THE BUSINESS OF WEALTH

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CHARLES BEAMISH

ON TACKLING FAKES & FRAUDS IN THE WORLD OF RARE WHISKY

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CHARLES BEAMISH

ON TACKLING FAKES & FRAUDS IN THE WORLD OF RARE WHISKY

Charles Beamish has brought the bespoke private client experience to rare whisky with his company Beamish International, which he founded in 2018. A global whisky private office, the business provides direct-to-distillery access and advice to the world's most coveted Scotch whisky stocks for private clients.

Following a background in financial services specialising in family offices and private equity, Charles Beamish set up Whyte & Mackay's private client's business and significantly expanded its reach to HNW Asian collecting networks. He started Beamish International to service a private client demand for rare access across the leading Scotch single malt distilleries. In doing so, he could provide direct channels to producers of the rarest and most coveted whiskies available, with an indisputable provenance.

In its fourth year of business Beamish International works closely with nine of the top distilleries in Scotland, managing cask acquisitions for international clients at the highest end of the market. Beamish understands that each private client requires a bespoke approach and shapes each project to suit their discerning requirements, from origination through to completion. The company uniquely educates and guides clients through the process, managing their relationships with the distilleries and looking after their interests, whether they are buying for drinking or gifting.

Beamish's disruptive innovation within the sector has seen him recognised as one of the industry's leading rare whisky specialists. He is a Freeman of The City of London, a Liveryman of the Worshipful Company of Distillers.

Charles, you operate in the primary market working directly with the brand owners to manage acquisitions for private clients – do you see the market being at risk of fakers and fraudsters in the industry?

Working directly with the distilleries removes the risks of frauds in the primary market. However, it is estimated that two out of every five Scotch single malt whiskies in the secondary market are fakes. This is a concerning statistic for an industry that in recent years has undergone an explosion of interest, particularly at the highest end of the market for rare whisky.

How did fakes and frauds become a problem for the industry?

Part of the issue is how a rare whisky is sourced; often from secondary merchants and auction houses which may have found these whiskies from private sellers or other businesses. This means that several lines of separation can exist between the actual source and final buyer, so the provenance trail is not always transparent.

How does your company assure that a product is both genuine and high quality?

We work directly with the brand owners so can ensure that each product is genuine, as whisky will usually not have left the distillery warehouse before its acquisition by one of our clients. When it comes to quality assurance, this is aided by our work with Charles MacLean, the "Godfather of Whisky", an independent whisky expert and the most respected whisky connoisseur in the world. He assures only quality liquids are offered to clients and decades of experience have trained his eye to spot fakes that may be present in an existing collection. Both MacLean and I have experienced trickery in the industry and over the years have developed methods for avoiding counterfeit whiskies and acquiring legitimate liquids.

What advice would you give for someone looking to purchase rare whisky for the first time?

Whether buying in the primary or secondary market, acquiring distillery-letterheaded paperwork confirming the provenance of the bottle is vital. This gives it legal proof of its authenticity. In the future, these paper trails may become digitised, with record of the provenance of a liquid stored in the blockchain. The label itself may also contain a distillery-added hologram or QR code that further proves the bottle's origin from an original bottler (the distillery) rather than a non-distiller producer.

As well as this, it is crucial to research current pricing for the desired brand. If the price is too good to be true then it probably is, while if the price seems

oddly high it may also be a sign of fraudulent sellers recognising demand.

What should a new collector do when it comes to checking a bottle itself?

A common approach would be to hold the still-corked bottle up to the light and inspect the condition of the seal for any sign of piercing. Fakers may use an original bottle and cork but filled it with counterfeit, low quality whisky, often using a syringe to add the liquid to the bottle with only the barest hint of a mark.

Secondly, does it weigh how you would expect it to weigh? Distilleries continually update their glass and crystal offering so an oddly weighted bottle – either too light or heavy – may indicate a bottle from a different decade to the one claimed.

A pristine label on a 50-year-old whisky bottle is unlikely, no matter the storage conditions within which it has been kept, while an original label on a modern-feeling bottle can reveal a fake. Seeing a label in a condition that does not match the supposed age of the liquid should always be a warning sign.

As the alcohol in a bottled whisky evaporates slowly through the cork, the air space in the bottle increases over time. For whiskies that have been bottled for more than two decades, the level of evaporation is very visible, so the whisky line will be lower.

Finally, check for expected liquids conditions for its age. Much has changed with production practices in the Scotch whisky industry in the last few decades, with more advanced distilling and filtering techniques. Bottles from the 1970s or earlier often have sediment remaining in the bottle from the oak maturation process.

Any final advice for building a collection?

The best advice when building a collection is to buy what you enjoy, but this should never come at the cost of not acquiring a legitimate liquid. As research has shown, fakery is common in the industry, meaning there is pressing importance for producers and collectors alike to safeguard the industry where they can. Find what you enjoy, but always do your research first!

www.beamishinternational.com

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.

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

ROLLS-ROYCE PHANTOM

Phantom Rendezvous, the Global Press Drive for the new Phantom, took place at the Maybourne Riviera Hotel in Roquebrune-Cap-Martin, situated on the spectacular Mediterranean coast and overlooking Monaco.

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.

ROLLS 'PHANTOM' ROYCE

by Ty Murphy

WORLD'S MEDIA SHARE A NEW EXPRESSION OF PHANTOM ON THE FRENCH RIVIERA

Journalists from the world's leading luxury media enjoyed a rare encounter with the new Rolls-Royce Phantom Series II at a spectacular event on the magnificent French Riviera, on the 6 June 2022.

Phantom Rendezvous, the Global Press Drive for the new Phantom, took place at the Maybourne Riviera Hotel in Roquebrune-Cap-Martin, situated on the spectacular Mediterranean coast and overlooking Monaco. Invited guests from around the world will have the opportunity to drive, and be driven in, the newest incarnation of the marque's pinnacle product, officially unveiled in mid-May.

The guests were also be able to view two magnificent Bespoke Phantoms, exhibited on the lawn of the Maybourne Riviera hotel. Phantom Platino, named after the silver-white finish of the coveted precious metal, platinum, echoes the marque's formative days with front seats finished in fine Rolls-Royce leather, and those in the rear upholstered in luxurious fabric.

The Great British Phantom, a playful nod to the marque's more patriotic clients, is finished in striking Magma Red and features a Bespoke artwork in the Gallery, inspired by the Union Flag.

Rolls-Royce Phantom occupies an unrivalled position at the very apex of the luxury world. In line with clients' expressed wishes, Phantom Series II incorporates only light-touch visual and aesthetic enhancements. By way of example, a subtle geometric change to the Pantheon Grille makes the 'RR' Badge of Honour and Spirit of Ecstasy figurine more prominent when viewed from the front.

The grille itself is now illuminated, while the headlights are graced with intricate laser-cut bezel starlights – adding further surprise and delight to Phantom's night-time presence.

The French Riviera has been associated with Rolls-Royce since the first part of the 20th Century, when the Côte d'Azur established itself as the favoured haunt of actors, artists, musicians and other wealthy luminaries of the Belle Epoque. There is also a potent historical resonance for the company: in 1912, Sir Henry Royce built a villa, La Mimosa, in the village of Le Canadel, where he subsequently spent every winter until his death in 1933.

THE
DALMORE™
HIGHLAND SINGLE MALT SCOTCH WHISKY

FAMILY OFFICE INVESTING IN REAL ESTATE: AN UPDATED FRAMEWORK

By Todd S. Rich, Co-Founder and Head of Real Estate at Declaration Partners

Families have successfully invested in real estate for hundreds of years, allowing them to create and preserve generational wealth. Examples in New York alone include the Astors of the 19th century and the Rudins and LeFraks of the 20th century.

These families built and protected their wealth through a combination of deliberate asset selection, distributable income, regular rent increases, strategic investments in value-add capital projects, and asset appreciation.

Over the past 30 years, institutional investors realized that the benefits of investing in real estate included the aforementioned income and appreciation potential as well as portfolio diversification relative to traditional equity and debt portfolios. Capitalizing on increased investor demand, a new breed of real estate investor emerged: the institutional asset manager.

The institutional asset management business largely evolved to focus on two distinct strategies catering to the massive scale of capital invested by public and corporate pension funds: "core" real estate, often in a REIT or open-end fund structure managed by fee-based asset managers who are incentivized to aggregate assets under management; and non-core, or "opportunistic" real estate, typically in a closed-end fund structure with a carried-interest structure that seeks to maximize short-term IRR. That model is often characterized by a "find it, fix it, flip it" business plan, and can work well for institutional investors who may need regular capital distributions to manage their liabilities and/or experience low frictional costs of sale (e.g. tax exemption).

The evolution of these markets has provided many benefits, including an increase in transparency and improvement in the skill level of talented investment managers. With improved access to property-level data and computing power, investment managers turned to increasingly sophisticated financial analysis and complex legal structures. At this point, property investing requires advanced capabilities and a deep set of relationships to identify and execute the best opportunities. The market has become increasingly efficient, resulting in return compression and leaving many managers with similar mandates to compete for small incremental alpha opportunities.

But where does that leave family investors? With the exception of the larger family offices, most family investors do not have the time, resources, or skills to build and retain dedicated investment teams to compete with the large fund managers.

Furthermore, many family investors feel an inherent lack of alignment with the strategies offered by today's traditional fund managers, who have built their businesses catering to the distinct needs of large institutional investors. But 'going it alone' could lead to adverse selection of properties or partners.

Is there room for a different approach, one that marries the distinct perspectives and approaches of family-oriented investors with institutional skills? The simple answer is yes. The complex answer is yes, but....

Yes, real estate is a time-proven asset class that family offices are well-positioned to consider. But they should employ a differentiated approach that harnesses the institutional capabilities and investment techniques developed in recent decades while embracing the strengths and objectives characteristic of family investors.

This differentiated approach is now emerging in a space called "Alternative Family Investment Capital", defined by highly capable teams with the scope, depth, and professionalism of traditional institutional investing, but with a family office mindset. In this model, like-minded families pool their capital and invest together. This approach offers the ability to attract institutional quality teams while also leading to better deal flow and diversification. It also appeals to like-minded institutions that philosophically recognize the value of the approach and have greater strategic flexibility in their investment program.

Importantly, these new Alternative Family Investment managers remain true to the core tenets of family-oriented investing, namely: investment flexibility, long-term perspective, and a reputation for responsible stewardship.

Let's take a look at each:

Flexibility: Family investors can move nimbly to seek the best risk-adjusted returns across multiple geographies and asset classes. This contrasts with many institutional fund managers who have become increasingly narrow in their targeted areas of focus. The ability to think flexibly allows a family-oriented investor to be open to creative structures like covered land, co-GP or platform opportunities, or preferred equity investments, as well as traditional property types like multifamily, industrial, or office.

Long-Term Perspective: Family offices embrace patience; without pressures to deploy capital during a fund's investment period, they can wait for the 'fat pitch'.

Similarly, without the obligation to meet regularly scheduled budget liabilities or otherwise adhere to an arbitrary fund life, family investors are free to consider the best time to sell an asset, or continue holding. A long-term mindset allows investors to consider alternatives such as a refinancing (often tax-deferred) or making additional investments to continue adding value.

Responsible Stewardship: Family investors can benefit from the perception of being 'friendly capital', as distinct from the image of a vulture investor or Wall Street trader. This perception, which must be backed by reality, can help secure partnerships where the objective is more than just top dollar. It can also help with non-profit counterparties and/or jurisdictional approvals, where responsible stewardship is desired.

Investing with any of the above principles can lead to superior outcomes. When applied in concert with one another, as is typically the intent of Alternative Family Investment vehicles, a 'flywheel effect' can result. Flexible, long-term, and responsible investing on any one transaction often leads to superior partner relationships and enhanced deal-flow in the future as well.

The result is bespoke investment ability for family investors that provides the time-tested benefits of family-oriented real estate investing, updated for a 21st century institutional skill set. This approach provides the best means for family offices and similarly flexible institutions to compete in today's real estate market and for generations to come.

