



Family  
Office  
Exchange

# Integrated Wealth Advisor Council™

---

March 20 – 21, 2024  
Coral Gables, FL



Proprietary and Confidential

# FINAL AGENDA

## Hotel Colonnade

180 Aragon Ave., Coral Gables, FL

## Meeting Room: Segovia I

All times listed are Eastern Daylight Time

### Wednesday, March 20, 2024

**3:00 p.m.**

#### **Welcome**

*David Toth, President of Membership and Gaby Griffin, Managing Director, Council Membership, FOX*

- Guest and new council members introduction

**3:30 p.m.**

#### **Family Office Service Fees and Pricing: Getting Compensated for Value**

*Paul Ferguson, Managing Director, Relationship Management, Schwab Advisor Family Office*

In this session we will discuss best practices for services provided to UHNW clients other than investment advisory. MFOs struggle with fees and how to get compensated for the value they provide. Learn how the leading firms in the country are revising their fee and pricing methodology and actually raising fees.

**4:35 p.m.**

#### **Day 1 Wrap-Up**

*Facilitated by: David & Gaby*

- Dinner and Day 2 Meeting Reminders

**4:45 p.m.**

#### **Day 1 Meeting Adjourned**

**5:50 p.m.**

#### **Cocktail Reception – 1 hour Reception at the Aragon Café**

- Located near the hotel's main Aragon Ave. entrance
- Following the reception, attendees will walk to dinner

**7:00 p.m.**

#### **Fleming's Prime Steakhouse and Wine Bar**

- 2525 Ponce de Leon Suite 100 / 4-minute walk (see map on last page of agenda)
- Casual business attire suggested

**Thursday, March 21, 2024****8:15 a.m.****Breakfast**

- In Segovia II (b). At dining tables behind meeting table
- Breakfast buffet set in foyer

**9:00 a.m.****Welcome Back***David and Gaby, FOX***9:15 am.****Navigating the Hardest Personal Insurance Market in a Generation***Kelley Beach, Managing Director, Marsh McLennan Agency Private Client Services*

Weather trends and other factors have contributed to a significant shift in the personal insurance marketplace. How are family offices responding to these changes?

This conversation with Kelley will include highlights from Marsh McLennan Agency's 2024 Family Office Benchmarking Study.

**10:15 a.m.****Break**

- Various treats set on foyer tables

**10:45 am****FOX Trends & Updates***David and Gaby, FOX*

- State of the Ultra High Net Worth Family
- FOX Membership Update and the Year Ahead

**12:00 p.m.****Lunch**

- Lunch buffet set in foyer

**1:00 p.m.****A Holistic Approach to Family Enterprise Dynamics and Integral Wealth Management***Oscar Paez, Consultant, The Family Business Consulting Group*

In this enlightening session, we delve into the intricate world of family businesses, emphasizing the critical importance of a holistic approach to wealth management. Beyond the balance sheets and financial forecasts, we uncover the myriad forms of capital underpinning family enterprises' enduring success and legacy. From the tangible assets of the operating business to the intangible yet invaluable emotional dimensions, our discussion spans the entire spectrum of wealth.

**Thursday, March 21, 2024 (continued)**

**2:00 p.m. Investment Insights**

*Kathy Rossi, Partner, Client Group & David Tatkow, Partner, Portfolio Advisory Team, Albourne Partners*

Family offices are actively increasing their allocations to alternative investments. How do family offices stay on top of endless and forever changing private market and hedge fund opportunities and how do they manage these portfolios on an ongoing basis?

Kathy and David will provide a market update, discuss recent observations and trends within the alternatives space and discuss how family offices are utilizing Albourne resources to support their internal investment process.

**3:00 p.m. Break**

- *Various treats set on foyer tables*

**3:15 p.m. Peer Dialogue**

*Facilitated by David & Gaby*

Session Description.

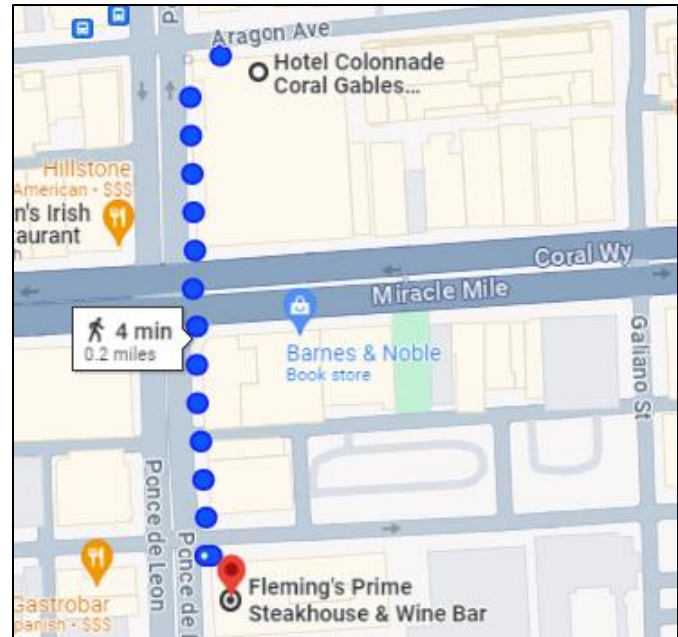
**4:15 p.m. Wrap-Up & Preparations for Future Meetings**

- Additional questions for the group to address
- Planning for the next meeting(s)

**4:30 p.m. Day 2 Meeting Adjourned**

### Council Dinner – Fleming’s Steakhouse & Wine Bar

- Exit hotel’s main entrance on Aragon Ave. Walk ¼ block down and turn left on Ponce de Leon
- On Ponce de Leon, keep to the left side of the street and cross Coral Way, “The Miracle Mile.”
- Walk two blocks and cross Andalusia Ave.
- Fleming’s Prime Steakhouse and Wine Bar entrance is on the corner of Ponce de Leon and Andalusia Ave.



### Meeting Location

Hotel Colonnade – West Court / 2nd Floor (same as front desk)



## **Integrated Wealth Advisor Council Live Participants**

**John Stewart**

Partner & Co-Lead  
of Family Office Industry  
Armanino  
El Segundo, CA

**Chris Mays**

Partner & Co-Lead  
of Family Office Industry  
Armanino  
El Segundo, CA

**Nickie Dupuis**

PCS-FOS Senior Manager  
BDO  
Houston, TX

**Kris Marney**

Advisory Director  
BPM LLP  
San Francisco, CA

**Stuart Morris**

Office Managing Partner  
Cozen O'Connor  
Boca Raton, FL

**Helene Jaron**

Co-Chair, Private Client Services  
Cozen O'Connor  
Philadelphia, PA

**Lori Carver**

Senior Vice President/Manager  
First Horizon Family Office Services  
Nashville, TN

**Shari Hoffman**

Managing Director  
FORVIS Private Client  
Springfield, MO

**Kelley Beach**

Managing Director, West Zone  
Marsh McLennan Agency  
Private Client Services  
Boston, MA

**Paul Ferguson**

Managing Director,  
Relationship Management  
Schwab Advisor Family Office  
Lone Tree, CO

**Jill Matesic**

Family Office Strategist  
Schwab Advisor Family Office  
Chicago, IL

**Carlos Feliciani**

CEO  
Strenta Inc.  
Weston, FL

**Endrit Lloshi**

US Financial Advisor  
Wealthy & Wise Family Office  
Baltimore, MD

**Sophia Loh**

Partner  
Frank, Rimerman + Co. LLP  
Palo Alto, CA

## Integrated Wealth Advisor Council Participants Unable to Attend / Virtual Attendees

**Tim Roth**  
Armanino  
El Segundo, CA

**Jaleigh White**  
Director of  
High Net Worth Solutions  
Baird  
Sarasota, FL

**Kristen Bradley**  
VP, Family Office Consultant  
BOK Financial  
Denver, CO

**Jon Gross**  
Senior Vice President & Division Head,  
Wealth Management  
Concerto Family Office  
Lincoln, NE

**Jesica Speer**  
Federal Tax - Principal  
Grant Thornton LLP  
Chicago, IL

**Marley McBurney**  
VP, Relationship Manager – Family Office  
Legacy Trust Company  
Houston, TX

**Mark Miller**  
President  
Miller Equity Capital Advisors  
Irving, TX

**Jeff Brogley**  
Principal / Regional Director - Advisory &  
Tax Services -Southeast Michigan Region  
Rehmann  
Troy, MI

**Darin Schindler**  
Shareholder  
Schneider Downs & Co., Inc.  
Pittsburgh, PA

**Bryan Raithe**  
Program Manager Family Office,  
Wealth Management  
The Vanguard Group  
Malvern, PA

**Ann McCauley**  
President | Chief Executive Officer  
Trust Company Family Offices  
Holland, OH

**Stefan Viljoen**  
Head: Family Office  
Wealth and Investment, a division of The  
Standard Bank of South Africa Limited  
Claremont, South Africa

**Matt Keyser**  
Sr. Director Operations  
Addicus  
Oxford, MS

## **Session Speakers (listed in session/speaking order)**

### **Paul Ferguson**

Managing Director, Relationship Management,  
Schwab Advisor Family Office

### **Kelley Beach**

Managing Director, West Zone  
Marsh McLennan Agency Private Client Services

### **David Toth**

President of Membership

### **Gaby Griffin**

Managing Director, Council Membership

### **Oscar Paez**

Consultant  
The Family Business Consulting Group

### **Kathy Rossi**

Partner, Client Group, Albourne Partners  
Albourne America LLC

### **David Tatkow**

Partner, Portfolio Advisory Team, Albourne Partners  
Albourne America LLC

## **FOX Council Team**

### **David Toth**

President of Membership

### **Gaby Griffin**

Managing Director, Council Membership

### **Ken O'Young**

Senior Manager, Council Administration

### **Laura Petruniak**

Membership and Sales Coordinator



## **Integrated Wealth Advisor Council Chairs**

### ***David Toth, President of Membership, Family Office Exchange***



David Toth is the President of Membership at Family Office Exchange (FOX) and is market leader for FOX's Wealth Advisor members. In his role, he serves as Co-Chair for Multi-Family Office and Integrated Wealth Advisor Councils. He also Co-Chairs the Strategic Chief Investment Officer Council, a peer group for family office CIOs.

David serves as relationship manager for select wealth advisors and families providing strategic guidance, access to essential research and offers key insights on issues of importance to them. He has authored, presented, and consulted on topics ranging from client experience and pricing strategies to talent management.

He is as a member of the FOX leadership team, helping to develop and execute strategies designed to better meet member's evolving needs. David also participates in the development of new research and thought leadership for FOX members.

David brings over thirty years of wealth and investment management, marketing, and strategic consulting experience to FOX and its members. He held key leadership positions in the Asset Management Division at PNC Financial formulating and implementing growth strategies that helped to more than double the size of their wealth and ultra-high net worth businesses.

David earned a B.B.A. majoring in Marketing and an M.B.A. majoring in Finance & Economics from University of Michigan and the University of Detroit/Mercy, respectively. In addition, David has completed Leadership and Executive Development programs at the University of Pennsylvania's Wharton School.

***Gaby Griffin, Managing Director, Council Membership***

Gaby Griffin is the Managing Director of Council Membership at Family Office Exchange (FOX). In her role, Gaby leads the overall Family Office Council experience and manages multiple councils. She provides members the opportunities to learn from and share ideas with highly accomplished and hard-to-find peers in a confidential environment. No matter what hat she's wearing, her goal is simple – to create value for families by providing objective guidance and timely relevant information to help make informed decisions. Gaby takes a very personalized approach to her relationship management practice and has built client and advisory relationships that span over two decades. She also serves as a member of the FOX leadership team.

Gaby brings 25 years of wealth management, corporate banking, investment, and strategic advisory experience to FOX and its members. She joined FOX from Capital Group Private Client Services. Prior to that, she held leadership positions at LaSalle Bank NA advising business owners, their families and family offices, as well as working directly with ultra-high net worth clients as a relationship manager for Abbot Downing. Gaby has been involved with the FOX community for over 20 years.

Gaby earned a B.A. in Political Science from the University of Wisconsin at Madison. She obtained a Certified Private Wealth Advisor (CPWA®) designation at the University of Chicago Booth School of Business in 2013. Gaby is a member of the Chicago Estate Planning Council (CEPC). She has served on the Board of Trustees and Executive Board for Victory Gardens Theater from 2012-2020. Additionally, she has held several other positions in the non-profit sector and other professional organizations over her career.

# Family Office Service Fees and Pricing: Getting Compensated for Value

## Session Description

In this session we will discuss best practices for services provided to UHNW clients other than investment advisory. MFOs struggle with fees and how to get compensated for the value they provide. Learn how the leading firms in the country are revising their fee and pricing methodology and actually raising fees.

## Speaker

***Paul Ferguson, Managing Director, Relationship Management,  
Schwab Advisor Family Office***



As the Managing Director of Relationship Management for Schwab Advisor Family Office, I lead a team of Relationship Managers who support single-family offices and multi-family office advisors.

Using the insights learned over 25 years working with families of significant wealth, I educate and raise awareness of the complex issues that families and advisors to those families face.

- Started career in financial services in 1995 and joined Charles Schwab® in 2019
- Expertise in Family Office, Estate Planning, Income Tax Planning, Philanthropic Planning, Life Insurance, Risk Management, Family Dynamics, and Alternative Investments
- Licenses: Colorado insurance (L, A&H, V)
- Certifications: Personal Financial Specialist designation (PFS); Certified Financial Planner (CFP®); Series 7, 24, 63; and Chartered Life Underwriter (CLU®)
- BS in Accounting, magna cum laude – University of Colorado, Boulder; JD—University of California, Davis

# Pricing Trends & Best Practices

Pricing hasn't changed much in 10-15 years	Current trend is starting towards Hybrid model
Benchmarking	Service Creep

1	Transparency
2	Give Options
3	A la Carte vs. Membership
4	Annual or Bi-Annual Review
5	Have a Process for Discounting
6	Tracking Costs of Service Delivery
7	Align Pricing w/ Value Proposition
8	Have a Written Pricing Plan

# Navigating the Hardest Personal Insurance Market in a Generation

## Session Description

Weather trends and other factors have contributed to a significant shift in the personal insurance marketplace. How are family offices responding to these changes?

This conversation with Kelley will include highlights from Marsh McLennan Agency's 2024 Family Office Benchmarking Study.

## Speaker

### ***Kelley Beach, Managing Director, Marsh McLennan Agency Private Client Services***



Kelley Beach, is responsible for leading all aspects of client advisory services for the East Zone of Marsh McLennan Agency Private Client Services (PCS). His team of specialized professionals work with high-net-worth individuals, families and family offices to minimize risk and optimize wealth preservation by employing a comprehensive personal risk management program. Kelley also leads the PCS Yacht Practice, an expert team exclusively dedicated to serving the insurance and risk management needs of our yacht owner clients.

Kelley joined Marsh in 2008 and has held leadership roles with increasing responsibility during his tenure with the organization. Prior to joining Marsh, Kelley served in a variety of regional and national leadership assignments over a 20-year period with specialty high net worth insurers including AIG Private Client Group, OneBeacon, and Fireman's Fund Insurance Company.

Kelley is a graduate of the Kelley School of Business at Indiana University where he received his bachelor's degree in business with a specialization in finance. He is actively involved in community service and is a member of several industry organizations including the Family Office Exchange and Private Risk Management Association. Kelley is an avid collector of sports memorabilia and vinyl LP records.



Marsh McLennan  
Agency

# Navigating the hardest personal insurance market in a generation

Family Office Benchmarking Study 2024

Private Client Services

Make Extraordinary Possible.<sup>SM</sup>

# What family offices have experienced

UHNW and Family Offices impacted at greater numbers than HNW and mass affluent

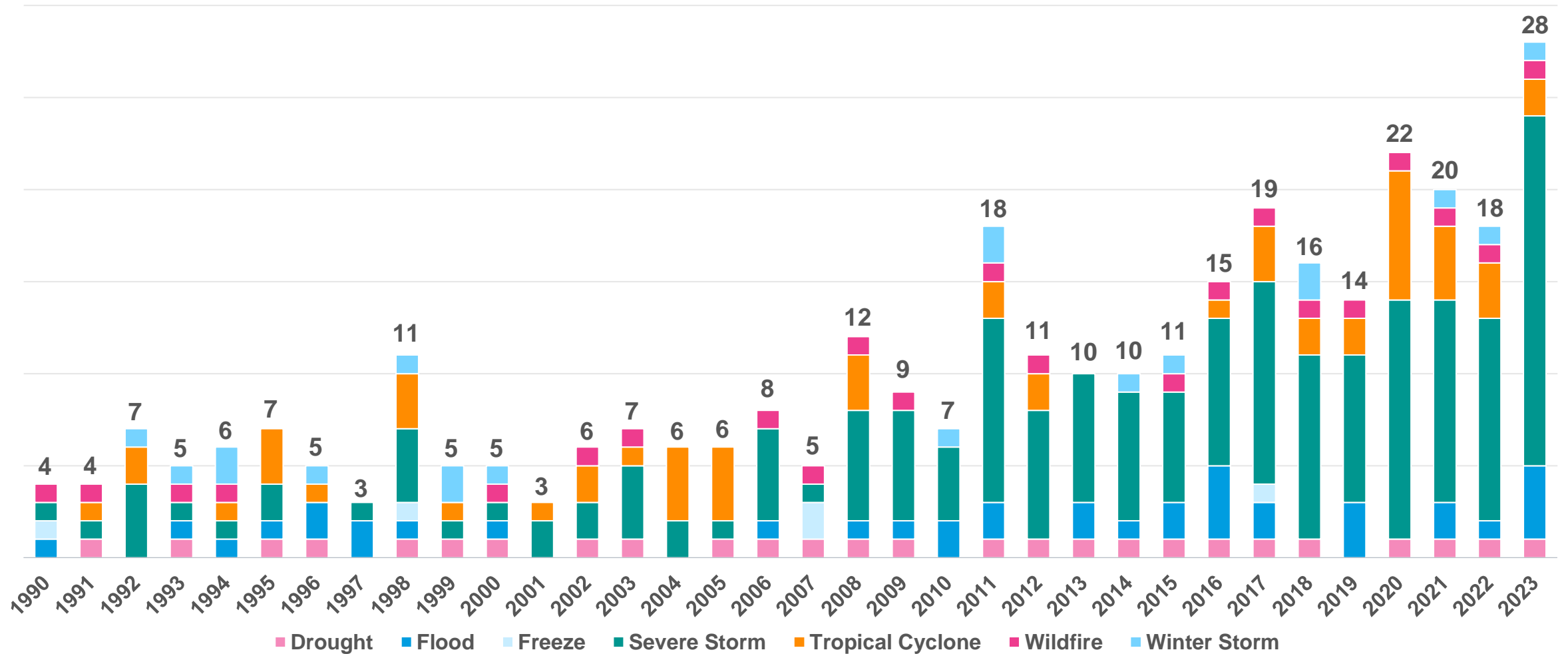
**71%** Increase in premium costs of 20%+

**31%** Insurance policy non-renewal



# What's driving the hard market

Annual Count of Billion-Dollar Disasters 1990-2023 – CPI Adjusted



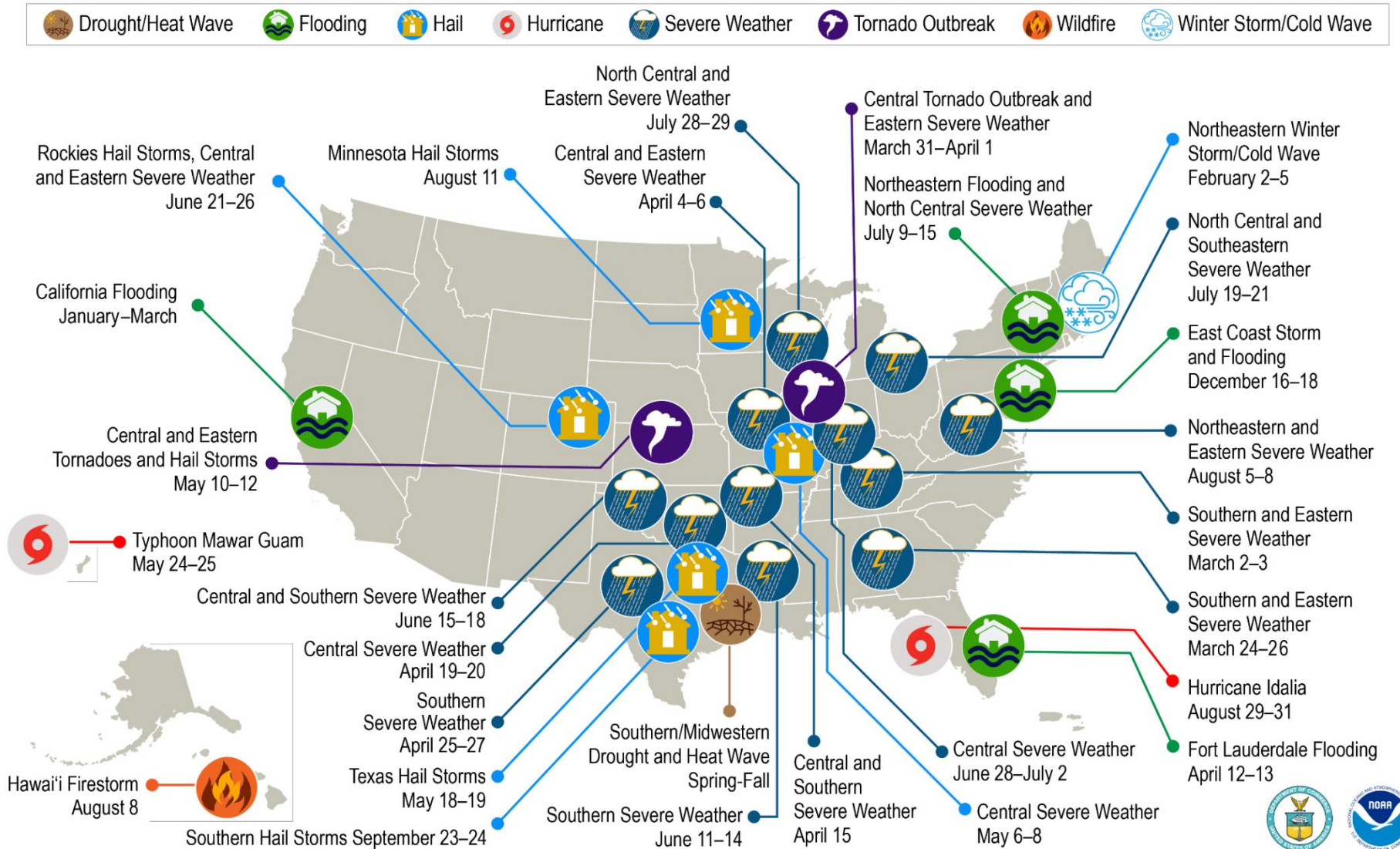
Source: <https://www.ncei.noaa.gov/access/billions/time-series>



**Weather disasters are not limited to coastal states**

**\$54B from convective storms alone**

## U.S. 2023 Billion-Dollar Weather and Climate Disasters

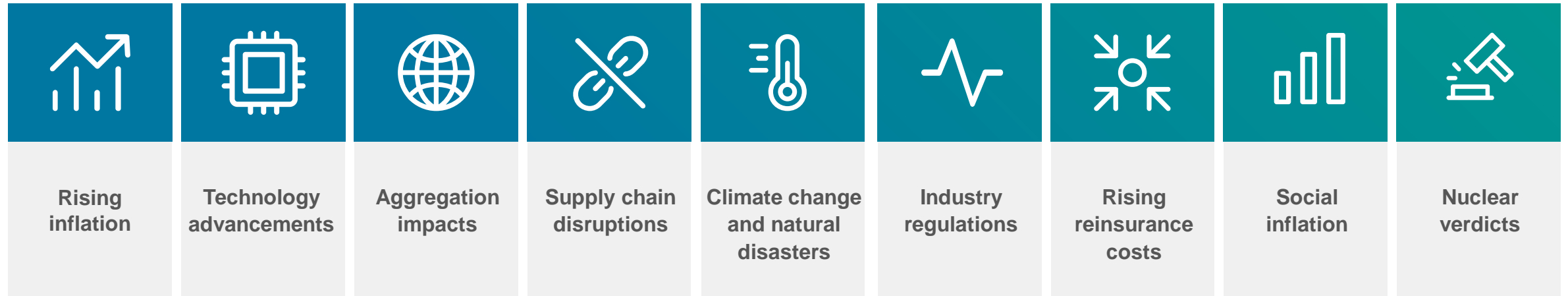


*This map denotes the approximate location for each of the 28 separate billion-dollar weather and climate disasters that impacted the United States in 2023.*

Source: National Centers for Environmental information – NOAA  
 Billion-Dollar Weather and Climate Disasters  
<https://www.ncei.noaa.gov/access/billions/>

# Hard market macro headwinds

Clients need education and guidance balancing the insurance equation



**2023 is the 13th year in a row the US suffered at least 10 catastrophes causing more than \$1 billion dollars each in losses<sup>1</sup>**

<sup>1</sup> NOAA National Centers for Environmental Information (NCEI) U.S. Billion-Dollar Weather and Climate Disasters (2023).

# How family offices are affected

Carriers taking steps to reduce their own losses



Stricter coverage guidelines



Higher premiums



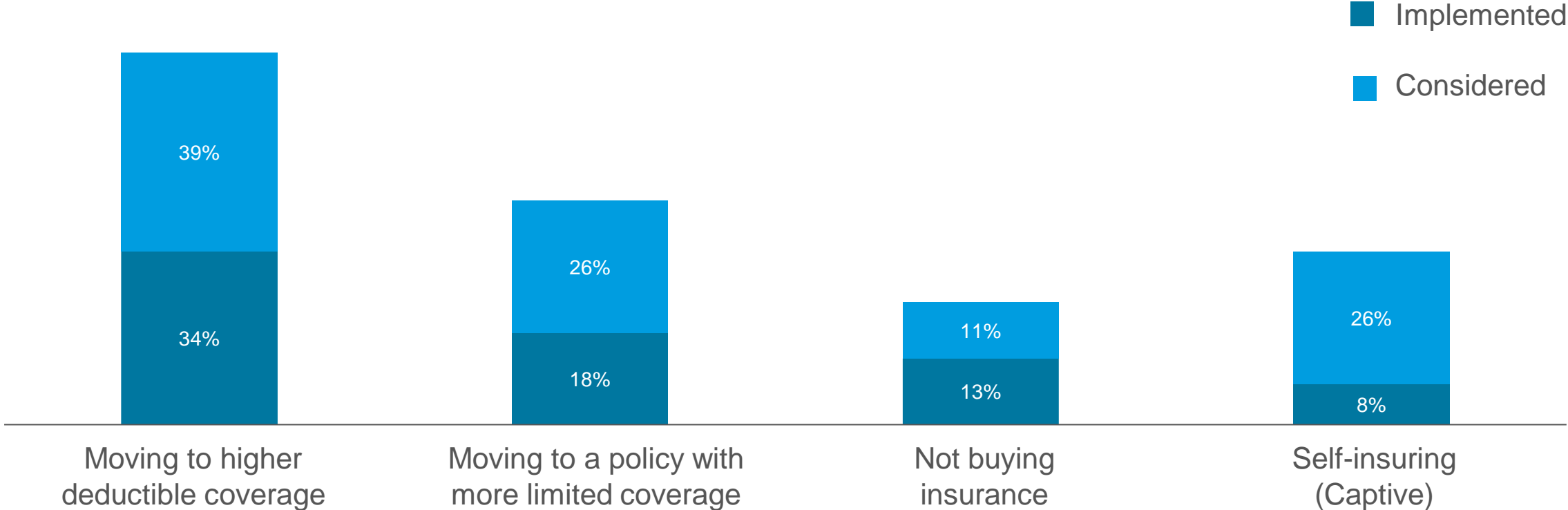
Less coverage availability

**Although California, Florida, and Colorado are the most challenging states, private clients across the country are affected.**

# How family offices are responding to market challenges

Prioritizing cost and taking on risks to reduce premiums

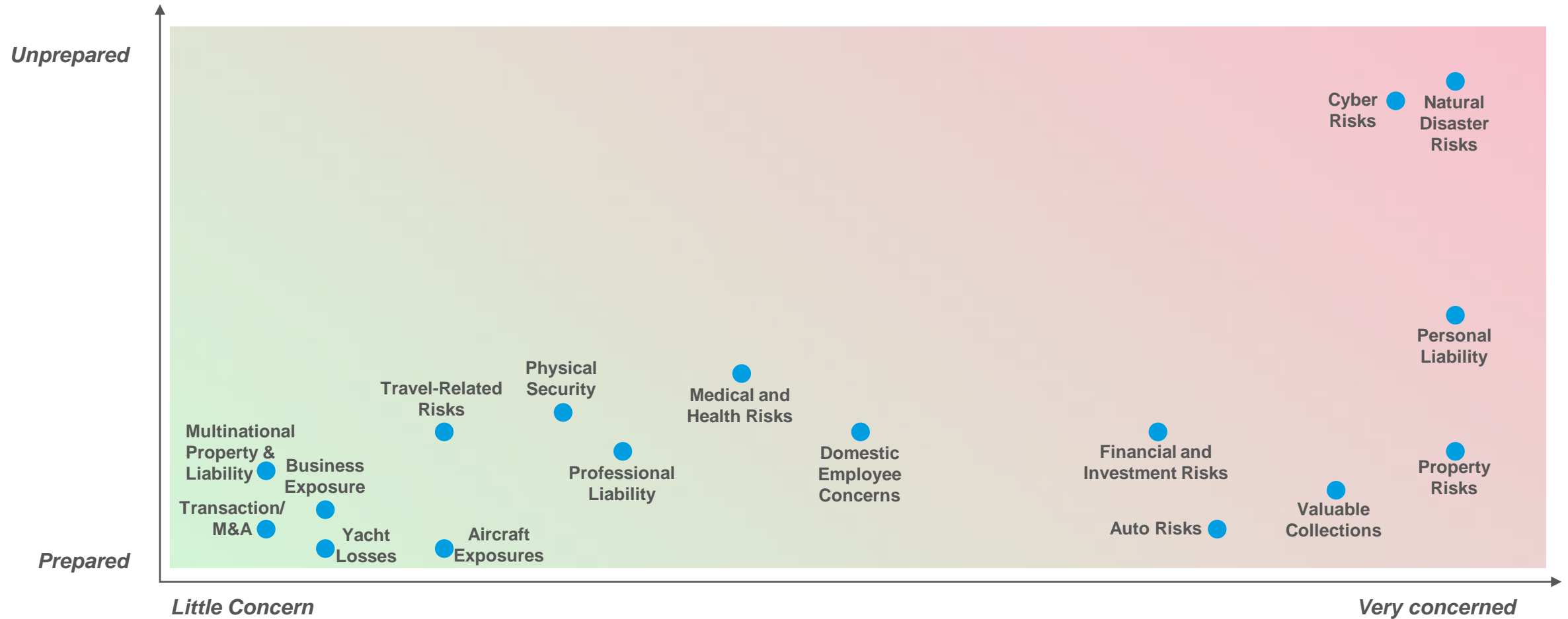
## What measures have you implemented/considered to save on premium?



