

FAMILY OFFICE ELITE

July/August Issue



Matchmaking Guru Amber Kelleher-Andrews on Changing The World...One Match at a Time

Subscription \$100 per year

www.familyofficeelite.com

Private Banking.

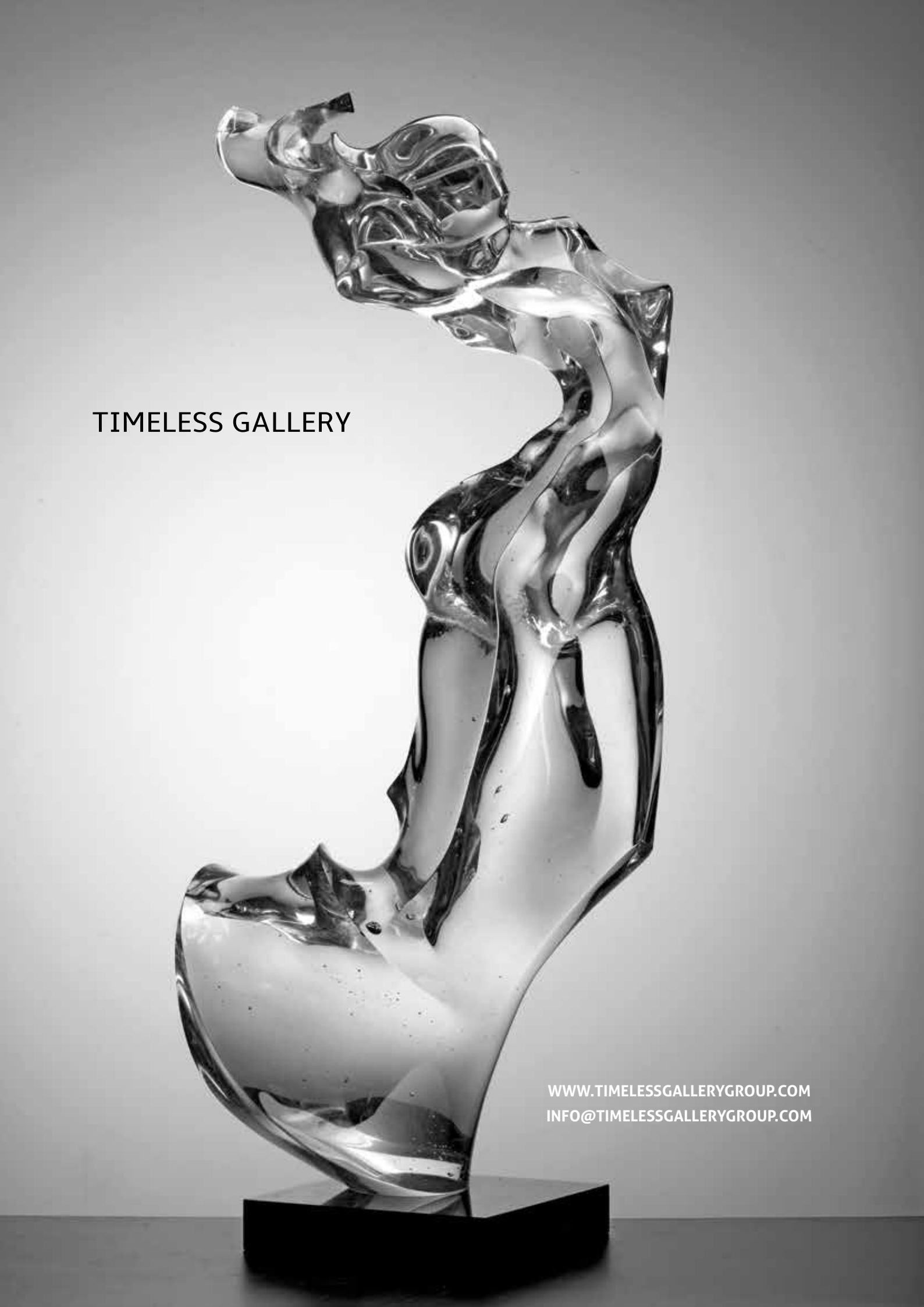


Sometimes 3 letters make all the difference

Because you shouldn't have to compromise to achieve excellence, ING Luxembourg offers you a full experience in Private Banking. Our experts in asset management, lending solutions, wealth analysis and planning keep up-to-date to offer you the most relevant advice regarding your overall situation.

www.ing.lu/privatebanking





TIMELESS GALLERY

WWW.TIMELESSGALLERYGROUP.COM
INFO@TIMELESSGALLERYGROUP.COM

ROLLS-ROYCE
UNVEILS - WRAITH
INSPIRED BY FASHION

11

MASTERPIECE 15
RETURNS FOR ITS 6TH EDITION

15

FBAR PENALTIES
IRS IMPOSED FBAR PENALTIES

17

PARTNERSHIP
THE FAMILY OFFICE AND
FAMILY FOUNDATION

23

**PRIVATE
EDUCATION**
CREATING A STRATEGIC
EDUCATIONAL ROADMAP

27

19 BNY MELLON
WEALTH MANAGEMENT
*The Softer Side of the Evolving
Canadian Family Office*

03



BNY MELLON
WEALTH MANAGEMENT

URBANOLOGIE
LUXURY LONDON GUIDE

29

**MCLAREN
HONDA**
MONACO GRAND PRIX 2015

33

**TRACING
THE PAST**
THE ORIGIN OF IMAGES

35

**INVESTMENT
THOUGHTS**
LOYALTY REWARDS: A BETTER
FEE STRUCTURE FOR ALL

41

OFFLINE
READING MATTERS

45

MEN WHO DREAM OF WINE
47

EXECUTIVE SEARCH
WEALTH MANAGEMENT
50

SUPERYACHT 51
DOUGLAS McFARLANE

IVORY TRADE 53
US RESTRICTIONS ON IVORY

INVESTING 59
CHINESE POCKET WATCHES

UFFO 60
NON-FOR-PROFIT

FRANK MULLER 63
MASTER BANKER

ETIQUETTE 71
FOR THE 21ST CENTURY

BITCOIN 87
ATTRACTS \$500M

TBLI 109
Values Based Investors

KELLEHER INTERNATIONAL

MATCHMAKING GURU, AMBER KELLEHER-ANDREWS
CHANGING THE WORLD..ONE MATCH AT A TIME



05

THE LUXURY CHANNEL
THE BRAINS BEHIND A BRAND

61



BNY MELLON

The Softer Side of the Evolving Canadian Family Office



Trevor Hunt



Anthony J. Messina

The concept of a single family office or multi-family office is fairly new to Canada compared with Europe and the United States. However, particularly since 2008, there have been an increasing number of family offices that have been created upon liquidity events. This is typically a result of family assets having grown considerably and required specialised expertise or due to first generation family members facing progressively more complexities and embracing sustainable wealth transfer to the next generation and beyond. Significant Canadian families have accumulated wealth through various industries, although, predictably, these have often been concentrated within commodities, real estate and infrastructure, and to a lesser extent, technology. Given that our firm's approach here in Canada is most similar to that of the investment arm of a multi-family office, we fully appreciate that no two families and no two family offices are alike. On a case-by-case basis there should be sufficient flexibility in deciding which functions are best serviced in-house by the family offices versus those services which should be out sourced, to ultimately maximise efficiencies and quality of services for the family. These decisions

are fundamentally, but not always, dependent on size. Substantially larger family offices (over \$500 million in assets) can attract talent which can make it economically advantageous to carry out a full-spectrum service whilst others may benefit from leveraging resources and intellectual capital collectively. The latter describes a multi-family office approach.

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

These responsibilities may include:

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

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

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

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

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

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

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

www.bnymellonwealthadvisory.ca



BNY MELLON
WEALTH MANAGEMENT



MATCHMAKING FOR GOOD

KELLEHER INTERNATIONAL



Leading with her heart, Amber Kelleher-Andrews is leveraging the success of her family business toward no smaller goal than changing the world.

By Mark Dagostino

Amber Kelleher-Andrews thought she already had her dream job—and with good reason. “How many CEOs are in a position to deliver bliss and companionship and love to their clients?” she wonders aloud from her offices in sunny California. “How many other businesses are businesses of the heart?”

For nearly three decades, her firm, Kelleher International, has been recognized as one of the largest and most-successful high-end matchmaking firms on the planet,

facilitating love connections for a long list of business leaders, A-list celebrities, and other high-net-worth individuals at the top of their game. While she keeps the identity of her clients closely guarded, the press has credited her with finding matches for pop star Paula Abdul, television newswoman Hoda Kotb, Olympic Gold Medalist Bode Miller, and members of the DuPont, Getty and Rockefeller families. Individuals pay anywhere from \$25,000 (U.S.) for a one-city search to \$200,000 (U.S.) for an international search, plus bonuses,

to acquire her services, and the firm takes on around 20 new clients every month. Do a little math and it’s easy to understand why she might be smiling.

And yet, beyond her company’s financial success and stellar reputation for results, Kelleher-Andrews has always cherished the fact that the firm itself is a boutique family business. It was founded by her mother, Jill Kelleher, nearly thirty years ago, and there are numerous members of their extended family on staff

in offices across the U.S. and Europe, including in London. She also finds deep satisfaction with the notion that her profession is about more than just making money: It's a career aimed at making people happy.

"So to say it's been a dream job for me is an understatement," Amber says.

Still, after the dynamic and photogenic Kelleher-Andrews branched into television back in 2012—lending her talents to a dating show entitled "Ready for Love" on the major American TV network, NBC—she came back to the office feeling as if she had something more to give.

"Before I left for the TV show, I had set up the whole company so it could work without my day-to-day management. So when we didn't get a second season of the show, I thought, 'Well, what do I do now? Do I go back?' I wondered if I had done all of this for a reason, for some greater purpose. I wondered if I might be able to use my time to accomplish something more," she says. "That's when I met Richard Branson."

Sir Richard Branson's passionate approach to not only making money but to changing the world for the better is, of course, well known. But witnessing that energy in person and learning about the powerful influence of Branson's Virgin Unite, the charitable arm of the billionaire entrepreneur's vast array of companies, sparked Kelleher-



Andrews to consider doing far more with her talents, and her company, than she ever imagined possible.

"He inspired me to think outside of a box that I'd unknowingly kept my business in," Kelleher says. "Suddenly I was thinking about how I could leverage my skillset of connecting people into matching people with a purpose—in the interest of changing lives."

That spark led Kelleher-Andrews down a brand-new path—one that made her "dream job" even better. Today, she co-hosts an ongoing series of events with Branson and Virgin Unite, entitled, "Leveraging Your Influence As a

Force For Good," held twice yearly on Mr. Branson's privately owned Caribbean retreat, Necker Island. It's up to her to put together the perfect guest list. The idea is to "match" world leaders, CEOs, celebrities, models, sports figures, and more, to create a dynamic group of passionate individuals who will come together to inspire each other. It is hoped that these dynamic individuals will gather new ideas to take back to their companies and platforms, all while forming powerful new friendships—or in some cases relationships—that will ultimately make the world a better place.

"What we're sharing is the idea that any business has the ability

to focus on the planet and people in addition to profits," she says, "and it's amazing to me how putting the right people together can affect change."

Kelleher is actively assembling the guest list for her next event as we speak. That means digging into her vast Rolodex of past clientele and thinking about those individuals who are in positions of power and influence—while also thinking about who might get along well with whom.

"It's still about matching people," she says, "but I'm able to use my intuition, my ability to really get who someone is—all aspects of them, from personality to upbringing to career choices to the position they're in and what they've accomplished—to inspire change."

"The basic concept I've learned," she continues, "is that if we change the businesses of the world, we will change the world. Because of the business I'm in, I know many of the top business leaders in the world, so I'm in a position to help bring awareness and show by example how easy it is to make a significant contribution to this planet through leveraging your influence in whatever industry you are in."

While the Necker Island gathering is perhaps the highest-profile event on her calendar, this woman known for power-broker matches now spends the vast majority of her professional time bringing her A-list clientele and friends together

for inspirational gatherings of all sorts—from dinner parties and retreats on the California coast, to reunions in Morocco—while also working to match successful, passionate leaders in business, politics, and Hollywood with the philanthropic charities that best suit them.

Bringing people together for something more than love has opened a world of possibilities for Kelleher-Andrews, who until now rarely had reason to contact clients she'd successfully matched in the past, let alone to introduce them to other clients, friends and associates outside of the dating arena.

"Now it's a whole different story. I start with my database, and then I expand from there," she says. "Once I understand who some of the key players are going to be at a given gathering, then I can go off the books to invite a celebrity, a musician, a politician, a VC... and it doesn't matter to me if they're my client or if they're married. I don't want anyone to feel that they can't participate. It's a huge movement of changing business. It would be a disservice to say you have to be single and you have to be a client." The response has been overwhelming.

According to Branson's blog, attendees at Kelleher-Andrews-organized events over the past two years have included Academy Award-winning actress Sally Field, poet David Whyte, Lieutenant Governor of California Gavin

Newsom, Levi's (the American jeans and clothing company) president James Curleigh, and president and CEO of the NIKE Foundation, Maria Eitel, to name but a few.

"Because of the notoriety of my company, people take my call—married, single, it doesn't matter," she says. "It's really interesting. They quickly realize this isn't about Kelleher International. It's about something more. So people don't say, 'Why did you call me?' They say, 'Wow, let's do it!'"

That, in and of itself, is a lesson she tries to impart to other leaders. "If you have the power to do some good, and the desire to do some good, you have more resources at your fingertips than you might have imagined," she says. "And you'll be surprised at how responsive your network will be."

So what does all this organizing and "matchmaking for good" actually yield? For one thing, the sharing of good ideas.

One of her past invitees was Bert Jacobs, the co-founder of "Life is Good," the ubiquitous New England-based apparel manufacturer that features uplifting sayings on its T-shirts, hats, and accessories. At one of the gatherings, Bert shared stories about sitting around the dinner table in his youth, and how the children in his family were encouraged to share one good thing that happened to them at school each day. He took that same idea and carried it into his

Matchmaking for Good

company, asking his employees every Monday morning to share one good thing that happened to them over the weekend with the whole work “family.” That simple human dialogue helped to foster a close-knit community at work, which in turn helped workers to get along better and feel good about each other, which in turn helped the company to run more smoothly. All of that trickled on up into higher profits and more long-term success as a business.

Matt and Ben Patton, two good looking and remarkably successful serial-entrepreneur brothers from Texas, just happened to be in attendance when Jacobs shared that story. (Ben had been featured on TV’s “Ready for Love,” which is how he made it into Kelleher-Andrews’ Rolodex.) He and Matt spoke at length to Bert that day, and then went back and implemented a Monday-morning something-good initiative with all their managers at work. In the ensuing months, they noticed a big positive change in mood and attitude in the workplace, and in 2014, the brothers returned to speak at a Necker Island gathering, sharing their experience and once again paying the idea forward to a whole new group of attendees. Some of those attendees then went back and started similar initiatives at their companies. And it just keeps going.

But interpersonal communications in the workplace are just the tip of the proverbial iceberg. The Patton brothers were also

encouraged and inspired by the environmental initiatives that other Kelleher-Andrews invitees were implementing in their businesses. So much so that they went back to Texas and changed everything. They committed to making every one of their myriad businesses carbon-neutral by 2050. They cut a deal to install solar panels on the vast roofs of two 72,000-foot hospitals they’re in the process of building. They even insisted those hospital projects be built with recycled woods and sustainable products that they had been told were “just too expensive” in the past.

“It’s easy to say it’s too expensive,” they explained in their talk at Necker Island, “but if you put your foot down and say it has to be this way, you’ll find a way.”

That’s the power of leadership.

“We’re just a boutique, family run matchmaking company,” Kelleher-Andrews notes. “You wouldn’t think we’d be able to change the world. But we can. By putting the right people in a room together, they inspire each other and raise each other up. These are true leaders. These are the people who can go back and overrule their boards of directors and others and actually make things happen. Entire companies can be changed in a day for the better – for the betterment of their employees, for the betterment of the planet, and much to the benefit of hundreds, thousands, even millions of other people.” Watching the power of “matchmaking for good” come to

life, Kelleher-Andrews can’t help but feel it’s the fruition of a long and winding journey she’s been on from the start.

The Kelleher company was founded by her mother, Jill, in San Francisco in 1986. She’d been working as a photographer for a singles company, but she found she had a knack for putting people together—and soon discovered a niche in the high-net-worth marketplace. Amber joined the matchmaking business at Kelleher’s Los Angeles office in 1997, after taking a shot at Hollywood stardom and landing roles on the American TV shows Baywatch and Melrose Place. She had already developed a knack for putting people together, just like her mom, and soon helped grow the company beyond it’s West Coast roots to New York City, and eventually to the place of international prominence it holds today.

“I’m here for the company, still the CEO, in the office holding the meetings,” she notes, “but today? Today my calls were all about philanthropy.” She couldn’t be happier about the fact that more and more of her days revolve around doing good. And she hopes that others will continue to be inspired by the expansive role of her new dream job.

It is no coincidence that doing all of this matchmaking for good has led Kelleher-Andrews to better align herself with causes close to her own heart as well. She’s

become an avid supporter of Mission Be, an organization that provides mindfulness-based social emotional learning in schools across America as a means to help children thrive academically and beyond. She attended events for WildAid and Amfar in Cannes just this past spring, raising funds for victims of AIDS. She's aligned herself with The Human Needs Project, founded by actress Connie Nielsen to bring basic services (clean water, sanitation and energy) and empowerment services (business skills training, microcredit, Wi-Fi, health kiosk, and a green marketplace) to slums around the world through the creation of replicable, self-sustaining Town Centers. And she's taken on work for a number of local charities as well, recently serving as master of ceremonies at a 1,000-strong gathering for The Guardsmen, a group of San Francisco Bay-area

men who've been helping at-risk youth through leadership and scholarship programs since 1947.

"What all of this is really about is bringing the best of business and using it as a force for good," she says. "Each one of us can look at the tools we bring to the table. Business leaders have money and influence, celebrities have fame, CEOs may bring the intellect, politicians bring power—we all have things that we spend time doing for our individual careers, and the mission I'm on now is to turn that direction and make it a driving force for good!"

The funny thing is that her untraditional "matchmaking" act of bringing like-minded people together and filling them with inspiration to go out and change the world is yielding some wonderful residual benefits. Deep friendships have been formed at

these meetings and retreats. There are groups of girlfriends from different parts of the world and different lines of work who never would have met if it wasn't for Kelleher-Andrews' skillset, who now plan girls weekends together just for fun—above and beyond any philanthropic or environmental work they've inspired each other to tackle. "Bromances" have developed through her retreats as well, as adult men who were career driven and thought they didn't have time to make new friends found camaraderie in the like-minded, driven individuals Kelleher-Andrews introduced them to as well. And a few of the like-minded men and women that Kelleher-Andrews brought together to share ideas have gone ahead and fallen in love with each other, which brings her entire endeavor full circle.

"That's just icing on the cake," she says. "We have relationships blossoming that are starting from a couple's shared interest in changing the world—and that's a pretty great place to start."

Which gets back to one of those semi-rhetorical questions she wondered aloud from her California offices at the very beginning of this conversation: "How many other businesses are businesses of the heart?" she asks again. "Nowadays, I think the best answer should be all of them. Every business can be a business of the heart. All it takes is a leader who's willing to lead with her heart first."



AMBER AND JILL KELLEHER - KELLEHER INTERNATIONAL

We help you to decide what
your perfect jewellery looks like.



And then we make it happen.

heirloom
LONDON

Fine Jewellery Made Simple

London, EC1N 2PL
www.heirloomlondon.co.uk
(0044) 203 287 2875

Rolls-Royce Wraith

The world of Haute Couture

"Fittingly, the marque's first showroom in Conduit Street, Mayfair was founded a short step from London's famous centre of tailoring excellence, Savile Row."

THE GLOBAL DEBUT
CONTEMPORARY FASHION





INSPIRED BY FASHION

"Rolls-Royce Motor Cars and the world of Haute Couture have long been bound by a common philosophy – to take the very finest materials and craft them into the most exquisite and desirable luxury goods"





ROLLS-ROYCE

UNVEILS 'WRAITH – INSPIRED BY FASHION'

WRAITH

Two-tone colour scheme of Andalucian White

FAMILY OFFICE ELITE MAGAZINE SPECIAL

SPECIAL PERMISSIONS FOR RE-DISTRIBUTING THIS ARTICLE, CONTACT US

WRAITH DATA

THE GLOBAL DEBUT

The remarkable success of Wraith in attracting a new generation of successful entrepreneurs to the marque has been underpinned by a surge in demand for Bespoke personalisation – a remarkable 95% of all Wraith motor cars left the Home of Rolls-Royce with an element of Bespoke design last year, giving bold expression to the notion that Bespoke is Rolls-Royce.

The global debut of 'Wraith – Inspired by Fashion' is available to view via PERISCOPE®, the new live-streaming App of Twitter®. Followers of @RollsRoyceCars on Twitter can download the App from the iTunes App Store and follow the authenticated @RollsRoyceCars feed.

Rolls-Royce Motor Cars and the world of Haute Couture have long been bound by a common philosophy – to take the very finest materials and craft them into the most exquisite and desirable luxury goods, appointed to the customer's exact specifications. In this spirit, Rolls-Royce Motor Cars is delighted to unveil 'Wraith – Inspired by Fashion'.

Fittingly, the marque's first showroom in Conduit Street, Mayfair was founded a short step from London's famous centre of tailoring excellence, Savile Row. Here, Sir Henry Royce and his partner The Honourable Charles Rolls echoed the offerings of their illustrious neighbours by providing London's most stylish denizens with the automotive equivalent of the finest cloths; a perfectly engineered Rolls-Royce chassis and running gear. The customer would then call upon their preferred coachbuilder, who would furnish the car with personal touches and accoutrements specified perfectly to their requirements.

A century later, a bold new generation of customers continue to share the same appetite for commissioning expressions of their taste and lifestyle. 'Wraith – Inspired by Fashion' provides a modern take on this grand tradition. Akin to commissioning a fine suit or elegant piece of couture, the journey of creating a highly Bespoke Rolls-Royce motor car begins at the marque's equivalent of the tailor's atelier, the Bespoke Design Studio at the Home of Rolls-Royce in Goodwood, England.

Here, the Designers honed the aesthetic theme of the car, drawing inspiration from colour palettes, materials and techniques used in the world of high fashion. The result is an extraordinary interpretation of Wraith's characteristic blend of power, style and drama. Giles Taylor, Director of Design for Rolls-Royce Motor Cars, commented, "This iteration of Wraith provides a canvas for materials and finishes most commonly associated with the world of fashion. Inspiration was sourced from international catwalks and Bespoke Tailors, resulting in an aesthetically stunning and



ATTENTION TO DETAIL

CONTEMPORARY FASHION THEME

sartorially on-point motor car.” ‘Wraith – Inspired by Fashion’ two-tone exterior colour scheme of Andalucian White and Arctic White offers a neutral setting for a choice of accent colours, namely Jasmine, Tailored Purple or Mugello Red. Wraith’s signature shoulder-line is accentuated deftly with the addition of a hand-applied feature-line in the chosen highlight colour, alluding to the divergent interior of the motor car.

The very finest garments are crafted exclusively from the most luxurious materials – with tactility, comfort and quality as important an attribute as the aesthetic of the piece itself. The Bespoke design team took inspiration from this approach in appointing the car’s front and rear door pockets with fine silks, adorned with an abstract representation of the Spirit of Ecstasy with each emblem set precisely at fifty-five degrees to complement the lines of the door. The remarkable craftsmanship and attention-to-detail employed in the creation of any Rolls-Royce are evident in the exquisite application of wood to the dashboard, with the lacquering process for ‘Wraith – Inspired by Fashion’ alone taking nine days to painstakingly complete. This is completed elegantly with the integration of a Bespoke Clock, set as a piece of jewellery, styled exclusively to emit a pearl effect, reminiscent of silk fabrics.

The contemporary fashion theme is completed with the integration of welting, a specialist technique most commonly associated with Bespoke tailoring. Presented as a colourful silk strip, the welting stylishly frames Wraith’s signature leather door-panel. To mark the occasion of the creation of this timeless Wraith, the motor car took part in a landmark shoot on the production line at the Home of Rolls-Royce in the South of England. The luxurious materials and distinctive features presented in the motor car were accentuated by fashion models, set against a backdrop of the hand-made motor cars.



“The very finest garments are crafted exclusively from the most luxurious materials available”



RETURNS FOR ITS SIXTH EDITION

MASTERPIECE LONDON



EXCEPTIONAL WORKS OF ART ON DISPLAY FROM THE GREATEST ARTISTS IN HISTORY

Masterpiece London, the summer's leading international cross-collecting fair for art, antiques and design, will take place at the Royal Hospital Chelsea in June.

Supported by Principal Sponsor, the Royal Bank of Canada, the Fair sits at the heart of the capital's busy summer art and auction season. Last year, the art market generated over half a billion pounds worth of art sales during

the week of Masterpiece, and the Fair is delighted to support and promote this culturally significant time for London and the United Kingdom.

Drawing collectors and museum curators from around the world, Masterpiece has established itself as an important annual meeting place. The success of the Fair can, in part, be attributed to the groundswell of interest and purchases from world-renowned institutions including the

Museum, Victoria & Albert Museum, The Getty and Tate, to name a few. Also, this year the Fair welcomes the Wallace Collection, the National Portrait Gallery, The Courtauld Institute of Art and Sir John Soane's Museum as its official Cultural Partners.

Exhibitors are increasingly choosing Masterpiece as the event from which to showcase innovative new designs, specially commissioned contemporary works, masterpieces, new discoveries and works of immaculate provenance

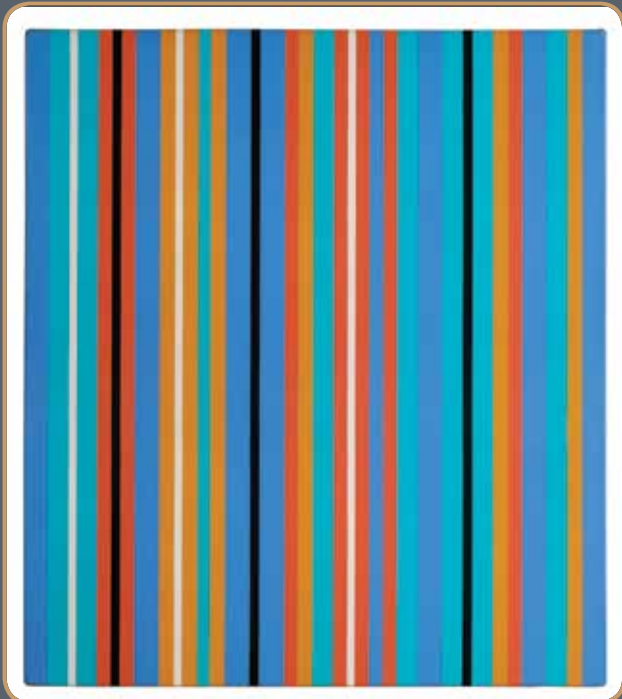
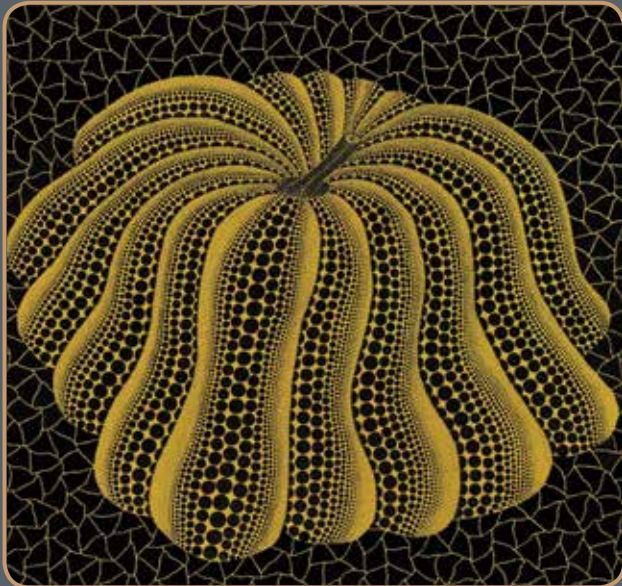
Masterpiece London Platform at the Royal Hospital Chelsea!