* Declaration Partners is a private investment firm anchored by the family office of private equity veteran and philanthropist David M. Rubenstein.

LADYBURN EDITION TWO CELEBRATES THE PIONEERING WORK OF NORMAN PARKINSON

By Jonathan Driver, Managing Director, William Grant & Sons Private Clients

LAYERS OF COLLECTABILITY

Collectors of Scotch single malt whisky at the highest end of the industry are often aiming to source 'the first', 'the last', 'the only', or simply the finest whiskies that have ever been produced across Scotland. By their nature, these examples are incredibly difficult to attain. William Grant & Sons Private Clients was launched in 2021 not only to give private clients access to these liquids direct from our own distilleries, but to create rare whisky releases of unparalleled rarity and prestige.

Among many approaches to Private Client releases, one way in which we can do this is to create a release that celebrates the culture and social context of a period, adding layers of rarity and storytelling across other collecting disciplines to create truly one-of-a-kind items.

We find a collector's passion points are rarely penned into one collecting category. While an appreciation for craftsmanship, creativity and romance can be found in the rare whisky connoisseur, the same interests can lead a buyer to the fine art world too. This 'cross-collecting' practice is certainly on the rise, and we have been pleased to create limited edition releases that appeal to these diverse interests. Ladyburn Edition Two is the latest example of this.

Our Private Clients business offers access to the rarest stocks in our three Scotch single malt distilleries: Glenfiddich, The Balvenie and the 'lost gem' distillery, Ladyburn. Glenfiddich is the oldest, with some stocks extending back to the first half of the twentieth century. Our mature stocks of The Balvenie are equally rarefied and highly coveted by collectors. While it is perhaps fair to say that these two are the most well-known of our distilleries, our 'ghost' distillery Ladyburn certainly offers a unique collecting opportunity for connoisseurs.

Before any layers of further collectability are added to a release, first and foremost Ladyburn distillery is recognised as singular amongst Scotch distilleries past and present, with the transformational cultural importance it carries with it. The Girvan-located distillery opened in 1966, introducing a state-of-the-art approach to producing whisky, before it was dismantled in 1975. Adding to this rarity, Ladyburn was never released as a single malt in the short 9 years of its existence, meaning its casks are true, undiscovered gems of the era. To borrow a cliché from the art world, when an artist dies, the price of their works often rise, and this analogy works for Ladyburn. With the dismantling of Ladyburn distillery, the fact that no more liquid 'masterpieces' would ever be produced has generated an extremely coveted stock for collectors.

The stocks from Ladyburn's first four years of existence were created in the 'Swinging Sixties' and characterise the approach of this immortalised time. From social liberalisation to the growth of mass media, technological advances to new fashions, this era represented the final positive departure from the dark days of the Second World War that had only ended 15 years earlier. Ladyburn distillery employed the latest technology available in its production methods, developing a control panel that could manage the entire distillation process and could be handled by a single operator. Ladyburn's pioneering place in whisky distilling history thus offers it an even more prestigious spot in the most in-demand liquids to have ever been produced in Scotland.

A perfect pairing to the output of Ladyburn existed in 1960s London, where photographer Norman Parkinson was living through the vast changes in society, the media, technology and fashion. His approach as a fashion photographer was ground-breaking. In his shoots for the likes of British Vogue and Harper's Bazaar, he rejected the practice of stuffy studios, stilted poses and black and white photography that had dominated before him, introducing a fresh alternative to the scene. Parkinson was a maverick, bringing colour, personality and excitement to his shoots, giving the models freedom to express themselves while they modelled the latest progressive fashions, often in exotic locales around the world. His new approach was a hit. Parkinson's photographs from the 1960s are a time capsule of the verve and vibrancy of the era and his influence carries on to this day.

We believe that these two pioneers of their sectors, Ladyburn for whisky and Parkinson for fashion photography, should be celebrated together for their achievements and have matched some of the best examples from each's output for our latest release, Ladyburn Edition Two. A cask from the first year of Ladyburn's operation (1966) was selected by Brian Kinsman, our Malt Master, and it has been bottled into 210 decanters. The liquid chosen is an outstanding sherry-butt example with remarkable character that truly represents the Ladyburn approach. Joining with this, Suzy Menkes, world renowned fashion authority and former editor of Vogue International, chose 11 fashion photographs by Norman Parkinson to adorn full collections of the liquid. Menkes was conscious to choose photographs that had been rarely seen since their original publication in the 1960s, evoking the feeling of an unseen gem that only grows in lustre as it awaits its revelation.

The result is the creation of a unique ultra-rare whisky release of just 210 bottles, consisting of 10 collections of 11 bottles, and a further 100 bottles. Each bottle is adorned with photographs of immense cultural, fashion and historical importance. Layers of collectability imbue this release, celebrating the ground-breaking revolutions of the 'Swinging Sixties' by pairing incredibly rare whisky with almost unseen fashion photography.

SAILING SAPPHIRE SEAS: WHY MOTOR-SAILERS ARE HIGHLY SOUGHT AFTER FOR LUXURY VACATIONS IN CROATIA

The farther east you head along the Mediterranean coastline, the clearer the water and more spectacular its blue hue. It is for this reason - and many more - that holidaymakers choose to have their summer break on the sea around Croatia, where alluring islands, incredible snorkeling sites and ancient landmarks set the stage for a grand adventure for all. Motor-sailor luxury yachts such as NAVILUX and ACAPELLA are becoming increasingly sought after thanks to the modern models, which are fitted with a whole host of contemporary comforts and cutting-edge technology for safe and efficient travels. Plenty of water toys, a sundeck Jacuzzi, sunbeds and an indoor or outdoor cinema will fill your waking hours without ever needing to set foot in civilization.

Visitors can travel guilt-free through environmentally sensitive regions by wind power, saving fuel and receiving excellent value for money on a week or more in the Adriatic. For many, taking life at a slower pace means that there is less time to rush from one 'bucket list' destination to the next, yet more to live in the moment and discover wonders in out-of-the-way places with your loved ones.
Luxury charter yachts come with a talented crew professionally trained for exceptional service, whether coordinating a large social gathering such as a wedding or birthday celebration, or simply entertaining younger guests so that parents can enjoy some time to themselves. What's more, your accommodation, water toys and any other amenities are with you for the journey, so you need only choose your itinerary and set sail.

What to do and where to go along the Croatian coast
One of the greatest advantages of a luxury yacht charter in Croatia is access to spectacular snorkeling and Scuba diving sites whenever you please. The clear seawater will encourage you to take the plunge and swim with colorful fish around thriving

reefs. Turtles, mantas, dolphins and whales frequent the Adriatic, and some may be curious enough to approach your group. There are myriad shipwrecks from WWII and earlier around Istria and along the Dalmatian Coast, and some sit in shallows less than 15m/49ft deep, such as the transport ship TARANTO near Dubrovnik. More experienced divers should not miss an opportunity to do the tunnel dive at Prvić for its impressive gorgonians and variety of other marine flora and fauna.

Croatia is a dream-like destination not only for its magnificent nature parks, tranquil beaches and trails, but also for its rich cultural heritage influenced by the ancient Greeks, Romans and Ottomans as well as the country's Slavic roots. Pula alone has a Roman Amphitheatre, temple and other ruins, a hilltop fortress and an underground gallery all within walking distance of the waterfront. Split meanwhile is famous for The Diocletian's Palace, Hvar for the Greek agricultural remnants of the Stari Grad Plain, and the Old Town in Dubrovnik is instantly recognizable as 'Kings Landing' from the TV series Game of Thrones.
Festivals for film and music fill the summer months, and almost every town has museums and art galleries ranging from past to present that will satisfy your curiosity.

As you cruise from day to day your Captain will know the best anchorages in the area, whether they're popular stretches of sandy beach or pebble-lined bays where your only disturbance will be the seabirds calling from far away.

Hopping aboard the beautiful ACAPELLA
Launched in 2021, M/S ACAPELLA has not long been

cruising around Croatia and she's already earning a stellar reputation thanks to her attentive crew of 9 - including a masterful chef - and top-quality entertainments placed within elegant surroundings.
Sunbeds, sofas and alfresco dining areas can be found forward and aft on the main deck as well as up on the sundeck - the outdoor social hub made even more appealing with its Jacuzzi and bar. Chat, catch up on your reading list and watch the scenery change from the terracotta-colored settlements along the Istrian peninsula to the white sand beaches of Dugi Otok in the Kornati National Park.

When you are ready to leave the hot sunny outdoors for a refreshingly cool and shady interior, settle into the sofas within the climate-controlled main salon while your crew serve refreshments from the bar. Watch a film to pass the time while cruising, and dine

on the sumptuous multi-course feasts to recharge before setting off on a wander through town.
For those guests who like to have a little haven all to themselves, the accommodation aboard luxury yacht ACAPELLA provides: There are three master suites and two triple cabins that will sleep up to twelve guests. The Master cabins have a sofa and/or day bed, and all cabins have TV entertainment and en-suite facilities.

Elegant NAVILUX for the entire family
At first glance M/S NAVILUX looks like many of the sailing yachts cruising the Eastern Mediterranean - but step aboard and you will discover high standards indeed. Her laid-back contemporary surroundings and refined detailing are free from ostentation, encouraging you to wind down and take the day as it comes. The outdoor areas provide two alfresco dining options, an abundance of sunbeds, enough sundeck seating to host a celebration, and a foredeck Jacuzzi where you can soak away your cares and let the rest of the world pass you by.

The interior salon and formal dining area beckon guests inside through a warm and welcoming natural color scheme and plush seating within ample surrounds. The accommodation sleeps twelve guests in six cabins, consisting of one master suite, one VIP stateroom, two double cabins and two twin cabins. All cabins have the same warm and bright color scheme found within the salon and dining area, and each spacious cabin has TV entertainment, sofa seating and en-suite facilities so that guests can start and end each day in comfort.
While you're busy discovering the life and culture of Croatia, the professional crew of eight will work behind the scenes to ensure a blissful, stress-free charter experience.

Make time for yourself and loved ones on your next holiday and choose to cruise in privacy and splendor aboard a modern motor-sailer through the Croatian charter grounds.

Written by Rachael Steele / CharterWorld.com

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.

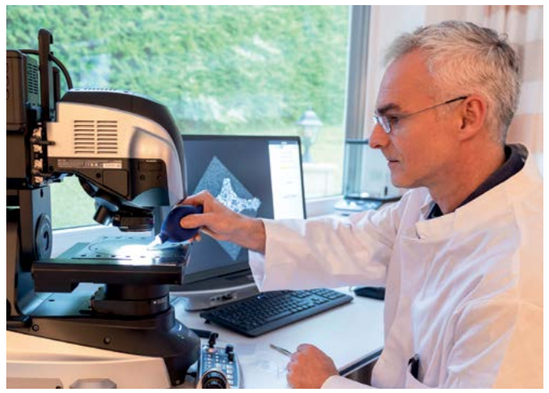
To cater to UHNWIs whose orders often surpass the value of a single piece of crystalline Osmium, bespoke Investor.

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.

www.osmium.com/en
www.osmium-institute.com/en
info@osmium-institute.com

+49 89 744 88 88 88 (EU/UK)
+1 888 867 6486 (USA)



Certification of osmiu

ESG INVESTING

BREAKING THROUGH THE NOISE

Over the past few years, we have experienced an evolution in the importance of Environmental, Social and Governance ("ESG") issues, both across the wider business community and society as a whole. Once perceived as a 'nice to have', ESG has swiftly transitioned to the forefront and is now considered essential to business and investment strategies. The pace at which regulations have evolved and emerged, as well as the level of expectation from the investment community, has left many scrambling to find the right answers and to build the right strategies.

The real estate sector has made tremendous strides in tackling its contribution to the crisis, more so than many other asset classes. This fundamental shift in attitude can be attributed to a combination of factors, including the climate warnings issued by the Intergovernmental Panel on Climate Change ("IPCC"); the ambitions set out by the Paris Agreement; the introduction of new regulations by governments; investor pressure; occupier demands; and even the global COVID pandemic, which brought the importance of health and wellbeing starkly into focus. But despite efforts made so far, there is still a significant amount of work to be done, particularly given real estate's 40% contribution toward global carbon emissions.

