FT wealth

THE ONLY WAY IS UP

HOW THE 30% CLUB TOOK ON THE FINANCIAL ESTABLISHMENT TO WIN MORE PLACES FOR WOMEN ON BOARDS

BY SARAH GORDON

DECEMBER 2015 | FT.COM/WEALTH

ISSUE 36


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FT WEALTH
DECEMBER

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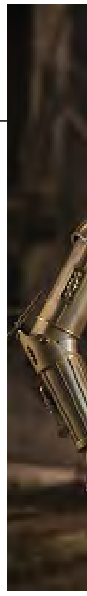
CONTENTS



30% CLUB: THE NEXT CHAPTER

On the same day the women — and two men — of the 30% Club gathered for our photoshoot, Lord Davies released the latest chapter in his ongoing review into the representation of women on boards.

The club had been founded in 2010 with the express purpose of increasing the number of women in C-suite positions; Lord Davies' final report was keenly anticipated. After five years of work, and lobbying by the 30% Club, his findings were positive: women filling FTSE 100 board positions passed the 25 per cent "milestone" earlier this year. A new target of 33 per cent female representation has been set for 2020.

The numbers stand testament to the work undertaken by the 30% Club — at every level. Not only lobbying ministers and the City for change, but also acting as role models for the emerging female leaders of the future.

Eventually, as Sarah Gordon notes in her cover story for this edition of FT Wealth, its members hope there will be no need for the club. "I'd like to see the 30% Club redundant and wound up," says Heather McGregor, managing director of Taylor Bennett, "because women on boards become so commonplace that it's simply not needed any more."

Moving from the ambitions of the 30% Club in the UK (although they are keen to export their model globally), this edition also focuses on those of the wealthy around the world, with a Correspondent Special reporting from South Sudan, Israel, Brazil, Iran and the US.

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YOUR NEXT FT WEALTH
11 MARCH 2016

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PHOTOS: BLOOMBERG; GETTY IMAGES; MICHAEL CRABTREE; LUCAS FILM LTD

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THE HUNT FOR YIELD

Often described as the final frontier of global investing, Africa promises investors the possibility of rapid economic growth fuelled by its young population and vast natural resources.

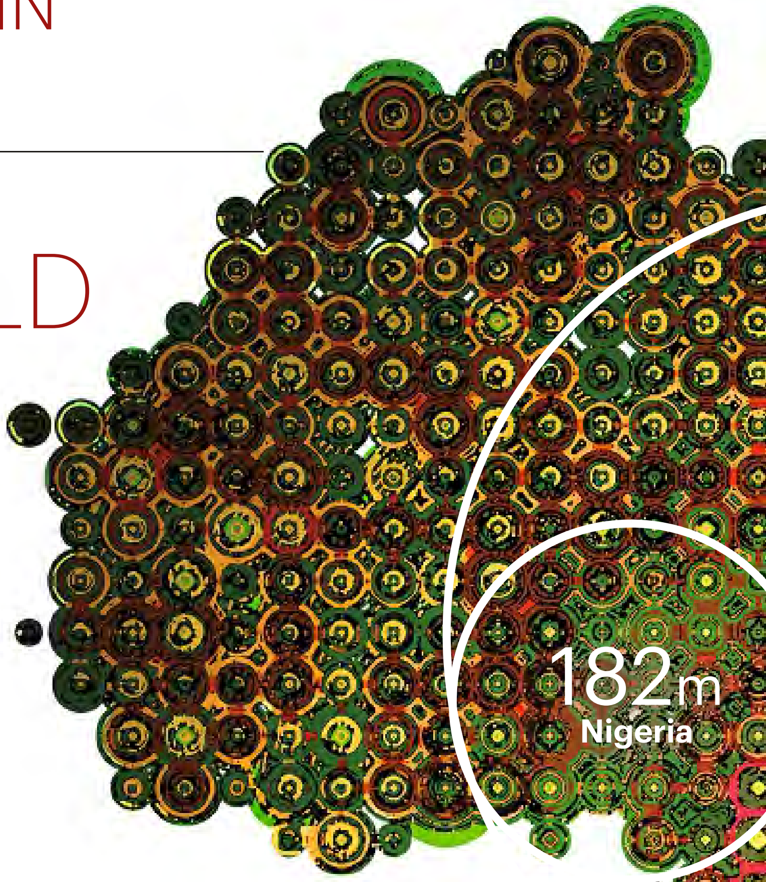
Critics, however, point to poor corporate governance and widespread corruption that deter investments in the continent's volatile markets. Among sub-Saharan countries, only South Africa, home to the continent's largest stock market, is considered an emerging market by MSCI EM index.

Investment and liquidity risks notwithstanding, money is flowing into Africa in the global hunt for yield. In 2014, the region was the world's fastest-growing destination for foreign direct investment, according to research by FDI Intelligence.

For individual investors, there are a growing number of Africa-themed funds, offered by the likes of Investec and Templeton, that tend to focus on larger economies such as Kenya and Nigeria.

Global companies listed on more established exchanges that centre on the continent, such as London-listed brewer SABMiller, can also offer lower risk plays on the rise of African consumption.

The fate of the continent's growth in the near future, however, remains pegged to global commodity prices. Its dependence on primary goods is illustrated by downgraded IMF growth forecasts for 2015. There is little doubt that Africa investors must commit themselves for the long term.



Sub-Saharan Africa GDP growth

5.0%
2014

3.75%
2015 (forecast)

4.25%
2016 (forecast)

In Africa, there is . . .

7.6%
Global oil reserves

5.8%
Global energy production

3.2%
Global energy consumption

$87bn
Foreign direct investment in Africa in 2014

14%
of global total

Largest according to FDI
French energy company Total plans to invest

$16bn
to develop the Kaombo offshore oilfield in Angola

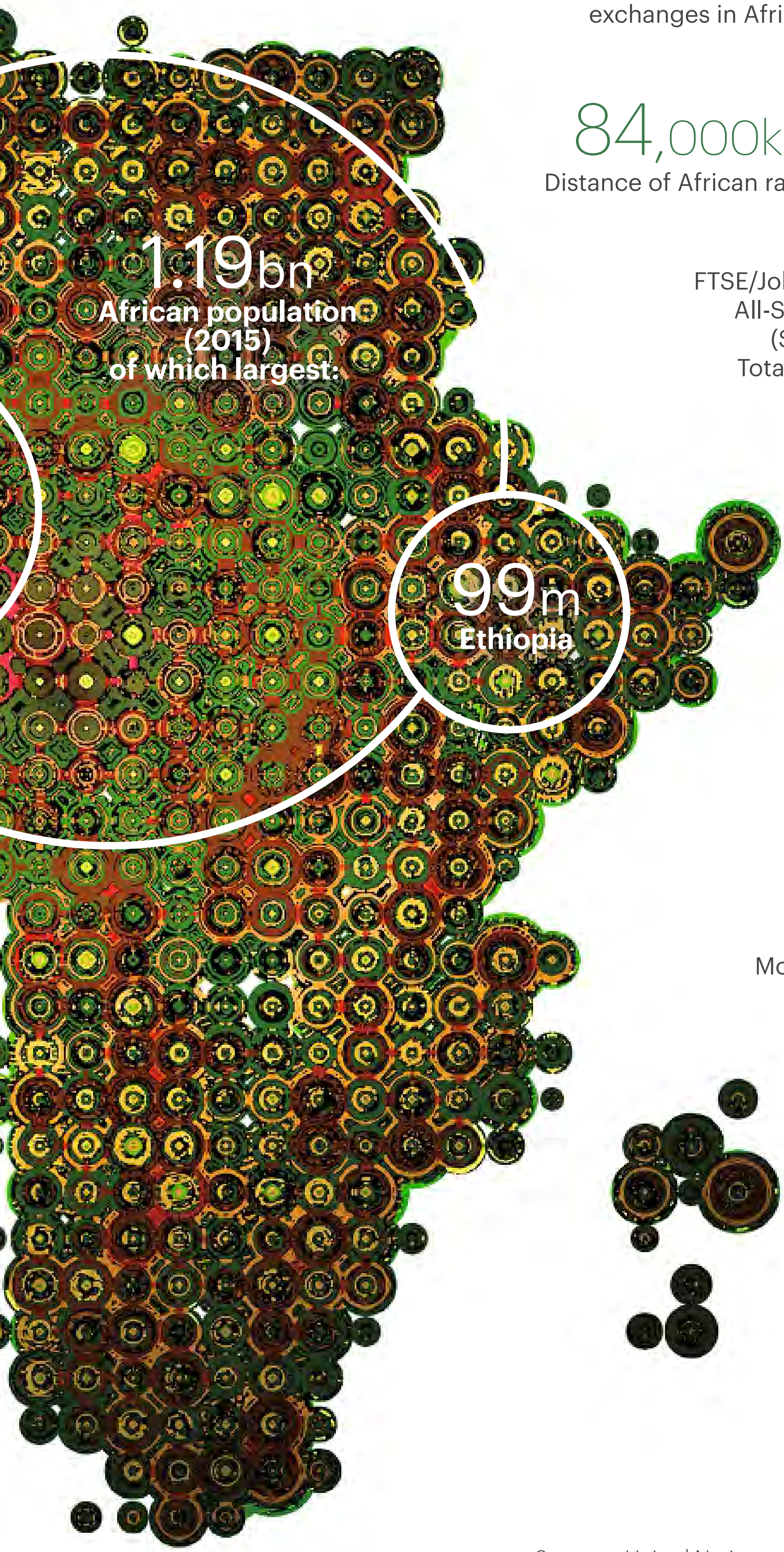
Oil production (barrel/day)

Nigeria
2.4m

Angola
1.7m

20m
M-Pesa users in Kenya (from a 46m population, 2015)

GRAPHIC BY
RUSSELL BIRKETT



23
number of stock exchanges in Africa

84,000km
Distance of African railways

Sub-Saharan Africa fiscal balance forecasts

-4.3%
2015

-3.6%
2016

Sub-Saharan Africa inflation forecasts

6.9%
2015

7.3%
2016

FTSE/Johannesburg Stock Exchange All-Share Index performance: (South African stock x) Total return, to Oct 30, 2015:

12 months
11.6%

3 years
58.6%

60 years
Life expectancy in Africa (2010-15)

760m
Mobile phone subscriptions in Africa

37%
Mobile phone penetration by population (2010)

80%
(2015)

43%
Electricity coverage in Africa, by population

Forecast Africa population

2030
1.68bn

2050
2.48bn

Sources: United Nations, African Development Bank, IMF, BP Statistical Review 2015, FDI Intelligence

THE RICH COLUMN
MATTHEW VINCENT

@MPJVincent

FORAY INTO THE FOREST

Every Christmas, we invite them into our homes and what happens? We spend the whole time pouring them drinks, finding them headache pills and catering for their fussy tastes in food. It takes days to clean up after them. And it still feels like they're under our feet weeks later. No, not the in-laws. I refer, of course, to Christmas trees.

According to experts (or at least the people who were contacted by a Daily Mail reporter for a December space-filler two years ago), the average Christmas tree will drink a third of a pint of water a day, but also require regular top-ups of vodka and lemonade, to kill off bacteria and provide glucose for its cell structure, as well as salicylic acid from aspirin tablets to prevent fungal infection; and the ongoing absence of bananas or other fruit that emit ethylene gas, as this can cause premature needle drop.

But even if you went to all these lengths, the chances are your central heating will reduce even the juiciest spruce to twigs by the Feast of Stephen — leaving you to pick needles out of the shagpile well past Twelfth Night.

At £200 or $200 for a six-foot fir, it is a lot of expense for something that, when discarded alongside your neighbours' in that first week of January, will form one of the most depressing of all suburban tableaux. If only families realised a tree could be for life, not just for Christmas.

Thankfully, there is now a chance of this message getting through, following two rather larger coniferous transactions. Never mind the 6m small British Christmas trees that will enter landfill sites next month, think instead of the 30,000 hectares of forest that asset manager Gresham House can let you buy into, having acquired Aitchesse, a forestry manager, last month for £7.7m. Tony Dalwood, chief executive of Gresham House, shares the view of Digby Guy, chairman of Aitchesse, that the risk/return characteristics of forestry are "such a good fit for institutions and families".

PHOTO: GETTY IMAGES

The annual Christmas tree at the Rockefeller Center in New York

'FORESTRY HAS ADVANTAGES OVER FARMLAND. YOU DON'T HAVE TO HARVEST ANNUALLY'

Similarly, try to see the wood for the 35m Christmas trees in the US — in particular the 5.3m hectares of wood that timber group Weyerhaeuser will own after agreeing to acquire Plum Creek three weeks ago for $8.4bn.

Rick Holley, chief executive of Plum Creek, believes the $100m of cost synergies will enable investors to "capitalise fully on the improving housing market".

Timber itself, however, appears a market on which wealthy families could scarcely improve. In the US, the National Council of Real Estate Investment Fiduciaries index shows the annual return on timberland over the past 28 years has averaged 13 per cent.

In the UK, IPD Annual Forestry Index puts the average annual return over 22 years at 8.9 per cent, which, as Gresham House notes, beats UK equities and bonds. Dalwood attributes this outperformance to the "illiquidity premium": the extra return investors expect for not having the ability to sell at short notice. "Returns have been good," he says. "In timber, we are in the early stages of people getting used to this. The illiquidity premium should reduce over time, as appreciation for the asset class increases."

Anthony Crosbie Dawson, portfolio manager at rival forestry adviser FIM, argues that getting used to the long-term nature of the asset class is what gives timber investors an advantage over those in other real assets. "Forestry has big advantages over farmland," he says. "You don't have to harvest annually." He cites the example of 2008-09, when housebuilding "fell off a cliff" and timber prices plummeted. FIM kept its trees in the ground and let them add more volume — and deferred value.

Timber price volatility remains a risk — FIM may not pay its target 3 per cent tax-free income distribution to investors if low prices mean it has to harvest too many trees to fund it. But, instead, FIM might look to pay a larger distribution once prices have recovered.

