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OCTOBER 2016 | FT.COM/WEALTH

INVESTORS WITH IMPACT

HOW THE NEXT GENERATION IS SHAPING A NEW FUTURE WITH OLD MONEY

BY STEPHEN FOLEY

Kevin and Elizabeth Phillips

Jason Ingle

Ian Simmons and Liesel Pritzker Simmons

Justin Rockefeller

ISSUE 40


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MILLENNIALS ARE DRIVING CHANGE

Family offices are changing. The days when the estate manager would work with the patriarch to oversee the house and grounds have long been superseded by professional investment managers with an eye for alpha rather than walking the dog. It has become an increasingly crowded space, with private banks, wealth managers and, in some cases, high street banks, all chasing the assets of the wealthy.

In this edition of FT Wealth, we examine some of the workings of family offices around the world and dig deeper into the investment trends that are becoming more popular among the super-rich.

Impact investing is huge — and growing. Estimates suggest the global market is now worth about $60bn, with only 53 per cent of family offices having so far invested in making money while doing good. Change, as Stephen Foley discovers, is being driven by the younger generation. "There is a distinct millennial philosophy to the movement," he writes in his profile of Justin Rockefeller, scion of the grand oil and philanthropy dynasty.

And it is true: the younger generation are informing their family offices of the need to change. The Rockefeller Brothers Fund has recently divested its assets in fossil fuel.

Yet as Judith Evans writes, it has been ever thus: family offices, such as those marshalling the fortunes of the Grosvenors, have always adapted to the times. As the demands of the younger generation change, so too will the aims, and fortunes, of the family offices.

Hugo Greenhalgh, *Editor*
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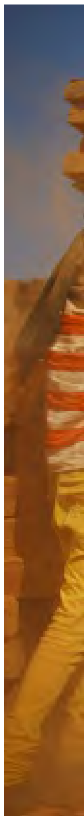
YOUR NEXT FT WEALTH
2 DECEMBER 2016

FEATURES



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FAMILY OFFICES FEEL THE IMPACT

It is gratifying to give money away. But not if the money is wasted. Enter “impact investing”, which is the practice of pursuing positive social goals with enough financial discipline that projects make a profit while also improving lives.

Family offices are increasingly investing for both returns and doing good. The Financial Times’s Investing for Global Impact report notes that 60 per cent are currently active in some form of impact investing, up from 53 per cent in 2013.

The profile of the concept has grown thanks to the efforts of philanthropists like Pierre Omidyar, whose charitable foundation backs companies such as Giraffe, a recruitment service that aims to reduce unemployment in South Africa with an online marketplace that connects workers to employers via their mobile phones.

While it may be too early to claim that the goal of social investing for a profit is regularly achieved, investors say they are seeing returns. The FT report, which surveyed 182 family offices and foundations about impact investing, found that 59 per cent of them have achieved positive financial outcomes.

Bill Gates, however, has sounded a note of caution. Important social projects that did not offer a financial return would lose out, he told the FT last year. “There are a few things like new educational technology or better medicines... where you get into something that has got a non-zero return if things go well,” he said.

Another potential issue is how the twin goals of social and financial returns are measured. The two aims can harm or compromise each other if not monitored carefully, Nesta Impact Investments, an innovation charity, warned in a recent report.

