

LAF0

Magazine

Family Office

Embracing next generation
and technology challenges

Issue #02

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DEAR MEMBERS AND DEAR PARTNERS,

In 2021 LAFO has opened up to a more diversified audience by turning to the professions of private wealth management. This major development enables our association to contribute to the promotion of Luxembourg as a financial center at the international level as well as supporting and promoting the excellence of its private wealth players. We would like to thank the speakers who shared their insights in the wide array of topics linked to the family office activity. This year also marked my entitlement as Chairman of LAFO. My action will obviously stand in the continuation of Serge Krancencblum. In 2022, my priority goes to strengthening and revitalizing our network to help our members to face challenges, particularly in terms of digitalization, responsible investment and continuing education. I invite you to join our LinkedIn page! This second edition of our magazine includes insights from multi and single family officers, lawyers, private bankers, PE practitioner, service providers showcasing Luxembourg's expertise with a focus on next generation of Family Offices and technology.

Enjoy the second edition of LAFO magazine.
Best regards

PASCAL RAPALLINO,
CHAIRMAN, LAFO

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PASCAL RAPALLINO

LAFO

SUPPORTING PRIVATE WEALTH BUSINESSES

SINCE HIS ARRIVAL, THE NEW PRESIDENT OF LAFO, PASCAL RAPALLINO, HAS GIVEN HIMSELF ONE PRIORITIES: TO STRENGTHEN AND REVITALIZE THE NETWORK OF THE ASSOCIATION. BY UNITING THE LARGEST NUMBER OF PRIVATE WEALTH PLAYERS AROUND THE ASSOCIATION, LAFO INTENDS TO CREATE A FOCUS FOR PRIVATE WEALTH PROFESSIONS WITH ITS ECOSYSTEM IN THE LUXEMBOURG FINANCIAL CENTER AND ABROAD.

Can you describe LAFO in a few words?

LAFO (Luxembourg Association of Family Offices) was created in June 2010 on the initiative of the outgoing President and current Honorary President, Serge Krancenblum and its former President, Jean Fuchs. It aims to actively contribute to the recognition of the profession of family office professionals by the authorities of the country. The association carries out three main missions: It interacts with the Ministry of Finance and regulators, protects the interests of the professions represented by its members and offers continuous training to the sector. Training takes place through the production of studies and content and organizing conferences and seminars. Until the end of 2021, no professional association or federation existed in Luxembourg to represent and defend the interests of local private heritage professionals. Private wealth was unregulated and had no professional representation despite its strong development and its current significant contribution to the Luxembourg economy. The last General Assembly in December 2021

ratified a modification of the statutes allowing LAFO to be more inclusive and to go beyond the sole professions of the family office by opening up to those managing private wealth. This major development will enable LAFO to contribute to the promotion of Luxembourg as a financial center at the international level as well as supporting and promoting the excellence of its private wealth players.

What are your priorities as the new President of LAFO?

My action will obviously be an extension of that of Serge Krancenblum. However, my priority will be to implement the openness strategy of our ecosystem voted for last month. As such, I want to make the association known to new eligible players and revitalize the existing network through events such as conferences, thematic breakfasts – around subjects such as art, responsible investment or some new asset classes. We will also rely on cocktail parties, exclusive visits and other formats dedicated to networking,



“PARTICIPATING IN THE PROMOTION OF LUXEMBOURG AT THE INTERNATIONAL LEVEL BY SUPPORTING LOCAL PLAYERS IN ORDER TO CONTRIBUTE TO THEIR PROFESSIONAL EXCELLENCE.”

PASCAL RAPALLINO,
PRESIDENT, LAFO

This desire will be subject to the vagaries of the health situation. Similarly, I will dedicate myself to strengthening the network of major associative and institutional partners in order to pool our initiatives and create disciplinary synergies.

What challenges and opportunities do LAFO members face?

Our businesses face many challenges, particularly in terms of digitalization, respon-

sible investment and continuing education. Macroeconomic elements such as inflation and the possible rise in interest rates are also sources of risk for private equity and real estate businesses. Thus, we will best support our members on these questions so as to transform these risks into opportunities through exchanges with recognized players, training and the development of synergies between members. Together we can face these economic but also structural changes in our private heritage.



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KHUN (KING) XIE

CHINALUX

PAVING THE WAY FOR CHINESE FAMILY OFFICES

WITH THE INDUSTRIAL, COMMERCIAL AND FINANCIAL RELATIONSHIPS BETWEEN LUXEMBOURG AND CHINA STRETCHING BACK OVER A CENTURY, KHUN (KING) XIE, PRESIDENT OF CHINALUX, BELIEVES THAT THE NETWORKING OPPORTUNITIES AVAILABLE TO LAFO MEMBERS THROUGH CHINALUX CAN HELP LAY THE FOUNDATIONS FOR THE ESTABLISHMENT OF CHINESE FAMILY OFFICES IN THE DUCHY.

CHINALUX: AN INTRODUCTION

If we look at the historic relationship between China and Luxembourg, we can go back well before Luxembourg was a financial hub. In the late 1800s, Luxembourg engineer Eugene Robert spent many years in China and built the first blast furnace in China in 1894. Chinalux – the China – Luxembourg Chamber of Commerce – was founded in 2013 with a mission to support the bilateral trade and cultural ties between the two countries by promoting positive connections and networking. We no longer focus solely on the financial sector as our members are also active in telecommunications, ICT and, especially, logistics. We do our best to help our members develop their business in China and Luxembourg. We started with 20 founding members; we now have around 115.

FINANCE AND BANKING REMAIN A FOCUS

From 1979 when the Bank of China established its first branch in Lux-

embourg, the banking sector has been at the forefront of economic cooperation between the two countries. Since then, the other six Chinese banks have set up their EU hubs in Luxembourg. Luxembourg has become a gateway for Chinese banks to Europe and other sectors including fintech. Of course, it works both ways: In addition to Luxembourg firms establishing a presence in China and Luxembourgish products reaching the Chinese market, we saw BIL establish its office in Beijing in 2019, the first Luxembourg bank to do so. We encourage Luxembourg companies to connect with these firms to learn more about the opportunities between Luxembourg and China.

CHINESE PERSPECTIVE ON LUXEMBOURG PRIVATE OFFICES

When you look at the Chinalux members' directory you won't immediately see it as a family office membership list, although we do have members who are involved with family offices. While our

“WE EXPECT TO SEE MORE CHINESE CLIENTS BEING ATTRACTED TO LUXEMBOURG’S FLEXIBLE FAMILY OFFICES IN THE FUTURE.”

KHUN (KING) XIE,
PRESIDENT OF CHINALUX

members in both the financial sector and the individual members do not seek visibility, they are part of the chamber in order to make connections with potential players and the service providers in Luxembourg. China now has the largest number of billionaires in the world, so the business of China family offices has huge potential. We increasingly see Luxembourg family offices exploring the possibilities of developing Chinese business. We expect to see more Chinese clients being attracted to Luxembourg's flexible family offices in the future.

 **MORE INFORMATION**
www.china-lux.lu

PASCAL RAPALLINO

IQ-EQ

PREPARING FOR THE ESG TRANSPARENCY REVOLUTION

PASCAL RAPALLINO, GROUP INVESTMENT STRUCTURING LEADER AT FUND AND CORPORATE SERVICE PROVIDER IQ-EQ, SAYS SERVICE PROVIDERS ARE CALLED UPON TO PLAY A CRITICAL ROLE IN DATA COMPILATION AND REPORTING AS ASSET MANAGERS AND FAMILY OFFICES ADAPT TO THE SUSTAINABLE INVESTMENT REQUIREMENTS OF INVESTORS AND REGULATORS.

©DR

How can the wealth and asset management industry navigate the shift towards sustainability?

Many clients attach increasing importance to having their money managed in a way that has a positive impact on the world, especially in terms of protecting the environment, curbing global warming and improving people's lives. The shift is particularly pronounced among millennials who want to invest with a purpose. Confronted with this trend and the growing popularity of investment strategies based on environmental, social responsibility and governance criteria, asset managers have launched a large number of similar sustainability-oriented products on the market. However, in our experience not all have genuine ESG credentials; in many cases firms use the term mainly as part of a marketing strategy. To remedy this, asset managers need help in different areas to build their ESG policies and frameworks, for example to conduct checks on portfolio companies to ensure that they are fully aligned with sustainability principles.

How can the private wealth industry boost transparency in ESG reporting and measurement?

Investors are increasingly incorporating both financial and non-financial data into their portfolio construction alongside their growing focus on ESG investment, and the private wealth industry is evolving to meet this shift in strategy. A crucial element in this decision-making process is identifying and tracking relevant and reliable ESG data, which up to now has been complicated by the absence of harmonised definitions and measures, as well as limited publication of sustainability data by companies. Initiatives such

“INITIATIVES SUCH AS THE EU’S GREEN TAXONOMY ARE CRITICAL IN ORDER TO ADVANCE THE STANDARDISATION OF DATA IN ORDER TO MAKE IT INCREASINGLY COMPARABLE AND VALUABLE.”

PASCAL RAPALLINO, IQ-EQ

as the EU's green taxonomy are critical in order to advance the standardisation of data in order to make it increasingly comparable and valuable. That's why service providers such as IQ-EQ are investing in new technology and solutions to assist clients in gathering, benchmarking and tracking ESG-related data.

How will the SFDR impact asset managers and family offices?

The EU's Sustainable Finance Disclosure Regulation requires the publication starting on March 10 of information from financial market participants on the sustainability of their investment decisions. It is applicable to businesses including AIFMs and managers of impact investing or other funds based or marketing products within the EU. Time is getting short for asset manager clients to ensure that their fund documentation including prospectuses or private placement memorandums, websites and management systems have been updated to enable them to comply with the SFDR requirements. And the regulation represents just the first step in a series of unfolding legal measures that will cement the central role of ESG considerations at the heart of firms' investment processes.

NICCOLO POLLI

HSBC

CAN LUXEMBOURG BECOME "SINGAPORE WEST?"

