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JACLYN SIENNA INDIA

LUXURY AND LIFESTYLE EXPERT

FAMILY OFFICES - WEALTH MANAGEMENT - PRIVATE EQUITY - PRIVATE BANKING

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JACLYN SIENNA INDIA

FOR A LIFE WELL-LIVED

Based in Los Angeles, Jaclyn Sienna India founded Sienna Charles in 2008, a luxury lifestyle company providing unrivaled worldwide lifestyle and travel experiences. Jaclyn combines her passion for travel and deep understanding of the wants and needs of her discerning clientele which includes world-leaders, business figures and celebrities.

Continuously analyzing, understanding and anticipating the market's evolution, innovations and challenges, Jaclyn Sienna India builds and cultivates dedicated and lasting relationships with each of its affluent members, becoming a natural extension of their needs, creating new services to fulfil their ever-changing wishes and setting the luxury trends of tomorrow.

Image credit LEKSTOCK 3D

Our editor in chief Toni Muricu sat down with Jaclyn Sienna India to discuss more about the origins of Sienna Charles, her current activities and how the pandemic has modified her client's demands.

Family Office Magazine: How did you become the luxury travel expert you are today?

Jaclyn Sienna India: While I was studying Art History, I had a job at a restaurant with a famous French Chef and very exclusive diners. From the very first day, I was enamored by the clientele that came to eat there and the level of service provided. Their taste and stories triggered both curiosity and passion in me. I instantly understood their needs, and nothing they required seemed strange or foreign to me while I truly enjoyed providing them with everything they needed. The Sommelier would know about every wine and would visit all the wine producers.

The Chef would source every ingredient whether it was foie-gras or lettuce, and all the ingredients were seasonal. It was a three-hour expression of luxury and service, and the service was the part that I loved the most.

After graduating from school, I decided to continue working in the luxury and hospitality field, and I got a job in a travel agency. I immediately identified a service breach: while traveling, the same level of service and elegance was not carried: these dinners were the most elegant expression of hospitality that one could ever see, and guests could spend five or ten thousand dollars on that experience; however, when going on a trip, to Italy for example, fifty thousand dollars was spent but the service quality was significantly lower. Someone who might have never been to Italy would book the trip without knowing how to describe the plane or the experience in a realistic and thrilling way. From that day on, it became my goal to create that expression of luxury and service from the moment you leave your house to your return, and I vowed to never book anywhere that I have never been to.

Image credit : Anna Gunselman

FOM: What would be your best work accomplishment?

JSI: The greatest accomplishment for me is being able to service people at that level which I dreamt about. I am lucky enough to achieve this often through my daily work and career, for various clients whom we are confidentiality tied to. President George W. Bush kindly let me talk about the trip I proudly organized for him and the First Lady Laura Bush through the Omo Valley in Ethiopia.

Image credit:Jeanette Dietl

FOM: Can you give us a little insight into your current clientele?

JSI: Our clientele is mostly located in Los Angeles, New York City, San Francisco and the Silicon Valley, Florida and Texas as the US is the first market when it comes to UHNWI distribution, with beyond 240,000 individuals worth over US $30m, which is more than Asia and Europe combined. With that being said, a great portion of our

Image credit: tontectonix

clientele is based globally: in Europe (United Kingdom, Germany and Switzerland) and Asia (Singapore, Hong Kong, Japan). We work for billionaires, CEOs, and other profiles interested in our luxury services. We work very closely with Family Offices around the world and act as consultants, offering a very CEO style service.

FOM: How do you work with Family Offices when it comes to luxury lifestyle and travel?

JSI: Sienna Charles provides Family Offices with insights into the most exclusive luxury lifestyle experiences with a limitless offer of services from cars, yachts, jewelry, travel, private aviation, philanthropy, medical providers.

We become the hospitality arm for Family Offices. As the Family Offices are getting more and more specialized, leveraging experts from various industries and fields, we act as consultants on several touchpoints linked to luxury lifestyle, with a great emphasis on travel. We are in daily contact with the teams, allowing trust and perfect service, acting as the client would. Family Offices more than anyone understand the need for top talent, and they seek me out to deliver them a luxury lifestyle at the highest level possible.

FOM: How is your membership offer different from the other services competitors could provide?

JSI: For our company, the most important aspect is trust. This is why I personally go meet every new member in person. We need our members to leave the expertise up to me and my team. Members know that we are doing the right thing and that we are always working on their behalf, with the same tenacity that they would.

A lot of the people I work for are perfectionists, and they understand that I work at that same taste level. Therefore, we see our membership and approach as a genuine one: we don't try to have as many members as possible. We have a more limited team than some of our competitors, because I personally want to keep the family-sized organization allowing a more tailored and agile offering. We work in a much different way than other firms. The vision of each thing I execute comes from me, and my team executes on that. I maintain the person relationship with each member.

Usually, we become like family with our members and that relationship keeps expanding. The more we get to know our members, the more we understand their needs, so it is a very long-term relationship, which is why I really believe in the membership format. As their luxury lifestyle needs are evolving, the relationship needs to evolve too, which is very important to us.

FOM: What services have you been offering the most in 2021?

JSI: We spent a lot of time hand-picking chefs for families that wanted more private services as a lot of people sought for quality chefs during the pandemic. We try and find them anywhere, even if it means we need to pull them from restaurants, as our clients are willing to pay anything for quality. We taste their food and make sure that they get along with the clients and their children. This expertise pulls all my background in terms of service and food. We have been advising clients on longevity and anti-aging risks. For the last ten years, I have spent a lot of my time reading about wellness, experiencing different services and experts, which is one of the reasons I moved to Los Angeles.

We also have been helping people with their yachts, as the trend is towards buying yachts and planes. People feel that it is the most sanitized option so we have been advising on which type of yacht, what yacht builder to go with, what can the design of the yacht be depending on how the family is going to use it, and so on. We also have truly amazing homes in our network that nobody else has access to. We are advising people based on their primary home, but many now wish to purchase vacation homes. Therefore, we have to think and speculate on where these families would like to spend their summers in order to figure out where to buy a home. Advising people on preparing really beautiful estates for their vacations is part of the services we offer.

FOM: In terms of services, could you list one "out-of-the-box" experience that represents the best Sienna Charles?

JSI: It is hard to pick one, but I would say the time when we closed down Versailles for a special event: people could enjoy private tours, and guests arrived in a horse drawn carriage, with the staff wearing period costumes along with the guests. This union between my Art History background and luxury service obsession allows me to be creative yet excel at logistics.

FOM: How do you see the future of travel?

JSI: Rather than envisioning the future of travel, we really envision the future of luxury lifestyles as a whole. Instead of renting yachts, estates and more, people are investing in them. More than 60 new 60m+ boats are scheduled for delivery by 2023, worth an estimated 10 billion euros. There was also a huge shift in wealth in the last year. If we look at how people are investing and how they are liquidating, we can see that they are moving money into trusts. They are buying new assets because of the tax laws in the United States, as well as independent states such as California or New York. There are so many different things that are going on right now that are creating this rapid evolution of luxury including the needs of having a more private and sanitized area. People are hiring more people that are within their bubble to service them at all aspects. Travel is a huge part of their lives, but it is not their everything.

FOM: When do you anticipate the return of economic recovery in the luxury hospitality business?

JSI: I think the return has already started to boom in the US as the demand is extremely strong. People are ready to get back to traveling as it satisfies their passions and their family time, which have really been missing in this stressful past year. For the last 2 months every plane, restaurant, and great hotel are all booked up. It is my job to open doors for our members and understand if there are any limitations to service offerings. Managing expectations is a huge part of my job.

Jaclyn Sienna India is the CEO and founder of Sienna Charles, a membership-based luxury travel & lifestyle firm in Beverly Hills. As the foremost expert in luxury lifestyle she has been featured in Forbes, Wall Street Journal, New York Times, Robb Report, Financial Times, Hollywood Reporter and Bloomberg. She has been called upon by top CEO's, public figures, US presidents and international diplomats to handle their discerning lifestyle and travel needs. Membership to Sienna Charles is limited and by invite only. More information can be found on www.siennacharles.com

ROLEX BOAT TAIL

RR COLLABORATION WITH BOVET

"Rolls-Royce Boat Tail is a pure expression of its owners' interests, influences and passions, with every detail minutely considered. We have enjoyed working with BOVET 1822 to create a pair of exquisite timepieces that also serve as Boat Tail's dashboard clocks. In doing so we have together created historically significant items of detail, precision, and beauty. These remarkable objets d'art, unique to the first iteration of Boat Tail, represent the finest examples of the skills and values shared by our two great luxury Houses."

The clock in a Rolls-Royce motor car frequently assumes a jewel-like status, often becoming a canvas for the client to tell the story of their commission in miniature. For Rolls-Royce Boat Tail, the recently unveiled, first of three, coachbuilt creations, in which every element has been created to the owners' exact specifications, this iconic centrepiece has been elevated to new technical and aesthetic heights.
In a spirit of warm collaboration, Rolls-Royce Motor Cars and Swiss master watchmakers, BOVET 1822, have created a pair of unique timepieces for Boat Tail and its owners. This ambitious undertaking brought together designers, engineers and craftspeople from both luxury Houses, in a magnificent demonstration of their shared values of excellence, precision, heritage, artistry, innovation and attention to detail.

The timepieces are unique to both the horological and automotive worlds. Made as a pair - in lady's and gentleman's versions - they are reversible, and housed in BOVET 1822's patented Amadeo case, which allows them to be worn on the wrist, or used as a table clock, pendant or pocket-watch, as well as being placed front and centre in Boat Tail's fascia as the motor car's own timepiece. Both are fitted with tourbillon mechanisms to ensure perfect accuracy.

BOVET 1822 initially earned its reputation making luxury pocket-watches for wealthy patrons in China; today, it is renowned worldwide for its exquisite timepieces featuring hand-painted dials, detailed engraving and finely finished visible mechanisms.
The timepieces, created for this first iteration of Boat Tail, have specially designed 18K white gold cases and feature matching front dials with the same Caleidolegno veneer found on the aft deck of Boat Tail itself, and are finished with the owner-couples' names. The gentleman's timepiece is highly polished; the lady's is ornately engraved then filled with blue lacquer.

On the reverse side, the dials are more individual. The gentleman's features an aventurine dial with the celestial arrangement of the night sky over the place of his birth on his birth date; the lady's is decorated with an ornate miniature painting of a flower bouquet on a mother-of-pearl dial. This design is a traditional BOVET 1822 motif, chosen by and personalised for the owner.

Both reverse dials have hand-engraved Bespoke sculptures of Boat Tail, complete with wheels, door handle, mirrors and other fine details. By working closely together, the teams at Rolls-Royce and BOVET 1822 were able to achieve a precise colour match between the lacquer on this tiny work of art and the full-size motor car.

Further close cooperation was required to ensure the timepieces conformed to the demands of their unique role as motor car clocks. In watchmaking, weight is rarely an issue for a complex timepiece, but in this instance, there was a limit on the combined permissible weight of the timepieces and their holders. BOVET 1822 met this requirement by creating an entirely new 44mm white gold case. In addition, the timepieces and holders also had to be tested to automotive-industry standards for vibration and crash safety – something never previously undertaken on mechanisms of this kind.

At a conservative estimate, the timepieces' design, engineering, sculptures, miniature painting, marquetry, bespoke movements and cases took a total of 3,000 hours to complete.

When a pocket-watch is left static in one position for any length of time, the effect of gravity on key moving parts can impair its accuracy. At the end of the 18th Century, watchmakers solved this problem by developing the tourbillon, where the escapement and balance wheel are mounted in a cage that slowly revolves, cancelling out the gravitational effect. In a wristwatch, the wearer's natural physical movements diminish the need for the tourbillon. However, when that same timepiece is mounted vertically in a car dashboard for many hours at a time, the tourbillon truly comes into its own.

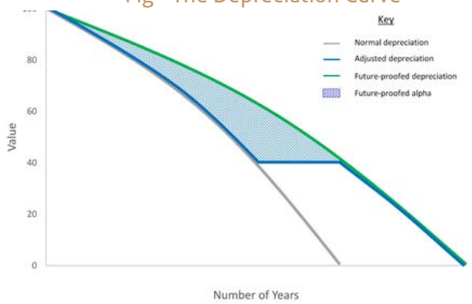
BOVET 1822 is a specialist in tourbillion timepieces, for which it holds a number of patents and has received many awards including the Aiguille d'Or, watchmaking's highest honour. It is also one of the only companies in the watch industry to manufacture its own spirals and regulating organs. To reduce potential impact from the vibration from the car, the tourbillon has pivots rather than the traditional ball bearings; a heavier balance wheel and an increased oscillation rate to aid precision. Finally, the tourbillon bridge is finished with a miniaturised Spirit of Ecstasy handcrafted in gold.

CORE COMMERCIAL REAL ESTATE INVESTING FLATTENING THE DEPRECIATION CURVE

by Rupert Sheldon, Head of CORE REIM, Fiera Real Estate UK

The principles of core real estate investing are simple: lease your property, collect your rents, watch the rent grow over time and enjoy capital appreciation where market conditions permit. At the end of the lease term, be ready to refurbish the property and lease it up again. So far so good, but what goes up can also go down and real estate is, by definition, a depreciating asset and particularly so as you get closer to the end of the lease. It therefore follows that to out-perform consistently over time an investor must not only collect and grow rents but also minimise the impact of depreciation over the longer term, either by owning assets with longer unexpired lease terms or through active management, or preferably, a combination of the two. Depreciation, or obsolescence in commercial real estate takes many forms. The following graph illustrates the behaviour of an office asset over its useful economic life with the grey line indicating typical depreciation from new build to functional obsolescence beyond which redevelopment or re-purposing is the only option. The key to sustained capital value out-performance therefore comes from being able to flatten the depreciation curve during your ownership, often by extending a building's economic life or "future proofing". If successful, this can serve to generate alpha as illustrated by the green line below therefore saving the need for costly capital investment in order to plug this performance gap as per the blue line. Whilst the graph is somewhat simplistic the principles hold true for all commercial real estate assets.

Fig - The Depreciation Curve



What is Obsolescence in Commercial Real Estate?

Obsolescence or depreciation varies from one asset class to another. These different types of obsolescence can also change through economic and market cycles and are explored in more detail below.

Structural obsolescence – High Street or "in-town" retail, whether a single unit or shopping centre, has witnessed unprecedented levels of structural obsolescence over the past 10 years. The rise in internet sales has reduced the need for physical retail rendering large swathes of the high street structurally obsolete and in need of physical re-purposing. These same factors have driven increasing demand for logistics and distribution units whilst a potential change in post Covid-19 working practices have left some secondary office assets at risk from widespread structural obsolescence.

At Fiera Real Estate we have positioned our portfolios with minimal exposure to at risk retail and office assets and an overweight position to industrial and logistics with a view to defending against this risk.

Technological Obsolescence – Older assets can become stranded from a technological point of view. An older office building may continue to provide a degree of functionality to today's occupier but compromised floor to ceiling heights, a lack of servicing void in either the floor or ceiling (for cabling) and an absence of infrastructure to support modern technology will serve to undermine overall occupier appeal.

To re-lease the property may prove very expensive. Conversely a new build technologically enabled or "Smart" building will serve to meet current and future occupier requirements offering adaptability and flexibility over time as technology progresses. "Halo" in Bristol is currently under construction and represents a great example of a best in class, technologically enabled asset, future proofed to beat the depreciation curve.

BREEAM Outstanding Halo is currently being developed by Cubex Land and funded by Fiera Real Estate's Opportunity Fund IV UK

ESG obsolescence – ESG or Environmental, Social & Governance has leapt to the top of the agenda in recent years and particularly so since the start of the global Covid-19 pandemic in Q1 2020. The effects of a changing climate may render the location of assets unsuitable for occupation, whilst a focus on employee wellbeing may make certain assets harder to re-lease.

At Fiera Real Estate, we have developed an ESG resilience scorecard within our proprietary Asset Risk Scoring model. This enables each asset to be measured on a quarterly basis against the portfolio and wider market by scoring areas such as flood risk, climate change risk, BREEAM or EPC accreditations and type and intensity of energy usage.

The speed of change in this key area is difficult to overstate. Failure to embrace and adapt will likely have dire consequences resulting in discounted pricing on sale at best and outright asset illiquidity at worst. For many older assets the only way to protect against a steepening depreciation curve will be to commit further investment capital in order to future proof – for some this may not be economically viable.

At Fiera Real Estate we have a track record of bringing our own development partners, Fiera Real Estate Funds and end occupiers together in an ESG "virtuous circle" to ensure that all key stakeholders are able to achieve their longer term ESG goals through early engagement in building design and specification. This is illustrated in the example below where the Fiera Real Estate Long Income Fund UK is currently financing the construction, by Opus Land, of a BREEAM "Excellent", EPC "A" ESG exemplar asset, pre-let to Cadent Gas Limited for 20 years with five yearly RPI linked rent reviews. The future proofing of this asset should ensure depreciation "Alpha" as per the green line in Figure 1 above and therefore capital value out-performance over the longer term.

Forward Funding of ESG exemplar pre-let office building by Fiera Real Estate Long Income Fund UK

The depreciation risks identified above are just some of the risks an investor faces when seeking to defend capital values and drive performance across invested portfolios. Longer leases to financially strong companies on fully repairing leases provides the simplest solution.

However, even for the most disciplined and organised investor, each of these key risks remain. If they can be effectively managed, then they can be transformed into opportunities for out-performance over the wider market. Conversely, for those who fail to embrace change or are invested in the wrong areas of the market, the future looks bleak. Flattening the depreciation curve will remain a key investment objective for all Fiera Real Estate managed funds and separate accounts as we seek depreciation "alpha" over the longer term and continued out-performance for our investors.

www.fierarealestate.co.uk

THE PHILANTHROPY PATH FOR FAMILY OFFICES

By Kris Putnam-Walkerly

Big money is changing hands. As a family office leader and advisor to ultra-high-net-worth clients, you likely saw it coming: one of the biggest wealth transfers in history. A 2015 Accenture report stated that in North America alone, $30 trillion will flow from Baby Boomers to their offspring in the coming three to four decades. This is important, because the same Accenture study noted that the younger generation tends to manage wealth differently than did their parents. InvestmentNews Data estimates that 66% (some estimates say 90%) of adult children leave their parents' advisor after they receive their inheritance.

It is wise to shore up your relationships during times of change. Perhaps surprisingly, one of the best ways to build deepen your family office relationships is to support your clients' philanthropic goals. Even more surprising, it is a common — and costly — mistake for family offices to dismiss philanthropy. Let's look at how and why this occurs.

Mistake #1: Ignoring the conversation
I realise that some families seem more concerned with growing their wealth — or spending it — than with giving it away. But that doesn't mean family office executives should ignore the topic.

Many, if not all, of your clients might be intrigued by the idea of leaving a legacy through charitable giving, and they would want you to help them. Research from the U.S. Trust Study of the Philanthropic Conversation finds that 40% of high-net-worth individuals are more likely to choose an advisor who is knowledgeable about charitable giving, 57% expect their advisor to help them with their philanthropy, and 79% say their advisor plays an important role in their charitable giving.

But you have to start the conversation. Your clients will not ask you for help with philanthropy if they do not know you can address the topic — and they might find someone else who can.

Mistake #2: Agreeing too quickly
Be wary if your client's response is, 'Can you help me start a charitable foundation?' Answering with a quick 'yes' may do more harm than good to your advising relationship.

Starting a foundation is often the first thought UHNW families have, but it is not necessarily the best path to charitable giving. You should highlight the most important goal first. The transaction — how much money to give away, to whom, through which vehicle — should be secondary.

The first decision should be about transformation. What impact does your client want to make in the world? What type of philanthropic family do they want to become? What is the best way to achieve those goals? It might be wiser to donate to existing reliable foundations or to open a donor-advised fund (DAF), for example, than to pin the family name onto a new nonprofit that no one has the time or ability to manage.

