FAMILY OFFICE AWARDS

FAMILY OFFICE MAGAZINE

Winter 2022 ISSUE

ART & MUSEUM MAGAZINE INCLUDED

KATE LAURENCE

BLOCCELERATE VC

FAMILY OFFICES - WEALTH MANAGEMENT - PRIVATE EQUITY - PRIVATE CLIENT

Some articles have been nominated for the
“Family Office Awards” 2022/23

Family Office Awards
2022/23

The Family Office Awards 2020 is honouring the contributors and our partners from within the Family Office Space and the Art World. This issue of Family Office Magazine has included articles chosen by the readers as the best and most informative from the four issues of 2022. We would ask you to select the winner in the different categories.

Please visit our website and vote for the "Best Cover of the Year" www.familyofficeawards.com

The Family Office Awards honour excellence and contributions in a number of categories within the Family Office and Wealth space including:

The announcement for the finalist will take place in March 2023 for the following catagories

- Magazine Cover of the Year
- Writer of the Year
- Contributor of the Year
- Non-For-Profit
- Family Office of the year
- Private Bank of the year
- Wealth Management Firm of the year
- Service Provider of the year
- Best Conference Provider
- Person of the Year 2020 (Art Sector) -Winner will appear on the Winter cover Issue 2023

We have many contributors, some have been nominated from organisations such as Citi Private Bank's Art Advisory & Finance group. IFAR, LIVERPOOL BIENNIAL, Barbara Guggenheim, National Gallery of Ireland, Global Fine Art Awards, Hermann Historica Auctions, Larrys List, Leopold Museum Vienna, Art Business Conference, Deloitte Art Finance Conference, Independents Biennial, Falmouth University, Art Secure, One Art Nation, Masterpiece London, Artiq, Crawford Gallery Cork, SGS, Rolls Royce Art Programme, AXA ART, Fine Art Group, CollectorIQ and more.

The Family Office Awards 2020, Art & Museum nominations include our partner's events, many of which are the worlds leading Art Fairs and Conferences such as Art Market Unconference, Asia Contemporary Art Show, Deloitte Art Finance Conference, Russian Art Fair, Vancouver Art Fair, Deloitte Art, The Business Art Conference the British Art Fair, Volta, Asia Art Fair, Vancouver Art Fair, Winter Art & Antique Fair Olympia and more.

If you want to make a nomination in any one of the categories listed above, please visit our website, www.familyofficemag.com or please email us with feedback: info@familyofficemag.com

ROLLS-ROYCE Phantom Orchid

The 'one of one' Rolls-Royce Phantom Orchid has been designed for Singapore.

ROLLS PHANTOM ORCHID ROYCE

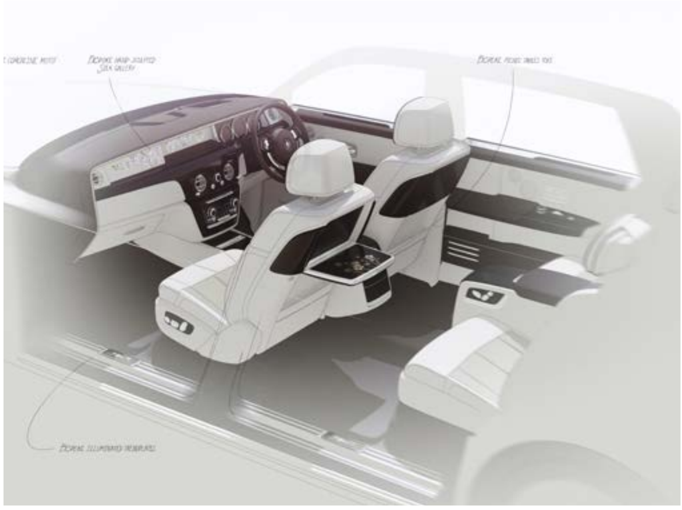
by Ty Murphy

PHANTOM ORCHID IS AN INSPIRATIONAL SYMBOL FOR OUR TIMES

The 'one of one' Rolls-Royce Phantom Orchid has been designed for Singapore. The orchid was selected as an inspirational theme for resilience, beauty and strength. Orchids have long been a focal point for art through the ages, but this is the first time they have been chosen for a Rolls-Royce commission. The orchid is the most coveted of ornamental plants: elegant, exotic, graceful yet hardy.

The combined talent of the Bespoke Collective at the Home of Rolls-Royce saw designers, craftspeople and artisans collaborate over a period of two years to create a masterpiece of this stature.

"Phantom Extended, our pinnacle motor car, was chosen to be the 'blank canvas' for this commission," said Michael Bryden, Lead Designer, Rolls-Royce Bespoke. "Our concept envisaged a balanced yet progressive design, which echoes the values of the Singapore region. The orchid is seen in many facets of Asian life, a reminder that the resilient adapt and thrive regardless of the evolving environment. Phantom is the only motor car in the world to feature the Gallery, a space that enables one to exhibit art, sculptures, or objects of self-expression in the sanctuary of Phantom's interior. For Phantom Orchid, we collaborated with award-winning artist Helen Amy Murray to create a unique, hand-sculpted silk artwork. The delicate materials and techniques that were deployed in the creation of this piece are protected behind an application of pure glass, that runs uninterrupted across the fascia of Phantom. Finished in an elegant blend of Grace White, Havana and Smoke Grey with Dark Olive stitching, the interior evokes the calm and serene nature which is inherent to the character of Phantom." Within the interior, Rolls-Royce Bespoke Designer Yohan Benchetrit applied his talent to the Bespoke orchid-inspired Picnic Table Inlays in the rear of the suite



which, when opened, gracefully reveal a beautiful layer of orchids set into Piano Black veneer. He added Bespoke treadplates emanating a similar theme sans text to welcome the owner and passengers into the motor car. The interior suite meanwhile was furnished with elegant, natural colours which provide a soothing ambience akin to an Orchid Sanctuary. To complete this special 'one of one' Phantom, a unique paint was specially created using the latest paint technology. Arctic White was chosen as the base colour, while a tint of violet was added, inspired by orchids. Combined with fine glass particles through a special process, the result is a stunning pearlescent appearance. Under bright light, the paint technology creates a shimmering effect like no other, changing as an observer views the motor car from different angles. An eye-catching single coachline on either side of Phantom incorporates a Bespoke motif, inspired by an orchid, completing the theme.

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.

THE FTX SAGA EXPLAINED

Recent events surrounding the FTX blow-up have raised many questions among family office investors. Is Web3 here to stay, or is it a fad that is going to go away?

While only a handful of family offices fully understand the Web3 space, according to the BNY Mellon study from February 2022, 77% were exploring blockchain investments - and one in five already had crypto holdings. Among those actively investing, four in ten (41%) deemed it important to their overall investment strategy, and over two-thirds (72%) in this group planned to increase their holdings.

Has this sentiment changed post-the FTX crisis?
It is clear that the pendulum of the public opinion on blockchain technologies and the broader crypto space has swung from complete skepticism to a more nuanced debate, and now back to skepticism over the last few years. The pace of change in the space combined with a lack of understanding of what Web3 really is adds to the skepticism and confusion.

As venture capitalists, Sam and I have been investing in Web3 since 2013. Sam was born and raised in Turkey. I was born and raised in Russia. Having lived through the collapse of our respective governments and national currencies, we immigrated to the United States in our late teens. We saw the US as a place with more transparency, accountability, and auditability. When we were first introduced to blockchain in 2013 and 2015, respectively, we saw it as a technology breakthrough solution to the trust problem we experience in our jurisdictions. Since then, collectively, we invested in more than 50 Web3 companies, many of which became unicorns.

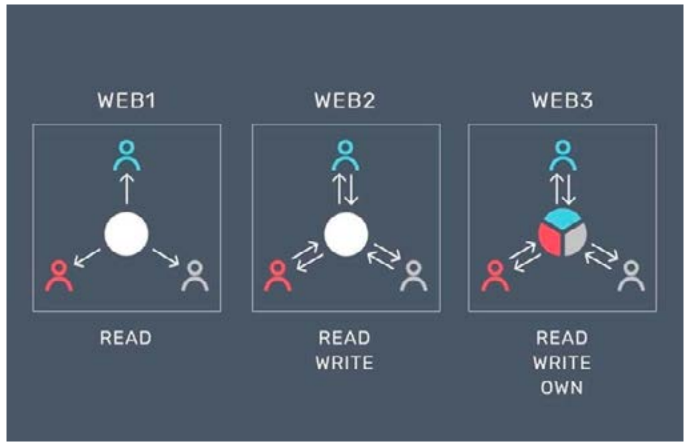
So, we are here to try to clear the air and provide answers. To help bring a more balanced perspective, we asked a few prominent family offices to chime in and share their perspectives as well - some of which chose to remain anonymous for obvious reasons.

Kate Mitselmakher, CEO & General Partner, Bloccelerate and Sam Yilmaz, COO & General Partner, Bloccelerate

But first, what is Web3?
In simple terms, Web3 is often referred to as the future of the Internet. It is superseding Web1 (1991-2004), which was known as a "read only" static web, and Web2 (2004-present) - a "read and write" web. While the former mostly offered users the ability to read static pages, the latter enabled users to interact with a webpage and each other, giving rise to social media platforms like YouTube, Facebook, and Twitter. Web3 is a "read, write, and own" web. It allows users to wholly own and control digital assets. It also allows users to interact and transact in a self-sovereign way - disintermediating a trusted intermediary, or third party.

Fundamentally, while previous iterations of the web brought information "over the wire," Web3 is bringing trust "over the wire." Why is solving the trust problem important, one might ask?

Trusted institutions - governments, financial, media, or tech corporations - have grown to control the lion's share of influence and value capture in the modern world. Yet, we are living in the bear market of trust - in the US and globally. Public confidence in both public and private institutions is at an all-time low. On average, only 4 out of 10 people trust their national government. So, we have to turn to technology - namely blockchain technology underpinning the Web3 Internet - to help us solve this fundamental problem. The future Web 3 promises is one in which your assets will be completely under your control, and the systems that govern or transact those assets will be based on auditable and self-executing rules.



Once we solve the trustless exchange of value "over the wire" problem, this unlocks a variety of imaginable, and yet to be imaginable, use cases. Current use cases range from the "creator economy" platforms giving control back to the creator, in music, film, or art, to decentralized finance platforms for any financial function - from collateralized lending and borrowing to real estate financing. As of 2021, these decentralized finance systems held close to $200B worth of assets - collectively representing the 13th largest bank in the world. Some of these use cases come in the form of cryptocurrencies, others come as traditional equity-based companies.

How does the FTX collapse impact the blockchain & crypto space?

The collapse of the world's second largest cryptocurrency exchange, FTX, has raised a lot of questions about the future of blockchain and crypto. Many have voiced concerns about the viability of the entirety of the industry as a result. Some are calling it a con. The reality, however, is more nuanced. It was not the underlying code or blockchain architecture that failed FTX customers and investors. Rather, it was the people behind a centralized entity - Sam Bankman Fried (SBF) and his entourage - who used customer funds to capitalize their hedge fund, Alameda Research, without their customers' knowledge or consent. This was done without the use of blockchain technology.

This is nothing new. We have seen how people take advantage of control and power before - the 2008 financial crisis, the 2014 collapse of Mt Gox crypto exchange, among other examples. But, as Congressman, Brad Sherman, recently put it in the FTX house committee hearing, is this just one bad snake in a Garden of Eden, or is crypto just one big 'garden of snakes'?

Snakes are not uncommon in crypto – the space attracts a fair share of fraudsters and speculators. However, concluding that crypto is just a garden of snakes would be akin to concluding that the internet is just for pornography and illicit activity. Yes, there are bad actors in crypto. And yes, there will be more fallouts. And yes, in the short term, everyone will be guilty by association. But this too shall pass. Fundamentally, what many people are missing is that crypto - and the blockchain technology underpinning it - is a tool. It is a tool that, among other things, empowers individuals to self-custody their money, assets, and data in a completely self-sovereign way.

Self-sovereignty means that we don't have to trust people, but can trust the code insead. Bad people will find a way to exploit the tool for their own benefit. Good people will use the tool to build the future self-sovereign internet - free from value extracting intermediaries, like FTX and others.

So, is blockchain and crypto here to stay, or is it all just smoke and mirrors, as a lot of critics have recently asserted? Here is what some of the family offices in our network have shared.

Interview with Yu Jiang Tham, San Francisco-based Single Family Office (SFO)

1. How did you first get introduced to blockchain and crypto investing?

I was in San Francisco in 2016, when blockchain and crypto started to gain attention. I bought my first Bitcoin on Coinbase, after my friend told me to get into the space. A few years later, when I was in Korea (Jeju island), I clearly remember how I randomly checked the price of BTC. It was $1200 or so. That's when I decided to sell all of it. I thought I was a genius.

It wasn't until 2019/2020 that I started looking into Web3 from the technology and developer standpoint. I was working at Snapchat (NYSE: SNAP) at the time on the hardware side, building out spectacles, writing the software for the hardware.

DeFi (Decentralized Finance) got me really interested in the development side, because I was always interested in money, investing, and finance. The fact that you can have these trusted entities that you could interact with in a trustless way was very powerful. I thought that in the future it could replicate a lot of financial systems that we have today.

2. How would you describe what Web3 is? Why should family offices care?

In my mind, Web1 is the "read" web, Web2 is the "read and write" web, and Web3 "read, write, and own web." Chris Dixon put it pretty well. What Web3 introduces is the concept of real digital ownership, and having the platform of ownership of digital assets is one of the most powerful concepts of the century. The dawn of modern civilization is when people could finally own land. Because with land ownership came the innovations. You are not going to build on the land you don't own. You are not going to develop the land you don't own. Now you unlock its value and can use it as a financial instrument (e.g., take loans against it). This is an example of how new ways of interacting with the assets emerged after the concept of ownership was created. Web3 is unlocking the concept of ownership for digital assets that previously could not be owned.

3. Can you comment on the recent FTX blow up? How does it affect the Web3 space?

FTX was a centralized exchange. It did not deal with customer funds transparently. The fact that it was associated with crypto will be a black scar for years to come. One small silver lining is that we will come out of it with more requirements for the proof of reserves, more people will demand transparency, they will start exploring using non-custodial wallets - they will self-custody their crypto.

One thing that is really interesting is that DeFi requires you to put crypto on non-custodial wallets. One potential offshoot of people moving money off the exchanges is, the rest of the ecosystem will get the boost. That will drive more adoption in DeFi and other Web3 primitives. For example, there was a big spike in GMX after the FTX collapse.

4. How should family offices approach crypto portfolio construction? Did recent events affect the way you are thinking about deploying capital over the next few years?

It depends on the family office, but having some allocation to the portfolio might make sense, depending on the risk tolerance. Digital assets, investing in funds native to the space, maybe the fund of funds is the right approach.

5. How can family offices access opportunities?

Family Offices can reach out to people like Kate and Sam from Bloccelerate VC, who have been in the space for a long time and can bring the right deals.

Vishal Muni, CIO. Wealth Planning Advisory Group, Bedmonston, NJ (MFO)

1. How did you first get introduced to blockchain and crypto investing?

I first became aware of it through news and media. Some of our C-suite clientele in technology companies also made us more knowledgeable about it.

Price action of Bitcoin brought a lot of attention and demand for crypto as an asset class. As a result, we first started looking into this space in 2011.

2. How would you describe what Web3 is? Why should family offices care?

In my opinion, privacy is a fundamental human right. Web3 has a potential to solve the problem of self-sovereignty, thereby facilitating us in owning our own digital identity and intellectual property. Much like the printing press that disrupted handwritten scripts, the steam engine that rolled us into the industrial age and the microchip disrupted how we compute & interact; this digital evolution will facilitate privacy & commerce in ways yet to be imagined. Family offices can choose to care or not to care. Based on our experiences with many of them, privacy is priceless to most wealthy families. A time would come when it is not an option, but a necessity.

From an investment perspective family offices come in various shapes and sizes. The whole concept of a family office is to create a Wealth Enterprise custom tailored to meet their needs, preferences and objectives. Therefore, some may choose to participate by investing in it, and some may not. For example, many family offices on the West Coast might be allocating to it given their familiarity bias than elsewhere. What remains common across Family offices, is a fiduciary duty to enhance their returns while taking reasonable risks with a sustainable process oriented approach.

Where family offices can see outsized return is in embracing risks and privileges available to them due to the size of their wealth, access to opportunities and differentiated goals compared to an average investor.

For example, they can aim to unlock illiquidity premium by investing in private enterprises with an aim to capture 5% more than S&P over an economic cycle. To find such risk-adjusted returns, family offices should consider all types of assets and managers, including digital assets.

3. Can you comment on the recent FTX blow-up? How does it affect the Web3 space?

It is playing out as expected. Everything that is new goes through an iterative process of failing multiple times, before succeeding. We are not surprised by it. It will happen again at a different point in their evolutionary cycle. The reason we are not surprised by the timing of it is the level of optimism we saw in the last few years regarding this space. That was an "irrational exuberance", words famously used by Alan Greenspan in a similar context 25 years ago.

Fear and greed are a part of each cycle. When most investors become fearful, it exposes flaws in the system. But this too shall pass, as we find a new way to survive and thrive. The key thing to note is that many of us are convinced that we want a future that empowers us with better privacy, ownership of your intellectual property, and more. Web3 has a future and a potential to unlock the same, and maybe more than we ever dreamt of.

4. How should family offices approach crypto portfolio construction? Did recent events affect the way you are thinking about deploying capital over the next few years?

Family offices should strongly consider allocating to crypto, blockchain, and technologies enabling them. In our opinion 5%-10% of their overall portfolio exposure should be to this space; more so to technologies enabling them, than applications such as crypto-currencies. However, when it comes to exposures to crypto-currencies, I strongly recommend finding ways to hedge in accordance to your risk-return profile. A few ways to do this is through dollar cost averaging with rebalancing, Futures contracts (preferably proactively managed by a manager), investing in volatility (volatility harvesting strategies), and many others to diversify across asset classes/ strategies and ecosystems.

5. How can family offices access opportunities?

Two ways that I recommend are:
1) investing in cryptocurrencies through fund managers
2) investing in the technology behind crypto (blockchain) and the infrastructure needed to support it through best in class managers. Having knowledgeable, research-driven fund managers is extremely important in this domain.

Rabia Iqbal, Managing Partner, Nural Capital (Digital Assets Focused Fund of Funds)

1. How did you first get introduced to blockchain and crypto investing?

Initially, I just had a general curiosity in technology and fintech. Blockchain's ability to unlock value and create new business models got my attention. So I started to educate myself on the space by making some small investments. My interest just grew from there, and I ended up starting Nural a few years later in 2021.

2. How would you describe what Web3 is? Why should family offices care?

Web3 is utilizing blockchain technology to enhance existing user experiences and in some cases create totally new user experiences. Web3 enables ownership to be returned to users versus corporations in the Web2 world.
Family offices should care because we should all care about the rightful ownership of IP, content creation, and our digital footprints. There is also a huge amount of upside remaining for investors willing and able to take the risk. The blockchain industry is still very young, and a vast number of opportunities remain untapped.

3. Can you comment on the recent FTX blow-up? How does it affect the Web3 space?

It is a wake-up call for a lot of people, investors/VCs, and regulators. It is a classic example of a handful of bad actors in centralized seats of power. FTX was not a crypto company – it just happened to be a platform for users to trade tokens. FTX's collapse will have a huge impact on trust in the space and by regulators, but in the long run it may result in positive developments. Investors will focus more on decentralized technologies where there is no risk of centralized bad actors holding power like SBF did. Even through all events of 2022, DeFi has not shown cracks in its foundation.

4 How should family offices approach crypto portfolio construction? Did recent events affect the way you are thinking about deploying capital over the next few years?

Family offices and institutions entering the space should focus on diversification and achieving broad exposure to all areas of the industry. Diversification dampens the volatility present in the industry and provides the benefits of the power law. In such a nascent industry, several successful investments can return multiples on invested capital, so taking the power law approach makes a lot of sense. Crypto fits in family office portfolios but should be thought of as a long-term investment over the next 10-20 years. This is why Nural is structured to achieve exposure to both funds and direct investments.

5. How can family offices access opportunities?

Many high-quality funds have exclusive LP bases that can be difficult to access. However, there are a lot of high-quality small funds, and even emerging managers. Family offices can access many of these managers through introductions or at industry conferences. Funds of funds are also great access points for family offices, like Nural Capital, which is an LP in several exclusive funds, such as Polychain Capital.

Anonymous, Managing Director, $20B Family Office

1. How did you first get introduced to blockchain and crypto investing?
We had a lot of interest in space for a long time. For most of the time, we watched it from the sidelines, opportunistically invested in a16z, but also had an ancillary exposure via Tiger Global and other managers. We did not invest in crypto native managers yet because we weren't sure about the guard rails.

2. How would you describe what Web3 is? Why should family offices care?

I do think it is a leap forward in technology, as the Internet was in the 90s, in terms of how business will get done, how we transact in the market. As a professional investor, it is part of our obligation to monitor and understand the space. The government regulation would go a long way to serve as an inflection point for us to participate further.

3. Can you comment on the recent FTX blow up? How does it affect the Web3 space?

I think it is a significant black eye to the industry as a whole. It exposes the lack of diligence in the space by certain institutional investors. It will set the industry back a few years.

4. How should family offices approach crypto portfolio construction? Did recent events affect the way you are thinking about deploying capital over the next few years?

If you go back five years, we thought about Bitcoin as an inflation hedge, but it is now clear that it is highly correlated with the rest of the market. In the current iteration it is hard to answer this question. You can think of this as an Internet fund, but until the rules and governance are in place, it is hard to think of it as an apples to apples comparison.
5. How can family offices access opportunities?

It is important to access managers that can tell hype from reality and find the best deals that are here to stay. For example, I remember when Sony came out with its VHS, and everyone thought that Sony was going to win, but ultimately they failed. The early leader doesn't always win the race. But whoever wins this race will accumulate a lot of value. I am a believer in blockchain and stateless currency, and I think it has a big future.

Anonymous, Head of US-based Single Family Office, New York

1. How did you first get introduced to blockchain and crypto investing?

We first started investing with Digital Currency Group & Greyscale. Then we got introduced to the rest of the venture capital community in 2015. To date, we invested in 25 Web3 native fund managers.

2. How would you describe what Web3 is? Why should family offices care?

I follow Chris Dixon's definition, which described Web3 as "read, write, own" web. It is a way to put a wrapper on top of digital assets. The reason families should care is the same reason why families should care about the Internet. It will change everything we do. It is going to be the biggest source of alpha over the next 10-15 years. Even in the drawdown, this is the best performing asset class. Data proves that. Even the beta fund.

3. How should family offices approach crypto portfolio construction?

There are pros and cons to different strategies, but one piece of advice I would give is, don't do market neutral strategies, because you might as well do public equities.

We construct our portfolio in three buckets:

Bucket 1: Funds (both close and open)Smaller funds represent 70% of our explore, while larger funds represent 30%

Bucket 2: Direct investments (via co-invest opportunities)

Bucket 3: Large Cap (large cap token, or equity bets like Anchorage)

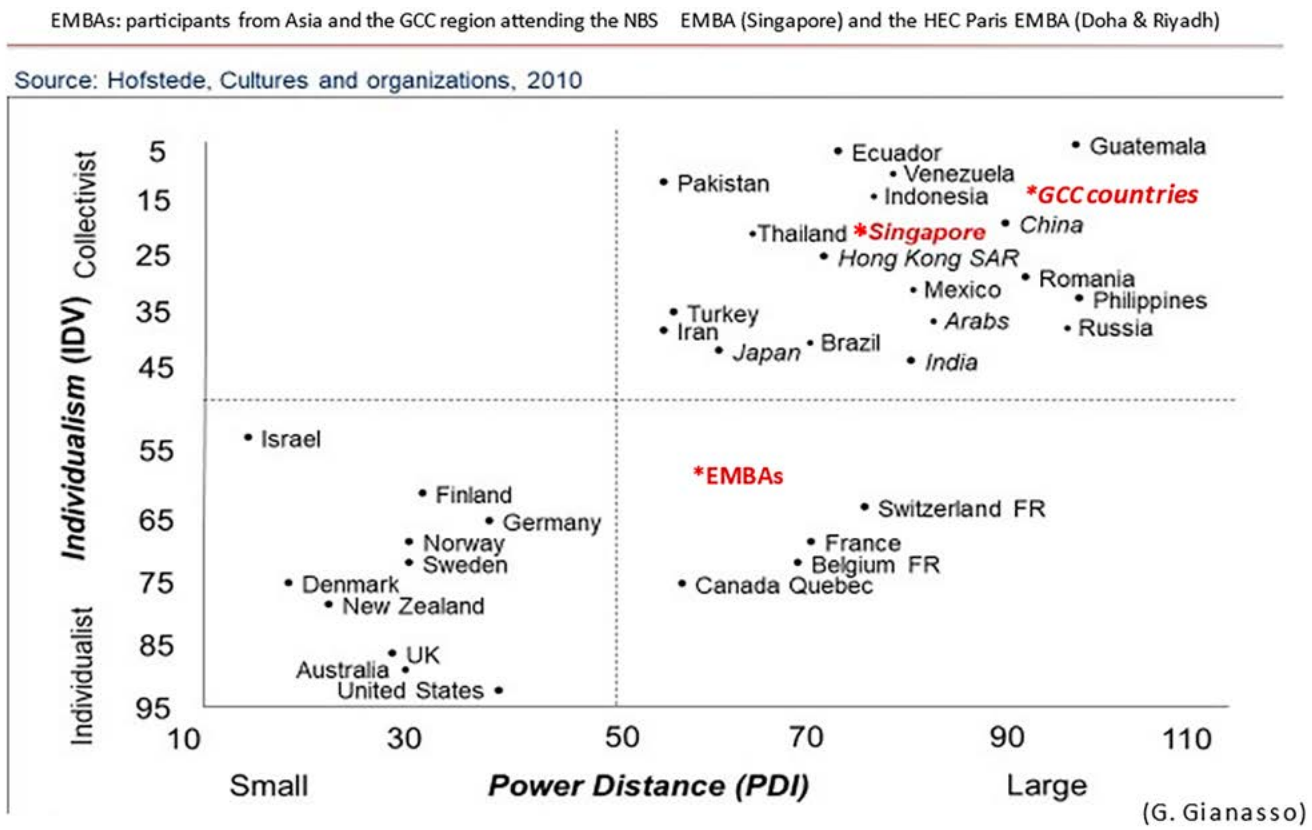
5. What is the best way to access Web3 investment opportunities?

You can invest in Fund of funds, as well as directly with fund managers.

Closing thoughts
In 1999, the extent to which the Internet would become an integral part of our lives wasn't obvious. In 2022, we don't know half of blockchain's use cases to come. We just invented a light bulb, and we are trying to envision a television set. Through trial and error, groundbreaking use cases will emerge. And when they do, staggering wealth will accrue at these companies, and for their shareholders. By choosing the right allocation and strategy, family offices are poised to capitalize on this disruptive and exponentially growing asset class. If you are interested in learning more about this asset class, feel free to reach out to us, email ir@bloccelerate.vc
www.bloccelerate.vc

CULTURAL MEGATRENDS AND FAMILY OFFICES IN ASIA AND THE GULF

By Guido Gianasso, professor of Leadership at HEC Paris in Qatar



In 1982 the prominent demographer John Naisbitt wrote the book "Megatrends". In this piece, he predicted various outcomes for the future of societies worldwide based on current events.

Re-reading his prophetic tome during the COVID period sparked my own curiosity regarding how cultural change in new generations will impact the future of wealth management and family offices. This decade, family offices are facing the largest generational wealth transfer of all time, with $68 trillion expected to transfer hands in the next 25 years.

