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\$855,000,000

Greatest Sale of Artifacts

THE Lin Family Collection of Chinese Art



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The Most Expensive



Sale of Artifacts

\$855,000,000



CHINESE TREASURES *from the past*



DOMOS Fine Art recently announced that they are representing the sale of over 60 ancient Chinese artifacts from the Lin Family Collection.

Not only is this collection ancient, but the sheer beauty and level of art is astonishing. This rare collection includes items of furniture, wood carvings and sculptures and are all from the most famous artists in Chinese history. This very rare collection started its journey almost three generations ago during the 2nd World War. Chiang Kai Chek, (the First President of Taiwan) lost the war to Mao but took all the most valuable gold, jewelry, art and antiques and stored them at the National Palace Museum in Taipei.

During this time, the Lin Family owned vast amounts of property across Taiwan. They used a large portion of their gold assets to connect to the Chinese royal families and exchange it for priceless antique treasures in order to protect them from the ravages of war. There is not a museum anywhere in the world that has a collection of rare Chinese Artifacts that can compare to this outstanding collection of rare works.





This rare collection includes the Prime-Minister's Seal from the Warring-States period, this is over 2,210 years old and has been valued at US \$330 M. The Tang Dynasty Gilded-Bronze Dragon in the collection is one of only two ever made. One is the signature piece at the Shaanxi Museum in China; the second one was thought lost, however, it was protected by the Lin Family. This rare piece is at valued at \$55 million USD.

The White-Jade, Tang Dynasty Buddha head has been appraised at a similar level to the Bronze Dragon at \$55 million USD. This incredible collection is being represented by DOMOS International Fine Art Consultants, who are marketing this rare collection to a select clientele at \$855,000,000 USD. This is the highest price ever sought for a private collection of Artifacts. According to a DOMOS International

spokesman, Mr. Faizcy Hope Lumley, *"DOMOS are very pleased to be representing the sale of the Lin Family Chinese Collection"*

Interest in Chinese art is climbing at an incredible rate, 64 percent of UHNWI's in China have now invested in some form of artwork. This figure increases to over 81 percent among those with over \$500 million.

Records are regularly being broken on Chinese works such as the 'Chicken Cup' which set an Auction Record of \$36 Million USD when bought by Liu Yiqian. The previous Chinese record auction price was \$30 million USD for a bronze Buddha. Although well-known auction houses such as Christie's and Southeby's have dominated the world market for many years, there is now a trend amongst some UHNWI and Family Offices to buy or sell off-market. This is a mutual beneficial arrangement

for both buyer and seller who save money by buying at a lower price from sellers who would rather not pay substantial auction fees and privacy is assured.

DOMOS is one of these specialist companies that deal primarily with Family Offices and UHNWI's in Off-Market fine art collections. DOMOS not only represents the Chinese Lin Family Collection but has many works of fine art by the world's greatest painters within their current portfolio.

According to the DOMOS spokesman, Faizcy Hope Lumley, *"we advise any potential buyer of Fine Art or Artifacts to conduct their own Due Diligence by reviewing documentation and seeking expert opinion. However, we do arrange for forensic testing and experts opinion of any work of art"*

fineart@domos.co.uk

TANG DYNASTY BUDDHA HEAD WHITE JADE



This is said to be the most perfect and famous jade Buddha statue in existence. It was created on the orders of a Tang Dynasty emperor so that he could bow to it at daybreak and ask for Buddha's blessing and to protect the empire. This statue was hand carved from the hardest and highest quality white jade and gilded with pure gold. It is said to be the ultimate artistic expression of Buddhist Spirits and radiates pure kindness, care, joy, and freedom while capturing the majesty of the emperor and the innocence of

his infant son. Most Chinese Buddha statues were created according to the fashions of the day, without knowledge of Western artistic three-dimensional space calculation - bone structure and classically perfect proportions. In all of history, this is the only statue of Buddha that shows perfect proportions from every angle, yet also catches the ancient, mysterious meditation effect of a delicate, perfect joyful smile. Also known in philosophy as "Thousand-Layer Awakening Smile".

TANG DYNASTY, GILDED BRONZE DRAGON

This is one of the most striking and evocative artistic archeological objects ever found in China. It dates from the Tang Dynasty, which spanned three centuries (618-906 AD). This period is regarded as one of the most glorious periods in Chinese history. To create this astonishing Gold

Dragon, the Emperor ordered that the site with the best Feng-Shui in China be found. It took many years, and the power of the entire empire to bring the best Feng-Shui masters and the greatest dragon sculptors together to complete the task. Most ancient Chinese dragons were created for the appearance

of power, as a symbol of royalty and the honor of the Emperor. The Tang Dynasty Golden Dragon was originally designed to be one of a pair, representing the two opposite forces of the universe: Yin and Yang. When these two are together, they embody the idea of Taiji: extreme opposite forces of harmony.



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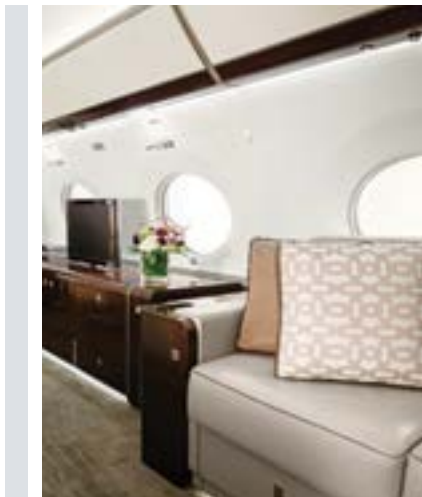
High speed Mach 0.90/956 km/h





GULFSTREAM G650 INTERIOR





GULFSTREAM MANUFACTURES 100TH G650

HIGH SPEED CRUISE Mach 0.90 / 956km/h

RANGE 7,500nm / 13,890 kn/h

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G650 DATA

PERFORMANCE

Range - 7,500nm.13,890km

Cruise Speed-Mach 0.85

High Speed Cruise-Mach0.90

Takeoff Distance 6,299 feet

Initial Cruise alt 41,000 ft

Max Cruise Alt 51,000 ft

WEIGHTS

Max Takeoff Weight 103,000lb

Max Landing Weight 83,500lb

Max Zero Fuel weight 69,500lb

Basic operating weight 54,000lb

Max Payload 6,500 lb

Payload & Max fuel 1,800 lb

Max Fuel Weight 48,200lb

ENGINES

Two Rolls Royce BR725 A1-12

AVIONICS

Gulfstream Planeview™ II

TAKEOFF THRUST

16,900 lb

PASSENGERS

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Gulfstream Aerospace Corp. announced recently that it has manufactured the 100th G650. The ultra-long-range business jet was delivered to the customer on Nov. 14, 2014.

"The production of the 100th G650 is a testament to the demand for this incredible aircraft," said Larry Flynn, president, Gulfstream. "It truly set a new world standard for performance, range, speed, safety and comfort when it entered service in December 2012.

The aircraft was certified by the Federal Aviation Administration on September 7, 2012, and by the European Aviation Safety Agency on December 21, 2012. The aircraft can fly near the speed of sound, with a maximum speed of Mach 0.925. It has a range of 6,000 nautical miles/11,112 kilometers at Mach 0.90 or 7,000 nm/12,964 km at Mach 0.85. It can connect passengers nonstop from London to Los Angeles and Beijing to New York.

"Since it entered service, the G650 has proven it is a performance leader," said Scott Neal, senior vice president, Worldwide Sales and Marketing, Gulfstream. "The G650 has claimed 42 speed records and secured an around-the-world speed record. It's more fuel-efficient than many other aircraft, offers customers one of the most comfortable cabin experiences and is equipped with industry-leading safety features."

The G650 has the largest business-jet cabin and provides passengers with wider seats, more aisle room and the ability to control the cabin entertainment, temperature and lighting with a smart device, such as an iPhone® or iPod®. The large windows, quiet cabin and low cabin altitude improve comfort and reduce fatigue. Passengers can work, connect to the Internet or relax before arriving at their destination. The G650 features the PlaneView II cockpit, which includes standard state-of-the-art Enhanced Vision System (EVS) II and the Gulfstream Synthetic



GULFSTREAM AEROSPACE G650 Manufacturing Plant

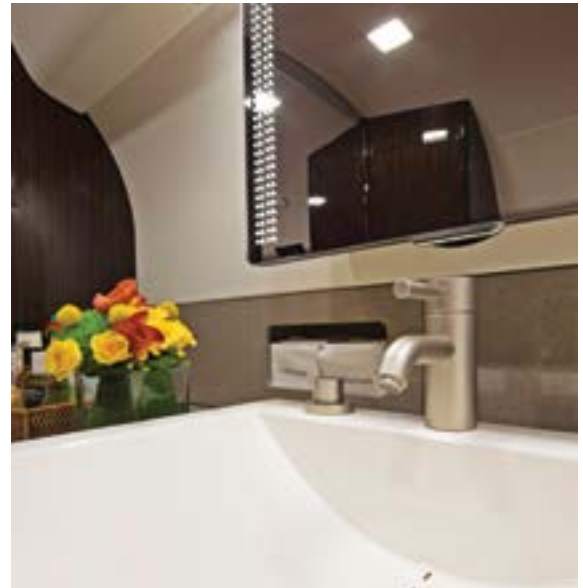
Vision-Primary Flight Display (SV-PFD). EVS provides pilots with real-time images of the aircraft's surroundings and greatly improves situational awareness in low-visibility conditions. In zero-visibility conditions, pilots can rely on SV-PFD to understand the position of the aircraft in relation to the runway, terrain or obstacles. Gulfstream was the first to implement these safety technologies in business jets.

Gulfstream also recently delivered the first fully outfitted G650ER business jet to a customer, ahead of the 2015 projected delivery date. Gulfstream announced the G650ER in May of this year. The aircraft received type certification from the U.S. Federal Aviation Administration five months later.

"In today's fast-paced world, our customers need to travel longer legs at faster speeds," said Scott Neal, senior vice president, Worldwide Sales and Marketing, Gulfstream. "We are proud to be able to offer a product that meets the needs of our customers. I commend our employees, from engineering to manufacturing, who have worked to develop and design such a superior aircraft."

The G650ER travels near the speed of sound with a max speed of Mach 0.925. At Mach 0.85, it can carry passengers 7,500 nautical miles/13,890 kilometers, and at Mach 0.90, 6,400 nm/11,853 km. It connects more international cities and offers more nonstop destinations, from Hong Kong to New York, and Los Angeles to Melbourne, Australia.

Photographs Copyright GulfStream



MAX SPEED MACH 0.925
THE G650 ER
RANGE 7,500 NAUTICAL MILES

HUNGER



DRIVES THE WOLF

BUSINESS STRATEGY

Swiss Private Banking, the balancing Act

by Muriel Dubach - Blue Beta Finance & Entrepreneurs

Emerging from excessive economic diplomacy and short-term bank governance of some, repeated financial scandals and collapses shed light on a page of Private Banking History currently being written. Impacts on the financial sector have forced the Private Banking Community to comply with new playing rules, creating a necessary and growing awareness of fiscal, social and ethical responsibilities. By highlighting the banking sector deficiencies in terms of transparency and governance, and riding on the fears and popular misconceptions against financial mechanisms, governments are taking advantages of the financial crisis consequences to offset the massive decrease in public revenues.

Claiming that structural banking regulations would ensure better stability and public confidence in the financial system, governments are placing more and more responsibilities on the shoulders of financial institutions, while actually making most of their decisions based on their own interests regarding fiscal and economic policy. Obviously, an uneven playing field between governments due to different degrees of political might does not allow fairness of treatment for all, increasing considerably the competitive gap. Swiss Private Banking is suffering from excessive regulations and will change over

time as political interferences become even stringent. These transitions will lead to considerable costs for the Financial Community as a whole, including Investors. Regulatory requirements in process including the famous Dodd-Frank Wall Street Reform and Consumer Protection Act, Basel III and even the OECD Global Tax Standards will represent a great deal of money, leaving the Private Banking sector with weakened powers.

Compliance with new regulations therefore appears to be the main cost element and focus of the industry, pulling back funding that addresses core business issues. Decision takers will have to show level headedness to act wisely and not to fight the wrong battle. In response to the evolving customer needs, they cannot afford to remain complacent. New market conditions are crying for innovative thinking and strategy, necessitating appropriate capital investments in response to emerging issues. Therefore, key players must be very conscious of the way they are structuring things. In order to enhance their efficiency and competitive advantages, they will have to juggle with quality, performance, innovation, restructuration and ROI, this in order. The question of financial asset performance is even more pertinent today, but cynically the necessary financial leveraging for a clear differentiation is limited

as a result of unrestrained risk management measures. It is imperative that over-zealous authorities or political interference does not frustrate legitimate business decisions. The sub-prime lending crisis, the sovereign debt crisis, several financial frauds as well as a lack of access for private companies to funding have meant a reduction in confidence and even fear of the future. A return to basics would be immensely beneficial for restoring investor confidence and generating investments. The stakes are high, since private banking leaders will need to refocus on their core business lines, while reinventing themselves and preserving traditions and corporate values. This will be the price to pay for those seeking effective and sustainable solutions.

Needless to say, the pace of change in managing the transition will increase the competition within the Private Banking industry. As a consequence, the chances of success will vary from one institution to another according to their own resources, but also to their ability to make a real difference. In this respect, it would be useful, even essential to show creativity, talent and dedication in a way to increase their attractiveness. These objectives cannot be met without a deep understanding of client needs and to overcome them. Private bankers will need to stand at the forefront and rethink strategy.

In another vein, rapid innovations obviously demand constant updating of knowledge and skills. In this respect, high level of services is a prerequisite. Private Banking leaders will have to retain qualified employees and recruit newcomers, highly specialized and multifaceted, able to effectively and successfully withstand these challenges. In order to be adequately outlined, raising the tone of the debate is direly needed. There is no room for demotivation or incompetence. Whistleblowing cases surrounding banking employees -which is mostly the responsibility of some financial institutions for their money-grubbing mentality; cutting wages and high individual performance expectations must be balanced with fair compensations.

Now more than ever, employment satisfaction represents a major strategic stake. The level on salaries being frozen, employee's motivation and loyalty must be found elsewhere. Business strategy should be adjusted, taking into account employee retention and expectations of the next Gen. Hence the importance of widely promoting a true corporate spirit and eradicating employee turnover, so unpopular with consumers. It would be appropriate to consider employees as a strategic resource not a cost. At the same time, private banking leaders will have to exclude black sheep, which objectively could be good news for the entire industry.

Finally, ROI -return on investment will be definitely played by an open mindedness from decision makers. Their achievements will greatly depend on their ongoing ability to embrace a human dimension in business case process, to adopt a sustainable development strategy and to integrate end-user needs into the decision-making mechanism. Private banking leaders must be smart enough to strike an appropriate balance between innovation and tradition. Despite showing true resilience in the face of all these challenges, there are increasing pressures in moving things forward. It is time to lead.



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Defensible arguments that machines can accomplish things that resemble thinking

CAN MACHINES THINK?

by Julian Mulla, PEAQ Capital Strategies LLC



This is the question that Alan Turing proposed in 1950. Given all the advances in computer applications since then, we are even more interested to know the limitations of machine thinking. Serious exploration of these limitations started during 1940 and 50 by Newell at RAND where Artificial Intelligence was born.

Pros: There are many defensible arguments that machines can accomplish tasks that resemble thinking' Computers can produce "originality". A classic geometry solver was given the task to prove that base angles of the isosceles

triangle are equal. The computer proved it by showing that CAB and BAC are congruent triangles. The proof was unexpected and unknown to the programmers.



- Many programs, some freely available, read the news and fairly accurately determine the sentiment level for each paragraph.
- Mars rover is capable of independent navigation and ability to make its own choice on rocks it selects to test and according to NASA is doing a great job. Mars is millions of miles away, and at the furthest point from earth it takes more than 20 minutes for a round trip signal. This delay makes it infeasible to control the rover from earth.
- Computers can learn from experience; Art Samuel created a checker's program that was

instructed only about the rules of the game, but not specifically what strategy to follow. The program played continuously with slightly perturbed versions of itself and was able to defeat Connecticut Checkers Champion. Later Improved versions of the program consistently overcome any human.

Cons: There are also many defensible arguments that computers cannot think.

- The question is can we program the machines to think? At the present time, we are not able to properly define thinking and related things like originality, creativity, meaning, and understanding.
- We know that there are frequencies we cannot hear, scents we cannot smell, and our vision and sense of touch are limited too. Human thinking can be limited as well, and it's possible we'll never be able to write down "the instructions" that will turn the computer in a thinking machine.
- Thinking and problem-solving requires juggling multiple independent parameters at the same time. As such, thinking activity takes place in a higher dimensional space. Our intuition fails us in high dimensions. See the discussion at the end for some examples.
- It might be the case that certain things, like programming computers to think, cannot be expressed in words or computer instructions, in the same way that we cannot describe in words the subtle complexity of a wine, the music we hear, or even a fragrance that we smell.
- In chess, masters will see a significant move that an intermediate player will miss; the reason behind such decisions is locked in sub-consciousness and cannot be expressed in words. This is the ability to see the problem in the right way.

There is no consensus whether computers can think; among other factors, there are no explicit rules for defining what constitutes thinking! It appears most of the time we are concerned with the outcome of thinking, but as soon as the machine produces that result, we focus on the "how" and conclude it's not thinking.

- For a long time, it was believed that chess requires intelligence and the game itself was a test for thinking. After Deep Blue had beaten Kasparov in May of 1997, the question was far from settled and it was claimed

that the computer was only applying a "complex" formula, and that's not thinking.

- Another test for thinking was proposed by Alan Turing which states that if at the end of a teletype is either a human or a machine and an average human on the other end cannot tell the difference, then this is proof of thinking. In June 7, 2014, a chatbot, named Eugene Goostman fooled 33% of the judges into thinking that Goostman was a 13-year-old boy. The critics claimed the computer used humor to fool the judges and thinking was not adequate.

A more practical question is: What are the things that humans do and machines can do better? I'll skip all the boring stuff on how machines can crunch numbers faster, more reliable, cheaper and never get bored. Instead, I will point out a significant breakthrough in Artificial Intelligence. After a long plateau in the error rate of speech recognition applications, something happened in 2009 that allowed the error rate to drop drastically and approach ranges close to human abilities.

That turning point in 2009 has to do with practical implementations of a new approach in machine learning that was born in 2006 in the University of Toronto called Deep Learning. In other words is the ability of the machine to analyze the raw data and pick the features that seems important. Before deep learning, these elements were carefully designed by experts of the field.



Figure-1 NIST Evaluation of Automatic Speech Recognition

Conclusion: The philosophical question: can computers think, is uncomfortable because it challenges our ego, and we dislike the possibility that machines can out-think us. The answer itself is also uncomfortable, as we cannot afford to either disbelieve or believe. If one doesn't believe, that will limit the scope of computer applications and might be a bad decision. If one purely

believes, then this may be a set up for failure and wasted resources chasing a dream.

Questions, Comments and Requests for Research

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¹ Some example on how intuition fails us in high dimension space.

We have developed a good intuition for the 3-d world that we live in, but thinking takes place in a higher dimensional space, where one is juggling multiple independent parameters to find the optimal answer to a problem. The intuition that we have developed for the 3-d world fails us in higher dimensions. Let's see some examples to understand this.



Let's consider the angle between the diagonal of a square and the edge. In two dimensions, $\cos \theta = \frac{1}{\sqrt{2}}$, in 3 dimensions $\cos \theta = \frac{1}{\sqrt{3}}$ and in general, for n dimensions $\cos \theta = \frac{1}{\sqrt{n}}$. As n becomes large $\cos \theta \rightarrow 0, \theta \rightarrow \pi/2$. In the n -dimensional space, contrary to the common

belief that we have n orthogonal directions, in fact we have 2^n orthogonal directions (all the directions from the origin to each of the corners $(\pm 1, \pm 1, \dots, \pm 1)$).

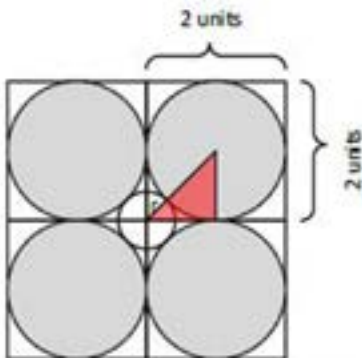


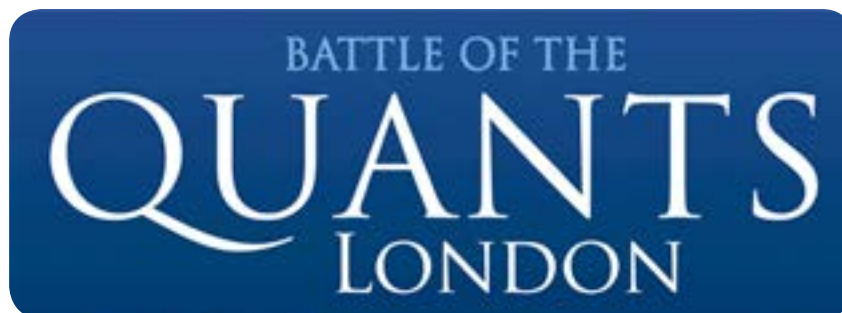
Figure-2 How intuition fails in dimensions.

Gray circles have a radius of 1. The white circle in the middle that touches each of the gray circles has radius

$r = \sqrt{1^2 + 1^2} - 1 = \sqrt{2} - 1$. In 3 dimensions $r = \sqrt{3} - 1$ and in n dimensions we have $r = \sqrt{n} - 1$.

Notice that for 10 dimensions, the value $r = \sqrt{10} - 1 > 2$. So the center circle which still is touching all the gray circles in 10 dimensions is actually bigger than gray circles but is also gets outside the large outer square.

Why do we care about high dimensional spaces? Thinking takes place in high dimensions, slightly complex problems have multiple parameters that effect the optimality of the solution.





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SPEED COSTS

I personally hate the word 'sponsorship

"There's so much more to motor racing than just being the world's fastest billboard. There is also no doubt that speed costs, but there is true value to be found in the seduction of motorsport."