Mistake #3: Waiting to involve the entire family
Talking with clients about leaving a legacy can feel awkward, so these big decisions are delayed and delayed again. Then the head of the family falls ill, and it's too late.

To successfully advise wealth management across decades, it is critical to involve multiple generations early and often. By including your clients' children and grandchildren in conversations about philanthropy, you naturally build rapport and deepen relationships with them. They come to know, like, and trust you. They will know how to reach out to you, and they will expect you to be there for them after your client passes.

Mistake #4: Letting fear steer decisions
Some family office executives avoid conversations about philanthropy because they worry charitable giving will result in fewer assets to manage. I say this with respect: That signals a scarcity mindset rooted in fear, and it can hold you back.

Instead, your office could earn a reputation among a widening circle of your clients' friends as the go-to philanthropy experts for would-be world-changers. You could gain more to manage from your existing clients, too: As you help them plan for charitable giving, they may reveal additional assets you were not aware of.

Some DAF sponsors allow advisors to manage assets, so if your client opens a charitable-contributions DAF, you can manage that money. Finally, charitable giving typically reduces taxes, which means your client has more money for you to manage.

One more thought about fear: Your clients themselves may be wrestling with it. If initial excitement about philanthropy gives way to hemming and hawing, don't give up quickly. Clients could be afraid of any number of things, including exposure (as a supporter of a particular cause or as a family with wealth), not being good stewards, or, of course, wasting money.

A solid philanthropic plan and skilled guidance will help your clients overcome these fears so that they can achieve the dramatic impact they desire.

Mistake #5: Not asking for help
The 'solid philanthropic plan' element may sound impossible if charitable giving is not your area of expertise. And you may be hesitant to ask for help from a philanthropy expert, because no one wants another consultant wooing away clients or eroding trust. But you can get outside guidance and you can also set the tone for the engagement:

A philanthropy consultant could advise you behind the scenes, serve as white-label support, or even work directly with clients as a trusted partner. Their services could include developing a giving strategy and plan, researching and recommending funding opportunities, identifying potential nonprofits to support, engaging the next generation in charitable giving, facilitating family retreats, and serving as a trusted coach and strategic sounding board.

Philanthropy is the secret to winning new business and retaining clients across generations. It provides a platform for your family office to expand your expertise and services, establish and deepen relationships, and grow your business.

Kris Putnam-Walkerly is a philanthropy expert and trusted advisor to the world's leading philanthropists, ultra-high-net-worth donors, foundations, Fortune 500 companies, family offices, and wealth advisors.

She was recently named Philanthropy Advisor of the Year by LUXlife Magazine, and published her second book, Delusional Altruism (Wiley). Her clients include the J.M. Smucker Company, David and Lucile Packard Foundation, Charles and Helen Schwab Foundation, and the National Center for Family Philanthropy.

ROLLS-ROYCE LAND SPEED

Rolls-Royce has been associated with world speed records on both land and water for more than a century.

ROLLS 'LANDSPEED' ROYCE

by Ty Murphy

ROLLS-ROYCE LANDSPEED COLLECTION: RECALLING A FORGOTTEN HERO

Rolls-Royce has been associated with world speed records on both land and water for more than a century. But while the exploits of Sir Malcolm Campbell are well documented and widely known, another British hero who set three land-speed records using Rolls-Royce engines has been largely overlooked by history.

Now, after more than 80 years, Rolls-Royce recalls this hero's inspiring exploits. With the new Wraith and Dawn Black Badge Landspeed Collection, the marque uncovers and retells the remarkable story of the redoubtable Captain George Eyston, and his extraordinary car, Thunderbolt.

Born in 1897, George Eyston was fascinated with motorsport from childhood, racing both cars and (under an assumed name) motorcycles while still at school. His degree in engineering at Trinity College, Cambridge, was interrupted by the Great War, in which he served with distinction, rising to the rank of captain and winning the Military Cross. He spent the 1920s and 30s developing and driving racing cars; a talented inventor, he also held a number of patents, particularly in the field of supercharging.

In 1935, Eyston was among the first British racers to travel to the Bonneville Salt Flats in Utah, where he set new 24-hour and 48-hour endurance speed records. He subsequently received the Segrave Trophy, awarded to 'the British national who demonstrates Outstanding Skill, Courage and Initiative on Land, Water and in the Air'.

In 1937, he returned to the Flats and went on to set three world land-speed records with Thunderbolt. This extraordinary machine had three axles, eight wheels and weighed seven tonnes, earning it monikers such as 'behemoth' and 'leviathan' in contemporary reports. The body was made from aluminium and, in its original form, had a blunt, heavyset profile topped with a large triangular tailfin The Rolls-Royce Landspeed Collection draws inspiration from George Eyston's remarkable life and record-breaking feats. It also has strong aesthetic links to the unique, otherworldly landscape of the Bonneville Salt Flats where Thunderbolt made him, albeit briefly, the fastest man on Earth. The Collection Car duo is presented in a specially created two-tone finish, which marries Black Diamond Metallic with a new Bespoke colour, Bonneville Blue. This specially developed hue bears particular significance to the Collection, with a colour that transitions under sunlight from light blue to silver, illustrating the reflections of both the vast sky over Bonneville and the crisp salt flats on Thunderbolt's aluminium body.

Rolls-Royce Motor Cars is a wholly-owned subsidiary of the BMW Group and is a completely separate company from Rolls-Royce plc, the manufacturer of aircraft engines and propulsion systems.

Over 2,000 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.

DOGECOIN TO THE MOON

THE NEW FRONTIER IN RISK MANAGEMENT

By: Mark Higgins, Co-Founder and Chief Analytics Officer, Beacon

Getting an accurate handle on what the world of cryptocurrencies, blockchain and digital tokens is all about is no easy feat, especially these days.

With nonfungible tokens, the most recent latest and greatest, it isn't easy to track and figure out what digital currencies, digital payment offerings, digital ledgers, and digital assets are - and how they fit together, if at all.

While buying and selling goods and services without using physical cash has become the global norm, buying, selling and trading in the likes of bitcoin, Ethereum, NFTs and other virtual assets and securities is much more difficult to get one's head around.

For example, what is a DogeCoin, and how is Elon Musk going to, literally, take it to the moon? For most, the concept of a digital form of payment or a digital asset isn't too hard to imagine. Many people own stocks, bonds, currencies or even gold without physically holding the assets. What is more difficult to discern is how to place a value on an asset or security that by definition only exists virtually – and the impact that will have on our business and personal lives.

The reality is that Bitcoin and its fellow cryptocurrencies represent a seismic shift in the way that people exchange value for goods and services - and what that means for those of us in the financial services industry is, we don't just have to change our systems to adapt, but we have to change the way we think about a question as simple as "what is money?"

From our perspective, as people who look at trading and risk management for a living, this is a frightening idea, mainly because we now have to try and predict what happens next with something that is essentially brand new.

Is Bitcoin a replacement for gold and silver as a store of value? Is it a currency, a commodity? Is it all of the above and then some? More likely, it's something else entirely, which makes it all the more difficult to anticipate.

The asset management world has, however, jumped into the deep end with cryptocurrencies and has made it clear that it's a part of the industry that is likely here for good. This is clearly evidenced by the fact that firms like JP Morgan are launching their own cryptocurrencies (JPM Coin).

Different elements of the market have also taken to cryptos in different ways. Not everyone can launch their own coins, but already firms of all stripes have found ways to dip their toes in, from ETFs and investment trusts to funds dedicated to the companies operating behind the scenes.

More recently, the options and derivatives markets for cryptocurrencies have also been heating up, offering yet another avenue to speculate, and potentially profit from, the future of these assets.

But 2021 so far has taught us an important lesson that can be applied readily as to how we approach cryptocurrencies from a risk management perspective: In a world where a group of people on Reddit can take a self-directed trading app like Robinhood and turn markets on their heads for weeks, predicting what happens next isn't always going to be as important as reacting to what does happen quickly.

Robust, real-time views of risk are critical to navigating these uncertain waters. That means managers need to be able to identify which assets are potentially exposed when prices start fluctuating rapidly, but they also need to be able to analyze and assess what that means for their portfolio quickly and accurately, especially when it comes to cryptocurrencies that aren't always immediately liquid.

From there, over time, they can start to look at new analytics that can try to predict when that risk is on the rise. This is no small task and requires an extensive amount of data (from varying sources, including price movements, but also social media sources like Elon Musk's Twitter profile), not to mention pretty complex machine learning capabilities and enough computing power to run these scenarios quickly and at scale: both during research & development, trying out lots of variations, and in production once a reliable signal has been found.

The asset management and financial services industries at large are in the throes of a rare opportunity - the chance to play a part in establishing an altogether new asset class. There are always going to be risks involved when exploring a new frontier, but how the industry as a whole adapts to and copes with that risk is in no small part going to determine just how much of a future these cryptocurrencies have in the asset management industry.

What is evident is that legacy trading and risk management systems won't cut it. In a world where currencies, assets and even art are being created out of thin air, having a scalable infrastructure and data science solution to trade, value, and determine risk on digital assets is the only way to keep up.

Dr. Mark Higgins is Co-Founder and Chief Analytics Office with Beacon Platform. Before co-founding Beacon in 2014 Mark spent eight years at JPMorgan, launching and delivering the Athena project, co-heading the Quantitative Research group for the investment bank, and running the electronic market-making business for currency options. Before JPMorgan he spent eight years at Goldman Sachs as a strategist on the foreign exchange and interest rate market-making desks.

LURSSEN YACHTS

Lürssen unveils project Enzo

"Bespoke 115-metre superyacht"

On 18th June 2021 Lürssen unveiled and successfully launched project Enzo, a striking and bespoke 115-metre superyacht, built for a repeat client who previously owned an 86-metre Lürssen.

The owner was extremely impressed with the build process of his first yacht and wanted to replicate the experience, right down to the same build and design team, convinced that no one else could meet his particular demands.

Once again, Nuvolari–Lenard was responsible for the exterior and interior design and Moran Yacht & Ship managed and supervised the project, all bringing with them their wide spectrum of experience and consolidated knowledge.

The target for Enzo was to create a healthy and family-focused life on board, with numerous offerings for sports and activities including the extra-large gym on the skylounge deck and the spacious wellness area on the lower deck. She was also designed to travel to her destinations in the utmost comfort: "Enzo's design language is all about connecting her six decks - both the naval and tech elements with the living space - into one whole," says Dan Lenard. "Her three decks integrated into the high bow guarantee sea-keeping in true ocean conditions, while also allowing her an innovative full-beam owner suite duplex."

As with all Lürssens, the yacht is equipped with state-of-the art technology and engineering systems. A heat recovery system in the generators heats the water for the pool, leading to reduced electrical power and emissions, while Dynamic Positioning enables electronic anchoring in sensitive and remote areas, protecting the seabed and allowing for safe mooring regardless of water depth.

www.lurssen.com

THE OWO

THE OWO RESIDENCES BY RAFFLES IN LONDON

Introducing The OWO Residences by Raffles, Europe's first Raffles branded residences. Offering a rare opportunity to purchase a piece of Winston Churchill's legacy, 85 homes are available in the impressive Grade II* listed former Old War Office building, which has been closed to the public for over a century and will relaunch in 2022 as 'The OWO'. Having undergone a monumental and painstaking transformation over the last five years, the London landmark will also comprise the capital's first Raffles hotel with 125-rooms and -suites, a collection of nine restaurants and bars, and an immersive spa.

Charlie Walsh was hired by Westminster Development Services Limited ("WDS") in December 2020 as Head of Residential Sales. Prior to that he was Head of Sales at Lodha Group UK and spearheaded the launch of the Indian business into London with the development of Lincoln Square and then their flagship super prime scheme, No.1 Grosvenor Square. Charlie was also instrumental in the acquisition and sales strategy surrounding their latest development, Holland Park Gate.

Prior to Lodha Group UK, Charlie headed up the international department at Savills and has an extensive network of contacts throughout Asia, and the GCC where he was based for a number of years. Charlie oversees the residential sales for The OWO Residences by Raffles, utilizing his extensive global network, and working closely with the appointed agents Knight Frank and Strutt & Parker. Charlie holds an MSc in Real Estate and is also a qualified Chartered Surveyor.

FOM: What has driven the recent blurring of the lines between hospitality and residential around the world?
Charlie Walsh: I think certainly post-pandemic a lot of prospective buyers have realized that what they

enjoy most about staying in these amazing hotels around the world is the incredible service level offered and attention to detail. When the pandemic hit and a lot of hotels closed their doors, this experience was hugely missed. Therefore, to have the opportunity to enjoy this level of service, but from the comfort of your own home, is a very compelling proposition and hugely attractive to potential purchasers.

Can you break down the key attractions of branded residences over standalone homes in the eyes of HNWI?
I think branded residences have to have a genuine service offering which justifies the branding. Having branding for branding's sake in my mind is merely a marketing gimmick. The OWO will be the first Raffles branded residences in Europe, but the key attraction over, say a standalone home, will be the 5* turn-key service which will be available 24/7 to residents and moreover is right on their doorstep.

FOM: How will you ensure The OWO Residences by Raffles appeal to a wide range of buyers, and ensure that hotel guests and residents live in harmony?
Charlie Walsh: Firstly, we have a wide range of residences available - in fact, of the 85 residences, no two are alike, and they range from studios up to five bedrooms so there is a great range for all types of buyers. In terms of hotel guests and residents living harmoniously, the building has been very cleverly designed and there is a clear separation between the Raffles branded residences and the Raffles London Hotel – they even have their own entrances and exits. This means that residents can enjoy all the buzz and excitement of a 5* hotel and the 9 restaurants and bars, but equally they can retreat into their own private homes and enjoy the tranquility and privacy that offers safe in the knowledge that the residential side of The OWO is strictly residents only.

FOM: How will the residents' amenities compare to other new developments in London and globally, and have any changes been made as a result of the pandemic?
Charlie Walsh: Our residents have over 30,000 sq ft of private amenities which are completely separate from the hotel amenities. What we have all learnt from the pandemic is the need for residents to be happy and healthy should the worse happen and another lockdown be imposed. This is why for example we have a private landscaped Residents' Garden, which is a wonderfully tranquil outdoor space purely for the residents to enjoy.

FOM: Raffles is the latest high-profile hospitality brand to establish a residential offering in London; how do you foresee the fortunes of the capital in the wake of the pandemic?
Charlie Walsh: There is a lot of conversation in the press about the return of the roaring Twenties and I really feel that with The OWO opening towards the end of next year, it will perfectly capture this pent-up demand of people wanting to go out and experience all that London has to offer, and this means creating experiences and memories with friends and family, be it having a drink on our spectacular rooftop or a special meal in one of the 9 restaurants. I think we're going to see this experiential explosion in all things cultural and culinary as people emerge from the lockdown.

FOM: What proportion of purchasers are you expecting to originate organically – i.e. converting from Raffles hotel guests to owners?

Charlie Walsh: Raffles has a wonderful core following of loyal guests who understand just how special the brand is. We are getting a number of enquiries from hotel guests who are keen to find out more about the first Raffles Residences in Europe. As with many repeat hotel guests, there comes a time when it makes more sense to own your own home rather than having extended stays in hotels.

FOM: What makes Whitehall, London such a desirable neighborhood?
Charlie Walsh: As powerful global addresses go, this has to be right up there as one of the most famous. Whitehall has an amazing history and heritage with the House of Lords and Westminster Abbey at one end, followed by Trafalgar Square and The National Gallery at the other end. In the middle of Whitehall and opposite The OWO there is the world-famous Horse Guards and beyond which you have access to the 57 acres of St James's Park – all of which is less than 30 seconds walk from your front door.

FOM: How does this project compare to other super-prime schemes that you have been involved with?
Charlie Walsh: I think the main difference is the sheer size and scale of the project. When finished, The OWO will consist of over 760,000 sq ft. Secondly, the biggest difference is working on a project with so many different moving parts and commercial elements, from the spa to the hotel, to the restaurants and of course the 85 residences. It truly is a one-off.

FOM: Very few buildings globally have The OWO's kind of provenance; what is your favorite story or fact attached to the site?
Charlie Walsh: For me personally and as an avid James Bond fan, the fact that Ian Fleming drew such inspiration for his character from The OWO and that no less than five James Bond films have been shot there, in my mind makes it a pretty special building. One can't but help feel swept up in all the history and heritage of the building when you're standing on the rooftop overlooking Horse Guards and St James's Park surrounded by all those fluttering Union Jacks.....it's a pretty special sensation.

FOM: What have been the biggest challenges faced by the project team to date?
Charlie Walsh: Keeping a site open and safe with over 1,000 tradespeople is no mean feat, but we're lucky enough to have a great project team with a real 'can do' attitude. Probably the next biggest hurdle has been the procurement and timely sourcing of materials during the pandemic coupled with the challenges brought by Brexit, but we have an incredible contractor working with us who has managed to keep the project on track.

www.theowo.london

BLACKROCK

British Airways (BA) Pensions Entrusts BlackRock with the Management of over £21 billion of Assets, in a Transformational Partnership

The Airways Pension Scheme and New Airways Pension Scheme ('the Schemes') are two of the UK's largest corporate defined benefit (DB) pension schemes managing pension benefits for over 85,000 British Airways Scheme members and beneficiaries

BA Pensions' decision to appoint an external investment manager is the first of its kind in the UK pensions industry at this scale.

The agreement will see the transfer of the Schemes' investment management from its in-house provider British Airways Pension Investment Management Limited ('BAPIML') to BlackRock.

LONDON – 2 June 2021 - British Airways Pensions has today announced the appointment of BlackRock as the outsourced chief investment officer (OCIO) for c. £21.5 billion of its pension schemes' assets, creating a pioneering OCIO model which will form the cornerstone of a bespoke new offering for the UK pensions market.

The agreement encompasses the assets directly under management for Airways Pension Scheme (APS) and New Airways Pension Scheme (NAPS), which serve more than 85,000 members, and until now, have been managed by the in-house provider, BAPIML.

The size and scale of the partnership marks a seminal moment in the UK pensions industry. In recent years, regulation has intensified, operational costs have risen, and investment complexity has increased. As a result, many UK pension schemes are looking externally for investment management capabilities with the scale and resources to take on the challenges.

Alongside these external drivers, the Schemes have continued to mature, and their investment needs have changed considerably, requiring an increased focus on managing investments to provide an income that matches members' pension benefits.

For these reasons, BA Pensions decided to enter into a partnership with an external investment manager to better position the Schemes for the future. Following a rigorous and competitive tender process, BlackRock was selected based on its deep knowledge and commitment to the UK pensions industry, its scale and investment expertise and its market-leading risk management technology. All of these characteristics are set to bring cost benefits, investment excellence and operational efficiencies, maximising value for Scheme members. The trustees are committed to ensuring continuity and stability for members.

BlackRock has designed an investment model with the ability and agility to adapt as the Schemes' investment needs evolve. The Schemes' assets will be managed by a team of highly experienced BlackRock and transferring BA

Pensions professionals, ensuring the continuity of key institutional knowledge and the Schemes' strong operational and reporting culture. The team will also leverage BlackRock's wider expertise and technology resources to provide unique and exclusive insights for the Schemes.

Roger Maynard, Chair of Trustee APS and NAPS Trustee, said: "Operating as our in-house investment manager, BAPIML has delivered excellent investment performance and stewardship of the Schemes over many years.

This agreement is the necessary next step in the evolution of the Schemes as they look to enhance their respective investment strategies, working toward their funding goals. In BlackRock, we have identified an asset manager that will ensure the continued focus on delivering enhanced oversight, investment management and long-term value for the Schemes in the interests of our members. We look forward to working with BlackRock in the years ahead."

Sarah Melvin, Head of BlackRock's UK business, said: "British Airways is an iconic global brand and a leader in its sector. We are honoured to be entrusted to manage the assets of these two important pension schemes through the creation of a bespoke model. We look forward to delivering enhanced investment performance for the ultimate benefit of the Schemes' members."

