, budgets and skills permitting.

The most common internet searches involve harvesting information from the surface, deep, and dark web:

- **Surface Web:** Surface web is the information indexed by mainstream search engines such as Google or Bing and available via top social media platforms.
- **Deep Web:** This information is usually hidden from the general internet. A bit more “benign” than the dark web, it includes banned content, leaked hacks, and torrents that distribute copyrighted materials.
- **Dark Web:** The dark web can be thought of as the part of the web not indexed by mainstream search engines.

With such a vast amount of information to parse and analyse, the best OSINT services will offer the means

to obtain only the data you need without unnecessary info-clutter. It will also protect you while searching the deep and dark web.

How Can OSINT Help the Family Office?

As the overlap between cyber and physical security continues to evolve, it is recommended that the family office explore the benefits of open source intelligence as part of their holistic strategy for risk management. With significant technological advancements in computing, accessibility to OSINT tools is easier than ever before for the family office. OSINT is no longer limited to governmental agencies and major corporations.

OSINT can help the family office make better sense of what the world is saying about them and their clients’ personal and professional life. It can also help clients understand context, placement, affiliations and potentially the intentions of people and companies with whom they intend to interact, directly or through third parties. This type of predictive analysis can keep clever bad actors at bay, before catastrophe strikes and significant financial and reputation losses are sustained.

Choosing the Right OSINT Service

In conducting an online search for OSINT services, a wide variety of options are readily available. As a consumer, one needs to understand that not all open source intelligence products are the same, and this is a good thing. Among the considerations for an OSINT service, evaluate the following:

1. Compliance with Government Regulations and Business Ethics

The ethical, moral, and legal obligations attached to an OSINT product are crucial, as publicly available information, disseminated irresponsibly, can be devastating to a person’s life and invite significant legal repercussions to that of the researcher. Therefore, a deep and profound understanding of local, state, federal, and international information collection and retention laws is recommended before conducting OSINT services.

2. Automation vs. Personal Touch

Equally important, when considering acquiring OSINT services from the open market, is the balance between “art” and “science.” Many vendors offer automated

OSINT services requiring minimal input from the consumer or a hired analyst. This works well in certain instances but will fall short if human analysis is needed.

Hourly, daily, and even weekly reports can be generated using this automated approach, which offers an array of customizable tools. Depending on how wide an information-seeking net is cast, however, one of the most immediately noticeable challenges to this approach is the large amount of generated data, which can quickly become overwhelming. When this occurs, there is another option: human analysis.

3. OSINT Intelligence Analysts

For human analysis, look for talented bilingual intelligence analysts with previous government and private sector experience. They often work for political organisations and families as part of their physical security program, or even as a stand-alone unit.

Many clients in the market for OSINT services quickly realise that there is just no substitute for a well-trained analyst who has mastered the art form of information seeking, gathering, and intelligence production.

Collecting large quantities of information is no longer a difficult task to complete. Analysis, however, is a skill set which requires a great deal of acumen and specialisation. A sophisticated family office OSINT analyst can pair experience with the science of readily available robust information mining platforms to deliver a powerful analytical product.

Human OSINT Analysis is the Missing Piece

In closing, while databases can serve as a tremendous investigatory tool, they only provide the client with one aspect of the intelligence cycle, and that is the collection piece. Analysts can complete the intelligence cycle with meaningful analysis relevant to a client’s gap in knowledge.

By: Walter Gaya

Walter Gaya is the founder and managing director of International Security Consulting Group, a Seattle based risk management consultancy.



TOTTENHAM HOTSPUR PREMIUM EXPERIENCE WITHIN FOOTBALL

In delivering its new stadium, Tottenham Hotspur is building a venue that aims to redefine the premium experience within football. With that in mind, club representatives travelled far and wide, not only gaining inspiration from the world's leading sports stadia, but also premium hotels, restaurants and other entertainment industries.

On Four, located on level four of the venue, will offer a line-up of world-renowned chefs, providing a level of choice never achieved at a sporting venue.

In total, six signature chefs, who run a combined 18 restaurants in locations ranging from London to Dubai, will provide a refined and varied menu for guests on different matchdays, bringing some of the world's best food to North London. Bryn Williams' traditional British style and Dipna Anand's vibrant Indian style of cooking join the

classical French cuisines offered by the Roux family and Chris Galvin, to create a Michelin-calibre offering.

Experiences that can be found On Four include The H Club - situated on the halfway line and set to rival the most exclusive members' clubs London has to offer. Every element of the H Club will epitomise quality, with expert sommeliers, gracious staff and a maximum of 90 like-minded members, making it an unbeatable and focused membership offering.

The location of the H Club means members will be kept close to the action while having numerous dining options, allowing them to change their experience depending on their guests. The Players' Table, hosted by Club ambassadors and former Spurs legends, is one of the more interactive experiences, while a special occasion may call for

a visit to the Chefs Table for a live theatre dining experience with the chef-of-the-day.

Also available On Four will be Super Suites, for up to 21 guests, and Sideline Suites for up to 12 guests that can be fully customised by an interior designer to reflect an individual's or brand's values. Use of these suites will not just be confined to matchdays – spaces can be used as a London work base on non-event days.

Contemporary Loge Suites will feature for the first time in a UK stadium and are therefore proving extremely popular as they provide the intimacy of a private dining experience with access to a members' lounge bar for networking.

Elsewhere within the stadium, the first purpose-built glass-walled Tunnel Club in the UK will allow guests to see the inner sanctum with a behind-the-scenes view of the players' tunnel, while also enjoying the action from player-spec 'Recaro-style' seats located behind the First Team technical area.

Meanwhile, on Level Nine of the stadium, the Stratus East and West will offer a relaxed and informal experience surrounded by panoramic views both within and outside the stadium.

Stratus East and West were named in honour of Luke Howard, the "father of meteorology" who lived and died just down the road from the Club in Bruce Grove. Howard named the three major categories of cloud – cumulus, cirrus and of course stratus. His classification remains commonly used over 200 years after he first proposed it, a legacy the club believes to be well worth recognition.

Guests of both Stratus East and West can expect modern and contemporary lounge spaces with stunning panoramic views from the highest possible vantage point in the stadium. Dining will be at command too, with high quality and informal bowl food and a creative selection of drinks and cocktails. Fans and guests will be amazed at just how intimate and close to the action they will feel

with a seating bowl designed to place one closer to the pitch than at any other comparable size stadium in the UK.

Distances from the front row to the touchline range from just 4.9 metres to 7.9 metres. The angle of the stands is set at up to 35 degrees and this, combined with the close proximity, will optimise the atmosphere created, ensuring the Club maintains its tradition of having one of the most atmospheric homes in British sport.

There are four giant HD screens, the largest in the UK, and a state-of-the-art sound system which will ensure that the club deliver pre-match, half-time and post-match entertainment, highlights and replays to the highest possible standard.

The comfortable modern seating will offer generous leg-room and uninterrupted views of the pitch and, in its positioning as a well-connected cashless stadium, all payments will be made using either a contactless card or via mobile phone to help speed up service.

Tottenham Hotspur's new stadium presents itself as a venue that will not only host sports such as football and NFL, but also a leisure and entertainment destination for London. It is creating something much more than just a football stadium, sitting alongside other leading venues such as the O2 and Wembley as 'the place to be' in terms of providing a great day out for your most valued guests and clients.



SERVING HNW FAMILIES AS A CHIEF LEARNING OFFICER

By Dr Andrew S Kane

For a HNW Family, conflicts and struggles place in jeopardy the economic stability and viability of the “family enterprise”, which may be comprised of several related businesses, financial assets or separate holdings. When the leader(s) of the family enterprise is engaged in these conflicts or struggles, he or she is likely functioning not just as a chief executive officer but also as the chief emotional officer for the family enterprise. Resolving deep unspoken emotions among family members can be the catalyst to success or the straw that breaks the camel’s back and causes a breakup of the family enterprise. No wonder why the leaders of a family enterprise can feel isolated.

A Family Enterprise Consultant, functioning as a Chief Learning Officer (CLO) to a HNW Family enterprise can bring significant value to the family. While CLO’s in business have acted as corporate educators, in the family enterprise the CLO role has become to educate family members to be business owners and to think about the future of the family enterprise.

A CLO can help the leaders of a HNW Family breakthrough the isolation mentioned earlier, as the priority of the CLO is to shift the family towards unity. Clarity is required to define family goals and governance policies that help align the family members and run the Family Enterprise more efficiently. Clarity about who the family members are and what they want is also important.

This is not a short or easy process, as it requires families to talk about issues that likely have been glossed over for years. The ability to have the difficult conversations is the best way to ensure lasting family enterprises which will underpin a family’s legacy desires.

A CLO may ask the family leader “what do you want the family enterprise to look like – a family dynasty or separate worlds for each family member”, and the family



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patriarch/matriarch may have an answer that is not shared by Gen 2 or Gen 3 members. Uncovering the individual and collective answers is a crucial step any family should pursue. The path may involve addressing the toughest issues that keep us awake at night-- intimate, painful and emotional issues that are tearing the gut, tugging the heart, and taxing the brain. Family relationships are long-term so developing the whole person of successive generations is critical.

One key value that a CLO can add is constructing a family enterprise learning curriculum, based upon adult development theory. The learning curriculum focuses on developing skills, experience, knowledge and credentials of leaders. This is viewed as horizontal development. The curriculum may also involve vertical leadership development, which addresses the broader enterprise and culture.

For example, a Gen 2 member who has consistently improved his or her skills in sales and marketing (horizontal development) may now be ready to tackle an entirely new level of responsibility such as product development (vertical development). A CLO can help facilitate this growth and transition through coaching, mentoring, suggested coursework, etc.

Functioning as a CLO, one should focus working with families around co-creating the framework for the family enterprise, not just having the leader patriarch/matriarch create the framework themselves without second or third generations engaged in the creation or re-creation. Within the family enterprise, each adult family member needs to have framed for them as part of the learning curriculum, a continuum of roles and opportunities, expectations set for those roles while simultaneously having each of them accepted as both family members and as executives.

Each adult family member also needs to develop self-awareness, empathy, framing and innovation skills as well as adding character, values and the family legacy to the learning curriculum to provide the foundation for lifelong leadership development for the family enterprise.

Family enterprise leaders need to frame what the end expectations are for the succeeding generations. This often includes managing emotions within the family, where second or third generations likely possess deep unsettled and unspoken emotions. Typically, Gen 1 has been focused on running the family business, not developing the leaders of the next generation.

Naturally, Gen 1 may be focused on manufacturing, sales, distribution, margin, profits or cash flow issues if a family business is at the centre of the family enterprise. Too many eyes may be focused on the bottom line.

A CLO’s eyes will need to be focused upwards and outward at the horizon when Gen 2 assumes control and operational responsibility of the family enterprise. The CLO can identify where the gaps are and the

growth that needs to occur in Gen 1 and Gen 2 to make that happen. Family governance has a beneficial role to play in this area through family boards, family councils, etc. as collaboration is critical for those family members involved in their various roles, to co-create the framework, vision and related plans for the family enterprise.

As CLO one may be pulling the family members upwards, refocusing their energy and efforts, so they are not blindsided by a sudden decline in a critical Gen1 member’s health, the marketplace or other major shifts. The CLO is undertaking strategic interventions that can ensure the success of a HNW family, sometimes, in spite of themselves, as the CLO helps the critical family members get out of their own way. The CLOs sees the path and sets the relevant family members’ stumbling feet on it!

Acting as CLO, a family enterprise consultant should ask the family enterprise leaders, whether they are doing everything to develop the family enterprise to preserve their wealth while embracing the human, social, intellectual and spiritual capital of the family. If there is an expressed gap and need, then a CLO can develop a learning curriculum and educate family relatives to be business owners and to think about the future of the family enterprise.

The author of this article is Andrew S. Kane, OBE PhD, Senior Advisor and Co-Founder of Spencer Legacy Group.

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The Spencer Legacy Group is a national US based practice of experienced professionals who work with high net worth families in confidential and effective ways. Their approach and skill sets include conflict resolution, mediation, collaborative divorce, medical and psychological diagnoses, assessment of family personalities, guidance with transitions, recovery from grief and loss, mentoring and advice around complex family, family office and family business issues.



CTA TRADING STRATEGIES AND THEIR MAIN CHARACTERISTICS

View from a quantitative trader

Family Office CIOs frequently select Commodity Trading Advisor (CTA) investments for diversifying portfolios of traditional assets such as stocks, bonds or even those containing illiquid alternatives such as real estate, private equity or other alternative investments.

CTAs and actively managed hedge fund programs range from low frequency discretionary to fully systematic high-frequency trading approaches. Strategies can be broadly classified as either mean-reversion (MR) or trend-following (TF). Each of them has their own characteristics, which we will review in this article.

Mean-reversion strategies (MR) tend to mainly rely on directional accuracy (i.e. making accurate market direction forecasts). These strategies tend to present high percentages of winning trades (over 50 to 80% of the trades are usually profitable). However, the magnitude of the average Dollar loss tends to exceed the average win Dollar amount.

Trend-following strategies (TF) have the opposite behaviour, that is winning trade percentages tends to be in the range of 30-50%. The average winning trade amount typically exceeds the average losing trade in magnitude.

MR strategies tend to place more trades per month than trend-following ones, being the former widely applied by high-frequency trading firms (using more sophisticated algorithms such as statistical arbitrage/pairs trading). Due to higher turnover rates and higher profitable trade percentages, MR systems tend to have nice looking equity curves as well as higher Sharpe ratios.

It should be noted though that this behaviour usually misleads the novice investors, by creating the false illusion of steady returns. One of these strategies actually caused the collapse of the famous Long-Term



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Capital Management (LTCM) fund despite being run by a dream team of expert academics and practitioners including Nobel laureates such as Myron Scholes and Robert Merton. Their creators once stated that the strategy was “like picking nickels through a vacuum cleaner” due to the stream of frequent small gains experienced by the fund.

When Russia defaulted on their sovereign debt in 1998, it caused a huge loss which ultimately led this highly leveraged fund to go under. Before the collapse, a famous money manager indicated that LTCM’s strategy could have been better explained as “picking nickels in front of a steam-roller”. Needless to say, he was not taken seriously, after all, it was run by Nobel Laureates.

Events like the Russian default are called “Black Swans” as defined by Nassim Taleb as an event having

three main characteristics, 1) has a devastating effect 2) cannot be foreseen 3) after the fact too many eyes, the event seemed obvious or expectable to happen or actually believe that it could have been prevented or avoided.

MR strategies typically have a negatively skewed return distribution, meaning that there is a minimal probability of observing huge losses, also known as tail risk. For this reason metrics such as the Sharpe Ratio or even a nice upward climbing equity curve without significant volatility are not suitable indicators for adequately assessing risk-adjusted returns. They should either not be used or at least be taken with a pinch of salt.

There are several metrics such as the Sortino, Calmar, Lake, Common Sense and Omega ratios, which seek to adjust returns by tail risk estimates and skewness of the return distribution in order to attempt to produce fairer comparisons among CTAs. On the other hand, TF systems tend to have positively skewed return distributions, this means that usually these systems tend to have frequent small losses and from time to time experience a few exceptional trades. From a tail risk perspective, this is much more desirable behaviour. However, the equity curves of these systems, tend not to be as appealing to investors due to 1) extended drawdowns 2) lower trade frequency when contrasted vs MR systems.

The lower trade frequency of TF strategies produces equity curves which are not as appealing as their MR counterparts.

When TF systems are combined with equities and bond portfolios, they have a desirable behaviour called positive convexity, providing a sort of “portfolio insurance” or downside protection during financial crises.

Neither TF nor MR represents the “dream strategy” each of them has their own pros and cons as we have seen. However, there are ways to enhance portfolios, for instance when markets have positive autocorrelation (known as positive long-term memory effects), TF systems tend to outperform MR.

On the other side, when markets experience the opposite regime (called long-term anti persistence), MR tends to outperform TF. Excellent results are obtained when both types of strategies are combined as they are complementary and thus negatively correlated with each other.

This is something that Portfolio Managers can actually manage at the portfolio level, a reason why they need to understand the principles and properties of CTA strategies when diversifying investment portfolios in order to appropriately select and blend them

One last word of caution: Despite the behaviour of “pure strategies”, at the Hedge Fund or CTA level, there are ways to “re-shape” or tilt the return distribution mainly by working trading exit strategies and risk management. As such “neither all MR systems are necessarily negatively skewed” nor “all TF strategies present poor Sharpe ratios”. Portfolio Managers need to evaluate and understand the specific characteristics of any strategy before labelling all strategies under the same bucket as no two “MR systems” necessarily behave in the same way.

As a quantitative trader there are tools we do apply to enhance return distribution properties at the trade level to obtain optimal trade-offs presenting decent Sharpe ratios with positively skewed return distributions, thus minimising drawdown recovery times and restricting tail risk, while keeping the strategy’s AUM capacity (scalability). These techniques may be topics for future articles, stay tuned!

Andres Bagnasco is a quantitative trader and post-graduate professor of finance, and Director of the Investment Management Programme at the Uruguayan Catholic University. He has held several positions such as Derivatives Market-maker, Risk Manager, Quant Researcher and Trader, Data Science Head and Portfolio Manager.

albertb@rocketmail.com



MANULIFE: ADRIENNE O'NEILL TO HEAD OF INVESTOR RELATIONS

We have covered Manulife in a number of issues of Family Office Magazine. Today we announce the appointment of Adrienne O'Neill as the Head of Investor Relations, effective immediately.

In our opinion, Ms. O'Neill is a great choice, she will lead the Company's global investor relations program, serve as the Company's primary spokesperson to the investment community, oversee the preparation of investor communication materials and provide strategic counsel to Manulife's senior management team.

"With over a decade of experience at Manulife and an extensive knowledge of financial reporting, Adrienne is very well positioned to lead our Investor Relations program," said Phil Witherington, Chief Financial Officer. "I look forward to her leadership in continuing to build our global shareholder base."

Ms. O'Neill will succeed Robert Veloso who has been appointed to Global Head of Financial Planning and Analysis for Manulife. In this role, Mr. Veloso will lead the global financial planning process and provide objective reporting and forward-looking insights to Manulife's executive leadership team. Since joining Manulife in 2010, he has held progressively senior roles in Investor Relations. Mr. Veloso holds a Masters of Business Administration from Rotman School of Management at the University of Toronto, and is a CFA charterholder.

In 2007, Ms. O'Neill joined Manulife and has held progressively senior roles in the Company's wealth and insurance businesses. Most recently, she served as Head of Private Markets Business Office at Manulife Asset Management. Prior to joining Manulife, she worked in the advisory practice of a leading professional services firm.

Ms. O'Neill holds CPA, CA and CFA designations and is a graduate of Wilfrid Laurier University where she obtained an Honours BBA.



Adrienne O'Neill

Head of Investor Relations

Manulife Financial Corporation is a leading international financial services group that helps people make their decisions easier and lives better. We operate primarily as John Hancock in the United States and Manulife elsewhere. We provide financial advice, insurance, as well as wealth and asset management solutions for individuals, groups and institutions. At the end of 2017, we had about 35,000 employees, 73,000 agents, and thousands of distribution partners, serving more than 26 million customers. As of June 30, 2018, we had over \$1.1 trillion (US\$849 billion) in assets under management and administration, and in the previous 12 months we made \$27.6 billion in payments to our customers. Our principal operations are in Asia, Canada and the United States where we have served customers for more than 100 years. With our global headquarters in Toronto, Canada, we trade as 'MFC' on the Toronto, New York, and the Philippine stock exchanges and under '945' in Hong Kong.

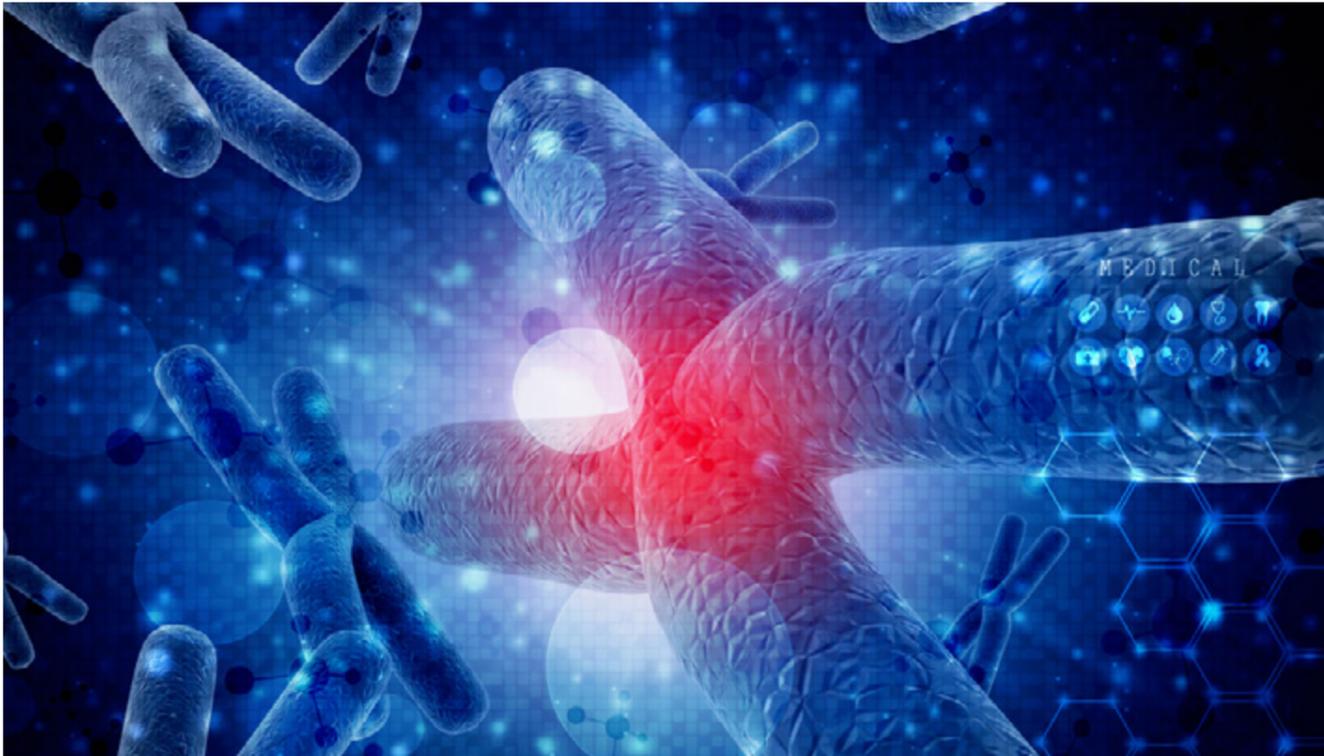


WEALTH 2.0+

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THE MOST VALUABLE INVESTMENT

There has been a trend over the past few years of individuals and families reviewing their investment portfolios. Numerous factors such as geopolitical tensions, Brexit and recent technological advances such as blockchain, cryptocurrencies have all contributed. However, one of the most important investments an individual and family can make is often ignored or not classed as a priority. Namely, investing in your health.