Masterpiece London provides a platform for cross-collecting and presents art, antiques and design from over 150 of the world's leading galleries. Curators, collectors and visitors have the opportunity to acquire museum-quality works

Museum of Fine Arts Boston, Rijksmuseum, MoMA, British

On the evening of Tuesday, 30 June Masterpiece London will support the NSPCC with The Art Gala at Masterpiece.



BRITISH EVENT OF THE YEAR

LEADING WORKS OF ART FROM AROUND THE WORLD



Masterpiece London welcomes significant additions to the Fair's already prestigious line-up: Richard Green (UK), Didier Aaron (UK; France; USA), David Gill Gallery (UK), Kraemer Gallery (France), Mazzoleni (UK), Jacques de la Béraudière (Switzerland), Van Cleef & Arpels (France), 88-Gallery (Hong Kong; France), Burzio (Italy), Galerie Marcilhac (France), John Martin Gallery (UK), Stanley Gibbons (UK), Nukaga Gallery (Japan; UK) and Nilufar (Italy). The addition of these exhibitors further cement Masterpiece London's position as a leading cross-collecting Fair.

Masterpiece London has been referred to as "an international art fair with a British accent".

www.masterpiecefair.com

KEEP IT IN YOUR DIARY

MASTERPIECE 2016



FBAR PENALTIES

Moore Requires “More” Scrutiny of IRS-Imposed FBAR Penalties Under the Administrative Procedures Act

By Charles M. Ruchelman and Joseph P. Brothers



Charles M. Ruchelman



Joseph P. Brothers

On April 1, 2014, the United States District Court for the Western District of Washington issued an important ruling about the calculation of the penalty for failure to file a Foreign Bank and Financial Account Report (FBAR). In *Moore v. United States*, the taxpayer failed to file an FBAR for several tax years. The IRS imposed a non-willful \$10,000 penalty for each of the tax years 2005 to 2008. Moore made several arguments in his defense. First, he argued that he had “reasonable cause” for failure to file the FBAR. Second, Moore challenged the IRS’s method of calculating the penalties. While the court concluded that Moore failed to file an FBAR for each relevant year, it directed the IRS to demonstrate how it satisfied its obligations under the Administrative Procedure Act (APA) not to act “arbitrarily” or “capriciously.” The decision in *Moore* provides much needed judicial guidance and demonstrates that the IRS cannot arbitrarily impose penalties.

This article will discuss the FBAR penalty itself. Next, Moore’s precursors *McBride* and *Williams* are revisited. Finally, we review the *Moore* decision and consider its

implications for high-net-worth individuals and family members with non-U.S.-based accounts.

A. Understanding the FBAR Penalty

In 1970, Congress passed the Bank Secrecy Act. The purpose of the Act was to force persons with a connection to the United States to disclose and maintain records of their interests in foreign financial accounts. Congress hoped that the disclosure and records retention requirements would prevent money laundering, terrorism, tax evasion, or similar crimes. The FBAR, authorized by 31 U.S.C. § 5314(a), was among the specific provisions contained in this legislation. In its current form, the FBAR requires non-exempt persons to make annual disclosures of any “financial interest in, or signature or other authority over, a bank securities, or other financial account in a foreign country.” According to the FBAR instructions and enabling regulations, a person must file an FBAR if six elements are satisfied: (i) a “U.S. person,” (ii) had a “financial interest” in, or “signature authority” over (iii) one or more “financial accounts” (iv) located in a “foreign country,” and (v) the

aggregate value of the account or accounts exceeded \$10,000, (vi) at any time during the calendar year.

While a complete explanation of each of these technical terms is beyond the scope of this article, some definitions bear mentioning:

- A “U.S. person,” for instance, means a U.S. citizen, U.S. resident, domestic partnership, domestic corporation, domestic estate, or domestic trust.
- The definition of “financial interest” is less straightforward. A person has a direct financial interest in an account if the person is the owner on record or holds legal title to the account (even if the account is beneficially owned by another). Indirect financial interests arise where the titleholder or owner of the account is: (i) the person’s agent, nominee, or attorney, (ii) a corporation whose shares are owned, directly or indirectly, more than 50% by the person, (iii) a partnership in which the person owns greater than a 50% profit interest (again, directly or indirectly), (iv) a trust in which the person has a direct or indirect 50% present beneficial interest or derives more than 50% of the current income, (v) a trust for which the U.S. person is the grantor and has an ownership interest in the trust for U.S. tax purposes, or (vi) any other entity, if the entity was created for the purpose of evading the FBAR filing rules.
- A person holds “signature authority” if he or she can control the disposition of property in an account by written or other instructions to the institution that maintains it. This rule sweeps broadly as employees with signing authority over company accounts may be required to file.
- The phrase “financial account” (or “reportable account,” per the regulations) is similarly broad and can include a variety of bank or investment accounts. A number of accounts are expressly exempt, including certain government and military entities, financial institutions, other financial services providers, retirement plans, and IRAs.
- “Foreign country” means any country or territory except the United States and its territories.
- The instructions define “aggregate value” to mean the sum of the maximum yearly values of

the reportable foreign accounts. To determine the maximum value of an account, taxpayers may rely on periodic account statements. If no periodic statements are available, the taxpayer must reasonably approximate the highest balance in the account during the year.

1. Pre-2004 Penalties

Prior to 2004, penalties could only be imposed for “willful” violations of the FBAR filing duty. The amount of the penalty per violation was either \$25,000 or the amount in the account, whichever was greater, subject to a cap of \$100,000 per offense.

2. Post-2004 Penalties

Currently, penalties are imposed for both “willful” and “nonwillful” failures to file. Nonwillful failures carry a maximum penalty of \$10,000 per account per year. Willful violations, on the other hand, are punishable by a fine equal to the greater of \$100,000 per unreported account or 50% of the balance of the account. There is generally no ceiling or cap on the amount of penalties that may be imposed. However, on May 15, 2015, the IRS issued important guidance which directed examining agents to impose essentially only one willful FBAR for only one tax year in situations where several tax years are under examination and the IRS examining agent has concluded that the failure to file an FBAR for each of these years was willful.

B. The Williams and McBride Decisions

The distinction between “willful” and “nonwillful” FBAR violations is of crucial importance. Two cases have provided guidance on the facts necessary to satisfy the “willfulness” level of the violation.

Williams v. United States, involved an individual who had opened two Swiss bank accounts through a UK entity known as ALQI Holdings (ALQI). The taxpayer earned more than \$800,000 from 1993 to 2000 but never disclosed the accounts. Swiss officials eventually became aware of the accounts, and agreed to freeze them in response to a request from U.S. authorities. On his 2000 return, the taxpayer checked “no” in response to a question inquiring as to whether he had any interests in foreign financial accounts. Consistent with this response, he also failed to file his 2000 FBAR. The taxpayer, in 2001, correctly completed his return and filed the requisite FBAR form. In 2003, he pled guilty to charges of federal tax fraud and evasion. The IRS imposed two “willful” FBAR penalties of

\$100,000 (one for each of the undeclared accounts, for a total penalty of \$200,000) in connection with the taxpayer's erroneous 2000 return. The issue, in this case was whether the taxpayer's failure to file was "willful." According to the government, the taxpayer's signature on his 2000 tax return represented prima facie evidence that he knew of the FBAR requirement. However, the district court rejected this argument, pointing to the fact that the accounts had already been disclosed to the Swiss and U.S. governments at the time the taxpayer filed his return. The court reasoned that since the taxpayer had no incentive to lie on his return, his failure to file the FBAR was likely the result of good faith ignorance rather than willfulness.

A Fourth Circuit panel vacated the district court's decision and remanded for further proceedings. It found that on these specific facts, the taxpayer's conduct was, at a minimum, "reckless," which it held to be sufficient to prove willfulness in the civil context. Unlike the McBride court below, the appeals court accepted the government's "signature" theory of liability, stating in dicta that taxpayers should be charged with constructive knowledge of the contents of returns bearing their signature. It also stated that even if the taxpayer lacked actual knowledge of the requirement, his ignorance of the contents of a return that he signed stemmed from "a conscious effort to avoid learning about the reporting requirements." On remand, the district judge stated that although the Fourth Circuit had settled the issue of the taxpayer's liability as a matter of law, the amount of the penalties imposed was subject to judicial review in accordance with the Administrative Procedure Act's "arbitrary and capricious" standard. The court went on to find that there was ample evidence in the administrative record of the case to support the specific penalty amounts.

United States v. McBride also addressed the distinction between "willful" and "nonwillful" FBAR violations. In McBride, the taxpayer engaged in a scheme to avoid reporting income, which involved a number of non-U.S. shell entities. Stripped to its essential elements, the scheme was created so that the taxpayer's mobile-phone clip company would overpay its Taiwanese manufacturer on every product, with the excess being passed on to entities controlled by the original company. These shell entities held bank accounts in various foreign jurisdictions. The court found that the taxpayer intended to evade taxes and had accordingly failed to disclose the existence of the various holding

entities on an FBAR. Following Williams, the court held that willfulness may be satisfied by "recklessness" as well as actual knowledge. Given the facts in the record, the court could have easily disposed of this issue simply on the basis of the taxpayer's conduct. Instead, it found willfulness on a theory similar to that espoused by the Williams court, stating that taxpayers are presumed to have constructive knowledge of all instructions contained in a signed tax return. As such, McBride inappropriately comes close to transforming "willfulness" into a strict liability standard.

C. Implications of the Moore Decision

The Moore decision provides important guidance on the application of the APA and Eighth Amendment to the IRS imposed FBAR penalty. In Moore, the taxpayer had owned a foreign account since 1989 but had never filed an FBAR or otherwise disclosed the account to U.S. authorities. The account was initially at a Bahamian bank in the name of a wholly-owned Bahamian corporation. The taxpayer later transferred the balance to the Bahamian branch of a Swiss bank. In 2003, the amount in the account was finally transferred to a bank in Switzerland, where it remained. Throughout this period, the balance in the account fluctuated between \$300,000 and \$550,000.

In 2009, the taxpayer considered entering the IRS's 2009 Offshore Voluntary Disclosure Program but ultimately decided against it. Nonetheless, he filed six years of back tax returns and six years of late FBARs (2003 to 2008). In response, the IRS examined the taxpayer's returns and imposed four \$10,000 FBAR penalties for each of the four years spanning 2005 to 2008 for a total of \$40,000. This penalty was the largest the IRS could have imposed given the six-year statute of limitations. The taxpayer learned of the decision in a 2011 IRS letter, which neglected to explain the agency's reasons for recommending the maximum penalty as opposed to a smaller amount. On January 23, 2012, the IRS formally assessed a \$10,000 penalty against the taxpayer for the 2005 tax year, apparently out of concern that the statute of limitations would prohibit an assessment of the penalty for that year.

1. Application of the Administrative Procedures Act

The taxpayer requested an appeal of that penalty and of the additional penalties proposed in the 2011 letter. He insisted that the penalties should be abated because he had "reasonable cause" for his failure to

file under 31 U.S.C. 5321(b)(5)(B)(ii)(I). In response to the taxpayer's submissions, the IRS responded with a brief, terse letter rejecting any abatement.

Moore brought an action in U.S. district court, asserting that the IRS had failed to comply with the Administrative Procedure Act. He also argued that the IRS had violated the Eighth Amendment's Excessive Fines Clause and Fifth Amendment's Due Process Clause, among other constitutional provisions. The court concluded the taxpayer was liable for the civil FBAR penalty for all applicable years. It also rejected the taxpayer's "reasonable cause" contention, holding that there was sufficient evidence in the record showing the taxpayer to be at least on inquiry notice of the FBAR filing requirement (citing *Williams* in support of this proposition).

Regarding the taxpayer's APA arguments, however, the court engaged in a considered analysis of the IRS's APA obligations with respect to the agency imposition of the FBAR penalty. Ultimately, the court reached two conclusions. First, it held that IRS agency action is presumptively subject to judicial review under the APA to determine whether it is "arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law" under Title 5 U.S.C. § 706(2)(A). Second, the court stated that IRS actions must comport with APA section 555(e), which requires that a denial of a "request" be accompanied by "a brief statement of the grounds for denial." According to the court, the 2012 appeals letter did not satisfy the "brief statement" requirement, and it contained no explanation as to why the IRS had chosen to impose the maximum \$10,000 penalty for each year.

The government argued that the IRS agent provided a detailed summary memorandum of the reasons for recommending the maximum penalty. However, the court rejected this argument because the memorandum was never made available to the taxpayer and was only produced in response to the taxpayer's lawsuit. The memorandum itself was also inadequate; like the letter, it failed to adequately explain the ultimate decision to impose penalties. The court ordered the IRS to supplement the record with additional facts or memoranda explaining the decision to impose the maximum penalty. It warned that if the IRS failed to do so, it would rule that the penalties were assessed "arbitrarily" and "capriciously," in violation of the APA.

The Moore decision acknowledges that the APA applies to IRS-imposed FBAR penalties. It also confirms that the IRS, like other federal agencies, is generally subject to the APA and must abide by its strictures. Given the potential for frighteningly high penalty amounts, particularly with respect to willful violations, the Moore decision reveals that the IRS's FBAR penalty discretion is constrained by certain rational, legal standards and taxpayers must receive timely notice of the agency's reasons for imposing the penalty. Even for taxpayers whose willfulness or underlying liability is not in doubt, the penalty amount must be just and supported by a reasoned analysis before it is imposed.

2. Application of the Excessive Fines Clause

The taxpayer in Moore also argued that his \$40,000 penalty violated the Excessive Fines Clause of the Eighth Amendment. While the court concluded that the penalty in this case was not disproportionate in relation to unreported accounts worth between \$300,000 and \$550,000 the court indicated that a larger penalty may have presented a closer question. The Moore decision demonstrates that the Eighth Amendment has application to the FBAR penalty. Willful violations carry arguably severe penalties of up to 50% of the balance of the undeclared account for each year of nondisclosure. Additionally, the decision makes clear that an IRS imposed penalty can violate the Constitution if not reasonably applied.

D. Conclusion

The Moore decision provides critical guidance on the application of FBAR penalties. The opinion shows that the IRS's imposition of FBAR penalties is not without bounds. The amount of the penalty must be rationally related to the size of the account and the amount of the tax due. The IRS must also conduct a real analysis of the appropriate penalty and provide its reasoning to the taxpayer in a timely manner. If the IRS does not comply with these requirements, an FBAR penalty should be reduced or completely abated.

About the Authors

Charles M. Ruchelman is a Member of Caplin & Drysdale, Chartered in Washington, D.C. He can be reached at cruchelman@capdale.com. Joseph P. Brothers is an Associate with the Firm, He can be reached at jbrothers@capdale.com.

CHAUFFEUR-DRIVEN LAND ROVERS AND TAITTINGER RECEPTION

BRITISH POLO

Dubai Polo & Equestrian Club

British Polo Day, presented by Land Rover, Hosts, the Habtoor Family, welcomed over 700 VIPs and guests to the magnificent Dubai Polo & Equestrian Club, heralding the start of Dubai's landmark 20th Anniversary World Cup weekend.

Arriving in chauffeur-driven Land Rovers to a Champagne Taittinger reception, VIPs including members of the Jordanian royal family, HH Sheikha Maitha bint Mohammed, His Grace The Duke of Argyll, Prince Alexei Cantacuzene Count Speransky, Her Majesty's Consul General to Dubai Edward Hobart, Major General



ABOVE

British Polo Day
Dubai - Cavalry
& Guards camel
polo teams





Carew Wilks, Jim and Fitri Hay, Dubai socialites Hugo Taylor and Lina AlSamman, and top polo player Pablo MacDonough raised a glass to the historical and cultural ties that bind Great Britain to Dubai, and the ability of the international language of the horse to bridge cultural divides and bring people together.

Celebrating these long-standing traditions, elite members of the Cavalry & Guards regiments of the British Army coaxed their camels onto the pitch for the Hackett Thesiger Trophy, beautifully modelled on a photo that Sir Wilfred Thesiger took of HH Sheikh Zayed bin Sultan Al Nahyan over 60 years ago. The match went the way of the Jaeger-LeCoultre Cavalry team who – over the course of three chukkas - found the flags three times. The Gaucho Guards made a valiant effort to come back in the fourth chukka, but it was too little too late.

Equally entertaining for the pitch-side crowds was the Brompton Bicycle Polo Match – a rather amusing and unsteady example of pedal

2015

The British Polo Day Dubai Cup.



proficiency between Dubai Polo & Equestrian Club and Rest of the World. The rest of the World put the pedal to the metal and scored four triumphant goals, with no return from their Dubai contemporaries, resulting in a 4 – 0 win.

The Official Timekeeper for both British Polo Day Abu Dhabi and British Polo Day Dubai is Jaeger-LeCoultre.



THE FAMILY OFFICE AND FAMILY FOUNDATION

THE POWER OF PARTNERSHIP

Both in working with and in dialogue among family offices that support family foundations, our experience indicates a bit of an uninspired relationship often exists between the two.

Under-developed relationships are generally not the result of animus between the family's financial and philanthropic capital. Instead, the foundation's purpose and functioning, frequently an eclectic collection of the family's philanthropic desires, is often too neatly viewed and efficiently administered under one umbrella. Further, a number of explicit Internal Revenue Service rules restrict what a family office can do for a related family foundation for compensation – this often leads to a dispassionate relationship, for fear of violating rules that have very real - and draconian - consequences.

But suppose the two entities view this instead as a partnership opportunity that doesn't settle for self-imposed constraints or a lack of creative energy. They encourage an energizing family philanthropic vision, aligning their philanthropic wants and resources to work where they produce the most good. They picture a service partner that not only helps achieve that vision, but who views it as consistent with and in support of achieving their own.

Very early on in the existence of The Russell Family Foundation (TRFF) and Threshold Group (TG), we viewed our unique, joined-at-the-hip relationship as a chance to assist our founding family in achieving their philanthropic vision and in so doing, leverage exceptional service solutions for our other clients and learning opportunities for our staff.

To do so, it first required a passionate, visionary philanthropic family - check! Both TRFF and TG embraced the seeming dichotomy of treating the client-service provider relationship as arm's length – separate



ED LAZAR
Threshold Group

and distinct from the family office's relationship with other family members and entities – while leveraging the common family values and goals which informed our work. Both Threshold Group and TRFF's leaders began by modeling a family value of deep respect for the individual. That respect extended to both organisations as a whole and is deeply embedded in both cultures.

TG set a course to treat TRFF as we would any other client, defining "substance and form" relationship goals, combined with true accountability to those goals. Annually, we specifically define, through our Client Expectation process, the roles and responsibilities of both organisations in how we work together to achieve TRFF's goals. TG requests formal feedback each year, gathered by an individual outside the client service team, on what TG did well and where TG can improve - the feedback is neither cursory nor always positive!

To add accountability, more than one-third of client service team incentive compensation is premised on the TRFF experience rating, exactly like every other client.

Permeated by another cherished family value – shared learning – this candid feedback and the process to incorporate it in our work together over ten years built the vulnerability and trust that led to a deep level of partnership. This partnership has resulted in ground breaking work on the part of the foundation, including mission-related investing and Canopy (more on both in a minute.) As Richard Woo, CEO of TRFF says, “Over the years, the relationship between the Foundation and Threshold Group has evolved from ‘arms-length to arms embrace’ by building upon the synergy of shared values passed on to each organization from the original founding family—the Russell’s.”

The following examples shed more light on the power of a partnership between the family office and the family foundation:

- Have you ever seen a tug of war match with both sides winning? Recently, TG held an intellectual tug of war with TRFF that reconciled the tension between competing traditional and impact investment priorities.

Over time, TRFF’s goals on the alignment of its portfolio with its impact objectives had evolved. Yet, TRFF was in uncharted investment waters with the implementation of this thought evolution. To help, two TG researchers isolated themselves, assuming they had only cash to invest, one 100% focused on a clients’ investment objectives (meeting annual distributions in perpetuity), while the other assumed broad license to build a portfolio 100% aligned with the client’s mission and values. Once complete, they reconciled their portfolios and seemingly competing goals into one optimal portfolio which struck the right balance. The resulting presentation focused on educating TRFF about how to think through competing priorities. The intended result was a decision-making framework designed to incorporate the quantitative and equally

important qualitative aspects of evolving one’s portfolio to serve mission and values. As a result, great progress was made toward developing an aligned “trade-off” decision-making framework, with a phased implementation schedule designed to provide feedback before moving into subsequent implementation steps. None of this could have been accomplished without partners who were willing to think and act creatively, in an atmosphere of trust, in each other and in a better outcome.

- In recent years, TRFF started re imagining how they put their capital to work beyond conventional investments with market-based returns. They wanted to see their investments serve a purpose in their local communities, but finding investable opportunities that aligned with their mission was a challenging process.

With this re imagined landscape in mind, TRFF became a leading investor in Canopy, a member-owned, for-benefit company designed to advance regional investing. Canopy emerged from the parallel paths and vision of its founders, including TRFF and two other foundations, who committed to finding ways to drive economic growth in the Pacific Northwest. These foundations believed that they could do more by leveraging capital from across the region, setting the stage for many disconnected stakeholders to become part of a bigger community-driven investment collaborative.

Canopy is a partnership – one that builds on the Russell families’ legacy in investments, TRFF’s philanthropic innovation and Threshold Group’s commitment to supporting the vision of its clients, conducting research on investments that drive regionally based economic development through TG’s “Invest NW” platform.

In closing, I challenge you to reimagine your family office’s relationship with the family foundation. If you do so and act on it accordingly, you’ll accomplish more, both internally and for the causes the foundation holds most dear. As a result, you’ll take away more satisfaction from your efforts and in your relationships, every day.



ISAAC JULIEN, STONE AGAINST DIAMONDS

ROLLS ROYCE

PRESENT A NEW COMMISSION

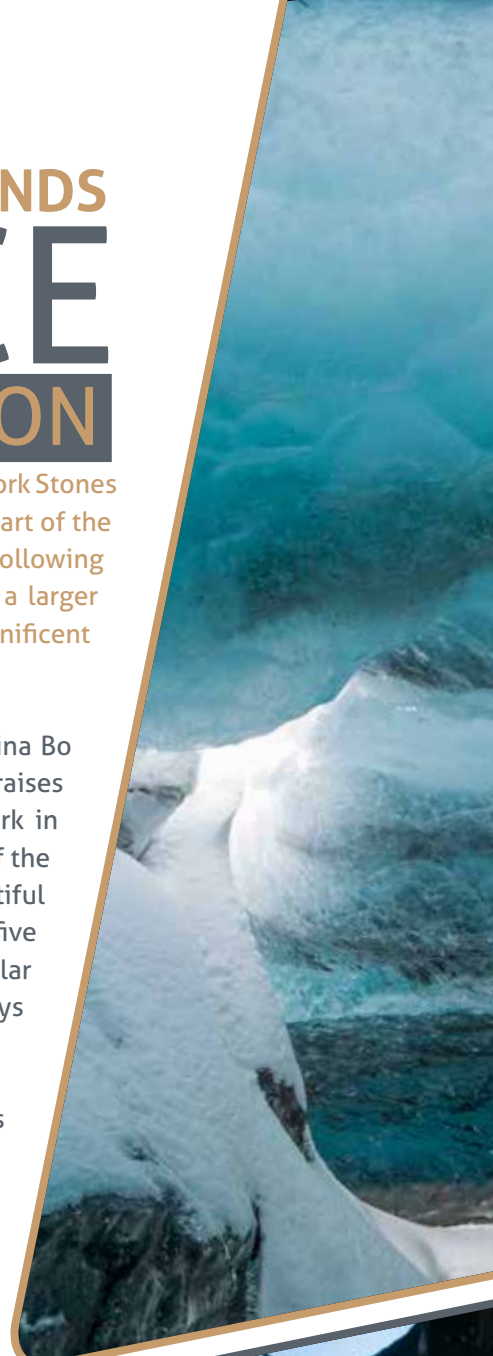
Rolls-Royce Motor Cars presented the first public showing of Isaac Julien's new work *Stones Against Diamonds* during Art Basel in Basel, 2015. The work, commissioned as part of the Rolls-Royce Art Programme, was shown at the Kirche Elisabethen, Basel 2015. Following the preview during the Venice Biennale, the video installation was shown on a larger scale than previously seen, as a unique site specific installation filling the magnificent interior of the imposing church across ten screens.

Isaac Julien's film draws inspiration from a letter written by Brazilian architect Lina Bo Bardi. *Stones Against Diamonds* examines themes within her letter, where she praises the beauty of natural elements over preferred precious stones. Filming the work in remote Vatnajökull region, in South East Iceland, using the breathtaking scenery of the glistening ice caves as a set for the film, Julien portrays some of the most beautiful objects as the least precious in a conventional sense. The shoot took place over five days with the crew enduring sub-zero temperatures deep in the heart of spectacular glacial caves, formed in ice over thousands of years and accessible for only a few days a year due to the harsh climate.

Signature elements of Bo Bardi's work have been incorporated into Julien's work, including a staircase, meticulously built by hand in the ice cave during the production of the film. In a move providing technical challenges for the 50-strong crew, a larger version of the staircase was recreated during post-production before being merged, using CGI, replicating Bo Bardi's famed spiral staircase. Continuing the parallels, Julien incorporates Bo Bardi's signature easels in his film, made of glass and concrete, two elements present in the majority of her work. The way in which Julien's film was installed in Basel continues this representation, as the artist will use multiple screens positioned to draw direct comparison with Bo Bardi's work.

Stones Against Diamonds was shown on a loop, repeated five times within the hour across the ten screens, each time varying slightly to add an element of surprise for the viewer. *Stones Against Diamonds* is commissioned as part of the Rolls-Royce art programme, which draws together the handcrafted elegance of the marque's motor cars with contemporary artists around the world. Internationally acclaimed artists including: Ugo Rondinone, Erwin Wurm, Regina Silveira, Will Cotton, Angela Bulloch and Morgan Wong have featured in the programme.

"Stones Against Diamonds is a prelude to a larger piece that Julien is to complete in 2016, and will be shot in Italy and Brazil"



STONES AGAINST DIAMONDS



"The crew travelled to the ends of the earth to find the most beautiful natural components"



PRIVATE EDUCATION



CREATING A STRATEGIC EDUCATIONAL ROADMAP

HOW TO PREPARE FOR YOUR CHILD'S EDUCATION

With the ever-growing competition in the British private education system, Morgan Griffiths of Holland Park Tuition & Education Consultants lets parents know how they can best prepare their children for success. Incredibly, we have had parents with two-year-old children visit our consultants and ask frantically "Is it too late for her to go to Cambridge?" The obvious answer is that it is not too late. However, scratch beneath the veneer of parental competition, and having a comprehensive educational strategy in place as early as possible may not seem so far-fetched.

To elaborate, it should not surprise you that the top private schools in London and the UK have extremely impressive Oxbridge application success rates. At Westminster Upper School, for example, roughly 50% of its cohort go to Oxford or Cambridge year-on-year. Should Oxbridge be the university destination of choice for your child then, strategically speaking, attending Westminster Upper School provides one of the best chances of securing this.

Once this route has been established, it seems prudent to examine

how best to maximise your child's chances of gaining a place at Westminster Upper School. While all applicants will have to take Westminster's 13+ Exam, approximately 40-50% of their applicants will be taken from Westminster Under School. As before, when considered strategically, securing a place at this school provides the best chance of successful upward entry.

To go further back through the chain, Wetherby Pre-Prep has traditionally been a strong feeder school for Westminster Under School and, unsurprisingly, its nursery represents the best point of entry. To provide the best possible chance of attending an Oxbridge university, therefore, the statistics coupled with a knowledge of the feeder system, would suggest that Wetherby Nursery School is most certainly one of the best places to start.

While some schools are less explicit than others about their 'feeder' status, the importance of this system cannot be ignored. Indeed, as Holland Park's Early Years & Nursery Consultant Sabine Hook says, "Some [feeder nurseries and schools] have strong links to schools because of a history of

shared teachers or a geographical proximity. Those that are more established and well-respected might also have an influence on the 4+, 7+, 8+, 11+ or 13+ assessments, as they have relationships with the heads of the best and most selective schools. If they feel a child will be a good fit for a school, then they will often plead the child's case to encourage acceptance." This alumni culture provides reinforcement to the statistics as outlined earlier, and ultimately to the primacy of securing a place as early as possible at the best schools in Britain.