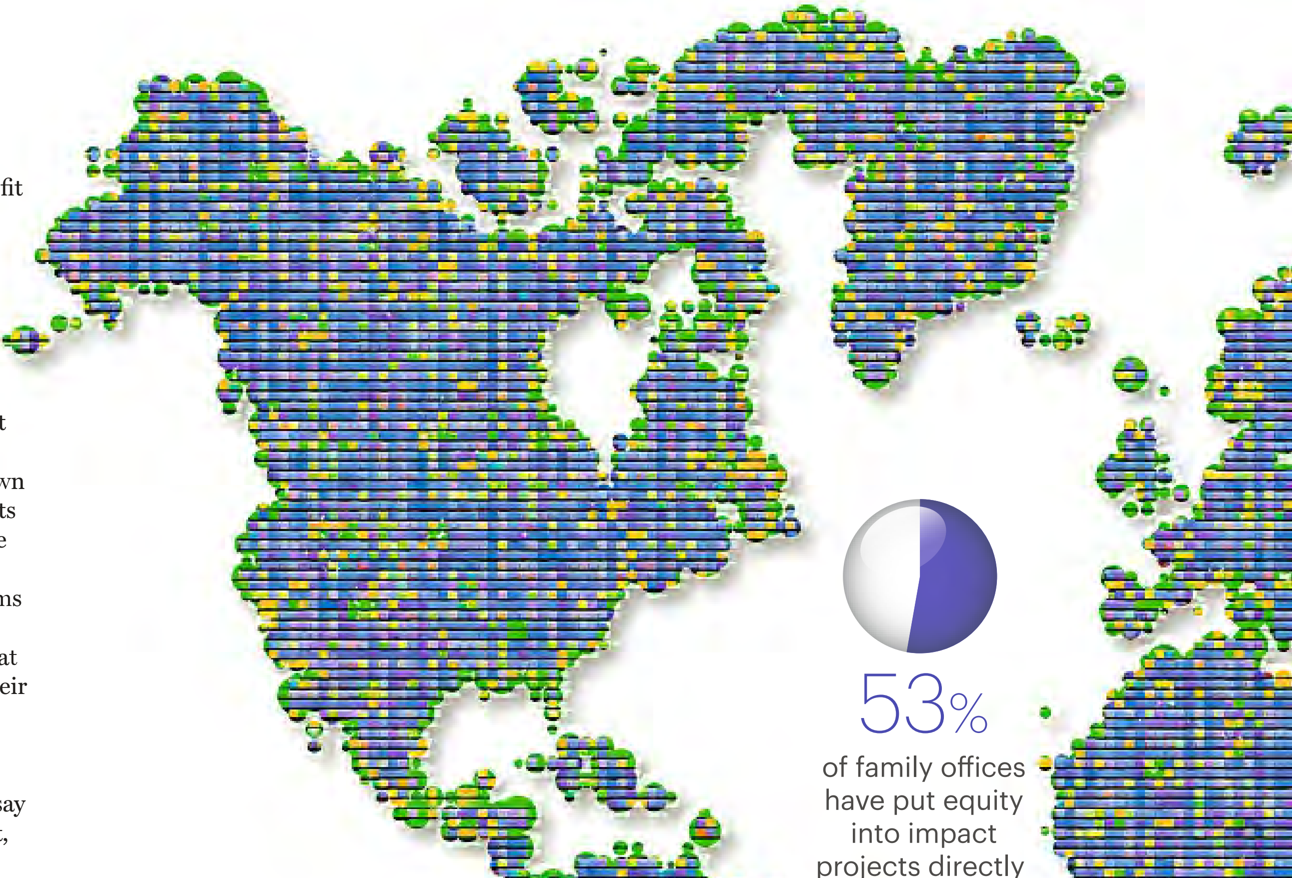
“Measurement is too often weak and inconsistent and rarely captures what would have happened anyway or whether there are any negative effects of the investment,” Nesta explained.

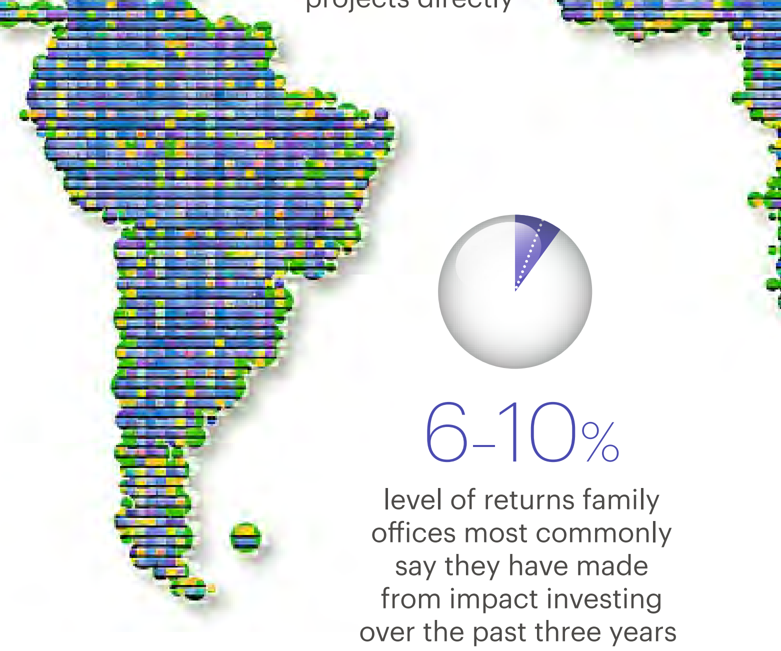
The FT report bears this out, with almost two-thirds of respondents conceding that they apply less rigorous financial parameters to impact investments than they do to “traditional” money-making projects.

As for what family offices should aim for, Nesta recommends a focus on projects that can be scaled up and operated independently.

Impact investing remains a challenge for investors and for start-ups seeking funding. According to the FT report, about half of family offices choose established projects for impact investments, while fewer than 30 per cent provide early-stage capital.

Naomi Rovnick is digital and communities editor of FT Money





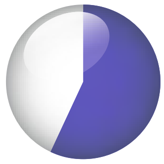
GRAPHIC BY RUSSELL BIRKETT

SOURCES: FINANCIAL TIMES INVESTING FOR GLOBAL IMPACT REPORT/GLOBAL IMPACT INVESTING NETWORK/DALBERG GLOBAL DEVELOPMENT ADVISERS

