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FTwealth

**REINVENTING
THE WHEEL**
CAN AI REALLY
IMPROVE YOUR
INVESTMENT
CHOICES?



A PROBLEM SHARED
Collaborative funding makes
philanthropic dollars do more

GETTING SHIP SHAPE
The challenges facing
superyacht owners

AS YOU LIKE IT
From cars to clothes,
personalised luxury is booming

WEALTH IS HEALTH
Wealthy people live longer, but
could the ultra-rich live forever?



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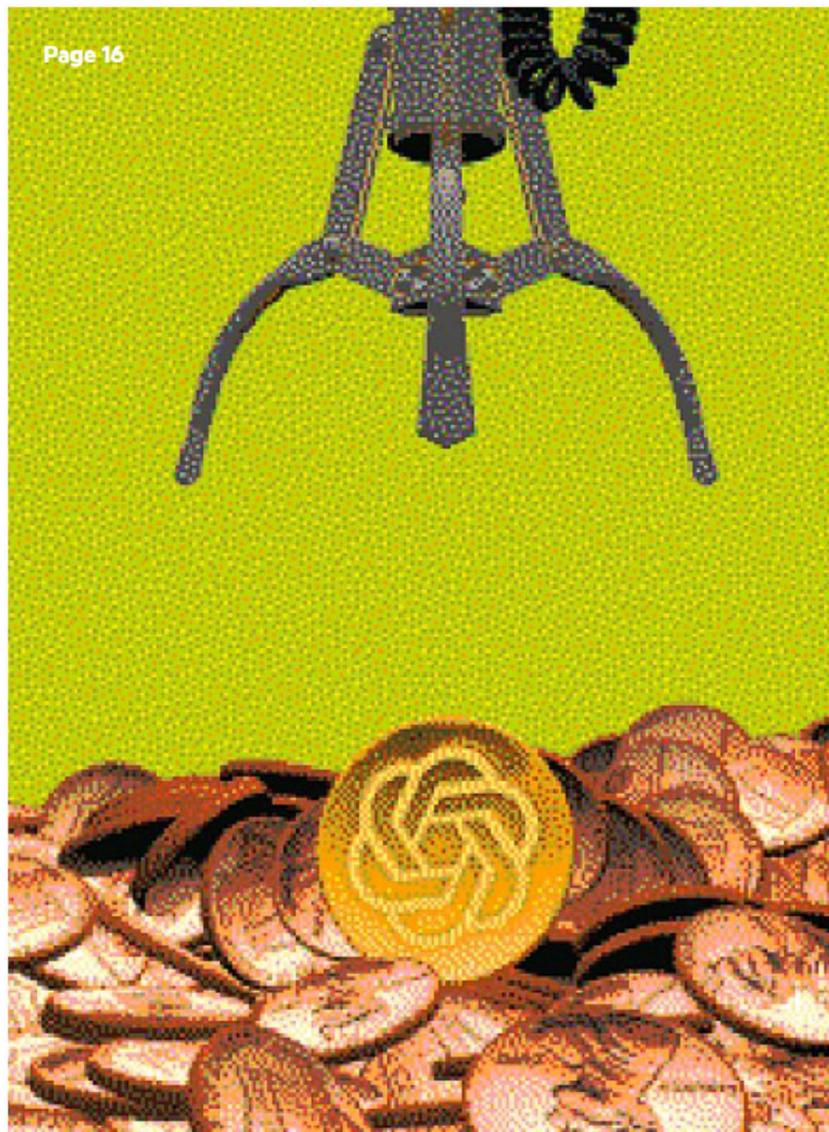
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EDITOR'S LETTER

HOW THE FAMILY OFFICE BECAME ONE OF THE WORLD'S FASTEST WEALTH GENERATORS

BY DAVID OAKLEY



Deep pockets

Financier John Pierpont Morgan created the family office to manage his wealth

The family office – the structure used by the ultra rich to manage their investments – has become one of the fastest generators of wealth in the world, from the US to Hong Kong and Singapore. An institution that dates back more than 150 years – when American financier John Pierpont Morgan first came up with the term to describe the personal investment arm for his growing art collection – has become a cornerstone of the financial system.

The sector has expanded from a small number of groups in the 1980s to about 15,000 offices worldwide with an estimated \$5.9tn in assets, according to a report in January by US media group Forbes citing the Economist Intelligence Unit and DBS Private Bank.

Some wealth managers expect the number of offices to grow further, enriching both the ultra-rich individuals they serve and the global economy. “We are extremely bullish on the family office,” says Hannes Hofmann, head of the family office group at Citi Private Bank. “Wealth of the [ultra-rich] sector is being generated at a very fast rate and that is a good thing for the world economy and the financial system.”

As these offices have become bigger and more sophisticated, their reach has extended to corners of the world economy that were previously no-go areas because they lacked the financial firepower and expertise. Now, they offer services to small and medium-sized companies in markets in Latin America, such as Mexico and Chile, and Asia, where high interest rates and undeveloped financial sectors make it hard to raise capital from local banks.

However, while the industry is diverse, ranging from single-family units with a handful of staff to multi-office groups representing several families and managing hundreds of millions of dollars, it faces a number of risks that could check growth.

First, the vast transfer of wealth to the next generation – estimated by data provider Wealth-X at \$18.3tn by 2030 – may prove less than smooth. Some families could suffer from the so-called third generation curse, where money is lost because of infighting and poor decisions, as the founder and wealth creator becomes less involved in the business.

Second, family offices are increasingly investing in riskier private markets in search of higher yields, moving away from the traditional safer approach built around balanced portfolios. According to Citi's Family Office and Investment Report for the first quarter, there were larger allocations to private equity across all regions.

A survey of 54 private banks around the world by Professional Wealth Management, published in March, also showed 88 per cent expected to increase their level of investment in private equity for their clients this year, while 90 per cent said they would increase or maintain levels in private debt. Equity (94 per cent) and fixed income (91 per cent) remain popular too, but the growing appetite for higher yielding private equity and debt comes with risks as well as rewards in markets that can deliver both big winners and big losers.

Third, the world has become a much more dangerous and uncertain place, with wars in the Middle East and Ukraine, and simmering tensions between China and Taiwan. UBS's Global Family Office Report for 2024 points out that the risk of a significant geopolitical conflict is a big concern for family offices, both in the near and medium term. At two large family office conferences in Singapore and London hosted by Deutsche Bank Private Bank, attendees said geopolitics was the theme most affecting asset allocation decisions. It is clearly a threat that could disrupt markets and upend some portfolios.

There are other risks, such as inflation and cyber attacks, but some wealth managers shrug them off. They say families are better equipped for succession and the transfer of wealth as they have improved governance and oversight and set out defined investment goals, which in turn should help them navigate riskier private markets and deal with geopolitical dangers. “There have always been geopolitical tensions in the world and family offices are largely diversifying to manage those risks,” says James Whittaker, head of UK at Deutsche Bank Private Bank.

Gerard Aquilina, a family office adviser, stresses that greater professionalism and financial experience means most groups are equipped to make the right investment, as they have diversified their holdings and hired top bankers and asset allocators to manage their portfolios.

Citi's Hofmann adds: “Family offices are becoming smarter. They are employing good people and they are diversifying. There is always a risk with any investment, but family offices can continue to be a success story and benefit the world economy.”

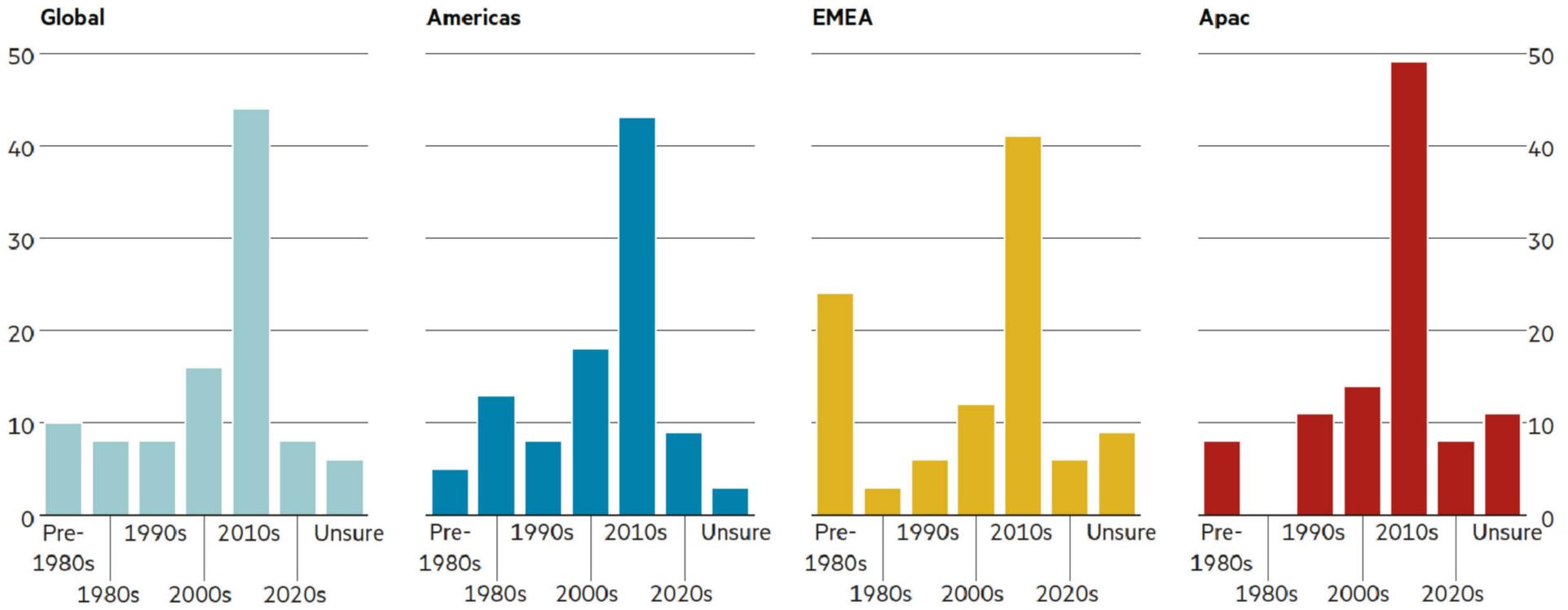
Asset managers and advisers admit there are risks, but, in the main, they still expect the sector to continue growing. They believe family offices will play an increasingly important role in the financial system and create more wealth for their ultra-rich owners, while at the same time boosting the global economy by providing capital and financing for companies and institutions. ●



David Oakley is the Acting Editor, FT Wealth

Rapid growth in family offices in the 2010s

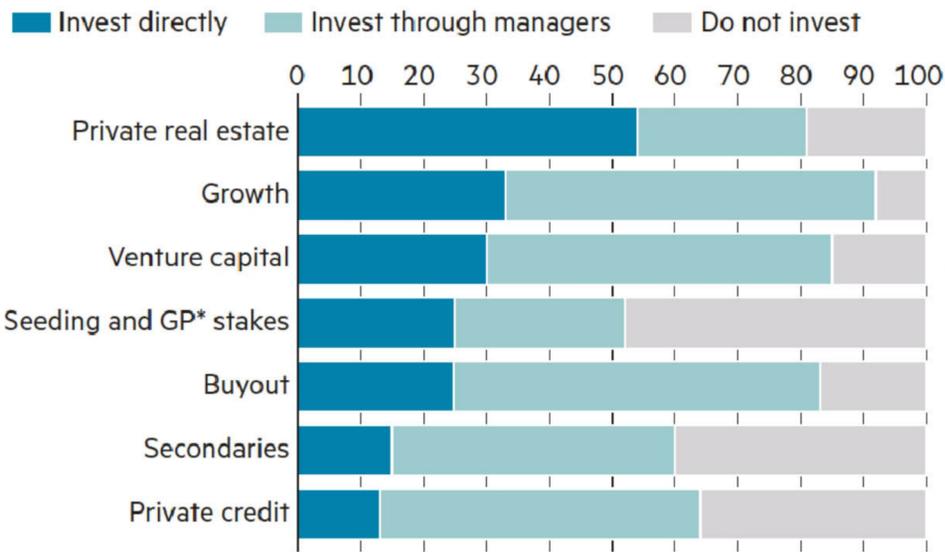
When was your family office incorporated? (% of respondents)