The agreement also involved the transfer of employees from British Airways Pension Investment Management Ltd (BAPIML) and some employees of British Airways Pension Services Limited (BAPSL) to BlackRock.

The transition of assets completed on 1 June 2021.

www.blackrock.com

UK NATIONWIDE HOUSE REPORT

Gain in May, rising 1.8% month-on-month 10.9% year-on-year – EY

Nationwide reported house prices saw a further strong increase of 1.8% month-on-month in May after rising 2.3% in April.

The year-on-year gain in house prices climbed to 10.9% in May (the highest since August 2014) from 7.1% in April and 5.7% in March.

The housing market is seeing renewed impetus after new supportive measures were included in the Budget in early March, including an extension of the Stamp Duty threshold increase and a low-deposit mortgage scheme.

The extension of the furlough scheme will also likely help the housing market. Prior to these new measures, housing market activity and prices had been showing signs of coming off the boil after strengthening through the second half of 2020

Housing market activity and prices are expected to be increasingly pressurised over the final months of 2021 and the early months of 2022 as the Stamp Duty benefit ends, unemployment likely rises modestly and pent-up demand wanes. There may well also be growing expectations that interest rates could begin to rise.

Howard Archer, chief economic advisor to the EY ITEM Club, says: "Nationwide reported that house prices rose a strong 1.8% month-on-month in May. This followed a rise of 2.3% month-on-month in April, which had been the largest monthly increase since February 2004.

"Prior to the increases in May and April, house prices had been relatively soft over the first quarter of 2021. They dipped 0.3% month-on-month in March, rose 0.8% in February, and dipped 0.1% in January – this had been the first monthly fall in house prices since last June. "House prices had seen a marked pick-up through the latter months of 2020 as they recorded month-on-month increases in the range of 0.9%-2.0% for six months running between July and December.

"The year-on-year change in house prices climbed to 10.9% in May. This was the highest annual increase since August 2014 and was up from 7.1% in April and 5.7% in March. It had earlier moderated to March's level from a previous peak of 7.3% in December. December's increase was up from 1.5% in July 2020 and a dip of 0.1% year-on-year in June, which had been the first annual decline in house prices since December 2012."

Housing market activity has been buoyant but was slowing before March Budget measures Howard Archer continues: "The recent strength in house prices has occurred after a strong pick-up in housing market activity through the second half of 2020. This followed the easing of the initial 23 March 2020 lockdown restrictions and the release of pent-up activity.

"This lift was then reinforced by the raising of the Stamp Duty threshold from £125,000 to £500,000 from mid-July until 31 March 2021.

"Additionally, Nationwide has observed that behavioural shifts may also be boosting activity, as people reassess their housing needs and preferences as a result of lockdown. In particular, it appears that an increasing number of people want a garden and also space to work at home. This is leading to some polarisation in demand for residential properties.
"However, while still being relatively elevated, housing market activity had come off its highs before supportive measures were included in the Budget on 3 March.

"The Bank of England reported that mortgage approvals for house purchases eased back for a fourth month running in March to be at an eight-month low of 82,735 in from 87,385 in February and 103,126 in November, which had been the highest since August 2007. Mortgage approvals for house purchases had previously risen for six successive months through to November's more-than 13-year high, from a record low of 9,486 in May 2020.

"The latest survey evidence suggests the Budget measures have given the housing market renewed life. "For example, the April RICS residential monthly survey revealed that buyer enquiries strengthened across all regions. Additionally, Rightmove reported a marked pick-up in housing market activity in April and higher asking prices."

Outlook for the UK housing market
Howard Archer comments: "Following the introduction of more supportive measures in the Budget, the EY ITEM Club expects the housing market to show vigour in the near term and a further firming of prices.

"The housing market will get near-term support from the extension of the full Stamp Duty threshold increase to end-June and then partially to end-September. The introduction of a mortgage guarantee scheme for people with low deposits is also likely to provide some support for the housing market, which will also be helped by unemployment rising less than previously expected. This will be down to the extension of the furlough scheme to the end of September as well as a robust recovery developing from the second quarter. "House prices may also be lifted in the near term by a current relative shortage of properties available compared to demand.

"However, the EY ITEM Club is doubtful that this will be sustained for an extended period as it says the strengthening of the housing market has been outsized given economic fundamentals.

"The EY ITEM Club suspects house prices will lose momentum again later on this year and could well be flat year-on-year by mid-2022 with some quarters of falling prices. Housing market activity and prices are seen becoming increasingly pressurised over the final months of 2021 and the early months of 2022 as the Stamp Duty benefit ends, unemployment rises and there is a waning of pent-up demand. Housing market activity may also be affected from the latter months of 2021 by growing expectations that interest rates could start to rise before long."

SANTANDER BANK

DIVERSITY IN CHECK

Santander Bank Polska was among a dozen or so organizations that were recognized for creating a friendly and inclusive work environment, as well as for internal diversity-promotion programmes.

Diversity IN Check has been prepared by Responsible Business Forum (RBF) and is Poland's first list of employers who are the most advanced in managing diversity and inclusion.

To qualify for the Diversity IN Check list, an organisation needs to score a certain number of points in a RBF-conducted survey. The survey evaluates the employer's maturity in managing diversity and in building an inclusive organisation.

The questions forming part of the survey are based on internationally recognised standards and guidelines, such as SDGs, ISO 26000, GRI Standards and OECD Guidelines for Multinational Enterprises. The questionnaire covers five subject areas: foundations of governance, programmes and actions, engagement building, result indicators and additional questions related to COVID-19.

"Participating in the Diversity IN Check survey was a test of our maturity in the area of diversity. For many years it has been a significant part of our strategy. Although we have been involved in many activities promoting diversity, equal opportunities, equal wages and tolerance, we think it necessary to subject them to third-party review. It is important because each such verification allows us to take a broader view of the topic, offers a different point of view and helps implement even better solutions to support the creation of an inclusive environment.

For Santander Bank Polska, the model of functioning based on diversity and inclusion is natural and obvious, because we firmly believe that diversity drives creativity and promotes decision-making that benefits employees and customers. Diversity and inclusion are among the main elements of our organisational culture; they are priorities of Santander Bank Polska's sustainable development", said Dorota Strojkowska, member of the management board of Santander Bank Polska responsible for the Business Partnership Division.

The above recognition is a great culmination of European Diversity Month, which is also celebrated at Santander Bank Polska. On this occasion, the Bank organised numerous in-house initiatives, such as joint workshops with Poland Without Barriers Foundation, as well as webinars and educational podcasts for employees, or participation in a debate organised by the RBF concerning diversity issues in organisations.

Santander Bank Polska – a diverse and inclusive bank
Diversity and inclusion are among the strategic directions of Santander Bank Polska. They involve building of an organisational culture based on respect for diversity, as well as developing policies and mechanisms that effectively promote equal treatment and management of diversity in the workplace.

Diversity is not only a theme of one-off initiatives—values such as respect for individuality, equal treatment and anti-discrimination are embedded in the Bank's strategy at the management level. They manifest themselves in the adopted policies and procedures, such as the General Code of Conduct, Respect and Dignity policy, Sustainable Development Policy, or Organisational Culture Policy of the Santander Bank Polska Group.

Our commitment to diversity and inclusion is reflected in many initiatives and programmes that have been implemented for many years. In 2009 Santander Bank Polska launched an innovative Barrier-Free Service programme aiming to ensure full availability of banking services to all our customers.

Through the programme, we want to provide a consistent and positive customer experience to customers with special needs, regardless of the place or channel of service – at our branch, over the phone, online or at an ATM. The Różnosprawni programme has also been launched with an aim to create suitable and comfortable working conditions for people with special needs. The programme promotes awareness of the rights and needs of persons with special needs.

In 2017, Santander Bank Polska signed the Diversity Charter, an international initiative under the auspices of the European Commission. The Charter is a commitment of the signatory organisation to ban discrimination in its workplace and to promote diversity. It is also a manifestation of the company's willingness to involve all staff members and business and social partners in these activities. Organisations choosing to implement this tool contribute to social cohesion and equality.

Through numerous initiatives, cooperation with women's organisations and through partnerships in social campaigns, our Bank works to break stereotypes and to inspire women to take leadership roles. We place special focus on ensuring a balance in the number of male and female participants in development programmes, as well as in the process of succession and recruitment. #SantanderWomen is a project designed as an in-house communication platform. It serves as a venue for educational and development workshops that empower women to leadership and encourage them to take on new challenges in their careers.

More recently, it started to offer a series of Santander Women podcasts devoted to topics such as diversity, inclusion and leadership. The Bank has also joined the Women Update campaign which encourages women to reskill and open up to professions in tech sectors. Together with the Santander Group, the Bank has also been implementing scholarship projects such as Santander Women, Emerging Leaders–LSE that improve women's leadership skills and support them in the labour market.

Santander

DASSAULT AVIATION

Launches Falcon 10X - Featuring Industry's Largest Cabin

High-speed, ultra-long-range Falcon will come with innovative safety features derived from latest fighter technology

Dassault Aviation today announced an all-new Falcon jet that will deliver a level of comfort, versatility and technology unmatched by any purpose-built business jet. Featuring a range of 7,500 nautical miles, theFalcon 10Xwill fly nonstop from New York to Shanghai, Los Angeles to Sydney, Hong Kong to New York or Paris to Santiago. Top speed will be Mach 0.925.

"Today we are introducing a new benchmark in business aviation," said Dassault Chairman and CEO Eric Trappier. "The Falcon 10X will offer an unrivalled passenger experience over both short- and long-duration flights, along with breakthrough safety features from Dassault's frontline fighter technology. We have optimized every aspect of the aircraft with the passenger in mind and established a new level of capability for ultra-long-range aircraft."

The Falcon 10X will enter service at the end of 2025.

Taking cabin modularity to unprecedented heights
The 10X will have the biggest and most comfortable cabin on the market and offer greater modularity than any other aircraft in its class, with a selection of multiple interior configurations.

The 10X is large enough to accommodate four cabin zones of equal length but owners can configure their cabin to create a truly customized interior, including for example, an expanded dining/conference area, a dedicated entertainment area with a large-screen monitor, a private stateroom with a queen-size bed or an enlarged master suite with a private stand-up shower.

"The 10X will be more than just another big step forward in business aviation. It will be absolutely the best business jet available in the ultra-long-range category, and will remain so for a long time," said Trappier.

The 10X will have a cabin cross section larger than some regional jets. Its cabin will be 6-feet, 8-inches (2.03 m) tall and 9 feet, 1 inch wide (2.77 m). That will make it almost 8 inches (20 cm) wider and 2 inches (5 cm) taller than the widest and tallest purpose-built business jet flying today.

Pressurization will also be the best on the market, with passengers experiencing a 3,000-foot cabin pressure altitude while flying at 41,000 feet. A next-generation filtration system will provide 100-percent pure air. The aircraft will be at least as quiet as the Falcon 8X, currently the quietest business jet in service.

New structures, new materials, ultra-efficient power
The 10X will feature an entirely new fuselage with extra-large windows—nearly 50 percent larger than those on the Falcon 8X. Thirty-eight windows will line the fuselage making for the brightest cabin in business aviation.

The high-speed wing will be made of carbon fiber composites for maximum strength, reduced weight and minimum drag. Tailored for speed and efficiency, the very-high aspect ratio wing will be equipped with advanced, retractable high-lift devices offering superior maneuverability at low approach speeds.

The twin-engine aircraft will be powered by business aviation's most advanced and efficient engine, the in-development Rolls Royce Pearl® 10X. The 10X is the latest, largest and most powerful version of the Pearl series, delivering more than 18,000 pounds of thrust.

A major advance in flight deck technology
The Falcon 10X's flight deck will set a new standard in intuitive design, with touch screens throughout the cockpit. A next-generation Digital Flight Control System, derived directly from Dassault's latest military technology, will provide an unprecedented level of flying precision and protection, including a revolutionary, new single-button recovery mode.

A single smart throttle will serve as the primary power control, connecting both engines to the Digital Flight Control System which will automatically manage the power of each engine as needed in different flight scenarios.

Thanks to Dassault's breakthrough FalconEye® combined vision system—the first to offer both enhanced and synthetic vision capabilities—combined with dual HUDs able to serve as primary flight displays, the 10X will be capable of operating in essentially zero ceiling/visibility conditions.

"We have set the bar for our new Falcon incredibly high," said Trappier. "But I can confidently say that we have put this aircraft at the top of the market."

www.dassaultfalcon.com

INVITE OTHER FAMILY OFFICES TO INVEST WITH YOURS, BUT DO NOT BECOME A FUND MANAGER

by Amana Manori, CEO of Highness Global Capital Inc.

If you are family office and are seeking additional capital so that you can execute more transactions or access larger transactions, then why not invite like-minded investors to invest with you. One of the most attractive ways to invite other family office investors is to create a co-investment program where they can invest alongside you as your capital partner.

Families often ask me whether they should set up investment fund vehicles so that they can then market the fund to other sophisticated investors, as well as their existing family office relationships. I often discourage this route. The main reason is that there is value in preserving your family office status that is lost when you transition into the role of an asset manager.

Family offices that present co-investment opportunities tend to be more attractive to institutional-grade investors (such as seasoned family offices) than those that create investment fund structures for a number of reasons.

First, unlike a fund manager, you will likely have significant skin in the game. This may be equal to or more than what you are pursuing from other co-investors. This capital structure automatically aligns you with the capital you are seeking as you are investing at the same time, on the same terms and at the same price as your co-investors. By virtue of this alignment of deal metrics is a resulting alignment of relationship metrics.

Second, the fee structure of co-investment programs is usually lower than those of fund structures for many obvious reasons including the fact that is it expensive to build out and run an asset management firm.

Also fund management comes with a lot of operational and portfolio management duties that justify management fees. While a co-investment strategy might have related expenses, regulatory obligations and require other

Amana Manori
CEO of Highness Global Capital

organizational resources, it will likely be less costly than that of setting up a fund. The opportunity to participate in a potentially lucrative deal with low fees, with people you can relate to who share the same values as you – this is compelling to an investor. On the other hand, the idea that you are earning fees off another family's investment, as you would in fund vehicle, creates an automatic division between the investor and you, as the fund manager.

If we look at the underlying reason you are seeking to build capital bench strength it is not about control or the chance to manage other people's capital.

As a sophisticated family office investor in your own right, you are most likely interested in having the capital strength to access larger deals, illiquid industries that require larger amounts of committed capital, and ultimately in having the capital freedom to invest where you want when you want. It is not about controlling the assets, making all the investment decisions and/or active portfolio management. Avoid a structure that transitions you into the role where your attention is turned to prospecting, asset gathering and managing money. This role will constrain you.

Unlike investors in a fund, your co-investors may not be passive. They will likely have opinions, ideas and, at times, criticisms. A closed-minded attitude would see this as a potential management issue. However, if you are open-mined, active and strategic capital may prove to be of more value to you in the long run. In addition to monetary strength, you can foster economies of knowledge, experience and networks as your relationships develop. Oh the places you will go...

Another valuable aspect of co-investment relationships is that you can better manage the guest list...and at this level of investment calibre, who is coming to party can make a big difference. Unlike a fund where the investors can be very diversified once they pass initial suitability and eligibility requirements, you have the opportunity to create an intimate investment community where your targets, objectives (including capital preservation) and interests (legacy, succession, etc.) are close-knit.

The commonalty of values must not be underestimated here as it creates a very different investment experience than that of a fund manager's preoccupation with running a successful asset management business. Your reputation and the reputation of your potential investors will undoubtedly play a role here – this will be a thoughtful exercise where financial and non-financial considerations will come into play.

In some respects, your financial intuition will need to be relied on to determine whether there is a "desire" to work together. In any case, curating a guest list is likely to be a lot more fun than marketing a fund.
If you are a family office that is ready to grow your portfolio, then it might be time to cultivate compatible investment relationships. While a fund structure may seem appealing in terms attracting capital quickly or from a larger pool of capital prospects – this may actually prove to be more complicated, less well received by investors you would like to attract and ultimately less fulfilling for you.

I would recommend that you explore a structure that preserves your position as an investor first and invite others to join you. You have worked hard to build your fortune and establish your financial foundation, be careful not to dilute this value. At the end of the day, this is an exciting time for you to grow and you can do this by treating your family office co-investors like part of the family so you can all prosper together.

Amana is the Founder and CEO of Highness Capital with two decades of international capital markets experience. Amana specializes in alternative investments, business architecture and servicing sophisticated capital. In addition to advisory and consulting services, her firm offers Canadian exempt market dealer services for global managers, deal origination, debt/equity sourcing and introduction services.

A GUIDE FOR FAMILY OFFICES INVESTING IN THE DEEPTECH ERA

By Matt Swayne

As Family Offices continue to grow as an important source of investments worldwide, their financial backing of cutting-edge technologies also serves as an important force in shaping the future.

As technology becomes more advanced, the path ahead will be blazed by visionary investors who can explore, identify and understand how advanced science can transform the future, while not losing sight of the need to provide clients with consistent, significant and timely returns.

This path to the future means that Family Offices will encounter the opportunities -- and challenges -- of investing in transformative deep technologies that are well beyond the cutting-edge, usually dubbed DeepTech.

In this article, we'll introduce what DeepTech is, cover what types of technologies usually fall in the DeepTech bucket, offer guidance on the challenges and opportunities of investing in DeepTech, as well as offer some tips for investment professionals to spot and maximize deeptech opportunities, while minimizing the risks of investing in DeepTech.

What Is DeepTech?

Deeptech is an umbrella term covering a range of advanced technologies that, broadly, rely on significant scientific research and, often, engineering breakthroughs to realize their potential.

The risk of investing in DeepTech rests primarily on that need for significant research programs to move scientific advances in laboratories into actual products in the market. Countering this high risk is the potential for high rewards.

All DeepTech technologies have the -- theoretical -- potential to disrupt current industries, create new markets and transform entire economies.

Types of DeepTech

DeepTech technologies exist across a spectrum, from highly theoretical ideas to rapidly maturing fields. They are also being nurtured in a spectrum of companies and organizations, from government and university labs to startups to well-established public companies. Some, in fact, exist merely in the minds of scientists and inventors.

It is, therefore, challenging to create an exhaustive list of DeepTech areas. However, according to The DeepTech Insider, here are a few of the primary technologies that analysts typically assign to the

DeepTech category:

AI and machine learning – a rapidly evolving and spreading technology that uses algorithms and computer systems to engage in tasks that normally involved human intelligence.

Quantum computing -- Creating devices that can tap the vast computational power of quantum mechanics, which are laws that govern subatomic particles. Quantum computing has the potential to vastly outperform classical systems in certain tasks, according to many experts.

Fusion energy -- Fusion is the generation of power using heat from nuclear fusion reactions. Compared to fission models -- the most common form of nuclear energy currently -- fusion, theoretically, is safer and could produce large amounts of energy.

Advanced materials science -- From designing better batteries to building super strong and inexpensive building materials, materials science is critical to innovations in numerous industries.

Biotechnology -- Biotechnology covers many technologies, from extremely sophisticated genetic engineering to the development of advanced pharmaceuticals and medical treatments.

These technologies do not exist in a silo. For example, scientists use AI to drive biotechnology and materials science breakthroughs. Quantum computing will power AI applications.

Challenges of Investing in Deeptech - For the investor, DeepTech investing presents several challenges. Here are a few.

Settled Science? - Science is rarely settled. Investors in DeepTech must aknowledge that the science behind advanced technologies may not pan out. Initial studies may succeed, but subsequent attempts may fail. Scientific fraud must also be considered.

Scalability - Technologies that work well in the lab may not scale, or be too expensive to be practical.

Market Timing - DeepTech requires the unique alignment of technology and market. An advanced technology may arrive so early that there's no market. A technology that's late may see that the market has adopted other alternatives.

Science Teams - Obviously, scientific teams should be first class – but, investors must careful analyze the team members careers and research histories.

Fraud - While most DeepTech startups are earnest and honest about their technology and the benefits it can create, fraudsters can easily hide in this space. Due diligence and access to information is a must.