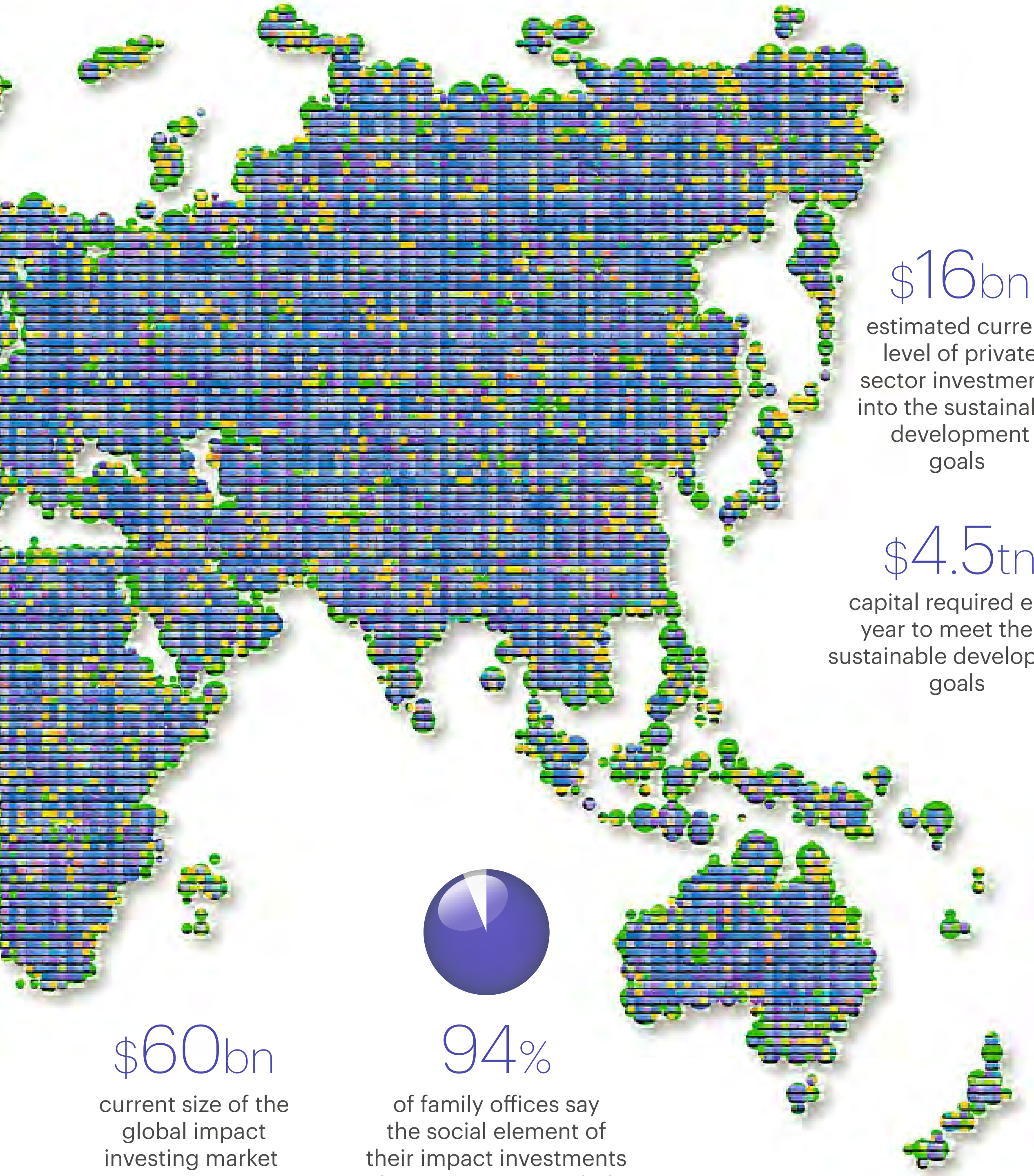
1–5
typical number of impact investments a family office holds

5 years
typical length of time a family office holds an impact investment

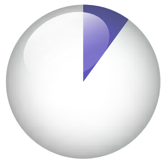
£500m
amount of additional social investment expected to result from the UK government's 30% tax relief for such projects



57%
of family offices have conducted impact investments via a fund

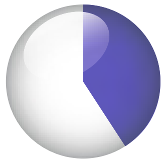


$16bn
estimated current level of private sector investments into the sustainable development goals



10%
of family offices say financial returns are their priority for impact investments

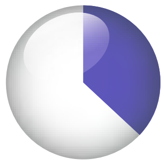
$4.5tn
capital required each year to meet the 17 sustainable development goals



41%
of family offices say they would exit an investment that met targeted social and financial returns

94%
of family offices say the social element of their impact investments have met or exceeded their expectations

$60bn
current size of the global impact investing market



37%
of family offices have not set a budget for impact investing

OLIVER JAMES

@oliverj_psych

WHEN IS ENOUGH, ENOUGH?

What is the point of being a "high net worth" person — of being seriously rich? As wealth increases, its benefits seem to diminish, or at times, lead to major problems.

It is easy to see the benefits of having enough money to afford a nice house or two, private education and healthcare, the best food, expensive cars; not having to worry about what you spend. But you do not need dozens or hundreds of millions for these. Let us say £20m in capital and property combined, and an income of about half a million, should do the trick.

A simple game illustrates why it is pointless to want more than that, unless you have an unusual reason to do so (like a passion for a particular benevolent cause or a burning desire to fly to the moon).

Suppose you have the UK's national average wage, nearly £28,000. Now I am going to double that, for no additional work hours or change in role. For a short time you feel good, sure. But only six months later, you are already moving the goalposts, spending more and expanding your consumption horizons to fit £56,000.