A new generation will be controlling family investment decisions. Will this bring along major change? I decided to focus my analysis on Asia and the Gulf region as these two regions – especially Singapore and Dubai - are witnessing a spectacular increase in the number of ultra-high net worth individuals and family offices.

Being a professor of leadership, I had the opportunity to 'measure' the cultural traits of over six hundred Executive MBA participants over the past ten years. I focused on two groups. First, Asians (Singaporeans, PRC Chinese, and Indians) attending the Nanyang Business School (NBS) EMBA in Singapore. Second, Arabs from the Gulf Cooperation Council (GCC) region –UAE, Qatar, Saudi Arabia, Oman, Bahrain, and Kuwait – attending the HEC Paris EMBA in Qatar and Saudi Arabia. These two groups are similar from a demographic standpoint: alike in gender balance (30% women), average age (38), work seniority (12+) and socio-economic background (well-educated, English-speaking upper-middle and upper class).

According to Hofstede (Hofstede, G., 2010), Asians and Arabs from the Gulf region are relatively similar when it comes to two key cultural dimensions: Individualism and Power Distance. The Power Distance Index (PDI) measures the level of inequality within a society and how less powerful individuals accept the inequality. The Individualism Index (IDV) - as opposed to Collectivism - is the degree to which an individual derives their identity from self-reliance, low concern and distance from the group they belong to. As per Hofstede and other researchers, both of the target demographics are very collectivistic and high power-distance.

All EMBA participants were administered CultureCompass, a psychometric test designed to measure their National Cultural dimensions, including Individualism and Power-distance.

The results of my research lead me to conclude that there is one clear cultural and demographic trend which will dramatically change the wealth management industry in the next ten years: the rapid increase in Individualism and decrease in Power-distance among new generations. Individuals ages between 28 and 40 years old, in Asia and the Gulf region are much more individualistic and lower power-distance as compared to previous generations (Figure 1).

These results are consistent with one influential theory of cultural change, the modernization theory, which predicts the rise of individualism because of economic growth.

The increase of Individualism and decrease in Power Distance Indexes are particularly rapid for Arabs in the GCC region. Young GCC Arabs increasingly report that family and tribal networks no longer serve their interests and are too time consuming. Living further from extended families and working longer hours, they now seek to de¬vote more time to friends and immedi¬ate family. Communications and social media have also given them alternative sources of information and entertainment options. ¬In this rapidly evolving context, a sense of individualism grows¬ and families and tribes become less consequential.

At a time when wealthy Asian and Arab families are increasingly looking to set up family offices in Singapore and Dubai, managers need to be aware of their cultural sensitivities and of these cultural trends. Individualism and Power-distance will influence how family offices are run and managed, with three clear trends emerging.
First, a fundamental change in terms of values and relations within the family. The rise of Individualism is affecting the way people relate to power and to each other. ¬Young people in these two regions are showing a much wider range of attitudes toward loyalty and obligation than their elders, partly because of the growing importance of technology and partly because of¬ the rapidly changing economics. Self-expression, independence, and authenticity, together with singledom, job hopping, digital connection, focus on work-life balance and a nomadic workforce are a natural evolution.

Second, a different attitude towards risk. Research (Kanagaretnam, K.; Chee Y.L.; Lobo, G.J., 2013) shows that Collectivism and Power distance are negatively correlated with risk-taking. Banks in collectivistic and high-power distance societies report earnings more conservatively than banks in individualistic, low power distance societies. They also exhibit lower levels of risk taking as reflected in volatility of net interest margins. In addition to institutions, regulation and governance, individualism and power-distance will also affect risk-taking in family offices.

Third, a different attitude towards innovation and entrepreneurship. Research shows that over 70% of the next generation in Asia prefer to start their own business (King & Cheng, 2018). Like young Asians, young Arabs in the GCC are also increasingly positive about entrepreneurship, with 54% of them believing that members of Millennials and Z generations are significantly more likely to start their own business than the previous generations (Asda'a Burson-Marsteller Arab Youth Survey, 2016). A family office with a low PDI is a good place to nurture innovation and the entrepreneurial spirit. The PDI also influences a family office's investment strategy, with a higher propensity to invest in innovation and diversification – and to take risks. Family offices can provide the new generations with start-up funds to try out their ideas. If successful, the new businesses can become part of the business diversification strategy, which in the long term contributes to succession planning.

Summarizing, while wealthy families are increasingly looking to set up family offices in Singapore and the Gulf, managers need to be aware of their evolving cultural sensitivities and risk appetite. From a hands-on attitude to investing and a stronger appetite for risk, knowledge and deep understanding of evolving families' characteristics will be key to ensuring a successful business relationship.

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DASSAULT AVIATION

Dassault Aviation Certifies Dual HUD on Falcon 8X

The FAA and EASA have approved use of Dassault's advanced dual head-up display known as FalconEye, on the company's Falcon 8X very long range trijet, adding to the aircraft's industry-leading low visibility operations capability. The dual HUD configuration will ultimately permit an EFVS-to-land capability in near zero-zero conditions, pending new EASA regulations. "The bottom line is that this approval results in enhanced safety and more capability for Falcons equipped with Dassault's industry-first FalconEye technology," said Carlos Brana, Executive Vice President, Civil Aircraft at Dassault Aviation. Dassault Aviation has been an undisputed leader in the development of HUD technology. In 2016, Dassault introduced FalconEye, the first head-up display (HUD) system to combine synthetic, database-driven terrain mapping and actual thermal and low-light camera images. Today, single HUD-equipped aircraft with FalconEye can fly non-precision approaches to 100 feet.

A number of 8X operators have already scheduled installation of the new mod, which allows both pilots to share the same synthetic and enhanced vision view, enabling one to act as "pilot flying" while the other monitors flight conditions. Dual HUDs enhance situational awareness while simplifying training at the same level of experience and qualification for approaches. The dual HUD option will be certified on the Falcon 6X, due to enter service mid-2023, and on the ultra-long range Falcon 10X, planned for certification in late 2025. The dual HUD on the Falcon 10X will take the dual HUD configuration to an even more advanced level in which it can serve as the "primary means of pilot operation," freeing pilots to configure the instrument panel's primary flight display for other uses. Meanwhile, Dassault's current HUD and FalconEye equipped aircraft can now operate to 200 feet with a 30 percent runway visual range (RVR) credit without any flight department specific EASA approval required. EASA eased approval requirements after taking into account HUD and EFVS technology improvements through the past 20 years.

Lürssen

BUYING IN TO THE LÜRSSEN LIFESTYLE

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

It's a decisive statement from someone who certainly speaks from experience: Risley is the ex-owner of the 63-metre Polar Star and the 75-metre Northern Star, now called Bella Vita, both highly capable superyachts built by the family-owned German yard Lürssen.

What does owning a Lürssen entail, and what is it about the superyacht lifestyle that attracts such a wide variety of individuals? Ask a selection of owners what they love best about their yacht and they will invariably give you a range of answers, but a common theme is always the peace and privacy that a yacht affords. Privacy is a crucial factor in making a yacht feel like a home away from home – rather than a hotel – a place where you can relax and let your guard down with friends and family.

"A luxury hotel is a commercial establishment. A yacht is a home and a place to welcome and entertain family and friends. The two don't compare," says Risley.

By its very nature, a yacht affords isolation from the outside world, something increasingly rare in this digital age. *"I love the feeling of being removed from the stress of traffic and the urban pressures. The whole pace of life slows down on a boat,"* adds Risley.

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

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

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

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

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

"Owning a yacht, any yacht, is a very personal experience," says Risley. "Custom yachts more so, as that experience extends to the design, the construction and the use. A yacht becomes a part of the family because it brings a family together, and produces wonderful memories and happy times. I want to build my yachts with a family, and a yard owner whose handshake means something. I want to do business with people who take pride in what they do, who have a long attachment to the business, so it's not just a business, it's a passion and a source of great satisfaction."

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

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

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

For the owner of Lady Kathryn V, the bridge deck is also a preferred spot to relax in. "We love the bridge

deck salon and bar with its 180-degree floor to ceiling views. This is one of the best parts of owning a yacht: the ever-changing view and of course the relaxation and privacy."

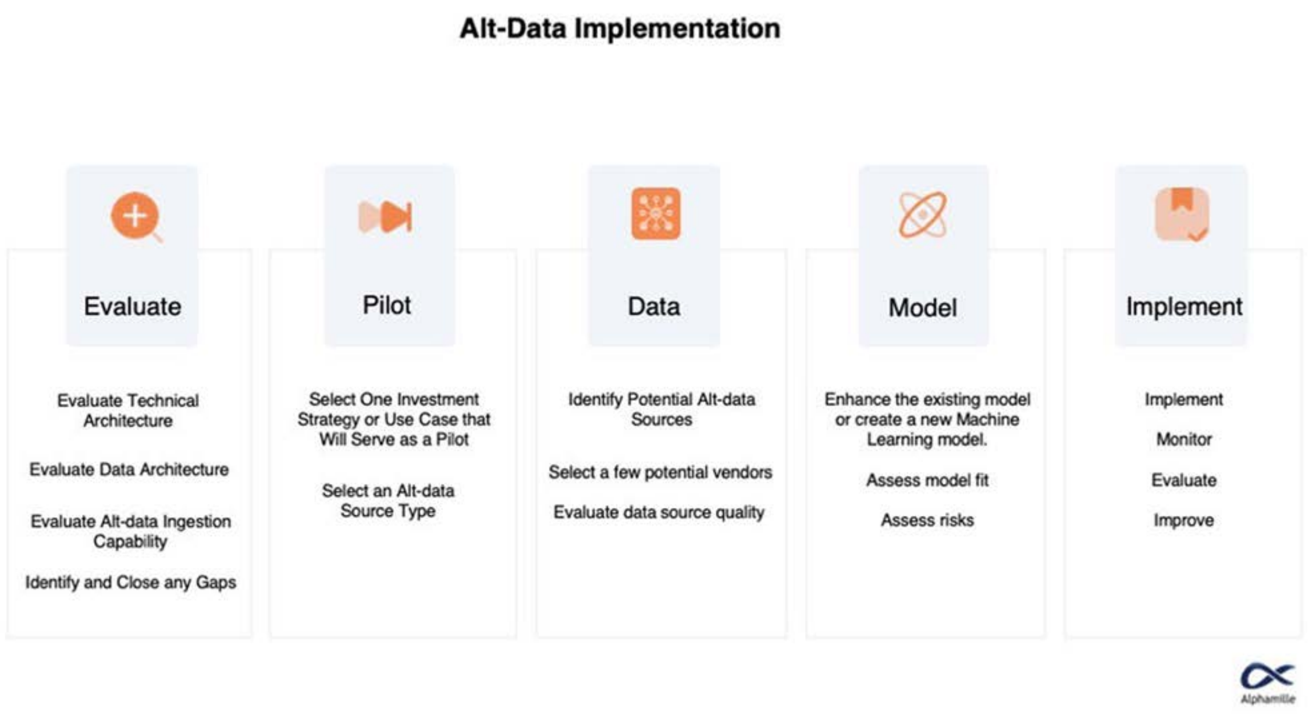
Owning a superyacht is undoubtedly luxurious, but that isn't just down to the first class service or the inherent privacy; there is also the luxury of choice in how to spend your time. Whether relaxing in the world's hotspots or travelling to the remotest points around the globe, spontaneity is your friend if you so choose, as is deciding to wake up in a new place every day. "Being on a yacht is adventurous and truly dazzles the senses," says Khan. Owning a superyacht truly is an infinitely rewarding experience for those who value time with friends and family away from the eyes of the world.

About Lürssen

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

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

5-STEP ALTERNATIVE DATA MODEL FOR ACCELERATED VALUE CREATION



By Julia Valentine, MBA

Much like private equity funds and hedge funds, many family offices make private direct investments or hold large public equity positions.

Decisions around entering, maintaining and exiting these investments can be enhanced with the use of alternative data—that which provides a valuable window into the market or consumer behaviour and supplements traditional financial information available through annual fiscal reports and exchanges.

Satellite data can track shipments and parking lots. Credit card data can illuminate who's spending what and where they're spending it. The most obvious way family offices and investment funds can gain an informational advantage is through incorporating alternative data into their investment process or even by developing a proprietary way to collect data to gain an informational advantage.

Desire to incorporate alt-data vs the complexity of implementation

While alpha generation is important, and many family offices are interested in incorporating at least some alt-data into their investment process, many are deterred by the complexity of implementation. There are currently over 400 alternative data providers on the market offering a wide variety of data. The quality of the information that can be bought differs greatly. Many family offices wonder if their current infrastructure is sufficient for the introduction of large data sets, machine learning models and data analytics required to produce meaningful insights.

The five-step alt-data implementation model

Family offices that haven't yet developed the expertise of incorporating alt-data into their investment process can adopt this five-step accelerated model. The key idea is to identify one investment strategy that can benefit from the introduction of the alt-data concept and use it as a pilot.

Step 1. Evaluate Current State

The first step is to evaluate the technical and data architecture. It needs the basic capability of connecting to an alt-data source, as well as some basic data analytics and reporting capabilities. Some family offices have introduced machine learning models into their data analytics. While the pilot will not require a mature and sophisticated infrastructure, some basic infrastructure is required and can be introduced quite easily.

Step 2. Identify the Pilot Investment Strategy

The second step is to identify an investment strategy or a use case that will benefit from the introduction of alt-data. Then, identify the type of alt-data—satellite data, credit card data, etc.—that can add the result that will ultimately generate alpha. For example, an impact portfolio might benefit from adding core ESG data for private companies, including board and management team composition (male vs female, etc.)

Step 3. Find the Alt-Data Source

With over 400 alt-data providers on the market, it is easy to narrow down the potential vendors or platforms that can be used. When a short list of these is created, it is essential to evaluate the data source quality and coverage. For example, some of the board and management team data for private companies cannot be bought, but it can be collected by multi-modal AI (the search of text, video, picture and audio records across any public information source). Female founders, faith-based private company founders and similar deal sourcing requirements can be easily fulfilled through the application of multi-modal AI.

Step 4. Enhance the Existing Model

The additional alt-data can be used to enhance the existing investment model, or a new machine learning model can be created. The thorough back testing and evaluation of the model fit is essential at this stage. If the process of machine learning is used, it needs to be sufficiently trained using large data sets. Predictions need to be evaluated, and risks also need to be assessed.

Step 5. Implement the New Investment Model

After the new investment model is adopted, it needs to be monitored and continuously improved.

The proprietary informational advantage is difficult to obtain. While the data universe has been growing, extracting wisdom and insight from the available data remains a difficult endeavour. It is, however, a way to generate alpha as data will continue to gain importance in the 21st Century. In the words of Data synthesis CEO Christian Robertson: "Monetizing data is the future."

Julia Valentine, MBA, a solution-focused FinTech Advisor to boards and management teams, is Managing Partner at AlphaMille—a full-service, worldwide strategy, technology advisory and consulting services firm that specializes in alternative data, multi-modal and conversational AI, software development and implementation, data analytics and management, model valuation and more. She may be reached at www.AlphaMille.com.

ROLLS ROYCE

LUXURY LUGGAGE COLLECTION

CARBON FIBER

light weight and durable

A wide-set handle and a high-sided design, optimising the storage capability of the luggage.

THE GARMENT CARRIER

A sleek and slim-lined addition

The Garment Carrier sits seamlessly atop the Long Weekenders and Grand Tourers,

THE VERY ELEGANT WRAITH LUGGAGE COLLECTION DEMONSTRATES THE ART OF TRUE LUXURY CONVEYANCE

TIMELESS DESIGN REALISED WITH STATE-OF-THE-ART TECHNOLOGY

As the world leader in the art of true luxury conveyance, Rolls-Royce Motor Cars has extended its expertise to design a suite of elegant luggage to complement Wraith, the most powerful Rolls-Royce ever created.

The collection, conceived by Rolls-Royce Bespoke Designer Michael Bryden and designed in the Rolls-Royce Bespoke Design Studio led by Director of Design Giles Taylor, comprises two Grand Tourer valises, three Long Weekender bags and one Garment Carrier, meticulously designed to be housed in the luggage compartment of a Rolls-Royce Wraith. Like every Rolls-Royce motor car, they can be commissioned to the customer's exacting specifications.

Counsel was sought from experts accustomed to handling discerning individuals' luggage. The design team conversed with Head Butlers from some of the world's most illustrious hotels, who offered insight into the interaction between guests and their belongings. Luggage is not only seen as an expression of style, but also as a wardrobe from home, increasingly important as entrepreneurs and captains of industry adopt a more transient lifestyle.

Particular attention to detail has therefore been paid to the area that most often comes into contact with the owner, ensuring the experience is an entirely effortless one. The handles have been designed to ensure an even weight distribution, meaning no undue pressure is placed on the hand. An invisible stitch, a skill honed in the world of Haute Couture and used on the steering wheel of Wraith, has been applied to ensure a perfectly smooth and tactile finish. Reflecting all Rolls-Royce motor cars, refined visual aesthetics shroud state-of-the-art engineering. Rapid prototyping was used in the development of the Long Weekender to test the ergonomics of the handle repeatedly, ensuring the piece is effortless to carry. Subtle references to the marque can be found in the form of the discrete fastenings, which magnetically dock, providing optimum designed resistance formed from a solid billet of machine polished aerospace-grade aluminium, inspired by the silhouette of Wraith.

Michael Bryden, Rolls-Royce Bespoke Designer, commented, "The Wraith Luggage Collection consists of six pieces, each carefully considered to reflect the unparalleled design aesthetics of Rolls-Royce motor cars. The latest technologies and materials are blended with traditional crafts and techniques, leading to an elegantly executed and thoroughly contemporary luggage collection, designed exclusively for Wraith, the ultimate gentleman's gran turismo."

The distinct style of Rolls-Royce Motor Cars accompanies the discerning traveller on any epic voyage. The Spirit of Ecstasy, the flying lady figurine that has graced the bonnet of each Rolls-Royce motor car since 1911, is elegantly embossed onto the exterior of each bag.

Self-righting wheel centres featuring the Rolls-Royce double-R emblem adorn the Grand Tourer, offering a fitting reflection of Wraith itself.

Managing Risks and Protecting Family Offices

by Bobby Stover, EY Americas Family Enterprise and Family Office Leader

Economic, social and geopolitical disruption have ushered in a new era of uncertainty across the globe. In this atmosphere, risk has become an elevated priority for single family offices (SFOs) and other businesses.

While external challenges have accelerated the adoption of risk management strategies among SFOs, our data show that most family offices still need to mature in how they plan for risks.

According to the EY Family Office study released earlier this year, only 49% of SFOs said they were confident they have a structured process in place for identifying risks, and 30% said decisions about risk management are not made at the highest levels of the organization.

To protect against growing technological, cyber, regulatory and reputational risks, SFOs must implement a risk framework and management system to recognize potential areas of concern. This includes identifying risks, maintaining an ongoing review process and implementing a comprehensive sourcing plan so SFOs can avoid or respond to risks.

Why risk frameworks are needed

The multitude and enhanced connectivity of devices found in the modern world allow individuals to interact and send messages instantaneously. But this growing complexity and widespread connectivity have made the communications ecosystem more vulnerable to hackers and other bad actors. In the EY study, nearly three-quarters of SFOs revealed they had experienced a cyber attack or data breach in recent years.

Cybersecurity isn't the only area that family offices must navigate in this changing environment. Other trends — such as rising pressure for SFOs to take a public stand on ESG issues, changes to tax law since 2017 and the government push to make SFOs more transparent in sharing their data — complicate the risks. It's easy to understand why many family offices are concerned by the potential risks coming from many directions.

While most SFOs understand the importance of addressing these new risks, family office executives are also tasked with striking the right balance between the risk tolerance and the risk appetite of their clients. SFOs often choose not to adopt a risk management framework to save funds, but this decision only reduces their ability to recognize the potential loss from an issue and make informed decisions. In the long run, this approach often leads to higher costs.

Additionally, without a risk framework, family members are often not provided with a suitable structure to understand risk. Once a management system is in place, SFOs will find it easier to discuss the tradeoffs of risk-mitigation strategies with families, allowing for greater transparency and cooperation in the planning process.

While formal risk management may seem costly, the absence of a risk framework can lead to surprises or unrealistic expectations for SFOs and the families themselves. To foster trust and confidence within the organization and with stakeholders, SFOs should leverage their risk framework so clients can understand the stakes and make informed decisions in this complex environment.

Evaluating risk

Building an effective risk framework begins by leveraging an SFO's existing governance system. SFOs that maintain formal governance structures allow executives to coordinate demands and prioritize strategic planning, providing a strong foundation for the creation of a comprehensive risk strategy.
Elevating a single individual to the position of Chief Risk Officer (CRO) to look across the whole organization can help streamline the decision-making process. A CRO can also be instrumental in determining areas on which to focus, incentivizing and rewarding the team for hitting goals, and measuring results.

With these governance systems in place, SFOs should seek to map out their current risks, including known and unknown risks, across each area of focus. As it's often difficult to predict when or how risks will arise, SFOs may have to take a range of preventive measures to reduce their vulnerabilities.

Once risks are identified, it's important to think about how to assess and respond to potential incidents. Understanding what can and can't be controlled, both before and after intrusive events, is essential when planning for emergencies. If an SFO finds it has limited resources to protect stakeholders in a specific area, executives should consider onboarding people, processes or technology that allow them to respond more effectively. If certain risks cannot be avoided, executives should plan to mitigate future losses by monitoring the threat, calculating the magnitude and likelihood of potential damage, and taking proactive steps, such as purchasing insurance.

What's most important is to identify places where the speed of response will matter. SFOs cannot always prevent an incident from occurring, but they can control how they react. Without a framework, SFOs may not be able to focus their limited resources on areas where they will have a maximum impact.

In the end, a commonly agreed ownership strategy remains essential to success. By implementing formal governance structures, SFOs can prioritize risk domains and allocate resources toward areas of strategic focus.

Maintaining the framework

The risk analysis process doesn't end once a framework is created. To maintain an effective structure to evaluate risk, SFOs should conduct ongoing reviews of their plan to ensure their methods remain up to date. Much like a cybersecurity pen test, where a computer system is safely hacked to check for vulnerabilities, executives must continually probe their framework to find weak points.

A comprehensive review of risk frameworks frequently reveals the need to incorporate new methods and technologies into the planning process. While US SFOs may intend to make up for these deficiencies by investing in in-house solutions, the reality is that SFOS will have to outsource many processes to acquire the skills and technologies they need. The level of outsourcing at an SFO depends on the size and resources of the organization; building and maintaining technological solutions can be prohibitively expensive.

To find the right balance between "building" and "buying" solutions, SFOs should evaluate, based on their size and capital, whether they can hire the right people and develop systems in-house. Cyber and physical security are two areas where third parties tend to have more expertise and resources than most family offices.

In our rapidly changing world, we are often unaware of all the risks we face. And it's only human nature to think that the disasters we see on the news won't happen to us. Still, SFOs that do not prioritize and maintain a risk framework can place their clients at significant peril. By creating a comprehensive framework that considers different types of risks and controls, SFOs can interpret, monitor and respond to risks effectively, ensuring safer operations and better protection of their clients.

The views reflected in this article are the views of the author(s) and do not necessarily reflect the views of Ernst & Young LLP or other members of the global EY organization.

EY Building a better working world

Event of the Year 2022

2022 CYBERSECURITY

Superyacht Cyber Attacks

ON THE HIGH SEAS

VOLY'S GAME-CHANGING SOFTWARE

Ultra-HD laser projectors; invisible, scannable audio speakers; high-speed, high-bandwidth internet connection; onboard Bluetooth 'beacons' which automatically set the music and lighting of a room to the exact individual tastes of the guest as soon he or she walks into it … these are some of the ultra-gadgets that today's and tomorrow's superyachts offer.

Such vessels are among the most high-tech on the seas. Advancements in their technology over the past few years have outpaced those in most business offices and homes. And yet, when it comes to cybersecurity and the safe and efficient handling of expenses – which, by the nature of this luxury pursuit, can mean four, five and even six-figure sums – many superyachts are being left in the wake of the latest trends.

Onboard many of these yachts it's not unusual for sensitive expense data to be inputted manually by a crew-member into an Excel file before being emailed to a family office or management company. This means that vast amounts of data – which could include everything from fuel costs, owner's food & beverages to entertainment bills – is insecure. Swilling around in the pirate-infested high seas of the internet can be, for many superyacht owners, expenses amounting to millions each year, not to mention other highly sensitive personal information that thieves and hackers would love to get their hands on. As the saying goes, there's plenty more 'phish' in the sea.

David Rider of CSO Alliance, an international organisation that works to protect the maritime community from criminals, suggests in his article Cyber Security at Sea: The Real Threats that although piracy and other such seafaring dramas might be a threat, the real onboard Achilles heel is the crew themselves, and the way they handle the accounts.

Until recently, accountancy solutions designed for yachts and other high net-worth assets have been thin on the ground. The captains and crew of yachts, though they provide owners and guests with a fabulous six-star service, aren't always from an accountancy background. Taking on the role of accountant can mean dealing with budgets more often associated with a multimillion pound business.

So user-friendliness is crucial. One company, Voly, has answered the superyacht tech-SOS with a multi-currency accounting solution it says is unique and completes the full circle of onboard and ashore accounting with a smartphone crew app, fully integrated high-limit prepaid Mastercard .and foreign exchange payment platform. Users, both onboard and ashore, are also offered the ability to manage expenses and expenditure in real time, as well as run a multitude of pre-defined reports at the click of a button.

Gone, it therefore seems, with the advent of this technology, are the days of captain and crew struggling to reconcile the accounts at the end of the month and, wading through receipts inputting data into an Excel file. Scan the receipt with your Voly app and you can get on with the more important task onboard – keeping your passengers happy. "Current users," says Liz Jackson Senior Sales & Marketing Manager, "report that the time saving is over 50% each month from using Voly on board, rising to 75% when users utilise the Voly Prepaid cards."

So much for accounting efficiency, but what about security? As with everywhere else, having reliable internet and WiFi access on a superyacht is a vital requirement. But these cyber-luxuries come with risks, which yacht owners and crew members have to face along with the rest of us, such as vulnerability to malwares, ransomwares, phishing and virus attacks that might sneak in via emails, usernames, passwords and the like. Data security is at the heart of Voly, says Ian Flanagan, Group CEO *"All Voly's system information is protected using 'salting', a modern and highly secure encryption method which makes it impossible for hackers to access data if they know a user's email address. And Voly's servers are only accessed using 'private key, public key exchange', a high-tech alternative to usernames and passwords which blocks access with compromised passwords."*

Google's 'Project Loon' – its ambitious dream to deliver internet access to the most remote places by means of high-altitude balloons – might mean that one day on the high-tech maritime horizon super-yachts could have their own balloons accompanying them to guarantee the high-speed internet connection that guests anywhere on terra-firma would absolutely demand.

Can Voly's game-changing software, with its industry-leading security and user-validation, give crew and yacht owners alike the peace of mind to know – while they enjoy their real and virtual views onboard – that their personal and financial data is as safe as the superyacht they're sailing on? Sounds like one luxury they certainly can afford.

www.voly.co.uk

FAMILY OFFICES IN THE GCC COUNTRIES

by David Gibson-Moore: President and CEO, Gulf Analytica, Dubai, UAE

Merchant families in the GCC countries have always held a very important place as key pillars of society. Indeed, in the early days of Saudi Arabia, during the long reign of King Abdulaziz Al Saud, the royal family depended significantly on these merchant families for financial and logistical support at different times. The most famous family names still resonate today: Ali Reza, Bin Ladin, Jamjoum, Juffali, Kaki, Bin Mahfouz, Olayan, Al Rajhi, Al Suleiman and many others.