Racing the Kessel Ferrari 458 GT3

Motorsport oozes power







SPEED COSTS

HOW FAST DO YOU WANT TO GO?

FERRARI

by David Hardman – Team Director – Liam Talbot Racing

There's so much more to motor racing than just being the world's fastest billboard. There is also no doubt that speed costs, but there is true value to be found in the seduction of motorsport. It brings together motivated and passionate individuals working towards a common goal and with that in mind; it brings together the underlying success in a strong team. It is these partnerships forged together at the track that create such a substantial commercial advantage, linking motorsport and industry in such a unique manner. It is this value that sees so many major international companies tied to motorsport to enhance their brand. It's a multi-billion dollar global industry that unites man and machine. It's a place where deals are struck, and partnerships are developed. It's also one of the last real gladiatorial sports, built on a business model with a very precise performance outcome, an outcome that gets tested every time you hit the track.

Let me clear something up right from the start; I hate the word 'sponsorship' especially when it's associated with the business of motorsport. We never deal in sponsorship's; sponsorship by definition is a 'gift in kind'. Our business is not a charity; it's a powerful and highly creative marketing and branding tool. At LTR we always work hand in hand with all our team partners, it's a fundamental philosophy! We co-create branding strategies as a credible way to win more business and market share for them. We work incredibly hard at creating excellence throughout all facets of our business and developing powerful partnerships both at and away from the track.

It's amazing how many motorsport people I've dealt with over the years that go out of their way

to track me down so they can personally tell me how good they are at racing and to ask for my help because they don't understand why 'sponsors' aren't lining up to give them money. I'll go on to ask some probing questions about their investment proposition and marketing strategies and to pinpoint exactly what they're doing to offer these potential partners a return on their investment. It's usually at this point where 90% of them walk away from the conversation (their idea of sponsorship is - give me money and I'll put a sticker on the car) they assume that because I don't follow the same principle I don't understand sponsorship! They're right of course; I don't understand sponsorship; we're not a charity; however I do understand partnerships, investments and how to create a tangible marketing proposition; we are in the business of motor racing!

There's any number of reasons why companies initially decide to get involved in motorsport. It could be to create a product or market distinction or to enhance brand development or recognition (there's a good reason we're racing with Ferrari for example – one of the most iconic brands in history!). There are few better ways to leverage relationships and introductions. Whenever you step inside a professional race team's garage you enter another world. There's an energy about it; a buzz; the sights, the sounds, the smells, the passion, the technology, it's pure theatre on wheels and once you're on the inside you're taken to a place that few people outside the sport can truly understand. It's both addictive and thrilling at the same time, and it becomes a part of your DNA!

Motorsport is about creating optimal performance at

the limit, and it's also about building a competitive advantage over the competition. But performance costs money and depending on the level of competition that cost could run anything from tens of thousands of dollars right up into the hundreds of millions at the pinnacle of the sport in Formula One.

There's a number of different revenue streams that the teams use these days to create their overall racing budgets for the season. If you look at Formula One as an example two of their largest revenue streams come from the back of what is known as the Formula One prize fund distribution system. This is a system in which teams receive a slice of the overall revenue generated by Formula One (believed to be 47.5% of the profit generated from event hosting fees, broadcasting fees, trackside sponsorship plus corporate hospitality is split back amongst the teams); how big a slice they receive is dependent on their finishing order from the previous season along with their perceived status within the sport.

In addition to the prize fund distribution scheme, all of the front running teams are manufacturer backed to some degree. The team itself may be manufacturer owned such as Ferrari and Mercedes or have their power units supplied by a manufacturing partner such as Red Bull with Renault and McLaren with Honda from 2015. However the current system in Formula One is flawed, as has been proven this year with a number of smaller independent teams folding under the weight of expense and expectation and a number of other midfield teams seemingly teetering on the edge of collapse. For those smaller teams without manufacturer backing and investment and having to rely on a smaller slice of the overall Formula One pie, survival itself is becoming increasingly difficult. With the massive budgets required just to 'turn up' and an industry that never stops, the small teams are in for the battle of their lives in the coming years and only the strong will survive. There's a reason Formula One was once dubbed "The Piranha Club!" Outside of Formula One there are only a very limited number of series in the world running a similar profit share model for the teams (albeit on a much smaller scale). The majority of motorsport series worldwide require the most traditional approach to partnership and investment. As an example here at LTR we'll be racing the Kessel Ferrari 458 GT3 in the 2015

Blancpain Endurance Series. We'll be starting the year off with a completely clean slate as this is our first ever attempt at a full championship season in Europe. To maximize our investment we've created a 360 degree holistic approach to the business at hand; from introducing new partners to the sport to working with strategic media outlets worldwide to ensure regular team coverage right through to tailoring unique behind the scenes 'money can't buy' experiences as a part of our investment package which will ensure our off track buy-in is just as important to us as our on-track performance. After all what team partner wouldn't like the opportunity to drive a Ferrari race car on one of our drive days or enjoy a plate of our famous pasta cooked by our Italian chefs and served in our dedicated Kessel Ferrari hospitality suite over a race weekend given the chance? How often do you get to experience a field of the world's most exotic supercars from Aston's to Bentley's, Lamborghini's to Ferrari's all battling it out head to head for ultimate on-track supremacy firsthand!

To enhance brand development and recognition - It's human nature to want to be recognized as the very best in your field at what you do whether that be as an individual or as a brand. A correctly executed motorsport partnership offers you an exciting high-end avenue allowing you to step out from the crowd and to create a unique point of distinction. To leverage relationships – Sporting events are known to be fantastic neutralizers when it comes to relationship building. Motorsport is a perfect environment in which to cultivate partnerships and broker deals whilst enjoying being a part of a high-octane adventure. To leverage introductions – Motorsport oozes power not just on the track but off it as well. In the last 12 months alone, I've personally met Hollywood A-list actors, supermodels, musicians, politicians, world champions, sportsmen and any number of business luminaries from a wide cross section of industry. If it's introductions, you're after it's hard to go past an industry that thrives on the power of networking.

Motorsport is an incredibly powerful and creative tool, if used correctly, it can help you win more business and improve your market share. A race team is the platform that can be used to create a compelling brand story. Focus, teamwork, leadership, dedication, innovation, attention to detail, trust, excellence!

INVESTING IN THE MOVIES

IS THIS A GOOD ALTERNATIVE?



The Following is courtesy of Movie Money Magazine . These are segments from interviews with many of the Worlds leading experts in the Movie Financing and investing in this sector.

www.moviemoneymag.com

THE EXPERTS TALK ABOUT MOVIE INVESTING

Traditional film distribution models are evolving, and DVD sales are falling but exciting opportunities are being embraced, as well. The greater use of 3G and the rollout of new 4G broadband support an ever-increasing range of mobile platforms on which to view content. Briefer, overlapping profit exploitation windows create a more intense marketing period. Fortunately, the public's appetite for film is as strong as ever; it is just the way they like to view it that is changing.

With the possible exception of major studio blockbusters, most movies must now make their money from an increasing range of non-traditional sources rather than box office and DVD sales. This is the result of the proliferation of digital distribution channels and the ability of consumers to view content using the latest mobile technology. The uncertainty over future income and sales creates a higher risk perception for distributors, investors, and lenders. Coupled with today's global financial difficulties, there are fewer lenders of senior debt (secured on pre-sales) and gap lenders (secured on unsold territories), and they're taking a more prudent approach to the amount they are prepared to lend. Investors need to feel they are getting a return appropriate to the risks, and distributors are generally more cautious.

Most Governments recognize the many social and economic benefits that are delivered by film production. Attractive tax credits, therefore, remain available from many international territories for filmmaking in their local areas, and many regional grants are available. In the UK, the government encourages individuals to invest venture capital into new businesses by providing

tax benefits (such as through Enterprise Investment Scheme and Seed EIS), which are ideal to help offset the risks associated with film production. Steve Rogers.

Other Experts

Carey Borth Attorney in the Movie Industry: The methods for financing the production of a film include equity finance, debt finance, private equity and hedge funds. In the United States and Canada there are tax incentives in individual states or provinces, tax shelters, and government grants to sweeten the pot.

Jeanette Buerling - Film Finance Professional: Banks come in Last. They fund GAP; The producer should have everything in place: Talent package, equity, tax credit estimate and pre-sales. They should also ideally have an LOI from a completion bond that pre-approves the budget and schedule of their film.

Vinca Jarrett - Film Finance Expert: Today's independent feature film investors no longer have to put up one hundred percent of the investment in order to reap the initially sought benefit of mingling with the stars. Instead, the smart ones have figured out that twenty five to thirty five percent of a film's budget may be sufficient equity to invest in getting a film made in today's independent feature film business, and still maybe hit the lottery with the success that gets them to profit.

'Is investing in Movies an interesting alternative?'

THE US OIL BOOM

IS NOT GOING ANYWHERE FAST

It's an exciting time to be part of the US oil and gas industry and whilst many think the boom is peaking it is just starting.

Texas is leading the way in the boom and now produces more barrels of oil annually than the United Arab Emirates combined. Thanks to the Eagle Ford, as well as the Spraberry, Wolfcamp, and emerging Cline shales in West Texas, the state has doubled its crude output over the past two years. The Texas oil market is exploding year on year with almost 97 million barrels being produced in July 2014, up from 36 million for the same month four years previously, according to the Texas comptroller's office. By the end of 2014, the state of Texas is expected to move ahead of the countries of Kuwait, Venezuela, Mexico, and Iraq to become the ninth-largest oil producer in the world.

U.S. oil production has jumped from 5.0 million barrels per day in 2008 to 7.4 million last year and is expected to average 8.5 million this year and 9.3 million next year, according to the EIA, the analytical arm of the US Department of Energy. This boom, along with a rise in natural gas liquids production, has dramatically lowered petroleum imports. The share of U.S. liquid

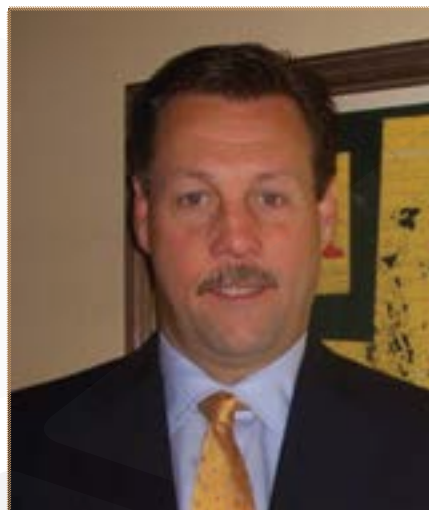
fuels consumption met by net imports, down from 60% in 2005 to 33% in 2013, is expected to fall to 22% in 2015, which would be the lowest since 1970, reported the EIA in its second quarter 2014 report.

The United States and Canada are expected to account for most of the world's projected growth in production of oil and other liquid fuel through 2015 while China and less developed countries will drive most of the growth in consumption, according to the EIA's July forecast.

"The conflict in Iraq is expected to limit previously forecasted growth in oil exports from that country," says the EIA, adding it will reduce the surplus oil production capacity of the Organization of the Petroleum Exporting Countries and boost average Brent crude oil prices through 2015 more than previously expected.

The EIA is lowering its forecast for Iraq's oil production growth by about 0.3 million barrels per day in both 2014 and 2015, expecting it will not exceed 3.3 million – its average level during the first half of this year. To offset this dip, it expects Saudi Arabia to maintain higher production through 2014.

Public oil companies like BP, Shell and Exxon, are heavily entrenched in the large Texas shale plays with extensive fracking. This has



Waylan Johnson

www.spicewoodenergy.com

given the privately owned oil companies like Spicewood Energy Management LLC, a fully integrated oil & gas company, the opportunity to capitalize on their niche market of conventional vertical shallow drilling. The abundance of oil at the shallow levels which are lower cost to drill and fracking free has enabled the boutique companies to return significant returns year on year with considerable proven reserves for future years of oil and revenue flow.

The needs for oil are not diminishing despite the current climate for the more trendy green energy. Think about the time, manufacturing and cost of converting everyday items like transportation to green energy. Certainly in the coming few decades

this will just be a slow transition but oil production will always be taken up. Now, throw in the global geo-political climate in Russia, Syria and the threat of ISIS and the potential blocking of oil exports from these sources and suddenly US oil investment looks extremely attractive.

The current administration is moving fast towards opening up export channels and decreasing dependency upon imports. This can only lead to one thing....more US oil production with immediate demand. Continuing population growth in emerging countries, and China, has driven the demand for pipelines to the West Coast of the US and Canada. The Northern Gateway Pipeline is at final governmental stages of acceptance and Kinder Morgan is looking to

increase capacity on its existing pipeline by a factor of 12. Despite the recent lull in oil prices, there is an ongoing and future demand for world oil production.

Oil demand has been unrelenting through recessions, bull markets, and bear markets and, according to latest data from the US Energy Information Administration this is predicted to continue. A significant factor for global oil producing countries, both OPEC, and non-OPEC, is the price needed for their respective fiscal budgets to be balanced. The average price is \$95. Russia and Saudi Arabia are the largest exporters and, at current production levels, they need a price of \$100 and \$95 respectively to balance their budgets. It is anticipated that at the upcoming OPEC meeting there may be a move

to cut production to support prices and bring the price closer to the \$90 level. The US oil boom is developing and along with generous tax incentives there has been no better time than now to put on a pair of boots and a hard hat and get into the oil patch.

About the author, Spicewood Energy Management LLC: Headquartered in Spicewood, Texas, Spicewood Energy Management, LLC (SEM) is a private equity management firm capitalizing on the energy sector. Focusing on acquisition and financing of oil and gas resources throughout Texas and across the US, SEM manages oil and gas investments through multiple limited partnership. For further information please visit www.spicewoodenergy.com

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THE BURGESS SUPERYACHT

INVICTUS

The spectacular 66 meter (216.6ft) Invictus offers incredible volume over her six spacious decks, easily giving the impression of a 75 meters yacht. This highly impressive superyacht rivals any European build in terms of outstanding quality and craftsmanship. The grandeur of her interior volume is enhanced by exotic woods, rare Italian marbles, and custom Lalique decorative touches while large picture windows throughout afford magnificent vistas. Expansive accommodation comprises an opulent master suite with his and hers bathrooms and private terrace on the upper deck, six spacious guest



INFO!

Twelve guests in nine cabins, and twenty crew

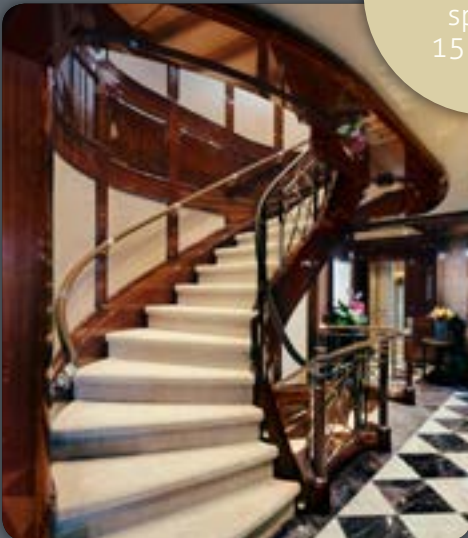


Photos by Jeff Brown



INFO!

Cruising
speed
15 knots



Summer 2014: Mediterranean charter rate: from Euros 511,000 per week
Winter 2014 Caribbean /Bahamas charter rate: US\$511,000 per week

- **Length overall: 66m (216.6ft)**
- **Cruising speed: 15 knots**
- **Guests: 12 in 9 cabins - Crew 20**

INVICTUS is offered for charter by Burgess as Worldwide Central Agents and is also under operational management with Burgess.

Photos by Jim McHugh





SPORT OF KINGS

HORSE RACING

Richard Knight - Bloodstock Agent

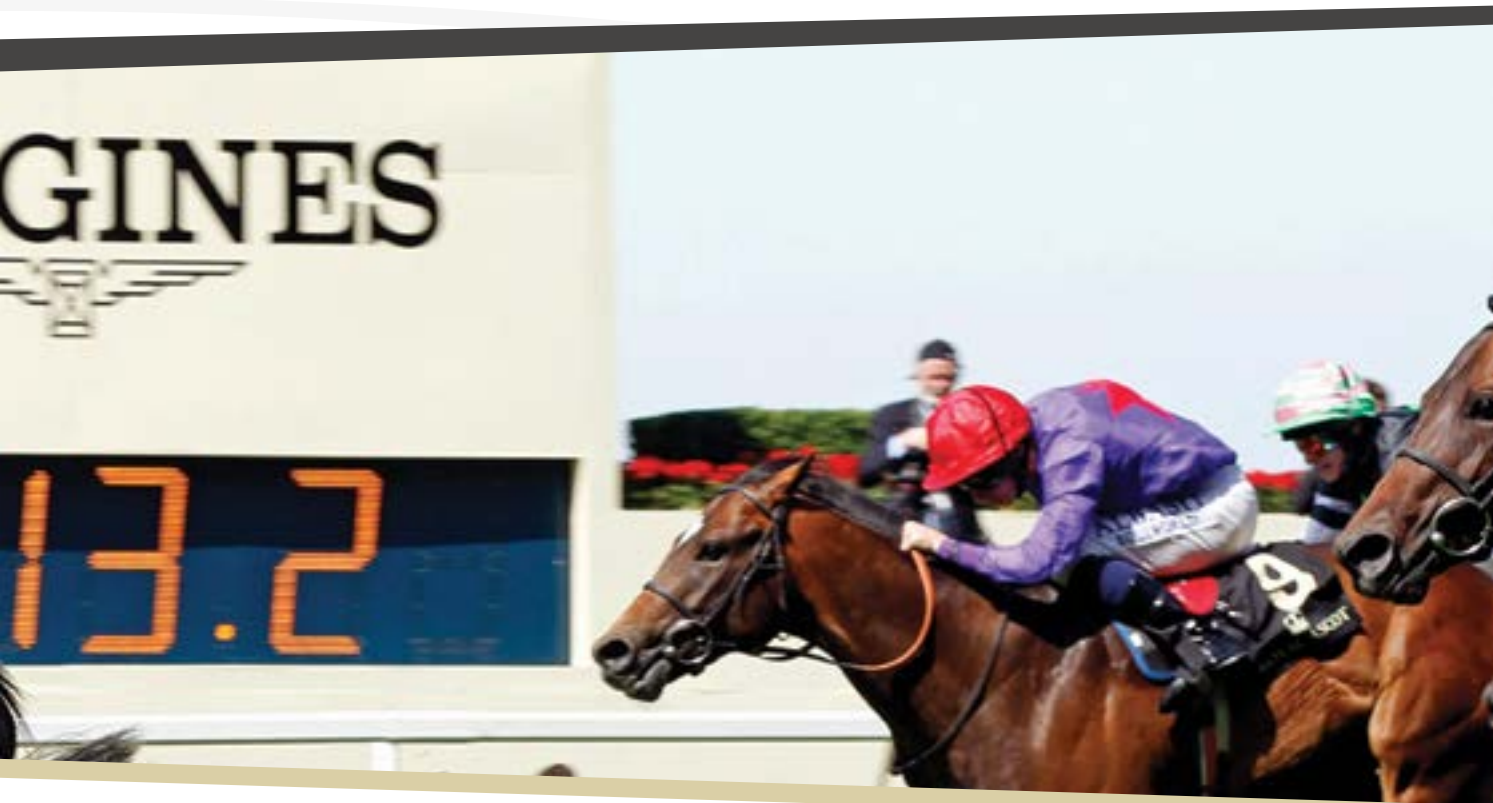


'There is no greater thrill in horse-racing and no greater place to be than the winner's enclosure at Royal Ascot when your horse has just won – I can assure you of that having been a small part of it myself this year. The Wow Signal, who I selected as a horse-in-training on behalf of Al Shaqab Racing Ltd, won Royal Ascot's premier 2-year-old race, The Coventry Stakes. It was the most incredible moment and a moment I will never forget' says Richard Knight.

Richard Knight is a Bloodstock Agent or Racehorse buyer and has spent 12 years working for many of the Worlds leading bloodstock organisations including John Magnier's Coolmore Stud, Sheikh Mohammed's Darley Stud & Prince Khalid Abdullah's Juddmonte Farms. Richard set out as a Bloodstock Agent in 2012

and in this time he has proved himself to be a successful bloodstock agent with numerous victories by the horses he's selected. Richard had no less than four 2-year-old runners at Royal Ascot in 2014 which by any Bloodstock Agent's reckoning is impressive let alone someone who setup so recently.

Richard's other successes include 2013 Gr.2 winner & Gr.1 placed performer Garswood, and Gr.2 Winner & Gr.1 placed Up In Time. Richard has also enjoyed considerable success in the foal 'pinhooking' market where he purchases foals on behalf of clients to re-sell for profit as yearlings. Pinhooking results have seen the sales prices turn from €42,000 into €130,000, 42,000gns into 110,000gns, 110,000gns into 220,000gns, €48,000 into 80,000gns, £40,000 into



£80,000, €55,000 into €90,000 to name just a few.

But how do you become involved? 'The first piece of advice I would give anyone interested in becoming involved in the thoroughbred horse-racing, and Breeding Industry is to get the right advice. You need to develop a relationship with a bloodstock agent who you like and trust, someone who will go through the 1000's of horses at a sale to highlight the right ones for you. You need someone ambitious, someone who will take as much enjoyment out of the horse winning as you will. A good bloodstock agent will not only see the faults with the horses, but they will know about the horse breeding farms and breeders, the approximate value of the horse, the distance the horse is likely to run over, the horse's pedigree and/or family tree and most importantly the traits which set the horse in question out to becoming a top racehorse.'

Richard continues 'Once you are happy with the advice you are receiving, then you need to think about what you want to achieve. Do you want to race for pleasure or do you want to trade bloodstock for profit? If it's about enjoyment then, you need to decide with your Agent

what age of horse to purchase. You could buy a yearling, a one-year-old horse that is unbroken and could be the next Frankel. Or, you could buy a horse-in-training who is either progressive or has already achieved a level of form that will take you to the races in the shortest amount of time. These are the questions that you and your Agent need to discuss; there is no right or wrong answer – there are benefits to both.