Six months later we repeat the exercise — double the money again. With £112,000 to play with, you feel a rush of excitement. But again, how long before that wears off and the newly moved goalposts of aspiration eat it up?

Six months later we double it again, and so on. At what point does the doubling begin to become meaningless; £57,344,000, £114,688,000, £229,376,000, or more than that? There are only so many boats, planes or houses one can buy.

All sorts of new problems will have arisen as you accelerate up through the millions.

I have seen my rich friends fuss at expensive restaurants if the cutlery is not spotless, the £500 bottle of wine not quite right. I have looked on as they waited years for their dream houses to be completed. But worst of all, I have seen the effects of inherited wealth.

I HAVE KNOWN 50 PEOPLE WELL WHO INHERITED ENOUGH MONEY NEVER TO NEED TO WORK. I CAN THINK OF ONLY ONE WHO WAS NOT SEVERELY HANDICAPPED BY THEIR WEALTH

The impact on offspring is usually dire. I have known well about 50 people who inherited enough money never to need to work. I can think of only one — incidentally, a therapist — who was not severely handicapped by their wealth.

Most of the rest never achieved anything in their careers, insofar as they attempted one. A few became ferocious workaholics, seeking to outdo their forebears, living miserable and frenzied lives. Worst of all, nearly all of them suffered a variety of depression, anxiety and substance abuse, living sad and emotionally unhealthy lives.

I am not remotely suggesting that absolute poverty is the route to wisdom and emotional health, although it is true that many poor countries have far lower prevalence of mental illness than rich ones.

For example, only 4 per cent of Nigerians have suffered a mental illness in the past 12 months, compared with 26 per cent of Americans — invariably the most mentally ill country in all surveys, despite being one of the richest.

The problem is relative, not absolute, deprivation: the more we have, the greater our tendency to keep up with the Joneses; to engage in malignant social comparisons and conspicuous consumption.

Huge wealth seems to drain life of meaning for its owners and their offspring. That this capital could be serving the wider community is a secondary, political issue. My point is, high net worth seems to produce low net self-worth and greater vulnerability to mental illness.

Oliver James is a chartered psychologist and psychotherapist and author of Affluenza: How to be Successful and Stay Sane

What Oliver is reading... The Nobel Factor *by Avner Offer and Gabriel Soderberg exposes how the Nobel brand was deliberately manipulated to bless increasingly questionable market economic theorists: shocking. Meanwhile, questions are being raised over whether the BBC is anti-Corbyn. It is not a conspiracy, just a media that does not want to engage with Corbyn's politics; playing the man, not the ball.*

PHOTO: ISTOCK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MATTHEW VINCENT

@MPJVincent

THE FINTECH CHALLENGE

Private bank executive A: Come on guys, fintech represents a chance to game-change the quantum of our opportunity and ladder off our strategy of digitising the wealth space.

Private bank executive B: I hear you, Jolyon. If we leverage the technology piece, we can better curate the high net worth offering across a platform of geographies.

Private bank executive A: Xander, you've just aligned our mission hammer with the head of the outcome nail. Bung the geek squad a few mill to optimise the web app and we can better sweat our Asian footprint, driving incremental value.

Private bank executive B: You mean, upweight our innovation to deliver a more client-focused fee experience? In China?

Private bank executive A: Yep, yah and affirmative, X-man. And, if we give the sales boys a few widgets for their iPads, in the go-forward scenario, I envision a monetisable online hub.

Private bank executive C: Hmm. Or we could just do what we always do in the Far East. Fly in some minor European royal to get the clients hammered on Lafite.

Private bank executives A&B: There is that...

Judging by two recent reports, this is the sort of conversation now taking place between wealth managers across the globe. At least, I like to think it is.

According to a new survey by Swiss consultancy MyPrivateBanking Research, many banks and wealth management groups have multimillion-dollar budgets for digital innovation, but are spending them only on incremental improvements, to apps and websites, rather than on "big, disruptive technologies", such as automated "robo-advice" and crowdfunding.

At the same time, the Financial Times has found that others are still reliant on a low-tech approach, notably LGT private bank, where customer relationship management in Asia lately involved Princess Marie of Liechtenstein conducting a few wine tastings. Not in the circumstances imagined above, I hasten to add; the princess's family happens to own the bank.

SOME CLIENTS STILL LOVE A GLASS OF WINE AND A CHAT OVER DIGITAL MARKETING

"Clients love her," an LGT spokesperson says. "How many people can say, 'Hey, I just had a casual conversation with the princess of Liechtenstein?'" How many, indeed.

These strategic decisions are unlikely to trouble family offices, though. Their singular clients are more likely to share a second cousin with Her Serene Highness than a wine spittoon. In fact, it was by marrying her second cousin that plain old Countess Marie Aglaë Bonaventura Theresia Kinsky von Wchinitz und Tettau became part of the princely family. And none of them would ever say, "Hey, I just had a casual conversation with a robo-adviser about asset allocation."

But their children might, believes the chief technology officer of one family office. "Robo-advice is not something the current generation is looking for... but it will be something that the next generation will want to know they can access," argues Nicholas Bernard of Stonehage Fleming.