Enthusiasm-Versus-Hype - Many founders of DeepTech businesses are not guilty of fraud, but they may be guilty of over-enthusiasm. Investors should carefully weigh founders' estimates, predictions and valuations.

Business Prospects - Many, if not most, DeepTech companies are created by academics, who often lack business skills. They have little knowledge of marketing, strategic planning and other business skills that are vital in building a viable company. Teams with marketing and communications units are signs that the company has, at least superficially, addressed this concern.

Keeping these items in mind, DeepTech presents a unique – and, at the risk of hyperbole, historic -- opportunity for family office investors to manage risks, maximize potential returns and even help solve significant challenges facing humanity.

Matt Swayne is a writer, editor and analyst for The Quantum Daily and The DeepTech Insider, which use data and content to better understand and support deep technology businesses and research institutions.

A HIGH PERFORMING FAMILY OFFICE FROM THE FINLIGHT WHITEPAPER

www.finlight.com

The family office industry widely recognises the complexity of managing various asset classes. They provide a range of comprehensive services to wealthy families, offering planning and advice for long-term wealth preservation while maintaining enduring relationships.

Family offices also need to manage and analyse rigid and non-standardised data across multiple systems to oversee the family's assets properly. This makes their investment process inefficient. However, despite the ongoing transition to a digitalised world, technology adoption is still slow and ineffective.

The FINLIGHT white paper casts light on this issue, drawing attention to the key activities a family office conducts to achieve high-performing goals, which involves:

Continuity - Covers a variety of areas, such as communicating with family members, managing wealth transition, facilitating the intergenerational process, and more

Harmony - Refers to the ability to trust and support one another to keep a healthy connection with the family

Legacy - Preserves the values, beliefs and objectives of a family beyond future generations

Entrepreneurship - Unlocks potential growth and generates ongoing positive impact through continuous innovation

We then examine the pivotal role that technology plays in facilitating such accomplishments efficiently, exploring how automation, Machine Learning and Natural Language Processing (NLP) empower family offices with greater efficiency and ensure data security. What makes some families stay together and continue to preserve and build new wealth over generations? What is the magic formula that keeps them moving forward? Unfortunately, there is no easy answer, but there are some common elements of successful families of significant wealth. Certain areas of which they focus and make sure they get right.

The first is creating a highly functioning family unit. And the second is building and running a high performing family office (whether in-sourced or outsourced) whose purpose, function and daily activities are all aligned with supporting the goals of the highly functioning family.

In the first instance, when we talk about these goals, a highly functioning family is often bonded together through a deep understanding and appreciation of their legacy and makes their continued success as a family a priority above all else. A family governance process ensures decisions can be made effectively regarding future financial opportunities while maintaining harmony and positive personal family relationships. And a culture of entrepreneurship - thus ensuring the future financial success of family members - is valued and encouraged. Each family member has a role to play, a clear understanding of their responsibility as an owner of wealth, and an agency to impact their future direction.

Once families reach a certain wealth level or complexity of assets, they may also consider setting up a family office. The new family office (the CEO) can hire the expertise found through a shared resource (CIO in a multi-family office) and buy in (technical platforms for investment monitoring, reporting and administration of assets). Whatever the combination, a high performing family office should aim to excel in these key areas:

1. Asset allocation

The family office should support the family in choosing an appropriate asset allocation. The office should review allocation regularly to ensure it reflects the needs of both individuals and the family as a whole, and can meet the financial needs and desires of the family.

2. Asset consolidation

The family office should take and maintain the complete picture of assets, including marketable and non-marketable, real estate, private equity, art collections and so on.

3. Adequate risk management

The family office must implement a risk management system to protect against internal fraud and instil corporate governance, which checks and balances investment decisions and implementation.

4. Asset administration

The family office is responsible for the efficient administration of assets, including safe record keeping and timely and thorough preparation of documents for tax and legal purposes.

5. Tax and legal preparation

The family office should oversee appropriate tax and legal structures for the assets.

6. Education of future generations

The family office can put in place appropriate next-generation financial education initiatives, investment committees and create opportunities to foster and encourage new entrepreneurial activities for the next ownership group.

All these activities align with the goals of the highly functioning family: continuity, harmony, legacy, and entrepreneurship. But they are not easy to execute without significant depth and range of technical skills. And they are often time consuming. How can technology support these goals more efficiently?

Technology can do three things of critical importance for family offices. It can automate many of the required tasks at regular times through the working year. It can provide 'intelligence' to help solve some of the more difficult problems we face. More sophisticatedly, it can improve data security to minimise the risk of cyberattacks.

Automation - Automation is, of course, the classic case for technology in offices in general – the promises of the paperless office, the removal of the drudgery behind routine tasks, the automatic responses to deadlines. All of these do exist, but making them uniform, making them easy to set up and use, and the confidence to rely wholly on an automatic system has long eluded us.

This situation improves all the time. We're now familiar with the use of spreadsheets and the electronic transmission of documents, but there's still scope for improvement. One obvious thing is to take advantage of the state-of-the-art natural language processing (NLP) capabilities. The essential and relevant data is extracted automatically from statements, reports, trade confirmations without needing manual input and is saved and used where appropriate.

A significant consequence of using NLP to manage your financial documents is that systems can then provide up-to-date views on your overall wealth, deep insights into your asset allocation and investment choices, and a well-informed sense of risk management.

Allowing NLP to take charge of importing your statements and other financial documents unlocks your time, allowing you to focus on using your skills and abilities where they count. It keeps your family office performing at its best allowing you to concentrate on the strategic goals of the family.

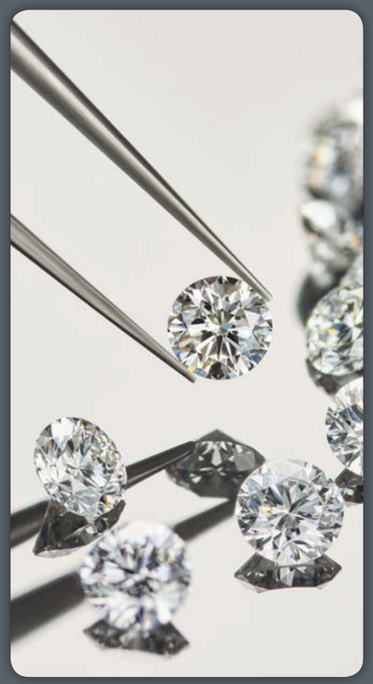
Contact FInlight to read full report j.carter@finlight.com

GRACEFUL ELEGANCE OF A LADIES

ROLEX

Rolex is presenting a new gem-set version of its Oyster Perpetual Lady-Datejust. This watch, crafted from 18 ct yellow gold, showcases the captivating shine of the diamonds that adorn every surface.

The case of this new Lady-Datejust is set with 158 brilliant-cut diamonds on the case sides and lugs as well as 44 brilliant-cut diamonds on the bezel. The President bracelet sparkles with a further 596 brilliant-cut diamonds. The dial, paved with 291 diamonds, features elegant 18 ct yellow gold Roman numerals with a black finish.



This new version of the Lady-Datejust is equipped with calibre 2236, a movement at the forefront of watchmaking technology.

Like all Rolex watches, the Oyster Perpetual Lady-Datejust carries the Superlative Chronometer certification, which ensures excellent performance on the wrist.

The classic Rolex feminine watch, the Lady-Datejust benefits from all the attributes of the Datejust, the emblematic Rolex watch that has been a byword for style and technical performance ever since its launch in 1945.

"The elegance of the Datejust is perfectly suited to a slender wrist "

Like all Rolex watches, the Oyster Perpetual Lady-Datejust is covered by the Superlative Chronometer certification redefined by Rolex in 2015. This designation testifies that every watch leaving the brand's workshops has successfully undergone a series of tests conducted by Rolex in its own laboratories according to its own criteria. These certification tests apply to the fully assembled watch, after casing the movement, guaranteeing superlative performance on the wrist in terms of precision, power reserve, waterproofness and self-winding.

BNY MELLON UPDATE

BNY Mellon is the first bank leveraging the RTP® network to provide corporations with instant digital consumer bill pay service

BNY Mellon announced that it has launched a first-of-its-kind real-time electronic bill (e-bill) and payment solution. Displacing the inefficient and antiquated process historically used to handle the majority of the 15 billion bills paid in the U.S. annually, this pioneering capability enables U.S. businesses to present digital bills to their consumer clients in real-time and receive instant payment via the consumers' preferred online and mobile banking channels.

This transformational solution promises significant change by delivering ubiquitous 24/7/365 digital capabilities that will improve their end-to-end payment interactions. Businesses can leverage real-time integrated messaging through application programming interfaces (APIs) to provide instant, end-to-end straight through processing from bill-presentment to payment to reconciliation. Banks can also leverage this solution for their own clients via BNY Mellon's white-label offering. These e-bills will be sent over the RTP® network operated by The Clearing House.

The key advantages for billers include higher straight through processing levels, faster collections, simplified reconciliation, increased transparency and lower costs. Their consumer clients gain greater convenience, transparency and control of their cash flow. Additionally, e-bill technology represents a substantial advance in efforts to protect the environment, diminishing the negative impacts of paper-based processes.

"Innovation in the bill-pay space is long overdue, and BNY Mellon's e-bill solution is the transformative technology that will drive this change and improve the client experience. Our early-adoption and leadership in real-time payments and comprehensive digital payables and receivables uniquely positions us to immediately support clients' digital-billing needs, providing both e-bill and instantaneous payment capability," says Mike Bellacosa, Global Head of Payments and Transaction Services for Treasury Services at BNY Mellon. "This comes at a time when automation and efficiency are higher priorities than ever for clients and consumers alike. We are thrilled to once again be at the cutting edge of these offerings – and anticipate widespread adoption of this new solution in the coming months and years."

As it continues to grow in popularity, the solution will be particularly appealing to the businesses where bill volumes are greatest and there is a need to quickly and efficiently issue and collect payments – including utilities, credit card companies, cable, internet, and cell phone providers. More broadly, these capabilities have the potential to disrupt the e-commerce and point-of-sale experiences in the future, as well as the associated interchange expenses incurred by large U.S. billers and merchants.

As the originator of the first ever RTP transaction in 2017, and the first bank to provide Request for Payment (RFP) messaging capabilities in 2018, BNY Mellon is a pioneer in the real-time payments and digital payments space. Leveraging the expanding RTP network-wide infrastructure, the new e-bill offering will reach millions of consumers across the U.S. – and BNY Mellon is actively collaborating with multiple billers and retail banks to drive the adoption of this new functionality. BNY Mellon's production pilots will continue this year, with plans to scale more broadly into 2022.

ABOUT BNY MELLON

BNY Mellon is a global investments company dedicated to helping its clients manage and service their financial assets throughout the investment lifecycle. Whether providing financial services for institutions, corporations or individual investors, BNY Mellon delivers informed investment and wealth management and investment services in 35 countries. As of March 31, 2021, BNY Mellon had $41.7 trillion in assets under custody and/or administration, and $2.2 trillion in assets under management. BNY Mellon can act as a single point of contact for clients looking to create, trade, hold, manage, service, distribute or restructure investments.

WHAT'S BUBBLING UP?

by Matthew O'Connell

Matthew O'Connell, Head of Investment at the world's largest Fine Wine & Spirits merchant, Bordeaux Index, tells us about key themes and latest developments, for both collectors and investors. With offices in London, Hong Kong, Singapore and California plus operating an innovative, award winning online trading platform, LiveTrade for many of the world's most actively traded wines. The Asset Management arm of the business has almost $300m of Assets Under Management across wine and whisky, with Family Office & other UHNW investors comprising a large component of this.

It has been a very active year in the fine wine and spirits space, with Bordeaux Index selling record volumes of many recognisable wines. It is interesting to look below the surface and pick out key trends in the market, particularly those relevant to Family Office and UHNW buyers and investors.

Market Performance During and Post Pandemic Has Boosted Demand

Fine wine has proven time and time again to be uncorrelated with other assets and markets, and this proved true during the pandemic, where the wine market was largely flat in performance, a far cry from the large dips seen in equities.

As a path out of the pandemic now appears visible, the impact of a broad increase in UHNW wealth during the last twelve months can be clearly seen in market developments, with high demand and prices up 7-8 per cent, year to date. New and existing collectors are chasing some of the rarer names, but we are also seeing new capital injected by those buoyed by this low correlation and value-retention across 2020, and who continue to see wine as a significant part of their diversified, capital-preserving asset portfolios.

Burgundy Prices Have Soared Through Previous Highs

Burgundy and particularly the grand crus from the Cote de Nuits are among the world's rarest and most expensive wines for example, Romanée Conti, La Tache, La Romanée, Chambertin. There had been talk of a "bubble" – unsustainable pricing levels – in 2018 after a sharp upwards market movement, but as we expected, after a short pause, prices have resumed momentum this year.

Collectors have been picking up DRC's La Tache – close to the quality of the flagship Romanée Conti vineyard but much lower in price as well as Rousseau's Chambertin and Clos de Beze cuvées, while renewed US interest following the suspension of trade tariffs has led to demand for Mugnier's Musigny and Les Amoureuses, as well as the ever-harder-to-find wines of Domaine Roumier.

We have also seen particularly strong investor and collector demand for White Burgundy, with Domaine Leflaive especially popular, including its elusive Montrachet cuvée, also Domaines d'Auvenay and Coche-Dury remaining at the top of the pile. The 2017-2020 vintages have proved a strong quartet for the white wines of the region, helping to stoke demand.

Bordeaux Is Firmly Back in Focus

The red wines of Bordeaux are the best known by many collectors and have been the bedrock of the investment for decades, something which sometimes works against them from a familiarity or "what's next" perspective. However, in 2021 wines such as Lafite, Mouton Rothschild, Cheval Blanc and Figeac have been subject to particularly outsized demand, moving some prices above 10 per cent. Much of the demand is coming from US and Asian collectors, who are seeing the inherent value vs. quality balance as very attractive when compared to Burgundy (where rarity commands such a premium), but investment allocations are tending to shift from being slightly underweight Bordeaux towards a much fuller positioning. We see further price potential for the region and collectors wanting to lock down older vintages especially (say, 2005 and older) would be well

served buying now rather than waiting. New release prices ("En Primeur") for the 2020 vintage were mostly only marginally interesting, meaning that much buying activity is likely to shift towards this older segment where enjoyment does not need to be deferred for decades.

Champagne's Krug and Cristal Continue to Tussle for Top Spot

Champagne as a region has seen a huge shift in collector and investor interest over the last decade, with this increasing spilling over into the Asian market where appetite has previously been more limited.

Krug has tended to sit at the top of the tree, with its multi-vintage Grande Cuvée and vintage wines enjoying a prestige step above the rest. However, Louis Roederer's Cristal has firmly shaken off its (unfair) "nightclub" tag and released a remarkable run of vintages – 2002, 2004, 2006, 2008, 2009, 2012 and 2013 all excellent – bringing to the attention of an ever-wider audience – including a disproportionate number of yacht owners. The price has followed, significantly outperforming Krug and establishing the wine very much in the same market "ballpark". This said, Krug have recently announced a surprise release of their stellar 2008 vintage later in 2021, which has served to buoy existing vintages and reignite investor focus – prices have moved materially in the last couple of months.

Whisky Casks are Becoming the New Multi-Generational Must Have

Whisky casks – particularly those from the famous Scottish distilleries of Macallan, Bowmore, Glenfarclas, Springbank – have been a key part of the surge in whisky demand and prices over the last decade, in fact, prices have risen by a staggering 20 per cent per annum over that period.

There have been many drivers of this increased demand, but over the last 2-3 years we are seeing a particular focus from UHNW collectors and investors on securing some of the very top casks given exactly how rare and irreplaceable they are. These items are definitionally multi-generational, with many having the potential for the liquid to develop in wood for decades, or otherwise to be bottled often in bespoke decanters for long term storage.

The inherent lack of supply of the older casks means this is an area we continue to expect to see interest grow, with certain casks already into seven figures. If only the distilleries had known thirty years ago exactly how much global demand there would be... as there is quite the wait for these rare stocks to be replaced!

www.bordeauxindex.com

BOARDROOM ADVISORS

BRINGING REAL WORLD EXPERIENCE TO FUNDED START-UPS, SCALE-UPS AND GROWING SMES

We talked to Boardroom Advisors' CEO, John Courtney, about the challenges of founding and running an advisory business in the UK and expanding worldwide during a global pandemic.

What does boardroom advisors do?
We provide part-time Executive Directors (Finance, Marketing, Commercial, Sales, IT, Operations, even Managing Directors) to growing businesses that don't want, need or can't afford a full-timer. We also supply NEDs and Chairs.

What is your value proposition?
All of our advisors have scaled businesses (I am on my 7th) and so we have seen most of the pitfalls and can guide companies through the maze, plus put structures and processes in place to build for the future – whether that's finance, IT, marketing or operations.

What about the risks of taking people on?
We are very low risk because:

- we can start immediately, as distinct from 6 months or more with recruitment companies
- there is no long-term contract; it's all a month at a time so, if we are not achieving what the client wants, we are gone
- our people are interchangeable so, if the client's needs change, then so can our people
- As these senior people are on our team, there is no recruitment fee – it's all on a competitive day-rate

Could you give some current client examples, please?
1. We have a start-up fintech client, which has just raised £1million from angels and a family office. They have three co-founders who are wonderful technically but have never scaled a business. The lead investor is their Chair, which is excellent, but they needed more operational assistance. We provided several part-time Director level people as CEO (3 days/week), FD (2 days/month) and CMO (1 day/week) in order to put processes in place and grow the business at the same time.

2. We have a scale-up cybersecurity client we have helped grow from 50 people to 120 over two years. We supplied a part-time Marketing Director one day a week who took their fledgling marketing onto another level by creating a strategic marketing plan and then implementing it through junior staff. This involved strategic PR via a small agency which got them huge exposure, a brand-new website through another agency with SEO built-in, and a contract with a lead generation company which has brought them many blue-chip clients.

3. We also have a family manufacturing business where the owner was considering an exit. We supplied a part-time Managing Director (2 days/week) to take the pressure off the owner and a Chair (one day a quarter to start, one day/month later) to help the owner consider options. The Chair introduced a corporate finance company he had used in the past to help investigate trade sale options, as well as an advisor to look at the feasibility of an Employee Ownership Trust (EOT).

How many people do you have?
We have over 100 seriously good senior advisors. It's one of the things I am most proud of. There is little we can't help with. I was challenged to help someone launch blueberry farming in Estonia and thought we had reached our limit .. only to find that we had three advisors with relevant experience!

Are you just in the UK?
No, we started in the UK, of course, and now have national coverage from Edinburgh to Truro and all points in between. But we have expanded to Ireland, Spain, Portugal, Bulgaria, India, and the Gulf. USA, Australia and the Far East are in discussion.

So, expanding in a pandemic, how has that been?
They are challenging in places! Clients have liked the fact there is little commitment with us – it's helped many of them grow when maybe they might have been much more cautious if they had big long-term PAYE commitments. It's helped us get some fabulous people, too, as the pandemic makes people consider what they want from work.

We put robust systems in place from the start, such as HubSpot CRM and Microsoft 365 and designed an induction programme for new Regional and International Directors as well as the advisors. We have always been a virtual company, so the Zoom era rather helped us! It's great having 7 Zooms in a day in 4 different UK counties and three countries – you can get so much done without having to do all the driving!

On marketing, we have done much ourselves and have the wonderful Kath Dawson (I have to say that as she's my wife!) and a small team working on content marketing which is the core of what we do - good content shared with the right people, mainly via social media. We are big on LinkedIn and Twitter, and that has helped us get many partnerships with accelerators, incubators, crowd funders, investors, lawyers, bankers, accountants etc.

What are the challenges going forward?
The key to further expansion is getting the right Regional and International Directors in place.
They build teams on the ground and arrange regional marketing to complement what is done centrally. So, we are actively looking for business development types in Netherlands, Germany, USA, Canada, Singapore, Australia etc., to help with that expansion.