If you decide that you want to see a return from your investment then, trading bloodstock is probably the answer. Pinhooking foals to sell as yearlings is one option, breeding foals using commercial stallions from mares purchased is another. Other options include purchasing and running a commercial Stud Farm, buying yearlings to sell as breeze-up horses or buying fillies & mares, putting them in-foal and selling them on. These are just some of the options that must be considered.

Anyone considering becoming involved in the horse racing industry but does not have the time for the day-to-day issues such as horses in training and/or broodmares on a Stud farm then will need a professional to deal with all of this for you, leaving you to enjoy your racehorse.

CHANGING THE TOOLS OF THE TRADE

“80% of clients are dissatisfied with their advisor”



Frederick V. McDonald
President, US Advisory Group

What is it about our profession that has made many clients tired and fed up with their advisors? The oft-cited Moss Adams study suggests more than 80% of clients are not satisfied with their relationship with their advisor. Interestingly, in our experience, few are making changes. Why, in the face of frustration, are clients reluctant to move their money and seek better alternatives?

In its most simple form, clients want to be inspired, but right now, if measured by clients voting with their feet, advisors aren't

doing their job. Clients have lost confidence and trust in what their advisors are selling. We think there are two central issues here:

- The first example of this is by looking at the staggering percentage of clients, as reported by the same Moss Adams study, that feel they have been underserved by their advisors in terms of performance, transparency of fees and overall deliverables their advisors have failed to produce. For evidence of this, we can look to the largest trading firms selling mortgage-backed securities to customers while selling short the product for the benefit of the firm or firms. That puts a price tag on trust, a la the Madoffs out there.

- The second issue is how we show up and how we listen. How we assist the client in understanding who they are, how their values dictate their goals, and ultimately, how satisfied they are in the pursuit of their life's goals – particularly in these nervous times.

Relationships are breaking down because advisors are trying to sell solutions without

understanding the problems, and quite possibly, trying to “sell” solutions to problems before the client understands the deeper implications to the problem itself, let alone appreciate “solutions”.

To begin, we need to understand this is not about the money, it's about what's important to the client, and why. Oftentimes, the client is not clear on what is important to them, let alone why. We need to do a better job assisting them in their “discovery.” For some advisors, this is not breaking news. Others will understand the value of deeper relationships with clients but lack the tools to create that kind of conversation. Here is a couple of thoughts that may assist those seeking the “new tools.”

Advisors need to bring to bear the Human element of a successful result in talking to our clients. The formula is: $H \times 2T = DR$, where Human Capital multiplied by the tandem of Technical and Transactional expertise defines Desired Results. In helping our clients discover what truly inspires them, as well as why, and where, we, as active participants in that

discovery, also understand the purposefulness of our clients. In turn, we can better deploy the financial as well as human capital in a manner best suited for the client, instead of trying to sell them on packaged strategies that, frankly, they have come to reject all too often. Our highest calling is to help our client enjoy a more fulfilled life and help him, or her understand with clarity the defining moments of a life well-lived. So we need to learn and have a better tool box.

We need to get our clients in tune with their values. Values authenticate the true goals that matter to us. Values are not taught, nor redefined. They are experiential, and already deep within us. Getting our clients to look back at themselves, through stories or guided questions reveal these values. Once revealed, we need to organize and authenticate the goals that truly matter to the person and build strategies around these goals..

The Values Staircase Conversation. Through guided conversations, the client talks about what is important about money, family, and the meaning of success. Beginning at the bottom of the stairwell, allow the client to look deeper into each value, and build a rich tapestry of who they are and what matters to them. Our values, our personal goals, and much of what is at the core importance to us, as a human, is hierarchal. Maslov postulated there is a hierarchy of needs in his theory of self-actualization. There is

a structure that defines "our needs" and allows for personal growth. Most all our needs are organized in this manner. It is written in our DNA.

First is about You (and your spouse). --Food, shelter, clothing. Secondly is about love. Being loved. Getting love in return. This is typically manifested in our relationship with our family members. Third is about being immortal. How do we leave the world in which we live in a better place for us having lived there? This often is about community, spirituality and philanthropy in a manner that uniquely works for the individual.

So let's look at our core values and see how they are structured. We overlay the values pyramid on the values Staircase to finely tune our understanding of what is important and why it is important. In addition, we also can begin to construct a priority of action when these goals are articulated, measured, and appropriate strategies constructed to attain and maintain these goals that define our highest aspirations.

We help our clients by adhering to what they want, and by assisting them in deploying financial resources in a way best suited to attain and maintain those aspirations. Furthermore, by documenting these processes we can help them document and share their wisdom as well as their financial resources with family members at a time appropriate to their liking. This is the way we need to show up. We need

to be our clients' confidants, not salesmen. Don't be mistaken, these debriefings are not only about the advisor getting a feel for what the client seeks in life; it is of far greater value that your client gets a sense of what he or she wants to achieve in life.

We capture these conversations – on paper, on recording, and through exercises – and share them with other family members. While it is crucial for you as an advisor to get a shared understanding of what your client wants, it is equally essential that all persons involved begin to communicate and work towards the family's goals.

Gone is the day of a canned, number-crunched financial plan where the advisor tells the client how to manage their wealth. Canned software packages that worked in the 90's will not work going forward. This is a great disconnect in client satisfaction. When presentation commences, revelation ceases. Clients are seeking inspiration, and that's what they expect to get. Building a strong bond with our clients is what we strive to achieve, and that is how we deliver purposeful results.

Frederick V. McDonald is President of US Advisory Group, Inc. (www.usadvisory.com), a wealth advisory firm north of Boston. Rick's work has appeared in numerous publications, including the Wall Street Journal and Barrons.

Rolls-Royce Phantom

Celebrating this incredible act of British 'Derring-Do', Rolls-Royce Motor Cars Bespoke department has created the Waterspeed Collection, 35 specially designed Phantom Drophead Coupés. Echoing the cutting-edge technology employed in the construction of the K3, only the finest contemporary materials have been used to furnish the Waterspeed Collection.

Drophead Coupé **Waterspeed Collection**
6.75-litre, V12 engine





advanced aluminium spaceframe

"I think Charles Rolls would have loved this vehicle. He would have been fully in tune with Sir Malcolm Campbell's spirit of endeavour." – Giles Taylor, Director of Design, Rolls-Royce Motor Cars.





ROLLS-ROYCE

DROPHEAD COUPE WATERSPEED COLLECTION

PHANTOM

The perfect platform for Waterspeed

FAMILY OFFICE ELITE MAGAZINE SPECIAL

SPECIAL PERMISSIONS FOR RE-DISTRIBUTING THIS ARTICLE, CONTACT US

PHANTOM DATA

6.75-LITRE ENGINE

Ample power is supplied by a 6.75-litre, V12 engine. Developing 453bhp / 338kW and 720Nm / 531lb ft of torque at 3500rpm

ALUMINIUM SPACEFRAME

The Phantom Drophead Coupé's advanced aluminium spaceframe is Lightweight and exceptionally strong, it impacts positively on ride, comfort and safety.

INTERIOR

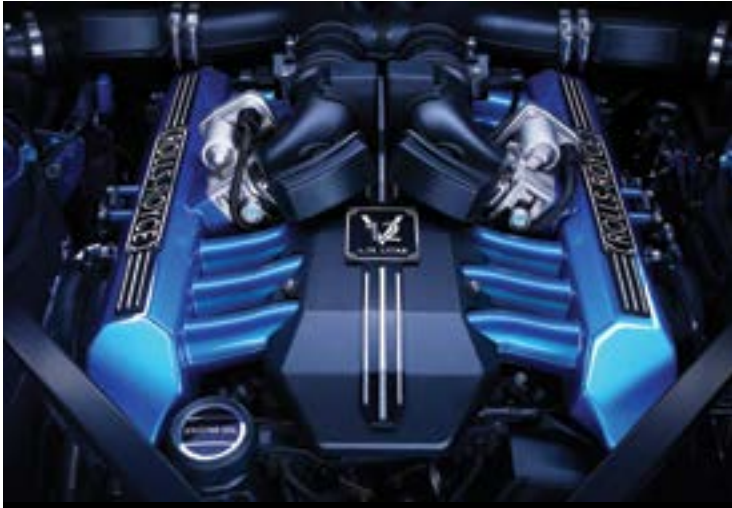
The all-weather surfaces of the interior have been designed to take everything that nature can throw at them. To this end, a number of notable features can be seen throughout the interior. For example, in place of traditional floor mats, wholly more practical saddle leather and metal mats are used on Waterspeed.

The power of nature and the power created by man lie at the heart of Rolls-Royce Motor Car's inspiration for Waterspeed. The calm surface and blue waters of the 42 mile long Lake Maggiore – the second largest lake in Italy – belie the power that created this Alpine fissure, whilst the legendary 2,300bhp 36.5-litre V12 Rolls-Royce R aero engine that rent its surface as Sir Malcolm set his water-speed record were the designer's key influences. The final piece of the puzzle was the original concept for the Phantom Drophead Coupé – to "bring the outside in" by creating a social space enabling occupants to embrace the elements using sumptuous and relevant materials. Waterspeed is the most radical interpretation of this approach to date.

The Maggiore Blue colour scheme, specially created by Rolls-Royce's Bespoke team, flows like water over all the surfaces of Waterspeed, outside and in. It adorns the boat-like lines of the Phantom Drophead Coupé's exterior – the closest of any car design to the classic Riva speedboats influenced by Pietro Riva's earliest designs, themselves created in the Italian Lakes – and extends to the blue highlights on the 21-inch alloy wheels. A new imagining of a Bluebird logo has also been designed by the Bespoke team at Goodwood and becomes part of the coachline that adorns the sides of Waterspeed in a contrasting blue.

Maggiore Blue also permeates the interior of Waterspeed. Rolls-Royce Motor Car's first ever two-tone steering wheel is enrobed in the blue leather, as are highlights around the cabin such as the piping on the seats, dashboard top, cup holder surround and door accents.

In addition, Maggiore Blue also brings a new twist to the famous power reserve gauge, another of those trademark Rolls-Royce design cues that raises a smile as it casually reveals the enormous power potential at a driver's disposal. Blue accents on Waterspeed's power reserve gauge invite the driver to go 'into the blue' as Sir Malcolm Campbell did many times in pursuit of his world speed records.



"In the same way the Bluebird team used the most modern materials available to them, we've done the same thing"

But this unique colour treatment also creates the pièce de la résistance of Waterspeed, as it envelops its 453bhp 6.75-litre V12 engine – a first for Rolls-Royce. This echoes how Campbell's engineers always painted Bluebird's legendary 2,300bhp 36.5-litre V12 Rolls-Royce R aero engine that smashed all those records on air, land and, of course, water.

Contrasting the water-like flow of this vivid blue hue around the car is the viscous ebb of metal surfaces. Brushed steel bonnet, windscreen A-frame, cockpit surround and rear deck, as well as interior features, evoke both the sometimes steel grey skies over Lake Maggiore experienced by Campbell's crew in those September days on the eve of war, but also the shocking modernity a craft such as K3 brought to the early 20th century.

"Steel was itself used extensively on these groundbreaking craft so we wanted metal to be the dominant application," comments Alex Innes, Bespoke Designer at Rolls-Royce Motor Cars.

Inside Phantom Drophead Coupé Waterspeed, the aluminium dashboard fascia, laser-etched door armrest cappings, aluminium transmission tunnel and centre console, 'Windchill Grey' leather upholstery and polished aluminium cupholders evoke the modernity of this endeavour and further highlight the capabilities of the Bespoke team at the Home of Rolls-Royce in Goodwood. Finally, bookmatched Abachi wood veneer beneath the fascia on the dashboard evokes the sense of a boat effortlessly gliding through water at pace.



Rolls-Royce's Bespoke team has, in the grand tradition of Sir Henry Royce and indeed Sir Malcolm Campbell, gone many extra miles.





SCIENTIFIC DETECTION OF FORGED PAINTINGS



JEHANE RAGAI

Department of Chemistry
American University in Cairo

In June 2010, the National Gallery, London put on an exhibition entitled *Close Examination: Fakes, Mistakes and Discoveries*, which explored the art of forgery in paintings that had originally fooled their experts and have been identified by the Gallery's scientific department. Close to one year later, in October 2011, Wolfgang Beltrahi and three other forgers were sentenced, in Germany's biggest art forgery scandal, to several years in prison for forging a large collection of paintings attributed to Max Ernst, Fernand Léger, and other famous masters.

The forgeries were discovered in 2008 after a buyer bought what was deemed to be a Campendonk and had the work scientifically tested. The tests showed that the painting contained a pigment that had not been invented when the artist was supposed to have painted it. Such events underscore the importance of modern science in lifting the lid and revealing some of the misconceptions of the past

The Detection of Forgeries

The curator and the art historian play a crucial role at the outset in the evaluation of a painting purported to belong to a famous artist. It is the responsibility of the curator to study the work's provenance by determining a sequence of ownership all the way back to the artist who painted it. Forgers generally invent a story of a destitute family that has owned this painting for many generations and now needs to sell it while wishing to remain anonymous.

A price that is too good to be true might arouse the curator's suspicion. The art historian on the other hand needs to make a stylistic analysis to determine whether the style and brushwork match that of the artist to whom the artwork has been attributed. A clever forger will adequately grasp the artist's style and know how properly to emulate the painter's or the period's

brush technique. The art historian may also opt to make a Morellian analysis of the painting, a technique introduced by the physician/art collector Giovanni Morellian. Morellian analysis is based on the creation and mapping of formulae describing repeated stylistic details in the artwork and reflecting the particular approach of the artist in creating small features such as ears, eyes, and collars. This analysis generally focuses on the artist's technique in applying the paint and on his workmanship in large and small brush strokes. These formulas are then matched with those that are known to belong uniquely to the artist, and that are, irrespective of his own stylistic development, generally maintained throughout his life. The Rembrandt Research Project, which was founded in 1969, has used Morellian analysis to distinguish between authentic and forged Rembrandts.

What would the scientist look for? In the last few decades, a wide spectrum of scientific techniques have been developed and adapted to help unravel forgeries in paintings. The London National Gallery's state-of-the-art laboratory uses some of these modern techniques, which are wonderfully described in Marjorie Wieseman's book *A Closer Look: Deceptions and Discoveries*

Technical analysis of a painting

principally entails a) the surface examination of the painting, b) the analysis of its background or the so-called underpainting, and c) a close examination of its body using a few selected techniques from the wide range of tools available for that purpose.

For the surface examination, optical microscopy and UV light have been widely used. The optical microscope (magnifying from five to fifty times) allows the art historian as well as the scientist to determine whether or not the craquelure (the network of fine cracks appearing after the passage of time) is genuine. The forger endeavours to mimic these fine cracks either by adding solvents to the painting, thus accelerating the drying process, or by drawing fine black lines on its surface.

A fascinating case in point here was the display side by side, at the 2010 National Gallery's exhibition, of two identical versions of *The Virgin and the Child with an Angel* by Francesco Francia (1450–1517). One version was acquired in 1924 by the Gallery as a bequest from Ludwig Mond (1839–1909), a wealthy businessman who had allegedly bought it from a Roman dealer, its earlier provenance being unknown. The second version appeared in a London auction in 1954 and belonged to the art dealer Leonard Koetser. Optical microscopy revealed painted cracks on the surface of the 1924 version as well as fine pencil lines in some of the detailed areas. The latter technique is inconsistent with Renaissance paintings, suggesting that the 1924 version might be a forgery.

Paintings can also be examined by impinging UV light on their surface. If the painting is old, the natural varnish layers will fluoresce strongly, whereas areas of retouches in an original old painting will fluoresce very weakly or may not fluoresce at all. A famous painting by Rubens, *The Gerbier Family*, indicated, upon the analysis of certain areas, varnishes that contained the anachronistic synthetic blue ultramarine. Examination by UV light showed that these regions fluoresced much less than the rest of the painting and therefore indicated later retouches.

Master artists have often used their canvases many times over, with sometimes more than two paintings on top of each other. The scientist using either the techniques of X-ray radiography or infrared reflectography can penetrate the surface of the painting and observe some of these underdrawings, which occur both in forgeries and in authentic paintings. In the case of X-ray radiography

a photographic plate is generally placed in contact with the painting's surface, and X-rays, in the wave-length range used in medical radiography, are made to impinge behind the canvas support. In infrared reflectography, infrared rays penetrate the surface of the painting and are reflected back into a specially designed sensitive camera, which reveals details of the underdrawings. This technique is particularly valuable in showing under sketches drawn in carbon black or charcoal. An under drawing may reveal a painting that is anachronistic with the artist's own stylistic development, may show a painting attributed to an artist who belonged to a period after the purported painter's death, or may even give details on the materials used to prepare it. A cubist work observed under a painting belonging to Picasso's blue or pink period would certainly suggest a forgery!

Analysis carried out at the National Gallery laboratory on the 1924 version of *The Virgin and the Child with an Angel* revealed an under drawing made of graphite, a material used for drawing only since the sixteenth century.⁴ This was not observed in the 1954 version of the painting, strongly suggesting that the 1924 version is a forgery.

The body of the painting can be tested with a wide spectrum of tools. They range, to name a few, from X-ray diffraction (XRD), Raman spectroscopy, high performance liquid chromatography (HPLC), scanning electron microscopy, energy dispersive X-ray fluorescence (SEM/EDX), pyrolysis-gas chromatography-mass spectrometry (Py-GC-MS) to laser desorption ionization-time of flight-mass spectroscopy (LDI-TOF-MS) and gamma-ray spectroscopy.

When Van Meegeren, the notorious Vermeer forger, made his first attempt at forging *The Laughing Cavalier* by Frans Hals (1580–1666), X-ray diffraction (a technique reliant on the scattering of incident X-rays by a crystalline pigment producing a characteristic diffraction pattern) revealed that the collar was painted with zinc oxide and the coat in synthetic ultramarine, which were discovered only in 1782 and 1828, respectively.

Today molecular Raman spectroscopy (an in situ tool that makes use of the inelastically scattered light from a laser beam that strikes the surface of the painting) is preferred to X-ray diffraction because of its totally non-destructive nature. The data obtained are generally compared with reference spectra, allowing the identification of organic and inorganic pigments, as well as binding media.

Pyrolysis–gas chromatography–mass spectrometry (Py–GC–MS) is particularly useful in the analysis of the paint-binding medium. Through pyrolysis, large molecules are broken down and separated by gas chromatography. In the gas chromatograph, different components of a mixture are carried by an inert gas through a column coated with a stationary phase where they are separated. Each compound is then eliminated or “eluted” at a different time referred to as “the retention time.” Information from the mass spectrometer, which is attached to the gas chromatograph, as well as from the retention times, is crucial in the identification of the components of the mixture.

Laser desorption ionization-time of flight-mass spectroscopy (LDI–TOF–MS) identifies molecular species and elements in samples based on their fragmentation patterns and on their mass. These are then compared with standard spectra.

In 2005, when Alex Matter, the son of Herbert Matter, who was a close friend of Jackson Pollock, discovered in his parents’ attic thirty-two works allegedly painted by Pollock, he asked Harvard University’s Centre for the Technical Study of Modern Art to analyze three of the works. The Harvard research team reported in 2007 that analysis by Raman spectroscopy, SEM/EDX LDI–TOF–MS, and Py–GC–MS indicated three post-dated pigments, some in the binding media, that were not available during Pollock’s lifetime (1912–1956).

High performance liquid chromatography (HPLC) is another chromatographic technique used to separate a mixture of compounds and is particularly useful in the identification of organic dyes, whereas scanning electron microscopy (SEM) coupled with energy dispersive X-ray fluorescence (EDX)¹⁴ can yield information on the sample’s topography and elemental composition. In SEM, images of the surface of the sample are produced by scanning it with a high-intensity beam of electrons. These in turn cause the emission of X-rays that characterize the elements present (EDX).

Going back to Francia’s Virgin and the Child with an Angel, HPLC revealed on a sample from the red curtain an anachronistic red lake pigment based on madder, whereas the SEM/EDX analysis suggested “that the green lining of the Virgin’s robe contained a green copper resonate which was mixed with brown and black to darken the colour, a technique never observed in Francia’s time.” In assessing all this

evidence (which was not observed in the 1954 version), the scientist would certainly rule that the 1924 version is a forgery.

A new technique, which is outlined below, was developed in 2008 by Russian scientists and could be applied to any artwork purported to have been painted prior to 1945. This novel approach tests for the presence of the radioactive isotopes Cs137 and Sr90 (not formed naturally) that were released from the 1945 bombings of Hiroshima and Nagasaki as well as from the nuclear tests that followed. According to the Russian scientists, Cs137 and Sr90 “when released in the environment permeated soil and plant life and ended up in all post-war paintings through natural oils used as binding agents for paints.” Their presence, as determined by gamma-ray spectroscopy, would indicate a forgery in any artwork.

This technique could be ideally applied to the painting entitled *The Girl with Green Eyes* attributed to the famous Egyptian painter Mahmoud Said. In October 2007 this artwork, which was painted in 1932 and sold to the Egyptian government in 1950, appeared in Dubai at a Christie’s auction. *The Girl with Green Eyes* was originally hanging in the Egyptian embassy in Washington and was moved to the residence of the Egyptian ambassador to the United Nations in New York. Having heard of the sale, the alarmed Egyptian government contacted Interpol and the sale was cancelled. Questions were raised and are still on-going with regard to the authenticity of this painting.

Today a clever forger will anticipate scientific analysis and endeavour to avoid all the possible mistakes that would lead to the discovery of his forgery. Han Van Meegeren, the notorious art forger, after his initial blunder with *Fans Hals’s Laughing Cavalier*, meticulously carried out his plan of ridiculing the Dutch art establishment by producing a quasi-perfect forged Vermeer. He had been embittered by what he perceived as the unfair evaluation of his own art and wanted to prove to the world the ignorance of the Dutch art critics.