Sunaina Sinha, managing partner of Cebile Capital, even sees evidence of a secondary market developing, enabling her to advise clients on half a dozen forestry asset sales.

Add in sustainable policies and tax breaks for long-term investors and it is possible to see why trees have been a purchase of choice in recent festive seasons. In December last year, Aitchesse advised the Church of England on a deal to buy 15 forests for £49m. No need to worry where this year's vicarage Christmas trees will come from. But the vodka, on the other hand...

THE IDEAS COLUMN
LOUISE LUCAS

@louiseflucas

TOP OF THE CLASS

When a talented tutor is offered $11m to jump ship to a rival teaching house, you appreciate the importance Hong Kong places on education.

And why not? Education is big business across Asia. Ditto profits: gains at Beacon Group, current home of the fought-after super-tutor Lam Yat-yan, almost doubled in the two years to the end of July and there are plenty of people who would argue this is money well spent.

Asia's love of learning has spawned books such as US writer Amy Chua's *Battle Hymn of the Tiger Mother*, about the use of discipline in child rearing, and has inspired much hand-wringing in the west — Singaporean methods and teachers, for example, have been employed to shake up maths teaching in the UK. The Asian approach has inspired envy, griping and even lawsuits. In November 2014, a group called Students For Fair Admissions Inc filed a lawsuit, which is being contested, against Harvard College in the US alleging its admissions office was discriminating against Asian and Asian-American applicants.

But more than anything, demand from Asia has spawned a multibillion-dollar industry of tutors, agents, online courses and staid British schools setting up shop in humid climes far from their rainy playing fields at home.

"There is huge demand for the British brand," says Richard Howorth, a former hedge fund manager who is looking to recruit teachers for an online tutorial company he is setting up.

Lam and Beacon are tiny cogs in the private tutoring wheel, an industry forecast to be worth nearly $200bn globally by 2020, according to Global Industry Analysts. The consultancy pinpoints Asia-Pacific as the biggest and fastest-growing market, with a projected compound annual growth rate of 10.7 per cent over the period.

Primary school children in Pingjiang County, Hunan Province, China

IN FAR-FLUNG REACHES OF JAPAN IT CAN BE EASIER TO FIND A TUTOR THAN A COFFEE

Children whose education is not supplemented privately are in the minority in parts of Asia. Data from the Hong Kong Federation of Youth Groups' Youth Research Centre show 72 per cent of secondary school students in Hong Kong in 2012 used private tutors — still behind Taiwan (75 per cent on 2010 numbers) but ahead of South Korea's 71 per cent (2011) and Japan's 53 per cent (2007).

Tutorial offices proliferate across the continent: crammed into cheek-by-jowl office blocks in Hong Kong. In far-flung reaches of Japan it can be easier to find a tutor than a coffee.

Online learning is proliferating too: among recent entrants is a trading subsidiary of the UK's Eton College, which has formed partnerships with schools in China. Eton says profits from the venture will be decanted into its bursary programme.

Other venerable British schools have gone further. Winston Churchill's alma mater, Harrow, has replicated its playing fields in China, Hong Kong and Thailand; boaters and bluers remain de rigeur, humidity and heat notwithstanding. Dulwich College is in Singapore, China and South Korea, while Marlborough College can be found in Malaysia. Haileybury has taken the daring step of opening its doors in Kazakhstan.

This expansion has it risks. In 2005, Dulwich College severed ties it had maintained for eight years with its franchise in Thailand after a row over management at the Thai school.

In total, British private schools have set up 44 overseas campuses, educating almost 25,000 pupils, according to the Independent Schools Council — more than double the 2012 figure.

For universities, big brains mean big fees, but before they can persuade the finest minds to enrol, so-called placement agents pop up to take their cut. Ranging from honest brokers to the plain unscrupulous — again, operating both in physical premises and online — they promise to scour the region to bring students and universities together. Some take a fee from universities, others from students, and more than a few from both: tales abound of money disappearing with no offers of places in return.

Others, for a handsome fee, will write and submit essays to educational institutions in fluent English for students whose grasp of the language is far more rudimentary and who then struggle on enrolling.

Indeed, so popular and lucrative is the education business that even travel agents are getting in on the act: one parent recounts a tale of seeing one "with posters on its walls of schools that no longer exist".

PHOTOS: AFP/GETTY IMAGES; CHARLIE BIBBY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YOU CAN RELAX WHILE YOUR MONEY WORKS?
Croatia offers extensive incentive package for your investments, which includes benefits like*:
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UP TO 55% OF INVESTMENTS COSTS REFUND
(maximum aid intensity)
UP TO € 18.000 GRANT
per employee
UP TO € 1 MILLION GRANT
for capital expenses
UP TO € 0.5 MILLION GRANT
for R&D
0% CORPORATE PROFIT TAX RATE
for 10 years
*according to the Investment Promotion Act
—
www.aik-invest.hr
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Agency for Investments and Competitiveness

The Israeli and US flags trampled under foot at a shrine in the north of Tehran

PHOTO: REUTERS

IRAN UNCOVERED

A CORRUPTION TRIAL IS EXPOSING THIS CLOSED SOCIETY'S LINKS BETWEEN MONEY AND POLITICS

BY NAJMEH BOZORGMEHR IN TEHRAN

"For years I have put my life at risk for God and this country," Babak Zanjani, dressed in blue striped prison uniform, told a Tehran court on October 31. "I have been imprisoned for two years under difficult conditions in a small room which is like a toilet."

Iran's most notorious billionaire, who has claimed he has more than 60 companies inside and outside Iran, stands accused of corruption, fraud and forging documents. In his defence, Zanjani

'THE OIL KEEPS CREATING NEW RICH CLASSES. IRAN'S RICH ARE NOT ENTREPRENEURS AND NONE ARE KNOWN IN THE WORLD'

claims he served his country by helping its authorities manoeuvre around EU and US oil and banking sanctions introduced in 2012 "when Iran could not sell one barrel of crude nor could transfer one US dollar". In response, Iran's oil ministry claims it is owed more than €2.7bn for oil exports, which Zanjani says were frozen by sanctions.

But the Zanjani saga signifies more than just a tit-for-tat between the state and a colourful businessman. The case is a microcosm of contemporary attitudes towards wealth in Iran's closed society — wealth that is associated, as great fortunes usually are, with political patronage rather than individual entrepreneurship.

Following the 1979 revolution, Islamic rulers denounced capitalism and advocated an economy based on an amalgamation of Islamist and socialist ideology. But in practice, they created a class of oligarchs, nominally operating in the private sector, linked to and dependent on the survival of the regime.

The state will not let the private sector become too rich, instead keeping it at about 20 per cent of the economy, which many argue is to prevent the independent business community from attempting to influence politics.

"We have fallen into an oil trap since 1974, which has increasingly put the economy under state control and keeps creating new rich classes who are linked to oil rents and political power," says Mousa Ghaninejad, an economist at Iran's state-run Petroleum University of Technology. "Iran's rich are not entrepreneurs and none of them are known in the world."

Perversely, Iran's economy was shaken by the oil bonanza produced under Mahmoud Ahmadi-Nejad, the populist president in power between 2005 and 2013. The state received $650bn in oil income, yet little trace of that money can be found in the form of new infrastructure in Iran today, economists say. Transparency International, the anti-corruption watchdog, has described Iran as one of the world's most corrupt countries.

Indeed, despite having described itself as "the cleanest government ever", billions of dollars of oil revenues went missing under the last administration.

Zanjani, some say, is being made a scapegoat by the centrist government of Hassan Rouhani, which has seized on the case as an example of a supposed crackdown on corruption. The government has ramped up its efforts to attract foreign investment significantly since the landmark deal with world powers this July to limit Iran's nuclear activities.

1.

1.
Babak Zanjani on trial for corruption, fraud and forging documents
2.
Iran president Hassan Rouhani addresses the UN General Assembly in New York this September
3.
Former Iran president Mahmoud Ahmadi-Nejad

3.

PHOTOS: UPI/EYEVINE; GETTY IMAGES; HEMMAT KHAHI

2.

‘WHENEVER THE RICH GROW TOO BIG AND AROUSE PUBLIC SENSITIVITY, THE REGIME USES THEIR WEAK POINTS AND KNOCKS THEM DOWN. ZANJANI SHOWED OFF TOO MUCH’

Zanjani’s case also serves as a distraction from other, possibly bigger, examples of corruption that could be embarrassing for the Islamic regime and potentially destabilising at a time when youth unemployment has hit 25 per cent and inflation stands at 14 per cent.

President Rouhani faces a tough battle against corruption — one that is not being helped by endemic political infighting. Analysts note that powerful hardliners in the elite Revolutionary Guard, parliament and judiciary are infuriated that their sanctions-dodging, and therefore very lucrative, business interests are being undermined by the nuclear agreement.

Faced with 50,000 pages of indictment, brought into the courtroom in a supermarket trolley, Zanjani has denied being a front for any government involvement. But he had admitted previously that he was “number one” in Khatam-ul-Anbia, the construction arm of the Revolutionary Guard, in securing credit. The Guard runs an opaque business empire alongside its military organisation, as do other religious and revolutionary foundations.

Yet to many ordinary Iranians, the story seems very familiar. To them, Zanjani is just one of many little-known oligarchs who act as a front for powerful individuals and groups. Indeed, his refusal to disclose the names of any partners or the whereabouts of the allegedly stolen money alongside the existence of bountiful overseas assets fuels suspicions that he still enjoys powerful backing in political and military circles.

Zanjani began his working life as an entrepreneur exporting sheep skins to Turkey from where, in turn, he imported shampoo, non-alcoholic beer, coffee and olive oil. His business grew quickly in Iran and Turkey, and he founded a credit institution in the United Arab Emirates and a bank in Georgia, and bought part of Malaysia-based First Islamic Investment Bank. In an interview two years ago with Aseman, a now-defunct Iranian reformist weekly magazine, Zanjani put his personal wealth at $10bn.

Yet the level of his wealth was starting to attract the wrong sort of attention in austere Iran. “Whenever the rich grow too big and arouse public sensitivity, the regime uses their weak points and knocks them down,” says one analyst. “Zanjani showed off too much.”

Wealth can equal theft in Iran. The many Porsches ➤

and Maseratis seen on Tehran's roads driven by people in their 20s lead many to question where the national wealth has gone.

Bijan Namdar Zangeneh, Iran's veteran oil minister and whistleblower who has vowed not to retreat until he has obtained "the people's money", insists Zanjani has partners. When the Financial Times asked the minister why he had not disclosed the names of these supposed accomplices, he said the government was already in "enough trouble by naming Zanjani" — a clear indication of the influence of the suspected partners.

Yet Zanjani's lawyer, Rasoul Koohpayehzadeh, denies any connections between his client and any politicians: "My client is a genius in international trade and banking and was not supported by any political group," he says. "If he had not been in jail over the past two years, he would have made much more than the $2bn [he owes]."

The disputed money is in the world's banking system, the lawyer adds, and can only be transferred once sanctions are lifted. In court, Zanjani himself has claimed he has €22bn in cash.

No one knows how many billionaires there are in Iran. There is no known record of wealth and there are many ways to evade the inefficient taxation system. But many observers are amazed at the lavish lifestyle of little-known businessmen.

"Astronomical sums are held by people no one has heard of and you don't know the source of their money," says a senior private-sector trader.

'ASTRONOMICAL SUMS ARE HELD BY PEOPLE NO ONE HAS HEARD OF AND YOU DON'T KNOW THE SOURCE OF THEIR MONEY'

A former bodyguard of an ex-president has put aside $300m to bring a famous Swiss jewellery brand to Iran, says one senior businessman familiar with the case. He adds that another entrepreneur, who travels frequently around the world and has operations in the US and elsewhere, is unknown even among top business circles. "He has 150 watches, each of which is worth more than $100,000. I only recently realised that he owns two high rises in Tehran with 300 apartments, each with an average 200 sq m of space. This alone makes him a billionaire."

Skyrocketing property prices over the past few decades have created many dollar millionaires. One 67-year-old in the northwestern city of Tabriz inherited land many decades ago that has risen in value so much that she has become a billionaire, according to a family friend. Again, this is a woman without a public profile. "She is someone Iranians have never heard of and may never hear of in their lifetime," the friend says.

1.
The Revolutionary Guard in an annual parade in Tehran
2.
A currency trader with rial banknotes outside a Tehran bazaar
3.
Oil minister Bijan Namdar Zangeneh

A committed gambler, she is said to have 49 gaming tables in the basement of her mansion in Tabriz and has hosted an average of 50 guests every evening for the past 15 years — except last year, when she moved to the US for her daughter's cancer treatment. "Last year, in the middle of sanctions, we transferred $30m to the US after her big losses in casinos," the family friend adds.

Tens of these "unknown billionaires" live in Tabriz and other larger cities such as Mashhad and Isfahan, analysts say, and do not admit their wealth in order to avoid attention from the public — and the tax authorities.

During his trial, Zanjani indicated there were other businessmen, richer than himself, who enjoy immunity from the state.

He has wondered, for example, why the name of one individual who owed the oil ministry $5bn was not disclosed. The oil minister replied that the money was in a safe place.

Whether this defence and self-promotion can help Zanjani escape the death sentence, which was handed out last year to Mah-Afarid Khosravi, a businessman linked to a $2.8bn fraud case, remains to be seen.

"For my co-operation [with the oil ministry], my companies faced sanctions," Zanjani told the court defiantly. "I am an economic genius… execution doesn't scare me. I have served this country."

PHOTOS: AFP/GETTY IMAGES; BLOOMBERG

2.