The same situation prevails in other Gulf countries and the merchant families remain today key players in construction, finance, hospitality, logistics, retail and many other sectors. They have also joint ventured with many of the most significant international corporations to facilitate business in the region. Many family members are assigned to key government positions.

They are today however facing some significant challenges. Gulf family businesses are often set up in the form of sole proprietorships or partnerships which can make change challenging. Additionally, most families, particularly the first and second generations, prefer to continue investing in their businesses in ways that are tried and tested. This is where they have been most successful. There is also the on-going task of upholding cultural and family values in today's rapidly changing world.

The elderly patriarchs who founded the businesses, often at the dawn of the oil era, are now, however, passing from the scene and probably the most serious challenge is the imminent generational transfer of wealth. This is estimated to be over $1 trillion in the next decade with enormous implications for family succession and governance.

To navigate this situation successfully will put special emphasis on two factors: governance within the family office and successful management of the family's wealth.

Unlike many family offices in the rest of the world which recruit outside investment professionals, most GCC family offices are tightly controlled by the family itself. There are typically family members actively involved in all investment decisions. The manager actually running the office is often a family confidant who in some cases may have been in the job for the last 30 years.

Moreover, when outside professionally trained managers are recruited, they can often become frustrated by the slow pace of change within the family. This is a challenge for some of the complex issues facing families in the GCC.

Overall family office investors need to manage three objectives to maintain their wealth: achieve long-term capital growth, obtain predictable cash flows from interest and dividends as well as minimising the negative impact of taxes, fees and investment losses. Two factors often complicate this. Firstly, many of the direct corporate and real estate investments are legacy assets connecting other family members or close family friends and therefore in the family's eyes cannot be changed. Secondly, there is frequently a misapprehension in terms of the projected benefits of diversification. Often the stated objective is to achieve a target rate of return of at least 15% pa with zero risks!

The process of asset allocation is the first stop. The endowment model will usually be the starting point. These are long term, intergenerational strategies pioneered by the Harvard and Princeton endowments and generally mean/variance optimised.

In practice, it is difficult to obtain specific statistics on current, ongoing family office investment strategies in the GCC family offices. It appears however that portfolios are increasingly oriented towards higher risk/high return albeit less liquid asset classes. Asset allocations to private equity rose to 22% (and hedge fund exposure reduced to only 6% in 2017) according to a UBS survey. The next most popular asset class is direct real estate accounting for 17% in the average portfolio.

In the case of a number of families, there is the desire to select Sharia-compliant investments. As a result, the actual portfolio allocations will either be strictly in compliance with Sharia guidelines or else sometimes more loosely "Sharia-friendly".

These Sharia requirements will constrain the range of possible products in the portfolio. Neither hedge funds or conventional bonds or other interest related investment products relying on derivative structures will not be allowed although sukuks may substitute the latter.
To ensure proper decision making and intergenerational flexibility, the best functioning family offices have set up governance structures comprising of several components: a family council with its own constitution to make decisions, a board with outside directors, a succession plan endorsed by the founder as well as other key family members and fair and transparent recruitment process.

In the Gulf region, MFOs have often been set up initially as SFOs and then extended their services to other families. Good examples of this would be SEDCO set up in Jeddah by the Bin Mahfouz family and The Family Office in Bahrain set up by the Al Omran family.

In the UAE, both SFO and MFO structures can be set up at the Dubai International Financial Centre (DIFC) and the Dubai Multi-Commodities Centre DMCC. Abu Dhabi has similar possibilities at the Abu Dhabi Global Market (ADGM) as do each of the other jurisdictions in the Gulf.

Some family offices have been looking at the possibility of seeking a flotation on either a local or international market for some or all of their business.

This would allow access to broader funding and possible facilitating an exit for a partner and realising financial gains. However, many family business owners are reluctant to dilute family ownership with the potential loss of control and the greater transparency that would be required by publicly owned stock.

All in all, it is fair to say that many challenges face GCC family offices in today's fast-changing world. Given their importance to the local Gulf economy, it is essential that both outside advisers and families themselves carefully adapt and evolve to ensure continuing growth as well as the on-going interests of family members.

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.

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THE BMW PRIVATE OFFICE

YOUR PERSONAL CAR BUYING SERVICE.

Brand of the Year 2022

BMW

BMW Park Lane launch their Private Office Team, formed to redesigned your car buying experience in Mayfair, in the heart of London. The team of professional consultants based at their office on Park Lane can help you get into the perfect BMW that suits your needs and provides absolute convenience for you and your lifestyle.

Their Private Office can deliver luxury from start to finish. Begin with a purchase consultation at an offsite address suited to the client, to help shape your own BMW to your requirements and identify the right model. The team are then on hand to offer expert guidance and advice on which BMW may suit your needs best, and anything to take into account with your personal situation.

As a BMW Group owned entity, Park Lane provides access to unique stock that is exclusive and not available in the UK, giving you confidence your BMW is truly one of a kind.

When it comes to a test drive, you can have your chosen car delivered to your home, giving you absolute convenience? The team will also collect the car from your address, giving you the chance to spend your time experiencing the product and all it has to offer.

Their Private Office range consists of a number of new BMW models, including the first ever BMW X7, recently launched. Luxury without limits, the BMW X7 isn't shy. Charismatic design features make it stand out, from the new one-piece kidney grille to the expressive lines that flow elegantly to the eye-catching 3D L-shaped LED taillights. Add to this the brilliant 21" light alloy wheels, and curious eyes won't know where to look. They have a selection of unique models available, including the new BMW M8 Competition Coupé and Convertible, the latest models to be announced in the BMW range. These will also feature in the Private Office model range.

When you have selected and purchased your model of choice and the vehicle has been created and developed, expect home delivery to your door by one of their consultants, with your bespoke handover experience.

That isn't the end for your BMW journey, as the Private Office team provides ongoing account management and support for your BMW.

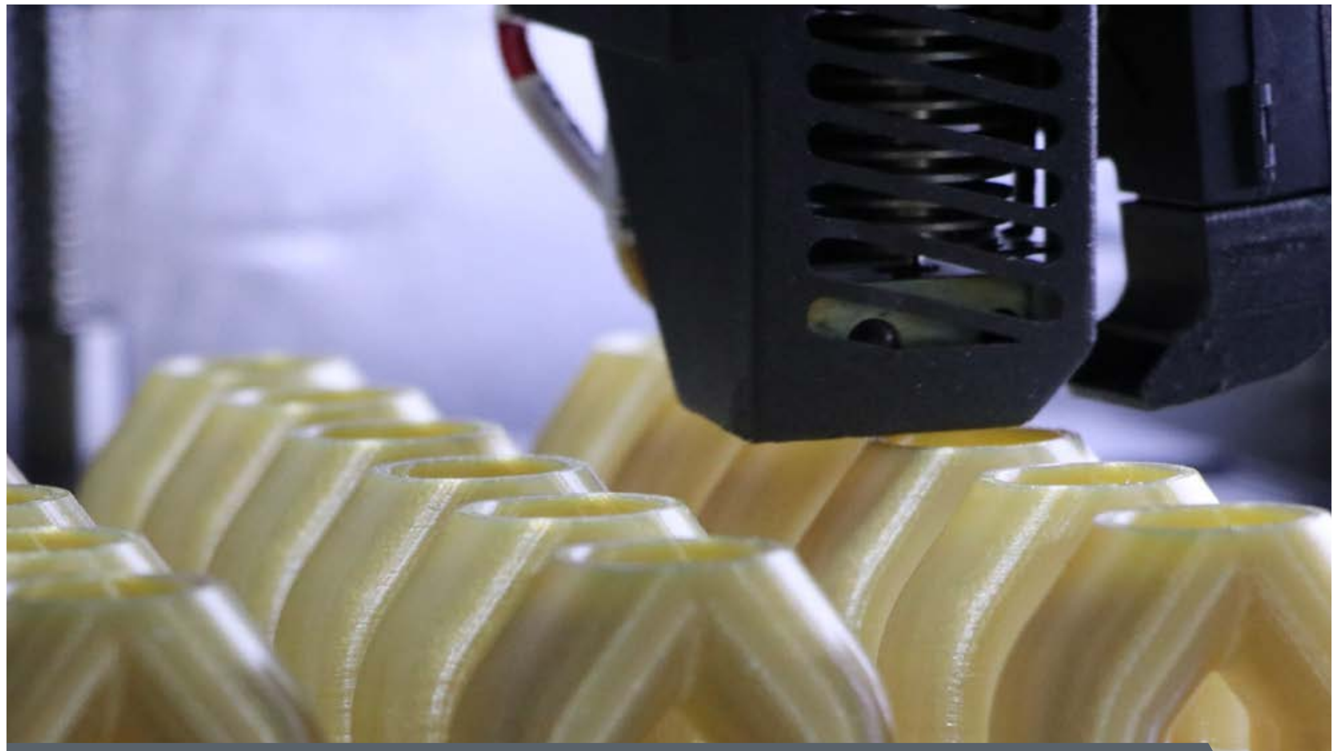
BMW Park Lane have designed the Private Office London to provide the ultimate convenience for customers, giving flexibility and control like no other car purchase offered on the market.

When you begin your next purchase journey, your could embark on it with their Private Office to organise an initial discussion.

www.bmwparklane.co.uk

PORSCHE

by Ty Murphy



INVESTS IN 3D PRINTING SPECIALIST INTAMSYS

Porsche Ventures has made a strategic investment in INTAMSYS, a world-leading 3D printer manufacturer that specialises in high-performance materials.

The investment – Porsche's first foray into additive manufacturing – aims to explore the application of the cutting-edge technology in the automotive industry, while being another measure to speed up the deployment of the company's digital strategy. Launched in 2016 and with its headquarters in China, INTAMSYS specialises in 3D printing from prototype manufacturing to volume production, and endeavours to accelerate breakthroughs in core technologies with continuous research and development input. So far, its products have been widely applied in the fields of aerospace, automotive, medical and scientific research, among many others.

Rapid deployment and development of 3D printing

Innovation and the research and development of intelligent solutions play a key role in enabling Porsche to achieve continued progress and success. With the gradual digital transformation of the automotive industry, 3D printing is seeing rapid deployment and development. Porsche believes additive manufacturing, as an integral part of future digital manufacturing technology, will play an important role in promoting the digitalisation of companies and, as a high-tech sector, is therefore deserving of long-term and continuous input. Not to mention the new possibilities that 3D printing opens up in the development and manufacture of small-series parts and components.

"Digital transformation has seeped into every aspect of production and daily life, and is listed as one of the core issues in Porsche's operation strategy," says Jens Puttfarcken, President and CEO of Porsche China. "Porsche plans to boost the actual application of additive manufacturing technology, and leverage the significant innovation potential of 3D printing in terms of both product and process to offer customers more flexible production and customisation services. We are honoured to support INTAMSYS as an important partner on Porsche's digital transformation journey, as they help fulfill our vision of the future."

The insights of INTAMSYS into craftsmanship and the company's persistent pursuit of digital manufacturing perfection makes it an ideal fit for the Stuttgart-based sports car manufacturer. While always meeting demanding industrial production standards, INTAMSYS has achieved a significant breakthrough in the small-scale production of automotive parts and components, which reflects the tenacity and technical strength of its team.

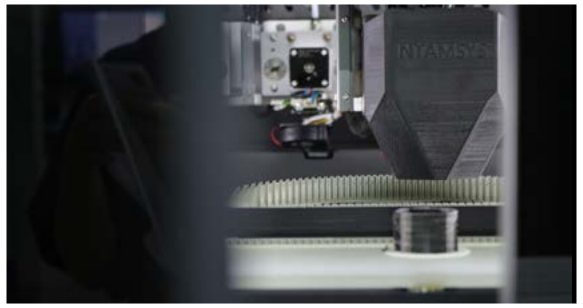
It is hoped that the strategic investment will help Porsche to digitalise and improve its product manufacturing process while the company plans to expand the application of additive manufacturing to fulfill its strategic objective as a digital mobility solution provider in the luxury car segment.

Close cooperation between Porsche and INTAMSYS

"We are excited to see that our product and vision are recognised and supported by Porsche," says Charles Han, CEO of INTAMSYS. "In the future, we at INTAMSYS will continue our close cooperation with Porsche to develop more innovative products, expand the application of additive manufacturing and empower the digital manufacturing transformation of the automotive industry, in a bid to benefit more customers with high-tech solutions."

As a subsidiary of Porsche, Porsche Ventures is committed to partnering with and investing in outstanding entrepreneurs and start-ups from all over the world, with offices in Europe, the US, Israel and China. Aware of the huge potential of the Chinese market, Porsche Ventures focuses on the dynamics of emerging industries in the region, such as automotive, innovative technology, the internet and artificial intelligence. It has successively invested in local start-ups like NIO Capital and iMaker to expand its portfolio in China. Porsche Ventures also allocates more than 150 million euros each year for investment in start-ups and venture capital firms, focusing on future-oriented technology, emerging trends and new business models, while providing industrial resources and experience to the companies in which it invests.

www.dubaided.gov.ae



SUCCESSFUL WEALTH TRANSITION & FAMILY UNITY

For over 50 years, The Williams Group has been helping UHNW families answer the question, "How do I pass on this wealth so every member of the family, and the business, thrives?" The Williams Group consultants are uniquely trained experts in building and managing trust and communication so wealth can successfully pass from one generation to the next with the family unity intact. The company has served over 800 ultra-high net worth families around the world.

Many families are tranquilized by their estate plans. They think that once their plan is in place, their work is done. As a result, they avoid having the important conversations needed to be confident their plans will be implemented as intended and their relationships remain intact. The Williams Group helps families get past this common hurdle.

Every family has unique dynamics requiring a highly customized and adaptable approach. The Williams Group work is done when a family successfully navigates challenging conversations on their own; when they can have honest and open conversations on a regular basis and have embodied the skills that demonstrate high levels of trust; when families can work well together and have clarity regarding their roles and expectations in the family legacy. The process includes the entire family, including children over the age of 16, spouses and grandparents.

President and Chief Executive Officer, Amy Castoro specializes in preparing UHNW families to successfully transition wealth while keeping members unified and in control of their assets. With more than two decades of experience guiding high-performing individuals and teams that build trust quickly, coordinate effectively, and build resilient relationships, Amy is well-positioned to help family members, UHNW advisors, business leaders, executive managers, and teams from Fortune 500 companies, startups, and nonprofits innovate, lead, and work better together.

She has worked with companies such as the Walt Disney Company, Adecco Corporation, and Grant Thornton Management Consulting. Amy is an author, keynote speaker, and senior family coach whose clients value a compassionate approach that fosters long-term relationships and yields results.

Amy Castoro
President of The Williams Group

Erin Martin, for Family Office Magazine (EM): Amy, how do you and your family coaches and consultants address one of the main questions you get – "How do I transition wealth without derailing my children's motivation?"

Amy Castoro (AC): This is very much a question of trust. The wealth creator may not trust the next generation to be responsible stewards, and the rising generation may not trust the wealth creator to transition it well. Rather than ask "how much do you give them and when," we suggest focusing on how the next generation will be a contribution to the wealth. For example, the 28-year-old son of a wealthy family had not yet found his "passion." He was as embarrassed by his situation as his father was frustrated. Feeling the pressure to be as successful as his dad, but not envisioning how to get there, he was resigned to living off the family dole. When the son did not show up for a family meeting, we found him on the golf course. We invited him to come to the meeting the next day. At the front of the room, he explained to his siblings and parents that every time he suggested a path forward, someone shot it down. He recurrently felt like he was being treated as the youngest child and no one took him seriously. By the end of the meeting, he arranged to shadow his brother-in-law who ran a construction company. Today, he is doing real estate deals with his family. An honest conversation turned an unconstructive pattern into a launch pad of belonging and contributing.

EM: How do you know when it's time for parents to tell their children about the extent of the family's wealth?

AC: We suggest the accent in that question is on the wrong syllable. Rather than focusing on the assets, focus on the relationships. Invite the next generation to offer their thoughts on when they think they are ready? How will they know they are ready? Ready for what? Co-design observable and measurable standards that each party agrees to, and then you have a framework. For example, in one family the son who had just graduated NYU thought he was ready to run a division in the family business. When he returned home, his father told him his first job was to sweep the construction sites. Frustrated, the son stated, "Dad, I can run this company with a phone in my hand, and you want to put a broom in it?" Dad responded with "You bet I do." Dad's standards of readiness meant the son knew the operation from the ground up – quite literally. It meant the son built a reputation as being hard-working and developed a relationship with those that helped the family be successful by rubbing elbows with them. They co-designed a more structured timeline and rotational program he could complete in three years.

EM: How do you resolve conflict within families? What do you advise when generational values are out of alignment?

AC: We often say: "you can be right, or you can be in relationship." Conflict is expensive, and it is often circular and intergenerational. Learning new techniques to engage conflict productively is one of the best investments a family can make. Understanding someone else's perspective does not have to equal agreement; however, the process of understanding may create alignment. We worked with a family where the son and daughter had very different ideas on how they wanted to run the family foundation. The son, a devout Catholic, wanted to send money to missionary causes. The daughter wanted to fund suicide prevention in the LGBTQ+ community. When they understood each other's passion and values, they could see alignment in what they both wanted to accomplish, just different paths to get there.

EM: When a family comes to you in crisis, what are the first steps you take to stabilize the family?

AC: We listen. We then conduct confidential one-on-one interviews with every family member to share their concerns, their vision, and their questions. We then teach families how to build, manage, and repair trust. In our research, a lack of trust was responsible for 60% of the reasons for family discord or lost assets. Once trust is restored, anything is possible.

EM: In the post-pandemic world, what has changed in your clients' needs? What have the families you work with realized?

AC: There are many takeaways from this unique period. One is that many people had to face their own mortality, and that not talking about this was the greatest risk to family unity. Families realized that relationships are all they have, and when those relationships are not present, they become acutely aware of the absence.

EM: What are three key messages you'd like to leave our Family Office Magazine readers to consider?

AC: First, silence is a great destroyer of relationships, wealth, and human potential. Second, the gap between intention and action is important, and action is often taken too late. Third, not talking about family wealth is being indifferent to family relationships. Bottom line, it's not about the money but about the relationships. The goal of our coaches, consultants and succession planners is to provide families with the skills they need to ensure their family wealth is a force for good.

www.thewilliamsgroup.org

MANULIFE HONG KONG REPORTS

YEAR-OVER-YEAR CORE EARNINGS GROWTH FOR THE 20TH CONSECUTIVE QUARTER

The Manulife group of companies operating in Hong Kong and Macau ("Manulife Hong Kong" or the "Company") today announced financial results for the second quarter of 2022, which demonstrated the continued resilience of its business and distribution channels, especially its agency force. The Company posted its 20th consecutive quarter of year-over-year core earnings growth, with improved overall margins driven by a higher proportion of health and protection policies sold during the pandemic.

"Manulife Hong Kong reported solid results with year-over-year core earnings growth in both the first half and second quarter of 2022, despite the challenges posed by the continued impact of the fifth COVID-19 wave in Hong Kong and the recent tightening of social distancing measures in Macau," said Pankaj Banerjee, Interim Chief Executive Officer of Manulife Hong Kong and Macau. "Although APE sales were hit by the prolonged pandemic, we are glad to see our customers become more aware of health risks, translating to higher demand for health and protection products, which accounted for 29% of our new business in the second quarter compared to 24% in the prior year quarter."

Core earnings in the first half of 2022 grew by 1% to HK$3.40 billion from HK$3.35 billion in the same period last year. Second quarter 2022 core earnings were HK$1.69 billion, up 1% from HK$1.66 billion in the prior year quarter. The increases reflected in-force business growth in the second quarter and the first half of 2022, partially offset by lower new business volumes amid the impact of COVID-19.

APE sales in the first half of 2022 were HK$2.36 billion, down 27% from HK$3.22 billion in the same period of 2021. Second quarter 2022 APE sales dropped 32% to HK$1.05 billion from HK$1.52 billion in the prior year quarter. The decrease in sales in the second quarter and the first half of 2022 was driven by the continued effect of COVID-19 in Hong Kong and tighter containment measures in Macau.

In the first half of 2022, NBV declined 24% to HK$1.75 billion from HK$2.27 billion in the prior year period. Second quarter 2022 NBV was HK$0.84 billion, down 28% from HK$1.15 billion in the prior year quarter. The decrease in NBV in the second quarter and the first half of 2022 was due to lower sales volumes. NBV margin reached a record high of 80.5% in the second quarter of 2022 and 74.1% in the first half of 2022, an increase of 4.7 percentage points and 3.4 percentage points, respectively, compared with the corresponding periods in the prior year, reflecting favourable health and protection product mix.

Manulife Hong Kong was the largest Mandatory Provident Funds (MPF) provider with a market share of 26.7% based on assets under management as at June 30, 2022, up 1.7 percentage points from a year ago. It was also the number one MPF provider in terms of estimated net cash flows, which stood at 36.8% for the period from April 1 to June 30, 2022.

As at June 30, 2022, Manulife Hong Kong had a professional agency force of 11,479, representing a 6% increase over the prior 12 months. Compared with a decline in the number of agents for the Hong Kong industry overall, Manulife Hong Kong recorded the highest growth rate among large-scale life insurers over the past 12 months.

"We are proud of our expanding agency force, whose outperformance in the 2022 Million Dollar Round Table (MDRT) Top 100 Companies (Global) ranking demonstrated its exceptional resilience throughout the pandemic. We topped the MDRT Court of the Table (COT) membership chart in the Hong Kong market[1] and took the No. 2 spot in Hong Kong and the No. 4 spot globally in terms of the number of financial advisors attaining the prestigious MDRT membership[2]," said Mr. Banerjee.

In regard to product offerings, Manulife Hong Kong has extended its basic individual life insurance coverage[3] to customers diagnosed with human immunodeficiency virus (HIV). The Company also announced an expanded definition of family, enabling customers to name policy beneficiaries from an expanded list of family members and same-sex married partners to purchase life insurance policies for their loved ones where insurable interest exists.

To help customers prepare for retirement, children's education or other financial goals, in Hong Kong or overseas, Manulife Hong Kong launched the ManuGlobal Saver in May 2022. Available in seven currencies, the plan has a currency switch option which allows customers to change the policy currency to meet their evolving needs at different life stages, or when the dynamic global market presents new opportunities.

"As the longest continuously operating life insurer in Hong Kong, Manulife has been committed to protecting our customers and investing in the community over the past 125 years. With the continued surge in demand for health and protection products, on top of our award-winning product suite, we recently launched two new critical illness plans to help customers alleviate financial stress in the event of a critical illness diagnosis. We want them to know that Manulife is always here to support them throughout their medical journey, from diagnosis to treatment to recovery and beyond," added Mr. Banerjee.

About Manulife Hong Kong

Manulife Hong Kong, through Manulife International Holdings Limited, owns Manulife (International) Limited, Manulife Investment Management (Hong Kong) Limited and Manulife Provident Funds Trust Company Limited. As a member of the Manulife group of companies, Manulife Hong Kong offers a diverse range of protection and wealth products and services to individual and corporate customers in Hong Kong and Macau.

LOOTING: THE UNKNOWN RISK TO WEALTHY INVESTORS

William K. Black
Associate Professor of Economics and Law
University of Missouri-Kansas City

I am a white-collar criminologist. My research specialties are elite "control fraud and predation," financial crises, and financial regulation. I am a former financial regulator from an era where the United States had real regulators that enforced the law against even the most powerful CEOs and their political allies. I was asked to address the threats of elite control fraud and predation to wealthy families' investments.

Elite control frauds and predators are the economy's apex economic predators. The phrase refers to those who control a seemingly legitimate entity and use it as a weapon to defraud and predate. Predation is not a lesser pathology than fraud. It often remains lawful because its elite perpetrators have so much political juice, they prevent criminalization. Frédéric Bastiat captured the concept centuries ago though his rage was against taxes.

When plunder becomes a way of life for a group of men in a society, over the course of time they create for themselves a legal system that authorizes it and a moral code that glorifies it.

In the UK, elite predation by bankers through payment protection insurance (PPI) and interest rate swap scandals targeting customers produced all the profits arising from branch operations – for at least two decades. These forms of elite predation, obviously, produce exceptional wealth for bank shareholders and senior bank officers. As Bastiat observed, the UK refused to treat this predation, which produced roughly a 500% return for the banks, as criminal. The real business plan for the branches of UK banks for at least two decades was: One, rip off customers. Two, expand the rip off.

The PPI and swap scandals followed a series of predatory UK insurance scandals over the course of the last half-century, so the likelihood that Parliament will make such schemes criminal remains near zero. This form of predation may have cost you thousands of pounds as a bank customer, but it does not threaten your wealth. In your capacity as bank shareholders, the gains from these forms of predation would have far exceeded your losses as customers. I leave it to you whether you wish to use your power to fight the recurrent elite predation scandals or profit from them.

I use "CEO" for brevity to mean "the persons controlling a seemingly legitimate firm." Job title is irrelevant, actual control is the key. The elite American firms making pervasively fraudulent "liar's" loans and incentivizing armies of loan brokers to extort appraisers ("valuation surveyors") to inflate the value of homes pledged as collateral and targeting Black and brown Americans for predatory loan terms were, functionally, criminal enterprises with a sub-specialty in racial predation. These apex predators threaten your investments as well as the borrowers' homes, wealth, and credit ratings.

While most control frauds increase, sometimes immensely, elite firms' profitability, looting poses grave threats to wealthy investors. There are crude Ponzi schemes like Madoff, but if you fall for scams that are obviously "too good to be true" our advice will be wasted on you. "Looting" ("accounting control fraud"), however, is a highly sophisticated fraud scheme that has shown the consistent ability to deceive (and suborn) those with exceptional financial expertise. Wealthy family investors are familiar with other forms of "looting" that can cause devastating losses. One is the financial adviser who steals your money. The other is someone you trust due to your relationship (family, best mate, or lover) who steals your money.

The kind of sophisticated "looting" I am describing is distinct from these forms of betrayal of your trust in an individual. Accounting control fraud can cause catastrophic investment losses in debt and equity positions when the CEO loots the firm you invest in. In this form of looting, the CEO typically has never met you and does not know you exist. I first identified and labeled this apex fraud scheme in my capacity leading at the staff level the "reregulation" of the U.S. savings and loan industry from 1984-1994. Three hundred years ago, the South Seas Bubble in the UK and John Law's Mississippi Bubble exemplified the corrupt "public-private partnerships" elite looters form to optimize their scams. Both schemes enlisted royals (and even a mistress of a royal). Both schemes reported record (fictional) profits through accounting fraud. The accounting frauds were crude, but accounting was in its infancy.

In the savings and loan debacle, "everyone knew" that its second "act" was caused by honest "gambling for resurrection" thrift CEOs controlling failing thrifts. I "autopsied" our failures and looked for patterns and discovered several patterns with catastrophic losses (above 30% of liabilities). The patterns falsified the "gambling" hypothesis and led me to 'discover' elite control fraud and looting. The first pattern involved time. The catastrophic failures always reported exceptional profits in the early years – and then were revealed to be massively insolvent.

The second pattern involved loan underwriting. Any honest gambler on an ultra-risk loan would ensure superb underwriting because it massively increases the odds of success. The catastrophic failures showed three underwriting patterns. Their loan underwriting was abysmal. It was fraudulent (inducing an appraiser to inflate a home loan appraisal is a federal felony). The thrifts all secretly and systematically abandoned the fundamentals of loan underwriting. Their written underwriting standards were Potemkin. The same patterns our 1984 autopsies revealed were repeated in the Great Financial Crisis (GFC) because the looters used precisely the same "accounting fraud plus predation" schemes that defined the third "act" of the thrift debacle. Indeed, the GFC was the debacle's third act. Consider how massive the failures were from the GFC in Europe and the U.S. and that there are strong pressures not to repeat the "bailout." Absent the bailout, each of the "Big 5" investment banking firms, AIG, GE, GM, and most of the giant U.S. banks would have failed. Consider what impact that would have had on UK and mainland European banks.