When all this is taken into account, it certainly puts into perspective how decisions made (or, perhaps more crucially, those decisions not made) the behalf of a child can have significant ramifications on their future education, university and ultimately their career prospects. It is vital for parents to plan ahead, with a strategic emphasis – in other words, a knowledge of the private education system and how it can be used to one's advantage – and desired end goals in mind to ensure everything is planned for well in advance and that no crucial deadlines or opportunities are missed.

To return to the opening question, and then, two years old is clearly not too late for Cambridge. But that doesn't mean that the competition haven't already gained an invaluable head start.

Morgan Griffiths is a Director at Holland Park Tuition & Education Consultants and Sabine Hook is Early Years & Nursery Consultant.



LUXURY LONDON GUIDE

URBANOLOGIE LONDON CLUBS

founder: Hugo Campbell-Davys



A host of suave new members' clubs are opening their doors across London, offering a range of refined services to their business-orientated clientele. These are set to be the best new places to network and work for London's top city slickers and these are Urbanologie's founder Hugo Campbell-Davys's recommendations.

12 Hay Hill. A prominent Mayfair location is currently being transformed into this exciting new club, which opens in July. Offering luxury serviced offices and members' business facilities, 12 Hay Hill is capitalising on London's elite position in international business and commerce. Their vision is to attract a new community of international business people, who are looking

to establish both a physical presence in Mayfair and to build an exceptional network of business contacts. The Club will also act as a hub for like-minded entrepreneurs and small businesses, seeking a high service office and a private social environment. In addition to state-of-the-art offices & private meeting rooms, the Club will offer numerous dining facilities, run by the acclaimed Michelin-starred chef Shaun Rankin. Be it in the downstairs bar & bistro, in the ground floor dining room or on the fabulous roof terrace overlooking Berkeley Square, 12 Hay Hill will guarantee culinary excellence on every level. For those not wishing to take a permanent office at 12 Hay Hill, social memberships are available, providing members with full access to the Club's business lounges and dining areas. Mark's

Club: Originally opened in 1972 by the doyen and tastemaker Mark Birley, Mark's Club was later purchased by Richard Caring (along with Annabel's and Harry's Bar). But after seven years of ownership, the club is set for a shake-up, as Caring teams up with well-known entrepreneur Peter Dubens (founder of London-based Oakley Capital) and financier Charles Price (son of the former US ambassador), with big plans to reinvent the place.

Both businessmen have been behind several high-end businesses including KX, the exclusive gym in South Kensington, and - more recently - the stylish Dover Street restaurant Chucs Bar & Grill (with film producer and PR man Charles Finch). They were also former backers of Tom Aikens.

With closure due this July, they are expected to re-open in September following an interiors refurbishment by world-renowned Paris-based designer Tino Zervudachi, who counts Mick Jagger and Sir Evelyn de Rothschild as clients. This forthcoming reiteration of this iconic destination is set to become one of the most exclusive - and talked about - serious networking clubs in London.

Neuehouse London. Self-styled as a private work collective, the New York members' club NeueHouse has announced that it will open in late 2015 in London's historic Art Deco Adelphi Building in Covent Garden. This follows the launch this spring of a Los Angeles location at the landmark 1938 CBS Radio Building.

NeueHouse debuted in 2013 in New York's Madison Square district, and like the original, the London venture - their first location outside the US - will be designed in collaboration between NeueHouse Design Studio and internationally recognized architect David Rockwell. The club, which provides a "workspace for creative people and entrepreneurs as well as events", requires the membership to be split evenly between men and women and does not advertise, instead attracting members from "film, fashion, design, publishing and the arts" by word of mouth. Facilities in the two-storey building will include private studios, a screening room, broadcast facilities, event spaces and private dining rooms. Interestingly the Adelphi Building will be home to another US import - the first overseas restaurant of the iconic American steakhouse Smith & Wollensky.

Devonshire Square Club. Bon viveur Brian Clivaz is becoming quite a patron of the new wave of private members' clubs. He was behind Home House and Dover Street Arts Club, as well as the co-founder of L'Escargot and the 'Upstairs Club'. Now he has his eyes on an exciting new venture: a members' club in the Square Mile.

Devonshire Square Club is set to comprise a club lounge, bars, 120-cover brasserie, private dining rooms, library with screening room, and hotel with 68 bedrooms, with an adjacent 18th century townhouse home to the club spa and gym. The Grade II listed Regency six-storey site is located in the heart of the City of London, an area traditionally considered the financial hub of the country that has seen dramatic transformation over the last five years. The new outpost of Soho House - in the former Midland Bank building - is also opening nearby.

Devonshire Square is a modern business estate with a unique historical past, made-up of a group of 18th-century buildings that were once the warehouses of the East India Company. The reconfigured estate includes a central courtyard with plenty of destinations restaurants and alfresco dining options, including an outpost of chicken and steak Hixter restaurant from Mark Hix and the award-winning Indian restaurant Cinnamon Kitchen.

With works underway, Completion is due summer 2016. "The Devonshire Square Club will be the focal point where those with Mayfair style and glamour

meet East End chic. The Club will undoubtedly attract financiers and city professionals but will also be a natural haven for creative executives from Shoreditch and Hoxton. The Club will offer a sophisticated atmosphere in which to conduct business, relax and entertain," Clivaz said.

Ten Trinity Square. This iconic London landmark building and its neo-classical interiors has been meticulously restored by a team of experts commissioned by developers Reignwood Group (also the new owners of Wentworth Golf Club). Now this 1920s heritage property is set to house a Four Seasons Hotel - with 98 guestroom and suites many with breathtaking views of the Thames - as well as 41 private residences, a private members' club, two gourmet restaurants, and a spa. The private members' club at Ten Trinity Square, located in the original wood-paneled executive offices of the building, will offer members exclusive meeting rooms, a business centre, screening room, cigar lounge and access to the exclusive Château Latour room.

Urbanologie is a luxury lifestyle global destination guide, designed to keep you in the know with up-to-the-minute insider news and exclusive content on all of the latest restaurants, bars, pop-ups, clubs and hotels openings with exclusive access to the most happening and unmissable events; from the world of fashion, the arts, music and sport.

www.urbanologie.com

ALTERNATIVE FUNDING IN THE UK



SIMON GALL

As the core part of my work as a Marketing and Business Development Manager for and between FCA-authorised investors (not companies or 'retail' investors) over the years, I have strategically developed a wide range of personal contacts and knowledge on the investment community; from Angel Networks to Sovereign Funds. To answer questions from investor friends and clients who wish to know more about the early stage funding initiatives in the UK, I wrote the following. This also led me to undertake some research and choose to accept a contract with the UK's leading independent tax-efficient SEIS & EIS Funds investor Jenson Funding Partners and most recently the convertible-loans high growth fund Whitespace Ventures.

1. Crowdfunding: mainly relevant for start-up and innovative people and small companies who are seeking cash for launching, promoting, producing a product. Investors are mainly retail – i.e. not 'sophisticated' or 'authorised' – investors; these are people who invest with many others 'with the crowd' from £10 to £10,000. An example is Kickstarter.

2. Authorised and Regulated (by the pertinent Government Financial Services/Conduct Authority): mainly relevant for SMEs seeking debt or equity capital, mainly £10K to £500K. Examples are Crowdcube; Seeds and FundingCircle.

3. Loans: Secured capital loan notes are 'placed' with private investors. Examples are ThinCats; DB-Capital; LendingClub.

4. Grants: for companies seeking Government Grants. Examples are GrantTree (especially for R&D); EsmeeFairbairnOrg (for not for profit).

5. Invoice Factoring: In which professional investors bid to advance funds against the invoices of SMEs. Mainly for well-established SMEs who supply to Corporates. Examples are MarketInvoice and PlatformBlack.

6. Equity Trading: A marketplace for secondary transactions, connecting qualified investors, shareholders and owners of UK private companies. Not a stock exchange. An example is Liquity.

7. Secondaries: LPs & GPs [fund owner/managers] transfer their 'interests' in private funds. Examples are Secondcap and the new London Stock Exchange plc UK Equity Primary Markets platform.

8. Private Market: approved-members only private platforms for authorised and regulated investors (such as private equity, venture capital, M&A firms) to find due diligence capital investment opportunities and undertake main-part of the deal investigations and terms. Almost exclusively well-established high-growth and/or well-established SMEs to large enterprises. Examples are Deal market AG; ClosingCircle; AxialMarket.

9. VDR / Deal Rooms: these are now under threat from the emerging private markets. They were designed to help process very complex and compliance heavy

deals, involving multiple users per deal. Main clients are M&A firms and Corporates. Examples are Intralinks (which bought UK M&A private-market MergerID); Imprima; Datasite.

10. UK Government tax relief investment schemes SEIS & EIS: the best use of these is by highly-experienced industry focused serial-investors and related Angel networks; but also dedicated SEIS & EIS Funds created by highly experienced investment professionals such as www.JensonFundingPartners.com who invest into companies with capital from savvy high net worth investors. They also place FDs on the investee-companies' Boards, undertake due diligence and work in Partnership doing such work for investments by major corporates.

Note: Ensure any platform, its processes and company are properly authorised and regulated. Obviously, find a Financial Expert, who has not just knowledge of, but ongoing active experience with the three or four platform types most relevant to your financial investing experience and interests. Using these platforms can sometimes incur upfront and ongoing fees, plus commissions, and also you should consider the costs ensuring your online profile and documentation is supplied and checked by the approved investment specialist in your team.

SIMON GALL - Marketing and Business Development for and between FCA-authorised investors (not companies or 'retail' investors). www.SimonGall.com

Natália Gromicho

Natália Gromicho - Lisbon, Portugal

Graduating in Belas Artes from the Faculdade de Belas Artes de Lisboa, she started to painting in 1995, she has made more than 100 solo and group exhibitions to date and represented her country in international exhibitions in Italy (International Human Rights exhibition), in Brazil (South America Arts and Fashion Exhibition Casa Cor), in Miami (World Tour Exhibitions Contemporary Artists) and the first Portuguese Artist in Adelaide, Australia (Adelaide Fringe Festival), New York (The Power of Perception II represent Portugal), Moscow (Russia invited by the Portuguese Embassy), France (Bordeaux invited to present her work for commemoration of Portugal day at the embassy), London (Hay Hill Gallery solo exhibition and representation), East-Timor (Human Rights solo exhibition and Live Painting performance to Portuguese embassy in Dili and in Orient Foundation)

Her works are represented in several private and institutional collections all around the world, to refer Portugal, Austrália, USA, Brazil, Italy, Russia, France, UK, East-Timor, Singapore and India. Natalia Gromicho is represented by London's Hay Hill Gallery, Creative Concept in USA, Artz Space for Asia Market and meetiNG art gallery for Portugal.



Association of Family Offices in Asia



McLAREN HONDA

2015 MONACO GRAND PRIX

MONACO

3.340km/2.075-mile layout

FAMILY OFFICE ELITE MAGAZINE SPECIAL

DATA

CIRCUIT LENGTH

3.340km/2.075 miles

FULL THROTTLE

50 percent

RUN TO TURN ONE

210 metres

LONGEST STRAIGHT

510km, on the approach to Turn One

TOP SPEED

295km/h on the approach to the chicane

KEY CORNER

Casino Square. The entry and the exit are both blind, requiring bravery and precision from the driver to get it right

PITLANE LENGTH

301 metres

FUEL CONSUMPTION

1.5kg per lap, the lowest fuel consumption of the year

BRAKE WEAR

Medium. There are 12 braking events, of which six are quite severe

GEAR CHANGES

48 per lap/3744 per race

Monaco is unlike any other venue in Formula One. It's the shortest and slowest circuit on the calendar, but it's also one of the most challenging, owing to the narrowness of the Principality's streets and the proximity of the barriers.

The 3.340km/2.075-mile layout has remained largely unchanged since it first hosted a world championship Grand Prix in 1950. There have been minor alterations over the years in the name of safety, such as the easing of Rascasse and the introduction of TecPro barriers, but the original challenge and character of the circuit remain intact. Technically, the circuit is very demanding. There are many short bursts of acceleration from low speed, all of which put an emphasis on traction, and the bumps in the road force teams to run their cars with much softer suspension than at a conventional racetrack. The steering angle of the front wheels has to be increased as well, in order to make it round the Loews Hairpin.

Much of the track has been resurfaced since last year, but the asphalt is expected to remain slippery. Grip levels will improve as more rubber gets laid down over the course of the weekend, but the teams will be chasing the mechanical grip provided by Pirelli's two softest compounds, the Soft (Prime) and Supersoft (Option). Engine driveability will also have a large bearing on performance.

McLaren is the most successful constructor in the history of the Monaco Grand Prix, having won the race 15 times. Five of those victories came with the late, great Ayrton Senna; of the team's current line-up, Fernando Alonso and Jenson Button have both previously won the race.

Yasuhisa Arai

Honda R&D senior managing officer – chief officer of motorsport

"Monaco has multiple low- to mid-speed turns, braking and acceleration, with a unique street circuit layout. The fine line between success and failure on this track will be the driveability of the car.



TECHNICAL WORDS OF WISDOM

MATT MORRIS, DIRECTOR OF ENGINEERING

"We put as much downforce on the car as possible at Monaco. There aren't any long straights, so the extra drag that the car produces doesn't penalise you as much as it would at other racetracks. There are a few tricks to Monaco that you need to factor in, such as running the suspension very soft and altering the steering angle of the car to get you around Loews Hairpin.

"This is also a track at which the driver can make a real difference. He needs confidence in his car and on the track, and you need to let him build that up during practice to ensure he's ready for qualifying. With it being so difficult to overtake around Monaco, a lot of emphases is placed on getting a good grid position."

Eric Boullier

Racing director, McLaren-Honda

"After the disappointment of Barcelona, the whole team is looking forward to Monaco, to put the last race behind us and keep working on improving our package. Barcelona is a gruelling track for a Formula 1 car, so our relative performance was encouraging until we discovered the problem with Fernando's brake overheating. We were certainly unlucky, but we're still able to take with us some positives and focus our attention on our next challenge – Monaco. It's a tough, demanding street circuit that requires teams to take a totally different approach, but that's what makes it even more special.

"The nature of Monaco's narrow streets means there's less focus on outright power and more on driveability and balance. On this circuit there are even more factors at play than elsewhere – Traffic, Safety Cars, unusual strategies – so our first target is to maximise our performance on Saturday. Qualifying positions can often dictate the outcome of a race there as overtaking is so difficult, so it's important we focus our efforts there first and foremost.



TRACING THE PAST

The origin of the images

By Tanja Bernsau



Each artwork tells a story, not only the one that it depicts, but also the one of its way through the history. As a provenance researcher, I explore and tell these stories. Of particular importance is the provenance of works of art that changed hands in the Nazi era – even today, 70 years after the war ended. Last but not least the current debate on the Gurlitt case shows that the issue of Nazi-confiscated cultural property (Nazi-looted art) is still far from solved. Still the museums are expecting restitution claims for works of art by heirs of mostly Jewish collectors who had been dispossessed by the Nazis in the Third Reich. The former owners became victims of the Holocaust, their possessions ended in museums, the art trade and in private collections. At the same time, there are numerous works of art, which are known to have been looted, but whose heirs could not be found.

Provenance Research for artworks acquired between 1933 and 1945 had played no significant role for a long time, neither in the German nor in the international art scene. Only with the Washington Declaration in 1998,

was this issue on the international stage again. In Germany the research for the origins was implemented slowly by a few jobs that had been established at the museums, financially supported by federal funds, and increasingly supported with regards to content by the “Coordination Office for Lost Cultural Assets” (Koordinierungsstelle für Kulturgutverluste) (in January 2015 merged into the “German Centre for Lost Cultural Assets” – Deutsches Zentrum Kulturgutverluste). The aim is to explore the acquisition conditions of the state museums in the Nazi era, to find the true claimant in cases of expropriation and to make especially clear what artworks are even suspected to have been once expropriated to give injured parties an opportunity to reclaim them. The moral obligation is central to the principles of the Washington Declaration: Bearing in mind that the legal situation after 70 years at least is very complicated (if legal rights are not even barred), the Washington Principles ask for an individual decision in every case to find a “fair and just solution” for all parties to ensure that at least this part of the crimes of the Third Reich, the expropriation of family ownership, may be retrieved some day.

About the Author

The art detective, Tanja Bernsau has a doctorate in art history and studied in her thesis the Central Collecting Point in Wiesbaden and the influence of the Monuments Men on the German cultural history after the Second World War. She gives lectures about art looting in the Nazi era and teaches provenance research at the University Giessen (Germany). She advises and researches for businesses, museums, art dealers and private collectors about their provenance and supports in restitution cases.

www.artresearch-service.com



THE LUXURY CHANNEL

Discover
History
Style
Beauty

theluxurychannel.com



Bringing the business of Luxury to Life

The Luxury Channel is more than the world's leading provider of luxury lifestyle television and web video content. It is also a knowledgeable marketing partner that intimately knows the business of bringing luxury brands to life.

fiona.sanderson@thelc.tv

+44 (0) 207 731 6191

GHURKA LUGGAGE

LAUNCHES AT FORTNUM & MASON



GHURKA LAUNCHES IN U.K. AT FORTNUM & MASON IN PARTNERSHIP WITH THE GURKHA WELFARE TRUST

The event was attended by British actress, Joanna Lumley

The renowned American leather goods firm, Ghurka, launched its first international presence inside Fortnum & Mason in London. The opening marks the brand's 40th anniversary and coincides with Gurkha 200, the 200th anniversary of Gurkha service to the British Crown. The Ghurka curated space features a robust assortment of its daytime and travel goods, humidors, watch collector boxes and outdoor sporting items. Also available will

- **THE GURKHA WELFARE TRUST**
- **SUPPORTS 6,667 RETIRED GURKHAS**
- **PROVIDES COMMUNITY AID PROJECTS**
- **MEDICAL CARE FOR RETIRED GURKHAS**

be a selection of elegant accessories including wallets, pouches, and wash bags. The collection is showcased on Fortnum's third floor and displayed in fixtures that have been shipped from the Ghurka showroom in New York.

"Fortnum & Mason is the perfect partner for our European launch," says Pam Bristow, Executive

Vice President of Marketing and Brand Strategy at Ghurka. "The Piccadilly store is an international icon, a benchmark for excellence and represents the commitment to quality we hold as our standard." Later this spring, Ghurka will debut their G200 Collection, a capsule assortment of three styles from the Ghurka archives re-imagined in partnership with The Gurkha Welfare Trust, Britain's leading charity dedicated to providing support for impoverished ex-Gurkha servicemen and their dependants.

The bag designs utilize the famous green wool used in Gurkha uniform jackets in place of the brand's signature twill, and will be lined in red as a nod to the military flash worn by the soldiers. The range will be retailed exclusively at Fortnum & Mason in the UK, with 25% of all sales benefitting the Trust. Further to this, a bespoke "Officer's Field Set" consisting of a picnic table, two field chairs, a green wool blanket, two pillows and a picnic umbrella – all created by Ghurka master furniture

ABOUT GHURKA

Founded in Connecticut in 1975



Ghurka has served as a symbol of superior American leather craftsmanship for forty years.

ABOUT FORTNUM & MASON

Founded in Picadilly, London in 1707



Fortnum & Mason has been at the heart of London life, supplying the very finest goods and services



craftsman Richard Wrightman – will be debuted. These will be sold at auction with 100% of proceeds benefitting the Trust. "We are delighted to form this new relationship with Ghurka, whose very name demonstrates their high regard for the ex-servicemen we support," states Karen England, Director of Fundraising & Communications for The Gurkha Welfare Trust. "The quality of Ghurka's products rivals the exceptional standards of Britain's Gurkha soldiers, and through our partnership we hope to raise significant funds in support of elderly and infirm veterans in Nepal."

To support the launch and the Ghurka partnership with both Fortnum & Mason and the Trust, the Gurkha Museum in Winchester has made possible the installation of a curated display of Gurkha regimental memorabilia for a Fortnum window installation and a display in the Ghurka shop.

"This London expansion is pivotal for Ghurka," states Ghurka CEO John Reuter. "The UK represents our namesake as well as the next step in global reach for our brand. We are honored to have such distinguished partners alongside us in this launch and are excited to be able to serve our British customers in their wonderful city."

EXPRESS NO2 KHAKI TWILL



EXPRESS CHESNUT LEATHER



NEW GENERATION PRIVATE EQUITY

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

by Stephen Greenwood

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

According to research carried out by the Employee Ownership Association, employee-owned companies consistently outperform the FTSE All-Share, with a 9.9% boost to share value (Martin Conyan and Richard Freeman, Shared Modes of Compensation and Company Performance, National Bureau of Economic Research, Working Paper 8448). Other research shows that this model outperformed the FTSE-100 throughout the post-credit crunch crisis, generating 174% greater earnings per share (EPS). All very well, but how can this include a return for external shareholders? The principal architect of Acuity, Stephen Greenwood, believes that an answer to this conundrum has now been skilfully engineered. "This is the only fund in the world that acquires the majority equity of between 60%-70%, for example and creates employee ownership by allowing the employees and managers to own 30-40% and benefit from higher growth for investors and co-ownership with employees " he explains. Collaborating in a Joint Venture with Close Brothers Merchant Bank enables the Fund to use only small slices of equity investment while still obtaining the major-



Stephen Greenwood
Acuity Management Limited

ity equity. The Fund is executing a strategy that directs this ethical approach to acquisition towards the demographics of the baby-boomers born between 1947 and 1957. Thousands of 'grey entrepreneur' business owners across the EU are now turning 65 years old and want to retire but wish to leave in such a way as to protect their legacy and see their staff rewarded. This has been called the 'greatest transfer of wealth in history' but the financial crisis of 2008 means that these businesses, while established and profitable, are finding it difficult to find buyers.

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

the next ten years. This will continue up until 2025 and involve businesses worth an estimated €27.3 trillion that must find a new owner.

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

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

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

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

The Fund is currently invested equally within the three sectors of Industrials, Procurement and Media but the strategy is based upon demographics rather than being sector specific and neither is it limited by geography: it will acquire SMEs in any EU state. The team behind Acuity has put a lot of effort into creating buy-out vehicles that create what Greenwood terms 'a low risk environment for investment' that will also deliver high rewards

– the targeted return is more than 25% for the life of the Fund. Greenwood himself has some form in this regard as he was involved in a joint venture with Mitsui Sumitomo that acquired a portfolio of 122 SMEs over 15 years for £600 million that was worth more than £1 billion at the time of disposal. Highlights included the acquisition of the North West chemicals company Multisol for £31 million, which was valued at £80 million on exit.

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

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

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

www.acuityag.com

LOYALTY REWARDS: A BETTER FEE STRUCTURE FOR ALL

INVESTMENT THOUGHTS

There has been an outcry for a reduction in fees

Loyalty Rewards Promote Investor Longevity

SPECIAL PERMISSIONS FOR RE-DISTRIBUTING THIS ARTICLE ARE NEEDED, CONTACT US

Hedge funds have not met spending needs net of fees in the challenging zero interest rate policy environment, despite generally producing returns since the financial crisis that met investor expectations gross of fees.¹ One outcome has been an outcry for a reduction in fees, but for the most part fees have not changed.

The structure of the industry needs a framework that turns a zero-sum game (less for the managers, more for the investors) into a positive-sum game in which both managers and investors benefit. Allocators to the largest funds generally hold no market power to sway managers. Nearly \$3 trillion is invested with hedge funds, every dollar of which represents an existing fee agreement between managers and investors. No matter how much allocators would like to pay less, the managers of these funds are unlikely to change without some give and take.

A resolution must create a win-win for both managers and allocators, and we believe the trade-off between fees and duration of an investment is a good place to start. A number of established managers offer long duration share classes that charge below market fees, but many allocators are uncomfortable or unable to accept illiquidity in a relatively liquid investment area. A better fee structure for more participants might be one that rewards investor loyalty with reduced management fees over time. Consider the following structure for a hedge fund's management fee:

Years 1-3: 1.50% Year 4: 1.40% Year 5: 1.30%
Year 6: 1.20% (continuing to decline 10bp/year)
Year 14 and beyond: 0.50%



Loyalty Rewards Promotes Investor Longevity

In this 'loyalty rewards' arrangement, allocators pay less over time and managers build subtle incentives to promote lower client turnover. Most allocators enter new manager relationships with the intent of investing for the long-term, but in aggregate allocators collectively fall short.² The current structure of the industry carries few incentives to elicit long-term behavior from allocators.

Allocators do not have staying power because unanticipated change tends to throw a wrench in their plans. Investors dedicate tremendous effort to their new investments, conducting exhaustive searches, spending countless hours in meetings and due diligence, writing lengthy reports detailing their work, and preparing thoughtful presentations for their boards. But all of this work goes for naught

when changes in personnel, markets, or mindset takes hold, often falling into one of the following categories:

- Change in personnel
- New CIO
- New Consultant
- New board members
- Change in markets
- Asset allocation rebalancing
- Liquidity needs
- Revised investment strategy
- Change in mindset
- Grass is greener mentality
- Response to subpar short-term performance
- Changing of minds

A fee structure that rewards loyalty encourages allocators to behave like long-term investors by creating a switching cost to churn. Imagine the difference in a board discussion if an allocator considering replacing a longstanding manager with another would incur a higher management fee. Allocators and boards at least would give serious consideration to the cost of changing managers. Other factors aside, the lower headline fee becomes an irreplaceable asset.

Investor Longevity Benefits Returns and Stabilizes Businesses

This arrangement rolled out across the industry could meaningfully reduce aggregate fees paid to managers and more efficiently allocate capital to longer duration providers. Were we to assume that investors have roughly the same skill in selecting managers, then those who are more patient with their managers would generate higher returns than their peers over time by the amount of fee savings. These more patient investors might get rewarded through inflows (for for-profit businesses) or bigger roles (for non-profit CIOs), putting more of the industry assets in the hands of those less inclined to churn their portfolios.

Managers would also recognize the benefit to this structure. By creating a positive switching cost for existing clients that does not exist in the industry today, managers would benefit from more asset stability.

Innovation Starts with New Allocations. Loyalty rewards provide a rare advantage for newly launched funds over established ones. Twenty-year-old firms with billions under management may struggle to reward properly clients for loyalty since many of their clients have paid full fees for many years. Slashing the base revenue of a business overnight would be too disruptive for these organizations to bear. Established managers may want to consider how to build in switching costs for their clients over time. Start-up managers, in contrast, can structure their business for long-term success by adopting this model quickly. It Takes A Village

This modest proposal of a 'loyalty rewards' fee structure could go a long way to gradually accruing more of the value added generated by hedge fund managers to their long-standing supporters in exchange for promoting long-term investment relationships to the benefit of all. As you engage in your daily investing practice, I encourage you to suggest this fee structure to your legal advisors, managers, and prime brokers, those best positioned to enact the innovation.

1 www.hedgefundresearch.com. Assuming an investor seeks an equity-like expected return of 6% real from their hedge fund investments, over the five years from January 2010 – December 2014 the HFRI Fund Weighted Composite has returned 4.6% net. Should the average manager charge a 1.5% management fee and a 20% performance fee, the gross return of the index would have been approximately 7.2%, essentially matching the return expectation.

2 www.dalbar.com. Dalbar's annual Quantitative Analysis of Investor Behavior, in its 20th year in 2014, consistently shows that the dollar-weighted returns earned by clients lag the time-weighted returns reported by managers.

Ted Seides, CFA, is the President and co-CIO at Protégé Partners, LLC, a leading alternative investment firm launched in 2002 that invests in small and specialized hedge funds on an arms-length and seed basis.



LIFESAVING TECHNOLOGY

LIFESAVING FIRE EXIT MARKING TECHNOLOGY STARTUP

LIFEPATH is an importer/distributor of unique proprietary patented products and lead the way in residential emergency escape technology as the ONLY patented, wireless, battery operated, strobe light, sound and heat sensing appliance for single family home, apartment, condominium and small business installations.