Source: Goldman Sachs

Managers preferred for most asset classes

What is your primary approach to alternative investments? (% of respondents)

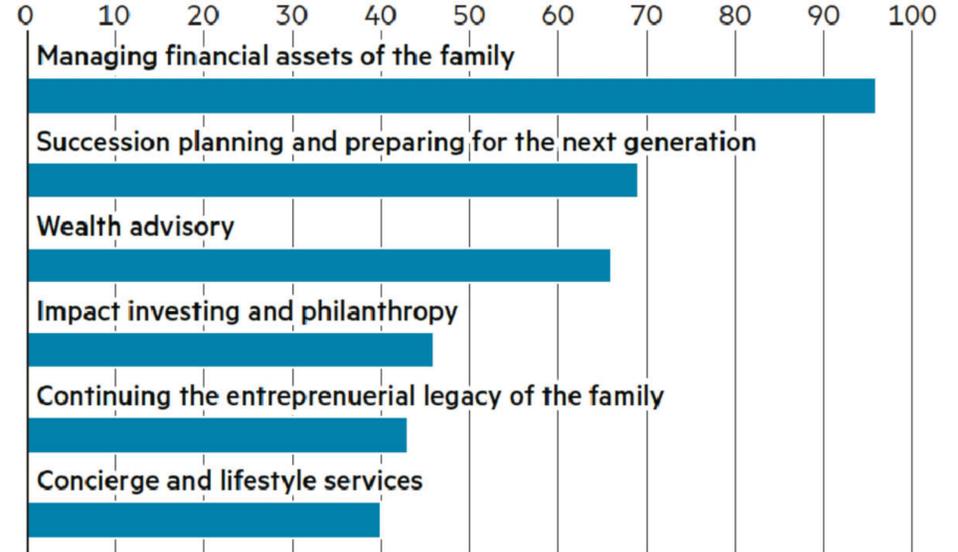


Source: Goldman Sachs

* general partner

Managing financial assets a priority with most family offices

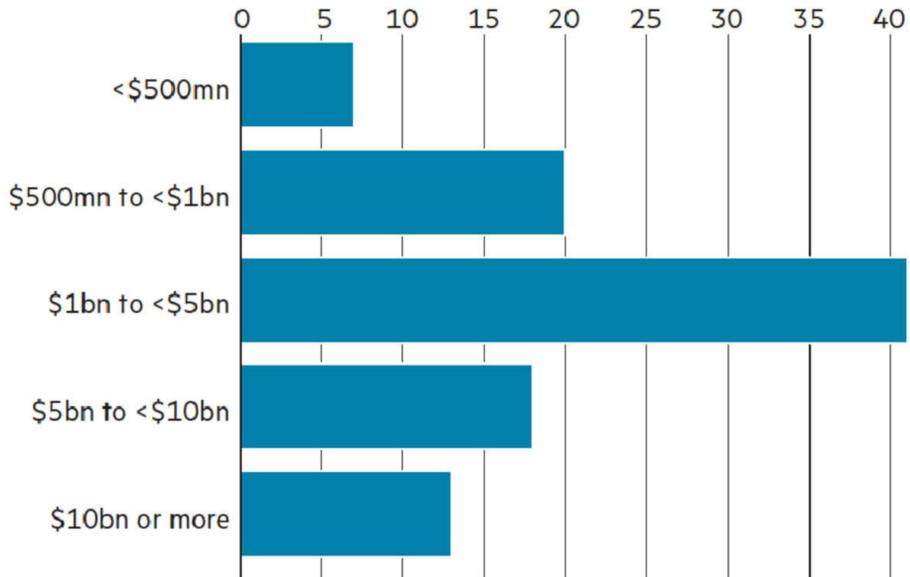
What are your families objectives? (% of respondents)



Source: JPMorgan

72% of family offices reported a net worth of at least \$1bn

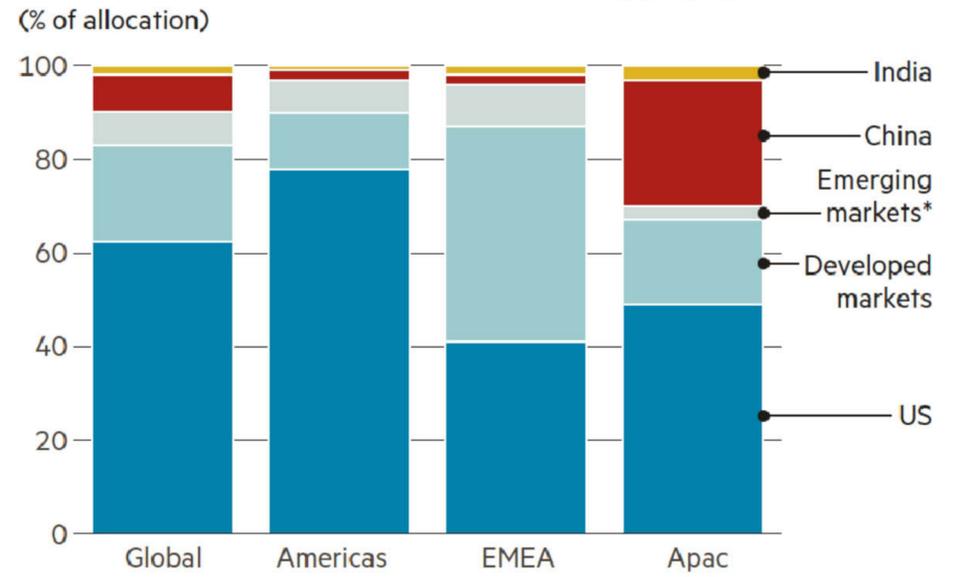
Family office net worth (% of respondents)



Source: Goldman Sachs

US favoured as the place to invest

What is your current allocation across the following geographies? (% of allocation)



Source: Goldman Sachs

* excluding India and China

PSYCHOLOGY OF WEALTH

THE WEALTHY TEND TO LIVE LONGER BUT MONEY IS NOT THE ONLY FACTOR IN A 'RICH' LIFE

BY RHYMER RIGBY



Age is only a number

Tech entrepreneur Bryan Johnson reportedly spends \$2mn a year on health and wellbeing

American tech entrepreneur Bryan Johnson celebrates his birthday every 19 months. Johnson, who sold his payments processing company, Braintree Venmo, to PayPal for about \$800mn in 2013 has, in recent years, become a diet and lifestyle influencer. And the reason he celebrates his birthday every 19 months is that he claims he ages only 7.6 months in a calendar year.

He puts this down to the numerous health and diet regimes that he follows – the most remarkable of which was using blood plasma taken from his son Talmage (although he has now abandoned this practice). He has said he spends \$2mn a year on health and that his goal is to live forever.

But, while Johnson may be one of the more eccentric and high-profile proponents of the Silicon Valley cult of wellness, he raises an interesting question. Can you buy yourself healthy?

Certainly, in a basic way, you can. The connection between money and health is age-old. In the US, you can, more or less, plot a course of various health outcomes from a map of average income – and areas such as the Deep South fare notably poorly. A 2016 paper by researchers at Stanford and MIT found that, at age 40, life expectancy increases continuously with income percentile.

However, the link isn't quite as clear cut as it might at first seem. Cubans live, on average, ever-so-slightly longer



Rhymer is reading... *Red Smoking Mirror* by Nick Hunt. Set in the Aztec capital of Tenochtitlan in the 16th century, it is an alternative history in which a still Islamic Spain has contact with the Americas. The novel has been described as "the love-child of JG Ballard and Ursula K Le Guin".

than Americans, even though the latter are vastly richer. What's more, average US lifespans are nearly five years lower than the average across a group of OECD countries.

One explanation for this is US income inequality – as those at the bottom have very poor health outcomes. By contrast, low-income Britons have appreciably better health than low-income Americans largely because of the UK's universal health service. A poor Brit with health problems can go to the doctor or a hospital without worrying about money (although they may have a long wait).

Still, despite these variations, wealth still matters a lot. A 10-year study led by UCL researchers and published in the *Journal of Gerontology* in 2020 looked at how long people in England and the US can expect to live free from disabilities (which, for this research, included being unable to get out of bed or to cook for themselves) and what role socio-economic factors played in this.

The results were stark: the wealthiest third lived eight to nine more healthy years than the least wealthy third. The researchers said that "the biggest socio-economic advantage in both countries and across all age groups was wealth".

This makes sense: in both England and the US, wealth is associated with better nutrition, greater fitness and lower stress. And, even in a country with free healthcare, rich people can afford to go private if they need to.

However, again, it is not straightforward. In the US, the wealth-health relationship is not linear. The 2016 Stanford and MIT study looked at deciles and percentiles, not thirds. It showed returns diminish the richer you are. Above a household income of \$224,000, to get roughly, another 0.8 years of life expectancy, you need to earn approximately \$1.7m more a year. If you're earning \$14,000 a year, another \$6,000 will get you 0.8 years.

Of course, there are plenty of other factors, too. There is a genetic component to longevity and health, and lifestyle choices can play a huge part. There are also places where long, healthy lives are the norm. The American explorer and longevity researcher Dan Buettner identified a number of these which he called "Blue Zones" – in locations ranging from California to Sardinia to Japan. Among the factors contributing to these geographical groupings were genetic and cultural isolation, quality of diet, level of exercise, religion and strength of family and community ties.

One of the most interesting findings was that, in the Sardinian Blue Zone, the number of men over the age of 100 was roughly the same as the number of women (almost everywhere else, women typically outlive men). It suggests that health is not only better in rich places, it can also be good where people lead "rich" lives.

And there is not much money can do when your time is up. Even the rich can die relatively young. A cursory glance down Forbes' annual "In Memoriam" list of billionaires who died in 2023, reveals a number of people in their eighties and quite a few in their nineties. But there are also some in their seventies and even their sixties.

So while the link between wealth and health certainly exists, at a group level, other factors may be more important for individuals.

As Benjamin Franklin, one of the US founding fathers, wrote: "In this world nothing can be said to be certain, except death and taxes". The rich put a lot of effort into avoiding both with varying degrees of success. Tech entrepreneur Johnson is now nearly 47 so we'll have to wait another 45 years to see if, come August 2069, he's 92 or only 75. ●

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NAVIGATING THE RISKS OF SUPERYACHT OWNERSHIP

STAYING ON THE RIGHT SIDE OF THE REGULATIONS IS NOT ALL PLAIN SAILING

BY LUCY WARWICK-CHING

In May, visitors to the 60th Venice Biennale – arguably the world’s most prestigious art exhibition – were treated to another show on the water by the Giardini, the verdant park that is the entrance to the event: a display of some of the world’s most expensive yachts. Sleek and shining, and staffed by vast uniformed crews, some even had red carpets coming off their gangplanks.