AS WEALTH CREATION BLOSSOMS IN CHINA, NICCOLO POLLI, CEO OF HSBC, DISCUSSES HOW THE YOUNGER GENERATION OF ENTREPRENEURS IS INFLUENCING TRADITIONAL CHINESE APPETITES TOWARDS GREATER DIVERSIFICATION ACROSS SECTOR AND GEOGRAPHY AND LUXEMBOURG'S PROSPECTS OF BECOMING THE EUROPEAN CHINESE FAMILY OFFICE HUB, MIRRORING SINGAPORE'S SUCCESS IN THAT ROLE IN ASIA.

EVOLVING: CHINESE ATTITUDES TO INTERNATIONALIZING THEIR WEALTH

We are witnessing an evolution of attitudes to wealth management in China. The average age of the 626 billionaires in the country has fallen to 53 years old. The older generation grew their wealth from the traditional economy sectors like construction and real estate. They are typically quite happy keeping most of their wealth in physical assets within China. The next generation is more open to the concept of cashing in their wealth and then re-

investing it. They will also consider other ideas including internationalization – creating and managing their wealth beyond the borders of mainland China as a diversification play. This creates more opportunities around family offices.

STEPPINGSTONES VIA SINGAPORE

There are two centers that attract those open to diversification: obviously, there's Hong Kong, which is right across the border. But now there's a rapidly emerging competitor, Singapore. People look-

ing for internationalization aren't simply looking for a family office. They want the whole ecosystem that accompanies that: geography, fiscal treatment, stability and an investment ecosystem that includes the lawyers and other investment professionals. When people in China think of Europe they typically think of London or Switzerland neither of which is in the EU which is not immediately understood. Luxembourg could be their steppingstone into Europe, but the Duchy must come up with a compelling proposition that can

compete to attract these types of clients.

DEVELOPING A DEFINITION OF DIVERSIFICATION

Other elements can be considered diversification including estate planning, philanthropy, impact investing and ESG. In the past, conversations with the Chinese about wills and testaments wasn't easy – they would think you were cursing them! But intergenerational planning has become acceptable following press reports of family feuds and business breakups aris-

ing from failures to engage in estate planning. Many considering their legacy following the rapid growth in wealth over the past 10 or 20 years are contributing through philanthropy or impact investing to give back to the community without asking for anything in return. China has recently committed to reducing its carbon footprint to net-zero by 2060, so it is a conversation that they are having. At present, it's probably only the top echelon who are thinking about it but, again, they are who we're targeting.

“PEOPLE LOOKING FOR INTERNATIONALIZATION AREN'T SIMPLY LOOKING FOR A FAMILY OFFICE.”

NICCOLO POLLI, CEO OF HSBC

 **MORE INFORMATION**
www.hsbc.lu



PASCAL RAPALLINO

IQ-EQ

FAMILY OFFICES TURN TO PRIVATE EQUITY – AND TECHNOLOGY

PRIVATE FUNDS ARE BECOMING POPULAR VEHICLES FOR FAMILY OFFICES, SAYS PASCAL RAPALLINO, GROUP INVESTMENT STRUCTURING LEADER AT FUND AND CORPORATE SERVICE PROVIDER IQ-EQ; PARTICULARLY AS THEY FOCUS IS MORE ON PRIVATE EQUITY AND VENTURE CAPITAL INVESTMENTS. TECHNOLOGY IS ALSO PLAYING A MORE IMPORTANT ROLE.

What changes are currently underway within the family office sector?

The role of the family office has evolved significantly in recent years, growing both in scale and sophistication, but also the way in which they invest. One of the most notable developments is the increased emphasis on direct investment in private markets, involving the use of private funds. This may involve a family investing alone, different branches of a family investing together, or a joint initiative with other families, according to The Great Global Wealth Transfer, a report issued by IQ-EQ in collaboration with Barton Consulting and Wealth-X. Co-investing alongside private equity firms is also very common; the UBS Global Family Office Report 2020 identified private equity as family offices' favoured asset class, with 77% investing in it – primarily via funds. The report also finds that 69% of family offices view PE as a key driver of returns, with 73% of those investing expecting it to deliver higher returns than public market investments.

Why are family offices increasing their allocation to alternative assets?

The first reason is the opportunity to obtain higher returns, especially in a period when yields from traditional investments, and especially bonds, are relatively low, a trend ex-

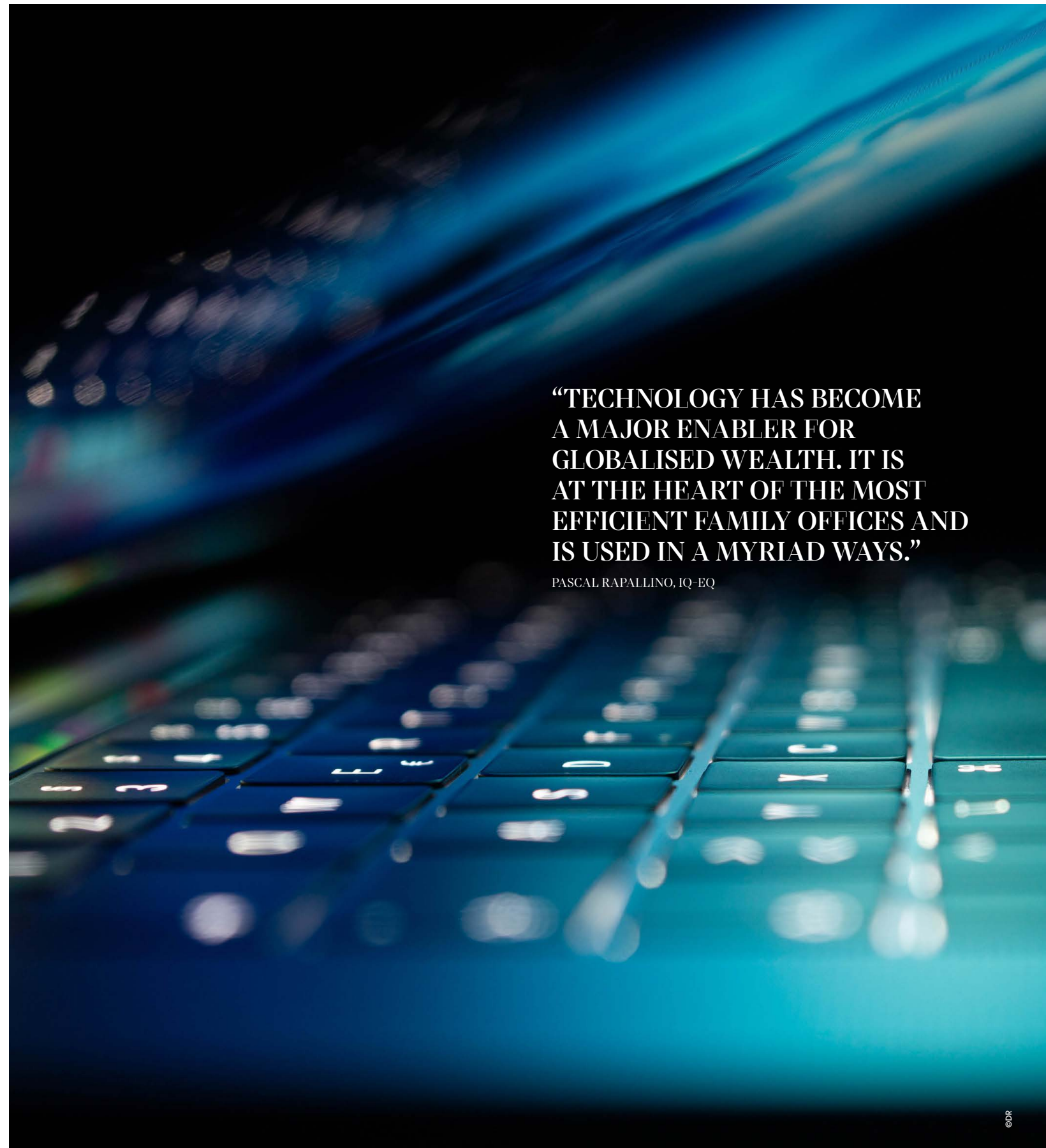
acerbated by the Covid-19 pandemic. But our research last year for The Great Global Wealth Transfer report also found that a key factor is enthusiasm for private equity and venture capital investment, especially for the next generation, for which considerations are less focused on risk or return but more about excitement. They also cite the appeal of interaction with portfolio businesses in terms of management and strategy – another factor driving the preference for co-investment alongside private equity firms or direct investment.

What role does technology have to play in increasing the sophistication of family offices?

Technology has become a major enabler for globalised wealth. It is at the heart of the most efficient family offices and is used in a myriad ways. One of its greatest benefits is simplification; with increasing regulation and bureaucracy to contend with, one of the most effective applications of technology within family office structures is in its ability to automate arduous repetitive processes. Family offices report that key areas in which they use technology include investment monitoring and consolidated reporting across multiple asset classes, currencies, jurisdictions and regions.

“TECHNOLOGY HAS BECOME A MAJOR ENABLER FOR GLOBALISED WEALTH. IT IS AT THE HEART OF THE MOST EFFICIENT FAMILY OFFICES AND IS USED IN A MYRIAD WAYS.”

PASCAL RAPALLINO, IQ-EQ





RUPERT HOOGEWERF
HURUN REPORT

EUROPE'S ELUSIVE ENTREPRENEUR START-UP ECOSYSTEM

WITH HERDS OF UNICORNS BREEDING IN THE U.S., AND EVEN MORE SO IN CHINA, RUPERT HOOGEWERF, CHAIRMAN OF THE HURUN REPORT, SAYS EUROPE NEEDS TO LEARN THE A, B, C OF CREATING AN ENTREPRENEUR START-UP ECOSYSTEM BY TAPPING INTO AND INSPIRING ITS RAW TALENT TO HELP CREATE SUCCESSFUL, GLOBAL COMPANIES.

CHINA'S MILLIONAIRE BOOM

We've never had as good a year in terms of wealth creation as we've seen in China in the last year. Our Hurun China Rich List, of the most successful entrepreneurs in China, has identified no less than 700 new faces taking the number of entrepreneurs worth more than €300 million close to 2,500. The dynamics of wealth creation has also changed: previously people made their money from real estate and manufacturing. Now the growth in wealth from healthcare demonstrates the improved quality of wealth creation. Five years ago, China and the US ranked about

equal in our world billionaires' rankings with 500 each. China has now doubled their "super wealth creators," and has 300 more than the US.