When policy creates a "criminogenic environment" (fancy words for a simple concept – when CEOs have intensely perverse incentives) looting can become epidemic. Remember that each of these failures would have reported record profits before the fraudulent loans imploded. Keep in mind the American bankers' doggerel: "a rolling loan gathers no loss." Fraudulent CEOs kept up this scam from 1990 to 2008, hyper-inflating the world's largest bubble. Two Nobel Laureates in Economics, George Akerlof and Paul Romer, reviewed our autopsy findings and independently came to the same conclusion in their classic 1993 article that says it all. "Looting: The Economic Underworld of Bankruptcy for Profit." The firm goes bankrupt. The CEO loots the firm in a manner that leads to (fraudulent) reporting that the bank is 'earning' record profits.

Diversification helps reduce losses from epidemics of looting. Our ability to diversify against the systemic risks that epidemics of elite looting cause by driving severe financial crises and severe recessions is poor. Investors are always tempted to follow the herd into the industry (falsely) reporting superb profits and minimal failures for 14 years. Epidemics of looting are a seductive danger for wealthy family investors.

Dr. Black is Associate Professor of Economics and Law at the University of Missouri-Kansas City and the Distinguished Scholar in Residence for Financial Regulation at the University of Minnesota's law school. He is a recovering litigator, financial regulator, and senior bank officer and a serial whistleblower of the misdeeds of five U.S. Senators (the "Keating Five"), the Speaker of the House ("Jim" Wright), the head of his agency and a one of three presidential appointees running his agency.

HOW FAMILY OFFICES ARE SEEKING OPPORTUNITY AMID UNCERTAINTY

What a difference a year makes. In late 2021, much of the world was celebrating the return of something like pre-COVID normality. Monetary policy was loose, inflationary pressures were widely seen as a blip and global equities stood at record highs. Twelve months later, war in Ukraine, stubborn inflation, aggressive interest rate hikes, slowing growth and a bear market in equities are among the challenges we have had to endure.

Amid these turbulent times, what are some of the world's leading family offices thinking and doing? This is an important question, especially for family office executives and the families they serve. While each family office needs to chart its own course, gaining insights into peers' behavior can be highly informative. But obtaining such insights is easier said than done. Each family office typically leads a somewhat isolated existence, not least for reasons of confidentiality.

To address this, Citi Private Bank's Family Office Group seeks to provide our clients with benchmarking and connectivity to their peers. To do so, we host global events such as our Family Office Leadership Program (FOLP) as well as intimate roundtables and networking sessions. Since 2018, we have also gathered perspectives from our family office clients and published them as part of our annual Family Office Survey.

The 2022 Family Office Survey incorporates insights from 126 leading family offices from over 30 countries. Collectively, they have assets under management (AUM) of well over $500 billion. Half of the respondents had above $500 million in AUM, and over a quarter had AUM above $1bn. We almost doubled the number of questions in 2022 over 2021 to gain a more holistic view of our clients' wealth.

We have subsequently analyzed the data* and have identified seven key takeaways:

Hannes Hofmann
Global Head
Family Office Group
Citi Private Bank

1. Top concerns abound and transcend financial assets: Inflation (76%), fear of recession (54%) and geopolitical uncertainty (53%) emerged as the top three macroeconomic concerns for family offices globally. But family-related concerns transcend financial matters and include preserving the value of their assets (65%), preparing the next generation to be responsible wealth owners (51%) and managing transitions (43%). These responses indicate a growing awareness of the dual necessity to prepare wealth for families and families for wealth.

2. Portfolio value declined overall year-to-date: As a result of financial market volatility in 2022, nearly 75% of family offices had experienced a decline in overall portfolio mark to market values since the beginning of the year. A sizable 43% experienced a decline greater than 10%, which is quite the contrast to last year, where fewer than 11% of family offices reported any decline.

3. Outlook is positive despite the uncertainty: Despite respondents' concerns, and perhaps as a reflection of a sentiment that the market may have bottomed out, there is a positive outlook for portfolio returns over the next 12 months. Nearly 80% of family offices we surveyed are expecting portfolio gains, with 62% expecting a 5% or higher increase in portfolio value.

4. Direct investing remains a priority: With 29% of family offices allocating between 10% and 20% of their portfolio, and 35% allocating more than 30%, family offices have continued to focus on direct investments. These are split almost evenly between real estate (37%) and operating businesses (33%). Venture capital is growing, representing about 20% of direct investments, fueled in part by family offices not finding a sufficient number of opportunities in operating business and real estate.

5. Professionalization of the investment function continues: Nearly 75% of family offices have an investment committee or board, and of those, close to half (44%) comprise both independent advisors and family members. A majority (55%) of family offices have an active Investment Policy Statement, but the percentage varies significantly whether the family is generation I (44%) or generation II and beyond (63%).

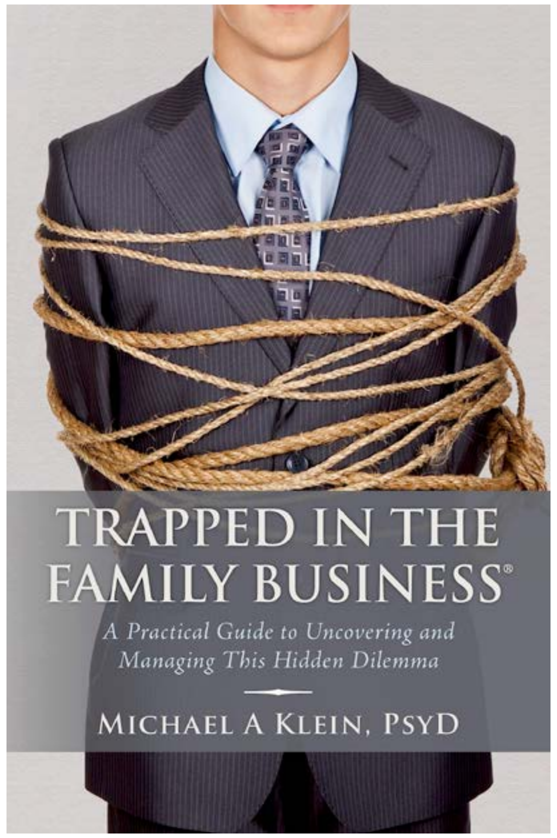
6. Readiness to manage family unity and continuity will be key: Leadership successions, at the family, family office or trustee levels, are among the key transitions expected in the next 5 years (52%). This raises the critical issue of families' preparedness to navigate such critical inflection points in turbulent times. Family offices are striving to strike a balance between addressing short-term imperatives and taking a long-term view to manage non-urgent but essential issues, such as fostering family well-being. Interestingly, the prioritization of family unity and continuity increases as the wealth transitions from generation I (25%) to generation II and beyond (43%).

7. ESG allocations have room to grow: 60% of family offices have still not considered aligning some of their portfolio with environmental, social or governance (ESG) themes. The potential for translating curiosity about ESG investments into action therefore remains significant.

Overall, our 2022 survey emphasizes the potential for portfolio recovery in the coming year, a desire to diversify public holdings with private investments and the far-sighted approach of family offices to family-related challenges. Amid today's turbulence, there is increasing optimism, professionalization and strategic planning.

You can read the findings of our Family Office Survey 2022 in full at Family Office Survey Report 2022 (citiprivatebank.com)

*Many questions allowed multiple answers to be given, so the totals can sum to more than 100%.



NEW-LOOK CITYSCAPE DUBAI

PROPEL EMIRATE'S SURGING PROPERTY MARKET

The much-anticipated Cityscape Intelligence Talks series returns with a sharper focus on the Dubai 2040 Urban Master Plan and the Sustainability agenda of the Emirate.

Dubai, UAE, September 27, 2022: With a two-decade-plus legacy as the UAE's largest real estate exhibition, the organizers of Cityscape Dubai 2022 have confirmed the flagship event will embrace its roots and focus on connecting homebuyers with their dream homes when it returns to Dubai World Trade Centre (DWTC) from November 21-23.

After several years showcasing the emirate's grand property plans to trade bodies and large-scale investors- part of organizer Informa Markets' strategy to accelerate major local, regional and global investment into the emirate's booming property market - the DNA of Cityscape Dubai 2022 has been altered to better connect individual buyers, consultants, and private property investors with leading developers and real estate brokers.
The objective of the strategy shift, says Alex Heuff, Exhibitions Director at Cityscape Dubai, is to continue increasing the quantity and value of real estate transactions in Dubai, which reached a record 300 billion in 2021.

"Buying a home, especially your first, is a big moment – and it is clear more and more people are living that moment in Dubai," said Alex Heuff, Exhibitions Director at Cityscape Dubai. "With a fresh approach to this year's edition, we will provide practical support to help homebuyers make informed decisions courtesy of the expert financial and homebuying advisors that will be present to offer professional advice. With some of the region's leading real estate developers already signed up, we will showcase the latest projects – both off-plan and ready-to-live – that are ready to purchase there and then.

"We are also doing more to cater to brokers and investors by bringing back the popular Cityscape Intelligence Talks series, which will include speakers from government organisations, prominent real estate companies, and industry analysts."

Amid a booming UAE-wide buoyant market that is expected to see eight per cent growth in residential properties between 2022 and 2027, and more than 550,000 new homes built in Dubai alone in the next 10
years, Cityscape Dubai has already enlisted Arada, Azizi and Sobha Realty among its major developer participants.

"We've always been a big supporter of Cityscape, for us it's been a fantastic way to showcase our brand and to showcase our communities," said Edward Attwood, Chief Communications Officer – ARADA.

With Cityscape Dubai coinciding with the FIFA World Cup 2022 in Qatar, organizers have arranged for special screenings of the games in a dedicated F&B activation area so attendees can watch their favorite teams play without missing the opportunity to look for their ideal home, apartment, or investment opportunity.

"It is all part of our new approach, whereby we want to offer visitors a more relaxed experience, with family activations and zones where you can relax and watch some football, while also browsing or buying your next home," added Heuff.

The 22nd edition of the Cityscape Dubai will connect homebuyers with leading developers, providing visitors endless opportunities to invest in the regions booming real estate market. The three-day exhibition is free for all visitors.

www.informamarkets.com

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

The 12,000 acre Goodwood Estate

A quintessential British experience

The loving and authentic restoration ...

HOUND LODGE

AT THE KENNELS, GOODWOOD

The aristocracy was renowned for spending a lot of time and money on its horses and hounds; in fact, the first Duke of Richmond installed central heating in his kennels a hundred years before it was installed in his house. The Kennels, and later Hound Lodge were considered to be the most "luxurious dog houses in the world".

The loving and authentic restoration of Hound Lodge, a ten-bedroom house situated within the magnificent 12,000 acres Goodwood Estate, is now complete and is available for exclusive use in its entirety, offering the perfect house-party venue or family holiday respite. Staying here is more akin to being in your own home than a hotel, but with every comfort and luxury, you could desire. A personal chef will produce delectable dishes to suit your tastes, while your own private butler will attend to your every need (including washing down muddy paws in the boot room.) There is a well-stocked wine cellar to please even the most particular oenophile, indulgent spa treatments that are available in your room, and afternoon tea, or indeed any other treat you fancy, will be ready and waiting at a time to suit you.

Hound Lodge manages to be both grand and relaxed, a dichotomy that often exists in the most desirable homes. So, you can have a quiet period settling into an armchair by the roaring fire, perhaps with a good book; or admire a Canaletto painting dressed for cocktails in the magnificent dining room. A mix of contemporary furniture and carefully selected antiques styled by interior designer Cindy Leveson helps create this relaxed and elegant atmosphere.

Each of the ten bedrooms is named after ten hounds of the famous "Glorious Twenty- Three" of 1738 who took part in a 57-mile hunt that lasted for 10 hours and was described by the 2nd Duke of Richmond as the "greatest chase that ever was!" The rooms take inspiration from their namesakes with each one individually decorated and featuring original paintings, as well as dog bowls and baskets (or if you prefer your dog can sleep in the plush kennels just outside your door). The beds are designed for lazy mornings reading the paper and post-lunch afternoon naps, with plump mattresses filled with wool from Goodwood's very own sheep that graze on the Sussex downs within the estate.

So what to do besides rest? During your stay you will have exclusive access to the entire Goodwood experience – so if you are like 'Dido' – the fastest hound and leader of the pack, or 'Walcut' (who really was a bit of a show-off) you will probably opt for an off- road driving experiences such as the Chalk Pit Challenge, or a Performance Hot Lap around the renowned motor circuit; maybe a helicopter flying lesson alongside a Spitfire, or even try some aerobatics in a rare 1043 Harvard Warbird. Whatever your thrill, chances are you will find it here. On the other hand perhaps you are more like 'Peggy', who loved her food: if so, you can enjoy a fabulous supper to suit your tastes in your own private dining room or visit The Kennels Restaurant nearby. Many of the ingredients come from Goodwood Home Farm (the largest lowland organic farm in the country) where the chefs create mouth-watering dishes inspired by rare breed and Estate-reared meat, milk, cheeses, and ales. Or take a short walk for Sunday lunch at The Richmond Arms, where you can sample Roast Goodwood beef (the local Sussex-red, which is hung for 28 days to produce a delicious flavour) with all the trimmings. If you share more in common with 'Musick' who was a playful and graceful hound, you may wish to try your hand at a round of golf (there are two courses both offering superb vistas) or clay-pigeon shooting or walking through the beautiful Sussex countryside. Home to the world's first major foxhunt, the Charlton Hunt, and the reason why the first Duke of Richmond originally bought a house here in 1697; in the eighteenth century there was simply no better place to 'see and be seen' than at Goodwood. Today, you could say the same, with its world-class array of sporting events and festivities including The Festival of Speed and Revival, as well as the renowned Qatar Goodwood Festival, which is the social and sporting highlight of the flat-racing season.

Goodwood is a place of unforgettable moments and remarkable experiences and Hound Lodge the perfect place from which to enjoy them.

www.goodwood.com

ESG: A Death March in the Wrong Direction, but Slower

Increasingly, I am seeing more people being openly critical of the powers that be about the slow, incremental response to societal and environmental challenges. It seems that many are following Howard Beale's yawp from the 1976 Sidney Lumet's movie Network, "I'm Mad As Hell and I'm Not Gonna Take This Anymore!"

When TBLI launched 25 years ago with a mission to change the financial system so it works for multiple stakeholders, we faced tremendous pushback from asset owners, managers, service providers, rating agencies, etc. Many thought it was smooth sailing in Europe. The opposite was, and is, true.

I remember being asked to speak to the Dutch insurance industry about climate risk. I said, "The Netherlands is below sea level. Sea levels are going to rise. I would be concerned."

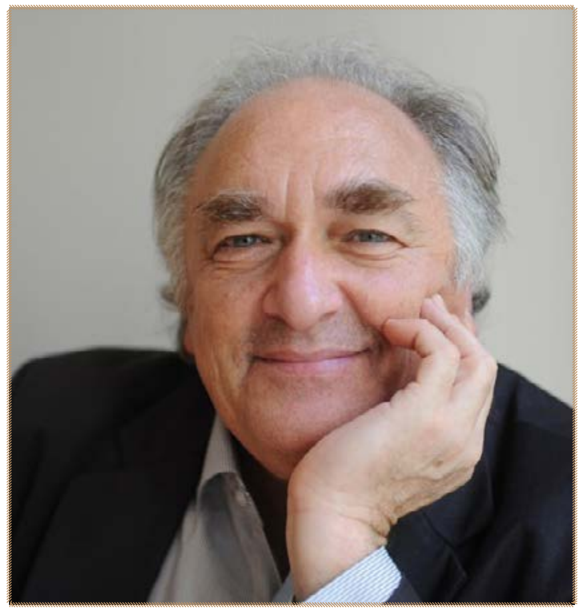
The answer I got from the audience revealed the low level of awareness. "It's not a problem for us if sea level rises. We don't cover salt water damage," responded an insurance executive. I replied, "That is true, but you give mortgages. If 200,000 homes are underwater, you have a big financial disaster on your hands."

We have come a long way. Based upon the money flows, ESG has been a resounding success: "ESG assets may hit $53 trillion by 2025, a third of global AUM," reports Bloomberg Intelligence. Additionally, there never has been as much attention on ESG from the media, business schools, policy-makers, impact network associations, conferences, and press releases as we see now. We won! Or did we?

Unfortunately the money flows have offered a false sense of success. The truth is, we have failed miserably.

Assorted social Investment forums claim 40 trillion dollars committed to ESG in one shape or form. Are these figures accurate? Is so much money really going into ESG, or is the definition, are the parameters, incorrect?

I believe ESG has become synonymous with holding a membership card to a fitness club but never going. How



Robert Rubinstein
Founder: TBLI Group

much of this money has really addressed the challenges that ESG was intended to address? The environmental and societal challenges the world faces are staggering; here is a short list:

- Climate Change Destruction
- Biodiversity loss
- Water Shortage
- Food shortage
- Health Crisis (i.e. Diabetes)
- Income Inequality (i.e. Living Wage)
- Pollution
- Threat of War

All of the above have grown significantly despite the money flows that were intended to reverse the trend.

What exactly is ESG?
The head of a family office in Singapore asked me, "Robert, we don't understand how the most toxic companies score so well on ESG Sustainability Indexes. BP & Shell are carbon intensive and climate change criminals. Unilever sells semi-toxic cosmetics and processed food. Pepsico promulgates diabetes from snacks and sugar water."
I explained that the methodology used for ESG assessment is focused less on what the company does but, rather, how it reports.

Engagement
Institutional investors, like pension funds, claim ESG alignment because they are engaging with companies through intermediaries. "Engagement" is very popular because, in reality, nothing has to change. Pension funds maintain their positions and an intermediary speaks to the companies about their desire for behavioral change. Are they really influencing the behavior of companies to address, for example, climate risk? Not really. If you pull up the kimono, nothing substantial is there. They are often empty gestures, because that is where the money is flowing. They don't want to miss the party — to be seen as part of the club.

Some of those that benefit from ESG are:

- Fund managers
- Institutional investor box tickers
- Aspiring "club" members
- Service providers
- Advisors

Who doesn't benefit: Society and the Environment
Alongside ESG's failure to address societal and environmental challenges, the wealth management industry has missed the boat in embracing "regenerative" or "investing 2.0". Most of the major private banks declare the importance of sustainable investment. Yet, for all its importance, why is it that not one major private bank dominates the space? The main reason is that none of these institutions want to be seen as "the impact bank". Yet, they also don't want to be not seen as the impact bank. Image is everything; the commitment, however, is not there.

The market is clearly interested in ESG, but the way ESG is done now is just a death march in the wrong direction, but slower. Going forward, investment needs to be regenerative in nature. Fortunately, many asset owners are starting to realize this fatal flaw and are demanding investment that is regenerative in nature or, at the very least, far less harmful. An example is the recent launch of Net Zero Asset Managers, an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050. I hope this isn't another empty promise wrapped in a shiny press release. We have had enough of that. Let's stop the ribbon cutting and grab the shovel, do the work, and get mad as hell.

Another solution is to engage with the Better World Prize This will help improve the present failing ESG and Impact Measurement system.

TBLI Better World Prize-People's Choice Award for Best ESG/Impact Measurement System

ESG and impact have become mainstream. It seems that every day there's a new ESG reporting standard or organization. Do we need so many? Which ones are actually useful? How can we know?

TBLI are all about bringing clarity and transparency to this confused mess.

TBLI Better World Prize" will cut through the marketing and public relations noise to identify the measurement systems that ESG/Impact industry professionals believe are the most valid and useful.

Reasoning Behind Better World Prize
The world is running out of runway to address our social and environmental challenges, i.e. Climate Change, Water Stress, Food Security, and Poverty to name a few. These problems are accelerating. At the same time, there is 4.6x more wealth than GDP, according to Credit Suisse Wealth Report. What if we mobilized that money to address our social and environmental challenges as well as achieve market rate return, if possible.

To do that we need to know if our investments will truly improve society or the environment. Present ESG and Impact Measurement doesn't provide that insight. Present measurement is more risk focused rather than output.

TBLI Better World Prize was established to improve ESG and Impact analysts by highlighting the best and worst and offer true comparability. Ultimate goal speed up investment into societal and environmental restoration

Robert Rubinstein is CEO and founder of TBLI Group. For the last 25 years, TBLI has worked to make the financial system work for all. TBLI is the world's leading ESG/Impact Investing network/authority — educating, advising, and connecting investors.

YOU CAN FAKE AN EXPENSIVE WATCH, BUT NOT A BUTLER!

POLO AND TWEED

By Lucy Challenger CEO of Polo & Tweed

Sitting down with Lucy Challenger, what strikes me is her focus and tenaciousness. When she turns to me, she gives me her direct attention. The iPhone is left on the table, and her eye contact is direct. Extremely well presented, she speaks passionately about her company, her brand and most importantly her ethics.

Lucy has worked in the domestic recruitment world for some years. An entrepreneur by heart, she has founded and set up multiple companies and brands since the tender age of 21. Never one to shy away from exploring new directions and taking risks, she claims she takes 'calculated risks' to allow for a balance of both personal and business life success. It is refreshing her candour on the subject.

Lucy has seen changes in the domestic staffing industry over the years. Her childhood was influenced by a series of wonderful nannies that worked for her family (both parents were Doctors), and her family employed some live-out housekeepers to tend to the home. She has experienced domestic staff first hand, and now as a mother herself, she has her own live in Nanny and part-time housekeeper who she deeply relies on to manage the house when she is at work. The staff are vital to the success and development of any professional family and Lucy understands this first hand.

It is perhaps this approach that makes her business approach her company Polo & Tweed so unique. She doesn't pretend to be anything she is not. She understands that many of her clients are high net worth individuals and families, and she works with her team in Mayfair to place all types of staff from Butlers through to Estate Managers through to Yacht staff in their private estates, yachts and homes. She can understand the stresses of hiring staff and aims to reduce this stress for the client, family office or PA that she is working for.

Ultimately she doesn't think about the bottom line, and her team in Mayfair are not driven by targets. Instead, their focus is on client retention and satisfaction. Most of Polo & Tweed's business comes from word of mouth that Lucy believes, is the most powerful marketing tool.

So what makes domestic service such an interesting career and why is there a rise of white-collar professionals (lawyers, accountants, etc.) retraining to become Butlers? The truth, Lucy says is that if you were born to please and you enjoy service and perfection, then the role of a Butler can be an exciting (and lucrative career). Individuals will travel the world, live and work in the most incredible locations, fly in private jets and spend many months on board super yachts. The life they will experience is unique, and privilege and in return they provide the very best care and service to their principal. It's not the job for everyone, of course, the hours are long, and the shifts are erratic, and this type of domestic service doesn't lend itself to family life. But for those who are passionate and dedicated, the rewards are plentiful. Lucy's team, based in the heart of Mayfair work with all types of clients around the world. 75% of her clientele are high net worth individuals, family offices and PAs based on the domestic industry, and she looks to find all types of staff for their private homes and yachts. 25% are corporate and commercial clients, from 5* hotels, Michelin star restaurants, high-end chalets and commercial yachts. She places full time, part time and also event staff in short term placements. In the last year, Lucy has also had a growing demand for staff training, so she sends specific trainers into private homes, yachts, hotels, restaurants and chalets around the world and trains up existing staff to a higher level of service. For example, silver service or advanced housekeeping skills are the top two requests for in-situ training. She also runs open training courses for individuals who wishes to join and learn specific service skills.

Polo & Tweed does something that no other domestic staffing agency does; it provides the utmost care and attention to its clients and places the highest level of staff within the clients employ. Lucy and her team are looking forward to many years of exciting business development ahead, with new clients and families coming to seek her expertise.

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

Suitable for everyday driving in a range of environments

SPEAKS YOUR LANGUAGE

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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.

THANKS TO AI, DATA MEANS OPPORTUNITY FOR FAMILY OFFICES

By Florian Garivier, Co-founder and CEO at QUANTILIA

One of the more appealing qualities of data is its capacity to keep surprising us year after year. According to Wikipedia, "There are 2.5 quintillion bytes of data created each day at our current pace, but that pace is only accelerating with the growth of the Internet of Things (IoT). Over the last two years alone, 90 percent of the world's data was generated."

The same sentence could likely be rewritten two or four years from now, and history would be repeating itself again and again.

In this context, how can we run a portfolio the same way we did two years ago? Still, how many great and venerable institutions have not changed their data systems or portfolio management methodologies during the last decade?

Technology is advancing far faster than we could have ever imagined. Even in the last decade, we have seen such a mind-boggling transformation in our world that our grandparents and great-grandparents couldn't fathom the resources we can find at the tips of our fingers. With this rapid change, it is easy to become completely overwhelmed.

Family offices may be dealing with much smaller figures and situations than major franchises, so it may seem next to impossible to weed through superfluous data to reach what matters to the individual.

The issue now for a family office is not to handle all the useful data available today, but to embrace a mindset allowing the office to keep track of information at the speed at which data is increasing. The changing market, the new crises we are facing, and the new risks we are encountering correlate with this new era, populating on social networks, evolving with AI, and following the dark rules of big data and deep learning.

So, could a relatively small institution cope with all this if it's barely big enough to run this race? Definitely, and even more so than many bigger, slower institutions. Over the years, we have sometimes seen family offices embrace change and suffer from it, particularly when regulation pushed toward bigger business size. This change is different, as it allows the family office to leverage their faster, leaner setup to stay on top of things.

It is not about how much data an institution can handle, favouring larger groups, but it is about how much of the relevant data it can monitor and manage. This is completely different. For decades, big data vendors have sold the same data sets to every client, but now it is clear that each client has different things that matter to them. As such, rather than accumulating useless data, it is more important to precisely define the needs and exact universe of data that needs to be explored, and then gather the most detailed and freshest information available as possible.

Being able to monitor the right data means being able to assess its risk to Renault when Carlos Goshn is arrested in Tokyo, to figure out its exact exposure to the US-China trade was faster than Donald Trump tweets, or to identify the best way to invest in new opportunities, like batteries, drones, or space technologies. It means adjusting the portfolio when it is time and being able to explain the reasoning to ever-demanding clients. It means building a strong relationship with these clients, based on facts, numbers, and proven methods.

In today's world, understanding data means protecting a business, which could be a fantastic opportunity for family offices.

Luckily, we have access to an undeniably powerful tool: artificial intelligence. AI helps families sort through the endless paths of data to narrow things down, choose what information takes priority, and sort everything in a succinct and understandable manner.

For example, one of the most daunting aspects of family offices is investing. It can be a risky step, especially for those going in for the first time, and yet it can seem necessary in order for family offices to survive and thrive. With the help of AI, families are able to determine how large of a risk they can take, how to safely invest, and when to back away.

Additionally, AI can help family offices keep track of expenses, invoices, inventory, and many other important aspects of economic stability. The advancement of technology and data has made it easier than ever to organize and run a family office effectively, whether the main purpose is building a business or simply keeping track of personal expenses from month to month. With today's wealth of information, it is simple to streamline all the data necessary for the individual to feel secure and confident in their office.

Family offices and small businesses deal with too many issues to name: cybersecurity, transparency, costs, staffing, investing, planning for the future, and so many others. While it may take some time to find the right strategies and specific technologies that benefit a specific family office, it can be an invaluable resource once it's achieved.

By turning toward AI and the other technologies we have access to, family offices no longer have to worry as much about finding the right investment opportunities, wading through the tax world, reporting data and statistics, or carefully tracking expenses. Particularly for businesses, using technology to handle the hard data lifts a weight from an owner's shoulders, allowing for more joy and creativity. Today's data capabilities are helping family offices return to focusing on what matters most: family.