The rise in attention being given to ESG and its underlying key themes, such as Net Zero Carbon ("NZC"), social impact value and physical climate risk, has led to an unprecedented number of regulations, frameworks and industry bodies. Whilst the intention behind all these has been well-meaning, the sheer number and level of understanding required for each have left even the most experienced of ESG professionals in a spin. Unfortunately, the result of this has led to many real estate asset managers and owners claiming to have met certain thresholds and standards when in fact, they have misunderstood the purpose of the regulations. Sustainable Finance Disclosures Regulation ("SFDR") is a classic example of this – where a disclosures regulation originally intended to prevent greenwashing has been misused as a product label for a fund.

By Jessica Pilz,
Global Head of ESG, Fiera Real Estate

So, how do investors understand whether their chosen or prospective manager truly understands ESG and how to integrate its increasingly important themes into risk processes and investment decisions?

For many years, investors have relied on GRESB to inform this analysis. Whilst a brilliant platform for raising the profile of ESG within the real estate sector, it is now widely believed by many in the industry that it needs a radical transformation if it is going to keep up with growing investor requirements and demands. Investors are increasingly looking for greater granularity when it comes to ESG reporting, as well as detailed information on governance and integration.

At Fiera Real Estate, we believe that ESG sits alongside all other investment drivers. We don't believe that it's one or the other. There was a time when ESG was merely a tick box exercise, but given the widespread acceptance of its impact on performance and long-term value, its level of importance now sits firmly alongside financial performance. A manager that recognises this should be able to demonstrate how ESG is integrated into each part of its business, from operation to portfolio management.

The easiest way to identify this is through robust governance processes, as well as clear buy-in from senior leadership. Many ESG professionals in the market have identified the importance of governance and have aptly suggested that the 'G' should sit in front of the 'E' and 'S', though unfortunately, this doesn't have quite the same ring to it. Strong governance, which clearly defines roles, responsibilities and processes, and support from the top, is critical for delivering meaningful change. In addition to good governance, managers should have access to dedicated ESG resources, whether internal or external. ESG has evolved so rapidly that specialist knowledge and expertise is essential for ensuring it is not treated as an 'add-on', as well as to prevent any greenwashing.

Managers should also be able to communicate their ESG performance and progress with their investors regularly. This requires access to and the management of 'investment-grade' ESG data, which is commonly cited as one of the most challenging facets of ESG, particularly when obtaining tenant utility data. Good quality, accurate data at an asset level is fundamental when it comes to ESG. Without this data, one is reliant on benchmarks and estimates – neither of which tell the true story, especially regarding decarbonisation. Managers should be investing in data, as well as data platforms. Not only will this allow them to better manage their portfolio in terms of delivering change, but it will open the communication lines with investors and contribute to the industry's broader move toward transparency.

By way of example, to go on a NZC journey, you need to understand where you are starting from to gauge the distance to be travelled and a realistic endpoint. It is this baseline data which must inform that process and allows a manager to fire the starting gun, as we have recently done when setting our 2035 NZC target for the Fiera Real Estate Long Income Fund, UK.

The rise of disclosure and classification regulations like SFDR, EU Taxonomy and the FCA's Sustainability Disclosure Requirements ("SDR") has left many concerned over the risk of greenwashing. Unfortunately, this risk is high. But perhaps this needn't be a concern. Those asset managers and owners playing by the rules now will ultimately reap the reward in the future. They have the foresight to see where this is all going and are taking the steps to actively ensure their portfolios are resilient and fit for purpose in the future. At Fiera Real Estate, we see this as our fiduciary duty - to be good stewards of our investors' capital. There is so much noise surrounding ESG that it does become hard to know what to filter out and where to focus, but if you manage to identify what's most important, it is simpler than it seems.

www.fierarealestate.com

HOW TO FIND YOUR PERFECT JET WHEN SUPPLY IS LOW

This 2015 Bombardier Global 6000 sn 9688 is available for sale exclusively through Jetcraft. The aircraft has FAR 135 Crew Force Measurement System and features SwiftBroadband Internet. It has a 13-passenger configuration and has recently completed its 60 Month Inspection and received soft goods & interior touch ups in May 2021.

With the private aviation industry experiencing a worldwide shortage of pre-owned inventory, buying a Jet needs more consideration than ever before.

According to the latest data from AMSTAT, 5.2% of the world's business aircraft are for sale, the lowest rate for decades, yet Covid-19 has led to an increase in interested buyers. Although the current climate is challenging, there are still opportunities for buyers and Jetcraft, the largest international buyer, seller and trader in business jets, share their recommendations in this article:

Allow extra time for your search
Inventory levels may be lower than in recent years, but good quality inventory is still available.

Buyers are more likely to succeed if they give themselves extra time to secure their desired aircraft. It's also important in this environment that buyers are prepared to act quickly, taking opportunities as soon as they are presented. Some models may only be on the market for a few days.

Look to foreign markets
Some of the best new inventory Jetcraft are seeing come from international markets, and they are currently sourcing sought-after pre-owned aircraft for clients in

This 2013 Boeing BBJ sn 38408 is available for sale exclusively through Jetcraft. This aircraft has Collins VENUE CMS, TCAS II 7.1, 8 auxiliary fuel tanks and features Ku-Band Internet. It has a 13-passenger, 4-zone configuration that includes an aft master lavatory with shower.

countries such as South Africa, Singapore and Malaysia. The level of maintenance in emerging markets is often on par with that seen in the US, and buyers can feel confident that any issues will be flagged and corrected during the pre-purchase inspection (PPI). At Jetcraft, their in-house technical team often finds discrepancies ahead of the PPI. Further, any worries about differing regulations, time zones and language barriers can be eased by working with a global advisor with local representatives on the ground in every region.

Consider older aircraft
Older business aircraft are still safe and functional in their later years. However, when purchasing an earlier model, inspect it in detail to avoid any surprises down the road. During this period, when there is less choice of younger, more desirable models, it's important to stay open-minded about older aircraft because they can always be customized or upgraded to meet your original needs. We're seeing the value proposition of older pre-owned models increase due in part to a growing number of maintenance facilities and the availability of cost-effective, high-quality refurbishment options worldwide.

Don't over-budget
It's important to note that values are not spiking drastically, even during this period of tightened supply. Some aircraft are selling above their retail value, but prices are generally firming up to pre-Covid 2019 or early 2020 levels.

Book your Pre-Purchase Inspection now
Once a buyer has found an aircraft that meets the requirements, work with an advisor to get a PPI booked as soon as the Aircraft Purchase Agreement is in place. Slots are filling up quickly, and any delays here can hold up the purchase process for your next business jet.

Work with a trusted advisor
In this challenging market, it's important to work with a team that has its finger on the pulse and can act quickly to find buyers the right opportunity and complete a swift transaction. At Jetcraft, their global presence allows buyers to widen the reach of their search, equipping them with early access to inventory, even before it is officially listed. Their unmatched market data and intelligence help buyers plan, budget and negotiate the best deals quickly and efficiently.

Furthermore, Jetcraft offers a unique trade-in solution service for their clients, so buyers can upgrade their aircraft while trading in their old one, enabling them to act faster than ever!

About Jetcraft
Jetcraft is the global leader in international aircraft sales, marketing and ownership strategies, managing and maintaining over 20 regional offices. The company's unparalleled success over nearly 60 years in business aviation has earned it a world-class reputation, an excellent customer base, a wide network of connections and one of the largest inventories within the industry.

For more information, please visit www.jetcraft.com

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?

Lürssen SUPERYACHTS

Lürssen delivered Project BLUE

After BLUE's successful second sea trial at the end of June, the 160-metre Lürssen left the shipyard in Bremen on 2nd July and embarked on her maiden voyage, heading to the Mediterranean where she will now enjoy her very first season with her new Owners.

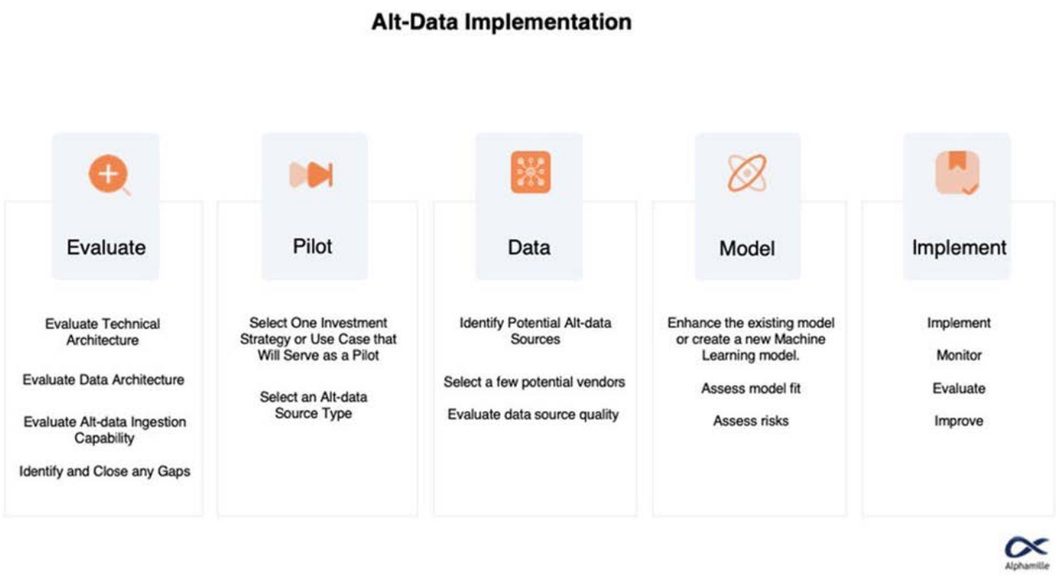
Efficiency and the desire to be as environmentally friendly as possible were key drivers for the technology on board. BLUE is equipped with a highly efficient Diesel-Electric Hybrid Propulsion Concept developed by Lürssen's own engineering specialists. The concept combines diesel- propulsion-technology with efficient modern electric propulsion systems. BLUE's system consists of two diesel engines that drive two controllable pitch propellers through individual gearboxes.

These gearboxes are equipped with PTI/PTO units that can be used for either electric propulsion (slow speeds) or for generating electrical energy to operate the vessel at higher speeds. BLUE is also equipped with an electric Azimuth Pod Drive, which in electric mode can be used separately, or when the PTI units are engaged, with the two propeller shafts.

In order to generate less noise and vibration and reduce nitrogen oxide levels, BLUE is equipped with a state-of-the-art exhaust after-treatment system. Furthermore, the wastewater treatment plant is equipped with new membrane technology that allows the treated wastewater to be safely disposed of in 'drinking water quality'.

Many years of planning, engineering and building to the highest standards went into project Blue.
"To execute such a comprehensive project, an excellent team is necessary," says Managing Partner, Peter Lürssen. In this case, the team consisted of the Owner's technical project management team, the design team from Terence Disdale who are responsible for the contemporary exterior and the traditional fresh interior design and of course, Lürssen's own project team. "We are very proud of BLUE as yet another statement of Lürssen's ability and desire to build yachts that meet all of our exacting Owners' requirements, guided by our core focus of expert engineering, beautiful design and being a proud market leader in developing sustainable technologies."

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.

