FTwealth

ASIAN TYCOONS DIVERSIFY | ROBO-ADVISERS | THE TROUBLE WITH LEGACIES

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ISSUE 37

Cellini

THE CLASSICAL WATCH BY ROLEX

THE CELLINI COLLECTION CELEBRATES THE ETERNAL ELEGANCE OF TRADITIONAL TIMEPIECES WITH A CONTEMPORARY TWIST. THE CELLINI DUAL TIME WITH A 39 MM CASE IN 18 CT EVEROSE GOLD GRANTS ITS WEARERS THE GIFT OF TEMPORAL UBIQUITY, MAKING THEM SIMULTANEOUSLY AWARE OF THE TIME HERE AND IN A FARAWAY LAND.

CELLINI DUAL TIME

FT WEALTH
MARCH 2016

@hugo_greenhalgh

MASTERS OF ART DETECTION

Art is in the eye of the beholder — and the buyer. As Dalya Alberge discovers in this issue's cover story, scholars are helping collectors unearth lost Old Masters. But the art market faces rocky times ahead — Chinese collectors, in particular, are showing signs of hesitancy.

Uncertainty over the impact of China's slowing economy colours conversations between wealth managers and their clients, writes Yuri Bender. The response? Wealthy Asian tycoons are looking further afield, beyond the frothy property markets of Hong Kong, fuelling real estate speculation from London to New York (and back again).

Disappearing tycoons, as our correspondent Christian Shepherd discovers, are not helping to assuage clients' fears. Even clean pairs of hands, he writes, are not above scrutiny from the Chinese authorities.

The instability is having knock-on effects around the world. The country's much-vaunted attempt to clamp down on excessive gift-giving is just one of the measures reverberating through the luxury markets. Fine wine has plummeted in value, as the Chinese shake off their taste for decent Bordeaux.

Auction prices for antique furniture have also fallen. A new style of living, Thomas Seal writes, brings with it a demand for a new type of furniture. The Chinese, suggests one expert, are not fans of Regency antiques: out with the mahogany, in with the designer sofas. Even in terms of armoires and tallboys, China leads the world.

Hugo Greenhalgh, *Editor*
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6 MAY 2016

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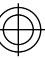
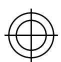
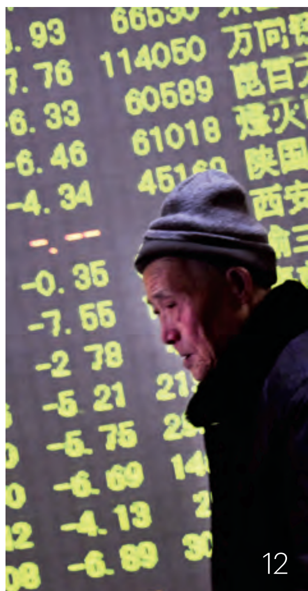
PHOTOS: RICK PUSHINSKY; MAGGIE NIMKIN; AP; ART RESERVE/ALAMY







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OIL ON THE SLIDE

The dynamics of global supply and demand have provoked a relentless fall in oil prices. From $115 in mid-2014, barrels of benchmark Brent crude traded below $30 this January — their lowest in 12 years.

There have been winners and losers from plunging oil prices. Investors in oil companies, whose profits have been hit by lower margins, have fared badly. The MCSI World Energy index, which is dominated by the largest listed oil groups, delivered negative returns of 22 per cent in 2015.

And it could get worse. Investment banks have forecast that slowing demand from China and other major developing economies will combine with more supply, following the re-entry of Iran into the international markets, to drive prices towards $20 a barrel. Standard Chartered went as far as saying even $10 per barrel was possible before any sign of recovery.

Roughly $200bn worth of new projects has been shelved, however, curbing supply growth for the coming years. In the US, the shale industry — which accounted for two-thirds of net crude supply growth from 2009 to 2014 — has been cutting production since last summer.

For oil "bulls", the long-term value proposition currently offered by shares in the oil majors and other plays on the oil price, such as dedicated exchange traded funds, looks compelling. Calling the bottom of the market is always a dangerous game, but there is one guarantee for those who buy into black gold — volatility.

Adam Palin is a reporter for FT Money

2bn
barrels of crude and petroleum products stored in the US, January 2016
(Source: US Energy Information Administration)

71%
fall in the number of working US oil rigs, October 2014 to January 2016
(Source: Baker Hughes)

41%
Opec's share of global crude production in 2014
(Source: BP)

$200bn
value of new projects shelved by major oil companies in 2015
(Source: Wood Mackenzie)

-21%
ExxonMobil's share performance, 2014 peak to end of January 2016

GRAPHIC BY
RUSSELL BIRKETT

Daily crude oil production, 2014 (million barrels per day)

US

Saudi Arabia

Russia

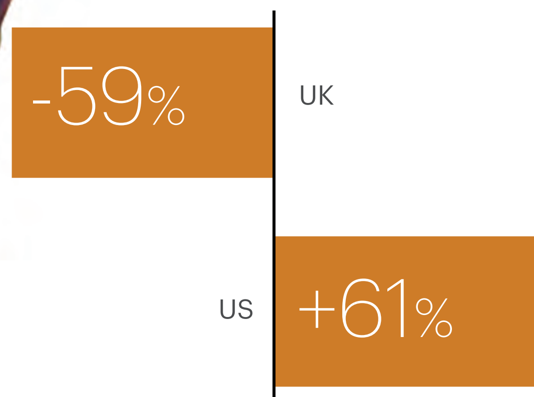
1m

number of barrels/day forecast daily surplus crude supply in 2016 (Source: International Energy Agency)

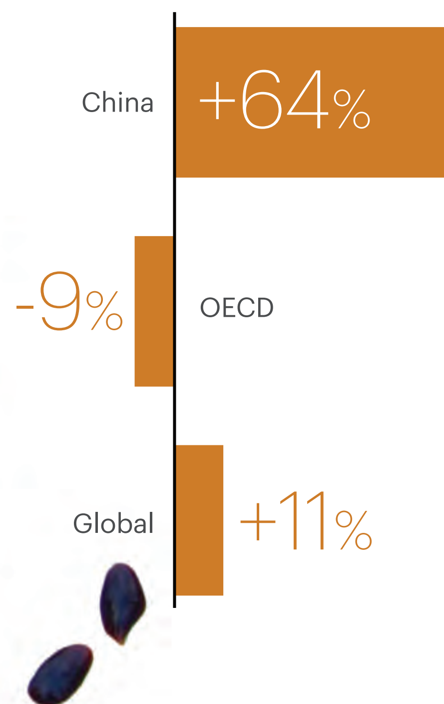
500,000

number of barrels/day Iran has vowed to increase production by in 2016 (Source: IEA)

Crude oil production, % change, 2004-14
(Source: BP Statistical Review)



Crude oil consumption, % change, 2004-14
(Source: BP Statistical Review)



19%

projected increase in oil demand, 2015-35 (Source: BP Energy Outlook)

-33%

Royal Dutch Shell's share performance, 2014 peak to end of January 2016

-22%

MSCI World Energy Index, total returns in 2015

THE RICH COLUMN
MATTHEW VINCENT

@MPJVincent

RISE OF THE ROBOS

For Siri, the voice-activated virtual assistant on Apple iPhones, it is Scottish accents. For Google's driverless cars, it is European roundabouts*. And for Dr Who's robotic nemeses, the Daleks, it is short flights of stairs. Every technology, it seems, has its Achilles heel. Or, in the case of the Daleks, at least two too few. This has certainly been the view of ap(p)oplectic Scots with smartphones (search YouTube for "Apple Scotland ad"), delegates at this year's TechTrends conference and British TV audiences of the 1970s.

So when I received emails about an "innovative platform that turns words into investment strategies" and "robo-advisers [that] will revolutionise the wealth management industry", I could not help but think: what will trip them up? How can speech recognition and automated advice cater for wealthy individuals with complex finances? Let alone wealthy Glaswegians. Who have relocated to Milton Keynes**. And taken penthouse flats*** in buildings with faulty lifts****. I therefore invited the innovators to demonstrate their technology. In English. At the FT building, via the Waterloo roundabout. On the second floor.

Shahar Rabin, co-founder of Capitalise, the platform that "bridges the gap between simple words and complex investment strategy", rose to the challenge. He showed me how phrases typed into a Google-like text field could be recognised by his software and translated into an executable trading order on a broker's website. "Buy 500 Starbucks shares if the price breaks $60 and the price of coffee futures decreases 1 per cent," he told it. And it instantly set up the conditional trade. This, I learned, was because "Capitalise understands both everyday speech and complex trading language".

What if the speech is not so everyday, though? Like with the Scottish problem? After all, The Sun newspaper reported that when exasperated McUsers screamed "You're a b**bag!" into their iPhones, Siri interpreted it as "Eurobond bank". Not a good investment. Rabin assured me that in the event of misunderstandings, the Capitalise interface simply turns red. Much like several Scots I know.

The Honda Motor Company Asimo robot during a presentation at the 2014 New York International Auto Show

'ROBO-INVESTING HAS NO PLACE IN WEALTH'

Paolo Galvani, co-founder of MoneyFarm, the latest robo-adviser, or digital wealth management company, was equally poised. His company, like others in this area, allows clients to fill in an online risk profile. Algorithms then calculate their optimal fund portfolio. As he put it: "Most large private bankers are managing wealthy clients' assets in this way." So why not have an automated service do it at half the cost? MoneyFarm charges 0.7 per cent inclusive of dealing fees and has so far attracted 50,000 users. In the US, automated wealth management services go further: they not only run ETF portfolios but also reinvest dividends and optimise tax efficiency. Betterment, which charges 0.15-0.35 per cent, now manages $3bn for more than 100,000 customers. Some fear the terrain may prove too hard to navigate. "Robo-advice... can work well when global markets are playing by the rules," notes Iain Tait, head of the private investment office at London & Capital, the wealth manager. "However, normal rules just don't apply anymore. In this environment you need dynamic asset allocation and, crucially, human interaction."

Yogi Dewan, chief executive of Hassium Asset Management, seems similarly robophobic. "Robo-investing has no place in wealth," he warns me. "It is essentially programme trading and something hedge funds have been doing for decades with limited success. Would you entrust your health to a robot? So why entrust your financial wellbeing?"

And Duncan Macintyre, chief executive of Lombard Odier UK, the asset manager, feels there is something that coding cannot quantify. "Robo-advice will struggle to understand the emotional consequences of someone's wealth," he argues. "Without that solid base of human appreciation, any planning will be flawed."

But there is hope. I have discovered that Susan Bennett, the voice of Apple's Siri, is following me on Twitter. Perhaps she is finally working on an answer to the Scottish question.

Translation for Silicon Valley:
**Circular highway intersections;*
***British town arranged on grid of circular highway intersections;*
****apartments; ****elevators*

Matthew Vincent is the FT's deputy companies editor

PHOTO: BLOOMBERG

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THE PERSONAL TOUCH IS BEST

When Google's European chief Matt Brittin was being grilled by politicians in London last month over the search engine giant's tax arrangements, he caused uproar by admitting he did not know how much he was paid.

Accused by one member of parliament of "living in a different world", the complications of bonuses, profit shares and share options means you can (begrudgingly) forgive the most successful for not being able to quote an annual salary figure. But there is one question that it is unforgivable not to know the answer to. How much are you paying your wealth manager?

The first time I ever met a wealth manager was at a black tie awards dinner in London nearly a decade ago. "What exactly does a wealth manager do?" I asked. "Manage the money of insanely rich people who don't have time to do it themselves," came the reply from my impeccably dressed and clearly well-fed companion. I thought about this as I chewed on my Martini olive, and asked: "Doesn't it make you sick with jealousy to be around people who are so unbelievably rich, when you will never achieve their level of swank?"

He laughed uproariously and said it paid very handsomely — thank you very much — then spent the next five minutes name-dropping and boasting of his growing portfolio of London properties until I quietly snuck away.

So, how much are you paying the person who is managing your money?

If you don't know the amount, you should at least know the percentage — typically 1-2 per cent levied on assets under management, depending on the size of your portfolio and what other "services" are thrown in.

In an environment where your manager is able to deliver returns of 4 or 5 per cent, you may not resent (or notice) that you're giving them such a generous slice. But as world markets are stalked by extreme volatility, the well-fed wealth managers are looking quite green around the gills.

It is hard to know which way to turn when searching for a wealth manager

IT IS NOTORIOUSLY DIFFICULT TO COMPARE FEES AND CHARGES BETWEEN FIRMS

Increasingly, their clients want to move away from *ad valorem* — or based on the value of the assets under management — to fixed fees, or even hourly rates. And fearing that low returns are the "new normal", there is evidence of a clearing out of less-profitable clients with portfolios of less than £1m.

So if your wealth manager calls offering dinner on them, you are almost certainly paying them too much. This is your cue to negotiate or shop around.

I read a survey once that famously claimed the British were more likely to get divorced than change their bank. Wherever you are in the world, your bank is the first place to notice if you're earning big bucks. Your grateful bank will upgrade you to a premier account, offer you a black card and then eventually decant you into their private banking operation. This is very clever. For when you achieve the level of wealth necessary to enter the world of private banking, at no point do you ever "shop around".

So where to start? It is notoriously difficult to compare fees and charges between firms, though most wealth managers will have a "rate card" outlining various services. Beware, most are quoted before tax (in Britain, for example, management fees will attract 20 per cent value added tax).

Then there's the service level — are you paying for items you don't need? A percentage fee levied on assets can often result in "product push", so it can be a good sign if services such as financial planning are offered separately from product sales.

And beware the "model portfolio". Many wealth managers are lazy and uninspired in the investment products they pick, charging a fat percentage fee for portfolios that are available online.

According to Findawealthmanager.com, common "hidden charges" include fees for holding cash (of additional significance in today's volatile times) and foreign exchange costs on trading overseas assets. Plus, what are the exit charges if you leave?

Finally, a personal relationship with a manager, who gets to know you and your financial priorities over many years and can anticipate your needs, is something that's hard to put a price on. My own financial adviser is based a train ride away from the provincial town in which I grew up. The biannual pilgrimage to see him is often rounded off with the pleasure of having tea with the person who taught me the importance of striking a good deal in the first place — my mother.