As a new Business Model, this is at a commercialization-stage pre-revenue business opportunity with research, development and prototypes complete. It is also geared up for an immediate roll-out and the next phase is to produce and distribute the finished products worldwide. With home fire deaths still accounting for 85 percent of all civilian deaths, fire safety initiatives targeting the home remain the key to any reductions in the overall fire death toll. As the new safety codes now target all buildings, public and private, these safety regulations open the door to a massive global marketplace for this unique product.

For over 30 years, notification alarms have been effective for alerting public building occupants in the event of a fire; however, statistics reveals that more people are injured or die in residential fires than any other. In addition to this, there are 23 million senior citizens and 35 million families with children under the age 18 in the USA alone, with a potential income generating of over \$7.2 Billion in residential sales.

With a United States Patent now issued, and research, development and prototype stages also completed, this new model will lead the way in fire emergency technology. Management has plans to employ the services of a preferred supplier to manufacture the product in the United States, Canada and the Far East, a laboratory to test the products, and a sales/marketing



team to launch the products on the Internet and TV; and place them into retail stores with a fulfillment company for wholesale and private label distribution.

FUNDING REQUEST \$15 MILLION (DEBT/EQUITY): The founder is presenting a business plan to prospective financial partners in an effort to raise \$15 MILLION in working capital to launch a new company as a venue to contract hire and outsource the entire build, marketing and distribution process for all LPT products. All references to dollar amounts are in US dollars.

EXIT STRATEGY: The company are considering several exit strategies, (1) combined debt and equity investment to be negotiated, with potential future M&A and (2) limited IPO.

Contact: North Brooklyn Capital.
T:1-647-438-0010 E:michaelbogin@nbc-ny.com

Whatever you need to move...



HEDLEY'S FINE ART LOGISTICS

International shipping, art handling and installation, storage, bonded warehousing, packing, crating and case making

+44 20 8965 8733 • sales@hedleysfineart.com • www.hedleysfineart.com

LONDON • PARIS • NEW YORK • AVIGNON • CÔTE D'AZUR

OFFLINE

Reading Matters RG

Howard Lewis, 53, cultured, creative and curious, brings a multifarious box of tricks to the table. After five years of spectacular underachievement at St Paul's, he entered the stock market straight from school, joining the patrician firm of Cazenove as a valuations assistant and thereafter extending his repertoire as a trainee at R Layton. He subsequently built a private client business with various brokers, who have now largely departed for that great trading floor in the sky, before cofounding Thesaurus, a pioneer in the provision of electronic information services to the art and collectibles world. The company developed an auction search facility enabling subscribers, typically dealers, collectors and museums, to source items for sale globally that met their precise criteria.

Contemporaneous with the above activities, he concentrated increasingly upon the supervision of private family interests that encompassed investments, property and art. He is now the director of the Schorr Collection, which, though dominated by Old Master Paintings, includes many diverse categories. Numerous items from the overall collections are on long-term loan to institutions in the UK, The US and beyond and has many excellent connections in this sphere.

Over many years, he wrote investment reports for private circulation that touched upon issues such as infrastructure, demographics and the vagaries of markets. He broadened his horizons by reflecting too upon aspects of the art market and life in general but, more importantly, started sending articles to friends, clients and associates on subjects that they were interested in or which he felt they should be aware of. The response to this was overwhelmingly positive and led to the genesis of OFFLINE. The fundamental premise behind it was that in a wired world people needed more than ever to engage in physical interaction with one



HOWARD LEWIS

"In case you are wondering, I am on the right - my son and I are celebrating just after Arsenal had beaten Aston Villa 4-0 in the FA Cup Final in May, this year"

another. OFFLINE addresses the needs of family offices too as Howard explains here. There are a number of areas where I believe OFFLINE can help you enhance your core offering, underpinning the brand values and heritage of your business while permitting you to raise your profile subtly. The main focus in the immediacy should be on a medley of articles to stimulate, educate and entertain, and I have outlined below four compelling reasons why this particular proposition has such mileage.

1. A quarterly digest of articles to selected clients sends a powerful message that, aside from the excellence of your technical skills, you go that little bit further. In a competitive environment, it is even more important to be distinctive. What makes you special? How do you differentiate yourselves?

2. First and foremost, you are in the relationship business. That is the foundation of your success thus far, and that is what will sustain you in the years ahead. How do you best engage with your clientele, both present and future? OFFLINE acts as an accompaniment to your mainstream business and provides a platform to develop deeper and more intimate conversations with them.

3. Articles are to be shared. Your relationship should extend beyond patriarchs and principals as their realm of influence will be gradually eroded over time. How will you reach out to succeeding generations? A curated OFFLINE digest allows you to connect some of the dots.

4. Do not underestimate the impact of receiving articles in hard copy. The physical aspect is hugely important. A handwritten note on beautiful paper is a personal touch that I suspect few of your clientele ever receive in our wired world. Innumerable past recipients have waxed lyrical about the pleasure of an OFFLINE bundle being delivered. It is akin to a gift!

I would recommend that each quarterly digest contains a dozen articles, most of which will be short and accessible. There may be a couple of longer ones for those with the time and inclination, but the real key is to ensure the content is sufficiently varied to appeal to both your major points of contact and their satellites. The articles themselves become a conduit for you to forge more meaningful relationships. I source this content from the international press and all manner of specialist publications. There is an element of randomness to the process, but I believe that is beneficial. A predictable stream of subjects does nobody any favours! Should you have thematic requests or seek a bespoke service for individual clients, please let me know and I have little doubt I can arrange this, as appropriate. As an aide-memoire, I have listed a few articles from the present digest so you may get a flavour of the OFFLINE experience:

Conservation of giraffes

Advertising on receipts

Bookshops of the future

Profile of Sir Charles Harington, former head of the

Medical Research Council

Profile of Dame Anne McLaren, developmental biologist and fertility expert

Lillian Weber, 99, great grandmother of 20, who sews a dress a day for African girls

Disability in sport and society

Obituary of Komla Dumor, Ghanaian broadcaster

Intel scenario planning unit

Profile of Kenneth Clark

The Underground Gourmet, celebrating the culinary diversity of NYC

American railroads and their past glories

Afghan women's cycling team

Obituary of Ben Bradlee, former editor of the Washington Post

Etiquette

Obituary of George Scanlon, famed Islamic scholar and archaeologist

I look forward to developing this concept with you as I consider it offers significant scope for you to display your credentials as an innovator. There are a few points of detail we would need to discuss further such as stationery, presentation and whether the cover letter should be written under the auspices of yourselves or OFFLINE. I would suggest an annual fee of £10,000 (£2,500 per quarter) is fair and reasonable. If 25 clients receive an OFFLINE digest it equates to £100 each, a modest sum indeed given the potential for all concerned! This fee applies to a standard offering but would require modification to meet more particular criteria.

Private gatherings, whether hosted by me under your aegis or that of OFFLINE, offer significant potential to develop a much warmer, more rounded relationship but, as these will take a little time to best configure, I recommend they are placed on the back burner for now. Please revert back with your thoughts and observations. I look forward to getting the show on the road with you!

Tel: +44 (0)7976 933549

www.offlineandon.com

www.catherinehouse.com

MEN WHO DREAM OF WINE... ITALIAN WINERY

by Uwe Kauss



IDYLIC VINYARD

A private winery in one of the most beautiful regions of Italy: ancient walls, an idyllic vineyard and a vaulted cellar where the very best wines mature. Celebrities, stock market millionaires and others who can afford it make this dream come true. But how do you buy a vineyard in Tuscany? What comes next? Here's a peek into a hobby pursued with discretion.

To be enjoyed, but not talked about. After making the right decisions on the stock market or in business, some want to invest the profits into a decent venture. And why not enjoy it too? Maybe a winery? To uncork your own vintage every year, to invite friends into the old halls for a party in the countryside, to sit on the terrace in the evening sun and pour from the next bottle. It's an idea that tempts many: celebrities like pop

star Cliff Richard, conductor Justus Frantz, the Hollywood couple Angelina Jolie and Brad Pitt, and the Hollywood director Francis Ford Coppola, who have all bought estates here where good grapes grow and there are room and time to rest.

And so a world-famous wine region in Italy has become a place to dream of: Tuscany. Here, for example, the pop stars Sting, Gianna Nannini, and singer Al Bano – who became famous with Romina Powers – produce wines from their own vineyards. So does Wolfgang Reitzle, former CEO of Linde AG and husband of the German television presenter Nina Ruge. Not a lot of people know this: Quite

a few wineries in Tuscany are for sale at the moment. Bettina Kurz and Frank Höfinger know exactly which ones. The two worked for 20 years as entrepreneurs in Germany and for the past six years have lived in San Gimignano, one of the most beautiful spots in Tuscany with an ancient tradition of white wine production. At first they leased an estate with 10 hectares of vineyards and produced their wine, which met with much acclaim internationally. For several years now their company "Viva Business" (www.viva-business.com) has served as a go-between bringing together wineries with investors or with men who dream about bottling their own wine. They do not see themselves as



brokers, though. They advise their clients on the technical side of vine-growing and work for them on request as interim managers following the sale. Grapes may grow by themselves, but the vines did not grow out of the ground all on their own. The dream of having one's very own fine wine can come true only with professional work, the right decisions, in-depth evaluations, and good business sense. Their investors, on the other hand, know wine mostly from opening the bottles brought up from their cellars or picking them from the menus of Michelin-starred restaurants. Who exactly these investors are is known only to Kurz and Höfinger, who keep the details private.

"We never name names – neither of our clients nor of the wineries that we put them in touch with", Bettina Kurz makes clear

The other side insists on secrecy too. "The owner families want the sales to be handled discreetly. They have a reputation to lose." Most of the deals involve a lot of money. Still, the pair do give away a little: their clients have included wealthy Germans and Swiss, but primarily wealthy people from Hong Kong, the United States, China, and Eastern Europe. Kurz and Höfinger have slowly and patiently earned the trust of the landowners. They know what they're talking about – and they can talk about it in perfect Italian. "The Germans are considered particularly upright here, and this image has helped us very much," says Frank Höfinger with a laugh. In the meantime, Kurz and Höfinger are managing some vineyards for their clients and working together with distinguished Tuscan wine

experts, oenologists, agronomists and lawyers – in the end, every client wants to press good wine out of the grapes.

The biggest mistake potential buyers make is not to solicit the advice of locally rooted experts before making the purchase. They usually do the search and carry out the negotiations by themselves, and often either the deal falls through or they end up paying grossly inflated prices. "The prices of the vineyards, you see, depend not only on the property of the estate and on the estate itself, but in Tuscany, they really depend on the price the wine fetches", Frank Höfinger emphasizes. "Vintners who get 50 euros a bottle can demand a higher price than a family that may get only 5 euros. Estates in renowned regions are therefore much more expensive than they are in no-name areas. The prices also fluctuate wildly. So our job is first to find a realistic value, and then to negotiate – and finally to organize the day-to-day operation. Our clients have no idea of all this and most of them are too busy to learn it."

And they can be choosy, and bring lists of demands that can be rather lengthy. It can take a year, sometimes two, until the pair have found a suitable estate for a client. At some point, though, the dream finally comes true. Papers signed and sealed, the new owner stops by now and then with friends, stays a few days, looks around, and soon runs off again. It's truly lovely here, after all.

www.viva-business.com



EXECUTIVE SEARCH

WEALTH MANAGEMENT



by Dave Glaser President of ECG Resources

ECG Resources is an Executive Search firm focused on placing high caliber candidates in strategic roles within the Wealth Management arena throughout the United States. Our industry expertise and commitment to client success have earned us the privilege of long-term relationships spanning small boutique firms to some of the world's largest companies.

In 1981, the firm was founded as Executive Consulting Group. In those early days, we provided executive search for both Corporate Tax and the Private Wealth Management sector. As we came to recognize that our clients are best-served by the deep experience and proven knowledge that comes from dedicated specialization, we honed our focus exclusively within Wealth Management in the early 1990's.

Teamwork is at the heart of our philosophy, and it is what empowers us to consistently deliver what's best for our client companies and candidates. It is integrated into every aspect of our business, from the way in which we share resources to our compensation model that is focused on overall company success vs. Individual production. This approach has created a culture that enables our team members to pool our talents together as we place the most qualified candidates into each role.

We are deliberate about hiring only individuals who will embrace this philosophy of co-operation rather than the competition. We then carefully nurture and encourage each person to reach their full potential. This ensures candidates find ideal Wealth Management opportunities in which they will advance their careers while clients gain a passionate, dedicated team focused on finding the professionals that will contribute to the organization's success. Remaining true to this philosophy has served us and our clients well. We have

grown steadily over the years and have extended our reach to serve best our Wealth Management clients in locations throughout the United States. ECG Resources continues to expand in market share; adding to our staff to meet the needs of a growing number of clients.

Our Process - We act as trusted advisors and consultants to provide ideas and insights into hiring best practices, strategic career moves, and industry trends. The ECG search process is centered around listening and confidentiality. We take the time to learn about your organisation's culture and what's important to you and your team and extend the same attention to candidates. ECG conducts in-depth interviews to understand what candidates are seeking in their career and the type of environment that will allow them to thrive. We do more than fill positions. We see beyond the job description and the resume to recognise the cultural fit. Firmly embedded in our process, confidentially provides the bedrock of every step.

Flexible Service Models

Our process includes multiple service models adapted to the specific needs of each client. From operating as a retained search firm to implementing an engaged search model, we build a customised approach for each assignment including:

- Retained
- Engaged
- Contingent
- Exclusive

We can fill roles immediately or begin to identify potential candidates for a future hire. This flexibility enables us to serve our clients as a trusted partner and to ensure each search is successful.

www.ECGResources.com

2015

READ THE LATEST ARTICLE FROM DOUGLAS McFARLANE FAMILY OFFICE ELITE SUPERYACHT SERIES

SPECIAL PERMISSIONS FOR RE-DISTRIBUTING THIS ARTICLE ARE NEEDED, CONTACT US

The incredible world of the luxurious Superyachts...



WHY DO YOU WANT TO BUY A SUPERYACHT

THE INSIDE TRACK

From one of the industry's best-known experts

Why do you want to buy a SuperYacht anyway? They're difficult to take around the world because of their size; they're expensive to buy, and the outflow of cash doesn't stop after you buy it. The crew, fuel, marina and insurance costs mean that every journey out of port isn't free to say the least. So it beats me why you'd want to read this article from a broker as it might just change your mind, and then you're stuck with it. Okay, so I've bombarded you with all the reasons why you shouldn't buy a yacht, and you're still reading? What on earth possesses people to get hooked on reading something that isn't recommended, not for the faint hearted, risky, and a luxury that few can afford?

Well, I ask myself this question often. I have to, in order to understand the mindset of our potential customers, so that I can tailor services, marketing messages, investment ideas and help those who do want to own a yacht, through the journey of parting with their hard earned cash into something that is close to an incinerator for money. You put the money in and whoosh; it gets burned in the engine rooms. It's not all doom and gloom. In fact far from it. Taking the decision to own a yacht will take some people an instant, and others years. I remember when I bought my first powerboat. It was an instant decision. I had been on the banks of Loch Lomond looked up and thought, I want to motor across

these waters this summer. Within the week, I had called a broker, told him what I was after and the prices, arranged the marina space and I was in the water the following weekend. It was that simple, that impulsive and something that I felt I had to do. So what will it take for you to take the leap? Many people buying cars, look around at every magazine. For yachts, Boat International is the best in the business, and available at WH Smith. You may also find Super Yacht World there, both of which will ensure you gain enough knowledge about the marketplace and look at the gorgeous pictures to see which you like and the pricing. Yes the pricing. At this

**"ongoing runnins costs is
10% of the value of the
superyacht"**

BUYERS MARKET

There are enough yachts on the market to satisfy the demand

point in time, it's definitely a buyers market. There are enough yachts on the market to satisfy the demand, and most brokers expect therefore negotiating the price a few percent from the asking price. In one or two cases, depending on how long the yacht has been on the market and how quick a sale is needed, I've seen discounts negotiated up to 10%. In terms of ongoing costs, the usual rule of thumb is 10% of the value of the yacht. Though I've got a practical example in front of me as I write this, and it's far less, around 3-5% of the value. Operational elements, maintenance, crew and administration is where the money goes, with the crew taking the lion's share.

So far, it's all just money money money. Such a critical thing to talk about, but at the end of the day, not something that you really should be dwelling on if you want a yacht. You see a yacht is something different. Something special. It's a home from home; it's your family getaway, your place to entertain, do business, go on holidays on a whim and have the best time of your life. Usually, you'll be of a certain age, and have earned your place on the planet, and now it's your turn to enjoy the exotic, the luxury, the exclusive. If you ask any brokers opinions about which yacht to buy, you'll get a variety of answers. The Germans, Dutch and Italian are the masters and in that order. That's not just me who is saying that, the statistics are saying that too, and naval architects and surveyors



I've asked, offer the same opinion. I'd love the British to be doing better and I'm working on that with a fleet I've called Caledonia, from designers Sterling-Scott and builders Nedship. You might also want to look at Pearl Motoryachts, who we work with, who enlisted Kelly Hoppen for their interior designs. Their yachts go up to just under 24 metres. Last year, the Italians sold the most by a long way. Ferretti, Benetti, Italian Sea Group, Custom Line are all in the portfolio of yards we deal with at Lomond Yachts. They are mid-market around the 30m-40m mark and have a style all of their own. I'd also recommend Dutch builder Heesen, who built the stunning Galactica Star, which won many design awards last year. Heesen were in London recently with the 37m Ilona, which they have as a trade-in for a larger yacht and currently seeking interested buyers. They have a portfolio of yachts in various stages of the build process that will be launching in 2016/2017 so not too long to wait if you're interested.

Feadship, another Dutch builder, are also one to have a look at, though getting on their waiting list isn't easy, and you need to wait a little longer than Heesen, as all of their current fleet in waiting have happy owners expecting deliveries in the next few years. Have a look at Kiss or Savannah, launched this year. We have a few Feadship available to charter where you can try for a week before you make your big decision. Lastly, and by no means least, is Lurssen. The German giants have cornered the top end of the market with around 50% of the top 50 being Lurssen. I'm not just saying this because I've met Peter Lurssen a few times, and get invited to their exclusive parties every year at Monaco, far from it, their attention to detail, and build quality is hard to beat for any shipbuilder. If I had a spare hundred million or so, there's only one place I would go.

Douglas McFarlane is CEO of Lomond Yachts Limited



THE HISTORIC TRADE IN IVORY

Collector Alert: US Restrictions on Antique Ivory

In 2014 the decorative art market, a historically unregulated trade, witnessed significant change with the introduction of new regulations in the United States. These regulations are intended to stem the elephant poaching crisis in Africa by limiting the sale of objects containing antique (100 years old or more) and vintage (less than 100 years old) ivory.

They raise concerns for collectors, dealers, auction houses and museums internationally. Ivory has been used through history for artistic carvings and paintings and as a component in decorative arts. The use of ivory in the European arts ended before World War II, but the use of fresh ivory has continued mostly in Africa and Asia for the creation of tourist trinkets and decorative carvings. This article provides collectors with an overview of the new U.S. federal and state regulations and summarizes their consequences to stakeholders.

U.S. Federal Regulations

Although the US has regulated the trade in ivory since 1973 through the U.S. federal Endangered Species Act (ESA) and CITES (an international treaty), trade was allowed under an "Antique Exception" under the ESA for antique Asian elephant ivory and under a "Special Rule" for African elephant ivory regardless of age under the African Elephant Conservation Act of 1989 (AECA).

In February 2014, the U.S. Fish and Wildlife Service issued Director's Order No. 210. The Order did several things: first, it reversed the Special Rule under the AECA and prohibited the commercial importation of objects containing African elephant ivory; second, it allowed the non-commercial importation of certain objects (e.g., musical instruments); and third, it reversed the Service's longstanding interpretation of the Antiques

Exception by banning the interstate trade of objects containing ESA-listed species (including Asian elephant ivory) that were either US-made or imported prior to the creation of a "designated port" system in 1982.

The Order chills interstate commerce by requiring sellers to prove either that objects containing African elephant ivory were purchased before the AECA import moratorium of 1990 or that objects containing Asian elephant ivory fall within the ESA's Antiques Exception. The Order also chills foreign commerce by requiring importers and exporters to identify objects to species (i.e., African or Asian elephant), which can be a difficult, destructive and costly process.

The rationale underlying the Director's Order is that allowing the continued import of even antique African elephant ivory would contribute to poaching because forged paperwork and other abuses create a "loophole" for unscrupulous traders who use the legal market to "cover" the sale of freshly poached ivory. The Director's Order caused a significant public outcry, particularly among antique dealers, collectors, auction houses, museums, musicians and gun collectors.

Following discussions with these art market stakeholders, Fish & Wildlife amended the Director's Order in May 2010. In the Amended Order the Service reversed its position to allow the continued interstate sale of genuine antiques imported prior to 1982 and US-made goods, on the grounds that the interstate trade in certified antiques (containing, e.g., Asian ivory) does not contribute to the demand for freshly poached elephant ivory. Significantly, the Amended Order maintains the import ban on African elephant ivory. The Service has recently indicated that the Special Rule will be revised to permit interstate trade in antique African ivory, with the result that antique African and Asian elephant ivory will be permitted in interstate trade, imports of antique Asian ivory will be permitted (subject to species identification), and imports of African ivory will be prohibited.

New York State Regulation

For the past twenty years, auctioneers and antique dealers have been licensed by the New York State Department of Environmental Conservation (DEC) to sell elephant ivory in New York. In June 2014, over strong trade opposition, the New York State legislature

voted to restrict the sale of antiques to those containing less than 20% by volume of ivory. This may cripple the decorative arts market in New York State because the overwhelming majority of valuable objects on the market made of ivory contain more than 20%. The New York State law bans intrastate trade (i.e., sales wholly within New York), of any elephant ivory article (including mammoth, which is not an endangered species regulated under the ESA) or rhinoceros horn, unless one of the certain exceptions applies and a DEC permit is issued. For intrastate trade, the object containing elephant ivory, mammoth or rhinoceros horn must be at least 100 years old and contain less than 20% of the regulated material. However, the DEC recently issued FAQ's acknowledging that federal law preempts New York State law as to foreign and interstate commerce; thus the 20% restriction does not apply to the interstate trade. Collectors should note that even family transfers and donations of these materials in New York now require a DEC permit.

Other State Regulation

New Jersey has adopted an outright ban on the ivory trade, and anti-trade legislation has been introduced in Florida. Wildlife advocacy groups have announced that they will also introduce ivory-ban legislation in Illinois, Connecticut and California.

Conclusion

Recent action by the US federal government and certain states to protect endangered species threaten to destroy the market for the great artistic heritage of antique ivory carvings. In our view, these restrictions will not stop the illegal trade in poached ivory, but will damage the trade in fine art and antiques to the detriment of collectors, museums and the public. Policy considerations aside, collectors will need to ensure that their transactions in ivory, horn and other endangered species materials comply with the new legal restrictions.

Pearlstein & McCullough LLP
+212. 646.762.7261
www.pmcounsel.com



CLIENT MUTUAL

UNDERSTANDING
HOW WE
INVEST

H. L. LICHSTRAHL & COMPANY, LLC

"One of the most powerful ideas I have ever encountered is the one-decision stock: a company you can simply hold for a decade or two and receive an outstanding outcome. My ideal investment would be to purchase a company like this at a significant discount to intrinsic value, and then hold it for a very long time. This approach is a combination of letting the economics of a great business play out while opportunistically taking advantage of market inefficiencies." Josh Tarasoff In 1983, Berkshire Hathaway, shortly after their acquisition of Blue Chip Stamps, issued an 11An Owner's Manual.. to Berkshire's shareholders. In it, Warren Buffett and Charlie Munger, Chair and Vice-Chair of Berkshire, laid out thirteen business principles they employ in the management of the company. Their hope was that the shareholders would better understand their philosophy and decision making. Updated copies of this manual were distributed periodically, most notably after a sizable acquisition had led to a large number of new shareholders.

As an admirer of Buffett and Munger, I see the wisdom in doing this as numerous studies have shown that writing something down increases the probability of it happening. Value Investing is not a strategy; it is a fundamental way of thinking about finance. While I have verbally explained the virtues of value investing to my clients and friends, I believe that laying out a set of investing principles in writing would be beneficial for this reason. Especially in stressful times, when one's thinking may become blurred by fear, referring to one's guiding principles helps avoid the dysfunction that fear causes and allows you to make logical decisions based on fact. The genesis of these principles are not of my creation alone, rather they are a conglomeration of thoughts and ideas taught to me by some of the world's most renowned investors, either through their writings or their spoken words. In either case, in addition to the aforementioned gentlemen, Benjamin Graham, the intellectual father of value investing, Bruce Berkowitz, Jean-Marie Eveillard, Joel Greenblatt, Professor Bruce



Howard L. Lichstrahl
Managing Member

C. N. Greenwald, Seth Klarman, Guy Spier, and Josh Tarasoff have all contributed to their development.

Long Term Perspective

The ability to maintain long-term perspective and commitment is the single most important (and thereby getting the most space) principle in growing net worth. There are numerous reasons for this; most behavioral, some mathematical (see #2). An oft used Benjamin Graham quote, "In the short run, the market is a voting machine but, in the long run, it is a weighing machine," summarizes the behavioral aspect. In the short run, emotion, both fear, and greed drive stock prices while over the long term, the substance of a business will determine its value. Market participants often overreact to negative or positive news and events, either driving stock prices well below the value of the business in response to near-term negative news, or, conversely, driving them to price levels beyond economic reality due to some bullish news, event, or simply Wall Street hype. Stocks can trade at any price any time. The reality is that the value of a business does not change as rapidly

as the last trade on the exchange. By concerning myself only with the long-term value of the business, I avoid the distraction of the short-term noise.

Over the past decade or so, we have witnessed so-called “bubbles” developing in asset prices. One of the clearest examples was the “tech and telecom” stock bubble of the late 1990s where the stock prices of anything related to the internet or modern day telephony were driven to levels beyond economic reality despite little or no “real” earnings. The “new paradigm” became the catch phrase on Wall Street as investment banks issued glowing reports about the promise of these “new economy” companies and assessing valuations based on forecasted future revenues rather than on anything tangible. Two very strong and complimentary forces were at work here: satiation of greed and the Wall Street incentive system. One of Bruce Greenwald’s favorite sayings “people love lotteries,” sums up the driver; the desire to get rich quick.

II. Be a Compounding Machine

Investing with a long term perspective also allows me to pay heed to the benefits of compounding return while keeping the risk of permanent capital loss low. Albert Einstein, a name not usually associated with investing but a keen practitioner of mathematics, observed that compound interest is “the greatest mathematical discovery of all time.” While down years do happen, it is my goal to keep them as few and as far in-between as possible as the reverse math of a losing year is, indeed, a bitter pill to swallow. Rule number 1: do not lose money! Rule number 2: do not forget rule number 1. I seek to buy shares of well-managed companies, with sustainable business advantages, at a discount to their intrinsic value and allow them to compound their retained earnings. As long as the business continues to earn satisfactory returns on invested capital, and the shares do not become significantly overvalued, I am happy to own them for very long periods of time. In Buffett’s words, “when we own portions of outstanding businesses with outstanding managements, our favorite holding period is forever.”

III. “Bottom Up” vs. “Top Down” Investing

Most of the investment world is “top down” oriented in their investment process; that is they first formulate a broad economic outlook and then decide what industries or groups are likely to benefit from such a scenario and only then what companies are likely to benefit if the first two steps of the thesis work out. To say the least, I think this is very difficult to do if it is possible at all. Economic forecasting itself is notoriously uncertain especially when introducing time frame specifics.

While economic forecasts are not extraneous and I certainly think about how a company will perform in changing economic environments, I analyze companies from the bottom up beginning with the most reliable information, usually the company’s balance sheet, then proceeding to the cash flow statement and the income statement. Obviously, this varies some by company or industry as balance sheet assets may not be as relevant in certain businesses. We seek companies that generate cash from operations and not consume it. I like Bruce Berkowitz’s maxim, “follow the cash.” Companies that can continually produce excess cash and compound those cash earnings are of greatest interest, assuming, of course, that we can purchase their shares at an appropriate price.