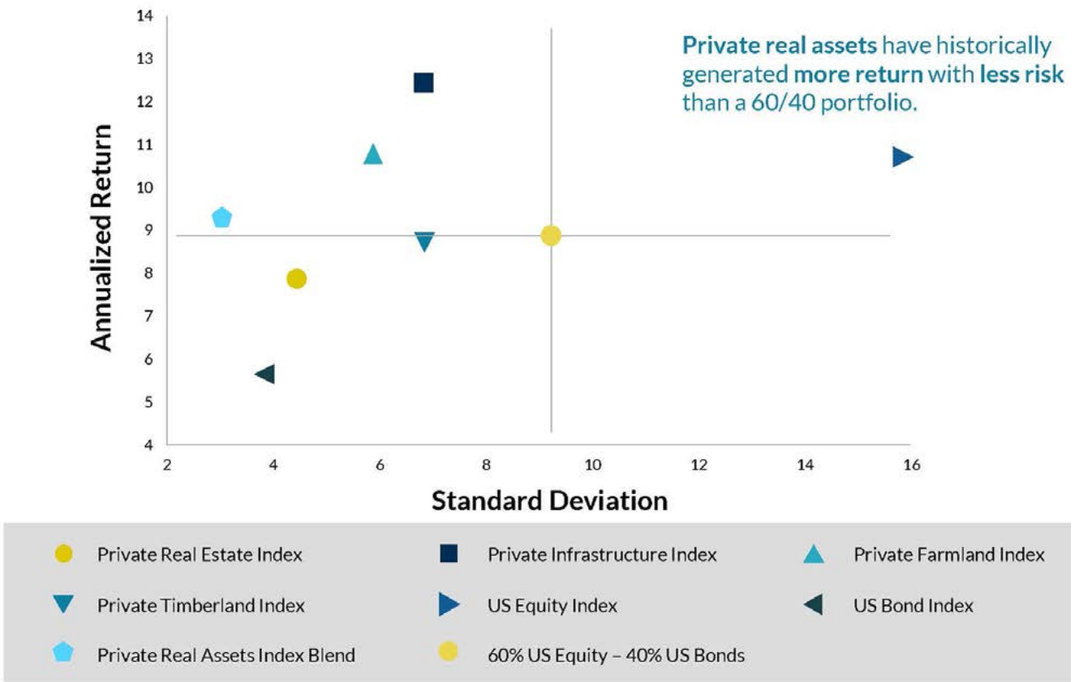
Step 5. Implement the New Investment Model
After the new investment model is adopted, it needs to be monitored and continuously improved.

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.

REAL ASSETS: POTENTIAL ALTERNATE SOURCE OF GROWTH AND INCOME?

Figure 1 (Trailing Risk Reward Chart from 6/30/1991 to 6/30/2021) [1]



[1] Source: Versus Capital Research, Morningstar Direct, NCREIF, JP Morgan, MSCI.

By Sloan Smith, MBA, CAIA, CPWA®

To support the US economy coming out of the COVID-19 recession, the Federal Reserve and the US Congress took aggressive monetary and fiscal action. As a result, the short-term federal funds rate approached 0% and equities rebounded to new all-time highs. The rapid resurgence of the economy has created price increases not seen in decades, mostly attributed to pent-up consumer demand and access to easy money, global supply chain disruptions, and skyrocketing commodity prices. The combination of low bond yields, above-average equity valuations, and historically high inflation point to the difficulty of a traditional stock and bond portfolio generating strong future returns while mitigating downside risk. This dilemma has caused investors to look for alternative asset classes to meet their long-term return objectives. Investing in real assets may provide a potential solution. Real estate, commodities, and the energy sector often come to mind when considering real assets. However, additional sub-asset classes that merit consideration include infrastructure, timberland, and farmland. These investments offer the opportunity to improve a portfolio's risk/return profile, access attractive cash flows, participate in equity-like capital appreciation, and help to hedge against inflation risk.

Potential Real Asset Investments and Their Advantages

1. Infrastructure

Infrastructure assets include toll roads, airports, railways, wireless towers, and data centres. These investments offer relatively stable and predictable income through long-term fixed contracts and provide some monopolistic characteristics with high barriers to entry. The key return drivers for infrastructure are the free cash flow yield, inflation escalators, organic growth, and leverage. Further, the historical correlations between the MSCI Global Infrastructure Index and the S&P 500 Index and the Bloomberg Aggregate Bond Index are quite low, around 0.01, showing the diversification benefits of infrastructure.

2. Timberland

Timberland assets include pulpwood (for paper and packaging materials), softwood (for building materials), and precious hardwood (for furniture and remodelling). The key return drivers include income from harvesting, inflation from the value of the timberland, and biological tree growth. Timberland has historically provided a hedge against inflation, and the correlations of the NCREIF Timberland Index between the S&P 500 and the Bloomberg Aggregative Bond Index are also quite low at around 0.04.

3. Farmland

Farmland assets are comprised of row crops (corn, soybeans, cotton, rice, vegetables, wheat, and potatoes) and permanent crops (almonds, walnuts, pistachios, apples, wine grapes, cranberries, and macadamia nuts). The key return drivers come from the income received from selling the crops, inflation of land value, productivity growth, and crop price growth. Farmland is a highly fragmented market with minimal institutional ownership, which creates numerous opportunities for potential investors.

4. Additional Portfolio Advantages

Diversified real asset funds often target annualized returns of 5% to 7%, significantly higher than bonds, yet with a volatility profile closer to bonds than stocks. Additionally, these strategies are positioned well to appreciate in inflationary environments.

The Potential Drawbacks of Real Asset Investing

1. Illiquidity

When investing in real assets, especially in the private space, liquidity is usually limited. Infrastructure, timberland, and farmland are physical, tangible assets that require time to transact. Therefore, redemptions from this asset class may take three months or a year in some cases. This scenario is significantly different from what is experienced in fixed income, where the market is highly liquid. However, limited liquidity is a potential trade-off in the search for higher income and higher total return.

2. Fees

When allocating to funds of real assets, the fees are usually higher relative to an equity or fixed-income strategy. The median expense ratio for active equity and fixed income manager is between 0.60% and 0.90%, while fees are typically above 1.00% for a real assets manager. As real asset funds attempt to access the best opportunities, they usually demand a higher fee for not only identifying but also managing these investments.

3. Track Record

Allocating to real assets can be beneficial, especially if an investment strategy is broadly diversified across infrastructure, timberland, and farmland. However, these diversified real assets strategies are limited in number and usually do not have long-term performance track records.

Therefore, it is important to perform thorough due diligence on these managers that may be relatively new to the space. The environment of stretched equity valuations in some areas, low bond yields, and high inflation point to the merits of real assets. Overall, diversified real assets can enhance the probability of meeting long-term return objectives while enhancing portfolio diversification and managing downside risk.

By Pandora Mather-Lees

SUPERYACHT INVESTOR CONFERENCE

Superyacht investor conference relaunched at London's City Hilton Hotel in May this year. During the pandemic, the organisers launched a series of innovative and interactive Town Hall sessions which look set to continue.

Big industry players from sponsors HFW Solicitors to Y.Co, Burgess, MB92, Fraser and Christie Yachts, Ince, Dohle, Edmiston and Pantaenius insurance convened to share the inside story on issues affecting the industry – cyber security – financing yachts – chartering and broking -built and refit and of course the all-important sales outlook.

Family Office Magazine was delighted to be one of the key media partners, reporting back to the many family offices involved in yachting on important trends and developments in superyachts and the community.

Russian Sanctions

First on everyone's mind was a subject not envisaged this time last year - Russian sanctions. The sanctions have cut across the industry from new build to charter, affecting many at a time when reparations post-pandemic are a priority.

Miguel Angel Serra, expert lawyer of Gabors Law Firm in Palma, summed up the situation:

"No more than 15 superyachts belonging to Russian oligarchs have been immobilised (not seized) in Europe. I think it has attracted a disproportionate amount of attention from the press, as it's just a drop in the ocean compared with the economic relevancy of all other sanctions packages. This is because perhaps yachts are attractive, newsworthy and give rise to all sorts of gossip. "The impact of sanctions on Russian-owned superyachts is affecting the industry; shipyards have already reported a sales downturn, especially those in the 60+ range. But not only do Russians avoid buying a superyacht now, but also other potential buyers think that bad press could make them suspicious of 'something' or may damage their reputation for owning a superyacht. All this is not good news for the superyacht industry or the ecosystem behind it, which employs thousands of people in shipyards (newly built and refit & repair), marinas, crew, brokers, agencies, design studios, etc. The worse is that I foresee a long-term impact as the war is dragging on and all sanctions imposed in 2014 when Russia invaded Crimea continue to be in force; therefore, it's difficult to imagine that when the war finishes -hopefully soon- the strong sanction packages imposed from last February 2022 until today, mainly by the EU, UK and the US will cease shortly."

The panel concurred that business is difficult where Russians are concerned, whether sanctioned or not and in some cases, yachts are immobilised in yards blocking valuable build and refit space. All we can do is watch and wait.

Cyber Security

With security-related issues, physical and digital security breaches are vital to avoid. One of the most vulnerable parts of a superyacht is the invisible part. Cyber breaches can not only bring the operations down, causing operational risks, but the owner and family are also extremely vulnerable. For family offices with a wider reach and diaspora of members, this is vital to address to maintain their security and safety. Family Office Magazine asked one of the Panellists, Mike Wills, for comment: "It was fantastic to attend Superyacht Investor 2022 on behalf of CSS Platinum and to speak with industry leaders on cyber criminals' dangers present to us all. The industry is taking good steps to address the risks, but there is still much to do. We must view cyber security from

a resilience perspective to protect us from the harm cyber criminals would do to our industry and people and not purely from a 'what must I do' compliance perspective. Cyber is here to stay and is now a life skill for us all.

The panel joked that when things are running normally – don't assume things are running normally – evil forces could have infiltrated the operational infrastructure and maybe they're in the background monitoring behaviour patterns and language ready to strike. Keeping one step ahead of cybercriminals is a full-time job, and security companies conduct regular and rigorous stress testing on an ongoing basis to protect the owners and families.

Refit and New Build

The order book for yachts is full, albeit hampered by yards which cannot move immobilised Russian-owned vessels. As a consequence, the second-hand and refit markets are equally strong. The bullish market looks set to continue as more UHNW owners take to yachting to avoid the risk of covid. Moreover, many younger owners have emerged, mainly from the US West Coast, looking to come into the market for the first time or to migrate from chartering to full ownership.

The Charter Market

The charter market has suffered, first because of forced cancellations due to the lockdown and second

because of reluctance to charter yachts under Russian ownership. This is a second blight on a market slowly returning to normal. Panellists discussed aspects of force majeure and how this was dealt with in contracts and insurance policies. Seemingly interpretation of the clauses was tricky given that circumstances were unprecedented, and second, it seemed that most parties took to creative negotiation to avoid lengthy and costly disputes and court proceedings.

This aside, chartering has changed. The pace is changing with the advent of new owners and an increasing number of younger and time-poor West Coast tech entrepreneurs. This segment wants to use the yacht 'aggressively', making the most of every minute and of course, the toys too. This means that crew needs to be fully skilled in using all toys, gadgets and destination opportunities.

Most of these new charterers choose to remain on the Pacific coast (being short of time) and are also concerned with sustainability and responsible sourcing. Where they are owners, they want the vessel to be put to good use (oceanic research, for instance) while they are not using it. Joking about 'Below Deck' the TV series mentioned below, panellists concurred that whilst much of what happened in the charter series could happen at sea – this was pure entertainment, not real yachting.

Broking

Broking earns its slot at Superyacht Investor. The brokers are a core component of the entire ecosystem. In particular, they connect buyers with the yards with a good broker that can save the owner millions and the yard hassle and admin costs. However, difficulties occur when the broker gets circumvented having made an introduction causing resentment and, in some cases, litigation. Moreover, how does the broker's commission apply to the second and third yacht sold to an owner? Should the broker be given their due commission? Duncan Bateson of conference sponsors FHW thinks so.

Should contracts be standardised? This is another question arising in Superyacht industry debates, whether for sale, broking or charter. Despite some good models from the likes of MYBA and SYBAS it does seem that one size does not fit all. Every yacht is different, and every sales situation is different, so contracts have to be tackled individually. For family offices looking to buy their first yacht, beware as every industry has its rogue characters; however, a reputable broker could be a good place to start.