QUANTILIA provides innovative online analytics and data solutions dedicated to institutional investors. The platform includes comprehensive data, powerful analytics, and tools specifically developed to assist institutional investors to make better-informed decisions when managing their portfolios.

www.quantilia.com

ENDURING HELL, ACHIEVING FREEDOM

I can still remember the moment like it was yesterday. It felt like I'd been punched in the belly. I was looking at my iPhone when I saw the news. Time stopped, and I felt like I was falling down a deep well. I heard myself repeating "No," over and over.

It was weeks before I could talk about it. I felt embarrassment and shame. How could I have been so stupid, trusting, and naïve? I had been blindsided by someone at the top of the industry. I had trusted, admired, and respected him. And in a flash, he'd betrayed me. How could he do such a thing?

He'd requested my book's manuscript to consider writing the foreword; instead, he'd taken my book idea and crafted his own platform, featuring a "brilliant new take" on how to be inspired by finance executives. He had just announced his podcast launch. If you've ever experienced a similar betrayal, you can relate to the gut-wrenching emotions I felt. How does one cope with betrayal? Unfortunately, there can be times in business and, even sadly, in families when betrayal will occur. But there is a way forward.

Elisabeth Kübler-Ross taught us there are five stages of grief: denial, anger, bargaining, depression, and acceptance. Sometimes, these stages are ordered, but they can loop back and forth, or we stay stuck in one stage.

If you've been betrayed, you know what I'm talking about. It can be a very unsettling experience, especially if accompanied by a financial hit. It is so debilitating because betrayal elicits shame which is a hard feeling to endure. And shame makes us want to isolate. We often feel so embarrassed that we don't talk about it. It took me weeks to admit what had happened. We blame ourselves, seeing it as our failing of being too trusting. Sometimes, we may have been, but even if we make an error in judgment, beating ourselves up isn't the answer.

How do you transcend shame? You'll probably be surprised by my advice. You have to "be with it." That

BY Kim Ann Curtin
Founder & CEO of
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means you have to feel all of the shame or self-denigration. Not forever, but at least initially. Denying, ignoring, or side-stepping pain never works. While it was difficult for me to do, I can attest to the freedom it provided me. It was difficult, but like peroxide, it allowed me to cleanse the emotional wound so no infection could develop. Being with the emotion gave me the freedom to find myself, eventually, on the other side of it. It did take time, but I was able to see my betrayer's name again and not be leveled by it. There is still sting, but its power has subsided. Isn't that what we seek—the ability to move on?

Instead of running away from hard-to-be-with feelings and emotions, you need to face them head on. But it will be worth it. It's a different way to navigate than we usually been taught. I liken it to going into the eye of the storm, or running toward the roar.

Raphael Cushnir, one of my spiritual teachers, taught me that if we don't allow these hard-to-be-with emotions to process, they will lie dormant and stay stuck in us, turning more toxic over time. He taught me Emotional Connection, what I now call Emotional Non-Resistance, it's the practice of letting emotions move through us, of going deep and feeling our feelings, so we can free ourselves. This process takes time. I have used this practice over and over again, it allows me to move up and out of many hard-to-be-with situations, including that betrayal. I know it can help you because it's helped me and countless clients of mine. There are three necessary steps: 1) Ask, "What's happening now?" 2) Ask, "Can I be with it?" and 3) Go as fast as the slowest part of you can forward without hesitation.

What happened in the end? Quite unexpectedly, after I published my book in 2015, I was walking into a building on Park Avenue South in Manhattan just as he and a colleague were walking out. He saw me and turned pale. He started walking so fast that his colleague looked a little confused. He moved right past me and I froze in place. I saw him walk straight out into traffic, desperate to get a taxi. He almost got hit by a cab he was so frantic. His colleague was staring at him like he had lost his mind. When an empty cab finally stopped for him, he opened the back door and dove in. I watched his perplexed colleague catch up and shake his head. Then I watched that cab pull away.

I stood there trying to compose myself. I knew without a doubt that he knew what he had done. Thanks to Emotional Non-Resistance, I was able to take some time to surf all the emotions rushing through me.

I later called my friend. I told him the story and how much it stung. He said something that I'll never forget. He asked me why I wrote my book. I said to acknowledge the good guys in finance and to encourage them to continue to work and live consciously. My friend said, "What if those in finance hear him on his platform and find themselves encouraged and inspired, did your book do its job?" I gasped and knew the hard truth was yes.

He then said, "How about you focus on that and not let your ego get the upper hand." That perspective shift changed everything. Do I still have to practice Emotional Non-Resistance when I see his name? Absolutely, but the sting is less.
No matter what life may throw at you, you have what it takes to handle it and the fortitude to endure. Winston Churchill said, "If you're going through hell, keep going." Don't stop. Keep going. You'll make it to the other side. If you're interested in my book where I actually walk you through how to do this technique in real time you can find it on Amazon.

Kim Ann Curtin is the Founder & CEO of The Wall Street Coach, an Executive Coaching firm that specializes in working with Finance Executives and Traders. She is the author of Transforming Wall Street: A Conscious Path for a New Future and hosts and produces The Wall Street Coach Podcast. Over the past 15 years Kim and her team have coached top executives and traders from Anchorage Capital, Bank of America, Blackstone, Colgate Palmolive, Credit Suisse, EisnerAmper, FINRA, Fortress, GIC, King Street Capital, L'Oreal, Merck, Morgan Stanley, NBC, P&G, and Social Leverage to name a few. Her work has been profiled in CNN. Money, Fortune Magazine, Smart Money, TheStreet.com, Associated Press, among others. A Brooklyn-born NY'er, Kim now lives full time on the Big Island of Hawaii.

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STRUCTURING COMPENSATION FOR EXECUTIVES TO ALIGN WITH YOUR FAMILY OFFICE GOALS

By Elizabeth L. Alfano, Robert K. Barbetti and Kaylin C. Klinger

Is your single-family office interested in recruiting executives to perform sophisticated functions? If so, be ready to face challenges when competing to attract and retain outside talent. The cost of this support depends on the purpose and objectives of your family office. If your family office was formed to generate investment returns and to provide tax and legal functions, you may be competing with the most sophisticated financial institutions and private equity firms, and their robust pay packages, for talent.

Because family offices are privately held, they aren't typically able to offer the types of incentives available at publicly traded companies or large operating partnerships, such as stock options or other forms of equity. However, with a well-structured compensation program, these challenges can be overcome through the creative use of incentive arrangements that can entice top talent.

As you begin the recruitment process, you'll want to make sure candidates not only have the requisite skill set, but also are a good fit for your culture. Paying up for the perfect candidate on paper means nothing if the person isn't trustworthy or compatible with your family, its values and priorities.

		Core	Established	Institutional
Staffing	# of employees	1-5 employees	6-10 employees	11+ employees
	Staff overlap with business	Significant	Some	None
Investments	Investment committee?	Informal	Mostly formal, with family involvement	Formal, with family oversight
	Investment styles	Outsourced, manager of managers	Outsourced, manager of managers, direct investments	Outsourced, manager of managers, direct investments
Overview	Services typically provided	Investments, accounting, taxes, reporting	Investments, accounting, taxes, reporting, concierge, philanthropy	Investments, accounting, taxes, reporting, concierge, philanthropy, legal
	Operational description	• In-house team supports some family needs • Employees fulfill multiple roles with broad responsibilities • Extensive outsourcing for many services • In-house professionals manage external providers	• In-house team supports most family needs • Employees have well-defined roles and responsibilities • Some outsourcing	• In-house team supports all family needs • Employees have well-defined roles and responsibilities • Strategic outsourcing

Source: "The Single Family Investment Office Today: A primer on structuring an investment office to achieve family objectives and societal value," World Economic Forum and J.P. Morgan, August 2016.

Starting with your family office objectives, you can then determine who to recruit

A majority of family offices are formed to manage wealth and foster entrepreneurship. To service these functions, in what we'll call the "core" model, family offices are typically staffed with one to five investment and tax accounting professionals who may largely perform risk management functions. An "established" family office may add philanthropic and concierge staff, whereas an "institutional"-level family office may insource legal professionals.

(For further detail, see the chart on page 3)

Broadly speaking, a single-family office will typically begin with a CEO who is a family member and lead decision maker. Executive responsibilities may not be clearly defined at this stage, and there may be overlap in functions. Roles may be filled largely by family members, and compensation may be determined on an ad hoc or informal basis, potentially causing intra-family conflicts. Even at this stage, applying a structured approach to family office compensation can prove beneficial.

Most (if not all) family offices will find that some degree of outsourcing is required to meet their goals. This can range, for example, from sophisticated wealth planning and advice, to corporate finance services, customized credit solutions and investment banking support. When family office functions begin to grow in complexity, the family typically looks to insource experienced professionals.

A family office will want to prioritize hiring for the long term. Candidates should have the right professional background and have character, integrity and values aligned with the family. Even when hiring from within the family, those members should be aligned with the long-term family goals.

The most common family office executive roles are CEO, CIO, CFO and COO; however, other roles may be considered executive level as well. With a more formal structure, roles and responsibilities will need to be clearly articulated, as well as compensation for the executive team, although job descriptions may evolve as the family office expands. Accordingly, there may be a limited number of candidates with the professional background and cultural fit for the envisioned roles.

The table below illustrates the typical responsibilities and professional background of a family office CEO and CIO:

As your family office grows in complexity, it's time to formalize executives' pay

Now that you've identified your family office's objectives and staffing needs, it's important to ensure that your compensation structure aligns executives' pay packages with your desired outcomes.

	Responsibilities	Typical professional background
CEO	• Responsible for management and oversight of all office activities and all staff • Executes the family's vision and addresses all stakeholder needs through the family office's activities	• Former executive within the family's operating business • Trusted financial advisor, portfolio manager or legal counsel
CIO	• Responsible for managing the family office's investment portfolio • Outlines investment policy and approach, portfolio allocation, and investment process • Oversight of due diligence activities • Monitors all strategies and all positions	• Former portfolio manager at an endowment, PE fund or hedge fund

Pay-package components for CEOs (percentage of survey respondents in parentheses)

(86%) Base salary: Standard component of most family office packages.

(65%) Discretionary bonus: An important part of incentivizing investment teams in family offices where some investment decisions may be driven by subjective family preferences.

(31%) Metrics-based bonus: Based on objective performance indicators such as total fund return, IRR targets or reaching a certain milestone. Only 31% of families employ this mechanism, mainly because in many cases investments decisions are often influenced by the family.

(23%) Carry in underlying investments: Similar to PE funds, many family offices today offer carry in underlying investments to the investment team. This may drive the team to execute as many deals as possible because they benefit from successful transactions, and pay no consequences for unsuccessful ones—misaligning incentives between the team and the family.

(27%) Co-investments alongside the family: Key family office leaders are able to allocate their own equity into investments the family office is pursuing. This creates long-term alignment of incentives between the family and senior staff.

(7%) Profit center: Family office leaders own a minority stake in the family office. The office is treated as a service provider, earning fees for services. Profits accrue to the family office leaders, ensuring that leadership has a full "owners' perspective."

Diagram title: etermining the compensation mix

Many family offices simply offer executives a base salary and a discretionary cash bonus. This allows the family to decide how much value the executive has added to the office over the past year, and to pay accordingly. Although it provides maximum flexibility for the family, there may be less incentive for the executive, because they don't have a concrete idea of how their annual performance-based compensation will be determined. And it may not be the ideal compensation mix to effectively drive desired behavior.

Diagram on page 5, Determining the compensation mix

Subhead: **Moving from discretionary to metrics-based performance incentives**

Some family offices prefer to be more prescriptive and offer annual metrics-based cash bonuses structured so the executive's performance compensation is based exclusively on measurable data. In this case, the executive will have clear guideposts as to what results they need to achieve in order to maximize their compensation. Some common metrics include achieving certain IRR targets or total fund return.

When considering metrics-based performance incentives, it's important to keep two things in mind:

1. The behavior you're trying to drive

While it may seem smart to reward someone for earning significant returns for your family, it's important to assess what type of risk-seeking behaviors you may be encouraging in rewarding an executive based solely on the attainment of a higher overall return. Assuming the executive isn't putting their own personal wealth at risk, they will be rewarded for upside without taking on the risk of any downside. This may incentivize an executive to pursue an overly aggressive investment strategy.

For under image Source: "The Single Family Investment Office Today: A primer on structuring an investment office to achieve family objectives and societal value," World Economic Forum and J.P. Morgan, August 2016.

2. The impact of family involvement

The level of family involvement in investment decisions, and the process for evaluating and approving investment opportunities, should be considered when implementing a metrics-based plan. For example, if a CIO sources a great investment opportunity, but is then required to discuss with the family and wait for potentially lengthy investment committee approval before investing, the delay in executing the investment may be costly. If the CIO's hands are tied, it could impact the family office's ability to participate in an investment or even negotiate the deal terms. And if the CIO is compensated based solely on metrics, they may be frustrated by their inability to execute deals timely.

Thus, if your family office likes to be hands-on with the investment process, it is worth considering whether metrics-driven awards are truly the best option or whether the family should be given discretion over all or a portion of annual performance bonuses. In all of these cases, we should note that the cash compensation would be taxed as ordinary (compensation) income when received.

Motivating longer-term investment decision making through incentive pay

While discretionary and metrics-based annual bonuses offer payouts tied to the performance period (fiscal or calendar year), there are alternatives that can better align executive pay with longer-term performance. Your family office could grant executives phantom equity, an award that mimics actual equity but is paid in cash. Phantom equity can vest over time, with specified cash payout dates, thus shifting the executive's incentive structure and performance period to a longer term, for example, to 3 or 4 years.

Additionally, your family office could set up a phantom performance award arrangement. You would first identify the plan metrics (often two or more), and then provide a range of cash payouts contingent upon the attainment of these metrics. For instance, if the goal is to achieve a 5% IRR, an executive would be eligible to receive 50% to 150% of a target dollar amount at the end of the performance period, depending on actual IRR, over a certain number of years. The performance period and payout period can vary; however, a typical performance-based plan vests after three years and is paid out thereafter, either in total or via installments over a period of two to three years.

A family office seeking longer-term alternatives to cash compensation, that also align the family's interests with those of the executives, should consider offering co-investment ("co-invest") opportunities and carried interest ("carry") in underlying investments. If structured correctly, co-invests or carry can be taxed at preferential capital gains rates. (Please note the tax rules relating to co-invests and carry are complicated and outside the scope of this article). These vehicles typically have lengthy time horizons of up to 10 years in some cases before providing returns, so the executive may be without cash and will need to balance the potential benefits with near-term liquidity needs.

In the co-invest structure, executives are given the opportunity to invest their own money alongside the family's money. This does two things:

1. It allows the executive, who finds and sources deals, to capture some of the upside, with their own money
2. It ensures the executive is confident in the investment profile and is taking a prudent amount of risk, because their own funds are being invested and are at a risk of loss

For executives who don't have the requisite liquidity to participate, co-invests can be structured as follows:

1. The family office could offer a loan to the executive. In this case, the executive could invest the money, but would need to pay interest at market rate during the term. When the investment is liquid (assuming this is the case), the executive can repay the loan.
2. Same as above, but the family office agrees to match, up to a certain percentage or dollar amount, the executive's investment. The matching amount would be considered ordinary income to the executive.

As an alternative, carry allows an executive to participate in investment upside after a return of capital and a specified return on the investment. Carry can thus be a powerful incentive to executives, especially ones recruited from private equity firms who are used to receiving this type of pay. Of important note, unlike co-invest, where the executive's interests are aligned with the family's, carry has the potential to motivate executives to enter into as many deals as possible, creating higher investment risk, with no downside for the executive.

What about longer-term ways to compensate family office executives?

Truly integrated family office executives can feel like an extension of the family. To reward these individuals for their trusted diligence and counsel, and also ensure they keep the executive for the remainder of their career, family offices can consider a customizable pension plan, such as a supplemental executive retirement plan (SERP) to meet their needs. SERPs can be offered selectively to key employees and allow the family office to set aside money on a tax deferred basis (for the employee), with employees paying ordinary income tax upon receiving funds in retirement. The plan will detail vesting requirements and eligibility considerations. SERPs can provide a substantial benefit in retirement and therefore incentivize loyalty to the family office.

Key takeaways

A robust executive compensation plan can be an invaluable tool in attracting and retaining the right talent to grow and drive your family office. As we've discussed, there are numerous tools, structures and incentives available to you and your family to draw and incentivize high-level candidates while ensuring their goals – both long and short term – remain aligned with the values and culture of the family. No matter the size of your family office, whether starting with a small core team or growing into a more institutional framework, ensuring you have the right executive compensation plan in place can pay dividends down the road.

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UNDERSTANDING AND PROTECTING TRUSTS IN AN EVOLVING REGULATORY LANDSCAPE

by Judith Pearson

Understanding and Protecting Trusts (And Their Liability) In an Evolving Regulatory Landscape by Judith Pearson Family Offices that serve high-net-worth individuals have been in recent global headlines as governments target them in an effort to tax corporate and individual gains.

In December 2021, the Biden Administration announced an anti-corruption plan made in conjunction with more than 100 other countries. While the reported purpose of this announcement is to counter fraud, regulations tend to expand to principled clients. According to the Wall Street Journal, the new 38-page plan calls for government agencies to work with Congress to use new and existing laws to make it more difficult for "gatekeepers" to the financial system (including lawyers, accountants, trusts, and company-service providers) "to evade scrutiny." While there certainly are cases that cross the line, most of the structures used comply with regulations. For example, when the Pandora Papers were released in October 2021, it became evident that many government officials, billionaires, and celebrities were using various financial structures that adhered to local laws.

While there is continued scrutinization of complex wealth transfer vehicles when conveying generational wealth, it is important to recognize that well-established laws are being used. Trusts are one frequently used vehicle. They are created for numerous reasons and can be structured in endless ways.

The trust structure will depend on:

- the goals of the grantor (wealth owner)
- the laws where the trust was created
- the type of trust created for the benefit of third parties (beneficiaries)

The individuals who bridge the gap between the wealth owners and the beneficiaries are the trustees. They have control of the assets that are owned by the trust. A trustee can be either an individual or an institution. This article focuses on the role of institutional trustees, also known as trust companies.

What Are the Roles of Trust Companies?

A trust company can perform some or all the various trustee functions. These duties typically include investment, administration, distribution, and reporting. As a trustee, the trust company and its officers have a fiduciary responsibility to the beneficiaries through a written agreement outlining the services they must perform. It is essential for all parties to review this statement of work because it not only outlines the services to be provided to the trust but also service fees and liability provisions. Should a challenge arise between the beneficiaries and the institutional trustee, the potential liability will be evaluated based on the service agreement and the trust document.

What Are the Obligations to the Grantor?

The grantor (wealth owner) creates the trust. However, once the trust is established and funded, its assets are transferred to the trust and managed by a third party known as the trustee. The trust document serves in a similar way as a business operating agreement, outlining the who, what, where, when, and how of the grantor's wishes. This document needs to be carefully thought out and designed to offer a balance of clear instruction and discretion to ensure the grantor's wishes will be carried out and the best interests of the beneficiaries will be served.

What Are the Trust Company's Obligations to Beneficiaries?

Assuming the trust company has been appointed to all the roles of a trustee, it is obligated to follow the written terms of the trust, including investment, administration, reporting, and distribution of trust assets. While these may seem to be straightforward tasks, they can get quite complicated—especially if the trust is formed under the laws of states or countries that support the directed trust environment.

In a directed trust, the roles and responsibilities are bifurcated. In other words, the investment trustee is responsible for the management of the assets, but many of the additional trustee obligations can be directed to various other institutions and individuals depending on the laws of the state or country in which the trust was established. There are compelling reasons for these directed trust structures, including, but not limited to, family control, privacy, and asset protection. Often these laws can limit the fiduciary obligation of some of these roles, but that fiduciary obligation may be added back in via the trust instrument.

Understanding where there is and is not imposed fiduciary duty is important since fiduciary duty is the highest legal standard of care in law. These variations create uncertainty for the actual fiduciary responsibility, and many of these laws are new and have not yet been tested. We expect these laws will stand the test of time when the trust is served in good faith. However, In the face of bad fact patterns, the laws may be challenged.

Protecting Their Liability: Do Trust Companies Purchase Insurance?

In our experience, trust companies purchase many forms of insurance; however, our focus here is Directors & Officers Liability (D&O), professional Errors and Emissions (E&O) insurance, and crime bond policies.

The distinctions between these three coverages are:

- D&O insurance protects executives for the management of a company.
- E&O insurance protects trustees and the organization from mistakes made while carrying out their professional services.
- Crime bond policies protect the trust from theft of assets by an employee of the trust company.
- In the US, some states require the company to purchase some or all of these insurance policies. Often the regulatory requirements are vague, and it is critical that the policy is designed by an expert in the field and is not just a checkbox for the regulators.
-

The key to designing an effective policy is understanding the exact services being provided by the trust company and the corporate structure of the company to ensure appropriate coverage. This task can be challenging because each trust company has a particular target client and menu of services. Therefore, the insurance policies need to reflect the specific operations of the trust company.

What Is the Underwriting Process?

To obtain an insurance policy quote, the underwriters request some basic information such as general information about the entity, financial statements and typical service contracts. After an initial review of the information and independent research about the trust company's reputation, business practices, and management, the underwriters may have additional questions. Some of today's hot buttons for underwriters include understanding the trust company's compliance with the following:

- Anti-money laundering (AML) and the Bank Security Act
- FACTA Foreign Account Tax Compliance Act (FACTA)
- Common Standard on Reporting
- Due Diligence for Financial Account Information (CRS)

It remains to be seen what the effects will be of that new anti-corruption plan, which was released by the Biden administration in advance of the virtual Summit for Democracy in December. In a statement that accompanied the plan's release, the White House stated, "Those that abuse positions of power for private gain steal not just material wealth, but human dignity and welfare."

In today's volatile economic and political environment, the trust industry must remain diligent in its compliance with evolving laws and standards of care so that the industry can continue to service families who are legally passing on their wealth to future generations.

Judith Pearson is Family Office and Trustee Liability Group Leader for Woodruff Sawyer, Denver CO. She has over 37 years of experience with Chubb, AIG and was a pioneer in the development of directors and officers liability coverage for AON. Woodruff Sawyer safeguards our clients' directors and officers' against lawsuits and other management liabilities. At Woodruff Sawyer, we identify, mitigate and transfer fiduciary risk so trustees serving in trusts of all sizes can increase their upside while avoiding personal, and institutional liability.

THE FAMILY, THE FAMILY OFFICE AND THE FAMILY RESPONSIBILITY

By Dr. Ariel Sergio Goekmen, LL.M. Member of the Executive Board
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From a libertarian viewpoint, all families seek to ensure that their children grow up to become independent, self-reliant, socially productive members of society. In advisory discussions, our family clients and their family offices tell us that they are concerned by a number of issues in this regard and unsure how to resolve them. Below, we outline some of the concerns we frequently address in discussion with our family clients and family offices.

Uncertainty about the future makes it very difficult for parents to decide whether their children should be influenced to be educated to become engineers, lawyers, medical doctors or senior executive directors, or whether they should venture into the creative arts. It is a conundrum for many families and their family offices to define at what age children or young adults should be initiated into the secret of how wealthy they are.

Deciding on the appropriate age to impart this knowledge, and later even making all or part of the wealth accessible, is problematic, because this rite of passage also imposes a burden of responsibility on the recipient. Plato and Aristotle both were critical of wealthy people, and in my view they concluded that for wealth to exist, it must also be used. Wealth from a libertarian viewpoint must be invested in enterprise to bear fruit and eventually create jobs; its purpose is broader than satisfying the consumption needs of the next generation. How to go about this?

Many families have reservations about informing their children about their wealth prematurely; they worry that doing so could nurture the growth of wrong values and undermine their children's character. The children might realize that they will never need to earn a living when they are adults, and this could erode their incentive to finish their education or induce them to study without achieving good results. A lack of motivation could turn them into idle 'trust zombies', who live in the hope of receiving their inheritance and simply live off the fruits of previous generations' labour.

So how is this conundrum resolved? How can families ensure that the next generation becomes as diligent and socially productive as the previous one, thereby increasing wealth instead of dissipating it? In our conversations with wealthy families and their family offices, we often find that the following actions and measures, organized by the family office or the family's advisors, may help set family offspring on the right course.

Lead the children early by example

If the parents spend their money extravagantly and live a life of conspicuous luxury, it is highly likely that their children will be accustomed to this lifestyle and remain habituated to it later on in their lives, even without a penny of self-earned income. It is therefore difficult, if not impossible, for such children to imagine a future that is frugal, where they have to work hard, if the previous generation has not led them by example. It may be hard for the senior generation to adopt this exemplary role, but it is essential that they assume this responsibility in order to ensure that virtuous patterns of behaviour are passed on to the next generation. It is equally crucial that parents present these patterns of behaviour consistently from the beginning.

Live by the right values

Successful families often have family mottos that they live by, slightly different from the ones used by families with a heraldic title; for example, "Millers treat their customers fairly," "Millers invest and don't speculate," and "Brick and mortar are the best." This sounds rather pedestrian, but it can actually work like an algorithm that maintains family values over generations. For example, "We never sell real estate and never borrow money" can lay the foundation that secures the continued success of a family real estate portfolio for generations, as without debt, even a deep economic crisis can be survived, because no maturity dates loom.

Interestingly, these algorithmic statements do not only work for commercial strategies. They can also apply to a family's attitude towards life. For example, one family told their children: "You can become anything you like, but you must be the best in your field. If you become a musician, you must play at Carnegie Hall. If you become an architect, you must construct buildings that still impress people in a hundred years.

If you become a teacher, you must teach at Oxford or Cambridge." These pragmatic principles are about adding value to society at large and contributing as an individual and personally to the advancement of society or the community in a measurable way. Here, I refrain from using the clichéd expression "giving something back to society," because critical minds may ask whether something was taken from society without the right to do so before.

Let the children practice often

For every age group, there is an opportunity to help the child understand something about the responsibilities tied to wealth. Some family offices that we know organize days where the youngsters come together and have to select a charity project that they will personally contribute to. This ranges from cleaning the city park to helping the elderly or handicapped for a day. It can also be something cultural, like performing a concert in a park frequented by elderly people or children and doing this to a demanding standard, thereby bringing joy to many others.

Later, especially when the family has a charity, adolescents are invited to rate and choose projects which should be funded. They become project leaders at an early stage. They learn how to spend money prudently by investing, at the same time contributing to a good cause. This trains them to assess actions and outcomes, which is an essential decision-making skill for entrepreneurial success in their later lives.

Lastly, family members are often brought together after leaving university by the family office or advisors for a day or week to be educated in crucial financial and managerial fields. These courses cover a range of topics: How does the stock market work? How does our firm or a bank earn money, and what are the drivers? What do other families do, and what makes them successful? This training can be accompanied by a banking training, an internship, or a strategic social training where young people learn to build professional networks with peers who share similar attitudes and values.

In conclusion, a great deal can be done from an early age to ensure that the offspring of rich families acquire the right family values and can calibrate their compass for the future in order to map out their careers as successful, independent, self-reliant and socially and pecuniary productive members of society. Successful family offices and their advisors, such as banks, support them in doing so from an early stage onwards.

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THE NEXT TECHNOLOGY GOLD RUSH

BIO-PRINTING

BIOPRINTING BODY PARTS FOR TRANSPLANTS

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

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

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

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

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

PRINTING A NEW FACE

"Bioprinted images created by and copyright (c) Christopher Barnatt, ExplainingTheFuture.com"

MASERATI: BACK TO RACING

Formula E World Championship from 2023

Maserati today announces the first step in its motorsport strategy and will make its debut in the ABB FIA Formula E World Championship in 2023.