In general, this rings true with the majority of us. We are leading increasingly busy lives with more responsibilities and always plugged in and exposed to a variety of digital interfaces in our era of technologi-

cal advancement. This seems to be having a detrimental effect on our health. Stress, burnout, insomnia, substance misuse, mental health issues, high blood pressure, diabetes and obesity are becoming ever more prevalent which in turn increases the likelihood of developing cardiovascular diseases such as heart attacks and strokes as well as certain cancers.

Having a holistic approach to one's health gives us the best chance to reduce the probability of contracting a condition and minimising its impact. Focussing on mental, emotional and spiritual health are all vital and work in tandem with our physical well-being.

An area which has seen an increasing focus over the past decade has been preventative health care. Rather than being reactive and seeking medical help when one is unwell, there is a slow shift to being proactive and taking control of one's physical health in order to optimise life.

Health screening, whether on an annual basis or less frequently forms a vital part of your medical portfolio. There are many different approaches to screening such as generic packages and complete body scans. However, a personal and bespoke approach usually targets the essential aspects specific to you. A high-end health screen will take

into account an individual's medical history, family history, personal risk factors and lifestyle and based on these findings tailor further investigations as needed. This has the advantage of targeting the most critical areas of an individual's health. Blood tests looking at your immune system, kidney function, liver function, thyroid, cholesterol and sugar levels serve as an initial benchmark. Depending on gender and risk profiles more specific tests can be offered by looking at various hormones and tumour markers.

A primary health screen should also involve a urine test, lung function tests and an ECG which shows the electrical activity of the heart. Further tests can then be offered based on the outcomes of the initial assessment.

Significant advances in radiology mean we can now assess various parts of our anatomy in more detail than ever – but choosing the right test is all important. Looking into cardiovascular diseases is often a vital part of a health screen. Anyone with an increased risk may benefit from further tests such as a CT calcium scan which looks at calcium build up in the coronary arteries indicating possible narrowing of the vessels. An echocardiogram can also be performed to look at the structure of the heart.

Doppler scans looking at the blood flow of the carotid arteries in the neck are essential to ensure there

is no narrowing which may predispose to strokes.

Looking for specific cancers are an integral aspect of a health screen and again this would be vital if an individual had risk factors. The early detection of cancer significantly improves the prognosis. We can now check for colorectal cancer in a variety of different ways. The most accurate ways would be doing a CT colonogram which is non-invasive and looks at the large bowel structure for any small lesions. A more detailed colonoscopy provides gold standard direct visualisation of the large bowel using a camera but has the disadvantage of being an invasive test.

Breast cancer is the most common cancer in females and depending on one's risk tests such as a mammogram, breast ultrasound scan or MRI can be offered to look for early signs of breast cancer.

In regards to prostate cancer, there is a blood test which we can perform however it does have a degree of inaccuracy associated with it. Usually combining this with a detailed prostate MRI scan provides a much more accurate assessment of the prostate.

With the advances in imaging over the last few years, we are now able to identify any potentially sinister lesions early on and give the best chance of cure and treatment. More sophisticated tests are also now

available to us including genetic screening, looking at your unique genome and identifying if you are at an increased risk of certain diseases such as cardiac disease, Alzheimer's and certain cancers. We can now also use genetics in the exciting field of pharmacogenomic medicine. Studying an individual's genetics to ascertain which medication would work best for them and also which are more likely to give adverse effects. This information is potentially a game changer and serves to take out some of the guesswork from prescribing, tailoring medications to the individual when prescribing for conditions including cancer, infections, high blood pressure, high cholesterol and mental illness.

The focus on health screening and preventative medicine combined with the advances in technology and innovative testing means that we can offer bespoke health screening and personalised medicine ensuring individuals stay in optimal health for years to come.

Dr Amarjit Raindi is an experienced physician and founder of The GP Clinic London – offering individuals and families an extensive high quality personalised medical service with an emphasis on preventative healthcare.

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ICOs – JUST HYPE OR AN ALTERNATIVE FUND RAISING TOOL FOR QUALITY BLOCKCHAIN PROJECTS

The ICO pioneers

When J.R.Willet, a Seattle-based software engineer, published his first white-paper in 2012 under the name of “The Second Bitcoin Whitepaper”, the earliest known example of an Initial Coin Offering white-paper, he most likely didn’t realize he was paving the way for a new phenomenon in the fundraising space- the Initial Coin Offering (ICO). Willet launched his ICO in 2013, the Mastercoin project (now called Omni), raising USD500,000. However, it was only in 2017 when ICOs started gaining popularity. Alone in the first six months of 2017, ICOs raised USD 1.2bn and surpassed early stage venture capital funding for internet companies. Since the launch of Willet’s project, a number of ICOs made headlines amid the capital raised and served as boosters to the process. In 2014 Vitalik Buterin’s team raised USD18m through an ICO for the further development of Ethereum, 2016 saw the launch of the DAO ICO raising USD142.5m, followed by Filecoin raising USD257m in 2017 and most recently the Telegram ICO at USD1.7bn among others.

Digital gold rush or sustainable fundraising tool

Through the ICO fundraising mechanism, start-ups raise capital by issuing and distributing crypto tokens to investors. The market classifies mainly two types of tokens- utility and asset tokens. The technology facilitating the process and helping distribute tokens is a blockchain, most commonly Ethereum.

According to PwC data, ICOs have raised more than USD21bn since 2013, creating a new paradigm in the financial world. A growing number of high-net-worth individuals and institutional investors are turning their attention to asset tokens and assessing their attributes as an alternative asset class. Is this euphoria or a sustainable fundraising tool? Can ICO’s be a new avenue for an early entry point to promising start-ups and exposure to the next technological revolution? All these are legitimate questions which our prospective investors at Blockchain Valley Ventures are putting forward.

While ICOs have shown enormous potential, they have also highlighted the risks associated with transparency and security. Admittedly, the current form of ICOs as a fundraising mechanism faces challenges. Yet, we believe there are a number of positive impulses underpinning the development of ICOs as a sustainable



Deyana Nedeva
Head of Investor Relations
Blockchain Valley Ventures

fundraising model, namely a) favourable legislative environment aimed at protecting both investors and founders, b) new technology bringing increased efficiency and accessibility to capital markets and c) digital assets that do represent monetary value.

The Swiss example of a favourable crypto environment

Switzerland is a pioneer in regulating and promoting the crypto market and the underlying blockchain technology thanks to its liberal handling. The Crypto Valley, located in Zug attracts high-quality international blockchain projects. Moreover, Swiss Economics Minister Johann Schneider-Ammann said that he wanted Switzerland to become the ‘crypto nation’. In February 2018, the Swiss Financial Market Supervisory Authority (FINMA) published the world’s first ICO guidelines. FINMA definition for ICOs states: ICOs are a digital blockchain-based form of public fund-raising for entrepreneurial purposes. The Swiss authority categorises tokens into three types:

- Payment tokens are synonymous with cryptocurrencies and have no further functions or links to other development projects.
- Utility tokens are intended to provide digital access to an application or service.
- Asset tokens represent assets such as participation in real physical underlying, companies, or earnings

streams, or entitlement to dividends or interest payments. In terms of their economic function, the tokens are analogous to equities, bonds or derivatives.

Asset/ Security tokens- a new era in a more democratised investment landscape

With the arrival of the Asset/Security token, we share the belief that these tokens are a step in the right direction. Structured as traditional securities and designed to meet all the regulatory requirements, there is already a strong view that security tokens will be the dominant force in the future model of Initial Coin Offerings. Furthermore, backed by real assets and company earnings as well as being regulatory compliant, Asset /Security tokens are getting the attention of more sophisticated investors which is a solid signal for professionalising and legitimising ICOs as a new fundraising mechanism.

Encouragingly, policymakers worldwide start recognising the rapid advances in technology such as blockchain and have voiced their positive opinions about the innovation of crypto assets. In a blog post on the IMF website, International Monetary Fund (IMF) chief Christine Lagarde called for “an even-handed approach to crypto-assets regulatory framework that minimises risks while allowing the creative process to bear fruit”. In March 2018, the European Commission published a FinTech action plan aimed at more competitive and innovative European financial sector.

Essentially, ICOs provide start-ups with an efficient means to raise funds from a broader investor base, both geographically and demographically, than ever before. Supply and demand are still the driving forces on the capital markets. However, the technological innovation has made it possible to lower the traditionally high barriers in the investment space and to make the process both more efficient and less expensive. On one side, entrepreneurs enjoy a shorter go-to-capital market time, on the other side, a broader investor base stands to benefit from the entrepreneur’s success and possibly the next technology revolution.

The financial sector is undergoing an evolution where many familiar parties are disrupted, assuming new roles in the rapidly emerging ecosystem. We believe in the finance industry of the future with more efficient solutions, accessible capital markets, enhanced competition, but also with no compromise in trust and transparency.

About Blockchain Valley Ventures

Blockchain Valley Ventures (BVV) is a Swiss ICO advisory, accelerator and venture firm incubating, developing and investing in blockchain-enabled businesses. Located in the heart of the Crypto Valley in Zug, Switzerland, BVV operates within and supports the world’s most advanced and experienced ecosystem of blockchain companies, blockchain-experienced lawyers, auditors, tax advisors and financial regulators.



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HOW IS YOUR FAMILY OFFICE PERCEIVED AND DO YOU CARE?

by Dudley Edmunds

A while ago I was having lunch with some very senior private bankers. Although very focussed on their respective specialist markets it brought them into contact with a variety of financial institutions including some single and multi-family offices. The general consensus of opinion was that the Family Office was increasing in popularity although some of those established over the last few years probably do not have size on their side.

I asked what they thought about the people that they had met. As the conversation progressed, it became clear that their individual contact base was as varied as was their experience of the quality of the individual. All of the bankers had direct access to heads of families and other family members but agreed that the majority of contacts were with the 'gate-keepers' or the professional advisors connected with or working for the FO. There was similar agreement on the range and diversity of quality!

So, if you are the family head or the CEO of the Family Office how well do you really know and understand the image that is portrayed by your Office and how much do you think it matters?

It is appreciated that SFO's may look at themselves in some ways. One senior banker whom I know

well and is now advising a SFO told me that they have virtually no 'public' profile and as such there was no real need to consider the perception of the outside world. Conversely, another told me that it is very aware of its outside profile and ensures that it is always of the highest standard. Two approaches that could not be more different! So, if you are the family head and principal of your Family Office or if you are the person in charge how do you ensure that your profile is as good as it should be and that you are being adequately represented by those you employ?

As discussed in previous articles, the quality of your Office will be as good as the people you employ to work there or advise you. Now, I can think of a few senior private bankers who are advising SFOs but who are not investment or credit specialists so, why are they there? The answer is that they were probably known to either a family member or the person running the office and were seen as a "good person" or similar wonderfully subjective assessment and a safe pair of hands.

Does it matter what the outside world makes of your SFO? Well, I would suggest that it does. Obviously, it will depend, to an extent, on how the Office is run and perceived by the Family but if you are looking for opportunity, then you will want to be near the top of

the list for perception and have it brought to your door.

So, how do you ensure that your face to the world (assuming that you want one) is the best that you can achieve? Talking to bankers and investment specialists, that deal with family and private offices, the one golden thread is the quality and relationship with the "Door Keeper" or family member that takes on the role. Where it is a family member, the issues become more diverse and more complicated but, if the face of the world is someone who has been hired into the role, then it becomes easier. Easier because the Family can and should hire objectively and based on more than the appointee being "a good egg" (the prime factor given to me by one family head when I questioned the choice of CEO).

So, as always it comes back to objectivity and a professional approach to ensuring that the "public" face of your Family Office is being presented by the best that you can achieve.

Dudley Edmunds is a veteran of the wealth management/private banking sector advising Banks, Investment Companies and Family Offices from startup to the successful hiring of senior executives. He can be contacted at

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ASTANA CONFERENCE TOPICS

- Opening bank account in Latvia
- Investing in colored diamonds
- Citizenship of Cyprus, Malta
- Trading Through Denmark
- Doing business in Austria, Switzerland, Lichtenstein
- EB-5 Investment Program

Astana, Kazakhstan
Astana Marriot Hotel
InvestPro
25-26 October 2018

B2C
FORMAT

DUBAI CONFERENCE TOPICS

- Agency and/or Distribution in UAE
- Optimizing Tax in the Middle East
- Citizenship of Cyprus, Malta
- EB-5 Investment Program
- Digital banking platforms
- Blockchain

Dubai, UAE
Oberoi Hotels&Resort
InvestPro
14-15 November 2018

B2B
FORMAT

REASONS TO ATTEND

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- Contact with potential clients
- Advertising of products
- Track your competitors
- Research and understand the local market

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The Bronze of the 21st Century

Family Office Magazine interviews Crystal Caviar Founder, Marek Landa

Greeting Marek Landa at the Monaco Yacht show, he exhibits the charisma of an entrepreneur, not flamboyant, rather with the dignified presence of one who has conquered many challenges on his way to success. Jovial, open and urbane, the collector proudly displays his Czech sculpture pieces at the show's luxury exhibition. This is a passion he and his wife enjoy thanks to the fruits of many

years' labour manufacturing and placing crystal chandeliers and intricate mirrors on the world's most glamorous superyachts.

Developing a business in the art of crystal was then, for Landa, a natural progression following the success of the lighting range and offers a steady stream of potential buyers already bedazzled by the multi-faceted jewelled pendants

above their heads whilst cruising out at sea.

More than 70 Yachts (including 5 of the top ten world's biggest) have chandeliers and sculptures made by Crystal Caviar company and their artists.

The sculptures lend themselves well to a marine environment. They are less likely to be damaged

by light and saline air, they are solid and can be placed artistically in niches and if well positioned, less likely to topple. Placing them artistically and with curatorial guidance, the crystal sculptures capture and refract light in a myriad of ways contributing to a vibrant experience on board. Beautiful and calming on the gaze, there is a surprisingly diverse range of designs and colours; certainly however, the monumental, rich, deep blue monoliths stand apart from the rest.

Whilst ornamental, these pieces go beyond Bohemian objets d'art into the realm of collectable fine art and with the development and support of Artsio gallery, Marek Landa has realised the potential of a craft steeped in Czech tradition of artisanal glass, to become so much more by managing the career development and market exposure of the artists, so talented that their works now command up to many hundreds of thousands of Euros. Leading the Czech school is Vlastimil Beranek, an artist of thirty-years' practice creating specialist pieces of up to 230kg. His 'bluest of blue' pieces would be admired by Yves Klein and represent the culmination of a fascination with the ocean and considerable technical ability to be able to create pieces which fuse art and complex technology in a way that appears seamless. Beranek comes from the third generation of glassmakers and he learned his craft from his father. However he studied fine art from his teen age. He graduated as sculptor under Professor Libensky, one of the best Glass teachers of his time. Libensky was the inventor of sculpture mould melting technology.

Today Beranek and his student Jaroslav Prosek have been selected by the Michelangelo Foundation as two of the top 100 European artists. Beranek's sculptures are now placed in some of the most prestigious museums around the world.

Recently on the seabed in Punta Negra off the Majorcan coast, Beranek was captured exquisitely by Martin Colognoli an underwater photographer working in conjunction with the Peter Diving company. This



collaboration saw pieces including 'uranium' yellow glass being lowered underwater in one of the most ambitious exhibitions ever, staged by Artsio Gallery. The photographs themselves are a worthy of their own exhibition.

Landa's goal is to be the largest collector of crystal sculpture in the world, he already owns more than 700 Bohemian crystal sculptures and large reserves of the raw material and he also supports other artists such as Jan Frydrych, Michaela Smrcek, Jaroslav Prosek and the renowned Emirati artist Dr. Najat Makki. By providing workshops he is clearly looking to control this market and the production. In return he is developing the careers of artists and guaranteeing them an income, legacy and prestige.

by Pandora Mather-Lees

TOP 5 FAMILY DYNAMICS IN PHILANTHROPIC FAMILIES AND WHAT YOU CAN DO ABOUT THEM

PHILANTHROPY ARTICLE

By Donald A. Steinbrugge, CFA – CEO, Agecroft Partners

With rising interest rates and fairly tight credit spreads, are there still opportunities with fixed income oriented hedge fund strategies? Agecroft Partners recently spoke with five leading hedge fund industry experts who will be presenting on the “Opportunities in Fixed Income Oriented Hedge Fund Strategies” panel in early November at Gaining the Edge - 2018 Hedge Fund Leadership Conference in NY. Panelists include, James J. Challen, CFA, CAIA, SVP Principal, LCG Associates, Tom Williams, CFA, CIO Pine Grove Funds, Man FRM, Cedric Fan, CFA, Senior Portfolio Manager, Russell Investments, Brian Walsh, Principal & Chief Strategist Titan Advisors and Thierry Adant, Consultant for Credit Willis Towers Watson.

Brian Walsh of Titan Advisors mentioned that he has been focused for a while on how the structure of markets and liquidity has changed over the past decade. He provided a very interesting statistic: “In 2008, corporate bonds outstanding were \$2.8 trillion, and dealer bond inventories were \$269 billion (close to 10%). Today the respective numbers are \$5.3 trillion and \$40 billion (less than 1%). So bonds outstanding have essentially doubled while dealer inventories are down 85%. This is a classic example of unintended consequences of government regulation. The next crisis or

accident will most likely be a liquidity driven one.”

This change in market dynamics has both negative and positive consequences. On the negative side there is significantly more tail risk in many fixed income strategies than most investors realize, which will be a result of market liquidity drying up. It is important to stress test a fixed income strategy to see how it performs in a less liquid scenario. It is also important that strategies investing in less liquid securities have liquidity terms appropriate for the strategy. These include length of notice period for redemption and gates or a private equity structure. Properly structured, these funds can successfully weather a short term liquidity crisis.

One positive consequence is that markets trade less efficiently today. Talented managers with sophisticated analytics can provide liquidity previously offered by bank proprietary trading desks as a means to buy and sell under and overvalued securities. These strategies are less reliant on the direction of interest rates or credit spreads. Their performance is primarily driven by analytics, trading skill and how frequently they turn over the portfolio.

James Challen of LCG Associates mentioned that his firm’s “...focus



has been on exposure to bank debt and CLOs. Today, greater than

80% of bank loan issuance is cov-light or no-covenants compared to approximately 45% going into the Great Financial Crisis of 2008. CLOs are quite profitable to run and are being issued at a high rate to satiate the thirst for yield. Now 60% of bank loans are owned by CLOs.

This is in conjunction with a rising rate environment, where some borrowers are doing share buybacks with the proceeds. Altogether, this raises a red flag. We might be fine for a few more years, but assuming rates continue to increase, expect recovery rates to be much worse given the lack of covenants.” He indicated that this could create a great buying opportunity for those with available capital.

“We see the opportunity with drawdown funds that are willing

to be patient with commitments and are focused on CLO tranches facing downgrades and potential issues with private debt, especially those originated by Business Development Companies (BDCs)” added Challen.

During the financial crisis of 2008 realized losses from loan defaults to rated debt tranches of CLOs were very low. As a result CLOs are seen as a survivor of the crisis and have become increasingly popular. At the same time many levered vehicles that bought senior CLO tranches prior to the crisis do not exist today, which has resulted in much wider spreads for AAA and AA tranches for the post crisis CLO issuance. Consequently, the junior tranches (CLO equity and BBs) are getting a much smaller share of the cash flow. In pursuit of higher yielding and floating rate products, many investors have gravitated towards these junior tranches.

These products have performed as expected in the current, stable environment. However, when the credit cycle turns many of these investors may not have the tools necessary to manage their holdings, which have very high embedded leverage. At the same time, dealers will be very unlikely to provide sufficient, if any, liquidity given their own capital constraints. Agecroft Partners believes this will create a great opportunity for investors with sophisticated analytics who can step in and provide liquidity to distressed sellers.

Tom Williams of Man FRM noted his focus on distressed hedge fund managers and shared his thoughts on which strategies he believes are best positioned going forward. “Defaults and distressed ratios are at relatively modest levels in my view. I believe credit hedge funds are going to need more than just distressed debt positions to hit risk/return targets. Managers with expertise in single name shorts, post-reorg equities and even event/relative value strategies such as merger arb, special situations, or stub trades may be a better bet than long-only distressed managers at this point in the cycle.”

Willis Towers Watson likes private debt, stating “We feel the asset class is simply too big and too important to ignore.” However, they also caution: “mid-market direct lending is now demonstrating signs of material deterioration in credit underwriting and future return potential.” They “advocate for an approach that looks

to exploit the full breadth of private debt markets and is sufficiently flexible to direct capital towards areas seeking to offer the most attractive risk-adjusted returns. We are looking to identify borrowers in private debt markets with a genuine and credit-positive need for our clients’ capital. And, in addition, we are seeking situations where there are greater barriers to entry for providers of debt capital like us.” One area of the market they like is the non-qualified mortgage segment. “For those unable to achieve qualified mortgage status, mortgage providers have tightened credit standards dramatically, and availability has been greatly reduced.” They also prefer strategies that focus on niche markets which are not that scalable, keeping out competition. “We believe this bias towards a smaller specialist is particularly well rewarded in periods of market complacency and higher valuations, characteristics we observe in most credit markets today.”

Another niche direct lending market that is overlooked by many is the under-competed, mid-market commercial real estate construction loan sector, where one manager we spoke with believes one can get much higher yields than in the over-competed mid-market corporate direct lending sector. This strategy involves lending 70 to 80% of the construction project cost where they expect the finished building to be worth substantially more than it cost to build. Because completion LTVs are 55 to 70% of completed value, it would require a very significant deterioration in real estate prices for the loan to become impaired.

Cedric Fan of Russell Investments stated, “We believe convertible bond arbitrage has become increasingly attractive over the past year. Issuance trends are favorable and, based on the strength of volumes in the first half of the year, we could see the largest amount of convertible issuance in the US since 2007. One factor that may be driving higher issuance is the US tax reform bill, which was passed in late 2017.

Within several years, the bill will limit the tax deductibility of interest expenses, which provides an incentive for companies to lower their coupon payments, and instead compensate lenders via potential equity upside. We believe this will lead to more trading opportunities, cheaper valuations and opportunities to work directly with companies to optimize their

capital structures. In addition, convertible arbitrage could benefit from increased equity volatility, either due to idiosyncratic factors or broader macroeconomic events such as global trade uncertainty." Even in the face of rising rates and widening credit spreads, opportunities remain available for talented fixed income managers.

Various strategies can capitalize on the reality that the dealer community, in relinquishing its market making role post the financial crisis, provides relatively little liquidity to the credit markets. Some niche segments of the direct lending market still offer relatively attractive returns. Other market segments may experience dislocations as market participants find their economic incentives

impacted by the US tax reform bill. Inefficiencies in the fixed income markets remain present and are likely to reward sophisticated and patient investors.

Don is the Founder and CEO of Agecroft Partners, a global hedge fund consulting and marketing firm. Agecroft Partners has won 36 industry awards as the Hedge Fund Marketing Firm of the Year.

He is also chairman of Gaining the Edge-Hedge Fund Leadership Conference, consider one of the top conferences in the hedge fund industry. Don was a founding principal of Andor Capital Management where he was Head of Sales, Marketing, and Client Service and was a member of the firm's Operating Committee. When

he left Andor, the firm ranked as the 2nd largest hedge fund firm in the world. Previous to Andor, Don was a Managing Director and Head of Institutional Sales for Merrill Lynch Investment Managers (now part of Blackrock). At that time MLIM ranked as one of the largest investment managers in the world. Previously, Don was Head of Institutional Sales and on the executive committee for NationsBank Investment Management (now Bank of America Capital Management).