After four years of arduous experimentation, Van Meegeren was successful in developing a technique that would produce a perfect craquelure. He familiarized himself with Vermeer’s palette and embarked on the clever creation of a new Vermeer that would fit all the predictions of Bredius, the most important art critic of the time. Bredius had predicted that there were still

some undiscovered Vermeers, that these would probably have some religious connotations, and that they would be influenced by Italian art. Van Meegeren went so far as to travel to Italy to closely study Caravaggio's art and compositions. He then created his first Vermeer forgery, Christ and the Disciples at Emmaeus which was received and authenticated enthusiastically by Bredius, who wrote in the Burlington Magazine, "It is a wonderful moment in the life of a lover of art when he finds himself suddenly confronted with a hitherto unknown painting by a great master, untouched, on the original canvas, and without any restoration, just as it left the painter's studio! And what a picture! Neither the beautiful signature 'I. V. Meer' (I.V.M. in monogram) nor the pointillé on the bread which Christ is blessing, is necessary to convince us that - we have here a I am inclined to say - the masterpiece of Johannes Vermeer of Delft, and, moreover, one of his largest works (1.29 m. by 1.17 m.), quite different from all his other paintings and yet every inch a Vermeer."

As a result of such an important authentication Van Meegeren sold the Emmaeus for an impressive price, reconsidered his scheme of ridiculing the whole art establishment, and subsequently forged several Vermeer's, six in all.

In creating his forgeries Van Meegeren was meticulously cautious; he used badger brushes instead of bristle ones,²² worked so secretly that he avoided life models, and in some cases copied photographic and painting models. (One of his faces bore a strong resemblance to Greta Garbo, another was reminiscent of the face of Vermeer's Girl with the Pearl Earring.)

In spite of his technical dexterity, Van Meegeren made the fatal mistake of giving one of his forgeries, The Adulteress, to Hermann Goering, Hitler's close associate and commander-in-chief of the Luftwaffe, in exchange for four hundred Dutch paintings that had been taken by the Germans during the war. Goering committed suicide after World War II, having been sentenced to death by hanging at the Nuremberg trials, and the Allies got hold of all the artwork he had collected. The Adulteress was traced back to Van Meegeren, who was accused of high treason for collaborating with the Nazis, a crime that would result in the death penalty.

To save his neck, Van Meegeren admitted to the lesser crime of forgery and offered to create another Vermeer under close supervision. The result was Young Christ Teaching in the Temple, the style of which was very

much in keeping with the other Vermeer forgeries. Having fooled the Nazis, restituted four hundred Dutch paintings, and made fun of the art establishment, Van Meegeren gained immediate notoriety and support, becoming a sort of "folk hero" and was sentenced to only one year in prison for having forged a signature. He did not serve his prison term as he died of sudden cardiac arrest. Peter Landesman in the New York Times may help us understand Van Meegeren's actions: "A forger's chief motivation is typically intellectual gamesmanship. Embittered by the spurning of his own work, he takes satisfaction in suckering the entire art world en masse, then pulling aside the curtain, exposing himself as a renegade genius and the art experts as the frauds and fools."

Recently, in one of the greatest art scandals in Germany, Wolfgang Beltrachi surpassed Van Meegeren's notoriety both in the faultless execution of his forged paintings of twentieth-century artists and in the scope of his forgeries. From provenance to production of the artwork, the whole scheme was executed with "Mozartian perfection."

Provenance, he claimed, could be traced back to the wealthy industrialist Werner Yaeger, who died in 1992. Yaeger had allegedly bought the artworks at a bargain price from the famous Jewish art dealer Alfred Flechtheim, who had fled the Nazis in 1933 and lived in exile in Paris. The story was credible as two of Beltrachi's female collaborators were Yaeger's granddaughters, who claimed they had inherited the collection from their grandfather. Further credibility was gained when the famous art expert Werner Spies issued certificates of authenticity for a large number of the forgeries, having also been fooled by the story of the two sisters and by the fraudulent Flechtheim labels on the back of the paintings. This lent great legitimacy to the artwork and made it easier for Beltrachi to produce further forgeries.

To capture the essence of the art piece, Beltrachi, who admitted forging more than fifty paintings, meticulously studied the artist he intended to forge. He went to museums where the artwork was displayed, got to know how much time it took the painter to complete a work, visited the place where he lived, and tried to feel the atmosphere surrounding him. In an interview, he explained that he tried to observe with the artist's eyes and to penetrate his creative soul so that he could identify with him. He even claimed that he did not only copy or emulate the style of an artist but wanted to

add to it and improve it. He arrogantly exclaimed that nothing was easier than to forge a Pollock, which led some critics to refer to his vanity and egomania.

In spite of a forger's painstaking efforts at producing the perfect forgery, a time always comes when one single fatal mistake is made. Beltrachi was familiar with the palette of Campendonk and chose zinc oxide as a white pigment in one of his forged paintings, but he was totally oblivious to the fact that the zinc oxide was contaminated with traces of titanium dioxide, a pigment that had not been invented when Campendonk was supposed to have created the art piece. His oversight unveiled the whole scam. Beltrachi's chief motivation to carry out such actions, apart from financial gain, was to punish what he perceived as the greed and vanity of the art market. He wanted to expose the arrogance of the art world, which, according to him, did not really understand the meaning of true art, and made decisions in an arbitrary manner as to which painting was worth millions and which one was worthless.

The light sentences, that Van Meegeren and Beltrachi received for their crimes, seem somewhat astonishing at the outset. Van Meegeren, as mentioned earlier, was sentenced to only one year for having forged a signature, whereas Beltrachi and his wife, in spite of the very large number of forgeries carried out and the number of collectors they defrauded, including the actor Steve Martin, were respectively sentenced to only six and four years in a German "open prison": that is, they are both allowed to hold a daytime job and can expect their sentences to be further reduced as first-time offenders. The notoriety of the two cases, and the success of the perpetrators at ridiculing the art world, might have subconsciously influenced the judges. Wasn't Van Meegeren perceived as a hero to the Dutch people, a man who had fooled the Nazis and ridiculed the art establishment, and hadn't Beltrachi been portrayed by the German media as a modern Robin Hood and "rogue genius"? The Van Meegeren and Beltrachi sagas, as well as all other notorious forgeries, feed into the on-going debate as to what the public most values in art. Once again, we pose the crucial question: Is a work of art praised for its intrinsic aesthetic value or because it is perceived to be the work of a famous artist?

According to the philosopher Denis Dutton, art appreciation is "a matter of experiencing a new vision of a familiar subject provided by a painter," i.e., a perception of a new "creative" approach to the artistic endeavour. The psychologist Paul Bloom would add to

this rationale that humans are natural "essentialists" and that our simplest pleasures depend on our belief in them: "We don't just respond to things as we see them, or feel them, or hear them. Rather, our response is conditioned by our beliefs, about what they really are, where they came from, what they're made of, what their hidden nature is."³¹

Conclusion

The foregoing examples culminating in the Van Meegeren and Beltrachi experiences demonstrate the synergistic approach between the curator, the art historian, and the scientist that is required in the authentication of a work of art. The connoisseurship and years of experience of the art experts and curators are necessary but not sufficient conditions for the fulfilment of this task. The role of the scientist will be more one of falsification as opposed to authentication. His approach will be to focus on finding the one or two fatal mistakes that will unravel the forgery.

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Jehane has a forthcoming book on the subject, to be published in Autumn 2015 by Imperial College Press.



BUSINESS SUCCESSION AND CONTINUATION PLANNING

Are You Prepared for the Next Chapter?



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In a perfect world, business owners would begin planning for the succession and continuation of their business from the beginning. Though business succession forethought inevitably makes later decisions easier to follow, in reality, this happens very seldom. This article examines five key areas of business succession and continuation planning to help ensure a smooth, efficient transition. In a perfect world, business owners would begin planning for the succession and continuation of their business

from the beginning. Such pre-launch advance planning would be beneficial since the decisions made at the start of a business will inherently impact the business owner's ultimate succession and business continuation options. Succession forethought inevitably makes later decisions easier to follow and helps focus the business plan from inception.

However, the reality for most business owners is that they tend to be consumed with developing and implementing the business plan. Choice of entity and jurisdiction, organizational documentation, hiring personnel, creating distribution and marketing channels are time consuming and can dominate one's focus. Business succession planning is rarely given its due until a business owner begins contemplating a personal exit strategy. This rushed approach can cause unnecessary challenges for an otherwise smooth continuation of the business operation, transition to new ownership, and even the value of the business in the eyes of any successor.

In this article, we will examine five

key areas of business succession and continuation planning: stakeholder goals, business needs, strategy, the personal side of retirement and estate planning, and plan execution. The objective is to ensure a smooth, efficient and value-maximized transition for all stakeholders in the business through important "early stage" discussions with one's business and financial advisors, as well as with family.

Stakeholder Goals

Assessment of a business owner's goals typically starts with questions of how to maximize the exit value of the business to the owner. This assessment should include an in-depth look at the goals of other stakeholders. Family members, for example, may rely on the earnings of the business either indirectly or as workers or partners in the business. Also, for many business owners, retaining key employees may be critical. Without these stakeholders, there would be no business. During this stakeholder assessment phase, it is imperative to determine the business' core value.

What do I want my business life to

stand for? What will be my legacy? After my exit, do I want the business to continue to reflect these values? Is it important that my family stays involved in the business? Additionally, the assessment should consider current versus future business needs.

Family Considerations

Often a business owner may assume the business is a family asset to be willed down to future generations. However, the business may not meet the needs of the existing family or future generations. To the extent the goals of the owner and the family differ, the owner may need to reconsider end goals. If the family is not interested in taking over the business, but would rather sell it, the owner must recognize this reality. Without the engagement of family members in the business, a re-evaluation of the succession plan may be required.

This exposes the greatest challenge faced by many business owners. They may demonstrate great competence and expertise in regard to the business, but may overlook communicating their succession plan with their family members. Making presumptions about family desires rather than actually conducting a family needs assessment can severely damage family relationships and have a negative impact on the future of the business.

Too often, a business owner will think "I built this business so that my children can run it when I am done." But it is critical to ask family members what they want. They may not share the same desire to run or build the business. Family communication must happen

early to avoid misinterpretation, bad planning, or worse. Also, business owners need to ensure the family members have the right abilities to run the business. If the family members' skill sets aren't compatible with the long-term success of the business, a contingency plan should be considered.

The Goals & Abilities of Management and Employees

Another critical conversation, which often gets neglected, involves managers and key employees. If management and key employees are important to the ongoing success of the business, they need to understand that the business succession will keep them in mind. This is a prudent strategy to avoid losing these essential staff members. It is not easy for a business to continue operating on solid and stable footing when key employees become leery about the future. By being open and direct with these employees about the succession plan, they will feel more valued and secure about their ongoing role with the company.

In addition, employee ownership is an alternative succession strategy if family succession is not an option. In order to consider this path, the owner needs to know three things: the employees' desire to take on ownership of the business, their abilities to take on greater leadership, and the financial capacity of the employees seeking leadership or ownership roles.

Objective Business Analysis is a Key Part of Succession Planning

While stakeholder goals are being assessed, the business must also be studied objectively. Many business

owners overvalue their businesses, while others undervalue their true worth. The bottom line is that no business owner should attempt to move through the succession and continuation planning process without an objective and detailed business analysis.

Business Needs Analysis – SWOT

A SWOT (strengths, weaknesses, opportunities and threats) analysis is a highly effective method of objectively examining a business' attributes. This analysis can help identify business growth opportunities while also helping a business owner plan for succession. A well-executed SWOT analysis will include actionable recommendations for increasing the value of the business.

Strategy

After assessing the goals and needs of the stakeholders and studying the business and its environment, business owners and their professional advisors are now well-positioned to plot a strategy and set a course that will meet business succession and continuation planning objectives. We'll address the personal side of a business exit as it relates to retirement and estate planning in the next section, but generally speaking, a business owners' exit and the continued operation of the business can fall only into the hands of one of three groups.

Family

This assumes that family members indicate both interest and sufficient skills. This exit strategy ensures one's legacy will continue and the gratification that the business

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Internal Environment		External Environment	
Strengths	Weaknesses	Opportunities	Threats
Financial • Cash flow • Receivables • Collectability Operational • Robust sales pipeline? • Niche leader? • Ability to charge a premium?	• Inventory obsolete (perhaps sell at a discount to generate cash flow) • Management team young and inexperienced (consider mentoring or outside training)	A line of business similar to current core business offerings, but reticent to act on. After studying existing... • Capacity • Team skill sets • Market penetration capability ...determination made there is no time like the present to move forward. This additional business segment could be horizontal or vertical to current business and may add value in the eyes of anyone interested in acquiring or continuing the operation.	• Competition lowering price to gain short-term market share

will provide financial support and stability for future generations. Owners will likely not receive the highest financial value for the business, as they may not be inclined to charge full price to their family.

Inside

If family is not an option, it is possible that key employees have the desire, drive and financial means to purchase the business. Again, business owners may find reward in transferring the legacy to people who have an understanding of the business, but it is possible that they will need some assistance in securing financing to purchase the business. This may be in the form of seller financing, which doesn't come without risk.

Both the family and inside options can occur in several different forms. Below are two options.

Buy/Sell Agreements

- It is prudent to have one in place, whether or not family is in the business. It may provide pre-determined exit pathways. This generally provides formulaic calculations by way of price and payment terms when one owner becomes disabled, wants to retire, or otherwise exits the business.

NOTE: Many businesses do not have this type of a

standard agreement in place, and negotiating one in mid-business lifecycle amongst relevant parties is not easy. Moreover, even fewer have actually sought out funding mechanisms for the various event-driven forms of owner exit. As a business grows and morphs organizationally, the mechanisms for funding need to be monitored and updated to ensure sufficiency.

Employee Stock Ownership Plan (ESOP) Transactions

- ESOPs have become the option of choice for many businesses. The retiring owner, other large stakeholders and the company may receive tax benefits as a result of an ESOP. Further, ESOPs can bolster employee morale and help attract and retain employee talent.

Outside

Typically, selling the business to an outside party will yield the highest price. The highest sale price is often generated when competitive bidding ensues between multiple potential purchasers.

Potential buyers could include companies looking to expand their portfolio of businesses, to expand geographically or looking to acquire for vertical or horizontal integration to augment their current business. Alternatively, the business needs analysis may



identify attractive opportunities for further growth that are worth pursuing to increase the value of the business before implementing any exit strategy. To that end, one may consider adding a financial partner to help support those efforts. Once one has weighed the options, an independent valuation of the business is imperative. As referenced above, this value may be a full market valuation or a discounted pricing option being considered for “friends & family.” The business value will help determine the timing of any exit, the potential pool of buyers, and how the transaction might be structured.

The Personal Side of Retirement and Estate Planning

For business owners in particular, retirement planning can be complicated. Issues and concerns are often compounded by the transition from running the business to ownership succession and changing goals and lifestyle. Let’s look at three key considerations:

Financial Security

Financing retirement is paramount. Until now, the business was likely the largest asset on one’s balance sheet and the driver of cash flow. In order to assess whether the calculated business valuation and succession plan strategy will be sufficient – (i.e., family, ESOP, or an outside buyer) – business owners should establish their lifestyle expectations post-retirement.

Usually, retirement brings some expenses not fully transparent in the year’s preceding retirement. These might include supporting college-age and young adult children, as well as caring for elderly parents. With individuals living longer, this can be more time-consuming and financially straining than one may realize. Moreover, inflation needs to be factored into the equation as it can affect the purchasing power of one’s nest egg.

Having a budget and financial plan in retirement is even more important than during business owners’ working years. Regular spending habits should be fully examined, and any large acquisitions considered (such as purchasing a new home or a boat to enjoy in retirement).

If the business valuation does not support desired retirement financial goals, they may need to continue

to build the business to a higher valuation level, or scale back retirement goals.

If, on the other hand, there will be an excess of capital, business owners need to define their investment structure and wealth plan prior to exiting their business. This will ensure a smooth transition from wealth accumulation to asset protection. Developing a wealth management plan with a financial advisor, much like any business plan, will be the logical next step.

Personal Goals

While it is certainly true that not everything is about money, it would be difficult to get an accurate read on financial security goals without coordinating personal goals with the anticipated costs of seeing them through. Where one wants to live in retirement is often a key decision for retirees. Many opt to retire to the sunshine state, while others decide to be snowbirds who typically maintain a home near family and also acquire a home in a warm weather destination. One thing to consider before moving is the cost-of-living in the new location, including property and income taxes.

How to retire is another personal decision that can greatly impact finances and thus retirement planning in general. One may become more frugal or may decide to travel extensively thus increasing annual expenses. One may also choose to become more philanthropic in retirement, causing charitable expenses to impact cash flows. Additional retirement considerations include:

Will you continue to be involved in business opportunities? Will you support other businesses by angel investing? Will you become the grandparent who helps with family expenses such as home purchases or college tuition?

New Lifestyle

Business owners likely devoted many hours each day, week, and year to the running of the business. After so many years of hard work, it is common to have difficulty transitioning to retirement. Spare time needs to be considered pre-retirement. In some instances, by the time a business owner retires, many friends and family may have passed, or the relationships may not be strong. For this reason, it is important for business owners to have fulfilling personal as well as professional lives –



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hobbies, activities, and close personal relationships – so when retirement comes, there will truly be a “harvesting what you have sowed.”

Even things as simple as personal health care should be considered as current health coverage will not be available in retirement. Further, Medicare does not take effect until age 65, and supplemental and prescription drug coverages need to be considered. No business succession plan should be considered without integrating a well-defined retirement plan and a comprehensive estate plan. Imagine a business owner working tirelessly for many years to build a successful business and accumulate wealth in the process, only to have the government take a large chunk of it because the owner did not do everything legally available to

minimize transfer taxes between generations. Judge Learned Hand wrote long ago that anyone may arrange their affairs to keep their taxes as low as possible, and “no one owes a duty to pay more tax than the law demands.” Proper succession planning needs to integrate both retirement and estate planning. Estate planning is generally meant to accomplish two things:

Estate Maximization – ensures that the estate is as large as possible to support retirement years and to pass on a financial legacy to desired heirs.

Estate Conservation – ensures the value of the estate is not eroded by taxes, probate fees, administrative costs, market loss and inflation.

Assets and Investments	• Develop a proper investment policy statement and asset allocation strategy to maximize the estate. • Establish a family values statement or family constitution to embody the family philosophies and values and to define the roles other family members might play in managing post-retirement wealth. • Consider how assets are titled to assist in minimizing probate and estate taxes/costs.
Beneficiaries	• Consider the people who should receive assets and how the dispositions should be handled. For instance, outright versus in trust.
Estate Administration	• Determine who should administer the estate and any trusts after death. • Surviving spouse, family, and friends are alternatives usually initially considered, but thought should be given to professional administration – an entity with the proper experience and financial support to provide a smooth transition. • Particularly for large and/or complex estates, fiduciary liability can be a daunting responsibility and should not be thrust on inexperienced individuals.
Needs of Surviving Family	• If there are special needs, for example, certain types of bequests in trust with special language should be considered to protect and preserve rights to governmental assistance. • Consider asset protection for the next generation to protect against potential creditors and negative situations with spouses of your children.

Plan Execution

Once a business owner assesses, studies, weighs options, values the business and works through integrated retirement and estate planning, it is time to implement the chosen strategy.

The following chart illustrates some fundamental elements of an effective estate plan that business owners and financial advisors need to consider:

Plan Execution

Once a business owner assesses, studies, weighs options, values the business and works through integrated retirement and estate planning, it is time to implement the chosen strategy.

Things to consider along the way:

Preparation

Before selling the business, or other transitional launching pad, weaknesses found in the SWOT analysis need to be addressed to ensure the maximum value for the business. This preparatory phase might include implementing retention bonuses for key employees that any new owner would want in place for continuity in transition. Securing business value and avoiding an unwanted wave of key employee exits is paramount.

Marketing

If an outside buyer is the best option, a business owner will want to find several qualified buyers to facilitate competitive bidding. This will likely require assistance from a business broker, investment banker or other professional who knows how to showcase businesses that are for sale and what entities are in the market for an acquisition.

Due Diligence

Finding a qualified buyer assumes the business owner is prepared to perform due diligence on potential buyers. Remember, the due diligence period is not all about potential buyers digging through the business. It is very much a two-way street.

Offers

Once offers have narrowed to ones that are most consistent with the business' goals, the transaction details need to be analyzed. Differences can be distinct; they can also be inconspicuous. An earn-out provision makes the ultimate sale price less clear, while a fixed price contract may provide what seems like fewer total dollars but is actually higher than an earn-out in net present dollars. All options need to be weighed carefully – short- and long-term and

considered in net-present value in order to have an apples-to-apples comparison.

Close

Professionals, such as attorneys, accountants, business advisors and financial and estate planners (preferably those previously involved in the business), should help structure the most tax efficient process for transferring ownership. Proper structuring will help set up the buyer or successor for continued successful operation of the business. Working with a wealth management professional to properly structure a post-business wealth management, and estate plan will be a critical part of enjoying retirement.

Conclusion

When it comes to business succession and continuation planning, and the interrelated nature of retirement and estate planning, one piece of wealth management advice may be most important:

Have ongoing meaningful dialog with family members. Regardless of their level of involvement with running the business, today or post-succession, taking into account all relevant short- and long term family needs and concerns will lay the groundwork for a much more satisfying next chapter.

This communication and open dialog imperative also holds true for key employees to reassure them of their current and future value to the business, as well as a smooth, efficient and successful continuation of the business.

And remember, it is to a business owner's advantage to begin the succession and continuation planning journey well in advance of any such transition. When the time comes, the right strategic pieces should be in place, and it is then their chance to make the most of the next chapter.





2015 Lineup Announced McLaren Honda

Fernando Alonso and Jenson Button

McLaren-Honda announce recently its new driver line-up for 2015: Fernando Alonso and Jenson Button. Kevin Magnussen will remain an important part of the team, as test and reserve driver. All three men will play crucial roles in re-establishing the ascendancy of one of global sport's most iconic unions, for McLaren and Honda have already formed one of the most dominant partnerships in motorsport history: Honda broke

new ground in the 1980s by creating a turbocharged engine that was unparalleled in both its output and its efficiency, and, between 1988 and 1992, McLaren-Honda won eight world championships and 44 grands prix, and took 53 pole positions and set 30 fastest laps, all in just 80 grands prix. In 1988, the partnership created arguably the single most successful Formula 1 car of all time: the all-conquering McLaren-Honda

MP4/4, which was driven to victory by Ayrton Senna and Alain Prost in an amazing 15 of the season's 16 grands prix. The lure presented by those same goals has once again brought the legendary Japanese corporation back to the pinnacle of global motor racing; and, again, that company, Honda, is developing its revolutionary new turbocharged engine at its all-new purpose-built state-of-the-art motorsport facility in Sakura,

McLaren and Honda committed to rebuilding the strongest possible partnership in Formula 1...