Final Panel

The final panel was a much welcomed and light-hearted Oxford-style debate between two brave volunteers debating reality TV series 'Below Deck'. Has it been the best thing to happen to yachting?! For the motion was Jenny Matthews of She of the Sea, who had earlier presented

Legasea is an initiative supporting diversity and inclusion in yachting. Despite actually not being in favour of the motion, Jenny put up a good case. Against the motion was Tim Clarke of Quay Crew, who channelled the industry's views that the series is entertainment, not an accurate portrayal of the professionalism of life onboard a charter.

A great segue to the closing drinks and a bit of decompression, the outcome acknowledged that the TV programme had raised the industry's profile at large!

For family offices involved in the maritime industry, the Superyacht Investor conference is a 'must' to attend. It brings together the core of top industry professionals, and the current debates are both important and informative for newcomers and veterans alike.

For more information on attending the next conference or future town hall events, contact Louisa Whyte, Superyacht Investor.

louisa@corporatejetinvestor.com

THE IMPACTS OF CHANGES TO INTEREST RATES ON MARKET PREDICTIONS AND OUTCOMES

By Marc Reale

Throughout 2022, the Bank of England has continued to increase interest rates, to 1.25% at the time of writing. The bank has shown no indication that it will buck this trend in the next monetary policy committee (MPC) meeting on 4th August. Rates had been set to a record low of 0.1% at the beginning of the Covid-19 pandemic, before increasing to 0.25% in December 2021, as restrictions began to ease. The latest rises mean we have seen more than three back-to-back increases for the first time since 2004 and the rate is now above pre-pandemic levels.

So, why has this happened?
The reasoning behind increasing interest rates is to attempt to tackle soaring inflation in the UK which, against a backdrop of strong growth and a robust labour market, the Bank has forecast will peak at slightly over 10% in Q4 of 2022. In light of the government's 2% target, this is clearly cause for concern. Average wage growth for the public sector was 2.6% last year, whilst the private sector saw 4.5% growth. As long as wage growth lags behind inflation, the cost of living in the UK increases with essential goods and services becoming an even greater strain.

UK inflation was already at a 30-year high in February at which point the Bank of England announced that any further tightening of monetary policy would depend on the medium-term prospects for inflation. Russia's actions in Ukraine then sent energy prices surging and exerted subsequent pressure on projections.

The Bank now expects inflation in the coming months to further increase to around 8% in the second quarter of 2022 and perhaps even higher later in the year. Market expectations are now betting that the Bank's rate path will continue to be aggressive in the near-term. However, this may perhaps be followed by a series of cuts, illustrating the risk of overtightening financial conditions and, in turn, harming the real economy.

In real terms, how do interest rates affect inflation?
If interest rates are low, borrowing becomes cheaper. Individuals and companies are thus encouraged to borrow more money and increase their spending. In such a scenario, the rate of inflation tends to rise – meaning the purchasing power of money is falling. Rapidly rising inflation, therefore, means that goods and services become more expensive, more quickly.
Conversely, if rates are kept high, people would rather save and claim a higher return. They also borrow less as it is too expensive. This scenario leads to falling inflation, meaning the purchasing power of money steadies. The impact of rising interest rates on the personal finances of borrowers, savers and shareholders is likely to be significant.

We can start by talking about borrowing.
The extent to which mortgages will be affected by rising interest rates is largely dependent on the type of mortgage the individual holds. Mortgages become more expensive, especially if on a variable rate or tracker, as these usually increase in line with the Bank of England's base rate. Even if on a fixed deal, rates will be unaffected for now, but once it expires, new fixed deals will likely have increased. To put this into context, five-year fixed-rate mortgages were available at an initial rate of 0.99% last year, compared to 2.60% currently. This would increase monthly mortgage payments by £403 for a £300,000 mortgage. The average rate on new mortgages is set to double from a low of 1.5% in November 2021 to almost 3.0% by 2023.

Other borrowing, such as personal loans, are taken on fixed rates, as is most car financing, so in circumstances where there is unsecured borrowing, this will remain unaffected.

Credit card rates are variable, although they are not typically linked to the base rate, so shouldn't increase automatically either.

However, the impact on savings could be positive.
The good news is that a rise in interest rates could lead to more competitive savings deals – meaning people can earn more on their money. Existing deals paying as little as 0.01% will not automatically increase as lenders are at liberty to do what they wish. None of the high street banks have passed on the last two rate increases to savers and high-interest savings accounts are non-existent (unless people are willing to lock their money away for a number of years to perhaps make 2%.)

In private pensions and bonds...
If someone in possession of a private pension and wanted to buy an annuity to provide a guaranteed income in retirement, then they could benefit from the base rate increase. Annuity providers tend to invest into government bonds to generate the returns they need to pay their clients. These are expensive when rates are low as other investors want to lock in the rates they offer. On the other hand, when rates rise these investors tend to sell their bonds, making them cheaper, meaning annuity providers are able to offer better returns.

Or stock market investments...
The impact of interest rate changes on the stock market, if any, tends to be instant. With the exception of the financial sector, higher interest rates will typically affect earnings and stock prices negatively.

If a company is seen as cutting back on its growth or less profitable, this will lower the price of the company's stock. As more companies start to experience declines in their stock prices, the whole market (or the key indices of the market – the FTSE100, S&P 500, etc) will go down. This volatility can make stock ownership less desirable and viewed as too risky when compared to other investments.

Against this trend, the financial industry actually tends to benefit from interest rate increases. The earnings of banks, mortgage companies and insurance companies – now charging more for lending – logically go up in these such times.

In conclusion, it can be difficult to know how to react to increases in interest rates, especially as it is the first time they have gone up so quickly in almost a generation. It might, therefore, be worth reviewing your holdings with an experienced Wealth Manager.

Author: Marc Reale began his career in Investment Banking and Stockbroking, seeing first-hand the need for better up-front financial advice in today's market. He has since pivoted to Financial Advisory roles and, at present, works in Wilton's Investments team as a highly regarded Wealth Manager.

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APPLYING THE FUNDAMENTAL LAW OF ACTIVE MANAGEMENT TO SYSTEMATIC AND DISCRETIONARY INVESTING

Researchers comparing active management approaches often try to portray one as superior to the other, but is this necessary and even wise? What framework might be useful to review both approaches as an investor, and what are the underlying elements?

In this article, we tackle these questions and more by taking a fresh look at systematic and discretionary investment styles utilizing the framework of the fundamental law of active management.

We describe the term discretionary as decided according to human judgment, not decided by rules. In contrast, systematic shall be defined here forth as decided according to rules of a system that has been designed by one or more humans.

The fundamental law of active management, originally mentioned in the paper by R. Grinold and R. Kahn in 1989, describes the productivity of a fund manager as determined by his/her skill or Information Coefficient (IC) in forecasting exceptional returns and the breadth of the frequency at which this skill is applied, measured in the number of independent trades.

The consequence of these two elements describes the value added to the portfolio strategy, or Information Ratio (IR). In mathematical terms, we specify the necessity of skill and breadth to add value as:

The equation denotes that each unit of skill has a relatively higher impact on value-added and that each unit of additional breadth creates diminishing marginal returns.

Skill in forecasting exceptional returns

In a discretionary investment approach, most investors consciously or unconsciously judge skill based on each individual trading decision executed by the manager. Portfolio construction and risk metrics also play a role, but often and unfortunately to a lesser degree, in the initial assessment. Hard-to-measure qualitative criteria are also considered to assess skill, some of which may simply boil down to personal liking.

In a systematic investment approach, the ability of an entire system or model, including risk management and portfolio construction, to outperform the market is generally consulted as the measure of skill. The people building this system are the discretionary component of the systematic skill and are usually studied to a lesser extent. In our view, team composition, experience, and skill set of core team members deserve more attention to estimate the long-term success of any systematic investment.

The argument in favour of the skill of discretionary models is that one may say, in unprecedented market times, a discretionary manager is, on average, more likely to prove higher skill in the short term, being able to react quickly to the newly established rules.

A systematic approach would need to wait until a shift in market behaviour becomes visible in the data for the model to change directions, possibly providing a performance drag. However, this benefit balances out in the long term, depending on the multitude of studies and points of reference taken.

A qualitative factor that is often attributed to strategy skill is the transparency each investment approach offers. Systematic managers are often accused of working incomprehensibly in a "black box," while discretionary approaches are said to be the opposite. Looking at the systems each of them utilizes for decision-making, one could claim that the opposite is true.

Discretionary managers make decisions in their human system. Despite the common belief of the homo economicus, human decision-making has been proven to be biased and irrational by Nobel Prize winners such as Daniel Kahneman and Vernon Smith (2002), Robert Shiller (2013), and Richard Thaler (2017).

For systematic managers who outsource their investment decisions entirely to a model, these biases are much less pronounced in the actual trading decision, although they are still present as machine learning models are developed and revised by humans. Even when it comes to testing the robustness of your forecasts, systematic investment managers can rely on unbiased methods that are impossible for discretionary managers to use in making decisions, even when they use quantitative models as part of their investment decision (Tom Capital AG, 2022).

Strategy breadth is measured by the number of independent trades

Technically, the most crucial determinant of strategy breadth is the capacity of the manager, team, or system to process information for trading decisions.

Discretionary managers are limited by the number of good quality assessments any singular manager and a team of managers can make about a certain trade. However, discretionary managers explore each trade in extensive depth, often unveiling indicators such as the management sentiment, which are harder to grasp today in numerical terms. Their inherently vertical nature allows discretionary investment approaches to focus the breadth of their strategy on a particular theme or niche.

In contrast, systematic managers are horizontal by design and diversify their portfolios across markets and often across asset classes. Their systems enable the screening of vast amounts of data across a broad spectrum in the shortest possible time to derive informed investment decisions. As the amount and quality of information reflected in the data continue to increase, much of the detailed information once reserved for discretionary managers are becoming accessible to systematic traders.

This transfer of knowledge is no one-way street from discretionary to systematic managers. Most, if not all, discretionary managers today build on advances in quantitative modelling and consult them for trading decisions; however, not to the extent that systematic managers do. A first study provides evidence that combining both approaches too much could result in inferior outcomes (Grobys, Kolari, Niang, 2022). One rationale behind this might be that two coherent arguments never make one coherent argument when combined.

Value add to the portfolio strategy as a result of skill and breadth

Looking back at the formula (1), we have shown the skill component to be measurable in both approaches, and we do not want to make any subjective conclusions about the superiority of one above the other.

Structurally speaking, the most crucial differentiator between both types of managers becomes breadth, with discretionary approaches generally providing fewer independent trades than systematic ones due to their vertical and respectively horizontal inclinations.

As a result, risk metrics are generally lower for more diversified systematic instruments, whilst the return potential is usually stronger for discretionary instruments. Hence, investors can view systematic and discretionary investing as complementary, addressing different portfolio needs.

With strong heterogeneity across and within systematic and discretionary approaches, they can both bring about shining stars and foul apples to a similar extent. Examining their underlying skill and breadth in depth can help investors make the right investment decisions.

Tom Capital AG is an investment boutique that applies machine learning to the entire investment process, from data selection to portfolio construction. Do not hesitate to contact us at info@tomcapital.ch for more information or inquiries.