But while the yachts drew interest from passers-by, their owners are usually keener on privacy than attention. In common with many in the restless global elite, yacht owners will go to enormous efforts to remain anonymous as they sail the world – often fearing media intrusion, regulators and tax agents, and, increasingly, criminal gangs.

“Anyone who owns a [larger] yacht will be aware that they could be a target for anything from burglary when moored, through to hijacking and piracy,” warns Mike LaCorte, chief executive of London-based investigations and disputes specialists Conflict International. “Recent geopolitical developments have meant that certain waters are now largely off-limits to westerners. But, even in safer waters, there are pockets of danger.”

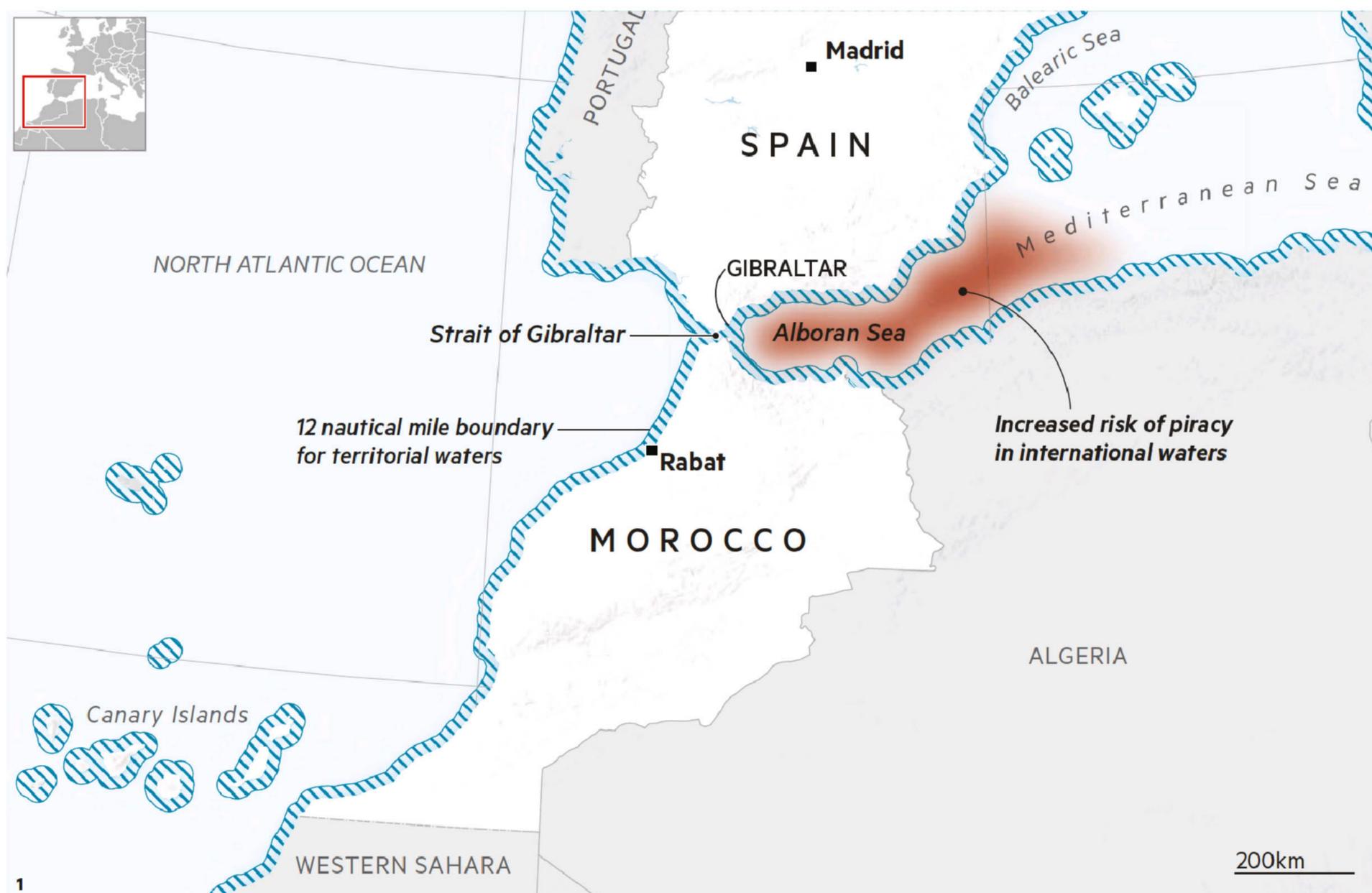
He says that, for example, the waters around Morocco are a “pretty notorious” drug smuggling route, although hotspots can move quickly – so waters that are reasonably safe one day can be unsafe the next. “Hijackers and pirates are usually after container ships and other commercial vessels but, on occasion, have been known to go after private yachts,” LaCorte notes.

If a yacht needs to sail through hostile waters, planning can help reduce the risks. When a vessel is on its own, with no security, then the captain should map the route out properly, understand where the nearest coast guards are, and establish at the outset who should be contacted in an emergency. Owners are advised to have means of





Eye catching
Superyachts moored in
Venice during the Biennale
in May



communication always available – not just GPS – and to tell a third party their route, so that the authorities can be notified if someone suspects the boat has hit difficulties.

On occasion, a yacht owner may choose to switch off a boat's Automatic Identification System (AIS), to avoid detection. However, experts warn against this ruse. "Most of the time, it's done by wealthy or high profile individuals trying to avoid press intrusion, but it is also a tactic used when sailing either through or near potentially dangerous waters," says LaCorte. "Leaving aside the legal questions, switching off an AIS presents a potential security problem. With no tracker, you're not just invisible to possible hostiles, but to everyone – including potential help."

Happily, there are other ways to minimise the risk of intrusion. They include switching off location services on mobile phone apps and devices, and not posting images on social media of your yacht moored in a location.

William MacLachlan, partner at international law firm HFW and specialist yachting lawyer, also advises against switching off AIS systems. He says they are a key element of protecting life at sea, and that all vessels of 300 gross tonnage or more, engaged in international voyages, must have an AIS system enabled.

There are some nuances when it comes to the application of these rules to yachts but most large yachts carry

AIS transponders and receivers and use them, whether mandatory or not. And, if a yacht to which these regulations do apply turns up with AIS turned off, then the local authorities will raise questions and the owner may be fined.

Other safety factors, say experts, include the identity of the crew: who are they, and whether they are bona fide. Yachts can be targeted by criminals as an opportunity for data gathering – they are easy "entry points" for them, because individuals can go undercover to steal intelligence for business rivals or to defraud a yacht's owner.

"Every single member of the crew – including those who worked for the yacht's previous owner – must be thoroughly screened," advises LaCorte. "Even just a social media sweep is enough to throw up red flags."

A further problem is the necessity of having to screen the sellers when buying a pre-owned yacht. Buyers have to ensure they are not dealing with someone on sanctions lists. In addition, the UK's Foreign Influence Registration Scheme is set to take effect soon, which will require a UK citizen to tell the government if they suspect that the seller of a yacht is working for a foreign power.

"Yachts are used a lot to facilitate money laundering," points out LaCorte. "If you don't know who you're buying a yacht from, there is a risk – however small – that you could get caught up in a money laundering ring."

Most yachts are bought through brokers who are able to screen sellers and conduct due diligence. But anyone looking to buy a yacht independently needs to conduct the relevant due diligence themselves. This includes acquiring the right ownership documentation and conducting background checks on the seller and the yacht's docking history.

Then, there are privacy issues to consider if the yacht is

'I've seen people who are so keen to buy a yacht that they do everything too quickly'



‘On occasion, hijackers and pirates have been known to go after private yachts’

says Nic Arnold, UK head of JTC Private Office. “It’s about asking the right questions. I’ve seen people who are so keen to buy a yacht that they do everything too quickly and are left with a complicated ownership structure that causes them problems going forward.”

She says there are four main considerations when buying. First, buyers need to make sure they are on top of the tax laws in the jurisdictions they intend to be sailing in. Second, they need to understand the legal liabilities they will have and, where possible, protect themselves appropriately. Third, they need to abide by the registry laws for their chosen flag state. Finally, they have to consider the practical aspects of pulling all this together. “Trying to balance all those things is difficult, but it’s key,” says Arnold. “It’s easy to make your new yacht the most painful thing in the world if it’s not structured properly.”

MacLachlan at HFW says buyers of new yachts need to engage a team of experts to help them navigate both the purchase process and the operation of the yacht. He points out that the EU VAT status of a yacht and other assets can easily be misunderstood and will depend, largely, on how the asset has previously been transacted and operated.

For example, a yacht may be described as VAT-paid – which is attractive to buyers who might otherwise have to account for VAT on the purchase price of a yacht valued at millions of euros. But due diligence should still be done to ensure that the yacht retains a valid VAT-paid status and is therefore entitled to free circulation in the EU. If it does not, the buyer may find there is VAT to pay, after all.

“People worry about how to structure the purchase of their yacht, a lot,” says MacLachlan. “Often, they don’t want to expose themselves to the risk of criticism from shareholders, employees and other stakeholders, and nor do they want to restrict their use of the yacht. Some clients therefore take the view that it is easier to simply pay any VAT that might be due and enjoy the peace of mind of a VAT-paid yacht.” For others, there remain legitimate means of accounting for the VAT due on their yacht without necessarily paying it.

Yacht owners resident outside of the EU and not interested in commercially operating their yachts may be eligible, with care, to operate their yachts in the EU for up to 18 months at a time, by taking advantage of the temporary admission relief available, without having to pay the VAT otherwise due. Other owners wishing to operate their yacht commercially may be able to account for the VAT due on it through a commercial operation without having to pay the tax. Again, though, careful attention to the rules has to be paid, and the ownership structure, operation and use of the yacht shaped accordingly.

“There are lots of things to consider when buying a yacht, [but] those things shouldn’t stand in the way of people following their dream,” says MacLachlan. “If you’re lucky enough to be able to do this, there are ways of structuring things such that you can lawfully mitigate any VAT liability, limit your personal exposure to claims, and maintain a degree of anonymity... you should be able to enjoy owning a yacht – largely in peace.” ●

1
If a yacht needs to sail through hostile waters, planning can help reduce the risk of attack

2
Information about a yacht’s destination should be protected for security reasons

being operated commercially, by chartering it out to guests. Steven Farmer, partner at law firm Pillsbury Winthrop Shaw Pittman, says the owner, depending on how the commercial arrangement is structured, and the charterer have obligations as a data controller to protect the personal information of guests. This requires correct processes and policies for all staff, to ensure that any personal data they are privy to remains private and protected.

He says, for example, that information about guests’ dietary requirements, allergies, or medical conditions, that the staff need to be aware of, could be damaging if they were made public knowledge. There should be contractual agreements with staff that they will not share this information with the press or on social media, or even anecdotally among friends.

“Staff will also have information about the yacht’s destination, which should also be protected,” says Farmer. “Failing to do so could lead to high profile or celebrity guests being met by paparazzi at the yacht’s destination or, at worst, pose a real security threat if malicious players obtain information about the vessel’s whereabouts.”

These risks can be mitigated by using agreements with staff and guests that are jurisdiction agnostic but adhere to the highest global standards for data protection. “Chartered yachts typically attract high profile customers, so the issue of maintaining personal privacy is often of high concern,” says Farmer.