Japan. It is against that backdrop that McLaren and Honda committed to rebuilding the strongest possible partnership in Formula 1. The aforementioned Ayrton Senna, in the opinion of many the greatest driver in the history of our sport, won 30 of the 44 grands prix that McLaren and Honda annexed together between 1988 and 1992. Ayrton once said: "We do not need myths. We need examples to be followed – examples of courage, determination and hope. We need to believe it is possible to win, and it is our duty to pursue that belief."

Everyone at McLaren, and at Honda, agrees with every word of that inspirational remark, starting with our newly re-recruited driver, Fernando Alonso. Fernando Alonso

said: "I have never hidden my deep admiration for Ayrton Senna, my favorite driver, my idol on track, my reference. "I still remember, as a kid, the posters in my wardrobe, my toy cars in which I dreamed I would one day emulate Ayrton, and the kart that my father built for my older sister, and that I ended up falling in love with. That kart had the livery of one of the most legendary partnerships in the history of Formula 1, McLaren-Honda, the car that Ayrton drove, the same partnership to which I am now honoured to join, to take part in the next Formula 1 world championship."

"I am joining this project with enormous enthusiasm and determination, knowing that it may require some time to achieve the results we are aiming for, which is no problem for me."

Ron Dennis (Chairman & Chief Executive Officer, McLaren) said: "I am absolutely delighted to be on the threshold of leading McLaren-Honda to a new era of partnership, and I speak on behalf of all at McLaren when I say that. I am equally confident that our colleagues at Honda share that determination and passion to win."

Yasuhisa Arai (Senior Managing Officer, Honda R&D Co Ltd; Chief Officer of Motorsport, Honda) said: "Our partnership with McLaren goes from strength to strength, and I am very excited to welcome as part of our Formula 1 team two great world champions, Fernando and Jenson. Yet the magnitude of the announcement is quickly bringing me back down to earth to focus harder and stronger on the seasons ahead."

"Kevin has shown remarkable growth in the 2014 season, and we are delighted to continue working with him throughout 2015 and beyond; we are certain there is much more to come. "Honda is dedicated to speeding up the development of the power unit based on the learnings of the recent Abu Dhabi test."

"Working together with these very experienced drivers, we will fine-tune and complete the power units to competitive perfection towards the new season."



THE NATALIA GONCHAROVA ART SCANDAL

by James Butterwick - representing ICAAD



Natalia Goncharova was born in Russia on June 4, 1881 and died in France on October 17th, 1962. She was a Russian avant-garde artist and painter. In 2007, Goncharova's 1909 painting "Picking Apples" was auctioned at Christie's for \$9.8 million, setting a record for any female artist and her paintings still command huge sums.

Fast forward to June 2013, German police break up a major forgery ring and seized almost 1,000 paintings purported to be painted by major Russian artists, these included paintings alleged to have been painted by Natalia Goncharova. One year later a court case began in Wiesbaden.

To protect the Natalia Goncharova legacy, The International Confederation of Antique & Art Dealers of Russian and the CIS (ICAAD) together with leading Russian specialists, museum directors and collectors brought this to the attention of the wider public in what they believe was the systematic forgery of works by Goncharova. With a major retrospective of the artist in Moscow, the time was right to close the debate once and for all regarding the hundreds of 'new' paintings by Goncharova appearing seemingly overnight. The paintings were given credence and authenticity with

their reproduction in two monographs on the artist by Western scholars and the author's subsequent protection by a UK based convention of long since discredited historians of Russian Art.

"Imagine. In Moscow, a monograph is written on William Turner by a Russian art historian and within its pages are reproduced many new works that were previously unknown both to a wider public and to specialists of the great painter. There would be a flurry by English museums to be first in the queue to buy these paintings, (assuming they were real!) A sensation". Andrei Sarabianov, 'The Alternative Goncharova'. Artchronika magazine No. 2011

Background.

Natalia Goncharova was the world's most expensive female artist with prices up to \$10,000,000 at auction. In October 2010 and March 2011, two illustrated monographs about Goncharova were published in the West, the first by Anthony Parton, the second by Denise Bazetoux. In these books, hundreds of previously unknown paintings appeared for the first time. These works have astounded Russian Art experts, collectors and connoisseurs of Goncharova's work alike. These 'discoveries' have been found alongside works by

ESPAGNOLE

Fetches £6,425,250



"It was a record for a painting by a female artist sold at auction and it held that record for several years

PICKING APPLES

Price Realised £4,948,000



Estimate

£1,000,000 - £1,500,000

(\$1,981,000 - \$2,971,500)



Goncharova within the period of paintings that have achieved the highest value at auction. We are not talking about one or two new discoveries that could potentially be explained by mistaken attribution or lack of provenance but 150 new paintings that have appeared within a very short period of time that lack either credible provenance or exhibition history.

In Denise Bazetoux's book about 430 oils by Goncharova painted before 1915 are reproduced. Of these, 148 works are from museums, and another 130 have a detailed provenance and exhibition history. Although it's well known that Goncharova painted about 300 oils pre 1915, only 22 are unaccounted for. It begs the question, how could Bazetoux come to the figure of 430 paintings?

Stylistic comparisons.

Any experienced art dealer or historian would have little difficulty spotting which painting have dubious authenticity. When, these paintings are analyzed deeper; their absurdity and that of the other 150 paintings becomes clearer. The peacock in figure 4 is closer to a bizarre pheasant and shows a lack of confidence on behalf of the author, unsure how the

objects should appear especially when compared with its original in Figure 3.

Negative certificates of expertise.

Specialists from the Tretyakov Gallery, which holds the largest collection of works by the artist and her archives travelled to Europe to view both the paintings 'Still life with a coffee pot and fan' (illustrated in figure 1) and 'Still life with sunflowers' (figure 6). The museum promptly gave both paintings negative certificates of authenticity. However, despite this, the paintings still appear in Anthony Parton's book as genuine. We would ask, how could Mr. Parton authenticate these paintings as genuine? By doing so, his certificates, and those of Denise Bazetoux are being used as selling aids on the European art market?

We would also ask, how many paintings by Goncharova have these authors physically inspected? It would seem that neither author have viewed the Goncharova archives at the Tretyakov Gallery.

Pre-1915 paintings by Natalia Goncharova.

While it could be argued that it is possible that original works by Goncharova created before 1915 with

obscure provenance do exist, it is unlikely. This period of the artist's work has been very well documented by contemporary art historians as her work was actively exhibited and recorded in catalogues. There is a comprehensive, authorized list of works by Goncharova published in the brochure by Eli Eganbyuri in 1913 and a further list of works made by N.D. Vinogradov. The fate of the artist's works that remained in Russia after her emigration to France with Larionov is also well known.

The total absence of any provenance with these paintings is another part of the mystery. Most dealers or experts working in any field of the arts will tell you that such 'miracles just do not happen' or, if they do, its very rare. Yet, here we have 150 'miracles' and the authors of these books and the organisation that represents them, INCORM, maintain that the paintings are genuine.

Let us examine one painting and compare it with a painting held by a museum that is beyond dispute. With the painting in figure 4 on page 54, a Western art historian has used two words, 'private collection'. This

is quite simply not good enough as a provenance for a seemingly important futurist painting of the 1910's. If we take into account the numerous exhibitions of Goncharova's other works, how could such an 'important' painting have never before been exhibited? In addition, how could it be possible that none of the other 150 paintings have ever been displayed publicly? What possible set of circumstances could explain this? The mystery deepens as the authors of the books and INCORM have refused to answer any questions since 2011.

When we look at the descriptions of the 'Wrestlers' (figure 8) and 'Cyclist' (figure 7) reproduced in these two books, it beggars belief, not just stylistically, to see that a third version of 'Wrestlers' as being painted by Goncharova in Anthony Parton's book. With no provenance or exhibition history, this wooden, colour free version becomes a veritable pastiche when set alongside the detail of a 1910 photograph that some believe may have been its inspiration. "A photograph (fig 9) that seems to have been cut, pasted and transferred onto canvas."



The artist ridiculed

"Her contemporaries were struck by the diversity of her work, the richness of fantasy. She hardly ever repeated a composition" Irina Vakar, Tretyakov Gallery, Moscow

Figure 7 on the opposite page is another piece of damning evidence. It is a known fact that Goncharova hardly ever repeated a composition and yet here we have seven versions on a theme. We have a series of bicycles going in a different direction from the original, various automobiles going from right to left on a variety of backgrounds and, absurdly, what is probably the first representation of the pushbike in Western Art History. It will most likely not come as a surprise that all seven have the same non-provenance, 'private collection', and none of these miracles were exhibited in Goncharova's lifetime. Are Western Art historians really so naive as to believe that an artist as revolutionary as Goncharova created seven paintings on the same theme in the space of a couple of years?

Signatures

"A signature is a major rarity for works by Natalia Goncharova of her Russian period" Had the authors investigated the pre 1915 work of Natalia Goncharova in any detail, they would have discovered that a signature on her work pre 1915 is a major rarity. It almost goes without saying that of the 10 dubious paintings shown in this document; every single one is signed or monogrammed.

Selling aids and price

Should the authors doubt that these books and their certificates of expertise that proliferate on the Western Art market are used as selling aids, a glance at auctions in Germany over the last 10 years, or France will confirm the facts. It is instructive to note that the estimates for these paintings is a fraction (20%) of what it would have been had the picture been genuine. Coupled to this is the fact that the major London auction houses, the center of the Russian Art market, have long ago rejected certificates from these two authors as well as other members of INCORM. Why?

Denouement.

In a May 2011 news conference, leading figures in the world of Russian Art including Irina Lebedeva,

Director of the Tretyakov Gallery and Pyotr Aven, a major collector and specialist on Goncharova voiced their accusations openly. In reply, the authors were defended by INCORM whose President, Patricia Railing, is herself an art historian and has just written a book on Malevich with similar discoveries within its pages. This reply was ambiguous and at no point answered the hard questions posed at the news conference nor those that have subsequently been broadcast on the artInvestment.ru site.

ICAAD made a request to have these paintings chemically analyzed to remove all doubt as to authenticity, we also offered to pay all costs, Mrs. Railing replied that these paintings "have "technological" expertise accompanying them by known and reputable scientists which reveal without a shadow of a doubt that the works were not "painted in our time" but were executed at least 60 years ago". These certificates to which Mrs Railing refers were, in the main, written by Erhardt and Elizabeth Jagers and yet we know that, according to the Press, German police have questioned the former who states in the Russian language version of the Art Newspaper from the September 2013 issue, that 'if these (dubious paintings) were fakes, they were done extremely well'.

A solution offered.

In November 2013, the Executive Board of ICAAD sought a final resolution and officially invited Mrs Railing, Anthony Parton and Denise Bazetoux on all-expenses-paid visit to see the Goncharova personal exhibition at the Tretyakov Gallery in Moscow.

It goes without saying that no reply was received.

ICAAD believes that the time for answers has now come. The Art world at large needs to know the harm such books can do to the reputation of a great artist. ICAAD have requested that all copies of these books be withdrawn from circulation and have reminded Anthony Parton, Denise Bazetoux and Patricia Railing of their responsibilities as art historians. They have also been asked to cease writing certificates for paintings that, on our evidence alone, cannot have been painted by the hand of Natalia Goncharova.

Is digital communications print undergoing a renaissance?

The Print Renaissance

Far from being pushed aside by digital communications print is undergoing something of a renaissance, serving as a key element in sophisticated multi-channel marketing campaigns. Yolanda Noble, Managing Director of Millnet Document Solutions, explains how print is dovetailing expertly with digital campaigns to drive engagement and boost response in the arts and entertainment sector.

Tablets, smartphones, social media, web – the number of ways of reaching customers and prospects seems to grow year on year. But while arts and entertainment organisations of every size wrestle with harnessing the potential of these digital communication opportunities, one very traditional media is undergoing a revolution that is making consumers sit-up and take notice.

The print and production industry has been furiously innovating, driving printed output that forms the eye-catching cornerstone of the very latest multi-channel campaigns. Some marketing analysts have equated the latest focus on print with that of the upsurge in sales of vinyl records – a reaction to a saturated digital market and a nostalgic nod to the past. But this is a false comparison. Far from competing against the latest digital upstarts for marketers' affections and budget, print is being used in tandem with digital marketing to powerful effect.

A recent finding from the Direct Marketing Association reveals that 74% of consumers are happy to receive direct marketing if the approach is relevant. Clearly, data plays a critical role in achieving this relevancy and leading players in the charity sector are working with specialists to achieve the desired level of data hygiene. An in-depth data analysis can cleanse, enhance and dedupe data, enabling recipients to be categorised and targeted with messages that are directly relevant.



Yolanda Noble, MD Millnet Document Solutions

Once prepared, data can be put to work across any channel. Highly personalised letters, emails, direct mail communications and brochures can be used in any combination – with the personalisation factor proven to improve conversion (or engagement) rates by up to 25%. New innovations in print enable such personalisation to extend cost-effectively to hard-copy marketing materials. High quality, full colour digital printing allows text and image data to be swapped out and adapted to segment the creative to an individual level, presenting the recipient with a tactile, highly-personalised mailpiece.

The tangibility of print - having something to hold and read at leisure – is regarded by many

entertainment industry commentators as a definite plus amidst the digital deluge. The latest print technology is able to efficiently process a huge variety of paper-stocks, and the choice of paper and the chosen finish can play a huge part in brand perception and conveying brand values. This is certainly recognised in the retail sector – particularly amongst fashion brands where catalogues and 'look-books' are printed on tactile papers with specialist finishes. Whilst the arts and entertainment sector is different, many are recognising that the quality of printed output can influence factors such as how long a campaign mail-out is retained and resulting response rates. Whatever combination of print and digital is used to convey the campaign message it is vital to capture subsequent response and to use this information to inform future campaigns. Again, arts and entertainment organisations are working with specialist document solutions providers to capture and convert campaign interaction and feedback. Activity can be monitored and recorded, providing valuable insight into the targeted market and the preferred method or methods of communication.

Often, the printed element of a campaign will include a call-to-action that drives the recipient to a website and encourages an online response. This digital interaction should be measured, and the best partners will make such tracking easy and instant allowing real-time analysis of online responses via a personalised online dashboard, offering variable statistics and live reporting on a campaign's performance. In a digital age, some arts organisations may be under the misconception that print is an inflexible and outdated means of reaching out to stakeholders. In fact, the very opposite is true. Used in conjunction with digital communications, today's print options provide these organisations with a powerful means of delivering eye-catching, highly personalised campaigns that speak directly and convincingly to the audience.

Competition for funding has never been tighter, and it will be increasingly difficult to generate income without stand-out marketing. Increasingly, the sector is waking up to print being a key element of this multi-channel conversation.

PHILANTHROPIC CAUSES

UNIVERSAL FILM AND FESTIVAL ORGANISATION



The Universal Film & Festival Organisation (UFFO) was founded to support and implement best business code of practice for film festivals throughout the world. It is now dubbed 'FEST-COP' and its logo is now a common sight at many film festivals. The UFFO is a global not-for-profit voluntary organization, and it created its remit of 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 completely voluntary, free and easy to implement. In addition, it is a blueprint for filmmakers in deciding which film festivals to do business with. Only film festivals, which 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.

In addition, UFFO is 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

Is The Time Now Right For Investment Opportunities in MINERAL DEVELOPMENT?

Is this an excellent time for seriously considering mineral development opportunities

TIMING IS EVERYTHING

by Zig Lambo - Resource Capital Consultants



'Timing is everything' is a saying that is often forgotten in making investment decisions. It's not so much what you buy or sell, but when. One area, which is probably being overlooked at this time by many private investment funds, is mineral resource development. This includes precious and base metals, as well as other commodity minerals essential to the world economy.

So why is this an excellent time for seriously considering mineral development opportunities? Probably the best reason is that many undervalued situations now exist due to the cyclical nature of the business. As the U.S. and most other major stock market indexes recently hit new highs and have started retreating, prices of most metals and minerals are down

substantially from their highs of the past several years. Meanwhile, general demand continues to grow with expanding global economies. Besides precious metals (gold, silver, platinum, palladium, rhodium), there are also the rare earth elements (REE), base metals (copper, lead, zinc, nickel, molybdenum, manganese) and other minerals such as tungsten, lithium, graphite and potash. Each has its own applications, markets and price cycles. Gold and silver act more as economic and financial hedges than simple commodities and both are currently trading near their lows of the past five years. This is taking place in spite of geopolitical factors that, in the past, would have been causing them to hit new highs. Apparently investors are more focused on economics than politics at this point, and feel more comfortable in the stock market. That could change quickly if stock markets retreat further, and another financial crisis become evident.

So how can private capital invest in this sector? The most obvious answer is through the stocks of companies already involved in mineral development and mining. These range from the huge multinationals down to small companies still working on developing projects to put into

production. There are certainly risks involved at both ends of the spectrum. As large companies grow, it becomes more difficult to sustain that growth without making ever larger investments in projects that can sometimes run into problems. As with other industries, when companies reach a certain size, the most advantageous means to significant growth is through acquisition of other companies in the industry. This is taking place now with bargain hunting acquirers taking advantage of low stock prices, as the market bottoms in this industry. One important point to consider regarding mineral development is that the process involved in going from discovery and development to actual production on an individual project takes anywhere from five to 10 or 15 years. In that respect, it's much like the development and approval process for a new drug. Most investors are not interested in waiting around that long to see if their investment bears fruit. So it's important to map out an investment strategy at the start that defines objectives, time parameters and exit strategies. If all you plan to do is buy publicly traded mining stocks, the process is much the same as buying other types of equities. If the plan is to get involved more directly in individual projects, or with companies on a joint venture

basis, the factors involved are more complicated. This should obviously be offset by significantly higher potential returns. In some cases, these returns can turn out to be 10:1, 20:1 or even 50:1. There is also a downside. Things rarely go according to plan, so the investor must be prepared for unexpected delays, disappointments and cost-overruns. (Just like most things in life.)

An exit strategy should be defined by the stage at which the investor decides to enter a project, and how far they wish to participate in terms of time, investment and milestones achieved. This could be compared to something like a land development project. Depending on the size and type of development, it would start with acquisition of land, progressing through planning, parcelling out various sections for specific purposes, possibly selling some or all the parcels to other entities, perhaps doing joint

ventures on certain parts, possibly selling the whole project at some stage of development, or taking the whole project to completion. There are entry and exit points throughout this whole process for investors, depending upon their goals and financial capabilities. The same approach can be taken with mineral resource development, except that sometimes, a relatively small investment at a critical stage in the process can multiply the value many times over; like buying a distressed property and doing some minimal work for a quick flip. Investment methods outside of straight purchases of publicly traded stocks can take several forms. The best short-term liquidity would come from private placement purchasers of common stock in small to medium-sized companies that are already in production or advancing projects to near-term production. Another option is to enter into a joint venture with an established

company by providing financing to advance an existing project. Further down the liquidity ladder, with greater upside potential, would be to provide funding for exploration/development on a project with the idea of bringing it to a point where a larger JV partner would come in to take over further development and ultimately, production. Still another option would be to create a fund to invest in a number of developing companies or projects which would provide more diversification and spread risk.

We have just barely scratched the surface on all the types of opportunities now available in metals and minerals investments. In subsequent articles, we will go into more detail on what to look for, and the various considerations involved in making intelligent investment decisions. Suffice it to say that now is an excellent time to seriously investigate this greatly undervalued investment sector.

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HONDA JET



Honda Aviation and the HONDA-JET

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The first Honda-Jet achieved its initial flight 2014.

SPECIAL PERMISSIONS FOR RE-DISTRIBUTING THIS ARTICLE ARE NEEDED,

The Honda-Jet is an advanced light jet with revolutionary technology and design attributes that help it achieve far better fuel efficiency, more available cabin and luggage space, and higher cruise speed than conventional aircraft in its class.

A patented Over-The-Wing Engine Mount (OTWEM) configuration was developed using advanced concepts in aerodynamics and design simulation. The OTW EM configuration eliminates the carry-through structure of conventional fuselage-mount designs, allowing for greater use of fuselage space for the cabin and external cargo areas. The configuration is also designed to reduce cabin noise. By optimization of the design and placement of the engine nacelles, the HondaJet OTWEM configuration actually exhibits less drag at high speeds than conventional "clean wing" designs, contributing significantly to the aircraft's superior performance and efficiency.

A natural laminar flow (NLF) wing and fuselage nose were developed through extensive analyses and wind-tunnel testing. These designs help achieve lower aerodynamic drag at high speeds together with a high lift coefficient. An advanced, composite fuselage structure, consisting of a unique combination of honeycomb sandwich and stiffened panel structures joined

using a patented integral co-curing process, reduces weight for optimal performance and payload capacity, while also reducing manufacturing complexity. The state-of-the-art glass cockpit includes the latest version of the Garmin G3000™ avionics platform with features and capabilities unique to the HondaJet. The HondaJet features a 40/60 display configuration on both of the G3000 Primary Flight Displays (PFDs). This 40/60 enhancement provides an easier visual scan for pilots and contributes to improved situational awareness and safety by allowing the pilot or co-pilot to select and show additional information within a customizable tile that consumes approximately 40 percent of the width of each 14-inch wide, high-resolution displays.