With motorsport in its genes and rooted in the spirit of pure competition, Maserati is the first Italian brand to compete in Formula E. The return to the track renews the racing spirit in Maserati's DNA.

The combination of Maserati's unrivalled racing heritage - a brand intrinsically linked with high-performance, and its innovative attitude towards electrification – aligns perfectly with the ABB FIA Formula E World Championship, the world's first all-electric road-racing motorsport series.

Maserati's commitment to electric mobility is powered by a lightning surge of new energy, now accelerating to run at top speed with Folgore, the full electric range. All new Maserati models will also be available in 100% electric solutions including Maserati Grecale, Maserati GranTurismo and GranCabrio and the Maserati MC20 super sportscar.

The ABB FIA Formula E World Championship provides Maserati with a perfect platform to showcase the unprecedented brand racing heritage and Folgore in an environment where high performance and innovation powerfully co-exist.

Maserati will debut on the grid from Season 9 with the new Gen3, the fastest, lightest, most powerful Formula E racing car ever. The Gen3 is the world's most efficient racing car featuring a series of industry-leading design, production and technological innovations.

Since inception, Formula E's dramatic racing on the streets of the world's most iconic cities including New York, Monaco, Berlin, Mexico City, London and Rome has led to electric cars exported around the world today going further on every charge through increases in energy efficiency, enhancements in battery range and advances in powertrain development.

Davide Grasso, Maserati CEO, commented: "We are very proud to be back where we belong as protagonists in the world of racing. We are powered by passion and innovative by nature. We have a long history of world-class excellence in competition and we are ready to drive performance in the future." Grasso continued: "In the race for more performance, luxury, and innovation, Folgore is irresistible and it is the purest expression of Maserati. That's why we decided to go back to racing in the FIA Formula E World Championship, meeting our customers in the city centers of the world, taking the Trident forward into the future".

Jean-Marc Finot, Senior VP, STELLANTIS Motorsport, added: "It is a great pleasure for STELLANTIS Motorsport to play a part in getting Maserati back in the Race. Beyond this piece of history, Maserati Formula E will be our technological laboratory to accelerate the development of high-efficiency electrified powertrains and intelligent software for our road sports cars. Formula E is the perfect Championship for this purpose and we are very proud to be the first Italian brand to join in."

Alejandro Agag, Founder & Chairman, Formula E, said: "We are proud to welcome Maserati to their new home in world-class motorsport. The ABB FIA Formula E World Championship is the pinnacle of electric racing. It provides the perfect environment for the most dynamic and innovative high-performance car brands to showcase their technological capabilities alongside their sporting ambitions."

Mohammed Ben Sulayem, FIA President: "I am delighted to welcome Maserati to Formula E for Season 9. For such an iconic manufacturer with a tremendously proud and successful heritage in motor sport to pledge its commitment to the series is testament to the overwhelming faith in the ABB FIA Formula E World Championship's future as we prepare to usher in the next era. The new Gen3 single-seater will represent the pinnacle of sustainability, technology and performance."

Maserati was born on the track from audacity, first of the Maserati brothers, then of its drivers. Its racing debut was 96 years ago. The first racing car to bear the Trident logo on the bonnet was the Tipo 26, which debuted at the Targa Florio in 1926, winning first place in the class up to 1.5 L, with Alfieri Maserati at the wheel.

Thirty-one years later, Juan Manuel Fangio won the F1 World Championship with Maserati in 1957. The last time Maserati was seen in a single seater was with Maria Teresa De Filippis, the first woman to qualify for a Formula 1 Grand Prix, on board of a 250F.

Its very last appearance in racing was with the unprecedented MC12, which won 22 races (including 3 victories in the 24 Hours of Spa) and 14 Championship titles across Constructors' Championships, Drivers' Championships and Teams' Championships in the FIA GT, from 2004 to 2010.

Racing has always been Maserati's natural habitat. Even now, with its new era in Formula E, Maserati is starting from its roots as it builds its future.

OUR LATEST ARTICLE ON ANTIQUE WEAPONS

FROM FAMOUS LONDON GUNMAKER

A Tradition of Style, Adventure and Exclusivity..

EXPLORE THE WORLD OF ANTIQUE WEAPONS

HOLLAND & HOLLAND

EVER THOUGHT OF INVESTING IN ANTIQUE WEAPONS?

Learn what the expert gunmakers have to say!

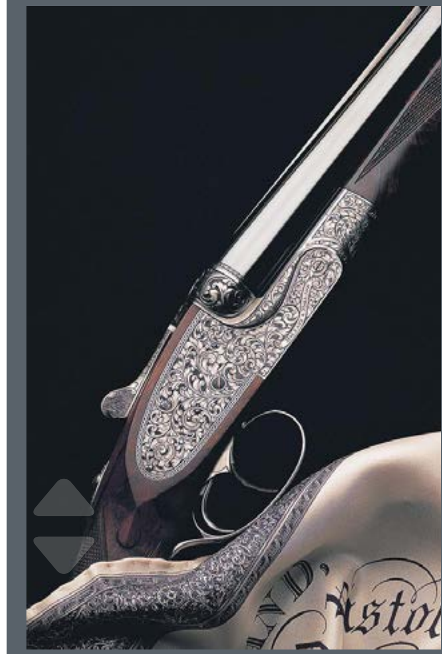
Holland & Holland guns are celebrated throughout the world as the perfect combination of artistry and craftsmanship. To understand why, you need simply pick one up, balance it in your hands, and allow your eyes to take in every detail of its lines.

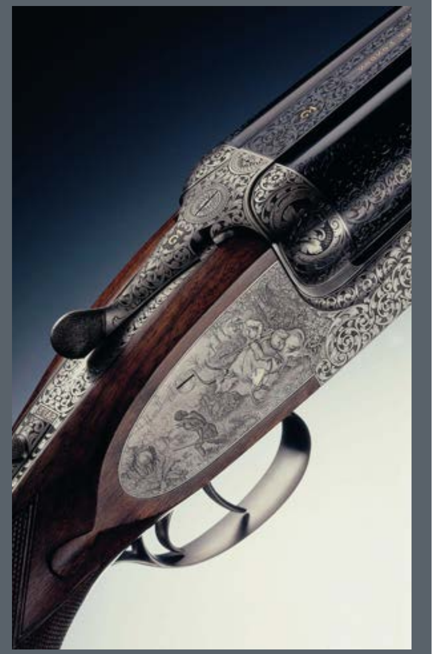
Such an achievement does not come into being by evolution alone, even though Holland & Holland guns and rifles trace their lineage back to the year 1835. Its other parent is curiosity, the desire of the craftsman and gunmaker to see whether an improvement can be made on accepted methods. The company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

To consider an antique or vintage weapons as an investment may not be as daft as it would first seem. Like all collectables, fashions come and go so not everything is going to be desirable all the time. The one certainty is that, if carefully purchased, values never appear to go down but generally increase on a regular basis of around 3 - 5% per year. There are many specific areas of the market, but the most popular to delve into is classic sporting shotguns and rifles. It is generally recognised that the epitome and benchmark of excellent sporting guns and rifles that are produced in the UK, so this is where our search begins. We must first take into consideration that condition is key. Although you may pay a little more for something unique, totally original, unaltered and in excellent condition, you will not normally not have a problem selling it on. When looking for a good investment, one likely to make reasonable return in the years to come, the sound advice would to be to first look for something with fairly standard specifications. By doing this it means that when you come to sell you will appeal to a wider market, rather than just a few collectors. A second consideration should perhaps be the name. Holland & Holland, Boss and Purdey will always command a higher price as the original standard of workmanship is higher than the majority. However, a poor condition best gun or rifle will not hold or increase its value anything like one in mint condition of a lesser make. Your third consideration must be what as an individual, are you looking to achieve? If it's just pure investment then it's down to condition, originality and purchase price, but to enjoy and make use of the guns and rifles whilst you own them, to me, is a bonus.

CONSIDERATIONS

1. Condition
2. Best gunmakers
3. Purchase price/future value
4. Enjoyment factor





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

HIDDEN COMMISSIONS: HOW ARE BROKERS POSTING RECORD PROFITS

by Tom Jardine

Brokerage commissions have been on a steep decline since their deregulation on "May Day" in 1975 when commissions went from a fixed level to a mandated negotiated rate. Back then, brokers enjoyed commission levels of 75 cents or even $1 per share. Imagine a 10,000-share order costing $7,500 to execute. Since then, this driver of broker profits has fallen to zero in many instances and, with the increasing advent of "payment for order flow" (PFOF), has gone negative. You would think that brokers would now be reeling from low-profit margins as the main benefactors of transaction fees.

As you are all aware, that's not the case. Broker-dealers are posting record profits. Goldman Sachs, JPMorgan, Morgan Stanley, Charles Schwab and many others reported record revenue and profit for 2021. You can convince yourself that these firms are more sophisticated and thus reaping more trading profits, but that argument has two holes. First, while brokers have indeed become much more sophisticated in their trading mechanisms, other market participants, including hedge funds, market makers and high-frequency traders, have become equally and, in most cases, far more sophisticated in their strategies. These other market participants have more than offset any increased trading margins that brokers would be earning. Second, the Volker rule passed in 2010 significantly curtailed brokers' ability to engage in proprietary activities and thus make trading profits. If there are no commissions and no trading profits, how are brokers making more profit than ever?

Enter hidden commissions. Hidden commissions are those undisclosed fees "charged" by brokers generated from securities transactions. Emphasis on undisclosed. But wait, don't the SEC regulations, Rule 605 and Rule 606, forcing brokers and market makers to disclose their payments for executions provide ample disclosure of these fees?

These payments only cover a small portion of these hidden commissions and miss the much larger impact costs. Implementing these rules leaves much to be desired with varying file formats, disparate distribution and several quarters or even years in delayed reporting. Even if you had a complete record of these disclosed payments, tying them back to your actual executions and calculating your hidden commissions would be impossible. According to a recent SIFMA survey, impact costs, the primary source of these hidden commissions, are over ten times reported commissions averaging 0.315% in the US. For the Family Office executing an average of $50mm in public securities per month, these hidden fees can amount to $1.9mm and are much higher for foreign and small capitalised securities. And that's simply the average across all market participants. Institutional players armed with significant technology and personnel resources to develop sophisticated transaction cost analysis systems have a much better handle on these costs and can more effectively monitor and manage them. The smaller or even mid-tier investor is more than likely unaware of these hidden commissions, let alone tracking them and, as a result incurring a much higher average cost.

Managing your brokers used to be much easier. You paid commissions for executing with a broker, and these fees were disclosed on your monthly statement. As the marketplace evolved and commissions started to compress, you could negotiate these fees and closely monitor these charges on your statements. With commissions near zero, the investor has been lulled into a false sense of security that their cost of execution has been eliminated and has completely lost their ability to monitor their broker's performance. Fortunately, these undisclosed fees or hidden commissions are rather easy to calculate. You take the price when your order was sent to the broker or arrival price and subtract that from your executed price. Voila, you have found the Holy Grail, your hidden commissions, the source of these record profits earned by brokers.

Unfortunately, your broker will not provide this information, and if they did, would you trust the student to grade their exam? This hidden commission tracking system entails matching market data from a third-party provider with your transaction data. Once you have a record of both transaction and matching market data, you can calculate your hidden commissions, report this regularly and use this data to resurrect your broker management process. While this analysis may seem easy on the surface, automating the data collection, integrating the market data, developing these metrics, and building tools to monitor and analyse the results can be a daunting endeavour even for a multi-family facility, let alone a single-family office. Outsourcing execution analysis is a much more cost-effective method to monitor broker performance. Family Offices leverage outsourcing for multiple functions, including execution, settlement and clearing and even stock selection.

Execution analytics is another relatively complex process that a family office should consider outsourcing to maintain focus on its core mission of managing the family assets. And having an independent provider measure and report execution quality, rather than relying on in-house or broker resources, ensures an unbiased review and decisions rendered in the best interest of the family assets. Conducting a quarterly broker review using these generated performance metrics and the hidden commission tracking system can save an investor 0.10%-0.20% in execution costs. (We've seen institutions save up to 0.50% and even 1.0%!) The Family Office that implements this quarterly review and executes $50mm per month can realise annual savings of $600,000 - $1.2mm. In our next instalment, we will dig deeper into the hidden commission tracking system and show you the details of how to develop a system of your own, giving you the ammunition to keep tabs on your broker activity.

Tom Jardine is the Founder of 0 to 1 Analytics, 0to1.one, a fintech firm specialising in providing transaction transparency for investors. He has over 30 years of experience in the institutional equity trading markets at the bulge bracket level. He has an extensive analytics background and is currently an adjunct professor at Columbia University in their Applied Analytics Program.

Are Impact Investors Eating Philanthropists' Lunch?

By Nick Rees, Managing Director, Private Clients, Cambridge Associates

The world today is, arguably, more complex than it has ever been with competing political and economic philosophies jousting for influence within democracies. Recent divisive elections in the US, Brazil and Italy are the most recent data points, but tensions are also clear internationally with war in Europe and economic and intellectual sparring evident between the US and China.

Against this backdrop, we are also entering an environment of slower economic growth, higher inflation, and a higher cost of capital. These factors pave the way for the two philosophically aligned concepts of impact investing and philanthropy to help address some of the most deeply embedded social and environmental issues globally. Perhaps unsurprisingly progress thus far has been slow, leading some to question whether the growth of impact investing is cannibalising a relatively scarce pool of philanthropic capital. In this article I argue why that is not the case.

Firstly, whilst both pools of capital are similar in their intentionality to positively influence society, they are also fundamentally different. Philanthropists - with no need for any sort of financial return - are, in theory at least, unconstrained in where they can operate. The opposite is true of impact investors, who must focus on those sectors where their capital can be both impactful and profitable.

This naturally means that impact investors are required to filter solutions through a market-based lens and, as such, must coalesce around sectors which can take tick both boxes. As a result, we advise socially conscious family offices to invest in areas such as education and medical technologies, whilst those more environmentally minded have found renewal energy infrastructure, agricultural technology and real estate efficiency interesting areas which have been able to generate both environmental and financial returns.

The market, however, cannot attract capital to solve every social or environment problem. More nuanced, the attractiveness of an opportunity as represented by the market (the financial returns available) may not reflect the philanthropic priorities (as determined by philanthropists themselves) within a pluralistic society. For instance, a focus on civic engagement, disability inclusion as well as gender, racial and ethnic justice are good examples of structural issues where a financial return will never be sufficient to attract enough capital to provide a solution via impact investing alone, hence the need for philanthropy.

Further, whilst wealthy families investing for impact can certainly be early investors in innovative solutions, their market return requirement dictates that they cannot be as early stage as philanthropists who are able to take outsized risks. In this sense, philanthropists can be catalytic 'seed investors' in solutions which at a later stage may attract impact capital. TerraPower, Bill Gates' nuclear innovation company is a good example of this 'hybridity' where, in the early stages the company was entirely funded by the goodwill of an individual, until such a time as proof of concept had been established. Here, as in many other examples around the world, far from competing for capital, philanthropists and impact investors are increasingly collaborating in hybrid structures which blur the lines between for-profit and not-for-profit.

Another blurring of the two concepts relates to philanthropic 'patient capital' investing in early-stage social enterprises attempting to solve large scale problems. Here the job of the philanthropist is to provide flexibility and security to a business and bridge the gap to the next round of possible funding. This often has to be in the form of philanthropic donations, but sometimes, when the timeframes are years (but not decades), impact investors can also get involved. Acumen's impact investment focus on the global poverty issue is a good example.

Global poverty is just one example of an issue which requires collaboration, however there are many others as highlighted by the United Nations' (UN) seventeen Sustainable Development Goals (SDGs). Although the limited availability of data makes SDG needs assessments difficult, the UN estimates that the world's financial requirements for achieving the SDGs to be between $5 trillion and $7 trillion per year between now and 2030. Combining all forms of philanthropy, development capital, and impact investments still leaves us short by some $2 trillion per year. In other words, the world is not short of problems - there is room for both philanthropy and impact investing.

In summary, the fundamental differences in focus between philanthropy and impact investors often necessitates that they can't compete with each other. This, combined with the fact that there is no need to compete given the scale of the problems we are faced with, points to likely future collaboration – not cannibalization – between the two silos.

What is encouraging, and provides momentum to this collaboration, is the fact that despite current global economic conditions, the world's net worth rises as we innovate. In fact, as measured by the value of real assets, McKinsey estimates that global net wealth has risen by some $350 trillion in the past two decades alone. This, combined with the imminent 'great wealth transfer' (estimated to be some $60-80 trillion) between the baby boomer generation and millennials, facilitates the growth of the investment advisory community.

It is here that engaged professional advisors, aligned with their clients' values and investment objectives, can guide philanthropic and impact capital to be effective. How to be effective is another topic, but there is hope, so let's use all the tools at our disposal to make a difference whilst understanding the distinct role of each capital pool.

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SAY MY NAME

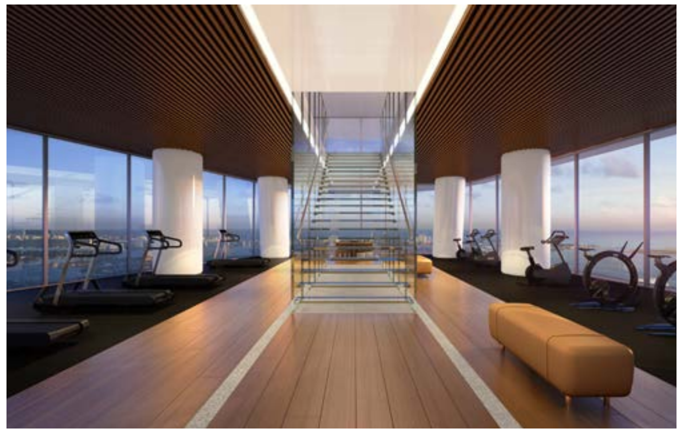
BRANDED RESIDENCES

By Laura Henderson, Managing Editor, Abode2

For high-net-worth buyers motivated by that elusive, yet highly-prized investment attribute – peace of mind - the concept of a managed property certainly ticks all the right boxes. Buying overseas can be complicated, so a development footprint from a trusted source that has already done the due diligence leg work is understandably appealing. The conversion ratios for branded property purchases speak for themselves too. Fast tracking as one of Europe's strongest emerging investment trends, the number of hotels now offering labelled residences is up tenfold in the decade to 2012, with a forecast for dynamic mainstream growth in key Mediterranean destinations in the next five years. Further afield – the market in the Far East is currently valued at over $16 billion, with hot spot destination Thailand leading by example. There, branded residences are expected to account for 37% of future development projects.

Current high-style incarnations have certainly come a long way from their 1980s condo stateside roots, most notably the growing number of 'stand-alone' branded initiatives underway. Take Four Seasons in London, fresh from completely refurbishing Ten Trinity Square overlooking Tower Bridge with a new hotel and residences, and now about to launch its first residential property offering at 20 Grosvenor Square in the heart of Mayfair.

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



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

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

Not surprisingly, the turnkey ease of branded ownership translates to top drawer prices. Branded properties normally sell for 20-30% more than non-branded equivalents, a key consideration, particularly in an uncertain market, where buyers are seeking reassurance of quality, but also value for money. The established relationship and loyalty forged with a known and trusted label can certainly offer an investment edge. Buyers just need to be sure that the premium price tag pays its way.

ONES TO WATCH

ASTON MARTIN RESIDENCES, MIAMI
Aston Martin has recently broken ground on a 66-storey waterfront tower in Biscayne Bay, with residences ranging from $700,000 to $50 million for a penthouse.

CHÂTEAU MOUTON ROTHSCHILD 1945 HOW TO VERIFY A VINTAGE WINE

Stuart George tells the story of his purchase of an exceptional wine from the cellar of a unique house with special owner

Faringdon House is a 14,510 square feet house in Faringdon, Oxfordshire, England. The house is Grade I-listed, protected as a "building of exceptional interest". It was built in 1770–85 for Sir Henry James Pye, who was the then Poet Laureate (an honorary position appointed by the monarch of the United Kingdom).

Faringdon House was a remote, quiet country manor until Gerald Hugh Tyrwhitt-Wilson, 14th Baron Berners, inherited it from an uncle in 1918. From his youth, Berners was notorious for his eccentricity. Upon hearing that a dog could be taught to swim by throwing it into the water, young Gerald decided that a dog could be taught to fly by being thrown out of a window. Happily, the dog survived.

Lord Berners moved into Faringdon House in 1931 with his companion Robert Heber-Percy, known as the "Mad Boy" for his uninhibited behaviour, which included horse riding naked through the surrounding woods. Fictionalised as Lord Merlin in Nancy Mitford's 1945 novel The Pursuit of Love, Berners dyed pigeons in vibrant colours and entertained Penelope Betjeman's horse Moti to tea at Faringdon. Other visitors included Gertrude Stein; Igor Stravinsky; Salvador Dalí; and H. G. Wells.

Unexpectedly, in 1942 Heber-Percy married the 21-year old Jennifer Fry, who gave birth to their daughter Victoria in 1943. For a short time, mother and daughter lived at Faringdon House with Heber-Percy and Berners in an unconventional domestic arrangement. Fry separated from Heber-Percy in 1947 and later married the poet and cricket writer Alan Ross.

In 1950, Lord Berners died and Robert Heber-Percy inherited Faringdon House, which was sold by his granddaughter Sofka Zinovieff (daughter of Victoria) in December 2017 and its contents were auctioned in April 2018.

Among the contents to be sold was a single bottle of wine – Château Mouton Rothschild 1945.

Château Mouton Rothschild 1945 – a great wine

In his book, Vintage Wines, former head of Christie's wine department Michael Broadbent MW described 1945 as "arguably one of the greatest vintages of the 20th century [producing] long-lasting wines of the highest quality". Mouton '45 is so exceptional that Broadbent gave the wine six stars (in a five-star rating system), writing that "There is simply no other wine like it."

The US wine critic Robert Parker wrote of Mouton 1945, "A consistent 100-point wine (only because my point scale stops at that number), the 1945 Mouton Rothschild is truly one of the immortal wines of the century. This wine is easily identifiable because of its remarkably exotic, over-ripe, sweet nose of black fruits, coffee, tobacco, mocha, and Asian spices. An extraordinarily dense, opulent, and rich wine, with layers of creamy fruit, it behaves more like a 1947 Pomerol than a structured, powerful, and tannic 1945. The wine finishes with a 60+ second display of ripe fruit, extract, and sweet tannin. This remarkably youthful wine (only light amber at the edge) is mindboggling! Will it last another 50 years?"

An Art Deco label was commissioned from the poster artist Carlu for the 1924 Mouton vintage. To commemorate the end of the war, 1945 was the second vintage of Mouton to feature a bespoke label, based on British Prime Minister Winston Churchill's "V for Victory", by a young French artist called Philippe Jullian. Every vintage since, Mouton has enlisted an artist to design a new label.

Although the artists were not paid for their work, they did receive ten cases of wine – five of that year's vintage, plus five of their own vintage year.

Doing diligence from a distance

At Vins Extraordinaires, we always advise that high-value bottles and cases should be inspected in person; however, that's not always possible.

Owing to many other commitments, we were unable to inspect the bottle personally before the auction, so we had to do due diligence based on the auctioneer's images and condition reports to make an assessment of the bottle before bidding for it.

Label inspection

Very damp-affected and not a pretty sight, but correct for something that has been stored in a cool, damp country house cellar for half a century.

The Mouton label format from 1945: Artwork at top; the ram emblem; declaration of the number of bottles produced; the proprietor's signature; the name of the wine; the year – all present and correct.

The label should have two separate pieces, with the top "V" piece fractionally less wide than the main label – present and correct.

From 1945 to 1958 the vintage appears below the ram emblem – present and correct, though here it's damp-affected and with a small tear.

Glass bottle inspection

Château Mouton Rothschild 1945 was bottled in a green, broad-shouldered bottle with the shoulders slightly wider than the base so that the bottle tapers slightly towards the base – present and correct. The "75 cl" is seen on authentic examples.

Bottle fill level or ullage inspection

The wine is at top shoulder level, which is a normal and a good level for wines over 15 years old. For wines over 20 years old, this demonstrates excellent storage conditions. For a 73-year old wine, it's exceptional and shows the benefits of having been stored in a cool, damp country house cellar for half a century.

Capsule inspection

All present and correct: Faded red, embossed at the top with "MOUTON ROTHSCHILD MEDOC" in circular uppercase and an "arrows" emblem in the centre, surrounded by an embossed circular line; "MIS EN BOUTILLE AU CHATEAU" is embossed on the capsule at the top of the neck; below this is a very faded embossed logo.

If you approach old and valuable bottles with diligence, integrity and – especially – humility, you will rarely get it wrong. We now have pleasure in offering this very special bottle of wine for sale.

Stuart George is Founder & Managing Director of Vins Extraordinaires, which offers fine wine events and sales in Mayfair, London. Read more about Mouton Rothschild 1945

http://vinsextraordinaires.com/retail-sales.html

MIDUAL MOTORCYCLES
MOTORCYCLING HISTORY FOR ALMOST THIRTY YEARS

Midual has been part of French motorcycling history for almost thirty years.

This was truly a mechanical odyssey, reminiscent of the previous century when pioneering aviators and motorists overcame a shortage of resources to pursue their vision and triumph, bringing the world their version of what motorised movement means. Here at Midual, motorcycling is nothing less than a religion.

Initially, Olivier Midy wanted to produce motorcycles on an industrial scale and oriented the bikes' development to suit this end. In 1999, two full-scale models were presented at the Salon de Paris trade show to roaring acclaim, with a considerable appreciation for this innovative roadster, its sculpted form and its flat-twin installed cross-wise, at a 25° incline.

After failing to convince investors, Olivier changed tack. Midual motorcycles would certainly be produced after all, but not en masse. Like intricate Swiss watches, these would be exceptional examples of hand-made craftsmanship,

made for those passionate and wealthy enough to spend between 155,000 and 170,000 euros for a motorcycle, depending on the options and finishes.

Drawing inspiration from the 1930s, the golden age of French automobiles and motorcycles, Olivier and his small team doubled down to produce each of the 1,450 parts needed for a Midual (240,000 hours of studies, tests, and constant development). Beyond their functional necessity, these add to the refinement, harmony, and glamour of Type 1, whose first prototype (identical to those on the road today) first saw the light in 2013.

This search for perfection has led Olivier Midy to balance style with efficiency. In this way, the aluminium alloy frame (double-skinned to hold the 14-litre fuel tank) is an integral part of the quality and precision of Type 1. When the metal is first sand-cast, it weighs 80 kilos before being machined down on a five-axis machine to a mere 24 kilograms. It is then painstakingly polished for 90 hours, with a choice of four finishes: polished patina, polished brushed, lacquered, and sanded.

Over the years, this determination and pugnacity paid off, with the Midual Company now a well-oiled machine running smoothly. Located in Juigné-sur-Loire, 9 kilometres from Angers, the factory (surgically clean but not without a soul) is fully operational.

Olivier Midy is not one to take shortcuts. He works "in an old-fashioned way, in concentric circles", safe in the knowledge that his most powerful marketing tool is his motorcycle and its intrinsic qualities. His Midual motorcycles are available for sale in France with a delivery time of a few months (and a four-year guarantee) and will later be sold in five European countries, with one distributor per country – "who are passionate about Midual", says Olivier Midy. How could they be anything else?

ALTERNATIVE INVESTING

GOLD COINS

1933 DOUBLE EAGLE GOLD COIN SOLD FOR $7,590,000

making it by far the most valuable coin ever sold to date!