Privacy and safety issues aside, even the logistics of buying and keeping a yacht can be complex, and individuals can make mistakes. “Buyers of superyachts, which typically travel between jurisdictions but may remain in them for long periods, can be caught out if they are not well-advised”,

FINANCIAL LITERACY IN THE US, DONORS AND ENTREPRENEURS ARE FUNDING LIFE LESSONS IN MONEY

BY ANDREW JACK



A class above
Maths teacher David Peng believes that education around financial literacy needs to improve

David Peng presses a key on his computer and a “wheel of fortune” spins on the whiteboard at the front of his class, on financial literacy for teenagers. It stops on a painful scenario: “A neighbour’s air conditioner leak has destroyed your computer.”

Some of his students laugh with relief: they had allocated one of 17 plastic beans on the worksheets in front of them to insurance premiums. The rest sigh as they are forced to remove three beans from other items to pay for a new computer, depriving them of planned spending on clothes, concerts or eating out.

Peng’s class at Stuyvesant, a highly competitive state-funded New York high school, is just a short walk from Wall Street. But even these basic lessons in budgeting, saving and borrowing have found a ready audience. And it is one of many US financial literacy initiatives now being supported – with funding and resources – by wealthy entrepreneurs and individual donors.

“This is such an important subject,” says maths teacher Peng. He has found that, from low-income immigrant Americans to the privileged children of CEOs, “no matter what their background, they have very limited knowledge.”

Although many of his students go on to work in finance, “a lot don’t have any courses in personal finance even at college; we try to break the stigma that finances should be private”.

Peng is part of a growing movement calling for better financial literacy education nationwide, to tackle the

negative economic consequences of Americans’ lack of pecuniary understanding.

Prof Annamaria Lusardi, an authority on the topic based at Stanford University, says: “If we had to give a grade to the US for adult financial literacy, it would be an ‘F’. In our tests, they only answer half the questions. That’s surprising in the country with the most developed financial markets.”

As in most other countries she studies, Lusardi has found basic arithmetic skills are missing, with many people unable to understand the effects of inflation on their income or to calculate the annual charges on a loan with an interest rate of 2 per cent.

Other gaps reflect increasing financial complexity. “The world is changing so fast,” Lusardi says. “You cannot just use common wisdom or rely on your parents, who never faced cryptocurrency and didn’t have to pay off student loans. It’s different in a country where young people in college start their economic life in debt.”

Among the resources she recommends are materials provided by Next Gen Personal Finance, a non-profit group co-founded by Tim Ranzetta, an entrepreneur whose previous work included analysing executive pay packages for Fortune 500 companies and helping families make better college financing decisions.

A few years ago, he set himself the objective of ensuring that every high school student in the US should take a semester-long personal finance course. Now, Ranzetta’s organisation offers training and networks of support for teachers, and resources including classroom games to engage students. “Finance can be intimidating and can seem exclusive and full of jargon. We need to make it topical and fun,” he says.

He launched Next Gen Personal Finance after volunteering to teach financial literacy at a high school with many low income children, in East Palo Alto, near San Francisco. “I saw both how eager they were to learn, and the ripple effect on their parents who started asking about investing for retirement,” he says. “We get a multigenerational effect.”

However, Ranzetta remains concerned about financial messaging on social media. “Spend a bit of time on YouTube or TikTok, and you’ll see no shortage of get-rich-quick schemes,” he warns. “We’re seeing more and more products sold to younger people, and more than 30 states allow people to gamble online. Yet a third of young people don’t know the difference between a debit and a credit card.”

But he is optimistic about the goal of a semester-long course for every high school student. A survey conducted by Next Gen Personal Finance shows that half of the country’s 50 states – from New Hampshire to Oregon – have now introduced legislation requiring significant standalone lessons on financial literacy in schools. Ten of these states have already fully implemented the measures; the remaining 15 are in the process of doing so.

Some states, including New York, have resisted – arguing that financial literacy is covered by broader educational guidelines, and there is no way to squeeze additional lessons into school timetables. However, New York is now discussing standalone guidance, according to David Anderson, president of Working in Support of Education, a New York non-profit that is funded by wealthy donors and family foundations.

Supporters like these know that, if this education is useful for the children of Wall Street bankers, it must be even more valuable for pupils from poor families. ●



Andrew Jack is the FT’s global education editor

Navigating global uncertainties

Unpredictability defines the current investment landscape. Judicious and diversified wealth management methodologies can provide ballast in turbulent times.



Globally, the year 2024 is shaping up to be one of transition and tumult, with more than 2bn people heading to the polls while geopolitical flashpoints — from the Middle East to Ukraine — simmer alongside strained US-China relations. Tailored wealth management strategies that address the complexities of an interconnected yet volatile global economy are needed more than ever.

“Continuing macro uncertainty is driving the need for greater wealth manager nimbleness in terms of the investment strategies that can be offered to clients in different economic environments to match their risk and return aspirations,” says a report by global technology and management consultancy Capco.¹

Standard Chartered, with its deep-seated expertise in markets across Asia, Africa and the Middle East — as well as its comprehensive understanding of inter-regional dynamics — is poised to guide high-net-worth individuals (HNWIs) through these uncertain times.

Embracing opportunity in change

Pivotal elections across Asia and in the US will undoubtedly influence global trade policies, foreign relations and regulatory environments in the coming year, and demand focused attention and a proactive approach to managing wealth in order to adapt to new challenges and opportunities. Standard Chartered’s knowledge of markets across Asia, the Middle East and Africa offers the essential edge for strategic diversification.

Times of volatility also require agility, often defined by prudent and timely investment diversification to capture opportunities in testing times. “History shows that cross-border asset flows pick up when macroeconomic uncertainty rises,” reads a Boston Consulting Group report.² “As such, cross-border wealth rose by 4.8 per cent in

2022 to reach \$12tn globally as geopolitical tensions and other macro forces made certain investors reluctant to stand pat in their home domiciles.”

Amid the flux of global events, Raymond Ang, Global Head of Private Bank and Affluent Clients, and Head, Wealth and Retail Banking, Greater China and North Asia, at Standard Chartered has established a blueprint for investing to grow wealth.

“To navigate the ever-changing landscape and ensure that their financial needs are well met, we advise our clients to stay invested, stay nimble and build their legacy for future generations,” he says.

Ang explains the core principles of his blueprint in the following way:

- **Stay invested:** “This is an important rule for preserving and growing wealth in the long term. Our advisory approach is anchored on diversification and staying invested over time. We advise investors to build a foundation portfolio, while keeping the flexibility to react to market movements.”
- **Stay nimble:** “Staying invested does not mean maintaining the same allocation over time — 2024 could well be a turbulent year for markets, but with volatility comes opportunity. We advise investors to maintain a foundation diversified portfolio and tactically rebalance allocations to capture opportunities.”
- **Build a legacy for future generations:** “Our team of experts based in our wealth hubs of Hong Kong, Singapore, Dubai and London are well-equipped to provide wealth planning, trust, legacy and philanthropy advice in close engagement with clients.”

As part of a universal bank, Standard Chartered Private Bank leverages its robust international network and “one-bank” capabilities to meet the sophisticated needs of its clients across borders. In particular, Standard Chartered Private Bank’s interconnectedness with the corporate bank

provides entrepreneurs access to corporate banking capabilities to meet their business needs, as well as the bespoke investment solutions of a private bank for their personal banking wealth needs – being a one-stop shop for clients’ comprehensive banking needs.

Building trust for future success

Ultimately, in an era exhibiting a high degree of complexity and change, Standard Chartered’s blend of comprehensive market knowledge, innovative financial solutions and personalised client service positions it as a beacon of trust and reliability. The bank’s proactive approach in adapting to global shifts and its commitment to understanding and meeting the unique needs of its clients underscore its significant role in wealth management, and its ability to offer sound advisory solutions through volatile times.



Raymond Ang, Global Head, Private Bank and Affluent Clients, and Head, Wealth and Retail Banking, Greater China & North Asia, Standard Chartered.

¹ <https://www.capco.com/intelligence/capco-intelligence/asia-pacific-wealth-management-top-three-trends-for-2024#:~:text=The%20greatest%20wealth%20management%20transfer,affluent%20and%20mass%20affluent%20investors.>

² <https://www.bcg.com/publications/2023/global-wealth-report-resetting-the-course>

PICKING WINNERS

AI-POWERED PLATFORMS CAN HELP TO PICK INVESTMENTS — BUT RISKS REMAIN

BY NICHOLAS FEARN
ILLUSTRATIONS BY ERIK CARTER

When technology entrepreneur Edward Morris participated in the \$5bn initial public offering of chip designer Arm last September, he adopted an entirely artificial intelligence-based strategy that would result in one of his most profitable investments to date.

Morris — who runs the consultancy Enigmatica, specialising in AI and prompt engineering (the creation of chatbot inputs that return the most desirable answers) — says he conducted all the necessary due diligence on his investment using the popular AI-powered virtual assistant ChatGPT and made a 30 per cent return. He typically closes out at 10 per cent.

In the past, Morris might have asked a human financial adviser to help with his investment activities. But, he considers these services “incredibly expensive” and, seeing first-hand the advancement of AI over the past few years, he was keen to try a new approach. He has no regrets.

Morris claims that the chatbot — while, essentially, only a text generator — can improve his understanding of complex wealth management and finance topics, helps him find worthy investments such as the 2023 ARM listing and identifies discrepancies in his bank statements, just like a human financial adviser would.

Additionally, Morris has linked AI tools to his WhatsApp and Telegram accounts so that he is alerted to investment opportunities via text message. Morris adds: “ChatGPT has given me a financial adviser in my pocket at all times that I can talk to and get advice from.”

Simplifying the due diligence process

Reflecting on his ARM investment, Morris says that the way he uses AI in his investments is “unbelievably simple”.





Within reach
AI assistants such as ChatGPT can perform research and rate investment opportunities

He says his first step is to find an investable stock. Then, he undertakes due diligence by firing questions to ChatGPT about the company's history, current activities, financials and any negative press.

Morris says the AI-powered chatbot will then summarise this information and provide a rating on how well a stock might perform, helping people "make educated investments" without having to shell out large sums of money on a professional wealth management firm or expert.

"Due diligence is something that used to take days upon days to do within wealth management and financial firms. That's not the case any more with AI," he explains. "Ninety nine per cent of the investment game is knowing if something is a good investment and ChatGPT seems to be absolutely incredible at creating that information and communicating it in different ways."

Wealth managers' second pair of eyes

While AI is not yet a proven tool for individual investors, Morris believes that wealth managers can also benefit from the technology. He says it allows wealth managers to "run their ideas past an extra set of eyes" and complete "time-consuming" tasks such as client risk-profiling questionnaires.

They can also use it for helping clients get their estates in order, assessing the potential impact of economic policies and finding sector-specific investment opportunities, he claims. With these varying use-cases in mind, he urges wealth managers to upskill in AI and prompt engineering to get the most out of the technology in their day-to-day roles.

"If you're a wealth manager, I'd say learn how to use ChatGPT properly and effectively. Don't just play with it for a bit and leave it. Give it time," advises Morris. "It can (and does) save people weeks', and sometimes months', worth of time."

Streamlining wealth managers' workloads

Sensing the looming AI revolution and its impact on the financial services sector, many of the biggest wealth management groups are already investing in this technology. For instance, Morgan Stanley has developed and rolled out an AI assistant designed to streamline the day-to-day tasks of its global wealth managers.