Claer Barrett is the FT's personal finance editor

PHOTOS: CHARLIE BIBBY; JAN STROMME/GETTY IMAGES

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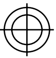
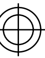
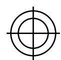
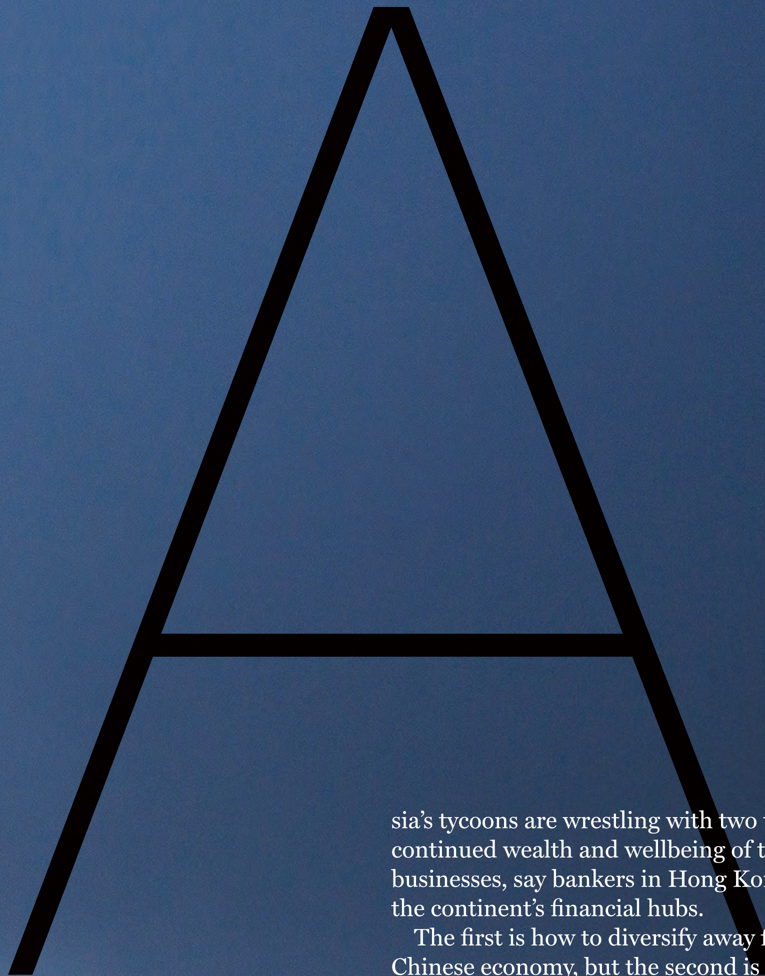



GO WEST
DEVELOPED MARKETS LURE ASIAN INVESTORS KEEN TO DIVERSIFY

BY YURI BENDER

Along with Singapore, Hong Kong is one of Asia's main financial centres





Asia's tycoons are wrestling with two threats to the continued wealth and wellbeing of their family businesses, say bankers in Hong Kong and Singapore, the continent's financial hubs.

The first is how to diversify away from the stuttering Chinese economy, but the second is more fundamental: how to cope with the "enemy within", in the shape of siblings scrapping to take over their parents' hard-built enterprises.

The way in which leading businesses in Hong Kong are dealing with these challenges has transfixed wealth managers across the region. Li Ka-shing, one of Asia's richest investors, has continued to buy foreign assets while restructuring his interests to ease succession planning, and the dust is beginning to settle after a family power struggle for the Sun Hung Kai Properties empire, owned by the Kwok clan.

"What keeps these patriarchs awake at night is succession to the next generation," says Kevin Herbert HSBC's co-head for private banking in north Asia, speaking from his 13th-floor office in the bank's Norman Foster-designed building. "Our clients have multiple assets in multiple jurisdictions, so structuring this wealth has become just as important as development and management of assets."

Despite their natural affinity for local initial public offerings and investment deals, Asian clients have "woken up to the opportunity" offered by the developed markets of the US, Europe and Australia, he says.

"Li Ka-shing may be selling assets in China, but he still holds a tremendous number of assets there," Mark Mobius, chairman of the Templeton Emerging Markets Group, recently told a dinner gathering of private banking heads in Singapore's Fullerton Hotel.

"Like any wise investor, he is diversifying; he is in Europe, the US and other parts of the world. But there is still an incredibly high amount of growth left in China."

Many in the wealth management industry say the diversification trend is now unstoppable. "Families are diversifying their assets away from Asia to Europe.

PHOTO: BLOOMBERG

This is much broader than just a handful of tycoons in Hong Kong or mainland China," says Toby Pittaway, who heads the Asia wealth and asset management practice at Oliver Wyman, the consultancy, in Singapore.

The shift is accelerating. Given the uncertainty around the renminbi, the Chinese currency, and the future for domestic stocks, more and more Asian investors are seeking advice on global portfolio diversification, he says.

In particular, Chinese households are looking for ways to exchange renminbi-denominated assets for US dollar holdings, says Ning Zhu, deputy dean at the Shanghai Advanced Institute of Finance (SAIF). Many, having used up their annual $50,000 foreign currency quotas, are turning to "internet financing companies" specialising in international investments, which are fast becoming China's new wealth management platforms.

"Chinese wealth is still severely underdiversified in terms of both currency and geographical regions," says Zhu. "But the market crash has shaken many domestic investors' confidence in the regulators' ability to deliver what they once promised."

International banks are benefiting from this asset shift, he says. While domestic investments are seen as run of the mill, Chinese entrepreneurs and officials are becoming more willing to pay US and Swiss banks in Hong Kong to recommend allocations and give advice on investing overseas.

1.

2.

In the past, wealthy Asian customers bought apartments in Hong Kong, Singapore, China and Thailand, says Michel Longhini, chief executive of private banking at Switzerland's Union Bancaire Privée, which recently bought the Asian division of Coutts, the UK wealth manager.

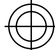
"Today, these clients are seeing these same kinds of opportunities in Spain, where there is significant rebuilding activity," he says.

Swiss banks are doing brisk business with local clients in Hong Kong, some of whom spread their accounts between up to 40 private banks.

Vincent Duhamel, head of Asia for Lombard Odier, mentions one Hong Kong tycoon, who, despite taking high risks, has built up a successful business over three decades and has recently become a client of the bank, attracted by its safe, traditional image.

"We told him that we cannot compete with his returns, growing assets 30 per cent each year for 30 years," says Duhamel. "But we can put a bit aside and give him a

PHOTOS: BLOOMBERG; GETTY IMAGES; EPA



'THERE IS A NEW SELF-CONFIDENCE, A BADGE OF HONOUR, MIXED WITH A SENSE OF ENTITLEMENT AMONG THE PRINCELINGS RUNNING CHINA'S PRIVATE EQUITY FUNDS'

1.
Hong Kong tycoon Li Ka-shing
2. and 4.
China's economy may be stuttering, but it is still growing
3.
Thomas Kwok, former co-chairman of Sun Hung Kai Properties

PHOTOS: BLOOMBERG; GETTY IMAGES; EPA

solid, but not excessive, return for a long period of time. The only guarantee is that we will still be here 30 years from now, and we will not allow any other activities to distract us."

Asian businesses' preference for buying property in southern Europe rather than investing their money in Greater China stems partly from the increasing unpredictability of the Chinese authorities.

"There are too many imponderables when the authorities start to intervene in the market," says Roger Bacon, the Hong Kong-based head of managed investments for Asia at Citi Private Bank.

Recent market meddling includes the notorious "circuit breaker", a mechanism designed to stop free-falling prices. It was triggered twice in one week at the beginning of January when stocks fell 7 per cent during a trading session. Rather than calming investors, traders panicked even more, the mechanism was suspended and Xiao Gang, chairman of the China Securities Regulatory Commission, the regulator, tendered his resignation.

This follows last year's reprimands to ICBC bank staff for hosting extravagant dinners, and the detention of a number of China's business tycoons "to assist the authorities with their investigations", according to the official line usually given.

"There is a new self-confidence, a badge of honour, mixed with a sense of entitlement among the princelings running China's private equity funds," says Anant Deboor, head of the Singapore office at The Partners branding consultancy, of the financial practices of the "Fuerdai", Mandarin for China's second generation of wealthy. "But sometimes there is a dark side to this."

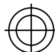
Some Asian asset managers, even in the relatively liberal Chinese special administrative region of Hong Kong, are ready to praise the harsh regulatory regime.

"Participants in 'rat trading' are being locked up," says Peng Choy, chief executive of Harvest Global Investments, the international arm of one of China's leading fund houses, referring to the practice of traders buying stocks on their personal accounts prior to a purchase for their asset management company.

"Some people think they can bribe their way up, but that is history and these are the people going to jail today. China is coming out of the old school as more and more international investors invest in the market and expect transparency."

Choy is a fan of some of the mechanisms designed to control market movements, saying circuit breakers that limit stock price surges prevent retail investors from revelling in, what he calls, "intra-day euphoria".

But many commentators consider the regulators of these activities to be out of touch. "Chinese people do not trust the regulators, not due to their lack of fiduciary concern or because they think they are ill-willed, but because they are not educated or connected to



‘THE CHINESE THINK THAT THE OLD BUREAUCRACY THAT WENT INTO RETIREMENT WITH THE CURRENT GOVERNMENT WAS MORE CAPABLE THAN THE ONE THEY HAVE NOW’

markets,” says Charles Chang, a finance professor at SAIF in Shanghai.

He gives the latest austerity drive as an example. Over the past three years, government officials have been banned from taking part in education programmes at both domestic and foreign business schools, which are equated with pursuing a luxury lifestyle, says Chang.

“The irony is that these are exactly the type of people who need to be educated, but are now disqualified from these programmes. How are they supposed to learn why circuit breakers don’t work or how an IPO is registered and structured?”

This disappointment is echoed by institutional investors such as Alberto Forchielli, a prolific blogger and managing partner at Mandarin Capital, the private equity firm.

“The Chinese are disenchanted and think that the old bureaucracy that went into retirement with the current government was more capable than the one they have now,” says Forchielli, who describes the Chinese as speculative but prudent investors, prepared to spread their risk internationally. “As long as China offered higher marginal returns, they were willing to twist their portfolio more towards China, but now the game is over.”

1.
Xiao Gang, former chairman of the China Securities Regulatory Commission
2.
Many factories in Dongguan, a manufacturing hub in China, have closed due to the slowing economy
3.
Recent Chinese market meddling included the notorious ‘circuit breaker’ mechanism

Emigration has also contributed to the diversification trend. Many wealthy Chinese families regard the US, UK or Australian as desirable places to live, offering personal security, better-quality education for their children and a higher standard of healthcare.

Among the most popular emigration routes is the US EB-5 visa, which provides a green card for foreign nationals investing a minimum of $500,000 in US infrastructure projects.

“These investment projects are 100 per cent about getting the green card,” says Young Min Ban, director of the Delaware Valley Regional Center.

Ban spends three months of the year in Asia, working predominantly with mainland Chinese clients he matches to US job-creation projects in infrastructure.

As yet, it appears to be only the younger generation who want to emigrate. “From what I see, older wealthy Chinese do not want to leave. They use the EB-5 scheme to allow their children to continue in higher education,” says Ban, who estimates that there are at least 250,000 students from mainland China in the US. “Successful business people in their 40s like their life in China.”

Indeed, the lure of returns from business and investments in China will remain strong. The country has become one of the foremost destinations for Temasek, Singapore’s influential state investment company. Chinese investments account for 27 per cent of its S$266bn ($190bn) portfolio.

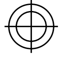
The fund was previously regarded as championing Singapore’s economy above others. However, some expect China to eventually overtake Singapore as its biggest investment market, buoyed by a new tier of start-up entrepreneurs, including a tech-savvy, returning diaspora.

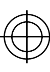
“We think that China’s innovation, especially the internet business model, has taken the lead on a global scale and new advantages have arisen,” says Wu Yibing, Temasek’s head of China. He cites the “cutting-edge” positions of technology companies such as Baidu, Alibaba and Tencent.

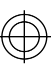
“We believe there will be more and more global corporate champions emerging from China, such as Didi Kuaidi [the smartphone-based taxi service], in which we have invested.”

As much as these Asian institutions are searching for the next Facebook in Silicon Valley, they are also keeping their eyes focused on China. Missing the next Li Ka-shing would resonate for generations to come.

PHOTOS: REUTERS, GETTY IMAGES, AP







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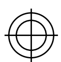

RISING SON

AT JUST 33, LOUTFY MANSOUR HEADS HIS $6BN FAMILY BUSINESS'S INVESTMENT ARM

BY JEREMY HAZLEHURST
PHOTO BY RICK PUSHINSKY

Family matters to Loutfy Mansour. Beneath his sharp suit, the 33-year-old wears a number of bracelets given to him by his wife and son. "I get one every Father's day and birthday, and things like that. They say things like 'daddy, I love you'. I'm running out of space," he laughs, proudly showing how they are crowding out the watch on his wrist. "Part of being an Egyptian is being a close-knit family," he adds.

Few are as close as the Mansours, whose conglomerate the Mansour Group has 60,000 employees and revenues of $6bn, but is still very much a family-run business. Cairo-born Mansour is chief executive of its investment vehicle, Man Capital, and one of four members of the third generation of the family to work in the group.

The conglomerate originated with the cotton business founded in 1952 by Mansour's grandfather (also called Loutfy), who was one of the first Egyptians to graduate from Cambridge University.

The business flourished until it was nationalised by the then Egyptian president Gamal Abdel Nasser, forcing the original Loutfy to relocate to Sudan to work for a cotton family. That business was also nationalised, and he became a cotton broker in Switzerland. His sons were in the US at the time, stranded until Egypt moved back to a market economy in the early 1970s.

The Mansours' big break came when they set up a General Motors dealership. "GM were talking to banks about possible partners, and they said there were these two American-educated brothers in Alexandria," Mansour told the FT in his first ever interview.

"My father and uncle understood the US mentality, which was always to be transparent, to be clear if you can do something or not, but more importantly to build the partnership for the long term.

"They said, 'If one day we can sell 40 cars, then that would be amazing'," he says. The group is now the biggest GM dealer in the world, selling 100,000 vehicles a year. The Mansours also hold the Caterpillar dealership for Egypt and six other African countries; manufacture and distribute Philip Morris and Imperial Tobacco products; own Egypt's McDonald's franchise; and run several retail chains — among other things.

From a young age Mansour was immersed in the business. "As a kid I would go to the office. I remember the first time I saw someone sell a car; what he said to the lady as she walked through the showroom. Then I'd go into accounting and see them with their calculators," he says. "I was fascinated."

It was a question of learning by observing. "It was a natural thing," Mansour says. "I listened to my father speak on the phone, saw how he conducted a meeting, went to presentations. He'd ask me, 'What did you learn? What did you find interesting? What did you think of this?' Slowly, I learned." Did that put pressure on him? "I think I put pressure on myself. Eighty per cent of family

'80% OF FAMILY BUSINESSES DON'T SUCCEED IN THE THIRD GENERATION'

From an early age Loutfy Mansour learnt about business from his father

Impact of the Arab spring

Like many successful families, the Mansours have developed political links over the decades. Mansour's father Mohamed served as transport minister in the regime of former president Hosni Mubarak, although his tenure was brief and he had left office before the Tahrir Square demonstrations in 2011 led to the overthrow of the government.

Mansour remains sanguine about events, adding that whatever happens politically, the family is committed to the country. "Of course the situation has been a concern, but we've seen many cycles over the years. As a business we try to navigate those. Let's not forget, Egypt has a population of over 80m, with a huge consumer base. Egyptians will still need cars, services and so on," he says.

He adds: "We have a presence in over 100 countries, so when one country is down, another is up — it's all part of our diversification strategy and long-term approach, which allows us to mitigate short-term noise. It means we're not thinking of the exit. We've been investing in Egypt for decades."