BEIJING BREEDING BILLIONAIRES

China is using the raw talent coming from its universities; they've got a lot of entrepreneurs or "super wealth creators" to call on as mentors and they have a complete professional investor network to call on. These include venture capitalists, private equity firms as well as strategic investors among successful entrepreneurs. Added to that they have a lot of government programs,

business associations and tech associations. A lot of countries, including the European Union, should be asking themselves how they could pull all those elements together to create such a complete entrepreneur start-up ecosystem. If ecosystems start in somebody else's country, that is where the entrepreneurs will be creating super wealth, paying taxes and hiring great talent.

HOW TO BREED UNICORNS

China is also making huge progress in the creation of unicorns, businesses worth more than \$1 billion that have not yet been listed or merged

with a larger entity. The Hurun Global Unicorn List catalogues about 800 unicorns today. China and America have more than 80% between them - 400 and 300 respectively. With the help of LAFO, Europe can promote the green shoots of the fourth industrial revolution led by unicorns, many of them run by under-30s entrepreneurs. If you get it right, Europe can nurture the most dynamic companies by learning the A, B, C, of the fourth industrial revolution where "A" stands for AI, "B" for blockchain, "C" for cloud, D for data, down through the alphabet to "U" that stands for unicorn.

"A LOT OF COUNTRIES, INCLUDING THE EUROPEAN UNION, SHOULD BE ASKING THEMSELVES HOW THEY COULD PULL ALL THOSE ELEMENTS TOGETHER TO CREATE SUCH A COMPLETE ENTREPRENEUR START-UP ECOSYSTEM."

RUPERT HOOGEWERF,
CHAIRMAN OF THE HURUN REPORT

CRYPTOCURRENCIES KEEPING IT IN THE FAMILY

FAMILY OFFICES ARE TRADITIONALLY SEEN AS ENGAGING IN STAID INVESTMENT STRATEGIES IN THEIR ROLES AS PROTECTORS OF THE WEALTH OF THE RICHEST. IN FACT, FAMILY OFFICES HAVE PIONEERED INVESTMENT IN ALTERNATIVE ASSETS WITH MANY NOW TESTING THE WATERS BY BUYING CRYPTOCURRENCIES, EITHER AS AN INVESTMENT OR AN INFLATION HEDGE.

Current trends for family office investments in cryptocurrencies

The conventional view of family offices, that manage the wealth of some of the world's richest, is that they are dedicated to investment strategies that will preserve the wealth of their owners. They are not seen as assuming any adventurous risks that will make their owners even wealthier. For some family offices, this could not be further from the truth. Many family offices have been set up by entrepreneurs who have accumulated their fortunes by taking hugely successful bets on growth industries like information technology, telecommunications and healthcare. They do not leave their risk-taking at the door when they create their family offices: Many have been innovators in the derivatives markets, venture

capital, private equity, real estate, private debt and, recently, in special purpose acquisition companies, or SPACs. Now, some family offices are turning their attention to cryptocurrencies.

Are cryptocurrencies attractive to family offices?

But family offices are dipping their toes, not plunging headlong into the pool of digital assets – mainly cryptocurrencies that are created electronically as rewards for solving complex computer calculations and exist only in the virtual world. A report, looking at the investment intentions of family offices, published by the investment bank, Goldman Sachs, says that while 15% of respondents are currently invested in cryptocurrencies, almost half are considering initiating

exposure. For many, considering the purchase of cryptocurrencies is a defensive measure against what they see as the debasement of fiat currencies. Some 40% of family offices are contemplating investment in digital assets (42%) and precious metals (37%) to address the rising specter of inflation eroding the value of their wealth. This overshadowing of wealth preservation has arisen following economic stimulus measures. These began with central banks using quantitative easing to dramatically expand the money supply following the financial crash in 2008 and, again, using economic stimuli in response to the threat of economic slowdown arising from the Covid-19. These measures saw the creation of unprecedented volumes of money. The consequent

threat to the value of currencies prompted a flight to assets that would protect against the anticipated rise in inflation and to higher yield assets that would counter the impact of persistently low interest rates on investment yields. However, the Goldman Sachs survey also found the opposite reaction among family offices: It reports that among respondents with no current cryptocurrency exposure, their most cited reason for caution in steps to acquire cryptocurrencies stemmed from skepticism about cryptocurrencies as a store of value. Goldman Sachs also says that family offices are monitoring the potential of other digital strategies including other digital assets and the investments in the blockchain technology that underlies the digital assets ecosystem.

Cryptocurrencies compare to classic investments

To some cryptocurrencies now qualify as an asset class. Last year Bitcoin's performance made it the best-performing asset of the decade – outstripping the tech-heavy Nasdaq 100 index. Even though its value has since plunged, at \$882 billion, Bitcoin has the largest capitalization among cryptocurrencies. Bitcoin is as synonymous with cryptocurrencies as Google is with search engines. Indeed, many people could not name another cryptocurrency – or search engine. But the cryptocurrency exchange, CoinMarketCap lists no less than 9,003 cryptocurrencies valued at over \$2 trillion (compared to the world's main stock exchanges that are capitalized at around \$62 trillion). And, according to Forbes, while anyone



who bought an early Bitcoin would have seen its value rise by 9,200%, those who bought the lesser-known cryptocurrencies would have seen breathtaking explosions in value like 14,3000% for Luna, 22,000% for Solana, 33,500% for Ethereum, 520,000% for Binance Coin. But as stellar as these gains are, volatility in cryptocurrency markets has been as stomach-churning as a fairground ride. Cryptocurrencies have reacted violently to news flow about billionaires investing/not investing in them and central banks adopting, planning to create their own, clamping down or warning that the value of cryptocurrencies could plunge to zero.

Future for cryptocurrencies in family offices' investment

Rolls Royce recently reported record sales of their luxury cars because, the company said, "Quite a lot of people witnessed people in their community dying from Covid, that makes them think life can be short..." It seems the pandemic has also spurred risk-taking. According to Forbes magazine, "There has been a shift in risk appetite with 59% of family office leaders now saying they are more prone to taking risk following the COVID-19 pandemic. In addition to the pursuit of balanced, anti-inflationary investment strategies or those that preserve yields, family offices will be aware of the toying with cryptocurrencies by the high-profile mega-rich like Elon Musk and Michael Saylor. But family offices can take the long view and, according to Meena Flynn, who helps lead private wealth management for Goldman Sachs, the majority of families want to talk about blockchain and digital ledger technology. Beyond Bitcoin, they think that "this technology is going to be as impactful as the internet has been from an efficiency and productivity perspective."

R.M.



“FAMILY OFFICES
CAN HAVE A TIMELINE
OF A COUPLE
OF HUNDRED YEARS.”

CLAUS MANSFELDT, LPEA PRESIDENT
AND CHAIRMAN OF SWANCAP LUXEMBOURG

CLAUS MANSFELDT

SWANCAP LUXEMBOURG

FAMILY OFFICES AND PRIVATE EQUITY: SHARED GOALS

ADDRESSING THE LAFO AUTUMN E-CONFERENCE, CLAUS MANSFELDT, LPEA PRESIDENT AND CHAIRMAN OF SWANCAP LUXEMBOURG, EXPLAINS THE GROWING INTEREST AND ADVANTAGES OF FAMILY OFFICES INVESTING IN PRIVATE EQUITY. HE EXAMINES THE IMPACT OF COVID-19 ON FAMILY OFFICES' INVESTMENT STRATEGIES AND CHANGING ATTITUDES TO INVESTMENT CHOICES INCLUDING THE NEWER GENERATION EMBRACING ESG.

Can you tell us what you do on a day-to-day basis and explain the increasing interest in private equity investment by family offices?

I'm the chair of the private equity and venture capital association here in Luxembourg and as a day job, I work for SwanCap, a specialist private equity business that is investing in diverse funds and co-investments. We have recently seen a lot of new connections between private equity and family offices. I think it is because, over time, private equity has consistently outperformed public markets – by some 300–600 basis points per annum, depending on timeframes and whether you are in America or Europe. The interest arises because of the strong performance as well as the investor experience of reasonable risk-weighted returns.

How do private equity investments compare with public investments?

Private equity investments are less volatile for a start. That is partly because, by definition, they are not listed on the stock exchange: investors avoid e.g. the emotional part of stock market gyrations. Family offices also have longer time horizons and can allocate also to illiquid investments. –This is especially so once they've decided that they're not going to consume their wealth in one generation only, deciding that they want to leave something for the next. Family offices can have a timeline of a couple of hundred years. It is important not to think of a private equity fund as a trade: it's not

a trade, it's an investment programme based on investments in approximately ten assets of different vintages. A Fund-of-Funds programme would imply even greater diversification across say some 300 companies. According to UBS research, family offices have an average allocation to private equity of 16%, so there is definitely space being made to complement public equity holdings.

What are the trends in family office investing?

Covid accelerated some family offices liquidating overly concentrated exposures to sectors like their original businesses. A first-generation entrepreneur might have been keen to invest in the sector they know. Second generation family offices particularly seek to diversify. Overall they have taken confidence from their investment returns contracting “only” 6% to 9% in the first covid-correction of Q1 2020 compared to a 25% fall in the general public market, implying here about half the volatility of other public investments. Another trend is that Luxembourg is becoming a favoured domicile for family office holding companies because of its respected regulatory regime and AAA rated reputation. There is finally a move, especially among second-generation family offices, to articulate and identify themselves with ESG investments in contrast to founders who tended to segregate their altruism by making direct, charitable donations, rather than in corporate operations themselves.

FAMILY OFFICES

THE NEXT GENERATION

CHANGING TIMES, CHANGING VALUES

FAMILY OFFICES ARE AT THE FULCRUM OF WHAT IS BILLED AS THE LARGEST GENERATIONAL WEALTH TRANSFER OF ALL TIME, WITH AS MUCH AS \$68TRN FORECAST TO BE TRANSFERRED OVER THE NEXT 25 YEARS. ALREADY THE GROWING WEIGHT OF MILLENNIALS AND GENERATION Z WITHIN WEALTHY FAMILIES IS PROMPTING CHANGES IN THEIR VALUES, TECHNOLOGICAL TOOLS AND INVESTMENT ETHOS.