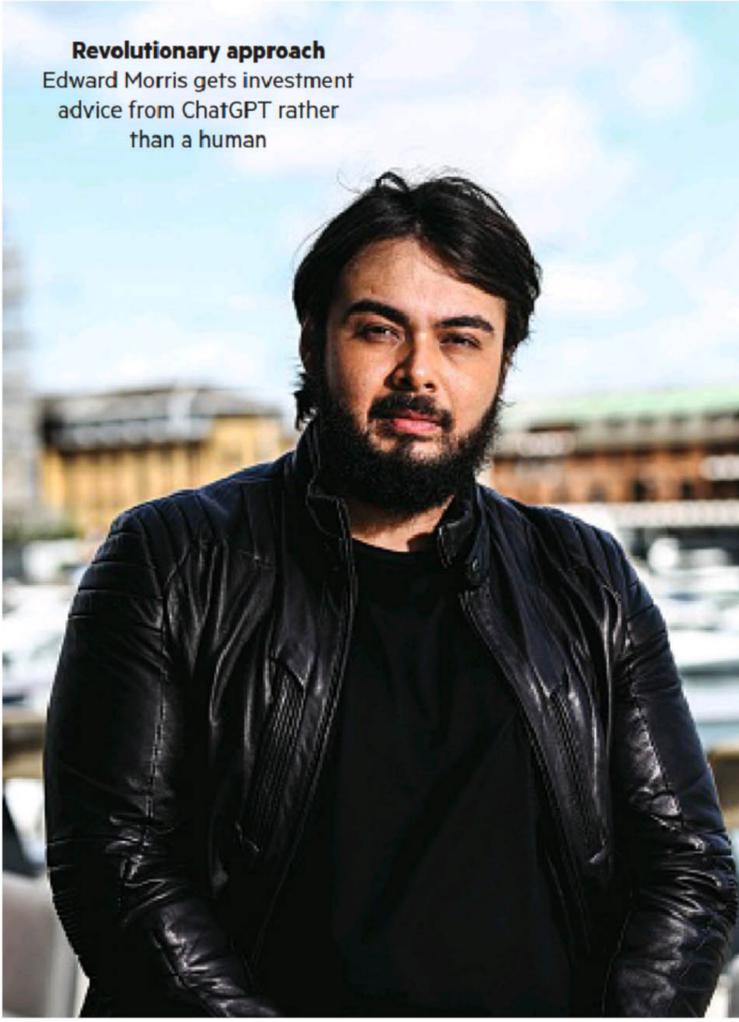
Powered by OpenAI's large language model technology, the AI @ Morgan Stanley Assistant allows the bank's financial advisers to find relevant information from an internal database of more than 100,000 documents.

One such financial adviser is Patrick Biggs, who explains that the chatbot enables him to "efficiently source and retrieve internal information" and summarise corporate processes so that he can spend more time with clients. "Before this technology, I'd have to wade through PDFs and documents of research to find what we needed, which was especially difficult because procedures can evolve, and the markets change every day," he says. ►

'ChatGPT seems to be absolutely incredible at knowing if something is a good investment'

Revolutionary approach

Edward Morris gets investment advice from ChatGPT rather than a human



Sal Cucchiara, chief information officer and head of wealth management technology at Morgan Stanley, says the success of this technology depends on several factors. “One, quality of the data used is critical,” he stresses. “Two, [you need to] engage with the end user early in the process in addition to educating and partnering with teams across the organisation,” he says.

“Lastly, take a control-forward approach to the rollout and work hand-in-hand with legal, risk and compliance partners through every step.”

Improving the human touch

As AI continues to automate many aspects of wealth and investment management, a growing concern of wealth managers is whether it will one day take their jobs. But Mohamed Keraine, global head of digital, wealth and retail banking at Standard Chartered, does not think industry workers should fear the rise of AI. He views the technology as an “opportunity to complement human attributes” rather than “replace them”.

In particular, he expects AI to help wealth managers form stronger relationships with their clients by delivering enhanced, seamless virtual interactions and improving access to wealth management services. For instance, like many other banks, StanChart offers a 24/7 customer service chatbot in addition to a chat and collaboration tool called myRM. The latter allows users to chat with their relationship managers, transfer documents and files securely, and more.

“[AI] will uncover a lot of opportunities in the way we offer advisory solutions and enable quicker and more accurate access to market insights and trends,” he says. “[AI] will also drive a more proactive understanding of customer needs and an unprecedented ability to offer personal, instant and differentiating wealth solutions.”

John Mileham, CTO at online financial adviser Betterment, agrees that AI presents opportunities for both wealth managers and their clients. He explains

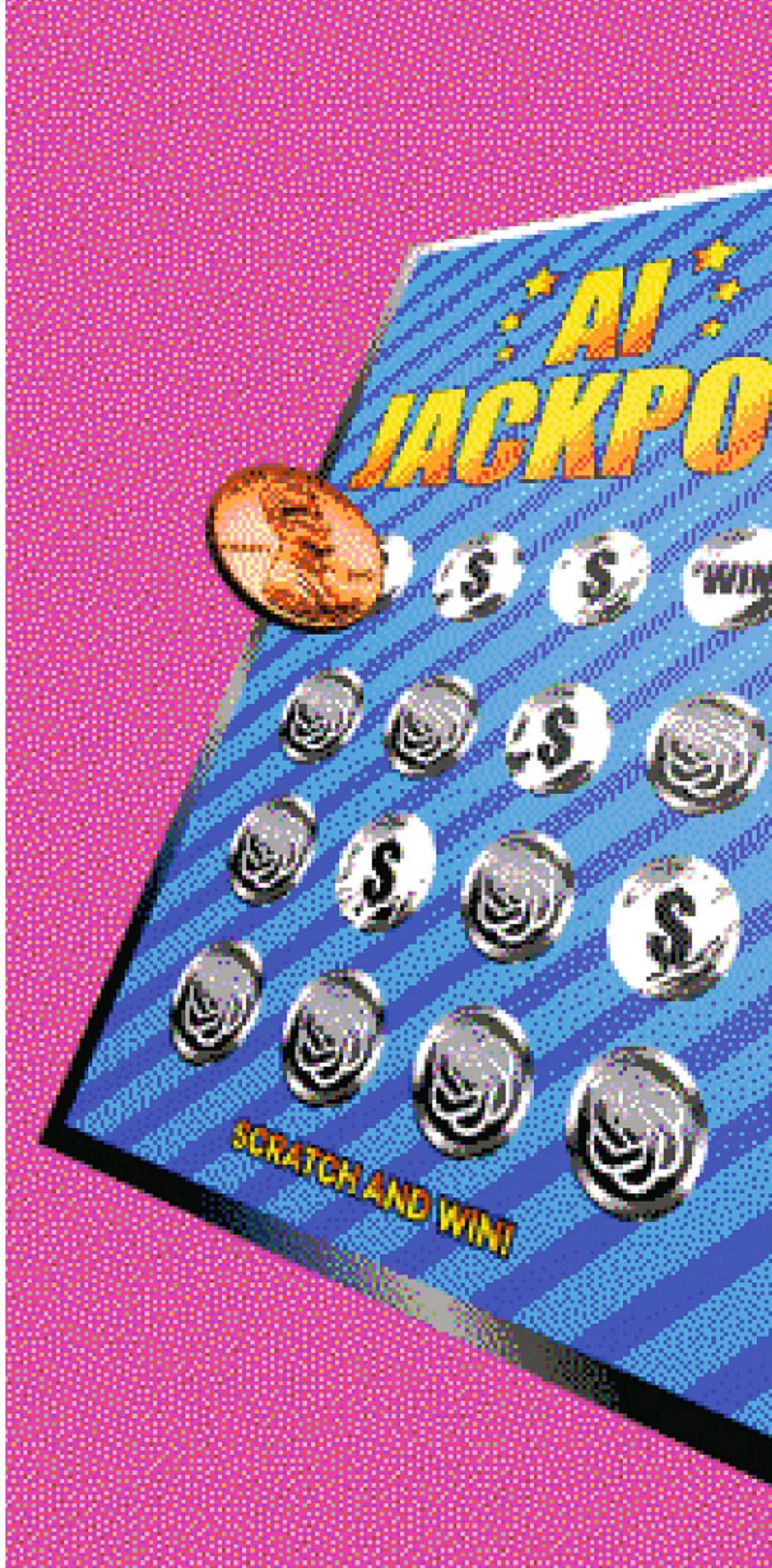
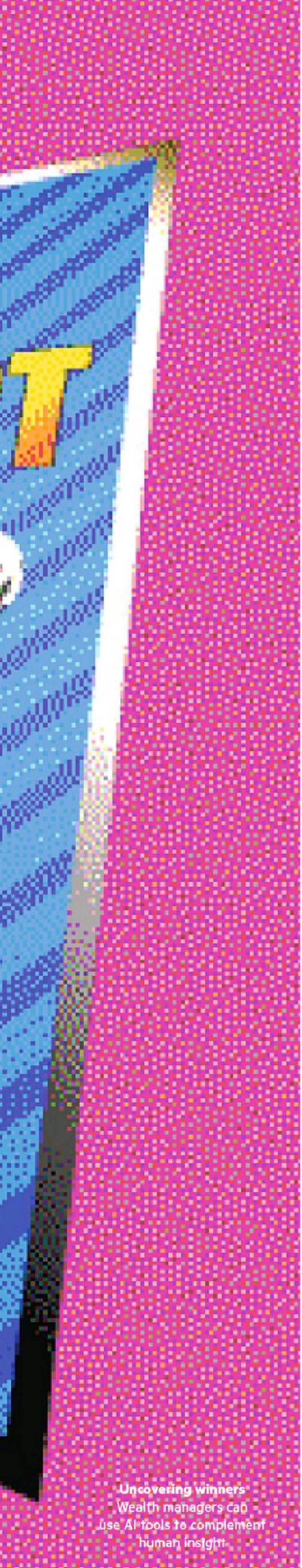


PHOTO: MATT WATSON



that Betterment uses AI chatbots externally to answer customers' questions and requests "more quickly". And, internally, he says, AI is enabling the firm to automate manual processes ranging from the creation of meeting summaries and marketing copy to fixing software problems. Employees can then focus on "more strategic work".

Zac Maufe, global head of regulated industries at Google Cloud, says wealth managers can use AI tools to analyse large volumes of client data – such as their financial history and goals, tolerance to risk and demographics – and use this information to develop more personalised investment plans and portfolios for customers.

"Through continuous monitoring and real-time adjustments, AI can ensure clients stay on track towards their financial goals while advisers gain deeper insights to foster stronger relationships and offer relevant products and services," he says.

Other AI use cases for wealth managers include automated trade execution, the automation of repetitive work, fraud detection, portfolio optimisation and real-time market insights, he adds.

But, regardless of all these advancements, Maufe says wealth managers will still need to strike a balance between AI usage and "the human touch". He says: "Leveraging AI to enhance, not replace, the human element of wealth management is important since clients still value personalised advice and trust built through relationships."

Risks when using AI for advice

Although AI is improving the efficiencies of wealth managers and allowing people to access financial advice 24/7, this technology is not without its challenges when actually applied to financial advice or decision making.

A major concern is whether AI may provide bad investment advice that results in users losing large sums of money. For example, Bloomberg reported in 2019 that Hong Kong-based entrepreneur Samathur Li Kin-kan lost \$20mn when he used a robo investor service.

Such problems could now be exacerbated by so-called AI hallucinations, in which chatbots generate false or entirely fictitious results. Mileham explains that these hallucinations, as well as other biases, can stem from the chatbots' underlying training data sets.

"Investors should be very careful to evaluate the source of the financial advice they are relying on," he warns. "Generative AI is trained on massive data sets that go beyond good investing advice. It could draw incorrect inferences from inputs, and it might not guide you towards optimal strategies."