Certain members of the family are now based in London. Is that because they find the situation in their homeland untenable? "Not at all," Mansour replies. "Man Cap was founded in 2010, before the Egyptian Revolution. The family office is an integral part of the Mansour Group's strategy for future growth and London is the best place for expanding internationally.

"Coming to London was a strategic move," he says.

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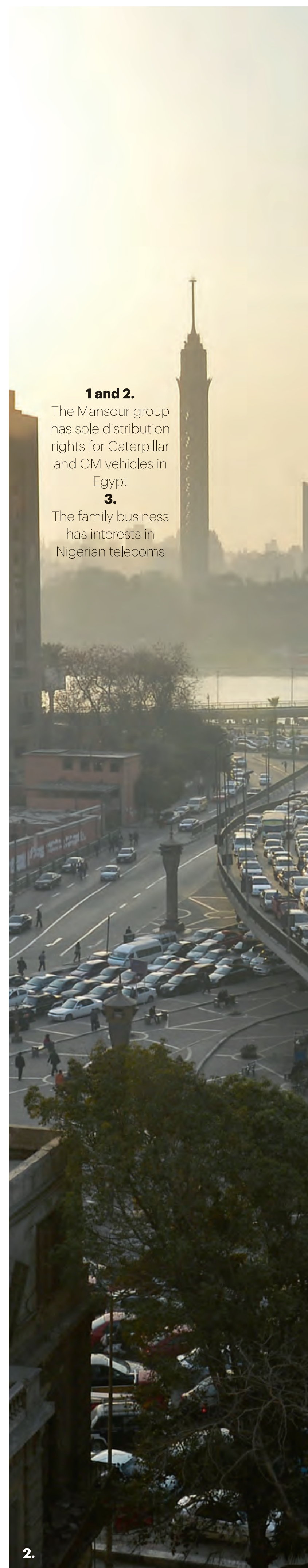


2.

1 and 2. The Mansour group has sole distribution rights for Caterpillar and GM vehicles in Egypt
3. The family business has interests in Nigerian telecoms

businesses don't succeed in the third generation. I didn't want to be that story."

After studying at Georgetown University, Mansour worked for Goldman Sachs for two years, until his uncle asked him to join Mantrac Group, the Caterpillar distribution business, when Mansour's father Mohamed became Egypt's minister for transport.

"I went into several divisions, like sales and marketing, learning the business," he says. "The way you create value in a company is through its people, so I had to get to know the people at several levels and to work my way up to get credibility with the family and my colleagues." He became chief executive in 2006.

In 2009, Mansour says, "we decided that we wanted to diversify our risk and to build new 'verticals' for the group", and in 2010 the investment business Man Capital was created.

According to its website, Man Capital is a "family office and family-owned private equity and alternative investment fund", but Mansour is not fond of the terms "family office" or "private equity".

"We try to buy and build companies," he says, over a long time frame. "We don't have an exit strategy. When we talk to management we say that we will hold it for the next 30 years," he says. "There is no J-curve: we can invest today and do nothing for two years. We don't have to report something every quarter." There is no financial engineering, and even the 2012 acquisition of OTS Logistics — a company with $700m of sales — was completed without debt.

The outlook is global. "I wanted a cosmopolitan team," Mansour says. "That was in the blueprint. I have seen the added value when you have someone you can send to do a project or a task in a certain country." The 10-strong team includes people from Britain, the US, Switzerland, France, China and India.

'I HAD TO WORK MY WAY UP TO GET CREDIBILITY WITH THE FAMILY AND MY COLLEAGUES'

Since 2010, Man Capital has completed 10 deals, including investments in Millennium Offshore Services, which provides services to the offshore oil and gas industry; Educas, which invests in private schools; and Nigerian telecoms infrastructure provider IHS Towers.

The aim is to make just one or two acquisitions a year. "We don't want deal-junkies," Mansour says. The investment business is firmly about "wealth generation, not preservation", and is integrated with the wider group. "We bring managers into the companies when we need to, for several months and in one case for a year," he says. "Why not make use of them?"

Mansour says he feels a natural affinity with other family-owned businesses. OTS's owner was its founder, who "didn't want to see his life's work get broken up by private equity".

"We were speaking the same language. He was still a very hard negotiator, though," he laughs.

It is a far cry from the beginnings of the family business. So how are things different to his grandfather's day? "It is much more analytical now," Mansour replies. "Back then, a lot of things were done on gut and hunch and if you have that, that is second to none, but now the world is obsessed with numbers."

One of the first people in Egypt to use the internet in the 1990s, Mansour is a keen user of technology. "I have Whatsapp groups with all my management teams, we Skype and we have started using Slack to transfer files."

3.

PHOTO: BLOOMBERG; AFP/GETTY IMAGES; REUTERS

‘THE NAME IS ESSENTIALLY THE BRAND AND IT HAS TO REMAIN SQUEAKY CLEAN’

He is also aware of responsibilities from one generation to the next. Technology is part of that, he says, but it can also overwhelm.

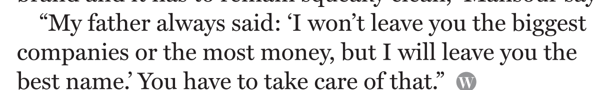
“One of the big differences between our generation and the older one is that you have to make decisions faster so you have to not over-inform yourself, or over-communicate. You need a lens so that you can zoom in on what is important,” he says.

As Mansour learned on all those summer jobs, the human side is important too. “You can’t look at a spreadsheet and say ‘this is how the business is going to grow’, you have to understand the nuts and bolts of how the business works, and the managers.”

Now, the plan is to grow the brand globally. “The US is still an attractive market there for us, and we have a lot of affinities there. The western world is quite close to us,” Mansour says.

The group is looking at the education, healthcare and food and beverage sectors, keen to identify successful businesses that it can introduce to the markets in which it has a strong presence.

Expansion is not the only aim, though. “It is a conscious decision to have the family name on the business, and it is a big deal. The name is essentially the brand and it has to remain squeaky clean,” Mansour says.



“My father always said: ‘I won’t leave you the biggest companies or the most money, but I will leave you the best name.’ You have to take care of that.”

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ART OF DISCOVERY
UNCOVERING LOST OLD MASTERS IS A LIFE-LONG PASSION FOR ONE RENOWNED CONNOISSEUR

BY DALYA ALBERGE
PHOTOGRAPH BY PASCAL PERICH

t is one thing to discover a masterpiece by Gian Lorenzo Bernini, one of western art's greatest sculptors, but it is quite another to find further "lost" works by this and other important masters of centuries past. As an international connoisseur-dealer, Andrew Butterfield has an extraordinary track record in rediscovering Old Masters, having devoted decades to fine tuning his eye to recognise every quirk of an artist's hand.

One of his discoveries had long been relegated to garden statuary, shivering outside but somehow surviving the elements. Others were overlooked as sorry-looking artefacts hidden beneath layers of paint or varnish.

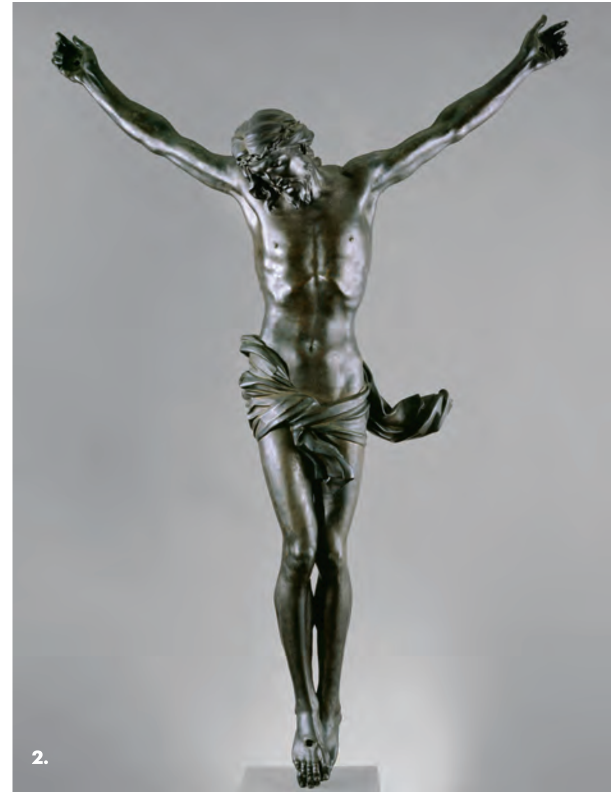
With forensic research and restoration, he has breathed new life into such pieces, turning them into museum-worthy sculptures with values of seven- and eight-figure sums. He was able to prove, for example, that a bronze statue of the crucifixion that had failed to sell at auction in 1975 for $200 was in fact a lost Bernini now worth a staggering $50m.

By devoting sometimes years to researching each sculpture, Butterfield has discovered, authenticated and sold important works by Donatello, Ghiberti and Giambologna, among others. Based in New York, he sells to private collectors and museums worldwide, such as the Louvre in Paris and the Metropolitan Museum in New York.

1.
Andrew Butterfield, who has devoted years to researching sculptures, with one of his discoveries in New York

2.
'The Crucified Christ (Corpus)' failed to sell for $200 in 1975 and is now worth $50m

1.



2.

PHOTO: MAGGIE NIMKIN

Casting his mind back to initial inspirations, he recalls at aged nine being "really struck by sculpture" on a visit to Kyoto in Japan, but then, as a teenager, dreams of becoming a classicist were forgotten after a visit to the National Gallery in Washington. "I couldn't stop going," he says.

Until 1996, he was an academic — latterly with the Institute for Advanced Study in Princeton — before he entered the world of commerce with some trepidation. He worked at Christie's and the Salander-O'Reilly Galleries in New York before becoming an independent dealer. He has, until recently, kept a low public profile, although he is known in the rarefied circles of academia, museums and the art market. He can be described, perhaps, as an "undiscovered discoverer" of Old Masters — an art historian detective.

One of his Bernini finds is a "Modello for The Moor", one of the few large models by the artist to survive. It was a preparatory study, made about 1653, for the artist's spectacular "Fountain of the Moor" in the iconic Piazza Navona in Rome.

It is thought to have spent time as a garden ornament, judging from marks indicating prolonged exposure to dripping water, which were subsequently removed by a restorer.

In 2002, it came up for sale at Sotheby's. It was described as "attributed to" Bernini, rather than the more definite "by" and given an upper ➤

BUTTERFIELD IS AN UNDISCOVERED DISCOVERER OF OLD MASTERS

1.

1. Bernini's 'The Crucified Christ (Corpus)', was sold to a Canadian collector specifically to donate to the Art Gallery of Ontario

'OFTEN WHAT YOU'RE LOOKING AT IS LITERALLY COVERED IN PAINT'

estimate of about $300,000. Butterfield was so sure of its potential that he bought it for $3.2m. Subsequent research enabled him to sell it to the Kimbell Art Museum, Fort Worth, for about twice that figure.

He sold the "The Crucified Christ (Corpus)", a 1650s bronze statue, to Murray Frum, a Canadian collector, who bought it specifically to donate to the Art Gallery of Ontario because he felt that it belonged in a public institution. This is possibly the only sculpture that Bernini made for himself and is described by Butterfield as "one of the greatest bronze statues ever executed with a degree of naturalism far beyond that of any other known bronze of any period in the world".

It is so life-like, you almost forget that it is made of bronze. Once the restorer removed a non-original coating of black paint, "what emerged was an unmatched suppleness of the skin and a tenderness in the expression that was without parallel in the history of bronze sculpture", Butterfield says.

Yet it had been misidentified over the decades. It was part of an estate sale of a woman associated with the American Kennel Club. While her statuettes of dogs were selling for $5,000 and $10,000, this bronze sparked no interest, Butterfield says in disbelief.

Donatello is one of the greatest of all Renaissance artists. Only a small handful of works by him have been found in the past 100 years. Butterfield's finds include a two-and-a-half-foot tall wooden sculpted "Spiritello", a cherub or putto, which he has shown to be a lost work from the 1430s and is now worth millions. For most of the last century, it was hidden away in a private Italian collection.

How can such great masterpieces be overlooked? "Often what you're looking at is literally covered in paint from later periods," Butterfield explains. The Donatello, for example, was covered in a "cloudy", pigmented varnish, added in the past 20 years. "Varnish is a very common mode of second-tier restorers. It's an easy and a cheap way of solving problems. You're getting rid of any imperfections. But you're also getting rid of the perfections."

The struggle to see beyond the varnish is like "trying to see something through smoke", Butterfield says. "It's not so much that the varnish is hiding some clue, it's that it's

ON A MOST-WANTED LIST OF MISSING WORKS IS MICHELANGELO'S SCULPTURE OF HERCULES

distracting you... because the light is scattering." While others might have been confused by the figure's pose on one foot, subsequent research matched it to another Donatello sculpture.

Does he scour markets, such as Portobello Road in London, looking for possible finds? "I don't. Other people do. There's a network of people who talk to each other all the time... I know people who just drive around Europe [searching]... antique stores, galleries... They're not interested in the authentication part. That's often when I get involved."

Most of the "finds" turn out not to be what the hopeful hunters thought they were, though. But, as often as not, his gut instinct has been proved right — sometimes after hard work lasting years.

Asked about his most-wanted list of missing sculptures, he says: "There is no doubt that, at the top of the list, are lost works by Michelangelo... He made numerous works which are now missing and possibly still out there.

"Number one on the list is the monumental sculpture of Hercules, last recorded in the royal gardens at Fontainebleau in the early 18th century. Of course, this might have been destroyed; but it still could exist and if so, it is likely standing outdoors in some garden in France or England, unidentified."

Others include a kneeling angel that Michelangelo carved in his youth: "I am reliably informed that ➤

PHOTOS: MAGGIE NIMKIN

2. Discovered in a private collection was "The Saint Sebastian" ivory statue by Jacobus Agnesius
3 and 4. The "Modello for The Moor" is one of the few large works by Bernini to survive

the work was last documented, although incorrectly identified, at an auction in Philadelphia in 1929. "There are other missing works by him as well that might still turn up.

"Indeed, Michelangelo often gave sketch models in wax and clay to friends and it would not surprise me if one of these were to be found... The wish list is almost endless... There were so many great works by great masters, tens of thousands of them, which have been lost or misidentified."

Without expertise, though, the chances of future art historians being able to spot them will dwindle. About 30 years after Butterfield began his career, he worries that some lost masterpieces will never be found because future art historians will be unable to distinguish between the hand of a master, an assistant or a copyist — let alone a garden ornament.

He is so concerned that the next generation is not receiving adequate training, that he delivers a stark warning: "Art history is in trouble."

In Butterfield's opinion, universities are generally more interested in teaching trendy subjects such as social history "in the absence of looking at real works of art".

Commenting on the demise of connoisseurship beyond Italy, which still offers traditional training, he says that "there's very little of it going on".

He laments a widespread assumption today that "there's no kudos in looking at things", exacerbated by the fact that "so much of art history is done from photographs".

The study of sculpture also lags behind that of painting, he says. "There are far fewer experts. Paintings are considered to be more glamorous."

Butterfield is not alone in fearing the worst. A conference, titled Art, Law and Crises of

1.