"The next generation will be looking for a comprehensive, cross-platform wealth management application that is not just for investments but includes, for example, a crowdfunding philanthropy platform, secure messaging services, a bespoke reporting dashboard."

Few family offices have fintech solutions for any of this, as yet. "Currently, digital innovation within family offices is predominantly used to facilitate better client service delivery... rather than truly disrupting the model," admits Alex Fray, group chief executive of Boston Multi Family Office. "This is partly because the complexity and bespoke nature of family offices makes robo-advice difficult to credibly achieve."

Still, Fray is convinced this fintech challenge can be met. "Digital disruption and innovation will undoubtedly transform financial services in the coming years, including the family office sector." Until then, there's always the corkscrew.

Matthew Vincent is the FT's deputy companies editor

PHOTO: RASALCOOL/DREAMSTIME

Matthew is thinking... *If an unheard falling tree makes no sound, does an unprofitable allegedly "insider" trade do no wrong? It seems those modern day empiricists at the US Securities and Exchange Commission want to find out, judging by their decision to file civil charges against billionaire hedge fund founder Leon Cooperman. I'll be all ears.*

MANAGE YOUR MANAGER

CLAER BARRETT

@ClaerB

STUCK IN A GENDER GAP

The wealth management industry is not immune to gender politics. In a competitive market managers are asking themselves whether they should step up their marketing efforts towards female clients. But do women need to change the way they manage their money?

A record 125 women made this year's Sunday Times Rich List, which tracks the UK's wealthiest 1,000 individuals. However, its compilers said "almost all of them are involved in ventures with their husbands or other family members, or have inherited their wealth".

Many wealthy women appear happy to let their other halves take responsibility for their finances. My biggest problem with this? Us chicks tend to live longer and will probably be the ones picking up the financial pieces after our blokes have passed on. Plus, our demographics mean we need to make our income last longer in retirement, and — assuming we bear the brunt of childcare responsibilities — address the earnings gap we will almost certainly be saddled with.

A sobering analysis from the UK's Institute for Fiscal Studies has found the gender pay gap widens significantly after women have their first child. Before they start answering to cries of "mummy", the average woman in the UK earns 10 per cent less than the average man. By their time their first child is 12, mothers are paid a third less on average, leading the IFS to posit they are missing out on promotions or simply accumulating less experience.

Sadly, there is also a general lack of experience in managing money. Advisers tell me they are most likely to be contacted by female clients who have just been hit by a curveball — be it the death of a partner, being diagnosed with a serious illness or divorce.

The answer is for women to get more involved while they are happy, healthy and (ideally) single. "Even for many highly intelligent women on substantial salaries, the default setting is still often to let their partner handle investment decisions," says Wendy Spires, head of research at findawealthmanager.com. Encouragingly, the UK portal has had a 10 per cent rise in female users this year.

EVEN HIGHLY INTELLIGENT WOMEN OFTEN LET A PARTNER TAKE INVESTMENT DECISIONS

Women are also more likely than men to pick a discretionary style of wealth management. Nearly two-thirds of the portal's female clients seek to set the parameters of the investment strategy but delegate day-to-day decisions to professionals.

However, the cost/return ratio on wealth managers' discretionary strategies is something investors of either gender should be wary of in today's income-starved markets. The average private client with money in a steady growth-focused discretionary portfolio achieved a return of 2.3 per cent in 2015, according to private client indices provider ARC. This is after administration costs but before charges for planning or advice. Adding those will not leave much to play with.

Nor should we assume it is just women who shy away from being hands-on in managing their money. My friend Nick recently split up from his male partner of 10 years. He'd left all the financial decisions to his partner. After they split, he confessed to feeling "helpless". Although he was the higher earner, he struggled to rent a flat and set everything up himself. Nick admits now he should have got more involved.

As you might have guessed, I wear the financial trousers at home. My husband has zero interest in our finances (although I'm sure he would take an interest if the money ran out). Regardless, I have given myself the Sisyphean task of educating and involving him in what I do with our money. There are three reasons for this.

First, our marriage is a partnership. He should know, and have a say, about where and how our money is invested.

Second, if I get hit by a bus he will stand a greater chance of knowing what to do in my absence.

And third, if you can explain a complicated subject to someone with no natural interest in it, you have a much better chance of understanding it properly yourself.

Claer Barrett is the FT's personal finance editor

What Claer is reading... *Jessica Mitford's* Hons and Rebels, *her memoir of growing up in one of Britain's most famous aristocratic families between the wars. Family finances play second fiddle to politics, but I was amused to read how Lady Redesdale managed the family budget making up for her husband's failed investments in undersea recovery of pirate gold. If only he had had a wealth manager!*

PHOTO: THE LIFE PICTURE COLLECTION/GETTY IMAGES

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Left to right: Kevin Phillips and Elizabeth Phillips, Jason Ingle, Ian Simmons and Liesel Pritzker Simmons and Justin Rockefeller, shot exclusively for FT Wealth at Kykuit, the Rockefeller's estate in New York

IMPACT INVESTING

YOUNG MEMBERS OF HISTORIC DYNASTIES ARE TAKING THEIR FAMILY OFFICES INTO THE NEXT ERA

BY STEPHEN FOLEY
PHOTOGRAPHS BY PASCAL PERICH

here is a capital P in The ImPact. The P is what happened when some of the youngest members of some of the richest families in America got together and decided that the philanthropy of their parents and grandparents fell far short of the good they could be doing in the world. What about the rest of their family fortunes, they thought. Charity is all very well, but shouldn't the money they invest in stocks, bonds and private companies also be put to work to fix social and environmental problems?