And we are looking for more partnerships too. We work differently with partners as we focus not on swapping clients (always sounds a good idea but rarely leads to much in my experience) but on generating new leads for both partners by doing things together like joint sharing on social, co-branding diagnostics, joint webinars and roundtables etc.

You are in your 60s and on your 7th business. Does retirement beckon?
No. I tried that after business number 6, and it lasted three months! I need to keep busy and enjoy growing businesses too much.

What do you do in your spare time?
Cricket, cricket, and more cricket! Three times a week in season, for Keynsham CC in Bristol where I have been for 35 years plus Gloucestershire Over 50's and also Over 60's. I am also a proud three-times Ashes winner with the England Seniors side.

www.boardroomadvisors.co.uk

COULD YOUR FAMILY BENEFIT FROM AN INDEPENDENT, OUTSOURCED CHIEF INVESTMENT OFFICER

It is not uncommon for a family with assets in excess of $100 million to have at least three separate investment advisors managing segments of the family's portfolio. This approach differs from most institutions, such as endowments and foundations, which typically have one consultant who advises on all the managers, products, and strategies in the entire portfolio. Institutional consultants are similar to a conductor who "manages" all of the instruments in an orchestra. Families who hire multiple "conductors" can decrease the likelihood of meeting overall objectives, controlling costs, and generating better returns.

Family offices often have a Chief Financial Officer (CFO) who is responsible for bookkeeping and accounting, tax, trust management, estate planning, and philanthropy management. In addition, a CFO is often given the responsibility for managing the investment advisors. However, a CFO can be ill-equipped to manage investment advisors due to insufficient resources (including time) and expertise. Consequently, the CFO's process of managing brokers or advisors is often simply repackaging the information provided by the advisors.

The problem is that the advisors are often conflicted and have strong incentives to paint the most positive picture, while omitting important information that would be helpful for the family to evaluate. Examples include the amount of fees at all levels and the performance net of all fees. Further, it becomes difficult to see the whole investment picture of the combined portfolio – risks, concentrations, diversification, fees, etc.

The result can end up being a horse race between advisors: the advisor that gets the best results over a short period of time stays and the others go. This approach does not work in the long run. The Securities and Exchange Commission (SEC) requires managers to include the disclaimer "past performance is no indication of future performance," because chasing performance simply does not work.

The most effective solution is to complement the family CFO with an independent family Outsourced Chief Investment Officer (OCIO). A high-quality, independent family OCIO: Manages and quantifies the family's overall investment objectives, downside risk tolerances, and time horizons based on forward-looking views of the capital markets.
Develops an investment governance structure, including processes and policies.

Negotiates managers' fees, especially in an environment of aggressive cross-selling.

Provides sophisticated and customized performance reporting, including detail on alternative investments, fees, and liquidity.

Monitors portfolios and managers on an ongoing basis. Conducts thorough diligence on investment strategies brought to the family by all advisors, friends and acquaintances and provides unbiased, conflict-free opinions.

Works with the family to educate the next generation and to review succession planning.

Considers the family's unique circumstances, including social investing and impact investing considerations.
Can provide services on either a discretionary or non-discretionary basis. In the institutional world, an OCIO often has authority (discretion) to make investment decisions on behalf of the institution.

A firm providing independent OCIO services needs to be thoroughly vetted, including its experience and reputation, conflicts of interest, the experience of the team, and the firm's investment due diligence and reporting capabilities. A quality independent OCIO can pay for itself through providing services and reducing fees, as well as by making a significant difference for a family's future generations. Innovest has been providing OCIO services for more than 20 years.

BY Richard Todd, CEO, Principal, Co-founder, Wendy Dominguez, President, Principal, Co-founder, Scott Middleton, CFA, CIMA®, Principal, Kristy LeGrande, CFA, MBA, Principal are all Partners at Innovest Portfolio Solutions LLC, and consult to families and individuals in Innovest high-net-worth practice.

THE LAMBORGHINI URUS

0-100 km/h in 3.6 seconds

Automobili Lamborghini launches its third model the Lamborghini Urus, the first Super Sport Utility Vehicle, and creates a new niche in the luxury segment with benchmarking power, performance and driving dynamics, unparalleled design, luxury and daily usability. is unmistakably a Maserati.

The Lamborghini Urus is as much a luxury SUV as the most powerful, with a super sports car dynamism to be enjoyed by both driver and passengers. Its low-line coupé styling and commanding road position belie the very comfortable ride, higher ground clearance, and luxurious space within together with the latest technologies. The Urus provides easy driving in the city, maximum comfort during long journeys, thrilling super sports car dynamics on the road and track, and versatile off-road abilities in a range of environments. The Lamborghini Urus has a dual personality: it is multi-dimensional. It can be specified to be as sporty or as elegant as the owner wishes, and can equally be used as a daily luxury drive or provide an exhilarating super sports experience.

URUS: A MULTI-FACETED PERSONALITY

SPEAKS YOUR LANGUAGE

The Lamborghini Urus is as much a luxury SUV as the most powerful, with a super sports car dynamism to be enjoyed by both driver and passengers.

Its low-line coupé styling and commanding road position belie the very comfortable ride, higher ground clearance, and luxurious space within together with the latest technologies. The Urus provides easy driving in the city, maximum comfort during long journeys, thrilling super sports car dynamics on the road and track, and versatile off-road abilities in a range of environments. The Lamborghini Urus has a dual personality: it is multi-dimensional. It can be specified to be as sporty or as elegant as the owner wishes, and can equally be used as a daily luxury drive or provide an exhilarating super sports experience.

The Urus features a 4.0 liter V8 twin-turbo engine delivering 650 hp (478 kW) at 6,000 rpm, maximum 6,800 rpm, and 850 Nm of maximum torque already at 2,250 rpm. With 162.7 hp/l the Urus claims one of the highest specific power outputs in its class and the best weight-to-power ratio at 3,38 kg/hp.

Suitable for everyday driving in a range of environments

FROM GENERATION TO GENERATION

It has been said that one's legacy is not merely leaving something for people but rather leaving something in people. This seems even more apropos and urgent than ever, given the extraordinary challenges presented to our society.

At this moment in time, we face numerous global crises, including climate change, access to healthcare and education, wealth and income inequality, persistent racial and gender discrimination, the sixth great extinction in the animal kingdom, and many more daunting imperatives. Asset owners have the power to address these challenges through thoughtful investment activity. Of course, a healthy financial system is necessary to fund this work.

The legacy of our current system of capitalism is deeply tarnished, however. While capitalism has fueled more prosperity than any other financial system the world has seen, prosperity has been based to a great degree on extractive endeavours. Our current form of capitalism has produced negative externalities that have caused great harm to the people and the planet.

That said, this legacy can be redressed and repaired. With great attention, consciousness and care, we can reverse the course of capitalism and transform our economy into one that is genuinely regenerative and inclusive. We can lay the foundations for a new legacy, one based on a more holistic form of capitalism. We can empower the next generations to expand on that legacy. This endeavour -- the adoption of regenerative and inclusive approaches to wealth creation and deployment -- can take us from strength to strength and from generation to generation.

Empowering the next generation of our families requires the stewardship of knowledge as well as wealth. In other words, we must educate the next generation about business practices of the past and of the future. That knowledge, whether from experience, or literature, or families, friends, and colleagues, should not go unchanged or unchallenged.

Erika Karp, Executive Managing Director, Chief Impact Officer
Pathstone

In fact, quite the opposite. As we reread, analyze and reinterpret past business practices, it becomes clearer what we have accomplished and where we may have erred. And to achieve better outcomes in the future, we need to be honest about those lessons. In fact, Shakespeare once wrote that "No legacy is so rich as honesty."

As stewards of wealth, protecting and preserving capital while navigating 21st-century challenges, we need honesty about the actual cost of business as usual. We need honesty as we move towards a world of nine billion people. We need honesty about the magnitude of human capital and financial capital required to meet the daunting challenges of our day healthcare and education, infrastructure, climate change, economic inclusion.

We need to admit that neither the public nor private sectors can meet those challenges alone. Neither has the capacity to manage the mobilization of the trillions of dollars required to reshape society without relying on the other. We need a new social contract led by honesty, transparency, collaboration, entrepreneurship, and strong corporate governance.

We can let the complexity of these challenges paralyze us -- or ignite us. Multigenerational families of wealth can send powerful signals to business. As asset owners, we can use our voices to transform the companies of the future (large or small, public or private) into creative, productive, entrepreneurial juggernauts, whether through engagement with public companies or targeted investments in private innovators. We can establish a legacy of corporate entrepreneurship, where entities continually challenge themselves to pursue sustainable policies that consider all forms of capital (financial, human, natural) in defining success. That's how we can turn on the economic engine for the private sector -- not just by easy monetary policy but by capital formation and job creation.

A dozen factors are converging right now to shift the dynamics of the capital markets. Change for good is now possible. While a small number of our mightiest corporations account for a huge percentage of the jobs in the world and the revenues of the world, we have unprecedented regulatory scrutiny. We have unprecedented transparency thanks to social media. We have big data that allows us to turn noise into predictive insight. And on a more sombre note, Covid-19 has revealed the fragility of our physical, economic and social infrastructure.

All the pieces and players are in motion to forge a sustainable, inclusive and regenerative form of capitalism. There is a sizeable and growing movement to transform capitalism with the participation of asset owners, asset managers, investment banks, exchanges, accountants, lawyers, academics, and now the standards-setting bodies. Among these private stakeholders in reshaping capitalism, families with significant multigenerational wealth possess tremendous power to make a change that endures.

Which brings us back to education. I would argue that stewards of great wealth must educate themselves about their role in shaping the future. Intergenerational dialogue about the power and obligation of such wealth is a critical component of that education.

As for legacy: One can leave money. One can also create a legacy of thoughtful, intentional investments designed for long-term sustainability across generations. The latter choice is harder. It requires effort. It requires stewards of wealth who embrace the challenge and opportunity to fund the future.

Erika Karp is Executive Managing Director, Chief Impact Officer at Pathstone. Previously she was Founder and CEO of Cornerstone Capital Group, which merged with Pathstone in March 2021. Erika's passion is to bring the disciplines of finance, economics, and sustainability to bear in pursuit of a more regenerative and inclusive form of capitalism.

Over the course of her 25-plus years on Wall Street, she developed a deep belief in environmental, social, and governance ("ESG") analysis as a critical input to investment decision-making, culminating in her role as Head of Global Sector Research at UBS Investment Bank, where she spearheaded the firm's ESG research efforts before leaving to form Cornerstone. Erika is a Board member of Conscious Capitalism. She speaks and writes on sustainable investing and finance themes for a broad range of audiences.

THE ASSET PORTFOLIO FOR THE FAMILY

RISK-AVERSE BY GRASPING OPPORTUNITIES

While many family offices have little risk appetite and focus on conserving capital with "traditional" asset management strategies - such as investing in conservative, publicly traded funds, ETFs, bonds, and shares - on the contrary, it might just deteriorate their positions. Multi-family offices in particular tend to offer this approach, since staying close to market averages seems to be the best commercial argument. When markets go up, they perform "good and balanced"; when markets go down, it's because of the markets, and they're still "in balance with markets."

But is this the best thing for the family? One may wonder. Generally speaking, no! Of course, the overall goals, ambitions, needs, and lifestyles for each family are (very) different. Of particular interest and foremost are the constitution of the family and their collective objectives as the starting point for (re)directing and managing their asset portfolio. The most differentiating factor within families up until the 3rd and 4th generations is "the collective," their life ambitions and visions of the heritage they wish to leave their children. It's a living system that needs to evolve with the constitution of the family and not be limited in a conservative setting.

So, what are the key elements in the approach and portfolio, and how do you go about getting them? In this article, I wish to address these issues:

- Lifestyle and development
- The portfolio
- Timings and opportunities
- Entrepreneurial activities and private equity
- Real estate

Lifestyle and development

A certain financial situation or wealth shall never be an objective in and of itself for a healthy person. But it certainly can serve as a means to a certain life(style). As human beings, we aspire to live a certain lifestyle, and psychological motivations are more important than a well-drafted wealth report. An investment in education and development can be worth millions more than a much larger status in a certain investment fund. So can an investment in hobbies and overall well-being. A mountain chalet can be worth much more than nerve wracking, long, never-ending days in crypto investments. Take a look at what you want and need as a human being! Put this first, and see the rest as a means toward that end.

The portfolio - A well-balanced asset portfolio addresses the objectives of the collective, not just one person or generation. It consists of a mixture of family businesses, "traditional," publicly traded investments in funds/shares/bonds, private funds, loans, direct real estate, direct private equity, art, luxury goods, and other alternatives and impact investments. The weighted average and its development over time depend on the objectives.

Timings and opportunities - Time is money, as we all know, but do we really act on that? In a broader context, so is the quality of life. Clear goals on value increases and objectives on the short, medium, and long-term help us actively steer on results. In the context of acting on market opportunities, this also may rise to the occasion. How can we leverage favourable interest conditions, acquire distressed assets and develop them, surf on demographic trends and their attributes, and combine private and professional activities best? Are we also taking advantage of special but high risk/reward market situations, such as investments in options? What is the weight of this category in your portfolio, maybe up till 5%? As an example: if you have a clear vision on the value increase in a certain publicly traded share (say pharmaceuticals), then why wouldn't you seek the perfect call option series in short, medium, and/or long-term instead of only share positions? Did you work on these opportunities lately...?

Entrepreneurial activities and private equity - Most families have achieved their wealth by hard and smart work in their businesses. Over the years, more and more of the wealth is moved to the private part of their total assets. Wherever it's located, it is surprising to see that of these total assets, in many cases very little is invested in direct private equity. Here again, I see the multi-family offices steering towards funds, or even funds of funds. Far away from the initial core capabilities of family members, they're successfully building and running companies. I see so many very interesting direct investment opportunities fit for certain families; would you rather lose your investments in hedge funds or manage yourself into creating new champions in certain sectors? It's also a great opportunity to involve the younger generations in entrepreneurial development.

Real estate - Various types of direct real estate investments are also an excellent way to have a good part of your asset allocation in the active modus. The current market conditions, in terms of both great opportunities and low, stable interest rates, almost makes certain business cases more predictable than ever, and thus even more safe. Obviously, there's always also the collateral. The COVID crisis provided some very good opportunities in this asset class. Enhance your portfolio now!

If there is one headline the current crisis has taught us, it would be: Enrich your lifestyle by developing your portfolio towards a more active and time-based allocation that matches your capabilities and ambitions and provides shelter against inactive investments. Be risk-averse by grasping opportunities.

I wrote two articles in the 2019 and 2020 editions of Family Office Magazine about the principles of the "Ekklèsia of the Family," These provide some guidelines on how to go about achieving family goals.

by Dr. Michael Pullens, MBA, MMC, an independent Family Officer and strategy and private equity advisor and interim executive. He has advised and had executive roles at companies of all sizes, shareholders, and families, both in growth stages and crisis. He is the founder of Investments@Work and is an investor and entrepreneur. https://www.linkedin.com/in/michaelpullens/

PHILANTHROPIC CAUSES

UNIVERSAL FILM AND FESTIVAL ORGANISATION

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

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

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

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

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

THE MODERN INVESTMENT CLUB

BY Chantelle Arneaud
Envestors

The early-stage investment space has been a staunchly traditional one – until now.

Centered around relationships, the long-held assumption has been that digital has no role in play in helping to match investors and growth businesses. The global pandemic, with its restrictions on events and face-to-face meetings, proved this not to be the case.

Angel clubs, family offices and UHNW investors are opening their eyes to the benefits of online investment platforms.

Digital investment platforms are the Amazon of early-stage investing. Always on, they allow investors to discover, evaluate and invest in high-growth businesses – wherever they are, be it locked down at home or on the move.

Investment platforms supercharge the traditional offline experience by removing many of the barriers to deal discovery and evaluation while providing an enriched experience for both investors and the companies trying to woo them.

With deal profiles, secure data rooms for deal documentation and investor/founder online Q&A, the experience is faster, more secure and undeniably better than its offline counterpart.

Here we look at three key ways investors and family offices are benefitting from digital investment platforms.

1.0 Deal Flow
Where there is rarely a shortage of investment opportunities, there are, simultaneously, rarely enough deals. A contradiction, of course, but we are all accustomed to our inboxes being flooded with deals – most of which we rule out quickly, all the while complaining that 'there just isn't enough deal flow!'

The problem isn't the number of deals; it is the accessibility and transparency of them. In the traditional offline world, you work hard to build relationships with as many good brokers as you can and wait for them to put the right one across your desk. This model leaves investors passive and most often disappointed.

Digital platforms change this dynamic. Investors no longer have to wait for someone to bring them the right deal – they are empowered to find it themselves, at their convenience. With options to set preferences and to filter through thousands of deals, investors can home in on the kind of opportunity they are looking for, quickly – separating the sound from the noise.

Further, many platforms allow investors to ask the business questions. This simple feature saves a tremendous amount of time. Rather than needing to take time to meet with a company for clarification on a single point as part of a screening process, you can ask via the platform.

2.0 Full disclosure and standardisation of information
It is unnecessarily difficult to assess an investment opportunity. One has to scroll through pitch decks hoping to find the two to three pieces of information they need to screen it further. All too often this information is missing or is opaque in its definition. The issue here is two-fold – the standardisation of information and access to it.

As digital investment platforms are built with scalability in mind, they inherently address both of these issues. Firstly, every deal which is posted on a platform needs to go through the exact same on-boarding process. This means the same information is collected on each and every deal. This is good news but can deliver a different output depending on the philosophy of the platform provider.

Some platforms which aim for volume require very little information to be posted on each deal. This helps companies get their deals live quickly – but is generally unhelpful to investors. Other platforms, most typically those which abide by the Financial Conduct Authority take a more thorough approach. These organisations, tasked with ensuring information is 'clear, fair and not misleading,' cater to the investor and ensure that they have enough information to conduct a thorough due diligence process. As part of this, you can expect to find a full information disclosure presented in a standard way across deals.

3.0 Syndication and deal sharing
Deal sharing is an idea that everyone liked the sound of but generally had low uptake. When it came to networks and their most precious assets – their investors - no one really wanted to share. This all changed last year. With the difficultly the entire industry faced in raising capital and meeting minimum targets, networks realised there was more to be gained by working together and started to share deals.

This isn't a pandemic thing. Enabled by digital platforms which allow individual networks to connect to each other with ease, deal sharing is here to stay. A better connected industry is a massive step forward for everyone. Not just the investors who deserve to have immediate access to the entire universe of investment opportunities, but also the entrepreneurs who have to work too hard to get in front of them. There are many lists floating around of good outcomes of the pandemic. Undeniably the adoption of digital by the early-stage investment space is one of them. A change that truly benefits all players, the industry has been set on a new path – one that connects the right players and people together to the best benefit.

Chantelle Arneaud is from Envestors. Envestors' digital investment platform brings together entrepreneurs and investors across geographies, communities and sectors – creating the single marketplace for early stage investment in the UK.

Envestors partners with accelerators, incubators and angel networks to provide a white-label platform empowering them to promote deals, engage investors and connect to other networks. Founded in 2004, Envestors has helped more than 200 high growth businesses raise more than £100m through its own private investment club. Envestors is authorised and regulated by the Financial Conduct Authority.

Web: www.envestors.co.uk/

DIAMONDS – A SPARKLING GIFT OR INVESTMENT

Henry Pruwer is a diamond expert who learnt his art in the diamond capital of Antwerp, and now creates bespoke pieces at his Hatton Garden studio in London. Henry provided insight into investing in diamonds.

The purchase of a diamond or a piece of diamond-set jewellery often has deep personal significance. Emotional attachment is quickly formed with these chunks of pure carbon, formed into diamonds deep below the earth under intense heat and pressure over billions of years. Investing in diamonds should therefore be done with a cool head.