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 PANDORA ART SERVICES

HOW TO AVOID THE HAZARDS OF OWNING & CARING FOR FINE ART

Managing important art portfolios constitutes a huge responsibility for Family Offices as well as Yacht Management and a burden for superyacht crew, captains and anyone working for owners of art collections. On board art collections can be worth more than the superyacht they reside in. Even the most basic training for your team in the practical care of art, furniture and valuable design objects can save distress, financial loss, irreparable damage and even careers.

Courses, workshops in all aspects of art management, art appreciation are now available worldwide and adapted to suit your needs.

Pandora Art Services now offers training for yacht management and crew on board the superyacht to equip you with the introductory knowledge and practical skills to care for art collections and luxury design on board.

LOGISTICS

how to safely organise storage, packing and shipping of a valuable painting

CUSTOMS AND CITES

Implications of taking fine art across borders

HOW TO GET FINE ART OBJECTS REPAIRED

Conserved or technically analysed

LUXURY DESIGN AND INTERIORS

Conservation cleaning of objects

ART APPRECIATION

Understand the works around you so as to converse and communicate

INSURANCE

Understand the risks and potential pitfalls of art at sea and in residence

Our training represents career enhancement for individuals working for art collectors, Yacht Management and family offices. For the family office or collector, you have peace of mind that your valuable possessions are in safe hands.

Remember that successfully caring for prestigious objects presents interior crew and other staff with unique challenges.



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PREPARING FOR THE UNEXPECTED: DISASTER PLANNING BEST PRACTICES FOR HIGH NET WORTH INDIVIDUAL

The 2018 hurricane season officially began on June 1, 2018, reminding us that disasters are an inescapable part of life and are both frequent and severe. For the high net worth (HNW) individual, whose portfolio typically includes coastal estates, valuable collections and more, securing personal assets has never been more critical than now to make sure you're properly protected from seasonal exposures and beyond. Notably, 2017 was the costliest year on record for natural disasters in the United States, with a price tag of at least \$306 billion. Although disasters can't be avoided, their impact can be mitigated by understanding your risk and planning accordingly.

Thoughtful preparation and planning pre-disaster can make all the difference between landing on your feet and suffering potentially catastrophic consequences. In fact, studies show that every \$1 spent on disaster mitigation saves \$4 in community disaster recovery expenses.

Adhering to the following three-phase disaster preparedness plan can help any HNW individual or family face a potential disaster head-on. Thorough pre-disaster planning requires the HNW individual to identify their potential risks, evaluate the best solutions and then execute a plan.

UNDERSTAND YOUR RISKS: The key to understanding your risks is taking a real accounting of the mechanics and pedigree of your family and its properties, where you live, where you travel to and more. This will help highlight any potential vulnerability. Photographs and a video inventory will help you remember what you owned and will help to establish the condition of each item.

Consider your valuables — which do you need to plan for? Do you have priceless oriental rugs, rare books, stamps or a porcelain collection? What's your plan for securing these items in a storm, or how can you properly



by Lynn Killeen

protect them from the public eye? Do you have expensive electronics, like a home theater system, that if a roof or window were compromised, would be vulnerable to loss? Other items to consider are those that are sentimental, possibly even with little monetary value. If they were stolen or lost in a fire or storm, no amount of insurance reimbursement could replace them.

In addition to safeguarding your physical possessions, consider how the lifestyle you lead could also provoke risk and vulnerability. Do you travel internationally to exotic places? Do you connect with people you don't know over the Internet on a regular basis? If so, these could be your biggest risks.

An annual or quarterly review with your insurance broker is a perfect time for risk analysis because risks fluctuate over time and can require different solutions or a change in coverage altogether, it's an

ideal time to discuss any potential areas of additional exposure to ensure that you have the necessary coverage. Maybe a vulnerability you were concerned about previously has been eliminated, but another has popped up. Understanding your risks, based on your geography, lifestyle and existing portfolio, is the first step in safeguarding against disaster.

CREATE A PLAN: Once you understand your risks, it's time to put together a formal disaster preparedness plan. This may require a different scenario for each type of disaster, depending on the range of risk. Work together with your family to determine the best responses to each. Remember to consider elderly or disabled people, animals and staff in your care when writing the plan. Practically, this disaster plan must include the following:

- **Specify Two Places To Meet:** Pick one meeting place right outside your home in case of a sudden emergency like a fire, and the second outside your neighborhood in case you cannot return home. All family members must know the address and phone number of this location.

- **Update Your Cell Phone To Include "ICE" Contacts:** In the hustle of a personal disaster or injury, you may not be conscious enough to recall your loved ones' phone numbers or reach out to them when necessary. Labeling loved ones as ICE (In Case of Emergency) on your cell phone will enable first responders, as well as hospital personnel, to contact next of kin to notify them of the emergency and for necessary medical information.

- **Designate an Out-of-State Friend as the Family Contact:** Both during and after a disaster, it can be easier to call long distance than local numbers. When family members are separated, everyone should call and check in with a designated out-of-state family friend. Again, every family member needs to know phone numbers for friends or family members to contact in case of an emergency.

SECURE THE RIGHT COVERAGE: It's vital to review your personal insurance policies to make sure that there are no gaps in coverage, well before disaster strikes. Planning for art to be removed from your home during

hurricane season, for example, requires a pre-existing relationship with an art transportation company. Similarly, a flood policy typically carries at least a 30-day waiting period. These actions must be solidified when creating a plan so that when a disaster does arise, you are prepared.

- **Touch Base With Your Broker:** When disaster is imminent, like a hurricane or forest fire, make sure your plan includes a pre-disaster phone call to your HNW insurance broker to put them "on call" and gather the necessary contact information you might need. This can help expedite future claims and disaster services registration.

- **Fortify Your Home:** While insurance is critical to rebuilding what was lost during a disaster, appropriately securing your home ahead of time can preserve your resources. The Insurance Institute for Business & Home Safety's Fortified Home program helps owners make their homes more resistant to weather damage beyond the minimum building codes, providing an incremental-level approach that matches the owner's resilience goals.

Natural disasters affecting the HNW community have amplified the need for individuals and families to fortify their homes and make safer choices that demand preparation. The ultimate goal after a disaster is to return to normal life as quickly as possible. Planning ahead and knowing what steps you need to take will help limit your risk and minimize vulnerability.

About the Author: Lynn Killeen currently serves as First Vice President of Personal Insurance and Family Office Practice Leader with HUB International, a leading full service global brokerage and one of the largest and most sophisticated personal insurance practices in North America. Based out of HUB's Summit, NJ office, Lynn works closely with wealthy families and high net worth individuals and their advisors to design personal risk management programs and satisfy their property and casualty needs.

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Luštica Bay Celebrates The Launch of The 5* Chedi & First of Two Marinas



The Luštica Bay in Montenegro celebrated the official inauguration of its first marina and the luxurious 5* Chedi Hotel with a Grand Opening Ceremony. Through the symbolic placement of the last three construction stones, The Chedi Luštica Bay was officially opened by the Chairman of the Board of Directors of Orascom Development Holding, Samih Sawiris, Prime Minister of Montenegro, Duško Marković, and Chairman of the Board of Directors of BESIX Group, Johan Beerlandt.

In front of the Chedi, overlooking the marina, the Montenegrin Prime Minister made the opening remarks, followed by a speech from the visionary Chairman of the Board at Orascom Development Holding. The 1.1 bn euro Luštica Bay project was presented to the audience along with its future ambitious plans - the initial phases will include more than 1,500 properties including apartments, villas, and townhouses, and another six hotels. After the speeches and an impressive firework display, international stars Nile Rogers & Chic took to the stage playing hit after hit, making it the most memorable occasion for the VIP guests.

Darren Gibson, Chief Executive Office at Luštica Bay, "Montenegro is steadily becoming a go-to destination for those seeking an ultimate luxury Riviera lifestyle. It is with great pride that we have opened the iconic Chedi brand in Luštica Bay. Along with the launch of the first marina, this is a significant milestone in the

development of our project. The Chedi is a perfect fit for Luštica Bay, given the synergies in the brand ethos of both companies."

Marc de Ruijter, General Manager at The Chedi Luštica Bay, also commented: "We are tremendously excited to have launched the first hotel at Luštica Bay, Montenegro's largest fully integrated resort development on the Luštica peninsula. We are delighted to be indulging guests with our meticulous service in perfect elegant surroundings with a refined, yet relaxed traditional coastal ambience."

Set between emerald waters and mountainous horizons, at the entrance to the UNESCO world heritage site of the Bay of Kotor, the opening of the 111-key hotel marks the Chedi brand's second hotel in Europe after Andermatt in Switzerland. The hotel boasts 45 rooms and six suites, and features condominiums including 55 bedrooms, four suites, and one penthouse for sale, making it one of the largest luxury hotels in the area. The hotel also offers a private beach, indoor and outdoor pools and sundeck, and direct access to the serene promenade and marina. The conference centre and business centre are first rate too, with meeting rooms, a sizeable ballroom, and a pre-function area.

The hotel is designed by the acclaimed TVS Design studio from Atlanta Georgia in the USA, who have adopted a modern interpretation of the vernacular

architecture, with a contemporary, fresh and airy design by GG & Grace, taking advantage of the views and beautiful scenery by using materials that accent the pristine coastal location.

"GG & Grace International carefully studied local influences and prudently integrated them in subtle ways in the design" said Marija Pantovic, Design Manager at The Chedi Luštica Bay, and continued: "The Chedi Hotel has been designed to be unique in its harmonious relationship with the landscape and strong connection to the sea, drawn from the characteristic qualities of Montenegrin coastal villages, while delivering quality and experience of a luxury resort. Wherever possible in interiors, local materials have been used in order to establish strong connections with the natural environment and Montenegrin tradition and history."

A mix of bold splashes of colour with a more neutral primary palette gives the hotel its own unique character and offer guests a moment of relaxation and inspiration. Relaxation and comfort are also expressed through the use of soft watercolour interpretations inspired by the coastal environment found in the artwork, fabrics and finishes applied throughout the entire interior at The Chedi. The result is a unique hotel, with a strong sense of place rooted in the history of the region, and a contemporary sense of style. Green construction methods and energy saving technologies have been

used throughout the development to ensure that all buildings in Luštica Bay reduce the current regional energy consumption by a third, where key factors related to keeping the hotel sustainable also includes the usage of natural terrain and local building materials to reduce the project's carbon footprint, facilitating natural ventilation with high-ceilings, well-aerated roofs and attics, a carefully organised property layout, orientated towards prevailing winds.

"The process of our sustainable approach started from the very beginning, and even a long time before we started thinking about design. However, the design process thereafter obviously had to consider many aspects when fitting the hotel into the natural terrain in Luštica Bay" said Spomenka Sotra, Senior Construction Manager at Luštica Bay, and continued: "With this approach in making the hotel sustainable, the design became more vivid and naturally embedded the hotel in its location, fitting in so beautifully that it looks like it has been fused with the environment."

As Lord Bryon famously said: "At the birth of our planet, the most beautiful encounter between land and sea happened on the coast of Montenegro" and The Chedi Luštica Bay and its location succinctly articulates this beauty, culture, and history of Montenegro.

www.lusticabay.com



THE SANDY WINTER WONDERLANDS OF A LUXURY YACHT CHARTER ESCAPE



CHARTERWORLD

by Rachael Steele

If a vision of a pale sand beach enveloped in brilliant aquamarine waters is your idea of a 'White Christmas', then a winter luxury yacht charter over the New Year period is the perfect option for you and your group.

Superyachts come in a range of sizes and designs to meet your particular needs, from speedy open yachts catering to couples and small groups to large catamarans that can move through shallow waters to get close to those bucolic shores.

Celebrate a special occasion in classically-styled interiors or choose a beach club for a toned-down holiday, and spend your days on the deck soaking in your Jacuzzi or resting on the sunpads after an expertly prepared lunch from your onboard chef. Gym and spa facilities through to karaoke and DJ setups are just some of

the possible amenities included on board, allowing you to take the party with you as you move from one incredible city to uninhabited isles under the stars.

Here are some of the most popular and upcoming luxury yacht charter destinations for winter 2018/2019: International visitors flying into Florida won't have far to travel to chase the summer sunshine: The Florida Keys are a taster of the exotic sandy beaches to be found in the Bahamas and Caribbean, yet the fantastic fishing spots and deserted beaches close to vibrant nightlife hotspots have a flavour all of their own. Snorkel and Scuba dive among wrecks and have close encounters with turtles, manta rays and dolphins combined with the possibility of spotting whales to the north near Daytona beach.

Romantics, adrenaline seekers and luxury lovers will find entertainments on Nassau to

rival the indulgence available aboard your own superyacht, from the glamorous casino and golf courses on Paradise Island to the surrounding top-rated restaurants and boutique shops and galleries. Watch the sunset - or sunrise - from the rosy sand beaches of Harbour Island and dip your toes into the clean, clear waters after a meal along the shore.

As the go-to charter grounds for the winter season, all the Greater and Lesser Antilles Islands in the Caribbean are ready to welcome visitors for months of events, festivals and recreations in the sunshine. Christmas and the New Year are the busiest time, particularly in hot spots such as Jost Van Dyke in the British Virgin Islands, Saint Barthélemy and St. Lucia. It's easy to exhaust an entire week on water sports among pristine reefs and rocky lagoons. However, the islands have plenty

of history to uncover followed by a refreshing beverage in the laid-back cafes and bars, or back aboard your superyacht.

As an alternative to the Caribbean, Bermuda is wonderfully far from the beaten track and provides sheltered lagoons for beginner snorkelers and kite-surfers while the outer beaches vary from pink to golden white. Iconic red telephone boxes can be found scattered throughout the settlements and along the roads, adding to the charm of the scenic rocky coasts. Although Bermuda might not have the bustling nightlife of the Bahamas and the Caribbean, it is the perfect place for a romantic escape or quality time with the family and the array of water toys you brought with you will come into the fore.

The long-established Maldives and the Seychelles charter grounds in the Indian Ocean can be easily reached following the Abu Dhabi Grand Prix in late November, at a time of the year when the school crowds have vanished and the holiday rush has yet to reach its peak. Even in the festive season, there is an abundance of atolls for guests to escape to for fishing, kayaking and underwater exploration. The lush palm-lined beaches are a favourite with those seeking meditation, yoga and sensual spa treatments.

Solo travellers and extended family groups alike will love swimming with sea turtles, reef sharks and clownfish in the reefs known in the shallows as gilias and as thilas in the deeper - but no less clearer - sea. Some of the rarest natural phenomena are only on display at

night, when the beaches themselves can glow with a pale blue light as bio-luminescent plankton washes up along the shores.

Many luxury yacht charterers are becoming aware of the exceptional beauty that Southeast Asia has to offer with a cruising ground running from Myanmar (previously known as Burma) all the way down to the impressive archipelagos in Indonesia, home to some of the world's top diving sites.

As Southeast Asia becomes an ever more appealing for exploring by water, Thailand has invested considerably in its marina infrastructure in recent years to offer prime services to superyachts choosing to sail either the Andaman Sea or the Gulf of Thailand. The former location includes lively Phuket and the tranquil Andaman and Nicobar Islands, from which many choose to sail on to the UNESCO World Heritage Site the Mergui Archipelago to spot dugongs, fishing owls, lemurs and even leopards and tigers.

As the southern hemisphere experiences its summer from December through to March there is no better place to escape the cold while enjoying all the modern day comforts than along Australia's Great Barrier Reef: Scuba, snorkel and explore by kayak and paddleboard or learn how to windsurf within the sheltered bay with schools of tropical fish surrounding your craft. The Whitsundays have the feel of a dreamscape due to the white sand beaches swirling with turquoise blue seas, all to the backdrop of scenic forest-covered coves.

If an electric party atmosphere is what you're after, then Sydney has all the delights you're looking for: Michelin star restaurants, exclusive bars and clubs as well as a variety of family-friendly theatre and entertainment options followed by fireworks over the harbour.

CharterWorld recommends planning your luxury winter yacht charter for the Christmas and New Year period now, as some of the most famous yachts might be booked months in advance. Shoulder season special offers and last minute availability could provide your group with an even larger vessel with amenities and water toys.

CharterWorld.com
world.reservations@charterworld.com



Photo credit Gulf Craft

CARS AS AN ALTERNATIVE ASSET CLASS

Good Life Family Office AG

Automobiles have fascinated mankind since the day they were invented, some 250 years ago. Astonishingly, the invention itself dates back to 1769, when the first steam-powered automobile was created and it took 100 years for the gasoline engine to arrive. This sounds like an eternity since we are no longer accustomed to such long cycles of evolution as technology has wildly accelerated our progress.

As soon as automobiles were released as a product to the general public, naturally the collector emerged alongside the consumer to own vehicles and enjoy them. Whether you could be a collector has always depended on the means of a person or a family, but the idea of collecting was much more cherished in the past as all things were built with the intention to last and people wouldn't carelessly dispose of them like we do today.

The automotive industry has gone through numerous cycles and faced countless challenges over the past century but it is evident that we all want and need the car for several different reasons and therefore, the industry is here to stay, even if it must keep changing and reinventing itself as it has been doing.

However, let's now move on to the real subject, the idea of investing in cars. Previously this has been an asset class that was reserved for the elite because the cars that appreciate are the ones that also tend to have a high sticker price, to begin with (naturally there are some exceptions, but this is the general rule).

So, what determines the value of a car? Above all the collectors look at the brand and the way that it evolves over time. The top contenders are of course those automakers who could create a mythos and a strong following such as Ferrari, Porsche, McLaren, Mercedes Benz and the like. Make sure that you buy the right advice when you venture in these types of investments as the right advice can be very valuable just like the



By. G. Patrick Gruhn

Good Life Family Office AG

wrong advice can cost you dearly so you must fact check the track record of any advisor very closely before retaining their services.

Other factors that come into consideration are the age of the car, the number of units that were built, the general appeal (then, now and in the future) and another significant factor, which is the relevance to the market over time. For example, if a carmaker decides to stop manufacturing a specific engine because the world is changing and is forced to switch from a naturally aspirated V12 to a turbocharged V8, the last of its kind will be significant to the market because it marks the end of an era. The same principle will also apply to the world's first cars or engines of a particular type.

For a car to have value over time and to appreciate it must have rarity and meaning. The appreciation is directly linked to the size of the circle of collectors. For example, if only 100 units were built of a

particular car and there are 1000 collectors around the world who want to have it in their collection, then naturally the price will go up over time.

Some cars have become merely iconic as they represent an era and were most likely owned by beloved celebrities. A great example of this is the Porsche 356.

However, there are many pitfalls for (novice) investor that one must avoid to make money when investing in a car. Once you have determined that a car is sought after and has the potential to appreciate, you must imperatively gain access to the following information: Does it have complete documentation and a clean history?

Did it have any accidents, if yes, was it restored adequately with the original parts of the manufacturer? For example, a car that was crashed 30 years ago, has been sitting in a barn and was only recently restored with modern day parts, will have less value than the same model that is well preserved, was stored correctly and is in pristine condition.

We must also differentiate between two classic approaches to making money with this asset:

The first one is to just "buy & hold" cars, but this limits the investors even more because of the requirements for storage and maintenance. It remains worthwhile and valid, but when you want to pursue this strategy, you

should make sure that you account for all the expenses (present and future) when determining if the car itself will appreciate enough to cover the cost over time and make you money in the process.

The second and slightly savvier approach is to "buy & flip" the car(s). This is a speculative approach but generates quick returns when done right.

In recent times, the opportunity to invest in cars has been democratized as we've seen the emergence of alternative asset funds like the "Classic Car Fund" and the latest trend is the democratic investment in cars via the Blockchain. There are Initial Coin Offerings of projects like "Hyperide.io" and others where any type of investor can participate and own a share in this asset class.

With all the compliance requirements that our clients and we are facing today, it appears easier at times to store value in a car rather than keeping money in the bank.

In the end, there is also another big factor that cannot be neglected and that is passion itself. If you are passionate about cars, it is much easier to justify the money you spend on them. Maybe you don't make a profit on every car you invest in or that you own, but even if it doesn't perform as planned, it is still better to drive your asset into the sunset than to stare at the numbers of your portfolio on a flickering computer screen.