Source: Family Office Benchmarking Study 2024  
© Marsh McLennan Agency, LLC; Private Client Services

# Top concerns among family offices

Natural disaster, cyber, and personal liability risks stand out



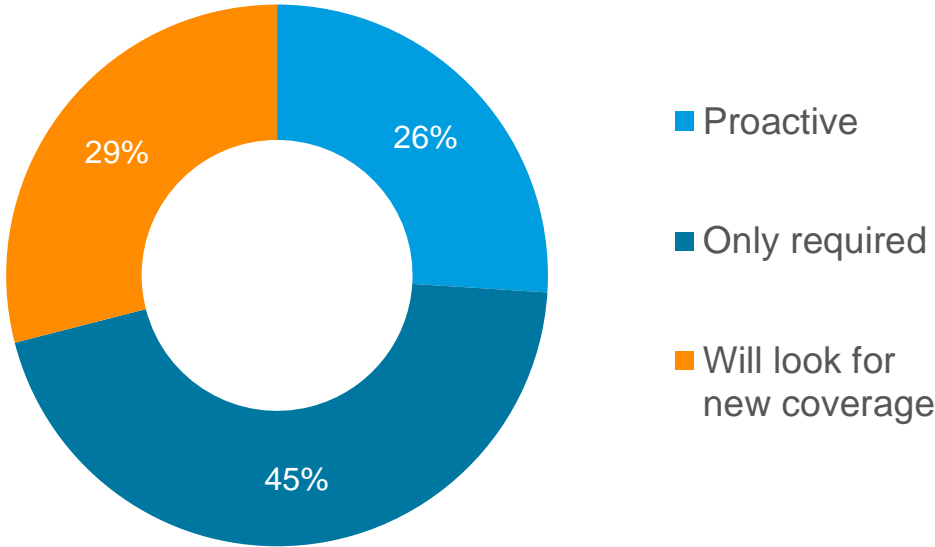
# Benchmarking: Natural disaster and property risks

Navigating the escalating cost equation

## What is driving your concern with natural disaster risks?

Existing coverage is very expensive	42%
Some policies have a separate deductible for high-risk items	29%
My exposure is growing	22%

## What is your approach to property risk mitigation measures?



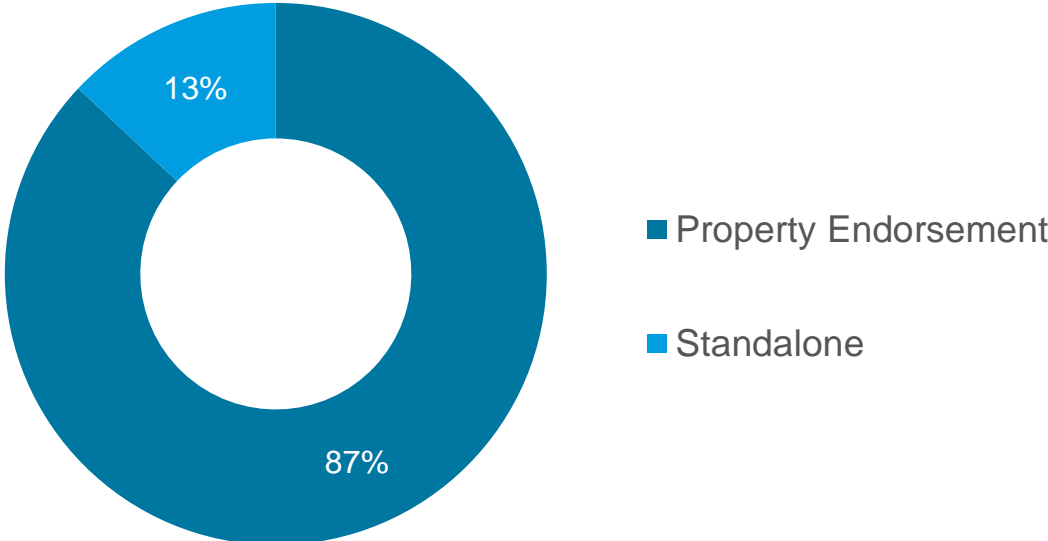
# Benchmarking: Cyber risks

Education needed around risks and new products available

## What is driving your concern with cyber risks?

Our family's exposure is growing	<b>50%</b>
Existing coverage doesn't cover all risks	<b>38%</b>
Our family doesn't understand the potential risk	<b>28%</b>

## Of the 59% that have cyber coverage, what type of coverage is in place?



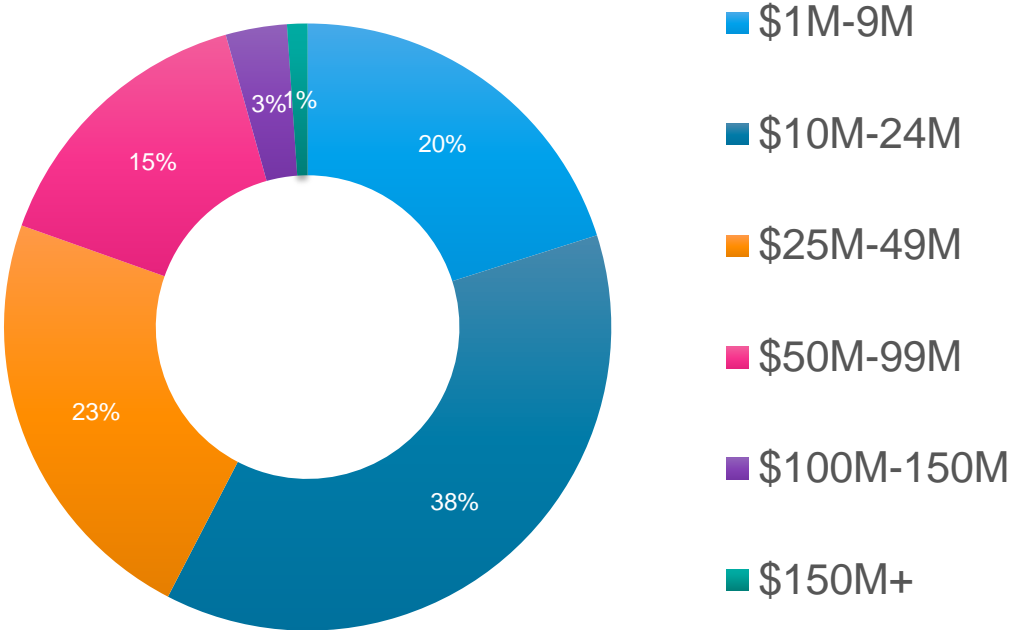
# Benchmarking: Personal excess liability

Growing exposure, lack of awareness, and vulnerability cycle

## What is driving your concern with personal liability risks?

Our family’s exposure is growing	64%
Our family doesn’t understand their exposure	30%
I’m concerned the existence of higher liability limits will make me more vulnerable to claims	21%

## Excess Liability Limits



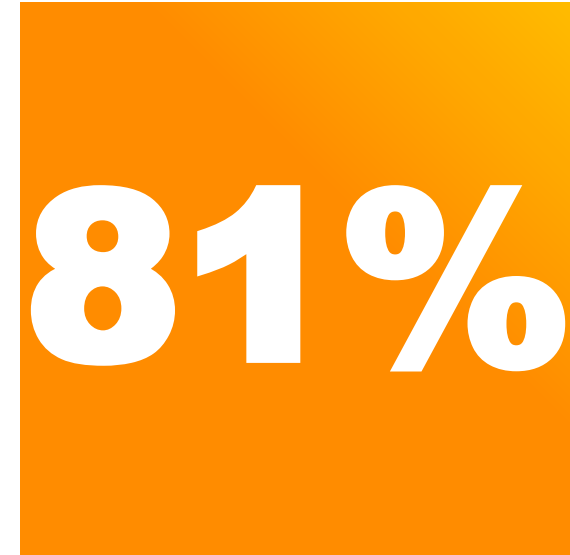


# Family Office Pain Points

Managing costs, varying family needs, and administration challenges

**As the family office executive,  
what are your biggest  
risk management pain points?**

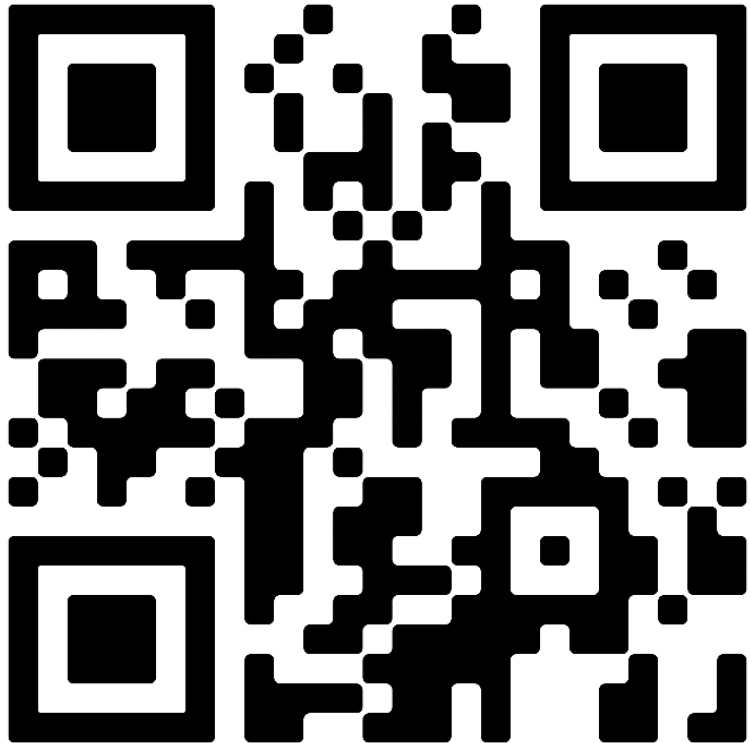
- 1** Dealing with rising costs
- 2** Identifying/quantifying risks associated with different households
- 3** Varying risk tolerances
- 4** Making coverage changes
- 5** Administration of the risk program



**Would value a secure  
web portal to administer  
insurance program**

**It has never been  
more important to  
have a risk advisor  
on your side.**

# Download the complete 2024 *Family Office Benchmarking Study.*



## Contact me

**Kelley Beach**

kelley.beach@marshmma.com

617-385-0430

**Make Extraordinary Possible.<sup>SM</sup>**

[mmapcs.com](http://mmapcs.com)



A business of Marsh McLennan

This document is not intended to be taken as advice regarding any individual situation and should not be relied upon as such. Marsh & McLennan Agency LLC shall have no obligation to update this publication and shall have no liability to you or any other party arising out of this publication or any matter contained herein. Any statements concerning actuarial, tax, accounting, or legal matters are based solely on our experience as consultants and are not to be relied upon as actuarial, accounting, tax, or legal advice, for which you should consult your own professional advisors. Any modeling analytics or projections are subject to inherent uncertainty and the analysis could be materially affected if any underlying assumptions, conditions, information, or factors are inaccurate or incomplete or should change. Marsh McLennan Agency Private Client Services is a business of Marsh & McLennan Agency LLC d/b/a in California as Marsh & McLennan Insurance Agency LLC; CA Insurance Lic: 0H18131 Copyright © 2024 Marsh & McLennan Insurance Agency LLC. All rights reserved.

## **FOX Trends & Updates**

### **Session Description**

- State of the Ultra High Net Worth Family
- FOX Membership Update and the Year Ahead

### **Speakers**

***David Toth & Gaby Griffin, FOX***

# Emerging Trends Among UHNW Families

March 21, 2024

# Trends

1. Explosive Growth of UHNW Households and its Consequences
2. Impact of Complexity on Family and Providers
3. Increasing Importance of Sustainability

# Explosive Growth of the UHNW Market

## Size Characteristics

- Market size \$11.3 T
- 100,000 households, 8% annual growth
- Nearly 10,000 centimillionaires
- 10,000 family offices

Source: Wealth X

## UHNW Family Investable Assets

**\$893m**

Average 2022  
investable assets

**\$663m**

Average 2020  
investable assets

Source: 2023 FOX Global Investment Survey



# Consequences of Explosive Growth

- Rising Complexity
- Growing Demand and Diversity of Services
- Escalating Costs of Wealth Management
- Reinventing Strategic Outsourcing/Partnering

# Growth and Complexity are Driving Costs Upward

## Costs to the Family

### Annual Cost of Wealth Management (n=121)

<b>Internal Family Office Costs</b> (avg. in Thousands)
<b>External Advisory Fees</b> (avg in Thousands)
<b>External Investment Fees</b> (avg in Thousands)
<b>Total Cost of Wealth Mgt.</b>

<b>Universe (all respondents)</b>
\$3,595
\$716
\$6,464
\$10,700

Source: 2023 FOX Family Office Benchmarking

# The Growing Cost of the Family Office

- \$1.7m - \$6.0m annual cost
- Average \$3.6m  
(40 bp)
- Employees 6.0 ('21) to 8.6 ('23)

*Source: 2023 FOX Family Office Benchmarking*

# Trends

1. Explosive Growth of UHNW Households and its Consequences
2. Impact of Complexity on Family and Providers
3. Increasing Importance of Sustainability

# Nature of Complexity – Family Factors

(n=151)

	25 <sup>th</sup> Percentile	Median (50 <sup>th</sup> Percentile)	75 <sup>th</sup> Percentile
Number of adult households served by the office	4	6	14
Number of businesses controlled and/or operated by the family	0	2	5
Number of current trust beneficiaries	5	10	20
Percentage assets held in centralized "single pot" trusts	3%	20%	80%
Percentage of assets held in other trusts (for individual beneficiaries)	1%	25%	60%
Number of philanthropic entities	1	2	4
Number of governing boards supporting the enterprise	1	2	3
Number of family members on the family office board	4	6	9
Number of independent directors on the family office board	0	3	5

# Nature of Complexity – Financial Factors

(n=151)

	25 <sup>th</sup> Percentile	Median (50 <sup>th</sup> Percentile)	75 <sup>th</sup> Percentile
Family office annual budget	\$1.251 M	\$3.354 M	\$8.138 M
Size of office staff (FTE)	3	6	10
Number of other employees of the family managed or administered	0	3	7
Number of major properties, boats, planes, collections, etc. managed	1	5	10
Number of legal entities	18	37	85
Total number of tax returns filed annually	18	43	150

# Nature of Complexity – Investment Factors

(n=151)

	25 <sup>th</sup> Percentile	Median (50 <sup>th</sup> Percentile)	75 <sup>th</sup> Percentile
Investable assets (in millions of dollars)	\$147 Mil	\$365 Mil	\$900 Mil
Number of public money managers	1	3	10
Number of private or hedge funds	0	4	34
Number of direct real estate and natural resource holdings	0	5	13
Number of other direct investments	0	8	17
Number of investment partnerships managed by the office	1	3	10

## Investment portfolio allocation (n=109)

% Allocated to private funds	0	4	29
% Allocated to direct real estate/other direct investments	0	9	30

# Growth and Complexity Drive Costs, but not Uniformly

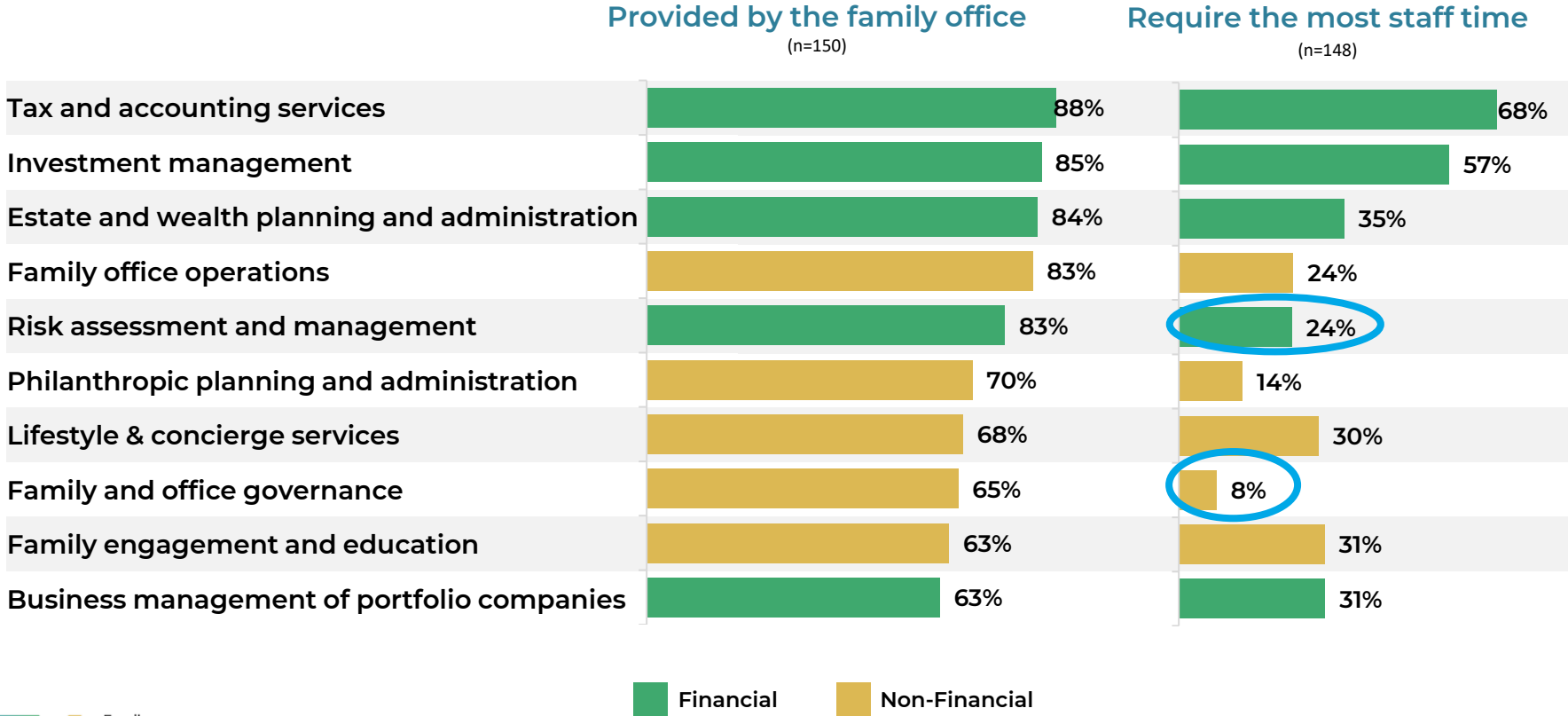
## Annual Cost of Wealth Management (n=121)

	Universe (all respondents)	Large Offices (7+ emp.)	Small Offices (<6 emp.)
<b>Internal family office costs</b> (avg. in thousands)	\$3,595	\$6,045	\$1,655
<b>External advisory fees</b> (avg. in thousands)	\$716	\$998	\$495
<b>External investment fees</b> (avg. in thousands)	\$6,464	\$11,497*	\$2,426
<b>Total cost of wealth management</b>	\$10,700	\$18,540	\$4,576

\* Rise of the Mega Family Office

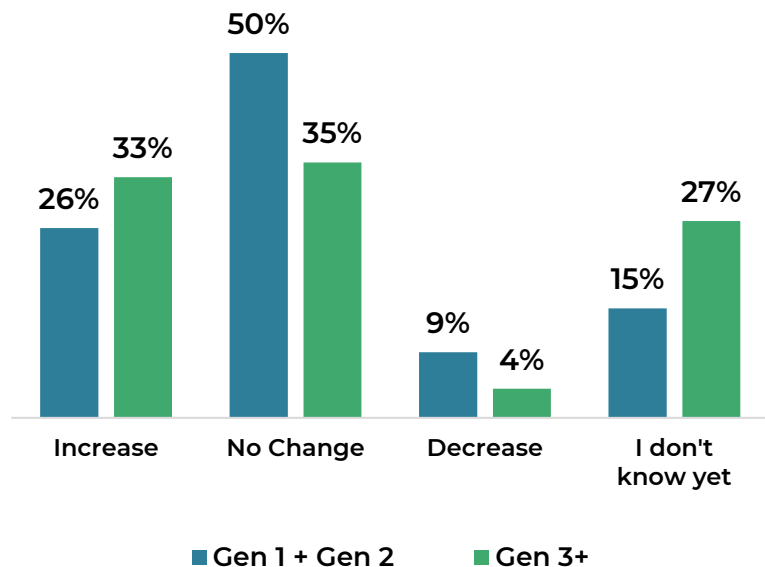


# Alignment and Potential Realignment of Resources

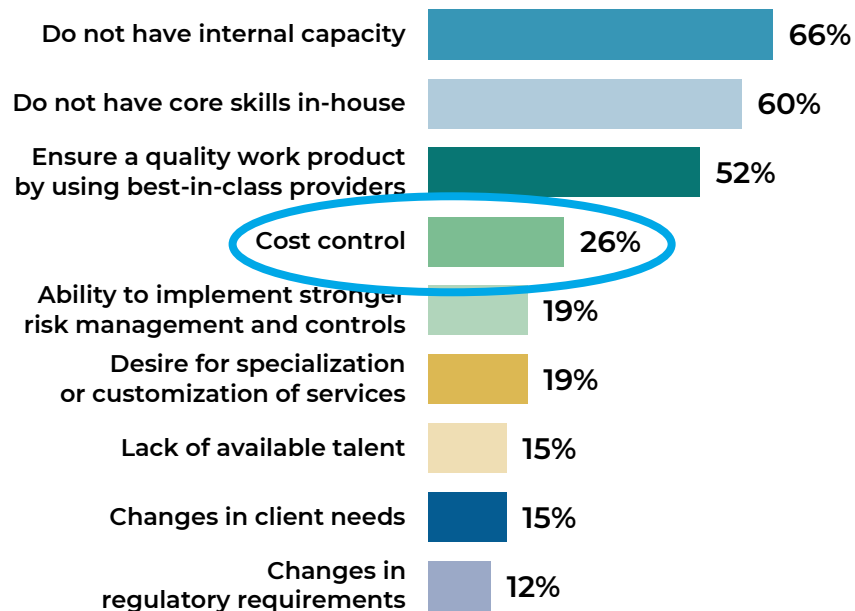


# Changing Nature of Outsourcing

Outsourcing projection for the next 24 months (n=149)

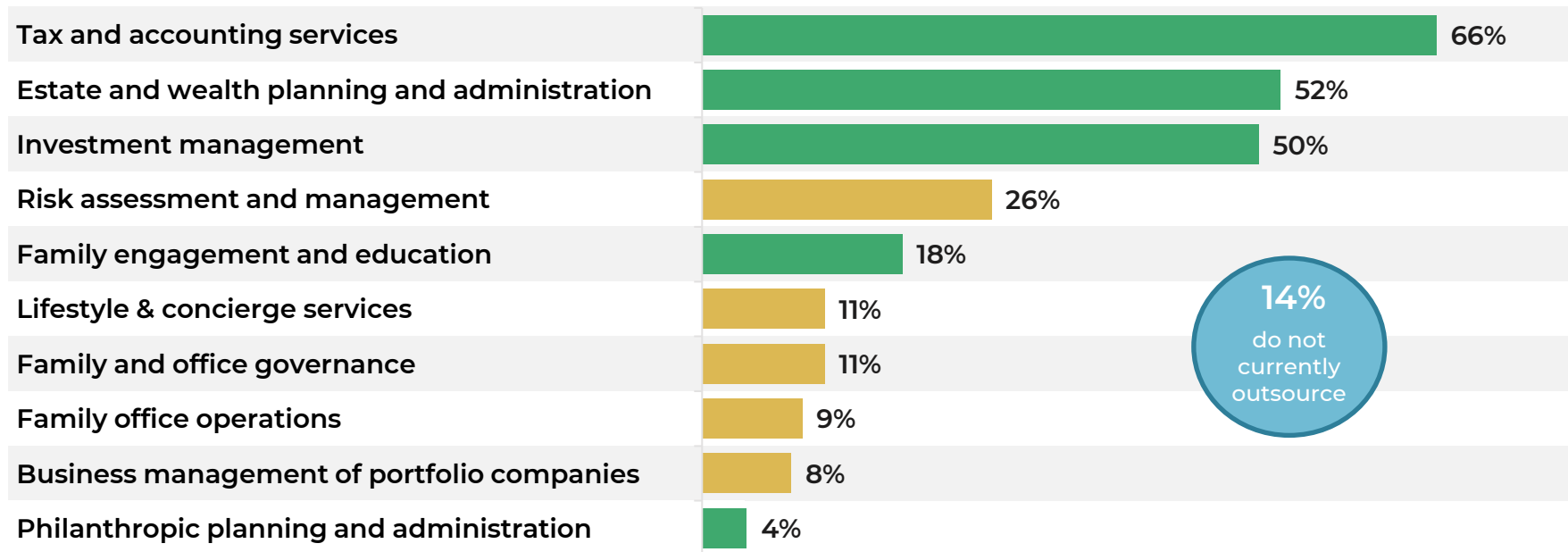


Reasons for outsourcing (n=144)



# Services Outsourced by the Family Office

(n=138)



\* Which services are you currently outsourcing? The service should be included if it is done by an external party, either in whole or in part.

# Technology Will Play a Pivotal Role

## Shifts in Technology Start-ups

2012: More than 50% of all technologies in the wealth management industry were focused on investments

2022: Primary focus, over 50%, is now on technology itself

# Trends

1. Explosive Growth of UHNW Households and its Consequences
2. Impact of Complexity on Family and Providers
3. Increasing Importance of Sustainability

# Growing Adoption of Governance

**85%\***  
 Have at least one formal Governing Board for the Family Office

\* versus 59% in 2021

**3.9**  
 Average number of family meetings last year

**32%**  
 Have a formal leadership succession plan

## Composition of the Governing Board (n=100)

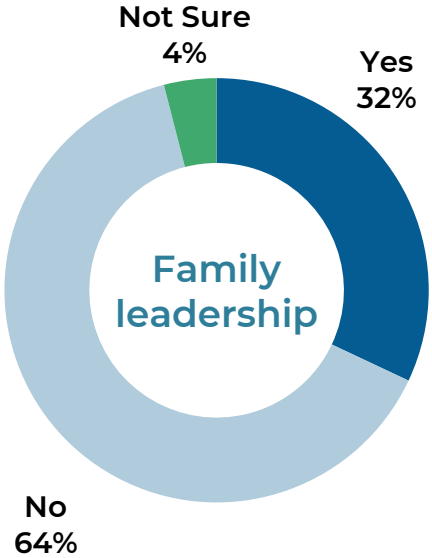
	# of Members (Median)	# of Members (Average)
Family Board or Subcommittee Members	6	8.4
Independent Board or Subcommittee Members	3	3.3



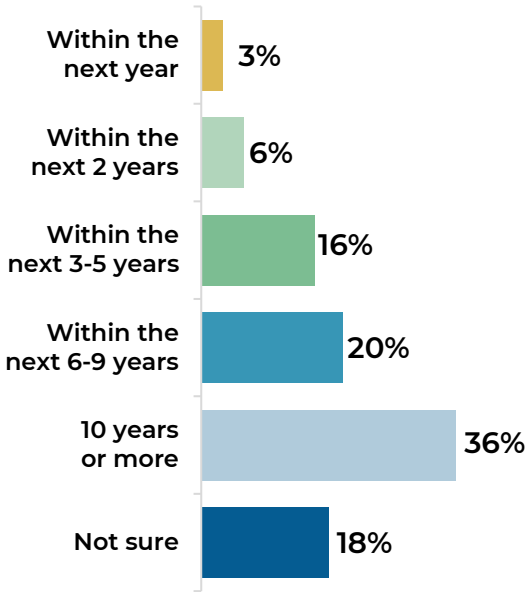
Source: 2023 FOX Family Office Benchmarking

# Efficacy of Leadership Transition Planning

Formal succession plans  
(n=148)



Family leadership transition  
timeline (n=148)



Source: 2023 FOX Family Office Benchmarking

# Family Learning's Impact on Sustainability

## Family Meetings and Education Expenses

	Average	25 <sup>th</sup> Percentile	Median	75 <sup>th</sup> Percentile
How many family meetings were held last year? (n=115)	4	1	2	4
What is the annual budget for education and leadership development? (including family meeting expenses) (n=100)	\$74,330	\$20,000	\$40,000	\$100,000

Source: 2023 FOX Family Office Benchmarking





# Wrap Up

## Questions to Consider

- 1) Where do you see growing demand for service and how might that impact your present and future ability to deliver?
- 2) What long-term plans and investments are being made to sustain the family office?
- 3) How are you thinking of technology as infrastructure solution?
- 4) What is your resourcing strategy including hiring, development, outsourcing and partnering and how might that evolve?



Family  
Office  
Exchange

Chicago, IL  
312.327.1200

New York, NY  
1.646.504.0776

Madrid, Spain  
34.616.94.05.63

familyoffice.com  
info@familyoffice.com

# A Holistic Approach to Family Enterprise Dynamics and Integral Wealth Management

## Session Description

In this enlightening session, we delve into the intricate world of family businesses, emphasizing the critical importance of a holistic approach to wealth management. Beyond the balance sheets and financial forecasts, we uncover the myriad forms of capital underpinning family enterprises' enduring success and legacy. From the tangible assets of the operating business to the intangible yet invaluable emotional dimensions, our discussion spans the entire spectrum of wealth.

We will explore the multifaceted nature of capital within a family business context, including financial, human, intellectual, political, reputational, social, and family capital. By integrating these diverse aspects, we aim to equip participants with the insights and strategies necessary to navigate the complex dynamics of family business wealth management.

This session is designed to broaden your perspective on wealth and foster a deeper understanding of the nuanced interplay between a family's values, its business, and the broader community it serves.

## Speaker

### ***Oscar Paez, Consultant, The Family Business Consulting Group***



#### **AREAS OF EXPERTISE**

- Corporate Governance
- Next Generation Development
- Succession Planning

Oscar Paez is a consultant with The Family Business Consulting Group experienced in management, finance, succession planning, next generation development and corporate governance.

He has worked with Multilatinas, family offices and enterprising families and has held positions at financial companies such as Merrill Lynch, Morgan Stanley, Lehman Brothers, Credit Suisse, Ultralat, Alpax, and UBS, where he headed the Colombian Office until 2020.

Oscar was the CEO of Productos Alimenticios el Galpon, a manufacturer of animal feed and pet food and a member of the Board of Directors of Family Business Network USA and the Scuba Therapeutic Institute. He has served on boards such as ANDI's food industry chamber, Concentrados el Galpón, Crispy Fruits, Swiss Colombian Chamber of Commerce, and Family Business Network Colombia. He has co-founded Be Close and Ipsa Earth Good, demonstrating his commitment to making a positive impact.

#### **Education and Certifications**

Oscar holds a BBA degree in International Finance and Marketing and a master's in international administration from the University of Miami. He has also taken complementary training courses at FFI, INALDE, Los Andes´ University, Kansas State University, Cesa, Kennesaw State University, Family Firm Institute and Insead. Oscar is a member of the Next Generation committee of the Family Business Network and founded the Alumni Chapter for the University of Miami in Colombia, where he served as president for two terms.

#### **Personal**

He has lived in various countries including the US, Germany, Switzerland, France, Mexico and Colombia, where he is originally from. Oscar relocated from Columbia to Miami after his son was diagnosed with autism spectrum disorder (ASD) to be closer to him. Oscar enjoys photography, bike riding and flying small aircraft. He has been a diver for over 25 years, professionally since 2012 and is currently a Master Scuba Diver Trainer and advocate for water conservation, neurodiversity and the benefits of diving for all.