When considering diamonds as an investment, perhaps aim to buy with the intention of enjoying the stone, rather than viewing diamonds as a mere commodity. Whether purchased specifically as an investment or a gift, there is an implicit understanding that diamonds represent timeless value. Fine diamonds are one of the few things that are instantly recognisable for their inherent worth. In contrast to art, wine or cars, diamonds are tiny, perfectly portable and virtually maintenance free.

One can enjoy loose diamonds by occasionally taking them out of the safe and admiring their scintillating perfection, or else have the diamonds set into jewellery and take pleasure in seeing them worn by someone dear to you, a dividend beyond calculation. Being so small, diamonds can accompany you wherever you choose to travel.

Loose diamonds or diamond jewellery can also be purchased as an investment in a personal relationship. The gift of diamond jewellery is the ultimate symbol of love and affection. The investment aspect is often unspoken, but the recipient will appreciate both the beauty and the lasting value of diamonds.

Always look for a certificate from the Gemological Institute of America (GIA) as this is internationally recognised. Diamonds purchased for investment should not lose value if set into jewellery, as long as the stones do not get damaged when worn or stored. A beautifully set piece of diamond jewellery can attract more attention and a better price at auction than a loose stone. Consider setting fine diamonds into necklaces, pendants, or earrings, as diamonds set in a ring tend to suffer most from knocks and other accidental damage from daily wear.

Flawless diamonds must be handled and worn with care, as scratches could cause the diamond to lose this perfect grading. Diamond is the hardest material known to man, however, diamonds can easily scratch each other – hence it is extremely important not to bundle loose diamonds or jewellery into pouches, where they can become damaged. Keep each piece separately, this applies even to earrings.

Rarity and condition are important factors when valuing any luxury asset, and this applies equally to diamonds. Everyday diamond jewellery may not really appreciate much in value over time, if at all. On the other hand, rare, fine diamonds and jewellery set with exceptional stones can increase substantially in value over the years.

The typical diamond jewellery buyer wants to purchase something of natural rarity and beauty, a piece that their loved one will delight in wearing for many years. They will have an idea for a bespoke piece, or hints will have been dropped as to what is expected. The unspoken expectation is that this jewel will serve as a wearable investment, appreciating and appreciated over time.

When investing in diamonds, seek advice and expertise to help choose the best quality diamonds or the piece of jewellery that can be worn comfortably and look stunning. An investment piece of jewellery could also include other precious stones such as rubies or sapphires.

Investors will not be interested in paying a high retail mark-up, but they do expect a high level of service in terms of value proposition, trustworthiness and reliability.

A large diamond can look wildly extravagant or an everydaytrinket, depending on the attitude of the wearer. The way a diamond is set can also change its appearance. A diamond can be subtle in a discreet solitaire pendant, or glitter madly, surrounded by halos of smaller stones or combinations of diamond colours shapes and sizes. In an investment piece, it will be the central diamond that represents the major value of the jewel, unless it contains many larger stones.

Although Europe, the Middle East and the Far East are important markets for high quality diamonds, the USA is still the world's largest diamond jewellery consumer, with healthy demand for lower colour, larger sized diamonds, particularly in the larger ranges. American consumer appetite for such stones has been consistent, keeping prices on an upward curve over the years. This demand underpins the suggestion of investing in larger but more affordable diamonds, which represent better value for most buyers.

Expert advice can assist when deciding on a round brilliant diamond or a different fancy shape or colour. For pure investment purposes, a set of perfect round white stones may be more tradeable.

Fancy pink diamonds are a popular investment category unto themselves. Interest in pink diamonds has recently spiked, as in 2020 the Argyle mine in Australia ceased production. Argyle was the last major producer of pink diamonds in the world, so the supply has effectively dried up. Indeed, there have been no significant finds of new diamond sources in the last 20 years or more, and this could have a long-term effect on values.

When purchasing a high value diamond, seek a reliable source. Thorough checks should be carried out on the authenticity of certificates and on the diamond itself. Only an expert can differentiate between diamond simulants, laboratory grown stones, and natural diamonds. Most certified diamonds will have the certificate number laser inscribed on the stone. This inscription is invisible to the naked eye, and often can only be identified with difficulty using a loupe, a 10x magnifying glass used as the industry standard. As with art and other collectables, provenance is key, and supposed bargains from dubious sources should be treated with due caution. Never rely entirely on certificates or inscriptions, it is the quality of the actual diamond that counts. www.henrypruwer.com

PWC ANNOUNCES NEW STRATEGY THE NEW EQUATION

the international PwC network unveiled The New Equation, PwC's landmark global strategy which aims to respond to fundamental changes in the world, including technological disruption, climate change, fractured geopolitics, and the continuing effects of the COVID-19 pandemic. The New Equation is based on an analysis of global trends and thousands of conversations with clients and stakeholders. It builds on more than a decade of sustained revenue growth and continued investment.

The New Equation focuses on two interconnected needs that clients will face in the coming years.

The first is to build trust, something which has never been more important, or more difficult. Organisations increasingly need to earn trust across a wide range of issues which are important to their stakeholders. Success depends on fundamental shifts in the way executives think, organisational culture, systems and ambition.

The second is to deliver sustained outcomes in an environment where competition and the risk of disruption are more intense than ever and societal expectations have never been greater. Businesses need to change faster and more thoroughly to attract capital, talent and customers. Too often, however, narrowly conceived transformation initiatives do not deliver the outcomes they promise. This means that a new approach is needed.

Bob Moritz, Global Chairman of PwC said: "The profound changes in the world mean that in order to succeed, organisations need to create a virtuous circle between earning trust and delivering sustained outcomes.

By bringing our unique combination of capabilities together, and matching it with serious investment and our commitment to quality, we can help them do that. In doing so, we will help clients unlock value for shareholders, stakeholders and wider society."

How PwC will help build trust and deliver sustained outcomes

Instead of a traditional technology-driven approach to transformation, PwC's approach is focused on the outcome that the effort seeks to achieve. PwC plans to mobilise expertise in audit, strategy and implementation consulting, data & analytics, digital and cloud services, implementation consulting, human resources, tax, legal and compliance. In addition, the expertise available in the areas of cyber security, data protection, ESG (Environment, Social, Governance) and AI will be expanded further.

The foundation for this strategy is PwC's multidisciplinary model, which brings together a passionate and diverse community to help organisations build trust and deliver sustained outcomes. The model enables investment at scale in the combination of skills that is essential for delivering quality and impact for clients, stakeholders and society. PwC firms will invest US$12 billion over the next five years, creating over 100,000 net new jobs across PwC, as well as continuing to develop the skills of PwC's partners and employees.

Planned investments include:
ESG. PwC will expand the Centres of Excellence for specialists on key ESG topics, including climate risk and supply chain. In July 2020, we set up in Switzerland a Centre of Excellence for Sustainability that reflects our integrated way of working because we're convinced that this highly complex issue requires a cross-industry and interdisciplinary approach. PwC will also create a global ESG Academy which will enable all PwC partners and staff to integrate the fundamentals of ESG into their work. 1,000 partners from 60 territories across the network have already completed an in-depth six week programme focused on business issues resulting from critical global trends.

Quality. PwC will continue to invest in further enhancing quality across its businesses. This includes US$1bn dedicated to accelerating the deployment of technology that further automates the implementation of quality frameworks in audit, as well as building the delivery model for the audits of the future - which are expected to require more types of data, assess a broader range of risks and more fully integrate non-financial information.

This additional investment in technology builds on the ongoing focus on quality, supported by rigorous methodology and training across all lines of service. Leadership Institutes. Today's leaders need new skills to help them lead through and manage uncertainty, build inclusive cultures, and support transformation. New Leadership Institutes will be created to support clients and stakeholders.

Technology. PwC will continue to rapidly expand its use of the cloud, artificial intelligence, technology alliances, virtual reality and other emerging technologies in order to deliver insight and drive a competitive advantage for clients. In addition, PwC is accelerating the deployment of technology products, supporting seamless collaboration and enabling its people to automate processes. These products and automations will transform the client experience and allow new insights and value to emerge.
Commitments in Switzerland

As part of The New Equation PwC Switzerland is also announcing plans to meet the specific needs of client stakeholders in our market. Here in Switzerland, PwC will:

accompany the necessary transformation processes on the customer side and in society individually and competently under the motto "Trust in Transformation".
develop further, particularly in the areas of digitalisation of the core business and provide scalable solutions that create even more added value through a digital experience.
position itself even more clearly in the market as an integrated service and product provider through customer-based thinking and a customer-centric problem-solving approach.
continuously expand its solutions through strong alliances with renowned technology partners.

"In an increasingly disruptive environment, we find individual answers to complex questions. From strategy to implementation, we confidently accompany our clients with our diverse industry and market knowledge, thereby increasing their resilience and supporting them in exploiting their growth potential," said Andreas Staubli, CEO of PwC Switzerland.

Employees as a driver of sustainability

With lived values and a clear corporate purpose, we motivate our teams, increase our attractiveness in the labour market and build trust in society. For example, PwC Switzerland participates in a number of gender equality and diversity initiatives and also takes measures to increase diversity in all dimensions, including the establishment of gender-neutral or gender-sensitive language use.

We also actively support women on their path to leadership positions through mentoring programmes as well as internal and external networks. We have also further expanded our inclusive leadership concepts, which will become an integral part of management training in the future with the "Inclusive Leadership Badge". At PwC Switzerland, we plan to complement our strong focus on the digital upskilling of our employees with a sustainability-focused programme which will be integrated into all business units.

PwC is continuing to attract diverse talent, supported by expanded flexible and remote working opportunities, as well as making progress in the previously announced commitment to upskill our own people. The 100,000 net new jobs worldwide will be focused in emerging skill areas, from ESG to AI. In addition, PwC will continue to hire over 30,000 people worldwide into early career posts each year, providing training and qualification opportunities that set people up for a promising career either within PwC or elsewhere.

BANK OF AMERICA EARNS J.D. POWER CERTIFICATION FOR 12TH YEAR

For the 12th consecutive year, the J.D. Power Certified Customer Service Program has recognized Bank of America's Corporate, Global Commercial and Business Banking Services for providing "An Outstanding Customer Service Experience." Bank of America is one of only two companies to achieve this consecutive milestone.

"This year's J.D. Power certification once again demonstrates our teammates' dedication to provide an outstanding client experience and their commitment to a high-performing, client-first culture," said Paul Simpson, Global Banking and Markets Operations and Regions Technology & Operations executive. "Our team has proven to be flexible and adaptable and I'm proud of their continued achievements."

The 2021 certification took into account survey results and a detailed evaluation of the bank's operations. Once again, the teams successfully completed all requirements, including side-by-side call listening exercises, bank leader and business partner interviews and process assessments. Traditional on-site evaluation meetings were executed in remote settings with relationship managers, advisors, key site leaders and business partners to assess the bank's service and support, daily processes, team dynamics and management practices.

"Congratulations to the Bank of America Corporate, Global Commercial and Business Banking Services team for providing an outstanding customer service experience over the phone for the 12th consecutive year," said Mark Miller, practice leader, Customer Service Advisory at J.D. Power. "Twelve years is an amazing feat, and is a true testament to their continued commitment and ability to deliver for clients in a unique environment."

This consecutive certification represents our continued commitment and ability to deliver for our clients in all types of environments.

"We have continued to live our purpose - to serve our clients, the community and the country – during this extraordinary time and with unforeseen challenges," said Alastair Borthwick, President, Global Commercial Banking at Bank of America. "Through it all, we remain steadfast in our commitment to providing access to the global resources of the bank, advising our clients through all economic cycles and delivering a superior client experience."

Bank of America

Bank of America is one of the world's leading financial institutions, serving individual Bank of America is one of the world's leading financial institutions, serving individual consumers, small and middle-market businesses and large corporations with a full range of banking, investing, asset management and other financial and risk management products and services.

The company provides unmatched convenience in the United States, serving approximately 66 million consumer and small business clients with approximately 4,300 retail financial centers, including approximately 2,700 lending centers, 2,600 financial centers with a Consumer Investment Financial Solutions Advisor and approximately 2,400 business centers; approximately 17,000 ATMs; and award-winning digital banking with approximately 39 million active users, including approximately 31 million mobile users.

Bank of America is a global leader in wealth management, corporate and investment banking and trading across a broad range of asset classes, serving corporations, governments, institutions and individuals around the world.

Bank of America offers industry-leading support to approximately 3 million small business households through a suite of innovative, easy-to-use online products and services. The company serves clients through operations across the United States, its territories and approximately 35 countries. Bank of America Corporation stock (NYSE: BAC) is listed on the New York Stock Exchange.

INVESTING IN PRIVATE CREDIT & FUND STRUCTURES

by Jeffrey Haas of Old Hill Partners Inc.

Over the last few years, the landscape for private credit fund structures has changed due to the increasing focus on private credit investing from an expanding investor base looking for yield in a low yield environment. Post financial crisis many private credit investors became comfortable investing in a more traditional private equity closed-end structure. Over time, as the private credit investor universe has expanded, other investors, namely family offices and wealth managers, have expressed a desire for evergreen or open-ended structures. Some of the operational challenges cited include managing capital commitments, executing subscription documents for subsequent investments and additional fund diligence, among others. These newer investors are attracted to investing in the asset class due to floating rates, high cash coupons, strong yield and downside protection. However, many earlier attempts at evergreen structures used for private credit investing were flawed and created a significant asset liability mismatch.

A fund with a closed-ended structure will have a finite life and the amount of capital raised is capped by either the passage of time or upon meeting the capital raise target. The life of the fund is generally known and does not continue on indefinitely. Most will be structured as a private equity or a hybrid PE structure with clearly defined capital raise, investment, and harvest periods. Most have some type of capital commitment and call feature. The life of these funds usually range from 4 to 7+ years in order to correspond with the lifetime of the underlying investments. This directly addresses the concerns of a fund asset liability mismatch. Generally, there are no redemption provisions in a closed-ended fund; once the capital is deployed, it will only be returned to investors once the underlying transactions monetize. In this structure, all investors are on equal footing as it relates to the distribution of capital.

In contrast to a closed-ended fund, an open-ended structure, or what some refer to as an "evergreen" fund, has no maturity and can raise capital indefinitely. Most evergreen funds have monthly or quarterly capital raise periods based on a closing Net Asset Value ("NAV"). Historically, most evergreen private credit funds had redemption features that would allow investors to exit the fund prior to the underlying investments monetizing.

Those features generally included meeting some type of "lockup" period, usually a one-year investment horizon. Once the lockup period was satisfied, an investor could redeem their capital on a monthly or quarterly basis. When the underlying fund investments are illiquid with a multi-year maturity, as frequently seen in private credit, using a traditional evergreen structure proved to be problematic.

The flaw in the traditional structure is a mismatch created between the time investments can be monetized and the time required to satisfy a redeeming investor, commonly referred to as a fund asset and liability mismatch. As any veteran of the financial crisis can attest, this mismatch can quickly place managers in the unenviable position of becoming forced sellers of illiquid assets. The manager may find it difficult to liquidate positions at favorable prices or may even have to liquidate well-performing positions in order to generate liquidity. Private credit investors in a "cookie cutter" evergreen fund structure can find themselves at the back of the line in terms of distribution of capital as investors are redeemed on a first come, first redeemed basis. The priority of paying redemptions and the mismatch of assets and liabilities resulted in many funds being "gated" when redemption requests overwhelmed the available capital.

Post financial crisis, most private credit funds were structured as a closed-end funds, however, there was a segment of investors, mainly family offices and wealth managers, who desired a different structure.

The birth of the hybrid evergreen structure has created an opportunity for a manager to offer investors the ability to invest in private credit in a fund without a maturity date, thereby eliminating the investors need to go through the subscription process of a new fund every few years while at the same time addressing one of the biggest flaws of a traditional evergreen structure used in private credit investing, namely matching fund assets and liabilities.

This hybrid evergreen structure allows for capital to be raised on a monthly basis at NAV and provides for two forms of liquidity; quarterly distributions of income and redemption of principal. The income distribution is an important structural feature for many investors searching for yield in an Asset Based Lending ("ABL") strategy. A more interesting structural feature is the flexibility given to investors to redeem their investment while at the same time addressing the matching of fund assets and liabilities for the remaining fund investors.

This is accomplished by creating an initial hold period of one year, whereafter the investor may make quarterly redemption requests. The key difference in this structure versus a more traditional evergreen structure is when a redemption request is granted, the manager creates a pro-rata distribution of the existing portfolio (at the then current NAV) and places those investments in a liquidating account for each redeeming investor. As the investments in the liquidating account monetize, the redeeming investor receives their proceeds in line with the natural liquidity of the underlying investments.

This monetization process is very similar to the process that occurs during the normal harvest period of a traditional closed-end fund. This structure avoids a situation where there could be forced sales of illiquid investments in order to satisfy a redemption and ultimately aligns fund assets and liabilities.

This feature allows investors to control the decision as to when to start harvesting their fund investment. Additionally, this structure does not create a situation whereby a redeeming investor has any priority over another redeeming investor, all investors have their own liquidating account which will monetize naturally. In order to capture the illiquidity premium inherent in an ABL strategy, investors should consider investing in a hybrid evergreen fund when investing in private credit.

SOLVING THE REAL ESTATE EQUATION IN A FAMILY PORTFOLIO

With uncertainty surrounding the Commercial Real Estate market (due to the Covid pandemic, shifting economic policies, market volatility and tax considerations, etc.), succession planning when it comes to real estate assets requires extra attention. While there are myriad factors that come into play during the succession planning process, real estate presents a unique set of challenges – and opportunities – that deserve a thoughtful, strategic and creative approach.

Some of the more important considerations for real estate succession planning include the obvious, and not so obvious, approaches and solutions that will affect the ability of your family to retain and grow their wealth from real estate holdings.

Analyze Family Conditions - Make an honest and personal assessment of your family's condition and each family members' individual stations in life. Understanding the personal relationships and various levels of trust family members have for one another will help you to better establish financial goals for today and in the future, and what courses of action will be needed to help meet your goals. This is a complex and highly personal first step, but it is critical in crystalizing a plan that will work.

Have Frank Discussions - Truly understand why real estate does, does not or could occupy a place in your estate portfolio. Speak openly with your estate attorney and/or wealth management advisor regarding the goals, obstacles and sticking points that exist after a death, divorce, or other personal family matters.

Delaying or short-cutting this evaluation may create significant obstacles and cause undue expense, family conflict and hassles that may be difficult to unwind. Perform an Analytics Report - Taking due time to evaluate both the direction and stability of the historical market for your real estate product type and a realistic market forecast could afford you a clear lens to view your succession planning decisions. It will also help you to evaluate potential risk and reward and hidden opportunities as they relate to your personal wealth management and business's short, medium and long-range facility needs. This type of analysis can best be handled for you by an unbiased real estate wealth manager with the tools and experience necessary in evaluating overall market conditions, property (estate) values, competitive loan terms, and your property's deferred maintenance and capital needs.

Assess Business Needs versus Personal Wealth Management - The delicate balancing of your real estate holdings with the needs of your business facility plans and those of your overall estate planning sometimes involve opposing objectives. Over time, risk tolerance and income needs are only infrequently evaluated as part of personal wealth management and business plans. If a real estate holding exceeds your level of risk tolerance or isn't fulfilling its original objectives, might it be time to sell, buy more, or otherwise adjust your strategy?

Reducing your partnership share while leveraging property equity and diversifying your portfolio by rebalancing are ways to adjust to new conditions and needs. Try to strike a balance between what percentage of your business's and family's wealth portfolio should be dedicated to real estate and prioritize based on the risk and reward and the way your assets fulfil your objectives.

Property Infrastructure - Now is the time to take an honest and comprehensive look at your property's infrastructure to assess current expenses as they relate to the timing and risk of potentially more severe future repairs and replacements and how those could affect your estate and family. You might benefit from economies of scale by sharing new CapEx with others or by amortizing them across your portfolio.

The HVAC, building automation, roof, parking lot, electrical and structural systems will include most of the consequential capital elements of the property. Work with an experienced real estate professional and their team to determine the remaining useful life of these critical components and the financial risks, including property devaluation associated with delay, and benefits of improvements, in whole or in part. The longer you delay this assessment, the greater the potential for unexpected budget surprises.