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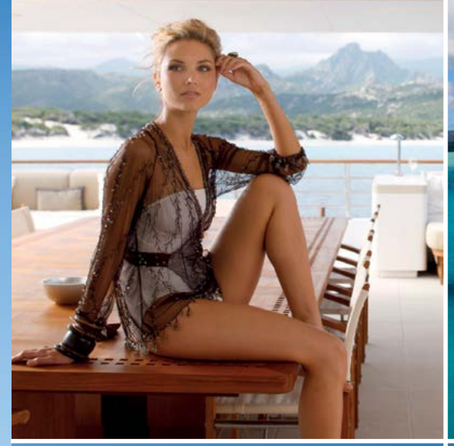

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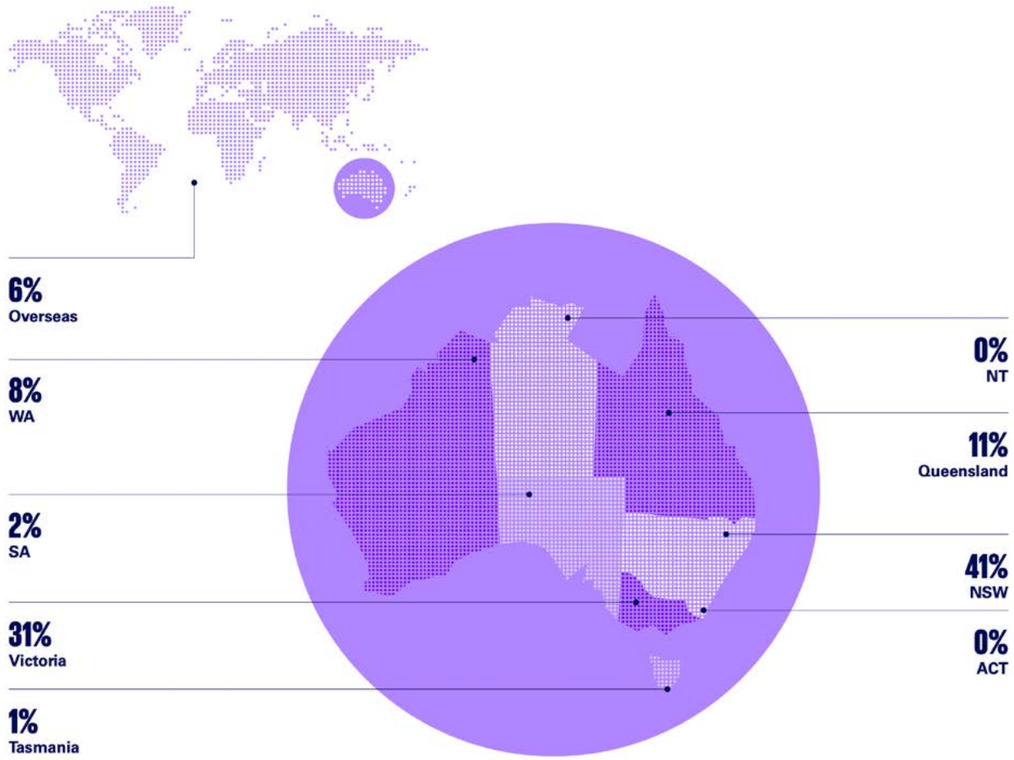


The Table Club (TTC) partnered with KPMG to undertake the Wealth in Transition survey. TTC is a private membership group founded in Australia in 2009, connecting over 1,300 Family Offices / UHNWs across 10 geographies.

It includes some of the world's oldest and largest Family Offices. TTC facilitates networking opportunities, idea generation and co-investment opportunities on a global scale.

TTC generates its own research into the Family Office sector. Some of this information supports this report – including information from the 2016 TTC Private Wealth report, as well as their updated 2021 The Table Club 500 (TTC 500) report.

TTC's most recent study focuses on the wealthiest 500 individuals, Single Family Offices (SFOs), and Multi Family Offices, (MFOs) (organisations that run a number of family's offices). TTC draws on sources with a minimum wealth of $120 million, as this figure is what TTC consider to be required to establish a Family Office. TTC 500 represents a total wealth of $631 billion (at June 2021), with members' wealth ranging from $120 million to $31.1 billion.

In line with the data collected during the KPMG Wealth in Transition survey, over 60% of the TTC 500 primarily generated their wealth in the traditional asset classes of Property, Investment (which includes operational businesses, Private Equity, credit and other asset classes), and Financial Services.

In 2021, TTC added 100 new participants to the TTC 500. Of the new additions, 43 (47%) derived their wealth from technology-related enterprises. However, this may be slightly misleading as, rather than a transition away from traditional industries into technology, there is greater penetration of technology into traditional industries such as AgTech, FinTech and Property.

Sydney in New South Wales (NSW) and Melbourne in Victoria remain the centres of wealth in Australia, with over 70% of TTC 500 primarily residing in these locations. Unsurprisingly, the wealth generation in these locations was largely driven by Property and Financial Services. These locations are also home to the vast majority of multi-generational Family Offices, although still wholly 85% of TTC 500 members are primarily represented by the first or second generation.

Queensland and Western Australia registered the third and fourth largest populations of TTC 500 members, with the bulk of wealth generated coming from the resources sector.

TTC 500 residents in NSW and Victoria had a similar mean wealth figure, $1.12 billion and $1.04 billion, respectively. While the average NSW TTC 500 member is now worth slightly more than the average Victorian member, this hides a pronounced increase in the number of wealth holders in NSW relative to Victoria.

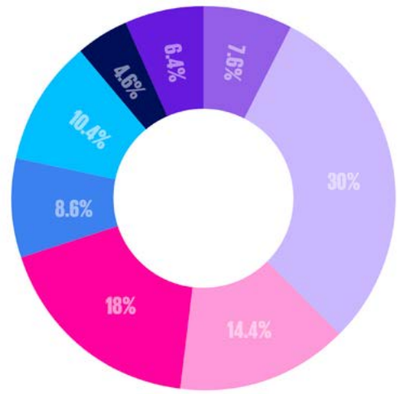
Since the 2016 TTC Private Wealth report, the average wealth of TTC 500 members in NSW has increased by 17% per annum, while for Victorian members, it increased by 21%. It could be presumed that a great deal of this increase is driven by the number of tech unicorns emerging in both Sydney and Melbourne. Western Australia (WA) led the TTC 500 report in two categories, having the newest additions since the 2016 report and having the highest average wealth increase over the past five years, outstripping all other states with a growth rate of 31% per annum. WA also had the highest mean wealth figure, at $2.5 billion – skewed by the vast wealth gains of the iron ore miners.

The Australian Capital Territory (ACT) had the second-highest average wealth figure; however, this is due to one individual from ACT who makes a list, with their wealth at $2.5 billion, which grew 4% per annum over the past five years.

Only 125 (25%) of TTC 500 members had investable wealth estimated to be in excess of $1 billion. A further 105 members (21%), had an estimated wealth between $100 million to $200 million, with the majority of TTC 500 members having wealth between $200 million to $1 billion.

TTC used to consider $200 million the minimum viable amount of investible wealth required to be able to economically sustain a well-resourced SFO, with those having less than $200 million generally classified as UHNWs. Since then, TTC has revised this figure to $120 million. This is driven by the availability of FinTech solutions, process automation, and the Family Office services economy, making it easier to run an efficient Family Office at a lower cost. Many of the SFO's in the lower quartile of the TTC 500 draw on these capabilities to operate with institutional efficiency that rivals many of their top quartile peers.

Source: The Table Club and KPMG Australia



Agriculture	6.4%
Resources	7.6%
Property construction	30%
Technology	14.4%
Investment	18%
Financial services	8.6%
Other	10.4%
Retail	4.6%

WEALTH SUCCESSION PLANNING: THE STOIC'S RULE BOOK

by Sam Games Abacus Trust Group

The following article is a brief overview of how we can apply the philosophy of Stoicism to wealth succession planning to overcome emotional bias to better plan for financial wellbeing.

Introduction
The past 3-years have been a period of real uncertainty, bringing unprecedented change to the wealth management industry.

With Brexit, a global pandemic and more recently, the fog of war which has drifted across much of Europe, causing rapid inflation, there is no doubt that many of us have experienced one of the most challenging times in modern history.

These challenges have created extreme turmoil for many High Net Worth Individuals (HNWIs), for whom external influences outside their control may bring real risk to their future wealth planning.

However, there is also an opportunity for reflection during times of uncertainty.

Being thrown out of our comfort zone and normal routines raise useful questions about how we might minimise the impact caused when faced with external challenges, together with the importance of making the distinction between the changes we can control and those which are outside of our influence.

To this effect, the philosophy of Stoicism provides a useful guide.

What is Stoicism – Brief Overview
Stoicism is an ancient Greek philosophy first founded by a man named Zeno, who on a voyage found himself shipwrecked in Athens, losing all his possessions. Instead of bemoaning his fate, Zeno took the opportunity to begin learning philosophy, leading him to develop the thinking and principles that we now know as Stoicism. Stoicism may have been founded over 2,000 years ago, but the principles still apply to today. Stoicism teaches the basic concept that 'there is a separation between how the world happens to be and our emotional response to it.' In short, it's the notion that there are only two things we can control – our thoughts and our actions.

Rule 1 – Learn to understand what you can control and what you cannot
In a Manual for Living, Greek and Stoic philosopher, Epictetus, wrote: "Happiness and freedom begin with a clear understanding of one principle: Some things are within our control and some things are not."
This statement has never been truer than today, following the past few years' events.

Many of us have experienced or witnessed obstacles which are beyond our influence, such as the closure of borders and everyday freedom as a result of the Covid-19 pandemic (Coronavirus). Granted, simply accepting that certain external events are out of our control is easier said than done sometimes; feeling negative emotions can be unavoidable.

However, incorporating some of the Stoic thinking into our daily lives, especially regarding proactive planning and responding with positive actions rather than emotion, can help control the impact, minimise risk and see if we might correct them. Having preparation tools in place, such as mapping out future financial goals, what we can control - for instance, proactive estate and financial planning - and factoring in the 'what ifs' like ill health or global threats, can help minimise the blow when faced with such a scenario.

Rule 2 – Prevent emotional bias from making costly decisions

Stoicism teaches the concept that it's not the events that occur that cause our problems but rather our reactions to those events, the stories we tell ourselves. The Stoics wrote ""We suffer more often in imagination than in reality."

We can all think back to a time in our lives when we have made a costly decision based on our emotions; for instance, the emotional impacts of regret, pride, greed and panic tend to result in excessive taking or avoidance of risk.

Overthinking things is a very normal human trait; everyone does it, but more often than not, this can mean our reactions are based more on feeling than practical decision-making.

Learning to control your emotions in order to make rational choices and having an advisor at the heart of your planning to filter emotional bias and external noise to a manageable level will ensure you achieve the best possible outcome.

Rule 3 – Accepting time is limited
Although considered gloomy by many to think about our final days, Stoicism preaches that this can also be empowering.

By accepting the reality, we have no control over the time that is passing, and sadly one day, this time will come to an end, allows us to invest our time more wisely.

The Stoics wrote on the shortness of life, "You will hear many people saying: 'When I am fifty I shall retire into leisure; when I am sixty I shall give up public duties. And what guarantee do you have of a longer life?" "How late it is to begin to live, just when life must end!"

Thinking about the end is difficult, but not having a plan in place can be self-destructive.
We often find putting things off is the biggest waste of life, snatching away each day as it comes, denying us the present by promising the future.

Having a dedicated professional to help guide you through the technicalities and create a plan to allow you to live a more fulfilled life while ensuring future generations are looked after can liberate you from enjoying the time spent living.

The Stoics wrote, "People are frugal in guarding their personal property; but as soon as it comes to squandering time, they are most wasteful of the one thing in which it is right to be stingy. Unlike money which can be squandered and regained, time is a precious resource we can never get back."

How a succession plan can help
Many Stoic principles apply today when considering succession planning needs; although we cannot control many of the events around the world, we can put a plan in place to reduce the risk and damage caused.

Succession planning is about planning for the worst by expecting the best; it's your opportunity to be proactive with your long-term goals and form a financial strategy to ensure that your assets allow you to live a fulfilled life and go to the right people when the time comes.

An effective succession plan is designed to be your strongest ally in times of need and to help soften the impact of life's unpleasant events.

An effective intergenerational plan can not only protect your family's wealth, but it can also preserve your family's financial confidentiality, consolidate your assets, and any potential opportunity for mitigating inheritance tax, probate fees, and other related costs.

To help have an effective plan in place, speak with an advisor to start a conversation on what the vision for your wealth is and what is important to you, such as planning for retirement, investing in your family's future or realising lifestyle aspirations and ensure you have a trust, will and inheritance plan developed and in place. www.abacustrustgroup.com

WILL CRYPTOCURRENCIES BE ACCEPTED AS ACQUISITION CURRENCY IN THE FUTURE ?

by Jennifer Maag

From online shopping and buying digital artworks to paying your taxes, cryptocurrencies are now an accepted form of payment for many types of transactions. In certain cases of crypto-related mergers & acquisitions (M&A), cryptocurrencies have even been used as a payment form for tokenized shares of companies in M&A transactions. However, until now, the reason behind the use of cryptocurrencies in M&A has been more of a marketing effort than a careful analysis of the pros and cons of using these alternative forms of currency to more traditional ones. But what would these advantages of using cryptos in M&A transactions be, and would they outweigh the risks and drawbacks?