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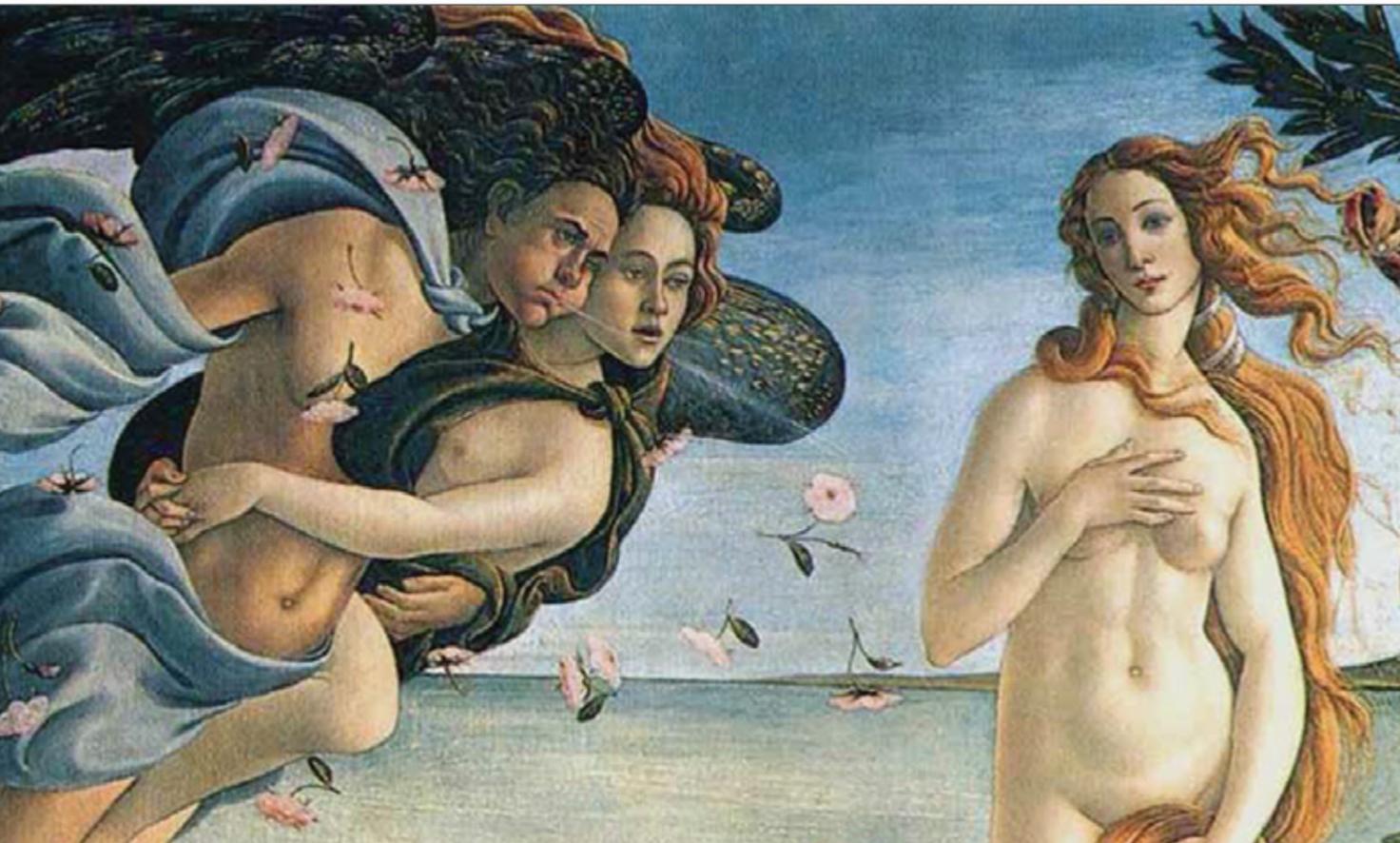


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ART & MUSEUM

Autumn Issue 2018

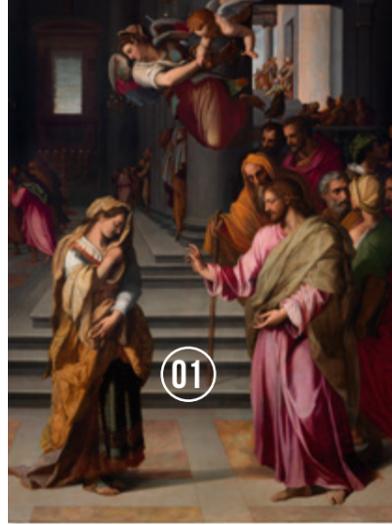


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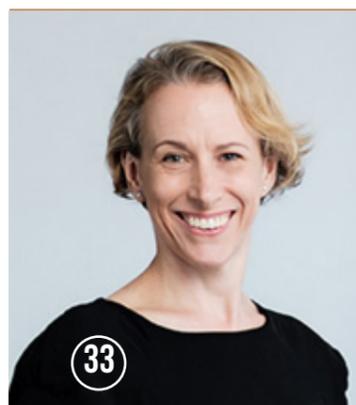
Friends of Florence
Cultural Heritage
Preservation in Tuscany



Heirs of Joan Miró
Arrange a temporary five-year
cession of four sculptures



Embracing complexity at the museum
by Dr. Hannah Pröbsting



Your Monet or your life
Art and Crime



WELCOME

ART & MUSEUM MAGAZINE

Welcome to Art & Museum Magazine, a supplement for Family Office Magazine, a premier publication dedicated to the Family Office space. We have a readership of over 56,000 comprising of some of the wealthiest people in the world and their advisors. Many have a keen interest in the arts, some are connoisseurs while others are investors.

Many people do not understand the role of a Family Office. A brief explanation of a family office is a private wealth management office that handles the investments, governance and legal regulation of a wealthy family, typically with over £100m+ in assets.

Art & Museum is distributed within Family Office

Magazine and also appear at many of the most significant finance, banking and Family Office Events around the World. Our Media Kit is worth a look. www.ourmediakit.co.uk

We recently formed several strategic partnerships with organisations including numerous Art and Finance Conferences, Museum Connections 18, The British Art Fair and Russian Art Week and many more. We also attend and cover many other international art fairs and exhibitions.

We are very receptive to new ideas for stories and editorials. We understand that one person's art is another person's poison, and this is one of the many ideas we will explore within 'Art & Museum' Magazine.



Art Monaco
Monaco's Premier
Art Event



Volker Boehringer (1912 – 1961)
A German painter in
resistance during WW II

Friends of Florence

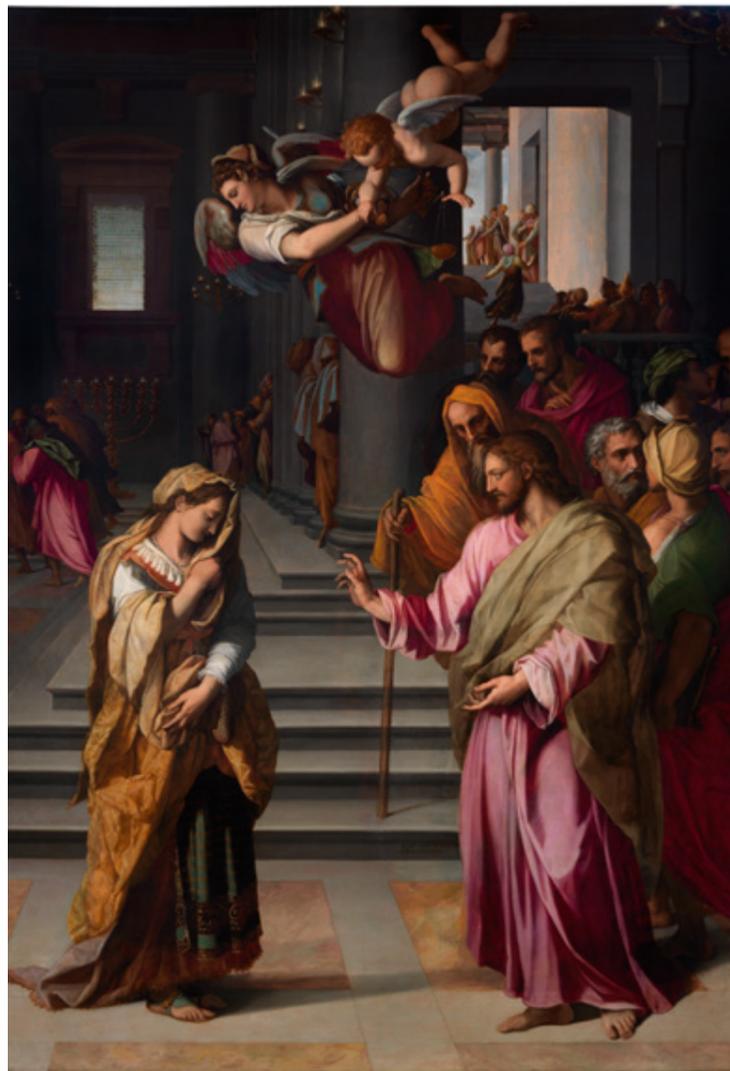
Celebrates Two Decades of Supporting Cultural Heritage Preservation in Tuscany

This year, Friends of Florence (FoF) celebrates its 20th anniversary. The U.S. non-profit organisation based in Florence, Italy, is supported by individuals from around the world who are dedicated to preserving and enhancing the cultural and historical integrity of the arts in Florence and the Tuscan region. Since its founding by Renée Gardner and Simonetta Brandolini d'Adda, the organisation has raised and donated more than \$10 million for conservation projects. FoF works directly with Florence's famed conservators to ensure restoration is done at the highest level and with the approval of the City of Florence and the Italian Ministry of Art.

An essential part of FoF's work is supporting research and advancing the public's understanding of and appreciation for conservation practices and preserving cultural heritage. With the just completed cleaning of a statue in Florence's national archaeological museum, for example, the project was carried out in full view of visitors and resulted in the true identity of the statue being discovered. Cleaning away years of grime, the white marble figure that was revealed was the Greek goddess Aphrodite rather than the Spartan queen Leda as was thought.

In addition to projects, FoF also contributes to the maintenance of Michelangelo's iconic David at the Galleria dell'Accademia following its restoration in 2004, with regular monitoring and marble stability checks.

Highlights of recent projects include:



Alessandro Allori (Florence 1535-1607). *Christ and the Adulteress*, 1577. Oil on panel, 380 x 263.5cm. Florence, Basilica of Santo Spirito. Photo by Foto Giusti Claudio

Chapel of the Crucifix, Basilica of San Miniato al Monte

The Basilica of San Miniato al Monte has been described as among the most beautiful Romanesque structures in Tuscany and one of the most beautiful churches in Italy. The Basilica was founded in 1018 and celebrates its 1000th anniversary this year. Coinciding with FoF's 20th anniversary, work included the restoration various elements from the Basilica's interior and work on the exquisite Chapel of the Crucifix was completed this spring.

Cappella Capponi, Church of Santa Felicita

The Capponi Chapel was designed by Filippo Brunelleschi for the Barbadori family. The Capponi family took it over in 1525 and Lodovico Capponi commissioned Jacopo Pontormo to decorate it in 1526. The restoration project comprised the dome destroyed in the 18th century; the four Evangelists painted beneath the dome with the aid of a young Agnolo Bronzino; the Annunciation frescoes on the façade and a large painting by Pontormo depicting the Deposition from the Cross, set in a gilded wooden frame carved by Baccio d'Agnolo on the altar. The restoration project was approved by the Soprintendenza Archeologia Belle Arti e Paesaggio per la Città Metropolitana di Firenze e le Province di Pistoia e Prato and also completed in spring 2018.

Botticelli Room, Uffizi Gallery

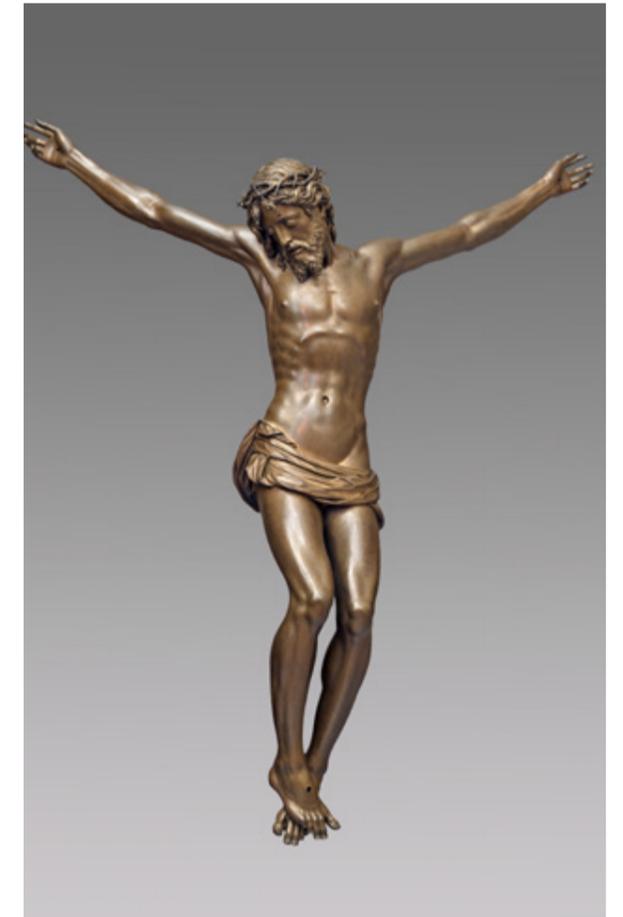
The internationally recognised Botticelli Room in the Uffizi Gallery reopened to the public in fall 2016, following a series of upgrades and retrofitting thanks to a significant grant by FoF. The 19 paintings by Sandro Botticelli, among the most widely recognised in the canon of Western art, remained on view during the process.

Among the most popular in the Uffizi Gallery's collection, masterworks like *The Birth of Venus* (c. 1482-85) and *Primavera* (c. 1482) were seen by some two million visitors in their temporary space over the course of the 16-month restoration of the Botticelli Room.

Features of the restored and newly reinstalled galleries include improved lighting, extensive systems upgrades, new alarm system, and the replacement of discoloured glass framing the artworks with state-of-the-art glass that is more protective and technologically advanced. Several of the paintings

not on view during the upgrade were examined and, when needed, underwent conservation as part of the project.

Other recently completed projects include the restoration of six Italian Renaissance masterpieces featured in a major exhibition at the Palazzo Strozzi in Florence this past winter titled *The Cinquecento in Florence from Michelangelo and Pontormo to Giambologna*; the restoration of 12 superb lunette frescoes, architectural elements, and marble



Giambologna (Douai 1529-Florence 1608) *Crucifix*, c. 1598. Bronze, 200 x 170 x 53 cm. Florence, Basilica of Santissima Annunziata. Photo by Antonio Quattrone

statues in the Cloister of the Vows at the Basilica of the Santissima Annunziata; and restoration of Michelangelo's magnificent wooden crucifix (made when the artist was 18 and thought lost) and reinstallation in Santo Spirito, the church for which it was created.

For more information about Friends of Florence and their work, visit www.friendsofflorence.org.

The Art Business Conference Report

London, September 2018

by Pandora Mather-Lees

In the old days a curator never lunched or dined with a dealer; museum protocol forbade it. So spoke Sir Charles Saumarez Smith during London's 2018 Art Business Conference on the interplay between the public and private cultural sectors. It is an illustration of the long way the art world has travelled since the 1960s and 1970s when the 'trade' was regarded with some disdain by lofty curators and directors. Indeed, the contribution of the private sector to institutions was largely undervalued.

"In the late eighties and early nineties, we slowly but surely saw a shift of paradigms" explains Renée Pfister, a former museum Registrar now consulting in the commercial market. "Museums started to recognise the importance of successful collaborations and partnerships, as well as securing support from the trade. This became even more apparent after the financial meltdown in 2008. With public funding dwindling, museums were depending even more on interaction with dealers and commercial organisations to build their collections, to deliver their core activities, to develop creative ways forward and to foster new programmes of engagement."

Sir Charles courageously broached the subject of philanthropy; who or what lies behind the significant injections of cash museums now enjoy? He pondered how far museum management should probe into the sources of those funds, what will be acceptable and what criteria will be applied? Perhaps we will witness

some tough ethical decisions being made which could well result in constricted private sector capital.

Despite the concern for declining government funding, Michael Ellis, Minister for Arts, Heritage and Tourism opened the proceedings on a positive note, claiming that British Government provides over £800m from the public coffers. Commenting on the recent Mendoza Review on English Museums he adds that three of our institutions are in the world's top ten most visited and moreover, half the UK population visited a museum last year.

So whilst museums are becoming more commercialised, art marketeers on the other hand strive to emulate institutions' curatorial flair. There is no better manifestation of this than today's contemporary art fair. In a session entitled 'The Evolving Art Fair', panellists described how curators developed specialist themes, fresh locations and creative programmes to lure visitors in what is a highly saturated trading ecosystem. The art and antiques calendar now comprises around 300 fairs of all shapes, sizes and value thresholds. The Art Business Conference aims to explore developments in the regional art world and this year participants explored the impact of art fairs on the emerging art markets of Turkey and India. In these two cultures, it is very encouraging; one sees a wider audience responding to the work, more collecting happening and the active development of living artists' careers.

There was also a session dedicated to the value of contemporary art and the efforts of dealers and galleries to grow and sustain good prices for the artists. It was accepted that this is generally achieved by controlling exposure, the economics of supply and demand and carefully nurturing an artist's career to ensure a logical development and steady trajectory; alongside this of course, one expects to see values increasing.

No business conference today can avoid the now pervasive subject of blockchain. The art market remains open to the possibilities the technology can offer. A transparent and tamper-proof, shared register can assist the capture and



documentation of provenance information along with other data sets as part of the due diligence process. Provenance is the holy grail of the secondary art market and 'filling gaps' in a painting's history is both necessary to a sale and costly in terms of resources. The panellists included Bernadine Bröcker-Wieder of Vastari (part-funded by blockchain company Everledger), the art dealer Robert Upstone, Sotheby's Lecturer Gareth Fletcher and Jess Houlgrave of Blockchain company Codex Protocol. Whilst from entirely different organisations, the participants were unanimous in their call for higher standards of collections management and record keeping not to mention facilitating the reconciliation of the all-important 'catalogue raisonné'. There is an opportunity to embrace new technology and to promote best practice as it applies to the safe dealing in valuable objects.

As important as provenance is in the due diligence process, conducting KYC checks on the parties to the transaction is obligatory. Fortuitous then that the day included an update on the fifth anti-money laundering directive which regulates not only cash payments of £10,000 and over, but all electronic transfers and importantly the intermediaries to the transaction who are now not exempt from responsibility. For dealers, this sum is a relatively low



threshold and one must be alert to the consequences of non-compliance.

The commoditisation of art - Have we taken a step too far? was an address from Willis Insurance director Richard Nicholson proposing that perhaps a step back to valuing the historical and aesthetic relevance of our national treasures is long overdue in a market obsessed with investment opportunities.

On the genuine appreciation of the object itself, an interesting development in the art market is the role of the interior designer as procurer of fine art and design. With the creative talent to 'mix and match', the designer specifies specialist pieces in a luxury interior programme to combine periods and styles with ease. 'Why Brown is the new Black' was a fascinating fireside chat with Dirk Boll, President Christie's EMERI examining a return to acquiring decorative arts and antiques. Christie's facilitates four online interior decorative arts sales annually. The sales serve up designers and home owners with a 'Kunstkammer' cabinet of curiosities and unusual furnishings they might otherwise miss or eschew. Boll explained that ceramics are making a revival along with the previously 'outdated' brown furniture. The catalyst is Christie's 'curated' object sets displaying a more eclectic range, juxtaposed to delight and enjoy.

Finally, one of the most popular, lively and well-orchestrated panels compared the benefits and drawbacks of litigation, arbitration and mediation. In a subject which might otherwise have been confusing for the layman, this debate led by Farrer & Co included art law barrister Nicola Wallace advocating mediation, Richard Edwards QC of Verulam Buildings on litigation and K&L Gates' Friederike Gräfin von Brühl, on arbitration in art law disputes.

We learned that arbitration is enforceable by law yet offers privacy and has more flexibility than litigation. For instance, there is the right to decide which law will apply. Nor is there an option to appeal so decisions are permanent. Additionally, parties can select their arbitrator, often someone knowledgeable in the field. There is a new Court of Arbitration for the Arts, the CAA, just established in The Hague. Whilst hearings for the arbitration can take place anywhere in the world, the new CAA will include specialist art lawyers to ensure that the nature of disputes is familiar territory and that decisions are fair and relevant to the art market. Experts will be appointed from a pre-approved pool by the NAI, the Netherlands Arbitration Institute.

As for mediation, Nicola Wallace analysed the various stages in dispute escalation which lead to entrenchment and intense brinkmanship. She believes in the value of mediation as an early resolution tool. Low cost and entirely confidential, the process allows for protection of both identity and reputation.

Whilst generally more expensive and very public, litigation does have advantages. Richard Edwards explained the option of Interpleading, which allows a 'stakeholder' intermediary, say a dealer or auction house possessing a disputed object, to file an action absolving themselves of any material interest in that piece. He went on to explain the new business courts in London's Chancery Lane recently established to handle civil claims. Litigation in the courts offers more coercive powers and binding decisions. Whilst there is the right to appeal, Edwards admits it is a right now significantly 'watered down'.

He pointed out that the new courts are a positive response to the rapid rise of arbitration as a means of dispute resolution. This is because matters concluded behind closed doors and not made public through the courts means that common law has not been evolving in line with business practice. The consequence is that there are insufficient precedents and case law to refer to.

Edwards countered the benefit of using art specialists in arbitration cases. This might also mean the individual's preconceptions may adversely affect the result.

These are important considerations in a market where disputes are rife and many don't make it to the Press. Daniel Taylor of Taylor Hampton Solicitors, a firm with experience in acting for victims of fraudulent art transactions, commented: "Litigation is an important weapon at the disposal of those who are victims of art fraud. In particular, worldwide freezing orders are a very effective tool in safeguarding funds which have been the subject of fraud".

In summary, each year conference organiser Louise Hamlin strives to ensure that relevant and current topics in the market are covered. Again, this year, the team brought in some fresh faces and varying themes to educate the global audience on developments pertinent to the art world.

As the conference closed, conference chair Georgina Adam made a major announcement. Art Market Minds, having conquered new territory in the US, is now taking the conference to the Far East. In association with YT Media, a one-day event will take place in Shanghai during art week on November 9th.

Family Office Magazine was once again this year delighted to partner with this important event in London's art market calendar which hosted 350 organisations and over 650 delegates.

For more information on this or other topics covered at the conference contact: info@familyofficemag.com

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Preserving the Œuvre:

The Significance of Catalogue Raisonnés



by Hannah Krasny

What is a Catalogue Raisonné?

The purpose of a catalogue raisonné is to record all known artworks by an artist and to provide information such as title, medium, inscriptions, date, provenance, exhibition and literature references for each work. These publications are a substantial authority of an artist's oeuvre and a crucial tool in the authentication process for a work of art. Consulting the relevant catalogue raisonné is often the first step in the due diligence process for collectors, art dealers, museums and auction houses when presented with an artwork. If the work does not appear in that artist's catalogue raisonné, it should raise a red flag, necessitating further research and consultation with the relevant expert.

Relevance for Collectors

The existence of a comprehensive and reliable catalogue raisonné imbues a sense of confidence in that artist's oeuvre on the part of museums, art dealers and collectors, which can have a positive effect not only on scholarship but also on the artist's market. However, these publications can suffer from an absence of historical records, poor editorial choices and weak scholarship. Furthermore, disputes over who has the right to update an existing catalogue can dampen the market for unrecorded artworks, a well reported example of this being the Modigliani case. The catalogue raisonné for Modigliani was compiled by Ambrogio Ceroni who died in 1970 before completing his

project. Because the battle to succeed him has been fraught and no single authenticating body has been universally acknowledged, the market for unrecorded Modigliani artworks remains complicated to say the least, especially because financial stakes are so high.

Living Field of Expertise

Absent a reliable catalogue raisonné, the market-acknowledged expert (or experts) is the primary authority used to authenticate works and issue certificates of authenticity or opinion letters. This responsibility places them in a position of power but can also leave them exposed if their opinion is ill-received; the Warhol and Lichtenstein Foundations, for example, no longer authenticate works because of the fear of litigation and the cost of liability insurance. There are also many artists for whom there is no living expert, which jeopardizes the authentication process and could eventually limit an artist's market.

Many of these issues could have been avoided if the artist had kept complete records and collaborated with an author during their lifetime, as Picasso did over four decades with Christian Zervos resulting in a thirty-two volume catalogue raisonné published between 1932 and 1978.

Contemporary artists generally understand that they have a legacy but may not know or care how to participate in helping ensure the longevity of that legacy. Unfortunately, the primary source of information on a work is lost when that artist passes away, often leaving the estate responsible for preserving an artist's oeuvre. This scenario creates an extra level of separation between the information that is published and the original source of that information.

These lessons from the past should be sobering. Contemporary artists, their studios, and their primary dealers can have a transformative effect on the artist's legacy by prioritising the creation of a comprehensive catalogue raisonné during their lifetimes.

Technology is helping facilitate a shift away from traditional printed publications towards the digitisation of catalogue raisonnés which could make the information more accessible and the process of producing them less costly. Though there is pushback against technological advances in the field, ease of digital documentation should encourage living artists to keep more meticulous records of their artworks.

Organizing Professionals

In what was often considered a reasonably solitary profession, scholars and researchers in the field are now building networks to raise important issues, share knowledge and facilitate collaboration.

In the United States, the Catalogue Raisonné Scholars Association (CRSA) was founded in 1993 as a resource for art researchers and scholars and as a conduit for information and support. Subjects of CRSA conferences range as wide as exploring connections between scholarship, the market and the law as it relates to posthumous casts, to issues of consistency within bibliographic citations of publications. By identifying relevant issues and creating forums to discuss them, CRSA brings awareness and relevance to the study and publication of catalogue raisonnés. The rest of the world will likely follow suit to promote these same goals and standards.