1.
Butterfield bought Donatello's 'Spiritello' in 2012 in Turin
2.
Antonio Corradini's 'Endymion' was made for an 18th-century collector in Venice
3.
Nicolaus Gerhardt's Gothic sculpture of Madonna and child at the Moretti Gallery in New York

EXPERTISE TO SPOT LOST MASTERPIECES WILL DWINDLE IN THE FUTURE

2.

Connoisseurship, was staged last December by ArtWatch UK, the London School of Economics Cultural Heritage Law and the Center for Art Law at the Society of Antiquaries in London. Michael Daley, ArtWatch UK's director, warns that "connoisseurship is in disarray". He says: "The conference grew out of our realisation that scholars, increasingly, were falling down on the job of monitoring restorations and often on attributions because they've become too theoretical and insufficiently interested in artistic practice."

He adds: "Younger art historians are not confident about judging art as art any more. They prefer to talk about feminism, social history, Lit Crit — any old subject that can be pegged on art — and to allow all questions of attribution and restoration to be left in the hands of restorers/conservators. This terrifying professional abdication would have been unthinkable in any other generation."

The former director of the National Gallery, Nicholas Penny, also commented earlier this year that "the cataloguing of the permanent collection is not now often considered an essential part of the curator's job".

Further warnings are sounded by art historian Alison Cole, author of *Italian Renaissance Courts: Art, Pleasure and Power*. "It is remarkable how uncertain the art of attribution is," she says.

"While we are equipped with the skills to interpret scientific and documentary evidence, we are rarely taught about how to really look at works of art and about the purpose of looking."

Concerns about scholarship are also voiced by Jon Landau, a collector of Renaissance art, however he pays tribute to Butterfield as "a great teacher" who "brings a level of scholarship to the process, which is very rare".

In the meantime, Butterfield and the ever-dwindling number of scholarly art experts will continue searching for those lost masterpieces.

Three scholars for collectors to watch

3.

Daniel Katz Fine Art
Danny Katz, an Old Masters dealer in London, has rediscovered many sculptures through scholarly investigation. In 1980, he found a life-size marble figure of Bathsheba in Sweden and identified the hand of Florentine master Giambologna, before selling the work to the Getty Museum. Other sales to public institutions include the Victoria & Albert Museum, which, in 2011, bought an enormous 1790s relief by British artist John Deare depicting Caesar's invasion of Britain.

Galerie J Kugel Brothers
Nicolas and Alexis Kugel are the fifth generation of dealers who began trading in the late 18th century in Russia. Today, the specialisms of their Paris-based gallery span medieval and Renaissance up to the 1850s, and include silver, furniture and sculpture. Such is their reputation that in 2008 the Prince of Liechtenstein lent them some of his finest pieces for a non-commercial exhibition.

Whitfield Fine Art
Clovis Whitfield, an art historian and dealer, established his London gallery in 1979. His specialisms include Italian pictures, with a Caravaggio among his discoveries. He has sold to the National Gallery, London, and Museo del Prado, Madrid, among public institutions.

PHOTOS: PASCAL PERICH; MAGGIE NIMKIN

FAMILY FORTUNES

ALTHOUGH SHY OF THE LIMELIGHT, THE IMMENSELY WEALTHY REIMANNS ARE BOLD IN BUSINESS

BY JAMES SHOTTER

1. Bally shoes, one of JAB's holdings **2.** A model shows headgear from Belstaff, the British heritage brand **3.** Freshly picked coffee berries in Kenya **4.** Keurig Green Mountain coffee packs, which form part of JAB's growing list of coffee investments

ate last year, a group called JAB Holding splashed out $13.9bn to add Keurig Green Mountain, the biggest group in the US single-serve coffee market, to its growing list of coffee investments.

The deal capped a three-year, $30bn acquisition spree, during which JAB bought up groups ranging from instant coffee specialists in Europe to hipster coffee chains in the US and prompted suggestions that a challenger to Nestlé's dominant Nespresso brand could be emerging.

At the same time, the deal sparked another round of interest in the principal owners of JAB Holding: four members of Germany's intensely private and immensely wealthy Reimann family: Wolfgang, Stefan, Renate and Matthias.

Through JAB, the family owns stakes in some of the world's best-known brands. As well as its investments in the coffee sector, JAB's burgeoning portfolio encompasses a 10.7 per cent stake in Reckitt Benckiser, the consumer goods conglomerate, and a 77.4 per cent stake in the US fragrance group Coty, which owns the Calvin Klein and David Beckham perfume brands. On top of this, the holding company also controls luxury marques Jimmy Choo, Bally and Belstaff.

Last year, Forbes put the combined wealth of JAB's four principal owners at $16bn, which would make the clan one of Europe's wealthiest business dynasties. Representatives of the family and JAB declined to comment for this article.

The Reimanns' march to industrial prominence began in the early years of the 19th century. In 1823, Johann Adam Benckiser, whose initials are enshrined in JAB's name, bought a chemicals business in Pforzheim, a small town in the south-western German province of Baden-Württemberg.

A few years later, Ludwig Reimann, the great-great-grandfather of the Reimanns who now own JAB, joined the company and married Benckiser's daughter. After Benckiser's death, Reimann took over the company, which had by now moved some 100km north to Ludwigshafen, paving the way for his descendents to etch the family's name into the annals of German industry.

The last of the Reimanns to actively be involved in the day-to-day running of Benckiser was Albert junior, Ludwig's great-grandson, who inherited the company in 1952 and pushed it in the direction of consumer goods. He died in 1984, leaving equal stakes to his nine adopted children.

Although all nine of Albert's children had initially kept the 11.1 per cent stakes they inherited, by 2003, Wolfgang and Renate (who are siblings) and Matthias and Stefan (who are brothers) had bought out the other five.

In 1997, the family took Benckiser public and two years later engineered a merger with the British consumer goods group, Reckitt and Colman, to form Reckitt Benckiser.

The family members who sold out of the business then followed a well-trodden path by relying on a family office to manage their wealth. Subsequently they founded Deutsche Kontor Privatbank, a private bank based in Munich, to offer wealth management services to other non-family members.

Those who kept their stakes have put their fortune

PHOTOS: GETTY IMAGES; REUTERS; BLOOMBERG

in the hands of a small group of trusted advisers who run JAB — currently Peter Harf, Bart Becht and Olivier Goudet. Harf started at Benckiser in 1981, while Becht joined in 1988. Goudet, a former Mars executive, joined in 2012. The family members play no role in the operative businesses. The trio of managers make suggestions to the family members on possible investments, which they then discuss, but that the family has the ultimate say.

The set-up has prompted comparisons with 3G, a private equity group run by three Brazilian tycoons, that has been buying up brands in the consumer goods sector. However the difference, according to Pablo Zuanic, an analyst at Susquehanna, is that at 3G the managers also provide the cash. "At JAB, the Reimann family provides the capital, but the driving force behind the day-to-day strategy is the three managers," he says.

Investing family wealth directly in companies, rather

INVESTING FAMILY WEALTH DIRECTLY IN COMPANIES IS INCREASINGLY IN VOGUE

than in a more traditional portfolio of different asset classes, is increasingly in vogue, according to bankers who deal with the super-rich.

"The stars are aligned behind this sort of approach because it gives families greater control over the entities they are invested in and often also higher returns as a result of investing their money for the long term," says Philip Higson, vice-chairman of Swiss Bank UBS's global family office group.

According to UBS, which has one of the world's biggest wealth management business, between 40 and 50 per cent of all investments by family offices go into what it calls "illiquid investments", which include assets such as property, but also direct stakes in companies.

Precisely what the Reimanns will do next is as little known as the family itself. But given the dynamics of the coffee industry, where the family and JAB have been making their most concerted play of late, analysts suspect that further direct investments could follow.

The Reimann's newest asset, Keurig, co-operates with a number of third-party brands, whose coffee it sells along with its coffee-dispensing machines. This means it is potentially vulnerable to some of those brands walking away. The best way to deal with this, says Zuanic, would be for the family vehicle to buy up more brands of its own. "JAB has to have bigger plans in coffee for this deal to make sense," he says.

James Shotter is the FT's Frankfurt correspondent

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Jeffrey Dellapina, Chief Financial Officer, *Vitol*
Marco Dunand, Chief Executive Officer, *Mercuria Group*
Ivan Glasenberg, Chief Executive Officer, *Glencore*
Matt Jansen, Chief Executive Officer, *Noble Agri*
Gonzalo Ramírez Martiarena, Chief Executive Officer, *Louis Dreyfus Commodities*
Klaus Schäfer, Chief Executive Officer, *Uniper*
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Invest in domestic futures

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CRUDE VERSUS EXTRA VIRGIN OIL

BY MATTHEW VINCENT

WHAT WOULD JR DO TODAY?

Does this sound familiar? "Equities have been unusually highly correlated with moves in the oil price..." "A striking correlation between falling oil prices and the big stock market indices..." "Oil and stocks are being correlated by a single issue..."

If you are on the mailing list of Seven Investment Management, Rothschild Wealth Management or US Bank's Private Client Reserve, it probably will do. Since the start of the year, they have been among the many advisers to blame the falling price of black gold for their inverse Midas touch on your portfolio. Bank of America Merrill Lynch even bemoaned oil's 90 per cent intraday correlation with equities and bonds as "too extreme for reality".

But the next time your investment manager appears as wrongfooted as Cliff Barnes facing down JR Ewing at the Oil Barons' Ball in the 1980s TV series *Dallas*, try asking this question: "If $30 oil is so calamitous, why didn't you hedge the risk by buying the one variety perfectly negatively correlated to stock markets? Not Brent Crude. Nor West Texas Intermediate. Nor Sumatran Light."

Extra virgin olive.

While the price of a barrel of crude has fallen 47 per cent in the past 12 months, the price of a bottle of olive oil has risen by about 20 per cent — after bad weather and disease devastated the last European harvest.

As a result, the multiple of the olive oil price to Brent Crude has leapt from five times in June 2014 to 17 times last month.

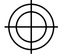
Judging by most wealth managers' communications, however, their allocation to this, or any other, uncorrelated asset class is little more than a drizzle. In fact, some suggest their performance might only have been worse had they emulated Sue-Ellen Ewing in a Dallas cocktail bar: long on crude, short on olives.

Many see falling crude oil prices as a proxy for growth rates. Kevin Gardiner, global investment strategist at Rothschild Wealth Management, is quick to remind clients that stock markets have had their worst start to the year since 2009 after "China's stock market, and crude oil prices, fell sharply, threatening another round of

WHILE THE PRICE OF A BARREL OF CRUDE HAS FALLEN 47 PER CENT IN THE PAST 12 MONTHS, THE PRICE OF A BOTTLE OF OLIVE OIL HAS RISEN BY ABOUT 20 PER CENT

1. JR Ewing played by Larry Hagman
2. Linda Gray as JR's oft-drunk wife Sue-Ellen
3. Olive oil prices are on the rise

PHOTOS: CBS PHOTO ARCHIVE/GETTY IMAGES; EGAL/DREAMSTIME



2.

financial contagion". Pau Morilla-Giner, chief investment officer at London & Capital, names oil as one of the main "pressure points" for equity markets. And Rajesh Tanna, senior portfolio manager at JPMorgan Private Bank, warns that "share prices are reflecting growing concerns about a China slowdown and lower oil prices, and their implications for global growth".

Why, though, are so many wealth managers convinced that lower oil prices are bad for shares, when their

3.

CRUDE OIL IS NOW A UNIT OF INTERNATIONAL EXCHANGE

effect is to reduce companies' costs, lifting their profits and dividends?

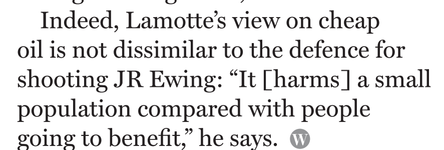
Is it because of the dominance of energy companies and banks in benchmark indices? And hence their client portfolios?

Or is it because oil has become a unit of international exchange for the wealthy — and its devaluation affects their view of other asset classes? Texan oil barons, sheikhs and oligarchs are now quoted property prices in barrels of crude. In January, investment bank Jefferies said it cost 90 barrels of oil to purchase one square foot of London's prime West End floorspace, compared with 20 barrels a year ago. Similarly, Deutsche Bank recently noted that an ounce of gold now costs more than 40 barrels of oil — making JR's bathroom fittings more expensive than ever. In fact, according to Deutsche analyst Jim Reid, gold taps now cost more in oil terms than at any time since 1892.

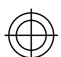
Or is it really because too many wealth managers mistake correlation for causation? Alan Higgins, chief investment officer at Coutts, says: "A special feature of this January was the equity markets' almost slavish following of oil prices, which have been interpreted as signalling a collapse in global economic growth. But the reality is that oil prices have been in steep decline for about two years, during which time crude demand has actually been going up. In fact, low energy prices are good news for consumer spending."

Jonathan Bell, chief investment officer of Stanhope Capital, agrees: "The fall in the oil price reflects excess supply growth rather than a fall in demand: supply and demand have both grown in recent years but supply has grown faster."

If there were a real demand problem, we would see non-performing loans rising in all industry sectors, not just in energy, argues Frédéric Lamotte, global head of markets and investment solutions at Indosuez Wealth. "Lower oil is good for growth," he insists.



Indeed, Lamotte's view on cheap oil is not dissimilar to the defence for shooting JR Ewing: "It [harms] a small population compared with people going to benefit," he says.



BY THOMAS SEAL

RECLINE AND FALL

The art market is awash with auction records. Classic cars are changing hands for millions of dollars. But the market for antique furniture, another popular alternative asset for the super-rich, has proved a terrible financial investment in recent years.

Figures from Art Market Research Developments reveal that the value of high-end antique furniture dropped by 9 per cent in the year to the end of 2014 and plummeted 28 per cent over the past decade. By comparison, no other asset on the index has depreciated: art was up by 10 per cent over the same year and classic cars by 16 per cent.

Yet collectors need to look more closely, as the drop is far from uniform. The figures reveal a change in tastes — and the old world has fallen decidedly out of fashion.

English pieces from the Regency period and the 18th century are worth 30 per cent less than 10 years ago and French 18th-century furniture has halved in value over the same period. Worst of all, the most recent figures from the Antique Collectors' Club reveal Victorian and Edwardian furniture have lost more than two-thirds of their value since 2003.