Neil Sahota, co-author of *Own the AI Revolution* and an AI adviser at the UN, warns that AI systems often provide poor investment advice due to "limited personalisation" and a "lack of human empathy". He explains that AI wealth managers are powered by standardised algorithms that "may not fully account for the nuances of individual financial situations", such as "specific tax implications" and "unique financial goals".

Sahota adds that these platforms often "lack the human touch essential to building trust and providing emotional support during volatile market conditions" and that human wealth advisers are best equipped to "offer reassurance and personalised advice".

Robo investors are also susceptible to cyber attacks and technical issues, which can lead to data leaks and investment disruption, he warns.

AI platforms are 'unable to provide emotional support during volatile market conditions'

Because AI systems are typically trained on legacy data, Sahota suggests that they may also struggle to make decisions during "unprecedented market conditions". He says: "AI algorithms excel in stable environments but may struggle to adapt quickly to sudden economic shifts."

Adam Rodriguez – director of product at autonomous car technology company Waymo and an Arta Finance customer – agrees that AI wealth managers may sometimes respond to an investment scenario in "an unexpected way" because this isn't reflected in their training data.

However, he suggests that "established and proven" AI investors are better equipped to deal with this issue and, consequently, advises people only to "invest with reputable firms who have designed the system and built in the proper safeguards".

A bright future

Concerns aside, it seems robo investors have a bright future. In particular, the rise of agentic AI systems could allow robo investors to mimic the proven and winning strategies of businessman and investor Warren Buffett, suggests Nell Watson, an AI expert and author of *Taming the Machine: Ethically Harness the Power of AI*.

She argues that agentic AI systems – which use their own autonomy to set and meet complex goals with little human input – would be able to "uncover key insights and patterns" by analysing large volumes of financial reports, market trends, news pieces and other reading materials at "incredible speeds".

"Just as Buffett dedicates five to six hours daily to reading 500 pages, these AI systems can continuously ingest and analyse data 24/7, giving them an even more comprehensive and up-to-date knowledge base," she argues.

Aside from content consumption, Watson believes that the technology could also one day be capable of deciphering the variables responsible for "market dynamics" and "company performance".

"Using sophisticated machine learning algorithms and predictive modelling techniques, these systems can identify subtle correlations, curious anomalies, and forecast future trends with a high degree of accuracy," she says. "This allows them to spot undervalued 'diamonds in the rough' with strong fundamentals and growth potential – the very essence of Buffett's value investing approach."

However, acknowledging common concerns, she says this will depend on high-quality training data and underlying algorithms in addition to "robust" risk management frameworks and human oversight.

Watson's belief in this technology is unwavering, though. She concludes: "The potential is immense – just as Buffett has used his reading habit to build an unparalleled investment record, agentic AI's independent data processing capabilities could turn a small family office into the next Berkshire Hathaway, revolutionising the world of finance. The rise of the AI-powered 'super-investor' may be closer than we think." ●

Uncovering winners
Wealth managers can
use AI tools to complement
human insight.

When's the best
time to trust
your instincts?

When our
insights help
back them up.

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ALL TOGETHER NOW PHILANTHROPISTS ARE EMBRACING COLLABORATIVE FUNDING TO MAKE GREATER IMPACT

BY AIDEN REITER

In 2015, the Edna McConnell Clark Foundation was trying to address a question that often plagues philanthropists: how can we do more?

The New York-based organisation had changed its stripes multiple times since its origins in the 1950s.

Initially targeting the elimination of the eye disease trachoma, by the early 2000s “we were focused on solving problems related to youth [social] mobility and the transition to adulthood,” says Nancy Roob, president and chief executive of EMCF at the time. “But affecting youth mobility takes huge changes across sectors, including workforce, education, and health.” The team decided it needed to “get more capital off the sidelines”, as Roob puts it.

EMCF then started to connect innovative non-profit leaders with funders it thought might offer support. By 2016, it settled on a new approach: “That’s when we decided to launch Blue Meridian Partners,” says Roob, now CEO of BMP.

BMP is a funder collaborative – a platform that allows philanthropists and funders to invest in social change together. EMCF had realised that donors were interested in pooling resources to make larger, co-ordinated grants, but did not want to give up their ability to decide where their money goes.

BMP designs high-impact strategies worth tens of millions of dollars and then conducts “capital calls” of a pool of “general partners” to raise the required funds for the investment. Among its partners are multibillion-dollar endowments such as the William and Flora Hewlett Foundation and the Charles and Lynn Schusterman Family Philanthropies.

This year, BMP hit \$4bn dollars of allocated capital, and it now directs hundreds of millions of dollars in





Touching distance
Summer schools boost outcomes for marginalised children who have fallen behind academically

giving each year. It has expanded its focus beyond youth to issues affecting all Americans, including health, education and justice. “It is incredible, but I would say that we still have only scratched the surface...I think there is more opportunity to innovate and get more capital to these important causes,” says Roob.

A way to learn together

Though ECMF did not realise it at the time, it, and later, BMP were at the vanguard of a new trend in large-scale philanthropy.

According to 2023 research by The Bridgespan Group, since 2010, the number of funder collaboratives with assets larger than \$1mn has doubled, with more than \$3bn invested in non-profits and social movements by 2022.

“This may be the most significant trend in how philanthropy is operating today, and it holds enormous promise – both for the ways non-profits get funded and for the total amount of philanthropy that gets unlocked,” says William Foster, managing partner of Bridgespan.

But why would philanthropists work together? According to experts, the foremost reason is learning. “It is quite lonely being a foundation professional. Being in a funder collaborative gives you colleagues,” says Beth Breeze, director of the Centre for Philanthropy at the University of Kent. “If you share the burden of grant-making and work together, you can share learnings, new ideas, and the joys of giving.”

Funder collaboratives also allow philanthropists to share the cost of hiring experts and leverage their combined, larger networks to learn about new grantees and methods for impact.

Take, for example, Farming the Future, a UK-based funder collaborative focused on making the industrial food system more sustainable. What started as a joint venture between a foundation with experience in the food ecosystem and another foundation that wanted to learn more has blossomed into a learning hub for a range of social investors.

At the centre of Farming the Future is expertise. The collaborative has a team of “ambassadors” from various areas of the food ecosystem, ranging from leaders of community kitchens to CEOs of supply chain companies. The ambassadors direct grants from the organisation’s pooled fund, identify new potential grantees, and engage new philanthropists and foundations.

“Our ambassadors convene the funders around developing necessary changes in the ecosystem,” says Bonnie Hewson, director of Farming the Future. “[They] sit between organisations on the ground and the funders.”

Since 2019, Farming the Future has helped foundations invest £1.6mn in innovative food non-profits and agricultural solutions.

An impact multiplier

The second key reason for forming funder collaboratives is impact. By pooling resources, funders are able to put larger amounts of money behind impactful ideas. Organisations can also take a wider view of an issue, and take bigger risks.

“There is always a cost to the infrastructure to administer grants and identify solutions,” says Jim Cooke of the Association of Charitable Foundations, a UK-based membership network for philanthropic grant-makers. “Funders can share those costs, and put more into the grants.”



Roob adds: “[Our partners] are able to go after things they care about that may be riskier investments, but they feel supported in doing so because their dollars are being backed by peers.”

According to social sector insiders, funder collaboratives can get more money into a space, rather than just being the sum of philanthropic donations that would have otherwise gone to the same issue.

“[From our research] there is no evidence that money to a collaborative comes at the cost of other grants – it is not a fixed pie...When a [funder collaborative] builds a vehicle to direct money into a space, it can get [other foundations and philanthropies] to put new funding into the cause,” explains Foster of Bridgespan.

By combining larger scale and risk-taking, some funder collaboratives have been able to introduce innovative, effective schemes that governments and more traditional foundations would not think to support.

Bringing new ideas to light is where the City Fund shines. Originally a part of Arnold Ventures, the family foundation

1
Farming the Future has a team of ‘ambassadors’ from across the food ecosystem

2
Non-profit organisations such as The Mind Trust have launched programmes such as the Indy Summer Learning Labs which helps disadvantaged kids

3
Nancy Roob, CEO of Blue Meridian Partners

‘It can be hard for some donors to make the shift from learning to giving’



‘There is yet more opportunity to innovate and get more capital to these important causes’

philanthropies in the past. But City Fund, inspired by the success of Indy Summer Learning Labs, is now working with school districts, non-profits and philanthropists across the country to launch similar programmes.

“By working with organisations on the ground [such as The Mind Trust], we are able to spread the idea to other cities and grantees, and help them achieve similar results,” says City Fund’s chief executive Marlon Marshall.

From learning to giving

But, according to experts, readying collaboratives to actually get money out the door is the biggest challenge. “It can be hard for some donors to make the shift from learning to giving,” says Foster of Bridgespan.

Funder collaboratives vary in their legal, financial and operational structures but they generally sit on a spectrum somewhere between “pooled funds” and “co-granting”.

Pooled funds, such as Farming the Future, are funder collaboratives where donors put their money into a shared pot, and then engage in internal processes to figure out where that funding should go. It is arguably the most democratic way of distributing capital, but, as Hewson of Farming the Future says, it is “hard work” to get donors to buy in.

On the other side is “co-granting”, where donors do not have any formal commitments to provide funding, but are engaged in the process of sourcing investments.

Experts say that most collaboratives fall somewhere in the middle, as they want to have guaranteed funding but do not wish to lock out any interested donors. One collaborative that has made the shift from learning to giving is The END Fund. Founded in 2012 by a mix of philanthropists and investment firms interested in ending neglected tropical diseases, such as trachoma and roundworms, the organisation used a novel funding approach.

“We are not a foundation – we are a fund,” says interim CEO Diana Benton Schechter. “We have a portfolio of pooled funds within our organisation, and our donors decide which portfolio they wish to contribute to. As a programme is administered, we gather the philanthropists to hear about their ‘returns’ and give them opportunities to share learnings from their other work,” says Benton Schechter. “It creates a really joyful learning community of peers passionate about the same causes.”

The END Fund has 7,000 investors from 68 countries, and the large amount of capital has allowed it to make a difference on neglected tropical diseases. For instance, in Burundi, 340,000 trachoma treatments have saved large areas of the country from blindness. In Ethiopia, more than 58,000 patients have received sight-saving surgeries.

“It is not easy to make a funder collaborative work – people do not collaborate unless they have to,” says Hewson of Farming the Future. “But we do have to, because we are in this moment where everything is urgent.”

Foster of Bridgespan says: “I think we will look back, one day, and say that [collaboration] is the most significantly impactful change in philanthropy.” ●



of former Enron executive John D Arnold, City Fund is a US-based funder collaborative focused on strengthening school systems and helping them become more responsive to the communities they serve. For example, it has invested in The Mind Trust, an Indiana-based non-profit focused on improving local education.

“While engaging our communities a few months into the pandemic, we started to realise the immense learning loss facing students who were attending virtual school, especially students from marginalised communities,” says Brandon Brown, chief executive of The Mind Trust.

With City Fund’s support, The Mind Trust launched Indy Summer Learning Labs, a summer programme focused on helping disadvantaged students who have fallen behind. “In the first summer, we reached 3,000 students by working closely with local schools and partnering with communities,” says Brown.

The first cohort of students saw 20 per cent jumps in English and maths scores, resulting in better outcomes in school the next year. “We knew we had something special, and decided to roll it out more. City Fund was with us along that journey,” says Brown. Since 2021, Indy Summer Learning Labs has become a mainstay in schools across the entire state. In just three summers, the programme has reached more than 10,000 pupils in Indiana.