Hannah Krasny is a summer associate with the Art and Cultural Property Law Group at Constantine Cannon LLP in London, England. She is currently enrolled at Emory University School of Law in Atlanta, Georgia.



Turner's 1831 visit to the Borders celebrated in new exhibition

Abbotsford, the home of Sir Walter Scott, dedicated an exhibition which opened earlier this year, to the relationship between the great English painter JMW Turner (1775- 1851) and the hugely influential Sir Walter Scott (1771-1832).'

J.M.W. Turner is a regular cornerstone of British art exhibitions but rarely does an exhibition focus on his personal relationships and interactions with his contemporaries. Turner's collaborative work with the celebrity author Sir Walter Scott resulted in some of the most beautiful watercolour illustrations ever produced.

Highlights of the exhibition include Turner's personal painting effects, including his travelling cabinet, spectacles, palette and paint box loaned from the Tate and the Ashmolean Museum. These treasures have not been on display in Scotland for over a decade. The Abbotsford Trust is also delighted to be displaying Turner's 'Abbotsford' sketchbook, one of the three hundred or so that the artist used throughout his life.

This is the first time that the Abbotsford sketchbook has returned to Scott's home since it was carried by Turner himself in August 1831. In it, Turner recorded his visual impressions of Scott's home, both inside and out, making it one of the most precious visual sources in Abbotsford's history, allowing the staff to place features, objects in their collections and even planting schemes just as they were during Sir Walter Scott's lifetime.

An interactive version of the sketchbook also allows visitors to explore Turner's sketches of other sites in the region, from Dryburgh and Melrose Abbey to Smailholm Tower, Kelso and Berwick upon Tweed.

Visitors will also be able to see three original Turner watercolours produced in association with Sir Walter Scott's work and his posthumous biography.

The exhibition will run until the 30th November 2017. Entry is included in the admission ticket to the house. Due to the light-sensitive nature of some of the display items, light levels in the exhibition room will be low.

The display showcases material from the collections of the Tate, The Ashmolean, The Abbotsford Trust, the Faculty of Advocates Abbotsford Collection Trust and private lenders. Kirsty Archer-Thompson, Collections and Interpretation Manager for the Abbotsford Trust and curator of the exhibition commented: "I think that interactions between the famous figures of our past remind us how dynamic that past was. Regarding collaboration and marketing coups, the partnership between Turner and Scott was revolutionary in the history of the book. But on a human level, their relationship was more interesting still, plagued by the suspicion, anxiety and miscommunication between two men desperate to make their mark and cement their legacy.

"This is a story about the vulnerabilities of artists as people, but also about how those people find a way forwards to reconciliation - and perhaps even friendship. I think that, for that reason, it's still a very relevant story to the world of today."

THE RELATIONSHIP

The business partnership of two cultural giants began in 1818 when Scott was Britain's premier novelist and culminated in the publication of Turner's illustrated editions of Scott's poetry and prose works after the author's death in 1832. This sometimes strained and frosty relationship between artist and author had as many twists and turns as a novel, from accusations of 'slurring' and palms 'itchy' for money to the warm welcome Turner received in 1831 as he arrived at Scott's family home in the Scottish Borders. During his stay at Abbotsford, he was tasked with getting to know the man behind the writing and sketching and exploring a landscape that Scott had helped to put on the map.

Turner and Scott were from very different social backgrounds, with very different characters and political leanings. They were both the pre-eminent artists of their day and their journey to the top had involved no small degree of reinvention, skill and mastery of their respective markets. Both men were protective of their art, and, increasingly with their advancing years, subject to wounded pride. They were also prone to fits of anxiety and depression, held in check by their love of the great outdoors and of the escapism and inner peace it could provide. Scott was a communicator and a collaborator, whereas Turner had grown up in a marketplace where trade and commerce was the language of interaction. This had made him cautious, protective and renowned as a man who drove a hard bargain. Charting their lives and careers side by side, the exhibition explains how and why the sparks flew but also reveals that there was a great deal of common ground between Scott and Turner, perhaps more than either man appreciated.

THE ARTWORK

Two of the original Turner watercolours form part of an original set of twenty-four paintings commissioned in 1831 to illustrate a lavish new edition of Scott's poetry. Some of the scenes in the Borders closest to Sir Walter Scott's heart were worked up by Turner from sketches that he made during his stay at Abbotsford in August of that year. They include watercolours of Newark Tower on the Bowhill estate, and Abbotsford itself, framed by the outline of the Eildon hills. Both original artworks were acquired by the Abbotsford Trust in 2011 with the kind support of the Art Fund. This is the first time these watercolours have been on display at Abbotsford and represents a once in a generation opportunity to see these exquisite pieces.

For more information about Abbotsford, visit www.scottsassbotsford.com

Measuring the World

Hermann Historica



Exceptional measuring instruments and devices from the 19th century in the Autumn Auction at Hermann Historica in Munich.

“Measuring the World”: exceptional measuring instruments and devices in the Autumn Auction at Hermann Historica in Munich.

The 77th auction of the specialised auction house presents an astounding line-up of objects, ranging from superlative masterpieces of the most exquisite craftsmanship, unique armour and helmets through to historically significant mementos of European ruling houses.

Antiquities

Since time immemorial, man’s inherent desire to catalogue, regulate and understand the world has been one of humanity’s driving forces. Weights and measures prepared the way for scientific discovery in this endeavour by enabling documentation and comparison, serving both as a classification system and orientation; consequently, they laid the foundation for asserting claims to power and gave rise to administrative standards. An unrivalled late Roman measuring cup, or sextarius, its inscription

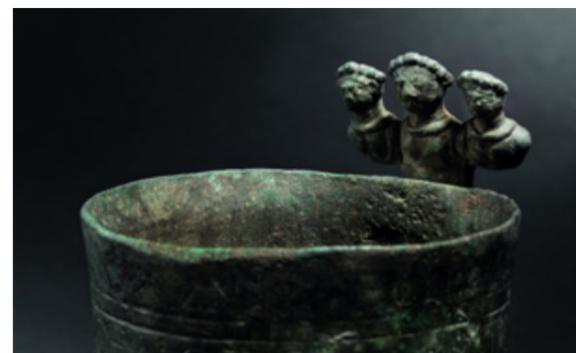
revealing its origins during the years 402 – 408 A.D., is impressive evidence that this system was well established prior to the publication of “Measuring the World”, the story of Johann Carl Friedrich Gauß (1777 – 1855) and Alexander von Humboldt (1769 – 1859). As stylised busts, the portraits of no fewer than three Roman emperors crowned with diadems embellish the handle of the virtually cylindrical vessel. Gazing over the rim, they appear to be monitoring the measurement of the contents. According to the continuous inscription, the portraits show the three emperors Arcadius, Honorius and Theodosius II, the son of Arcadius. The geographical origin is in the Eastern Roman Empire. The signs of wear and tear and the shape of the ancient artefact, like the thickness of the walls, the slight widening at the opening and the chamber of the base, indicate a secondary use as a mortar over many years. A fascinating, museum-quality piece, whose outstanding condition, the fact that its exact age can be determined, the inscription stating the province and the depiction of contemporary



Maximilian I. Joseph of Bavaria – an unparalleled coffee and tea service with parrot motifs made by the Porzellan Manufaktur Nymphenburg, circa 1810/20.



A pair of Dutch flintlock pistols features full stocks made of intricately carved, brass-mounted ivory, ca. 1690.



Gazing over the rim, three Roman emperors appear to be monitoring the measurement of the contents of the unrivalled late Roman measuring cup



An outstanding Milanese armour for the field from 1570/80 is lavishly etched with delicate trophy decoration

rulers all invite further academic study. This significant monument to the metrology and administrative history of late antiquity is open to bids from 8,000 euros.

Works of art

Continuing the theme of metrology, a great deal more recent yet no less impressive is a collection of unusual measuring devices with a focus on 19th-century brass instruments. A group of approximately 85 precision artworks that have been intricately worked with fascinating accuracy and aesthetics by prestigious manufacturers, such as Stanley, C. Collins, Troughton & Simms, all of London, or Fraunhofer, Munich, will come under the hammer. A dazzling array of rare objects are being tendered for sale, from microscopes to theodolites, right through to globes and sextants. The exceptionally striking theodolites, crafted in brass, glass and nickel, with a swivelling telescope, reflectors and lenses, would not merely grace every specialised collection, but would also add distinction to any aesthetic environment as decoration, far removed from their function. With bids starting at just 150 euros, this is an ideal opportunity for young collectors and aficionados of attractive precision mechanics to acquire a prize.

Arms and Armour

Both regarding quality and numbers, the selection of outstanding armour in the Autumn Auction will not disappoint. The armour produced by mediaeval and early modern blacksmiths was not merely designed as a protective and ornate covering, but also as an imposing status symbol; therefore, their work invariably reflects the highest standards of functional reliability and aesthetics. To this day, these protective coverings bear testimony to superior craftsmanship; not only do they create a certain excitement as design objects, but their carefully considered forms and the myriad of artisanal techniques that were employed command our admiration.

Hermann Historica GmbH

Autumn Auction: 5 to 23 November
www.hermann-historica.com

HUBERT DE WATRIGANT SOLO SHOW AT LONDON'S OSBORNE STUDIO GALLERY

6th – 29th November 2018 at Osborne Studio Gallery, www.osg.uk.com

This will be the eighth solo show for Hubert de Watrigant at the Osborne Studio Gallery, where he has been exhibiting since 1991.

In his own words, Watrigant describes his struggles for perfection, his experiments with media, and his constant search for new subjects. Extraordinary natural gifts (he is self-taught) have brought him international success. He has exhibited regularly in France, Spain, America, the Emirates and Japan. Private collectors include HM The Queen, HM The King of Morocco, HH Sheikh Mohammed al-Thani, and many other connoisseurs of equestrian art including Baron Guy de Rothschild, the Wildenstein and Niarchos families.

The late Sir Peter o'Sullivan, former Chairman of the Osborne Studio Gallery, 'The Voice of Racing', connoisseur and communicator, wrote: 'this artist continually displays glorious examples of a lively imagination interpreted with breath taking flair.' He can seize a fleeting moment, and capture the transient effects of light.

This exhibition, comprising some fifty new works, reveals new sources of inspiration, extending his reach beyond the racecourse and its world. The eternal 'femme magnifique', classic Muse since art began brings the beauty of the human form into focus. Another new theme is the blazing colour of Africa Watrigant enjoyed on recent travels, as in 'Touareg' and 'Senegal.'. And the rustic plumage of farm birds (Poules and Oies de Guinee) competes with the polished coats of Arabian thoroughbreds. .

Hubert de Watrigant was born in 1954 in the South West of France. He comes from a noble family immersed in thoroughbred horseracing for many generations. His father was a breeder, his uncle a



Impressions, Ink and Gouache on paper, 66x100cm



Le Long de la Barrière, Gouache and pastel, 29x46cm



La Couverture Rayée, Mixed media on canvas, 54x65cm



Cyrano Abandonné collage on canvas, oil and acrylic

trainer and Watrigant himself spent his early post-school years working for stud farms, as well as alongside bloodstock agents.

Nephews Nicolas and Damien, and cousin Antoine are all well known in the racing world, as bloodstock agents and trainers. .

He talks about how his art evolved. He started sketching in his father's stables. 'At school I drew ceaselessly in the margins of my notebooks. It was a very natural thing for me to do. I did not go to art school. I have tried to find my way, to move. I specialised in the horse which seemed easier than landscapes', he remembers. 'At the beginning I was doing portraits of horses, to find commissions and earn some money. If you want to work, you need to live, you need to earn money, and you need to sell paintings.'

He describes his own creative progress. For a restless artist, there is never an easy route. 'I did a lot of portraits for 15 years. It got a little boring. I was doing a few exhibitions too, but not every year and was spending more time doing portraits than exhibitions'. He continues: 'The thing with portraits you

always know what is going to happen at the end, you don't get surprise. So, in the middle of the 1980s, I stopped most of the commissions to concentrate on exhibition work' 'I wanted to find my passion, my style, tried to find some new expression.' He was also enough of a realist to keep a watchful eye on the market. He kept his transition of style a gradual development.

'I moved slowly, 'he continues, 'If you move too fast people are disappointed they want to know what has happened to him and his style? What's gone wrong?' 'I needed to find new things for my work so I put some collage on paper, worked on board and wood, and I like to mix mediums.' Watrigant uses a wide variety of materials, including charcoal, pastel, watercolour and oils, and works on many different surfaces. Influences from the past include Delacroix, master of horses and wild animals, Gericault who also loved sketching in the stables as a boy, and Rene Princeteau, the first teacher of Toulouse Lautrec, another artist of noble family, with a 'passion cheval.'

Watrigant has a distinctly impressionist approach to the world of racing, allowing us freedom to interpret his vision.



Hermine, collage on canvas, then acrylic and oil with charcoal

THE HEIRS OF JOAN MIRÓ CEDE FOUR OF THE ARTIST'S SCULPTURES TO THE CENTRO BOTÍN AND THE CITY COUNCIL OF SANTANDER



The heirs of Joan Miró, represented in Santander by Joan Punyet Miró, grandson of the artists and figurehead of the Successió Miró, have decided to arrange a temporary five-year renewable cession of four sculptures by the famous artist currently on display as part of the exhibition 'Joan Miró: Sculptures 1928-1982', which will remain open to the public on the second floor of the Centro Botín until 2 September.

The family of Joan Miró fulfils the artist's wish to have his larger works displayed in public places and accessible to everyone. This was confirmed by Joan Punyet Miró, who said he was amazed at the popularity of his grandfather's exhibition at the Centro Botín and the cultural projects planned for the city of Santander, such as the transfer of the Banco Santander art collection to its renovated corporate headquarters on Paseo Pereda or the

scheduled opening of the centre associated with the Reina Sofía museum connected with the Lafuente Archive, which has undoubtedly spurred the family on towards this generous gesture.

Also present at this event was the executive director of the Centro Botín, Fátima Sánchez, and the mayor of Santander, Gema Igual, who publicly thanked the heirs of Joan Miró for this invaluable gesture. Sánchez stated she was delighted "because Santander will continue to enjoy, both in the exhibition spaces in the Centro Botín and those in the Pereda, these magnificent works by Joan Miró. A truly generous gesture of the artist's heirs with this city that once again proves how our staunch support for collaboration between public and private institutions, if well managed, can yield very positive results".

On her part, the mayor mentioned that the Pereda Gardens are thus becoming a true outdoor museum, with the wells of Cristina Iglesias, the monuments to the fire victims, to José María de Pereda, to Concha Espina... and a veritable cultural epicentre surrounded by first rate cultural, historical and heritage resources, such as the Centro Botín, the MUPAC, the future Reina Sofía affiliated centre, the exhibition area planned by Banco Santander at its main headquarters, the Cathedral, the medieval wall interpretation centre and the Spanish Civil War air-raid shelter.

Three of the ceded works have been made with objets trouvés, one of the artist's usual practices and a hallmark of his work, whereas the fourth one is one of the many homages paid by Miró to women. Moreover, they all hail from Palma de Mallorca to be relocated, via this cession, in public and busy location, thus fulfilling the artist's wish to show his works to as many people as possible. Thus, *Femme Monument*, 1970, and *Souvenir de la Tour Eiffel*, 1977, are sculptures that the family has ceded to the Centro Botín for display in gallery E on the first floor, that will become an area dedicated to the artist. The first is one of the artist's first sculptures made in the Fonderia

Artística Bonvicini, in Verona, where he created mostly large pieces, with polished and smooth surfaces. The second is a three metre-high work made of objects of no initial artistic value, but which, for Miró, seemed to irradiate a certain magic or positive energy; the poetic freedom so characteristic of Miró prevails in this work, making us momentarily forget its true meaning and origin. On the other hand, *Tête (Tête sur socle)*, 1978, and *Femme (Femme debout)*, 1969, are the monumental works destined for the City Council of Santander for display in the Pereda Gardens.

On the ceded works

These four pieces are an excellent selection of the sculptural work of Miró, not only because they represent his work in three different foundries (in Barcelona, Paris and Verona), but also because of the chronological range they offer as a whole, clearly depicting the evolution of his work.



Femme Monument, 1970
334 x 54 x 80 cm
Edition of 6 copies - Copy 5/6
Femme monument, 1970

The origin of this sculpture is a bar of soap Miró used to use to clean his brushes; its harder edges caused the centre to be slowly eroded until it became a hole, as shown in the sculpture. The move towards the monumentality of this piece, as is the case in many others, involved successive enlargements of plaster models.

The work is crowned by a strategically placed egg in equilibrium. The assembly of two humble elements united by bronze renders a dance of empty and full spaces, a playful spin that makes this sculpture ideal for display in a public area.

Souvenir de la Tour Eiffel, 1977



Souvenir de la Tour Eiffel, 1977
334 x 54 x 80 cm Bronze
Fundació Parellada, Barcelona Copy 5/6

This sculpture is built around a vertical structure

which was originally a wicker lamp stand with four feet, whose shade has been replaced by a large head, specifically that of Groucho Marx. By placing this big head in a horizontal position, the figure begins to take on the appearance of facial features. A large opening in the front like a mouth, and other exaggerated features, modelled by Miró himself. A large pitchfork slightly leaning forwards crowns the piece, which is finished off by other items such as a piece of Damask draped around the head and the suspended electrical cables tied at the top. As final touch, halfway up the piece and protruding outwards, a box full of used tubes of paint.

Tête sur socle, 1978



Tête (Tête sur socle), 1978
175 x 108 x 80 cm Bronze
Susse Fondeur, Arcueil, Paris

The origin of this sculpture is a small piece of wooden furniture that gradually increased in size (several plaster models enlarged using a pantograph) until its current dimensions. The title highlights the plinth, by way of a body, used as a base for the large irregular shaped head with lines suggesting features. Miró does not forget the back, with designs suggestive of hair, a recurring iconographic mark in much of this work. Many times – we are not sure in this instance, but may well have been the case – the heads of his sculptures are stones that Miró has found and kept, attracted by their shape.

Femme debout, 1969

This is a solid and imposing figure. Its origin lies in a small 31 cm high sculpture dating back to 1949. As on other occasions, Miró returned to it and expanded it to almost two metres high, most likely with this exhibition in public places in mind.

Its black bronze patina is polished, a smooth surface suggesting the shapes of the eyes, nose, mouth, arms, breasts and a large vagina in the middle. Miró was not a stranger, as was the case with many other artists, to the influence of primitive cultures. The references are everywhere. In his preliminary sketches, often accompanied by brief notes, the word goddess appears associated with woman. In 1057, for example, he visited Altamira with ceramist Josep Llorens Artigas, while working on the UNESCO murals.

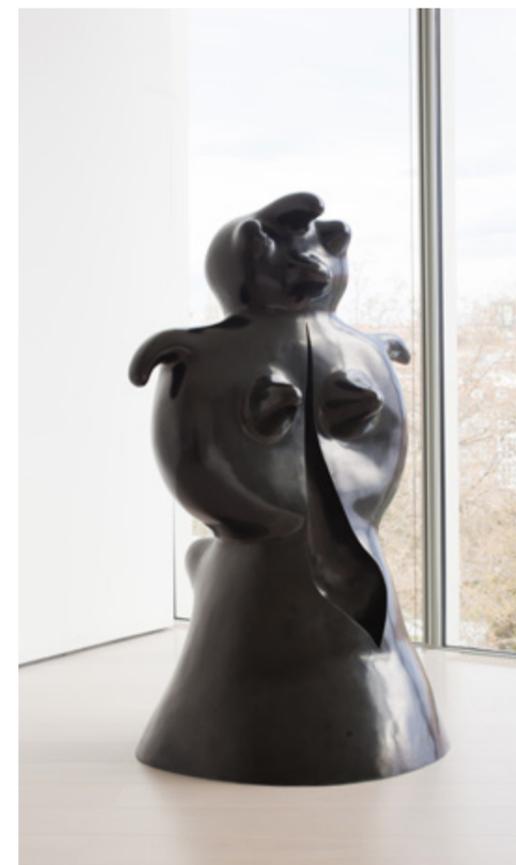
About the exhibition "Joan Miró: Sculptures 1928-1982"

Since the 20th March the Centro Botín has been hosting a unique and anthological exhibition of the main sculptural works of Joan Miró and his original creative process, different from traditional standards. The exhibition, organised with the collaboration of Obra Social "la Caixa", brings together for the first time over one hundred sculptures from all the artistic periods of Miró (Barcelona, 1893 – Palma, 1983), as well as drawings, preliminary sketches for his works, photographs of the artist and the objects with which he created his works, of which many are unprecedented.

The Centro Botín, designed by architect Renzo Piano, is a project implemented by Fundación Botín and aimed at becoming a flagship private art centre in Spain and one of the leading art centres in the international art circuit.

Through the arts, it will help develop creativity in Santander, and thus to unlock its social and economic wealth. It will also be a global pioneer for fostering creativity, tapping the potential of the arts for nurturing people's emotional intelligence and creative capacity. Finally, it will be a meeting place in a privileged location right in the city centre, completing the cultural axis of the Cantabria coast, and becoming a driver of the national and international development of both the city and the region.

For further information:
Fundación Botín
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Tel.: +34 942 226 072



Femme (Femme debout), 1969
195 x 122 x 110 cm Bronze
Susse Fondeur, Arcueil, Paris
Copy HC II/III Edition of 4 copies

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Darlings without shame 120x150cm

Silver / Paper / Gold
Roisin O'Farrell

Roisin O'Farrell comes from an extraordinary lineage of 'bohemian' artists and determined 'work-a-day' women. Art was definitely in her genes and she had some talent, but she didn't have the confidence to become an artist.

She worked in business for many years, and then in 2009 as Ireland's worst recession was biting hard, she was made redundant from her job.

But it wasn't a straightforward decision for Roisin. Her marriage of 18 years had ended, and she was left financially and emotionally responsible for two children.

She had no certainty, but she had a fragile instinct that 'just maybe' the impossible could be possible for her. She worked hard and treated art as her job. She painted every day and about a year later she was approached by The Killarney Art Gallery in Kerry.

Within a few years she had replaced the income from her job and was no longer reliant on her ex-husband.

Nine years on, Roisin has shown her work in established galleries in Ireland and abroad and her work has been featured on TV and the big screen. She also embarked on a teaching career that allows her to encourage and inspire other women to learn to paint and find the confidence to change their lives.

Derek Culley Art & Museum - AM
 Question: Can you discuss your relationship to interiors and household objects in your art and comment on your recent exhibition in September at the Doorway Gallery in Dublin.

Answer: Roisin O'Farrell – Roisin
 Well, much of my work has been an exploration of the idea of home and family. Interiors for me are a visual expression of home. I purposely don't add

figures as I like for the viewer to be able to imagine themselves about to take a seat by the window for a moment of calm on a busy day or to head out the door for a calming walk.

My work has been likened to the establishing shot in a movie which was surreal. The moment that the characters are about to enter or have just stepped out of sight. I am drawn to calm spaces because those are the moments that I seek too.