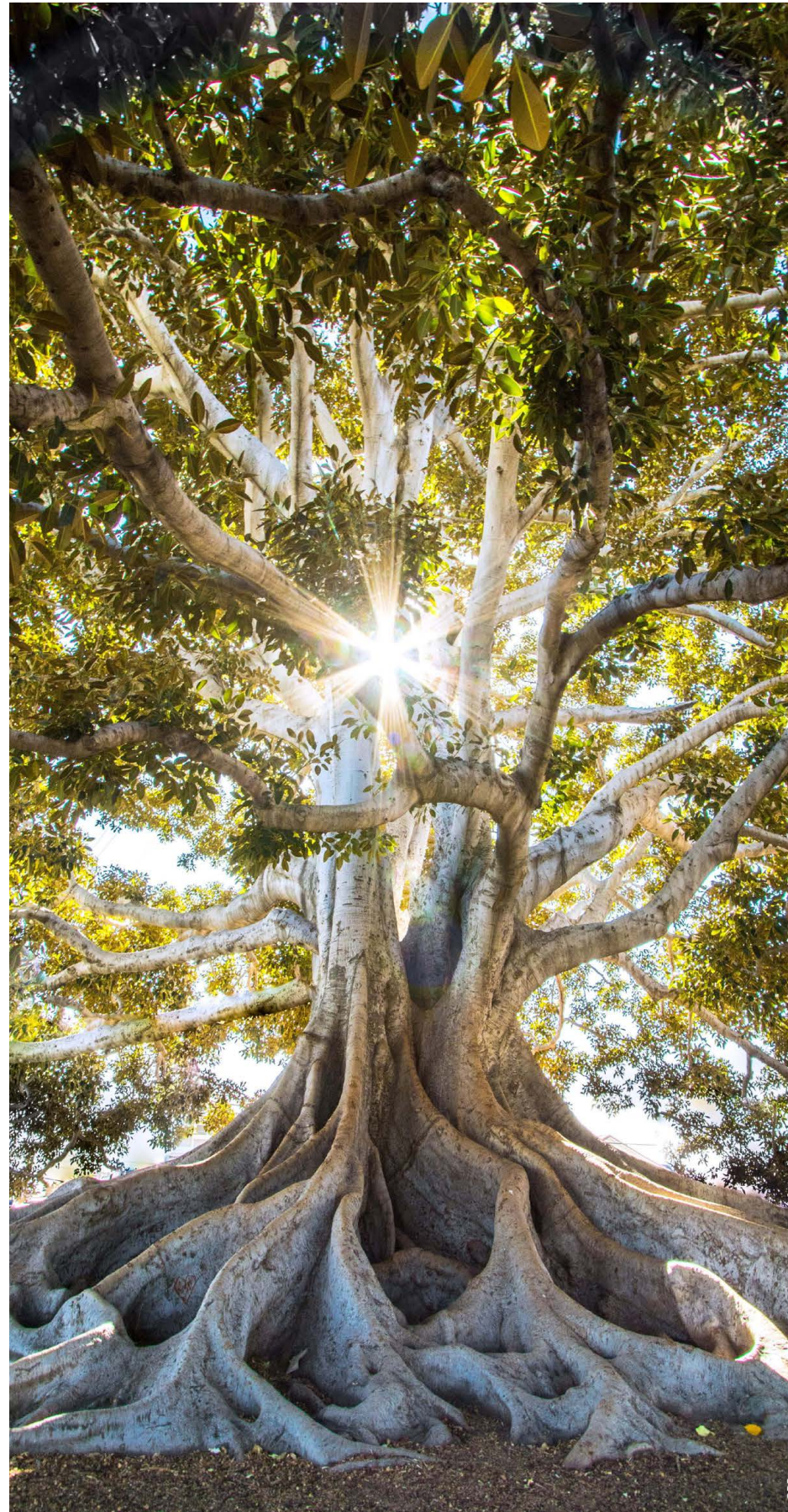
MOMENTOUS SHIFT

The way wealthy families organise their affairs and invest their assets is set for a momentous shift as influence shifts from the entrepreneurial generations that built up business fortunes in the decades after World War II to younger family members, especially millennials (those born roughly between 1980 and 1996) and Generation Z (between 1997 and 2012). Already they are introducing new means of communication, social priorities and investment goals to their families, and the influence of the younger generations is set to be consolidated over the next quarter-century amid what is expected to be the greatest generational transfer of wealth in human history, involving as much as \$68 trillion. This may not always

be an easy process, given the significant psychological and cultural differences between older family members who came of age in the more convention-bound decades of the 20th century, and younger ones accustomed to the informality, and especially the digital-centricity, of the 21st.

POSITIVE IMPACT

Family offices arguably have been slower than many other types of financial organisation to embrace new types of structure, governance and communication. The new generations whose voices are being increasingly heard within them are accustomed to digital tools and processes, and embrace openness and transparency, and are less comfortable with traditions, hi-



“YOUNG FAMILY MEMBERS ARE INTRODUCING NEW MEANS OF COMMUNICATION, SOCIAL PRIORITIES AND INVESTMENT GOALS.”

erarchy, deference and seniority. These traits will shape how family offices need to adapt in the future as older generations step back and the younger cohorts start to shape organisations through technological solutions and values of social responsibility. Already there is evidence that younger members are driving an embrace of sustainable investment, both within family office structures and outside. They may be less interested in the source of the family's wealth and in keeping long-term control of it than in directing the assets under their control of influence toward achieving a positive impact on the world and society.

SUSTAINABLE INVESTMENT

The influence of younger investors, both within family structures and outside, can be seen already in the surge of inflows into sustainable investment – a significant extension of the established role of philanthropy within wealthy families. Because of the volume of the assets at their disposal, family offices have become influential participants in impact investing oriented toward achieving specific aims, especially in terms of social impact, curbing climate change or other environmental goals. Multi-family office organisations will increasingly be asked to balance their traditional objectives of protecting, managing and increasing wealth with ensuring that investments are aligned with the values of family members. They will also

need to make greater efforts than were needed in the past to obtain buy-in from a wider range of family members for their strategies and ambitions, in some cases at relatively granular level. That will tie in with adopting the younger generations' digital communication tools.

FLEXIBILITY AND AGILITY

Despite their lack of a head start, family offices should be well placed to make these changes because their relatively small size and clear lines of communication and decision-making give them the ability to respond and adapt more quickly than bigger institutional investors with complex stakeholder structures and ponderous governance processes. As they shift their investment focus away from purely profitability considerations toward sustainability and direct impact, they are in a position to capitalise on the broader transition within the investment industry toward environmental, social impact and governance considerations and goals. Increasingly bolstered by regulatory requirements such as the EU's Sustainable Finance Disclosure Regulation and its green taxonomy, this promises to deliver a vastly increased volume of information on the impact of economic activities on society and the environment to guide family offices toward the moral purpose and tangible achievement that motivate their younger members.

R.M.

WEINVEST CAPITAL PARTNERS

SHARING THE DYNAMICS OF A MULTI STRATEGY MANAGER

INCORPORATED IN LATE 2019 IN LUXEMBOURG, WEINVEST CAPITAL PARTNERS, MEMBER OF LPEA, IS SUCCESSFULLY FINISHING THE RAISING OF ITS FIRST REAL ESTATE FUND AND IS PURSUING ITS DEVELOPMENT THROUGH THE FORTHCOMING IMPLEMENTATION OF A PRIVATE DEBT VEHICLE DEDICATED TO FINANCING REAL ESTATE DEVELOPMENT PROJECTS. FAMILY OFFICES ARE A MAIN TARGET FOR THE COMPANY.



From left to right: Samuel Clerc, Philippe Barthelemy, Pierre Thomas, Jean-François Quevrain.

The appetite for investors in alternative and real assets seems to be growing globally in most of the strategies. In addition, the level of liquidity in the market is historically high these days. Furthermore, the demand for fresh equity in most of the segments of the economy is high, especially in innovating sectors, and even is reinforced by the COVID-19 crisis in the traditional economy segments. In combination with a regulatory framework more and more favorable to see the growing of the alternative asset class, these factors are sustaining the interest for investing in Private Equity / Real Estate vehicles.

However, despite favorable conditions, the exercise to raise a first-time fund is not as easy as it could be perceived. As a matter of fact, questioning one's project to raise a first-time fund should be analyzed over several perspectives:

In terms of investment strategy, first. How do you differentiate from the competition? New fund managers should develop an approach of the market that creates an interest to LPs through its originality. The originality can be analyzed from different ways: some can see opportunities in addressing a new market segment in the innovating economy, some can also see opportunities in the more traditional economy, investing in segments that are not addressed by managers. In any case, the investment strategy has to be clear and documented. Your beliefs are also very important. LPs are looking for teams with convictions that are backed by a rational analysis.

I remember the baseline of one of my former companies: "more than numbers, our business is based on

trust". And it's exactly that. When you are a first-time team / first-time fund, you must inspire confidence to succeed. Both to your investors and also to partners with whom you are investing and doing business.

In 2019, when we started defining our strategy, we built our approach on 2 pillars to generate confidence:

- Confirming our appetite for real estate, an industry in which we were already acting. At that time, we were capitalizing on previous successful club deals and private debts in the niche premium segment of real estate development. We knew exactly which investment strategy to implement, with a clear path to creating value in our investments. Real assets are also an excellent start because of the nature of the investment. When you own an asset, the land and buildings provide strong protection for invested capital. It helps to create confidence with investors.
- Progressing gradually in reaching out to investors. First people first. We had strong interest from some of our former investors, clients, mentors, or managers that knew what we were able to achieve in our previous occupations. They helped us a lot in creating the foundations of our first closing.
- Today, our first fund, Premium Real Estate Fund, has raised more than 30 million and is still raising capital until mid-2022. We aim to raise 50 million before the end of June 2022. We have executed 8 investments in 18 months, deploying almost 100% of the committed capital in Luxembourg, the United States, Spain and France. The quality and speed of execution were key to make investors trust

us, and we had identified all these investments before launching the fund. Our last investment is located in Paris, in Washington street, next to the Avenue des Champs-Élysées.