IV. Buy Businesses at Bargain Prices

I am a price conscious investor. In simplest terms, I seek to buy dollar bills for 50 cents. While this may seem to be an oversimplification, it is an accurate depiction of the mentality used in my investment process. It is relatively easy to identify a great business, but the real skill is finding great companies that are mispriced. In investing, as in sports there is a time to play offense and a time to play defense. Being disciplined as to the valuation of current investments and not forcing money into new investments is my priority. Patience and diligence are necessary to search broadly for opportunities, often in more obscure names. Holding cash or equivalents in the absence of opportunity may be unappealing but it makes sense.

V. It’s Warm in the Center of the Herd

Human tendencies go toward the familiar; names that

we know and brands that we use. However, as investors, this is the less likely place to find mispriced securities as many of the largest stocks are institutionally held and have very large market capitalizations. When these companies do become mispriced, they may be very attractive candidates for investment. However, I will not invest in large, well-known companies at premium prices and then seek to justify the high price paid.

VI. Volatility is Not Risk

Risk is often treated as the four letter word of investing. Wall Street uses the term “beta” as a measurement of risk. Beta is a measurement of price volatility. Volatility is not risk. If anything, it is the price of entry for the opportunity to earn the rewards of equity investing. I define risk in terms of permanent loss of capital and pay little mind to what the “market” is doing to stock prices on a day to day basis. Checking on the value of your stock investments daily is akin to calling your local realtor to get a comparable on the value of your home on a daily basis even though you have no intention of moving. It is a distraction from the truth that by being disciplined as to what I will pay for a security; I am managing the risk of that investment. I may also be inclined to add to a position at lower prices (averaging down) if the market goes against a new investment and I believe that my valuation thesis is sound.

VII. Eat Your Own Cooking

I invest in the same securities for my family as I do for yours. A deeply held belief in the principles of value investing makes it impossible to invest in any other manner.

VIII. Reputation is Everything

Warren Buffett is known to send a biennial memo to the managers of the various Berkshire Hathaway subsidiaries cautioning them to guard zealously, Berkshire’s reputation. “We can afford to lose money even a lot of money. But we can’t afford to lose reputation-even a shred of reputation.” I echo his sentiments. I avoid involvement in anything that changes my incentives from being appropriately aligned with those of my clients.

IX. Invest for Absolute Returns

The investment world is oriented toward relative performance versus an average. This is largely because most large investment firms, mutual funds, trust companies, etc. are more concerned with gathering new assets, and reaping management fees than achieving long-term returns. Recognizing how fickle the investing public is, these managers are in constant competition with each other to gain new assets. Following this reasoning, being down 24% when the benchmark market average is down 25% is considered a win. The goal is always to beat the benchmark. By avoiding the bottom quartile of managers, they are unlikely to be fired or experience redemptions. The logic of this argument truly escapes me.

The resulting mentality has led to most of the large firms and funds to become closet “indexers,” never looking too different from the index thus reducing the risk of client funds going elsewhere. I do not invest to conform to an index or to achieve performance about any index. I make investment decisions without regard to how it may benchmark to any index in the short term. If your goal is to beat the index, by definition, you must be different from the index. This may well result in short-term underperformance, however, in the long term I believe it will lead to performance superior to the indices. This is precisely why the keeping of a long-term perspective, as discussed in principle is of paramount importance.

X. Avoid Leverage

Leverage cuts both ways; it can lead to outsized gains, but it is the fastest way to cause catastrophic loss. The worst feeling is being forced to sell into a downward spiral when the market discount to intrinsic values is greatest. Likewise, I avoid companies employing excessive debt. Strong companies have the wherewithal to ride out the ups and downs of business. My idea of a great business is one that can fund its operations solely out of its own cash generation and not be reliant on the capital markets for funding. Not always achievable but ideal.

COLLECTING AND INVESTING

1. Woman with a Mirror



2. Marguerite-Flower



3. Builders



IN CHINESE MARKET POCKET WATCHES

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

The 'golden age' for these pieces was c.1790 to 1840 when the Chinese market could afford the sumptuous watches made by the combined skills of Genevan enamellers, goldsmiths, jewellers and watchmakers. This trade was promoted from the early nineteenth century by numerous Swiss houses having establishments in China - at Canton, Tianjin, Shanghai and elsewhere. Many of these imperial

treasures returned to Europe after the burning of the Emperor Qianlong's Palace in 1860, and in the aftermath of the Boxers' siege of the European legations in 1900. The continuing chaotic state of the country after that provided further opportunity for significant 'repatriations'.

So what is the Swiss Chinese market watch? The three examples shown, made c.1820-30 are gold cased, with a white enamel dial, quarter repeating, (sounding the quarters on two gongs within the watch), and with a sweep centre seconds hand. The Chinese liked the centre seconds hand because it showed that the watch was 'alive'. The decoration of each of these watches is outstanding. The back of the first has a fine enamel painting, after Titian's 'Woman

with a Mirror' (in the Louvre Museum). It is framed with swirls of half pearls and rubies, and despite its superb quality, neither the watch mechanism nor the enamel painting is signed. The second example, by the premier Geneva firm of Piguet and Meylan, has the back decorated to represent a marguerite flower. Each enamel petal is painted with different floral motifs, and delineated by lines of half-pearls (over 300 in total). The centre shows a landscape, probably by the Swiss artist Jean-Louis Richter. The third example shows a watch with an automaton scene, in which the figures of workers in multi-coloured gold, hammer and saw, whilst the water flows via a rotating millwheel, all accompanied by a melody played by a tiny musical movement. With all antiques, the better the quality

the greater the value, in this case now greatly increased by the interest of Chinese collectors. Watches from the Swiss 'golden age' command the highest prices at auction that, over the last twenty years, have grown substantially. Watches with these fine enamels are typical \$35,000–\$65,000, but with fine jewellery decoration, this price can rapidly escalate to over \$200,000. Examples include a fine watch by Ilbery with a fine enamel waterfront scene that fetched \$231,750 in 2012, and another, by perhaps the best firm making these watches Piguet and Meylan, with minute repeating and an enamel of Venus and Cupid in the same year fetching \$700,000 (both sold by Antiquorum).

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

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

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

dri_white@hotmail.com

PHILANTHROPIC CAUSES

UNIVERSAL FILM AND FESTIVAL ORGANISATION



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

Its president is legendary actress Maureen O'Hara and the organization now has at least 225 film festival members.

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

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

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

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

The Brains Behind A Brand - Fiona Sanderson, co-founder of **THE LUXURY CHANNEL**

by Alice Kahrmann

Luxury - the only industry that's really recession-proof? Fact or fallacy; this is the issue that's on my mind as I prepare to interview Fiona Sanderson, founder of The Luxury Channel, an incredibly high spec media platform for the world's most exclusive brands.

So what are the challenges in making a platform like this profitable? 'Every day, we are trying to find ways in which we can keep the integrity to the programmes we make but on a less expensive budget... It's always a big question on the web; how do you keep the image exciting and portray a luxury brand in a two or three minute window? That's really hard.'

'Luxury brands are relatively new to the multi-media platform,' she continues. 'There are companies who are well ahead like Burberry but generally they were very cautious before they even stepped into the Internet. They were concerned that their brand would be diluted - but now they've realised that they've got to embrace it, that they can actually make products that can appear in China and these places that are buying luxury like crazy. So I suppose now it's becomes easier; the challenge has becomes less - they understand it.'

Sanderson is clearly riveted by her subject matter, talking animatedly about the platform she has spent the last eight years developing. 'I still think we're the only brand that stands out as somebody who can make films that have got credibility and prove to them [the brands] that we can actually use their name and products without being diminished.' Responsibility indeed, but does Sanderson ever worry about the lingering effects of the recession? 'Well, because the markets have expanded into Asia in such a strong way, luxury seems to be about the only industry that's held up; it's had a bigger bite of the cherry. Probably when the recession really hit, luxury did suffer but at the moment it's doing really well.' So the demand is as buoyant as ever; no great shock when one considers the coach loads of Chinese tourists being shipped into shopping centres on a weekly basis. 'My next challenge is to take the brand into China



and India. I'm really interested in India because that's a really exciting market and really challenging in itself - it's about to explode.' It's clear Sanderson has her eye on the ball, but on a more personal level, as a woman in an often male-dominated market, has she struggled? Hit her head against a thick glass ceiling? 'Funnily enough, that's one of the questions I ask when I interview female company heads and entrepreneurs; particularly in the luxury industry,' she smiles, amused to have the tables turned. 'I think the availability is there but you've got to even be stronger than a man entering into business.'

But what of the work/life balance - does she think women can have it all? 'Definitely, I think it's exciting times for women. We have a stronger resolve if things get tough.' Sticking ardently to the subject matter, what mistakes has she observed the fairer sex making in the workplace? 'I think women can be very bullish... less sensitive than men, in a funny way. We can be quite "bull in a china shop" and if we're very determined, we can be insensitive sometimes, even to men actually.' Sanderson is quite clearly the boss, but what of the mistakes racked up along the way? There must have been some... 'Loads!' she laughs. 'I think life is a learning curve so you're always making mistakes.' Those mistakes have taught her well, 'Make sure you know your mission statement and what you really believe in. Stick to the principles of it, try not to rush ahead and do too many things. Really understand your brand; if you don't - people won't understand it either. So really stick to the principles of what you set out to do.'

Why does she think she has made it where others have failed? 'Maybe I'm a bit old fashioned about it but I think there's a lot of luck in it. It's like making a film; you're not the one person that's responsible for that, it's the fact that you have a great director, a great scriptwriter... So I think it's firstly choosing the right team, the right people who can make your vision happen. You've got to be lucky.' Sanderson attributes a lot to luck; I beg to differ; she's clearly had her nose at the grind-

stone. 'I didn't go to university. I've always worked for myself, which has been good because you've only got yourself to learn by.' Sanderson is used to going out to get what she wants, and usually succeeding.

I wonder where she'd like to go from here - what's next? She pauses for a moment. 'I'd really like to be a resource where people can come and escape and revel and be excited by some really high-end talent. On a personal basis, my great love is conservation. I would like to do more for the environment...' she trails off; the interview's coming to an end, I can sense the entrepreneur is itching to get back to work; her eyes scanning the large flat screen television blaring out CNN; she was up working late - till 3 in the morning. I leave her to it, her voice echoing in my mind, 'I go out of my way to help friends - make sure that they are happy... Sometimes if that's your core value; what you achieve in life - it surpasses business and money and all those things.' There it is; Fiona Sanderson's final word on luxury.

www.theluxurychannel.com



MASTER BANKER

FRANCK MULLER



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

Drawing its inspiration from the businessman of Wall Street, the Master Banker offers 3 different time zones, all adjustable with the same crown. Thus its owner can instantly see the time at the stock exchange location of his choice, throughout the world. The dial features the home time in the center (hours and minutes)

as well as two other world time zones indicated by two hours and minutes counters either at 6 o'clock or at 12 o'clock.

The sun-stamped dial adorned with a map of the world highlights the worldwide character of this model. This timepiece combines function, aesthetics and horological complexity. The new sporty and stylish luminova index give this timepiece

its modern yet undeniable distinctive look. The line is fitted with an automatic movement and comes in the elegant and timeless

Cintrée Curvex shape.

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

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

THE BANKER

DISPLAY:



Central hours, minutes and seconds



Two time zones that can be set to the minute at 12 and 6 o'clock with date at 8 o'clock



PRESENTED BY



The Global Platform for
The Celebration of British Luxury Heritage



Upcoming Events
Great Britain ★ Russia ★ China
Australia ★ Mexico ★ India ★ South Africa
Abu Dhabi ★ Dubai ★ Morocco ★ USA
www.britishpoloday.com

To apply for invitations please call : +44 (0)1242 547895 - Alternatively email : britishpoloday@abercrombiekent.co.uk



REAL ESTATE KEY TO SECOND CITIZENSHIP

For High Net-Worth Investors

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

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

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

Obtaining Second Citizenship Through Real Estate Investments

In the past five years, the number of citizenship-by-investment programs has more than doubled. These programs vary from country to country, but they typically fall into one of three categories: investing in private sector assets, such as real estate or a business venture;



Nuri Katz
Apex Capital Partners

investing in an entity or instrument issued by the government, such as a bond or promissory note; and, contributing to a government development fund.

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

Right now, there are approximately twenty nations that offer citizenship or residency programs, with most countries located in Europe, North America

or the Caribbean. The benefits and minimum investment requirements vary tremendously depending on the participating country. The least expensive country to offer second citizenship is Dominica, a small island in the Caribbean that requires a minimum investment of \$100,000, plus \$1,800 in filing fees.

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

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

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

In Cyprus, UHNWI can choose to invest €5 million in either state bonds, local real estate and other developments, or local businesses. Alternatively, investors can purchase a €2.5m stake in a collective investment opportunity, providing the total value of the plan is at least €12.5m. Applicants also need to buy a Cypriot residential property for at least

€500,000 and maintain this after being granted citizenship. Challenges Associated with Obtaining Citizenship By Investment Ultimately, there is a great variety of citizenship by investment programs available to UHNWI, with the choices that vary based on available capital, desired location and the length of time required to obtain residence or citizenship. There are, of course, different challenges associated with each individual country's program, which financial advisors should understand in order to educate and advise their clients.

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

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

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





LUXURY

RIYADH, KINGDOM OF SAUDI ARABIA

EXPO

RIYADH, KINGDOM OF SAUDI ARABIA – The third American Express World Luxury Expo took place at the palatial Ritz-Carlton in Riyadh. The three-day event was officially inaugurated by HH Prince Mohammad bin Abdulrahman bin Abdullah Al Faisal to an audience of VIP guests and other dignitaries.

HRH Princess Nouf Bint Faisal Bin Turki Al Saud, as Chairperson of Nayyara Exhibitions, again hosted the American Express World Luxury Expo. This was the eighth edition of the World Luxury Expo international series of events.

Nizar Abou Hassan, Director of Premium Products Management, American Express Saudi Arabia Limited, said “Our promise to deliver service excellence and world class experiences were showcased in our continued commitment to the World Luxury Expo. The dedicated Cardmember’s access lane along with the American Express Salon Privé offered new and exclusive experiences which were aligned with our premium products proposition designed to cater to the affluent lifestyle

of our valued Cardmembers. We look forward to welcoming the local and international luxury brand partners again next year who will be exhibiting an even more spectacular selection of their prestigious and exclusive products.”

A selection of highlights from the three-day event included Dar al Oud, a prestigious premium fragrance brand made from 100 per cent Oud oil, launching its latest range of exclusive luxury products, enriched with Swarovski crystals. This limited edition range offers its users a taste of a new luxurious and unmatched experience. Royal Selangor, craftsmen of the finest pewter pieces, honoured the generosity of Middle Eastern hospitality with the launch of ‘Atiya’ – an opulent tableware collection inspired by Islamic patterns carved on the wooden pulpits of 15th century Egyptian mosques. ‘Atiya’, features the arabesque in which complex interlacing pewter plant motifs portray the infinite beauty of divine perfection. The eight pointed star, symbolising the four corners of

the compass (north, south, east and west) and time (two solstices and two equinoxes) is also expressed in meticulous detail.

British jewellers, D’Joya – the Art of Jewellery – took the occasion of the World Luxury Expo to launch the ‘Rosette Collection’. This collection was inspired by the romance of architecture, and engraved into a priceless jewel. The collection was launched as five pieces, to be built on with time. Sparking a wonderful love affair between architecture and a solitaire, that is expressed in the most exquisite manner.

Steven Hill, General Manager at Al Ghassan Motors, comments “Bentley is the pinnacle of automotive luxury and we selected World Luxury Expo to reinforce our status as the ultimate luxury performance sedan benchmark by becoming the “Official Automotive Sponsor” of what has become an annual signature event for Riyadh. With its unrivalled blend of effortless drivability, a Bentley showcases exquisite luxury and craftsmanship, sculpted design

and state-of-the-art technology and we enjoyed sharing this experience with invited guests. Al Ghassan Motors is also the officially appointed distributor for Bentley, Bugatti, Lamborghini, McLaren and Lotus in Saudi Arabia."

VIP visitors to the event also experienced the Aston Martin debut in the Kingdom of the historic Lagonda Taraf, a limited edition series of their new legendary super-luxury sports marque. "This is simply the best Lagonda ever made and introduces a new benchmark of quality, luxury and performance. Put simply, there is nothing like it out there to compare it with; it's a one off design and will surely appeal to enthusiasts and collectors everywhere," said Mark Pocock, General Manager for Aston Martin at Haji Husein Alireza, Saudi Arabia's sole Aston Martin and Lagonda concessionaire.

Other collectors' pieces seen at the event included a historic 1956 Mercedes 300 SL GullWing, a Ferrari LaFerrari 2015 (one of only 499 units ever made) and a Maybach SW38 1936 (one of only three models in the world). These special automotive vintage pieces were displayed by Seven Star Car Lounge.

Exhibitors on display included S.T. Dupont timepieces, a luxury lifestyle portfolio of DAMAC Properties, Ladurée, exclusive Cartier, Boucheron, Maybach, Aigner and Baldinini eyewear by Mugla Optical, home entertainment systems by AVC, Astas Fine Residences, the 'King of Modern Pâtisserie' – Pierre Hermé, Nora Garden designers, Japanese cosmetic collection by Karin and boutique resorts on some of the most beautiful islands in the Maldives, Coco Privé.

Other exhibitors showcasing were modern luxury fragrance composer, Bassem Al Qassem, Italian furniture and design by La Contessina, Bowers & Wilkins audio systems by Archimedia, cosmetic surgery and healthcare services by Adama Clinic, Bang & Olufsen, Emirates NBD, De'Longhi designer coffee systems, rare oud by Saad Bashammakh, Kaya Skincare, Fauchon, exclusive sleep solutions by Matt Royal, Golden Caviar, Narcissus Hotel & Residence, Al Nadera Jewellers, Penthouses London, and Top VIP travel services to name but a few.

World Luxury Expo features carefully selected exhibitors from luxury categories including fine art, high-end jewellery, fashion, hand-crafted timepieces, designer furniture and exquisite table settings, fine dining, luxury executive cars and sports cars, private aviation and luxury travel. All participating exhibitors are recognised within their respective fields, showcasing superior quality and craftsmanship.





MOVING TO THE USA

Article by Heather Landau,

READ THE LATEST ARTICLE FROM TSG Europe Immigration Into America.com

The EB-5 Investor Visa offers a direct route to permanent residency that allows you, your family and your business the opportunity to move to America. Brickell Avenue is the Financial District and have lunch at COYA, run by the same owners as Zuma but with a Peruvian Asian flair.

After a few work-related meetings, drive to the Arscht Performing Arts Center for an evening of opera or a recent Broadway production. End the evening with al fresco dining at Sea Salt and Pepper where guests arrive in their cars or boats that dock alongside the riverfront. Or, if the night is still young (or your body still has the energy), hit the bars and clubs in Midtown, Wynwood, Mary Brickell Village, The Grove or South Beach.

Depending on the time of the year, you can also attend Art Basel events, go to the Miami Tennis Open,

watch the Doral Trump Classic, enjoy the Boat Show or the Coconut Grove Arts Festival. And of course, there is always the beach and sun; and all this in a Paradise where there is no state income tax, no VAT and property values are lower than leading cities in Europe, Asia, South America or New York.

So, if you are looking for this lifestyle and are thinking about obtaining a Green Card, you have few options to pursue including setting up a subsidiary of your business and installing yourself as the senior manager in the enterprise. Alternatively, the more straightforward route to a Green card is the EB-5 Investor Visa.

EB-5 Visa

In 1990 the United States Citizenship and Immigration Service (USCIS) administered the Immigrant investor program commonly referred to as the EB-5



Benefits of the EB-5 visa

- Direct route to obtain a green card for the applicant, spouse and unmarried children under the age of 21
- Full US citizen after residing in the US for 5 year
- Freedom to live anywhere in the United States
- The ability to manage other business interests or to seek employment in the US
- College fees are the same as US citizens

If you are looking to expand your business throughout the United States, or seek to obtain permanent residency in the US, the EB-5 visa may be an excellent choice for you to finally realise your own personal American Dream.

Investment Visa. Created by Congress the program was designed to stimulate economic growth and create job opportunities in designated areas of the United States. The program sets aside 10,000 Green Cards every year and provides foreign nationals who are looking to live in the USA with a direct route to permanent residency. To obtain the visa individuals must invest at least \$500,000 into a targeted employment area (TEA). These areas fall into two main categories:

High Unemployment Areas: A high unemployment area may be defined by unemployment of at least 150% of the national average. Rural areas defined as outside a Metropolitan Statistical Areas or on the outskirts of a city/town that has a population of over 20,000. **Job Creation:** Additional requirements for obtaining the EB-5 visa include the creation of at least 10 full-time jobs for qualifying US workers within two years (or under certain circumstances, within a reasonable time after the two year period) of your conditional permanent resident status.

Regional Centers

Initially, the EB-5 program required direct investment through the creation of a brand new commercial enterprise or business. Changes to the EB-5 program in 1993 have provided an alternative consideration that's particularly suited for individuals where immigration and permanent residency is the primary goal. One of the main advantages of the Regional Centers is that they are held to more lenient job creation requirements than the direct investment program, having the ability to count indirect jobs towards the EB-5 requirements. Investing in an EB-5 has proved to be an attractive route for many who ultimately want to retire in the USA as there are no requirements to participate in the day-to-day running of the business. The EB-5 applicant can become a limited partner, leaving the active management to the general partner.

Regional Centre's may, however, charge an administration fee to manage your investment that typically ranges from \$50,000 to \$65,000. During the application process you will have to demonstrate how you intend to promote economic growth, how jobs will be created and the amount and source of your capital investment.

"enjoy the American dream"



ETIQUETTE

FOR THE 21ST CENTURY

Etiquette, the very word conjures images of a more genteel age, of crinoline skirts and calling cards and of customs long discarded; indeed the word that translates as 'prescribed behaviour' has its roots in the royal court. Looking back to the 19th century, the very act of paying social calls was an elaborate dance with very specific practices, rules and behaviours; the calling card was used to introduce oneself to an acquaintance when visiting their home, a means to expand one's social network. Once relayed by their servants, the recipient of the card could decide whether they were 'at home' to receive this hopeful visitor. But in the 21st century our communications can be fast paced and instantaneous, we are not limited geographically to our place of birth and may have friends, acquaintances and colleagues all over the world; so what relevance can etiquette, or prescribed behaviour have for us today?

Going back to the calling card, it is not difficult to see the similarities in this ritual with our more modern equivalent; where once the calling

card was a tangible, rectangular object featuring our pertinent information, it is now an electronic friend request whizzed through cyberspace for our object of social or professional desire to accept or decline as they see fit. As technology has progressed, so has etiquette; etiquette is still a cornerstone of our culture and behaviour but it no longer stands for the extremely rigid rules of the 18th or 19th centuries. Like language, etiquette has evolved fluidly over time, taking in aspects of cultural, technological and societal change to become a modern concept that is of relevance to everyone, both socially and professionally.

Modern etiquette is about good manners, but not just the do's and don'ts of fine dining, it is the unwritten rules of social engagement, relating to others with decorum, grace and charm. In this accessible modern world, the polish of etiquette will enable us to navigate the social and corporate waters with ease, making positive, enduring impressions on others which will pave the way for richer opportunities in life.



Paul Russell
Luxury Academy

You may well ask where one learns etiquette, and the answer is that most of us began our study of it in infancy, as we observed and absorbed the behaviours of those around us; the extremely subtle nuances of conversation and non-verbal communication that take many years to decipher and even more to engage and participate in successfully. We often apply the unwritten rules of social engagement without thinking, but etiquette is a subject as any other and requires discipline, perseverance and commitment to master. If we continue our study

of the art of etiquette into adulthood, we can become extremely adept at entertaining and hosting both professionally and socially, making polite conversation in any given situation, putting others at ease and building relationships, all of which are invaluable life skills. For many, travel is a regular feature in our modern lives, and it is often when travelling internationally that etiquette comes to the fore.

The unwritten rules and social contracts that we have adopted within our home country are not necessarily those of the country we may be visiting thus it should be acknowledged that etiquette does not travel well. Humour, gift giving, introductions, body language and many, many other social and professional niceties that we observe almost without thinking need to be considered by the global traveller; for example

acceptable personal space when conversing with others varies greatly across cultures. In this instance, research pays and many businesses and individuals benefit from bespoke etiquette training to equip them with the skills and knowledge in the modern rules of social and professional engagement. In essence, etiquette is treating others with respect, handling any situation with confidence, grace and poise, being the type of person that others gravitate towards. Does etiquette have any relevance in the 21st century? The answer to that is, yes, absolutely: no crinolines or calling cards required.

Paul Russell is co-founder and director of The Luxury Academy, www.luxuryacademy.co.uk, a multi-national private training company with offices in London and New Delhi.

One of the family.

The only system you need for your Single or Multi-Family Office.

NavOne is the world-leading wealth management system delivered by Touchstone and powered by Microsoft Dynamics NAV technology.

Used by Single and Multi-Family Offices, small to large trust and fund administration companies, private equity firms and specialist legal and accounting practices across 24 global jurisdictions, NavOne is proven to increase operational efficiencies and reduce administration costs and enable secure and selective private client access to their data.

For more information call 01534 818900 or visit touchstoneOne.com

Delivered by

 **Touchstone**
Wealth system experts

Powered by



 **NavOne**
One complete system



Hugh Courtenay tells us why his clients prefer to fly Private PRIVATE JET CHARTER

Hugh Courtenay: CEO



There are many reasons that those people who can afford to, choose to fly on a Private Jet, and some not as obvious as others. Many of our clients will only fly private, not only for the elegance, luxury, convenience and comfort but the privacy and prestige.

Avoiding Crowds and Large Airports

As the number of people jet-setting across the Globe increases, so does the size of airports. Let's take Dubai International Airport as an example. Terminal three is the largest Airport Terminal and largest building in the world by floor space. Statistics from early 2014 show that there



are over 7000 weekly flights operated by 140 airlines to over 230 destinations across every continent except Antarctica. Dubai International Airport is handling over 80 million passengers annually. Queuing at customs can take hours if you are unlucky enough to arrive during one of the peak times, early in the morning or just after midnight.

When Flying on a Private Jet you avoid all of this. Not only can you choose the time you want to depart, but you can relax in one of the VIP Lounges, well away from the main terminal while the customs formalities are completed. You are only required to arrive fifteen minutes before you are due to fly, but if you are late, don't worry, the Private Jet waits for you. Forget rushing through

busy terminals just to get to the gate on time, it's a stress you can live without. For businesses, time is money. On a private jet, you can continue meetings and visit multiple destinations in just one day. Taking a private jet makes for the most effective use of precious time.

Remote Destinations

Commercial aircraft cannot always travel to the remote destinations that some companies or individuals need to travel to. Some places around the world are difficult, perhaps even impossible to get to, like Catalina Island where the airport is literally carved into the hills. However, a Private Jet will get you there. Los Roques is among dozens of postage stamp upscale



resorts ski destinations, tiny luxury islands and jungle locations and the wealthy can access via private aircraft.

Transporting Precious Cargo

Private Jets are not just chartered for luxury holiday getaways and corporate business trips but are often utilized for the transportation of dangerous goods or precious materials. Some common examples are weapons, gold and diamonds. Often it is essential, as it is faster and more flexible with cargo that spoils quickly. It can be a matter of urgency for something like medicines as the effectiveness of these drugs decreases with the passage of time.

Safety and avoiding Terrorism

I saw an article the other day featuring Mark Wahlberg, and it revealed that in 2001 he was supposed to have been flying on one of the ill-fated aircraft that crashed into the Twin Towers. He instead chose to fly on a Private Jet to Canada to visit a friend on the set of his current movie. Now, for safety reasons and avoiding the risk of another terrorist attack he prefers to take a jet. It is also peace of mind to know that they are travelling only with people they know and trust.

Sometimes the only way to get out of a country under attack or threat is to Charter a Private Jet. Private Jets are often chartered to Iraq, Afghanistan and other war-torn countries. If you need to go there, you ideally want the flexibility of having a private aircraft waiting on standby.