THE  
FAMILY BUSINESS  
CONSULTING GROUP

fbcg

# Table of Contents

**The Impact of Family Enterprises**

**Challenges Facing Family Businesses**

**Our Core Belief**

**Our Firm**

**Our Approach**

**Our Solutions**

**Our Proven Process**

**Our Clients**

**Trusted Advisor Collaboration**



# The Impact of Family Enterprises

A majority of the world's wealth is created by family-owned businesses

Roughly 90% of American businesses are family-owned or controlled<sup>1</sup>

Family businesses account for half of the nation's employment and half of the GNP<sup>1</sup>

It's estimated the total economic impact of family businesses to global GDP is over 70%<sup>2</sup>

Family businesses have outperformed non-family-owned companies in every country and sector since 2006<sup>3</sup>

81% of the world's largest family businesses practice philanthropy

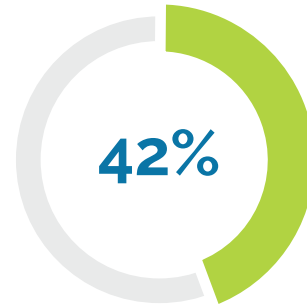
- 61% support causes in local community
- 56% oversee and engage in their philanthropic projects
- 47% have family foundations<sup>4</sup>



# Challenges Facing Family Businesses



do not have a formal succession plan.<sup>1</sup>



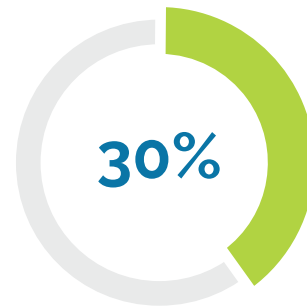
do not have family alignment on company direction.<sup>1</sup>



report having internal disagreements; just 13% have an established conflict resolution system.<sup>1</sup>



of transitions fail because of breakdown of communication and trust within family.<sup>2</sup>



continue to the 2nd generation; 10-15 %  
continue to the 3rd generation; 3-5%  
continue to the 4th generation.<sup>3</sup>



largest generational wealth transfer ever over next 25 years.<sup>4</sup>



# Our Core Belief

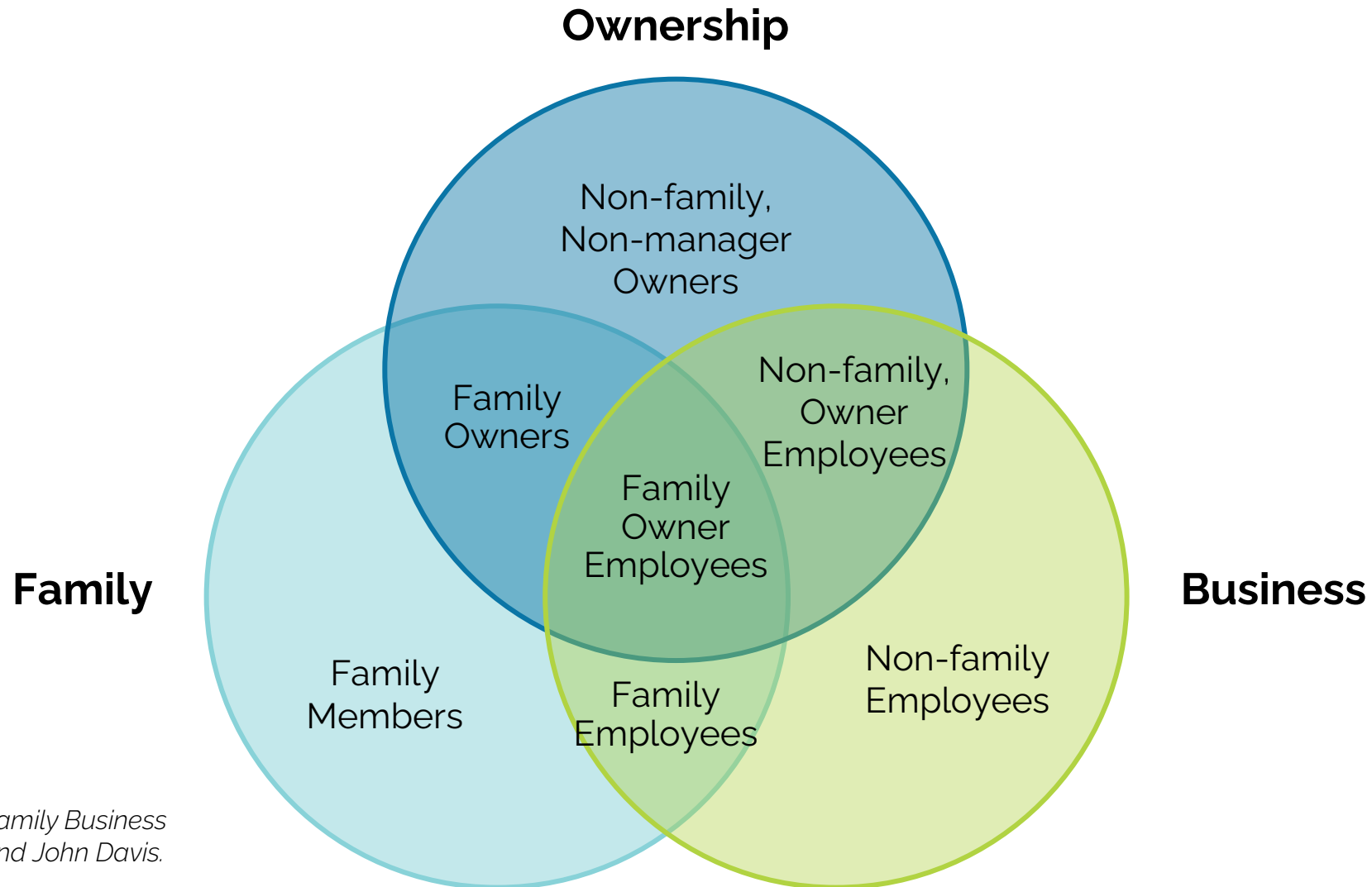


We believe that multi-generational family enterprises are precious and vitally important to the economies and social fabric of the world and deserve the best care and counsel.

We work to manage the predictable and natural tensions between a family and their business through a unified vision for the future, and providing structures, processes, strategies and policies for effective ownership, management, and governance.

# Family Business Systems are Complex

There are many overlapping roles and responsibilities connected to the family business.



*"Three-Circle Model of the Family Business System" by Renato Tagiuri and John Davis.*

Research shows that the key to long-term family enterprise success is by optimizing both family cohesion and profitable business growth.

**That's where we come in...**





# Our Firm

FBCG was founded in 1994 by Craig Aronoff, Ph.D. and John L. Ward, Ph.D. to create a community of practitioners passionate about the needs of family firms.

To this day, we only work with family-owned businesses.

Like many of the families we serve, our intention is to thrive across generations by attracting outstanding professionals and helping them grow. We continuously reinvest in our organization, research and intellectual capital.

We neither pay nor accept referral fees for consulting.

Our relationships with families are independent and based on a trust that is earned, not financial incentives.



# Passionate About Family Business

**One Goal:** To protect the integrity of the family and the enterprise for future generations.



## Our Firm

- Pioneer, most experienced, global family business consulting firm
- Advising enterprising families since 1994
- 3,000+ families served in over 70 countries



## Our People

- Consultants located across North America, traveling globally to families
- Majority grew up in a family business, served in management of a family business or taught family business at university level
- Rigorous vetting process of new experienced consultants



## Our Thought Leadership

- 45+ family business books and 1000+ articles written by our team
- 80+ educational presentations each year
- 10,000+ subscribers to the firm's Family Business Advisor monthly newsletter

**This is all we do, all day, every day**

# Our Team

## Best-in-Class with Unique Skill Sets

“Your consultants are a perfect blend between a unicorn and a chameleon.”

WEALTH MANAGER



### ACADEMIC EXPERTISE

Masters in Business Administration  
Legal  
Accounting/CPA  
Finance and Wealth Management  
Psychiatry/Psychology/Counseling  
Organizational Behavior  
Industrial Design



### REAL WORLD EXPERTISE

Succession Planning  
Governance  
Leadership Development  
Strategic Planning  
Process & Structure Implementation  
Analytical & Critical Thinking  
Family Dynamics



### INTERPERSONAL EXPERTISE

Problem Solving  
Honesty/Integrity  
Collaboration/Teamwork  
Facilitation  
Conflict Resolution  
Compassion/Empathy  
Adaptability/Flexibility

# Our Approach

**We co-create solutions with the family enterprise system.** There is no template for this work. Our collaboration throughout the process yields more engagement from the family and better, sustainable, long-term outcomes.

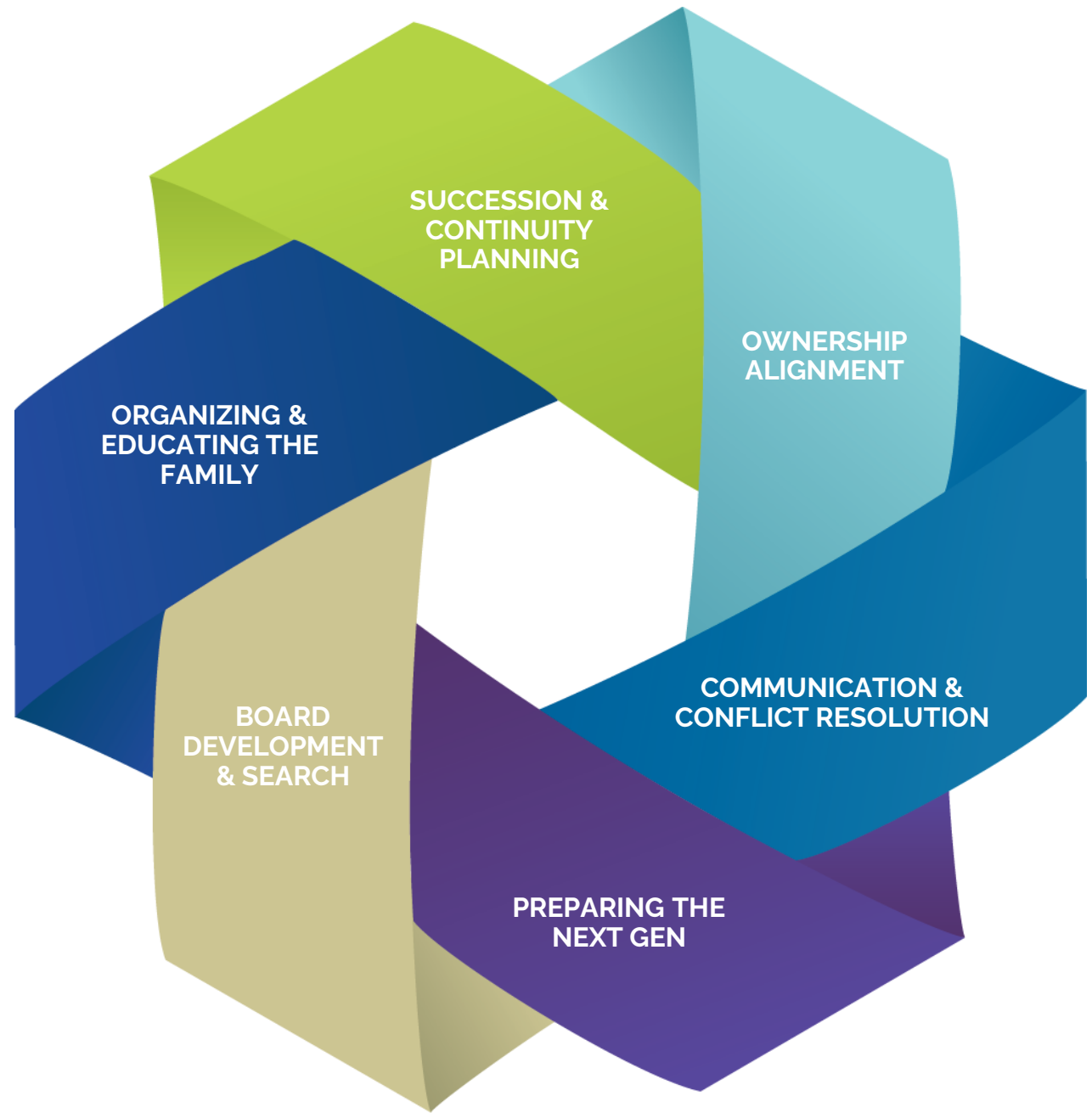
## How We Can Help:

- Facilitate difficult conversations around conflict, tensions and family dynamics
- Provide a safe, neutral space where all voices can be heard
- Improve communication constructively and strengthen relationships
- Guide development of the right structures, processes and policies at the right time
- Develop strategic planning around growth, risk, profitability and liquidity
- Clarify the who, when and how of decision-making



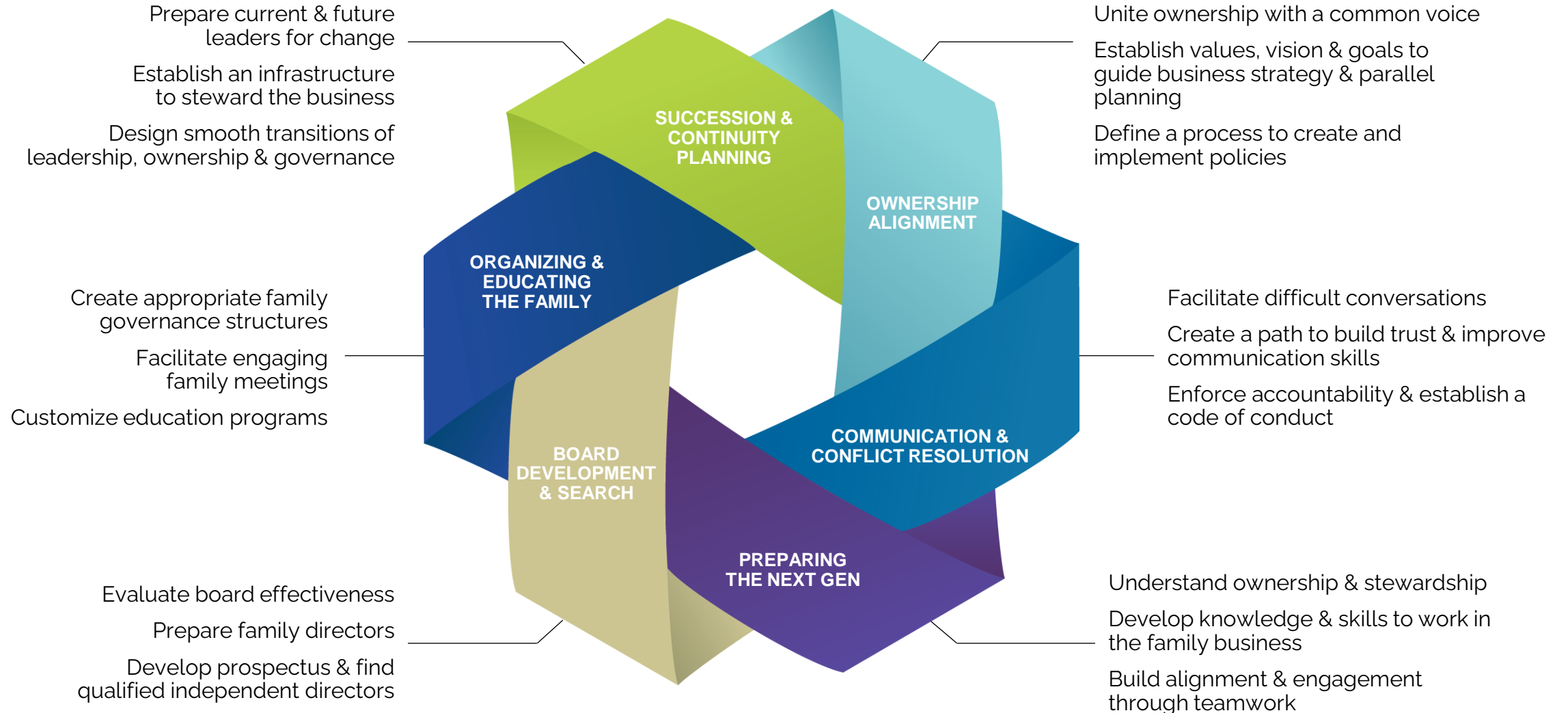
# Our Solutions

We appreciate that every family has unique needs and comes to us at different life stages and family business cycles. Therefore, our solutions are intentionally flexible, fully integrated and comprehensively interwoven.





# Our Solutions



# Our Proven Process

We approach each new engagement without preconceived notions so we can accurately assess the situation and identify unique challenges – as well as unique solutions to manage them.

## Fit Assessment

Conduct confidential conversations with family members to determine needs, understand the family system and match the consultant with the right expertise and chemistry to the family.

1

## Readiness

Consultant conducts deep-dive interviews with family members and key stakeholders, reviews critical documents, analyzes data and makes conclusions.

2

## Planning

Consultant facilitates family meeting to share findings, outline goals and recommended actions. Prioritize and brainstorm next steps with family.

3

4

## Collaboration

Define roles & responsibilities. Build agreement, commitment and trust. Arrive at consensus with family members.

5

## Implementation

Family and consultant co-create fair, inclusive plans, structures and processes for moving forward. Facilitate learning, communication and accountability.

6

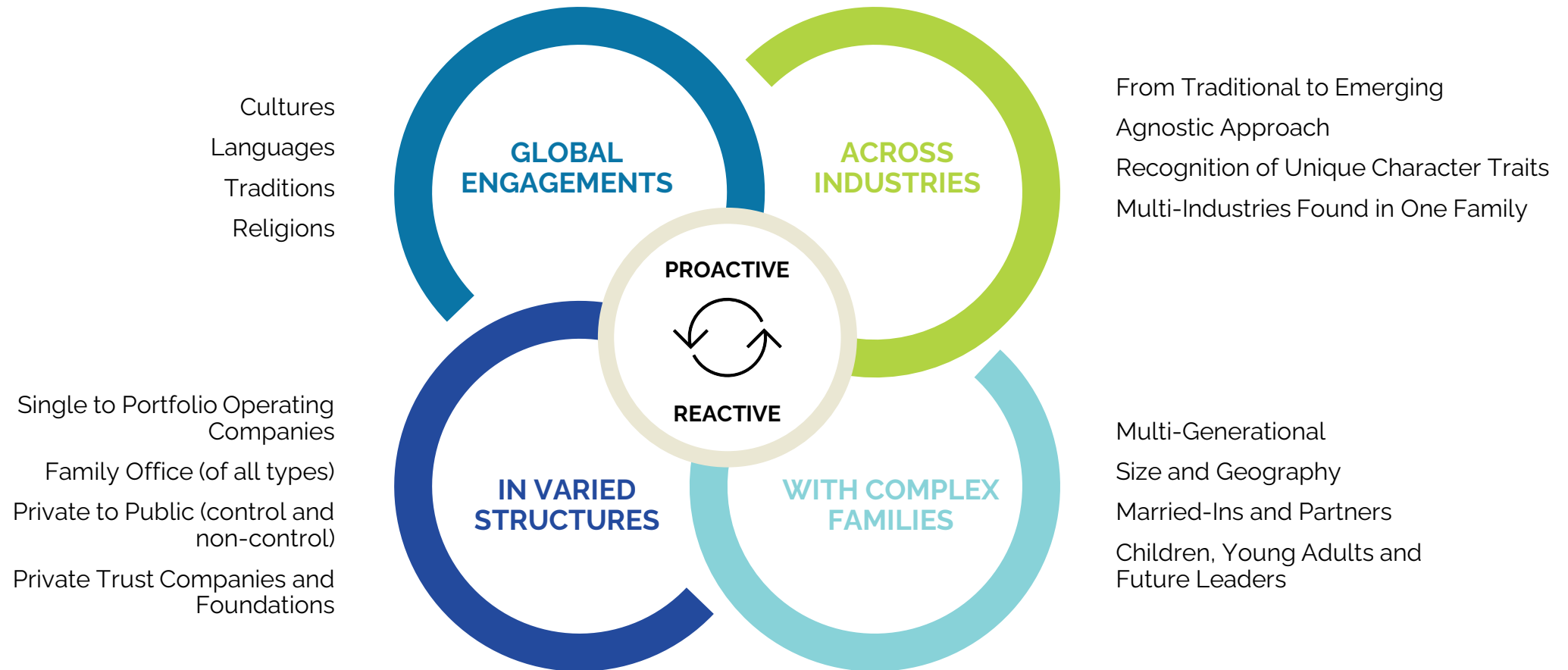
## Sustainment

Evolve policies, strategic planning, structures and governance systems. Align the family and the business for long-term continuity.



# Our Proven Process

We also partner with family business programs, trade associations, trusted advisors and other organizations to educate families and empower them to make smart business decisions.



# Client Profiles By Size

Last Generation with Ownership	Number of Owners Avg. (Range)	Average Revenues
7 <sup>th</sup> Generation	88 (2 – 380)	\$14.04 Billion
6 <sup>th</sup> Generation	73 (9 – 170)	\$2.47 Billion
5 <sup>th</sup> Generation	29 (4 – 200)	\$2.19 Billion
4 <sup>th</sup> Generation	14 (2 – 60)	\$380.6 Million
3 <sup>rd</sup> Generation	12 (2 – 200)	\$1.07 Billion
2 <sup>nd</sup> Generation	5 (1 – 40)	\$307.3 Million
1 <sup>st</sup> Generation	2 (1 – 12)	\$36.2 Million

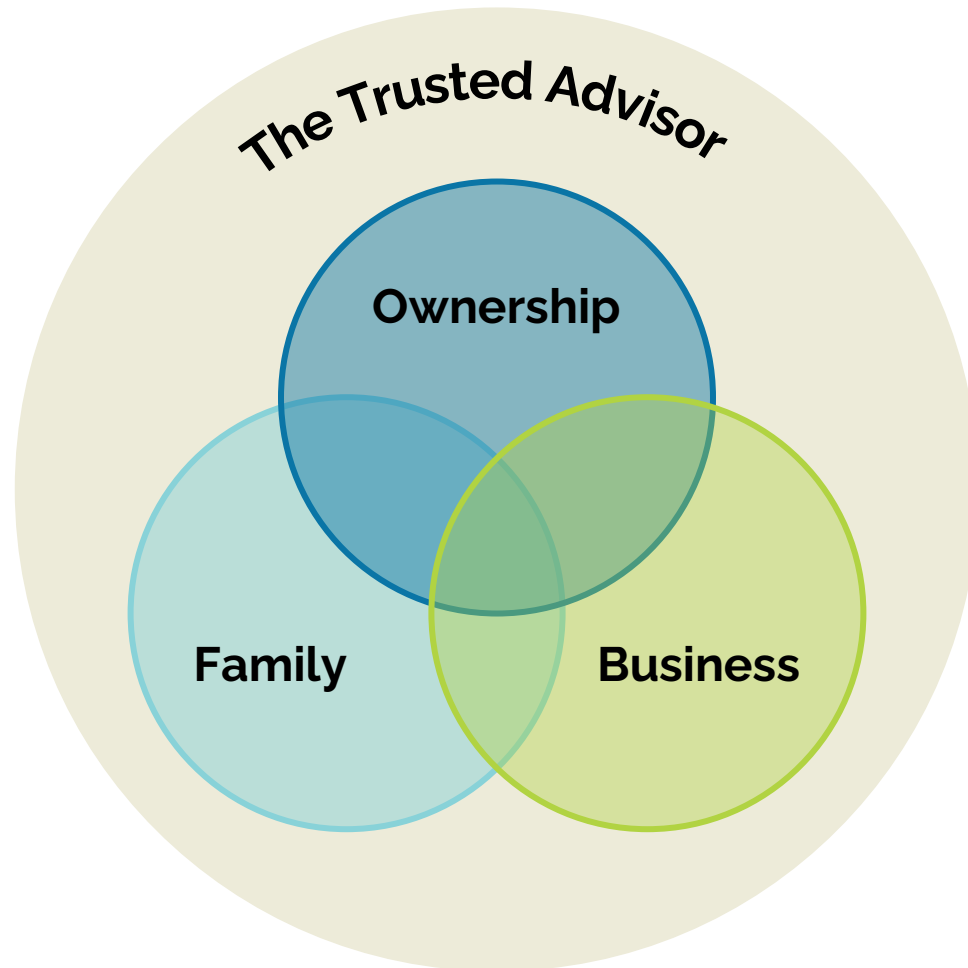


# Working Together With Other Trusted Advisors



# Trusted Advisor Collaboration

We work closely with the family enterprise system of advisors – multi-disciplinary teaming.



“Most business advisors build blast shields. You guys disarm live time bombs!’ remarked a friend of our firm, who just so happens to be a lawyer.”

DREW MENDOZA, FBCG FOUNDING PARTNER

# Solving Trusted Advisor Challenges

**Paralysis** - when families aren't aligned, they get stuck and can't act on your professional recommendations.

---

**Exceeds Skillset** - handling conflict and emotional situations require specialized expertise.

---

**Time Demand** - complex family dynamics requires extra time that takes away from serving your other clients.

---

**Independence** - it is difficult to be a referee or maintain impartiality when hired by one family member.



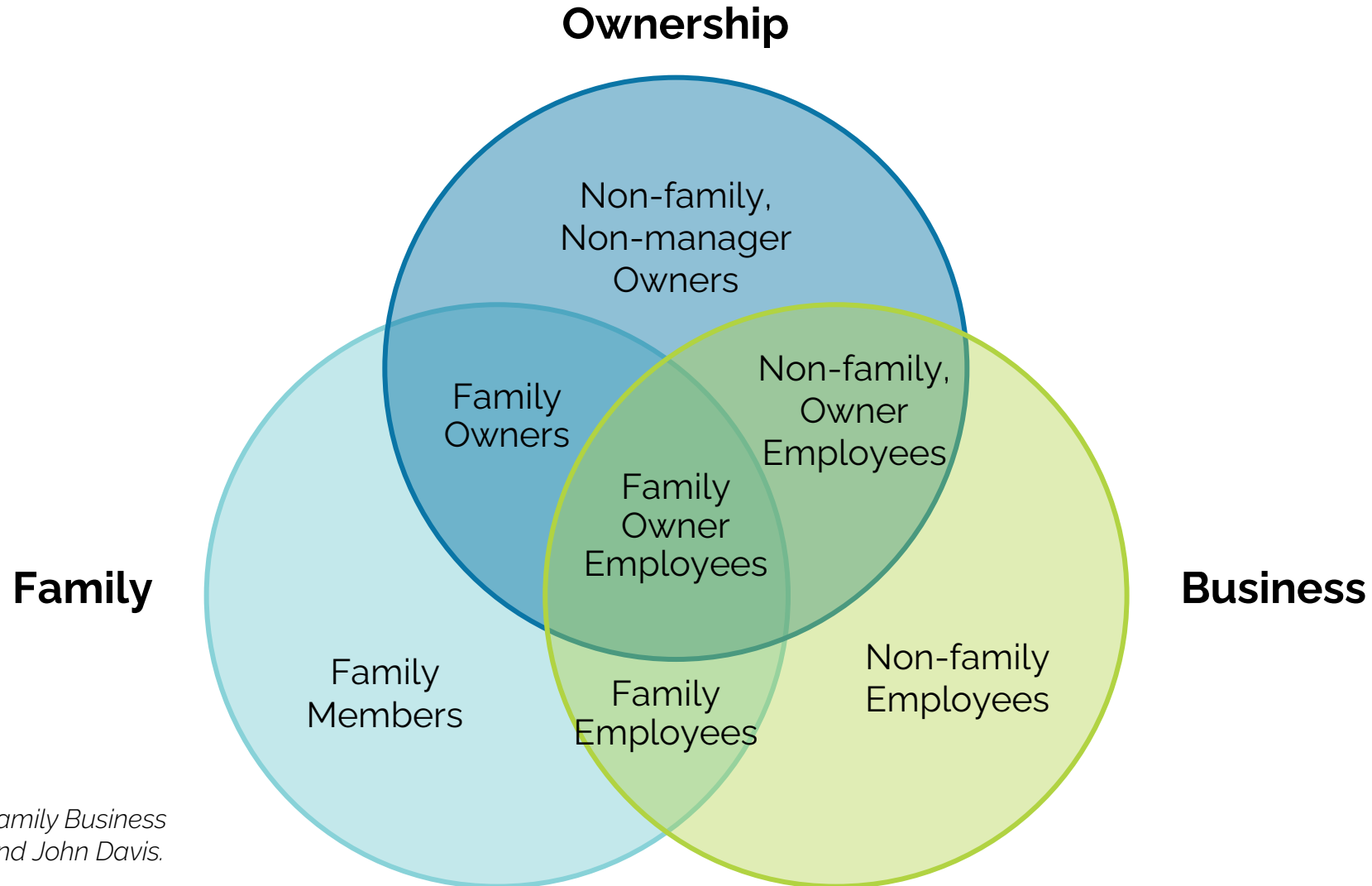
## **A Holistic Approach to Family Enterprise Dynamics and Integral Wealth Management**

March 21, 2024



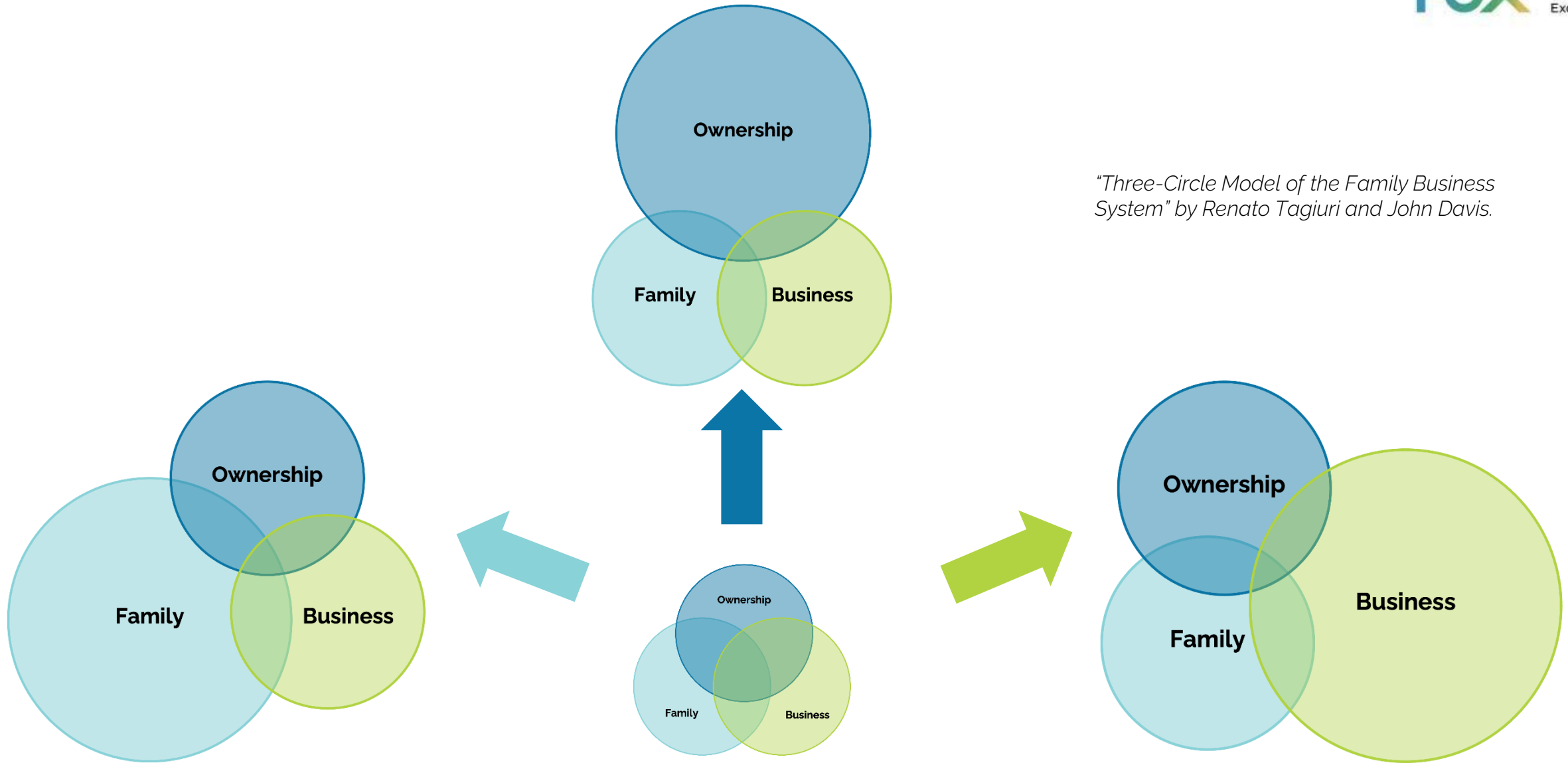
# Family Business Systems are Complex

There are many overlapping roles and responsibilities connected to the family business