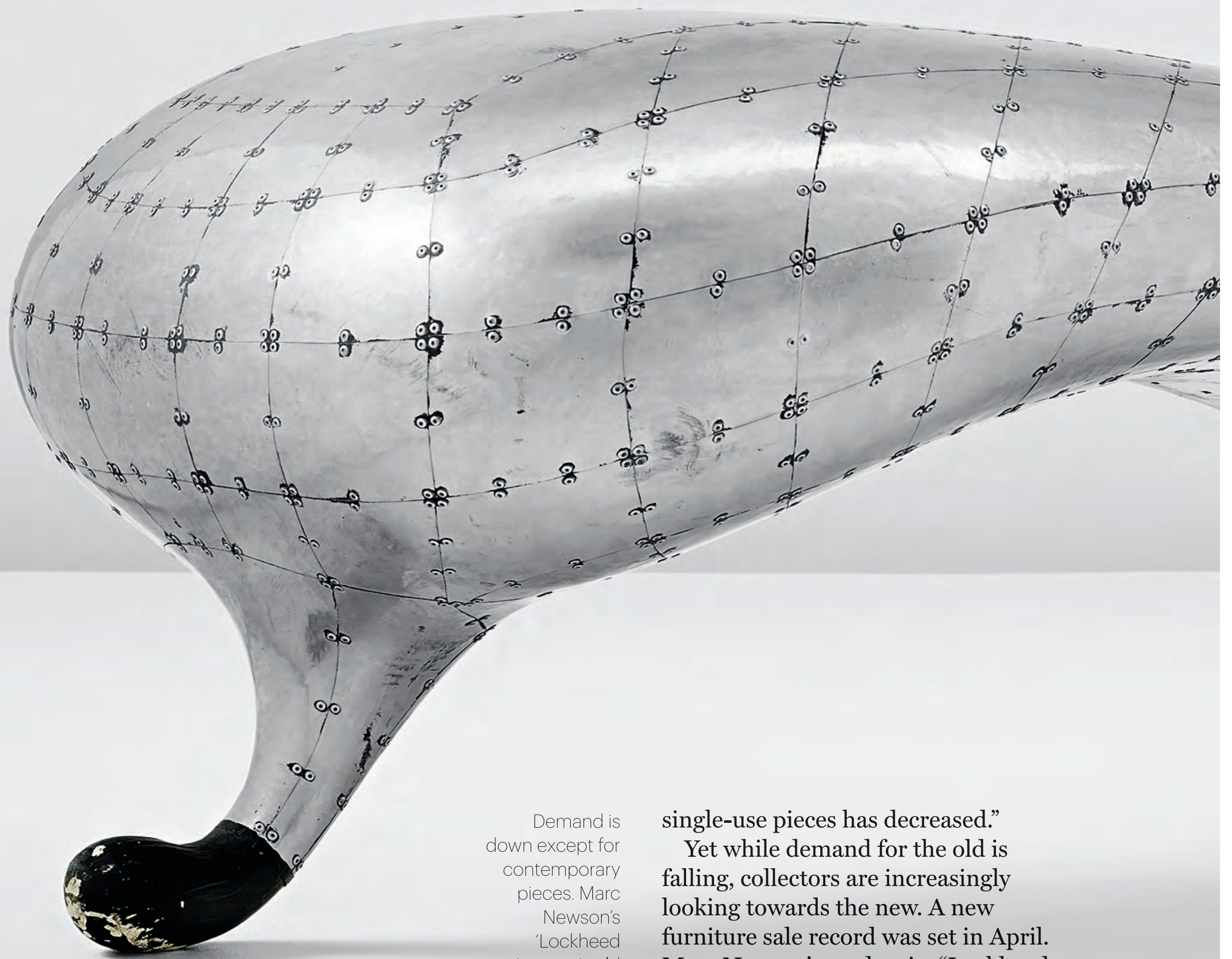
Why? New tastes are emerging. In the past year, there has been a rise of 2 per cent in the value of early and mid-20th-century furniture.

"Individual designers still perform very strongly," says Andrew Shirley, editor of the Knight Frank Wealth Report. "But what some people call the 'brown furniture'... doesn't really fit into the design aesthetic of the current times.

"People want the 'Scandi' style, a cleaner style. A lot of very wealthy people want lateral, apartment-type living. And a lot of old furniture is very big [and] you might not get those Regency pieces up the stairs in Mayfair."

Size matters. London's prime real estate is now worth more than £3,800 per square foot. At that price, every bit of space counts (£26 per square inch, to be precise) and it becomes less and less feasible to waste it on a mahogany monster — whatever its provenance.

"There are demands on floor space today," says Natalia Miyar, design director of Helen Green Design, an interior decorating business. "Often, spaces have to be multi-functional, meaning the demand for traditional, single-use pieces has decreased."



Demand is down except for contemporary pieces. Marc Newson's 'Lockheed Lounge' sold recently for £2.4m

Yet while demand for the old is falling, collectors are increasingly looking towards the new. A new furniture sale record was set in April. Marc Newson's modernist "Lockheed Lounge", a forbidding, aluminium objet d'art rather than a functioning sofa, sold at Phillips for £2.4m.

Interior decorators have "decreed everything should be minimalist and white", adds Patrick Sandberg with a note of stoicism, having seen tastes ebb and flow over his lifelong career as a dealer of Georgian furniture in the heart of the antiques market on Kensington Church Street.

"People are actually getting rather bored of that now," he adds.

There is still a market for opulent inlays and towering armoires in today's

PHOTOS: PHILLIPS / PHILLIPS.COM

LIKE ALL LUXURY INVESTMENTS, ANTIQUE COLLECTING TENDS TO BE MOTIVATED BY PASSION

homes, but it has shrunk. "Even when houses are decorated in this bald, beige way, they will buy antiques — maybe one or two signature pieces," says Sandberg. "And, for better or worse, we find ourselves selling via interior decorators because some clients feel more comfortable (because they don't know what they're doing) with a decorator (who probably doesn't know what they're doing either)."

The changing face of London's wealthy may have also had an impact. Cash-rich Londoners from the Middle East and Asia are less interested in traditional décor. Sandberg's customers remain mainly English and American (and even the latter became less enthusiastic "when they stopped coming over after 9/11").

"We get the Saudis in and we get the Chinese in," he explains, "but the Chinese still don't understand good Georgian furniture. That's the way it is. I have done business with several Al Thanis [Qatar's ruling family], too. They're very charming and they do understand it, but they would be looking for more Victorian, gilt-mounted, inlaid stuff. I will have a really good 18th-century bookshelf... but they like a bit of flash.

"We're a traditional shop and we stick to our guns and make a living."

Like all luxury investments, antique collecting tends to be motivated by passion, which accounts for its enduring appeal, but in an increasingly competitive world, even passions can be tempered. And while personal pleasure may still be behind the majority of purchases, 32 per cent of the growing number of wealthy Asian investors consider capital growth almost equally important, according to a Knight Frank survey.

But with the market suffering, it is the best time to buy antique furniture for 20 years. And, Sandberg says, the price curve may already be bottoming out as people recognise the potential investment.

"At the moment I see green shoots," he says. "We do consistently sell to new clients who are English. But I'm not saying we're back to the great days."

Miyar shares Sandberg's optimism. "Currently the trend is for mid-century furniture," she says. "But there will undoubtedly be resurgence in the popularity of Regency and Georgian — if only for the high-quality pieces. These will maintain their value."

BY ANDREW JACK

VANITY VIRUS CURES FUND GAP

Vince Hamilton leaned forward across the breakfast table at the Haymarket hotel in London in early 2014 and described the parallels between prospecting for oil and discovering a new medical treatment. Both take a long time, considerable money and have a low probability of success. "You hope that time is on your side," he said.

As a Canadian geologist who had spent his career in the oil business, he could draw on many years' experience of the challenges, setbacks and occasional victories in identifying new reserves of natural resources. Now he was applying his skills and wealth — mostly acquired through important oil discoveries in Oman — to his new focus.

For him, this was no mere abstract intellectual discussion. Since his diagnosis in 2011 with neuroendocrine cancer, the same condition that killed Steve Jobs, the founder of Apple, he had a personal interest in overcoming the setbacks of medical research.

Hamilton, who married a Swede and worked at the Swedish oil group Lundin before founding Tethys Oil, sought treatment for his condition from doctors in Uppsala. But it was many more months before he found a way to apply his skills more directly in the search for a treatment.

His experience offers broader lessons about the difficulties of medical research and the potential for fledgling methods of online "crowdsourcing" to help fund important work tackling poorly treated conditions.

Alexander Masters, a British novelist and author, had also come across cancer specialists at Uppsala. He turned to the internet in search of options after a close friend was diagnosed with neuroendocrine cancer in 2010.

"I came across weird experiments in New Mexico, quack clinics in London and then one day I stumbled on a lecture on YouTube on a promising approach," he recalls. By zooming in and freezing the video, he managed to decrypt the name of an organisation, a scholarly article and eventually the author, Magnus Essand. He called, and then visited him at his laboratory.

1. Prof Magnus Essand was in need of funding for his research
2. Apple founder Steve Jobs died from neuroendocrine cancer
3. Crowd-funding of medical science needs 'to give people a way to take part in the action'

The Swedish academic's idea was to use an "oncolytic virus" — a genetically modified virus that would track down cancer cells in the human body, infect and kill them. Some other experts supported his approach, but in a fiercely competitive field, he had struggled for two years to find the funds to take his research to the next phase — the move from animal testing to trials in human patients.

After meeting the professor, Masters pondered how to raise the relatively modest $2.85m the professor estimated was required. He reasoned that "greed, vanity and self-interest" were the obvious motivations for potential funders.

Yet self-interest would prove difficult. The prospects were slim that a funder such as a pharmaceutical company or an angel investor would support the work in exchange for a share of profit if it succeeded. Essand had already published widely on his research, sharply reducing the prospect of patenting his discoveries to protect or generate returns for a commercial partner.

GREED, VANITY AND SELF-INTEREST WERE OBVIOUS MOTIVATORS FOR FUNDERS

The most obvious alternative motivation led to what Masters dubbed his "Vanity Virus Initiative"; he hoped to tap rich donors such as City bankers with a conscience, who would have a chance of immortality. Their donations would be acknowledged in future scientific papers. If they provided £1m, they could even give their name to the modified virus.

At first, he planned a website to solicit donations. Then the Financial Times picked up the story, with a gently teasing article on the "naming" opportunity the virus research offered as a gift for the person who already had everything. It was read by a man being treated in a hospital bed just a few hundred metres away from Essand's laboratory with a far more personal motive: Vince Hamilton.

The result was a series of lengthy

conversations over science, budgets and process, says Essand. Hamilton ultimately pledged SFr2m ($2m). He pushed for a business plan and helped negotiate reduced manufacturing and other costs. The two men also discussed the ethical issues, including the option of him receiving the experimental treatment alongside trial patients.

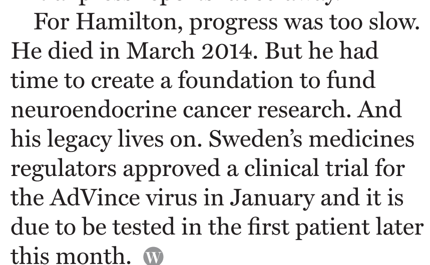
After the launch of the Oncolytic Virus Fund donation website, and before Hamilton's donation was made public, Uppsala received nearly 2,000 individual gifts totalling more than $700,000. That makes it one of the most successful crowdfunding medical sites to date.

Others, such as consano.org and experiment.com in the US, have generated smaller amounts for a wider range of health projects. "We think there are thousands of great ideas not making it to market," says Alex Fair, the founder of medstartr.com. But it also suggests the importance of high level publicity, rigorous science and luck. "You have to engage, excite and give people a way to take part in the action."

Sagit Weiss, who has launched crowdacure.com, which focuses on rare diseases, also stresses the importance of strong scientific peer review matched by clear marketing and communications to present credible projects to a broad audience in an appealing way.

Essand agrees. "I don't think any scientist can just set up a web page and expect to raise a lot of money. You need media coverage," he says, pointing out that donations dropped off once the initial press reports faded away.

For Hamilton, progress was too slow. He died in March 2014. But he had time to create a foundation to fund neuroendocrine cancer research. And his legacy lives on. Sweden's medicines regulators approved a clinical trial for the AdVince virus in January and it is due to be tested in the first patient later this month.



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PHOTOS: BLOOMBERG; MIKAEL WALLERSTEDT; JOVAN VITANOVSKI/DREAMSTIME

ENTREPRENEURS HELPING REFUGEES

BY EMMA BOYDE

MONEY FROM MIGRANTS

Migrants and refugees continue their journey after crossing the Macedonian border into Serbia earlier this year

Bombarded with harrowing coverage of the war in Syria and of the desperate plight of refugees seeking to flee it, some might feel uncomfortable with using the crisis as an opportunity to make money. But alongside reports of criminals enriching themselves at migrants' expense — the UN Office on Drugs and Crime, for example, estimates that the main smuggling routes for migrants into the US and Europe alone generate $6.75bn for smuggling gangs per year — many legitimate businesses are also seeing a way they can help.

One of those is European Homecare, a family business established in Germany in 1989 and which is now the country's largest provider of accommodation for refugees. Klaus Kocks, spokesman for the company, says it has 900 employees caring for and feeding 15,000 asylum seekers in 90 "very different forms of accommodation". He says the business, which now mainly looks after migrants, turns over €100m a year. "We don't buy two or three beds. We buy 10,000 beds," says Kocks, explaining the scale of the business.

The authorities in Germany pay European Homecare between €11 and €19 per asylum seeker per day for a full service that includes housing, food, medical care and other services such as language courses.

Kocks pointed to a recent German local media report, which said that when authorities send an unaccompanied child into a state-owned institution it costs an estimated €150 per capita per day. "[Our service] is saving taxpayers money," he says.

The problem is, as Kocks notes, that private sector involvement in the refugee crisis is viewed with extreme suspicion.

If a child is hurt playing in a camp run by the Red Cross, people would say it was a dreadful accident, he points out, while if the same thing happened in a camp run by a profit-making enterprise, people would be far quicker to blame the company.

European Homecare should know. In 2014, the company was embroiled in controversy after a video came to light that showed guards abusing an asylum seeker in one of their camps.

Kocks says European Homecare now ensures that security services for the camps are hired by local authorities.

ORS, the other large provider of accommodation in Europe has also run into controversy. The Swiss-based company that operates in Germany and Austria attracted wide condemnation in the media at the height of the refugee crisis in the Autumn of 2015 over questions about its services at one overcrowded camp. Equistone, the London-based private equity firm that bought ORS in 2013 was unwilling to provide any financial information about the company but confirmed

press reports that ORS had revenues of $99m in 2014 were "broadly accurate". The spokesman said the number of staff employed by ORS had almost tripled from about 500 when Equistone bought the company, to about 1,400 today.

But despite the difficulties, private sector participation is seen as essential.

"It's a sensitive topic because any time a for-profit entity is involved you have to be very careful that you're not seen as profiteering. But at the same time the private sector can be more efficient," says Scott Wu, chairman of the US Committee for Refugees and Immigrants.

'YOU HAVE TO BE VERY CAREFUL THAT YOU ARE NOT SEEN AS PROFITEERING'

Wu left Harvard Business School in 1994 and co-founded two private equity firms before deciding to devote himself to helping the world's underprivileged. As chairman of the USCRI, he has visited several refugee camps and has just finished a two-year assignment working as a consultant for USAID.

He points out that the UN estimates 60m people globally are displaced and adds that on average a refugee spends 15 years in a camp setting.

Migrants need more than just food and accommodation, however.

JJ Agudelo co-founded United Spirit of America to provide portable personal hygiene products to US servicemen but now provides the same range of shampoos and wipes to refugees.

Agudelo says the company offers the products at a steep discount to people who want to help refugees and then ships their purchases to organisations such as Unicef.