THE 30% CLUB

HOW THE WOMEN — AND MEN — TOOK ON THE OLD BOYS' NETWORK TO GAIN GREATER EQUALITY AND ARE NOW TAKING THEIR CAMPAIGN GLOBAL

BY SARAH GORDON
PHOTOGRAPH BY DAN BURN-FORTI

Many thanks to the Sky Garden at 20 Fenchurch (developed by Land Securities and Canary Wharf Group)

Cover shoot assistants: William Bond; Jude Barrett-Hambling; Henry Willmore

Previous page, from left:
Seated: Emily Lawson, chief people officer, Kingfisher; Emma Howard Boyd, chair, ShareAction; Helena Morrissey, chief executive, Newton Investment Management; chairman, The Investment Association; Anne Richards, chief investment officer, Aberdeen Asset Management; Henrietta Royle, chief operating officer, British Bankers' Association; Brenda Trenowden, head of Financial Institutions Group for Europe and global chair, 30% Club; **Front row standing**: Katushka Giltsoff, senior partner, The Miles Partnership; Melissa Di Donato, area vice-president for ISV and Channels, Salesforce; Gay Collins, founding partner, Montfort Communications; Elizabeth Passey, senior adviser, J. Stern & Co; Melanie Richards, vice-chairman, KPMG; Jamie Brookes, managing director, MHP Communications; Baroness Mary Goudie, Labour Peer; Pavita Cooper, founder, More Difference; Niamh Corbett, vice-president, Investment Banking, Morgan Stanley; Tamara Box, global chair, Financial Industry Group; Sian Westerman, senior adviser, Rothschild; Heather McGregor, managing director, Taylor Bennett; Diana Brightmore-Armour, CEO UK, ANZ; **Back row**: Claudia Kohler, events manager, Newton Investment Management; Nick Jarman, partner, PwC; Sarah Wiggins, head of clients and sectors, Linklaters; Jo Bostock, joint CEO, Women's Sport Trust; Francoise Higson, senior project manager, CEO Office, Newton Investment Management; Joanna Santinon, tax partner, EY; Claudia Harris, CEO, The Careers & Enterprise Company; Liz Dimmock, founder and CEO, Women Ahead

"would like to see the 30% Club wound up because women on boards become so commonplace that it's simply not needed any more."

So says Heather McGregor, a Financial Times columnist, better known as Mrs Moneypenny, who has been involved with the club since it began in 2010. Her wish may have seemed elusive when the group was set up to increase women's representation on the boards of the UK's largest companies. Now the goal looks achievable.

In the UK, women now make up a quarter of FTSE 100 boards, a voluntary target mandated by the then coalition government and which has been monitored by a review panel led by Lord Mervyn Davies. A new target of 33 per cent by 2020 has just been unveiled by the Davies Review, set up to report on gender diversity in boardrooms; a goal that surpasses the 30 per cent believed by the club's founders to be the tipping point at which the representation of any minority group achieves critical mass.

The founders credit the club's success to a number of factors. The time was right; the involvement of men, particularly chairmen of FTSE 100 companies, was critical; and the voluntary nature of the target, rather than a mandatory quota, was key.

"Having a balanced board is necessary but it is not sufficient," says Helena Morrissey, chief executive of Newton Investment Management and one of the 30% Club's founders. "Below that there is still a long, hard road."

↑ **HELENA MORRISSEY,** CHIEF EXECUTIVE, NEWTON INVESTMENT MANAGEMENT

When Helena Morrissey started trying to get companies to take on board the goal of the 30% Club in 2010 she says they were "initially dismissive". Getting male chairmen to recruit women was the breakthrough the club needed. Now, she says, boards realise that getting a better gender balance in senior ranks is "a business issue, not a women's issue".

Morrissey has been the most public face of the club since its foundation. She provided the initial impetus for the group six years ago — recruiting volunteers at a lunch she convened for the women she knew in business. As a mother of nine, and a successful woman in financial services, she has also been a target of the somewhat prurient — and sometimes critical — interest that the media continues to take in City "superwomen".

Now, a lack of time has prompted her to hand over the reins of the 30% Club to Brenda Trenowden.

Morrissey believes business leaders now understand better the benefits of a diverse board and workforce.

"A lot of progress has been made, but I often still feel very isolated," she says. "We haven't got true inclusion until women feel they don't have to be honorary men and gays don't feel they have to be honorary straights."

'A LOT OF PROGRESS HAS BEEN MADE, BUT I STILL FEEL VERY ISOLATED'

→ **BRENDA TRENOWDEN,** HEAD OF THE EUROPE FINANCIAL INSTITUTIONS GROUP, ANZ

"I'm a huge supporter of women's networks… but to actually move women up in organisations, women's networks haven't been making a difference," says Brenda Trenowden, who has just taken over from Helena Morrissey as chair of the 30% Club.

She sees the achievement of the Davies target of 25 per cent of women on the boards of FTSE 100 companies as merely the starting point, a useful "measurable target" that must now be built on. The club is involved in a range of projects, she says, to address the challenge of why there are so relatively few women in the "C-suite minus 1".

As a Canadian who moved to the UK in 1991, and has also worked in Hong Kong, Singapore and Bangladesh, Trenowden is particularly supportive of the 30% Club's increasingly global reach.

She believes there is still a powerful "old boys' network" in the financial services industry in which she works and that there remains much to do to achieve diversity at the top. Nevertheless, she says: "I think it's become much bigger than we had ever envisaged. We've ended up having far greater reach and influence."

'WE HAVE FAR GREATER REACH AND INFLUENCE THAN WE HAD ENVISAGED'

PHOTOS: CHARLIE BIBBY, MICHAEL CRABTREE

← **HEATHER MCGREGOR,** MANAGING DIRECTOR, TAYLOR BENNETT

Heather McGregor, the FT's Mrs Moneypenny columnist, says the beginnings of the 30% Club were not promising. "Helena [Morrissey] doesn't really do tears," she says, "but if I had been Helena, I would have done tears."

The group's initial attempts to get FTSE 100 companies to sign up to their goal yielded a very disappointing response, sometimes even "extraordinary rudeness", according to McGregor. It was not until two chairmen — Sir Win Bischoff, then at Lloyds Bank, and Sir Roger Carr, then at Centrica — put their names down that the momentum took off.

"We realised this was not a problem that could or should be solved by women on their own."

McGregor's specific area of responsibility within the club is for women between 25 and 35 years of age and she says the key challenge for them remains how to combine motherhood with a demanding career. "I say to them, career breaks are fine, but stay current and stay in touch," she advises.

McGregor believes much has changed since the club's early days. "I think we've gone from 'Why do it?' to 'How to do it?'. Lord Davies on [his] own wouldn't have changed the debate." ➤

'I THINK WE'VE GONE FROM "WHY DO IT" TO "HOW TO DO IT" '

BARONESS MARY GOUDIE, LABOUR PEER

As an inhabitant of the world of politics rather than business, unlike the rest of the 30% Club's steering committee, Mary Goudie sees her role partly as bringing together ministers with chairmen and chief executives.

Her understanding of the "machinery" of government is helpful, she believes, in getting dialogue going between business and different ministries and being in the House of Lords, she says, "gives you more power to make change, gives you access". She lauds its greater diversity than the House of Commons.

"There is a good mix of women and ethnic minorities and people with disabilities," she says. "There are women in the House of Lords who wouldn't have got selected [as a prospective parliamentary candidate]."

She believes the 30% Club, and other initiatives around increasing female representation, will lead the charge for greater overall diversity in the workforce.

"We fight all the battles," she says. "[Women] are the change-makers, the leaders in every community."

Like the rest of the club's steering committee, she is strongly opposed to mandatory quotas for female representation, arguing that "you only have quotas for a period, then you are back to square one". She believes the inclusive nature of the 30% Club has made it more effective.

Baroness Goudie would like to see "at least 40 per cent" of boards made up of women and believes headhunters have an important role to play in this. "They should automatically send a list of three [men] and three [women candidates]," but she says they prefer to search in a "golden circle" around London or even abroad rather than in the rest of the UK.

"They never look out to Glasgow, to Manchester," she says. "There are all these great people out there — even men!"

'WE FIGHT BATTLES. WOMEN ARE THE CHANGE-MAKERS, THE LEADERS IN EVERY COMMUNITY'

MELANIE RICHARDS, PARTNER AND UK BOARD MEMBER, KPMG

"Hitting a 33 per cent target on boards will be a significant step in the right direction," says Melanie Richards. "But much more work needs to be done on the executive pipeline."

Richards, who has worked at KPMG since 2000, believes one of the most important contributions she has made to the work of the 30% Club is to provide research to back up its work and future direction.

Last year, KPMG published Cracking the Code, a report produced in conjunction with a business psychologist company and the 30% Club, on "gender intelligent" approaches to developing corporate

'GIVE OUT THAT MESSAGE THAT THE COMPANY HAS THE RIGHT CULTURE'

GAY COLLINS, FOUNDING PARTNER, MONTFORT

Gay Collins has worked for more than 25 years in public relations and became involved in the 30% Club because Newton Investment Management, for which Helena Morrissey works, was a client of hers. She leads the club's PR work, believes the media have been "absolutely vital" in getting its message across and that some of the most supportive journalists, such as Andrew Hill, the FT's management editor, have been men.

"Female journalists have tended to be either massively supportive or very sceptical... whereas male journalists get it," she says.

Like all the 30% Club members, she gives up her time voluntarily and spends as much as a day a week on it. She believes that, although "the numbers have moved in the right direction", there is a danger of complacency now that the first Davies target has been met.

"The easier fixes have been boardroom representation," she says. "A lot of the progress has been made in people recognising that companies have to change, but the pace of change has been slower than I would have wanted.

"If you want to be seen as a leader who is forward-thinking, enlightened, you've got to have a diverse board, you've got to have a diverse executive committee and you've got to give out that message that the company has the right culture for future employees."

leaders. The report dispelled some of the myths around workplace diversity but also made practical suggestions about how companies could improve their talent pipeline — one of the key ways to develop "board-ready" candidates. "Where we can create more transparency, then you can be clear on what needs to be done," she says. "You can't promote unseen or unidentified talent."

Like many of the women involved in the club, Richards pays tribute to the support of her employer, whose chairmen was one of the original seven to sign up to it. She believes the club's refusal to back mandatory quotas for female board representation, as well as the involvement of men right from the beginning, has been key to its success. Internationally, she says, even countries that have imposed quotas are still interested in setting up 30% Clubs.

Richards is helping to lead the charge within the club to get more women on the boards of FTSE 250 companies, which still lag behind their bigger counterparts in the FTSE 100. The challenges for that group, where boards are often smaller, are different, she says. But what is crucial at any company is how "mindful" its leadership is about the issue. "You need a tailored approach for different audiences," she says.

'WHERE WE CAN CREATE MORE TRANSPARENCY, THEN WE CAN BE CLEAR ON WHAT NEEDS TO BE DONE'

PHOTOS: CHARLIE BIBBY, MICHAEL CRABTREE

IN ON THE ACT
CORPORATE ARTS SPONSORS' CASH EARNS PERKS AND LESS TANGIBLE BUT MUTUAL BENEFITS

BY DALYA ALBERGE

How about dinner on the stage of the latest production of the Royal Shakespeare Company (RSC), surrounded by sets and props? Or perhaps a walk-on part in a film? Otherwise, you could meet some of the world's most talented orchestral players or have a gallery named after you.

These are among incentives offered to potential sponsors, both corporate and individual, by theatres, orchestras, museums and other arts institutions. In an age of austerity, the challenge for organisations is to be all the more creative in wooing potential patrons.

Sponsorship, particularly corporate, is never just about giving, however charitable the gesture. Companies may deny it, but they expect something in return and, indeed, it should be a two-way relationship, with benefits on both sides. But ➤

PHOTO: KEITH PATTISON/RSC

Alex Hassell in an RSC production of Shakespeare's *Henry V*

1.

'WHAT WE NEED TO GROW IS THIS OBLIGATION THAT THE AMERICANS HAVE'

how do arts institutions compare in the beauty parade of what they can offer? And how do the benefits to sponsors compare between, say, a theatre and a museum?

"It's really important that it's a creative relationship," says Catherine Mallyon, the RSC's executive director. The theatre group is particularly excited about next year's international tour, made possible with support from financial services group JPMorgan, enabling it to reach new audiences in China, Hong Kong and the US. To mark the 400th anniversary of Shakespeare's death, beginning in February, the touring programme will include established actors such as Sir Antony Sher appearing in the *Henry IV* plays and emerging ones such as Alex Hassell in *Henry V*, following strong reviews. "This is the first time we've toured on this scale," Mallyon says. "This is an exciting moment."

JPMorgan, which sponsors cultural organisations worldwide, prefers not to specify figures involved, but association with prestigious arts "brands" can do wonders for opening business doors. The firm funds different areas of the arts because it realises that each draws different clientele.

On the RSC tour, it will invite clients to productions, receptions and behind-the-scenes tours, with the chance to chat with actors, directors and designers, among others. "It's a top-end experience for those clients," Mallyon says. "It's relationship development for them."

The RSC is also collaborating with Google and Samsung, which are both interested in harnessing the latest technology for the theatre's digital programmes. Google has worked with the RSC on social media and streamed rehearsals, while the Korean group has created the *RE:Shakespeare* smartphone app aimed at students.

But such high-profile sponsors are hard to find in substantial numbers, which is all the more reason to make the few feel extra special. Referring to the RSC's production of *Matilda The Musical*, Mallyon says: "There's a great swinging scene: we've had sponsors on the swings; we've had them on the stage… *Richard II* has an enormous hydraulics system that lifts the floor up and down in the final scene. We've had sponsors actually in that space, learning how the hydraulics worked. It's just very different from a wine and cheese party."

At the National Theatre, benefits for sponsors include the chance to hear a director discuss themes in a play or have a preview of sets and costume designs. Some even appeared as extras in *London Road*, Rufus Norris's film adaptation of the National Theatre musical about the murders of prostitutes in Ipswich in 2006.

Graham Barker, a human resources consultant, and his wife Joanna, an investment manager, support causes such as hospices, but they also see the arts as "important" for society and the National Theatre as "an outstanding beacon of excellence". He works as a volunteer alongside the National's professional fundraisers, encouraging

1. and 4.
Compton Verney fundraising and one of its galleries
2.
The *London Road* street party scene, with National Theatre volunteer Graham Barker, front right
3.
New York's Metropolitan Opera

'SPONSORS HAVE LEARNT ABOUT OUR HYDRAULICS. IT'S VERY DIFFERENT FROM A WINE AND CHEESE PARTY'

others to donate. In return, he says, the Barkers are made to feel involved in a way that, "in my experience, is not equalled by anybody else". He was invited to be an extra for a day in a street party scene in *London Road* — "one of the most extraordinary experiences of my life", he recalls. He was also among six National volunteers who were taken to the *London Road* film set in Essex. "I thought we'd be watching from the side lines. But we were in the thick of it, being filmed."