Generally speaking, some of the key advantages that cryptos could have over traditional bank transactions are anonymity, greater speed in payment execution and possibly lower transaction fees. To each of these points:

Most M&A transactions are governed by a sale and purchase agreement (SPA), thereby disclosing the buyer and seller's identity to the parties involved. Therefore, the anonymity associated with cryptocurrencies is not a significant advantage. Suppose the funds were from another party backing the "official" buyer. In that case, the source's anonymity could be a potential argument for the payment with cryptocurrencies, as the banks receiving the funds would question payments with cash via bank transfer.

To the advantages of speed and lower transaction costs: Speed in international banking transactions might be surprisingly slow at times; however, compared to the time spent on the rest of an M&A transaction, the time spent waiting for funds to arrive is relatively insignificant. Similarly to the execution time, the fees related to wiring the transaction price have to be seen about the general costs of a typical M&A transaction. So while there might be some slight advantages to using cryptocurrencies, they could hardly be described as major.

Looking at the flipside of the coin, what are the risks and disadvantages of using cryptos in this context? Firstly, there is price instability. Since most cryptocurrencies are more volatile in their value than the big traditional reserve currencies, the valuation of several coins might drastically change within a day of trading. Until May 2022, proponents would have argued that a strategy to alleviate this risk would be to use stablecoins like Tether. However, the "stability" of stablecoins has been shattered in the past months.

Cybercrime is the second danger, which is less likely to occur but might have an even bigger impact while being harder to avert. Even if the blockchains themselves have so far been very safe, the ways in which they were stored and managed have repeatedly been successfully attacked, with billions of dollars worth of cryptocurrency landing in wallets controlled by parties with malicious intent.

Lastly, in more significant M&A transactions, funds paid via a lawyer or escrow are subject to "Know Your Client" (KYC) scrutiny, and payment with cryptocurrency would almost certainly add another layer of complexity to the KYC/Funds issue, thereby adding time and complexity to a transaction. To sum it up, while there are some inherent advantages of using cryptocurrencies as a payment method in M&A transactions, we perceive them to be insignificant, particularly if the buyer has enough cash respectively financing to pay the purchase price. As advisors to sellers in "non-crypto currency" industries, we would be a bit sceptical of a buyer wanting to pay a significant part of a purchase price in cryptocurrency.

At the same time, there are some serious risks associated with doing so. While these can be mitigated in some cases, they will not be eliminated and, in most cases, not be outweighed by the advantages the adoption of cryptocurrencies would bring. More interesting, and in our view more relevant, is the role that blockchain could play in the future in simplifying the chain of title proof for both M&A and real estate transactions.

Jennifer Maag has been the Founder and Managing Partner of Capital Concepts International, an M&A Boutique based in Zurich, Switzerland, since 1999. In addition, she is a member of various Boards of Directors and Foundations.

BUYING OR SELLING

A YACHT IN TODAY'S MARKET

by Douglas McFarlane

So you've decided to take the plunge. Perhaps this is your first time, or you may want a change from how you attempted it before. This time you want to make it happen. First thing is to ensure it's an enjoyable experience. A yacht is about fun and freedom, making a decision in your best mood is essential and you want everyone involved to have a great experience.

Getting Started

Where to start is essential and I'd always recommend working with a buyers broker like myself. Someone who doesn't have a vested interest in getting particular yachts from their portfolio off the market. You want the yacht that suits your particular requirements, not that of the broker.

A good broker will help tease out your specific requirements and help ask the right questions for you to consider. The marketplace is vast and varied and if you haven't had a good look at what's available, that's the first step.

Exterior selection

Try looking at several different exterior styles and sized yachts at different budget points. This will help you look at the aesthetics of what pleases you. You want to be able to look at your yacht and be really proud and delighted every time you see it, so it's best you get an idea of what perfect looks like to you. Is it the sleek lines, the straight bow, the shorter length, lower height that appeals to you? Carefully look at each component of the exterior and imagine driving to the marina and seeing her there. Your yacht. Does she look how you want her to?

Choosing your interior

Next up is the interiors. After you've got a sense of exterior shape, you need to start investing the time and effort in understanding the style, space and light that suits you and more importantly your family. You aren't going to be there alone, so getting everyone's buy-in is essential to ensure they have a space for their needs.

Don't worry if you're not experienced in interior design, it's how you feel that's key. Is it too bright or dark, does it look too contemporary or not modern enough? Are the colours to your liking? Interiors can always be changed though it does take time and money, and most of the time yacht owners don't want to wait after they've spent their hard-earned cash.

If you have time to wait, perhaps start considering a new build. Some new yachts are ready to buy, but most of the time you'll need to wait a few years. You'll have the pleasure of working from the start and helping the architects and designers incorporate your features, or changes and character as the build progresses. You can even work with top design companies and have the entire yacht concept to your particular tastes.

The critical thing is to embrace and enjoy the experience from beginning to end, and this will lead to many happy years onboard.

Selling A Yacht

I'm always keen to look at a different way to market a yacht to get sales for clients. There are many ways an owner can consider marketing, each of them with a different price point.

Boat Shows

At the top of the tree, there are the touring boat shows around the world. Cost of mooring, fuel to get there, entry into the show, cost of entertaining guests and additional marketing requirements around the event, all add up. If the yacht doesn't sell, it's off to the next one. I've seen yachts taking years to sell and presented to the boat shows every year and still not selling. Expect to budget over £50k each boat show for a larger yacht.

Magazine Advertising

Next to consider is taking out an advert in Family Office Magazine, Boat International, SuperYacht World or Yacht Investor. These magazines can also do a feature on your yacht to compliment the advert. Their online site can also feature your yacht as a banner ad. Working with a broker, these costs can be considerably less as often we have a relationship with editorial teams. Somewhere around £20k-£30k will be needed for full page adverts in prime position.

360 Graphic Fly Through

One of the latest ways to help potential owners to get a better feel of the yacht is by having a 360 view. One of the best I've seen is where the camera scans each room and the image is stitched together at a 4K resolution. This allows a walkthrough to take place and zooming in on any feature for more detail. Using low-cost Google cardboard 3D glasses also brings it life even more. Pricing is likely to be around £10k-£15k for a quality job.

TV Channels

Producing content for your yacht for showcasing on luxury channels can help build awareness and bring attention to the yacht in a different setting. Often watching on a big screen at home brings the experience to life in a way that magazine and other advertising are unable to do. Short profiles can be done at a reasonable price and certainly under £10k.

Websites

Creating a website specifically for your yacht is a great idea. You're able to publish everything about the yacht including crew details, and then add plenty of your favourite images taken on your iPhone. Add a little footage from a drone, and you'll be giving your visitors some treats on the eye. The cost of creating websites has reduced significantly and can generally be pulled together for under £5k.

Social Media

By far the cheapest and sometimes more effective is social media. Whether it's a blog like this on LinkedIn, sharing a picture on Instagram or providing updates on Twitter, costs next to nothing. There are tools you can use to automate and schedule the posts to target potential owners in different time zones too. Tracking progress, changing messages, trying different posts and generally spending focused time and effort on selling can provide rewards. These types of packages can often be a few thousand over a year.

Selling a yacht takes time. Choosing how to market her takes careful selection too. Working with a broker to choose the most cost-effective approach relative to the time required to sell is your best option.

DOUGLAS MCFARLANE IS CEO OF LOMOND YACHTS
A YACHT BROKER BASED IN LONDON AND OPERATING GLOBALLY.

www.lomondyachts.com

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.

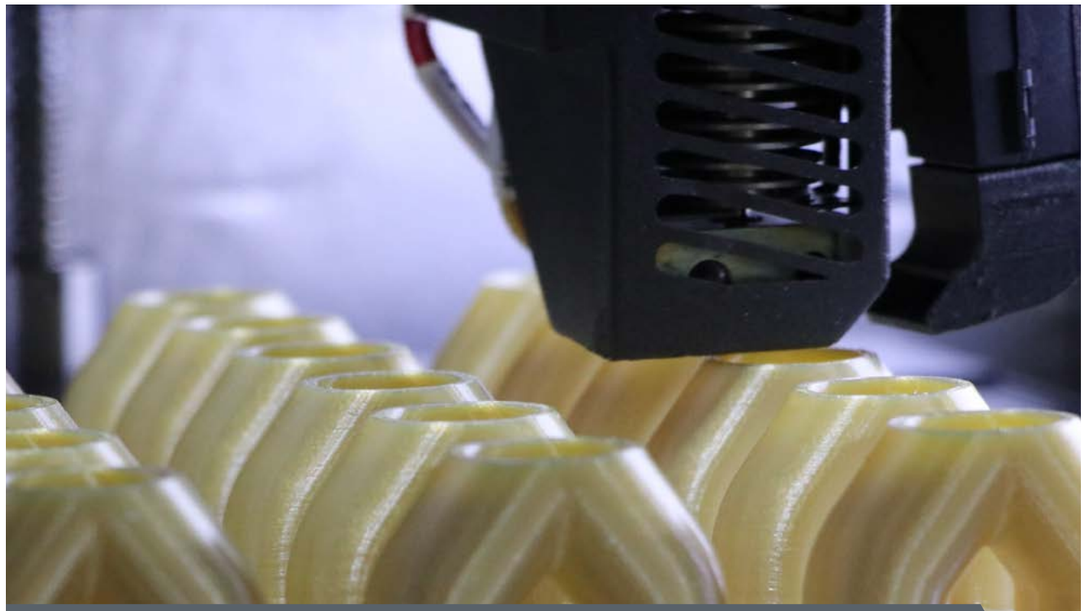
According to Christopher Barnatt, the Associate Professor of Strategy and Future Studies at Nottingham University Business School in the UK, 'I believe that bioprinting will become a mass-use medical technology, largely because it will be readily scalable, unlike current transplant techniques that are 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

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

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.

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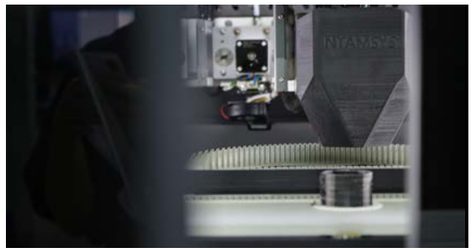

CIGARETTE 41' NIGHTHAWK

MERCEDES-AMG

CELEBRATES WORLD DEBUT IN 2021

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

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

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

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

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

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

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

GDPR: DATA SECURITY FOUR YEARS ON

by Bruce Penson of Pro Drive IT

If you work with data in any shape or form, you should be familiar with GDPR: the General Data Protection Regulation.

GDPR is a European Union (EU) law framework designed to standardise data privacy laws across European member countries, regulating how businesses share information and improving consumer protection. This agreed legislation came into play in 2018 to replace previous data protection rules across the continent, which existed long before data was created and shared at its current scale.

On the same day in 2018, the UK government published a new Data Protection Act (DPA) — a legal framework governing personal data and the flow of information in the United Kingdom. Like the EU GDPR, this law updated the existing Data Protection Act of 1998 and came into effect on 28 May 2018.

Much has changed since these frameworks were first announced, and the guidance for data protection has evolved. Consequently, even if your business was compliant when the GDPR legislation was first published, that doesn't mean it is still today.

So, how have the rules changed, and what must businesses do to ensure they aren't falling short of the mark?

What's the purpose of GDPR?
According to GDPR laws, all organisations that process personal data must comply with data protection legislation, regardless of size.

Simply put, personal information is any information someone could use to identify a living person, including names, email and home addresses, identification numbers and IP addresses. GDPR and the DPA 2018 state that organisations must have a clear purpose for collecting personal information and allow individuals to review, amend or challenge data processing practices. Furthermore, businesses must implement appropriate security measures to mitigate against cyber attacks and data misuse and disclose any security incidents involving customer data.