2022 will be the year when we will add 2 new strategies to our portfolio:

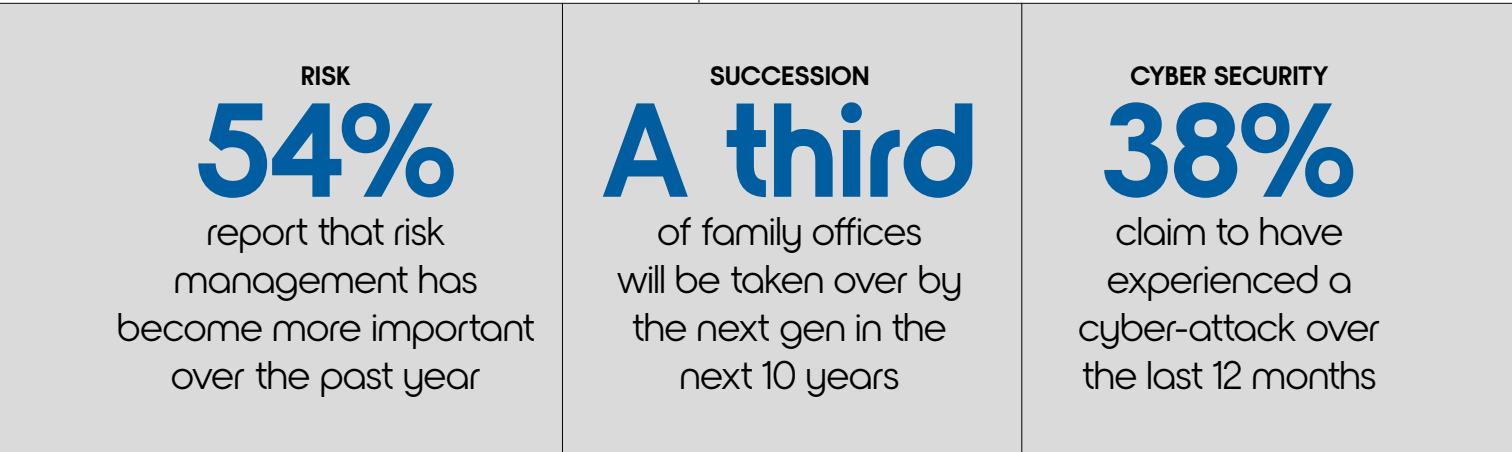
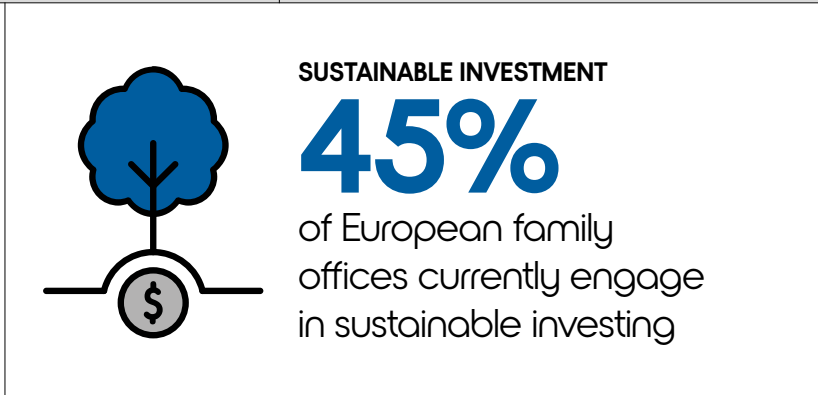
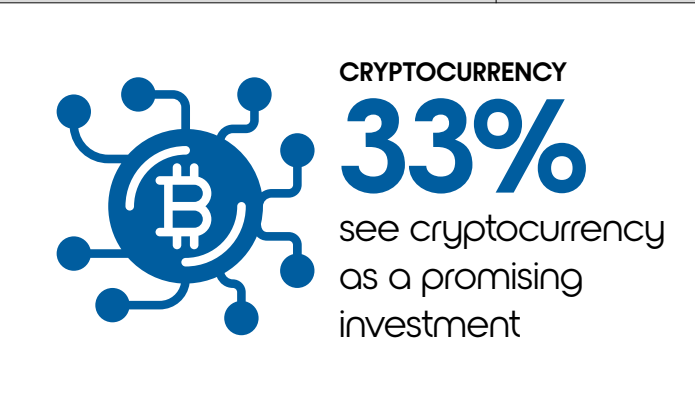
- A private equity-like investment vehicle, Beautiful Small Cap Fund, that will invest directly into a portfolio of (very) small cap companies in Luxembourg, Belgium and France. We believe that small companies will have a strong challenge to face to survive because of the wave of baby boomers who will have to retire in the next few years. And this will generate needs for financing transition to new managers, with also opportunities to build-up new groups by concentrating companies.
- A private debt vehicle investing in real estate as well, to enrich our financing proposition of development projects, capitalizing on Premium Real Estate Fund success.

To sustain our fast growth, we have strengthened our human resources, adding new seasoned professionals to our fellowship. Always lying onto the same values: we are in a people first industry!

About Weinvest Capital Partners

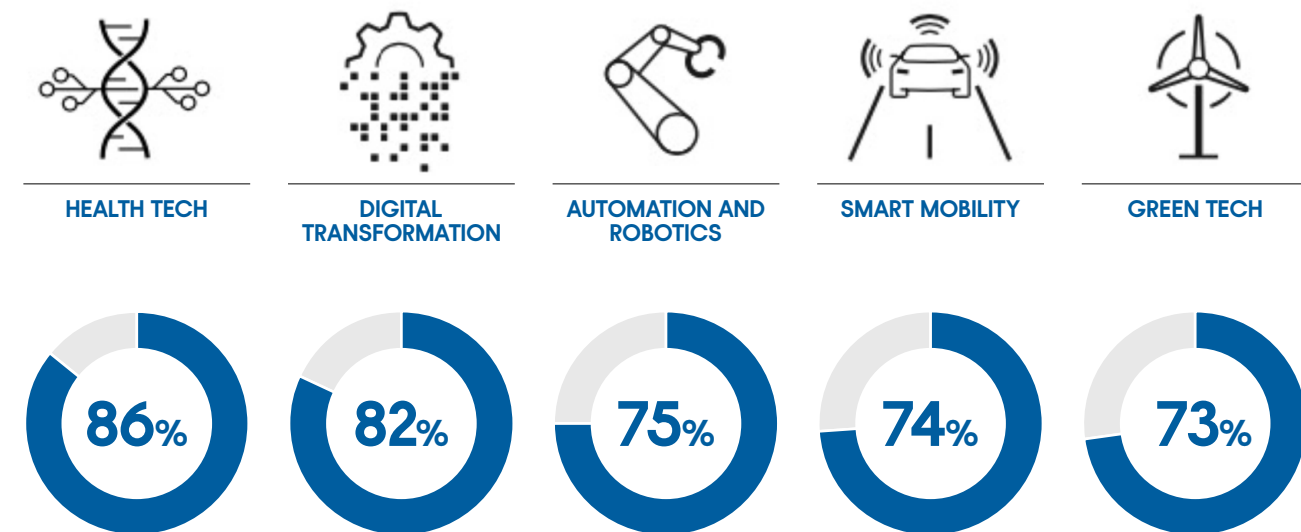
Weinvest Capital Partners is a boutique firm specializing in Private Equity Real Estate (PERE), real estate asset management and Private Equity. Weinvest Capital Partners seeks to create long-term risk-adjusted value for its investors through a portfolio of reserved alternative investment funds, creating positive impacts to every project it invests in. Led by serial entrepreneurs, bringing together a broad range of expertise, the company benefits from an extensive network and invests mainly in Europe and the United States.

KEY TRENDS WITH FAMILY OFFICES ACCROSS EUROPE (AND GLOBALLY)



Source: European Family Office Report 2021, produced by Campden Wealth

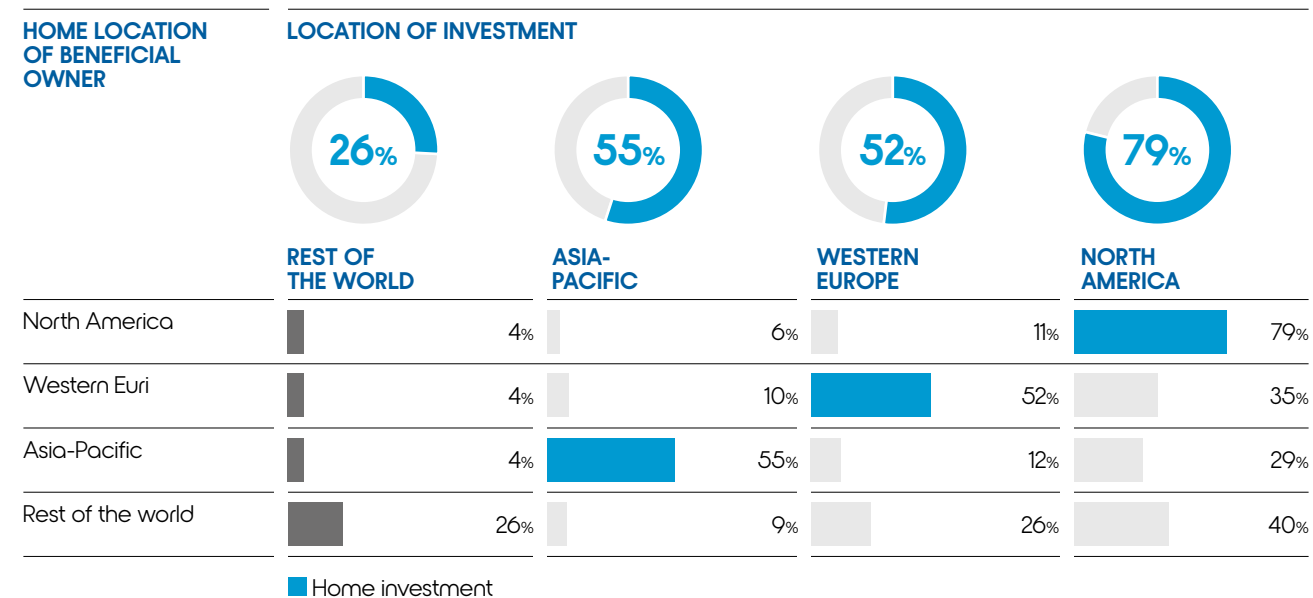
INVESTMENT PRIORITIES in the next 2-3 years