Travelling with Pets

For some people, their pets are just as, if not more, important than their children. When you travel commercially, your pet has to travel alone, often cold and frightened in the cargo compartment. Most Private Jet operators will allow passengers to take any type of pet on board. The Middle Eastern

clients will take everything from Falcons to 'handbag dogs' such as Chihuahuas and larger dog breeds such as Great Danes. I believe Mariah Carey likes to travel with her pets on board with her, as she was spotted splashing out more than UDS 100,000 for her eight lucky pampered canines.

Celebrity and Privacy

Some celebrities, royal families and government figures will charter a private jet to avoid the gazing public eye. Angelina Jolie often takes a jet around the world for her U.N. commitments as she travels to some of the most dangerous countries in the world. Although some of these high profile people will have their own aircraft, there are occasions when they will have to go into maintenance or perhaps they have invited an entourage to accompany them and they will then charter a separate jet.

Luxury, Exclusivity and Prestige

It's exclusive. Once onboard with only the people who are invited, the whole aircraft is yours. Relax in sumptuously designed interiors with spacious squashy sofas and chairs, sit back and play a movie or music at any level with speakers throughout the cabin. The jets are equipped with laptop connections, phones and WiFi.

If travelling overnight, some Private Jets have comfortable beds made up to ensure passengers are well rested. As the aircraft is descending into the airport, the crew will call ahead so that as soon as the Jet has arrived the limousine is already positioned to whisk you away.

As Courtenay says "Taking a private jet from Private Jet Charter allows you to go where you want when you want to go, wherever in the world that might be."

www.privatejetcharter.com



SATO CONSULTANTS

REPUTATION & MEDIA CRISIS MANAGEMENT

**RIGHT TO BE FORGOTTEN SERVICE - MEDIA CRISIS PLANNING AND
POLICIES - PUBLIC RELATIONS - REPUTATION & MEDIA MANAGEMENT**

**SATO Consultants is a specialized consultancy firm to Family Offices and UHNWI's.
Our primary objective is protecting the reputations of our clients**

Tel: +44 (0) 20 7193 8870 - www.satoconsultants.com - info@satoconsultants.com

Skype: satoconsultants - Follow us on twitter @satoconsultants



ARE HEDGE FUNDS DEAD?

By Richard Gayton, founder of GFO Summits and CEO and founder of Lakeside Virtual Family Office



The traditional definition of a hedge fund is an investment vehicle that buys long and sells short conjointly. Often, they use leverage to goose the returns. Hedge funds often invest in currencies, bonds, and commodities, seeking to beat the S&P 500 Index, the Mother of all benchmarks. In addition, traditional hedge fund clients consist of institutional investors or, accredited investors (e.g., high net worth individuals) that are presumed savvy enough to take the risk to beat the S&P 500 Index and justify some of the highest fees in the financial services industry. The unique value proposition is that in exchange for those high fees, hedge funds attract the best and brightest talent and offer their investors above average returns. However, since 2008 things have not worked out so well. Hedge funds have underperformed the S&P 500 Index every year since 2008 (by Kelly Bit, Bloomberg; January 7, 2014, <http://www.bloomberg.com/news/articles/2014-01-07/hedge-funds-rise-7-4-in-year-to-trail-s-p-500>), and talent is jumping to other business models. Such observations beg the question, "Are Hedge Funds Dead?"

Before 2008, most hedge funds were charging 2% and 20%. The 2% is the annual management fee on the assets under management (AUM), and the 20% is the fee on any profits they produce. For example, if a hedge fund had \$500 million assets under management (AUM) they would get a management fee of \$10 million plus 20% of the profits. If the fund was up 20% that year, they would get an additional \$20M. So the total fees for that year would have been \$30M or, 6% of AUM. The investors earned \$70M or, 14% net of fees, so they were pretty happy, too. Clearly, that is a very lucrative business and a strong reason some of the most talented people on Wall Street moved in that

direction.

From the 1990s until 2008, the most talented investors flocked to hedge funds. After all, hedge funds turned out some spectacular profits during those salad days; both for the investors and for the portfolio managers. During the 1990s, hedge funds exploded in popularity among institutions and accredited investors. According to Institutional Investor Online, hedge funds AUM exploded from \$39 billion in 1990 to \$1.9 trillion by 2007 (by Amanda Cantrell; <http://www.institutionalinvestor.com/article/3393349/asset-management-hedge-funds-and-alternatives/hedge-funds-confront-the-future.html>). This came as no surprise as hedge funds routinely produced 20% plus returns per year according to Chicago-based Hedge Fund Research, an industry leader in tracking and analyzing hedge fund performance.

Among the better performing hedge fund managers of all time was George Soros at the Quantum Fund, Ray Dalio at Bridgewater Associates, John Paulson of Paulson & Co., and David Tepper of Appaloosa Management. The talent pool in terms of profits is incredibly concentrated in the top twenty managers. James Mackintosh, a reporter at the Financial Times, found that the top twenty hedge fund managers produced an estimated 43% of the gains in over 7000 hedge funds ("George Soros picks up \$5.5bn as Quantum Endowment fund soars;" February 9, 2014). After 2008, profits became harder to find in alternative investments such as currencies, bonds and commodities.

"The hedge fund industry as a whole suffered significant losses in 2008 following some extraordinary events that rocked financial markets worldwide. The Broad

Index, a diversified, asset-weighted hedge fund index composed of 496 underlying hedge funds, finished the year down 9% while the S&P 500 Index lost 37%. As global markets fell, investors moved to fixed income investments in a general flight to safety, leading to gains of 5% for the Barclays Global Aggregate Bond Index for the year," (Credit Suisse Hedge Fund Index; January 2009).

In March of 2009, the recovery began as the S&P 500 Index surged from below 700 on March 9, 2009, to over 2000 on Dec. 31, 2014. Meanwhile, hedge funds have not fared so well. "Hedge funds last beat US stocks in 2008, when they lost a record 19 percent...and the S&P 500 declined 37 percent. During the last five years through 2014 the Preqin All-Strategies Hedge Fund benchmark average annual return is 7.74% and the S&P 500 Index averaged annual return is 14.7 per year," (source: Sarhan Capital and Morningstar Inc.).

The lagging performance acted as an anchor on the amount hedge fund managers could charge their investors. The fee structure began to drop. Investors, who had long suspected that this arrangement enriches managers faster than their clients, were fighting back. By 2014, according to an article printed in the Economist, the formula is something more like "1.4% and 17%," (Source: Hedge Fund Research). "Just four in ten hedge funds now charge a management fee of 2%, according to Preqin, a data provider," (Ibid).

Now, in addition to investors pulling their money out of hedge funds there is a brain drain as top talent moved to more lucrative business models in the financial services industry. These include, but are not limited to, Private Equity (PE), Venture Capital (VC), and Family Offices (FO). For example, the Pitch Book 4Q2014 Global Private Equity Report reveals anticipated growth rates over 10% in 2015, while fees stabilized around 4% in what appears to be a historical median, based on PitchBook's past editions. VC activity during 2014 was the highest year since the recession (PitchBook PE & VC News Online; May 5, 2015,). Family Offices are booming. People with \$30 million or more to invest are ripe candidates for hiring an FO and the number of such folks "rose 15.6 percent to 128,300 in 2013," according to an annual report compiled by Capgemini and RBC Wealth Management.

The Rockefellers are often credited with creating the first FO in 1882 (<http://www.rockco.com/our-history>) and even the Rockefellers now have 259 clients, (by Jeremy Hazlehurst, "Expansion of family office industry leads to blurring of distinctions," the Financial Times; Nov. 25, 2014).

Since the 2008 financial crisis, the world has changed in many ways. From an investing point of view, hands down the strongest asset class in the world have been the stock market. The returns are strong due to easy monetary policies from global central banks and low debt to equity ratios in the private sector compared to high debt levels in the public sector. Other asset classes such as currencies, bonds, and commodities have lagged behind the US stock market as nearly all capital continues to flow into stocks. The primary reason hedge funds charge high fees is because of their ability to beat the S&P 500 Index. Therefore, the fact that most hedge funds are struggling to put up strong returns is causing investors to re-think their allocation to this space.

The California Public Employees' Retirement System (better known as Calpers), which manages over \$300 billion in investments, announced in October 2014 that they were getting out of hedge funds completely (By Dan Fitzpatrick, The Wall Street Journal; Sept. 15, 2014). The fact that they are pulling their investment for now will likely hurt the already staggering hedge fund industry as more investors will likely follow their lead and pull their money from under-performing hedge funds.

Are Hedge Funds Dead? Everything runs in cycles, and this just happens to be a low point for the hedge fund business. The incentive fees will likely remain low in my opinion, due to increased competition for assets and talent. Overhead costs are rising. The government has piled on rules and regulations such as the Sarbanes-Oxley Act of 2002 (<http://www.soxlaw.com>) and SEC Form PF, a 42-page document that must be filed on a quarterly basis. Compliance has become much more time consuming in today's, dare I say, over-regulated investment climate. Back in the 1990s, smart people could leverage their talent and work long hours researching reports to gain an edge. Today, research is vast and cheap. An example is FRED, a database of

economic research collected by the Federal Reserve Bank of St. Louis that contains over 250,000 series from 79 sources free of charge (<http://research.stlouisfed.org/fred2/>).

In 2011, George Soros, the billionaire hedge fund manager, closed his Quantum fund. In a letter to investors Jonathan and Robert Soros, Soros' sons and Quantum's co-deputy chairmen announced "An unfortunate consequence of these new circumstances is that we will no longer be able to manage assets for anyone other than a family client as defined under the regulations," (by Dan McCrum, "Soros to close Quantum fund to outsiders," the Financial Times; July 26, 2011).

Steven A. Cohen started SAC Capital Advisors in 1992 with \$25 million. It grew to \$14 billion in 2008 and employed nearly 1000 people. Cohen was a proverbial "Master of the Universe" as chronicled in the 1984 Jay MacInerney novel, Bright Lights, Big City. Then, it all came down. "Rumors about insider trading had circulated around Steven Cohen since his first years in the business. As a young trader at a small investment bank called Gruntal & Company, he was deposed by the S.E.C. in 1986 about suspicious trades surrounding General Electric's acquisition of R.C.A. Cohen asserted the Fifth Amendment and was never indicted, but, during the nineties, as his fund became extraordinarily profitable, observers and rivals speculated that he must be doing something untoward," (by Patrick R. Keefe, "The Empire of Edge," The New Yorker; Oct. 13, 2014, <http://www.newyorker.com/magazine/2014/10/13/empire-edge>).

The hedge fund closed after SAC Capital Advisors

agreed to pay \$1.2 billion to settle criminal charges. Eight former or current SAC employees were charged with insider trading; six of them pleaded guilty and at least one was convicted of insider trading on December 18 (source: by Sheelah Kolhatkar, "Why SAC Capital's Steven Cohen Isn't in Jail," Bloomberg Business; Jan. 02, 2014, <http://www.bloomberg.com/bw/articles/2014-01-02/why-sac-capitals-steven-cohen-isnt-in-jail>). The difficult environment continues to take its toll on hedge funds. In 2014, hedge fund manager Marko Dimitrijevic closed his Everest Capital Global Fund, having lost \$830 million legally by betting against the Swiss franc, according to a client report cited by Bloomberg (<http://www.businessinsider.com/r-large-everest-capital-hedge-fund-closing-after-swiss-franc-losses-bloomberg-2015-1>).

Down the road, when the stock market turns lower, or other asset classes start performing well again, the alternative investment space will likely shine. Eventually, the environment will change, and the stock market will not go straight up. But until it does, hedge funds face a real problem. We are in a new era for hedge funds. They are not dead, but they have adapted. The new era for hedge funds is more transparent, competitive and regulated. The new environment has and will continue to change the behavior of hedge fund managers. They will, among other things, become more focused on risk-adjusted returns than absolute returns, lower volatility, and fees. While CNBC once reported there were 11,000 hedge funds (<http://www.cnbc.com/id/10195552>), I know they can't all be above average, and they can't all just disappear. Money has a way of creeping into cracks of opportunity and talent always rises to the top.

大中华地区私人银行家协会

Association of Private Bankers in Greater China Region



LONDON ART FAIR

London Art Fair 2015 closed with brisk trade reported across the Fair in both Modern British and contemporary art, including painting, sculpture, photography and works on paper. The Fair's strategy to target a more focussed buying audience across all levels

of collecting paid off, delivering an engaged audience of 23,789 throughout the week.

'It's been tremendous' said Mark Goodman, of Goodman Fine Art, who exhibited for the first time in 2014, 'I'll certainly be back next year'. Goodman sold his centrepiece Alan Davie as a result of an enquiry on set up day fetching around £180,000 for 'Anamorphic Figures 1', 1958, before the Fair had even opened. He also sold works by Ben Nicholson and Peter King. 'We made sales every day, ranging up to £45,000,' says Stephen Paisnel from Paisnel Gallery. 'Over 90% of the works we sold went to new clients, including lots of sculpture and works by William Gear.' Around the corner, James Hyman Gallery returned to the Fair for the first time since 2012. 'We're glad to be back,' said Hyman, 'We sold well across the board – photography and painting including Jon Tonks, Keith Vaughan, Walter Sickert, Alan Davie.'

Contemporary galleries also fared well, with Merville Galleries selling 'Medusa', a significant new work by Susie MacMurray, for around £60,000. VIGO reported sales of works by Biggs & Collins from £14,000 to £24,000, as well as Oliver Marsden at around £17,000, while John Stark, another popular artist at the Fair, sold well at CHARLIE SMITH LONDON. With 14% of exhibitors now coming from overseas, work by international artists proved increasingly popular. CAIS / Skip with reported 'sales across the board' for their Korean artists including So-Young Choi and Chun Kwang Young, while Belgium's Rainhart Gallery sold drawings by emerging Brazilian artist Kilian Glasner. African artist Aboudia did well for Jack Bell Gallery

and Galerie Olivier Waltman, Paris also reported a good Fair. Hamburg Kennedy Photographs from New York and fellow US photobook publisher 21st Editions both reported strong sales, due in part to Wednesday's Photography Focus Day which saw a visit from the Tate Photography Acquisitions Committee and a series of discussions and tours led by PhotoVoice, Photomonitor and Sotheby's Institute of Art. 'It's been very busy', said Sophie Hall at Flowers Gallery, which was exhibiting work by Simon Roberts, Nadav Kander and Edward Burtynsky alongside contemporary paintings and installations, 'we've met lots of people and had interest in all of our work.'

Hosted in a pavilion at the front of the Fair, this year's museum partner was Pallant House Gallery from Chichester, West Sussex. They presented an exhibition on 'The Figure in Modern British Art', curated by Artistic Director Simon Martin, who said, 'As a regional gallery the Fair gave us a platform in London to demonstrate the strength and breadth of our permanent collection of Modern British art. We reconnected with past visitors as well as introduced the gallery to totally new audiences, both London-based and international, giving us the chance to promote our upcoming exhibition season. Sharing the pavilion were Jonathan Clark Fine Art, PIANO NOBILE and Rowntree Clark. 'It's been very good being next to Pallant House Gallery', said Matthew Travers of PIANO NOBILE. 'There's a lot of crossover between our clients and their audience.'

'There's a good calibre of visitors at this Fair,' said Oliver Sears from Dublin, 'and we've connected with clients that we haven't seen for a long time, including London-based Irish collectors'. Nicholas Sharp from The Multiple Store agreed: 'There's always a good quality of visitor at this Fair, very informed'.

A VIP programme included offsite special events for collectors at the Embassy of Brazil in London and the Connaught, as well as exclusive curator-led tours of the Fair itself, with a complimentary car service provided by Infiniti. Collectors and curators attending included Yorkshire-based collector Ronnie Duncan; Stuart Evans, founder of the Lodeveans Collection; Simon Baker, curator of photography and international art at Tate; Richard DeMarco, founder of the Edinburgh Festival; Martin Barnes, senior curator of photographs at the V&A; Francois Delage, chief executive officer of De Beers Diamond Jewellers Ltd and art collector and philanthropist Valeria Napoleone.

NAVIGATING THE ART WORLD



The world is filled with veritable treasure chests of artistic gems. Like most treasure, it can be challenging to discover and value without extensive research and preparation. The rapid growth of the contemporary art market has led to a proliferation of galleries, collections, installations and events. Even for the most sophisticated and savvy art consumer, it is difficult to discern what is important and where to see and purchase art.

Art Concierge provides unique and elite art experiences. We provide invaluable advice and information on art, cultural activities and events and accompany guests to top galleries, private collections and museums. We also plan experiential trips to the top art biennials and fairs. We cater to art novices and collectors alike.

Why buy art?

There are distinctively different reasons for purchasing art, and corresponding processes to create the criteria for selection. The approach is quite different depending on what the customer is looking to achieve:

Collecting – we introduce clients to the galleries and

artists that are best suited to their personal sense of aesthetic and budget and help find the artwork that they need to create or enhance a collection.

Decorating – we work with clients to plan and purchase the most beautiful art additions for their home, garden, office or yacht – to create a holistic and cohesive visual space. Investing – we introduce clients to top specialists in art valuation for the purpose of financial investment.

How to experience art?

One of the best ways to discover art, and to develop a personal style and preference, is through private tours. The ultimate Art Concierge tour includes personalized cultural content of the area and its evolution, with customized recommendations based on these criteria:

- how much time to spend in the area
- the level of knowledge/interest in contemporary art, modern art, other art periods, design, architecture, music, history, fine dining, networking and social events
- the level of intent to purchase/invest in art and spending budgets

Art Concierge will share invaluable insights to the art world – local secrets and international trends... what's happening in the other major cities like New York, Los Angeles, Paris and Venice; what's hot, what's not... and what's all the buzz about Art Basel Miami Beach, where more art is bought and sold in three days than anywhere else in the world.

The beginning of the experience is for the Art Concierge to discuss and understand each client's individual interests, assess the type of art they like, what they want to learn and buy. Then, we help them find it and experience it in the most enjoyable and memorable way imaginable.

Who is Art Concierge?

Judy Holm developed Art Concierge in Venice, Italy for the Biennale 2011, and consults with private and corporate art clients internationally. She is an expert in the art markets of Paris, London, Venice, Basel, Miami, Palm Beach, New York, Los Angeles and San Francisco and creates Art Basel Miami Beach custom experiences.

Ms. Holm's background includes twenty-five years of experience in arts and culture, direction of more than 60 art installations and 600 cultural events throughout the United States and Europe, including Art+ Auction magazine's "Power 100" event during Art Basel Miami Beach 2013, and the "Global Fine Art Awards" premier edition Award Ceremony in December 2014. In addition to her private clients, Ms. Holm also worked for fifteen years with premier financial services companies creating art, culture and education programmes for Mellon Capital, Wells Fargo, Fidelity Investments, Charles Schwab and Citibank.

Ms. Holm is classically trained in art, opera, symphony, ballet, literature and film. She received bachelor's degrees with honours in Economics and French Literature from U.C. Berkeley, and an MBA from l'Ecole Supérieure de Commerce de Paris (ESCP).



JUDY HOLM
Founder Art Concierge

Ms. Holm is classically trained in art, opera, symphony, ballet, literature and film. She received bachelor's degrees with honours in Economics and French Literature from U.C. Berkeley, and an MBA from l'Ecole Supérieure de Commerce de Paris (ESCP).

judyh@aspirationspr.com
+19175890247
www.artsconcierge.net





LONDON ELITE

HNWI's Flock to The Elite London Show

London's most exclusive jet set lifestyle event The Elite London returned for its second year, taking place once again at the award winning FBO facility Rizon Jet, at London Biggin Hill Airport.

The Elite London event incorporated four shows: Jet-set Lifestyle, The Marine Elite, The Luxury Brand Show and Exclusively Super Car Showcase and welcomed over one hundred luxury brands including Porsche, Gulfstream, Sunseeker (whose

VIP Lounge was 'the place to be seen' at the 2014 event) Ultimate Luxury Chalets, Champneys. Sally Agarwal and so much more.

There was Not-to-be-missed previews included, The Beyond Travel Company, who launched the World's First Antarctic Adventure Holiday at the show, Body Carver, who unveiled their state of the art ski trainer designed by Olympian Tim Dudgeon, Xupes who showcased their new handbag collection, objects d'art makers

Intrepid Design who unveiled a dining table created from a decommissioned 747, Chisel Pool's unique pool table produced from a Classic Mini, Midual who presented their state of the art Type 1 motorbike, Kensa who presented some unique furniture decorated with fine art and jewellers D'Joya whose 'Heirloom collection' sparked and inspired.

The Elite London is so much more than just an exhibition of the world's most desirable brands; it

'A spectacular experience from the outset'



is the chance to experience the craftsmanship and detailing close up, get behind the steering wheel, consult experts on ownership, be the first to view new collections and prestigious art – or even feel the exhilaration of flying in a two-seater Spitfire.

Bigger and better than before, The Elite London gathered an invited audience of over 2,000 – over 100 of whom flew in privately to arrive in style. Once at the show guests enjoyed champagne, fine dining and Afternoon Tea as part of the available hospitality packages. Organisers of The Elite London Graham Davies and Alex Ayling stated “,

The Elite London offers a unique event concept for London that features brands from four different luxury lifestyle sectors. Starting with its core - private aviation - the event combines the consumer database resource from further industries within Yacht, Luxury Brands and Super Cars to deliver an all-round platform for all participating brands. For the visitor, it is a chance to see up close the best of the best at one exclusive venue, Rizon Jet at London Biggin Hill Airport. We are looking forward to making the next Show event more successful...”





Fine Dining Soaring at 30,000ft

Enhancing the Charter Catering Experience is on the Menu

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

Recent findings have tried to offer answers as to why plane food is viewed so negatively and propose that perhaps it's not the airline's fault. Cornell University indicated the noisy atmosphere in the cabin can actually change the taste of food while scientists at Oxford University believe our taste buds and sense of smell

change at 30,000ft, suggesting the food is unappetising and bland. While this may be of little comfort to commercial passengers, for those in the private charter industry, there continues to be an increase in scrutiny of what culinary delights are available on board.

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



Andrew Whitney
FlyMeNow Founder

demanding the very best for their money – from aircraft to staff to destinations – everything is under the microscope, especially the food that is being served on-board.

He said: "Research into plane food always sparks interesting debate and the topic is always on our minds at FlyMeNow. We provide clients with the option of a private jet charter around the globe, so our client base is extremely diverse, with a mix of nationalities and backgrounds frequently flying with us.

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

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

"The in-flight dining experience we can provide varies according to the mission type. For example, we have specially devised menu boxes that are specifically for the short haul, or for round robin

flights that can incorporate up to two or three stops in a day.

"We also provide fine dining for larger charter jets carrying passengers on long-haul trips."

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

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

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

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

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

ATTRACTS \$500M BITCOIN



Bitcoin Capital attracts over \$1 million from over 500 investors in first few weeks on "BnkToTheFuture", after venture capital investing in Bitcoin businesses breaks \$800 million

The price of Bitcoin is down, yet professional investors are flocking to Bitcoin businesses. Last month a group of investors led by Goldman Sachs invested \$50m in a Bitcoin startup company called Circle, after another group invested \$75m into Bitcoin exchange Coinbase, including an investment from the New York Stock Exchange, bringing the total reported venture capital investment into the sector to over \$800m and forecasted to surpass one billion dollars in the coming months. A new fund has been launched on equity Crowdfunding platform BnkToTheFuture.com that allows investors to benefit from the growth of the Crypto Currency sector.

The new fund, called Bitcoin Capital will be managed by financial journalist, virtual currency inventor,

entrepreneur and investor Max Keiser, and Simon Dixon, an ex-investment banker, investor, entrepreneur and cofounder of BnkToTheFuture. Aimed at investors that want to invest small and large sums into the cryptocurrency sector, Bitcoin Capital is not only a venture capital fund that aims to invest in the highest growth startups in the Blockchain, Crypto and Bitcoin sector, but the fund also offers investors the ability to accumulate daily dividends paid out in Bitcoin.

Traditionally investing in venture capital is a patient game, taking

mature. The fund also invests in a portfolio of Bitcoin and other cryptocurrencies to give investors full exposure to the growth of what is now being called the 'Blockchain sector', named due to the fact that more and more companies are making use of the technology that underpins Bitcoin the Blockchain.

Since the fund launched on equity Crowdfunding platform BnkToTheFuture.com, the fund has already attracted over 500 investors and will continue to raise funds for the next six days. Investors that are new to the sector

can invest small from as little as \$1000 and use Bitcoin Capital as a very easy way to start accumulating Bitcoins, while learning more about the

sector by using the currency and other Blockchain technologies themselves.

Max Keiser said "I have been critical of the traditional financial system for many years on my show Keiser Report. I was the first global news outlet to cover Bitcoin when it was

trading at \$3 recognising its potential to change the world. Many startups in the Bitcoin space credit Keiser Report for getting them started in the business. Bitcoin Capital allows the founders and investors to experiment with new crypto

financial business models and currencies to transform global finance."

Simon Dixon, CEO and cofounder of BnkToTheFuture said: "We have developed a model for finding startups to invest in which involves them initially Crowdfunding through the Crypto Crowdfunding site StartJOIN, and then Bitcoin Capital may be able to top them up if they successfully raise their funds through an equity offering on BnkToTheFuture.com. We are bringing different alternative finance technologies together and make them easy to use" Simon Dixon added "At the same time as investors benefiting from any growth of the sector, we can offer investors daily dividend determined by the mining process. We can do all the geeky things like running mining rigs in Iceland and buying coins on exchanges that investors who are new to the sector are unable to do. Thanks to our experience and involvement in the sector from very early on we can combine these new models of finance together."

Simon Dixon concluded "There is so much happening with peer to peer, Crowdfunding, Bitcoin and Blockchain technology that it is taking the investment community and financial sector by surprise. We know the sector inside-out and provide a very easy way for investors to get started and be directly involved in the future of finance. If the sector turns out to be as big as we think it will be, investors can benefit from the growth of the alternative finance and Bitcoin sector as a whole."

WHEN IT COMES TO BITCOIN

there are no "accounts" to set up, no e-mail addresses and no user-names or passwords are required to hold or spend bitcoins...

years for companies to mature and be sold or float on a stock market to offer investors a high risk, high return investment. To combat this, Bitcoin Capital can pay investors daily dividends by investing one-third of all funds raised into a process called Bitcoin mining. Bitcoin mining involves investing in sophisticated hardware that provides security to the Bitcoin network in return for newly created Bitcoins. Because new Bitcoins are created every ten minutes, Bitcoin Capital is using these newly created Bitcoins to pay investors daily dividends while investors wait for the funds in venture capital investments to



HURACAN LP 620 LAMBORGHINI

THE RAGING HURACAN SUPER TROFEO LAMBORGHINI'S NEWEST SUPERCAR

SPECIAL PERMISSIONS FOR RE-DISTRIBUTING ARE NEEDED, CONTACT US

The Huracán Super Trofeo marks a new benchmark for the race series. According to Maurizio Reggiani, in charge of Lamborghini's Research and Development Department and motorsport activities, "The Huracán LP 620-2 Super Trofeo is an all-new car built from scratch with a clear racing concept. Every feature is engineered for sophisticated high performance, complying with the strictest motorsport safety standards." The chassis features an exceptionally light roll cage at just 43 Kg that extends to the rear axle, and impressive torsional stiffness that represents a massive 45% improvement compared with the previous model. The frame is a hybrid carbon/aluminium construction with modified geometries to house an improved radiator up front and better accommodate the racing gearbox at the rear, which also provides better aerodynamics. The dry weight of the Huracán Super Trofeo is 1,270 Kg, with a weight distribution of 42/58%.

- MAXIMUM OUTPUT OF 620 HP
- WEIGHT/POWER RATIO OF 2.05 KP/HP
- XTRAC SEQUENTIAL GEARBOX
- AERODYNAMICS - DRAG 42%, DOWNFORCE +43%

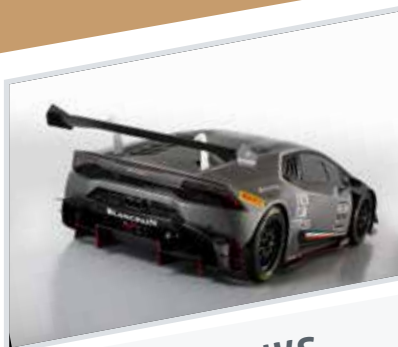


ADDITIONAL DATA

RELEVANT FACTS

In the racing-specific interiors the Alcantara® in Nero Ade colour is used throughout the car, on the dashboard and central tunnel and also on fundamental parts, such as the steering wheel, gear selector and ergonomic seats.