Summer programmes are not a typical part of American public education, nor have they been touted by

BY THE PEOPLE, FOR THE PEOPLE

THE WEALTHY WORKING TO FEND OFF THREATS TO DEMOCRACY IN THE US

BY SARAH MURRAY

There's only one way to keep Donald Trump out of the Oval Office: At the ballot box," wrote President Joe Biden on May 30, the day a Manhattan court found Trump guilty of falsifying business records to conceal hush money payments to a porn star, before the 2016 election. The verdict made him the first former US president and presidential candidate with a criminal conviction.

But, while Biden may hope his words rally voters, some believe the ballot box itself is under threat – a fear that is prompting wealthy individuals, foundations and impact investors to plough funds into organisations working to shore up the US's democratic systems.

Election integrity is not their only concern. Some are unsettled by Trump's promises to dismantle the so-called "deep state" and invoke the Insurrection Act, enabling him to deploy troops to quash demonstrations. Others have more general worries such as the proliferation of misinformation or the increased harassment of public officials.

"It's become clear that we cannot take the preservation of democracy in America for granted," says Adam Bendell, an entrepreneur and impact investor who is part of an informal circle of funders using their personal wealth to support initiatives and organisations building the strength of democracy.

For Liesel Pritzker Simmons, supporting democracy underpins the broader mission of the Blue Haven Initiative, the impact-focused family office she co-founded with her husband Ian Simmons. "Any impact we want to have will be undermined if we don't live in a functioning democracy," she says.

While data on this form of funding is hard to come by – partly because many donors prefer to remain



Unsettling promises

Donald Trump says he will dismantle the 'deep state'



anonymous — the Democracy Fund, launched in 2014 by eBay founder Pierre Omidyar, has been tracking its growth.

Its research finds rich donors that support democracy tend to be those with inherited wealth, wealthy financiers and newly rich tech executives. It estimates growth of up to 61 per cent in this type of funding in the four years from 2017-2018 to 2021-2022, and puts the total for 2021-2022 at between \$5.4bn and \$6.9bn.

Funders often sit on one side of the political aisle or the other. For example, conservatives and Republicans founded advocacy group Defending Democracy Together to protect US democratic norms and institutions and to fight for principles such as the rule of law and the integrity of elections.

Meanwhile, helping Democrats win is the main purpose of venture fund and accelerator Higher Ground Labs, says Betsy Hoover, its founder. Start-ups in its portfolio provide everything from donation processing software to text messaging tools, she explains. “And their customers are campaigns, parties and organisations that are politically aligned.”

However, Higher Ground Labs also funds companies that take a more bipartisan approach. Hoover explains the rationale: “If democracy’s not around, it won’t matter who’s on the ballot,” she says. “So we’ve taken a broader approach to our thesis over the past couple of years to invest in things we think will make democracy stronger.”

At New Media Ventures, which supports both for-profit and non-profit enterprises, the focus is on funding organisations that provide digital services, such as information distribution or online advocacy, and civic engagement tools and voting systems.

While NMV is left leaning, it takes a non-partisan approach, explains Carlissia Graham, its president. “We don’t tell people who to vote for,” she says. “It’s about getting people activated.”

For Bendell, supporting initiatives that shore up democratic institutions is something of an insurance policy in case authoritarian-leaning candidates win. “It’s under-appreciated as a strategy,” he says. “But, if it is needed, we’ll be glad someone funded this.”

For example, he and his giving circle colleagues support bipartisan lobbying to reform the Insurrection Act and the Emergency Act. “Everyone thinks there are circumstances where the president needs emergency powers,” he says. “But, right now, those laws are written so broadly as to be prone to abuse.”

Bendell is among those contributing to Protect Democracy, a non-profit group founded in 2016 by White House lawyers to prevent the type of authoritarianism they saw emerging across the world from taking root in the US.

Working with academics at George Washington University, it has developed an Authoritarian Threat Index score that ranks the US and five other countries, from 1 for a healthy democracy to 5 for total dictatorship. The US currently scores 2.1, giving it a “significant” threat warning, alongside Poland (2.3). India’s threat is deemed “severe” at 3.5, while Germany (1.5), Canada (1.5) and the UK (1.8) face a “low” threat.

With a team of pro bono lawyers, Protect Democracy uses litigation as a key tool. Ian Bassin, its co-founder and executive director, says the group’s lawyers have represented everyone from election officials falsely accused of corrupting elections to police officers injured in the attack on the US Capitol on January 6 2021, and that clients



have included elected Democrats and Republicans and both Biden and Trump supporters.

Other activities include legislative and communications strategies, many run in partnership with other organisations. “We’re building broad cross-ideological coalitions that might disagree about policy issues but agree on the ways in which you resolve those disagreements,” explains Bassin.

At the Faith & Politics Institute, the entire focus is on bridging political divides. The non-profit group takes congressional members from both houses to places of significance in US history, including an annual pilgrimage to Selma, Alabama, where in 1965, police beat civil rights demonstrators as they tried to cross the Edmund Pettus Bridge.

With about 300 participants a year, the idea is to foster new relationships during visits that transcend political differences. “We work with partisans to encourage them to do non-partisan work,” explains Rob Wilson-Black, the organisation’s president and chief executive.

Like many philanthropic organisations supporting the health of democracy, FPI receives funding from individual donors, as well as from corporations and foundations.

But, while support for democracy was once largely philanthropic, in recent years it has been attracting dollars from venture funders such as Higher Ground Labs. “Start-ups and private capital move a lot faster than government and non-profits,” says Hoover. “And we need to move with rapid speed here.”



1

The Faith & Politics Institute’s annual civil rights pilgrimage crosses the Edmund Pettus Bridge in Selma, Alabama

2

Alex Niemczewski, chief executive of Ballot Ready

3

Liesel Pritzker Simmons, co-founder of the Blue Haven Initiative

4

Mark Zuckerberg, whose foundation funded ways of holding elections during the Covid pandemic





One company in its portfolio, BallotReady, provides a free digital non-partisan guide to candidates and upcoming elections across the US, as well as details on how to register to vote, how to contact a public official, and how to run for office.

“There are elections almost every week in the US so, for voters, it can be very hard to be informed,” says Alex Niemczewski. She created the company in 2015 with her University of Chicago classmate Aviva Rosman after struggling to decide how to vote in an election with dozens of candidates on the ballot, most of whom she had not heard of.

“A lot of voters understand the power of local elected officials, who make decisions on things they care about,” she says. “But there’s an information gap.”

Opportunities to invest in companies such as BallotReady are increasing, particularly when it comes to countering misinformation. In 2023, data provider Crunchbase estimated that, in the previous two years, investors had put more than \$300mn into tech start-ups focused on combating online falsehoods.

However, some funders such as Blue Haven and NMV prefer to deploy blended capital, using philanthropic dollars to support non-profits and investment capital to back start-ups.

At Blue Haven, for example, philanthropic funding is used to support voter engagement on college campuses through non-profit initiatives such as the ALL IN Campus Democracy Challenge.

At the same time, explains Simmons, it has invested in Higher Ground Labs, as well as in BallotReady and other companies promoting election transparency. “Companies are willing to pay for higher-quality information,” he says.



‘We work with partisans to encourage them to do non-partisan work’

“And, in many cases, you have a market failure that is addressable through a solution where there are pay offs.”

One such investment is in NewsGuard. Using artificial intelligence and a staff of trained journalists, the company tracks misinformation for companies, advertisers, news organisations and democratic institutions. “You need continuous innovation in this field to keep up with the misinformation environment,” says Simmons. “So a company like this has a long life ahead of it.”

Propel Capital Network is another funder pursuing its mission through a combination of grants and impact investments. It has a philanthropic arm, Propel Democracy, and an impact fund, Propel Ventures, which invests in early-stage companies. The fund’s primary investor is co-founder Jeremy Mindich, an impact investor and also co-founder of institutional alternative asset manager Scopia Capital.

Propel’s portfolio includes digital communications consultancy A-B Partners, whose clients are social change organisations, and Mobilize, whose technology links people to vote-registering efforts or volunteer opportunities in political campaigns.

Propel Ventures is an “impact-first” investor that aims to recycle financial returns into other investments, explains Sarah Williams, the fund’s co-founder and chief executive.

At Blue Haven, which has a similar strategy, Pritzker Simmons argues that seeking outsized returns is not the right approach when it comes to supporting civic engagement or political transparency. She points to the demise of local news organisations because of plummeting revenues. “If everything needs to follow a for-profit, win-at-all costs trajectory, democracy and information suffer,” she says.

Williams stresses the need for flexibility in the way capital is deployed when its purpose is to support democracy. “This is a moment where we need new models for engaging people and encouraging dialogue and participation,” she says. “And, as investors and funders, we need to be creative and encourage their development with all kinds of capital.”

Regardless of the type of capital deployed, however, supporting democracy is not always easy, since funders and impact investors can find it tricky to steer clear of partisan politics.

Media expert and philanthropy adviser Nicco Mele cites the more than \$400mn in donations that Meta’s Mark Zuckerberg and his wife Priscilla Chan made in 2020 to non-profits to help develop ways of enabling elections in the middle of a pandemic. “It seems like it was designed to be non-partisan,” he says. “And, four years later, Republicans are viewing it as partisan and are passing laws to prevent that kind of philanthropic support.”

He sees a dilemma for funders. “They want to help a healthy civil society,” says Mele, who advises philanthropists with net worth of about \$100mn. But, in the US, he argues, it is difficult to find organisations doing work that is “good for civil social and good for democratic institutions that is definitively non-partisan”.

In addition, this kind of funding comes with risks such as threats of political violence, which is why, according to the Democracy Fund research, some prefer to remain anonymous, giving through donor-advised funds and other types of intermediaries.

At times, attempting to bridge political divides can be “excruciatingly difficult”, admits FPI’s Wilson-Black. “But that does not make us lose hope,” he says. “It reminds us that this is exactly why we’re doing what we’re doing.” ●



Bespoke Bentley
Inside a £250,000 Bentayga
EWB Mulliner V8



HAVE IT YOUR WAY FROM CARS TO CLOTHES, LUXURY IS INCREASINGLY BECOMING PERSONALISED

BY OLIVER BALCH

It was the subtle diaphanous shading of the 17th-century walnut tree, felled in a storm back in 2007, that first caught Ioannis Papagiannakopoulos's eye. That and the "not for sale" sign discreetly placed beside it in a humidity-controlled storeroom where high-end carmaker Bentley keeps its panelling samples.

"They told me they'd used it just once in a special, one-off edition a few years ago," says Papagiannakopoulos, a 42-year-old maritime executive. "Let's say, in a polite way, I started pestering them until they said I could have it."

The veneer is not the only bespoke feature in his new Bentayga EWB Mulliner V8. The luxury car, which retails at £250,000 (before additions), also includes a specially designed badge for the driver's seat, a "nautical"-themed linen interior, and a cobalt blue exterior finishing inspired by Yves Saint Laurent's Jardin Majorelle villa in Morocco.

Explaining his decision to personalise the already super-deluxe car, Greek-born Papagiannakopoulos muses on evocations of the Adriatic – as well as a desire to "feel at home" whenever he sits behind the wheel.

He is not alone. Offering to give products a personal touch has become a huge business for luxury brands in recent years. According to recent research by consultancy Bain & Co, the personal luxury market – the so-called "core of the core" of the luxury segment that includes handbags, shoes, watches, jewellery and fashion – was valued at £362bn in 2023, a rise of 4 per cent on the year before.