We're lucky in Ireland to have so many gorgeous period homes. I love to paint small country hotels like Marlfield House, Castle Leslie, and Kilruddery House but I also paint real lived in period homes. Whenever I find them and whenever they are happy to let me in!

I've been working with The Doorway Gallery – Dublin, since soon after I started showing my work. Denise Donnelly is my cousin and she is one of those extraordinary women that I mentioned. In my new series I've gone right back to the scary start. Rather than work in oils as I have for nine years, this new work allowed me to explore other textures such as acrylic, metallics, and papers, as well as oils. That said, the new series has been accompanied by a selection of new works in oils that continue the themes of old world interiors and the familiar welly boot family portraits.

Question: AM

Your works appear to be both passionate and inspirational. What is it that inspires you; inspires the works of Roisin O'Farrell?

Answer: Roisin

The inspiration for the new multimedia series came from a house that I visited in the United States three years ago while I was on a teaching trip. It was the home of some of the early settlers and had been preserved. I wandered into a tiny room no bigger than a wardrobe and discovered on the wall, the remains of strips of wallpaper that went back over a hundred years. I've come back to this moment many times since and reflected on the lives of the generations of the same family that lived in that home. I was drawn to work with the media, the papers, but also to develop the new work as a part of my ongoing reflections on the idea of home in all its messy complexity. The comfort and chaos, strength and fragility, messy relationships and unconditional belonging.

Pictured are some examples of the Silver / Paper / Gold exhibition recently held in The Doorway Gallery – 24 South Frederick Street, Dublin 2 Ireland.

<https://www.thedoorwaygallery.com>

<https://www.roisinfoarrell.com/>





by Dr. Hannah Pröbsting
External Affairs Coordinator Elysee

Embracing complexity at the museum

The world we navigate is full of complexities. We experience them in our personal and work lives and see them played out in the fragility of international politics. In an effort to understand these situations it can be tempting to simplify them. Yet to do so seems to underestimate our capacity to grasp complexity. This is where a museum – as a space both within culture, but set apart for its ability to critique it – can step in. Indeed, one of its primary roles is to both draw attention to such complexities and actively unpack them.

At the Musée de l'Elysée, a world-leading museum of photography based in Switzerland, one of the primary ways this is achieved is through collaboration. On an institutional level, our exhibitions have travelled to venues such as embassies, university law departments and rock festivals. Similarly, in our programming, we draw upon the expertise of a wide variety of experts, ranging from psychologists and neuroscientists to sociologists and mountaineers. Considering photography in surprising contexts and through the eyes of specialists from different fields complements the work of art and museum professionals by drawing attention to aspects that might otherwise be left unexplored. Such collaborations therefore

necessarily open up new and unexpected ways of thinking about individual images and the situations they represent.

A prime example of such a collaboration is the Musée de l'Elysée's current project with the Swiss Agency of Development and Cooperation, "Humanitarian Principles, Here and Now." The goal was ambitious – to create a novel perspective on the four internationally agreed-upon humanitarian principles of humanity, independence, neutrality, and impartiality that breaks with the visual tropes of humanitarian imagery. Many of us are familiar with famine and conflict images, or those of mothers and children receiving aid. While these images can be distressing or moving, they can also feel dislocated from our daily realities, despite the fact humanitarian principles are as applicable to us as they are to aid workers in the field. We, therefore invited ten Swiss photographers to reflect on where they see the four humanitarian principles at play in their everyday lives. Each artist was given carte blanche to create a short film that draws attention to aspects of the principles that resonate with them.

The result is profound and often moving. Despite the short duration – each film is between three

and four minutes long – the photographers have succeeded not just in revealing something of their own personal relationship to the principles, but also allude to the complexity that surrounds them and the dilemmas they confront us with.

Sarah Carp's *Renaissance*, for example, complicates a common image of pregnancy and motherhood by presenting the viewer with a visual representation of her personal experience. Self-portraits of the photographer and images of her young children are interspersed with melancholic images that pierce the viewer with notes of loneliness and isolation. Laurence Rasti moves in a different direction by accentuating the seemingly arbitrary nature of borders, which nevertheless determine where we can and cannot go. Her film takes its title from *Le Salève* – a mountain that dominates the Geneva landscape, but is located in France – and is the visual subject of the film, with the camera tracing the path to the summit. At the same time, we hear a short conversation between an Afghan refugee living in Geneva and the photographer, herself the daughter of an Iranian woman who came to Switzerland after fleeing the war with Iraq.

As is often the case, however, the whole is worth

much more than the sum of its parts. Inevitably, different films speak to different viewers, since each viewer brings with them their own personal experience and situations. Together these films offer a fresh, new, and above all artistic perspective on humanitarian principles.

First shown in the context of the *Nuit des images* – an annual festival of projection at the Musée de l'Elysée – these films will be brought into conversation with one another in the context of a roundtable with the participation of a psychologist researching empathy, an art historian specialized in the representation of suffering, a humanitarian aid worker from the International Committee of the Red Cross, the Head of Swiss Humanitarian Aid and two photographers. By offering a range of diverse perspectives, we hope viewers will walk away having experienced, and perhaps even understood, something of the complexity of the humanitarian principles – and the power of art to allow them to do so.

www.elysee.ch/en/

All ten films are available to watch online at <https://vimeo.com/album/5227319>



From the series *Memorial Garden*, 2018 © Virgine Rebetez

Art & the Regions

The highs and lows of art practice outside the capital

by Victoria Burroughes of ARTIQ



Sunk Estate by Steve Burden

It's no great surprise that the UK's capital boasts the most comprehensive, evolving and diverse selection of creative people, projects and venues in the country. The banner is proudly held, and, whilst the efforts of London's local councils, arts professionals, private collectors and public institutions are nothing but a good thing, London's dominance does create problematic myopia when it comes to recognising pioneering talent and artistic endeavour outside 'The Big Smoke'.

The arts are a massive wealth-generator for the UK. Up to half of all tourists will engage with arts and cultural activities during their visit, contributing to the £12.4 billion UK businesses in the arts and culture industry contribute to the economy each year. The wealth knock-on certainly looks to be becoming more geographically-democratic; two of the cities most positively impacted by recent investments in arts and culture are outside London, for example, with Kent's economy boosted by £13.9 million after the opening of the Turner Contemporary in Margate and the extra income generated for Liverpool, once named Capital of Culture, reaching £753.8 million.

Artists themselves are driving change too, particularly in response to rising rents and property prices in the south-east. Countrywide, artists are reclaiming property for use as art venues and creative spaces, from converted shoe factories and former stables to ex-garden centres, as well as re-appropriating defunct retail spaces and regenerating high streets, providing a much-needed contribution to the overall built environment. Arts resource Artquest now provides resources to help the artist to access empty spaces, whilst Popupspace has introduced a bespoke insurance product to cover temporary and transient projects in public spaces - a sure sign of the value they bring.

However, what's it really like to practice outside of the capital? 2017 Turner Prize winner Lubaina Himid recently told The Observer that 'not enough conversation goes on about artists working outside London. It was the same with me. I was always showing my work, but it took a Turner Prize for the wider public to understand that it existed.' For all that we're moving toward a much greater and truer inclusivity in terms of age, race and gender in art, is the narrow focus on the capital one of the last barriers to fall?

One of the overwhelming benefits of working outside London is certainly the question of space. Painter and print-maker Sam Pullen lived and worked in south-east London for 15 years prior to moving to Hastings - 'Moving to a much cheaper area meant we could afford a large house, instead of a tiny flat. My studio is a large room at the very top of our house. I have young children and being based at home is great so that I can maximise time with them. My studios in London were usually quite cramped and were sometimes a commute away from where I lived.'

The city can also still be a theme, even when no longer a base. 'My current practice investigates dystopian themes and ideas associated with British housing estates,' says Steve Burden, a painter who was born in Greenwich and whose work explores the roots and the inherently urban context in which he grew up. 'I am very much interested in the notion of a city and how it affects our relationships with each other, and the environment in which we live.' Steve is now based in a purpose-built studio in his garden in Somerset, which he also designed himself. 'I'm totally spoilt. Previously I painted in a spare room or the dining room table, anywhere I could find space!' Counterintuitively, removing himself from the environment which inspired his practice has actually been



Nature-inspired sculpture by Ben Russell

a boon. 'Now I am removed from it I find it easier to create the work and tell my story. The studio has become a place of reflection and I am now in the process of charting my memory, my chronology and attempting to document it. These are my chapters and I don't need to be in the city to chart them - the thinking takes more time than the painting.'

Some artists even find that a first move leads to a second. Sculptor Ben Russell, who creates nature-inspired stone sculptures and exhibits regularly, wasn't completely happy with his initial relocation. 'It can be a little bit of a closed book at times and people can be quite cold towards people they don't know. It has been good at times but is not a relaxing workshop environment I dreamt of, so I am in the process of packing up and relocating to a lovely farm tucked away in the rolling Dorset Hills. Here I will have two units with a yard that joins them. One unit for heavy roughing out and dusty work and another for finer finishing work and polishing along with an office. This will also offer me the chance to work outside more, something I have barely been able to do over the last 18 months. I can't wait to get started.'

All the artists we spoke to caution against completely turning one's back on London. 'It's important to maintain contacts and keep operating

in London, even though you've taken yourself and your practice out of it', Sam warns. 'It's still the main hub in the UK for exhibiting, selling, networking.' He adds that being able to visit art material shops easily is something he misses, particularly in one of the industries where the physicality of materials is so fundamental.

Having access to mentors and the people from whom artists learnt their craft is also vital. 'My previous workspace in south-east London was shared with an old college tutor, some other ex-students from my art school and a stonemason I worked with on occasion,' Ben says, talking of an aspect of London he now misses. Steve agrees. 'The isolation can be a thing and lack of a big peer network. I have an umbilical cord back to the city - most of my family still lives there - and that is important because the city is my subject and also the majority of shows are still in London.'

The power of the capital will never diminish, but just as these artists are maintaining their links to it, so we should all, arts media, institutions and industry alike, ensure that we continue to seek out, reach out and include artists from the whole country to make sure we all see the bigger picture.

www.artiq.co



'SP05' by Sam Pullen

I'm with Adrian Frost... maybe

by Derek Culley

His studio living space, he's dwelt in for the last eight years is a poured concrete dome-shaped behemoth. Raked with four feet wide by twenty feet high double glazed glass panel windows. Clutched into the once ocean bed limestone bluffs deep in the Ozarks of Arkansas; named Miracle Mansion, designed by a sure Robert Hyde, a set designer out of Hollywood, who was hired in the early 1960's by the Nazi sympathiser Gerald LK Smith to design the Christ in The Ozarks theatrical passion play set. This he did and fortuitously being tall and in possession of a flowing beard played Christ himself in the play on an off for 17 years, till he got fired for also being a Peeping Tom.

Adrian D Frost; Adrian for Adrian Heath, the abstract painter who supported Terry Frost's nascent painting career began in 1941 in the German 2nd world war prison camp, Stalag Luft 183, deep in the heart of Bavaria. The D is for Dudley Muff,

the fellow New Zealand prisoner of war who threw "Maori bones" for Terence Ernest Manitou Frost (later to get his ass knighted), the throwing of which persuaded Terry not to break out from the camp till the Americans rescued them (some of the others who broke out got shot). Adrian Heath was prominent in getting Terry to apply to Camberwell art school straight after the war and advising St Ives as a place he might more encouragingly and easily make art than London. Manitou, Terry's middle name, is from the "ss Manitou", a First World War troop-carrying ship, torpedoed by a Turkish destroyer off the shores of Gallipoli. The men were ordered to abandon ship, many drowned. Terry's father, Cpt Frost (whom Terry never met, being brought up by his maternal grandparents) of the Warwickshire Yeomanry, ignored the order, three torpedoes struck the Manitou, none detonating ...



"St Mish & St Mash" Adrian Frost 2018

We step through the ten foot high, local stone built arched doorway of the studio.

The first work I see is "St Mish & St Mash", it's a triptych, the right-hand panel three foot wide six foot high, with the stretcher bars narrowing to points carrying on another two feet after the six-foot image, like horns. The image is of a female figure (Eve ? St Mash) the encaustic cardboard cut-out arms raised, the hands screwed through the palms with shiny steel screw and washers, to a rusted flat steel background, that culminates above her headless neck, in that curved arch semi-circular familiar Christian church iconography.

Her figure is wearing an encaustic modeled T-shirt, the drape of which, in this light puts me in mind of 15 century Spanish heavily modeled chiaroscuroed figure painting and beneath where her navel would begin and her t-shirt ends a carved out altar shelf, drilled out in the middle, where a silver bowl is inserted, filled with shimmering salt crystal.

The centre panel is not as tall as the two side panels. It's three foot by four foot. In it's middle, there is a diamond shaped piece of rippled roofing galvanise that has had the

word "Free" fire gunned out of it, so only the dark shadow of the letters remain.

Directly below it and on the same panel is another altar shelf, built slightly sloped as a lectern, where a large book is held in place by two 6 inch heavy steel C clamps. There is a black and white serrated hawk feather lain in the spine of the book. I glance down; the book has been coated in varnish. I can't make out a title, on the right-hand page near the top I see "Christian Flagellants", on the left" the progress of the Black Plague."

To my question the artist says

"I found the book left out in the rain; I believe it's called "Western Civilization".

It opened randomly to those pages when I installed it."

On the left-hand panel of the tryptic is the male figure, the same type of modelled encaustic T-shirt, on a similar steel panelled background, as the female right-hand panel (St Mash), Is Adam?, I say.

To which the Artist responds "Good for you."

The male hands, aren't held straight up in the air, like the female hands, as though a victim of a bank robbery, but are

crossed at the wrists behind the headless head, anguished, pleading? The left hand is forward and on top of the right, its cardboard cut out shape layered in encaustic and screwed through the knuckle, held by the bright washer. Below, in its curved shelf altar, in a silver bowl, lumps of black coal, black charcoal.

I asked the artist "Is that to draw with or to cook with or...? Does the salt stand for preservation, the charcoal, for art, drawing imaginative?"

The Artist shrugs "Maybe it's just black and white, and the book".

Now he's showing bits from his latest poem/film Furies it's set up in the back end of the studio.

"This covers five cantos of my poem film Furies conceived in Athens Greece, shot here in the Ozarks. The characters gather at Low Keys bar beneath the bridge at the edge of the Styx" he tells me.

I'm, watching some crazy imagery of a guy spinning upside down from a tree?

"Yggdrasil, the guy, spinning in the tree..... it's Scumbag, being played by Johnny Depp, channelling Marlon Brandon playing James Joyce" the artist mutters.

Now there is a girl on the screen dancing she seems to be undressing Joyce.

"That's Lucia Joyce; she's escaped the asylum to play Salome, cutting thru the Seven veils of obfuscation, to get to daddies soul and get her ass out of his straight jacketed life."

The film ends with the male and female figures naked, carefully forming some foam plaster around each other. I catch his eye.

"Yeh, recasting each other," he says.

"I'm trying to figure how to edit this film so that as Joyce is spinning upside down, disintegrating, the last paragraph of Finnegans' Wake, like a spiralling DNA text whirls outa him," says Frost, staring at the screen.

There a lot more work to look at in the studio but I'm trying to drag a bit of bio out of him.

To which he replies, "America, USA, Turtle Island, I met Jan beaver Gallione, she was a grad student at UC Davies

when I was teaching there in 1989. Brilliant, intellectually magnificent, beautiful, and the curve of an ass to die for. The most intelligent, gifted, daring, deep artist I've ever met. We married in New York City winter of 89 and did some cool work together, her ideas, my sweat. She died in a car crash

I was driving in the snow beneath Council Bluffs, Iowa, early January 94.

She's the strongest influence both on my work and my way of thinking. She took me to Sundance with Crow Dog, in South Dakota and involved me in an arts/nature permaculture course in Wisconsin... moreover, so much more."

After a pause, Frost says "Listen I ain't got no more today, here's a poem of hers, then let's call it a day".

He pulls through some papers, takes a deep breath, and reads off this poem by his late wife. He reads it pretty well, his voice and the words hypnotise me.

Here's the poem. I'll be back to see this guy again.

*Kickapoo River & Wildcat
Eyes caught in twin reflections of moon
Relentless motion is her
Greatest beauty moving like a mountain
Clouds with wind
Changing colour and substance in rhythm
With the contours of the mountain peaks stopping
Only for the moonlight to catch
Up with her becoming what she is with
Each breath, changing with earth & sky
Sniffing the wind and disappearing into the
Trees fluid outline like smoke here
And gone in perpetual remembrance*

Jan Beaver Gallione 1959 - 1994

Then Adrian called out as I was driving out of the tree-lined driveway...

"The contemporary artist wants to get ahead of culture and be pushed, the visionary gets behind culture and pushes."

Coyote lesson by Jan Beaver Gallione

Article by Jay Nus
Ozarks Arts 2018



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the sumptuous Principality of Monaco, will become once again the meeting point for the most exclusive and highly anticipated art events in the French Riviera. Art Monaco is proud to be a platform truly promoting international cross-cultural exchange where esteemed galleries, artists, collectors, art enthusiasts and trend-makers alike, get reunited and had the opportunity to network in a ravishing setting.

This artistic four day event is today a synonymous with glamour, given that Monaco is a timeless jewel in Europe's proverbial crown and a playground for the rich and famous along with the wealthy, cultured and sophisticated. Art Monaco is simply an extension of its surroundings: an



**Empress Farah Pahlavi
signing sculpture for love and life
prevention at Art Monaco.**

event of the highest quality, frequented by a slew of elegant guests. Over the years, Art Monaco has hosted an exclusive and eclectic mix of socialites, philanthropists, members of the world's most esteemed royal families and Hollywood glitterati such as H.S.H. Prince Albert II, Empress Farah Pahlavi, S.A.R La Princess Marie Gabrielle de Savoie, T.R.H Prince and Princess Charles of Bourbon of the Two Sicilies, Madame la Baronne Danièle Courcelle Von Prohaska, Baron et Baronne Renald de Meester de Betzenbroeck, Baron et Baronne Roland Gillion Crowet, Baronne de Masy, H.S.H. Prince of Montenegro, Prince Lorenzo de Medici, Prince Michel et Serge de Yougoslavia, M. Charles et Mme. Catherine Napoleon, M. Pail Sarcozy and Baroness Carmen Thyseen-Bornemisza who owns an art collection from impressionist artists of the XVII century valued over 700M £.

H.S.H. Prince Albert II & Empress Farah Pahlavi, signing sculpture for love and life prevention (protest against drink and driving) at Art Monaco.

Serial businessman, art collector and philanthropist Johnnessco Rodriguez, founder and director of Art Monaco and C.E.O. of Opus Event; has announced, Art Monaco will provide 25 bursaries for emerging galleries and artists willing to present an out-of-ordinary installations with themes projecting powerful messages that promotes World-peace, high impact Ecologic and Social projects.

All eyes on me

It seems there is no escaping “Millennials” (no matter how hard you try) they are all around us.

Never before has a generation been so educated and enlightened; yet, never before has the projected image of oneself been so important. How does one remain self-confident and grounded at a time when the number of your friends, followers, and likes on various social networks define who you are for the rest of the world?

Being an advisor in an age where millennials can wake up and decide they would like to be an adviser today too has oversaturated the market and created its own challenges. Not only is the competition fierce, but it is unbalanced. It seems credentials and experience are no longer relevant, but who and how many people you are connected to is. A good google search and linked invalidation have become the modern-day short form for credibility and in some cases legitimacy.

2020 is predicted to be a cornerstone year. By this time, a third of all employees will be millennials. In the forthcoming years, most of the wealth will be transferred from one generation to another. Industries will need to adapt to remain relevant.



Céline Fressart

1858 Ltd Art Advisory

In order to prevent the age-old adage of “shirtsleeves to shirtsleeves in three generations” coming true, wealth and art management professionals need to start training the next generation. NextGen initiatives have never been more important.

The key players in the art world are adapting slowly but surely, but with varied success. The growth of online art sales platforms and the necessity of exhibiting at fairs in far-flung places has been the downfall of enough art businesses to raise concern. Do art buyers still need to see works in the flesh? Do they still want to push open a gallery door? Alternatively, are they happy to merely swipe a screen?

The big auction houses have understood the necessity to evolve and are treading the balance cautiously while providing more online content, sales and experiences.

While we are all adapting to changing business models and means of communication with clients and prospects, the social media networks are pushing us to evolve even faster.

Image-based, it seemed apparent that art market players would grasp at this opportunity way before other industries catering to HNW and UHNW clients. Facebook and Instagram is clearly a kinder medium for artists than it is for tax specialists.

Marketing via Instagram influencers (those with more than 10’000 followers) is now a \$1 billion business, and posting images of yourself and brand 2-3 times a day on social media has become the new normal. So when does anybody get any work done?

Brands have seized upon the phenomenon and are rewarding the influencers with freebies, invitations to exclusive events and sometimes cash. However, how does this translate to the financial services industry and art market? How do you promote confidentiality when the clients themselves are eager to display their wealth and brag about it? The hashtag ‘Rich kids’ is the most blatant example of this. Developed for every possible geography linked to the rich and famous, from London to Tehran, Switzerland to Dubai, it is worth having a look at the new relationship some of these Millennials entertain with money. The recurring themes on all of them predictably are sports cars, watches, champagne, selfies and spectacular often glamorous settings. Spending is, without surprise, the main common denominator (along with quotes on well-deserved success and how inspirational luxury can be).

One thing is for sure, the years ahead are going to be exciting and challenging. As a specialist advisory firm, 1858 relishes the opportunity to learn from these enterprising millennials we have working amongst us.

Céline Fressart is Head of Special Projects for 1858 Ltd. Art Advisory

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Chen Dongfan, *Space Painting Project (Studio 2018)*, 2018. Mixed media. Photograph by Li Yuhong ©Chen Dongfan, courtesy Fou Gallery

Compose a Song of Dragon and Flowers

by Echo He of FOU Gallery

Doyers Street, one of the oldest streets in New York Chinatown, is known as the Bloody Angle. The 61-meter street, buried deeply in Chinatown is bent at a nearly 90-degree angle. In late 19th century, Chinese immigrants had transformed Mott, Pell, and Bayard streets into the lean corridors of Chinatown. Doyers Street became a small, yet culturally significant shortcut through those streets. The street became known as "The Bloody Angle" because of numerous shootings of the gangsters. The street was literally stained red during these violent years.

In 2018, the road becomes red again. But this time, it is colored with paint, rather than blood, by an artist named Chen Dongfan. In 8 days, Chen creates *The Song of Dragon and Flowers* - a 4,800 square ft asphalt mural directly on Doyers Street. The artist chooses to capture the soul and spirit of the dragon, as a visual embodiment of the area and the lasting Chinese cultural heritage. The flowers are a symbol

of peace in response to the rich history of Chinatown. Together they compose a song with exuberant and dynamic rhythm.

Graduating from China Academy of Fine Arts, Chen Dongfan has spent many years in China as a professional artist before coming to New York. He moved to New York in 2014 and since then exhibited mainly in Hangzhou and New York. In addition to painting and drawing, Chen also creates large public art projects with the language of space painting, which differentiate his practice from other artists. Chen is interested to create site-specific installation in a given space. For him, the public art project is not only a mural, but also a space painting that responds to the people and the environment. For the past years, he has hosted two solo exhibitions in Fou Gallery (New York) and one solo exhibition in Inna Art Space (Hangzhou) and every time he was able to create a unique environment.