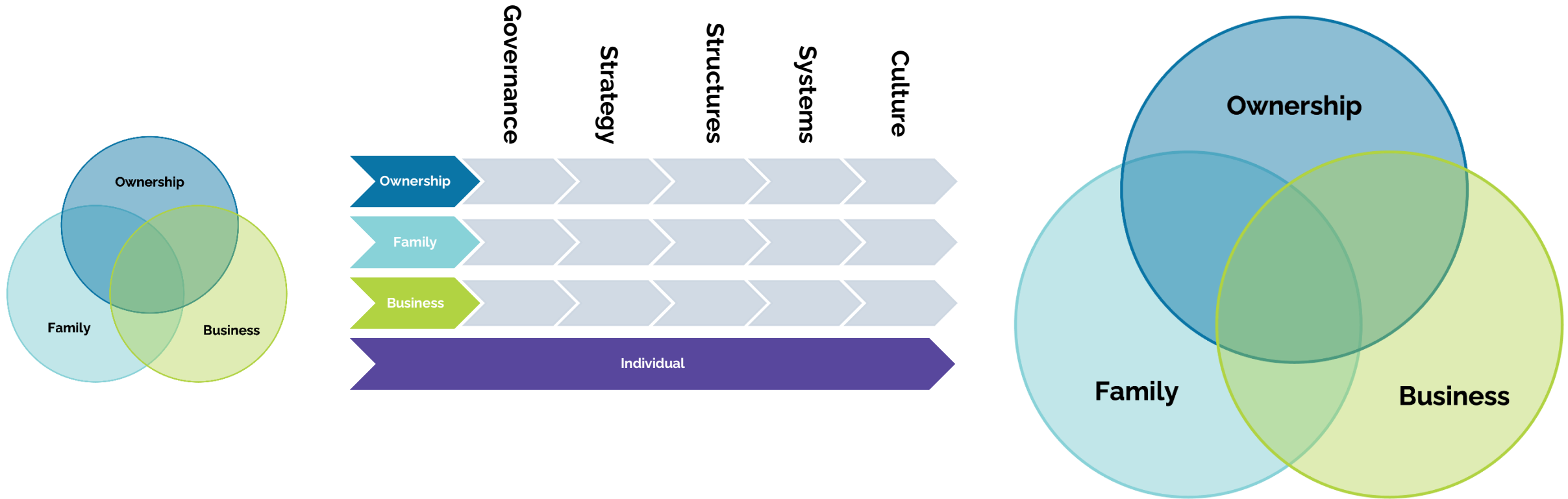
*"Three-Circle Model of the Family Business System" by Renato Tagiuri and John Davis.*

# Unbalanced



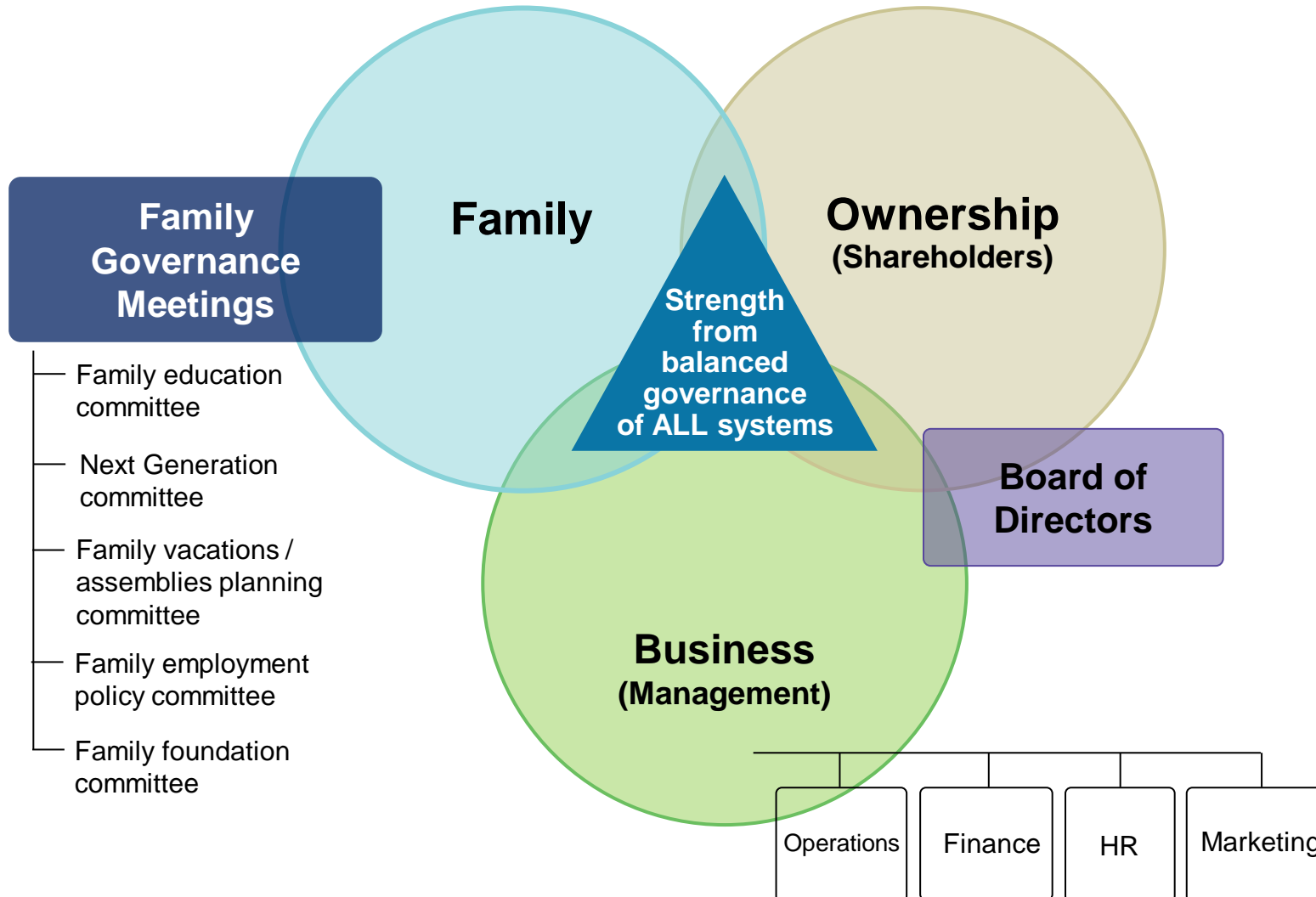
*"Three-Circle Model of the Family Business System" by Renato Tagiuri and John Davis.*

# Balanced

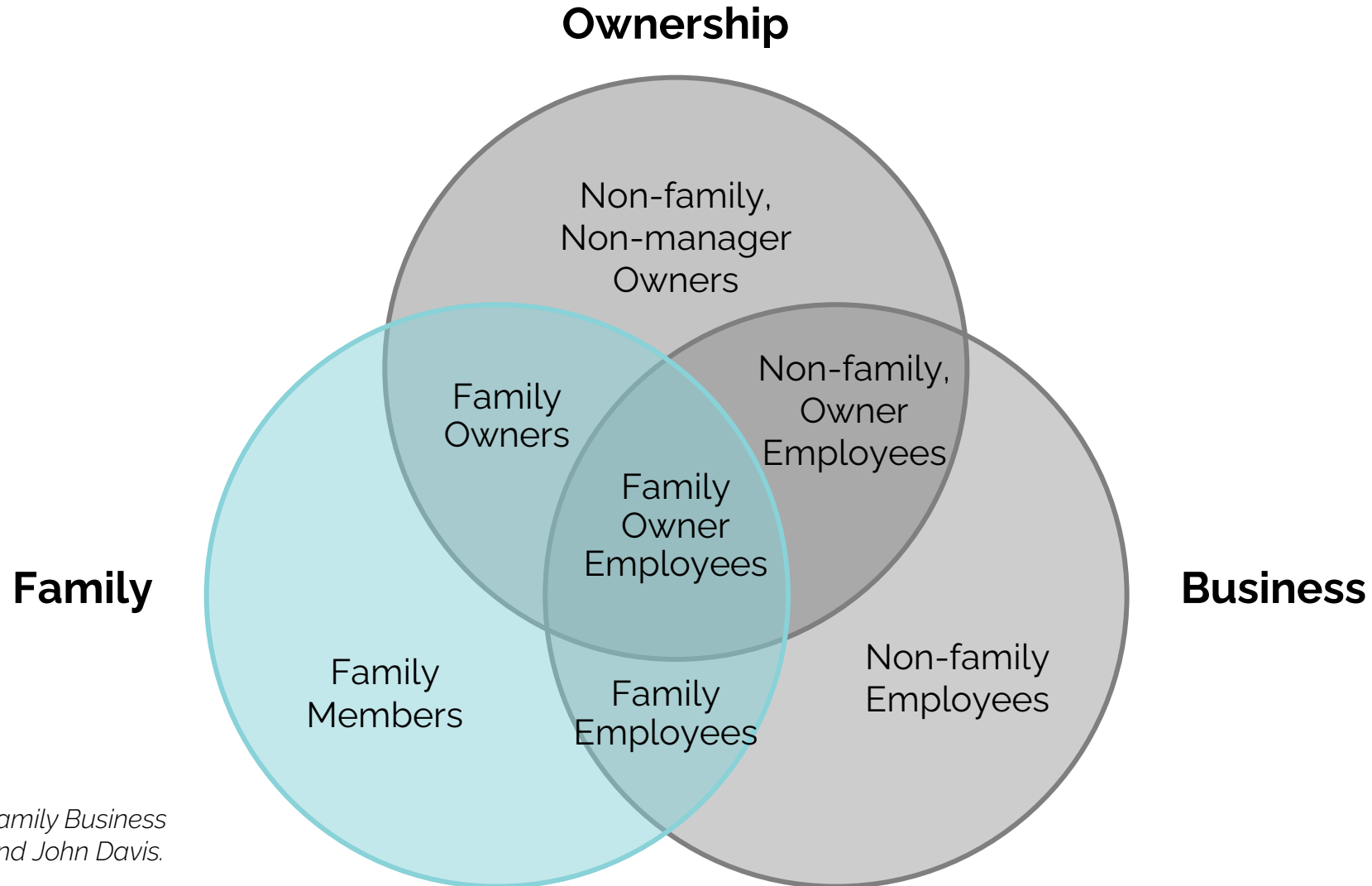


*"Three-Circle Model of the Family Business System" by Renato Tagiuri and John Davis.*

# Balanced Systems

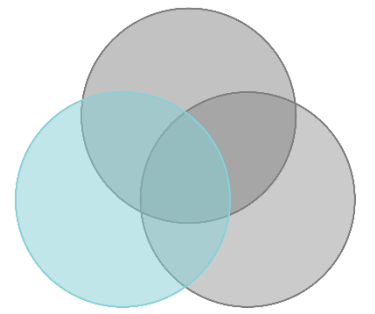


# Family



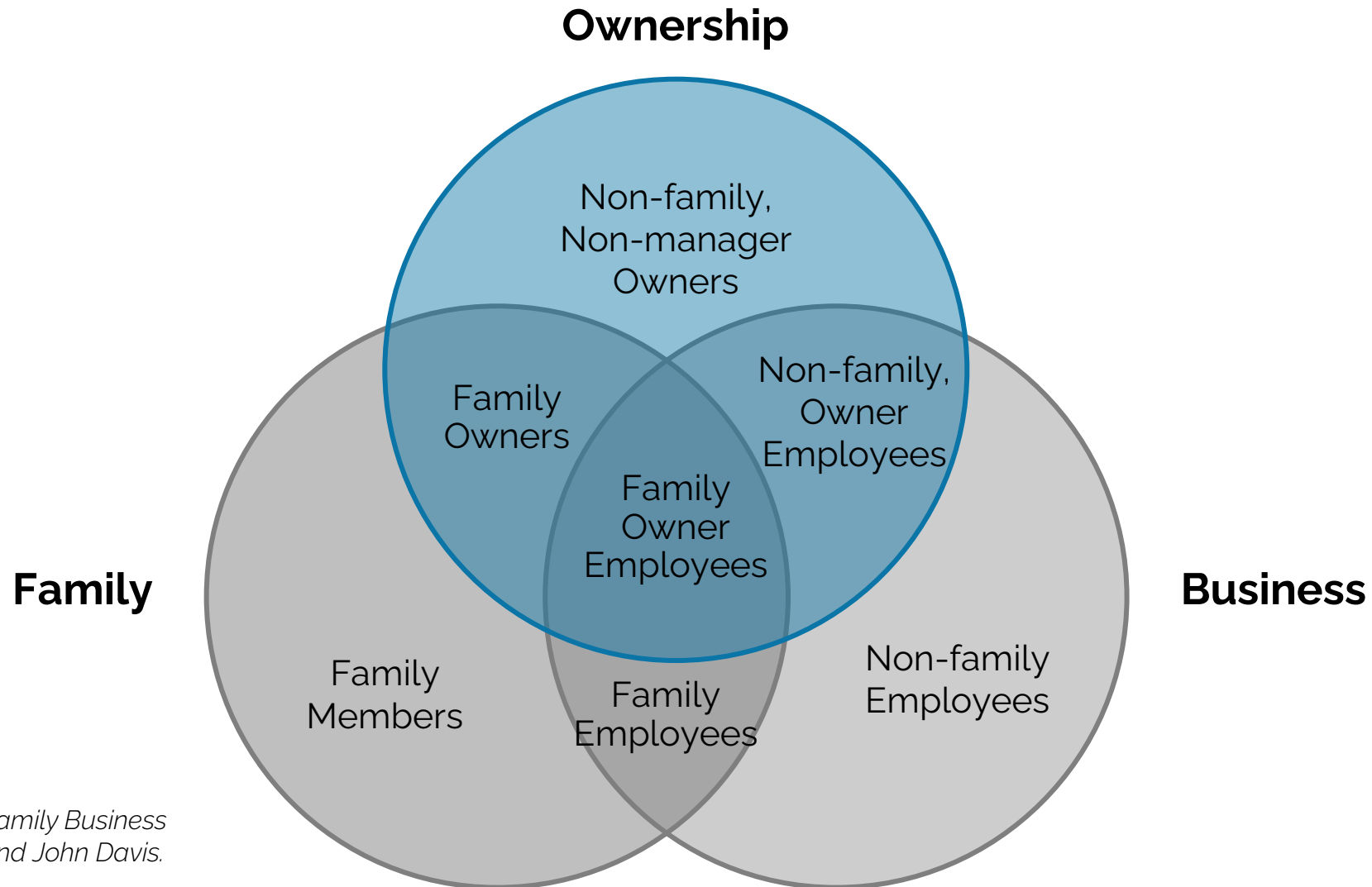
*"Three-Circle Model of the Family Business System" by Renato Tagiuri and John Davis.*

# Family



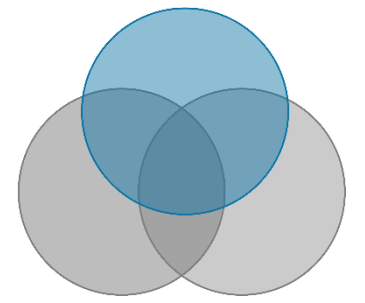
- **Governance**
- **Strategy**
- **Structure**
- **Systems**
- **Culture**

# Ownership



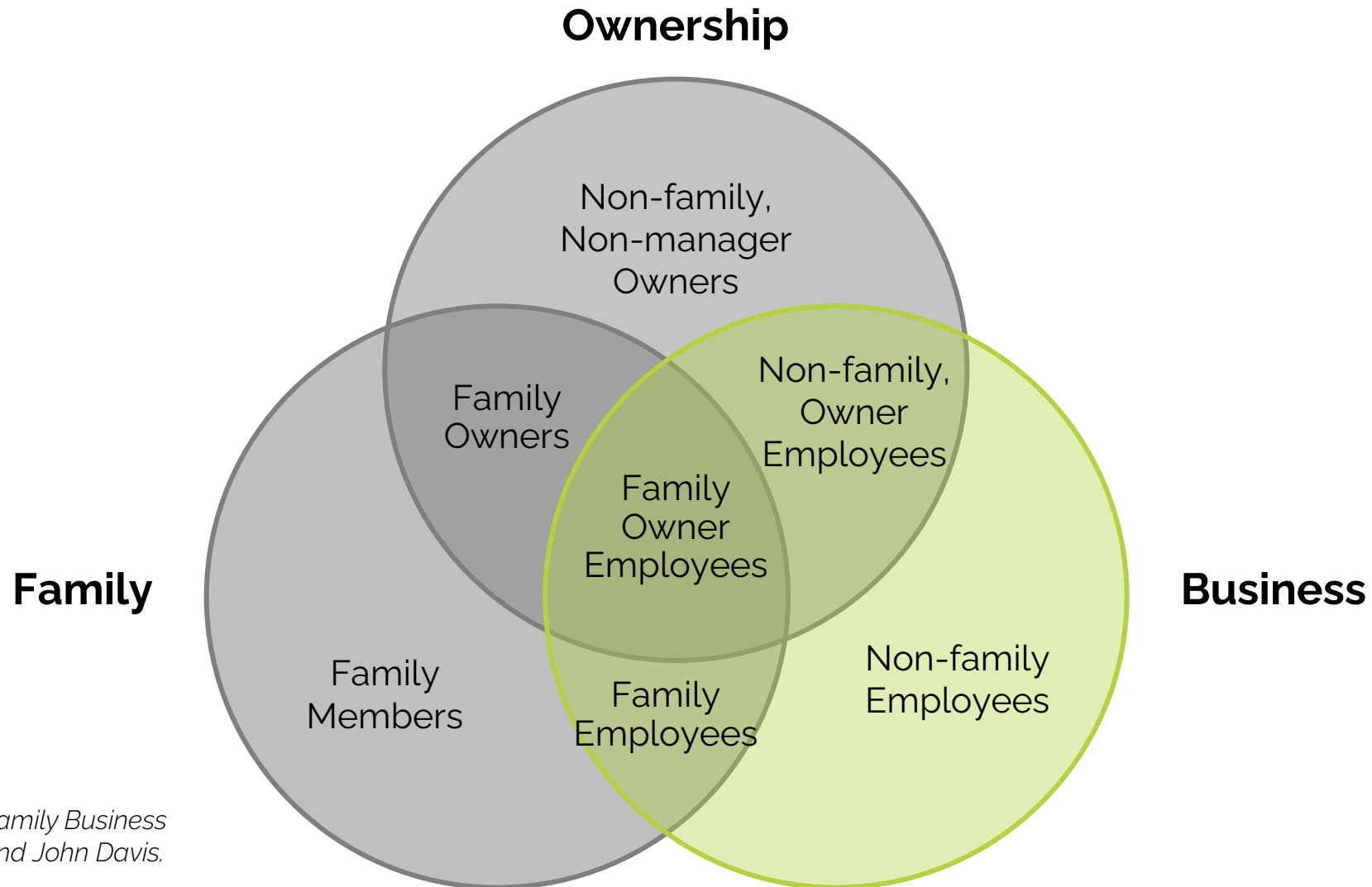
*"Three-Circle Model of the Family Business System" by Renato Tagiuri and John Davis.*

# Ownership



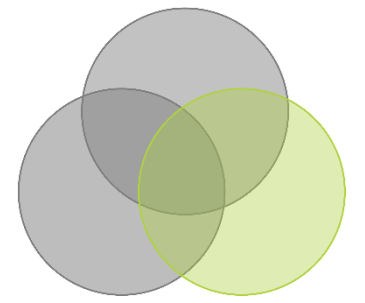
- **Governance**
- **Strategy**
- **Structure**
- **Systems**
- **Culture**





*"Three-Circle Model of the Family Business System" by Renato Tagiuri and John Davis.*

# Business



- **Governance**
- **Strategy**
- **Structure**
- **Systems**
- **Culture**



# Individual





**What do I want to transfer to the generations to come?**

# Some questions

- The first step to opening a family office is to convene a family meeting to address the following strategic questions:

What family values do you want to see preserved?

How will the mission of the family office be defined?

What scope of services will be provided to family members?

What are the assets that the family wants to enhance or preserve?

Which family members are interested in serving in a leadership role?

How will the governance be organized?

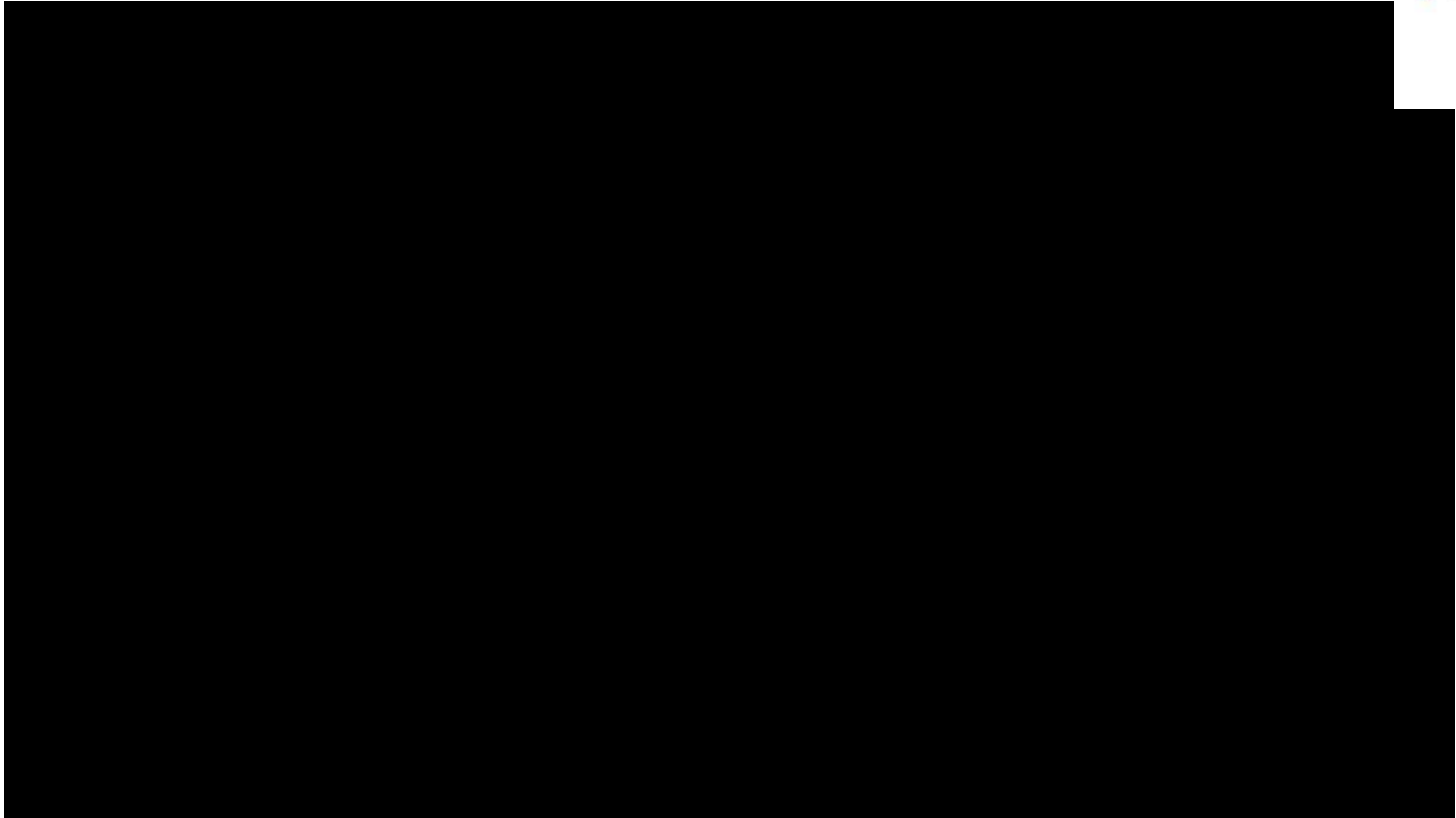
How will the office be owned, organized, managed, and overseen?

How will key functions be accomplished (in-house employees or outside advisors)?

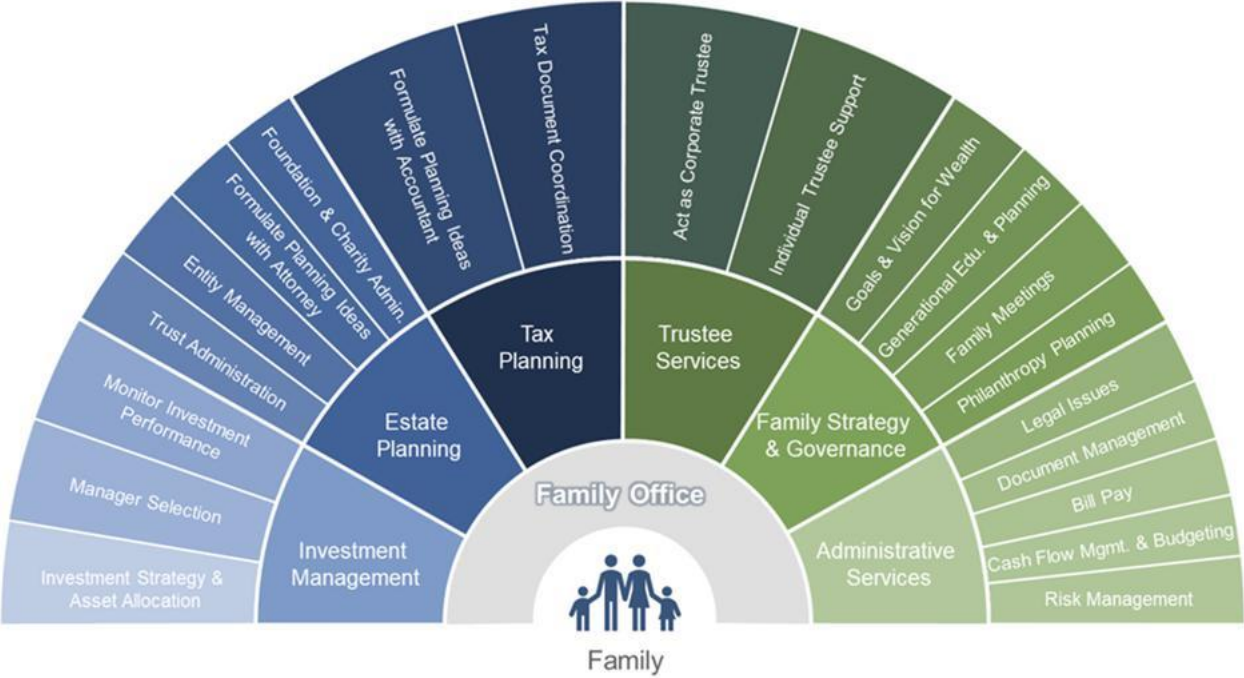
How will the family office services be paid for?



# Stewardship



# What is a Family Office



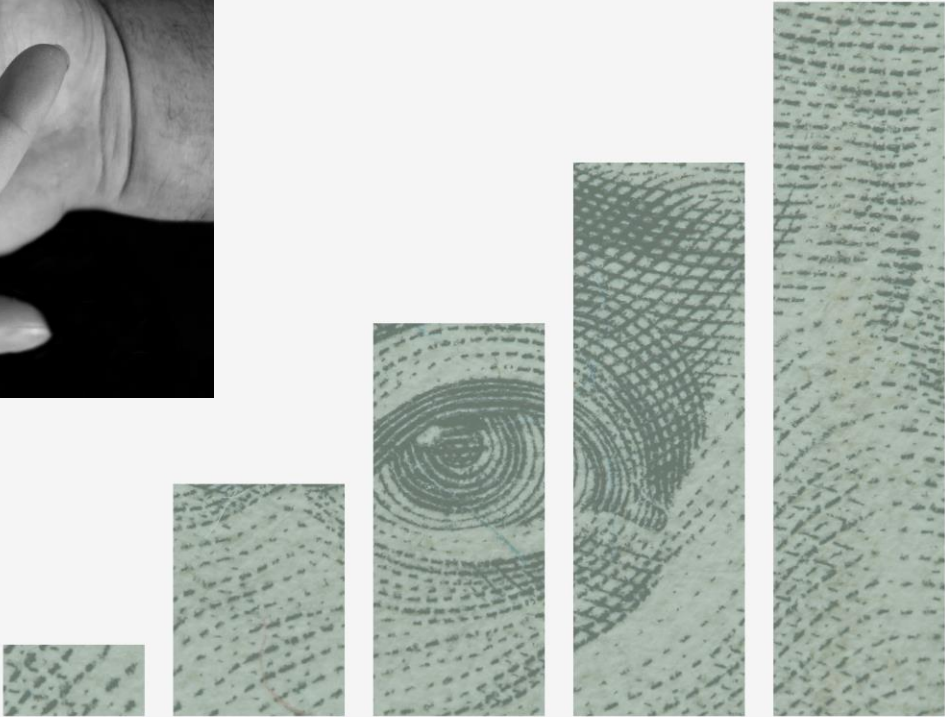
Each  
Family  
Office  
is unique



# What's the purpose of our wealth



TIME ▶





# Ownership Agreement

**Owners must also seek agreement on goals for the wealth that satisfy their interests and secure their commitment, yet are reasonable for management to meet. Four areas for which owners must set goals are:**

1. Growth. For example, how fast do the owners want their business to grow, and how large do they want it to become? Do they aim for rapid growth or seek growth at a steadier, more controlled pace? Do they favor revenue growth or profitability growth?
2. Risk. What risks are they willing to take as an ownership group? What strategy presents the most or least risk? What level of risk will be best for the business and the family?
3. Profitability. What level of profitability do the owners desire? What level is acceptable? What is unacceptable?
4. Liquidity. The ownership group needs to give thought to liquidity, that is, how business assets can be converted to cash to fulfill the desires of individual owners who want to redeem their shares and how profits will be used. One of the owners' tasks is to develop a redemption policy, setting forth the conditions under which shares can be redeemed and the process for such redemption. Owners also establish the dividend payout ratio as a guide to the percentage of profit retained in the business and the percentage distributed to shareholders.