Milestone Achievements: The HondaJet was designed and developed by Honda engineers working in the U.S. and Japan. Honda Aircraft Company, based in Greensboro, North Carolina, USA, was established in August 2006 to oversee certification, production and sales of HondaJet. The proof-of-concept (POC) HondaJet made its first flight on Dec. 3, 2003. Application for FAA type certification was made on Oct. 11, 2006. European EASA certification is being pursued concurrently with FAA certification. The HondaJet is currently offered for sale in the U.S., Canada, Mexico,

and most of Europe. The HondaJet is offered in a seven-seat executive configuration, including enclosed lavatory, for US \$4.5 million with FAA certification. The first flight of the first FAA-conforming HondaJet took place Dec. 20, 2010. On March 11, 2011, the first conforming HondaJet achieved a maximum speed of 425KTAS (489 mph) at 30,000 feet and Mach 0.72 above 30,000 feet and surpassed the company's performance commitment of 420KTAS for the production aircraft. The aircraft also achieved its maximum operating altitude of 43,000 feet on April 27, 2011. On Nov. 18, 2011, the third FAA-conforming aircraft made its first flight. On May 4, 2012, the fourth FAA-conforming jet achieved its first flight.

Honda Aircraft Company's second FAA-conforming aircraft completed its series of ground-based structural testing in early 2012, with additional structural test aircraft in production. In the second half of 2012, Honda Aircraft Company moved into aircraft production. On May 16, 2013, the fifth FAA-conforming HondaJet made its first flight. On Dec. 20, 2013, the FAA issued the first Type Inspection Authorization certificate for the HondaJet. On June 27, 2014, the first production HondaJet achieved its first flight.



Michimasa Fujino

President and Chief Executive Officer, Honda Aircraft Company

Michimasa President and Chief Executive Officer, Honda Aircraft Company Michimasa Fujino is the founding president and CEO of Honda Aircraft Company. At Honda Aircraft, he is responsible for Honda's overall aircraft business strategy, and the further development, marketing, sales and production of the innovative HondaJet. Since 2009, he has also concurrently served as an operating officer of Honda Motor Co., Ltd.

Fascinated by flight at an early age, Fujino has been passionately devoted to fulfilling Honda's dream to take personal mobility skyward. Not only did he design, build and sell his concept for the HondaJet, Fujino has been a driving force behind the formation and continued growth of Honda Aircraft Company. Prior to becoming president and CEO of Honda Aircraft, Fujino rose through the

engineering ranks to become a vice president with Honda R&D Americas Inc., and named the large project leader for the HondaJet. In this capacity, he led all engineering tasks from design through experimental verification and flight testing of the proof-of-concept HondaJet. Fujino's clean sheet design for an advanced light jet that could achieve both high speed and high fuel efficiency led to the development of key Honda

Fujino has received international recognition...



technologies and concepts. Fujino discovered the optimum location for the HondaJet Over-The-Wing Engine Mount configuration. This aeronautical breakthrough was proven to dramatically enhance aircraft performance, fuel efficiency and passenger comfort. He also developed a new natural laminar flow (NLF) wing and fuselage nose for the light jet and new application concepts in composite structures contributed to a lighter airframe. These three innovations combined allow the HondaJet to achieve highest speed, superior fuel efficiency and the most cabin and luggage space over other light jets in its class. Fujino has received international recognition for his pioneering

contributions to aeronautical research and design. He has been the recipient of numerous international awards and distinctions, including the SAE International Clarence L. (Kelly) Johnson Aerospace Vehicle Design and Development Award (2014), International Council of the Aeronautical Sciences Innovation Award (2014), American Institute of Aeronautics and Astronautics (AIAA) prestigious Aircraft Design Award (2012), Japan Industrial Designers' Association Design Museum Award (2011), and Aviation Week and Technology's Vision Award (2008). His extensive research and theories on aircraft configuration design, advanced aerodynamics and aeroelasticity have been published in numerous technical and academic journals, and he holds several patents for aircraft design. Fujino joined Honda R&D Co. Ltd. in Japan in 1984 after graduating from Tokyo University with a degree in aeronautical engineering. He resides with his wife and three children in Greensboro, North Carolina.

Professional Record:

1995. Chief Engineer, Honda R&D Co., Ltd.

1997. Large Project Leader, Honda R&D Co.

2005. Vice President, Honda R&D Americas

2006 – Present. President, CEO and Chief Engineer, Honda Aircraft Company.

2009 – Present. Operating Officer, Honda Motor Co., Ltd.

Educational Background:

1984. Tokyo University (Japan). Bachelor of Science, Aeronautical Engineering

2014. Tokyo University (Japan). Doctorate, Engineering



TRUSTED FAMILY

The Value of a Family Portal for Multi- Generational Business Families and Family Offices



Edouard Thijssen: Head of Americas



Karl Malmström: Head of EMEA

Most family business and family office professionals are familiar with the statement “Once you have seen one family office, you have seen one family office.” Even if it’s true that every family is unique, most business families around the world face similar challenges.

As a family moves from one generation to another:

- The family gets bigger
- Family members spread out across different cities, sometimes even countries
- Fewer family members have an active role in the original business that created the family wealth
- The next generation grows up with different educational backgrounds, skills and interests
- Ownership stakes start to vary (usually from the 3rd generation)

The more the family advances through the generations, the more difficult it becomes to manage.

It is estimated that only 10% of business families manage to keep the family business and/or the family wealth together for more than 3 generations which highlights that many families underinvest in the management of the family, versus in the management of their business(es) or investments.

Researchers Williams and Pressier have shown that

- In 60% of the cases this is due to lack of communication in the family
- In 25% of the cases this is due to lack of education and preparation of the next generation

Many families facing the above challenges have migrated to new technologies and implemented secure family portals as a way to facilitate communication and education, thereby creating the conditions to keep the family together. This article highlights the value family portals can bring to multi- generational business families and to the family offices that represent them.

The 6 activities that you can enhance through a family portal

Family portals are typically used to achieve one or more of the following 6 goals :

1. Communication - Given that communication is key for long-term family, family business and family office success, family portals are a great way to facilitate:

- Family to family communication
- Shareholder communication from the family business(es) to the family
- Client communication between family office staff and family members

Family portals, when setup correctly, offer greater security than other communication channels such as email. In addition, they allow for more transparency in communication, the ability to archive and track communication, and to organize in a more structured way.

2. Document management and archiving - In today's complex and global world, the number of documents family members and family office or family business staff members need to manage increases every day.

Family portals can help to:

- Make documents available to the right people at the right time, through flexible permission systems
- Share sensitive documents more securely than through email
- Organize and archive documents in shared folders, so that authorized people have access to the latest version of important files
- Systemize document retention and record-keeping for the long term, so that it is possible to go back in history to know what was decided when
- Create private vaults for each family member to store and share their individual data and information

3. Governance - As families grow from one generation to another, many families set up family councils,

family boards, investment committees, and working groups, in order to facilitate better governance.

Family portals can enable each of these groups to:

- Schedule and arrange meetings
- Share minutes of meetings
- Collaborate online on working documents, to-do lists, etc.
- Archive the key decisions that they take

4. Education - With a larger shareholder base or an upcoming next generation, shareholder education and next generation training becomes increasingly important. Bringing everyone together in one room can often be challenging, certainly if certain next generation members study abroad or if the family is geographically dispersed. Families can reinforce and complement their in-person education initiatives by setting up a portal to:

- Post regular training and educational videos that people can watch remotely
- Organize virtual training sessions through webinar technologies and post recordings on their portal
- Build an online education library with key resources and materials that family members can access at any time to develop their knowledge and skills

5. Family legacy, cohesion and history - Many families struggle to keep family members interested in the business or close to other family members. Another key challenge is to maintain family values over generations, and to build cohesion while respecting family diversity.

Family portals can be used to:

- Share and document family history and values
- Maintain a live and interactive family tree so that family members can more easily connect to the family and understand its structure
- Create interaction between family members who may not necessarily know one another very well or at all

6. Administrative automation & reporting - Most families or family offices often appoint one or more individuals as to maintain the family member database or to organize family meetings. As the family grows, this can become increasingly time-consuming.

Family portals can automate repetitive tasks and help to:

- Automate event scheduling and organization with online invitations and reply forms
- Centralize the family member database and enable family members to update their data immediately

In addition, portals can also offer detailed metrics on family member's on-portal activity and engagement, which is an invaluable source of feedback for the family council or board.

The six criteria to evaluate your family's need for a portal

The need for a family portal will vary from one family to another, but will in most cases increase along with the following drivers:

- The number of family members / shareholders older than 18
- The number of entities
- The number of governance bodies or workgroups
- The geographical spread of the family

- The number of family office staff or advisors
- The day to day family involvement in the core business activities

Conclusion

In today's globalized and increasingly mobile world, family portals have the potential to become virtual information and coordination hubs for business families and family offices around the world.

About TrustedFamily

TrustedFamily's two multi-generational Belgian families, behind Solvay Group and Aliaxis group respectively, realized that their families were facing the challenges highlighted in this article, and thought that in today's world, the most effective way to communicate and educate the family was by leveraging technology. They built a secure family portal solution for their own use, and realized many other families around the world shared the same needs. They founded TrustedFamily in 2007, and decided to share this platform with the wider family business community.

TrustedFamily has offices in Brussels, New York and Seattle, and currently works with over 80 business families, family-owned companies, family foundations, single family offices and multi-family offices in over 22 countries.

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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



Impacts on the asset prices and real economy

QUANTITATIVE EASING



Quantitative easing used by central banks to stimulate the economy

Georgios Mavraganis is a Senior Personal Banker at Piraeus Bank

SPECIAL PERMISSIONS FOR RE-DISTRIBUTING THIS ARTICLE ARE NEEDED,

Quantitative easing (QE) is an unconventional monetary policy used by central banks to stimulate the economy when standard monetary policy has become ineffective.

The central banks buy bonds and other bank assets and thereby increase the prices of bonds and assets. Mario Draghi recently surprised the markets, and the ECB announced purchase program of covered bonds and asset backed securities that are essentially loans. The ECB announced quantitative easing program, which may reach 500 - 625 billion Euros. Citigroup has estimated that it may be up to one trillion euros.

Japan

The QE was first used by the Bank of Japan in 2000 in order to fight deflation. However, the policy of quantitative easing did not work as expected. The BOJ increased the commercial bank current account balance from ¥5 trillion to ¥35 trillion (approximately US\$300 billion) over a four-year period starting in March 2001. The BOJ also tripled the quantity of long-term Japan government bonds it could purchase on a monthly basis.

United States

In 2008, the Fed decided to use

the mechanism of quantitative easing. On November 25, 2008 the Fed announced 600 billion quantitative easing program dollars of mortgage securities and bonds. The program then expanded to 1.15 trillion dollars. In 2007, the Fed rate was 5.25%. In the next seventeen months decreased the interest rates to 0.25% and the overnight reached 0%. In November 2010, the Fed announced a second round of quantitative easing, buying \$600 billion of Treasuries by the end of the second quarter of 2011. The expression "QE2" became a nickname in 2010, used to refer to this second round of quantitative easing by US central bank. Retrospectively, the round of quantitative easing preceding QE2 was called "QE1."

A third round of quantitative easing, "QE3", was announced on 13 September 2012. In an 11-1 vote, the Federal Reserve decided to launch a new \$40 billion per month, open-ended bond purchasing program of agency mortgage-backed securities. Additionally, the Federal Open Market Committee (FOMC) announced that it would likely maintain the federal funds rate near zero "at least through 2015. On 12 December, 2012, the FOMC announced an increase in the

amount of open-ended purchases from \$40 billion to \$85 billion per month. On 19 June 2013, Ben Bernanke announced a "tapering" of some of the Fed's QE policies contingent upon continued positive economic data.

United Kingdom

During its QE program, the Bank of England bought gilts from financial institutions, along with a smaller amount of relatively high-quality debt issued by private companies. The Central Bank had purchased around £165 billion in assets as of September 2009 and around £175 billion in assets by the end of October 2010.

How do asset purchases work?

The aim of quantitative easing is to inject money into the economy in order to revive nominal spending. The Bank is doing that by purchasing financial assets from the private sector. When it pays for those assets with new central bank money, in addition to boosting the amount of central bank money held by banks, it is also likely to boost the amount of deposits held by firms and households. This additional money then works through a number of channels to increase spending.

This is the fundamental mechanism

through which such a monetary expansion influences spending and hence inflation. Money is highly liquid because it can easily be used to buy goods and services or other assets. The increase in the private sector liquidity will depend on the liquidity of the assets that are being exchanged for money.

Impact on the asset prices

By definition, quantitative easing is an unconventional method of monetary policy pursued by central banks. Banks will dramatically increase liquidity, and this will lead to rally stock markets, banking shares and will generally cause artificial euphoria in the markets riveting nadir bond yields. It is no coincidence that the German bonds from 1 to 3 years showed negative returns means that anyone, who invests in short-term German bonds, is losing capital. The bond market in Europe continues to rally prices rise, yields decline and all because of expectation - confirmed - that there will be quantitative easing by the ECB.

The three quantitative easing programs greatly helped the U.S. stock market. The barometer index S&P 500 at end of October 2008 was 900 units, and in late 2011 had reached the 1280 points. By late August 2014, S&P 500 has climbed the wall at 2000 units or 122% increase in six years. Impacts on real economy IMF economists agree that in times of great crises

quantitative easing programs contribute to systemic stability. Furthermore, quantitative easing programs contributed to the large increase in stock prices, leading to increased consumption, may not be a panacea to economic problems. For example, if banks have excess liquidity, do not lend to businesses and households, the positive effects of the quantitative easing programs are mitigated. The large increase in the money supply also has advantages and disadvantages, especially in Europe, where countries follow austerity programs. Generally, the country implementing quantitative easing, depreciates its currency making it more appealing to domestic investors due to lower interest rates. In addition, more money is in circulation which will probably be invested elsewhere, causing foreign trade to increase.

On the other hand, if the central bank does try to avert higher inflation and interest rates when the economy starts growing again, it has to drain the money it has pumped into the banks before. The more money was printed, the more money has to be withdrawn from the system. This will lead to more downward pressure on asset prices if the central bank reverses this process.

Georgios Mavraganis is a Senior Personal Banker at Piraeus Bank Greece servicing High Net Worth Clients.



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Phil
Bolsta

FAMILY OFFICES OUTSOURCING SPECIALITY SERVICES

by Phil Bolsta

Family offices are under siege. Rising costs, talent migration, competitive pressures and ever-increasing client demands are straining resources and eroding profits. As this Darwinian perfect storm intensifies, the fittest family offices are differentiating themselves by outsourcing specialty services to trusted providers. "It's much more efficient and effective to offer these services through third-party sources that specialize in those respective areas than try to bring the resource in-house on a full-time basis," says Linda Mack, president of Mack International, which provides executive search and consulting solutions to family offices. Indeed, offering top-tier clients an a la carte menu of specialty services that are beyond the scope of a family office's core competencies can give the family office a distinct

competitive edge. "For family offices built around exceptional investment management services, a more robust specialty services platform promotes healthier client relationship," says Rick Flynn, managing partner of Flynn Family Office, a premier family office and business management company serving ultra-wealthy individuals, families and their advisors. "Ultra-wealthy families will generally not hesitate to replace a manager that fails to beat benchmarks. If that professional is also overseeing personal security, or facilitating concierge healthcare for the family, investment performance becomes only part of the equation."

As Russ Alan Prince, executive director of Private Wealth magazine, wrote in his "Serious Money" column on Forbes.com, "Strategic outsourcing, in effect, is an extremely powerful and ubiquitous trend in the family office universe. The issue is to engage in strategic outsourcing wisely." Flynn agrees. "Family offices should understand that the overall relationship will be judged not on the best, but rather on the weakest service experience provided," he says. "It's wise to develop specialty provider relationships over time and engage select firms only after exhaustive vetting."

One specialty service frequently mentioned in the pages of Private Wealth magazine is the documentation and cataloging of tangible and digital assets. As Flynn noted, two of the most popular outsourced services are concierge medicine and personal security. The benefits of these services are manifold, as evidenced by the following provider profiles.

Archival Property Solutions

Archival Property Solutions (APS) documents and catalogs the nonfinancial assets of UHNW individuals and families for support of family office and wealth management activities. This documentation keeps family offices and owner-authorized users updated and informed, allowing them to better manage their client relationships.

APS will keep the client's digital catalog current, organized and offsite "in the cloud." A family office can access and leverage this private, secure catalog

of images and information (including scans of confidential documents and data) as a resource for a variety of services and activities, from tax strategy and estate planning to wealth management and personal- and business-related legal work. The family office can also help clients determine whether their insurance coverage is suitable—as well as furnish proof of ownership and value—should these assets be lost, stolen, damaged or destroyed. What's more, owners can view their nonfinancial assets (including medical records and healthcare directives in case of emergency) at any time on any connected device.

A digital catalog allows the family office to be in full command of crucial details of a client's tangible personal and business assets, rather than proceed with partial, undocumented, uncertain or unknown information that may result in some assets being undervalued or overlooked altogether.

Kroll

Kroll, a leading global risk management firm, provides services to high-net-worth individuals, family offices and businesses of all sizes, including Fortune 500 global companies. Through its more than 50 offices across 26 countries, Kroll seamlessly integrates its private client services into clients' lifestyles. Kroll's multidisciplinary team includes experts in the areas of intelligence, information technology, finance and accounting, law enforcement, cyber security and other sectors to ensure that clients and their assets are optimally protected.

Kroll's private client services fall into five broad categories:

- personal and business protection security needs, including threat and vulnerability assessments, training and education and travel-related risk assessments and protection;
- investigative and financial due diligence on potential advisors, investments and joint venture opportunities;
- cyber security threat assessments, including vulnerability of personal data, ID theft and providing remedies;
- fraud risk assessments, operational and compliance risk management, and IP theft detection;
- internal investigation of financial fraud,

embezzlement, investment schemes and related matters. Of course, the best risk management solutions are those that anticipate, neutralize and prevent threats from ever materializing.

WorldClinic

WorldClinic, a global leader in concierge healthcare, provides premium medical care, diagnosis and treatment to ultra-high-net-worth clients on an anytime, anywhere basis. WorldClinic's staff of full-time, part-time and on-call physicians, surgical specialists and board-certified emergency physicians, as well as its referral relationships with dozens of major metropolitan medical centers around the world, enables the company to connect their physicians to a client via phone or video within 30 seconds.

Customized care plans are based on a review of the patient's medical records and lifestyle issues. WorldClinic's continuous care offering includes a calendared action plan for personal longevity and wellness coupled with an immediate telemedical diagnosis. The firm leverages smartphones to connect with clients via video, check their vital signs and monitor their conditions from afar.

Through its due diligence, WorldClinic has identified the best hospitals in every major city in the world for critical procedures and specialist care, and can deliver medical records on demand to wherever they are needed, along with local translators if necessary.

Clients traveling to remote areas are assured of around-the-clock connectivity through whatever technological means are necessary. When called for, the company will deploy a paramedic or doctor to accompany a client or traveling companion to ensure their well-being.

Conclusion (to be set off graphically from the profile above) Ultimately, outsourcing specialty services ensures that the various needs of family office clients can be satisfied with quality results from reliable, on-demand sources in a timely and professional manner.



BRITISH POLO DAY CHINA

Jeremy Hackett joins Chinese society and business moguls



POLO DAY IN CHINA

by Sophie Edwards

The Tang Polo Club, Beijing

British Polo Day China was presented by Land Rover and entertained over 800 guests and VIPs at Beijing's prestigious Tang Polo Club. The event was hosted by Mr Shilai Liu, British Polo Day China's fast-paced polo and glamor proved to be a fitting prelude to the upcoming China Open Polo Tournament.



The Land Rover Trophy – took place between the Pond Mobile British Schools and Royal Salute Tang Polo Club teams.



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FAMILY OFFICES

The Greater China Region



Eve Law

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



In this month's issue, we are interviewing Ms. Eva Law about the PWM industry. Ms. Law established the Association of Private Bankers in Greater China Region in 2010 which set out to promote industry development, offer professional training to practitioners, foster knowledge and launch a service portal designated for market participants. In 2013, Eva also set up the Association of Family Offices in Asia targeting to support ultra-affluence and industry practitioners who have intimate relationship with ultra wealthy to establish and manage their family councils, single or independent family offices and to administer the family's wealth succession and strategic philanthropy.

Eva has served the industry for seventeen years. Before setting up the Association, she worked in the head office of top-rated Chinese bank, and was responsible for the strategic development and the P&L performance of private banking & cross-border financial services. She has worked with a Chinese boutique investment banking firm, through leveraging Swiss EAM private banking platform and arranging direct investment to serve the Ultra HNW clients in great China region. Eva also served a number of Fortune 500 companies, including global bank, pension fund, asset manager and insurer, taking leadership positions and sitting in board of directors,

investment management, risk management, asset & liability management, product development and audit committees. Eva has a wealth of management experience; she has won the Best Master Trust Award, Wealth Management High-Flyer Award and various Fund Performer Awards from Lipper and Morning Star for her served companies. She studies MBA and Master of Science with the University of Iowa and Edinburgh Napier University. She is a Chartered Family Office Specialist and has awarded FLMI certificate, Bachelor of Art (Hon) and several professional diplomas in investment banking, mergers & acquisition and asset management professions.

FOE: Eva, Can you briefly account the current industry competitive landscape of Private Wealth Management in Asia?

Eva: I think the industry is passing through a consolidation and is now facing keener competition.

Many wealth managers are citing the rising costs of compliance as a major impediment to their business growth. Not only are regulations becoming stricter in terms of approving a new client account, existing clients are also subject to more pervasive surveillance

on their trading activities and banking transactions. Concurrently, the industry is undergoing massive changes since the global financial crisis. Consolidation is happening rapidly, and there have been significant merger and acquisition activities among the key players over the last two years.

The number of international names in Asia's private banking arena has reduced lately with the disappearance of names such as Merrill Lynch, ING, Clariden Leu, BSI, Societe Generale and Fortis.

On the surface, it looks like the competitive landscape has grown milder with fewer players but on closer scrutiny, the level of competition has actually grown keener with the emergence and rise of the independent asset managers and family offices.

Global financial institutions such as investment banks and fund managers which traditionally aren't strong players in the wealth management space are also jumping on the bandwagon on the promise of the creation of new wealth and the huge potential opportunity in Asia. It is no surprise that clients in Asia are baffled by these recent developments.

FOE: So in general what is the banking experience of the Wealthy Families in Asia?