The Huracán Super Trofeo is mounted with fully adjustable anti-roll bars and two-way adjustable Ohlins dampers. The hydraulic power steering enhances steering sensitivity and adopts an electric power pump.



LAMBORGHINI'S HISTORIC PARTNERSHIP

The new Huracán LP 620-2 Super Trofeo is the result of the historic partnership between the brand founded by Ferruccio Lamborghini back in 1963 and Gian Paolo Dallara. The same Dallara was among the first engineers who worked on Lamborghini's legendary Miura.



The Expanding Alternative Investment Space RCL

At the most basic level, investing has always involved searching for returns, but in application it always means preventing against losses as well. As everyone knows, every percentage of portfolio loss requires an even more positive return to just getting back to where you began. This leads to the idiom of being “well diversified” often being thrown around. For sophisticated investors, this doesn’t mean just having different types of stock exposures or just having bonds in their portfolio. Diversification comes in the form of many asset classes, including those commonly known as “alternatives”. The goal of these, according to the modern portfolio theory, is always to introduce assets with low correlations to others so as to reduce the volatility, and, therefore, improve the efficiency of the portfolio.

In May of this year, the S&P 500 hit a new record high, and since March 9, 2009, it had a cumulative return of over 255%. In the investment world, the “all good things must come to an end” mindset is quickly becoming more prevalent. Investors who still remember 2008 well are becoming concerned about protecting their portfolio against another precipitous drop, and so they are searching for an investment alternative to the traditional equity markets. However, unlike 2007, ten-year US Treasuries are yielding only around 2.3%, and the Fed Funds rate has long been near zero and certain to rise. With bonds seemingly also unattractive from a return perspective, many savvy investors are searching for assets classes that have a low correlation to both stocks and bonds. This search is leading them towards their old favorite alternative investment, hedge funds.

Hedge funds have certainly lacked great appeal in recent years. Since March 2009, while the equities markets have rallied, hedge funds, as measured by the HFRI Composite Fund of Funds Index, have returned only 35% cumulative. However, after extended periods of strong equity returns when valuations can become inflated, and volatility intensifies, hedge funds have often provided downside protection compared to the stock market. Following the bull periods from 1987-2000 and 2002-2007, over the next 12 months the HFRI FoF Composite outpaced the S&P 500 by 23.1% and 29.7% respectively. Traditional hedge funds do not come without drawbacks, many of which makes the



Daniel, T. Ryan, CFP®
RCL Advisors, LLC

typical investor unable to rebalance quickly to the asset class when they desire to protect their portfolio from downside risk. Among these hedge fund detractors is their typical Limited Partnership structure that requires qualified purchaser status and causes liquidity constraints. Typically a hedge fund in an LP format has withdrawal notification requirements and holdbacks that inhibit investor’s flexibility. In 2008 many hedge funds, even those with seemingly liquid strategies (e.g. long-short equity), put up gates prohibiting investors from making redemptions. Also, hedge funds tend to be very tax inefficient due to frequent trading and can be very expensive due to high management fees coupled with performance fees. Over time, market ingenuity has led to the rise of new products that mitigate some of these inefficiencies. In recent years, traditional hedge fund strategies such as equity long-short, managed futures and merger arbitrage have begun to be offered in open-end mutual fund structures. These “liquid alternatives” have quickly become vogue in the investment world. These funds provide access to many of the diversification benefits hedge funds long have but with daily liquidity, low minimums and simple tax filings via Form 1099. As mentioned above, one infamous hurdle that has always been present in the

hedge fund space is the high level of fees. The typical 2% management and 20% performance fee is well known. Many of the strategies employed are considered more complex than traditional equity investing and, therefore, draw some of the top talents that demand higher compensation. Although the liquid alternative space is substantially cheaper than the typical hedge fund, they are not considered inexpensive when compared to traditional investment solutions. The Morningstar Multi-alternative Category has an average net expense ratio of 1.67%, which is not cheap by any regard for mutual funds, but in context it is certainly competitive with the overall alternative space. Ultimately, the goal of any alternative investment is to introduce a return stream to the portfolio that has a different driver of returns than traditional equities and bonds. Over the last five years, the HFRI FoF Composite has exhibited a 0.82 correlation to a portfolio of 40% Barclays 5 Year Municipal Bond Index and 60% MSCI All-Country World Index. Over the same period, of the 38 funds existing in the Morningstar Open End Mutual Fund Malt alternative category, 23 or 60% of them have exhibited a lower correlation to the same portfolio. Today that same category has bloomed to over 149 unique strategies. Certainly there currently exists more solutions to introduce non-traditional

correlations to your exposure than any other time in history. Given the liquidity, low minimums and cheap trading costs of these new products they can be used for a host of new applications. Now even a relatively small portfolio can implement a more diversified portfolio using liquid alternatives in order to mitigate drawdown risk. By using these new products, something as simple as a \$10,000 trust for a minor can have access to some of the same strategies as a \$100million portfolio. However, it is important to note that not all strategies used by traditional hedge funds can be replicated in a liquid format due to regulatory constraints associated with liquidity requirements placed on "40 Act" funds. Investing in certain illiquid assets is just not possible in the liquid alternative space, thus eliminating that opportunity set. As with any alternative investment, liquid alternatives do not come without some systematic risk. Therefore, as always, it is important to conduct proper due diligence on any investment to eliminate any unsystematic risks. Historical performance is especially not indicative with the short track records of many liquid alternatives. You should always contact your investment advisor for my information if considering entering any alternative investment.

t: +44 1223 881691 e: sales@1066pianos.com www.1066pianos.com



The finest pianos in the world.
Handcrafted in Cambridge, England.

INTERNATIONAL
DELIVERY

SELF PLAYING
SYSTEMS AVAILABLE

PLEASE CONTACT US FOR FURTHER DETAILS ON THESE EXCEPTIONAL INSTRUMENTS FROM THE 1066 PIANO COLLECTION

NEW YACHTS FROM LURSSSEN



TWO BEAUTIFUL SISTERS Pelorus and Quantum Blue

These days in Bremen two beautiful sisters can be spotted at the Lürssen shipyard in Bremen: the newly built and Tim Heywood designed Quantum Blue with a length of 104m and her older sibling Pelorus (115 m) - also a Tim Heywood design and probably one of the most spotted and well-known yachts around today.

Pelorus has just completed a refit and Quantum Blue, recently delivered, is preparing herself for her maiden cruise in the spring. During this winter, six yachts are at the Lürssen facilities in North Germany. Every year many Lürssen "children" and other yachts are coming home to undergo a refit, repair job, or a conversion.



This is work that Lürssen undertakes with the German precision for which they are world-renowned. And although the work required may differ from ship to ship, the aim is always the same. Once Lürssen has been involved, the yacht's life expectancy and performance will once again be comparable to that of a new build.

Seven shipyards provide ample space to build and refit many yachts at one time in covered sheds and dry docks. With over 1,800 people working in the group, Lürssen has not only the

space, but also the manpower of engineers, naval architects and craftsmen to work on any project - may be it a new build, a refit or a conversion.

Refit, Repair and Conversion has become a core business for Lürssen. Amongst the last refits are some of the world's most beautiful yachts such as Angel's Share, Pelorus, Carinthia VII, Dilbar, Radiant, Rising Sun, TV and Phoenix ².

www.lurssen.com



aglobal

RISK MITIGATED INVESTMENT



Peter Stone, Senior Director

To invest or not to invest? That is the question!

Of course, the answer depends on the risk associated with a prospective project and the expected return on the investment. In the investment, world risk is inseparable from performance and as such is inevitable. Unfortunately, higher returns are normally associated with higher risk.

Every astute investor knows that making informed decisions about investing requires that risk is well mitigated to achieve and protect the desired returns. Risk has been defined as the chance of a project or business deviating from the expected or planned outcome. Because the future is unknown, business is inherently risky, but the rewards and profits may well be worth the risk. If risk can be managed effectively, there is a far greater opportunity to achieve greater returns. Every business operation and investment

experiences risk – risk associated with the personnel, technology, facilities and operations. Sometimes the risk is beyond the scope of the business. External factors imposing a risk on business decisions include political change, natural disasters and economic and marketing pressures. Business operations may take out insurance policies to mitigate against some of these risk points. Other factors are usually beyond the scope of insurance coverage.

Yet risk must be managed. Being forewarned is being forearmed. Every successful business operation must remain alert to changing business conditions. By constantly assessing the changing circumstances and the worst case scenario that can happen within any business operation along with the likelihood something may happen, plans can be implemented to manage circumstances in order to minimize risks and disasters. Business operators ignore risk management's plans at their own peril. Organization which are flexible, able to changing with the times, can react to market forces, are confident about making the tough decisions, telling the truth even when the truth is difficult produces a dynamic, successful organization, likely to withstand the test of time.

Forming strong relationships based on trust is a major key to success in the market place. Respect is at the heart of building effective business relationships. Once respect has been established trust can grow, given time. Once trust is in place business opportunities can be pursued with honesty and integrity. With respect and trust, each party in the relationship has the back of the other with their best interest at heart.

In business, such relationships are rare and precious.

If you are a project developer, imagine working with a company that is specializing in mitigating all risks, both internal risks and external risks, associated with your project. Imagine having all aspects of your project covered by A-rated reinsurance. Imagine being able to attract investors into your project without having to risk your current assets as collateral for the project. Imagine how attractive your project would be to potential investors. If you are a private investor, imagine investing in a project that is totally covered by A-rated reinsurance. Imagine having both your investment and the expected return covered by an A-rated reinsurance policy. The decision to invest in such a project becomes very attractive.

One organization that can mitigate the risks associated with investment in projects is a Singapore-based company, AGlobal Finance Asia. This company is a risk management advisory firm specializing in mitigating risk associated with projects in a wide range of industries in both the developed world and emerging markets. They collaborate with investors and project developers under their unique project finance Captive Insurance Model to give A-rated insurance coverage, providing protection for both the project developer and the investor. In fact, the Captive Insurance coverage provides the trust and peace of mind which is often

the “catalyst” for securing the successful relationship between project developers and investors for the commencement of a project.

The Captive Insurance model of investing offers investors risk mitigated, efficient and structured investments. With any project, the focus is on mitigating the risk climate of a project opportunity first and foremost to ensure the project can qualify for A-rated reinsurance. After securing the project opportunity, we can focus on the project as an investment destination for our existing investors.

To combine effective risk mitigation strategies with an attractive return into a business relationship that is based on trust and integrity is a desired outcome for any potential investor. The Captive Insurance model for investing provides investment opportunities where the investment and attractive returns are fully backed by A-rate reinsurance, with safe and easy exit plans wrapped around fully legal, insurance principles. The answer to the question is: for peace of mind and attractive returns, invest in projects with the full insurance coverage provided by the Captive Insurance Model from AGlobal Finance Asia.

E-mail: peter@concise.net.au



Polo & Tweed



Raising The Bar In Recruitment
23 Hanover Square, Mayfair, London, W1S 1JH

Polo & Tweed are a luxury domestic and corporate staffing specialist. The perfect placement service for clients and staff. We place staff in VIP & HNW private homes, hotels, yachts and chalets across the world. Personal and discreet.

+44 (0) 203 714 8910 www.poloandtweed.com info@poloandtweed.com



LUXURY

Exploring the Facets of the Luxury Market

By Zeshan Ahmed

The appeal of ultra-luxury services has never abated even through the recent recession brought on in 2008. At the same time, consumers of ultra-luxury products and services have never been greater in number in recent times. The success and growth of these companies providing luxury goods and services is based on their ability to reach the wealthy

and UHNW individuals, as well as to understand how to powerfully craft their message. The foundations of crafting such effective messages are formed through experience and understanding of the psyche of the affluent. Conveying an effective message to an affluent luxury audience means understanding the overriding motivational

state and buying patterns of the HNW individual when purchasing goods and services. They can be split into three broad categories. For each type, it's essential to create customised messages. The three ultra affluent luxury personalities are: Trendsetters. This group is particularly attuned to the social zeitgeist and the popular media, such as

Affluent clients indulge in their desires at nearly any cost....

magazines, television and movies. Its members are early supporters of significant changes and introductions in the luxury marketplace and can be influential within their social circles. Compared to the other two luxury personalities, Trendsetters are more likely to be impulse buyers and, as long as the luxury product or service is validated by various cultural reference points, such as meaning if their friends buy they will too and this pattern has a positive domino effect for the luxury provider.

Successful Business Leaders. Members of this group will make purchases to reward themselves and those in their intimate inner circle for personal and professional accomplishments. More often than not, their spending on luxury goods and services is triggered by a significant event such as personal milestones like birthdays or a newborn, a large legal settlement, a public offering of a business or the incorporation of a new business. Their purchases are more considered, thoughtful and well researched in that they have been considering their purchases for some time. Luxury brands need to strive to be at the forefront of their target customer's mind well in advance of the purchase to be considered.

Connoisseurs. This group is the most knowledgeable and discerning. Connoisseurs are deliberate in their purchasing behaviour and thoroughly research every aspect of a category such as artwork or watches or jewellery professionally before making a decision. They focus intensely on such factors as construction, quality, value and history, and often turn to professionals and specialists for advice. Notable collectors developed their affinity with areas such as art, wine, watches and cars years after they made their first hundred million. The key differentiating factor is these collectors have the money to be 'buying connoisseurs' not just admirers. While the segmentation methodology was developed based on the very wealthy, key

aspects of it apply to all luxury consumers. There is another group of aspirational consumer who are well versed in the knowledge of popular social Zeitgeist too and to some degree understand the mindset in place for the wealth. The biggest drawback is that this group are admirers rather than buyers.

There are common threads of interest amongst all groups, for years; affluent clients enjoyed being connected locally via exclusive memberships. Now, UHNW clients are pursuing more networked relationships across social, mobile and digital channels that transcend global territories. They favour a certain kind of inclusiveness that can offer the same kind of privilege across global borders to any members of the affluent that uses their service. Affluent clients indulge in their desires at nearly any cost. In modern times, the act of consumption is more sophisticated, informed and purposeful.

Luxury consumers are looking for something of high worth to them personally, rather than just a high price tag, to justify their spending. To achieve this, having rare experiences is more valuable because it is the stories that go with the experience that are in rare supply. Most luxury brands are using this tact to emphasise the rich heritage of their brand or to create a compelling story behind their products and services.



BUILDING A FORTUNE IS IN THE DOING



by Brian Luster and Steven Abernathy

Imagine an unmoving car. Its tyres are encased in heavy mud on the side of a dirt road. Every turn of the wheel feels futile as the tyres spin, going nowhere. Frustrated, yet resigned to the situation, you manoeuvre the wheel, hit the gas lightly, turn the wheel in the other direction, and try again. Finally, you free the front wheels.

No amount of backseat driving, no matter how well-intentioned, will move this car. It is only when the driver discovers the sweet spot—the combination of turning the wheel ever so slightly in one direction and hitting the gas pedal just so—that moves the car out of the mud. Experiencing the cruel havoc of the wet road is vastly different than imagining it. The

driver learns through experience. This is generally how adults learn new information—the learning resides in the doing. Thick mud is an effective teacher. Heritage Planning, an aspect of Wealth Planning that is not always discussed, works similarly.

It incorporates a set of pre-inheritance experiences shared over a lifetime between the older and younger generations. Intelligent investors often have a financial plan and an estate plan. The Heritage plan is the part that gives heirs the tools to manoeuvre their own way out of the proverbial mud and onto the road. When properly implemented, a heritage plan offers heirs experiential learning to hone their decision-

making skills. An inheritance is not simply the bequeathing of assets. Savvy grantors with a heritage plan are aware of the emotional inheritance they bequeath as well. How heirs embody the values, ideals, and ethics of previous generations is likely to dictate how much of the family fortune—as well as family unity—will remain intact. Grantors might create specific pre-inheritance experiences for heirs to taste the waters of managing the family fortune. A simple account could serve as the heirs' first "test" of working as a group. They may use this account as:

- 1) The Bank
- 2) The Charitable Fund
- 3) The Educational Fund

There are of course other alternatives; however, these are fairly common—particularly if the heirs are still pursuing their educations. Grantors could limit offerings with the "tasting menu" of options that might include: 1) starting or investing in a business, 2) getting an education/certification, or 3) donating to charity. Actively making decisions on even a small percentage of the fortune heirs stand to inherit will be a learning

experience. How they problem-solve, communicate, and make decisions together is at the heart of this exercise. Here, their emotional inheritance, particularly in how they communicate with one another, will become clear. Ongoing engagement can take many forms. If grantors want their heirs to learn about business, they might decide to create a family bank, and heirs who want to build a business would present a formal plan to be considered for a loan. It's important to note, no matter what the total net worth of the grantor, the goal of setting up this separate account or accounts is not to duplicate existing investments. The amount of money is less important than the approach the heirs practise when it comes to this money. A grantor worth nearly \$100 million dollars created a fund totalling \$21,000 for his heirs to "play" with. While the low number may seem insignificant, the exercise had merit. For example, heirs realized that there were barriers of entry to more sophisticated opportunities that would not be open to them given the modest amount. They quickly realized there were two basic options: 1) divide the money equally so each individual would have \$7,000, or 2) discuss opportunities for the total amount and allocate it accordingly. Such exercises promote communication, family unity, and working collaboratively.

A key component of a successful heritage plan includes Heritage Days, a time when the family gets together, at least once per year, to have a chance to rededicate themselves to what they truly value. No two families are alike—and no two heritage days, even among the same family, will be the same. Families who have passed intergenerational wealth to the younger family members without communicating what they value are taking a significantly greater risk than those who do. Heirs who have gotten themselves into the proverbial mud, as well as those who have gotten themselves out, are significantly better equipped to manage and grow the assets they stand to inherit if they have hands-on experience in doing so.

About the Authors:

Steven Abernathy and Brian Luster co-founded The Abernathy Group II Family Office, which counsels affluent families on multi-generational asset protection, wealth management, and estate and tax planning strategies. It is independent, employee-owned and governed by an Advisory Board comprised of thought-leading business and medical professionals. Abernathy and Luster are regular contributors to several publications and blogs.

REAL LIFE STORIES OF STRUGGLE AND COURAGE FROM AROUND THE WORLD

AMNESTY INTERNATIONAL

THIS IS OMAR, A TEENAGE REFUGEE FROM SOMALIA.

A LIFE ON HOLD
IS A NEW FILM ABOUT OMAR'S LIFE IN A REFUGEE CAMP IN TUNISIA.

WATCH AT
[AMNESTY.ORG/REFUGEES](https://www.amnesty.org/refugees)

CHILDREN OF THE JAGUAR
AN INDIGENOUS COMMUNITY IN THE AMAZON JUNGLE TAKE ON THE COMBINED MIGHT OF THE GOVERNMENT AND AN OIL COMPANY IN ORDER TO SAVE THEIR WAY OF LIFE AND THE RAINFOREST THEY LIVE IN.

WATCH AT
[BIT.LY/JAGUAR-TRAILER](https://bit.ly/jaguar-trailer)

Find out more:
avproduction@amnesty.org

KESSEL RACING FERRARI ABU DHABI

Article by Liam Talbot



LIAM TALBOT TALKING ON THE GULF 12 HOUR A SPECIAL REPORT FROM THE HORSES MOUTH!

We (FOE) have been following the exploits of the Liam Talbot Racing team with much interest. We decided, the best way to really understand how all this works is to have it right from the horse's mouth, from Liam Talbot directly. The following is in his own words!.

Liam Talbot begins.

I received a text message early one morning from the owner of one of the biggest Ferrari race teams inviting me to race with them in Abu Dhabi with some racer called Jorge Lorenzo. I simply said, "Should I know the name, Lorenzo? I'm new to racing."

Well, I was certainly informed my new teammate was a big deal. I guess I didn't fully understand the impact of this statement until walking with him to the drivers' briefing. We were casually talking about the road cars we owned, and so many people wanted to take "selfies" with him and were asking for autographs. This is definitely not normal, I thought. I was excited to meet up with the amazing team from Kessel Racing at the track. It is now my 3rd race in 6 months with them. The amount of dedication and passion each and every team member puts in over the weekend is very humbling. They do such great work on and off the track and always have a smile on their faces



and are more than happy to help. The start of the race weekend is somewhat less busy, but there is still a lot to go through. After saying hello to the team, it's now an important time to meet my fellow teammates and get to know them before we start racing. It's great to find out their level of experience and work together to form a plan for the weekend, seating positions, etc.

We are very lucky to be driving a brand new 2014 Kessel Racing Ferrari 458 GT3, and it looks amazing dressed up in matte black with orange highlights. The only real difference in this updated model over the previous version is the differing locations for some switches to make it easier. Inside the cabin, it's all business with very little luxury or comfort features. However, we are lucky to have an air-con unit that is very effective. We also take this opportunity to do individual seat pours; this means each driver has a fully moulded seat to suit their spine and specific seating position. This helps with driver changes and creates a lot more comfortable conditions in the car, which in turn increases performance as potential fatigue sets in.

The weekend starts with night practice Thursday night. It's been decided that I will be the first driver to take to the track in the brand new Ferrari and get a handle on the car and also to "bed" in the new brake discs and pads. I only do five laps and the car feels great. My times won't be the fastest of the weekend as we need to gradually build up temp into the brakes and ensure they will be perfect for the race. We all get some time behind the wheel and work through some basic procedures that will be used in the race. Being familiar with the dash and our fuel readout will be second nature by the time we race. We constantly update our engineer Pietro with data and make calculations working from the end of the race to our current point in time. This way of constantly updating strategy is the only way for success in endurance motorsport.



Working for the first time with teammates Jorge Lorenzo, Marco Zanuttini, and Jacques Duyver is a real privilege. They are all great to get along with and easygoing. It's Jorge's first race in the Ferrari, so I share as much knowledge for racing and the car as possible. Having a multiple world championship backgrounds in motorcycles proves to be a great grounding for racing sports cars. He is very quick and keen to learn as much as possible being new to racing cars; the only nerves are about overheating



in the car. Lucky we have a great air conditioning system for that! Friday turns out to be a very busy day for each team member. We have over 2 hours of practice and then each driver gets a chance to put down a qualifying time. The car feels great, and I let my teammates get some more laps to feel comfortable. We make some setup changes in the final practice session, but, unfortunately, it's not optimally suitable for this track, so we readjust and get ready for an afternoon of qualifying.

There is always a lot of anticipation and nervousness as we begin qualifying. The Ferrari looks amazing on the track and is fast. I get behind the wheel for my qualifying session and feel at home; the car setup is great, and the track temperature is starting to cool off which will create good times.

My times are getting faster and faster, and the team is happy. We all put down some quick times to ensure the car is in a good position on the grid for the race. Our nearest competitors in our category prove unable to match our qualifying pace.

Race day dawns, and we wake up to a glorious day overlooking one of the most spectacular racetracks anywhere in the world. It's time for a quick breakfast and to gather with the team on track. Things move quickly and efficiently in the Kessel Racing garage. We ready the car, and Jorge gets himself sorted to drive the car to the grid

for the start. Jorge Lorenzo is quite the professional and having the very experienced Kessel Racing team; everyone is set for a good race. I give some last minute advice to Jorge about how to warm up the tyres on his formation lap and some pointers for the race start. It may come as a surprise to the readers, but there are so many aspects to learn in motorsport, not just simply attempting to drive fast.

The sight of a full grid of cars approaching is unbelievable, and then the lights go out and we are RACING! Jorge makes a great start and is about to learn a lot in a very short time. He will find his pace and how quick the other drivers around him are. Also dealing with the tyres degrading and fuel load over a stint and how this affects the handling of the car. I watch as the car enters the pit lane; I stay behind the designated line and the Ferrari approaches and stops inch-perfect on the mark. The current driver exits, takes his seat insert, and enters the garage. With the rules here, I wait until the refuelling stops and run to the car. Our fantastic driver's assistant positions my personalized seat insert, and I do the Ferrari YOGA to gain entry to my office.

We quickly and efficiently buckle up the 6-point harness, insert radio and drink cables, adjust traction control settings and driver ID. I agonizingly wait for our mandatory timed pit stop and then our Engineer Pietro counts down

over the radio from 5,4,3,2,1 GO! I let out the clutch and increase the revs to exit the pit. The tyres are cold, green and offer very little grip as I spin the wheels exiting and accelerating up to 60 km/hr on our pit lane limiter. I quickly focus on the task at hand and locate all my braking markers and turn in references. After 1½ laps I'm satisfied with tyre temp and go for it; after three laps I'm confident to be able to utilize all of the kerbing around the track. If the tyres are used on the kerbing while not up to temperature, they can be damaged, and it will be a long stint at the wheel especially if it results in a puncture.

Unfortunately, 30 minutes into my stint I'm unable to select any gears. The dash displays 2nd gear, but I'm stuck in neutral and not going anywhere. I try multiple times to reset the car and hope to get going again but nothing. I radio the team and inform them of our situation. I have to say how professional the team at Kessel Racing are. As soon as the car arrived they went to work and accurately diagnosed the problem; unfortunately the time in the pits would cost us positions on the track. Nevertheless, the team were like lightning attacking the car with their tools and removing the broken gearbox and replacing it with a new one. They knew we could save time by not working on the clutch after finishing the gearbox. We were now very close, so I jumped back in ready for the call. The team were done, and we were back on track in record time.

CONTINUED FROM PREVIOUS PAGE

LAIM TALBOT - IN HIS OWN WORDS

I re-entered the track and pushed hard to make up for our lost time. I drove the rest of the stint as if every lap was a qualifier. I have to say the build-up, grid walk, and start for the second half of the race is just as exciting as the first; maybe even more so as we are under lights and we are edging closer to the finish. Jorge Lorenzo will start the race again, and he is keen to get back in and continue learning. He has a great start and is determined to make up for our lost time in the pits. His laps are quick and consistent, and that is exactly what is needed for endurance racing...consistency!

Lorenzo is quite surprised when he exits the car as he has really felt the full wrath of high cabin temperatures. This is a foreign experience for him, and many other contributors are adding to him working harder than needed at the wheel. Some common things we forget to do when behind the wheel is RELAX, breathe on the long straights, loosen our grip on the wheel and adjust our bodies to help aid circulation.

My fellow drivers, Marco and Jacques, are also doing a sensational job behind the wheel. They're very quick and consistent, and this makes me very eager to get behind the wheel again. Every pit stop and driver change, the Kessel Racing team perform with absolute precision and efficiency. It is like being at the opera and watching one amazing show; it's quite mind blowing to see how much effort it takes by so many people to keep one car on track. The entire team always have a smile and display so much passion. This is evident after each perfect pit stop where everyone high fives one another for a job well done. What an unbelievable environment and team atmosphere to be part of!



With my last stint behind the wheel completed I radio to the team I have entered the pit lane. I activate the pit speed limiter, loosen my belts, adjust the seat for the next driver, reset the fuel sensor, unplug my helmet drinks connection, unplug my radio and look for our pit box. I am pinpoint perfect on our reference markers and fuel is immediately added to the car. I exit the car, take out my seat insert and proceed to enter the garage and watch the last parts of the pit stop. As the car heads out once again I join in the customary high fives with the team; they have yet again done a stellar job. Unfortunately, 40 minutes prior to the end of the race we get some bad news. Lorenzo has crashed the car.

The first concern: Is Jorge ok? We understand he is fine apart from a sore ankle. Our heads sink and we are all disappointed about not finishing the race after having come so far, however our disappointment soon turns to jubilation as we discover that although the car is damaged we have sufficient laps in hand, and we can't be caught by our nearest rivals. So we have managed, against the odds, to win our class at the Gulf 12 hours.

Climbing to the top step of the podium is always a special feeling and experience. To be up there representing our team members from LTR - Kessel Racing our support network, friends, families, sponsors, and fans is most humbling. It's a massive effort by so many people, and we celebrate in style on behalf of each and every very important person.