# Family Office and Family Dynamics

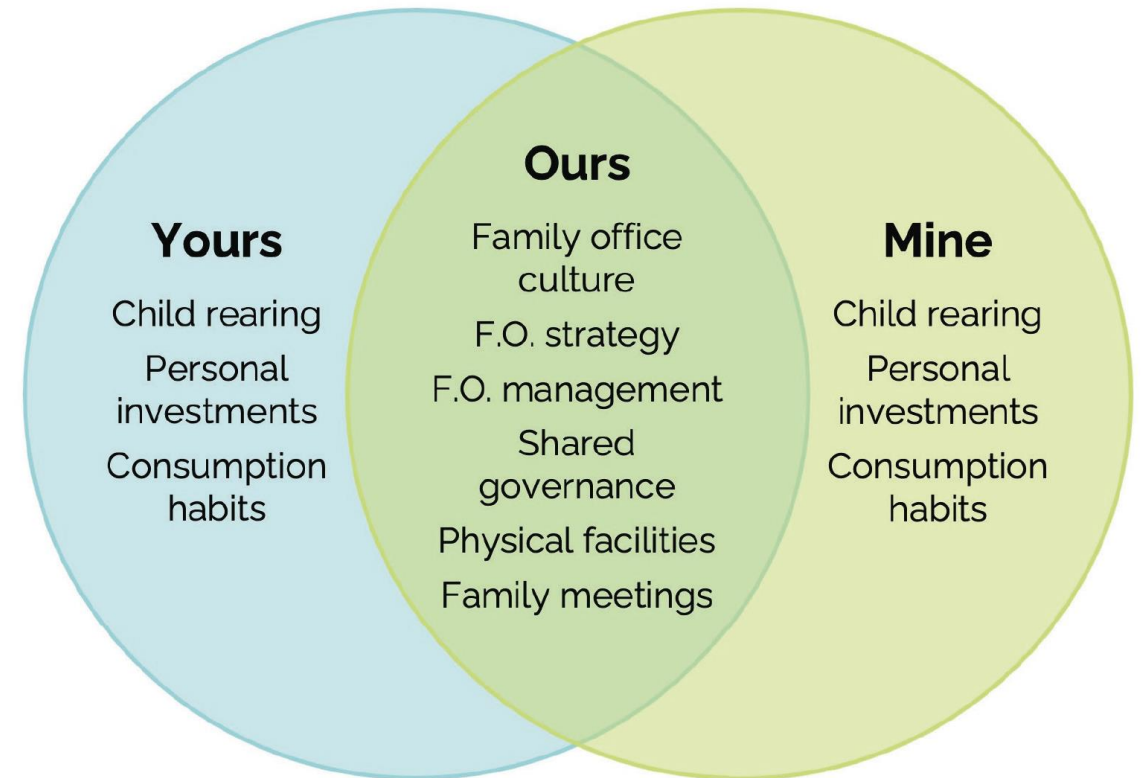
- The Impact of Disruptive Family Dynamics
- It's not difficult to appreciate the potential impact on family office culture of the various family dynamics:
- Family members and non-family managers may be distracted, tense, or resentful because some owners promote decisions that must be informed by an understanding of best practices.
- Non-family managers and family members may feel depleted by excessive demands or "out-of-bounds behavior" and have few options to manage such behavior.
- There is an atmosphere of people "walking on eggshells" because what might have been simple and easily managed family decisions become inflamed by what money represents to the parties involved.

In these and other instances in which family dynamics intrude on family office culture, the potential risks are significant:

- Difficulty retaining high-performing management and staff who may seek greener pastures where they would not have to walk on eggshells due to family conflict or tension.
- It is difficult to hire top-performing non-family managers who would expect best practices to be implemented by an appropriately informed ownership group.
- Exits by family members/owners who become disheartened by the emotional baggage carried by the family office.
- Bad examples for rising generation members who observe their seniors behaving poorly.

# Consider What Is “Yours, Mine and Ours”

One simple exercise is engaging the family in a conversation about shared ownership: what is yours, what is mine, and what is ours. This discussion can help emphasize the shared nature of various financial and non-financial assets, clarify appropriate and inappropriate behavior regarding shared assets, and encourage a less self-referenced perspective.



David Lansky, Ph.D. of The Family Business Consulting Group, Inc. ®

# Different types of Capital

## Capital Ranking



### Human Capital

The individuals' potential in an organization or community. It includes professional skills and experiences, as well as the protection of individuals' rights and well-being. Innovations can enhance human capital by fostering development, empowerment, and safety, thereby contributing to the overall success and health of the organization or community.



### Financial Capital

The financial resources available to an organization. An innovation might impact financial capital by creating new revenue streams, reducing costs, or offering a significant return on investment.



### Intellectual Capital

The value of an organization's collective knowledge, including things like patents, trademarks, business methodologies, and organizational knowledge. An innovation might increase intellectual capital by generating new patents, enhancing methodologies, or contributing to the overall knowledge base.

# Different types of Capital

## Capital Ranking



### Political Capital

The level of influence and goodwill an organization enjoys with external stakeholders, such as government bodies, regulators, or influential groups. An innovation could increase political capital if it aligns the organization with popular causes, demonstrates corporate social responsibility, or fosters relationships with key stakeholders.



### Reputational Capital

This is the perceived value of an organization's brand and reputation. An innovation could enhance reputation capital by achieving positive public relations, improving customer satisfaction, or enhancing the organization's brand.



### Social Capital

This is the value of an organization's relationships and networks, both internally and externally. An innovation could strengthen social capital by improving relationships with partners, fostering internal collaboration, or extending the organization's network.

# Capital Ranking

What's the family capital?

	<b>Score Impact</b> Rate the potential capital impact on a scale of 1–100 100 = maximum impact 1 = minimum impact	<b>Rank Capital</b> Rank the forms of capital that are most important to your organization. 1 = highest, 6 = lowest
Human Capital	/100	
Financial Capital	/ 100	
Intellectual Capital	/ 100	
Political Capital	/ 100	
Social Capital	/ 100	

Do we as a family have another source of capital?

## Capital Impact Score

Take a moment to reflect on your rankings.

Do they reflect the opportunity to protect or create the form of capital that is most important to your family?  
Do they align with your goals and values?

If not, consider not pursuing the innovation opportunity or reevaluate your rankings. Remember, this ranking is a tool to help you think critically about family capital. It's not an exact science but a way to spark conversation and consider where to focus your efforts and resources.

/ 100

**Future Capital Impact** = total of impact scores divided by six



# Common Practices of Successful Enterprising Families

Healthy  
Communication



Stakeholder  
Alignment



Strong Family  
Engagement



Invest in  
Human Capital



Good  
Governance  
Structures



# Healthy Communication

- Appropriate transparency (meetings, updates)
  - Nurtures trust & competence
  - Keep healthy boundaries (decision rights & privacy)
- Foster culture of tolerance of different views
  - People need to be & feel heard
  - Diversity of ideas lead to better decisions
- Invest in communication skills
  - Listening, conflict management, articulating views





# Stakeholder Alignment

## Vision

Collaborative process to co-create



## Shared Financial Goals

Skill development to support participation



## Values & Culture

Openness to diverse experience and ideas



## Non-Financial Priorities

Education and fair process

# Three Critical Tasks for Effective Family Business Teams

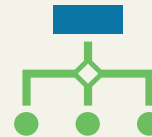
## Clarify & Articulate Shared Purpose

- What is the vision
  - Need to be aligned
- What are our goals & expectations



## Clearly Define Roles, Process & Expectations

- Who is doing what
  - Clarify deliverables & accountability
- Who reports to whom
  - Make hierarchies explicit



## Build Communication & Oversight Structures

- How will everyone stay 'in the loop'
- Governance to bring insights & oversight





# Thank You



**Oscar Páez | Consultant**

The Family Business Consulting Group, Inc.

8770 W. Bryn Mawr Avenue | Suite 1340W | Chicago, IL 60631

O: 773 604 5005 | M: 786 301 0303

[paez@thefbcg.com](mailto:paez@thefbcg.com) | [www.thefbcg.com](http://www.thefbcg.com)

# Endnotes

## **The Impact of Family Enterprises Sources:**

<sup>1</sup> U.S. Bureau of the Census.

<sup>2</sup> Tharawat Magazine. "Economic Impact of Family Businesses – A Compilation of Facts." 2014.

<sup>3</sup> Credit Suisse. "Family-Owned Businesses Show Resilience Through Pandemic." February 2020.

<sup>4</sup> EY Family Business Center of Excellence. "2016 Family Business Philanthropy."

## **Challenges Facing Family Businesses Sources:**

<sup>1</sup> PwC: "2021 Global Family Business Survey." Retrieved from <https://www.pwc.com/gx/en/services/family-business/family-business-survey.html>

<sup>2</sup> Roy Williams & Vic Preisser (2010). *Preparing Heirs: Five Steps to a Successful Transition of Family Wealth and Values*. Robert Reed Publishers.

<sup>3</sup> John L. Ward (1997). *Keeping the Family Business Healthy: How to Plan for Continuing Growth, Profitability, and Family Leadership*. Palgrave Macmillan.

<sup>4</sup> Cerulli & Associates. "The Great Wealth Transfer." Retrieved from <https://info.cerulli.com/HNW-Transfer-of-Wealth-Cerulli.html>

## **Three Circle Model Source:**

<sup>1</sup> "Three-Circle Model of the Family Business System" by Renato Tagiuri and John Davis.

## **The key to long-term family enterprise success Source:**

<sup>1</sup> EY and Kennesaw State University. "In Harmony – Family Business Cohesion and Profitability." 2017.

## Investment Insights

### Session Description

Family offices are actively increasing their allocations to alternative investments. How do family offices stay on top of endless and forever changing private market and hedge fund opportunities and how do they manage these portfolios on an ongoing basis?

Kathy and David will provide a market update, discuss recent observations and trends within the alternatives space and discuss how family offices are utilizing Albourne resources to support their internal investment process.

### Speakers

#### ***Kathy Rossi, Partner, Client Group, Albourne Partners, Albourne America LLC***



Albourne Partners is an alternatives consulting firm with 360 clients globally with roughly \$700bn invested in alternatives. Katherine is currently responsible for client acquisition in North and South America.

Prior to joining Albourne's client service team Katherine was an Operations Due Diligence Analyst with Albourne Partners both in the U.S. and London from 2004-2011. During this time she performed extensive operational due diligence on several hundred European and North and South American hedge funds. Prior to joining Albourne she worked at Manhattan based hedge fund, Fir Tree Partners where she performed various research and operational functions.

Katherine has a MBA from Pace University and a BS in Finance from Ithaca College.



#### ***David Tatkow, Partner, Portfolio Advisory Team, Albourne Partners, Albourne America LLC***

# Albourne Family Office Capabilities and Market Update

**Fox Family Office Wealth Advisory Council**

March 21, 2024

# Presenters

---



**David Tatkow**

## **Primary Consultant for SBA**

23 years experience

Partner, share option holder

Joined 2010

Core Capital Management, HVB Group

MBA University of Chicago Booth School of Business. AB Dartmouth College

Chief Investment Officer's Knowledge Brokers 2021

Based in Connecticut

---



**Kathy Rossi**

## **Client Relationship Manager for SBA**

25 years of experience

Partner, share option holder

Joined 2004

Fir Tree Partners

MBA Pace University, NY. BSc Finance Ithaca College, NY

Based in Florida

# Business Model

**Our goal is to empower our clients to be the best investors that they can be**

Albourne is committed to:

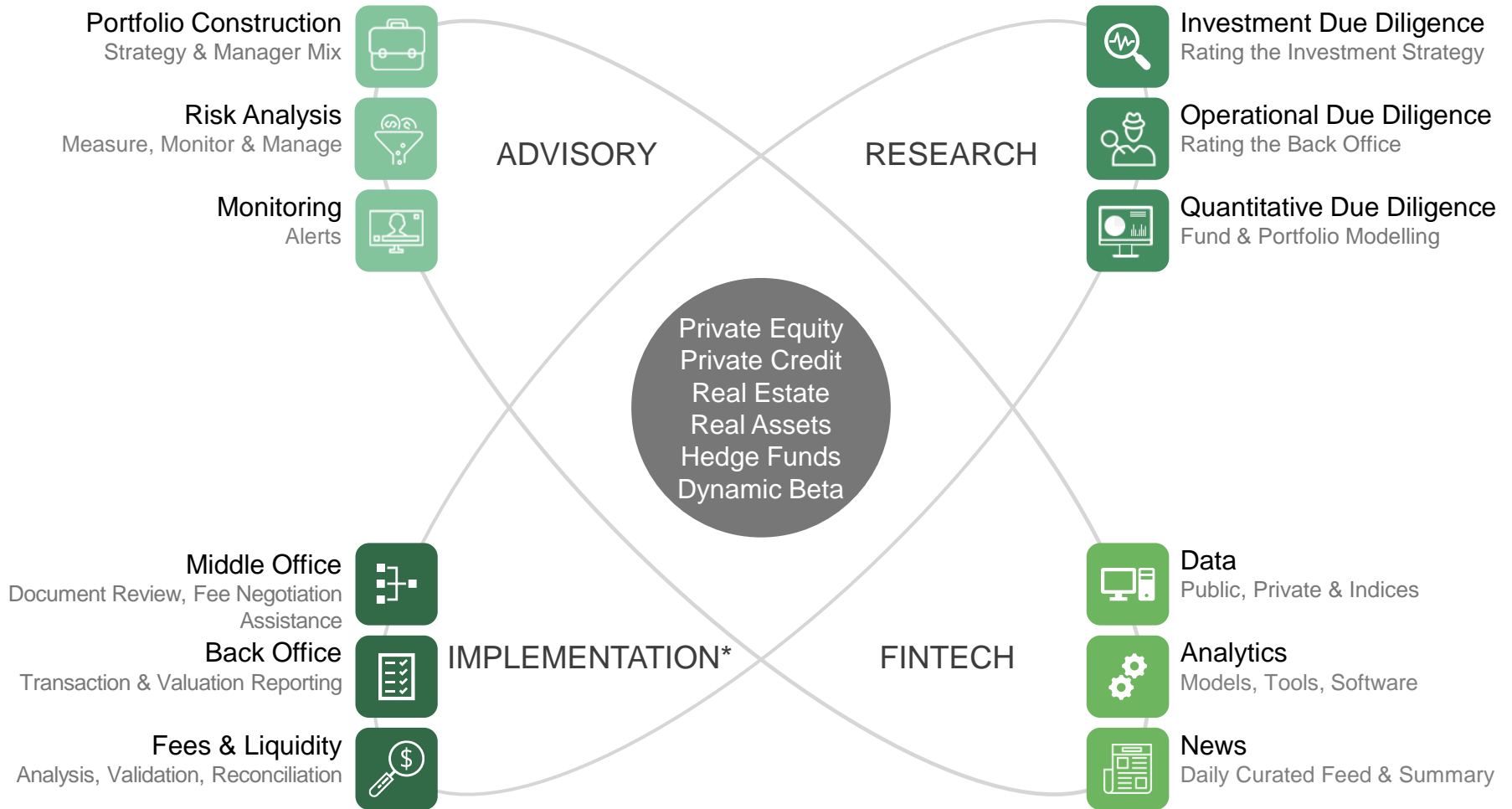
- Non-discretionary advice
- Transparent pricing
- Independent ownership

**Albourne believes in promoting alignment and minimizing conflicts**





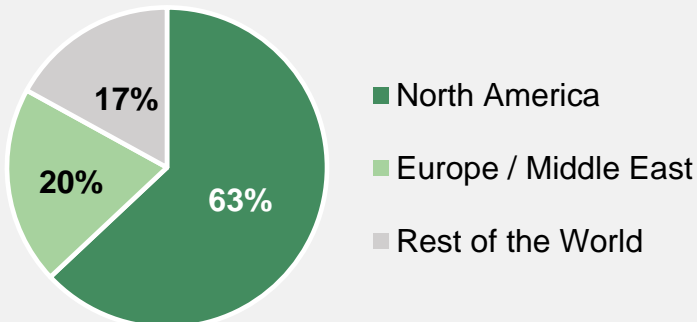
# Albourne Services



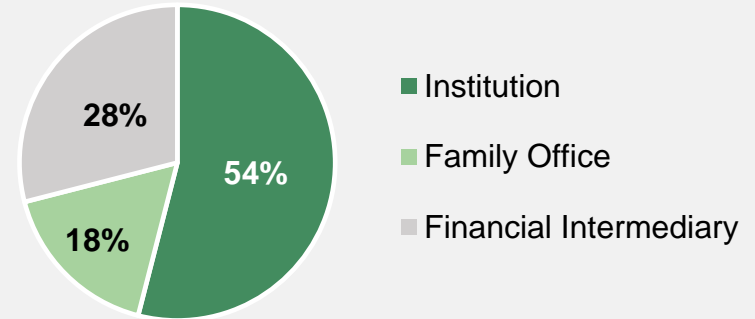
# Clients

- >340<sup>1</sup> clients globally
- >\$700bn<sup>2</sup> in alternatives
- One of the largest groups of investors in alternative investments

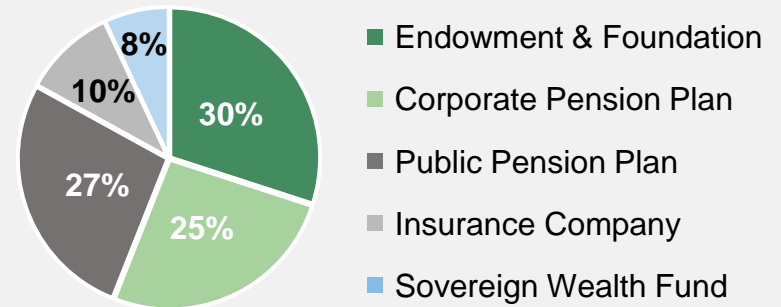
### Clients by Region



### Clients by Type



### Institutions by Type



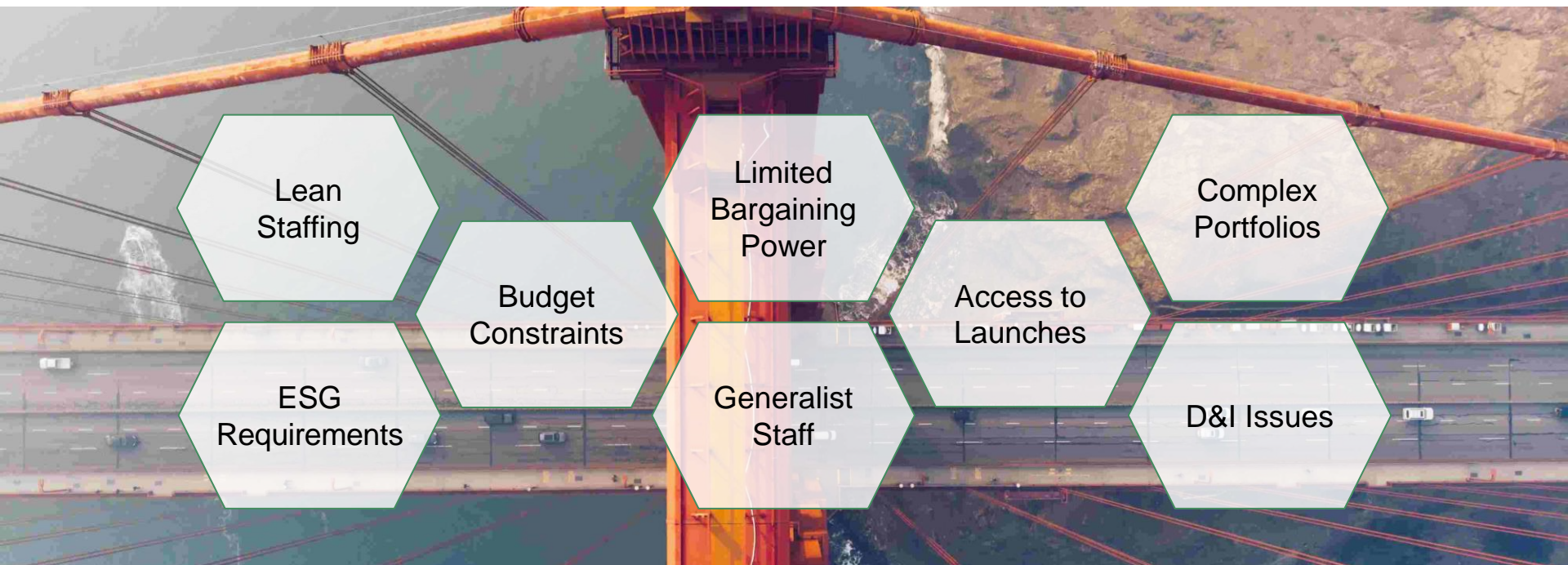
1. The aggregate number of client entities for the Albourne Group worldwide. Clients may be subscribed to multiple services.

2. A conservative aggregation of the estimated investments in alternatives (where known) of Albourne Group clients worldwide, using public sources where possible.

All data as of 1 January 2024

# Albourne Family Office Clients

- >60 Family Office clients globally
- >\$30bn\* in alternatives



# Colleagues

632

Total Headcount<sup>1</sup>

411

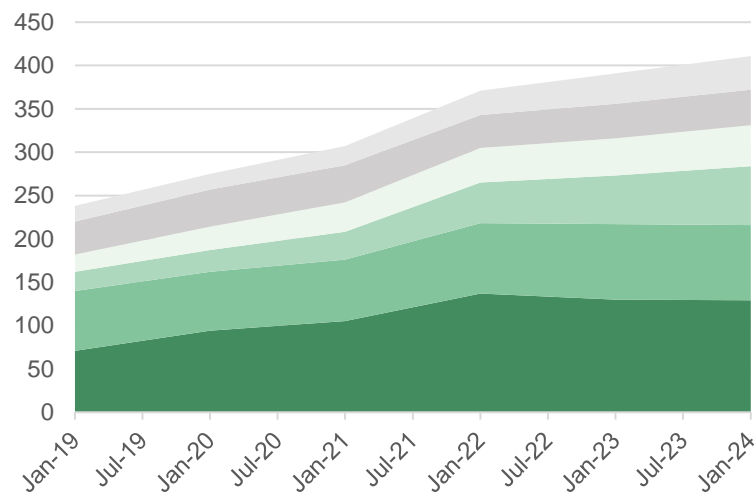
Analysts

11

Offices Globally

47%53%

Female / Male



Fintech	39
QDD Analysts	41
Portfolio Analysts	47
Implementation	68
IDD Analysts	87
ODD Analysts	129
<b>Total Analysts</b>	<b>411</b>

100%

Owned by Employees<sup>2</sup>

>80

Employee Share & Option Holders

117

Partners

>15

Partners' Average Tenure (Years)



# Albourne Single Family Office Use Cases

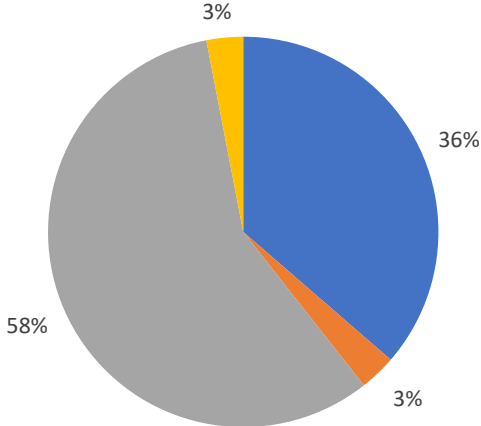
# Growth in Single Family Office Clients

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
#	27	31	30	31	33	40	46	52	56	66



# Albourne Family Office Clients by Region

Family Office Clients by Region



■ Europe ■ MENA ■ N.Am ■ ROW

# Why Family Offices hire Albourne?





# Albourne Supports Key Family Office Stakeholders

	Patriarch	Chief Investment Officer or Chief Executive Officer	Family Office Investment Team Members
Key responsibilities	<ul style="list-style-type: none"> <li>Ensuring their wealth is protected for multiple generations.</li> </ul>	<ul style="list-style-type: none"> <li>Managing expectations of Family and key stakeholders</li> <li>Managing internal and external investment staff and vendors.</li> <li>Managing a portfolio across all asset classes.</li> </ul>	<ul style="list-style-type: none"> <li>Performance</li> <li>Manager Selection,</li> <li>Headline Risk,</li> <li>Investment ideas</li> <li>Operations Due Diligence</li> </ul>
Key pain points	<ul style="list-style-type: none"> <li>Trusting external parties to support the family office.</li> <li>Managing family dynamics.</li> </ul>	<ul style="list-style-type: none"> <li>Juggling multiple roles</li> <li>Generalist background</li> <li>Greater focus on performance measurement and compensation</li> </ul>	<ul style="list-style-type: none"> <li>Sourcing Investment Ideas,</li> <li>Access to Analytics</li> <li>Access to second opinions</li> </ul>
<b>Albourne as a Family Office Partner</b>	<ul style="list-style-type: none"> <li>Long term, independent, stable partner</li> <li>Our mission is to make our clients the best investors they can be.</li> </ul>	<ul style="list-style-type: none"> <li>Albourne supports the CIO and their team with global, institutional investment ideas and specialist knowledge.</li> <li>Albourne helps FO/MFOs achieve greater economies of scale</li> </ul>	<ul style="list-style-type: none"> <li>Albourne provides breadth and depth of research and analytics across all strategies</li> <li>Clients have access to specialists for second opinions</li> <li>Extensive Operations Due Diligence Capabilities</li> </ul>



# Industry Commentary

# Trends/Observations

---

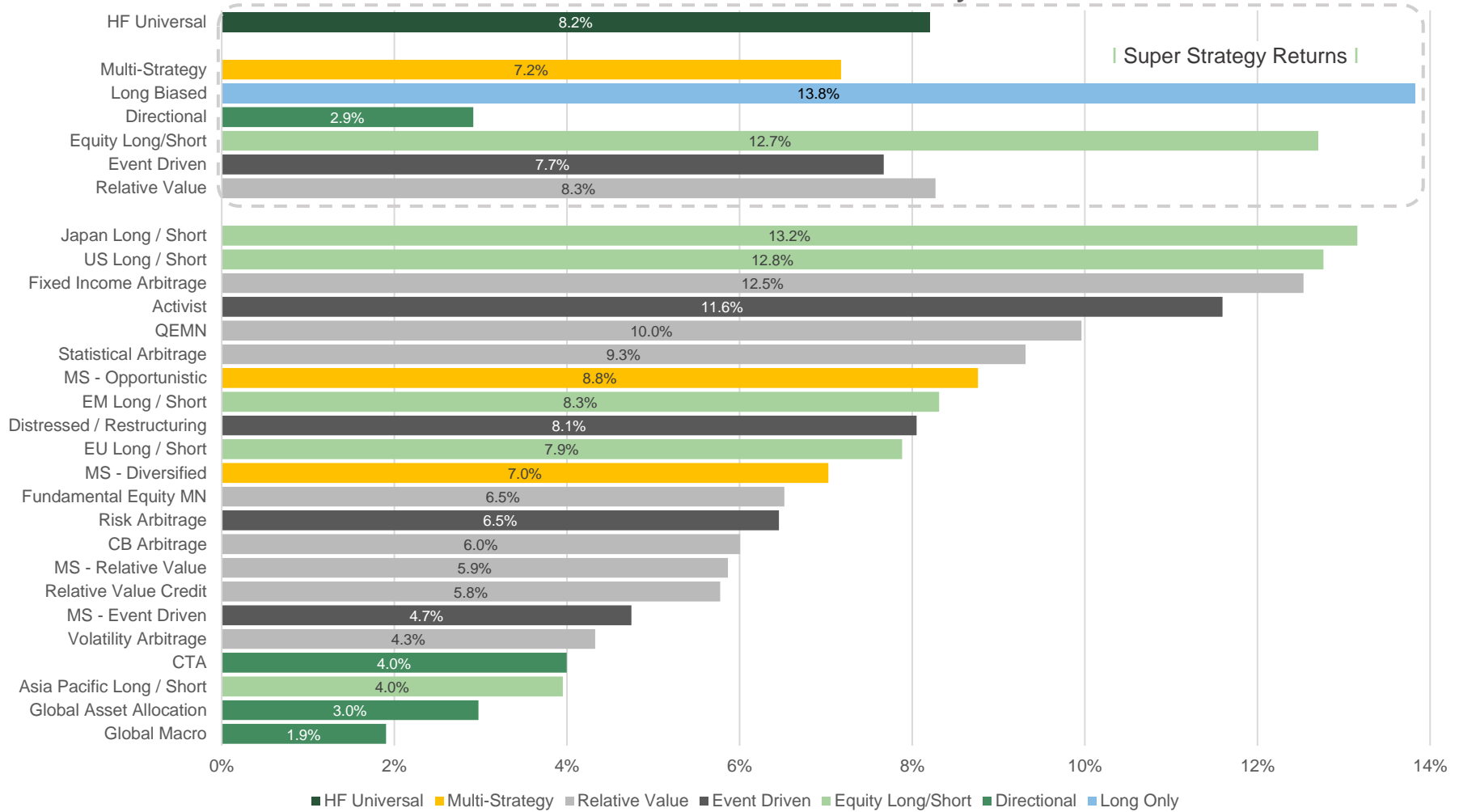
- Private Market Focus (Venture Capital, Private Credit, Infrastructure)
- Evaluating Hedge Funds in a high-rate environment
- Fees - The new generation of HNW seems to be more fee conscious. They have grown up in a world of more fee transparency and are questioning high fees or lack of transparency.
- Non-correlated strategies (i.e., Insurance)
- Artificial Intelligence
- Democratization of Private Markets
- Responsible Investing