Among the pied pipers leading sponsors to the music sector is the Royal Liverpool Philharmonic Orchestra (RLPO). It has captured imaginations with its "Adopt a Musician" scheme, which offers the chance "to get to know your adopted musician". Section leaders cost £700 while the chief conductor is £5,000. The project has attracted individual philanthropists rather than companies but has been "very successful", says Millicent Jones, the RLPO's executive director of marketing. "Nearly all the 80-plus musicians are sponsored."

In the US, sponsorship figures can be vast. In New York, for example, "signage, prime seating and pre-show dinner" are among the benefits for the "$100,000 Corporate Council Sponsor" at the Metropolitan

2.

PHOTO: NICOLA DOVE

3.

4.

Opera, and the Hood Museum of Art in Dartmouth, New Hampshire, received an extraordinary $10m gift last year. "That's way beyond anything even the big London guys can think of at the moment," says Steven Parissien, director of Compton Verney, the art gallery in Warwickshire, central England, which is comparable in size to the Hood. Britain, he adds, has much to learn from America and its culture of giving.

Beyond the big cities, the search for sponsorship is an uphill struggle for British regional arts institutions. Compton Verney, a Grade I-listed Georgian mansion in 120 acres of Grade II*-listed Capability Brown parkland, has a significant collection as well as a programme of temporary exhibitions, including watercolours to be loaned by the Royal Collection.

But Parissien says: "Because a lot of corporates rightly want their staff to visit — and let's assume they're all based in London or Edinburgh — it's just too far for them to come." He says state funding for the arts is decreasing and that the government is looking to private philanthropists to fill the gap, as it does in the US. "What we need to grow is this obligation that the Americans have," he says.

Colin Tweedy is one of the leading authorities on arts sponsorship, as former head of Arts & Business, part of the UK's Business in the Community non-profit organisation. More than 20 years under Tweedy's stewardship, Arts & Business attracted more than £1bn from the private sector for the arts: "We can't claim it all — it was a matching grant programme," he says. But that was a huge achievement for the business ➤

and arts communities. We did our bit… The arts were transformed by that."

Tweedy fears for arts sponsorship today because so many organisations have abandoned corporate sponsors, focusing increasingly on individual philanthropy. "If we neglect the business community, we will damage private sector funding generally," he warns.

There seems little excuse when business sponsorship is tax deductible, he says: "It's a marketing activity, which you can offset."

Part of the problem, he adds, is that the UK no longer has a real picture of what's happening. "Since 2012, the figures aren't available," he says. "So it's a complete guesstimate. I sense that the corporate sector is now dropping. Individuals may be dropping. We don't know because no one's doing the survey." Funding body Arts Council England says a survey is "in the works".

There is also some nervousness about corporate sponsorship. Last year, the UK's Museums Association asked its members to consider whether accepting money from sponsors risks compromising museum values.

1.
Sponsor Credit Suisse adopted a hoarding at the National Gallery
2.
An exhibit from the British Library's 2015 Magna Carta show, which was sponsored by Linklaters
3.
Dinner on stage for supporters at the RSC in Stratford

'IF WE NEGLECT BUSINESS, WE WILL DAMAGE PRIVATE SECTOR FUNDING'

There were jitters over a legal case brought by environmentalists against the Tate galleries and BP. In 2014, an information tribunal ordered the gallery to give details of its BP sponsorship. The Tate had initially refused, claiming that the information could intensify protests and harm its ability to raise money from other companies. The case was brought by environmental campaigner Brendan Montague, supported by the charity Platform, whose spokeswoman, Anna Galkina, said the sponsorship deal provided BP "with a veneer of respectability when in reality it is trashing the climate".

The tribunal accepted evidence that "arts sponsorship can be understood as a means of enhancing, maintaining or repairing BP's brand". The Tate was forced to reveal its BP sponsorship between 1990 and 2006 totalled £3.8m.

But this is a rare instance. Most sponsorships are seen as mutually beneficial. At London's National Gallery, corporate benefactors who pay an annual £35,000 are offered two dinners or two receptions in the galleries for their clients. Credit Suisse, its sponsor since 2008, developed an app allowing the public to view an imagined recreation of Leonardo da Vinci's studio and discover more about his paintings and their context in an exhibition at the gallery in 2011-12. Hoardings outside the gallery, in place during maintenance work, promoted the bank, the exhibition and the app. Credit Suisse realises culture "has no language barriers" and its extensive sponsorship includes long-term partnerships with renowned arts institutions, from the Kunsthaus Zürich art gallery to the New York Philharmonic orchestra.

Other sponsors are drawn to projects with an obvious link to their own business interests. They include City

3.

‘SOME CURIOUS CORPORATE GUESTS FIND THEMSELVES QUITE CAPTIVATED’

lawyers Linklaters, which sponsored a British Library exhibition this year on the nation’s legal charter, the Magna Carta. “The relevance of our Magna Carta exhibition to our sponsor, Linklaters, was clear from the very start,” says Alex Michaels, the British Library’s corporate relations manager. “We involved them right from the start and, throughout the period of sponsorship, they were able to leverage an extensive programme of activities, including an evening event around the unification of the four surviving 1215 Magna Carta manuscripts, to develop and deepen relationships with their key stakeholders.”

Dirk Heinrich, managing director for Germany and Austria of Axa Art, an insurer, says his company has “two targets” in sponsoring art fairs and specific art projects worldwide: “brand visibility” and underlining that Axa is “part of the art community”. Its art fair sponsorships include tours with art historians and educational talks.

Sponsorships can also instil a passion for the arts in sponsors or their guests that they perhaps didn’t know they had. Mallyon says some people have attended RSC performances as “curious” corporate guests, having had little experience of the theatre. “They find themselves captivated,” she says. “We have actually developed quite regular individual audience attendance from people who’ve come to a corporate event. They then have a relationship with us, which is a double benefit.”

PHOTOS: THE NATIONAL GALLERY LONDON; DAN KITWOOD/GETTY IMAGES


DOME PENTHOUSE
CAFÉ ROYAL
BEAUTIFULLY COMPOSED
THE SET
HOTELS
CAFÉ ROYAL
LONDON
CONSERVATORIUM
AMSTERDAM
LVTETIA
PARIS

LEADING
HOTELS®
THESETHOTELS.COM

MOVER AND SHAKER

APP KING URI LEVINE IS SHEPHERDING HIS ISRAELI START-UPS INTO BILLION DOLLAR UNICORNS

BY JOHN REED IN HERZLIYA
PHOTOGRAPH BY EYAL WARSHAVSKY

ri Levine could, if he wanted to, be doing something else — or, indeed, any number of other things.

The Israeli entrepreneur co-founded Waze, the traffic and mapping mobile app that disrupted the in-car navigation business and now has more than 50m users. He and the company's other shareholders sold the company to search giant Google for a reported $1.1bn in 2013 in one of the country's biggest high-tech "exits".

Levine will not disclose how much he made from the sale; Globes, the Israeli business publication, estimated at the time that his stake was 3 per cent and he netted about $38m. It is safe to say that the deal made him very rich indeed.

Yet instead of retiring early and indulging in his hobbies — he is an avid cyclist and skier — Levine has been involved in six other start-up companies, all with a common denominator: to save ordinary consumers time and money. "Doing a lot of good for a lot of people is the only thing I care about," Levine told the Financial Times at the Herzliya office of Feex, the highest-profile of his new ventures. And by "good", he says he means, "if I can save you money, if I can empower you, if I can make things accessible to you that were not accessible".

Levine is one of a new breed of Israeli entrepreneurs who are holding on to their start-up companies for longer and shepherding them into the billion-dollar-plus valuation league known to investors as "unicorns". If they do sell, they are increasingly ➤

Uri Levine, says he wants to save people time and money through his apps

'I AM NOT DONE WITH THE REVOLUTIONS I WANT TO DO — THERE ARE SO MANY'

1.
Waze's app offers driver-generated maps
2.
Tel Aviv is a vibrant city with a young population who are high app users

ploughing their know-how and money into new companies and becoming serial entrepreneurs.

Whereas Waze, with its driver-generated maps, obviated the need for expensive satellite navigation devices for its users, Feex is aiming to return to consumers some of the money investment managers charge for their retirement and other funds. In the US alone, these fees add up to about $600bn a year, Levine says, more than twice the size of Israel's GDP.

Feex, which advises users on how to switch their investments into lower-fee vehicles, is advertising itself as "the Robin Hood of fees".

Levine's other companies follow a similar theme: he is also involved in Zeek, an online marketplace for unused store credit, and Roomer, which allows people to sell and buy non-refundable hotel reservations. He is a board member at Moovit, a company that aims to do for public transportation what Waze did for cars.

Another of his companies, FairFly, allows users to rebook plane tickets at a lower cost if the fare falls after their original booking. Engie allows customers to use a smart phone to diagnose what is wrong with their car, then feeds back mechanics' quotations, taking some of the mystery and murk out of car repair.

"The mission is solving big problems for consumers. In many cases, these are things I ran into accidentally," Levine says, wearing a black Feex T-shirt and sunglasses perched on his grey hair. "The gap between consumers and the industry is big and dramatic, and there is a huge opportunity for disruption."

In a country where many of the top 1 per cent indulge in large homes and lavish habits, Levine keeps a low profile. He lives in a rented flat in Kfar Saba, near Tel Aviv, riding his bicycle to most places; for longer trips, he drives his Alfa Romeo Giulietta or his children's Renault Clio. "In general, I don't believe in spending more than you're making," he says.

While frugal in his own habits, Levine has grand ambitions for the new companies where he is chairman or a board member. He believes that some, while destined to remain small start-ups in their first few years, could become "unicorns" as they succeed in solving big problems and one day be acquired for $1bn or more.

This is something new for Israel. The country nicknamed "start-up nation" has a reputation for producing world-beating technology companies: Israelis pioneered antivirus software and invented the memory stick, and are grabbing a disproportionate share of the new cybersecurity industry. Israel's high-tech military is a famous incubator for talents; Levine did his own military service in Unit 8200, Israel's cyber spy agency.

But the country's groundbreaking entrepreneurs are also famous for their impatience. Historically, they have been better at generating new ideas than building their companies into national champions. Venture capital groups and industrial investors from America, Europe and increasingly China, are always scouting for new opportunities in Israeli technology and are ready ➤

PHOTOS: BLOOMBERG; SLIDEZERO/DREAMSTIME


2.

buyers of fledgling companies. "If you are a first-time entrepreneur, it is a difficult dilemma: a $50m-$100m exit is a life-changing event for an entrepreneur in their 20s or 30s," says Gadi Tirosh, managing partner of Jerusalem Venture Partners (JVP), Israel's biggest venture capital fund.

No longer. Israel's high-tech sector, now 25 years old, is producing entrepreneurs, such as Levine, who are experienced and confident enough to scale up their companies into the billion-dollar league. Waze's sale to Google set a new benchmark, or in Levine's word, a "target", for Israeli tech, tempting other company founders to hold on for longer.

Another member of Israel's new billion dollar-plus club is Mobileye, a Jerusalem company that has captured a commanding share of the world market for devices enabling autonomous driving, with its cameras that help vehicles to brake, park, and drive themselves.

Investors in CyberArk, a cybersecurity company in which JVP was an early investor, chose to build the company in Israel and list its shares on New York's Nasdaq rather than sell to a big technology group. IronSource, an online software and mobile distribution company, was recently listed as worth $1.1bn as of August 2014 on a Wall Street Journal list of "the billion dollar start-up club".

When founder-entrepreneurs do sell, they are more likely to do so at a higher valuation and use the company to create new concerns with bigger ambitions. "Israeli entrepreneurs are getting more experienced, more mature and want not just to make money, but to actually make a mark," says Rubi Suliman, high-tech leader at PwC in Tel Aviv. "We are seeing more and more of these."

Mobile apps and the cyber-world have helped to level the field in Israel's favour, given the ease with which mobile technologies can be tested and rolled out in foreign markets, with the help of small teams in the US, Europe or elsewhere.

Israel's small size — just 8m people — was traditionally seen as a drawback in the drive to create successful big companies. Levine, however, thinks the country's

'AS SOON AS YOU BECOME GOOD ENOUGH AND FREE, YOU WIN'

companies are at an advantage vis-a-vis their American competitors, as they are more likely to go international straight away rather than focusing on the local market.

He joined Waze's two other founders in 2007. The app's breakthrough concept, which Levine today compares with Wikipedia, the crowdsourced encyclopedia, was to use the collective wisdom of drivers and the GPS functions in their phones to create maps.

Building the critical mass and working out kinks in the technology took time. The first, rudimentary version of Waze worked on a Nokia phone. The company launched in Israel and the US in 2009, then in the rest of the world in 2010. As it went global, the company's partners spotted areas where it was not good enough: Israel has

1.

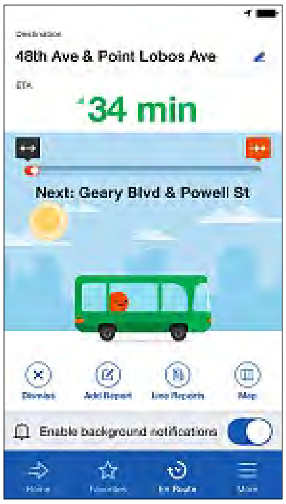

PHOTO: GETTY IMAGES

2.

1.
Moovit is a public transport app to make travelling in any city easier
2.
CyberArk security company's Nasdaq bell in New York
3.
Mobileye, with cameras to help brake and park, enables cars to drive themselves

no ferries and few tunnels, so it needed to find a solution for what to do when a user's GPS disappears.