Margins are extremely low, but because volumes are high the company has still done well. "We started shipping to Germany in early November," says Agudelo. The company turned over $100,000 in the three months to the end of December and Agudelo says the rescue part of the business now accounts for nearly a quarter of all sales.

In Germany, where some estimates put the number of refugees that arrived in 2015 at more than a million, there has been a flurry of start-ups.

Philipp Sandner, a professor at Frankfurt School of Finance and Management, says between 150 and 200 companies have been established in Germany to serve refugees since the spring of 2015. They range from Kiron, a non-profit educational institution that will allow refugees to complete their degrees, to Workeer, a job-matching platform that is free to use.

"It's difficult to identify who will be wealthy in this area, but 200 start-ups speaks for itself," Sandner says.

Yet ultimately, corporate activity in this area is a sign of the private sector's attempt to help. "It's my belief that the private sector will have to be involved because the refugee crisis is too large a problem for governments... to handle on their own," says Wu. W

PHOTO GETTY IMAGES

BY KATE BURGESS
PHOTOGRAPHS BY CHARLIE BIBBY

RESCUE MISSION

Community Shop in Lambeth is no ordinary supermarket. A little more than a year old, it has signed up 650 local residents, who can shop for branded cupboard staples at bargain-basement prices. The shop is the brainchild of John Marren, founder of the equally unimaginatively named Company Shop, a small Barnsley-based private company and the UK's largest distributor of surplus food.

The Lambeth store, which opened in December 2014, will soon hit its membership target of 750 south Londoners struggling with food bills. If all goes to plan, in time there will be 20 more "social supermarkets" in deprived areas of the UK — five in London — delivering more than 20m meals and supporting 10,000 hard-pressed families.

Community Shop is not like other discount retailers, such as the easyFoodstore in north London that was launched in February by Sir Stelios Haji-Ioannou, founder of easyJet. Easyfoodstore is selling everything from packets of biscuits to tins of tuna and tomatoes for 25p. Whatever profits it makes go to its owners. Community Shop, by contrast, channels its profits into social and environmental benefits.

The idea, piloted in Barnsley in the north of England three years ago, is to sell surplus food and products from the likes of Marks and Spencer and manufacturers such as Nestlé at discounts of up to 70 per cent, to a capped number of members in receipt of welfare benefits. It is not just about preventing edible food from going to waste, but also making sure food goes to people who need it most.

Member-customers attend advice sessions on employment and how to lift themselves out of food poverty. That includes lessons on managing debt, household budgeting, writing CVs or simply ways to boost self-confidence.

3.

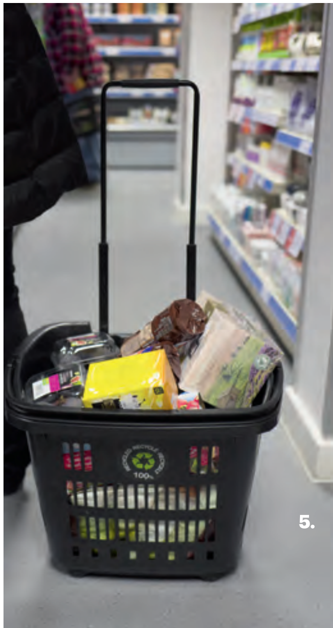
The model is an attempt to shift from the straightforward capitalism of the 20th century to "caring capitalism" and "social enterprise" in the 21st. It is perhaps the modern equivalent of the philanthropic and paternalistic ideals on which 19th-century UK companies, such as Cadbury, Rowntree's, Unilever and Colman's, were grafted.

Community Shop is a subsidiary of Company Shop, a business whose environmental credentials go back 40 years. The parent company was founded in the 1970s by Marren, then aged about 20 and working in the food delivery industry.

1.
Fresh produce at the Community Shop tills in south London
2.
Members visit the on-site, low-cost cafe
3.
Selecting dry goods
4.
Members shop and join advice sessions on food poverty
5.
Community Shop wants to support 10,000 families

1.

2.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He set up the first factory-based staff shop selling workers goods that would have otherwise been binned. Either packaging was torn, the product was mis-labelled or it had been over-ordered. Any damage was cosmetic — too few cherries on top of a cake, for example — rather than substantive, and products were clearly marked.

For suppliers, the benefits were twofold. Not only were they paid for stock that they would otherwise have had to write off, but also the customer base — in-house personnel and factory workers — was limited by membership. There was little risk of Company Shops rivaling their main business.

Today, retailers and producers are comfortable selling their products through Company Shops for the same reasons. The model has made it possible for Marren to extend his reach, setting up shops for nurses, police, ambulance drivers and firemen in Corby, Grimsby and Wentworth in the north of England, and stocking outlets with goods from other manufacturers.

Now the group, still owned and run by the Marren family, employs close to 600 staff in a chain of 18 staff shops, 17 click-and-collect sites and four superstores across the UK. The fourth superstore was opened in November last year in an 8,000 sq ft site in Manchester, with a goal to save about 4,000 tonnes of food from the dump and sell it instead to members who either work in emergency services or the food manufacturing sector.

The London Stock Exchange this year included Company Shop in its annual list of the 1,000 "Companies to inspire Britain" for the second year in a row. In October, it was presented with the Queen's Award for Enterprise.

Company Shop also joined the LSE's Elite class of 2015. The programme was set up with Imperial College Business School in 2012 to identify a few small businesses every year that are turning

4.

over £5m-£10m annually and are likely to need capital for expansion. Not that an initial public offering for Company Shop is on the cards any time soon.

But the LSE is playing the long game. It will wait until the members of its Elite programmes are ready to list, if they ever are. And in the meantime, it will hothouse Company Shop's classmates, providing them with a network of advisers and contacts to help them on issues such as structure and expansion.

The programme may also have something useful to say to Company Shop on succession. Marren, who is sole shareholder and chairman, is now 63. His wife Jane, aged 49, has recently been installed as the company's managing director. Ⓦ

MEMBER-CUSTOMERS ATTEND ADVICE SESSIONS ON EMPLOYMENT

The finances
Opportunities for businesses focused on food redistribution have increased in recent years, with consumers and retailers becoming pickier, food regulators imposing sell-by and use-by dates, and new rules on dumping waste. Between 350,000 and 450,000 tonnes of food waste is anaerobically digested rather than distributed every year in the UK and at least a tenth of that is fit for human consumption, according to John Marren.

Company Shop compounded strong growth with revenues rising 13 per cent in the year to September 2014, to £31m, according to its filings. However, rising costs and expansion took their toll on profits, which after tax and expenses, fell 10 per cent to £2m. It is a sign that Company Shop, having existed happily for 30 years as a cash-generative and self-funding family business, has reached a new stage. It continues to expand — in the next three-to-five years Marren hopes to double the 30,000 tonnes of food that he stops from going to waste and landfill sites every year. But that growth needs new and outside sources of capital. Late last year, the group secured a little more than £7.5m in bank debt from Lloyds Bank to fund the Manchester outlet and four more store openings by 2017.

PHILANTHROPY

PRIVATE FOUNDATIONS

Part one of a five-part series on foundations

BY SARAH MURRAY

THE CHARITABLE IMPULSE

It has operations across the globe, more than $41bn in assets and in 2014 it spent almost $4bn. This is not a company, it is a private foundation — the Bill & Melinda Gates Foundation. And while it is one of the world's largest, it is part of an army of thousands of institutions that collectively distribute tens of billions of dollars a year, driven by the passions of wealthy individuals.

Private foundations wield considerable power and influence. Most are grant-making organisations, but others operate as fundraising institutions. Some are highly vocal advocates for causes. At others, founders prefer to remain under the radar.

While many are small, unstaffed family affairs, the largest are well-established institutions with national offices and overseas branches staffed by everyone from chief operations officers to IT support workers. In the US, the numbers are impressive: more than 87,000 institutions collectively hold about $800bn in assets.

So what lies behind the evolution of this vast and sophisticated philanthropic force? Generosity is undoubtedly part of it, but a cocktail of factors has driven the growth of private foundations.

A desire to reduce tax obligations is in the mix. In the US, assets given to a person's foundation are removed from their taxable estate.

But the story does not end there. In the US, individuals' desire to help solve social problems goes back to the country's early history. As communities moved west, setting up schools and hospitals, the government was rarely involved in the provision of public services. Self-reliance was the spirit of the age.

This spirit guides many of today's founders. "Certainly there is the do-it-yourself mentality of, 'we're going to fix these problems; we don't need government; we can do it through a management mindset'," says Mark Kramer, co-founder and managing director of FSG, a non-profit consultancy.

2.

Underpinning the sector's recent expansion has been rising wealth and what Bradford Smith, president of the US-based Foundation Center, describes as "the remarkable ability of the global economy to manufacture billionaires".

Of course, altruism cannot be underestimated. "The charitable impulse is a large reason why American philanthropy has grown so remarkably over the past century," says Darren Walker, president of the

3.

'[US] FOUNDATIONS' ANNUAL GIVING IS $40BN. GOVERNMENT SPENDING IS $3TN'

1.
Bridge International Academy in Mombasa, supported by the Gates Foundation
2.
An Afghan health worker administers the polio vaccine
3.
Bill and Melinda Gates
4.
Melinda Gates visits a health project in Dakar, Senegal

Ford Foundation. "If you look at the names that bookend philanthropy, the investments that these philanthropists made in education, public health, food security and the environment have been transformational," says Walker.

The wealthy individuals Walker is talking about — from John D Rockefeller, the oil tycoon, and Andrew Carnegie, the industrialist, to Bill Gates, the technology entrepreneur, and Michael Bloomberg, the media owner and former New York mayor — are all US philanthropists. Yet the foundation sector is growing elsewhere, too.

In the UK, rising numbers of rich individuals and shrinking government funding for social services have prompted the growth of foundations. There was an increase in grant making of 6.4 per cent in 2013-14 by the top 300 institutions, according to the Association of Charitable Foundations.

"It is more of a mixed bag in the UK, but there is a movement that is quite exciting now of people who are looking to use money to solve problems," says Jake Hayman, chief executive of Ten Years' Time, a philanthropic consultancy.

In India, institutions such as the Azim Premji Foundation and the Shiv Nadar Foundation have risen to prominence as vehicles for private donations.

Not all parts of the world provide fertile ground for philanthropy. In many Latin American countries, the absence of tax incentives for charitable giving and a traditional reliance on the government and the church to deliver social services has stunted the growth of private foundations.

"The landscape in Latin America is primarily corporate foundations," says Sean McKaughan, chairman of the board of the Brazil-based Avina Foundation, created by Stephan Schmidheiny, the Swiss entrepreneur, in 1994. "You do have some individuals that step up American-style operations but it is few and far between."

And while the figures look large, the financial clout of private foundations needs to be put into perspective. "[US] foundations' annual giving is about $40bn," says Kramer. "Total government spending at state and federal level in the US is about $3tn. And the revenues of private companies is $23tn."

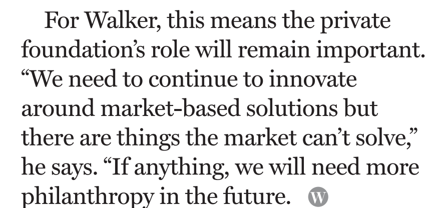
Nor have the creators of foundations always been well loved. "It is important to remember that John D Rockefeller and Andrew Carnegie were reviled during their lifetimes by much of the American public," says Walker.

In some places, the worry is that philanthropists wield too much influence over healthcare or education, but suspicion of the government tends to trump this fear in the US. "The American ethos accepts and embraces the idea that private philanthropy has a role to play in creating and supporting public good," says Walker.

Even so, the old model of wealth accumulated at whatever cost to society followed by a period of "giving back" is coming under scrutiny. Kramer and others argue that businesspeople should pursue social good through their commercial operations rather than after making their money.

But business models cannot fix every social problem. Education and healthcare lend themselves to revenue-earning social enterprises, but it is hard to imagine turning a profit on ending domestic violence.

For Walker, this means the private foundation's role will remain important. "We need to continue to innovate around market-based solutions but there are things the market can't solve," he says. "If anything, we will need more philanthropy in the future.



PHOTOS: BRIDGE INTERNATIONAL ACADEMY; GETTY IMAGES; BILL AND MELINDA GATES FOUNDATION

FAMILY OFFICE

JEREMY HAZLEHURST

@JHazlehurst

CULTIVATING LASTING LEGACIES

How a family office should invest is often taken as a question about asset allocation. But the family's culture is equally as — if not more — important.

The head of a family office that serves several Middle Eastern families who have been working together for more than a century, recently told me that family members have two options of what to do with their money.

First, they can invest it in the families' operating businesses, with a bit of private equity thrown in; or second, add it to a pool of broadly based liquid marketable securities.

Typically, the family members invest in both and are able to decide how much they place in each. The effect is to "prioritise the long term over the short term, a unity of interests over individual choice and simplicity over complexity", according to the family office head.

The family's philosophy is, he continued, very distinct from the "individualistic" ethos behind the typical American family office investment strategy. This raises the interesting question of whether culture influences family office strategy.

It is true that many American family offices tend to offer individually tailored investment portfolios, and that German ones are often more conservative.

Also, many people who work with wealthy Southeast Asian families say that they are often dominated by patriarchs, who make decisions that they believe are best for the family. "They listen; then do what they want," is the usual response.

However, is this a cultural difference? There are patriarchs the world round and questions of succession are often clouded by the reluctance of the founder to step back and let the next generation make their mark. These are questions better related to the age of the family enterprise. As families become multi-generational, their aims and needs become more varied and taking account of different opinions becomes critical to the overall business.

Family investment plans are partly influenced by global cultural factors

Far more influential than the culture or the country in which the family office is based, is the family's own culture, which can be influenced by, for instance, how long they have been wealthy.

Those who have inherited money tend to be more aware of its responsibilities. They are "born as investors", one Swiss banker told me.

Growing up with an understanding of your place within the family firm will always have a great impact on your eventual investment decisions. Longevity is critical.

The oft-quoted statistic of most family fortunes dissipating by the third generation is more keenly felt by entrepreneurs with an eye on ensuring their wealth survives not only them but also their grandchildren.

With this in mind, more and more families are turning to written constitutions. Establishing what the business stands for and how the family members can tap into this will allow a greater sense of cohesion. Culture, in this instance, acts as glue, drawing the disparate family elements together.

MORE AND MORE FAMILIES ARE TURNING TO WRITTEN CONSTITUTIONS

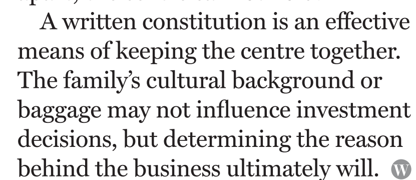
Constitutions or family charters are no easy route. Most take two years to draw up — and sometimes longer to implement.

But this is one of the most important steps: it acts as a benchmark to which the family can refer.

One of the main reasons family enterprises break down is that their interests diverge to such an extent that the different parties no longer feel that they have any common project.

As WB Yeats wrote: "Things fall apart; the centre cannot hold."

A written constitution is an effective means of keeping the centre together. The family's cultural background or baggage may not influence investment decisions, but determining the reason behind the business ultimately will.