Source: UBS Evidence Lab / UBS GFO Report 2021

GEOGRAPHICAL ASSET ALLOCATION

Proportion of portfolio invested in each region



Source: UBS Evidence Lab / UBS GFO Report 2021

FRANÇOIS MASQUELIER

SIMPLY TREASURY

TREASURY MANAGEMENT IN FAMILY OFFICES

TREASURY MANAGEMENT IS THE LIFEblood OF THE BUSINESS AND PROBABLY THE MOST IMPORTANT FUNCTION OF FINANCE. EVERY COMPANY, FUND, OR FAMILY OFFICE (I.E., FO) MUST MANAGE ITS TREASURY. UNFORTUNATELY, OFTEN WITHOUT A DEDICATED TREASURER. THE QUESTION IS HOW TO MANAGE IT AND WITH WHICH IT TOOLS. TODAY, THIS VITAL MANAGEMENT FOR ANY TYPE OF COMPANY, INCLUDING FO'S, CAN BE MANAGED LIKE BY THE LARGEST MULTINATIONALS, WITH IT TOOLS AND PLATFORMS THAT ARE EASY TO SET UP OR RENT, AND WITH AN EXTERNAL TREASURER. THIS IS CALLED "TREASURY AS A SERVICE". TREASURY MANAGEMENT IS BECOMING "UBERIZED" TO BE MORE EFFICIENT.

TREASURY REMAINS A MYSTERIOUS DISCIPLINE

For some, treasury management still seems mysterious. However, it covers a series of essential tasks. Treasury is the management of all secured financial payments, it is the management of liquidity and the leveling of bank accounts, it is the management of possible debt, currencies and hedging of exchange risks, of any financial risk, it is the insurance of liquidity when it is necessary, it is the valuation of portfolios of financial instruments and other assets, in IFRS and in "Mark-to-Market" (i.e. IFRS9) and it is the production of cash flow forecasts and compliance reports, both financial and non-financial reports necessary for the optimal management of a Family Office resources. But there are many more tasks. Given the increase in fraud and cyber-attacks, the automation of treasury processes, banking connectivity via secure SWIFT channels and the need to automate accounting reconcil-

iations and reporting make treasury a more important focus than ever. COVID has reinforced the need for more effective cash management. Moreover, professionalizing treasury management represents an investment with a very positive Return on Investment (ROI) and an immediate pay-off. Professional treasury management has become accessible to all.

TREASURY FOR EVERYONE

Managing treasury is not only the prerogative of large multinational companies. On the contrary, cash management has been "democratized" and is now accessible to everyone thanks to technology. Everyone does or should do treasury management (i.e., payments, financial transfers, investments, portfolio valuation, account leveling, financing, cash-flow forecasting, currency hedging and inter-company financing, etc.). Often "family office" type structures outsource to specialized management companies. However, treasury is key be-

"MANAGING TREASURY IS NOT ONLY THE PREROGATIVE OF LARGE MULTINATIONAL COMPANIES. ON THE CONTRARY, CASH MANAGEMENT HAS BEEN "DEMOCRATIZED" AND IS NOW ACCESSIBLE TO EVERYONE THANKS TO TECHNOLOGY."

FRANÇOIS MASQUELIER, CEO OF SIMPLY TREASURY



cause it concentrates all the financial risks and is at the heart of all the family office's activities. Securing and automating treasury operations is vital, to facilitate and perpetuate the banking relationship and to achieve maximum financial efficiency. Moreover, for the purposes of substance (i.e., BEPS), if there is a function to internalize, it is this one. Reserving this activity to the largest companies or outsourcing it to companies that do not specialize in treasury represents a financial risk, an operational risk, and a loss of revenue. Given the amounts involved, we can only recommend that FO's professionalize their tools and human resources, possibly by using a specialized third party. Modular platforms allow to manage cash flow, to ensure banking connectivity via a secure and protected SWIFT channel, to limit any risk of payment fraud and to automate reconciliations by receiving and integrating bank statements in XML ISO 20022 format. The belief that you can't use the technology of the big guys is false. Some maintain this myth because they cannot deliver this type of service to their customers. It is obvious that since the volume may not justify a full-time treasurer, one can use treasury as a service or managed services or put a part-time treasurer on one's payroll who will manage all the treasury with a high-end tool at very low cost. It is virtuous because you secure your activities, help your bankers who have reduced costs by automation and connectivity (direct and not electronic banking life or token) and finally because you make significant savings in financial costs.

TECHNICAL AND HUMAN SOLUTIONS

Today there are platforms to manage treasury and companies providing the experts by hiring their services or offering to put them on payroll for substance and control. Given these solutions, to do nothing would be culpable. Homeworking has crystallized the risks and demonstrated the need to professionalize the function. These platforms also make it possible to mix services according to needs and to be as efficient as a multinational company without the costs. In a future article we will tell you more about how to modernize your cash management and achieve significant recurring savings, while better securing your processes.

DAVID SEBAN-JEANTET

SOCIETE GENERALE PRIVATE WEALTH MANAGEMENT

MACRO-ECONOMIC
TRENDS FOR 2022

FACED WITH THE PROSPECT OF STRONG GROWTH IN EUROPEAN AND AMERICAN MARKETS, ASIAN MARKETS ARE SUFFERING FROM A STRONG DESYNCHRONIZATION. IN THIS CONTEXT, DAVID SEBAN-JEANTET, CHIEF INVESTMENT OFFICER AT SOCIETE GENERALE PRIVATE WEALTH MANAGEMENT, FOCUSES ON DIVERSIFICATION OF INVESTMENT PORTFOLIOS.

What major economic trends are impacting the market today?

Two trends stand out for 2022: A fairly robust growth outlook in Europe and a desynchronization of the US and European markets with Asia. After a very good year in 2021, the developed countries should still post high growth rates of around 4% in Europe and the United States. On the other hand, Asia, which had held up very well in 2020, is facing a relatively disappointing year in 2021. China, in particular, is starting 2022 with a very low growth rate compared to recent years, mainly due to a real estate crisis, even though this sector represents 25% of its GDP. The second trend at the beginning of the year is the desynchronization of political and economic responses in Europe, the United States and China. Thus, the emerging countries raised their rates a lot last year and should not see any major increases in 2022. A fairly marked fiscal tightening will impact the Unit-

**“FACED WITH THE ROBUSTNESS OF THE ENVIRONMENT, THE FED GAVE IN TO A TEMPTATION FOR MORE SEVERE MONETARY TIGHTENING.”**

DAVID SEBAN-JEANTET, CHIEF INVESTMENT OFFICER,
SOCIETE GENERALE PRIVATE WEALTH MANAGEMENT

ed States this year. This phenomenon is not, or only to a limited extent, found in the euro zone, particularly because during the Covid crisis, the use of part-time work within companies was favored, whereas in the United States, layoffs followed by tax transfers were favored. Given the robustness of the environment, the Fed gave in to the temptation of more severe monetary tightening. Moreover, credit to households and businesses is on the way to picking up, but the level of private-sector debt is quite low, so the risk is very low.

How is the market reacting to these changes?

For several years we have noticed the absence of payments on bond assets. In the U.S.A., this phenomenon has led some investors to venture into new markets, including the equity market and other asset classes such as private equity and infrastructure funds. Additionally, the fact that the Fed is expected to be tougher this year means that investors will face more volatility.

They will therefore have to be more agile in terms of asset allocation and build in sufficient margins of safety. In this context, it seems important to ensure that investments are diversified. The challenge is to have an investment portfolio that is diversified by asset class, sector and region to avoid too high a concentration on a few stocks that are otherwise widely held.

What asset allocation recommendations will you offer your clients in 2022?

On currencies, we believe that the dollar will strengthen over the first part of the year. We are also seeing some yield opportunities in emerging market bonds and in Asia in particular, such as China. In the Chinese bond markets, we need to distinguish between government bonds, which yield around 3%, and the corporate credit segment, which has very high yields. There is certainly a real estate sector effect with companies on the verge of bankruptcy, but the entire market offers a significant risk premium and yields are close to 10%. The Chinese market situation could push the government to adopt a much more favorable fiscal and monetary policy in 2022. We have a fairly positive outlook on the equity market and expect a rebalancing of areas that have fallen behind. At the same time, we are maintaining margins of safety through safe-haven assets such as gold and alternative investment strategies.

HELIE DE CORNOIS

STONEHAGE FLEMING CORPORATE SERVICES LUXEMBOURG

STRONG VALUES AND GOVERNANCE ARE CRUCIAL FOR FAMILIES NAVIGATING A POST-PANDEMIC WORLD

THE COVID PANDEMIC HAS HIGHLIGHTED A NUMBER OF ISSUES AROUND FAMILY COHESION, PROMPTING MANY TO QUESTION THEIR PURPOSE AND VALUES. AS A RESULT, IT IS MORE IMPORTANT THAN EVER FOR FAMILY OFFICES TO IDENTIFY THE UNDERLYING TRENDS AND CHALLENGES THAT FAMILIES FACE. EXPLANATION WITH HELIE DE CORNOIS, HEAD OF FAMILY OFFICE LUXEMBOURG, AT STONEHAGE FLEMING CORPORATE SERVICES LUXEMBOURG.

MOBILITY OF PEOPLE AND ASSETS

The growing mobility of people and assets is an important factor. Until relatively recently, wealthy families would typically move between countries which were geographically and culturally close to each other. Today, however, families are much more likely to have an international outlook, with various members living, working or studying in several locations around the world including the US, Australia, Asia and the Middle East.