The P is what brought together Rockefellers and Fords and Pritzkers and the scions of other historic dynasties from the US and abroad last month at Kykuit, John D Rockefeller's country pile 34 miles from New York. There they debated how to bring "impact investing" to life and sealed a pact: "I commit to explore the impact of all of my investments and invest to create measurable social benefit."

The pact is the brainchild of Justin Rockefeller, great-great-grandson of the oil baron turned philanthropist and it is modelled on the "Giving Pledge" created by Warren Buffett and Bill Gates. Giving Pledge signatories promise to devote at least half their fortunes to philanthropy. Founding members of The ImPact met at Kykuit to discuss how they, and their family offices, can fulfil their promise to do good in other ways.

1. Justin Rockefeller
2. Liesel Pritzker Simmons and Ian Simmons
3. Jason Ingle
4. Kevin and Elizabeth Phillips

JUSTIN ROCKEFELLER

"I am part of this amazing family, with a rich history in both capitalism and philanthropy," says Justin Rockefeller, a lanky 37-year-old with a hipster beard and a beaming smile. "There are obvious success stories from business — not just JDR Senior but Laurance was an early venture capitalist and David was the chief executive of Chase — and then, of course, philanthropy as well. I want to build on the family legacy and the best way I know how to do that sits at the intersection of philanthropy and capitalism. Impact investing continues both family traditions, but with a new spin on it."

When we meet, in the offices of Addepar, a New York software company where he is head of special relations, Rockefeller is still delighting in the announcement that Rockefeller Brothers Fund, a slice of the family fortune on whose board of trustees he sits, has finally been able to divest itself of fossil fuels. In doing so it can dedicate a portion of its investment portfolio to impact investing.

Impact investment is meant to offer a measurable social or environmental return as well as a financial one. It could comprise everything from microfinance loans to African businesswomen and venture capital for clean energy start-ups to more traditional bond or equity investing in companies whose products do good.

It is no coincidence that is being driven by young scions; there is a distinct millennial philosophy to the movement.

"There is something in it for the G1, the grandparents," says Rockefeller. "The common gripe among them is, 'I can't get my grandkids to sit down and learn how to read a balance sheet'.

"And the reverse gripe among millennials is, 'I want to invest in companies that I think are making the world a better place and I can't get my grandparents to abandon this traditional view of investing.' Impact investing has provided a bridge for inter-generational dialogue."

JUSTIN'S IMPACT INVESTMENT: MODERN MEADOW
Uses living cells to create natural materials, including real biological leather grown in the lab from a process entirely free of animals. *www.modernmeadow.com*

LIESEL PRITZKER SIMMONS AND IAN SIMMONS

What marks Liesel Pritzker Simmons out from many wealthy pioneers of impact investing is her insistence that it is possible to dedicate 100 per cent of one's portfolio to the practice.

Having carved out her piece of the Chicago Pritzker dynasty's fortune in a high-profile court battle 12 years ago, she has put all her wealth, and that of her husband, into a family office called the Blue Haven Initiative, which the couple are using to evangelise impact investing.

"We are... taking a total portfolio approach," she says. "We think about this investing very rigorously and pay a lot of attention to our risk-adjusted returns because this is not our play money... this is everything."

Ian is the son of Adele Simmons who, as president of Hampshire College in 1977 was the first college president in the US to divest her endowment of stocks from apartheid South Africa. "There were predictions that the sky would fall and that if you pay attention to the social impact of your investments you lose all this money, but the endowment did just fine and in some cases did better," he says. Measuring financial returns is the easy part.

Measuring and comparing social or environmental returns is a much more complex and potentially subjective business. The ImPact hopes to use software from Addepar, Justin Rockefeller's company, to aggregate all the different kinds of returns data for members.

3.

'PHILANTHROPY ALONE IS NOT GOING TO BE ABLE TO ADDRESS THE MACRO CHALLENGES WE FACE'

2.

LIESEL AND IAN'S IMPACT INVESTMENT: M-KOPA
Has provided affordable solar-powered generators to more than 400,000 homes in Kenya, Tanzania and Uganda. *www.m-kopa.com*

JASON INGLE

While the Ford family history is forged in the car factories of Detroit, Jason Ingle's outlook on life was formed elsewhere. This great-great grandson of Henry Ford was raised on a farm in the beautiful countryside near New York's Finger Lakes. "My parents were hippies and 90 per cent of everything we ate we grew on the farm. Before the word organic existed we called it homegrown."

Ingle's act of youthful rebellion was to go into finance, but raising a family of his own has brought him back to the path of doing good with his funds and back to thinking about how we produce food.