In 2012, says Levine, everything changed. "As soon as you become good enough and free, you win," he says. Should Levine and his partners have held onto Waze longer and built an even bigger concern? PwC's Suliman is doubtful. "Waze is an application that is very difficult to monetise if you are not Google or Facebook," he says. "It had to be sold."

Notwithstanding its exit, Waze remains part of Israel, where it has about half of its 200 global staff, most of whom work on research and development. "Google owns us, but we are largely autonomous and have our own office space," a company representative says.

Of Levine's Feex venture, he says he got the idea for it in 2009, during the global downturn, when the funds in his own investment portfolio lost 20 per cent of their value, on top of which, he says, he was charged "a lot of fees". When he approached the funds' managers, he succeeded in having them reduced.

Feex's main focus is the US, where the majority of its 25 employees work out of a New York office. The service vets users' portfolios and makes recommendations for similar investments with lower fees. The company says it has more than 30,000 users in the US and more than 100,000 in Israel. Feex aims to earn its keep through commissions it makes when it refers customers successfully to alternative investments.

The company grew out of the Zell Entrepreneurship Programme, an academic course at IDC Herzliya, where Levine mentored a team of students charged with solving "a big enough problem we could address".

Roomer, the marketplace for non-refundable hotel room reservations, came out of the same school year. The company allows users to sell bookings they are unable to use, and collects a percentage per transaction.

Levine hints that he is not finished yet. The medical care industry, he says, is another sector where consumers are "getting ripped off" and is ripe for disruption.

"We are doing more and more," he says. "I am not finished with the revolutions I want to start — there are so many."

BY MATTHEW VINCENT

ASSETS IN ACRONYMS

Businesses never used to think about acronyms. But, nowadays, thinking up catchy buzzwords has become a business in itself.

In the earliest years of my career, I worked in the same TV studio as a regional broadcaster who thought nothing (or certainly too little) of promoting his eponymous holiday business: Stuart Hall International Travel. I then left to join a short-lived heritage magazine that might have achieved more prominent shelf space had it been sold into stores under its unabbreviated name: Stately Homes and Gardens. I am just relieved that my current employer is being taken over by Japan's Nikkei and not merged with the South Hertfordshire Advertiser.

Asset managers, however, seem to have spent more recent years contriving acronyms to enhance their credentials. It all started in 2001 when Jim, now Lord, O'Neill, erstwhile Goldman Sachs' chief economist, noticed that the GDP growth of Brazil, Russia, India and China had surpassed that of G7 countries: on those Brics he built a fund, an index and a reputation as an expert on emerging markets. Four years later, he identified Bangladesh, Egypt, Indonesia, Iran, Mexico, Nigeria, Pakistan, the Philippines, Turkey, South Korea and Vietnam as the next 11 growth opportunities but wisely chose to call the strategy N-11 rather than INVESTPIMPB. Or VISITBNPMP. Or, indeed, any other anagram. In 2010, HSBC tried to make the economies of Indonesia, Vietnam, Egypt, South Africa, Colombia and Turkey sound more inviting by likening them to small furry Asian and African mammals: the Civets. Then, a year later, Fidelity suggested how much investors might make if they stuck with Indonesia and Turkey, but added Mexico and Nigeria: a Mint.

Whether investors remain convinced by any of this is debatable. A couple

President Vladimir Putin of Russia, right, greets China's President Xi Jinping

PHOTO: AFP/GETTY IMAGES

'MOLDOVA, UGANDA, GREECE, SURINAME... MUGS'

of years ago, research by Citywire found that fund pickers were already "sceptical" about "marketing buzzwords" and unconvinced by asset allocations driven more by vowels than valuations. Even Lord O'Neill told Bloomberg he worried about "going down in history as... the guy that just constantly created acronyms". And, now, it would seem, he has got his wish: two months ago, Goldman Sachs closed its Bric fund after the assets under management fell to $100m, from a peak of more than $800m in 2010. With China's economy slowing on all bar the official measures and Russia's reeling from collapsing commodity prices, it seems the countries could not be any more unappealing if they were grouped with Andorra and Puerto Rico.

According to index provider MSCI, equity investments in Bric markets have fallen 14.5 per cent over one year and 5 per cent over five. Apart from a 15 per cent rebound in 2012, the past four years have involved annual losses of 22.7 per cent, 3.2 per cent and 2.6 per cent. It was perhaps appropriate, then, that Lord O'Neill later added South Africa to the original quartet of geographies: anyone who invested in recent years will now be truly Bras[s]ic.

Even the newly Minted look a lot less well off, as Mexico and Indonesia's earning power is hit by the fallen oil price and Turkey's by fallen borders. Writing in the Financial Times last year, veteran City investor Terry Smith said: "Forget the Mints or the Civets — how about Moldova, Uganda, Greece and Suriname? These I have christened the Mugs, a pretty good description of anyone who would invest on this basis."

But investment managers with longer time horizons argue there is no need to be so literal, or too offended. Last month, Neil Williams, group chief economist at Hermes Investment Management, pointed out that the C in Brics can still support its equity market. He argued that China could cut real lending rates from 4 per cent, further devalue the renminbi and spend more on infrastructure. Rothschild Wealth Management has noted a rebalancing of the Chinese economy alongside the slowdown. Similarly, Coutts has told its clients that service companies are taking over the prime position in China's economy, as it moves from export and investment-led growth to greater reliance on domestic consumers.

As these Bric consumers benefit from rising wages, they even help the M of the Mints: rising labour costs in China make Mexico appear an appealing base for manufacturers wanting to export to the US.

Williams prefers to view the Bric slowdown as "the baton... being handed back to advanced economies to fuel world growth" — helpfully reminding us all that international travel need not be a bad thing.

JEREMY HAZLEHURST

@JHazlehurst

THE MIDDLE EAST MINDSET

The late literary critic Edward Said famously invented the concept of "Orientalism": the idea that the west's perception of the east is coloured by western political ideology. A good example, arguably, is the US television drama *Homeland*, which follows the fictional adventures of American spies in the Middle East and is widely seen by people in that region as depicting Arabs as suspect, dangerous and untrustworthy. This, say the critics, reflects and reinforces the dominant US view of the Middle East.

Perhaps because this "Orientalist" view is so embedded in western culture it is easy to picture wealthy families in the Middle East, especially the Gulf, as patriarchies populated by sheikhs in dishdashas and Lamborghini-driving playboys. The reality, of course, is completely different, as family offices in the region illustrate.

The idea of "putting everything in a box called a family office" is a relatively new phenomenon, says Sailesh Barchha, an adviser to the Kuwaiti royal family — who differ in several respects from their western counterparts. For a start, there is the sheer amount of wealth generated, which means the money trickles down a long way. "You are having conversations about hundreds of millions of dollars with people who are very young — children, really," he says.

The source of the wealth is also a factor. If money bubbles out of the ground, it is not surprising there is a more casual attitude to it than in a family that has worked hard to create and preserve wealth for multiple generations, and has embedded ethics of diligence and thrift. Those factors, rather than any innate profligacy, explain the playboys.

Then there is politics. A report by Invesco Perpetual, the investment manager, says 85 per cent of Middle Eastern family offices are connected to sovereigns. The line between sovereign wealth fund and family office can be fuzzy and government policy and spending commitments can affect investment strategy.

Because much of the region's family wealth comes from commodities, explains Emile Salawi, head of family offices at French bank BNP Paribas, it is prey to price fluctuations. This volatility, he adds, "makes them much more prudent in the management of their assets — they will look to diversify away from the core business".

These family offices' assets tend to be less liquid than those of typical European institutions, which can also leverage existing assets more easily. But in terms of investment, the differences come down to style. "The teams are relatively small," says Salawi. "You probably have one or two individuals who are very close to the beneficial owner or royal family, whereas in Europe you get a more collegial approach. There is one adviser who is predominant and very influential over the royal family or beneficial owner."

'THE VOLATILITY OF THEIR WEALTH MAKES THEM MORE PRUDENT'

Despite this more informal approach — or perhaps because of it — there is a focus on educating the next generation, particularly female family members, says Alex Hayward, wealth strategist at Vestra Private Office. "There are some really dynamic families doing some sophisticated thinking around governance and succession planning, often more than in some western countries, where a succession can be taken for granted," he says.

This is being driven partly by the return of the second or third generation who have been educated abroad. For family offices now, the question is about balance: balancing the needs of the older generation with the dreams and aspirations of the young.

Jeremy Hazlehurst is founder of Business Family

PHOTO: DIDIER BAVEREL/SHOWTIME/AP

Homeland, with erstwhile CIA agent Carrie Mathison, played by Claire Danes

BY PAUL MCCLEAN

OBJECTS OF POWER AND RISK

In September 2010, a longstanding territorial dispute between Japan and China turned nasty. A Japanese coastguard vessel caught sight of a Chinese trawler off the coast of the uninhabited, Japanese-controlled Senkaku islands in the East China Sea. The coastguard ordered the trawler to leave. But, within moments of the order, the two boats collided. A second collision followed 40 minutes later, leading the coastguard to seize and arrest the captain of the Chinese ship: in retrospect, not a wise move.

China's response was furious and immediate. The government moved to cut off Japan's supply of rare earths, a peculiar set of elements located deep in the periodic table, which form the bedrock of much modern technology. Such was Japan's reliance on these materials that merely days after the export ban, which Beijing maintains it never imposed, Japan relented and the Chinese captain was released.

"The strategic importance of rare earths is huge and will only grow," says Gareth Hatch, founding principal at Technology Metals Research, a provider of market intelligence and analysis on rare earths. More and more elements such as cerium, praseodyium and europium are being used to power and perfect everyday gadgets, from iPhones and headphones to microphones. Even in tiny quantities, they are also used as the driving force behind certain cancer treatments, nuclear reactors and X-rays.

"They fulfil a similar role to that of yeast in pizza," writes David Abraham, author of *The Elements of Power: Gadgets, Guns and the Struggle for a Sustainable Future in the Rare Metal Age*. "While they are only used in small amounts, they are essential.

"Whole industries are built on just a few rare metals," he adds. "The magic in [Steve] Jobs' glass screen was due to a dash of the rare metal indium [a minor metal rather than rare earth], which serves as the invisible link, a transparent conductor between the phone and your finger. A dusting of europium and terbium provides brilliant red and green hues on the screen. Cerium buffs the glass smooth to the molecular level."

For a long time, this importance was reflected in their price. Shortly after the Senkaku dispute, the price of rare earths rocketed over fears of a Chinese monopoly of the materials, creating a bubble that burst after just a few months. A $100 investment in the Market Vectors Global Rare Earth/Strategic Metals ETF in October 2010 would have been worth $148 in April 2011. That same investment is worth just $20 today.

This year, the price of rare earths, and many of the companies that mine and produce them, has fallen even further. In June, US miner Molycorp filed for chapter 11 bankruptcy protection and in August it mothballed its operation in California, the only US rare earth mine. Australian company Lynas Corp, now the only rare earths miner outside China, blamed illegal operations and excessive Chinese exports for its 11 per cent quarter-on-quarter sales fall in September.

According to Anthony Lipmann, chairman of the Minor Metals Trade Association from 2003 to 2006, this price crash is representative of the huge levels of speculation in rare earth investment. "The rare earth hype convinced ordinary members of the public to invest in things they had no control over," he says.

But with prices so low and demand growing, could now be a good time

1.

PHOTOS: REUTERS; REUTERS

'SCIENTISTS ARE REALISING THEIR PROPERTIES'

Rare earths:

Cerium
Ce (58)
The most abundant of the rare earths, cerium is a silvery metal that oxidises easily and is used in catalytic converters, alloys and magnets.

Gadolinium
Gd (64)
A silvery-white and toxic metal, gadolinium is used to target tumours in neutron therapy. It is also used in MRI scans to make certain tissues and abnormalities more clearly visible.

Lanthanum
La (57)
One of the most reactive rare earth elements, lanthanum is used to make carbon arc lights and to reduce the phosphate levels in the blood of patients with kidney disease.

to invest in rare earths? Lipmann is adamant that people should shy away from investing.

"It's ... simply not an investment," he says. "It would be delinquent in the highest degree for anyone to purport to attract investors into putting money directly into rare earths — metals which take a lifetime of professional involvement to handle and deliver to end users. [It is] an investment undiluted by any balancing factors — an investment that relies entirely on a bet. That is not wealth management, just irresponsibility."

Abraham also sees the difficulties of investing in rare earths. "It's hard to give an elevator pitch for something no one has even heard of," he notes. "Relying on unclear industry jargon, many investors are often in the dark regarding the risks." However, he does not rule out investment of any form. "It's a risky investment. But the future is bullish — the price of materials will increase because scientists are just realising the properties that they have. Ultimately, if you understand Chinese policy and the processing of the materials, you can be comfortable investing into this space."

Hatch agrees. "The conventional wisdom is that if Molycorp can't make it, then how can anyone else? But that's overly simplistic. [Rare earths] are not a lost cause, but investors must be more discerning."

Compared with the boom of 2011, opportunities for rare earth investment are today few and far between. The Market Vectors Rare Earth Strategic Metals ETF remains a small possibility, with assets of just $33m, and its price has fallen 36 per cent since the start of the year.

Lynas Corp is regarded by many to be one of the few safer options in a sector beset with risk, though it is currently trading at A$0.08 against a high of A$2.60 in 2011.

As the obscure elements that sparked yet another dispute between Japan and China continue to fall in price at a greater rate than the rest of the commodities market, many are unsure where to turn.

Their low prices are attractive, particularly as their importance grows. For others, however, they pose too great a risk and the tremors of the 2011 crash are still too strong to ignore.

1.
Rare earth metals bags are checked at a mine in Nancheng county, China
2.
A Chinese fishing boat is inspected by a Japanese vessel

PHILANTHROPY
EFFECTIVE ALTRUISM

BY ALIYA RAM

BANGS PER DONATED BUCK

It seems unlikely that a 28-year-old philosopher could reshape how the globally rich and powerful, from Silicon Valley to Downing Street, think about philanthropy.