# The Year in Review: 12 Key Themes in 2023

<p><b>[1] Artificial Intelligence (AI)</b></p> <ul style="list-style-type: none"> <li>The surge in AI is one of the contributing factors towards the outperformance of tech equities during 2023. As of 22 December YTD, the S&amp;P 500 IT Index had gained nearly 56%, more than a 2x percentage increase compared to the main S&amp;P 500 Index</li> <li><a href="#">Albourne's survey</a> across fund managers showed that (i) Generative AI is being used across functions with at least minimal productivity improvements, (ii) about 1/3 of respondents are not currently using Gen AI tools, (iii) the most common adoption hurdles relate to concerns around data security, followed by accuracy and compliance.</li> </ul>	<p><b>[2] Military Conflicts</b></p> <ul style="list-style-type: none"> <li>The geopolitical uncertainties ensued from 2022 and reached new highs with the addition of the Israel-Gaza conflict in October. Fighting on the Ukraine front remained relentless, entering its 22nd month. In October, President Biden proposed a \$106bn supplemental funding directed mainly towards Ukraine, Israel, Gaza and border security. This has so far failed in the procedural vote.</li> <li>Overall, the impact of the conflicts was periodical and largely limited to the commodities sector, including oil.</li> </ul>	<p><b>[3] Global Supply Chains</b></p> <ul style="list-style-type: none"> <li>Following the developments in Gaza, Yemen's Houthi rebels have been targeting vessels in the Red Sea, thus affecting the accessibility to the Suez Canal. Shipping companies are diverting to alternative and more costly routes. The US has announced that it, alongside a number of other countries, will aim to boost the safety of the Red Sea.</li> <li>China holds many key supply chains around the world and continuously strives to move up the value chain. From a trade perspective, China's ability to often outproduce other countries at a cheaper price creates an ongoing friction point.</li> </ul>	<p><b>[4] China</b></p> <ul style="list-style-type: none"> <li>Economic woes persisted in China, as the early 2023 momentum from the China reopening following the lift of the COVID-zero policies was short-lived. This was reflected by the underperformance of equity markets.</li> <li>Defaults from property developers continued to make headlines.</li> <li>2023 saw an increasing internationalization of the yuan. In April, the Chinese yuan reportedly surpassed the dollar in being the most widely used currency for cross-border transactions in China.</li> </ul>
<p><b>[5] Banking Crisis</b></p> <ul style="list-style-type: none"> <li>1H 2023 saw the second, third and fourth largest regional commercial bank failures in US history.</li> <li>SVB's failure sent shockwaves to the banking sector and beyond, as it was also a prominent bank used in the Private Equity/Venture Capital market.</li> </ul>	<p><b>[6] Digital Assets</b></p> <ul style="list-style-type: none"> <li>Recent approvals for ETFs backed by physical BTC units add to the optimism for the Digital Assets space.</li> <li>The tokenization of real-world assets is emerging as a prevailing use case for blockchain technology, with successful tokenization of real estate, commercial paper, private placements, and other assets. However, regulatory pressure remains.</li> </ul>	<p><b>[7] SEC Final Private Fund Advisers Rules</b></p> <ul style="list-style-type: none"> <li>The US SEC had an open meeting in August 2023 discussing the adoption of rules originally proposed in February 2022. The changes are far reaching, with the key focus being on the risks to investors around a lack of transparency, conflicts of interest, and a lack of governance mechanisms. The final rules appear to address many of the concerns originally submitted by Albourne to the SEC along with other industry participants.</li> </ul>	<p><b>[8] Inflation, Rates &amp; GDP</b></p> <ul style="list-style-type: none"> <li>While inflationary pressures materially decreased in 2023, they remained above the Fed's and ECB's target 2% inflation rate.</li> <li>Rate hike expectations remained the key driver of market returns. Notably, the release of US inflationary figures in November, that showed a significant decrease in the inflation rate, paved the way to a market rally, as market participants revised their 2024 rate expectations downwards.</li> </ul>
<p><b>[9] Uptick in Distressed Opportunities</b></p> <ul style="list-style-type: none"> <li>As a consequence of the sharp increase in interest rates in 2022-2023 and the increased cost of borrowing, bankruptcies are rising.</li> <li>The uptick in defaults is expected to be more sustained than in previous bouts, given that the Fed is less well-situated to inject liquidity. Separately, with capital markets not fully open, Distressed hedge fund managers had some opportunity to structure and price financings that would otherwise be placed in traded markets.</li> </ul>	<p><b>[10] Private Equity valuations</b></p> <ul style="list-style-type: none"> <li>Higher interest rates and the resulting pressures on valuations appear to persist, however, the strong performance of equities has eased the downward adjustment of private company valuations.</li> <li>This makes the denominator effect that was prominent earlier in the year and in 2022 less pronounced, offering a more balanced view of portfolio-level allocations to PE investments.</li> </ul>	<p><b>[11] Japan Equities and Corp. Governance</b></p> <ul style="list-style-type: none"> <li>Nikkei 225 outperformed many of its western counterparts. Besides the ultra-accommodative monetary policy, equity markets also benefited by the reforms in corporate governance.</li> <li>The Japanese regulators have recently introduced guidance that aims to improve shareholder value. Companies continue to strengthen corporate governance and are under pressure to improve price-to-book ratio.</li> </ul>	<p><b>[12] Insurance</b></p> <ul style="list-style-type: none"> <li>Insurance was the best performing Hedge Fund strategy for the year.</li> <li>Despite 2023 having been one of the most active years on record in terms of industry loss, these losses came mainly from small to medium sized events from secondary perils and the year has lacked any catastrophic events that caused large insured losses.</li> <li>Inflation has increased the value of underlying exposures as well as replacement costs, so the dollar amount of cover required grew.</li> </ul>

# Albourne HF Indices – 12-month Returns for February 2024

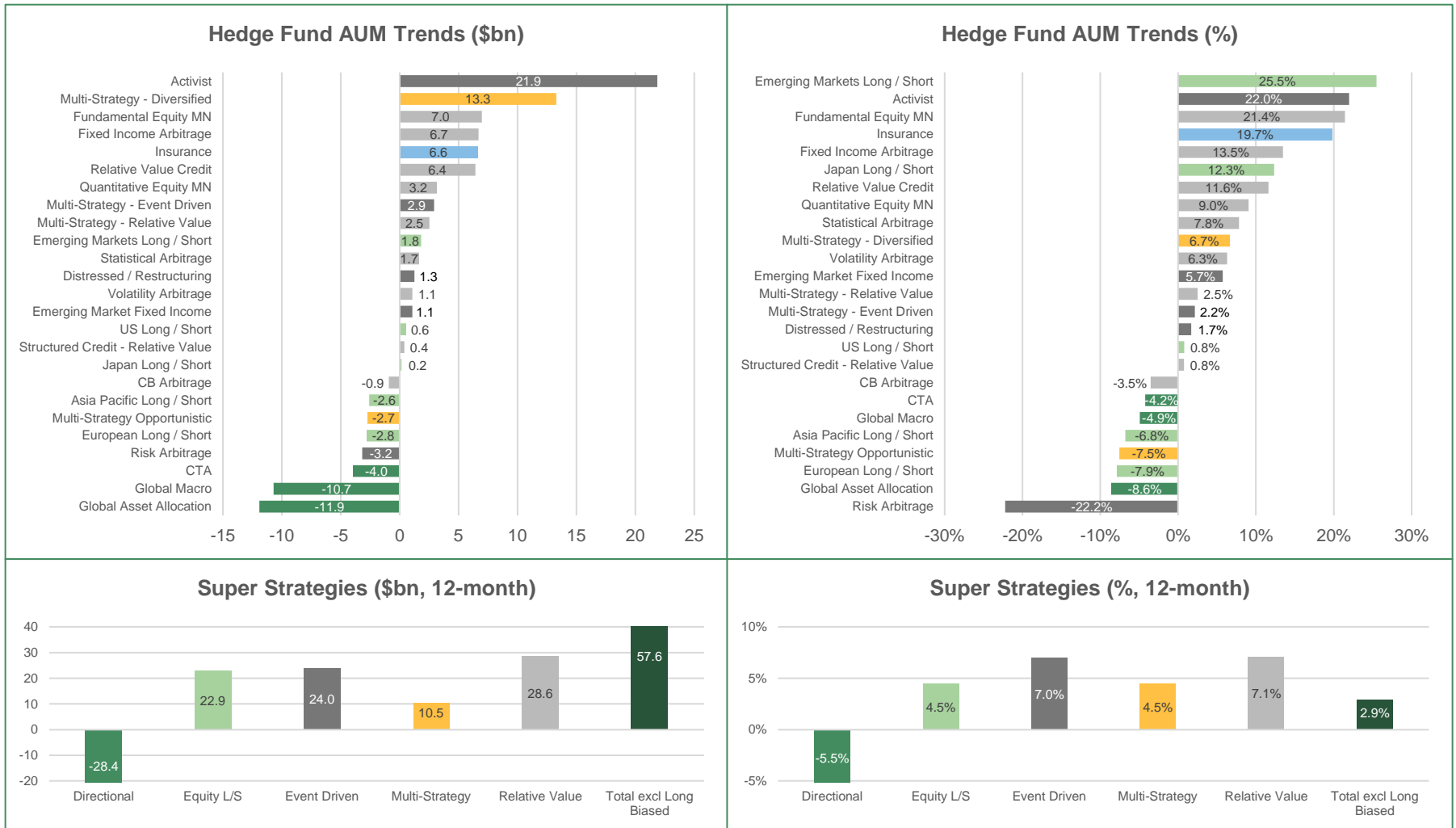
Albourne HF Indices – 12-month as of February 2024



Long Biased Super-Strategy return presented is based on the returns of Insurance and Direct Lending Strategies.

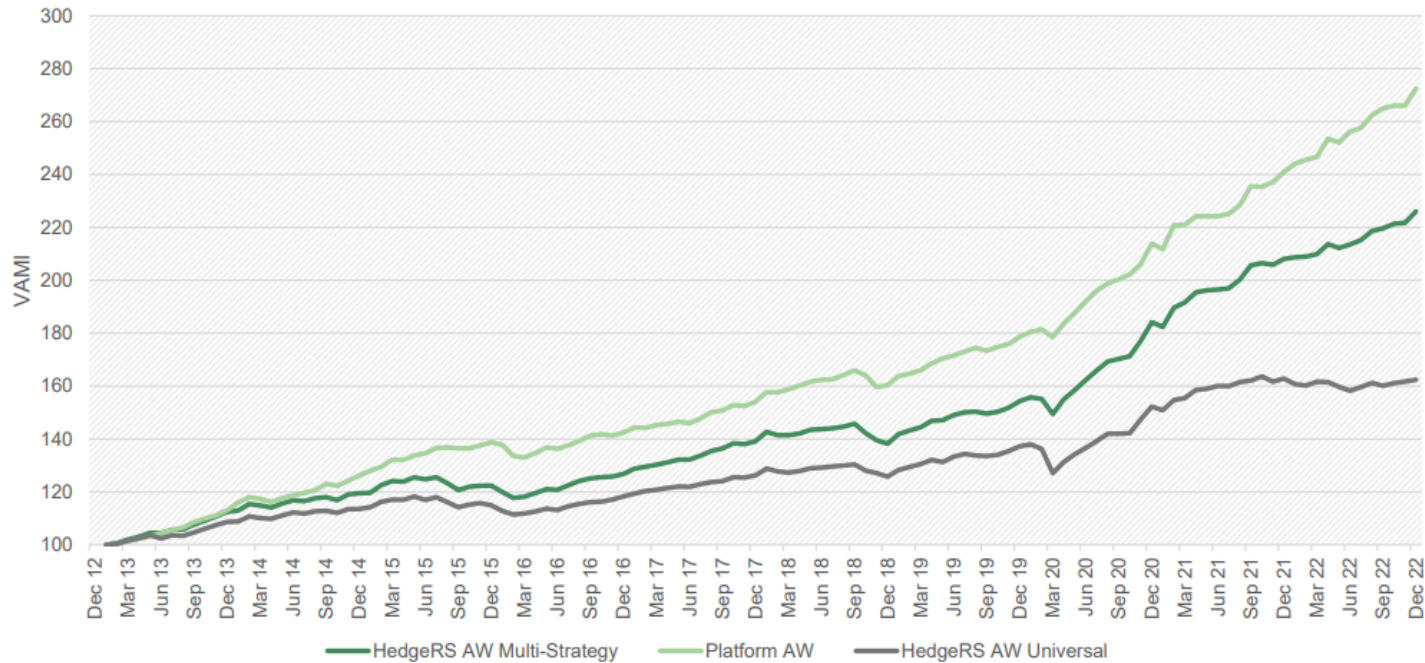
# Hedge Fund AUM Trends (December 2022 – December 2023)

All of the Super-Strategies experienced outflows year-on-year, with Directional strategies suffering the largest absolute and percentage Outflows.



# Platform Funds Versus Multi Strategy Funds

Multi-Strategy and Platform Returns, Asset Weighted



Past performance is not indicative of future results.

# Private Markets Performance Overview

## PM Snapshot (Trends and Observations) & PM Forecast

The Outlook for Secondaries is Positive due to relatively narrow entry discounts. The infrastructure opportunity set, especially in the middle market, is attractive. Furthermore, Primary Lending in Asia remains appealing, driven by the structural funding gap in the region.

Strategy	Outlook / Change	Comments
<u>US LBO</u>	Marginally Negative ↔	Given the current market environment, Albourne's outlook remains moderated. Positively, a "soft-landing" outcome seems more probable as inflationary concerns appear to recede.
<u>European LBO</u>	Marginally Negative ↔	Opportunities remain limited relative to the level of dry powder. However, M&A activity is anticipated to pick up in 2024.
<u>Asian LBO</u>	Marginally Positive ↔	While geopolitical risks remain, with better pricing and positive trends toward economic stabilization and growth, the opportunity set in Asia remains attractive.
<u>Venture Capital</u>	Neutral ↔	Overall, the US VC market is expected to continue its moderation, with extended fundraising cycles, slower deployment of capital, and a challenging exit environment, with the number of market participants and pricing levels becoming more rational and additional markdowns expected.
<u>Secondaries</u>	Positive ↔	With entry discounts still relatively narrow, and with many LPs seeking to rebalance their portfolios in a GP-led market, create a positive environment for the strategy.
<u>US Distressed &amp; Special Situations</u>	Marginally Positive ↓	All-in yields on low rated performing loans and bonds have come in but remain high by historic standards – driven in large part by elevated base rates.
<u>US Lending</u>	Neutral ↔	The lack of LBO activity led to spread tightening at year-end. There were relatively more direct lenders than supply of M&A given the higher rate environment. However, nominal yields remain attractive due to higher base rates.
<u>European Distressed</u>	Marginally Positive ↔	Pricing is expected to become more attractive as credit fundamentals deteriorate. Default rates may rise slightly in 2024, albeit not dramatically
<u>European Lending</u>	Marginally Positive ↔	High inflation and tightening monetary policy led to improved deal pricing in 2022/2023. Albourne expects pricing to continue to be attractive, and the pace of deal flow is expected to improve in 2024.
<u>Asian Private Credit</u>	Positive ↔	Primary lending remains attractive due to the structural funding gap in Asia, while secondary distressed opportunities continue to be led by the Chinese property bond dislocation.
<u>Oil &amp; Gas</u>	Marginally Positive ↑	Underinvestment in the space, driven by ESG investment mandates and the desire to move towards carbon neutrality, continues to drive the opportunity set in Oil & Gas, where the economics remain attractive.
<u>Infrastructure</u>	Positive ↔	The negative impact of rising rates has been largely offset by the positive impact of higher inflation; however, inflation may moderate while higher rates may linger. Nonetheless, there is a strong opportunity set, particularly in the middle market.
<u>Real Estate</u>	Marginally Negative ↔	Fundraising and dry powder have declined as Real Estate across all styles is generally expected to face continued headwinds in 2024.



# US LBO/Growth – PM Outlook / Forecast

## PM Forecast (New Commitments)

Updated 3Q 2023

Reviewed 1Q 2024

**Summary:** Given the current market environment, Albourne is relatively moderate on the outlook for US LBO/Growth. Positively, recessionary fears within the US economy have been slowly receding in favour of a potential “soft-landing” outcome. Although continued economic outlook uncertainty remains and higher interest rates make it more difficult for GPs to underwrite new investments to an acceptable return, we expect to see a pick-up in deal activity from its current depressed levels due to the narrowing gap between seller and buyer expectations, as well as the historical levels of dry powder still available. Conversely, fundraising remains challenged as many LPs remain hesitant on new commitments, while their potential re-ups face increased scrutiny due to changing liquidity dynamics in some portfolios. Overall, these dynamics create the opportunity for high-quality GPs with strong end-to-end strategy capabilities to further distinguish themselves from peers who have been more historically reliant upon cheap financing and rising markets.

Drivers	Outlook	Comments
Deal Pricing	Neutral (Changed from Marginally Positive)	Deal pricing remains slightly more attractive compared to 2021-2022 as purchase price multiples have generally trended lower, especially in higher growth sectors such as software. However, valuations may have already found a near-term bottom as sentiment has improved and public market performance has rebounded, led by the large-cap technology sector.
Supply of Opportunities	Marginally Positive (Unchanged)	The potential investment universe remains very large due to the sheer size and diversity of the US economy. Seller expectations and valuations are the key driving factors behind the fluctuations in supply over short periods of times but not over the medium- or long-term. As the composition and supply of buyout targets (private companies, divisions of corporates, public-to-privates, etc.) varies depending on size, there is naturally a greater supply of potential investment targets in the lower middle market and middle market as compared to the large market.
Leverage Availability	Negative (Unchanged)	With debt markets extremely susceptible to overall volatility and recessionary fears, sponsors broadly continue to face more difficulties in securing debt financing following the sharp increase in rates over the past year and half. Although the cost of debt is more expensive and it is generally harder to secure loans, well-established middle-market sponsors with limited to no history of lender losses should have an advantage due to their time-tested relationships with direct lenders. Direct lenders have enthusiastically stepped into the middle market issuance gap vacated by banks, while new syndicated loan issuance for large market buy-outs (>\$50m EBITDA) will likely remain slower as these deals typically require a consortium of lenders.
Supply of Capital (Dry Powder)	Negative (Unchanged)	The fundraising environment remains more competitive and challenging than it has been in years. Despite the fundraising slowdown, the historical level of dry powder available in the market has remained relatively steady due to the steep decline in deal activity. With expectations for deal activity to pick-up before an improvement in fundraising conditions, there appears to be potential for a modest decline in the overall amount of dry powder, albeit not to a material degree.
External / Political Influences	Marginally Negative (Unchanged)	The emergence of a de-globalization theme following the Russia/Ukraine War and deteriorating relations with China over the past year may continue to drive stronger domestic investment interest. However, the seemingly constant threat of the US tightening various regulatory and disclosure requirements for private equity firms and their portfolio companies remains.
OVERALL	Marginally Negative	Unchanged

# US VC – PM Outlook / Forecast

## PM Forecast (New Commitments)

Updated 1Q 2024

Reviewed 1Q 2024

Drivers	Outlook	Comments
<b>Deal Pricing</b>	Marginally Positive (Unchanged)	Except for relatively competitive AI and climate financings, pricing has moderated and diligence timelines have extended, with VCs often able to obtain more attractive terms. VC funds have continued to expand geographically in pursuit of high-performing companies at lower valuations outside of Silicon Valley.
<b>Supply of Opportunities</b>	Positive (Unchanged)	The pace of company creation has increased significantly on a global basis, fueling increased interest in seed and early-stage investment. Startup technology offerings, no-code and open-source technologies, and AI enhance the ability to create companies.
<b>Leverage Availability</b>	Neutral (Unchanged)	Although financial leverage to fund investments and/or generate returns is not a core component of US VC, the cost of capital is higher in a tightening interest rate environment. Regional bank failures such as SVB and First Republic shifted some short-term borrowing/loan access sought by private technology companies to the systemically important banks and alternative sources of capital.
<b>Supply of Capital (Dry Powder)</b>	Neutral (Changed from Marginally Negative)	While US VC managers have amassed a record amount of dry powder after peak fundraising levels in 2021-2022, the pace of capital deployment has slowed and selectivity increased. Many LPs are experiencing the “denominator effect” and may re-up with existing managers at reduced amounts.
<b>External / Political Influences</b>	Marginally Positive (Unchanged)	For the majority of US VC, the external and/or regulatory environments are conducive, including the technology and healthcare sectors. The crypto space is the exception, with a still relatively nascent investment environment and ongoing regulatory uncertainty. The macroeconomic environment remains challenging for US VC, with rising interest rates and inflation driving a funding gap, and pricing pressure becoming an increasing concern in 2023.
<b>OVERALL</b>	Neutral	Unchanged

Exits	Outlook	Comments
<b>Exit Environment for Current Investments (medium term):</b>	Marginally Negative (Unchanged)	Exit valuations are more muted. Exits via public markets remain limited and the IPO market has not yet re-opened, which will impact late-stage and growth companies more than seed and early-stage. Acquisitions continue to represent the largest proportion of recent exits. US VC managers will generally need to hold positions longer, in turn delaying distributions to LPs. Regulatory scrutiny over M&A has increased. However, the Secondaries market continues to grow as an exit channel and PE sponsors offer select exit options.

# US Lending – PM Outlook / Forecast

## PM Forecast (New Commitments)

Updated 1Q 2024

Reviewed 1Q 2024

Drivers	Outlook	Comments
<b>Deal Pricing</b>	Marginally positive (Changed from Positive)	As of YE 2023, the lack of LBO activity resulted in spread tightening from nearly 700 at the beginning of 2023 to 2021 levels of 550 or below. Anecdotally, Albourne has heard that borrowers are increasingly dictating loan terms as well. With the Fed announcing its intention of cutting rates in 2024, the absolute yield expectation over the life of the loans has also been reduced. Still, with SOFR at 5.3% as of year-end 2023, the base rate produces the absolute yields that have drawn so many new investors to examine the senior direct lending asset class, and the nominal yields remain attractive to many.
<b>Supply of Opportunities</b>	Marginally Negative (Changed from Neutral)	While direct lending took market share from the broadly syndicated loan market at the beginning of 2023, at the end of 2023, there were relatively more direct lenders seeking to fund new deals than supply of M&A given the higher rate environment. As a result, the few M&A deals that close are seeing intense interest and heavy competition among lenders, leading to not only the tighter spreads but weaker lender protections as well. To the extent that M&A activity continues to pick up, however, the supply dynamic should return to being a more neutral factor.
<b>Leverage Availability</b>	Neutral (Changed from Negative)	Banks have tightened underwriting standards more generally, or at the very least increase the cost of financing. While subscription and asset-backed lines have largely remained intact, financing is meaningfully more expensive, and for some lenders the increase in financing costs has outpaced the widening of asset spreads. That said, CLO issuance has largely resumed, and financing is generally widely available, albeit at a higher price
<b>Supply of Capital (Dry Powder)</b>	Neutral (Changed from Marginally Negative)	Many direct lenders have been wrapping up extended fundraising periods and new entrants are canvassing the market. On the whole, lenders have made adjustments to the slower repayment pace and increasingly are funding add-ons. Dry powder availability has become increasingly lender specific, with certain lenders having ample reserves while others will struggle to maintain the same commitments sizes of prior years
<b>External / Political Influences</b>	Neutral (Changed from Marginally Negative)	With CPI readings cooling in 4Q 2023, the Federal Reserve has shifted from talks of pausing hikes to contemplating when a rate cut will be. While SOFR remains 5.3% as of year-end, many believe placing a rate cart in 2024 is just a matter of when and few political moves will be made given that it is an election year.
<b>OVERALL</b>	Neutral	Unchanged

# US Distressed & Special Sits – PM Outlook / Forecast

## PM Forecast (New Commitments)

Updated 1Q 2024

Reviewed 1Q 2024

Drivers	Outlook	Comments
Deal Pricing	Marginally Positive (Changed from Positive)	All-in yields on low rated performing loans and bonds have come in but remain high by historic standards – driven in large part by elevated base rates. Although the year closed with all-in spreads above mid-year tight, they were down from their starting levels in January 2023 and well below peaks in recent history (e.g., peaks hit within COVID-19). At 928bps, spreads for performing bonds rated CCC and below came back roughly inline with the post-GFC average, and well within peaks hit within COVID-19 and the energy selloff. The illiquidity and complexity premium in the primary market for “solutions” providers is around the midpoint of recent ranges.
Supply of Opportunities	Marginally Positive (Unchanged)	The recent pickup in default volumes has driven trailing 12m default rates for HY and leveraged loans up to 3.1% and 1.53% by amount (2.05% by count), respectively; a reversion to roughly long-term averages. Private credit default rates were above 2% in 4Q 2023 in the core middle market and upper middle market but also not excessive. The proportion of high yield bonds trading at “distressed” spreads (i.e., greater than 1000bps) was 5.83%, above the 10-year average, but below 10%+ annual peak levels seen in March 2023 and well below the 30%+ reached in 2020. The proportion of leveraged loans trading below 80c on the dollar was 6.36%, above the 10-year average but. Both public and private credit default rates are likely to increase. The wall of maturities over the next three years remains elevated and recent refinancing activity has skewed towards higher-quality/higher-rated borrowers – leaving the outstanding proportion skewed towards riskier credits. Interest coverage ratios remain low with a large proportion of borrowers facing sub 1x interest coverage and many issuers at risk for downgrades. The higher cost of capital environment is likely a catalyst for dispersion but not necessarily widespread market dislocation.
Leverage Availability	N/A	N/A
Supply of Capital (Dry Powder)	Neutral (Changed from Marginally Negative)	While distressed and special situations dry powder have been growing steadily, the size of the leveraged loan markets has outpaced growth in fundraising levels and the outlook for availability of opportunities is improving – increasing default rate, broadening by sector, spanning secondary market and primary market opportunities, etc. There has been a continued shift in the composition of the broader competitive landscape to include more special situations funds (e.g., opportunistic and capital solutions-oriented mandates), which may or may not also pursue dislocated secondary credit. Distressed debt and special situations funds had dry powder of ~\$89bn as of March 2023, down from peak levels in 2020 and 2021 (e.g., \$110bn as of March 2021; source Preqin) albeit likely to increase.
External / Political Influences	Neutral (Unchanged)	External government/political influence can cut both ways for Distressed funds. Notably, after markets and borrowers were caught off guard by the rapid rise interest rates, markets have now adjusted to the “higher-for-longer” interest rate environment. The debate in 2024 has pivoted to how fast and by how much the Fed will cut rates. There remains an abundance of both known and unknown risks. Investors are faced with the unwind of COVID-19 abnormalities, slowing macro growth slowing, risks in the labor market, an election year in the US and elsewhere, etc. Markets are expected to remain volatile due to the various cross currents..
OVERALL	Marginally Positive	Changed from Positive

# Infrastructure– PM Outlook / Forecast

## PM Forecast (New Commitments)

Updated 1Q 2024

Reviewed 1Q 2024

Drivers	Outlook	Comments
Return Potential	Marginally Positive (Unchanged)	Not surprisingly, infrastructure returns are very sensitive to changes in rates and inflation; there exists a negative relationship between returns and rates and a positive relationship between returns and inflation. Though it varies by the specific attributes of each asset, the negative impact of rising rates has been largely offset by the positive impact of increased inflation. However, even as inflation moderates, Central Banks commit to prolonged higher rates, which could result in downward return pressure that is exacerbated by higher debt costs and tightening lending standards. So far, outside influences such as government support and capital inflows have kept valuations stable. Albourne continues to believe that mid-market assets provide greater overall return potential, given the segment’s market dynamics, and that they present more easily executed value creation opportunities.
Supply of Opportunities	Positive (Unchanged)	The infrastructure asset class continues to evolve, and the opportunity set continues to expand. The energy transition continues to give rise to a strong supply of investment opportunities; there is increased government support for such investments, spurred by energy price inflation and the need for energy security. Investors have many options along the risk/return spectrum to participate in this theme. Digital infrastructure also continues to be an area of growth, as the Covid-19 pandemic highlighted the need for the build-out of telecommunications networks and supporting infrastructure. Some of these investments illustrated their utility-like characteristics, the place has been solidified within the infrastructure opportunity set. Infrastructure managers continue to expand into other sectors, such as leisure infrastructure, medical facilities, and cold storage. Investors should be mindful to ensure that the characteristics of these investments align with the goals of their infrastructure allocation.
Leverage Availability	Marginally Negative (Unchanged)	Current leverage levels continue to appear rational and well-covered by cash flows. That said, the increasing cost of debt forces GPs to rationalize capital structures at a time when interest rate increases could be prolonged and lending standards are tightening. Bank financing is still available to most deals, both brownfield and development, across all sectors, especially those related to the energy transition. However, increased input costs coupled with higher financing costs have led to cancelled renewables projects, particularly when the counterparty can’t or won’t renegotiate the offtake agreement. Some banks have reached their limits on digital exposure, but this has not yet been apparent in our asset reviews. Infrastructure debt managers continue to be a viable alternative to banks, particularly for more niche or complex deals. As such, the senior debt space has become very competitive and there is a growing focus on, and supply of capital to, non-investment grade projects.
Supply of Capital (Dry Powder)	Neutral (Unchanged)	Infrastructure has historically had significant levels of dry powder levels, particularly in the large-cap and core-plus segments of the market. This can be attributable to strong LP demand, ever-increasing fund sizes, and a finite investment opportunity set. While we do not expect a reversal of this trend, there are several signs indicating that these high levels may be moderating. Volatility in the global macro economy and rising inflation have led to a decline in public markets, and the denominator effect had a real impact on portfolios. The result of shrinking allocations is that LPs are having to rationalize commitments, which over time could reduce the overall dry powder available. The denominator effect has extended fundraising processes across all segments of the market. LPs with capital to put to work can use this dynamic to negotiate more favorable terms.
External / Political Influences	Positive (Unchanged)	Inflationary pressures and energy security concerns have renewed government commitments to move towards a green economy. In the US, the Inflation Reduction Act of 2022 and the EU’s REPowerEU plan, offer incentives to accelerate the energy transition and should have a notable positive impact on investment opportunities in the coming years. These opportunities, coupled with the emphasis on the densification of digital infrastructure that came out of policies during the Covid-19 pandemic, are the source of the two primary trends in the infrastructure market today.
<b>OVERALL</b>	Positive	Unchanged

# Democratization of Private Market Funds

## Why the move to retail by Managers?

For fund managers, perhaps most significant is the potential to access the large retail investor pool as a source of capital. Further, the recent slowdown in capital raising from institutional investors may be incentivizing fund managers to expedite their push into the retail space. For retail investors, the interest in private markets lies in their return potential – many private market asset classes have performed well in recent years<sup>[1]</sup>. Additionally, through investing in private markets, retail investors can diversify their investment portfolios.

## Regulatory Evolution

Demand for access to private market funds by retail investors has led to regulatory changes. In the US, for example, the SEC expanded the definition of “accredited investor” in 2020 to not solely focus on financial thresholds but also an individual’s financial knowledge. Likewise, in 2020, the US Department of Labor published an Information Letter that expanded access for 401(k) and other defined contribution plans to invest in private equity. However, they later clarified that they neither endorse nor advocate for such investments.

## Manager Innovations

To help facilitate retail investors’ access to private markets, managers are innovating – three key areas of innovation are:

- Fund Vehicle Structures:** Differing from traditional closed-end, private equity-style funds, managers have innovated to perpetual open-ended funds, commonly termed as hybrid or semi-liquid funds. Specific examples include Non-Traded Business Development Companies (Private Credit), Non-Traded REITs (Real Estate) and Interval Funds (All). Liquidity is typically provided quarterly, but some offer monthly liquidity.
- Fees:** The fee base is not committed or invested capital, but rather Net Asset Value (NAV). The spectrum for management and performance fees is broad, but common management fees range between 1%-1.5% and performance fees 10%-15%.
- Minimum Investments:** Instead of necessitating investments in the millions, investment minimums are set in the thousands, typically ranging between \$25k-\$50k.