Jeremy Hazlehurst is founder of Business Family

PHOTO: CAMMERAYDAVE/DREAMSTIME

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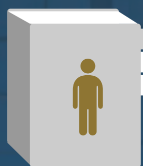

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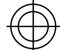


BY KATRINA MANSON,
FORMER FT EAST AFRICA CORRESPONDENT

EBOLA-FREE PARTY GOES ON

The day Sierra Leone was declared Ebola-free, late last year, the seaside capital Freetown partied until dawn. The owners of Quincy's, the latest name for Freetown's iconic outdoor bar and nightclub Paddy's, joke that they made their losses back after the 20-month epidemic that very evening.

"That night everyone went there to celebrate," says Abdul Koroma, one of the shareholders in Quincy's.

Freetown is, after all, a city that likes to party. In a country of only 6m people where average income is about $2 per person a day, the country's wealthier and more well-to-do tend to mingle relatively easily with the less well-off at nightspots, partly because there are so few options. All-night dancing is de rigueur and the beach fills up with every man and his kite come Easter.

"You don't have exclusive places in Sierra Leone; there's no door policy as such and it's not a complicated formula — there is a little VIP room but Paddy's is a mixed bag," Koroma says of the nightclub, which represents the ultimate in good-time free-for-alls. Come 2am the place fills up with local beauty queens, aid workers, ministers and miners. "On a good night we'll have 1,000 people here — you can't park for miles and we [stay] open until the last person goes home."

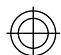
It is a scene unthinkable just a few months ago. Sierra Leone's wealthy are re-emerging in a country hit hard not only by the humbling, devastating impact of Ebola, but also by the brutal 1991-2002 civil war in which social structures were largely demolished and from which the country is yet to recover. Elsewhere, critics might point to a vibrant nightlife as a sign of excess in the face of such grinding poverty. But in Sierra Leone, it is also a coping mechanism and reveals a country returning to some semblance of normality.

The small west African nation has always been divided, not just between the rich and the poor. Many also point to the historic differences between ethnic groups in the country.

While the Krios formed the ranks of elite educated civil servants, lawyers and medics who made up the country's bureaucratic and professional classes soon after it was founded by freed slaves in the 1780s, the more populous, indigenous Mende and Temne groups tend to dominate politics and government today.

That difference is also underlined in part by varying land rights, again a quirk of history, which influences how people park their assets. While individual land ownership is legal in the western area, which include beaches along the western peninsula and all of Freetown, where Krios historically settled, all territory beyond that is owned by the wider community.

"Where we say 'elite', the Krios go: 'Yes, us'," observes someone from a different ethnic group, explaining that for many the word is bound up less



IN FREETOWN, ALL-NIGHT DANCING IS DE RIGUEUR AND THE BEACH FILLS UP WITH EVERY MAN AND HIS KITE

1. Life has returned to normal in the markets of Freetown after Sierra Leone was officially declared Ebola free
2. A billboard in Freetown shows the relief of surviving Ebola
3. Slums in Freetown highlight the struggle Sierra Leone still has with extreme poverty

PHOTOS: BJORN KIETZMANN/DEMOTIX/CORBIS;

with wealth than history. Some groups, such as the Krio Descendants Union, are still going strong, but "people don't like to be called elite here", says one Krio businessman, who says "middle class" is a more accurate moniker.

Much of Freetown's tiny but genuinely wealthy cohort, who get rich thanks to mining, contracting or sometimes corruption in government, tend to keep a lower profile and holiday outside the country. "There's a small percentage of well-off people who just don't go out because they don't think anything's good enough," says one wealthy partygoer.

Partly because of the absence of widespread riches, an aspiration to wealth and beauty, and to display it, tends to be part of daily life on the streets. Some of the poorest people go by nicknames such as Money ("because he likes money") and G-Money ("because he likes girls and money"), while minibus taxis are emblazoned with hopeful slogans such as "Moneyman" and "Success".

But everyone knows appearance can be all too deceptive. One local rap doing the rounds from musician Block Jones, which schoolgirls know by heart, makes fun of women who claim everything they wear was made in France or that they are dressed in "Gucci Armani from head to toe".

In his song "Chinese", Block Jones raps that they are actually drenched in cheap Chinese rip-offs, from phone to clothes to bag to shoes. "China China: all designer/Gucci Prada all dem designer" goes his catchy line.

The worlds combine at 2 Guyz at O Bar, one of Freetown's more upscale spots. Long blue fingernails, flouncy dresses, tresses and heels fill the packed dancefloor with decadent fun and owner Walid Joseph says he regularly sells several $150 bottles of champagne a night. "At the end of the day people have been trapped for like a whole year," he says of the impact of Ebola on today's returning party scene. "Fridays is the busiest night for the whole country, trust me; people just want somewhere they can go and let loose."

Across the capital, entire walls are still daubed in the hopes of a nation to rid itself permanently of Ebola: "Ebola e du so" ("Ebola, it's enough" in the local Krio language) and "Wi go 'was' Ebola" ("We will get rid of Ebola"). While quarantine rules during the Ebola outbreak forced many bars to close at 6pm and, for a spell, shut down altogether, several in the city recall all-night lock-ins at some of the fancier hotel bars. "The bar at the Radisson hotel was meant to be guests-only, but guests signed in their friends and their friends' friends, and the drinking sessions went on for hours," says one attendee. Some even moved into the newly revamped hotel as guests.

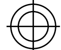
That same underground, private vibe continues for the more wealthy going-out crowd. While they can mingle easily at beach bars, most save their more louche behaviour for private parties.

"Champagne popping is back," says one attendee of a recent private party, adding the local scene has now eclipsed even the diaspora Sierra Leoneans who tend to return only once a year and are keen for their success abroad to make an impact at home.

Having fallen on hard times back in the UK or the US, diaspora Sierra Leoneans have now earned a reputation on Freetown's streets as hagglers rather than all-star success stories. Sierra Leoneans who never left, or who have come back and permanently settled and done well for themselves, are stepping into theirs shoes.

"Even on a Sunday or a Monday, you have people popping champagne and spraying each other," says a private party attendee.

"It's slightly irresponsible for some to be spending this much but it's a lifestyle choice."



CORRESPONDENT
CHINA

BY CHRISTIAN SHEPHERD,
RESEARCHER, FT BEIJING BUREAU

IN A STATE OF FLUX

On December 10 last year, Guo Guangchang, one of China's best-known billionaires, went missing.

Online rumours claimed the 48-year-old co-founder of Fosun Group, the country's largest private conglomerate, had been taken away by the police. As speculation mounted, the company suspended trading and released a terse statement saying Guo was "assisting in certain investigations carried out by mainland judicial authorities".

Disappearing chairmen are nothing new in China. Through the boom years, indebted factory bosses regularly hightailed it abroad with suitcases of cash in hand. But Fosun losing contact with its chairman marks a whole new development: the incursion of President Xi Jinxing's anti-corruption campaign into the private sector.

Guo, often known as "China's Warren Buffett", is no embezzling factory boss; he is a respected member of the country's business elite, ranked 17th on last year's Hurun Rich List. Fosun, which Guo founded with three college friends when he was just 17, is in the vanguard of China's dynamic private companies, boasting international acquisitions from tourism group Club Med to Canada's Cirque du Soleil.

In the face of a government investigation, however, Fosun's size, and the credentials of its founder, became irrelevant.

Three days after Guo was deemed "unreachable", as the Chinese media dubs such incidents, Fosun's management finally elaborated on their original statement. They told investors that he was aiding the investigation in an "individual" capacity and said that they had limited knowledge of its content.

"This is a routine process in China," said Liang Xinjun, Fosun's chief executive.

For the past three years, President Xi has presided over a sprawling effort to punish graft at all levels of the party. A grand total of nearly 1,500 high-level officials ("tigers") and the low-level cadres ("flies") have been investigated, according to data collated by the Asia Society.

The campaign, led by Wang Qishan, the anti-corruption tsar, uses a big net to catch its game: when politicians fall so do their financial henchmen, mostly state-sector businessmen who rose on the back of political connections.

Guo's involvement in an investigation suggests a new stage of the evolving campaign, and it is a change that will make China's business elite increasingly anxious.

Though Guo has now reappeared and no charges have been made against him, the worry for China's entrepreneurial billionaires remains the same: that the once sweet relationship between them and the party is starting to sour.

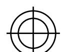
"Everyone is aware that you are subservient to the government," said Rupert Hoogewerf, chief researcher at Hurun.

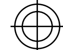
According to Hoogewerf, Guo's disappearance has yet to scare all private businessmen into looking over their shoulders for Wang Qishan's inspection teams. He notes, however, that business success and political exposure are closely linked. "There comes a point when you become part of the establishment," he says.

Being caught up in political campaigns has historical precedence for the moneyed class in China. Under Mao Zedong, power struggles at the top often became mass movements to persecute landowners and "rightists", the label given to supporters of capitalism.

Most infamous was the Cultural Revolution of 1966-76, a ploy by Mao to regain power by allowing students to prosecute those they saw as revisionist or bourgeois. It is estimated that about

1. Fugitives involved in economic crimes are returned to China under escort last June
2. Guo Guangchang, co-founder of Fosun, is one of China's best-known billionnaires
3. Beijing on a smog-laden day





PHOTOS: XINHUA NEWSAGENCY/EYEVINE; BLOOMBERG; GETTY IMAGES

2.

1.5m people died. But Deng Xiaoping, architect of China's transition out of a planned economy, changed the fortunes of the wealthy by making the private sector a pillar of modern Chinese growth. Axioms such as "Let some get rich first" gave the new crowd of private entrepreneurs political credibility.

While historians debate whether Deng actually said, "To get rich is glorious", he certainly popularised the sentiment.

For President Xi, wealth is a complex issue. The core of his signature anti-graft campaign is the return to a set of old-fashioned virtues concocted from

IF A CASE GRABS PUBLIC ATTENTION, BEING BRANDED 'UNPATRIOTIC' CAN BE FIRE FUEL

3.

a blend of Maoism and Confucianism. Yet, a Bloomberg investigation in 2012 alleged his extended family held stakes in companies with combined assets of $376m.

The president's public stance on exuberance is clear. In a speech to the United Front Work Department last year, he reminded China's ultra-rich to "think about where their wealth comes from", singling out in particular the lifestyles of private businessmen's children.

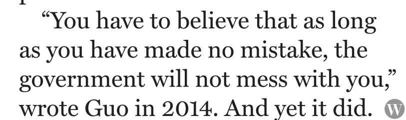
The new stage in President Xi's campaign cannot simply be explained as an effort to tame China's glitterati, however. For every Ferrari-racing, champagne-swilling member of the nouveau riche, there is a marathon runner who eats only organic. Guo Guangchang, for one, regularly practices Tai-chi, the glacial martial art designed to channel inner lifeforce.

Clean-living businessmen and women pose another problem for the Chinese government: flight risk. For China's conscientious rich, the grass looks greener — and the air cleaner — abroad and with greater wealth comes a greater ability to move funds overseas.

Good schools, clean air and safe food were the key drivers behind emigration in 2015, according to a report by Hurun. More than two-thirds of those who were questioned in the survey either planned to leave or had already. By leaving, China's wealthy can also buy themselves financial security, something that many see as lacking in China's poorly regulated banking system.

It is hard to predict which issues may become fodder for a government investigation. Business or personal interests abroad are less damaging than being linked to a corrupt official, but if a case grabs public attention, being branded "unpatriotic" can be fuel for the fire.

After the disappearance of Guo, who, by Chinese standards, is squeaky clean, many business owners will be checking their personal history for exposure to political risk.



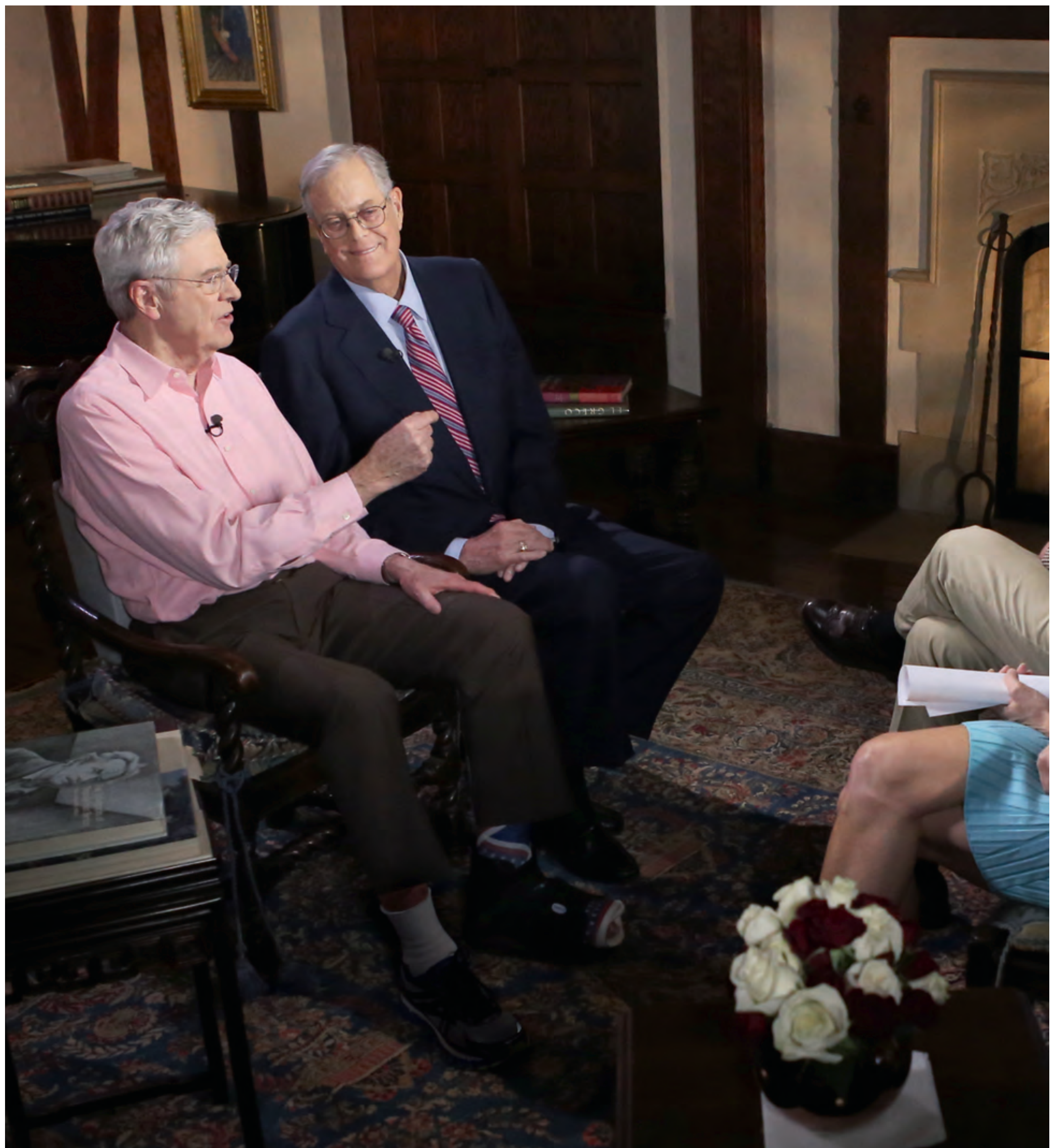
"You have to believe that as long as you have made no mistake, the government will not mess with you," wrote Guo in 2014. And yet it did.