But Will MacAskill, a fellow in philosophy at Lincoln College, Oxford, is seeking to do just that. He advocates a more practical form of philanthropy, termed "effective altruism", which over the past year he has presented at Google's headquarters in California and at Number 10. His philosophy has also been endorsed by billionaire philanthropists such as Facebook co-founder Dustin Moskovitz.

The idea is simple: effective altruists, influenced by philosophers such as Jeremy Bentham and Peter Singer, argue that people can "do good better" by determining how they spend their time and money.

MacAskill says investors, politicians and philanthropists — indeed everyone — should analyse how they donate time or money so they can be confident of having the greatest impact or, put another way, of improving the quality of peoples' lives.

"Most moral philosophers think we should be doing something more with our resources to help the very poor than we currently do, but very few people are actually acting on that," he says.

Effective altruism is primarily a practical movement, he expands. "Ultimately it's [about] how much you are improving others' lives per dollar. I think like an economist."

MacAskill set up two charities, Giving What We Can and 80,000 Hours, while undertaking post-graduate studies at Oxford. The two have subsequently been brought together under the Centre for Effective Altruism, which seeks to "use evidence and analysis to help others as much as possible".

When it was launched in 2011, 80,000 Hours, which gives career advice to graduates, caused controversy by encouraging people to work in high-earning jobs, such as finance and consulting, and then donate part of their income to charity.

Effective altruism's use of analysis is designed to ensure time or money spent has the greatest impact

Matt Wage, a Wall Street trader, attracted media attention in 2013 when he announced he had given away $100,000, approximately half his salary. He told the New York Times he had deliberately targeted a job that paid well so as to be able to give more to charity.

But according to MacAskill, the main purpose of effective altruism is to wean people off clinging to their monthly wage. He retains a proportion (£20,000 in 2009 terms, rising with inflation) of his salary to live on and gives the rest (roughly half his overall wage) to organisations such as health initiatives Deworm the World and the Against Malaria Foundation.

So why should we all become effective altruists — and how? MacAskill says givers should be "explicitly cause neutral" and focus on giving a proportion of their income. Giving What We Can, for example, challenges people to donate 10 per cent of their income — which may be more difficult for people on low incomes than for the very wealthy.

"Morality can sometimes be very demanding, especially if you're living in this kind of moral catastrophe, which I think we are," MacAskill says of the inequality in the world. "I'm pretty happy for people to give for whatever reasons they like as long as they give to the right places."

Walking to the bicycle shed outside his poorly lit office, unembellished except for a cheap kettle on a shelf, MacAskill says it is important to anchor a culture of giving in economic research and "good scientific thinking".

He acknowledges gathering evidence of cost-effectiveness is not always possible, for instance, immediately after natural disasters, and can be time-consuming and expensive, but insists it is necessary for charities to gain the public's confidence. "People are dying of easily preventable diseases and we want to help, but it's not enough merely to help," he says, adding that saving one life is "obviously great" but if a hundred lives could be saved, "that's obviously more important".

'I'M HAPPY FOR PEOPLE TO GIVE, AS LONG AS IT'S TO THE RIGHT PLACES'

MacAskill feels his philosophy can help to save lives. "I used to think I should get annoyed at myself because I [was] going to study Wittgenstein," he says of his academic ambitions before effective altruism. "Now that guilt has gone away."

PHOTO: IPGGUTENBERGUKLTD/ISTOCK


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YOUR MONEY WILL CATCH A STRONG TAILWIND?
Croatia offers extensive incentive package for your investments, which includes benefits like*:
—
UP TO 55% OF INVESTMENTS COSTS REFUND
(maximum aid intensity)
UP TO € 18.000 GRANT
per employee
UP TO € 1 MILLION GRANT
for capital expenses
UP TO € 0.5 MILLION GRANT
for R&D
0% CORPORATE PROFIT TAX RATE
for 10 years
*according to the Investment Promotion Act
—
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CORRESPONDENT: SPECIAL
SOUTH SUDAN

BY KATRINA MANSON

FRAGILE SPARK OF WEALTH

The most conspicuous feature of South Sudan's elite is its absence.

The newest country in the world is in dire need of committed, educated nation builders. But many of its most wealthy citizens park everything from their assets to their families — and themselves — outside the country.

Little wonder, perhaps. The people of South Sudan spent decades fighting a war of secession with the Khartoum government to the north, only to plunge into its own civil war soon after winning independence in 2011. In the past two years, more than 2m people in a nation of 12m have fled death and ethnic atrocities. An August peace deal may see government and rebels form an interim joint administration, but even if that comes off, trenchant poverty and insecurity will pervade for years.

Alongside that, due to reduced petroleum output because of fighting, a bad deal agreed with the north and falling world prices, the oil-based economy is shattered. Without incoming dollars to sustain central bank reserves, the currency is now in meltdown.


1.

Yet many have found a way to make money, thanks to the combined impact of oil revenues, aid dollars and an unhealthy dose of corruption. Many are even proud that South Sudan is one of the few African countries that, on balance, sends millions of dollars out to its diaspora, rather than relying on remittances sent in from abroad.

Lual Malok, a businessman who rents out warehouses and offices in the capital Juba, is among them. Every month he sends thousands of dollars to his family in Kampala.

"I have four kids; these are from my first wife. Then I have two younger kids with my second wife. She's here," says Malok, whose business supports them all. Like many South Sudanese, his first wife lives in neighbouring Uganda so the children, three of whom are of school age, can get a good, safe education that poorer South Sudanese cannot hope to access at home.

"For renting I have to pay $1,100 per month, then for the food I send another $1,000, plus every three months I send $3,200 for school fees," says Malok in his dishevelled Juba office. "All the business people here are the same: they transfer money out to their families, especially for school fees; that is a must."


3.

1.
The UN refugee camp at Malakal
2.
President Salva Kiir in the capital Juba
3.
A model presents a creation by a local designer
4.
Developers are moving into Juba

Underdevelopment at home is only part of the explanation. One regional diplomat involved in protracted peace talks describes the South Sudanese leadership as "shameless looters who are living in luxury while showing breathtaking indifference [to their people]".

South Sudan was ranked 171st of 175 countries in Transparency International's annual corruption perceptions index (CPI) last year, worse than Iraq, Pakistan and Bangladesh.

The rot set in early. Within a year of independence, President Salva Kiir declared officials had already stolen horrifying amounts from the fledgling state. "An estimated $4bn is unaccounted for or, simply put, stolen by former and current officials, as well as corrupt individuals with close ties to government officials," he wrote. "Most of these funds have been taken out of the country and deposited in foreign accounts. Some have purchased properties, often paid [for] in cash."

'MANY HAVE FOUND A WAY TO MAKE MONEY'

An investigation commissioned by Avaaz, an online campaign group, indicates South Sudan's top leaders move considerable property and banking assets outside their own country, into east Africa, the Middle East and Europe.

"While South Sudan goes up in flames, the families of the elite enjoy a luxurious lifestyle outside the country subsidised by endemic corruption of state coffers," Sam Barratt at Avaaz told the Financial Times last year as diplomats pressed for sanctions.

In Kenya's capital Nairobi, South Sudanese number plates are commonplace on the four-wheel drives that circulate the leafy suburb of Lavington. The Kenyan government has also put up South Sudanese politicians in an elegant hotel, while the Ethiopian government hosted months of peace talks.

Even so, the streets of Juba bear the marks of much change over the past 10 years. While the city was once a dustbowl in which the only accommodation comprised shacks, tents and containers, today it has high rises and even higher hopes. Developers speak of creating roof-top cigar rooms to serve the country's elite; businesses from insurance to banks make record profits. At the Da Vinci restaurant, couples chat and pose for family snaps beside a river, sipping beers as the sun goes down.

Car dealerships are still doing a decent trade, but they remember wistfully the best of the good old days, when the new government of 2011 put in orders for dozens of new vehicles at a time for ministers and senior civil servants. Even today the odd Hummer hugs the streets and parks up outside late-night bars. But friends of the owners caution it is a fragile show of wealth: many live in run-down homes and can no longer afford the cars' upkeep.

In a country marked by decades of war, still home to an inflated army consisting of hundreds of generals, many former fighters at the helm have also always professed the ease with which they are prepared to "go back to the bush".

"We are now spending less and it means we can live within our means," says a senior military officer. He offers this unlikely belt-tightening theory to help dismiss the significance of a dollar crisis so acute that foreign-built factories and formal businesses have this year started to close.

"This austere style of economy that we have to have now is better for us," he adds.

PHOTOS: TYLER HICKS/NEW YORK TIMES/REDUX/EYEVINE; AFP/GETTY IMAGES; BENEDICTE DESRUS/ALAMY; REUTERS

BY NEIL MUNSHI

A SHOW OF FORCE

In *Star Wars*, producer George Lucas pitted a scrappy band of rebels against a powerful galactic empire bent on building a massive space station at the edge of the galaxy.

But in Chicago, it is Lucas who is being cast as the evil emperor and it is a local civic group, Friends of the Park, that sees itself as the only hope for the galaxy — or America's third-largest city. Their version of the film's Death Star bears a far less ominous name: the Lucas Museum of Narrative Art, a gift from the producer to the city.

The parks group is suing to halt construction under a 19th-century land usage law. But barring the unexpected, the museum, which will cost hundreds of millions of dollars to build, will be among the largest gifts given to an American city for generations when it opens on the glittering shores of Lake Michigan by 2020.

The museum has the backing of nearly every prominent Chicagoan or institution, from Mayor Rahm Emanuel to Lucas's wife, Mellody Hobson, the president of Chicago-based Ariel Investments.

Hobson says the project is "something that is going to outlast us and hopefully be an educational centre for people from all over the world". Its ability to attract tourists is a major reason the mayor lobbied hard for the museum after Lucas's original pitch to the Presidio national park in his hometown, San Francisco, fell through. Though the museum has not released an official price tag, the Chicago project is roughly three times the size of the Bay Area proposal, which Lucas had said would cost him about $300m to build. Lucas said then that he would provide a $400m endowment upon its opening and another $400m upon his death. It was, to paraphrase Luke Skywalker, a big womp rat for the mayor to bullseye.

Emanuel "understands the vision", Hobson says. "He's supportive of it and sees what this can mean for Chicago — it's probably the biggest philanthropic gift to a city since the time of the robber barons."

The unprecedented nature of the gift is hard to overstate. This is not naming rights on a room at the Met. But it is the "robber" part that strikes opponents, especially when they consider that huge gift notwithstanding, the city has offered a billionaire a 99-year lease on 17 acres of prime lakefront property for $10.

The museum itself could be "a wonderful gift to the city of Chicago", says Juanita Irizarry, executive director of Friends of the Parks. "We are just against the location," which is currently home to a car park but advocates say should be turned into parkland.

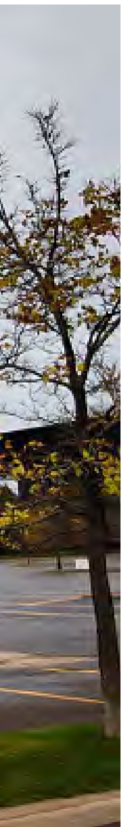
"What we find extremely problematic is, even if you think the Lucas Museum should go there, whether Chicagoans want our public lands to be given

1.

3.

1.
Rendering of the proposed Lucas Museum of Narrative Art in Chicago
2.
The latest Star Wars film, *The Force Awakens*, will be released later this month
3.
The Lucas Museum is to be built on what is now a car park, but critics say should become a parkland

2.



away to rich people," she says. Critics have decried the process as a classic backroom Chicago deal. Some have caught a whiff of take-it-or-leave-it *noblesse oblige*. Public hearings were only held after the site was announced. Lucas ultimately hired a member of the mayor-appointed site-selection committee, architect Jeanne Gang, to design the grounds.

Lucas did not help matters when he told an audience in Chicago last year that after the San Francisco park rejected his proposal, his wife, who has donated to Mayor Emanuel's campaigns, said, "Don't worry, I'll talk to the mayor." Some wondered whether they had discussed it when Emanuel attended the couple's wedding the year before.

From the outset, there were criticisms of the process and that lease, which can be renewed for an additional

THE UNPRECEDENTED NATURE OF THE GIFT IS HARD TO OVERSTATE.

198 years for an extra $20. But it is the museum's design, by Chinese architect Ma Yansong, which has proved the most controversial.

Depending on whom you ask, the interactive museum, which will house everything from film to comic books to popular and digital art, looks like "an intergalactic zit" or a volcano capped by a toilet seat. It has been unfavourably compared with Jabba the Hutt.

Blair Kamin, the Chicago Tribune's Pulitzer Prize-winning architecture critic, has called it a "vanity project, the Temple of George". He wrote that the "mountainous blob... speaks volumes about all that's wrong with architecture today: a celebration of object-making at the expense of public space, plus a shameless coddling of the powerful". He has argued that it should be built inland so as not to "foul" an already crowded stretch of "Chicago's greatest public space, a nearly 30-mile-long chain of parks and beaches along Lake Michigan" with more congestion.

But the design has its defenders. In a column in the Tribune, architect Frank Gehry compared criticism of the building with complaints that initially greeted his Guggenheim Museum in Bilbao and Walt Disney Concert Hall in Los Angeles. He said the design followed in the footsteps of Snøhetta's Malmo Concert Hall and the flowing work of Zaha Hadid.

Lynn Osmond, president of the Chicago Architecture Foundation, says the design fits a "city of innovation and risk... I think this is really pushing that envelope."

But perhaps the greatest endorsement the museum has received comes from the people whose rejection sent it to Chicago. The public debate over the project pitted old-money San Franciscans who had funded the Presidio's revitalisation and opposed the museum against tech titans including Twitter's Jack Dorsey, Netflix's Reed Hastings, Yahoo's Marissa Mayer and Google's Eric Schmidt, who backed the project. Ultimately, old money won out. Lucas's proposed Beaux Arts design did not conform to the trust's guidelines for the space, though they proposed an alternate site within the park that the museum rejected.

"The Lucas project had a lot going for it — programmatically the board and public were very excited about. The real challenge was around design," says Joshua Steinberger, chief of strategy for the Presidio Trust. "It was one of these projects... that brought out a lot of excitement and we were all disappointed not to get it in the end."