Exemption from GDPR is dependent on a company's ability to prove that compliance with UK GDPR will prevent, seriously impair or prejudice the achievement of processing purposes. The size of a business will determine the extent of its GDPR obligations. The Information Commissioner's Office (ICO), responsible for upholding information rights in the public interest, may grant exemptions case-by-case. However, businesses shouldn't routinely rely on exemptions.

Failure to comply with GDPR can increase a company's risk of experiencing a data breach and the reputational and financial damage that follows. What's more, it can lead to hefty compliance fines. So, it's in business leaders' best interest to ensure they achieve and retain GDPR compliance for their organisation.

How has GDPR changed since 2018?
In the context of data protection, one of the most significant events, since the original legislation was released, is the United Kingdom leaving the EU.

The DPA 2018 incorporated EU GDPR and passed before Brexit legislation came into effect. As the DPA 2018 was constructed and intended to be read alongside the EU GDPR, which no longer has domestic application here, it's since been adjusted to reflect the post-Brexit changes to domestic data privacy laws.

The amended 'UK GDPR' and DPA 2018 apply to UK organisations that store, collect or process personal data about individuals residing in the UK and to non-UK organisations that offer goods or services to UK residents. Alternatively, the EU GDPR only applies to organisations and individuals living in or trading with countries in the EU.

Overall, the fundamental principles, rights and obligations associated with GDPR haven't changed. However, some differences between the UK and EU GDPR have already impacted businesses — or are likely to soon.

The government's 2021 data strategy consultation, 'Data: A new direction', outlined aims to simplify policies from the EU GDPR, reducing regulatory burdens on businesses and incentivising organisations to invest more effectively in data protection. These proposals suggest changes to data protection recommendations for accountability frameworks, artificial intelligence and machine learning, legitimate interests, direct marketing and more.

The future UK data protection framework will favour a more risk-based approach and permit greater business flexibility. Once implemented, these amendments will influence the way organisations are required to record and assess data privacy.

Why should businesses stay up to date with UK GDPR? As the needs and demands of the digital world continue to evolve, legislation concerning data protection is constantly changing.

The ICO regularly publishes updated guidance for various data protection applications as controllers and processors manage ever-increasing volumes of personal information.

For example, the Privacy and Electronic Communications Regulations (PECR), which also sit alongside the DPA 2018 and UK GDPR and give people specific privacy rights concerning electronic communications, were amended six times between 2004 and 2018.

In the EU, the PECR directive was due to be replaced by the ePrivacy Regulation (ePR) in 2018 — an update intended to clarify how website operators should handle the use of cookies and complement GDPR. However, the implementation of this Regulation has been delayed and isn't expected to come into force before 2023.

It's unknown whether the UK will fully implement the ePR's requirements. Still, as UK companies are likely to continue doing business in EU countries, this legislation may impact UK businesses. So, understanding and following UK GDPR and DPA rules are crucial for any business that handles personal data.

The risk and cost of a cyber attack are high for professional services industries such as accountancy, finance and law that regularly deal with large volumes of sensitive data. Solicitors and accountancy firms are likely to be considered 'controllers' of data; they're responsible for determining how and why personal data is processed.

As such, it's recommended that businesses seek the advice and support of a GDPR consultant to make organisations aware of the latest legislation and ensure they meet their obligations under new laws.

CAREFUL BOND SELECTION CAN OVERCOME INFLATIONARY THREAT

Active bond managers have plenty of opportunities to generate returns by managing sector exposure and duration

by Maria Lozovik, Co-Founder and Portfolio Manager at London-based asset manager Marsham Investment Management

Inflation is soaring in advanced economies. Complicated by the global energy crisis, it recently reached a 40-year high of 9% in the UK and a record 8.1% in the eurozone. Unsurprisingly, this has led asset managers and investment professionals to raise concerns that bonds are now uninvestable, and ESG bonds even more so, due to the additional 'greenium' that comes with them.

However, to jump to this conclusion is to forget that the investability of bonds, or any other asset class, is not restricted by the macroeconomic outlook. Active managers must always consider macro conditions and adjust their portfolios to suit the economic climate, whether that be a recession or period of growth, interest rates or inflation rising or falling. In market conditions, careful selection of issuers and instruments is paramount to investment outcomes. In-depth research on the company is what helps to generate alpha but also identifies how certain macro trends may affect its business case.

The first thing to remember is that there are always companies that are likely to profit from an emerging macro scenario. While some sectors become unattractive in inflationary periods, others will thrive, often depending on the ability of companies to pass on rising costs to their customers. For example, rising inflation typically puts pressure on the margins of industrials but provides banks with a wider interest rate spread to generate profits.

Macroeconomics – interest rate and the inflationary environment – can be accommodated by asset managers through a choice of instruments, duration and credit curve positioning. If inflation and interest rates rise, investors should consider taking positions at the short end of the yield curve. If the yield curve is steep, longer-duration instruments will look more appealing.

The key point is that there is always an opportunity in bonds for investment managers who can identify companies with long-term prospects and healthy returns. Rising inflation only means favouring short duration over a long duration and overweight sectors that benefit from inflation. In any environment, returns in fixed income should be measured relative to the base interest rate, meaning that bonds can still form an important part of an investment portfolio despite the current environment.

That said, the outlook for ESG bonds is a slightly different story. Many fund managers see buying green bonds as an easy opportunity to achieve the Article 9 classification under SFDR, which are defined as funds' 'products that target sustainable investments' and are increasingly attractive to investors. Yet market participants' rush into green bonds has made many of them extremely overvalued on a traditional risk-return basis. As such, the lower yields of ESG bonds make them even more unattractive against rising inflation.

'Greenium' is a valid concern. However, an even wider issue with green bonds is whether they pave the way for a more sustainable future. The fact that a company has issued green bonds does not automatically mean they are pursuing a more sustainable model overall. This is because proceeds from the debt may be used to fund only one area of the business, freeing up capital for other, less sustainable parts of the company.

Sustainability-linked bonds, which are currently growing in popularity, can also pose problems. Unlike green bonds, the proceeds from sustainability-linked bonds do not have to go towards a specific ESG project but can be spent on any part of the business, providing the company meets self-defined ESG targets. The issue here is that companies can simply set easily achievable targets, which does little to incentivise them to truly change their business models or make more ambitious sustainability announcements.

Rather than simply buying green or sustainability-linked bonds in the race to do good, investors must first run a detailed fundamental analysis on each prospective investee company to decipher their ESG targets and actions. And similarly, to broad bonds discussed above, the selection of issuers and instruments is of key importance. ESG-friendly options are much wider than green bonds, and a great deal of value can be found, for example, in companies currently transitioning to more sustainable practices. There are many opportunities to invest in bonds, particularly after the recent sell-off, compounded by the arrival of new, innovative products on the market, which attempts to address many of the abovementioned concerns. For instance, in May this year, France issued the first-ever inflation-linked sovereign green bond, the Green OAT (Obligations Assimilables Du Trésor) €i 0.10% 25 July 2038.

Developments like these increase asset managers' toolkit to protect their portfolios amidst rising prices and interest rates. The order book for the aforementioned bond is nearly seven times oversubscribed, demonstrating the concerns that investors have about investing in green bonds in an inflationary environment and that there is potential for further growth in this area if solutions to these concerns can be found.

Technology is making it easier to navigate this evolving market. Traditionally, issuers in the fixed income market are less researched, as there is a shortage of fund managers that perform in-depth fundamental research, accompanied by proper financial modelling and analysis of ESG risks. However, the rapid emergence of fintech can help automate this process and make a deep-dive analysis of issuers less time-consuming and more affordable.

It is clearly important to factor in the macroeconomic view of investment decisions – this is the case in any market situation, and today's inflationary environment is no different. Careful stock selection and informed decision-making are key, and inflation is another factor that needs to be considered.

PORTUGAL

DOES THE NON-HABITUAL RESIDENCY TEN YEAR TAX HOLIDAY DOES WHAT IT SAYS ON THE TIN?

The answer is yes...and no.

The first peculiarity of the scheme is that to be considered a Non-Habitual Resident (NHR), you must be a habitual resident! The rules state that tax residency can only be maintained in Portugal by spending most of the year there. That means spending at least six months of the year in Portugal. Whilst it is unlikely that anybody would check that a taxpayer has adhered to the minimum number of days spent in Portugal, nor is it likely that the Portuguese tax authorities would reject any taxpayer filing a tax form. This seems to contradict the other residency principles, which is that a person can become tax resident in Portugal by spending more than 180 days per year in Portugal OR by having accommodation available for use in Portugal and making frequent or substantial visits to Portugal. The latter suggests tax residency can be achieved without spending 180 days in Portugal.

Irrespective, many have come to Portugal assuming that there is no tax here for ten years apart from the recent change of pensions being taxed at 10%. This is not quite correct. Portuguese sourced income is taxed at 20%, but also, and this is the most important matter, foreign income is only exempt from Portuguese tax if it has already been taxed or has been subject to tax outside Portugal. This limited exemption can be used to great effect, but internationally, mobile people who have landed in Portugal have often parked their wealth offshore in Zero tax jurisdictions, and income and capital gains generated would be subject to the full normal rates of Portuguese tax at up to 48% without some planning.

In practical terms, an NHR must file a tax return annually, which declares all his income from every source, including any and all income and capital gains rolled up within Non-Resident. Portugal has comprehensive Controlled Foreign Corporation (CFC) type legislation which would tax the undistributed profits of standard offshore structures. Thus, income which belongs to

offshore companies, which belongs to an NHR, must be declared on the tax form and is attributed to the taxpayer and taxable in his hands irrespective of whether it is received or not. In short, standard offshore structures do not prevent Portuguese tax from applying to those structures' underlying income and capital gains.

It is thought that CFC legislation is inapplicable if a discretionary trust owns the company. However, if the trustees later receive dividends and distribute the same to an NHR, that distribution will be taxed in Portugal. Thus, although the trust would appear to give an NHR indefinite tax deferral, it artificially converts dividends that would not suffer tax into distributions that are taxable. A discretionary trust could provide a useful planning tool for tax deferral after the taxpayer's NHR status ends. Bear in mind that under the Common Reporting Standard (CRS), any offshore structures will automatically be reported to the tax authority local to that taxpayer, so there is no chance of those structures escaping the attention of the local tax authority. Thus, if a taxpayer fails to reveal CFC-type income, it is highly probable that questions will be asked, and the natural result of the failure to declare is the tax will be imposed together with penalties.

The get out of jail (for that read tax) card is that structures in Malta and Cyprus currently can be beneficially utilised to avoid further tax on dividends from being taxed in Portugal. Simply put, a Cyprus company pays no capital gains and tax on income 12.5% (shortly to rise to 15%). A Malta company pays 35% tax on income but then can pay a dividend, and the payee can immediately reclaim all but around 6% of the tax paid, so the effective net tax rate is 6%. Dividends paid by either a Cyprus or a Malta company are not further taxed in Portugal, so companies in both jurisdictions can be extremely effective in reducing/eliminating Portuguese tax for NHR's. Non-tax paying offshore structures are not effective.

The presumption is that the rather complicated tax arrangements required to avoid Portuguese tax are a position taken by Portugal which they think will be more acceptable to the rest of the European Union, who are very concerned about their tax revenues being reduced by Portugal attracting their residents and citizens to relocate. As always, there is a game between all nation-states who offer tax breaks to attract wealthy new residents whilst trying not to annoy the OECD member states and the European Union member states too much.

Portugal's NHR programme has been extremely successful in attracting new residents and generating revenues for Portugal. Whilst NHR's may not pay much income tax. They greatly benefit the Portuguese exchequer as they hire staff, buy properties, buy goods and services upon which VAT is paid and generally send money around the system. Each country is keen to have these mobile wealthy persons, and Portugal is no exception.

Howard Bilton is a Barrister called to the Bars of England/Wales & Gibraltar, visiting Professor at Texas A&M University and the Founder and Chairman of The Sovereign Group.