BOOK REVIEW

DARK MONEY

BY DANIEL BEN-AMI

FINANCIAL POWER AND POLITICS QUESTIONED



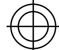
To many of their critics they are almost evil incarnate. The fabulously wealthy industrialists, Charles and David Koch, are accused of corrupting US politics for the benefit of the super-rich and the detriment of ordinary Americans. They have, in this view, promoted a dense web of pro-free market organisations in an attempt to distort political debate to further their own narrow commercial ends.

Dark Money: The Hidden History of the Billionaires Behind the Rise of the Radical Right (Random House) is essentially a dossier written for those who share that perspective. Jane Mayer, who has worked as an investigative journalist for The New Yorker for more than two decades, has written an exhaustive study of the brothers' attempt to influence public opinion. There is little if any attempt to persuade the non-partisan.

No doubt most if not all of what Mayer says is true. Indeed, in outline at least, much of it is uncontentious: the Koch brothers are fabulously wealthy (about $43bn each, according to the Forbes list of the world's billionaires); they have long used part of their wealth to support think-tanks; and they have close connections with like-minded billionaires. Mayer dubs this network the "Kochtopus" to describe its many-tentacled approach.

In recent years, the brothers have come to play a more central role in influencing US electoral politics. In practice, this has meant supporting candidates who are on what could be defined as the radical right of the Republican party.

Dark Money is for those who want more detail. It outlines the family's history including a guilt-by-association revelation that the brothers' father



IF CONSERVATIVE BILLIONAIRES SUCH AS THE KOCHS ARE ENJOYING POLITICAL SUCCESS IT IS BECAUSE THEIR OPPONENTS FAIL TO OFFER AN INSPIRING ALTERNATIVE

Fred, the founder of the dynasty, had business links with Nazi Germany and Stalin's Soviet Union. It explores how the brothers moved from a position of keeping a distance from mainstream politics — in 1980, David stood as the Libertarian party candidate to be vice-president of the US — to close involvement. It also outlines the numerous organisations and individuals through which the Koch brothers promote their world view.

For the non-partisan reader, the obvious question is likely to be one of double standards. Although there is no doubt that the Kochs support conservative causes (at least if that term is misleadingly defined to include libertarianism) what about the wealthy backers of liberal movements (in the American sense)?

Dark Money addresses this objection several times but only in passing. Mayer mentions that Barack Obama and the Clintons have received substantial financial backing from Wall Street titans. She also points to George Soros as an example of a billionaire who has supported many liberal causes. Her riposte is that the conservatives spend much more in the aggregate to influence the political process and they are more secretive.

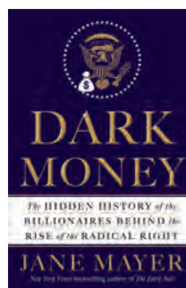
The more interesting question is the exact nature of Mayer's objection to the Kochs. A careful reading of the book makes this clear. Fundamentally, she seems to be suggesting that it is that the brothers influence politics in order to pursue their own commercial interests. Their promotion of free market ideas is, in her view, designed to benefit their business. But this begs the question of what she expects them to do. It would certainly be perverse to argue they should campaign against their own interests.

There is a long history of political realism, going back to ancient Greece, that sees politics as fundamentally a question of interests. The organised political sphere in a democracy provides a forum in which competing interests can be peacefully resolved.

Mayer does not explicitly spell out an alternative in *Dark Money* but her preferences are clear. She makes numerous references to the disinterested views of highly educated experts on subjects ranging from economics to climate change. Yet the public often dislikes such experts for good reason. These functionaries are frequently wrong, a possibility Mayer naively discounts, and they all too often take a disdainful view of the mass of the population.

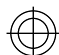
If conservative billionaires such as the Kochs or Donald Trump are enjoying political success it is because their opponents fail to offer an inspiring vision. Rather than obsessing over the influence of the super-rich, the critics should reflect on their own failure to project an alternative.

The writer is the author of Ferraris for All *(Policy Press, 2012)*



1. Demonstrators in New York protested in 2014 against the Kochs' Republican Party contributions
2. The Koch brothers being interviewed on MSNBC's Morning Joe television programme in 2015
3. People in Los Angeles in 2013 showed their anger at the Kochs' interest in purchasing the LA Times newspaper

PHOTOS: GETTY IMAGES; MSNBC "MORNING JOE"; XINHUA NEWS AGENCY/EYEVINE



BY JONATHAN GUTHRIE

READER, I COLLECTED IT

It is possible to build up a library on an ereader. Equally, you could insist on talking to your friends only via Skype and taking "holidays" that consisted of exploring foreign capitals on Google Street View.

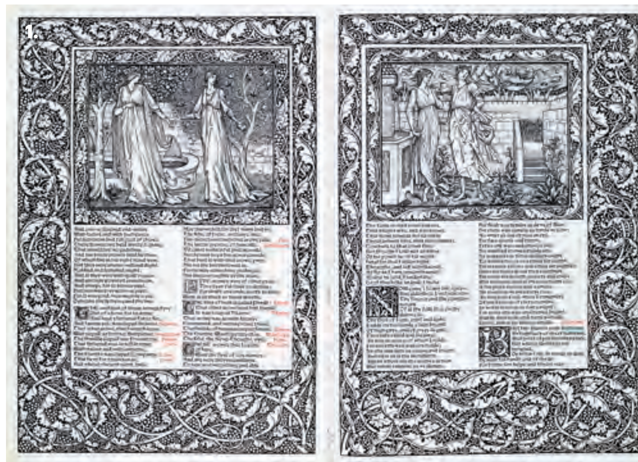
Words are just one element of a book and not always the best part. Books as physical objects have a charm that also comes from typography, illustration, format and backstory. That is why collecting books can be such a deep source of pleasure.

A natural history book, John James Audubon's *Birds of America* (printed 1827-38), is one of the trophy assets of the hobby. The wildlife artist's stylised evocations of avifauna are stunning, even when you know he worked from dead specimens, which were shot and propped up on wires. The huge "double elephant" format, which allowed Audubon to represent eagles and flamingos life size, adds to the volume's appeal.

David Goldthorpe, head of books at Sotheby's, the auction house, sold a *Birds of America* for £7.3m a few years ago. He says it was "the best thing I have ever done professionally". The book, which betokens the opening up of the American west, "occupies a space between natural history and art, and contains the idea [that] anything is possible".

Goldthorpe also extols *The Birds of Great Britain*, produced by John Gould, a Victorian ornithologist whose illustrators included Edward Lear, the humorist and artist. I think the illustrations are prissy compared with Audubon's expansive work. Not that I have £40,000 in fun money to spend on a copy anyway.

My own stack of natural history books is of more modest value. I have never paid more than £200 for a book. This was for *Shorelands Summer Diary*, by CF Tunnicliffe, the 20th-century wildlife artist, beautifully illustrated with pictures of birds around his Welsh home. No one has ever captured the fierce otherness of a peregrine falcon so well.



Most of my collection of *New Naturalists*, a series of hardbacks with pleasantly old-fashioned photographs, cost £30-£80 each. I only buy first editions with dust jackets designed by Clifford and Rosemary Ellis, the graphic artists. I don't bother with later editions that lack the Ellis's magic touch. For me, these early *New Naturalists* evoke an innocent post-war era of small boys chasing butterflies on England's South Downs.

It is nerdy to define your area of interest so tightly. But book collecting is a nerdy activity. If you don't set tight parameters, the whole business can get out of hand. I recently sold or dumped several hundred volumes, including a brace of monographs on crane flies that once seemed like must-haves.

I have hung on to a small group distinguished by the weirdness of their subject matter. These include a Victorian book on sea monsters whose cover is adorned with a picture of an octopus devouring a Pacific islander. I also possess a field guide the British Museum produced for would-be natural historians in 1904 with a helpful illustrated section on how to skin a tiger.

1. The Kelmscott Chaucer, 1896
2. 'Snowy Owl' from John James Audubon's *Birds of America*
3. 'American Flamingo' from John James Audubon's *Birds of America*

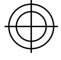
Goldthorpe says the market for Edwardian and Victorian books of the kind that fill second-hand bookshops in British cathedral cities is limited. There is no demand for the novels of Edward Bulwer-Lytton despite his service to humanity in first writing the words, "It was a dark and stormy night".

Books produced during the infancy of the European printing industry are valuable by virtue of being scarce and historic. Volumes produced before 1500 are known as incunabula, meaning "swaddling clothes". Gutenberg Bibles merit the title "priceless" because they do not appear on the open market. If they did, they would be worth tens of millions. Hand-operated presses are still used to produce short runs of hand-made books, spawning another sub-sector of book collecting I investigated with a trip to Collinge & Clark, a small specialist shop in London's Bloomsbury. This furnished the outside location for *Black Books*, a nineties TV sitcom about a misanthropic bookseller who would rather read his wares than sell them.

Oliver Clark, the proprietor, is friendlier, despite admitting he sometimes "hates books and hates customers". His life is complicated by regular visits from fans of the TV series from the Czech Republic, where it is

2.

PHOTOS: CORBIS; REUTERS; ART RESERVE/ALAMY



3.

BOOK COLLECTING IS A NERDY ACTIVITY. IF YOU DON'T SET TIGHT PARAMETERS, THE WHOLE BUSINESS CAN GET OUT OF HAND

unaccountably popular. He bought my complete 1941 set of Marcel Proust's *Remembrance of Things Past*, thereby relieving me of the guilt that comes from owning books I shall never read.

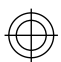
The gold standard for collectors of private press books in the UK is *The Works of Geoffrey Chaucer now newly imprinted*, published by the Kelmscott Press in 1896. This gorgeous work was produced by William Morris, a British artist and designer who aspired to revive craftsmanship against the tide of Victorian mass production. Copies sell for £40,000 apiece.

Morris inspired the Pear Tree Press in Sussex, England. Its *Frescoes from Buried Temples* reflects the influence of Piranesi, the Italian etcher, and is worth around £4,000 a pop. I have a copy of this for the sole reason that the Pear Tree Press was run by my great-grandfather, James. A picture of him operating his Albion press hangs on my wall. Clark says that the same virtually indestructible machine is still used by many hand printers.

I failed to sell Clark a two-volume set of a 1733 edition of the works of Matthew Prior, an obscure poet. I thought this was worth £1,000. Clark did not. But he scored points for erudition by spotting that the first volume had a bawdy poem inscribed on the flyleaf by William Ibbett, the Edwardian poet.

Such insights into the lives of previous owners are part of the appeal of old books. I also own a cheap 1758 *Pilgrim's Progress*. A looping child's copperplate states "Elizabeth Dench Her Book Aged 10". It adds: "Poor Puss Died November 1759", just as entries in the Bible of the Dench family would have recorded human births and, inevitably, many infant deaths. History made real.

Jonathan Guthrie is the FT's City editor



AMBITIOUS WEALTH
STEPHEN FOLEY

@StephenFoley

THE TROUBLE WITH LEGACIES

History does not really remember people. It constantly redefines them.

I am not at all surprised that donors to Oriel College, Oxford, reacted angrily when the college said it may take down a statue of one of its most generous benefactors, Cecil Rhodes. The plaques and statuary that accompany the endowment of universities and the naming of buildings are the modern philanthropist's attempt to thwart that fundamental truth. It is a horror to be reminded of it. By leaving a philanthropic legacy, the wealthy are attempting to pre-define their own history, but no amount of stone can fix what the future will say about you.

Taking their cue from the 2015 RhodesMustFall campaign in South Africa, where the colonialist's legacy includes the establishment of apartheid and a litany of writings about the superiority of the Anglo-Saxon race, Oxford students protested against the statue, which they regarded as a racist affront. Alumni, academics and weighty commentators countered that the protestors were trying to airbrush away the complexities of the past. In the end, a decisive intervention may have been a memo from Oriel's fundraising director, Sean Power, who summarised the comments of the college's modern benefactors thus: "Is this how we treat our donors, etc."

I have no strong view on the controversy at Oriel (though it seems to me the removal of statues can have a powerful political impact in the present and express our hopes for the future), but I do think the episode ought to make philanthropists think about what it means to put their names to an academic institution or scholarship.

Around the world, students are becoming more willing to debate and challenge legacies left by donors and famous alumni. This is particularly the case in the US, where the market economy of philanthropic naming rights is most developed, and could be most disrupted.

Cecil Rhodes surveys the scene from his vantage point on the facade of Oriel College, Oxford

The mass shooting at a black church in Charleston last year, which the white suspect is alleged to have hoped would start a race war, prompted another attempt to re-christen Calhoun College at Yale, which is named after the pro-slavery senator John Calhoun. Princeton students have protested against the use of Woodrow Wilson's name on its School of Public and International Affairs because the early 20th-century US president is said to have opposed the extension of rights to African-Americans.

Even Thomas Jefferson, a founding father no less, has suffered the indignity of being plastered with Post-it notes at the College of William & Mary and the University of Missouri. The notes call him a racist and a rapist, and denounce his ownership of slaves.

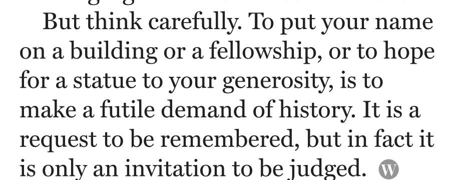
FAMILIES WHO BECAME RICH ON FOSSIL FUELS MAY FIND THEIR MONUMENTS ATTACKED

Could a similar fate await today's philanthropists, who direct the lion's share of their giving to academic institutions? Who will be the subjects of the #MustFall campaigns of the 22nd century? I will not speculate on names, because I do not want anyone to think I see any equivalence between ambitious donors of the present and the Rhodeses and Calhouns of the past.

But, yes, it could happen to today's mega-donors, even if it takes a leap of John Lennon proportions. Imagine religious donors, redefined as oppressors of gay and lesbian people (it's easy if you try). Imagine a post-capitalist world, where the possessions of the 1 per cent today are redefined tomorrow as stolen goods (I wonder if you can).

It may not even take 100 years for the current benefactors of academic institutions to become engulfed by controversy. Liberal students in the US are running a campaign to "unKoch your campus", by highlighting where the conservative Koch brothers have directed funds to encourage the study of entrepreneurship and free market economics. It may not be long until families who became rich on fossil fuels find their monuments under attack.

Universities in the US are becoming more dependent on donations from legacy-minded alumni. Investment returns on their endowments have not met targets, despite the equity bull run. As they step up their efforts to woo the wealthy, they are likely to dangle more naming rights and other ostentations.



But think carefully. To put your name on a building or a fellowship, or to hope for a statue to your generosity, is to make a futile demand of history. It is a request to be remembered, but in fact it is only an invitation to be judged.

Stephen Foley is the FT's US investment correspondent

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