PHOTOS: DRAWINGS COURTESY OF LUCAS MUSEUM OF NARRATIVE ART; LUCASFILM LTD; AP

BRAZIL

BY JOE LEAHY

SCANDAL ON DISPLAY

Art lovers in Brazil's southern city of Curitiba have been treated to an unusual sort of show this year. "Works Under Guard", at the Oscar Niemeyer Museum, is an exhibition of 48 important art pieces seized from allegedly corrupt businessmen who took part in Brazil's biggest graft scandal, a kickback scheme at state-owned oil company Petrobras.

The works on display, including pieces from the great Brazilian modernist painter Cicero Dias, composer and painter Heitor dos Prazeres and many others, were deposited with the museum because the federal police did not have the facilities to store them properly.

"The museum fulfilled its mission to conserve and house art collections, and also to democratise access to them for visitors," Juliana Vosnika, director of the museum, wrote in the guide to the exhibition.

The collection seemed designed to confirm the worst prejudices of ordinary Brazilians: that the corrupt are fabulously wealthy and the fabulously wealthy must be corrupt.

Indeed, as Brazil slips into recession and unemployment rises, the scandal and the economic meltdown have made it unfashionable to be filthy rich in Brazil, says Daniela Falcão, editor-in-chief of Vogue Brazil, the style magazine. When Brazil is booming, she says, "it is even OK to spend a lot because you are helping the country to grow. Now, on the other hand, there is so much uncertainty ... you don't want to be connected to the elite involved in these corruption schemes."

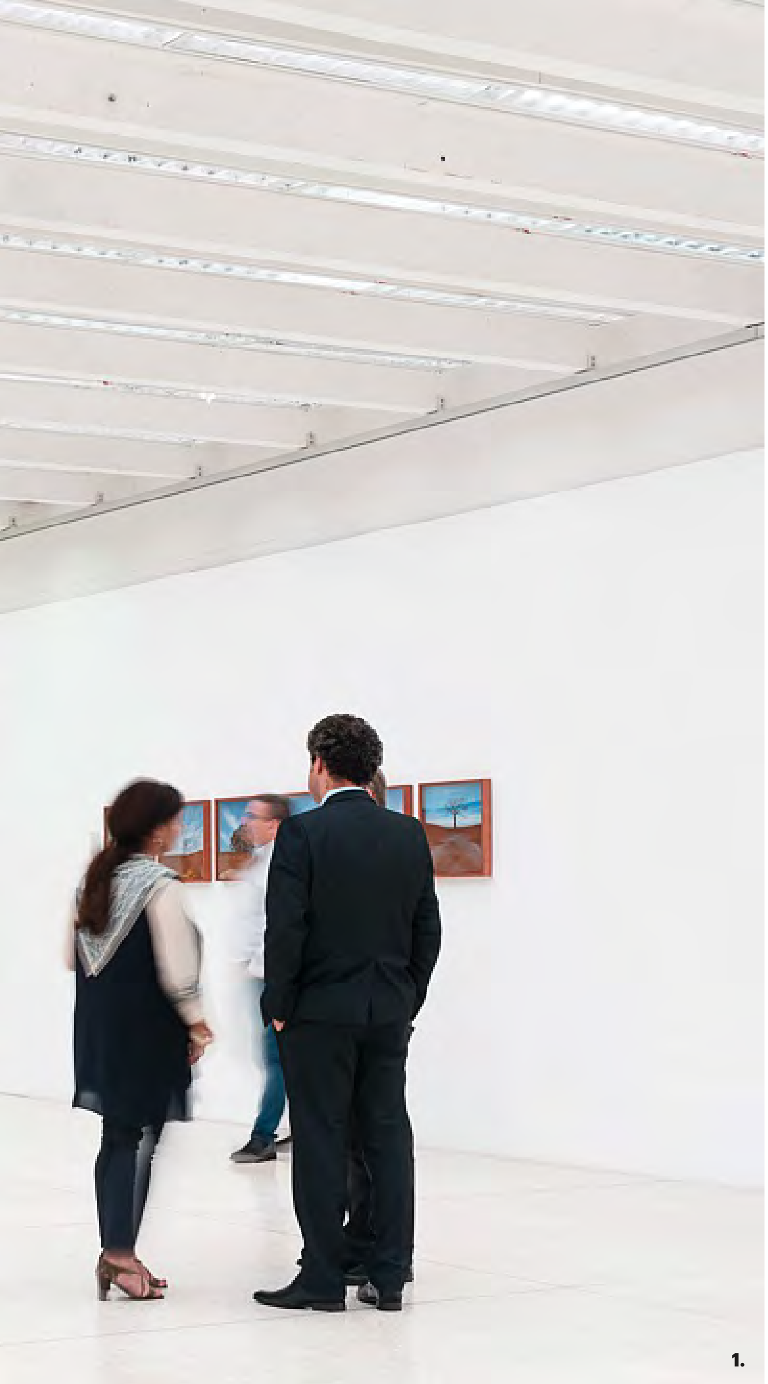
In a country in which the wealthiest 10 per cent control 54 per cent of

'THERE IS UNCERTAINTY ABOUT BEING CONNECTED TO AN ELITE INVOLVED IN CORRUPTION'

income, it is hard to shock people with displays of ostentatious riches. But in the past year, the lifestyles of Brazil's A-list have been put under the X-ray like never before — with often surprising results.

The exposés started with Eike Batista, an oil magnate who was Brazil's richest man until he admitted a couple of years ago that his oil fields were lacking a key ingredient — oil. He was accused of insider trading and a judge ordered a public auction of the belongings of the tycoon and his family. Brazilians watched as police confiscated a collection of luxury cars, yachts and jet-skis from the Batista

PHOTOS: MARCELLO KAWASE/MUSEU OSCAR NIEMEYER; AFP/GETTY IMAGES



1.
The Oscar Niemeyer Museum's 'Works Under Guard' exhibition
2.
An untitled work by Cicero Dias from the exhibition
3.
Eduardo Cunha, who has been implicated in the Petrobras case

clan's many residences. But Batista's trappings turned out to be modest compared with what was hoarded by those involved in the Petrobras case. One of the company's former directors, Pedro Barusco, confessed in court statements that he had stashed away $100m solely from the proceeds of corruption — that and another $1m he said he had spent on medical fees and travel.

Another Petrobras director, Renato Duque, is accused in documents made available in the federal court of the state of Paraná of accepting art works in exchange for contracts — charges he denies. His colleague, Paulo Roberto Costa, was "given" a new Range Rover Evoque by his partner in the Petrobras scam, black-market money-dealer Alberto Youssef. Police found more than $500,000 in cash in Costa's home.

Indeed, the Petrobras officials are only the beginning. Politicians too have been accused of living the high life, among them Eduardo Cunha, head of the lower house of congress. A staunch evangelist — his big idea is to have a "heterosexual pride" day — he has been implicated in the Petrobras case and is accused of having secreted millions of dollars in Swiss bank accounts. He denies any wrongdoing.

Former president Fernando Collor, who was impeached during his rule in the early 1990s for alleged corruption, is also accused of involvement in the Petrobras scandal by prosecutors. He had a Lamborghini, Ferrari and Porsche briefly confiscated before getting them back under a court order.

These shows of alleged corruption and ostentatious wealth are cramping the style of Brazil's super-rich when it comes to doing what they do best — spending prolifically, analysts say.

Vogue's Falcão says the elite are still consuming but doing so more judiciously, investing in high-end jewellery and often offshore. They are keeping their purchases secret, especially the most extravagant. Retailers are having to be smarter to maintain an effective service for clients who don't want to be seen to be spending extravagantly, Falcão says.

Beyond this, the rich, like everyone else, are worried about losing money in the recession, so they are opting for items that should hold their value. "If you are buying diamonds or emeralds, it will be a piece that will last for generations and be safe because even if the economy goes bananas you will still have this as an asset," says Falcão.

As for the Oscar Niemeyer Museum in Curitiba, as long as wealth and corruption go together, it seems there will be no shortage of new pieces to display — the museum is preparing to exhibit a new batch of 139 works from the Petrobras investigation.

BY SIMONEY KYRIAKOU

MODELS OF EFFICIENCY

Mark Zuckerberg is the one to thank. In the last days of 2013, the Facebook co-founder and his wife Priscilla Chan donated 18m Facebook shares worth nearly $1bn to a donor-advised fund (Daf) called the Silicon Valley Community Foundation, shining a spotlight on a scheme that was formerly little known — in the UK, at least.

Dafs are not new. Described by Guy Simonius, head of wealth and tax planning at Julius Baer, the private bank, as "an efficient way to irrevocably donate money for charitable purposes", they have been a useful means of tax-efficient giving for US families since 1931.

"In the US, people are opening Dafs at a rate of three to one, compared with setting up their own charitable foundation, whether paying in $20,000 or millions," says John Canady, chief executive of National Philanthropic Trust UK, a Daf manager.

Billions of dollars have been flowing in: US Dafs' charitable assets under management had grown from $32bn in 2007 to $71bn by the end of 2014, according to the NPT.

The UK is a little way behind. NPT's UK office, set up at the end of 2013, has raised just £5m from UK donors, while the UK Charities Aid Foundation (CAF) has run Dafs and Daf-like funds since the 1970s and has 2,800 donor-advised funds on its books, with £800m of assets under management. Investment bank UBS puts its latest total at SFr60m ($60m).

Traditionally, philanthropists have established foundations or charitable trusts. But the structure of a foundation means that while the family has great freedom over where the funds are invested, they and the trustees must also bear the burden of administration, due diligence and compliance.

"Unless it is professionally managed and staffed, with the help of a clear strategy, an autonomous foundation often proves demanding to run for a donor," says Luc Giraud-Guigues, secretary-general of Switzerland-based Fondation Philanthropia, an umbrella foundation. "Also, in the context of low financial return, a foundation whose fiduciary responsibility is to preserve capital for the mission decided by its founder will need sizeable capital to function and provide meaningful support to society."

Setting up a Daf also involves less paperwork. "I've met several clients who set up a trust and ended up feeling a bit put out when they realised they could have had a donor-advised fund instead," says Tom Hall, head of philanthropy services at UBS Wealth Management. "A full charitable trust could take three to nine months to establish, together with fees of upwards of £2,000. But we can open a Daf for our existing clients within a week or two at the most."

Dafs are not just for billionaires either. Many firms in the US will set up a Daf for $5,000. The UK CAF's average starting value is £10,000 and while it has 100 client accounts in excess of £1m each, with the largest at £50m, the average fund is £250,000.

Another attraction of Dafs is that investors can put nearly anything in them. For years, the ability to donate shares to these schemes has been a big draw for US investors, and has become more popular in the UK since former chancellor Gordon Brown introduced charitable tax changes in 2000.

This is not pure altruism but sensible planning: rising stock markets and share values create potential capital gains tax liabilities, but donating shares results in a reduction to an individual's CGT bill.

Cash and shares are the assets most commonly held in a Daf, but portfolios are often laden with interesting

1.
The American Red Cross, seen here responding to a South Carolina flood, is a beneficiary of money from the Silicon Valley Community Foundation
2.
Priscilla Chan and Mark Zuckerberg
3.
The Wildlife Conservation Network is another SVCF beneficiary

alternatives, such as cars, land, fine art or wine. The CAF says such assets could be put into these schemes too. The flexibility lent by Dafs might be useful for parents, who can make an irrevocable donation of valuable items to prevent future squabbles over inheritance.

The structure's anonymity also makes this type of fund more appealing than a publicly registered family foundation if donors do not want the world to know the family silver has been earmarked for WaterAid, for example. "Sometimes prominent families appreciate the ability to be discreet," explains Canady.

This may be why some people have criticised the scheme. In April 2014, Marc Benioff, chief executive of business software company Salesforce, himself a billionaire philanthropist, questioned the use

PHOTOS: DANUTA OTFINOWSKI/AMERICAN RED CROSS; GETTY IMAGES; ISTOCK

1.


3.

'A DONOR-ADVISED FUND CAN BE AN IDEAL VEHICLE TO SWELL A WAR CHEST FOR EVENTUAL ALLOCATION'

of Dafs in an interview with San Francisco Magazine: "Silicon Valley Community Foundation is a bunch of Dafs. You give your money to SVCF and get your tax write-off for the year, but [the foundation] has no obligation to administer that money. Where's [Zuckerberg's money] gone? What good is it doing now?"

True, Daf accounts often hold donations for an indeterminate period. Disbursement is at the discretion of the founders or their successors. "A donor can hold a Daf in perpetuity and pass it on to the next generation," explains Stefan Velvick, senior private client manager at CAF Philanthropy, a division of the UK foundation.

But hesitation to apportion money is not the same as reluctance: a donor may not yet know exactly where they want their donations to end up. They only know they wish to give charitably and tax-efficiently. Therefore, a Daf can provide an ideal vehicle to swell a war chest for eventual allocation.

Once donated, money in a Daf may not be reclaimed — it is earmarked irretrievably for charitable purposes. "Once it comes to us, it belongs to the charity," points out Keziah Cunningham, senior advisory manager at CAF Philanthropy. "We see a huge variation among donors about how they want to use their Daf, but it has to be for charitable purposes, as long as these pass our robust validation process."

With their flexibility, anonymity and tax efficiency, could these schemes ever replace foundations? Not for everyone, thinks Canady. "Some people might be fed up with the compliance and choose to close their charitable trust, but others might prefer to have the family foundation and the complete control and discretion this brings," he says.

Not every benevolent billionaire wants complete control over their charitable giving. It is no surprise, therefore, that Dafs are gaining in popularity with affluent altruists on both sides of the Atlantic.

BY DANIEL BEN-AMI

FIGHTING POVERTY AS A HEROIC VENTURE

What would you do if you were walking past a shallow pond in which a small child was drowning? There can be little doubt that the vast majority of people would wade in to save the child even if it came at the relatively trivial cost of getting their clothes muddy.

This is the starting point of a famous essay by Peter Singer, an Australian moral philosopher, first published in 1972. It has just been republished, along with two additional essays by Singer and a foreword by Bill and Melinda Gates.