I have thoroughly enjoyed sharing an inside knowledge to my time on track, behind the wheel of the Kessel Racing Ferrari 458 in Abu Dhabi. I can't wait to share some more action firsthand with you from the race track

TRUSTED ADVISER

BY Russell Bussey

It was great to see so many lawyers and trustees at the PAM Awards recently, many of whom have been good friends for over 30 years. However, they may be surprised to learn that they have been downgraded by some investment managers who no longer consider them particularly important. When I asked managers who were today's key advisers in a client's investment affairs their answer was unanimous: investment consultants. Trustees were considered "less important" than before while lawyers were thought "pretty irrelevant." In contrast, accountants are well regarded as they are believed to be close to a client's finances. I would like to focus on the comments made to me about the influence of lawyers and trustees and explain why this is a worrying trend.

Firstly, I acknowledge that some lawyers will be delighted not to be targeted for referrals by investment professionals, as they do not like, nor is it their job, to promote financial services. Whether trustees feel the same may depend on whether they have already outsourced their investment functions to a consultant who monitors performance and risk on their behalf. However, I assume that most will be perplexed to hear these comments. A lawyer was once known as the "homme d'affaires" whose clients would seek their advice before making almost any financial decision. So if lawyers are now considered "irrelevant" and trustees "less important" then they cannot be considered Trusted Advisers, the status to which all professionals aspire. How have lawyers and trustees come to relinquish this key role? After a discussion with my colleagues Martyn Gowar and Nigel Bentley, both eminent and experienced practitioners, we believe we have identified some of the reasons for the current state of affairs:

1 Lawyers giving up tax: when the Finance Act 1965 introduced Capital Gains Tax as an additional capital tax administered under the income tax system, it

enabled the accountants to become the prime advisers, a position that they have maintained. This didn't happen in Scotland where the canny lawyers held on to their Trusted Adviser role.

2 The Trustee Act 2000: this was a tipping point because it changed the balance of risk for the lawyers and trustees who had some wisdom, knowledge and experience in investments but were not formally qualified. The primary duty of "taking advice" changed the boundaries, and both lawyers and trustees decided that they needed to outsource the risks as soon as they could to deal with this perceived problem.

3 Regulators: the FCA's imposition of KYC on investment advisers in terms of asset allocation and risk appetite, undermined the influence that lawyers once had. The investment adviser now drives the whole process. The role of a Trusted Adviser to provide an independent and, perhaps, less self-serving view, has gone. As far as offshore is concerned, the JFSC, GFSC and FSC in the IOM have pushed firms into outsourcing.

4 Costs: law firms, and those based in London, in particular are pricing themselves out of acting for all but the very rich or, preferably, international very rich. Overheads and the cost of assistants are already truly stifling without the added burden of paying for extra staff and software to provide a level of expertise in the investment area. For trustees, the need for income is greater than ever, especially if they have outside investors squeezing their profit and loss accounts for greater returns. As a consequence of the above, as well as changes in daily practice, lawyers and trustees have handed over key tasks that have had a detrimental effect on their knowledge and influence. The result is that clients are now missing out on a vital source of independent help, advice and experience. This trend is set to continue as those practitioners with experience gained over many years are retiring,

Reversing the demise of the Trusted Adviser

and their successors are unable to fill this gap. As many lawyers personally act as trustees and some law firms have in-house Trust Companies, both of which carry a fiduciary responsibility for assets under their control, they should be aiming to retain or increase their knowledge in this area. Incredibly, trustees are going down the same road where many have already completely outsourced this area of their business. Some are even promoting the consultants' services, giving the appearance of better risk controls when, in reality, they have little practical input or oversight. Even post-Retail Distribution Review (RDR) practitioners are appointing managers who are paying for the referral. In the past, investment consultants could be relied upon to be robust and recommend the most appropriate solutions for clients in the knowledge that lawyers and trustees would police the process and intervene as appropriate. As mentioned, it appears acceptable that some consultants can receive fees from the managers they are recommending as well as use the power of referral opportunities handed to them to benefit their own businesses. Rather than overseeing the process, lawyers and trustees seem to ignore this practice. Is it because they rely so heavily on consultants to provide

data for investment monitoring services that they need to keep the regulators happy? Regulators and professionals have replaced wisdom with box ticking as a suitable form of oversight. As a result, it is not surprising that the influence of lawyers and trustees is seen as weak concerning the provision of investment services. The consultants now guard a client's affairs so confirming the view of the investment managers who I spoke to at the Awards.

Martyn is keen to point out that, "lawyers and trustees should have the self-confidence to remember that there is an opportunity for them to provide that guidance, and not to be dazzled by the form filling" adding "the trouble with our society is that we try to make the measurable important, rather than the important measurable!"

The gradual erosion of their importance means lawyers and trustees now feel unable to challenge effectively decisions made by consultants. They need to embrace investment knowledge to keep their client's confidence.

www.busseyconsulting.com

大中华地区私人银行家协会
Association of Private Bankers
in Greater China Region



THE ALEXANDER ASSOCIATES GROUP LAUNCHES WEALTH MEDICAL



Is your life more stressful than five years ago? Do you find it difficult to sleep due to money, work and health worries? If the answer is yes, then you are not alone. A recent NHS survey suggested 54% of British adults attribute money and work worries as the main causes of stress.

In order to minimise these stress levels, AAG has introduced 'The Wealth Medical' – a wealth report that provides a holistic picture of your financial well-being. The Wealth Medical serves as a complimentary addition to other health checks that have proved almost mandatory to a healthier, stress-free lifestyle. In the UK, we can take preventative measures to avoid serious illnesses by having a full health "MOT" examination. So why shouldn't the same be available for our finances and long-term security?

David Alexander, AAG's CEO, says, "We are often asked, 'when can I stop working?; are my children provided for if I'm hit by the proverbial bus?; will HMRC be the main benefactor when I die?; are my funds/portfolio being managed effectively?; Am I paying too much for my insurances?' The Wealth Medical collates all the financial information in one place and provides a clear summary of areas of concern." David concludes, "This report empowers clients to make decisions now and for their long-term security."

Just as you would expect to receive a full health examination and a subsequent report in a private health clinic, AAG's comprehensive Wealth Medical covers every aspect of your finances. The wealth medical assesses your financial wellbeing with the option of a same-day supplementary health check at the Wellington Hospital London. For those seeking preventative measures to illness and stress, Dr. Ruth Whitby and AAG will be

offering a combined service, which includes a full Health & Wealth Check. Based in central London, The Wellington is a leading private hospital with an international reputation for excellence in complex healthcare.

Dr. Ruth Whitby, Private GP at the Wellington, London, explains "I'm seeing annual health checks catching a serious problem early, increasing the chances of successful treatment. I know that this provides my patients peace of mind." Dr. Whitby continues, "There is a proven connection on how mental health can affect your physical wellbeing and in today's hectic world, stress and anxiety comes up time and time again in my patients. More often than not, this is related to their finances, which is why I was really impressed with AAG's Wealth Medical; an important consideration for peoples' general well-being."

In these uncertain times, volatile economic climate and political instability, families, investors and businesses are all looking for financial security. AAG's unique Wealth Medical gives the client a clear and organised report to take away and act upon, ensuring peace of mind long into the future. This detailed assessment will be presented as both a written report and an electronic copy - which will be confidentially and securely sent via a complimentary My Wealth Cloud account. Copies of the report can also be sent to a nominated accountant and solicitor. Address areas of concern: hand them over to someone else you can trust, who has the time to listen and help, and then adjust your life to introduce balance and a sense of control.

www.aag.co.uk

A FIRST CLASS EXPERIENCE?

WORK OUT TERMINAL
FIND DROP OFF POINT
DROP OFF
CARRY LUGGAGE
CHECK IN
HAVE BAGS WEIGHED
SECURITY
WALK TO LOUNGE
HAVE TICKETS CHECKED AT LOUNGE
FIND SPACE IN LOUNGE
KEEP AN EYE ON THE FLIGHT DEPARTURE
LEAVE LOUNGE
FIND GATE
WALK TO GATE
WAIT AT GATE
BOARD PLANE



A HEATHROW VIP EXPERIENCE

DEDICATED ENTRANCE
PRIVATE HOST
EXCLUSIVE SECURITY EXPERIENCE
CHAUFFEUR
PLANE

For the most luxurious way to travel through Heathrow,
for unparalleled exclusivity and your own private airport lounge book Heathrow VIP,
visit www.heathrowvip.com or call **+44 (0) 20 8757 2227** and reference your unique code 'FOE'

Heathrow



Building A Global Community of Values Based Investors

Article by Robert Rubinstein, CEO & Founder of TBLI Group

For the past twenty years, I, through the TBLI Group, has been instrumental in integrating Values-Based Investing (VBI) into the culture and strategy of international corporate business and investment companies. He has worked tirelessly in raising awareness and creating money flows into ESG (liquid assets in Environmental, Social and Governance investments and Impact (illiquid assets in sustainability).

ESG (Environmental, Social and Governance) and Impact Investing have become the buzz words for the “new” way of managing assets. ESG investments cover liquid assets and Impact Investing deals with illiquid assets. Some see this as an extension of philanthropy or a way of integrating philanthropic interests with investments. I prefer to look at this way of managing money in a formalized manner — integrating sustainability in the way all assets are managed, thus taking into account all risks; social, financial, environmental, governance, human rights, etc. Smart investing.

When I engage with financial advisors who have been reluctant to expose their clients to ESG or Impact Investing, I often hear the comment, “Robert this is interesting, but can you please send me research which shows no negative impact on returns in the worse case, and in the best case there is an outperformance?” I used to send all the research because there was a lot of material to chew on. Then, it finally struck me that this was less a matter of proof but rather a belief. How much research was done on collateralised debt obligations (CDOs) before people moved all their assets into that toxic mess? The answer is none. Even after being confronted with the financial meltdown caused by CDOs, advisors still wanted more convincing regarding ESG and Impact. They would say, “we need liquid,

mainstream, large-scale, profitable, understandable products that institutional investors can understand.”

I would respond with and highlight, “Oh, you mean:

- Sovereign Debt
- A stock market that didn’t perform for ten years and had massive volatility
- Subprime collateralized debt obligations

All asset classes that performed miserably and one brought about the financial crisis.

When advisors keep repeating this mantra it becomes comical. The biggest laugh I had was when I was told ESG and Impact are too risky. This comment, coming from the mainstream financial sector, which has paid out \$260 billion in legal fees and fines doing the “non-risky” stuff that they were carrying out prior to and after the melt down. Why is ESG and Impact Investing garnering attention and interest by every single major wealth manager now? Because it looks at all risks, an increase in costly financial issues such as carbon, future low carbon investment will be extremely large in illiquid assets with low volatility, performance across the industry has been acceptable, and most importantly because Impact Investing is not correlated. Recently I had a conversation with a private banker who manages wealth portfolios, and she lamented on the difficulty of getting her HNW clients interested in Impact Investing. Having heard this so often, I needed to be blunt with her on why she was not succeeding. “The reason you can’t seem to convince your client about ESG or Impact Investing, is because you are not good at getting buy in”. Private Bankers seem to live in fear of their clients. They don’t lead them but follow them. How can you

engage with your clients, if you are afraid of them (afraid them leaving) or if you don't understand values based investing? And you aren't able to engage with clients on Impact Investing (illiquid investments with a story) in a way that would provide a sense of fulfillment and have limited information.

Client Engagement

Asset owners who meet with their wealth managers are often confronted with the comment "Sorry your portfolio is down because interest rates are so low". That conversation is dead. It is not inspiring, joyful, or interesting. The liquid part of the portfolio often represents 80-90% of the portfolio. So hearing that 80-90% of your portfolio is down because of low interest rates won't put a spring in your step. The part that represents a very small percentage of the portfolio, alternative investments or illiquid investments, is the part where wealth managers can really engage, particularly the part called Impact Investment. If you look at the 10-20% of a client's portfolio, within that you might find a razor thin section that could be considered "impact investing". It is that tiny part of the portfolio that wealth managers can really engage with the client, and get clients passionate, excited, and most of all a feeling that the wealth managers made the client's day. Isn't that something to which to aspire to?

How about waking up, smell the roses, engage with your client, gain some fulfillment, and get your bonus? For the number crunchers who still need convincing:

- The Millennial generation will inherit an estimated \$41 trillion from the baby boomer generation, over the next four decades. Havens, John J. and Paul G. Schervish. "Why the \$41 Trillion Wealth Transfer Estimate is Still Valid: A Review of Challenges and Questions". Boston College Social Welfare Research Institute, 2003. http://www.bc.edu/content/dam/files/research_sites/cwp/pdf/41trillionreview.pdf
- Bank of America in 2011 noted that assets transferring to a spouse move to another firm 55% of the time while assets transferring to children move as much as 98% of the time.
- According to the 2014 Deloitte Millennial survey, nearly 30% of Millennials believe the number one priority of business should be to improve society. They believe business can do more to address society's challenges of resource scarcity (56%), climate change (55%) and income inequality (49%). Big demands and high expectations: The Deloitte Millennial Survey. January 2014.



The Complete Service

Providing the very best that superyachting has to offer

Burgess is the only full service global superyacht company. Tailor-made solutions and full support for all our clients. Whether you wish to purchase, sell or charter a yacht, we cover every angle. Whatever your needs, if you want the most spectacular yachts, speak to Burgess – the world's leading superyacht specialist.



BURG

SALE & PURCHASE | CHARTER | TECHNICAL SERVICES | YACHT MANAGEMENT



ESS

London +44 20 7766 4300
Monaco +377 97 97 81 21
New York +1 212 223 0410
Miami +1 305 672 0150

Moscow | Palma | Athens |
Los Angeles | Seattle | Mumbai

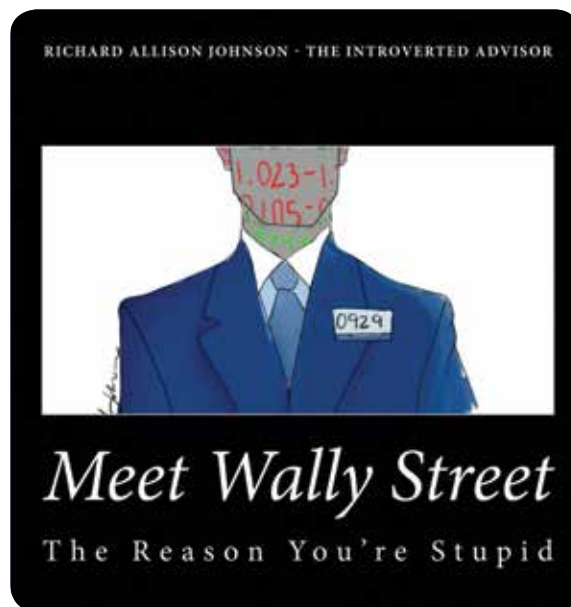
enquiries@burgessyachts.com | www.burgessyachts.com

MEET WALLY ST

The View from a Small Fry



Richard Allison Johnson



The Reason You're Stupid

In my role as the big cheese of a small fry registered investment advisory firm, I am constantly bombarded with emails and phone calls from alternative money managers. Most of the time, these alternative money managers have no clue who I am nor anything about my firm. Also, they do not know that in October of 2008 I went to 100% cash for our clients and stayed in cash until May of 2009. Yet, they want to tell me how great their company is and how wonderful their money management skills are (compared to mine?), but I know better. It is easy to see that they did not do any research on my small fry firm. Consequentially, it stands to reason that they are a poorly managed firm. I suspect that SFO's and MFO's are equally bombarded with the efforts of these same alternative money managers, if not more so than me. I am certain this is true upon the attainment of sudden wealth and not knowing who to rely on. In my book, *Meet Wally Street, The Reason You're Stupid*, I write about the things you should never

invest in no matter what. Yes, I know that my sub-title seems a little rude, but I did it to make a point. The point is to use some good old fashion common sense.

Let me give you an example of one of my recent experiences where one of my partner's client attended a road show presentation by some real estate people. I am a real estate agent in addition to being an investment advisor, so I know how to evaluate both types of investments. This particular group of real estate "professionals" (and I use that term very loosely here), wanted people to invest in their offering. Their offering was a Business Development Corporation (BDC) which is a fancy name for a Non-Public Real Estate Investment Trust. In their offering, they were buying mobile home parks. Their pitch began with, "Apartments are getting too expensive with the rents rising as they have recently, and this is pricing people out of the rental market. As a result, this is going to push people towards

mobile home parks where it is much more economical for people to live. We were raising money to buy mobile home parks and the return for investors is outstanding.”

Of course, because of their expert real estate skills they were going to be able to offer double digit returns to investors. They were loaded down with mobile home park real estate experts and they know that market better than anyone. They mentioned 12% to my partner’s client. I don’t know what it is about that figure 12%, but to me that must be the magic number or something. That must be the number that makes people totally stupid. All these people have to do is quote 12%, and investors line up and plow their money into these type of alternative investments.

Luckily, I was able to tell my partner’s client the good news that he wasn’t an accredited investor, and therefore he could not invest in it. Of course, this was horrible news to him. He had fallen hook, line and sinker for their road show presentation and that fictitious 12% return. Even if he didn’t know it, I saved him from disaster. This is probably one of my best skills.

Another time I assisted in avoiding a disaster was when I ran across an investor with a 16% tax-free corporate bond portfolio. Did you know there were tax-free corporate bonds? There is no such thing of course, but this elderly couple overlooked that fact and focused instead on that 16% tax-free return. They invested over \$400,000 with this financial advisor. I was intrigued by that 16% tax-free return myself, so I asked to see their account statements. They had an insurance company name on the statements, but I took one look at them and noticed that they were fake. The same as when I first saw a statement from Bernie Madoff. I knew his statements were fake, too.

In the end, I notified the Chief Compliance Officer at the insurance company and found myself catching a Ponzi schemer who had bilked investors out of several million dollars. After multiple meetings and a lot of work reviewing phony emails, statements, letters and other documents, I provided the Postal Inspector with everything he needed to convict this financial advisor and send him to federal prison. Perhaps, the most amazing thing to me was that he was able to go to

one of the top banks in the country no less and open an account in his name with a dba in the insurance company’s name! He had the clients give him checks made payable to the insurance company, and then he simply endorsed them and deposited them into his bank account dba insurance company name. The bank and insurance company wanted to keep all this quiet as you can imagine, so getting this elderly couple’s money back was not too difficult. I was able to help get 100% of their contributed capital back.

In my book, although I have a lot of mom and pop stories, you will also find several advanced strategies in there for SFO and MFO family members, like asset protection, intra-family business succession with trusts and more importantly, good old fashion common sense. My motto is Keep it Liquid and Keep it Public if you are going to invest.



BH
BEAUFORT HOUSE

Work · Rest · Play

Your home from home venue in the heart of Chelsea
Restaurant | Cocktail Bar | Members Club | Parties | Meetings



Beaufort House Chelsea 354 Kings Road LONDON SW3 5UZ
020 7352 2828 info@beauforthousechelsea.com beauforthousechelsea.com
facebook.com/BeaufortHouseLondon @Beauforthouse

THE BEST WINE OF THE ALGARVE?

QUINTADOS VALES

AQuinta dos Vales was once again honoured at the "VIII Concurso de Vinhos do Algarve" winning the Grand Gold Medal and the coveted distinction of "The Best Wine of the Algarve".

The jury consisted of highly respected experts in the field of wine, many of whom holding prestigious titles, such as Bruno Antunes, who has won several "Sommelier of the Year" awards; and António Lopes, Head Sommelier at "Conrad Algarve" and current "Sommelier of the Year".

In the competition's short history, Quinta dos Vales has already won the top distinction 4 times, including the last 3 consecutive years, confirming that their approach and efforts are appreciated and that the "Marquês dos Vales" wines continue year by year to excite wine connoisseurs, professional and amateurs alike.

The "Grace Touriga Nacional" 2011 was selected as "The Best Wine of the Algarve" of 2015, in previous competitions three other wines have been distinguished with the same award: "Grace Touriga Nacional" 2008, "Grace Viognier" 2012 and "Grace Vineyard" red 2009, respectively in 2010, 2013 and 2014.

A testament to this highly acclaimed wine is that the rest of the lot was immediately reserved by a prestigious Swiss wine shop.

Karl Heinz Stock said: "Judging from the reactions of these professionals, it seems that they are ready to embrace this new trend and appreciate the unique wines which are now being produced in the Algarve by us and also our co-producers."

Karl Heinz Stock continued: "Having decided not to produce a Touriga Nacional in 2012, we are now eagerly awaiting the "Grace Touriga Nacional" 2013, which will be released soon and promises to achieve the same high quality level of its predecessors, notably the only red monovarietals produced by Quinta dos Vales thus far.





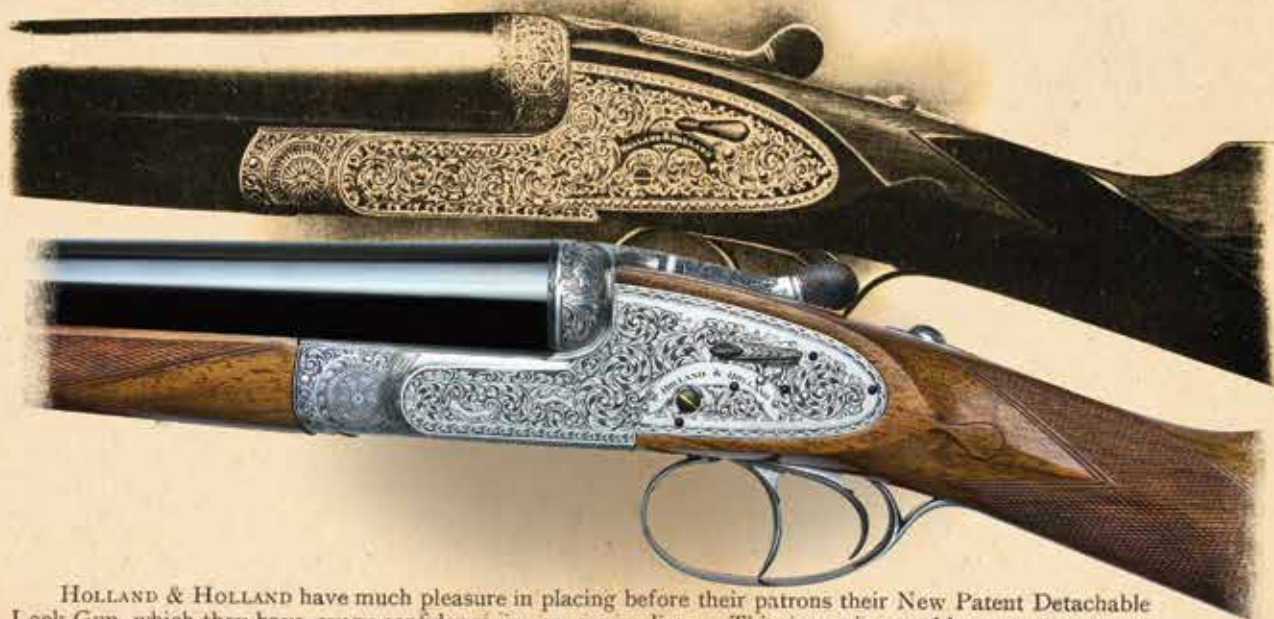
HOLLAND & HOLLAND

Established London 1835

The Royal Hammerless Ejector (Patent). Detachable Lock Gun

NEW "A.B." MODEL

Best Quality.



HOLLAND & HOLLAND have much pleasure in placing before their patrons their New Patent Detachable Lock Gun, which they have every confidence in recommending. This invention enables a sportsman to take the locks off for cleaning or examination purposes, without the aid of a turn-screw or other implement, all the advantages of stability, strength, appearance and perfect balance of the side lock gun being retained. It is applicable to rifles as well as to guns.

This new pattern gun is so constructed as to allow of the locks being brought "close up" to action, with the result that a very short, crisp pull of the trigger can be insured.

For illustration of SPECIAL TREBLE GRIP, see page 16.

Extract from *THE FIELD*, January 2nd, 1909.

Messrs. HOLLAND & HOLLAND have submitted for notice a gun embodying an idea which they themselves affirm should have been brought out long ago. Anyhow, there is not one shooter in a hundred who can remove and replace the screws of his gun without leaving the unmistakable traces of his handiwork in the form of scratched and opened screw heads. Messrs. HOLLAND & HOLLAND have settled the question in another way by replacing the ordinary screw, having its head buried in one lock plate, and the screwed tip engaging in the other lock plate, with one carrying an external thumb lever.

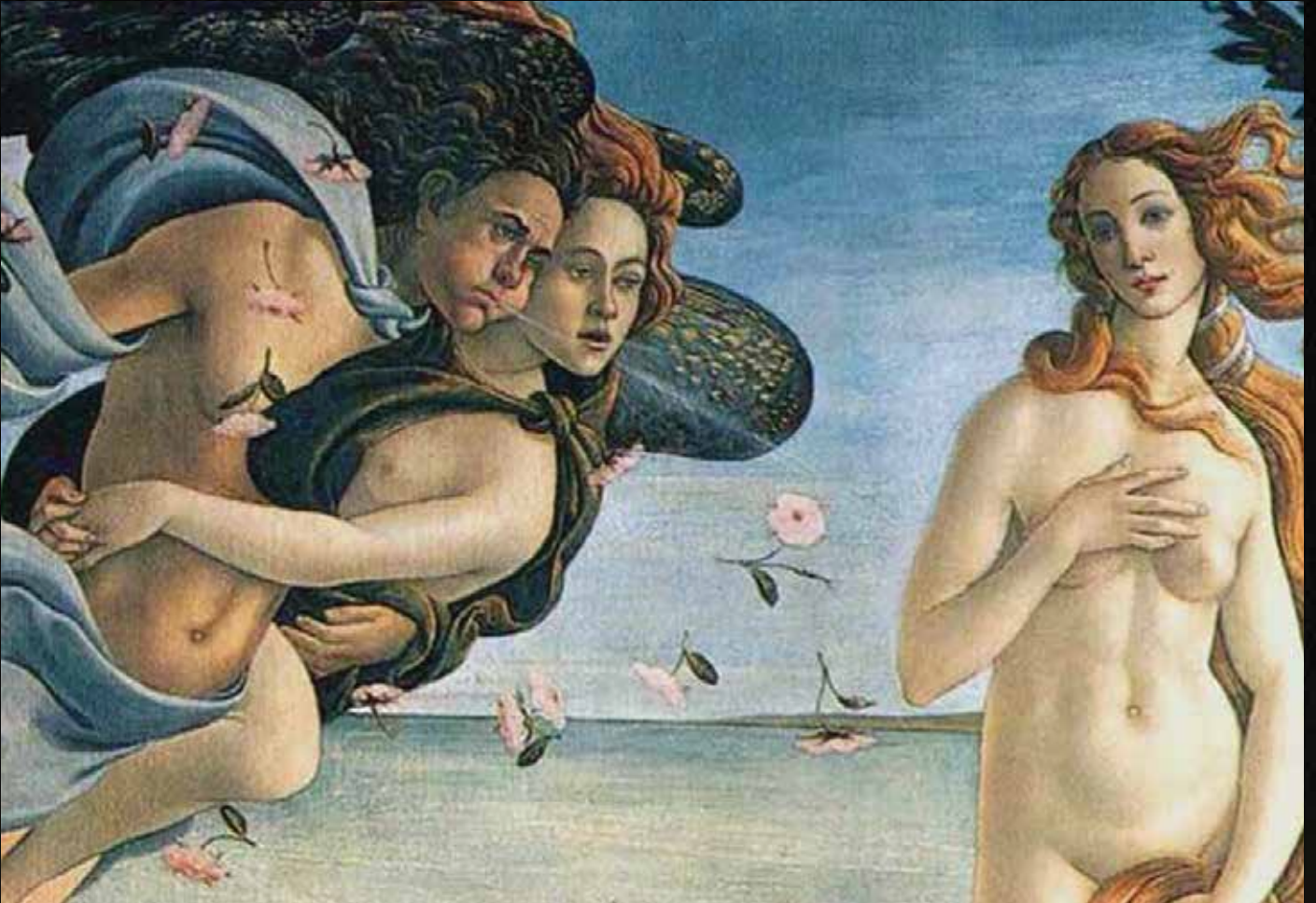


Winners of all "The Field" Rifle Trials, London.

STILL MAKING THE WORLD'S FINEST SPORTING GUNS AND RIFLES



DOMOS



FINE ART CONSULTANTS

SPECIALISTS IN OFF-MARKET FINE ART

SKYPE: domosfineart | info@domos.co.uk | www.domos.co.uk