Eva: Many of Asia's wealthy families are finding it hard to discern among the various service providers, let alone understand how relevant their service would be for them. With the financial crisis still fresh in their minds, many are still cautious about getting into a new banking relationship as they have seen how even well-established names have faltered during the crisis. However, managing their own money is a difficult and time-consuming task, and Asian clients know that if they want to enjoy their wealth and be able to sleep well at night, they need professional help.

That professional help comes in the form of the private banker or a trusted advisor – someone whom clients expect to be fully conversant with the latest financial products in town and can depend on for strategic advice on their financial matters. Comparing Asian's

wealthy to those in the West, they are less experienced in utilizing the full suite of wealth management services which often encompass financial planning, investments, trust services, tax planning across several jurisdictions, inter-generational wealth transfer and philanthropy.

Many Asian clients derive their wealth from their business ventures and in every conversation they have with their advisor, their business issues inevitably come into the picture. In fact, so intertwined are their business and personal wealth needs that a number of wealth managers are realigning their business banking and private wealth solutions to better cater to the needs of these business owners and entrepreneurs. The level of sophistication and competence of the private banker, therefore, has a strong influence on client experience.

Profile of AFO & APB

Association of Family Offices in Asia (AFO) is a professional society in Asia distinctively gathers principals and senior practitioners in single and multi family offices in the region. AFO offers a range of consultancy services and organizes activities to facilitate collaboration and co-investment among the circle.



Association of Private Bankers in Greater China Region is the first professional society in North Asia which gathers and trains private bankers and specialists working within family offices, independent asset managers as well as boutique investment houses. APB offers professional training, organizes activities to foster knowledge exchange, promotes long-term industry development, supports collaboration among practitioners and delivers a range of professional services to wealth owners.

Charlie Bravo Aviation PRIVATE JET



By René Banglesdorf

Influence is the most powerful force in the world today. A good look at current events and pop culture proves this beyond a shadow of a doubt. Without influence, commerce slows, resources stagnate, people languish, and the world is largely unchanged. With this great force, nations prosper, people rally and things evolve more rapidly than ever before in history. Private aviation gives leaders unprecedented access to the world – on both a local and global level. This nimble and convenient way, to travel, helps business people and thought leaders reach out-of-the-way places, move easily between continents, and make the most of their time while traveling. In short, private aviation expands influence exponentially. In a time when social media and email dominate our

interpersonal communication, most people still prefer face-to-face communications. Accessibility has allowed technology, medicine, education and commerce to flourish. And non-scheduled air travel has given North America and Europe a competitive advantage for years. Now, as international businesses grow, airspace regulations loosen, and diplomats and celebrities take a bigger world stage, demand for private aviation around the globe builds. And while many people see the need to charter, lease or purchase aircraft, there are few standards to protect the consumer. The selection of an inappropriate aircraft can become a safety and financial nightmare. Therefore, it is very important for buyers to obtain sound counsel about the type of aircraft they purchase, the conditions under



which it is bought and how much it is truly worth – in today's market and when they're ready to resell. Obtaining this kind of counsel before purchasing an aircraft helps eliminate costly mistakes and keeps the market from becoming inflated with a plethora of brokers vying for the same buyer's business. Aviation consultants and aircraft brokers are not required to have any formal training or licensing and are not held to any code of ethics. A reputable broker or consultant will provide references and be well-respected among his or her competitors. Once you have professional representation, consider the mission that the aircraft will perform a majority of the time. Once you have professional representation, consider the mission that the aircraft will perform a majority of the time.

How far do you fly 80 percent of the time? If most of your flights are in the same region, but you leave the continent once or twice a year, you may not need a transcontinental-type aircraft. A shorter-range, lower-cost plane can be supplemented with charter for those atypical situations. How many people usually need to fly together? Different size aircraft can be configured to accommodate more passengers or those with special needs. Where do you typically land and take off? Some

aircraft are more suited to high altitudes, extreme weather conditions, and shorter runways. This is a very important consideration that many people overlook.

How much do you – or will you – use the aircraft? As a general rule, if an entity flies less than 50 hours per year, aircraft charter may be the best use of funds. For use between 50 and 150 hours per year, partnership or fractional ownership is appropriate. More than 150 hours of usage in an average year signals a need for a dedicated aircraft.

How important is security? If it is necessary to store the aircraft in a controlled environment when it is not in use, have a consistent crew or land in a restricted area, aircraft ownership may be the answer no matter the usage amounts. Once a buyer has determined the appropriate mission profile, he or she should consider the budget. There are a number of factors that can greatly impact what an aircraft costs.

René Banglesdorf is founder and CEO of Charlie Bravo Aviation, which buys, sells and leases aircraft all over the world.



Regulatory Changes to Money Market Funds

WHAT SHOULD A FAMILY OFFICE DO WITH THEIR CASH

Securities and Exchange Commission's decision to tighten regulations on money market funds

TWO YEARS TO IMPLEMENT CHANGES

by Michael Kastner - Halyard Asset Management LLC



Recently, the Wall Street Journal reported that "U.S. regulators approved rules intended to prevent a repeat of an investor exodus out of money market funds during the financial crisis," referring to the Securities and Exchange Commission's decision to tighten regulations on money market funds (MMF's). We believe the rule changes do the exact opposite and will likely worsen an exodus, and perhaps even hasten one. The commission gave fund managers two years to implement the changes.

The most significant change, at least initially, is that Institutional Prime MMF's will no longer be allowed to maintain a stable Net Asset Value and will, instead, be

required to allow the NAV to float. In addition, all fund companies, individual as well as institutional, will be allowed to temporarily block investor redemptions, also known as gating, and impose a redemption fee of as much as 2% in the event of a mass exodus of investors. Such an exodus would be defined as a 10% fall in assets under management over the course of one week. When investors come to understand that a 200 basis point fee could be imposed on a money market fund that's paying them no more than a handful of basis points, they're likely to look for an alternative.

The likely alternative to Prime funds would be U.S. government MMF's, funds that invest only in U.S. Government debt. Those funds will be required to hold at least 99.5% of their assets in government paper, that's an increase from the current minimum of 80%. Additionally, U.S. government MMF's will not be subject to the mandatory redemption gate or fee imposed on Prime MMF's. That is unless the board of the fund decides that a gate or a redemption fee is needed, in which case they can apply either or both. Given that U.S. government MMF's invest almost exclusively in

the massive, highly liquid Treasury bill market, such a gate is not likely to be needed. However, simply the possibility of an exodus may be enough to discourage investors from using government MMF's funds. One only needs to look back two years for such a risk, as Congress threatened to default on maturing Treasury securities. While they avoided default, had they not, it's likely there would have been a mass exodus out of Treasury paper and a flight from government MMF's.

The catalyst for the added regulation is that despite the presumption of being safe, stable investments, some MMF's are not always very well managed. Based upon SEC rule 2a-7, the funds are allowed to hold up to 5% of a single issue and up to 10% exposure to a single guarantor, an intolerably high level of concentration for a fixed income portfolio. In an attempt to understand the riskiness of MMF's, we analyzed a number of the largest funds. We were shocked by the composition of one of the top 5 "household name" funds. The top 10 holdings of the fund totaled 49% of the portfolio, with 15% of the fund invested in Japanese banks (including 7.1%

invested in the bank of Mitsui Sumitomo alone), 20% invested in 10 different European banks, and 10% invested in Canadian and Australian banks. When the next financial crisis hits, it's highly likely that the 20% allocation to European banks will weigh on the NAV of that fund. Similarly, should the Japanese stimulus program fail and bank defaults rise, the large Sumitomo position may impact the fund negatively. That, and a number of other possible scenarios, are likely to test the resolve of the fund management to maintain liquidity and resist the temptation to impose a 2% redemption fee.

With the coming regulatory changes to money market funds, what should a family office do with their cash? Family offices typically

carry high cash balances in MMF's to meet cash flow needs and as "dry powder" for unexpected investment opportunities. Such an arrangement may no longer be feasible given the potential for lock up and fee imposition. That could be a blessing in disguise given the high concentration risk and lack of diversification discussed above. Instead, family offices should adopt a cash management strategy similar to that of many Fortune 500 corporations. The CFO's of those corporations hire third-party managers and work with them to establish a separately managed account of fixed income securities governed by a strict investment policy statement.

A typical cash management investment policy statement

would cap maximum maturity at two years, establish a minimum weighted average credit rating of "A," and maximum holding per position of 2.5%. By moving cash to a separately managed account, the family office immunizes itself from both the risk of having their cash gated and the detrimental effect on return when the MMF manager is forced to sell securities in a falling market to meet redemptions. While it's possible that the separate account may incur a mark-to-market loss during such a run, the manager may not be forced to sell into a falling market and if the manager holds the securities to maturity, would incur no loss at all. In effect, the family office gains full transparency and decision-making over their cash assets while broadening the diversification of

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HEDGE FUNDS

The Many Faces of Hedge Funds



Rene Levesque

Hedge Funds are merely legal and fee structures, but the strategies executed within are considerably heterogeneous in nature. This diversity, in terms of style and asset classes, also incorporates intended performance objectives as well as the more subtle features that suggest the prospective return profiles. Failure to recognize these subtle qualitative features ultimately leads to disastrous outcomes. Consequently, the universe can also be classified among three broad groups where much of the peculiarities relate on how the Hedge Fund “tool box” is actually deployed in the management of the strategy. They are: “Absolute Return”, “Alpha-Focused”, and “Contamination”. The latter bears much of the responsibility for the damaging headlines and failed expectations. With respect to the first and second, you cannot have both in a single offering; it’s one or the other, because the quest for one comes at the expense of the other. Unfortunately, the Hedge Fund universe is contaminated. This

includes the closet long-only leveraging of conviction into illiquid securities, carry, as well as the selling of volatility. These contaminants often present themselves rather subtly and in stealth form such as implicit carry, market neutrality, mean reversion, spreads, or implicitly through the replication of option pay-off profiles. This is where the investor requires astute qualitative research and screening capabilities to avoid the pitfalls. The Alpha-Focused managers offer investors access to unique risk and return factors, but bundled within an effective risk mitigation framework to suppress the impacts of unwanted risk assumed. Some managers aim to generate returns, or Alpha, from both sides of the portfolio. This is where your managers will tend to outperform markets in benign environments and be able to lose less than the market in times of dislocations and stress periods.

Absolute Return managers represent a much unique and smaller share of the Hedge Fund universe. They tend to be deployed among the most liquid spectrum of tradable securities. Risk is actively and dynamically managed. Portfolio inclusion and position sizing is contingent on the confirmation and degree of market receptiveness. The managers dwell on an active and disciplined risk management framework rather than a risk mitigation overlay. Discipline pertains to the suppression of two destructive behavioral biases, i.e. overconfidence and the disposition effect (subject of another article). Portfolios constantly maintain an explicit and/or implicit long volatility (Vega) and gap-risk (Gamma) posture to benefit from stress episodes and broad market drawdowns, i.e. when the rest of your portfolio is bleeding. This is where your managers will capture opportunities in all market environments: bullish or bear market trends, volatility spikes and dislocations, as well as “flight to liquidity” events.



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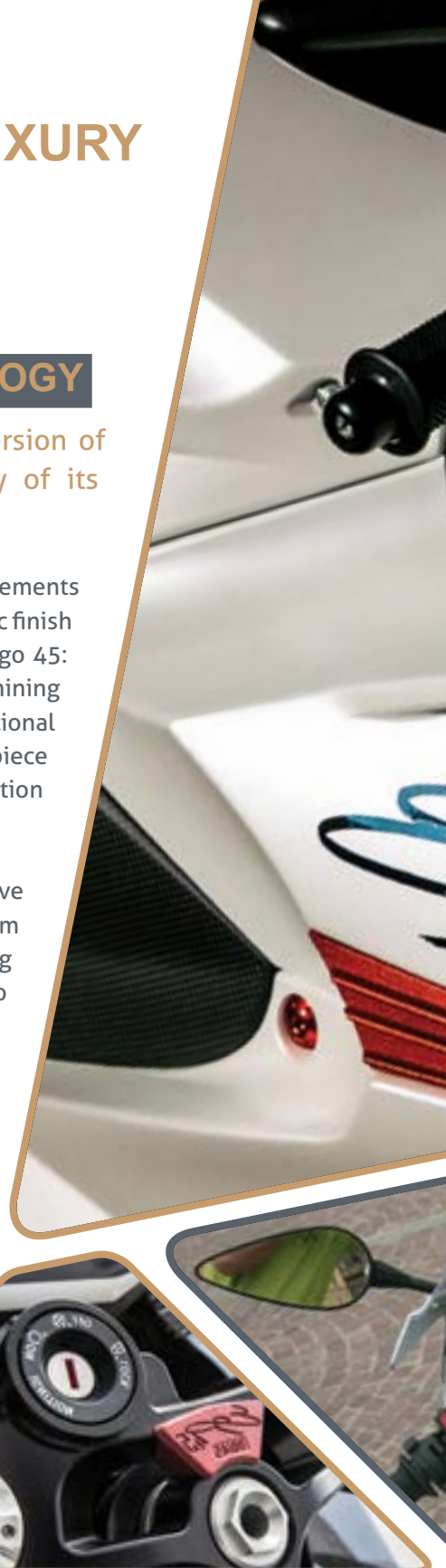
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WALL STREET DISAPORA SEEKS NEW FAMILIES

David Drake Chairman, LDJ Capital

There's a growing trend on Wall Street that's keeping everyone on edge: an exodus of talent.

For better than a century, those with dreams of working in the world's most massive, dynamic market have flocked to Wall Street. But in the last decade, the standard compensation package at most firms -- 20 years of 100 hour weeks in exchange for increasingly large bonuses -- has lost its appeal.

For the last few years, Wall Street has watched helplessly as some of its finest people have packed up and left. All estimates say Wall Street is still running strong, but losing valuable human resources to other ventures greatly weakens its standing. So what gives? The recent recession hit some big businesses hard, including banks. Even now that we appear to have weathered the financial crisis, Wall Street is

still struggling to rebound from the widespread criticism and negative public image the recession left with big banks and financial firms. Hatred has a long shelf life.

The working atmosphere at many Wall Street firms only adds insult to injury. The young talent that Wall Street attracts -- aggressive and driven -- won't stick around long for "redundantly routine" work. If they're miserable, they won't stay. Not surprisingly, many of Wall Street's best and brightest are leaving for startups. They promise excitement in the form of innovation and constant risk. And they pay. Success at a startup means more money in the pockets of innovators and less going to maintain a corporate hierarchy. And then there's the fame. Successful startups make the front page news in every media venue from the Wall Street Journal to the tiniest blog.

My decades of experience in the financial sector tells me the exodus from Wall Street is about personal exploration. More than money, they're seeking the satisfaction that only comes from personal growth.

Some of the most successful ventures today are those that have found a way to offer both -- and they are a magnet for the flow of talent leaving Wall Street.

Mark Dimont, for instance, left his Wall Street career with an investment bank a few years ago to join tech-startup, Dataminr. When Chelsea Clinton realized that Wall Street wasn't giving her the motivation she was looking for, she moved decidedly into a spot with NBC News as a commentator.

Oddly, one of the biggest destinations for the Wall Street diaspora is one of oldest and most traditional - the Family Office. Since

the 1800s, family offices have taken care of the wealthiest individuals and their families. Think Rockefeller, Kennedy, Roosevelt.

Family offices have experienced a resurgence in importance after the recession. Many wealthy families felt equally burned by less than scrupulous behavior from Wall Street firms. They turned to smaller, private firms focused entirely on one family. Family offices represent the best of both worlds to many recent refugees from Wall Street -- large and complex financial flows requiring real skills combined with attractive compensation packages, but without the Draconian working atmosphere.

The list of those who left Wall Street to for a Family Office shows just how deep a void the talent drain has left.

Candice Beaumont, who spent years with Merrill Lynch, now runs the single family office L Investments as Managing Director. Candice is a recipient of the Young Global Leader Award from the World Economic Forum in 2014. Shiraz Poonevala was head of Investment of Seamico Securities Plc before joining GP Group, a single family office, as Director of investments.

The names go on and on. These talented individuals bring with them a wealth of work experience that was previously confined to a small field with limited potential. Working for a family office opens up possibilities for personal exploration and growth. It gives them the chance to have a sense of authority and confidence, which in turns encourages them to expand their reach as financial

professionals. It is the perfect recipe for excellence. Family offices are attracting Wall Street's most dynamic talent - from traditional consultants to cutting edge technologists. Wall Street is indeed losing, and losing big. Wall Street should take note. A routine environment, which impedes individual growth and breeds conformity and compliance, will only continue the current exodus. If the biggest players on Wall Street don't change their tune, they could easily find themselves bereft of the constant flow of new, dedicated talent that has driven their success for so many years. Wall Street refugees are steadily leaving for the fresh air of startups and family firms. Unless Wall Street firms consider big change from the inside out, its best and brightest may start leaving by the boatload.



Who should study

- Financial planners
- CPAs & Tax advisors
- Investment bankers
- Wealth Managers
& Investment Advisors

- Wealth owners
- Estate planners
- Trust officers
- Finance professionals
- Students aspired
to join the industry



MAN - VS - MACHINE

The arms race of machines has already come a very long way

WHO WILL WIN OUT IN THE END?

by Con Keating



This is a long-recurrent debate in the field of investment management. To open this issue up in a meaningful way and avoid confusions, it becomes necessary to consider differences in time scale. This is the short-term versus long-term question. The difference between weather forecasting and climatology is a very useful analogy. In the field of weather forecasting, we use some of the largest and fastest computers in the world, but we cannot forecast accurately beyond a few days – weather forecasting is fundamentally short-term. Climatology is very different; we can rely on it being warm in summer and cold in winter; monsoons, snow and floods are highly predictable. The investment counterparts are that the short term is concerned with market behaviour

and the long term with economic performance, and the degree to which the companies, in which we have invested, participate in that performance.

It is amazing how few fund managers consider the development of the labour versus capital share of national output when discussing long-term prospects, the most fundamental division of the cake, but that is getting ahead of ourselves. The properties of long-term investment differ profoundly from the short-term. In the short term, returns are dominated by changes in the prices of assets but in the long-term, income dominates returns, and asset prices are almost irrelevant.

The exponential comes into its own, and the power of compounding reigns supreme. The market adage, that time in the market is more important than the timing of markets, remains sound. In the short term, market returns are negatively correlated with economic output, but in the long-term, returns are strongly correlated with long-term economic growth. In the short-term equities and bonds are highly volatile; this arises from the endogenous game between market participants and speculators. This is the world of hyperactive trading, and information-free momentum

and trend-following strategies, where machines reign supreme. Markets are mixed games; partly exogenous, against nature, but predominantly endogenous, against others. The game against others is a strategic game; it is zero-sum in the sense that my gains are someone else's losses. The game is concerned with predicting the behaviour of others. This aspect is the subject of intense research by the computer scientists, with natural language interpretation and sentiment analysis as poster children.

There is little doubt that these techniques will advance greatly, and perhaps even to the point of passing the Turing test of indistinguishability from human interaction. This is an arms race, ever more powerful; ever faster machines are needed. The strategic game of development drives even more development in an unlimited process of infinite regress, where the only limitation is one of cost – at some point the investment cost is not justified by the potential reward. In the long-term, volatility, is broadly in line with the volatility of national output. Rather than being some unexplained property of mean reversion, this is convergence to economic reality. While this is not always immediately apparent in the patterns of seemingly

chaotic securities prices over time, it is more clearly demonstrated in the foreign exchange markets, where a relatively small stock is turned over manically. The result is a short-term series totally dominated by noise, but where, in the much longer term, basic macroeconomic pressures prevail. In the long-term diversification is concerned with the number of effectively independent sources of income, while in the short term it is all about the happenstance diversity of periodic returns, and relative price performance.

The arms race of machines has already come a very long way, to the point of flash crashes and the inexplicable behaviour of the ten-year US Treasury bond on October 15. The domination of financial markets by short-term speculation is not benign. Volatility is, as Black Scholes formalised for us, the speculators' friend; it drives up premiums or prices. The problem with these higher prices is that this lowers the income yield available to investors. The higher volatility will also drive a wedge between the annual returns of the short-term and the compound geometric returns of interest to long-term investors; twenty percent price volatility lowers long-term returns by 2% per annum. Short-term speculation is more than a beggar-my-neighbour game, it literally steals from the future.

To make these points a little more concrete, consider the UK housing market. For several decades, we have seen ever-increasing house prices, greatly assisted by munificent mortgage leverage, and now our children cannot afford to buy anything. The diagnosis of the

problem is simple; for decades, new housing construction has languished at around 50% of new household formation. The remedy is far more difficult, politically; when more than 50% of voters are house-owners, they are most unlikely elect any party that does not serve their interest.

Surveys have asked fund managers what they consider the long-term to be, and the most common answer received has been 3-5 years. When we look at fund managers' turnover in active portfolios, it is clear that, in fact, the overwhelming majority are operating to a timescale of between a few months and two years. If we take the long-term for investment to be that term beyond which non-market sources of cash flow dominate returns, then we see that the long-term over the history since 1900 of the London Stock Exchange has been a little over thirteen years. Prospectively, the lower income yields prevailing today imply that the long-term now is a little over twenty-five years.

The most important facet of our long-term future is that it is largely the product of our own decisions and actions, where the socio-political aspect can dominate the technological or economic dimensions. The choice of man versus machine is really no choice; every day, we decide to take an umbrella or not depending upon the weather forecast, but we book our holidays based on the climate. Of course, the weather forecast does not affect the climate, but short-term speculation most definitely does affect long-term investment performance.

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Art Finance & Law

Art Law Foundation Conference Series by Anne Laure Bandle & Sandrine Giroud



Anne Laure Bandle



Sandrine Giroud

The practice of art financing and investment is representative of the development of the art market over the past decades. It's no longer exclusive to a small group of players and has grown in size, scope and figures. The market has also transformed the purpose of buying and holding art. Generations ago, collectors owned masterpieces like treasures; they bought what they liked. Today, as art prices have soared, art buyers can consider a profit as part of their decision.