He has founded Closed Loop Capital, a fund that invests in food system innovation and agricultural technology, expecting a market-rate financial return from those investments.

And he is not alone in the family in pushing impact investing. Bill Ford, the current patriarch, has a fund of his own called Fontinalis, dedicated to the future of urban mobility.

"Philanthropy alone is not going to be able to address the significant macro challenges we face, such as feeding 10bn people by 2050, scarcity of resources or inequality," believes Ingle.

JASON'S IMPACT INVESTMENT: BEYOND MEAT
Vegan alternatives to meat, including the "burger that bleeds", which looks, cooks and tastes like ground beef. *www.beyondmeat.com*

KEVIN AND ELIZABETH PHILLIPS

When Kevin and Elizabeth Phillips swung by the Financial Times's offices in New York on their way to Kykuit, they were excited about impact investing and the new ideas they were hoping to learn as founding members of The ImPact. Sometimes they finish each other's sentences. "Kevizabeth", Kevin jokingly suggests they should be called. "We are impact investing babies," Elizabeth adds.

Kevin was 24 when he took control of the family property business, based in the old textile town of Greensboro, North Carolina, after his grandfather died. He has been pushing the company to help house the community's homeless. Elizabeth, meanwhile, agreed to take the helm of a new family foundation on the condition that, as well as giving 5 per cent in annual grants to tackle Greensboro's social problems, it direct the rest of the endowment to doing good, too.

"I didn't even know impact investment was a term. I just had a gut feeling that we could be doing more with the 95 per cent," she says. "While we were doing so much good with the 5 per cent, what if some of the other 95 per cent was invested in a company that was creating homelessness?"

KEVIN AND ELIZABETH'S IMPACT INVESTMENT: AKOLA
Sells luxury jewellery produced by women in Uganda and Dallas. *akolaproject.org*

PATRONS OF THE PALESTINIAN TERRITORIES

THE FATHER AND SON WHO HAVE CREATED A CENTRE OF CULTURE AND PRIDE

BY FERRY BIEDERMANN
IN RAMALLAH AND LONDON

Neither as iconic as nearby Bethlehem, nor as evocative as some of the other Old Testament cities on the West Bank, the small and somewhat slapdash-looking town of Ramallah is, for better or for worse, the seat of the Palestinian Authority. As such, over the past few decades it has amassed the trappings of a de facto administrative capital, including ministries, an international presence, companies, donors, NGOs and a cultural scene that is enjoying something of boom.

In a region facing so many practical difficulties it may seem strange that culture has achieved a measure of prominence. Yet visitors to the territory need to look beyond the unruly urban sprawl and often derelict infrastructure to see the burgeoning art market, with

1.

several commercial galleries having recently been launched alongside new dedicated art venues.

For the AM Qattan Foundation, one of the driving forces behind the boom, it is a matter of supporting Palestinians by another means.

"When we started the culture and arts programme in 1999, people were laughing. They said what a waste of money. Why don't you go build a hospital? [But] look at it now," says Omar Al-Qattan, the foundation's chairman and son of its founder and president, Abdel Mohsen Al-Qattan. "What else are the Palestinians proud of? Are they proud of their technological achievement? No, they're proud of their culture because of this."

The Qattan Foundation, which chiefly supports culture and education in the Palestinian territories but is also active elsewhere, was set up during the 1993 Oslo accords that led to the creation of the Palestinian Authority.

Salim Tamari, a respected public intellectual and head of the Institute for Palestine Studies in Ramallah, explains the increased interest in culture: "The Palestinians came late to the scene. They realised after Oslo that they had to challenge the Israeli attempt to undermine our cultural heritage and that we had to use it to build a future Palestinian state."

Nothing symbolises Palestinian cultural aspirations like the newly-finished Palestinian Museum, sitting next to Bir Zeit University just north of Ramallah. Its opening in May stirred mixed emotions when part of the international press and some in the Palestinian cultural scene focused more on the fact it was empty, than on the achievement of having built a gleaming, state-of-the-art cultural facility in adverse circumstances.

On a hill across town, in the western neighbourhood of Al-Tireh, another cultural and educational hub is taking shape. This is where the Qattan Foundation ➤

1.
Abdel Mohsen Al-Qattan and his son, Omar Al-Qattan
2.
The Palestinian Museum that they created in Ramallah

PHOTO: DAVID SANDISON

'WHEN WE STARTED THE ARTS AND CULTURE PROGRAMME PEOPLE WERE LAUGHING. BUT LOOK AT IT NOW'

'I DIDN'T BUILD IT FOR A LEGACY. I BUILT IT BECAUSE IT'S A DUTY AND ALSO IT'S A PLEASURE TO DO IT'

is building its new headquarters, a cultural centre on a scale that raises eyebrows in Ramallah. Its dedicated art exhibition space alone will rival that of the Palestinian Museum. It is also to contain an auditorium, a library, accommodation for artists in residence and other guests, a café, gardens and more.