# Democratization of Private Market Funds

## ODD Considerations

Considering the impact of manager innovations, below are five key ODD considerations:

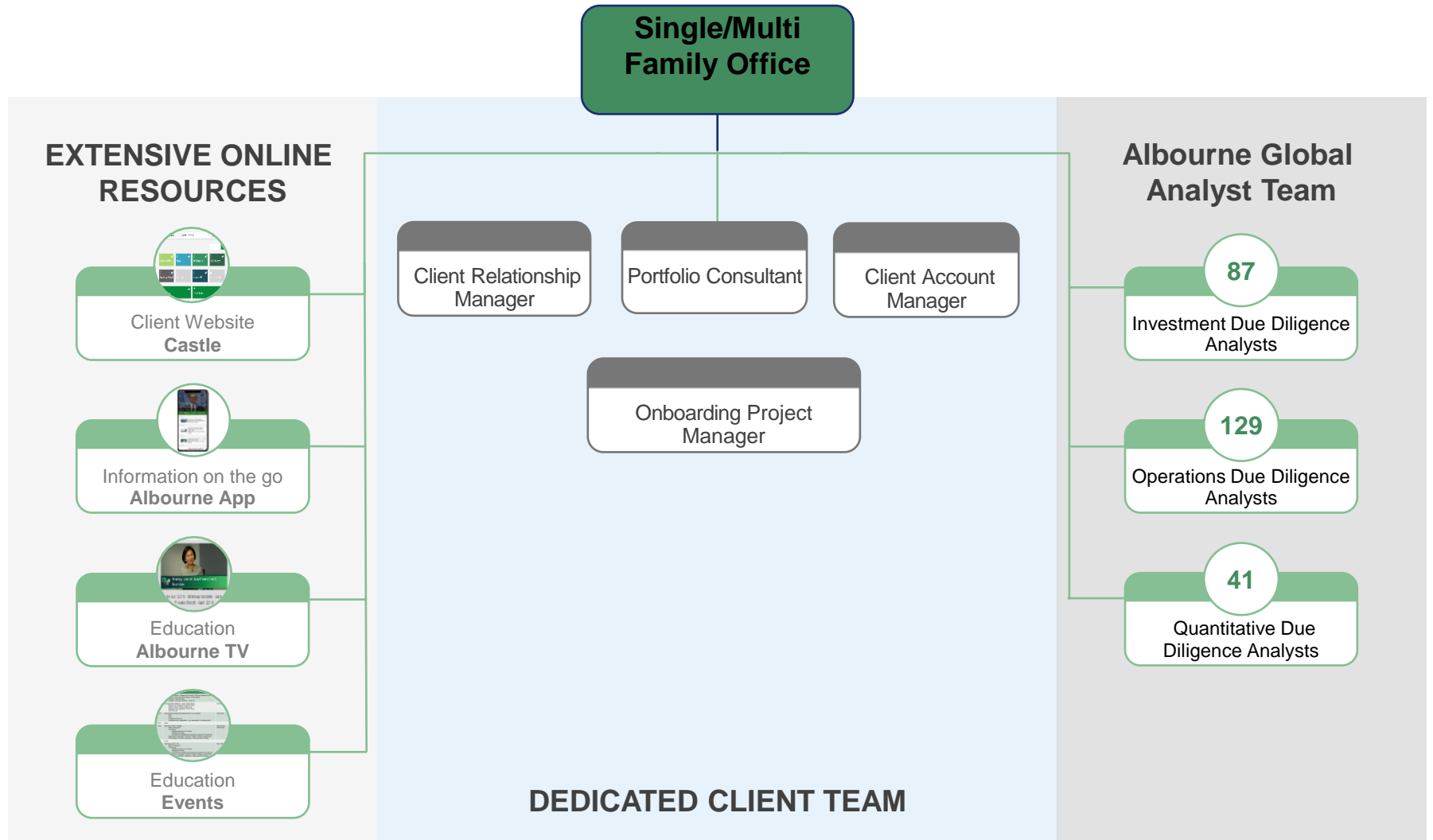
- 1. Asset-Liability Management:** Mismatches between the open-ended fund structure and the illiquid nature of the assets (which are typically held in closed ended structures) can present challenges. It is important to understand portfolio diversification and natural liquidity sources. Mechanisms to manage the mismatch include formal redemption mechanisms, such as lock-ups, redemption limits (gates) and fast-pay/slow-pay mechanisms. However, investors should understand the impact that these mechanisms can have on their ability to withdraw capital.
- 2. Valuation:** Charging fees and allowing redemptions/subscriptions at NAV can present challenges due to the illiquid nature of assets and subjective valuations. Best practices involve robust internal valuation programs, regular engagement with third-party valuation agents – the frequency should align with fund dealing dates.
- 3. Governance:** As many managers are new to open-ended fund structures, they can lack market and best practices knowledge regarding fund governance for these types of vehicles. Best practices include establishing a Board of Directors or a Trustee arrangement with a majority of external representatives that meet on an appropriately frequent basis. The governing body should be attuned to fund valuation and liquidity considerations for reasons noted above.
- 4. Operational Complexity:** The unique demands of open-ended structures require specific operational setups which require them to deal with subscriptions, redemptions, and regular accurate calculations of NAV. Best practices include thorough team education, appropriate fund administration systems, and effective cash management strategies. Engaging with third-party fund administrators is the norm.
- 5. Alignment of Interests, Fees & Expenses:** Ensuring shared interests between the manager and investor is crucial. Offering documents should clearly specify redemption conditions for internal investment, which should align with external investments. Performance fees should only be monetized upon realization. While investors should expect higher expenses, it's important that expenses – including service provider expenses – are justified and appropriate. In all cases, proper disclosures of “dual layer” charges or otherwise are paramount. Managers should also be transparent around how their closed ended fund range interacts with any open-ended vehicles, particularly in terms of deal flow.



# Working With Albourne

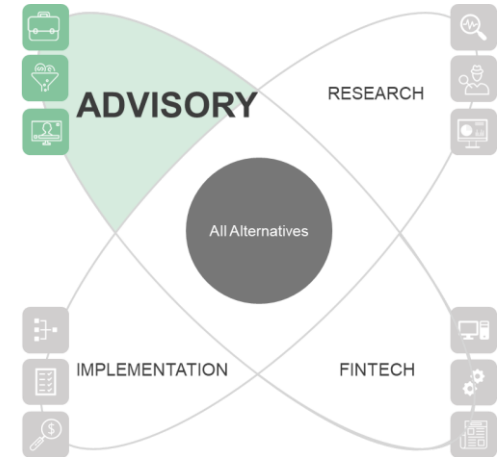


# Family Office Client Experience



# Advisory

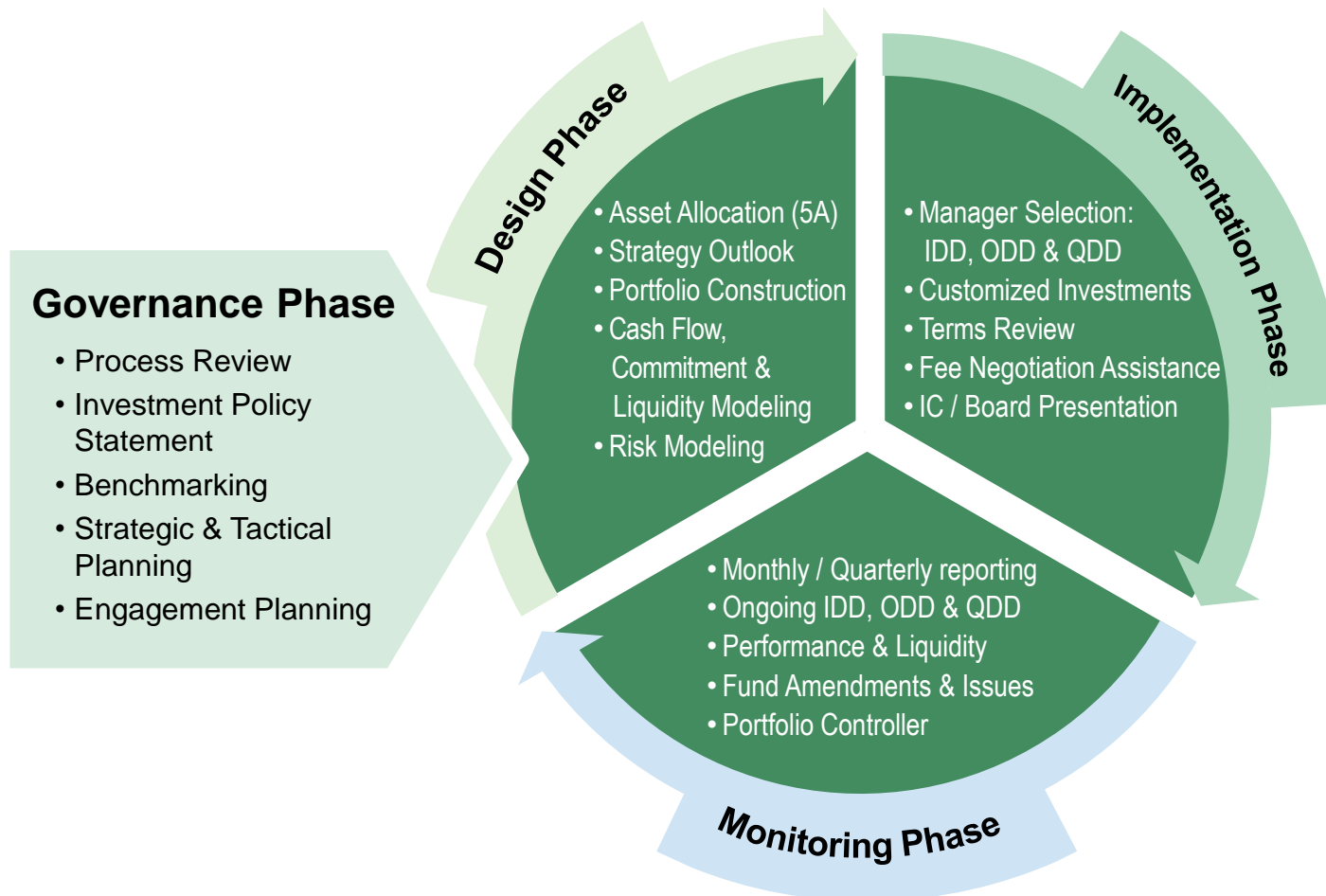
- 47 Portfolio Analysts
- 34 Client Account Managers
- Advise on >600 portfolios
- Investment Policy Statements
- Hedge Fund & Private Markets model portfolios
- Hedge Fund & Private Markets strategy forecasts



**Dedicated local team: Portfolio Analysts and Client Account Managers**

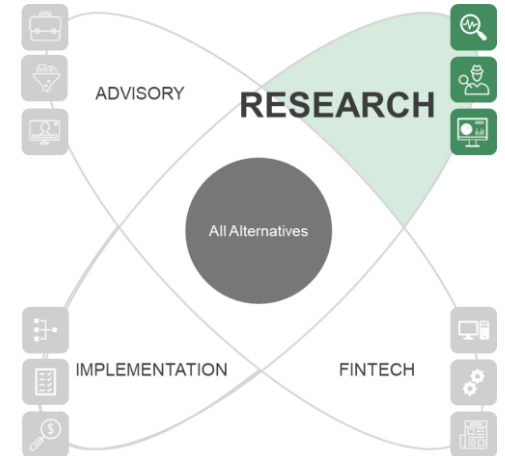


Onboarding typically starts with a review of a client's governance



# Research

- Standardized, robust, repeatable & documented due diligence framework
- Strategy specialists
- Transparent & opinionated IDD
- Disciplined & consistent ODD
- Sophisticated & proprietary QDD (risk analysis)
- Albourne is not paid by managers to rate or recommend their funds



Dedicated local team: IDD, ODD & QDD Analysts around the world



# Research Coverage



## Private Markets (PM)

Private Equity  
Private Credit  
Real Assets  
Real Estate  
Esoteric

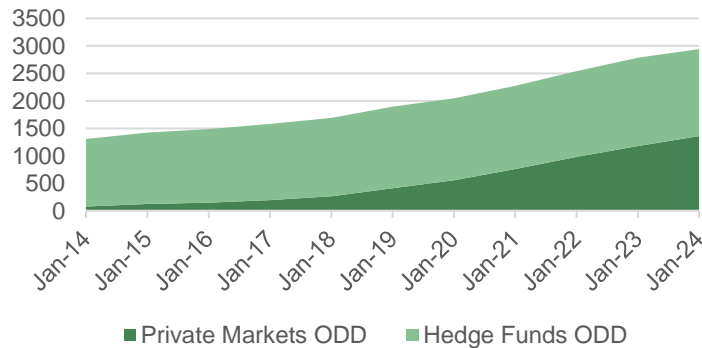
## Hedge Funds (HF)

Relative Value  
Event Driven  
Equity Long/short  
Directional  
Long Biased

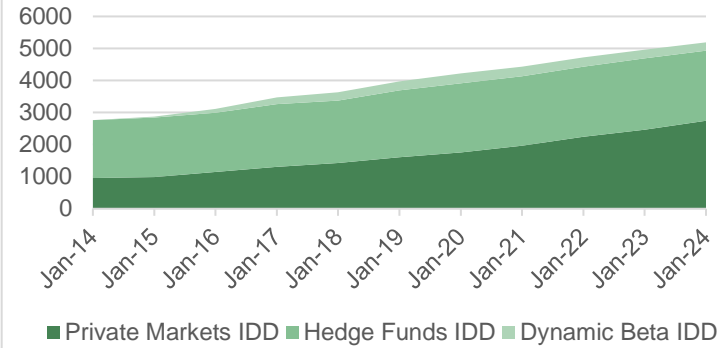
## Dynamic Beta (DB)

Equity  
Fixed Income  
Currency  
Commodity  
Credit

ODD Reports available online



IDD Reports available online



Coverage includes Commingled Funds, Co-Investments, Secondaries, SMAs

# IDD - Investment Due Diligence



## Three Reasons: Albourne IDD

- Breadth and Depth of global coverage across alternatives
- Clients can access experienced specialist analysts & their fund ratings
- Client scale can provide access to some of the best managers

## Global Team

- 56 Private Markets IDD Analysts\*
- 43 Hedge Fund IDD Analysts\*
- On the ground in 8 locations

## Online Library

- >2,700 Private Markets IDD Reports
- >2,100 Hedge Fund IDD Reports
- >260 Dynamic Beta IDD Reports

C		4	
Average		High (Auto-decayed)	
Latest <sup>1</sup>	Previous <sup>2</sup>		
C	C	IDD Analyst Assessment	
4	5	Conviction <sup>3</sup>	
M	M	Expected Alpha	
L	L	Expected Beta	
L	L	Expected Risk	
C	C	Strategy & Investment Process	
B	B	Management & Team	
B	C	Risk Process	

Ratings are relative to strategy. <sup>1</sup>Rating date 25 Mar 2018 <sup>2</sup>Rating date 6 Jul 2017 <sup>3</sup>Latest Conviction auto-decayed

Clear rating scheme based on qualitative & quantitative input

## Focus for 2024

- **AI / Machine Learning Integration**
- **Impact of Rising Rates**
- **Emerging Managers / Strategies:**
  - NEMO\*\*
  - MWBE
  - Impact
  - Digital Assets

# ODD - Operational Due Diligence



## Three Reasons: Albourne ODD

- Large global team based in Europe, Asia, North America
- Flexible Offering depending on depth of ODD required
- Feedback to managers can help make research “actionable”

### Global Team

- 129 ODD Analysts
- On the ground in 7 locations
- 18 Partners in ODD

### Online Library

- >1,300 Private Markets ODD Reports
- >1,500 Hedge Fund ODD Reports
- >2,000 managers ongoing desk based monitoring

**C** Manager ODD  
Acceptable practices with areas for improvement.

Latest <sup>1</sup>	Peers <sup>2</sup>	
C	C	Manager ODD
B	B	Disclosure
C	B	Manager Organization
C	B	Background Checks
D	C	Compliance Resources & Policy
B	B	Investment Operations
B	C	Infrastructure & Business Continuity

Ratings are relative to industry best practices. <sup>1</sup>Rating date 19 Feb 2021 <sup>2</sup>Average rating of 17 managers in the Asset Class Specialist - Private Equity peer group.

**C** Fund ODD  
Acceptable practices with areas for improvement.

Latest <sup>5</sup>	Previous <sup>6</sup>	Peers <sup>7</sup>	
C	C	B	Fund ODD
C	C	C	Fund Terms & Governance
B	B	B	Custody & Counterparties
C	C	B	Valuation
C	C	B	Review of Financial Statements

Ratings are relative to industry best practices. <sup>5</sup>Rating date 19 Feb 2021 <sup>6</sup>Rating date 15 Jun 2015 <sup>7</sup>Average rating of 15 fund series with North American Multi-Strategy LBO/Growth strategy.

### Focus for 2024

- **Data Analytics & Digitization**
- **Impact of AI**
- **Regulatory Changes**

# QDD - Quantitative Due Diligence



## Three Reasons: Albourne QDD

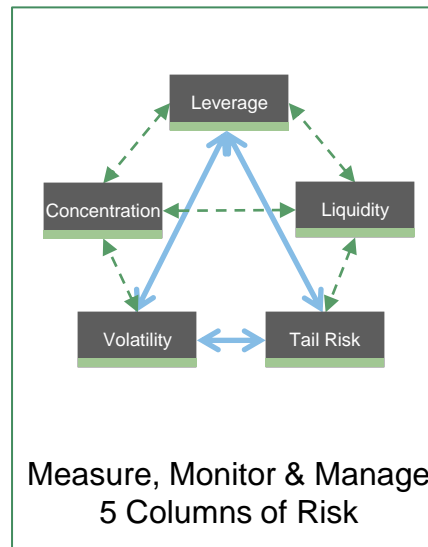
- Proprietary, robust models, academically rigorous philosophy
- Portfolio & fund level analytics across all asset classes
- Open Protocol (OP) enables standardized risk reporting & monitoring

## Deep Analytical Capability

- 41 QDD Analysts
- >600 portfolio risk models
- QDD Reports published since 2004

## Online Resources

- >2,200 QDD Reports on HF & UCITS
- >400 Level 3\* QDD Reports on PM
- >700 Hedge funds reporting OP



## Focus for 2024

- **PriMaRS\*\***
- **Machine Learning**
- **Expanding OP coverage**



# Monitoring



## Continually

- Regulatory filings and court cases
- Form ADV
- News / media articles
- Contact with Albourne Analysts

## Monthly / Quarterly

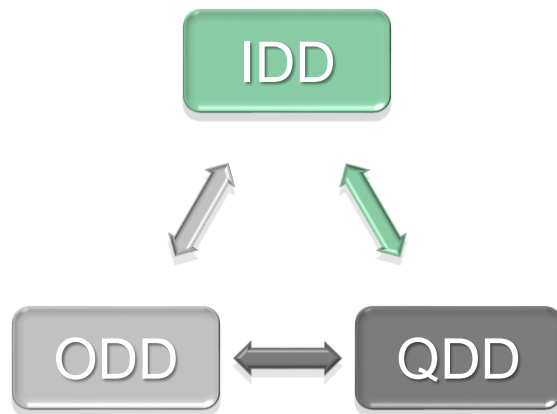
- Performance / exposures
- Control Alerts
- Newsletter Reviews
- Calls / Video Conferences

## Annually

- Questionnaire
- Background checks
- Review of Audited Financial Statements

## Every 3 Years

- Full ODD Update



Category	Count	Item	Count	Item
Summary of Fund Newsletter	5	News	0	10 IDD Research
Regulatory & Legal	0	Core Control	0	13 ODD Research
		Albourne TV	0	Accessible Only

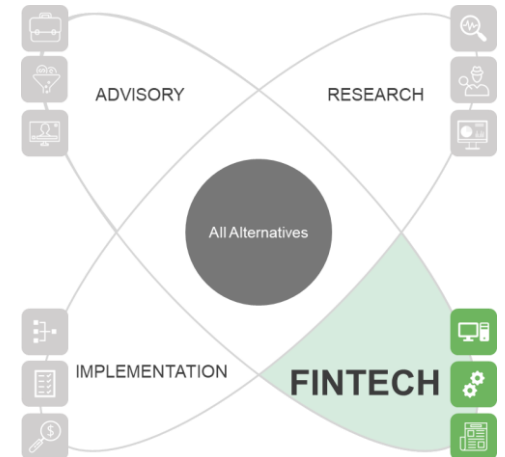
  

Category	Item	Details	Date
IDD	Example Fund 03	Test Update 22 June 2017 - A truly dynamic capital allocation act...	22 Jun 17
IDD	Example Fund 03	Test Update 22 June 2017 12:15 This is a truly dynamic capital a...	22 Jun 17
IDD	Example Fund 2	IDD Main Report Updated - Rating Change - IDD Main Report U...	18 Jul 14
IDD	Example Fund 01	IDD Main Report Updated - Rating Change - IDD Main Report U...	18 Jul 14
IDD	Example Fund 05	IDD Main Report Updated - Rating Change - IDD Main Report U...	18 Jul 14
ODD	Example Fund 01	ODD Main Report Updated - No Rating Change - ODD Main Re...	03 Apr 14
ODD	Example Fund 03	ODD Main Report Updated - No Rating Change - ODD Main Re...	03 Apr 14
ODD	Example Fund 2	ODD Main Report Updated - No Rating Change - ODD Main Re...	03 Apr 14
Newsletter	Example Fund 04	For the first quarter of 2014, Example Fund 04 returned 1.57%, trailing the...	24 Mar 14

Portfolio News monitoring on the client website, the Castle

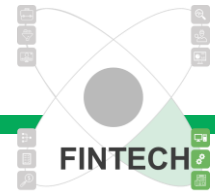
# Fintech

- Timely, detailed, empowering data
- Proprietary, innovative, integrated analytics
- 55 Developers & Software Engineers
- Dedicated data gathering team
- As an advisor, Albourne may be able to contextualize data better than a pure data provider



## Dedicated Data & IT Teams





## Three Reasons: Albourne Data

- Data coverage: greatly enhanced by client footprint
- Data collection: improved by our understanding, as industry practitioners
- Data embedded into research & reporting

### Hedge Funds: >13,000 funds

Returns, AUM, Exposures, Strategy, Terms, Documents, Holdings, Filings, Open Protocol\*  
50 HedgeRS Indices - Albourne Hedge Fund Return Series

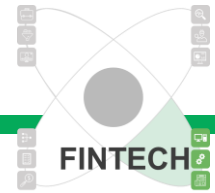
### Private Markets: >37,000 funds

Returns, Cash flows, Fund Raising, AUM, Filings, Open Protocol\*  
16 PriMaRS Indices - Albourne Private Markets Return Series

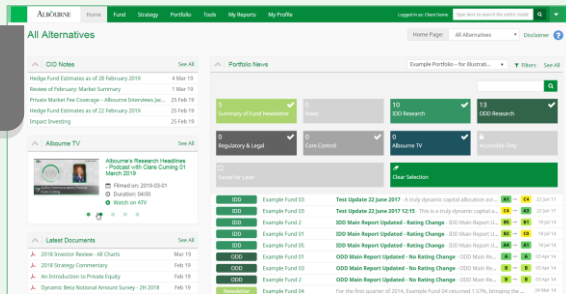
### Dynamic Beta: >2,000 strategies

Returns, Strategy, Tickers, Open Protocol\*  
55 DyBeRS Indices - Albourne Dynamic Beta Return Series

# Fintech: Analytics



## The Castle



- IT Team of 84
- >\$579m of development\*
- Castle since 2000

## Resources

## The App

















- Combined Harvester
- Albourne proprietary API (Application Programming Interface)
- >1,700 downloadable fields

## Excel plug-ins



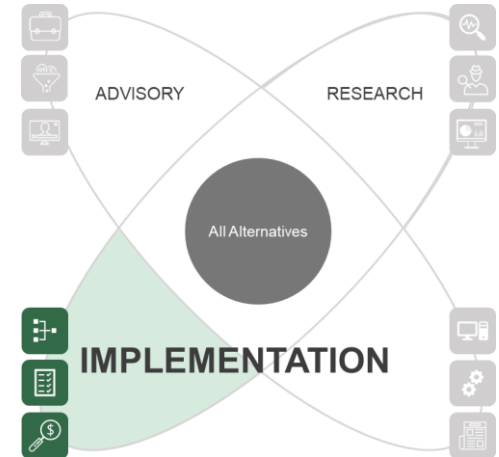
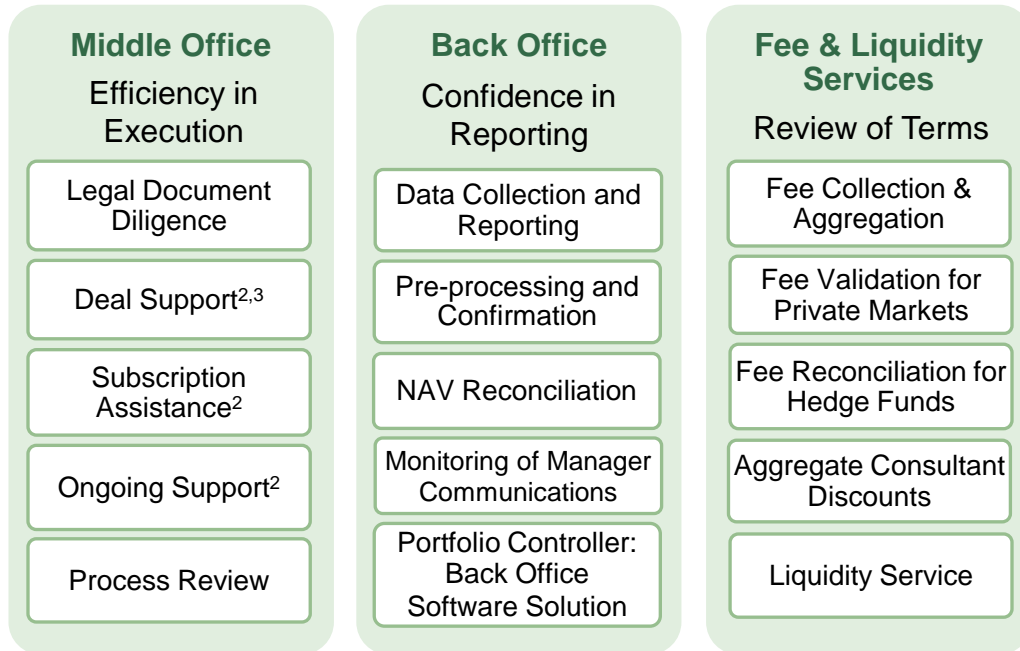
## Private Markets & Hedge Funds: “We’ve got a tool for that!”

-  **Cash Flow Model** Intelligent Cash Flow forecasting
-  **Portfolio Controller** Transaction tracking platform
-  **PM QDD & Reporting** Value bridge analysis of individual portfolio companies
-  **Portfolio Manager** Advanced portfolio model
-  **Fund Comparison Tool** Peer comparison of fund performance
-  **Fee Controller** Fee & expense benchmarking\*

<p>Portfolio News Daily news feed</p> 	<p>Liquidity Calendar Fund liquidity terms analysis</p> 	<p>Advanced Search Fund due diligence search</p> 	<p>Combined Harvester Excel Plug-in for Albourne data</p> 
<p>Open Protocol Explorer Exposure evolution</p> 	<p>13F Explorer Quarterly long positions analysis</p> 	<p>Factor Analysis Multi-factor modelling</p> 	<p>Calendars Collection of upcoming events</p> 

# Implementation

## Cost effective implementation support<sup>1</sup>



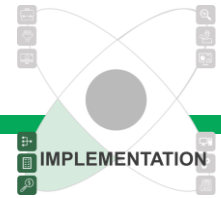
## Implementation Support around the world: 68 Analysts



1. Implementation Support services are provided on a task-based pricing basis, depending on client requirements. Albourne does not provide legal or tax advice.

2. These services are not available in certain jurisdictions.

3. Albourne manages client's external counsel, ensuring terms are consistent with client defined requirements.



## 13 Middle Office Analysts

- **Legal Document Diligence (LDD):** identify issues, inform negotiations
- **Deal Support<sup>1,2</sup>:** raise issues with manager, assist with side letter negotiation
- **Subscription Assistance<sup>1</sup>:** assist with completion of subscription forms, satisfy AML requirements
- **Ongoing Support<sup>1</sup>:** advice & completion of forms for amendments, consents, notices, etc.
- **Bespoke Fee Analysis**
- **Aggregate Consultant Discounts (ACDs):** Albourne group fee discounts
- **Process Review:** assessment, mapping & feedback

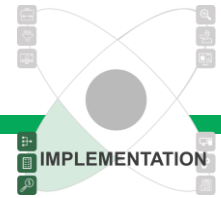
## Legal Document Diligence covers 70 terms

>490 LDD Reports available on demand on the Castle  
As short as 2 week turnaround on new commissions<sup>3</sup>

Term, Termination & Removal		Management Fee		MFN	
Term	Within Market	Rate	Within Market	Included & Scope	Within Market
Term - Extensions	Within Market	Base - Investment Period	Within Market	Type	N/A
Investment Period	Within Market	Base - Post Investment Period	Off Market		
Investment Period - Extensions	Within Market	Start & Stop Dates	Within Market	GP Commitment	
Cause	N/A	Inside or Outside Commitment	Within Market	Amount	Within Market
Investment Period - No Fault Termination	Within Market	LP Level or Fund Level	Within Market	Treatment of Increase	Within Market
Investment Period - Cause Termination	Within Market	Treatment of Write Downs	Within Market	Management Fee Waiver	Within Market
Key Person	Within Market	Offsets	Within Market		
GP Removal - No Fault	Off Market	Expenses		Indemnity & Exculpation	
GP Removal - Cause	Off Market	Organization - Caps	Within Market	Standard of Care	Within Market
GP Removal - Haircut	N/A	Compliance & Regulatory	Within Market	Excluded Claims	Within Market
GP Removal - Payment Priority	N/A	Overhead & Salaries	Within Market	Limits to Advancement	Within Market
Fund Termination - No Fault	Within Market	Other	Off Market	Ordering of Liability	Within Market
Fund Termination - Cause	Within Market	Successor Funds, Allocations & Co-Investments		Advisory Committee	
Successor Funds	Within Market	Distribution Waterfall		Size & Qualification	Within Market
Allocation Priority	Within Market	Waterfall	Within Market	Approvals	Within Market
Co-Investments	Within Market	Preferred Return - Rate	Within Market	Miscellaneous	
Investment Restrictions		Preferred Return - Base	Within Market	Subsequent Close Buy-in	Off Market
Investment Limitations	Within Market	GP Catch-Up	Within Market	Confidentiality	Within Market
Debt Limitations	Within Market	Carry Percentage	Within Market	Investment Excuse	Within Market
Subscription Facilities	Within Market	Distributions - Tax	Within Market	Defaulting LPs - Capital Calls	Within Market
Debt Maturity Limits	Within Market	Distributions - In-Kind	Within Market	Defaulting LPs - Management Fees	Within Market
Recalling & Recycling		GP Clawback		Amendments	Within Market
Recalling Distributions	Within Market	Clawback - Tests	Within Market	Negative Consent	Above Market
Calls After Investment Period	Within Market	Clawback - Limits	Within Market	GP Voting	Within Market
Follow-on Limitations	Within Market	Clawback - Calculation	Within Market	Power of Attorney	Within Market
LP Giveback Categories	Within Market	Guaranty & Escrow	Off Market	Other Issues	Off Market
LP Giveback Limits	Off Market				

1. This Service is not available in certain jurisdictions.  
2. Albourne manages client's external counsel, ensuring terms are consistent with client defined requirements.