More important, these same decisions may significantly increase your return on investment or lack thereof when it comes to operations, sale or refinancing.

Look for Opportunities to Add Value - You may be able to identify opportunities to add value to your property by taking a 360-degree view of your property. For example, unused storage or yard space on an industrial property could be converted into a build-to-suit or land sale opportunity. Adding square footage by maximizing zoning entitlements may create a new source of income and value.

Simply up-zoning to a more valuable product type might be rewarding. Structural additions to your floor plates may yield additional leasable footage. Doing so will increase your sale price when it's time for disposition. It might also afford you partnering possibilities you previously didn't have. Time spent on this now could reduce risk and yield more appeal and value to your family's real estate holdings in the future.

During challenging times in the real estate market, now is the time for you to arm yourself with knowledge and a strategy to effectively improve your properties and keep them stabilized, making them as profitable as possible, all the while abiding by your wealth management and succession planning goals.

By Dan Bartell, President of Bartell and Company Real Estate and Bartell and Company Real Estate Wealth Management, a 35-year-old firm. dan@bartellre.com.

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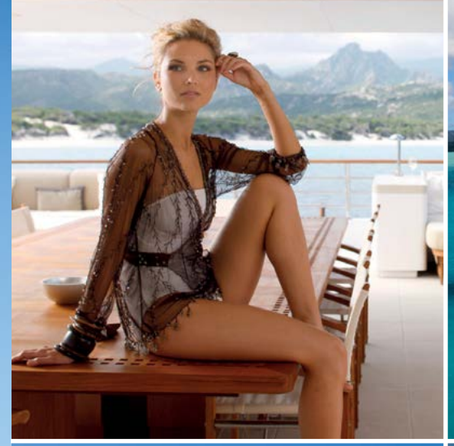

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BUSINESS EXCELLENCE AWARDS

26 winners as the Awards complete 27th cycle

DUBAI ECONOMY ANNOUNCES WINNERS FOR 2021

Dubai Economy hosted an online ceremony today under the patronage of His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, to honour the 26 winners in the 2020 cycle of its Business Excellence Awards.

The prestigious awards, which recognise outstanding efforts and commitment towards adopting best practices and achieving excellence in diverse disciplines of business, are being announced virtually for the second consecutive year in view of the precautionary guidelines against COVID-19. Over 500 attendees from varied business sectors, industries as well as the government sector joined the online ceremony to celebrate the 27th cycle of the Awards along with representatives from the winning entities.

Samsung Gulf Electronics - Customer Service Department (Services sector) was named the winner of the coveted Dubai Quality Global Award 2021 while Transguard (Logistics sector) won the Dubai Quality Gold Award. The Dubai Quality Award went to Aster Pharmacy Group LLLC (Healthcare sector) and Bvlgari Resort Dubai (Tourism sector).

AG Power and Bu Haleeba Contracting LLC (both from the Construction sector) shared the Dubai Quality Appreciation Award, with the Emirates Institute for Banking and Financial Studies (Education sector).

Sharjah Islamic Bank (Social Media) and 6th Street (Mobile App) were the winners in the Smart Services sector, added this year to the Best Service Performance Brand award in the Dubai Service Excellence Scheme (DSES). The other winners of the Best Service Performance Brand Award 2021 were: The Dubai Mall (Shopping Centres), Carters (Fashion Retail), National Bonds (Services), Aster Pharmacy (Health & Wellness), Global Village (Hospitality & Entertainment), aswaaq retail LLC (Hypermarkets & General Retail), American Tourister (Hypermarkets & General Retail), Eros Electricals LLC (Specialized Retail), and Matalan (GCC).

The 2021 Best Service Performance Outlets in DSES included: G2000 - Abu Dhabi Mall (Fashion Retail), RAKBANK - Al Rams Branch (Services), Al Rostamani Intl Ex - Nasser Square (Services), Health First Pharmacy 23 – Ghaleelah (Health & Wellness), India Palace Restaurant - RAK Mall (Hospitality & Entertainment), Lulu Hypermarket – Karama (Hypermarkets & General Retail), Geekay Games - Bawadi Mall (Specialized Retail) and Infiniti - Sheikh Zayed Road (Specialized Retail).

Congratulating the winners, His Excellency Sami Al Qamzi, Director General of Dubai Economy, said they represent the phenomenal growth achieved by the Awards, symbolizing the strength and diversity of business, and quality of services in Dubai.

"We were delighted to see that the overall number of applicants in the 2020 cycle of the Business Excellence Awards remained the same as in the previous cycle despite the prevailing challenges. It's also worth mentioning that the Awards have seen an increase of over 300% in applications and members since inception," Al Qamzi said.

"Most recently, and more importantly, the Awards have been instrumental in enabling businesses to adapt to disruptive changes and sustain growth post-COVID. 'Adaptive Capacity' was an additional criterion in the evaluations and assessment of the Awards in the latest cycle. We also found that health and safety compliance rate among members in the Dubai Service Excellence Scheme post-COVID was over 90%. It indicates the special attention given to monitoring excellence practices among participants in the Business Excellence Awards, and the level of knowledge they all share," added Al Qamzi.

The Dubai Quality Award encourages and motivates companies and institutions to adopt a policy of excellence, provide the best services and recognise best practices in performance excellence. Since its inception in 1994, DQA has received the patronage of HH Sheikh Mohammed bin Rashid Al Maktoum, who has been instrumental in driving the quality movement across the private and public sectors in the emirate. The DQA winners are honoured in four categories - the Dubai Quality Global Award, Dubai Quality Gold Award, Dubai Quality Appreciation Award and the Dubai Quality Award.

The Dubai Service Excellence Scheme is a one-of-a-kind initiative that aims to gain customer confidence and to make the experience of shopping in the UAE a pleasurable one. Participants in DSES are honoured in two main categories: the best outlet and the best brand.

www.dubaided.gov.ae

HOW HAS COVID-19 IMPACTED EARLY-STAGE INVESTING?

by Oliver Woolley

Of course, the COVID-19 pandemic has had a negative impact on most industries, businesses and people, with only the lucky few managing to find opportunities amongst all the turmoil. Start-up and high growth businesses, often described as the lifeblood of the UK economy, had a particularly difficult time of it. The good news is that, with the vaccine rollout and the lifting of lockdown measures, things are looking up for these plucky businesses.

Throughout most of 2020 the number of deals and the total amount raised by UK growth companies took a sharp downward turn. However, as we closed out the year, this began to increase. In Q1 2021 both the number of deals and the total amount raised continued to rise with record-breaking numbers - £5.18m invested across 647 funding rounds for 641 companies (Q1 2021 Equity Market Update, Beauhurst).

Safer bets in uncertain times

While a good number of investors put their hands in their pockets last year, others continued to invest. However, how they were investing changed. Many focused on existing portfolio companies, propping them up to see them through difficult times, as opposed to adding to their portfolio.

Beauhurst estimates that £782m invested across 309 raises from March 2020 to 2021 were survival rather than growth investments. Investors who were actively adding to their portfolio tended to focus on more established businesses which carry less risk than their earlier-staged counterparts.

Left out in the cold

As investors favoured portfolio and more mature businesses, seed stage companies struggled to raise capital. Once the reality of the pandemic set in there was a drop in the number of raises for seed stage companies.

This changed as we moved into 2021. We saw 200 first-time funding rounds compared to only 139 in the previous quarter and 129 in Q1 2020.

Oliver Woolley
CEO and co-founder of Envestors

Tracking the impact of COVID-19

There are few sectors that were not negatively impacted by the pandemic. While most felt the pain, some suffered more than others.

Government support, which included the furlough scheme, the Future Fund and CBILS was a life-saver for many. This is reflected in the total number of dissolutions, administrations and liquidation filings – which are much lower than they could have been at 2,304 for the period March 20-21. Compare this to the 2,359 from Feb 19-20, and it's clear how vital this support was.

Beauhurst, who track Covid-19 impact on growth businesses, identified at the onset that 54% were negatively impacted, while only 14% boasted a favourable impact. These figures fluctuated by sector and according to the level of restrictions imposed at any one time. A year later that 54% has dropped to 26%. While being good new this is still an uncomfortably high figure.

eHealth faired particularly well with 61% of businesses in this area reporting a positive impact. While retail, hospitality and leisure, unsurprisingly, felt the most pain.

A coming shift in sector preference

Relief may be on the way for travel and hospitality businesses, with predictions of a 'Roaring Twenties style' boom ahead. In March 2021, Bloomberg reported that institutional investors like Aberdeen Standard, GAM Investments and UBS were now pouring money into listed companies focused on consumer experience. We can expect this line of thinking to flow through to earlier stage companies – although investment is likely to be concentrated on those who are able to demonstrate strong consumer appetite and scalability.

The global pandemic, like any event which drives feelings of uncertainty, had a negative impact on early-stage investing. The good news is that we are already seeing evidence of recovery. This positive sign is just that – a sign. It doesn't mean it will be suddenly easy to raise capital – this is a challenge in the best of times. But it does mean that things are getting better.

Oliver Woolley is CEO and co-founder of Envestors. Envestors' digital investment platform brings together entrepreneurs and investors across geographies, communities and sectors – creating the single marketplace for early-stage investment in the UK.

Envestors partners with accelerators, incubators and angel networks to provide a white-label platform empowering them to promote deals, engage investors and connect to other networks.

Founded in 2004, Envestors has helped more than 200 high growth businesses raise more than £100m through its own private investment club.

Envestors is authorised and regulated by the Financial Conduct Authority.

Web: www.envestors.co.uk/

DIVORCE

by Phoebe Turner, Managing Partner at Stowe Family Law

Like Jeff and Mackenzie Bezos before them, Bill and Melinda Gates have announced the news of their divorce on Twitter. As is often the case in high net worth divorces, the largest asset in the Gates' divorce is their company.

Naturally, many of the questions that arise upon divorce are around the value and liquidity of the company. What happens to such a high-value company in a divorce?

Companies, including those that are publicly traded, can be extremely difficult to value. It is often a long process and can be very expensive. If the company was set up during the couples' marriage, the parties may get a valuation of the company at the time of the divorce.

The situation becomes more complicated if the company predates the marriage. In this scenario, the parties can attempt a retrospective valuation of the company as was at the point of marriage and then a valuation again at the time of the divorce.

By doing this, the parties can evaluate the growth value across the period of marriage, which can then be divided. Matters can be complicated further by the company's current value being set to increase significantly in the short term due to a potential IPO or a sale on the horizon.

Some of the clients I have acted for at Stowe Family Law have tried to argue that the increase in the company's value through the marriage was due to their exceptional contribution and hard work. They demand a bigger share in the company on this basis. This is known as a 'special contributions argument' and, for obvious reasons, is notoriously difficult to negotiate. Before Bill and Melinda married, Bill was already one of the richest men in the world. If anyone were to be successful in a special contributions argument, it would be Bill Gates!

It can be exceptionally difficult to "share" a company upon divorce. One party can give their shares to the other. Alternatively, one party can "buy out" the other, that spouse will be given other liquid assets which will make up for their loss of interest in the company. Of course, this will only work if there are sufficient liquid assets. If not, the spouse remaining in the company may try to raise finance via the business to pay off the other party.

In other cases, part, or all, of the company may be sold. It is very rare for both parties to remain with interest in the company post-divorce. However, on occasion, Bill and Melinda Gates providing a prime example of this, they may remain invested for emotional or financial reasons, or both.

Issues can also arise if the company assets are spread worldwide and/or held in complex offshore structures. There can then be difficulties with the clashing of different national laws, especially when the power of English courts abroad is thrown into the mix.

Sometimes, companies will have other stakeholders parties, in addition to the couple who are divorcing, which can complicate matters further.

In this case, the company itself may be joined to the proceedings to evaluate who has what interest. Adding a new party to the process makes things harder to manage, particularly if any of those parties are abroad. English courts generally prefer divorcing parties to sever all financial ties if possible. Remaining in the company means staying financially interlinked indefinitely, which can be disastrous. Inevitably, one party will feel taken advantage of, and the issues which brought about the marital breakdown may be repeated in the business. This is painful for the parties and potentially extremely damaging for the company itself. Usually, both parties want a clean break and to move on with their lives completely independent from one another.

Nevertheless, if this is desired by the parties – which is the case for Bill and Melinda – it can work. To be successful in this endeavour, they will need to work together as a team and put aside their differences. The needs of the business will have to come before their own. This will be challenging, having just gone through a breakup.

I have acted for a client who, after his divorce, continued working with his ex-wife in the company they had built up throughout their marriage. This required a great deal of consideration and sensitivity. Much work was put into how the business would be run: who would have the controlling share, who has voting rights, who is actively involved in the running of a business, etc.
Although both parties were nervous, they were each entirely committed to their company. The strengths in their relationship were highly successful when transferred to working on the company rather than their marriage.

My client said that initially, it was awkward, especially with their employees. Once everyone was reassured that the two parties could work together for the good of the business, they could relax those tensions.

Communication and respect were used to their advantage, and the company has grown in strength and increased in value. With romance out of the equation, the ex-couple could focus solely on the business.

Each couple is different. What works for one may not work for another. Where companies are involved, it can get very complicated and very expensive very quickly, but with the right attitude and measures in place, it is doable, as demonstrated by Bill and Melinda.

CIGARETTE 41' NIGHTHAWK

MERCEDES-AMG

CELEBRATES WORLD DEBUT IN 2021

Highly exclusive 13th special edition boat from Mercedes-AMG and Cigarette Racing celebrates world debut New 2,250 horsepower Cigarette 41' Nighthawk AMG Black Series draws inspiration from the performance flagship Mercedes-AMG GT Black Series.

Mercedes-AMG and Cigarette Racing presented the all-new Cigarette 41' Nighthawk AMG Black Series special edition boat, alongside the breathtaking new on-road performance benchmark, the Mercedes-AMG GT Black Series (fuel consumption combined: 12.8 l/100 km; CO2 emissions combined: 292 g/km)[1]. As the 13th boat jointly developed in this longstanding partnership, this boat is the latest in an impressive line of highly exclusive special edition performance boats. The new Cigarette 41' Nighthawk AMG Black Series promises direct and unfiltered performance, combined with iconic design and luxurious features, with exclusivity and craftsmanship unlike any other performance boat in its segment.

The 41' Nighthawk AMG Black Series Edition draws on Cigarette's advanced engineering, utilizing cutting-edge elements such as a unique twin-step hull design to deliver its remarkable on-water performance. A low center of gravity, which improves handling, and light overall weight, which improves speed, have been achieved using a completely carbon-fiber deck and an all carbon-fiber hardtop design. Intelligent use of composite materials and proprietary construction techniques improve structural integrity, delivering enhanced ride comfort and composed handling characteristics in even the most demanding conditions.

The striking design of the 41' Nighthawk AMG Edition is the result of the close collaboration between the Cigarette Racing Team, the Mercedes-AMG design team and Gorden Wagener, Chief Design Officer Daimler Group. Mercedes-AMG embodies the pinnacle of Performance Luxury on the road, and the Cigarette 41' Nighthawk AMG Black Series promises outstanding on water performance, exciting driving pleasure and ultimate quality and craftsmanship down to the finest detail.

The new Cigarette 41' Nighthawk AMG Black Series perfectly translates the shared philosophies between AMG and Cigarette, resulting in a truly remarkable special edition boat.

- FUEL CONSUMPTION COMBINED: 12.8 L/100 KM
- CO2 EMISSIONS COMBINED: 292 G/KM*

2,250 horsepower Cigarette 41' Nighthawk AMG Black Series from the performance flagship Mercedes-AMG GT Black Series

CREDIT SUISSE AMERICAS FOUNDATION MAKES A COMMITMENT TO WAKE TECH

Credit Suisse, one of the world's leading financial services providers, has announced a $250,000 commitment through its Credit Suisse Americas Foundation (CSAF) to support Wake Technical Community College (Wake Tech).

Wake Tech is the largest community college in North Carolina. It serves more than 70,000 adults each year across six campuses and three training centers, in addition to community sites and online learning options. Credit Suisse's grant will support the college's WakeWorks® Apprenticeship program, which offers strategic pathways to future workforce opportunities by enabling young people to learn new skills, gain access to employers, and earn credentials and income while doing so.

The financial support will help the program to expand beyond its existing employer-sponsored model to offer young people from the local community the opportunity to secure an apprenticeship at a broader set of employers.

This investment is part of Credit Suisse's philanthropic commitment to Future Skills, which aims to equip young people with the skills and education needed to gain meaningful employment and fulfill their potential. While continuing to partner with organizations that prioritize college completion, we are also investing in additional pathways that enable strong career starts and upward mobility.

This includes career integration into K-12 and post-secondary education along with quality two-year degrees, certifications and apprenticeships.

This donation continues a multi-decade commitment by the Credit Suisse Americas Foundation to empower underrepresented young people. Through this and other partnerships, Credit Suisse upholds our responsibility to be more intentional about advancing diversity, equity and inclusion, internally and externally, by leveraging our platform and resources.

"We're very pleased to announce this support for Wake Tech, which represents Credit Suisse's first commitment to a community college and speaks to our confidence in their ability to help young people discover promising careers," said Eric Eckholdt, Executive Director of the Credit Suisse Americas Foundation and Head of Corporate Citizenship Americas. "The WakeWorks® Apprenticeship program is a critical local resource.

The program offers students a pathway to a more promising career and is forging an important connection between the education and business sectors in Wake County. We're honored to provide funding that will help strengthen and expand this vital conduit."

"We are grateful to the Credit Suisse Americas Foundation for the gift and for their outstanding support of our college and our community," said Dr. Scott Ralls, President of Wake Tech Community College. "At Wake Tech we sometimes use the phrase 'ladder economics' to refer to our college's approach to inclusive opportunity through education, training and career development.

The support by Credit Suisse will make a difference by ensuring that apprenticeship opportunities are more readily accessible and more people in our communities have the opportunity to ladder into the outstanding job opportunities available today in our region."

About Credit Suisse
Credit Suisse is one of the world's leading financial services providers. Our strategy builds on Credit Suisse's core strengths: its position as a leading wealth manager, its specialist investment banking capabilities and its strong presence in our home market of Switzerland. We seek to follow a balanced approach to wealth management, aiming to capitalize on both the large pool of wealth within mature markets as well as the significant growth in wealth in Asia Pacific and other emerging markets, while also serving key developed markets with an emphasis on Switzerland. Credit Suisse employs approximately 49,090 people.

The registered shares (CSGN) of Credit Suisse Group AG, are listed in Switzerland and, in the form of American Depositary Shares (CS), in New York. Further information about Credit Suisse can be found at www.credit-suisse.com.

About Wake Technical Community College
Wake Tech is North Carolina's largest community college, serving more than 70,000 adults annually, with six campuses, three training centers, multiple community sites, and a comprehensive array of online learning options. Wake Tech is accredited and offers more than 200 associate degrees, diplomas, and certificates that prepare students for university transfer or immediate employment. About half of those programs can be completed totally online. The college also offers short-term, non-degree training programs as well as small business support, customized corporate training, and basic skills courses such as English as a Second Language and high school equivalency preparation.

Wake Tech also serves high school students at the Wake Early College of Health and Sciences, Vernon Malone College and Career Academy, and North Wake College and Career Academy, in partnership with Wake County Public Schools. For more information, visit waketech.edu or @waketechcc on social media

www.credit-suisse.com

DUBAI CLEAR RECEIVES PRIMARY MEMBERSHIP OF THE GLOBAL ASSOCIATION OF CENTRAL COUNTERPARTIES (CCP12)

Dubai Clear (LLC), a subsidiary of Dubai Financial Market (DFM), today announced it has been admitted as a Primary Member of the Global Association of Central Counterparties (CCP12) during the Association's 2021 Annual General Meeting. The Association represents 38 members, who operate more than 60 individual CCPs globally.