As part of Doyers Street Seasonal Street, the New York City Department of Transportation collaborates with Chinatown Partnership to launch an open call for art projects on the street. With the assistance from Fou Gallery and ArtBridge, Chen Dongfan submitted a proposal and was finally selected to implement the project. The asphalt art mural seeks to highlight the historical significance of Doyers Street and the history of Asian American immigration to the United States of America. Chen works in an intuitive way and often forms a close relationship with the space. According to Chen, his practice is painting a portrait of the street. According to Chen, he first immerses himself into the space, waiting for the moment and lets the paint brush guide him through an improvisational action painting. Chen extracts colors and patterns from the billboards along the road, the local restaurants and hair salons and makes them part of the work. The final result is astonishing. Everyday, numerous visitors gather on the street, walk into the work and take photos. Instagram becomes a breeding ground for further creations.

Chen Dongfan Speech: This is a Gift

"Chinatown's history is full of hardship, but also full of love. Doyers Street is located in Chinatown, intersecting with Pell Street at its very end, as if a flying dragon is winding its way up and resting at the intersection of the two streets. I was inspired by the immigrant experience and how they perceive this neighborhood as home. I am eager to use my brush to tell the story of the past, the current, and the future of Chinatown

Improvising with color and brushstroke, to paint directly on the whole street, turning a 100-year-old street into a unique piece of art. When people all over the world walk on this road, they can appreciate the spirit and vitality of Chinatown."

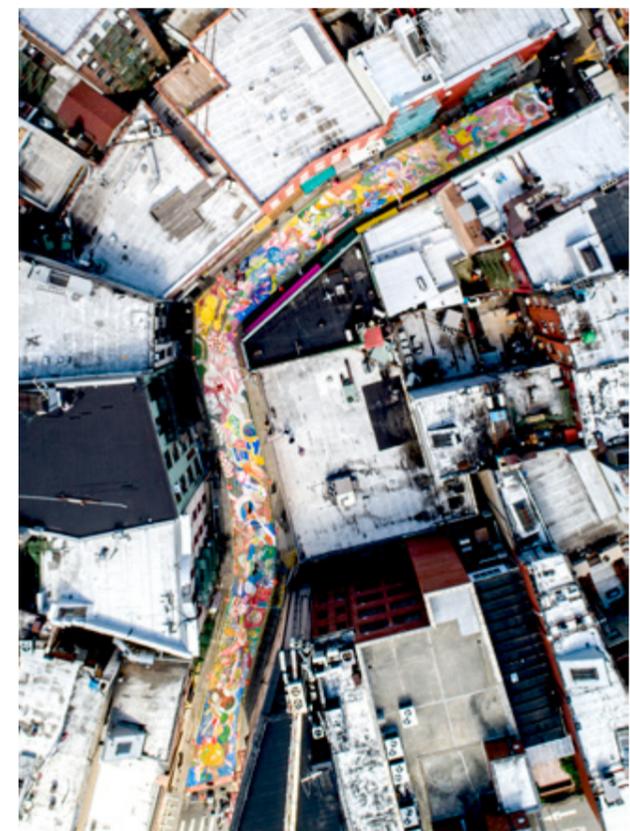
When I wrote the artist's statement in the proposal stage, I feel that it was crazy. But the proposal passed with a unanimous vote. I joined the first meeting remotely via Wechat video call as I was still on a holiday trip. When I saw everyone on the screen with passionate faces and serious attitudes, I realized that this is a group of people who are as crazy as me: full of passion and ideas, eager to present the work as soon as possible this summer to New York and to the whole world! Thank you again! We have achieved a crazy and beautiful work of art together.

It took eight days to create the work under watchful eyes: everything can be seen in one painting. I feel that I am doing a portrait for Doyers Street: history is its past experience

and you all make it the way it is now. I dare not say that my work is the future, but I hope to be able to throw out a minnow to catch a whale. *The Song of Dragon and Flowers* will only be the beginning of an even brighter future.

The importance of public art lies in the public participation. *The Song of Dragon and Flowers* is different from artworks exhibited in galleries and museums in a way that not only one can touch it, but one can also walk directly on the work and stay in the work. Together with the surrounding buildings, the artwork experiences wind, rain, and sun. The color and details of the work will change. The work will appear differently every day in the following three months. Even though the work will gradually fade, the color may lose its luster, the spirit can still be felt from every brush stroke. This is the most artistic and attractive part of my work - nothing is immortal, but we still treat the world with care, love the people around us, and do good things.

This is a gift, for the city where we live and love.



Chen Dongfan. *The Song of Dragon and Flowers*, aerial view. Photograph by Nadia Peichao Lin ©Chen Dongfan, courtesy NYCDOT, Chinatown Partnership, Fou Gallery and Art Bridge



By Amanda Gray
Mishcon de Reya LLP

Your Monet or your life

Art and Crime

Frequently glamorised, the links between art and crime are longstanding. Whether it is a theft of a Van Gogh or the Greehalgh forgeries the reporting of art crime always contains a frisson of intrigue, that most other areas of crime do not command.

However art crime comes in many shapes and sizes, some crimes are incredibly mundane, others more sensational. Regardless of whether you are a collector, dealer, or artist, the implications and effect can often be far from attractive - hard won reputations of experts, collectors and their legacy have often been damaged; collections tainted by association; and livelihoods lost. It is not a victimless crime.

Aside from the more obvious crimes of theft, looting, handling and criminal damage, those involved in the business of buying and selling art need to be aware of their position and potential exposure. For any party in an art transaction whether you are a buyer, seller or intermediary such as a dealer, you need to know who you are doing business with (as much as is possible), and what is being transacted on.

Too often it is apparent that something is amiss with a transaction and/or those involved. Art transactions are known for being complex and opaque, rarely do you get Party A - the seller, transacting direct with Party B - the buyer. In the usual course you would expect Party A to have an agent who will act as a facilitator in the sale, for which they will take a commission. Party B is also likely to have their own agent who in turn will deal with Party A's agent. In addition there may also be introducers, further agents and legal advisors for all parties involved, which creates further layers in the process. It is perfectly legitimate practice when done in accordance with the laws of agency and contract.

Often, for very valid commercial or personal reasons, a collector may not want it to be known that they either own, are selling or acquiring a particular work, or that they have sufficient funds to purchase a work. However this lack of transparency, coupled with the thrill of an acquisition, does provide the perfect climate for those who may want to commit a crime. Under current legislation, there are questions that you as a party to a transaction should consider as a

matter of course, in relation to the artwork, the parties involved and the structure of the transaction. This is particularly the case if you will be accepting or sending monies on behalf of any other party. Here are a few examples of the types of questions you should be asking:

- Have you seen the artwork or been provided with undisputed evidence of ownership and provenance?
- Who is your client? Have you verified their identity? Have you identified any parties on whose behalf they are acting?
- Are you being asked to do anything unusual, such as provide an invoice evidencing the transaction to an unknown third party?
- Of the parties known to you, have you dealt with them before? Are they known in the art market, and if so, what is their reputation? What is their connection to the artwork or to the ultimate seller or buyer?

If you are new to the art market and believe you are being offered the opportunity of a life time - for example to be part of a sale on a Picasso (it has been known) - you need to start asking questions and seek appropriate advice (or walk away).

Too often, it transpires that a work does not exist, the work was a fake, or the sale itself was an exercise in money laundering. The art market is also not immune to cybercrime, emails can be targeted, account numbers changed and funds diverted.

The methods adopted are also becoming increasingly sophisticated, similarly if monies are coming into your accounts (for example because you are the seller or agent) you need to ensure that you have done due diligence on the source.

An equal level of scrutiny needs to be applied to the artwork or artefact.

If you are the owner of the artwork, regardless of whether you intend to sell – it is recommended that you prepare an inventory of your artworks and do some due diligence on them. Collectors often do not have inventories, and consequently artefacts are not always identified as lost or stolen. We have been involved in recovery of stolen artefacts where the client was only aware of the theft of pieces from their collections when an auction catalogue notice was brought to their attention or where they were subsequently informed by a dealer.

If you are looking to loan, or sell a piece from your collection, it is worth taking the time to identify any issues with the work at the outset. It may result in you deciding to take a different approach. Some of the key issues to consider are:

Acquisition:

- How, when and where the work was acquired? Has the dealer or type of artefact been involved in any controversy?
- Was the work acquired in the 1980s or earlier when standards of due diligence were not as high
- What was the country of origin of the work and how old is the artefact? (Is it possible that it is a looted artefact of protected by international laws?) Where did you buy the work (different laws apply in different jurisdictions as to the passing of good title)

Export/Import documentation: Are there any anomalies or inconsistencies on the import/export documentation?

Provenance: Are there any gaps in the history of ownership that may cause concern in reference to the wider historical context for example looting or the Second World War?

Authentication/attribution documentation: What documentation was provided with the work? Could it have been taken from another original work to validate and authenticate the work in question? Which experts have assessed the work – are they known? Has it been faked?

In many ways whether the original purchase was made in good faith becomes a moot point with regard to reputation. If the piece is called into question, the fallouts from private sales and withdrawal from auction can be costly, result in protracted negotiations and sometimes can be very public and political depending on the piece. If assertions about the sources of work are right, a shadow is cast over your collection and ultimately your legacy. Subject to the significance of the artefact, the ripples caused by a looted, stolen or allegedly looted artefact can be global. Therefore these are matters that you should consider presale - even if it is a private sale. If you are an acquiring party, or agent you should certainly be raising these questions about due diligence. Reliance on warranties and an indemnity in a contract is not sufficient. You could be walking into a costly and public matter that may end in litigation, or at the very least leave you as the victim of a scam.

You want to be assured of what you are buying as much as you can be. Often even with sophisticated parties the heart rules the head - think of the various experts and collectors who have been duped in the recent forgery cases. Fraudsters play on the desire to acquire and for new discoveries to be made, so it is advisable to take steps to protect your position.

Amanda Gray is a Managing Associate in Mishcon de Reya LLP, specialising in Art Law and the field of Luxury Assets.



Weiblicher Torso (female torso), 1938, mixed media on board, 83 x 62 cm

Volker Boehringer (1912 – 1961)

A German painter in resistance during WWII

Obsession and talent

He wanted to be a more acerbic painter than his contemporary Otto Dix. Volker Boehringer's works of the 1930s and 1940s show the modern world, which he found intriguing and abject in equal measures.

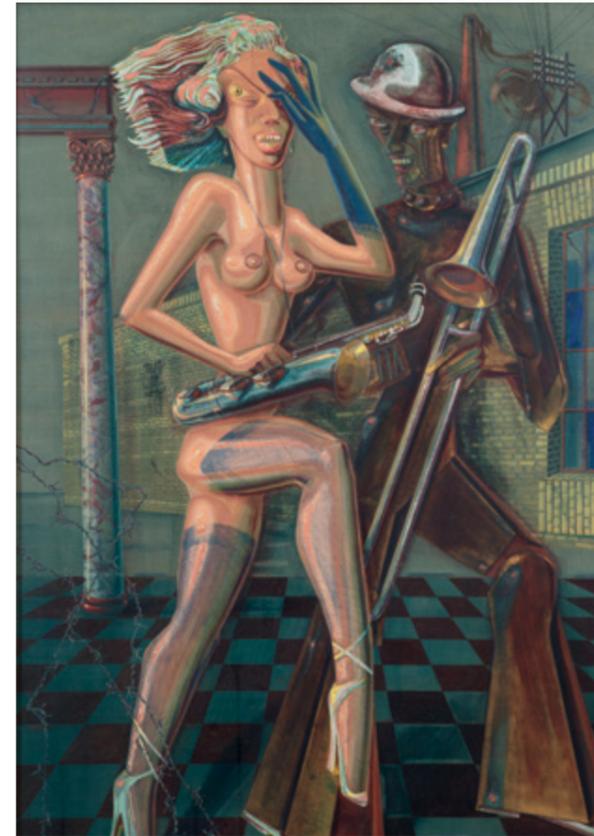
In his unusual paintings, watercolours and drawings, Boehringer shows people and landscapes transformed and sometimes distorted by war, poverty and industrialisation. While his earlier works have the cool air of New Objectivity paintings, Boehringer later developed a unique style that incorporates expressionist and surrealist elements. The content shifts from industrial landscapes to scenarios which were described by one art historian as "... the orgiastic conjunction of terror and sex, technology and libido, steel and stone." Yet, as dark as many of his

later works may appear at first glance, there are always signs of hope: in the small resilient plant that grows out of the rubble of a deserted factory, or references to Jazz music, which symbolised untamed energy and powerful resistance.

An undeviating artist

Volker Boehringer was born 1912 in Esslingen near Stuttgart, Germany. While growing up, Boehringer witnessed the transformation of the once peaceful rural environment into a technological powerhouse.

This experience nurtured a lifelong fascination with the impact machines have on man and nature. Already at a young age, Boehringer, who tinkered with model steam machines and built his own radio receiver, was interested in technology and incorporated it into his works.

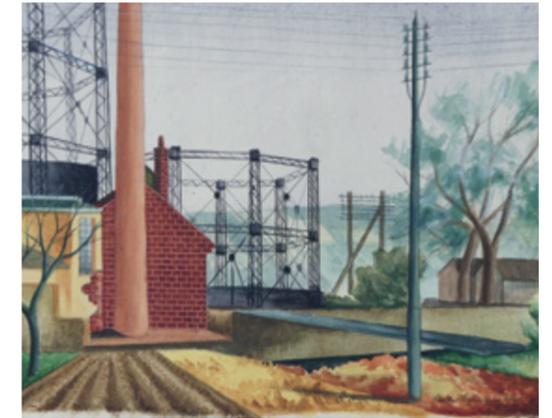


Hetaere, 1941, mixed media on board, 125 x 83 cm

In 1929 Boehringer enrolled at the Stuttgart Art Academy. During this time Otto Dix, 21 years his senior, was at the height of his career. Boehringer idolised Dix and thus became utterly disappointed when, in the wake of 1933, Dix turned to landscape-painting. Later he recalled: "...Otto Dix was my role model in my early beginnings. Moreover: a fanfare! Sadly, after the 'change', there was a completely different sound coming from him. The clarion call made way for the hoot of a toy-trumpet... To me, it felt like a betrayal."



Kasino (casino), 1930/31, watercolour on paper, 36 x 46 cm



Gaswerk (gas works), 1930, watercolour on paper, 25 x 34 cm

Volker Boehringer, whom the Nazis had banned from painting and exhibiting his work, continued painting in hiding, while officially working as a graphic designer illustrating industrial products. In his secret studio, Boehringer produced astoundingly expressive, socially critical paintings of large scale.

Technical ingenuity

For many of his paintings, Boehringer used up to 40 layers of paint and moulding in order to achieve his desired relief structure and plasticity – a technique that emulates the Old Masters in its subtle layering of colours. Furthermore, gold or silver leaf sometimes applied between layers of paint produce an eerie luminosity and metallic shine – just like a machine, equally seductive and cold.

From oppression into oblivion

Lifelong health issues with his respiratory system forced Volker Boehringer in 1945 to undergo multiple hospital visits for many years. Unable to paint, he produced a series of works on paper, using mostly ink and watercolour. While after World War II he briefly gained significant recognition, both in Germany and abroad, he was unable to seize the moment due to his illness. A few years later, the art world had moved on to celebrate abstract art and Boehringer's figurative work fell into oblivion. His early death in 1961 at the age of 49 sealed his fate.

A fresh look at Boehringer's unique body of work reveals an artist unjustly forgotten and opens up a yet uncharted chapter of German art in the 1930s and 1940s.

www.galerie-valentien.de

Losses Are Not Just Financial, They're Personal

The value of a collection can be measured in two ways: emotional and financial, and the decision of how to best protect said collections should be made with these "values" in mind. Your jewelry collection may represent your heritage, a promise, or an achievement; and your baseball card collection may represent a connection to your grandfather and your visits with him to Yankee Stadium. Of course, there is always the financial liability of replacing a meaningful collection in the event of theft, fire or water damage, but adding the emotional trauma of being unable to replicate it, can be particularly devastating.

While insurance can't replace the irreplaceable, it can help erase the painful financial burden, and enable clients to reassemble similar collections or other assets. As boutique insurance advisors, Huntington T. Block (HTB), recommends developing a relationship with one insurance specialist to help them evaluate their insurance needs, based on their collections, lifestyle and other assets.

Advantages of Working with One Insurance Advisor

Many clients originally contact an insurance advisor when they have an immediate need, such as purchasing a home, a car, or an engagement ring, but with a good insurance advisor, they soon recognize the advantage of having one agent handle their other insurance needs, too. By working with one insurance specialist, clients benefit from:

- A holistic evaluation of their current coverage to be sure it meets their needs, while not being over or underinsured.
- Cost savings from knowing when to schedule collectibles, from fine art to wine.
- Coverage that fits their changing lifestyles, such as an upcoming marriage, a newly minted driver in the family or a recently acquired painting.

One area where clients may be under-insured at the time of a claim, is jewelry.



Kate Buchanan
Vice President
Huntington T. Block

Typically between \$2500 and \$5000 is included for jewelry on a home policy; so listing items becomes important. One recent example of the benefit of listing jewelry, comes from a client who lent her Graff diamond studs to her daughter to wear to a wedding, and her daughter lost them. Purchased in 1993, the earrings were listed for \$47,000 on a jewelry rider on her home policy. When the client attempted to repurchase similar earrings from Graff, she discovered that the replacement cost should have been more than double the listed value. Due to the coverage in place with the rider, she received an appreciated value for the earrings, \$70,500. Had she not listed the earrings, she would have been entitled to a mere \$5000, which would have been financially cumbersome and emotionally trying for the client and her daughter.

Understanding the Cost/Benefit of Insurance

A trusted insurance advisor can help clients decide between types of policies available, exclusions in those policies, and when to purchase a policy. How does a client decide at what cost do they want to opt out of coverage for a certain risk? These questions may be relevant when considering flood, earthquake, jewelry or fine art, and for some people excess liability. Some questions to consider:

- If my home were to flood, could I afford to repair, even if it is devastating?
- If my art collection were destroyed, would I want to immediately replace it with similar pieces?
- If all my contents were destroyed, how much money would I need to replace everything?

With an understanding of what is and is not covered, some clients opt to buy additional coverage, while others choose to "self-insure" those risks.

Developing Trust

By collaborating annually with their clients, advisors can develop trusting, lasting relationships with their clients. A good agent can help clients make wise insurance choices considering changing family needs, insurable assets, valuables and possible vulnerabilities. These decisions can help clients preserve their lifestyles and become more financially secure.

Kate Buchanan is a vice president at Huntington T. Block Insurance Agency, Inc., a division of Aon, the world's premier insurance broker. With more than 1,200 museums, 800 art galleries, and some of the largest universities and Fortune 500 companies' art collections insured, HTB is the world's leading provider of insurance to the fine art community. For more information, contact Kate at kate.buchanan@huntingtontblock.com or 202-862-5376.

The Search for An Ethics of Progress by a Quantum Artist

From quantum theories of biology explaining how birds navigate the globe, to the reason for the iridescent colours of butterfly wings, to the refinement of cybersecurity and the possible machination of our very consciousness, a 'quantum' the minimum amount of a physical entity that can be involved in an interaction- is proving the inspiration for so much of our contemporary technology and culture. A theory over a hundred years old still holds us in awe, in a world in which knowledge is almost infinite, because at its core, lies an inherent paradox; that at the smallest scale, we can change the things we interact with.



Detail of Dystopia 2017. A sculpture in recycled plastics, light, filters and Perspex. Photographer Lorena Nastase. Courtesy of MTA Agency

My process both as physicist and artist, uses light photons as they interact with the polymerised molecules of the same transparent, plastic packaging that we disregard daily in vast quantities.

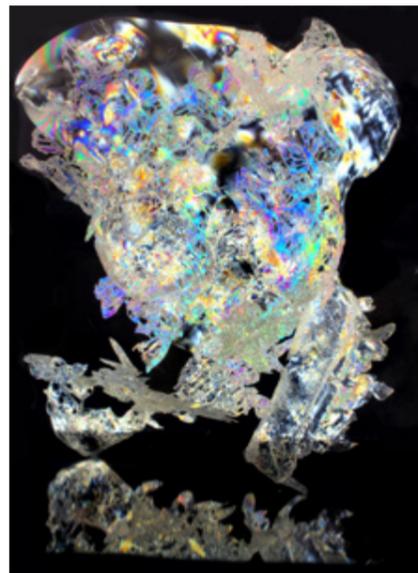
As a painter, it was my growing dissatisfaction with the subtraction of light with each layer of applied paint, that led to a moment of insight, when a classic physics experiment and a transparent, melted plastic cup became a sculpture whose colour changed with movement.

I was creating things inspired by nature and our connection to each other, that observers named, 'holograms you could touch' or 'Quantum Sculptures'. But the same plastics I was using, were also become a suffocating layer on our planet as we entered 'A Brave New Anthropocene' in which we were changing the very surface of the planet that had allowed our evolution.

My work was becoming less about the process and more about the ethics of the same progress that had provided us with those plastics; a progress, now pervading every corner of our lives, while we were otherwise distracted by the metal and glass lit cages of our mobile devices.



The Kiss of Science and Art 2015. A sculpture in plastics, light, filters and Perspex.



Plastic Planet 2016. A sculpture in recycled plastics, light, filters and Perspex.



Do machines dream of electric Gods? 2018. A sculpture in metal and plastic. Photographer Simon Dumbill

Human evolution, whether physical or cognitive, can take at least a generation for a genetic change. We are a biological product of millions of years of slow transformation, in which genes are selected by trial and error. Yet in contrast, technology in only fifty years has achieved something equivalent to our evolution from a single-celled organism. Machine learning, genetic engineering, AI: it can all release us, help us grow in self-awareness and thus, achieve the Transcendence I believe we are capable of. This top level of psychologist Maslow's 'Pyramid of human needs' however, is only achievable if we have a planet that can sustain the more basic of needs on the ladder's lower rungs. Sapient, extraordinary Beings we may be, but we are still creatures of flesh and physiological processes relying on our natural home for water, sustenance and shelter.

The paradox of progress, but at a cost has inspired much of my work. Drawing from literature such as the dystopian, Aldous Huxley's 1932 'Brave New World' and Orwell's 'Nineteen, eighty-four', my work is also tempered with the future Utopian possibilities promised by the Greek myths and philosophies. In the sculptures 'Dystopia' and 'Plastic Planet', butterflies represent the metamorphosis of Psyche from human to Goddess after much suffering and the equivalent contemporary suffering for Gaia as we anthropise our planet. 'The Kiss of Science and Art' and 'Do Machines dream of electric Gods?' speak of that which is being achieved now with the growing intimacy between technology, science, empathy and compassion and finally, I imagine a possible future Transcendence with 'Quantum Consciousness' and 'Dreaming of Schrodinger's Cat', in which our brains and bodies are inextricably linked to

machines, achieving the next leap in our evolution.