Each country is subject to different legal regimes. In those subject to Roman law, ownership is split between usufruct (the right to use and receive income from a property) and bare ownership (the right to sell it or to modify its nature). Anglo-Saxon countries use trusts through which a person transfers assets and grants control to a third

party for the benefit of the beneficiary. Combining the two concepts often represents a challenge for estate planners whose clients' affairs straddle both worlds. Specialist knowledge is required to identify the issues and come up with an integrated planning solution that works for all.

FAMILY BUSINESSES

In structuring family governance, advisers must focus on the identification of the different functions. Generally speaking, a company founder is the owner, the manager and the keeper of the family's long-term vision. The more generations involved, the less well the relatives tend to know each other and the more likely they are to come from different backgrounds. Establishing a long-term family vision around common objectives is essential, therefore. Creating those objectives can be done through

various means including regular family council meetings, running next generation education programmes or creating whole-family philanthropic projects. Shareholding structuring is another important thing to get right for family businesses. One of the main sources of conflict is the insufficient circulation of infor-

mation. Good communication, therefore, is key. Family charters or agreements can help to avoid many of the pitfalls in this regard. Lastly, the careful planning and management of company operations – including appointments, reappointments and remuneration policies – is crucial. Identifying the challenges of each dimension

“THE EXPERIENCE ACQUIRED BY A MULTI FAMILY OFFICE WITH LONG EXPERIENCE OF DEALING WITH MULTIPLE GENERATIONS CAN BE OF GREAT BENEFIT TO OTHERS.”

HELIE DE CORNOIS,
HEAD OF FAMILY OFFICE LUXEMBOURG



is the first step in moving towards an overall solution.

IDENTIFYING CHALLENGES

In order to support families properly, family offices require a thorough understanding of what a family stands for and what they want to achieve over a specific time horizon. As the proverb says, “le temps ne respecte pas ce qui se fait sans lui”.

The challenges facing 6th or 7th generation families like the Fleming family vary a good deal. Other families may be in the 13th generation. The experience acquired by a Multi Family Office with long experience of dealing with multiple generations can be of great benefit to others. While always allowing a family to follow their own path, it allows them to share in the practical wisdom of years of experience – both the challenges and the many successes.

JOHAN LINDBERG
RBC INVESTOR & TREASURY SERVICES

HELPING FAMILY OFFICES BECOME CUSTODIAN AGNOSTIC

"RBC CAN HELP FAMILY OFFICES TO MANAGE MULTIPLE CUSTODIAN RELATIONSHIPS THROUGH ONE SINGLE ACCESS WITH OUR MIDDLE OFFICE", SAYS JOHAN LINDBERG, MANAGING DIRECTOR FOR GLOBAL CLIENT COVERAGE AT RBC INVESTOR & TREASURY SERVICES IN LUXEMBOURG. INTERVIEW.



What are the evolutions regarding middle office outsourcing?

First of all, I would like to connect today's interview with our last conversation where we discussed how Family Offices were becoming more institutional in their behavior. We estimate that Middle Office outsourcing will double over the next five years. The reason for that and the link to the institutionalization of Family Offices are decoupling from the "one provider" approach. Family Offices want to be self-sufficient, control their destiny and focus on their core competencies of investment and stock picking. We developed our Middle Office offering so that they can do exactly that.

How do you help Family Offices become custodian agnostic?

In essence, Family Offices and Asset Managers can become custodian agnostic in a few steps. They deal with many accounts with several custodians, so they need to have one model for transactions, one for corporate actions and one for reporting. Imagine that you have two mandates with a custodian, another one with another custodian and therefore you have to instruct them 1:1 for each of the three models through different methods with different deadlines. With the outsourced Middle Office, you have a link between the front office and your entire range of custodians with a single point of entry for all these relationships. Technology plays a big role in this centralized approach as we help Wealth Managers to connect through APIs while providing scale through cloud-based technology. In theory, you could do this on your own, but it is expensive, difficult and you are left

with with associated risks. By choosing an outsourced Middle Office model, you will instead offset those risks, secure regulatory compliance, access new technology and improve efficiency.

How is RBC Investor & Treasury Services adapting to this context?

We have been investing in a new platform for several years. We now see our clients move towards intraday updates. As a minimum, Port-



“WE ESTIMATE THAT MIDDLE OFFICE OUTSOURCING WILL DOUBLE WITHIN THE NEXT FIVE YEARS AND WE HAVE SEEN THIS ACCELERATION ON THE BACK OF THE PANDEMIC AS CLIENTS FOCUS MORE ON THEIR OPERATING MODELS TO BE MORE RESILIENT AND SUPPORT GROWTH.”

JOHAN LINDBERG, MANAGING DIRECTOR
FOR GLOBAL CLIENT COVERAGE
AT RBC INVESTOR & TREASURY SERVICES
IN LUXEMBOURG

folio Managers need an end of day view of all transactions and corporate events across multiple market counterparties. The outsourced Middle Office service includes an IBOR (Investment Book of Records) that consists of all this – end of day as well as intraday! Our offering allows our clients to focus on their core business while enjoying a state-of-the-art client experience. The end game is to empower Multi Family Offices with relevant reporting for their under-

lying clients A digital experience through an online portal for corporate action notification and election (centralized for all client custodians), and oversight dashboards offers clients near real-time oversight and exception monitoring. This allows Family Offices to be more efficient and focus on other valuable parts of the business instead of identifying errors. The new technology ultimately reduces capital costs and risk for our clients in order to enable growth.



JÉRÔME BLOCH
360CROSSMEDIA

THE KEYS TO VIRALITY

THE IMMEDIACY OF SOCIAL NETWORKS AND THE CONSTANT FLOW OF PUBLISHED INFORMATION INDUCE GREAT EPHEMERALITY OF CONTENT. JÉRÔME BLOCH, CEO OF 360CROSSMEDIA, SHARES THREE KEYS TO GIVING YOUR PUBLICATIONS MAXIMUM IMPACT. INTERVIEW.

What are the keys to virality on LinkedIn?

When we take stock of social networks around the world, many bloggers achieve millions of views and thousands of likes. Alongside this phenomenon, Luxembourg seems to find itself in another dimension. Indeed, opinion leaders like Xavier Bettel reach an average of 500 likes and many peak at 50. LinkedIn remains an extraordinary tool for developing a business or its network, but you still have to use the right techniques. In my opinion, three of them stand out for their almost infallible impact: To inspire, share and win. And by choosing the ideal context, you increase performance even further.

Can you give us examples?

Inspiration is mostly about talking about things that affect us and evoke quite strong emotions. I am thinking, for example, of themes on a personal experience, human transformation or even on achieving ambitious challenges. In the field of sharing, “thought leadership” can be developed by making complex subjects accessible through a good article, a video, or even the publication of a book or a white paper. And obviously winning a gift, a publication, or an invitation to an event remains an old spring that still works very well.

“LINKEDIN REMAINS AN EXTRAORDINARY TOOL FOR DEVELOPING A BUSINESS OR ITS NETWORK, BUT YOU STILL HAVE TO USE THE RIGHT TECHNIQUES.”

JÉRÔME BLOCH,
CEO OF 360CROSSMEDIA

What was your record last year?

There were two. The first was with François Masquelier, president of ATEL, whose post has exceeded 37,000 views. This performance was the result of a multi-year strategy combining the increase in the number of connections on LinkedIn from 5,000 to 16,000, a regular publication strategy and involvement in the posts of several influential players in the treasury industry. The second-best score was achieved during our last publication of the year in which I contributed 20 copies of my latest book “No Bullshit” to be won. The gift rule once again applied. In addition, by winning my work, I could inspire, share and offer a prize in the ideal context of the Christmas holidays.

4 good reasons to join LAFO

1. **To dive into the Family Office and Private Wealth ecosystem** and develop your business relations with professionals in Luxembourg and abroad;
2. **To make your expertise visible** to a qualified audience through opportunities for written contributions and interventions at LAFO events
3. **To have access to technical and strategic input** provided by working groups;
4. **To be represented by a single association** that puts forward industry concerns and solutions to government bodies to develop a legal and professional framework for the profession in the Grand-Duchy.

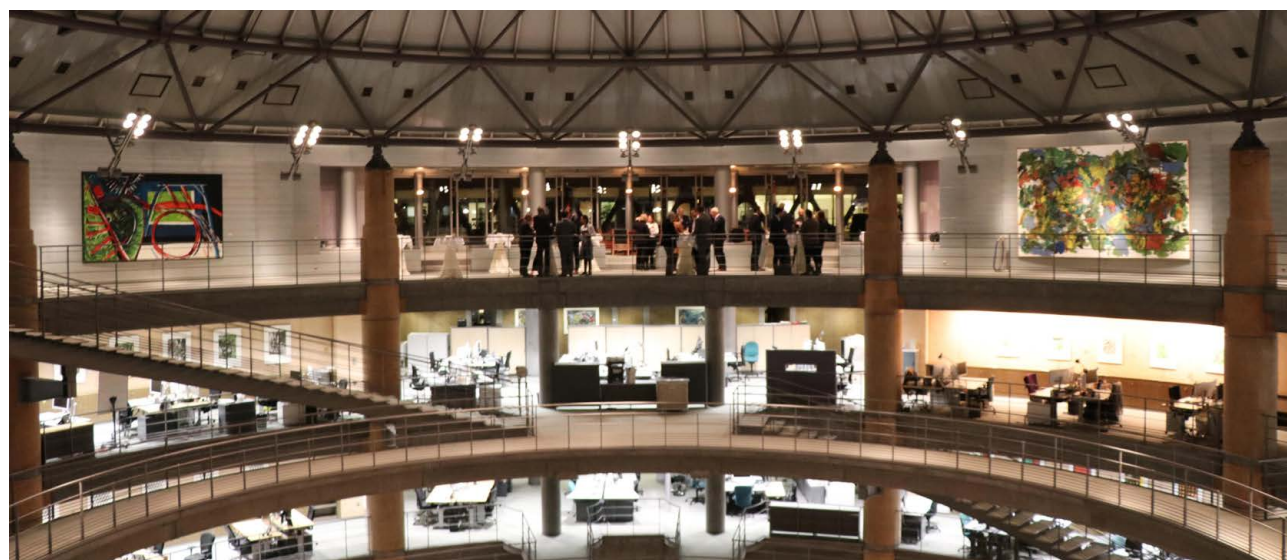
Let's get in touch!