The main driver of growth in the luxury goods market is now ultra-wealthy shoppers, as inflation, luxury price rises and geopolitical uncertainty depress the spending levels of those in the next category: "accessible luxury" shoppers, who had driven growth in the sector over the past decade.

With the ultra-wealthy, even the sky is not necessarily the limit (think: Amazon founder Jeff Bezos's Blue

Personalisation has emerged as a 'counterpoint' to the culture of flamboyance

Origin space rocket). It is a fact that Feadship, a Dutch manufacturer of super yachts, has taken on board. It will not even use the term "customise", given it implies there is also standardised production. Instead, to quote a company spokesperson, its clients are offered "carte blanche to create whatever they desire".

However, for the next tier down of luxury manufacturers, customisation presents a boon: their high-end clientele go away feeling happy, as the owners of something unique, while they themselves secure a premium price without having to redesign their product from scratch. It is a neat balancing act that luxury coachbuilder Mulliner has been perfecting since its origins as saddler in the Elizabethan period. Acquired by Bentley back in 1959, the company's team of designers, engineers and artisans now operates as the elite carmaker's personal commissioning division.

Part of that role sees it produce limited series one-offs, such as the just-released, £1.75mn Batur Convertible (total vehicles manufactured: 16). But another part involves guiding soon-to-be Bentley owners through its myriad of colours, materials, and features – the most exclusive of which carry the bespoke "By Mulliner" label.

"In total, there are something like 40bn options," explains David Parker, the division's chief commercial officer. "So, with around 15,000 cars a year, we have several lifetimes ahead of us before we get through them,"

Parker credits rapid advances in digital technology, coupled with a growing willingness on the part of buyers to engage online in a "co-creation" process, for a recent surge in customisation requests.

Today, more than seven in 10 new Bentley cars roll out of the showroom with at least one bespoke addition. Even customers who, such as Papagiannakopoulos, travel to Bentley's workshops in Crewe to see the options for themselves have "always had a go themselves" online beforehand, Parker notes.

Lamborghini is another luxury-car maker to have embraced the personalisation possibilities of technology. Through its online Ad Personam service, buyers of its Huracán and Aventador supercar models can now log on and select from an array of alternative leathers, colours, materials, seats and rims. For the undecided, there's even a dedicated studio at the Italian carmaker's Bologna headquarters where staff will walk them through their options on a cutting-edge digital configurator.

Not every whim is indulged, though. Try requesting a politically sensitive or potentially offensive logo for your trim or bonnet, and Lamborghini will "politely suggest a different direction", says Ad Personam's chief, Marco Valentini. In general, however, the brand likes to think it keeps an open mind. Tastes differ, after all. While traditionalists will insist bright pink is "not a colour for a Lamborghini", customers in Asia-Pacific just love it, he says.

Similar tech-driven trends can be seen in the luxury fashion market, with the introduction of online personalisation services, such as Gucci DIY and Burberry's Trench Bespoke.

And if the futurologists prove right, luxury fashion devotees could soon be enjoying fittings in AI-powered virtual reality showrooms. But, while the impulse to customise appears to be growing universally, customers' motivations for doing so still differ widely. Showing off is certainly part of it. In today's age of social media and celebrity obsession, simple "limited editions" no longer quite cut it. To stand out, every Hermès Birkin bag now needs its own personalised monogram and every Rolex watch its own specially configured face.

That said, the value of ostentation can be overstated, argues sought-after Brazilian architect and designer, Arthur Guimarães. Indeed, for many wealthy individuals, personalisation has emerged as a counterpoint to the prevailing culture of flamboyance and commodification, he states. "In an age where luxury has been commodified and flaunted on digital platforms, true connoisseurs of elegance seek solace in the understated, the timeless, and the exquisite," the São Paulo-based designer explains.

For this more discerning class of wealthy buyer, the habit of customising luxury products has much more to do with a private appreciation for qualities such as "artistry", "craftsmanship" and "attention to detail" than it does with a desire for public display, he believes.

Consider the recent refit Guimarães completed of a Gulfstream G650 jet, replete with custom-made fabrics from Milan-based Loro Piana Interiors and made-to-measure tableware. Do not expect to find any images on



- 1 The salon of a Feadship superyacht
- 2 A Lamborghini showroom with personalisation swatches on the wall
- 3 Inside a personalised Gulfstream private jet
- 4 Architect and designer Arthur Guimarães





There is a growing willingness on the part of buyers to engage online in a ‘co-creation’ process

Instagram: the UK banker who owns the jet cherishes his privacy “with an almost reverential fervour”.

Another factor driving the desire to personalise can be found in the word itself – namely, the pleasure that people find in putting their own “personal” stamp on an object that they greatly value. To this discerning shopper, personalisation is less about setting themselves apart, and more about feeling an item belongs uniquely to them.

Again, aircraft provide an illustration. Hector Torres, head of interior modification at Clay Lacy, a Los Angeles-based private jet management service firm, recalls a client who loved going on safaris. The jet-owner had taken an aerial photo of a herd of zebras and wanted the image imprinted on a bespoke carpet for the aisle of his plane.

“The black and white colours of those zebras running through the field in a mass – he just wanted that experience every time he walked on to that aircraft,” Torres recalls.

Other slightly left-field requests from wealthy customers include a ceiling print of a star-studded night sky, a painting by a favourite artist hung in the passenger cabin, and a set of sofas identical to those a client already had in his house. “It comes down to them wanting to put their own touch on the design,” Torres explains. “When these folk fly in their airplane for 10 or 12 hours, they want it to feel like an extension of their home.”

This same home-away-from-home desire feeds into the personalisation of services, too. Here, little gestures can go a long way. The hotel that ensures it is always your favourite champagne in the ice bucket, for instance. Or the restaurant that recalls your food allergies without ever needing to be reminded.

The feeling of being more than “just a guest” carries huge weight for many wealthy individuals, observes Zack Bates, CEO of Private Club Marketing, a California-based consultancy firm. What they want, instead, he suggests, is to visit a private event venue or luxury destination for the first time and “feel like a member when they walk in”.

This sense of being “in the fold” lies at the heart of Blrv, a new venture set up by Bates that allows well-off travellers to step into the clubhouses of a host of world-class golf courses – from Pebble Beach in California to Le Golf National in Paris – and immediately enjoy the full member’s experience.

It is a simple model: Blrv invites its affiliates to provide a full list of their private preferences, which it then sends on ahead of them to whichever venue they choose to book. A black-credit-card provider might know what car its customer drives “but not much else”, Bates points out. “We know that they’re allergic to these particular foods, and these are the wines they prefer, and that they use Titleist clubs and hit Pro V1 golf balls,” he says.

Back behind the wheel of his Bentley Bentayga, Ioannis Papagiannakopoulos could hardly be happier. Every time he drives his new car, he feels like he’s back home on a Greek island, he says. Only the English weather spoils the illusion – but then, desirable though it would be, some things can never be personalised. ●

4



PHOTOS: MARK FAGELSON; MARCUS STEINMEYER; KAREL HAM; AURELIEN BERGOT

BOOK REVIEW

THE MONETARY TIES THAT SHAPED MODERN BANKING

BY ALICE ROSS

Tourists wandering beside the canals of Venice or visiting the Tintoretos at the Scuola Grande di San Rocco probably do not often have the history of banking at the forefront of their minds.

But Paolo Zannoni, author of *Money and Promises: Seven Deals that Changed the World* and himself a banker by trade, adviser to Goldman Sachs and on the board of Prada Group, would like to put it higher on their agenda. For those interested in the niche history of how early banking promises between states, lenders and traders were made from 15th century Venice to the founding of the Bank of England in the 17th century and on to the Russian Revolution in 1917, this is the book for them.

Much of *Money and Promises* focuses on the historical development of different types of banks and governments, and how they evolved ways of exchanging physical coins with promises to pay, often driven by costly wars that made financial innovation a necessity.

Zannoni states in the opening chapter that debt is not a bad thing; that states have, in fact, used the debts of banks to help their citizens survive and prosper. The case is made for this subtly, through multiple historical examples, rather than hammering home a central thesis.

We learn about the early microfinance schemes of the Franciscan monks in the 15th century, who took coins from wealthy donors and loaned them out to the poor in temporary need of assistance.

These schemes led to the establishment of the banking charities of Naples, and the development of the unusual “credit pledges” – once cashed in by none other than the painter Caravaggio to be spent on gambling and women. We learn about the group of “wily” European exchange bankers who pegged the *ecu de marc* currency to stable gold coins in the 16th century, a move that foreshadowed by hundreds of years the Bretton Woods agreement in 1944.

Interesting historical tidbits about accounting and banking include a chapter devoted to the use of tally sticks as an accounting tool, which led to the emergence of successful London banking houses, such as Hoare & Co, in the 17th century. It was literally a method of passing broken sticks around in place of money or promises to pay, some of which survive in the Bank of England’s vaults today. Zannoni recounts how the Bank used tallies to improve the country’s public finances by the early 18th century.

While much of the historical content is second hand, as the lengthy bibliography for each chapter attests, the author also does extensive original research of his own, such as finding the ledger covering the earliest months of Venice’s Banco Giro in 1619. In a separate investigation, he reveals that 18th-century economist Ferdinando Galiani had a taste for the finest chocolate in Naples – which he paid for using bank debts.



Old money

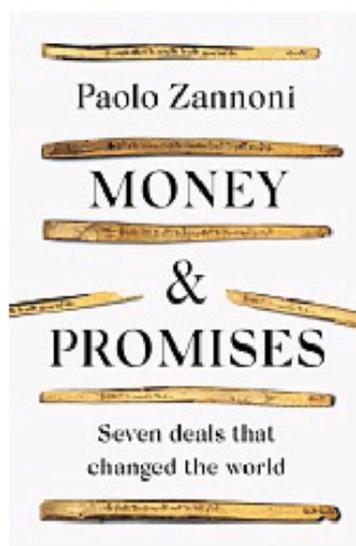
London banking houses, founded in the 17th century, were known to use methods such as the passing of broken sticks in place of money or agreement to pay

That Zannoni is excited by visits to old archives to examine ledgers is clear, describing at one point his discovery of how banking charities in Naples operated as “thrilling, fascinating, occasionally bewildering”.

But, this is not an explainer book or one hugely accessible to the lay reader, despite the inclusion of some simple diagrams in the first chapter to show how traders in Pisa in the Middle Ages promised to pay each other by writing it down in bank ledgers. Relatively high-level economic issues are discussed: the drawbacks to a system of exchanging public debt for bank debt is raised in various chapters through a historical lens.

Most of the book deals with different banking systems in European cities but, for the last two chapters, it looks at the emergence of money as debt in colonial America and Lenin’s early thoughts on Bolshevik banking at the time of the Russian Revolution. Here, Zannoni charts the development of the State Bank and makes the point that: “in different cultures, at different times, under different regimes, and yet in very similar ways, states and nations deal with banks to achieve their purposes and goals, paying for goods with banks’ promises to pay”.

Zannoni says this book is his *apologia pro vita sua* – a reference to English theologian John Henry Newman’s history of his religious opinions, a 19th-century series of texts whose success saw the Catholic convert’s reputation repaired. It is not clear that Zannoni would have reason to seek a similar rehabilitation – unless, perhaps, it is a wry reference to being a banker. But, in any case, this book is less personal and more a quirky history of early lending practices and how nascent states and financial institutions have developed together, to enable functioning economies and societies. ●



‘Money and Promises: Seven Deals that Changed the World’ by Paolo Zannoni (Bloomsbury, £25)

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