Investing in coins has been with us for centuries. Precious metals in bulk form are known as bullion and are traded on commodity markets. Bullion metals may be cast into ingots or minted into coins.

The defining attribute of bullion is that it is valued by its mass and purity rather than by a face value as money. While obsolete gold coins are primarily collected for their numismatic value, gold bullion coins today derive their value from the metal (gold) content — and as such are viewed by some investors as a 'hedge' against inflation or a store of value. Many nations mint bullion coins.

Investment coins are coins that have been minted after 1800, have a purity of not less than 900 thousand and either are legal tender or have been legal tender in their country of origin. Although nominally issued as legal tender, these coins' face value as currency is far below that of their value as bullion. The European Commission publishes annually a list of gold coins which must be treated as investment gold coins in all EU Member States. The list has legal force and supplements the law. Gold bullion coins usually come in 1oz, 1/2oz, 1/4oz, 1/10oz and 1/20oz sizes.

Most countries have one design that remains constant each year; others, such as the Chinese Panda coins, have variations each year, and in most cases each coin is dated. A 1/10oz bullion coin is about the same size as a U.S. dime. A 1oz gold bullion coin is about the size of a U.S. half dollar.

INVESTING IN GOLD COINS

some considerations before investing:

Many factors determine the value of a gold coin, such as its rarity, age, condition and the number originally minted. Gold coins coveted by collectors include the Aureus, Solidus and Spur Royal.

1849 Double Eagle Sold for $7.59m

Rare Edward III Sold for $6.8m

" Brasher Doubloon with EB on Breast sold for $2.M"

" 1804 silver dollar sold for $4.14m"

Worlds most expensive coins

Selection of rare coins sold recently

Double eagle Sold for $7.59m Made from 90% gold. The first double eagle was minted in 1849, coinciding with the California Gold Rush

Rare Edward III Sold for $6.8m. A rare medieval gold coin that was in circulation from December 1343 until July 1344. The one that was sold for $6.8m is only the third known surviving version

Brasher Doubloon sold for $2.9M
In 1787, Ephraim Brasher, a goldsmith and silversmith, struck a small quantity of gold coins.

An 1804 silver dollar Sold for $4.14m, just 15 specimens are known, they are divided into "Classes." Eight comprise Class I, which were minted in 1834.

The Worlds biggest gold coin was crafted by the Perth Mint; The coin weighs one ton, and is 31 inches (80 cm) in diameter and nearly 5 inches (12 cm) deep. It is made up of 99.9% pure gold, and has a legal tender value of $1 million AU.

World's largest coin!

Australian Kangaroo Gold

SHANNON AIRPORT

EUROPE'S ONLY US CUSTOMS & IMMIGRATION PRECLEARANCE FACILITY FOR BUSINESS JETS

Shannon Airport, a Shannon Group company located in Western Ireland, has a track record of firsts: It was Ireland's first transatlantic airport, is home to the world's first Duty Free Shop (opened in 1947), has Europe's first U.S. Immigration Pre-Inspection facility (since 1986), and became the first airport in Europe in 2010 to offer full US Customs and Border Protection preclearance for airlines.

Shannon is Europe's No. 1 location for business jet fuel stops on the North Atlantic and sees many business jets using the airport every year because of its excellent customer service and strategic location right on the edge of Europe. The airport handled over 4,000 Business Aviation movement in 2018, most of which were for fuel stops. Shannon Airport has a 24/7/365 operation. There are no curfew, slots or noise restrictions and features a 10,500 ft (3,200 m) long 06/24 runway – the longest in Ireland. The famous Irish weather is also beneficial for aircraft operators.

Undoubtedly, Shannon Airport holds a historic and important place in the history of world aviation. The airport celebrated its eightieth anniversary earlier this year by commemorating the arrival on 11 July 1939 of its first passenger flight, a Belgian Sabena Savoia-Marchetti SM.73 tri-motor airliner which landed on the newly-opened and then-named Rineanna Airfield.

The passengers were greeted with cheers from the assembled staff of the new airport before they were taken to Foynes in nearby County Limerick to board Pan American's Boeing 314 flying boat Yankee Clipper, bound for New York.

By 1942 Rineanna had been named Shannon Airport, and by 1945 its runways had been extended to accommodate transatlantic services. Two years later, Shannon boasted the world's first airport duty free shop opened, then a small kiosk staffed by one woman, now a global multi-million dollar industry.

Mary Considine, Chief Executive Officer of the Shannon Group, says, *"We are hugely proud of our history here at Shannon, and our pioneering reputation is recognised and respected across the world of aviation."*

"Shannon was the first European gateway for transatlantic flights, and over the past eight decades we have welcomed every serving US President, royalty, famous actors and musicians along with tens of millions of international travellers."

Shannon's pioneering spirit is evident throughout its history. In 2010, Shannon was the first airport in the world to introduce US Customs & Immigration (CBP) preclearance for Business Jets and is still the only airport in either Europe or the Middle East with this unique facility.

This allows passengers on Business Jets to preclear US Customs & Immigration in Shannon and then fly directly to over 200 US airports. When the passenger arrives at the US airport on a Business Jet Precleared by CBP in Shannon, they are treated like a domestic arrival and undergo no further formalities.

VIP customers on business jets enjoy using US preclearance in Shannon because the service is very fast and efficient, with good customer service from CBP officers. Flights can be precleared in as little as 15 to 30 minutes and will be always finished before the jet is refuelled.

Shannon is Ireland's second-largest long-haul airport, and the only one outside of the capital offering direct flights to all key Irish markets - UK, mainland Europe and the USA.

Joe Buckley Business Relations Manager at Shannon Airport reports that there is considerable interest in Preclearance from aircraft operators and international flight trip planning companies. "I was in the US recently at a major Business Aviation Show, and everyone wanted to talk about preclearance and the benefits of using the service. We are also getting a lot of interest from customers in Europe and the Middle East, as everyone wants to avoid delays when they arrive in the US. The hours of operation for preclearance were recently extended, and the service is now available from 07:00 to 21:00 local."

Buckley said *"for passengers who decide to overnight in the Shannon Region, we have VIP accommodation at scenic Irish castles, luxury hotels and some of the best golf courses in the world. Less than one hour from Shannon, there are three of the best five-star hotel properties in Ireland, which are Adare Manor, Dromoland Castle and Trump International in Doonbeg. Buckley also reports that a growing number of large American and European corporations are flying to Shannon and starting to hold board meetings in the region, which is easily accessible by business aircraft from both sides of the Atlantic and offers a very relaxed environment for doing business".*

The airport is part of the Shannon Group plc, a dynamic commercial semi-state company with a very significant role in stimulating growth across the West of Ireland. In addition to the airport, it comprises Shannon Commercial Properties and Shannon Heritage.

Shannon Group was set up in late 2014 to promote aviation and develop its property and tourism assets. The Group is a key driving force for economic growth in the region. It provides vital air access through Shannon Airport to allow the business community to operate globally and a gateway for tourists to access the breathtakingly beautiful Wild Atlantic Way, a 2,500km costal driving route stretching from County Donegal's Inishowen Peninsula in Ulster to Kinsale, County Cork, in Munster.

The Group's heritage company, Shannon Heritage, manages and operates a variety of family oriented world-leading immersive day visitor attractions and evening entertainment events in Counties Clare, Limerick, Galway and Dublin. Among these are six medieval castles.

Shannon Group is also in the business of providing property solutions to enable foreign direction investment and indigenous business to establish and grow in the region. One of the locations where it does this is at Shannon Free Zone, a multi-sectoral business park located right beside Shannon Airport. Shannon Free Zone was the world's first tax free industrial zone, and today it is home to over 170 companies employing 8,000 people.

Stimulating growth in the aviation sector is also a central part of the group's cluster of over 80 aviation and aerospace businesses which have chosen to locate in Shannon.

What makes the area special? Mary Considine says it's a combination of factors:
"We are privileged to operate on the beautiful West coast of Ireland. Our airport is the access gateway to the Wild Atlantic Way. We are very customer-focused, and we endeavour to make accessing our airport and our region as easy as possible for our business and leisure passengers."

STONEHAGE FLEMING

FAMILY OFFICE

Stonehage Fleming, one of the world's leading international Family Offices, announces the appointment of Richard Stride as Head of Family Office Jersey and Bruce Sinclair as Trustee Director in the Jersey Family Office Division.

Richard acts as a Trusted Adviser to wealthy international families and, for the past 14 years, has assisted with their day-to-day challenges regarding succession, governance and complex wealth requirements. He joined the Stonehage Fleming Group in 2007 and was Head of the Family Office Division in Johannesburg before moving to the Jersey office in 2017. He succeeds Ana Ventura, who will now serve as a Trustee and Key Adviser to several Stonehage Fleming's high-net-worth international families.

Bruce has 12 years' legal experience and joins from Standard Bank, where he served as Head of Legal for the Trust and Fiduciary Services Offshore Division, joining in 2017. Bruce led the Fiduciary Legal unit to provide fiduciary and risk-related legal advice and support to its front office in relation to the administration of trusts and company structures. Bruce has held various roles, including working as a lawyer at Carey Olsen, qualifying from Dickson Minto W.S. Bruce will work closely with clients, advisors, co-trustees and other divisions and business units within the Stonehage Fleming Group and acts on Stonehage Fleming's Board of Jersey and British Virgin Islands Corporate Directors and Trustees. He is based in Jersey and reports to Richard Stride, Head of Family Office Jersey. His appointment is effective immediately.

Commenting on the appointments, Ian Crosby, Chairman of Stonehage Fleming Jersey, said: "It is a pleasure to welcome Bruce to Stonehage Fleming. His extensive technical and commercial experience will be invaluable to our existing talented and dedicated team. His appointment reflects the importance of our continued role as trusted advisers to leading families of the future and wealth creators."

"We look forward to Richard's continued work in his new role as Head of Family Office Jersey and thank Ana for her years of dedication and commitment. Both are extremely valued members of Stonehage Fleming's Jersey office."

Bruce Sinclair said: "I am delighted to join Stonehage Fleming and its highly qualified team. I look forward to enhancing our offering and helping individuals and families structure their finances to realise their vision of how their wealth should be managed and passed smoothly down to future generations."

In the Jersey Family Office division, Ian Ferguson and Rudi Bodenstein have been promoted to Partner. Joining over twenty years ago, in 2001, Ian works with a number of high-net-worth families where he provides trustee and director services to their structures. He was previously the Head of the Jersey office's Internal Audit & Compliance division and had a background in banking in the UK and Jersey and spent two years with the Jersey Financial Services Commission.

Rudi joined in 2018 and acted as a senior trustee with a specific focus on South African Families, is a lawyer with 17 years of experience in private practice and 14 years in advising and assisting clients with cross-border and fiduciary requirements. Rudi will continue to grow and expand the unique Emerald offering and act as a trustee for high-net-worth families.

Also, in the Jersey Family Office division, Tatiana De Sousa and Stuart Dixon-Smith have been promoted to Associate Director, Peter Humphries, Jim Jenkins and Christopher Nixon to Manager, and Jason Gould, Carly - Anne Samson and Steeve Batista to Senior Associate.

In the Jersey Group Services division, Milan Pillai has been promoted to Manager and Kelly Frith, Sebastian Plaster and Tom Heulin to Senior Associate.

Stonehage Fleming Family Office in Guernsey has promoted Nel Schoeman to Associate Director.

Commenting on the promotions, Richard Stride, Head of Family Office Stonehage Fleming Jersey, said: "It brings me great pleasure to announce such a strong number of promotions at Stonehage Fleming Jersey this year. We support all our colleagues to develop their potential, and these promotions are a well-deserved result of hard work and dedication. We have a brilliantly talented team here in Jersey, and as we grow, it's fantastic to be able to recognise these latest advancements."

Commenting on the promotions in Guernsey, Iris Harvey, Head of Family Office Stonehage Fleming Guernsey, said: "We're delighted to recognise the vital role our colleagues play in the Group's growth and long-term success. Stonehage Fleming supports many of the world's leading families, and wealth creators and these promotions reflect the many talented professionals in the Group who offer a range of skills and capabilities rarely found in one firm."

www.stonehagefleming.com

DUBAI

GLOBAL SUPERYACHT CAPITAL

Building on a rich maritime heritage, Dubai has made rapid progress to emerge as a preferred destination for yacht owners, charters and cruise travelers from across the world and a leading multi-faceted global hub for the sector.

With its world-class infrastructure, picturesque coastline, simplified access procedures, open anchorage areas, luxury marinas and diverse sea and land based experiences, Dubai has become a global yacht tourism magnet and the destination of choice for owners and captains of superyachts, especially in the winter season from October to April.

His Highness Sheikh Mansoor bin Mohammed bin Rashid Al Maktoum, Chairman of the Dubai Council for Border Crossing Points Security, said the rapid growth of Dubai's maritime tourism sector has contributed significantly to reinforcing the emirate's status as one of the world's most popular tourism destinations. His Highness called for further efforts to accelerate the pace of the sector's growth and the development of its offerings, building on the successful start of Dubai's cruise tourism season this year.

His Highness said: "Dubai's leadership is committed to providing the world-class infrastructure, facilities and support necessary for maritime tourism to flourish in the emirate and for tourists to have a smooth, hassle-free and enriching experience. Dubai has a long and distinguished track record for providing exceptional services in this sector, which has made it a destination that is a favourite among both industry players and tourists worldwide."

Under the directives of His Highness Sheikh Mansoor bin Mohammed, a cross-governmental task force was established to ensure that all foreign-flagged yachts, whether shipped or sailing to Dubai, have a seamless experience on arrival and benefit from full access to modern infrastructure and advanced marina based facilities.

Following the launch of Dubai Harbour in 2020, and the expansion of several marinas across the emirate in the last 18 months, Dubai is now home to 15 marinas with more than 3,000 berths, which can accommodate an array of pleasure craft and luxury yachts as well as superyachts and gigayachts.

Dubai is particularly attractive as a hub for superyachts, with its world-class facilities and sophisticated infrastructure, and plethora of fine-dining restaurants, diverse experiences and tourism attractions, all within easy access of the marinas. According to Oxford Business Group, more than 200 superyachts (37 – 60m yachts) were registered across the Middle East as of 2019, with Dubai being the base for many of these vessels. The dock and dine options that are available at the marinas, in addition to its varied destination offerings, span many leisure touchpoints from heritage

to entertainment, outdoor adventures to beach activities, gastronomy to family-oriented experiences, and from shopping to luxury.

With the impact of the pandemic continuing to influence new travel trends globally, residents and tourists are now seeking more private and closed-group activities. As a result, yachting has become increasingly popular with both tourists and residents alike, with owners and captains seeking to berth their vessels in marinas along Dubai's coastline, such as the new Dubai Harbour.

Sheikh Saeed bin Ahmed bin Khalifa Al Maktoum, Executive Director of Dubai Maritime City Authority, said: "The Dubai Maritime City Authority is committed to promote Dubai's position in the global maritime sector, by developing productive partnerships and innovative initiatives to elevate the leisure industry, create unique yacht tourism experiences and raise the sustainability of the sector in Dubai. In line with the futuristic vision of His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, we're moving forward to advance marine leisure activities, tourist destinations, marinas, recreational places and yacht services to create a leading cluster for maritime activities in Dubai."

Issam Kazim, Chief Executive Officer of Dubai Corporation for Tourism and Commerce Marketing, commented: "We are seeing a rapid rise in yachting and cruising, two key offerings that support our tourism growth strategy in line with the vision of His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE

and Ruler of Dubai, to position the emirate as the most sought-after destination to visit as it continues to offer diverse tourism experiences as well as enhance its appeal as a global hub for businesses and an attractive location to live and work in.

Dubai's range of yacht tourism facilities that meet the highest international standards combined with its diverse destination proposition and commitment to prioritising the health and safety of people has enabled Dubai to build a thriving global yachting community and offer leisure and adventure activities featuring the most modern watercraft. Dubai's ability to provide residents and tourists memorable maritime experiences is a testament to our strong collaboration with our stakeholders and partners."

Hamza Mustafa, COO, P&O Marinas, said: "The UAE has a diversified economy with tourism as one of its core pillars. Capitalising on this, the country has established itself as an exclusive, luxury yachting destination. At P&O Marinas, through our collection of sought-after yachting and coastal destinations, our sole purpose is to develop and promote Dubai as a comprehensive maritime hub and a global destination for marine tourism. Our assemblage of marinas is one of the most comprehensive in the Middle East, with a total capacity of 1,200 wet berths, 600 dry berths, and an ability to accommodate 60 superyachts ranging between 25m and 160m. In addition to this, we are continually working to ensure that the Emirate remains the epicentre for yacht and superyacht owners.

"Moreover, as per a report from Research and Markets, the global yacht industry is projected to reach an estimated market value of USD84.7 billion by 2027, growing at a CAGR of 4.1 per cent. This growth will certainly project on the superyacht industry. We have sought to enhance the growth of the industry through

The International Superyacht Summit 2022 aimed to foster collaboration in the sector locally and globally.

"Featuring world-class ports and superyacht berths with state-of-the-art facilities, the UAE has created the ideal conditions for the development of a thriving yacht tourism industry. Dubai offers attractive and competitive advantages including optimal berth spaces, dedicated support facilities and its strategic location along a beautiful coastline."

Abdulla Binhabtoor, Chief Portfolio Management Officer of Dubai Harbour, commented: "Dubai Harbour is an extraordinary seafront district, set to further enhance Dubai's standing as a world-class leisure destination. Dubai Harbour's wide range of infrastructure and services have been carefully curated to deliver a premier, vibrant, and multifaceted marine experience. These include the Dubai Harbour Marinas – the region's largest marinas – which can not only accommodate 700 berths but also offer the city's first superyacht-dedicated marina that can house yachts up to 160m in length."

"In addition, the new opening of the Dubai Harbour Cruise Terminal, a state-of-the-art facility spanning over 120,000m² and comprising two purpose-built terminal buildings, will play a major role in positioning Dubai as a fully integrated global yachting hub. Dubai Harbour reinforces Dubai's positioning as one of the world's leading tourist destinations and is set to play a major role in rekindling the city's connection to the sea, providing more options and easier ways for people to experience a once-in-a-lifetime nautical experience."

The growth potential of the UAE's yachting industry is demonstrated by the presence of world-class companies in the field such as Gulf Craft, manufacturers of luxury and superyachts and the opening up of more companies that are dedicated to promoting yacht tourism including The Yacht Brothers and Hero OdySEA. Demand for yachting has grown increasingly over the past year with yacht operators reporting an increase in bookings across day and weekend trips and new luxury boats and equipment have been added to their fleet.

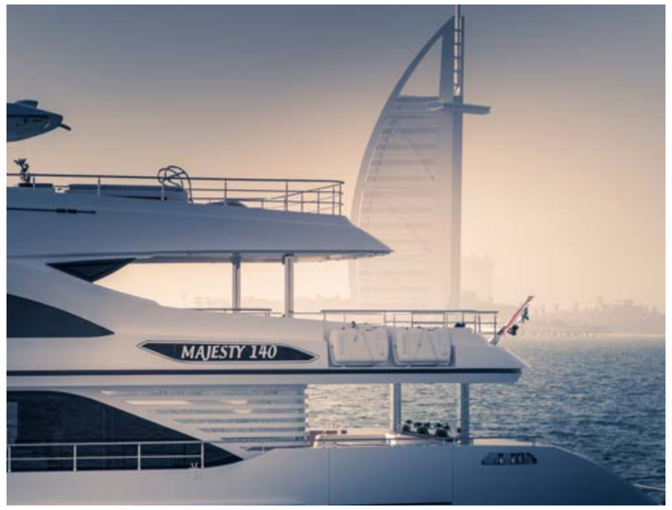
Talal Nasralla, Chief Executive Officer, Gulf Craft, said: "With the yachting season in Dubai now in full swing, the UAE offers marine enthusiasts from all over the globe an unparalleled lifestyle experience. Thanks to the measures Dubai put in place to manage the effects of the global pandemic, and with attractions such as EXPO 2020, I think we can expect a very busy season ahead. There is so much the city has to offer visitors, from traditional Arabic culture and hospitality to incredible architecture, dining experiences and immaculate beaches.

With Mina Rashid perfectly located in the heart of Dubai with capacity and facilities to cater for boats and yachts of all sizes, Dubai should be firmly on the itinerary for travellers looking for optimal weather and plenty to see and do."

Dubai's rapidly growing yacht tourism sector reflects its commitment to excellence. The exceptional offerings of companies in the sector include bespoke itineraries, superior amenities and water sports. The Yacht Brothers, for example, operate a wide range of yachts from 56ft - 165ft and offer tours and water experiences from 2-500 people. The world's first BVLGARI Yacht Club features a 50-berth harbour that enables both superyachts and local boat owners to anchor in the bay free of charge. These attractions build on the range of more traditional water sports that are already being offered such as jet skiing, wakeboarding and diving.

Dubai is fast becoming a favoured destination amongst international yacht tourists, and is dedicated to showcasing the robust growth of the city as an established world-class marine hub and tourism destination. As Dubai continues to lead the recovery of global tourism, it continues to attract millions of visitors each year. This is due to its year-round sunshine, picturesque coastline, and diversity of destination experiences on land and at sea, combined with its world-class infrastructure, authentic heritage areas, lively neighbourhoods and cultural destinations, stunning beaches, exceptional restaurants and malls, and top hotels and resorts, as well as its position as one of the world's safest destinations.

Visit Dubai page for more information
www.visitdubai.com/en/travel-trade/yachting-in-dubai



ROLEX BOAT TAIL

"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.

TRUST FRAUD AND THE FAMILY

BY FRANK CASEY
MADOFF WHISTLEBLOWER

"But the fraudster was trusted by my family! I'm not in control so how could I have protected myself?"

There are clear conditions that allow fraud to occur, but many are only self-evident after crime is detected. Victims usually have enthusiasm about an idea or expected outcome. It could be innovative technology, or desired return like protection, stability or social rewards. Your optimism must be dovetailed with comfort and complacency. Blind trust granted to members of one's own family, partners in your core belief identities such as religious or social structures or business may facilitate the perpetrator.

Universally, fraud prevention is first about tempering optimism and second solving the problem of trust. Deep due diligence executed by you or outside experts can detect and prevent potential problems in granting trust.

I-Trust Fraud Protection: Real World Lessons
Trust Fraud is a relevant and timely topic for family offices, their wealth advisors and compliance/enforcement experts.

- "The Panama Papers" of Trust Fraud? 12-International Investigative Reporters from The International Consortium of Investigative Journalists have researched and written articles on 350-legal boxes of leaked internal trust documents detailing 25-years of trust and tax fraud perpetrated across 6-jurisdictions, including the USA. The documents were found by a trust fund beneficiary who is presently seeking restitution of over $400-million in stolen trust assets by the firms detailed in these leaked files, some of which were secretly owned by her own father, the Settlor of Grantor of her trusts. Casey reviewed some of her trust documents and immediately saw similarities between Ponzi asset fraud, such as the $50-billion Bernard Madoff Ponzi scheme, and Ponzi debt fraud perpetuated by the victim's lawless trustees. The leaked files also touch on purported frauds of Robert Maxwell and his family as recently outlined in London Times articles. These may point to how his firm's pension money went missing and where it may be today. Again, the common theme was fabricated debt instruments accepted by the trust company.
- Trust beneficiary advocacy & fraud protection: The author believes that trust beneficiaries need advisors to protect against trust complacency and possible corruption worldwide. Banks, Brokers and Asset Managers are regulated and must comply with rules of fiduciary responsibility, but trust companies could skate under poor domestic oversight. The industry needs transparency. Captured, conflicted and corrupt trusts may breed when the judge, prosecutor and defense are law partners of the same or closely related firms within a closely-knit trust jurisdiction.
- Get Professional Help: All Ponzi structures are based on affinity frauds, belief systems lulling victims into complacency required by fraudsters. Social, ethnic, religious, institutional, political and family affinities portend trust used by perpetrators. Often, third-party participants such as investment administrators and custodians are facilitators who are willfully blind to the fraudulent process and thus complicit in the crime. One may need professional advice when reviewing legal documents, accounting, and asset management complexities etc.

II –The Need for Trust Oversight
"Three of the four legs of finance -- banking, investment management and insurance -- are heavily regulated and required to have substantial compliance programs. But regulatory supervision of trusts can vary widely by domicile." Smaller jurisdictions, where the regulators, judges, trust companies and the trust and estate bar have become too friendly, create risk that wrongful behavior can go undetected.

Of course, even in well-regulated jurisdictions and with sophisticated beneficiaries, there can often be dissatisfaction with trust company services. While a far cry from fraud, beneficiaries often have legitimate complaints about inattention to their accounts, low investment returns and frequent turnover of trust representatives. Sometimes, trust companies will be slow to hire third parties with the necessary investment expertise.

Independent advisors provide third-party due diligence, transparency and oversight to protect beneficiary rights and guide change as required. They should review trust arrangements and prepare a detailed report of findings and recommendations to the beneficiaries addressing fundamental questions: is the trust fund's structure and operation consistent with the founding Letters of Wishes or Operating Agreement? Are they compliant with the laws of the trust's domicile? Are the investments appropriate and the returns reasonable? Are there any indications of mismanagement, irregular practices, or even fraud?

Beneficiaries should pay Trust Advisors a negotiated fee to perform front-end due diligence and ongoing oversight. Advisor fees should be 50% or less than conventional open-ended legal sourcing. Advisors detail the potential frauds or failures and suggest solutions, but the trust beneficiary controls the process and selects the lawyers. Should a hiccup arise, the beneficiary has a fungible, detailed plan of attack that they can move to another team.

III-THE DUE DILIGENCE PROCESS
Casey's practicum of risk management required disciplines outlined by his anagram T.I.P.S detailing both qualitative and quantitative due diligence metrics.

- "T" stands for Third-party verifications. Separate functions generate paper trails providing checks and balances. Madoff was manager, broker, custodian, and administrator, a titular head who would control the crime; no in-house or outside verification was permitted!
- "I" is for Internal controls, or separate reporting functions buffered by "Chinese Walls" to prohibit conflicts of interests and possible fraudulent activities; Madoff had none. How are duties segregated? What reports are generated, and how often?
- "P" stands for Pedigree. One can delegate authority but not responsibility! Look at the management company, its domicile, its representatives, boards or trustees and their internal as well as external dealings with auditors and investment personnel. Do they have institutional grade reputations?
- "S" is for Strategy. Qualitatively, do investments and their returns make economic sense? Are they market driven rates of return, having beta to a relational index? If so, then begin your risk metrics analysis to determine risk-adjusted rates of return.

Thus, Due Diligence is both qualitative and quantitative, but not rocket science; it simply requires common sense and some math skill. In fact, the first three "T.I.P." factors are qualitative metrics that any investor can execute. "S" is both a qualitative and quantitative market savvy metric, and may need third party advice.

Frank Casey is a founding partner of Casey Moats Andreoli Consultants advising trust companies, their grantors and beneficiaries on fraud prevention, victim advocacy and resolution adjudication and whistleblowing.

London property: opportunity in an age of uncertainty

Boodle Hatfield

Andrew Wilmott-Smith
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We live in an age of uncertainty. One black swan event after another has arrived to undermine the near decade of stability and growth the world enjoyed after the 2008 Financial Crisis; the departure of a major world economy from the European Union. A global pandemic. Land war in Europe. The next "thousand year" event unleashed by climate change.

The global property market has not been immune from these economic shocks. Increasingly, investors are asking difficult questions about the uncertain future of their assets. Will office space continue to decline in the face of hybrid working, or just evolve into something different? Will the hot industrial and logistics market begin to cool, like Netflix and Peloton shares post-Pandemic? Will the re-emergence of the long-dormant prospect of inflation and interest rate rises take the shine off the high-end property market?