You would like to:

- ▶ become a member or partner?
- ▶ contribute to editorial contents?
- ▶ be a speaker or propose a speaker?
- ▶ sponsor an event?
- ▶ host an event?

Please contact us:

info@lafo.lu



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EVENT PROGRAM

LAFO'S EVENT PROGRAM IS INTENDED TO FULFILL 2 MISSIONS, COMPLEMENTING ITS LOBBYING AND REPRESENTATION ACTIVITIES IN LUXEMBOURG AND ABROAD.

EVENTS 2022 1st Semester

Wednesday 23 March 2022
Round table: "Old Money vs New Money: towards a change of paradigm?"

Tuesday 29 March 2022
Breakfast: "Estate planning strategy for Family Office"

Thursday 21 April 2022
Breakfast: "Law firm: The global trusted advisors for wealthy families?"

Wednesday 12 May 2022
Private Wealth Seated Dinner: "Art Banking"

Saturday 21 May 2022
Weekend @ Spa Francorchamps: "Spa-Classic"
Event subject to a fee

Wednesday 15 June 2022
LAFO Summer Cocktail

17-18 June 2022
Weekend @ Art Basel (Basel)
Event subject to a fee

Q2 2022
(co-branded LAFO / LPEA event)
Conference: "Private Assets & Real Estate: New key investments for Family Offices?"

INFORMATION, INSPIRATION, EDUCATION

- ▶ Inform and inspire members on business trends, challenges and opportunities
- ▶ Share knowledge and good practices to help members develop their expertise to stay at the forefront of their profession.

BUSINESS RELATIONS, NETWORKING

- ▶ Bring together members and partners – in original or exclusive locations – to meet peers and develop their business network.

©DR

ANGE BARDE

RACE AGAINST THE CLOCK

AFTER A CAREER AS A RACING DRIVER, ANGE BARDE CONQUERED THE WORLD OF FINE WATCHMAKING. NOW HE IS ORGANIZING AN EVENT WITH LAFO MEMBERS TO INTRODUCE THEM TO RACING CARS AT THE FAMOUS CIRCUIT OF SPA. INTERVIEW.



“MY WATCH BRAND IS NATURALLY INSPIRED BY THE WORLD OF THE MOST BEAUTIFUL AND LEGENDARY RACING CARS.”

ANGE BARDE

Can you describe your trajectory in a few words?

I started my racing career in 1991. Following a serious accident that seriously damaged my leg in 1992 that necessitated ten years of rehabilitation before I could resume competition. This milestone event changed my outlook on life and made me realize the importance of enjoying every moment to the full. My greatest victories materialized with my title of World Champion GT3 in Dubai in 2005 and my four titles of World Champion in the Ferrari Challenges between 2001 and 2006.

How did you go from an ace driver to the world of watchmaking?

During my racing career, I have often been a brand ambassador in the field of luxury watchmaking. This is how in 2010, the idea came to me to create a bridge between the world of motor racing and that of fine watchmaking. My watch brand is naturally inspired by the world of the most beautiful and legendary racing car. Each of my collections - produced in small se-

ries - reflects the heritage of motor racing and the Swiss watchmaking tradition, nobly fashioned in titanium, gold or carbon. The design recalls the world of car racing with a brake disc scrolling in its caliper to tick off the seconds, a rotor in the shape of a sports car rim, chronograph pushers reminiscent of the pedals of racing cars from the 1950s or even the crown-shaped gas cap of Supercars.

Can you tell us about the event you plan to organize with LAFO?

In 2022 we plan to invite a small group of LAFO members to an introductory day driving racing cars on the circuit in Spa. My role, as a professional driver, will be to coach a team of instructors who will teach participants to drive the cars while respecting all the safety rules. At the end of this baptism, the LAFO members have access to their day's performance thanks to telemetry data collected by a team of engineers. The organization of the event will depend on the appetite of the members but promises to be a unique experience to discover this universe.



PATRICK PETER
PETER AUTO

SHARE THE PASSION

PETER AUTO HAS ORGANIZED ABOUT TEN EVENTS ANNUALLY INVOLVING OLD CARS FOR NEARLY 40 YEARS, INCLUDING THE FAMOUS “SPA CLASSIC,” A PASSION THAT BRINGS TOGETHER WEALTHY PROFILES AND PROMOTES NETWORKING. INTERVIEW.

Can you introduce Peter Auto in a few words?

My wife and I created Peter Auto in 1978. We were originally a press relations and advertising agency dealing with subjects such as fashion, sports and jewelry. From 1982 we gradually evolved towards the organization of events around old cars, an activity which now represents 90% of our business. Today we employ 40 people and organize about ten events annually across France, Belgium, Italy, Spain, Portugal and Hungary. From a small company, we have become the leading event organizing company of this type in Continental Europe.

What is special about the “Spa Classic?”

We have been organizing this event during the second half of May for

ten years. The event, which takes place over three full days and two nights, is very popular with pilots. We welcome around 400 racing cars, spread over nine grids and bring together between 1,500 and 2,000 brand club cars. This circuit attracts spectators and clubs from all over Europe, due to its central geographical proximity close to France, Germany and Holland. The drivers appreciate the design of the circuit and its reliefs, in particular the Raidillon bend that is the highlight of the circuit.

What is the link between car racing and the business world?

Firstly, motor racing is an expensive sport. In addition, the price of old cars has increased significantly over the past thirty years; with prices today between

€100,000 and €10 million. It is therefore obvious that this activity is aimed at a wealthy clientele, including many business leaders. Our partners, including luxury brands, international companies and even high-end car manufacturers, target the same clientele. Finally, unlike modern car racing, historic competitions bring together true enthusiasts, who like to share their love for old cars and motorsport. Our events are therefore also an important place for networking.

“THE PRICE OF AN OLD CAR TODAY IS BETWEEN €100,000 AND €10 MILLION.”

ART BASEL

EMBRACING DIGITAL AS PHYSICAL SHOWS REBOUND

IN THE PAST 50 YEARS, ART BASEL HAS GROWN FROM AN ART TRADE FAIR IN SWITZERLAND INTO AN INTERNATIONAL ORGANISATION ALSO MANAGING HIGH-PROFILE EVENTS IN MIAMI, HONG KONG AND NOW PARIS. ITS GLOBAL GROWTH CONTINUES – BOOSTED BY IMAGINATIVE USE OF DIGITAL PLATFORMS.

ART BASEL'S RISE AND RISE

In 1970, first event of gallery owners Ernst Beyeler, Trudl Bruckner and Balz Hilt was an instant success, attracting more than 16,000 visitors and involving 90 galleries and 30 art publishers from 10 countries. Over the coming years Art Basel continued to grow in reach, popularity and scope, branching out into photography in the 1980s and art films in the following decade. In 2002 Art Basel launched its first show abroad, in Miami Beach, followed by Hong Kong in 2013. The newest addition to the international roster will be an art fair in October 2022 in Paris's Grand Palais, cementing the prominence of the Art Basel brand as an international showcase for a sector that is increasingly playing an important role in the global investment industry.

WHAT'S NEW IN 2022

The centrepiece of the Art Basel universe remains its home event, which brings together more than 200 galleries and 4,000 artists from every corner of the world, and today attracts close to 100,000 visitors a year. Encompassing a range of different types of exhibit, including the Unlimited section for monumental projects and the film event, the 2022 show begins on June 13 with VIP and invitation-only private showings, followed by three public days from June 17 to 19. As in other sectors, the pandemic has prompted innovation and deeper exploration of digital options. Launched last May, Art Basel Live includes Online Viewing Rooms that enable galleries to connect with collectors and enthusiasts, together with professional insights and online forums and leading members of the international art community.



ART AS AN INVESTMENT TREND

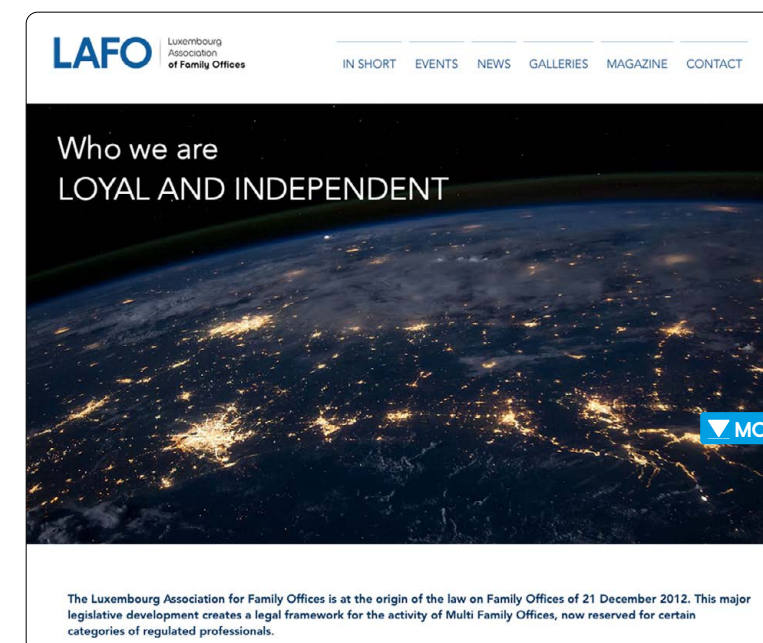
Art Basel has joined forces with UBS to commission a series of reports by Arts Economics founder Dr Clare McAndrew, analysing global trends across the sector including galleries, auction houses, the intersection of global wealth and art collecting, art fairs, online sales and the market's overall economic impact. The art market fell by an estimated 22% in 2020, from \$64.4bn to \$50.1bn, in a year characterised, as in other sectors, by a shift to digital interaction; online sales doubled from \$6bn in 2019 to \$12.4bn and its share of the overall market rose from 9% to a quarter, McAndrew reports. The acceleration of global wealth over the past two years is expected to provide a major boost to the art sector, with high net worth individuals saying the pandemic has prompted them to increase spending on art. The return of Art Basel to the forefront with physical shows as well as online is likely to strengthen that trend.

R.M.

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