Since its launch in April 2020 as the first local equities CCP in the UAE and the region, Dubai Clear has guaranteed trade settlements and reduced counterparty risk to Clearing Members for securities and derivatives worth AED 18.60 billion through its enhanced risk management and secured settlement framework in line with international best practices.

Commenting on the achievement, Maryam Fekri, CEO of the Dubai Central Clearing & Depository Holding and Senior Advisor to Dubai Clear, said: "Receiving this membership from the CCP12 is an important milestone in our strategic direction to be recognized in this esteemed global association. We look forward to working closely with our peers in the association to share our experiences, gain insights to best practices adopted to grow our CCP services across the region and reinforce safety and confidence in clearing and settlement for our marketplace."

Adding to this, Fatma Bin Qedad, General Manager of Dubai Clear, said: "We are pleased to see Dubai Clear partnering with global associations like CCP12, which comprises international CCP's spread across various market jurisdiction. Dubai Clear will gain immensely with this partnership through participations in various discussions of mutual interest in area of Clearing and Settlement to minimize global systemic risk and to enhance the efficiency of post-trade services in the region."

"We are delighted to welcome Dubai Clear as a Primary Member of CCP12 and look forward to a great cooperation. CCP12 had a very successful start into 2021 and we are excited about tackling the ambitious work plan as laid out to the membership to achieve the main goal of the association: to contribute to safer, more robust and resilient financial markets." said Mr. Kevin McClear, Chairman of CCP12.

Dubai Clear has transformed the landscape of equity clearing in the UAE due to its state of the art technology developed by Nasdaq, offering real time risk management and automated trade settlement process. The Company has expanded its clearing and settlement services from Cash Market to Derivatives Market offering its members a complete equity product suite in a secured and regulated market infrastructure framework.

NASDAQ FIRST QUARTER

21% INCREASE IN REVENUE COMPARED TO PRIOR YEAR

Nasdaq reported financial results for the first quarter of 2021.

First quarter 2021 net revenues were $851 million, an increase of $150 million, or 21%, from $701 million in the prior year period. Net revenues reflected a $118 million, or 17%, positive impact from organic growth, an $18 million increase from the impact of favorable changes in FX rates and a $14 million increase from the inclusion of revenues from acquisitions.

"I am pleased with how our team delivered for clients against an incredibly dynamic capital markets backdrop, reflecting record trading and listing results as well as strong growth across our solutions segments," said Adena Friedman, President and CEO, Nasdaq. "We continue to execute against key secular growth opportunities, as illustrated by strong momentum in our institutional investor analytics solutions, as well as by the broad-based growth in total company ARR compared to the prior year period. We are also making fundamental progress in Nasdaq's strategic repositioning this year, with the close of the Verafin acquisition, and the consequent expansion of our addressable market and long-term performance potential."

GAAP operating expenses were $486 million in the first quarter of 2021, an increase of $60 million from $426 million in the first quarter of 2020. The increase of $60 million primarily relates to an $18 million increase from acquisitions and a $15 million increase from changes in FX rates.

In addition, the increase reflects higher compensation and benefits expense, higher merger and strategic initiatives expense, and higher depreciation and amortization expense, partially offset by lower general, administrative and other expense. The lower general, administrative and other expense primarily reflects bond refinancing costs that were incurred in the first quarter of 2020, higher charitable donations made to COVID-19 response and relief efforts in the first quarter of 2020 and reduced corporate travel expenses. Non-GAAP operating expenses were $393 million in the first quarter of 2021, an increase of $57 million, or 17%, compared to the first quarter of 2020. This increase reflects a $24 million, or 7%, organic increase over the prior year period, an $18 million increase from acquisitions and a $15 million increase from changes in FX rates. The organic increase was primarily driven by higher performance-linked compensation expenses.

"I am incredibly excited to become Nasdaq's CFO at such an interesting time, in particular to have the opportunity to support our evolution as a technology and analytics provider," said Ann Dennison, Executive Vice President and Chief Financial Officer, Nasdaq. "During the first quarter, we completed the Verafin acquisition, which we financed at attractive interest rates. In addition, we reached an agreement to divest our U.S. Fixed Income business and announced an increase to our existing share repurchase program authorization to, over time, neutralize the impact of the divestiture on our EPS."

On a GAAP basis, net income in the first quarter of 2021 was $298 million, an increase of 47% compared to $203 million in the first quarter of 2020. GAAP diluted EPS was $1.78, an increase of 46% compared $1.22 in the first quarter of 2020.

On a non-GAAP basis, net income in the first quarter of 2021 was $327 million, an increase of 30% compared to $251 million in the first quarter of 2020. Non-GAAP diluted EPS totaled $1.96, an increase of 31% from $1.50 in the first quarter of 2020.

As of March 31, 2021, the company had cash and cash equivalents of $774 million and total debt of $5,890 million, resulting in net debt of $5,116 million. This compares to total debt of $5,541 million and net debt of $2,796 million at December 31, 2020. The increase in net debt reflects closing the acquisition of Verafin. As of March 31, 2021, there was $248 million remaining under the board authorized share repurchase program (excluding the additional $1 billion authorized subject to the closing of the divestiture of our U.S. Fixed Income business and the resulting share issuance upon the consummation of that transaction).

UPDATING 2021 NON-GAAP EXPENSE AND TAX GUIDANCE5

The company is updating its 2021 non-GAAP operating expense guidance to a range of $1,570 to $1,620 million. Nasdaq expects its 2021 non-GAAP tax rate to be in the range of 25% to 27%.

BUSINESS HIGHLIGHTS

Market Services - Net revenues were a record $338 million in the first quarter of 2021, an increase of $57 million, or 20%, compared to the first quarter of 2020.

Equity Derivative Trading and Clearing - Net revenues increased $12 million, or 13%, in the first quarter of 2021 compared to the first quarter of 2020. The increase primarily reflects higher U.S. industry trading volumes, partially offset by a lower U.S. net capture rate.

Cash Equity Trading - Net revenues increased $35 million, or 36%, in the first quarter of 2021 compared to the first quarter of 2020. The increase primarily reflects higher U.S. industry trading volumes, net capture rates, and the impact from changes in FX rates, partially offset by lower U.S. market share.

Fixed Income and Commodities Trading and Clearing - Net revenues increased $2 million, or 12%, in the first quarter of 2021 compared to the first quarter of 2020, primarily due to the impact from changes in FX rates.

Trade Management Services - Revenues increased $8 million, or 11%, in the first quarter of 2021 compared to the first quarter of 2020, primarily due to increased demand for connectivity services.

Corporate Platforms - Revenues were $155 million in the first quarter of 2021, up $27 million, or 21%, compared to the first quarter of 2020.

Listing Services - Revenues increased $23 million, or 31%, in the first quarter of 2021 compared to the first quarter of 2020. The increase was primarily driven by higher U.S. listing revenues due to an increase in the overall number of listed companies and higher Nasdaq Private Market revenues.

IR & ESG Services - Revenues increased $4 million, or 8%, in the first quarter of 2021 compared to the first quarter of 2020, primarily due to an increase in both IR and ESG advisory services revenues.

Investment Intelligence - Revenues were $258 million in the first quarter of 2021, up $47 million, or 22%, compared to the first quarter of 2020.

Market Data - Revenues increased $11 million, or 11%, in the first quarter of 2021 compared to the first quarter of 2020. The increase reflects organic growth in proprietary data products from new sales, including continued expansion geographically and an increase in shared tape plan revenues.

Index - Revenues increased $29 million, or 40%, in the first quarter of 2021 compared to the first quarter of 2020. The increase was primarily driven by higher licensing revenues from higher average assets under management (AUM) in exchange traded products (ETPs) linked to Nasdaq indexes and higher licensing revenues from futures trading linked to the Nasdaq-100 Index.

Analytics - Revenues increased $7 million, or 17%, in the first quarter of 2021 compared to the first quarter of 2020, primarily due to growth in eVestment and Solovis clients.

Market Technology - Revenues were $100 million in the first quarter of 2021, up $19 million, or 23% compared to the first quarter of 2020.

Marketplace Infrastructure Technology - Revenues increased $2 million, or 4%, in the first quarter of 2021 compared to the first quarter of 2020, primary due to the impact from changes in FX rates.

Anti Financial Crime Technology - Revenues increased $17 million, or 59%, in the first quarter of 2021 compared to the first quarter of 2020. The increase is due to continued growth in surveillance solutions, the inclusion of revenues from our acquisition of Verafin and the impact from changes in FX rates.

PRIVATE BANCORP OF AMERICA, INC. REPORTS RECORD QUARTERLY FINANCIAL RESULTS

by: Jane Flanagan & Jared Marchant

Private Bancorp of America, Inc. (OTCQX:PBAM), ("Company") and CalPrivate Bank ("Bank") announced unaudited financial results for the first quarter ending March 31, 2021.

Rick Sowers, President and CEO of the Company and the Bank stated, "We are pleased with the progress the Team continues to make in growing the Company and increasing our operating leverage. Loan demand is beginning to show signs of returning as the overall economy begins to open up and we expect that this will translate into new opportunities for our Clients and the Bank. We remain focused on building strong Relationships with our Clients and bringing a Solutions based approach to Private and Business Banking."

Sowers continued, "Our SBA Team at Private Business Capital has positioned itself well in the markets we serve and this led to increased loan fundings and gain on sale income in the first quarter. Given the opportunities in the marketplace with reduced SBA fees, we anticipate a continued contribution to non- interest income in 2021. Additionally, the Bank was able to support our Clients and Communities with round 2 of the Paycheck Protection Program and originated loans totaling over $100 million in the quarter."

Net Interest Income - Net interest income for the first quarter totaled $12.8 million representing a decrease of $1.8 million, or 12.5% compared to the fourth quarter of 2020 and an increase of $1.3 million or 10.8% increase for the same period in 2020. The decrease in net interest income for the quarter is due to a $1.4 million decrease in loan income. The decrease is due to a $1.5 million decrease in SBA PPP loan income during the quarter resulting from less loan forgiveness/ payoffs and $607 thousand in higher borrowing costs. The increase in borrowing costs is due to a $619 thousand prepayment penalty associated with repaying $25 million in higher cost FHLB term advances. The increase compared to the first quarter of 2020 is due to increased average loan balances and lower funding costs partially offset by an increase in borrowing costs resulting from prepaying FHLB term advances.

Net Interest Margin - Net interest margin for the first quarter of 2021 was 3.89% (3.75% excluding PPP loans) compared with 4.74% (4.18% excluding PPP loans) for the fourth quarter of 2020 and 4.46% for the same period in 2020. The 85 bp decrease in the net interest margin for the quarter was due to less revenue from SBA PPP loans, lower loan yields and the costs associated with prepaying FHLB advances. The yield on earning assets for the first quarter of 2021 was 4.42% compared with 5.14% in the fourth quarter and 5.35% for the same period in 2020. The yield on loans for the quarter decreased to 5.50% (5.48% excluding PPP loans) compared to 6.15% (5.62% excluding PPP loans) in the fourth quarter and 5.99% in the first quarter of 2020. The cost of total funding sources was 0.57% for the quarter compared with 0.43% in the fourth quarter and 0.95% for the same period in 2020. The increase in funding costs for the quarter was negatively impacted by 20 bps from prepaying fixed rate FHLB advances.

Non-Interest Income - Non-interest income was $1.9 million for the first quarter of 2021, representing a $235 thousand or 14.4% increase compared to the fourth quarter of 2020 and a $725 thousand or 63.3% increase compared to the same period in 2020. The increase in non-interest income for the quarter is primarily due to $306 thousand in additional revenue from SBA loans sales recorded in the first quarter. The increase in non-interest income compared to a year ago is primarily due to $797 thousand in additional gains from the sale of SBA loans partially offset by a $170 thousand decrease in loan referral fees. SBA loan sales for the first quarter were $13.2 million with a 14.1% trade premium compared with $14.1 million with a 12.3% trade premium in the fourth quarter of 2020 and $11.2 million with a 9.8% trade premium in the first quarter of 2020.

Non-Interest Expense - Non-interest expense was $7.8 million for the first quarter of 2021 representing a $647 thousand or 7.7% decrease compared to the fourth quarter of 2020 and a $888 thousand or 10.3% decrease, compared to the same period in 2020. The decrease in expenses for the quarter was primarily due to decreases in salaries and benefits and professional fees partially offset by an increase in occupancy expense. The decrease compared to the first quarter of 2020 was due to decreases in salaries and benefits and professional services partially offset by an increase in data processing expense. The reduction in salaries and benefits, as compared to the first quarter of 2020, is due to an increase in deferred loan origination costs and less vacation expense.

Balance Sheet - At March 31, 2021, the Company reported total assets of $1.4 billion representing an increase of $30 million or 2.3% compared to the fourth quarter of 2020 and an increase of $173.8 million or 14.7% compared to March 31, 2020. The increase in assets for the quarter was due to increases in loans and investment securities offset by a decrease in cash and due from banks. Loans increased $83.1 million or 8.3% in the quarter due to a $71.4 million increase in SBA-PPP loans and a $11.7 million increase in non-SBA PPP loans. Total deposits were $1.2 billion representing an increase of $50.7 million, or 4.6%, compared to the fourth quarter of 2020 and an increase of $201.4 million, or 20.9%, compared to March 31, 2020.

Total non-interest-bearing deposits represented 50% of total deposits at March 31, 2021 compared with 48% at December 31, 2020 and 37% at March 31, 2020. Total FHLB advances decreased $25 million as the Company elected to prepay longer-term FHLB advances, at a cost of $619 thousand. The Company generated $104.0 million of new PPP loans in the quarter. As of March 31, 2021 $33.8 million of round 1 loans remained outstanding with 78% forgiven by the SBA or repaid by the borrower. A total of $1.4 million of fees and interest related to PPP loans were recorded in the quarter.

Asset Quality and Loan Deferrals - The Allowance for Loan Losses increased $299 thousand to $14.6 million in the quarter with a resulting coverage ratio of 1.33% of total loans outstanding, including PPP loans, compared to $14.3 million or 1.41% at the fourth quarter of 2020 and $9.6 million or 1.07% at the first quarter of 2020. The increase in the Allowance for Loan Losses was primarily due to loan growth and qualitative factors related to the general economic outlook in the markets we serve and the potential impact on the loan portfolio resulting from economic uncertainties related to COVID-19. The coverage ratio at March 31, 2021, excluding the impact of PPP loans, increased to 1.52% from 1.51% in the prior quarter.

"The record last twelve months EPS of $2.41 reflects CalPrivate Bank's success on PPP loan programs and the Team's dedication to working with clients on forgiveness of those loans, as well as the continued focus on providing outstanding solutions and service to all our clients. These results were attained during a period of general economic disruption and uncertainty, while continuing to make investments in people and technology", said Selwyn Isakow Chairman of the Board of the Company and the Bank.

Isakow added, "The dramatic decline in loan payment deferrals and experiencing no delinquent loans, is a tribute to the Bank's solid credit underwriting and loan portfolio management teams as well as to the relationship managers and our clients. The bank remains well-positioned for future growth within clearly defined risk management parameters."

About Private Bancorp of America, Inc.

Private Bancorp of America, Inc. (OTCQX: PBAM), is the holding company for CalPrivate Bank. CalPrivate Bank provides a Distinctly Different banking experience through unparalleled service and creative funding solutions to high net worth individuals, professionals, locally owned businesses and real estate entrepreneurs. Customers are serviced through offices in Coronado, San Diego, La Jolla, Newport Beach, El Segundo and Beverly Hills as well as efficient electronic banking offerings.

Private Bancorp OF AMERICA, INC.

COVID-19 & REAL ESTATE

By Samuel Lawson Johnston, Co-Founder, Kinrise

A WORLD UPSIDE DOWN

The past 18 months have forced many of us to re-evaluate our relationship with work and the concept of a traditional workplace. Covid-19 turned the world upside down and whilst we are looking forward to a world without restrictions, significant aspects of business and office life should change indefinitely. Whilst some may still be working from home, in the longer term, most of us will return to an office that will be markedly different from the one we knew pre-2020.

As socially responsible real estate investors, who specialise in creating inspiring, uplifting offices fit for the 21st century, the questions about the design and character of the post-Covid office are particularly pertinent for us. We established Kinrise in 2015 with a specific goal; to cast aside the typical workplace associations and offer places where the realm of the office extends far beyond work for work's sake. Our model challenges the typical tenant-landlord relationship, elevating it from the transactional to the personal and collaborative and we pride ourselves on the flexible nature of our offering. Although the average lease commitment at Kinrise currently stands at over 8-years, each building can facilitate a solo entrepreneur looking for a single desk for a day, up to a large established company taking a 25-year lease on a full floor of top specification space. Tenants are supported as they grow or shrink and can easily move within the portfolio even when their lease still has years to run.

We have been successfully pioneering this new workspace vision for a number of years and the pandemic has only emphasised our belief that the pre-Covid corporate-style office is obsolete, not just because of the current need for social distancing and more personal space, but also because the expectations for our workplace have been transformed, positively.

Businesses are now placing sharp focus on the types of spaces they offer their teams. The pandemic has accelerated the decline of the 'bad' office; spaces with little character and limited flexibility for businesses' changing circumstances and few, if any, foundations for endorsing creativity, inspiration and wellbeing. Commoditised office space will struggle to find demand from companies in the new world of work.

The pandemic has also shown us that whilst working from home is perfectly feasible, rising from 20% of the workforce to 70% over the past year, it is not wholly desirable. Physical connection remains key for collaboration, productivity, knowledge transfer, culture and relationship building - all of which grow exponentially when employees work within the right environment. The majority of firms are expected to offer a hybrid set up, with employees splitting time between the office (3 or 4 days) and home (1 or 2 days), and they need office space that caters for this hybrid model.

The office of the future will further its role in bringing people together to interact, collaborate and socialise. This should be at the very heart of the creation, curation and sustenance of a good corporate culture. It creates a strong distinction between the function of the office and the role of more remote or home settings, which will be more about focused and individual work.

As businesses re-evaluate their working arrangements in the coming months, we are expecting to see a net reduction in office space required of 10% and a flight to quality with a focus on low-rise, characterful, talent-attracting and brand-enhancing spaces, of which there is a very limited supply across UK cities.

At Kinrise, we look at the world through four lenses: human, social, environmental and financial. It is our aim to inspire and enable everyone who works in our buildings in Leeds, Manchester and Birmingham and more cities to come, making their working life as enjoyable, as collaborative and as productive as possible. In the midst of a pandemic, which has taken a significant toll on our businesses, our families and on our mental health, this aim is more vital than ever before.

We are dedicated to the renewal of UK cities and are very specific in our selection of buildings; we transact on less than 1% of the properties that we view, often waiting many years for the right building in the right city to become available.

There is every likelihood that post-pandemic many firms, keen to avoid having too many staff in one single building, will look to diversify their operations geographically. This "flight to localism" and reversal of centralisation could have a big impact on cities such as Leeds, Birmingham and Manchester, which already have the infrastructure, talent, reputation and the culture to enable global corporations to flourish.

The recent leasing deals we have agreed during lockdowns demonstrate companies' confidence in the right type of workspace and in the future of the UK's cities. 58% of all leases agreed over the past year have been with new tenants - we agreed the largest single leasing deal in the history of Kinrise, with premium fitness apparel brand Castore, securing a 13-year lease in one of our Albert Estates buildings in Manchester.

We have also agreed new, vastly expanded leases with existing tenants including Italian restaurant group Piccolino and global sports brand Puma. We take great pride in carefully curating our occupiers and the mix of companies large and small, for profit and non-profit is where you really get to the magic; this unlocks the potential for inspiration, collaboration and growth.

Although these are difficult times, we are full of hope. We have already embarked on a transformational approach to reinventing offices and it is hugely exciting to see businesses now seriously re-evaluating their approach to workspaces, with their team's potential and wellbeing at the forefront.

Instead of adjusting the existing footprint incrementally, we need to take a fresh look at how much space – and what kind of space - is required by individual occupiers. If we do that successfully, that will lead to substantial improvements in collaboration, productivity, culture and the office experience as a whole.