Truly secure investments are hard to come by in an era of such volatility. Yet for a family office wishing to invest in real estate, London remains the premier global destination for their capital. Despite Trussanomics, London still offers unparalleled stability and security, as well as huge market depth, for the bold and prescient.

External market pressures have accelerated the end of the era of the passive property investor; the largest returns are increasingly being realised by those willing to forecast and engage with the sector's emerging trends, and the requirements of prospective tenants. Private capital with its innate speed and length of view is uniquely placed to take advantage of this.

So here are some key considerations from our view of the London market.

Ensuring success: ESG

Environmental, social and governance concerns are already shaping the future of the global economy, and the property market is no exception. In the United Kingdom, the increasingly strict EPC and MEES requirements are introducing a new dynamic to landlord-tenant relationships, both commercial and residential. A spirit of cooperation is required to both put buildings into an energy-efficient state, and to keep them that way. The pressures are not just top-down and legislative, but driven more than ever by tenants' wants (space that will attract their employees) and values (community engagement/net zero).

Green requirements are creating a wide pricing disparity between environmentally 'good' and 'bad' buildings. The best new buildings have a trophy premium, but with the right advice on the ground, opportunities have opened up to retrofit older stock, and to create rapid value uplifts in a much shorter timeframe, and with much less outlay, and hence less risk, than with a traditional knock-down and rebuild planning-led approach.

Flight to quality & 'hotelification'

This is of course part of a broader 'flight to quality' when it comes to commercial occupier demands. Research by Boodle Hatfield published in the Financial Times reveals that although England's available square-footage of office space has fallen at the fastest rate for 20 years, at the same time a record number of companies are also signing their first office leases in London. "Levelling-up" is not a phrase heard much amongst City investors. Those occupiers newly arriving in the capital - or simply re-assessing their office requirements post pandemic - value flexibility and ease of use above all else. New companies who have been in serviced office space may expect a similar degree of operational ease in their more permanent home, while many larger firms are looking to attract employees back to the office with the promise of a high-quality working environment. Increasingly, employers are looking to offer staff more than just a desk, but creatively-designed offices that facilitate face-to-face interactions they can't get at home.

Those landlords that embrace this 'hotelification' of office space, and offer additional services that occupiers want, are likely to attract a significant premium on their assets.

Technology

Closely tied to this is the need to future-proof assets by ensuring they are up-to date with emerging technological trends. Property may represent a relatively stable investment compared to the volatility of the tech industry, but private investors across all sectors need to be alive to the opportunities that technology offers. The emergence of new asset classes within existing users, from car charging points to green data centres, from vertiports to vertical farms, from dark kitchens to dark stores, offers private investors with a long-term view, the opportunity to become early adopters, and to ride the trends, ahead of more cautious institutional investors.

Residential property and legislative changes

So what of residential property? London shows no signs of losing its crown as a global capital of super-prime homes. Iconic redevelopments such as the recently opened Battersea Power Station complex are offering domestic tenants the opportunity to buy into a piece of London's history and its attendant lifestyle - again the key is renewal and revival, the reinvention of the historic core for a new generation. Suddenly, demolition looks very 2007.

The fact remains, however, that the UK Government seems intent on delivering the largest reforms to residential property law in a generation. Developers of new residential leaseholds have already seen the Leasehold Reform (Ground Rent) Act 2022 curtail their ability to charge ground rent. It now seems certain that a second phase of legislation will look to streamline the ability of domestic long lessees to extend their leasehold or to buy their freehold. Again, however, innovation and complexity bring opportunities. Private investors with robust legal and professional advice - we have been advising clients in this area for 300 years - can both protect their assets but also take advantage of these potential pitfalls.

It is evident that there is a broad trend within the London market towards environmental premium, technological capability, and reinvention. Agile private capital can have the vision and the speed of decision-making to move ahead of slower-moving investors, and to make the most of their adaptability to thrive in this evolving market, working hand in hand with trusted local experts, legal and advisory, who can lead them through the maze. For investors who think long and move fast, London remains a city of unparalleled opportunity.

TRANSPARENCY

CAN THERE BE TOO MUCH?

by Mark Rzepczynsk

Everyone has private information and secrets. Family life is often about keeping personal affairs private and restricting access to your business, yet to eliminate fraud in your business dealings there needs to be transparency with your counter-parties and with your investments. Fraud's success is often based on a lack of transparency. If sunlight is the antiseptic of truth, then there never is enough transparency.

Transparency attempts to reduction information asymmetries, the difference in knowledge between a principal and an agent performing a task for the principal. Economists have won Novel Prizes for focusing on the impact of differences in information between buyers and sellers, what has been called the "lemon" problem when buying a car. The price for any good will be impacted if there is poor transfer of information signals on quality between the seller and buyer. Hidden lemons will affect the pricing of all goods in the market.

Think of how decisions would be made if every party had full information on the behavior of their counter-party. There cannot be effective monitoring between parties if there is not transparency. Investors or consumers cannot discriminate between good and bad products, services, or investment unless there is sufficient information to make fair distinctions. Disclosure is key to increasing the efficiency of an economy and generating trust. When there are private restrictions or roadblocks, government regulation attempts to increase the minimum level of transparency to improve overall market efficiency.

There are different information transparencies based on type and timing. There are information signals about characteristics (quality) and behavior (intent). Fraud can occur when an agent or seller does not provide the quality expected or engage in the behavior expected. From imperfect transparency come two problems: adverse selection, the problem of making the correct choice, and moral hazard, the problems of measuring hidden actions, or behavior. When transparency is poor, asymmetric information will be high; consequently, there will uncertainty on what action to take and the likelihood of a consumer mistake will increase. Market efficiency is compromised.

There are two types of timing transparency, ex ante (predictive) and ex post (accountability). We need transparency before we make decisions to improve our predictions. We need transparency after the fact so we can hold those who are our agents accountable. Decisions will be poor if we don't have the correct information necessary for taking action. Contracts cannot be enforced if we do not have transparency or observability of actions taken.

When the incentives or objectives of both parties are the same, information transfer is relatively simple and easy to achieve. A problem arises when the objectives and incentives are different. Think of the employee or service provider who wants to be paid more while doing less, or the firm that wants to increase profits without providing extra benefits or services. Fraud is the withholding of information on quality and intentions to receive more compensation for a good or service.

In a corporate setting, investors can think about governance and financial transparency. How is the firm managed and governed, and how is information concerning the firm conveyed through accounting information? The very thought or threat that someone is overseeing action will change behavior. The clear display of information will cause agent or manager behavior to be more closely aligned with investors.

Yet, there is a simple question is to whether there ever is too much transparency. There always is a balance between a need to know, the right to know, and the cost of knowing. Like any good there is a demand for information to be better informed and a supply of information. An appropriate level of transparency occurs when there is a balance between this supply and demand. You can also think in terms of quality and quantity of information. There needs to be enough information to decide, but that information must be of good quality, (truthful), to make the correct decisions. However, just because there is a more transparency does not mean that all the information is meaningful or relevant. Irrelevant information creates noise and will distract from what is important and lead to poorer decisions.

Too much information can be a negative. More information does not necessarily mean that consumer/investors want or need it. There is a cost with data collection and providing transparency. For example, governments and regulators requiring blanket requests for data on a timely basis will generate a burden on the many firms. This is especially the case for smaller firms. Excess reporting and regulation have a greater impact on small firms than on larger one who can spread the cost over a larger base.

Excess information takes away or diminishes important information. Transparency leads to issue of relevance. How is all this information weighted? All information cannot have the same importance. There is also the behavioral problem of dealing with too much information. When there is an excess, users will turn-off or turn-away from deciding or processing the information. Information overload is real.

While there have been issues with fraud caused by withheld information or lying, there are also many cases where the warning signs are all present. They were just not seen, or processed. Bad actors have often been identified in regulatory filings, but they continue to do business with unsuspecting counter-parties or investors because this available or known information was not processed.

Information still must be interpreted so more information may not help a decision-maker who does not know how to assess what he is seeing. Contracts will often have details which provide both warnings and potential issues for signers, yet these details may be obscured through technical legalese. The same issue can occur with investments. For example, unusual accruals in accounting numbers, unusual financial footnotes, and restatements of earnings all need to be interpreted to appreciate their potential impact.

When I was a money manager, I was often asked for complete transparency of transactions and positions. We were happy to provide all this information, but it caused us to have a deeper dialogue. What do you want to know? How are you going to use the information? Who is going to interpret? We often found that the questions they wanted answered would not be addressed through a large data dump. Specialized reports with the ability to verify information were more important and relevant.

Transparency increases fairness and fosters trust. An opaque world cannot be a trusting world because versification is not always possible. For any family office contracting with agents, hiring managers, or reviewing investments, the fundamental rule of thumb for transparency is simple. If you cannot get the information, you believe you need to decide, walk away. There may be some firms that will limit information and not want to work with you, but the risk from being less informed is too great.

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OSMIUM

THE WORLD'S RAREST PRECIOUS METAL

Precious metals have forever been associated with rarity, exclusivity, and value. Metals like gold and silver are coveted worldwide, whether intended to be stored in a vault or shown off around one's neck. Although perhaps not as prevalent, rarer metals such as platinum, palladium, or even rhodium have also grown in popularity.

Their beauty is a luxury; their rarity a sure means of preserving one's wealth. It comes as no surprise, then, that the rarest and most beautiful of all the precious metals – Osmium – is quickly becoming one of the most desired assets on the planet.

Osmium boasts a long list of exceptional qualities. It is the densest element on the periodic table, so heavy that a cricket ball made of Osmium would weigh nearly four and a half kilograms. It has the highest compression modulus of any material and exceedingly high abrasion resistance. It is a superconductor at low temperatures and provides near-perfect shielding against gamma radiation. Over 1,500 times scarcer than gold, it is also the rarest precious metal on Earth.

Its rarity pairs perfectly with its natural beauty. Osmium's blue-silver colour makes it unique amongst precious metals. When crystallized, Osmium shines with a sparkle that trumps that of even the most spectacular diamonds.

Thanks to this splendour, Osmium has become a sought-after metal in luxury jewellery lines. It is even the featured material in timepieces produced by Swiss watchmakers Hublot, Ulysse-Nardin, UNE, and Czapek.

The crystalline structure of Osmium is at the crux of its growing fame. Visually, it gives Osmium's surface a uniquely radiant appearance. The fine crystalline edges, most no longer than a fraction of a millimetre, reflect incident light to give off a dazzling sparkle. Such a feature has prompted jewellers to replace diamond pavé, or diamond carpet settings, with Osmium.

Even more intriguing than its appearance, however, is Osmium's crystalline structure's ability to act as a means of identification. It can be scanned and traced and, like a human fingerprint, later used to identify a piece. Because every osmium piece has a unique crystalline structure, every piece can be individually scanned, identified, and secured on a database.

The structure cannot be forged, rendering Osmium unfalsifiable. Whereas false gold bars have been discovered with tungsten or copper cores, and silver pieces are often found to be no more than silver-cadmium alloys, Osmium cannot be counterfeited.

Scans of crystalline Osmium are taken at a single laboratory at the Osmium-Institut zur Inverkehrbringung und Zertifizierung von Osmium, the German-based institute commanding the element's certification and market distribution throughout Europe and the rest of the world. Microscopy specialists at the Osmium Institute use ultrahigh definition microscopes to create 3D images of the crystalline structure of every piece of crystalline Osmium undergoing certification.

Every piece of certified crystalline Osmium is given an eight-digit alphanumeric code, known as the Osmium Identification Code or "OIC" for short. The codes are stored on the Osmium World Database, a centralized database and contain information like the piece's dimensions, weight, 3D scan, and net value based on current market prices of crystalline Osmium.

The Osmium Identification Code makes crystalline Osmium the first of its kind: A standardized, certified precious metal whose every sample in circulation worldwide is protected by modern digital security. Today, certified Osmium is available from anywhere worldwide and is distributed actively in over thirty countries. The last precious metal to have been introduced to international markets, Osmium has seen its price increase steadily in past years. Since 2017, the price of Osmium has risen by over 120%. Prices rise and fall following the availability of Osmium, the demand for certified Osmium, and the rate at which "raw osmium," found in its natural state as a toxic powder, can be rendered into the chemically stable and unfalsifiable crystalline form. The most value-dense precious metal on the planet, a flat disc of Osmium the size of a DVD holds the same value of a luxury sportscar.

Investors who look to insure their wealth with the security of tangible assets find in Osmium two seemingly opposed but highly complimenting qualities: High-value density due to an excessive rarity and a robust architecture of certification and security that one often attributes only to digital assets.

Market growth for newly introduced assets is often bolstered by recognition. The growing attention paid to Osmium by HNWIs and UHNWIs has positively impacted the metal's value since its market introduction, and further growth is attributed to the attention paid to the metal by fund managers and family offices. Whereas retail investment in young metal markets is often limited to collectors and speculators, hedge fund and family office managers are often privy to an insider look that allows them to spot unique opportunities in boutique, emerging markets.

To date, early investors have seen remarkable returns. Despite its notable growth, the global osmium market hasn't yet seen its greatest development. A quick look at the performance of metals like iridium and rhodium shows that the price rockets up exponentially when a metal becomes coveted for its investment potential. Osmium is on the cusp of such a price development, with mentions in financial reports and magazines becoming more and more frequent. The limited supply of Osmium in the Earth's crust – estimated to be a mere 20 tonnes – means that increased demand would result in a near-sudden upshoot in value. To use the common vernacular: The timing is right.

"The investor attitude towards osmium is very positive," says Colin Lloyd, the North American Channel Partner Coordinator of the Osmium Institute in Germany. "To see motivated interest from seasoned family office managers and younger retail investors is a great sign for osmium's recognition as a forthcoming tangible asset."

Availability – With the help of the Osmium Institute and certified wholesale partners, certified Osmium is available worldwide.

Performance: Osmium has had a stable price increase since the discovery of its crystallization in 2013.

Imperishability ¬– Osmium is a noble metal and thus impervious to tarnishing and corrosion. In its crystalline form, it is chemically stable and easily transportable.

Value density: With a value of nearly 30,000€ per cubic centimetre, Osmium has the highest value density of any precious metal.

Preservability: Investors and family offices acquiring Osmium receive their certified goods in custom folioboxes designed to protect the metal while displaying its renowned appearance.

Feasibility: Assessments of modern portfolio theory show that an addition of Osmium can result in a reasonable return of up to 10 percent for diversified portfolios.

Liquidity – Osmium secondary marketplaces are open, and the demand for crystalline Osmium in the jewellery market is growing daily.

Transportability: Osmium moves through the customs databases of the USA, Canada, the EU and Australia thanks to the international recognition of the Osmium Identification Code.

Unforgeability: Thanks to its crystalline surface and natural density, Osmium is absolutely unfalsifiable.

Whether in the form of small diamond-esque pieces or larger, distinguished discs, Osmium can be acquired worldwide.

To cater to UHNWIs whose orders often surpass the value of a single piece of crystalline Osmium, bespoke Investor.

Boxes are made available that showcase the metal in an impressive display while securing its high value. More about the world's rarest precious metal can be learned at www.osmium.com/en.

One is also free to contact the Osmium Institute directly at +49 89 744 88 88 88.

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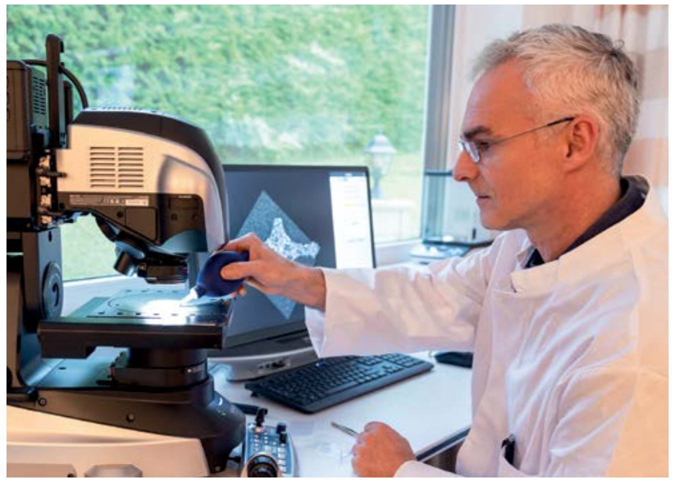

Certification of osmiu

Monaco Yacht show

Featured interiors

Featuring over 100 superyachts this year, the Monaco Yacht Show festooned Port Hercule bay as it has done since the 1991 inaugural show.

Aside from unveiling new yachts, and yachts revitalised for charter, the show is an opportunity to showcase the innovative interior designs that distinguish every superyacht from its rival. Here we look at the role played by the art programme within the interior design process.

Interior decoration throughout Western art history tells us that programmatic design is nothing new. Owners and patrons' aspirations were incorporated into purposeful themes designed to communicate their achievements, ambitions or perhaps the surrounding geography. The murals of the Minoan civilisation sported themes of the sea is one example of many.

Contemporary taste and zeitgeist also played a role in design solutions, reflecting the best of the times. Witness classical Roman painting, where art is part of a formulated design code uniting the interior. Moreover the programme speaks about its owner. The House of the Vettii brothers in ancient Herculaneum boasts the owners' achievements and uses murals depicting mythological scenes as a metaphor.

In some cases, themes are conceived to heighten pleasure. Moving forward to Renaissance Italy, the allegory of love presented throughout the Ducal Palazzo del Te in Mantua intensified the desires of the Gonzagas during the Renaissance.

Pinning a theme to an interior design provides the architect or designer with focus, carries a message and creates a legacy for successors to relate to. It runs deeper than just 'décor' and subtly conveys a message for the viewer.

Both owners and modern designers aspire to these precedents - indeed pre-determined themes are common in today's interiors, particularly on superyachts where owners want to enjoy their assets and share them with friends and family.

The Monaco Yacht Show is the place to compare many spectacular programmes in a single week and we visited some exceptional examples of which follow.

M/Y Lusine
Art On Superyachts was given a tour of M/Y Lusine on sale during the show with Heesen Yachts at €84,466,419.

Ranking as one of the largest yachts worldwide, at 60.4m Lusine accommodates up to 16 guests. Featuring a steel hull and aluminium superstructure, the yacht features external and internal designs by Omega Architects, Sinot Yacht Architecture & Design and Van Oossanen Naval Architects. The motor yacht is the fourth largest vessel built by Heesen and was last refitted in 2022.

As Lusine is the Georgian name for moon, the concept of the yacht revolves around lunar imagery. The signature of the vessel is a crescent moon and the logo repeats throughout, tastefully embedded in parts of the decking.

On entry from the stern deck into the salon a genuine piece of moonrock shines out from a leather clad panel. It is a prized piece articulating the theme. It is also an icebreaker when guests first come aboard and is indicative of how owners carefully select a focal point to differentiate the interior styling from any other yacht. Walking through from the salon we encounter panels either side bearing constellations and special material symbolic of the genuine piece of moon in details such as tables and light fittings. Continuing the theme, two large crystal moon shaped sculptures welcome guests reflecting the light and adding energy to the experience.

The effect is cool, clean and nautical with the blue/beige colour theme which works as uniform for many luxury interiors afloat on the waters today.

Interior design at Burgess Yachts
With 14 locations worldwide, Burgess is one of the foremost companies in the field of sales and charter. Founded in 1975 by nautical enthusiast Nigel Burgess, the company expanded its repertoire to include chartering, brokerage, yacht building, management and finance. After years of perfecting these services, Burgess offers a broad first-class spectrum of yachts and cruising destinations.

We spoke to Jonathan Beckett over coffee aboard Emotion 2 about the company's experience with art on board and the interior styling.

With such a prominent place in the market Burgess' fleet houses magnificent pieces of art and design as part of sumptuous interior styling.

Designing for owners
First, we asked Jonathan Beckett about the design process. Interior designers today are expected to have a good command of trends and preferences. A good designer will take the owner's brief which will often be via the representative and design around those parameters. Others prefer to work directly with the owner on a one to one basis. The designers cannot just dictate however, they can only advise and see what owners will agree to. Cost comes into it too, despite extravagance in certain areas, those holding the purse strings are often shrewd and very careful with budgeting.

Jonathan Beckett has pretty much seen most things in his long career and has a feel for the clients and what they will stretch to creatively and financially. He is also acutely aware of the relationship and chemistry between owner and designer which he cites as 'critically important' There is also a lot of trust involved – trust is built up over a long period of working together along with a keen sensitivity to the brief.

Designing for Charter
So, what generally happens when a yacht operates commercially? What are the risks? In particular, how does one address a vessel being chartered out to any number of individuals that might not protect the environs in the same way that the owner would?

Perhaps surprisingly the art collection often stays on board. Jonathan explained that the risk of removing valuable objects with all the additional requirements for customs may be more of a risk than leaving it in situ. This is certainly true; transporting valuable objects or any human interventions are key drivers in possible object deterioration. Moreover, customs risks and duties, depending on the port, add to the administrative burden, or even risk of seizure at some point.

If art remains in situ, a risk assessment should be carried out. A charter trip having children on board posing a risk to valuable textiles which should be lifted out of their reach was one example of something a risk assessment should pick up on. This also highlights that design objects such as valuable carpets and fabrics which may also be unique or antique are especially vulnerable. Claims for damage to carpets on vessels have run into six figures as any insurer can verify. Good risk assessments can flag up other hazards.

For instance, many stewardesses have challenges with stowage of artwork on board. It happens where the owner carries on a new painting and a store has to be found for the displaced artwork. Remember that this can happen anywhere in the world so it is not a case of just offboarding the piece, it has to be accommodated on board. Dedicated workshops are available to yacht management, captains, pursers and crew but rarely subscribed to as routine.

Impact of Sales

When it comes to the sale of a vessel, artwork on board can cause contractual issues if part of the fixtures and deciding who will own what and what is to be included has financial implications. Also the timing of the moving of pieces is critical as regards the logistics process. For example, Burgess was involved in one instance where a yacht was sold with the collection still 'in situ'. It took two years to remove the art collection due to storage issues – a complicated arrangement for the insurers to work out!

Trends in Design

But to return to the role of fine art in design, we questioned what is it about the design, exterior and interior of a vessel that resounds with most clients? Beckett believes that generally there are two types of vessel - those with a lasting shelf life in terms of design – and those that play to fashionable trends. As an allegory, one imagines fashion that looked great at the time and years later looks out of place. So too with yacht interiors. Therefore, a lasting external and internal design is important. Some yachts have round windows with interiors ranging from the traditional gentleman's club to Bali beach house or even disco style. Yachts with casual beach club interiors tend to have a lot of light big windows, which means less bulkheads to display paintings. The artwork supports this styling in that the latest contemporary pieces may be commissioned, modern or traditional. Indeed in some vessels owners select a continent as inspiration such as Africa or Asia.

Beckett cited the 78m M/Y Energy a favourite for its beautifully executed interior by Zuretti Design whereby the light illuminates the interior and all its features. Of course, the better the light, the better the painting, sculpture and design is exhibited for the full enjoyment by the guests.

Nautical themes

Whilst one imagines many vessels would convey a nautical theme, some yachts feel more like a penthouse apartment and one would not be aware of being at sea. Other designs however transport guests firmly into the marine world. Bringing the outside to the interior is popular – it creates a seamless design, is calming on the soul and clearly fits with the maritime environment. Curating an interior in this case involves selecting artworks that reinforce the theme but add something extra to it. For instance, more figurative seascapes or abstracted blue themed seascapes, or sculptures such as those from Artsio gallery on so many yacht interiors where waves frozen in crystal reflect the light, or Artio's nautical chronometers which add a traditional note with contemporary design. American and Middle Eastern owners, incidentally historically preferred more traditional interiors, in other words, the home from home, but in last five years the industry has seen an increase in demand for more modern solutions.

M/Y Elandess

One of the 12 vessels Burgess had in port at the show was the 75m Elandess, a superyacht known for its impressive fine art collection. The owner is passionate about culture and there is even a catalogue on board, beautifully printed and dedicated to the art collection.

The art-related programme is carefully curated to exhibit pieces to their best advantage from every entrance into the space. Lighting for artworks is important and it is carefully deployed here to enhance to focal points of each piece. It is a contemporary programme, governed mainly by C20th abstract art by Julian Opie, David Spiller, Frederick Gore, Frost, David Hockney and others mentioned below. The programme carefully considers the interior styling aligned to artworks, something which resonates well in the forward starboard cabin where four works in soft deep blue hues by Julian Opie rise above a blue backdrop to the bed. The effect is both calming and cool for a bedroom, also along with the cushions, it creates a dynamic and uplifting rather than a static effect. Opie, a graduate of Goldsmiths College, deploys a strict formal language, reducing figures to basic forms designed to reflect how we perceive light when viewing objects. Again, the lighting works perfectly to highlight the effects Opie creates with his hills and valleys in these abstracted landscape scenes.

The owner has been wise so as not to include an obvious shopping list of artists as we see on some vessels and has made some interesting choices. In the forward port cabin, there are three Ian Davenport abstract 'splat' paintings above a red backdrop, which work perfectly as a triptych, yet again each have their own individuality and dynamism which adds to the visual appeal as you enter the space. Corridors on yachts can be difficult to work with for an art curator. However, on Elandess this is managed with style: The Royal Opera House has inspired the owner. Using abstracted photography to capture dancers in movement, a series of colourful figures emerging from a black space jump out to greet guests as they wander down the hall. The dancers evoke the morphed figures of painter Francis Bacon, yet far from being visceral they exude grace, happiness and energy. The project by Giles Revell is stunning and the hallway shows off the best examples of his cannon.

Another communal space is magnificently enhanced by the renowned naïve artist Beryl Cook. One of the icons of British art, Cook's collage rotates so that at night one sees dancers 'a la Belle Epoque' and during the day bikini girls having fun in the sun. Whilst this is an example of figurative art on board working to support the maritime atmosphere, we also see on the entrance lobby a surrealistic scene by Andrew Hewkin a graduate of The Royal College of Art, entitled 'Evening Preparations, Bel-Air'. Hewkin's work juxtaposes an evening tuxedo and boater by a calm blue pool, a static, silent and eerie piece

Painting is not the only art on board, the curatorial programme introduces a monumental organic abstract work finished in brushed metal, beautifully rendered by DKT Artworks and a figurative plaster head by Sir Eduardo Paolozzi adding a presence to the main deck dining room. In the lounge there is also Ziggurat a work by the Joe Tilson silhouetted against the horizon in the window, completing a repertoire of the best of British artists on board.

Overall Elandess works equally well as a functioning yacht and a floating art gallery. Whilst the Burgess team is directly involved with the art selection, many years liaising with interior designers has provided a keen feel for the interior and what works and what does not. Jonathan Beckett can tell immediately if the designer of a new interior is immature or experienced. He believes it is the integrity of the design that is important and being able to make the programme work around the type of vessel. For instance, sailing yachts are more challenging due to bulkhead space.

The Boundaries between Art & Design

Finally, one should remember that key design pieces can be part of the curatorial process and support the ambiance created by the art collection. Alongside their well-established crystal and glass collection, Artsio Gallery exhibited monumental examples of sub fossil oak which stand as sculptures in their own right. However they have also fashioned a fossilised wood basin for a superyacht which can be incorporated into the design process as the ultimate luxury at one's 'toilette'.

Conclusion

It is clear that the art programme on board a superyacht adds cachet, that 'je ne sais quoi' which speaks volumes about the taste of the owner. Often, the owner will be guided by a curator, advisor or the interior designer, however the ultimate choice is theirs. The overall theme is important, being the invisible glue which holds the various elements together and resonates with the subconscious. The growth in the super rich population and the greater capacity for fine art in the interior will ensure continued delight for owners, crew and guests. We look forward to reporting on more outstanding examples of the best in superyacht design class.

by Pandora Mather-Lees


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