Of course, Singer does not stop with the example of the drowning child. His next step is to argue there is no moral difference between letting the child drown and letting one die in a faraway country as a result of extreme poverty.

The two cases are different in psychological terms, though. The small child in the hypothetical example is in front of you whereas those living in severe poverty are generally a long way away. But in moral terms, Singer argues, the challenge posed is the same.

In both cases it is possible to eliminate the suffering at no risk to our physical well-being. We might get our clothes muddy or be able to afford fewer luxuries, but that is miniscule when set against the value of a human life.

Over the years Singer's argument has inspired countless philanthropic initiatives around the world. With the endorsement of Bill and Melinda Gates in this new edition it has gained public recognition from perhaps the world's greatest philanthropists.

Perhaps its influence is not surprising since, at first sight, its argument seems unimpeachable. Who, after all, would want to be seen arguing the case for letting a small child drown? However, a closer examination shows there are reasons to question Singer's moral reasoning. In particular, the use of a small child as a starting point risks infantilising the people it is ostensibly designed to help: the poor themselves. It casts western philanthropists as heroic saviours of the helpless and those living in dire conditions as passive victims of dire circumstances.

An alternative starting point would be to see human beings as capable of shaping and reshaping their own circumstances. People have the ability to transform the world around them for the better, rather then simply lying back helplessly and accepting their fate.

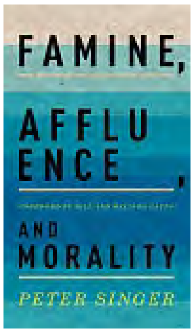
This sense of agency is the main force for eliminating poverty. Perhaps the most striking recent example is China's widely acknowledged success in lifting hundreds of millions of people out of poverty from the 1980s onwards. This was achieved by a drive to transform its economy, rather than allowing itself to become the object of western pity.

That is not to say contemporary China is perfect or that its model should be followed slavishly. Only that, through their own efforts, people have often succeeded in lifting themselves out of poverty through economic growth.

Indeed, long before China's rapid

'PEOPLE HAVE THE ABILITY TO TRANSFORM THE WORLD AROUND THEM FOR THE BETTER, RATHER THEN SIMPLY LYING BACK HELPLESSLY AND ACCEPTING THEIR FATE'

PHOTOS: KEVIN FRAYER, THOMAS TRUTSCHEL/PHOTOTHEK/GETTY IMAGES; DAVE BARTRUFF/CORBIS



1.
Life in a slum area of Beira, Mozambique
2., 3. and 4.
Starting from the bottom and working their way up in Beijing, China

surge in development began in the late 1970s, that is precisely how the west's own prosperity was created. Western affluence is primarily the result of concerted action by earlier generations, rather than the gift of external charity.

This alternative view does not, of course, preclude saving drowning children or even giving aid to those suffering in an emergency. A key problem with Singer's argument is precisely that it blurs these exceptional circumstances with the everyday business of conquering poverty.

In fact, Singer is, at least in passing, critical of the forces that do most to eliminate poverty. In his original 1972 essay on famine he favourably cited two of the most prominent critics of economic growth of the time.

There are additional reasons to resist Singer's arguments. His explicit condemnation of those who fail to accept a duty to eschew new clothes or cars for the sake of the poor risks generating resentment. He is essentially trying to guilt-trip westerners into giving up luxuries.

Yet there is not a fixed amount of wealth in the world. It is quite possible — indeed, it has been the norm in recent times — for the world's poor to have become richer at the same time as the affluent countries have also become wealthier. Those who want to contribute to famine relief or poverty alleviation should be free to do so. But viewing the world's poor as mere passive recipients of western charity is a temptation that should be resisted.

Famine, Affluence, and Morality by Peter Singer. Oxford University Press.

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

BY STEPHEN WILMOT

STRINGS THAT RESONATE

For collectors, music represents a challenge. It is by nature ephemeral, fleeting; the precious objects associated with it — instruments, manuscripts, autographed black-and-white photographs — are curiously silent, their significance usually evident only with expert training.

Yet where there is passion there are collectors. In the amateur camp, my father owns the autograph of Emil Gilels, a piano virtuoso from Odessa in what is now Ukraine, scribbled in one of my dad's old Oxford University diaries. He also obtained the signature of Shura Cherkassky, another pianist from Odessa, when he saw him at a concert given by Sviatoslav Richter, perhaps the most famous Soviet pianist of them all, despite Cherkassky's protestations that my father should solicit Richter's instead. But that has been lost. My father took better care of his record collection, but mass-produced articles rarely have an investment value.

My husband has taken on my father's mantle, having picked up a charity shop score of Benjamin Britten's opera *Rape of Lucretia* some years ago that included the composer's signature. But his most prized possession is a double-sided sheet of 15th-century Spanish manuscript with an early form of music notation running alongside gorgeous black and red calligraphy. It came from a dealer in Ohio, via the internet and a specialist framer in the old printing district of Southwark, south London. It is, unusually, music as visual art.

Limited supply is often cited as the key driver of so-called alternative investments. But Nestor Masckauchan of Tamino Autographs, who claims to have the largest inventory of opera and classical music artefacts in the world, running to about 75,000 items, also stresses the importance of demand. He says there are a lot of signed photographs of Maria Callas

1.

'IF SOMETHING IS RARE IT DOESN'T MEAN IT'S VERY EXPENSIVE. PEOPLE ALSO HAVE TO BE INTERESTED IN IT'

1.
Pinchas Zuckerman, Jacqueline du Pré and Daniel Barenboim in the 1960s
2.
Maria Callas in 1964
3.
Title page of the *Parthenia* with music scores by William Byrd, John Bull and Orlando Gibbons

PHOTOS: HULTON ARCHIVE, LIPNITZKI/ROGER VIOLLET/GETTY IMAGES

on the market, yet because Callas is the most famous soprano the opera stage has ever produced they fetch steep prices — typically from $800 to $2,000, depending on the message and condition. "If something is very rare it doesn't mean it's very expensive," he says. "People also have to be interested in it."

These people range from expert collectors on the hunt for specific items to novices looking for gifts. Masckauchan recently helped a woman with little musical background find a 25th wedding anniversary present for her husband. Knowing he enjoyed the music of Gustav Mahler, she settled on the programme for a concert conducted by the Austrian composer in the early 1900s, an object that typically fetches $300-$500.

"It was a good present; he loved it," reports the dealer.

But such artefacts may prove harder to sell than more mainstream investments if consumer sentiment weakens. Masckauchan recalls that business suffered in the 2008-09 downturn. "These are items people don't buy when there's a recession," he says.

At the other end of the price scale are the famous stringed instruments made in the workshops of Cremona, northern Italy, in the 17th and early 18th centuries. Christie's, the auction house, is marketing a private collection of one Stradivari cello and seven violins, including four made by Antonio Stradivari and three by Guarneri del Gesù. The collection is valued at a little more than $60m, partly because all the instruments are associated with famous artists.

The cello, one of only 65 made by Stradivari, spent many years in the possession of the cellist Jacqueline du Pré, who in the 1960s became the popular face of British classical music.

They are not being auctioned but sold by private treaty following a museum-style exhibition. "This is a world where everyone knows everyone and people want the discretion of private sales," says Paul Cutts, Christie's global managing director for decorative arts.

The location of the exhibitions in Shanghai and Hong Kong is revealing. The Chi Mei foundation in Taiwan, an offshoot of the Chi Mei petrochemical empire founded by Shi Wen-Long, owns one of the world's largest collections of fine violins, many of which are loaned to players. Cutts is expecting a philanthropist such as Shi, rather than a musician, to stump up the colossal sums required. "There are still artists who own their instruments but it's increasingly uncommon," he says.

The price increases that have pushed these antique instruments beyond the reach of musicians have also made them an excellent investment. The Stradivari Society has calculated that the famous luthier's violins cost $18,000 on average in 1960, rising to $7m in 2008 — an inflation rate about 10 times higher than that of gold. Cutts claims the market remained robust through the subsequent recession.

Others are less enthusiastic about the high prices commanded by unique items. Lisa Cox, an expert in manuscripts, complains that "it has become almost impossible for ordinary private collections to buy major manuscripts because the Chinese have come in and jigged the market".

Globalising demand for scarce assets may have made the top tier of the manuscript market, like that for instruments, the preserve of the super-rich. But there are tiers below: printed music by such people as William Byrd, the 16th-century English composer, remains accessible, says Cox.

Those of more modest means can console themselves with the thought that manuscript is the next best thing to music. And music, unlike musical antiques, is not limited by supply.

@StephenFoley

ALL IN A NAME

In the US sitcom, *Curb Your Enthusiasm*, in which writer and comedian Larry David plays a socially clumsy version of himself, our hero is honoured for his donation to a local museum. Except that, alongside the "Larry David Wing", a second wing funded by an anonymous donor is also being inaugurated, and guests are cooing over the modesty of the other benefactor.

"Now it looks like I did mine for the credit, as opposed to 'Mr Wonderful Anonymous'," David huffs.

The scene comes to mind because the social and reputational complexities of modern philanthropy, and the fraught issue of naming rights, have come up in real life in upstate New York, in a situation of such awkwardness that it could have been conjured up by Larry David himself.

The famous protagonist in this case is Joan Weill, wife of Sandy Weill, the retired banker who created Citigroup from the merger of Citicorp and Travelers Group. Mrs Weill is a long-time supporter of Paul Smith's, a small private college in the beautiful Adirondack Park, and a sponsor of its ambitious expansion into four-year degrees. However, the school community objected to a plan to rename it Joan Weill-Paul Smith's College in return for a further $20m gift.

Naming buildings, professorial chairs or scholarships after their donors is one thing; tampering with a historic name is quite another. Mrs Weill was roundly criticised for asking for such a thing. A court agreed, saying it violated the terms of the Smith family's founding gift some 70 years ago.

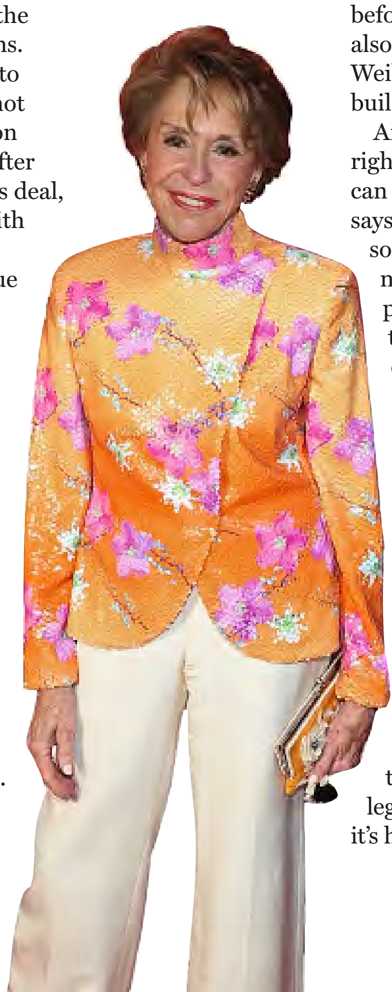
One might have expected Mrs Weill to content herself with some other commemoration in return for her gift. Instead, she withdrew it, provoking vilification. Her commitment to Paul Smith's was attacked as shallow and selfish; her right to call herself a philanthropist questioned if her donations came with strings.

Big-name donors: Chuck Feeney, above, and Joan Weill

Mrs Weill gave no immediate public response to the criticism and did not return a message I left with the Weill family foundation. Paul Smith's has also been declining to answer questions on why she walked away, citing the confidentiality of the negotiations.

The contrarian in me wanted to write a defence of Mrs Weill, if not on moral grounds then at least on practical ones. Naming rights, after all, are negotiated like a business deal, a formal agreement complete with contractual obligations on both sides. If Mrs Weill's $20m cheque bounced, no one would expect Paul Smith's to keep her name above the door. It should work the other way, too.

I wondered whether there might also be a market-based argument. Educational institutions have developed a sophisticated and very lucrative system for the monetisation of ego. Mrs Weill's withdrawal keeps that market mechanism intact.



Mike Kosnitzky, a partner at law firm Boies, Schiller & Flexner in Miami, has drafted a fair few of these deals for clients. "Valuing naming rights is a lot like valuing artwork: a matter of precedent and of what the market will bear," he says. "What the Harvards, Cornells and Yales negotiate for their rights is tracked by others."

To the extent that there is similar scrutiny on donations at less well-known colleges, we have all just learnt that $20m is not the right price for rebranding Paul Smith's. That is a useful market lesson, but it does not answer the question of whether Mrs Weill should gift the money anyway. Arguably, donating $20m without strings would now be doubly generous, resetting the bar so that future donors would need to chip in more.

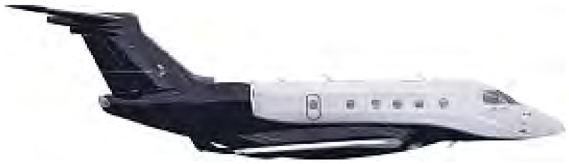
Christopher Oechsli, president of The Atlantic Philanthropies, the organisation that is giving away an $8bn fortune from Duty Free Shoppers co-founder Chuck Feeney, has tussled with the question of naming rights before — and his conclusions are also not especially supportive of Joan Weill. Feeney's name is not on any building or institution.

An Atlantic study found that naming rights and publicity surrounding grants can be of value to the recipient, Oechsli says. "When you lend your name to something, it is an imprimatur. The name is a brand and it can be a positive thing for recipients to point to a specific major donor as an example of why they are worthy of grants from others."

However, leaving one's name off a building or a programme can be of even more value, he says. That way, the institution can still sell the naming rights to someone else. Ultimately, it seems defenders of the Weills are left with what Kosnitzky calls "the golden rule: it's their money".

"My attitude is that the rich are different," he says. "They view their name as part of history, they are thinking about issues of legacy. The Weill name is important; it's historic."

PHOTOS: BRENT N CLARKE/FILMMAGIC/GETTY IMAGES; PASCAL PERICH

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