Last November, Geneva-based Art Law Foundation launched a conference series on "Art Finance & Law: Risk, Rules and Opportunities in Art Investment". This aims to examine the growing practice of art investments and the use of art as an investment asset. With the help of many renowned speakers from academia and practice, the series explores securitisation of art as an asset class, the differences

between art funds and hedge funds, the peculiarities of portfolio and fund management, the different types of loans against art collateral, and the risks and rules for art investments. The series is organised in partnership with Falcon Fine Art, Sotheby's, LALIVE, borro and Oblyon.

The first conference of the series was held in London at the Institute of Contemporary Art and attracted a wide range of industry professionals, media and students. Several experts demonstrated to what extent they can foresee and reduce the risks in art investment and why Art as an asset class is particularly challenging when compared to other types of assets.

Melanie Gerlis, Art market editor at The Art Newspaper and author of the book *Art as an investment?*, warned of the risks that art investment entails by comparing Art

to other asset classes such as gold, equities, and wine. She chaired the first round table discussion which explored whether the Art market needed more regulation. David Arendt, Managing Director at the Luxembourg Freeport and Philip Hoffman, Founder and CEO at the Fine Art Fund stated that they welcome existing regulation, as it made the Art market more efficient. Karen Sanig, Head of Art Law at Mishcon de Reya, stressed the difficulty of finding a consensus and creating a law. She warned that the law is not always suited to govern Art related issues, particularly with regard to authenticity disputes. Instead, the art market has begun to regulate itself. The speakers seemed to agree that overregulation might kill the Art market. An example was provided by Marco Mercanti and Stefanie Berloff-Spadafora CEO and Head of Legal at Oblyon. They showed how applicable export laws in Italy

made art business difficult, thereby causing a lack of growth in Italy's Art market. The afternoon session on art lending was introduced by Anna Dempster, Associate Professor at the Sotheby's Institute and editor of the book "Risk & Uncertainty in the Art World". She underlined the limits of traditional economic models when applied to the art market. The market's idiosyncrasies, including factors which cannot be calculated, such as emotions, call for expert advice in order to successfully manage the risks tied to art transactions. During a roundtable discussion, various players in Art lending explained their model and due diligence on an art assets' title, authenticity and quality. Further legal issues in art lending were enumerated by Amanda Gray, Associate at Mishcon de Reya. Overall, the expansion in art lending models and the growth

of such businesses shows the market's thirst for liquidity.

The second conference of the series will take place in Geneva on 26 January 2015. Jointly organised by the Art Law Foundation and the Centre for Banking and Financial Law of the University of Geneva, it will approach the topic of art finance and law from the perspective of players of the local market such as Frédéric Dawance of Banque Lombard Odier & Cie SA, Manuela de Kerchove of Schroders, Yann Walther of the Fine Arts Expert Institute and Yves Bouvier of Natural Le Coultre. Other international experts, including Jan Prasens of Sotheby's Financial Services in New York and Fabian Bocart of Tutela Capital in Luxembourg will provide their view on the evolution of art as an asset class and the risks and opportunities in art investment.

Top legal experts such as Luc Thévenoz and Xavier Oberson of the University of Geneva, and James Carleton of Farrer & Co LLP will also share their expertise on the issues of banking, finance and tax law related to art investment.

These experts will, in particular, look at issues of compliance in the art market: banking compliance, provenance, authentication and, against the background of an ever attractive art market, discuss the recurring question of a need for more regulation.

As Andy Warhol once said "Making money is art and working is art and good business is the best art." This conference series will be an opportunity to have a sense of our time and examine whether art investment has become an art in itself.



The advertisement features a background image of a blue sky with white clouds. At the top, the Cornhill Foreign Exchange logo is displayed, consisting of a red stylized sunburst icon followed by the word "Cornhill" in a bold, red, sans-serif font, with "Foreign Exchange" in a smaller, black, sans-serif font below it. The website address "www.cornhillfx.com" is written in a small, black, sans-serif font. Below the logo, the main headline "Exchanging currency for High Net Worth Individuals and Corporate Clients worldwide" is written in a large, white, bold, sans-serif font. Underneath the headline, the phone number "+44 207 710 9610" is displayed in a large, white, bold, sans-serif font. Below the phone number, the text "OVERSEAS PROPERTY PURCHASE • LUXURY ITEMS • CORPORATE TREASURY" is written in a smaller, white, bold, sans-serif font. At the bottom, a small, white, sans-serif font contains the regulatory information: "CORNHILL FX IS AUTHORISED BY THE FINANCIAL CONDUCT AUTHORITY (FCA) FOR THE PROVISION OF PAYMENT SERVICES, UNDER THE PAYMENT SERVICES REGULATIONS 2009, FIRM REFERENCE NO. 504494. • CORNHILL FX IS A LICENSED AND REGISTERED MONEY BROKING BUSINESS (MSB) WITH HM REVENUE & CUSTOMS, REGISTRATION NO. 12267307."

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BEST Renaissance, Baroque, Old Masters or Dynasties exhibition:

Treasures from Korea: Arts and Culture of the Joseon Dynasty, 1392-1910, Philadelphia Museum of Art and National Museum of Korea

BEST Ancient Art exhibition:

Pompeii: Life on the Volcano, Kunsthalle, Munich, Germany

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DC Finance's Family Office & Wealth Management Event Calendar

The New York Meetings May, 2016

Friars Club, NYC
www.thenycmeetings.com

The London Family Office & Wealth Management Conference

May 17th, 2016
The Connaught Hotel,
London
www.london-wealth.com

The East Coast Family Office & Wealth Management Annual Conference

October 20th, 2015
The Union League Club,
New York City
www.nycwealth.com

The Florida Family Office & Wealth Management Annual Conference

December 1st, 2015
The Ritz-Carlton
South Beach,
Miami, Florida
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12th Annual
*Family Office
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September 27-29, 2015 | Montage Resort & Spa | Laguna Beach, California

Institutional Investor is proud to present the 12th Annual Family Office Wealth Conference: *Keeping it in the Family: Preserving and Growing Wealth for Generations*. The conference will bring together representatives of the nation's wealthiest families to explore a wide-range of topics and trends to stimulate thoughts and ideas aimed at addressing issues considered essential for families as well as provide solutions to consider.

More than 90% of the audience and sponsors rated the conference as one of the BEST they have ever attended. This, along with a well-conceived agenda created foremost with the audience's needs in mind, makes it an ideal setting for family office directors and family members to share information and ideas with colleagues.

As the premier event for family office and high-net-worth individuals, Family Office Wealth Conference seeks to continue setting the highest standard in providing affluent family members with a unique, exclusive experience.

This year's conference will cover a wide-range of topics that include:

- Building Wealth as an Entrepreneur and Preserving the Wealth Thereafter
- Creating a Family Constitution: Preparing for a Family Transition
- State of the Global Economy
- Asset Allocation Priorities and Pitfalls: What Does it Look Like Now?
- The DNA of an Investment Deal
- Seeking Yield: Income Returning Investments
- Building an Effective, Resilient Portfolio of Alternative Investments: Key Components and Challenges
- Energy Investments
- Identifying, Understanding and Managing the Full Spectrum of Risks Facing Your Portfolio
- Preserving Wealth Across Generations: Investment, Education and Risks
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and Author, *Communicating
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As the Executive Director and Senior Futurist at the DaVinci Institute, he works closely with the Institute's Senior Fellows and Board of Visionaries to develop original research studies, which enables him to speak on unusual topics, translating trends into unique opportunities. As part of the celebrity speaking circuit, Tom continually pushes the envelope of understanding, headlining events with some of today's most recognizable figures: Tom Peters, Nobel Peace Prize winner Mohammad Yunus; former CEO of General Electric, Jack Welch; former New York City Mayor Rudy Giuliani; Former President of Colombia, Andrés Pastrana; Prime Minister of Spain, Felipe González Márquez; Nobel Prize winning economist Joseph Stiglitz; Saudi Prince Turki Al-Faisal; and former World Bank President James Wolfensohn. His keynote talks on futurist topics have captivated people ranging from high level government officials to executives in Fortune 500 companies including NASA, IBM, AT&T, GE, Hewlett-Packard, Lucent Technologies, First Data, Boeing, Capital One, Bell Canada, Visa, Ford Motor Company, Qwest, Allied Signal, Hunter Douglas, Direct TV, International Council of Shopping Centers, National Association of Federal Credit Unions, Times of India, Leaders in Dubai, HSM ExpoManagement, and many more. Because of his work inspiring inventors and other revolutionary thinkers, the Boulder Daily Camera has referred to him as the "Father of Invention". The Denver Post and Seattle Post Intelligencer have referred to him as the "Dean of Futurists".



Steve Schmidt
Political Analyst, MSNBC
and Renowned Political Strategist

Combining expertise, passion and a laser focus, Steve Schmidt provides audiences with a candid insider's perspective of today's political headlines. Schmidt served as senior strategist for Senator John McCain's 2008 presidential campaign and is featured and played by Woody Harrelson in the HBO movie *Game Change*, adapted from the best-selling book by the same name chronicling the campaign. Prior to serving as campaign manager for the re-election of California Governor Arnold Schwarzenegger in 2006, Schmidt was a member of the White House senior staff as deputy assistant to the President and counselor to the Vice President. In that position, he advised on a wide range of issues, working at the intersection of public communications, policy development, legislative advocacy and political strategy. During his tenure at the White House, Schmidt directed strategic communications for the nomination of Chief Justice John Roberts as well as the team to nominate Justice Samuel Alito. Schmidt also served as one of the top strategists on President George W. Bush's 2004 re-election and was a member of the senior planning group that directed the campaign. Today, he serves as a political analyst for MSNBC and is Vice Chairman for Public Affairs for Edelman, the world's largest independent public relations firm.



Greg Stroh
Co-Founder/CEO, Healthy Skoop

Greg Stroh is currently Co-Founder/CEO of Healthy Skoop which is a Superfoods nutrition company. Mr. Stroh was also Co-Founder of IZZE Bev Co. which was acquired by Pepsi and Co-Founder of Mix1 which was acquired by Hershey. He is a Winner of Ernest & Young Entrepreneur of the Year for work done with IZZE Beverage Company.

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By Peter Brock: Executive Director
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PATHWAY TO SUCCESSFUL FAMILY AND WEALTH MANAGEMENT

Family Office Elite Magazine would like to express its thanks to EY, Credit Suisse and University of St. Gallen for their hard work in researching and creating this informative article.

As concerns about wealth preservation and succession planning within family businesses continue to rise, wealthy families are increasingly evaluating the benefits of setting up a family office.

The reasons why - There are many reasons why setting up a family office makes sense, but at the root of these is the desire to ensure smooth intergenerational transfer of wealth and reduce intrafamily disputes. This desire inevitably increases from one generation to the next, as the complexity of managing the family's wealth grows. Without being exhaustive, the following points set out the reasons why a family office makes sense:

A Little about EY

Global Family Business Center of Excellence

EY is a market leader in advising, guiding and recognizing family businesses. With almost a century of experience supporting the world's most entrepreneurial and innovative family firms, we understand the unique challenges they face — and how to address them

Governance and management structure - A family office can provide governance and management structures that can deal with the complexities of the family's wealth transparently, helping the family to avoid future conflicts. At the same time, confidentiality is ensured under the family office structure, as wealth management and other advisory services for the family members are under a single entity owned by the family.

Alignment of interest - A family office structure also ensures that there is a better alignment of interest between financial advisors and the family. Such an alignment is questionable in a non-family office structure where multiple advisers work with multiple family members.

Potential higher returns - Through the centralization and professionalization of asset management activities, family offices may be more likely to achieve higher returns, or lower risk, from their investment decisions. Family offices can also help formalize the investment process, and maximize investment returns for all family members

Separation - Family offices allow for separation, or at least a distinction, between the family business and the family's wealth or surplus holdings.

Centralization of risk - Family offices allow for operational consolidation of risk, performance management and reporting. This helps the adviser and principals to make more effective decisions to meet the family's investment objectives.

Centralization of other services - Family offices can also coordinate other professional services, including philanthropy, tax and estate planning, family governance, communications, and education, to meet the family's mission and goals.

Why might there be doubts about setting up a family office?

The establishment of a family office is a big undertaking, and there have been cases when family offices have not met the family's expectations. Some of the potential doubts and concerns about setting up a family office are:

Cost - The cost of regulatory and compliance reporting remains high, which means that the level of assets under management that a family office needs to underpin needs to be high in order to offset its fixed costs.

Market, legal and tax infrastructures - Family offices function better when operating from centers where there are sophisticated markets and legal and tax structures. The absence of these in emerging markets has undermined the development of family offices there. This has often meant that there has been little connection between the huge level of wealth in some emerging markets and the number of family offices. Much of the wealth in emerging markets is still controlled by the first generation. This has also inhibited the growth of family offices, because many are launched during a wealth transition from one generation to the next.

The multi family office offering - To address the problem of the high operating costs of a family office, families often set up multi family offices (MFOs), in which several families pool their wealth together. Often these MFOs will be directed by the "lead" family that initiated the office. In MFOs, all assets are managed under one umbrella. But MFOs typically cater for a range of family size, wealth and maturity levels. This means that families can run the risk of not receiving the personalized advice that they would have done in a

dedicated family office setup.

When considering establishing a family office, some can see potential positives as negatives. This tends to be particularly prevalent in the following areas:

The preference for privacy - Some families may be hesitant about consolidating their wealth information through a centralized family office structure.

Trust of external managers - Setting up a family office is typically contingent on the level of trust and comfort families have with external asset managers. However, trust typically stems from long-standing relationships with external managers.

Expectations on returns - Ultimately, family offices rely on their longevity through ensuring wealth preservation. This difficulty of securing market returns in recent years has led to some tension in this respect. Furthermore, during generational transitions, family office structures are tested, often to the point of destruction, as the next generation presses for different goals and objectives to manage the family's wealth.

Family office services

At the heart of any family office is investment management, but a fully developed family office can provide a number of other services, ranging from training and education to ensuring that best practice is followed in family governance. This section looks at the full range of services a mature family office could potentially provide. These include:

Financial planning

Investment management services

Typically, this will be the main reason for setting up a family office, as it is central to ensuring wealth preservation. These services will include:

- Evaluation of the overall financial situation
- Determining the investment objectives and philosophy of the family
- Determining risk profiles and investment horizons
- Asset allocation — determining mix between capital market and non-capital market investing
- Supporting banking relationships
- Managing liquidity for the family
- Providing due diligence on investments and external managers

Philanthropic management - An increasingly important part of the role of a family office is managing its philanthropic efforts. This will include the establishment and management of a foundation, and advice on donating to charitable causes. These services would typically involve:

Philanthropic planning

Assistance with establishment and administration of charitable institutions

- Guidance in planning a donation strategy
- Advice on technical and operational management of charities
- Formation of grant-making foundations and trusts
- Organizing charitable activities and related due diligence

Life management and budgeting - Some of these services are typically defined as “concierge” in nature, but they are broader in scope, inasmuch as they also include budgeting services. Services under this heading will include:

- Club (golf, private, etc.) memberships
- Management of holiday properties, private jets and yachts
- Budget services, including wealth reviews, analysis of short- and medium-term liquidity requirements and long-term objectives

Strategy

Business and financial advisory -Beyond the asset management advisory, family offices will also provide advisory services on financing and business promotion. These will include:

- Debt syndication
- Promoter financing
- Bridge financing
- Structured financing
- Private equity
- Mergers and acquisitions
- Management buyouts
- Business development

Estate and wealth transfer

Family offices will be involved in business succession and legacy planning, enabling the transfer of wealth to the next generation. These services will include:

- Wealth protection, transfer analysis and planning related to management of all types of assets and income sources
- Customized services for estate settlement and administration
- Professional guidance on family governance

- Professional guidance regarding wealth transfer to succeeding generations

Training and education

Much of this revolves around the education of the next generation on issues such as wealth management and financial literacy, as well as wider economic matters. These services will include:

- Organizing family meetings
- Ensuring family education commitments
- Coordination of generational education with outside advisers

Governance

Reporting and record keeping - The maintenance of records and ensuring there is a strong reporting culture is another core part of a family office’s services. Key to these services is:

- Consolidating and reporting all family assets
- Consolidating performance reporting
- Benchmark analysis
- Annual performance reporting
- Maintaining an online reporting system
- Tax preparation and reporting

Administrative services

Administrative services, or back-office services, are essential to the smooth running of a family office. These services will include:

- Support on general legal issues
- Payment of invoices and taxes, and arranging tax compliance
- Bill payment and review of expenses for authorization
- Opening bank accounts
- Bank statement reconciliation
- Employee management and benefits
- Legal referrals and management of legal firms
- Public relations referrals and management
- technology systems referrals and management of these vendors
- Compliance and control management

Succession planning

Ensuring a smooth succession and planning for future generations is integral to the long-term viability of the family office and the family it serves. These services will include:

- Continuity planning relating to unanticipated disruptions in client leadership
- evaluation of the strengths, weaknesses, opportunities and threats (SWOT analysis) of senior executives both within and outside the family

- Re-evaluation of family board regarding roles of non-family directors structuring of corporate social responsibility platforms and programs
- Development of formal knowledge sharing and training programs
- Implementation of intergenerational estate transfer plans
- Adoption of a family charter or constitution, specifically aiming to:
 1. Formalize the agreed structure and mission of the family business
 2. Define roles and responsibilities of family and non-family members
 3. Develop policies and procedures in line with family values and goals
 4. Determine process to resolve critical business-related family disputes

Advisory

Tax and legal advisory - Tax, in particular, has become a much more important issue for family offices in recent years and as such has assumed a more important part of the functions of a family office. Legal matters are also important. A family office will typically employ a general counsel and/or a chartered or certified accountant, or several accountants and tax experts. These professionals usually provide the following services:

- Construct a tax plan to best suit the family
- Design investment and estate planning strategies that take into account both investment and non-investment income sources and their tax implications
- Ensure all parts of the family office are tax compliant

Compliance and regulatory assistance - Family offices need to ensure strict compliance with regulations pertaining to investments, assets, and business operations. These services will include:

- Providing auditing services for internal issues
- Establishing a corporate governance mechanism
- Ensuring a high level of staff hiring
- Group performance monitoring and compliance
- Offering recommendations on independent and board advisory formation
- Strengthening the regulatory investment process

Risk management and insurance services

This is a service that has assumed a more important role in recent years because of the financial crisis of 2008–09 and the subsequent fallout. It will be a crucial service for family offices in the future as well. These services will include:

- Risk analysis, measurement and reporting
- Assessment of insurance requirements, policy acquisition and monitoring
- Evaluation of existing policies and titling of assets
- Evaluation of security options for clients and property
- Formulation of disaster recovery options and plans
- Protection of assets, which could involve the use of offshore accounts
- Development of strategies to ensure hedging of concentrated investment positions
- Physical security of the family
- Data security and confidentiality
- Review of social media policy and development of reputation management strategy

Determining servicing priorities: the make-or-buy dilemma

Even the largest family office in terms of assets under management will need to assess whether or not to outsource services. Outsourcing certain services can be beneficial from a cost- efficiency and know-how perspective, offering advantages to family offices that include:

- Reduced costs and overheads, and improved staff productivity
- Economies of scale, particularly for high-value professional services, thus enabling lower prices for related services
- The benefits of objective advice from experienced professionals who possess specialized skills
- Help with defending the family office's regulatory independence when outsourcing investment management, by allowing investment decisions to be made by external providers
- Due diligence and continuous monitoring can be carried out by the directors of the family office to ensure performance and security against risk

On the other hand, a number of key services are usually kept in- house. The advantages of this are mostly related to confidentiality and the independence of the family office, and include:

- Higher levels of confidentiality and privacy
- Assurance of independent and trusted advice
- Consolidated management of family wealth
- Development of skills specifically tailored to the family's needs
- Greater and more direct family control over its wealth
- Keeping investment knowledge within the family
- Assurance of optimal goal agreement, along with

the avoidance of conflicts of interest with external providers

Given these considerations, it is crucial to obtain the right balance and to identify those services best suited for management in-house. Many factors involved in the make-or-buy decision are specific to the setup chosen for the family office, in particular:

- The size of the family and how many family members want to use the family office
- The net worth and complexity of the family wealth
- The family's geographical spread
- The variety of assets, both liquid and illiquid, under management
- The existence of a family business and the link between this and private wealth management
- The skills and qualifications of family members
- The importance of confidentiality and privacy
- The consideration of whether the family office should be a cost or a profit center

This variety of factors highlights how vitally important it is for the family to clearly determine its expectations and address key questions prior to creating the business plan for the family office. These include priorities setting and scope definition for the services to be offered from the family office:

- Who should be the beneficiaries of the family office and what is the overall strategy of the family to secure and expand its wealth over generations?
- Is the family's priority traditional asset management of liquid funds, with or without a portfolio of direct entrepreneurial investments? And where does philanthropy fit into the mix, if at all?
- Should the family office act as the asset manager for all family members, or should it just be an adviser for some specific services to selected family members?
- Is the family office's core task that of a financial adviser, or more that of an educational facilitator for the next generation of family members?

Although the make-or-buy decision must be based on the specific setup of the family office, some general considerations can help to determine the optimal solution. Best practice is based on the goal of obtaining the most effective services in an efficient way and avoiding potential operational risks.

Key determinants of the make-or-buy decision

Cost and budget - Escalating costs can pose a serious challenge to family offices. Clearly, it is unreasonable to insource the whole range of potential services without considering the economic benefits. Appointing an outside provider can ensure quality, and possibly cost savings, as the family office would benefit from economies of scale.

Expertise - The priority services as defined by the family will most likely be covered in-house in order to ensure independent expert advice to the family. However, the family office will gain from outsourcing certain selected services that require specific expertise.

Regulatory restrictions - A family office should consider all regulations, depending on its distinct legal structure. In the absence of professional management, a family office runs the risk of serious fallout from negative publicity. Legal action could also be costly and harmful to reputations.

Technology and infrastructure - The technology employed by an external provider can serve the family office effectively. Buying in these services has become even more of a priority as financial operations become more complex.

Complexity - If the family's assets are substantial and complex, the family office will have to hire more staff or outsource services. At the same time, the in-house decisions on all matters have to be final — so internal staff have to maintain the ultimate overview and decision-making process.

Data confidentiality - If confidentiality is a prerequisite, then services where this is a priority should be brought in-house. Non-critical systems and infrastructure can be outsourced.

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