3. Aim is to deliver within 10 business days when requested.  
Albourne does not provide legal or tax advice.

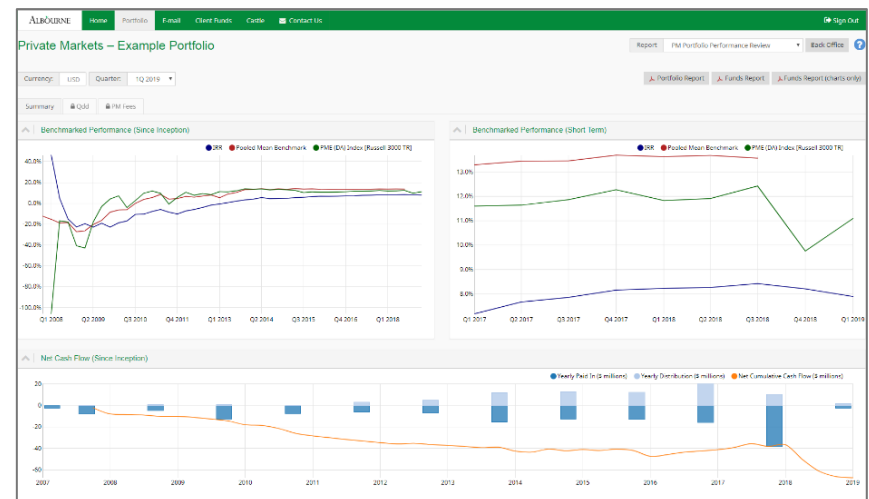


## 27 Back Office Analysts

- **Portfolio Controller** software solution
- **Logging** of cash flow, transactions & valuations
- **Pre-processing and confirmation** of capital call & distribution account statement aggregation
- **Reporting:** reconciled portfolio performance reporting
- **NAV reconciliation** with custodian
- **Ongoing monitoring** of manager communications

## Albourne uses Portfolio Controller on client's behalf

- Run an inbox for client
- Reconcile cash flows with custodian
- Account statement aggregation
- Capital call / distribution review & pre-processing
- May enter but not approve payments with custodian\*

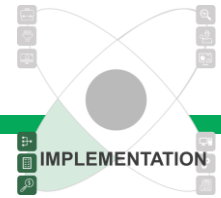


\*Enhanced Back Office Service

For illustrative purposes only



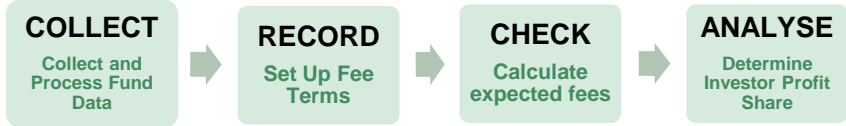
# Fee & Liquidity



## 28 Fee & Liquidity Analysts

- **Fee Reconciliation** for Hedge Funds
- **Fee Aggregation and Validation** service for Private Market Funds
- **PDF & Excel** Annual and / or Quarterly Reports
- **Comparison** of management & performance fees vs expected fees, highlighting variances
- **Benchmarking** of terms and expenses
- **Liquidity Calendar**: calculates redemption dates, notice dates, payment dates & redemption amounts

## Clear process and deliverables



Across Hedge Funds and Private Markets:

- >6,000 investments analysed
- >\$200bn of client assets validated

Portfolio Dashboard

Legend: Reconciled (Green), Positive Variance (Blue), Negative Variance (Red)

Fund	From - To	Allocation	Net Gain/Loss (\$)	Accrued Management Fees				Accrued Performance Fees				Investor Profit Share
				Manager Reported MF (\$)	Albourne Calculated MF (\$)	Difference (\$)	Difference (%)	Manager Reported PF (\$)	Albourne Calculated PF (\$)	Difference (\$)	Difference (%)	
FeeConciliation Fund 01 - Client Demo	Jan 17 - Dec 17	8.94%	8,614,331	874,303	874,303	0	0.00%	1,111,874	1,111,874	0	0.00%	85.91%
FeeConciliation Fund 02 - Client Demo	Jan 17 - Dec 17	10.35%	8,000,000	547,165	547,165	0	0.00%	1,973,781	1,984,395	10,614	0.53%	72.04%
FeeConciliation Fund 03 - Client Demo	Jan 17 - Dec 17	6.32%	7,602,719	686,099	696,672	10,573	1.52%	474,112	476,307	2,195	0.46%	85.57%
FeeConciliation Fund 04 - Client Demo	Jan 17 - Dec 17	11.57%	4,499,059	1,508,302	1,508,302	0	0.00%	0	0	0	0.00%	73.69%
FeeConciliation Fund 05 - Client Demo	Jan 17 - Dec 17	2.54%	3,610,362	369,706	380,832	11,126	2.92%	755,562	769,567	14,005	1.82%	74.32%
FeeConciliation Fund 06 - Client Demo	Jan 17 - Dec 17	6.00%	7,746,628	908,833	889,823	-19,010	-2.14%	2,249,021	2,249,021	0	0.00%	70.26%
FeeConciliation Fund 07 - Client Demo	Jan 17 - Dec 17	2.12%	-1,228,843	662,056	640,543	-21,513	-3.36%	145,672	139,057	-6,615	-4.76%	49.38%
FeeConciliation Fund 08 - Client Demo	Jan 17 - Dec 17	6.04%	4,755,499	1,019,309	1,032,849	13,539	1.31%	864,002	839,206	-24,796	-2.95%	70.26%
FeeConciliation Fund 09 - Client Demo	Jan 17 - Dec 17	8.41%	8,386,271	1,510,232	1,514,441	4,210	0.28%	2,017,849	2,096,568	78,719	3.75%	69.05%
FeeConciliation Fund 10 - Client Demo	Jan 17 - Dec 17	14.71%	12,091,918	3,360,528	3,356,318	-4,210	-0.13%	4,056,679	4,030,639	-26,040	-0.65%	61.30%
FeeConciliation Fund 11 - Client Demo	Jan 17 - Dec 17	2.22%	2,933,283	337,507	322,151	-15,356	-4.77%	257,140	257,140	0	0.00%	82.22%
FeeConciliation Fund 12 - Client Demo	Jan 17 - Dec 17	2.71%	1,713,212	497,101	474,149	-22,952	-4.84%	4,832	4,832	0	0.00%	76.48%
FeeConciliation Fund 13 - Client Demo	Jan 17 - Dec 17	5.90%	8,086,889	926,399	913,488	-12,910	-1.41%	1,792,623	1,792,623	0	0.00%	74.36%
FeeConciliation Fund 14 - Client Demo	Jan 17 - Dec 17	9.33%	13,319,470	1,743,589	1,743,589	0	0.00%	3,331,166	3,329,867	-1,299	-0.04%	71.93%
FeeConciliation Fund 15 - Client Demo	Jan 17 - Dec 17	2.85%	540,283	490,518	497,844	7,326	1.47%	167,558	135,071	-32,488	-24.05%	44.05%
<b>Total</b>		100.00%	90,671,081	15,441,646	15,392,469	-49,176	-0.32%	19,201,871	19,216,167	14,295	0.07%	

Reconciliation Threshold: \$20,000

For illustrative purposes only

# Industry Engagement & Advocacy



**Adrian Sales**

Member, Sound Practices Committee

**AIMA**



**Jonathan Koerner**

Member, Advisory Committee

**Alignment of Interests Association**



**Steve D'Mello**

Member, Digital Assets Working Group

**AIMA**



**John Claisse**

Member, Board of Trustees

**SBAI**



**Stephen Kennedy**

Chair, Hedge Funds Steering Committee

**UNPRI**



**Tom Cawkwell**

Member, Portfolio Company Template Working Group

**ILPA**

**Richard Johnston**

Deputy Chair, APAC Committee

**SBAI**



**Emlyn Ade Palmer**

Member, Responsible Investment Working Group

**SBAI**



**Gaurav Amin**

Co-chair, Working Group

**Open Protocol**



**Jessica Ross**

Member, EMEA Committee

**SBAI**



**Susan Lee**

Chair, Culture & Diversity APAC Committee

**SBAI**



**Debra Ng**

Member, Executive Committee

**AIMA Singapore**

Chair, Singapore Advisory Committee

**SBAI**



# Sustainable Investing: Impact & Sustainability

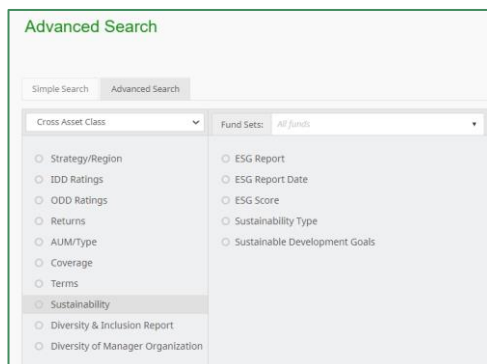
## What we're seeing

- Investors' objectives range from thematic opportunity seeking to non-concessionary impact to risk mitigation
- Scope includes Impact Funds, Sustainability Themed Funds, Sustainability Integrated Funds
- Investor interest in SFDR Article 8 and Article 9 Funds<sup>1</sup>

## How we're helping

- Assessing Sustainable Investing opportunities through IDD, Impact DD<sup>2</sup> and Sustainability Profile Reports<sup>3</sup>
- Sustainability risk mitigation via Sustainability Integration Questionnaire (SiQ), the SiQ Score, Sustainability Due Diligence<sup>2</sup> and Exposure-Based Sustainability Risk<sup>2</sup> profiles
- Benchmarking managers' corporate sustainability practices through ODD
- Helping clients develop their Sustainable Investing Policies and assisting with implementation

## Resources



# Sustainable Investing: Diversity, Equity & Inclusion

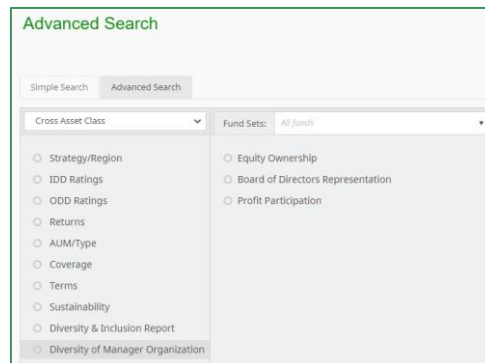
## What we're seeing

- Gathering DEI data (incl. demographics) to benchmark absolute & relative progress at portfolio / manager levels
- Explicit evaluation of employment policies & practices, e.g. a focus on inclusive culture, not only team diversity
- Investment policy & process changes plus stakeholder education, aimed at understanding & overcoming biases

## How we're helping

- Engaging with industry organizations to support diverse manager sourcing
- Providing Castle access to AIMA D&I Questionnaires on >5,000 funds
- Delivering manager DEI policy and practice benchmarking through ODD
- Highlighting diverse managers via enhanced search tool & dedicated Castle DEI Page

## Resources



# Diversity, Equity, Inclusion & Belonging in Albourne

## Implementation

- Published DEIB Strategic Plan
- Developed DEIB Goals, Initiatives & Milestones
- Established EC\* led Global DEIB Council

## Leadership

- ILPA Diversity in Action signatory
- CEO Action for D&I pledge and contributor
- Toigo Foundation Governing Board member

## Training

- Allyship & Unconscious Bias
- Micro Aggressions & Inclusive Communication
- Mental Health & LGBTQ+ awareness

## Partnerships

- MentorcliQ
- tEquitable
- CrossKnowledge

## Community



## Educational Resources



# Service Provider Landscape

Albourne remains committed to non-discretionary advice

## Three Reasons: **Non-discretionary**

- Avoids long bias and asset gathering
- Albourne does not compete with clients for fund access
- Our focus is on our clients' performance and our clients' terms, not our own

Ask your other service providers about:

### Conflicts of Interest

Direct conflicts – participation in fee rebates?

Indirect conflicts – related entities which profit from the relationship with client or with managers?

### Independence / Stability

Plans for take over / merger / acquisition / IPO?






Detailed succession planning?

### Fee structure

Performance fees – is variability only on the upside?

Denominator-based fees – is there an incentive to increase assets deployed?

# Contact Us

	Albourne Partners Limited	16 Palace Street London, SW1E 5JD, UK	+44 20 7346 7000	James Lewis j.lewis@albourne.com
	Albourne America LLC	425 California Street, Suite 2400 San Francisco, CA 94104, USA	+1 415 489 7200	John Shearman j.shearman@albourne.com
		100 Washington Blvd., 3 <sup>rd</sup> Floor, Stamford, CT 06902, USA	+1 203 299 4400	David Harmston d.harmston@albourne.com
	Albourne Partners (Canada) Limited	366 Adelaide Street West, Suite 400, Toronto, Ontario M5V 1R9, Canada	+1 416 848 4124	Julia Pothier j.pothier@albourne.com
	Albourne Partners (Asia) Limited	Unit C, 22/F On Hing Building 1-9 On Hing Terrace, Central, Hong Kong	+852 2868 2254	Richard Johnston r.johnston@albourne.com
	Albourne Partners Japan Co., Ltd.	Otemachi Building, 2F, 1-6-1, Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan	+813 6810 2116	Kazuaki Kojima k.kojima@albourne.com
	Albourne Partners (Singapore) Pte. Limited	#20-91/92 Office 1 @ The Central, 8 Eu Tong Sen Street, Singapore 059818	+65 6536 9541	Debra Ng d.ng@albourne.com
	Albourne Cyprus Limited	195 D Old Nicosia – Limassol Road Dali Industrial Zone, 2540 Nicosia, Cyprus	+357 22 750 652	Christina Panayi-Stavrinides c.panayi@albourne.com
	Albourne Partners Deutschland AG	Richard-Strauss-Straße 71 81679 München, Germany	+49 89 89 06 787-0	Bernhard Steege b.steege@albourne.com
	Albourne Partners MENA	Office 2976, Building 316, Road 4609, Block 346, United Tower, level 29, Bahrain Bay, Manama, Bahrain	+973 1655 5040	Nicos Mashias n.mashias@albourne.com
	village.albourne.com	Albourne Village, public website, free daily news email		
	albourne.com	Albourne company website		

# Disclaimer

## IMPORTANT NOTICE

The information in this presentation (the "Information") is for informational purposes regarding the Albourne Group, which includes Albourne Partners Limited, Albourne America LLC, Albourne Partners (Canada) Limited, Albourne Partners Japan, Albourne Partners (Asia) Limited, Albourne Partners (Singapore) Pte. Ltd., Albourne Partners (Bermuda) Limited, Albourne Partners Deutschland AG, Albourne Partners (Cyprus) Limited and Albourne Cyprus Limited (each an "Albourne Group Company" and collectively, the "Albourne Group"). The Information is an invitation communicated by the relevant Albourne Group Company, as more fully described below, to subscribe to such Albourne Group Company's investment advisory services in jurisdictions where such invitation is lawful and authorised. The Information does not constitute an invitation, inducement, offer or solicitation in any jurisdiction to any person or entity to acquire or dispose of, or deal in, any security, any interest in any fund, or to engage in any investment activity, nor does it constitute any form of investment, tax, legal or other advice..

In the United States, the Information is being furnished, subject to United States law, by Albourne America LLC (registered as an investment adviser with the United States Securities and Exchange Commission) to persons that Albourne America LLC believes to be an "Accredited Investor", as that term is defined in Regulation D under the Securities Act of 1933, and a "Qualified Purchaser", as that term is defined in Section 2(a)(51) of the Investment Company Act of 1940. In Canada, the Information is being furnished, subject to Canadian law, by Albourne America LLC to persons that Albourne America LLC believes to be a "Permitted Client" within the meaning of the National Instrument 31-103. In the United Kingdom, the Information is being furnished, subject to English law, by Albourne Partners Limited (authorised and regulated by the Financial Conduct Authority with registered number 175725) to an investment professional, high net worth company or unincorporated association, high value trust or other person specified in articles 19 and 49 of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005.

In each of Japan, Hong Kong, Singapore, Bermuda, Germany and Cyprus the Information is being furnished respectively by: Albourne Partners Japan (authorised and regulated by Director of Kanto Local Financial Bureau, with reference number 544) subject to Japanese law; Albourne Partners (Asia) Limited (regulated by the Securities and Futures Commission of Hong Kong with Central Entity number AKX858) subject to Hong Kong law; Albourne Partners (Singapore) Pte. Ltd. subject to Singapore law; Albourne Partners (Bermuda) Limited subject to Bermuda law; Albourne Partners Deutschland AG subject to German law; and Albourne Cyprus Limited (authorised and regulated by the Cyprus Securities and Exchange Commission with license number 404/21), and in all cases, to persons whom the relevant Albourne Group Company believes to be financially sophisticated, high net worth and institutional investors capable of evaluating the merits and risks of hedge funds, private equity funds and/or any other alternative investment securities (collectively, "Funds"). To the extent that the Information is supplied in any jurisdiction other than the United States, Canada, the United Kingdom, Japan, Hong Kong, Singapore, Bermuda, Germany or Cyprus, the relevant Albourne Group Company is Albourne Partners Limited and the Information is supplied subject to English law.

If you are not the kind of investor described above in the jurisdictions listed above, or if in your jurisdiction it would be unlawful for you to receive the Information, the Information is not intended for your use. The Information and the services provided by any Albourne Group Company is not provided to and may not be used by any person or entity in any jurisdiction where the provision or use thereof would be contrary to applicable laws, rules or regulations or where any Albourne Group Company is not authorized to provide such Information or services.

In the United States, interests in Funds are made through private offerings pursuant to one or more exemptions provided under the United States Securities Act of 1933, as amended. You should carefully review the relevant offering documents before investing in any Funds.



# Disclaimer

No part of the Information in this presentation is intended as an offer to sell or a solicitation to buy any security or as a recommendation of any firm, Fund or security. You should be aware that any offer to sell, or solicitation to buy, interests in any such Funds may be unlawful in certain states or jurisdictions.

There can be no assurance or guarantee that the Albourne Group's performance record or any Albourne Group Company's performance record will be achievable in future. There is no assurance that any client of an Albourne Group Company will necessarily achieve its investment objective or that such client will make any profit, or will be able to avoid incurring losses. Funds are speculative, involve a high degree of risk, and are illiquid: you could lose all or a substantial amount of any investment you make in such Funds. Furthermore, such Funds are not subject to all the same regulatory requirements as are mutual funds; may involve complex tax structures and delays in the distribution of important tax information; often charge higher fees than mutual funds and such fees may offset the Funds' trading profits; may have a limited operating history; may be highly volatile; and there may not be a secondary market for interests in such Funds. There may be restrictions on redemptions and transfer of interests in such Funds, and such interests may otherwise be illiquid. Such Funds may also be highly leveraged and may have a fund manager with total investment and/or trading authority over the Fund. It should also be noted that, in the case of hedge funds, there may be a single adviser applying generally similar trading programs with the potential for a lack of diversification and concomitantly higher risk; hedge funds may also effect a substantial portion of trades on foreign exchanges, which have higher trading costs. On the other hand, private equity, real estate, real asset and/or other private market funds may have a limited number of holdings and concomitantly higher risk.

You are solely responsible for reviewing any Fund, the qualifications of its manager, its offering documents and any statements made by a Fund or its manager and for performing such additional due diligence as you may deem appropriate, including consulting your own legal, tax and compliance advisers.

To the extent that any of the Information contains information obtained from third parties, (a) the Albourne Group makes no representations or warranties, express or implied, as to the accuracy or completeness of such information in this presentation; and (b) the Albourne Group and all third party contributors disclaim all liability for any loss or damage which may arise directly or indirectly from any use of or reliance upon any such data, forecasts or opinions or the Information generally.

This document has been supplied free of charge and shall not form part of the services provided under any service agreement you may have with any relevant Albourne Group Company.

Potential conflict of interest: Each Albourne Group Company advises clients that are affiliates with or are connected with the management company of hedge funds, private equity funds, real estate or real asset funds that are the subject of its research reports, which may create an incentive for the Company to favour the management company in its reports. The Albourne Group takes reasonable steps to manage potential conflicts of interest that may arise from such relationships. In appropriate cases, the relevant Albourne Group Company will decline to act for one or more potential or existing clients.

© 2024 Albourne Partners Limited. All rights reserved. 'Albourne' ® is a registered trade mark of Albourne Partners Limited and is used under licence by its subsidiaries.

# 2024 Learning Programs – Global Listing

■ Event will be held in-person

■ Event will be held virtually

■ Event will be held in-person and virtually

## JANUARY

Jan 11 | *Virtual*

Technology Resource Partner Focus Group: *Ledgex*

Jan 17 | *Virtual*

Public Webcast: *The Future of Family Wealth*

Jan 22-26 | *Miami, FL*

ROEF Academy: *2023/2024 Cohort - Module 4*

Jan 23-25 | *Virtual*

Private Trust Company Workshop

Jan 31-Feb 1 | *Chicago, IL*

Thought Leaders Council

## FEBRUARY

Feb 1 | *Virtual*

Technology Resource Partner Focus Group: *Libretto*

Feb 2 | *Virtual*

Member Town Hall

Feb 6-8 | *Coral Gables area, FL*

Executive Council '14

Feb 8 | *Virtual*

Risk Management Member Meeting

Feb 21-23 | *Virtual*

Winter Technology and Risk Management Partner Days

Feb 27-29 | *Coral Gables, FL*

Executive Council '04

Feb 28 | *Virtual*

Webcast: *Who Am I and Where Do I Fit? The Dilemma of the Rising Generation*

## MARCH

Mar 6 | *Virtual*

Webcast

Mar 7 | *Virtual*

Technology Resource Partner Focus Group: *Deviate Consulting*

Mar 13 | *Virtual*

Webcast

Mar 20 | *Virtual*

Webcast: *It's Here, Now What?: Corporate Transparency Act Updates*

Mar 21 | *Virtual*

Partner Webcast

Mar 21 | *Virtual*

ROEF Academy: *2023/2024 Cohort - Module 5*

Mar 20-21 | *Coral Gables area, FL*

Integrated Wealth Advisor Council

## APRIL

Apr 3 | *Virtual*

Webcast

Apr 4 | *Virtual*

Technology Resource Partner Focus Group

Apr 5 | *Virtual*

Maximizing the Value of your FOX Membership

Apr 10 | *Virtual*

Webcast

Apr 12-13 | *Denver, CO*

Rising Gen Leadership Program: *Ruby Edition*

Apr 17-18 | *Virtual*

Premier Partner Technology and Risk Management Days

Apr 18 | *Virtual*

ROEF Academy: *2023/2024 Cohort - Module 6*

Apr 24 | *Virtual*

Family Advisor Training Program: *Pre-Session 1*

Apr 25-26 | *Amsterdam, Netherlands*

Global Family Enterprise Council

## MAY

May 1-2 | *New York, NY*

Multi-Family Office Council

May 7 | *Miami, FL*

Direct Investing Dinner

May 7-8 | *Miami, FL*

Global Investment Forum

May 8 | *Virtual*

Family Advisor Training Program: *Pre-Session 2*

May 8-9 | *Miami, FL*

Strategic CIO Council

May 14-16 | *Location TBD*

Owner Operator Council

May 15 | *Virtual*

Webcast

May 15-16 | *Chicago, IL*

Family Advisor Training Program

May 17 | *Virtual*

Member Town Hall

May 21-23 | *Guatemala*

Emerging Family Enterprise Summit

May 21-23 | *Location TBD*

Senior Management Council

May 21 | *Virtual*

Risk Management Member Meeting

May 22 | *Virtual*

Webcast

May 23 | *Virtual*

Technology Resource Partner Focus Group

May 27-31 | *Amsterdam, Netherlands*

ROEF Academy: *2023/2024 Cohort - Module 7*

## JUNE

Jun 5-6 | *Virtual*

Trustees & Beneficiaries Workshop

Jun 6 | *Virtual*

Technology Resource Partner Focus Group

Jun 12 | *Virtual*

Webcast

Jun 25-28 | *Virtual*

Family Office Design Workshop

Jun 26 | *Virtual*

Family Advisor Training Program: *Post-Session*

# 2024 Learning Programs – Global Listing

■ Event will be held in-person

■ Event will be held virtually

■ Event will be held in-person and virtually

## JULY

Jul 15-17 | *Chicago, IL*

Family Office and  
Wealth Advisor Forum

Jul 31 | *Virtual*

Webcast

Jul 31 | *Virtual*

Risk Management  
Member Meeting

## AUGUST

Aug 1 | *Virtual*

Technology Resource  
Partner Focus Group

Aug 22 | *Virtual*

Technology Resource  
Partner Focus Group

Aug 27 | *Virtual*

Family Advisor Training  
Program: *Pre-Session 1*

## SEPTEMBER

Sep 5 | *Virtual*

Technology Resource  
Partner Focus Group

Sep 6 | *Virtual*

Member Town Hall

Sep 10 | *Virtual*

Family Advisor Training  
Program: *Pre-Session 2*

Sep 11 | *Virtual*

Webcast

Sep 16-20 | *Amsterdam*

ROEF Academy: *2024/2025  
Cohort - Module 1*

Sep 18 | *Virtual*

Webcast

Sep 18-19 | *Dallas, TX*

Family Advisor  
Training Program

Sep 20 | *Virtual*

Maximizing the Value of  
your FOX Membership

Sep 24-25 | *Virtual*

Risk Management Summit

Sep 24-26 | *London*

Global Family  
Enterprise Council

## OCTOBER

Oct 2 | *Virtual*

Webcast

Oct 3 | *Virtual*

Technology Resource  
Partner Focus Group

Oct 27 | *Atlanta, GA*

Direct Investing  
Network Dinner

Oct 27-28 | *Atlanta, GA*

Rising Gen at  
Family Forum

Oct 28-30 | *Atlanta, GA*

Family Forum

## NOVEMBER

Nov 5 | *Virtual*

Family Advisor Training  
Program: *Post-Session*

Nov 7 | *Virtual*

Technology Resource  
Partner Focus Group

Nov 12 | *Virtual*

Risk Management  
Member Meeting

Nov 13 | *Virtual*

Webcast

## DECEMBER

Dec 4 | *Virtual*

Webcast

Dec 6 | *Virtual*

Member Town Hall

# 2024 FOX Global Investment Forum

**Tuesday, May 07, 2024 - 04:00am**

**Wednesday, May 08, 2024 - 08:00am**

*Virtual programming May 8 only*

**May 7:** *Reserved for Family Members and Single-Family Office Executives.*

**May 8:** *Open to all qualified FOX Members.*

At the heart of every family office is one goal – to sustain wealth for generations to come. Over the course of two days, join fellow family office investment professionals to gather and discuss the latest global investment themes, markets, economies, and more.

The forum will provide an opportunity to connect with peers from FOX families for a meaningful exchange of ideas and discussions about how to navigate the evolving landscape of investing.

*“The FOX Global Investment Forum addresses risks and opportunities in the current investment environment - and goes beyond this to focus on issues of interest to families with generational wealth including the role of values-based investing.” – 2022 Forum Attendee*

## **Who Should Attend**

In-person registration for this event is for family office members of FOX. Family members from all investment skill levels are encouraged to attend. FOX advisor members may send an appropriate senior-level investment person to our May 8 programming. Qualified non-member prospects may attend this event virtually. Please contact FOX for more information.

## **Registering for the Program**

Please note that forum credits or a registration fee will be required to attend in-person or virtually. Additional discounts will be available for multiple members of your family or firm to attend in-person. Please contact your relationship manager or [events@familyoffice.com](mailto:events@familyoffice.com) for more information.

## **Location**

Miami, FL and Virtual

# Family Advisor Training Program

**Wednesday, May 15, 2024 - 04:00am / Thursday, May 16, 2024 - 08:00am**

The FOX Family Advisor Training Program will equip wealth advisors and family office professionals with the qualitative skills needed to meet the demands of increasingly complex client relationships. Through a unique inside-out-approach, you will work on self-discovery and develop self-mastery to improve how you effectively engage with others – both your clients and your team.

## Program Dates

In-Person May 15-16, 2024, Chicago, IL / Virtual modules on April 24, May 8, and June 26

## What to Expect

A paced learning approach with a cohort of peer advisors and family office professionals that begins with two virtual prep sessions, followed by a two day in-person intensive learning program, and concludes with a virtual application and accountability session.

- Learn to adapt your communication style to build trust and long-term relationships with clients and your team.
- Understand emotional intelligence to effectively navigate professional relationships and the emotions of others.
- Develop an understanding of the stages of organizational change and the impact it has on people.
- Understand how families evolve on their journey and how diversity and complexity impact each family.
- Develop a comprehensive understanding on how to communicate with, develop and prepare the rising generation for ownership and leadership within the family enterprise.
- Cultivate fundamental coaching skills to move into a “coaching role” with the client and to improve engagement in multi-disciplinary teams.
- Understand the fundamentals of family systems. Gain ability to effectively identify and navigate complex family relationships.
- Build ability to foster trust-building behaviors among family members that improves decision-making.
- Curated resources and tools to manage your client relationships and advisory teams.

## Who Should Attend

Registration is open to advisors and family office professionals with recurring interaction with families involving complex issues, such as family dynamics, rising gen prep, and succession planning. Advisors with an appetite to develop their own self-mastery as an aspiring or current team leader will also benefit from this program.

## Location

Chicago, IL

**FOX  
Trustees and  
Beneficiaries  
Workshop****June 5-6, 2024**  
Virtual**Wednesday, Jun 05, 2024 - 09:00am****Thursday, Jun 06, 2024 - 05:00pm**

Due to high demand, FOX is pleased to reintroduce the FOX Trustees and Beneficiaries Workshop on June 5 - June 6, 2024 on our virtual platform. This workshop is one of the very few programs trustees and beneficiaries get the high-quality, objective, and non-commercial training they need to fulfill their roles in an informed and confident way.

A trusteeship is a critical, active role that has significant influence on the well-being of the beneficiary and the sustainability of the assets, businesses, or properties that are in the trust. Being appointed a trustee is a tremendous honor, but it comes with very real responsibilities and exposure to liability.

But a trust is more than a legal structure or series of transactions—it sets in motion a working relationship between the trustee and beneficiary. Although trusts are a vital and prominent component of family wealth planning, it's surprisingly hard to find training to prepare trustees and beneficiaries for their responsibilities.

This unique workshop is designed to help trustees and beneficiaries be better prepared and develop stronger relationships. The workshop covers the roles, risks and responsibilities of both trustees and beneficiaries so both trustees and beneficiaries are strongly encouraged to attend.

**Who Should Attend**

Personal trustees serving as fiduciaries for family trusts and the beneficiaries of the family trusts. Qualified advisors may attend with a family trustee or beneficiary client.

**Location**

Virtual

**Recommended For**

Personal trustees serving as fiduciaries for family trusts and the beneficiaries of the family trusts. Qualified advisors may attend with a family trustee or beneficiary client.

# 2024 FOX Family Office & Wealth Advisor Forum

**Monday, Jul 15, 2024 - 04:00am**

**Wednesday, Jul 17, 2024 - 08:00am**

FOX's Family Office & Wealth Advisor Forum will bring together family office executives and advisors in the UHNW industry to discuss the most critical challenges and opportunities impacting professionals in family offices and wealth advisory firms, and the clients they serve. From operational themes such as insurance, governance, or tax and estate planning, to navigating talent and transition challenges, attendees will walk away with tangible ideas for enhancing your work. For a portion of this forum, two tracks will be created: one which focuses on family office executive related content and one focused on advisor member firms programming. FOX's Family Office & Wealth Advisor Forum tends to be FOX's most technical of the three FOX Forum's and is built for the practitioners.

*"Highly timely topics and excellent speakers discussing how to be better professionals in supporting our families, clients, and teams." – Previous Forum Attendee*

## Who Should Attend

In-person and virtual registration for this event is for family office and advisor members of FOX. Family members interested in the operational elements of the family office are welcomed.

Qualified non-member prospects may attend this event virtually. Please contact FOX for more information.

## Registering for the Program

Please note that forum credits or a registration fee will be required to attend in-person or virtually. Additional discounts will be available for multiple members of your family or firm to attend in-person. Please contact your relationship manager or [events@familyoffice.com](mailto:events@familyoffice.com) for more information.

## Location

Chicago, IL and Virtual