Quantum Consciousness 2017. A sculpture in recycled plastics, light, filters and Perspex. Photographer Lorena Nastase. Courtesy of MTA Agency



Dreaming of Schrödinger's Cat 2017. A sculpture in plastics, recycled plastics, light and recycled metal.

Art is there to change our perspectives. But in a deterministic Newtonian world in which, for every action there is an equal and opposite one, perhaps it is the undetermined, uncertain world of Quantum that can alter our perspectives enough to see, that it is us who creates the reality we inhabit and that it is therefore also us, who can transform it.

By Dr Jasmine Pradissitto
www.pradissitto.com

Hiding in Plain Sight at the Amar Gallery

by Robin Cantwell

The theme of Hiding In Plain Sight is one that feels long overdue for examination, yet one that couldn't be more telling of our times: a celebration of the female artists who helped shape the golden age of abstract expressionism in mid-twentieth-century America.

The exhibition - on display at Amar Gallery in London - also happens to be very first of its kind in Europe. Some of the most influential works from key cultural progenitors of the time will be on display, authored exclusively by women who deserve their rightful place in art history, but who have been historically overlooked in favour of their male counterparts. The collection comprises a unique selection of oil on canvas, works on paper, prints and collages from the defining artistic movement of the 20th century, brought together in recognition of the female trailblazers who are finally acknowledged as being some of the movement's shining lights. Hiding In Plain Sight will take the viewer back to the bustling world of 1950's downtown



Hiding in Plain Sight - Amar Gallery

Manhattan, in what was undoubtedly a hive of restless energy and burgeoning feminist attitude. Showcasing the birth and boom of abstract expressionism in its flourish of colour and daring compositional intrigue, works will range from the post-impressionist landscapes of Lynne Drexler to Elaine de Kooning's gestural meditations on nature. Whether it be Helen Frankenthaler, who in her early twenties was a founder of the cutting-edge colour field aesthetic that placed her in direct step with Rothko, or Ethel Schwabacher, whose loose brushstrokes are bold statements of a woman's emergence from a man's shadow, each individual work is heavily engaged in the complex gender politics of the age, as well as enduring testaments to the famous New York School of painting.

Inspired by the 9th Street Art Exhibition that arguably brought abstract expressionism to culture's pre-eminent fore, Hiding In Plain Sight captures the very moment when women helped shift the centre of the modernist art world from the salons of Paris to the bohemian haunts of post-war America.

The exhibition also hopes to shed light on a collective of women who, though operating with an unbreakable unity of stylistic consciousness, have been traditionally sidelined in favour of men. In spite of what artist Paul Brach termed the 'fifties boys' club' of first and second generation abstract expressionists, Hiding In Plain Sight asks the viewer to re-evaluate the role of women within this influential moment of American artistic heritage. In the words of Grace Hartigan, 'I bring my experience, which is different from a man's, and put it where I can. However, once that is done, I don't know if it's a woman's experience I'm even looking at.' The 20th Century was a complex battleground for females operating in the art world. Frida Kahlo

would fight her entire life for recognition alongside her husband, Diego Rivera; Ethel Schwabacher, not only facing suppression of her voice within the expressionist movement, but would also commit a majority of her time to the burgeoning civil rights movement in America. Subjugation was rife in its many hostile forms, and for the women included in this exhibition, art meant more than the paint on the canvas: it was their way of cementing their place in a forum that previously only entertained life from the male perspective.

It was this attitude that led Samuel Kootz of Kootz Gallery in New York City - one of the first to spot the abstract expressionist trend and help it emerge - not to exhibit women. They were considered in the words of Kootz to be 'too much trouble'; in Hiding in Plain Sight, this insult is reinvented as the highest compliment.

The exhibition has been carefully curated by Professor John Paul Rollert, who teaches extensively at both Chicago University and Harvard. In his choices, Rollert makes clear his intention to celebrate American women whose work has been almost entirely overlooked so much so that many of these artists have never been exhibited in the United Kingdom before.

'These women were at the forefront of the first great movement in contemporary art that American artists uniquely championed,' Rollert states, 'and yet they have never been recognised for their remarkable contributions. In fact, so overlooked were they by their peers that, at the end of this period in 1971, the art critic and historian Linda Nochlin could famously ask: 'why have there been no great women artists?' The answer: they were hiding in plain sight.'

www.amargallery.com

CARBO

“Merciless on Color”

CARBO (Jaime Carbo) is a modern Mexican Artist creating bridges between different cultures of the world by exploring ancient mythological roots and combining them with modern stylistic expressions. He is founder and creator of “Universal X” (UX), his unique style of visual experimentation. Jaime studied art in the Bella Artes Institute, Baja California, Mexico, and has represented Mexico at the XIII Changhun International Sculpture Symposium, in 2012 in China. On a more commercial front Jaime has been the Lead Painter and Sculptor for “Fear the Walking Dead” TV series (2015-2017).



Electric Lady Madonna

From being selected at the 2nd International Sculpture Biennale, Guadalajara State University, Mexico 2011, through to being the International Contest winner for Latino Film Festival Image art, San Diego, California 2014; Jaime has followed a full time career and vocation with the Arts.

Question: Art & Museum (AM)

Until recently, your large murals have been very graphic and reminiscent of the traditional Mexican tradition in Murals where big bold statements are made. Do you find comfort in this style / practice or consider it restrictive?.

Answer: Jaime Carbo (JC)

I guess I found it comfortable until I did not. By this, I mean to say now that I have discovered a system in which the creative process is more automatic than controlled, less restrictive and freer flowing, I find it a bit constraining to follow the rules that I had established for myself over the years. I must admit I did feel rather comfortable for a while. However, in the last year; I was feeling somewhat redundant in the sense that I was just shifting around with different subject matter and less focused on the actual visual experimentation.

Question: AM

Your recent work “LetGo” is a departure from your established signature works. Please discuss.

Answer: Carbo (JC)

I just finished the painting called “LetGo” which is abstract. Mixing an experimental series of Mexican versions of some renaissance artworks, the work “LetGo” represents a departure / new development in my work. As with American Abstract Expressionism I too am big on merciless color. Although I have been trying to “let go” a little bit on form, which I regularly subdue to previous drawings, I think several experiments have been merging into one. When it comes to letting loose a bit and dealing with form, whilst still maintaining the explosion of bold bright color; the Abstract works of Masters, like Sam Francis / Jack Armstrong / Gerhard Richter and Derek Culley have been my inspiration.

I think that is why I titled this mentioned piece “Let Go”. It is actually the third painting in the series. The first painting is titled “U” and the second “Hola Love”. By the third painting, I noticed the chaos had a definitive pattern. This is often a feature of the creative process, recognised by a painter as something leading at least to a series, or at best to the development of a personal visual language. So “LetGo” seemed appropriate at the moment especially because one of the main ingredients of this experiment is “letting go”. The other main ingredients are “Faith”, because it is essential for stepping into the unknown realms of the subconscious, and last but not at all least “Love”, simply because it just makes everything feel and function beautifully.

Question: AM

Coming from a traditional background where drawing skills are taught as essential; as exemplified in your murals / paintings / drawings and sculptures, do you consider “the explosion of bright colour” in your new work benefits from your classical background?

Answer: JC

Yes, I think everything builds up into something, which is definitely congruent with one’s past experience and experimentation. Truth be told this experiment feels to me very much like the first paintings I made back when I was in my teens. I have drawn since I was able to hold a pencil. However, when I decided to formally use brushes and paint, I understood it was somewhat of a different game.

Later the academic and “professional side of the craft” made me subdue painting to drawing.

Following my recent conversations and correspondence with American artist Jack Armstrong and our interviewer and Art & Museum Contributor, British based Irish artist Derek Culley and son Duncan Culley, I began to recall that spirit of purism in paint, which I have recovered in this recent series.

A close friend and playwright Agustin Melendez who had been around during my early experiments (we had a rock band together in our teens) told me upon seeing the new work that the same happened to him this year. He published a book with a liberated style of prose. I liked the way he put it when he described the process of coming back to basics: “From creating without giving a damn to experience, from experience to craft, from craft to profession and from profession to not giving a damn again” :D

This circle, the process just reminded me why I named this series “Chapter 24”, after an early Pink Floyd song, which talks about the I Ching’s 24th chapter, which speaks about returning to the Origin. I was listening to the song while working on these first experiments and some strange force made me curious about why Barrett had chosen that title. After looking it up I was amazed that it spoke about exactly what was going on in my work, a return to the origins of Purism in painting.

Question: AM

Do you believe that an “intelligence of colour” exists as a language, which is individual or universal? In the context of your new work is it relevant?

Answer: JC

Definitely Universal. Although, I do consider the Individual to be a gateway to the Universal. I consider Colour not only to be intelligent but to me colors are like deities that give life and appearance to objects and realities in this dimension. They are unexplainable, mystical and magical. They are very much an important part not only of my work but also of my life.



Dreaming Girl #7, 2017
Oil on canvas, H920 mm x W915 mm



Dreaming Girl #2, 2017
Oil on canvas, H760 mm x W760 mm



The Circle, 2017
Oil on canvas, H666 mm x W765 mm

Contemporary Memento Mori Mirror Heads

by Renée Pfister

In 2016, Pip Dickens started working on a new series of paintings – Mirrors. Her ideas unfolded slowly and her enquiries were still evolving when I visited her tucked away studio in Lancaster last summer. Upon entering her inner sanctum, there they were - her 'Mirror Heads' gazing at me; motionless creatures with a strong presence, emanating from a myriad of emotions.

The preliminary studies of these mirror-headed figures suggested an anthropomorphic source with an inner and an outer life, ambiguous and changeable - a dualism that recurs in Dickens' painterly expressions. Often her concepts draw attention to binary, contrasting or opposing

appearances or, perhaps, a divided state of being. In a time when society is obsessed with selfies and celebrity, her new body of work could not be more relevant - contemporary memento mori – reminding us of our actual demise perhaps? For Dickens, of course, it is an examination of the hopes and fears of the individual referencing the vanity of earthly life and the transient nature of all worldly possessions and quests.

By applying a variety of subtle shades, she emphasises the charisma of her mysterious personages and alters their status. Her characters come to life, scrutinising, following and pursuing the viewer to engage in silent dialogue. Dickens'

vanitas - where 'mirror oddballs' dominate her canvases is a voyage, probing new pictorial and intellectual means to explain the world around us and beyond.

The selection of paintings for her Arts Council England funded solo exhibition 'Mirrors' (November 2017) was a challenging task, as Dickens' new cycle of work is consistently strong. 'Secret Life of Mirrors' and 'The Glass Darkly' can be related to the superstitious views of Victorian Society. It was a tradition when an individual had passed to cover mirrors in the house, to keep further misfortune away. She also references the biblical phrase "For now we see through a glass darkly" (Corinthians 13:12) precisely for its ambiguity regarding interpretation - possibly a mirror or lens.



The Secret Life Of Mirrors, 2017
2017, Oil on canvas, H525 mm x W501 mm

Dickens' fondness for cinema can also be observed in this series and has been a consistent reference over many years. She teases the viewer with allusions from the film world - Jean Cocteau's film 'Orphée', in which mirrors are doors through which death comes and goes. In Bram Stokers 'Dracula' the vampire cannot be photographed, nor can he be painted – his likeness always morphing into someone else. Her 'Mirror Heads' and 'Dreaming Girls' exude a different kind of aura, they are emotionally charged floating in their own worlds and demand our full attention with their devouring gaze.

Pip Dickens was born Fiskerton-cum-Morton, Nottinghamshire. She attained her BA (Hons) Fine Art, at Leeds Metropolitan University in 1996 and completed her MFA at Slade School of Fine Art (UCL) in 2000. Numerous group and solo exhibitions in London followed. She has won several prestigious awards and participated in a number of residencies examining museum collections.

Pip Dickens currently lives and works as a painter and is a Lecturer in Fine Art (Painting) at Lancaster University.

Renée Pfister brings over 20 years of experience in working in the museums and art world where she applied her MA in Museums and Gallery Management to academic, curatorial and collections management roles. As part of the curatorial team at the British Museum, she was involved in realising significant projects such as the Great Court and the Weston Gallery of Roman Britain.

Images: Courtesy and ©Pip Dickens 2018.

Buyer Beware: The Importance of Due Diligence

In 2015 a New York appraiser at a reputable gallery blew the whistle on a woman who asked for an appraisal on a collection of rare books that she found while cleaning out her deceased father's jewelry store. The appraiser correctly suspected that the books were stolen from the New York Public Library. The woman, who was planning to sell them, was arrested and is now being investigated by a grand jury.

This innocuous tale of finding a parent's treasure could have been the story line from an episode of *Antique Road Show*, but instead it serves as a cautionary tale about the importance of provenance research. Whether your art is passed down from family, or purchased from a local gallery, you need to verify the title. The risk of defective title is pervasive and can occur when an heir steals an artwork or when an ex-spouse puts a piece of art on the market without the knowledge or permission of their former partner. The gallery that sold you that Warhol print may have purchased it from someone who does not have proper title.

Mary Buschman, President of ARIS Title Insurance Corporation, explains it best, "The risk of legal title impacts all periods of art, not just older or secondary-market art. Although certain kinds of title risks are more prevalent for certain periods of art, in reality, artworks can have multiple forms of title risk."

According to IBIS World, a global market research company, revenue in the highly fragmented art industry is projected to grow through 2022. The art industry is composed of private dealers, galleries and auction houses that sell works of art, and range from small operations with just a few employees to multibillion-dollar institutions, such as Sotheby's and Christie's International.

One consequence of the booming art market is the rise of defective titles claims. As values rise for artwork, more owners view their collections as financial investments as opposed to sentimental purchases. Stakes are higher. Yet the art market remains old fashioned and opaque in its conduct of business. Transactions are not well documented. Intermediaries such as art advisors may be listed as buyers but they are actually acting as pass-throughs, further clouding transactions. In the past, when the art world was smaller and dominated by connoisseurs, this practice was accepted. But today art buyers need to be wary. Defective title issues could arise from:

- Creditors in a bankruptcy proceeding
- The government in cases of tax delinquency
- Lenders, if the artwork was used as collateral for loans,
- Contested wills
- Divorce settlements
- Legal judgments
- Thefts



Blair Wunderlich
Huntington T. Block

Managing Your Risks

How do you protect yourself from making a purchase with a defective title? Begin by performing due diligence. Whenever you make an acquisition, consider the risks and speak with your insurance, legal and financial advisors regarding your coverage for title risk. Many homeowners and fine art policies exclude title claims. Your insurance broker can help you find a policy with the benefits you need.

Rebecca Fine, General Counsel of Athena Art Finance Corp., recommends prior to art purchase, "collectors carefully review provenance and exhibition history, confirm that the work is included in the artist's catalogue raisonné and insist upon a purchase and sale agreement that contains representations and warranties. Purchasers should seek clarification concerning ownership during the WWII period, run UCC searches of the seller to ensure that there are no liens against the work, and check with IFAR and the Art Loss Registry to make sure the work isn't registered as stolen or lost." The seller is in the best position to provide you with explanations of gaps in the ownership history, and you should seek to include that information directly in the sales contract. "Basically, you want proof that the seller has authority and capacity to pass good title, and if the work was imported, seek confirmation that it was exported permanently and not temporarily for sale or exhibition. Regardless of whether or not you intend to sell in the future, you should ensure that the art is freely transferable."

At Huntington T. Block, we recommend that buyers review the warranty terms before the purchase. We also recommend that purchasers obtain an appraisal and condition report from a recognized authority in the field. For instance, if you are purchasing a silver collection, you want an appraiser with knowledge of silver values and you want those values to be demonstrated in the appraisal. Should you need to go through the claims process in the future, the better your appraisal, the more smoothly the claims process will proceed.

Hollywood focuses on great art heists so people often associate art insurance with theft. But the reality is much more mundane. Our claims more often involve transit, water loss, confiscation and defective titles, and consequently, we take steps to review these risks.

In the art world much business is transacted with a handshake, but as with major purchases of all types, remember this longstanding sage advice: buyer beware.

Blair Wunderlich is an account executive at Huntington T. Block Insurance Agency, Inc., a division of Aon, the world's premier insurance broker. With more than 1,200 museums, 800 art galleries, and some of the largest universities and Fortune 500 companies' art collections insured, HTB is the world's leading provider of insurance to the fine art community.

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Hunting, Hoarding or Having: Why Collect Art?

by Kristie L Smith Nikitin

Spending money is fun! The rush of taking home that shiny new widget is intoxicating and many people will do it over and over again — not so much for what they buy, but how it makes them feel to buy. Turns out, there's a scientific reason why we make purchases. Dr Jenny Brockis specialises in brain health and was quoted in "Why We Really Buy Things We Don't Need" from a news.com.au article. She said, "Our brain reacts to buying things." There's satisfaction or feeling of reward when we acquire items. "The brain loves novelty and clever displays with colours and textures deliberately designed to entice us." And believe it or not, anyone who is selling anything is deliberately trying to entice us — especially when it comes to art.

Dr Brockis continued, "There's something about feeling rewarded by buying something and it's just stuff, but that's why people develop collections and buy things piece by piece." There are almost as many reasons to collect "stuff" as there is "stuff" to collect. Ford Mustangs, Barbie Dolls, Hummel figurines, stamps, coins, the list goes on...and...on.

Mark B. McKinley's article "The Psychology of Collecting," published in The National Psychologist, espouses the thesis that while some people buy things as a means of investment, others will do it for pure enjoyment and a myriad of other reasons, as well. Some people accumulate cars to expand their social lives, preserve the past, or seek psychological security...filling a hole in their very being. Still for others, amassing items is a quest for distinction, immortality, fame or the sanctity of the process of hunting, acquiring, arranging, rearranging, displaying, cleaning and learning everything there is to know about that object. Collecting calms fears and erases insecurities. But how and why would one collect art?

Now gathering a stockpile of originals is not for the faint of heart or light of wallet. People don't have to buy art, they want to buy art, says Robert Klonoski. In his ArtBusiness.com article, "How and Why Do People Buy Art" he states, "one might view the art as a trophy of sorts, a symbol of his success and achievements in life — an indication that he has [money] to spend and he can spend it on whatever he feels like spending it on."

According to mixed-media, large-format artists Kris and Angela Gebhardt, buying one original Gebhardt is like trying to eat just one potato chip. Many of

their purchasers will buy more than one at a time. It's because their paintings really speak to the buyers. The porous layers and subject matter grabs attention and provides that warm fuzzy feeling. Much like themselves, their buyers tend to be in their late 40s, early 50s, empty-nesters and self-made. "Our patrons tend to be a lot like we are," said Kris. "They do things themselves, work against the grain and take their lumps, before realising their full professional potential." The Gebhardt art is haunting and full of texture and colour that buyers find appealing. Once they meet the artists and realise there is a deeper connection, the purchasers really bond with the Gebhardts.

Hunting, hoarding and having high-end art is a costly hobby. Patrons buy art to fill gaps in their heart, find a suitable investment that brings them joy or make a statement about themselves. The reasons for collecting are numerous and the things to collect are varied, but all are trophies, badges of honour, and "things" that are better than a photograph at triggering a memory. Every dollar, pound or Euro and ounce of effort that goes into one's assortment is worth it as long as the item brings comfort and happiness to the owner. Fledgeling collectors should follow an artist that stirs sentiment inside. Find that deeper connection between the work and the artist and be sure to invest both financially and emotionally in the "stuff" that makes your heart sing.



"Amerikan Masquerade" by Kris Gebhardt

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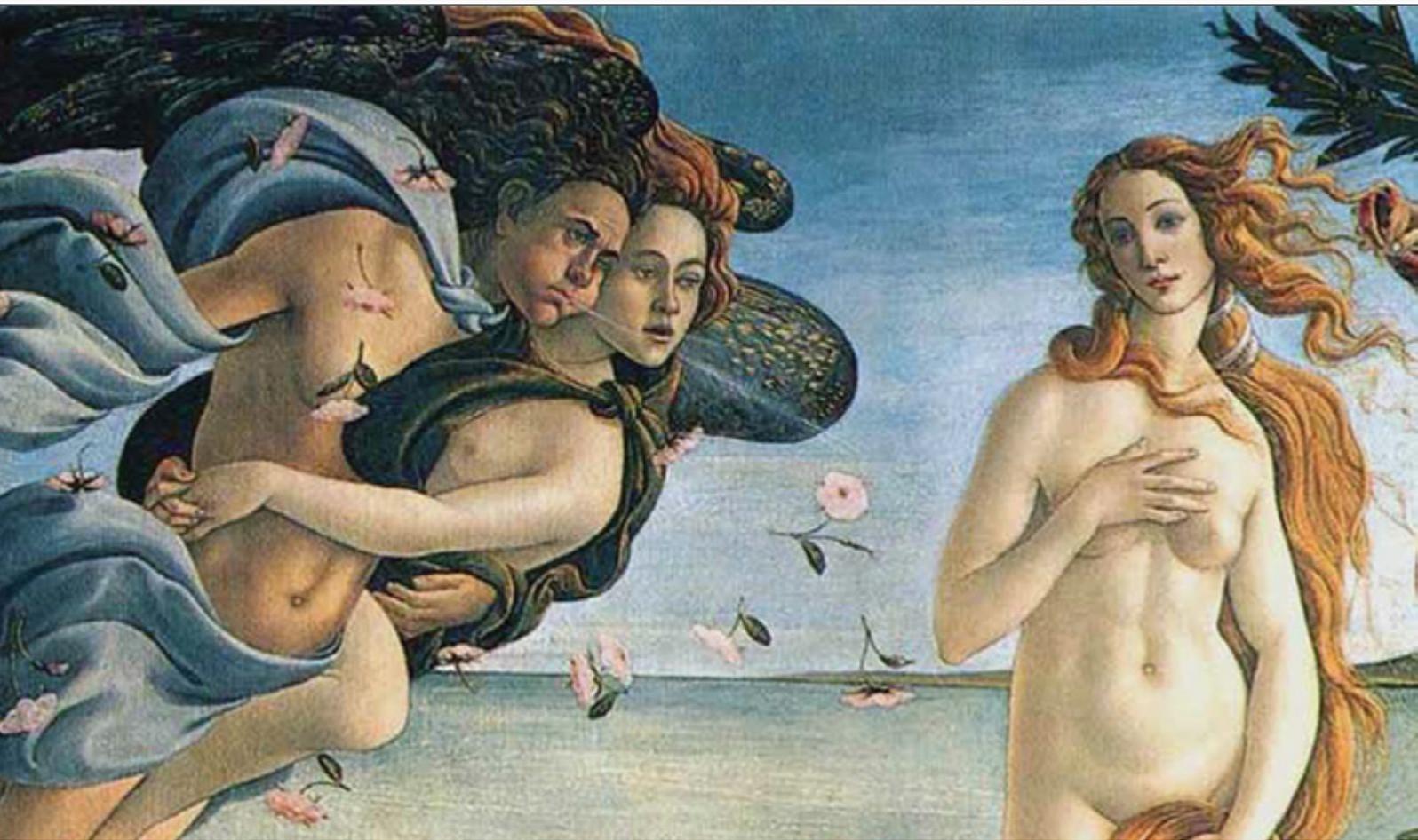


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