The Qattan family and its foundation bestride the Palestinian cultural scene like a colossus (full disclosure: my wife is the guest curator of the foundation's Young Artist of the Year Award). They are deeply involved too in the $28m Palestinian Museum for which they are one of the major funders. Omar is chairman of the family's foundation and of the museum. Yet, the investment of the Qattan Foundation is not mostly in stones and mortar, it is in people and to aid the building of more institutions.

In London, where the Qattan Foundation was first registered and where both Abdel Mohsen and his son are based, the foundation has also carved out a highly visible position in the Palestinian and Arab cultural landscape. It has the Mosaic Rooms venue on Cromwell Road, west London, a short walk from Abdel Mohsen's home near Holland Park. It organises the annual Edward Said lecture with the London Review of Books, and it helped develop London's Shubbak Arab cultural festival, started by Boris Johnson when he was the city's mayor.

Sitting in his office above the Mosaic Rooms on a sunny September morning, Omar, a convivial 52-year-old award-winning film-maker, is clear about what drives him: "If you asked me why I got involved in film-making, always the underlying reason is that I want to liberate Palestine." It still informs what he does, he says. He elaborates that by liberation he means equal rights for all either in a one-state solution or a federation.

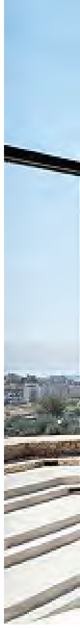
Born and raised up to the age of 11 in Beirut, before escaping the Lebanese civil war by going to boarding school and university in the UK, Omar's life reflects the diaspora experience of many Palestinians, albeit the wealthier ones.

His father had been studying in Beirut in 1948 when Israel was founded during what the Palestinians call *al-Nakba*, the catastrophe. Years later, conflict drove him from Beirut and then again from Kuwait during the Iraqi invasion of 1990.

Abdel Mohsen founded the family fortune with a construction company in Kuwait, where he had been recruited to teach and where he worked at the Water and Electricity ministry in the 1950s.

Reclining against some cushions in his spacious central London home, the elder Al-Qattan, now 86, mixes modesty and pride when talking about his success: "I put all my efforts in the company in the beginning and when the oil came we were ready. Very few were ready."

His wife Leila, who passed away last year, was a teacher and a constant inspiration for the family to engage with culture and education. "Always I have dreamt of doing something for my country, education, culture — something. My wife was a great assistant to me in that," he says.



1.
A telescope at the Al-Qattan centre allows visitors to see the stars
2.
The opening ceremony of the Palestinian Museum in May 2016
3.
Gymnastics are held at the centre for girls
4.
The Palestinian Museum
5.
Hanan Ashrawi, still considered by many to be the international face of Palestine
6.
Yazan Khalili, a Palestinian artist

Over the years, the family gave to many causes, including hospitals, housing and study grants, and in 1983 Abdel Mohsen was one of the founders of the largest Palestinian independent charity organisation, the Welfare Association, now called Taawon, Arabic for co-operation. Taawon is also the organisation that built the Palestinian Museum in Ramallah.

It is a subject close to the heart of Hanan Ashrawi who was a leading figure during the first Palestinian intifada, or uprising, against Israel in the 1980s and for many remains the international face of Palestine. Nowadays she heads the department of Culture and Information of the Palestine Liberation Organisation. "A nation is not just stones, not just infrastructure, not just private sector, it's the people," says Ashrawi, older now but as fiery as ever, at her office in Ramallah. "I believe it's our right to enjoy a thriving culture, cultural activities, educational activities and so on."

Like Omar and Abdel Mohsen, she links culture and education to the ability of the people to overcome adversity as well as to building the nation and to

PHOTOS: AFP, PACIFIC PRESS/GETTY IMAGES; HENEGHAN PENG ARCHITECTS


4.


6.


5.

advocacy for the Palestinian cause. The latter is a particular interest of Ashrawi's. The diaspora has a role, she says, "not only an economic role, but also an advocacy role. It's also a matter of representation and challenging the prevailing narrative, which is quite distorted and stereotypical and racist in many ways."

While many Palestinians in the diaspora give to charity and profess deep feelings for their ancestral homeland, not all have the means or the inclination of the Al-Qattans. The occupation, the unsettled conditions in the Palestinian territories, the unpopularity of the Palestinian Authority and the split with the fundamentalist Hamas organisation in Gaza also fuel a reticent attitude to charitable giving.

It is a reluctance that sometimes exasperates her. "I tell them, look, the Palestinian cause has its own integrity. It has its own value as a human cause. Don't diminish it by fragmenting it into narrow political games and self-interest and who's right and who's wrong and who's corrupt and who isn't."

Omar acknowledges that it is not always easy to get his peers to contribute, particularly towards culture, but he points at the museum as a sign that things are changing.

"It did attract a lot of mostly Taawon members to fund it very generously and quite trustingly in a way because this was very high risk and it continues to be high risk."

That risk is neither fanciful nor quantifiable, as Laura Hartz, director of Germany's Goethe Institute in Ramallah, found out.

"We ran workshops for the museum staff and other cultural staff and one issue we addressed was loaning and shipping. We surveyed some big insurance companies in Germany and no one would insure the kind of territories or circumstances that you have here," she says.

She co-operates with the Qattan Foundation and is very appreciative of the approach it takes. "What I like about Qattan is that they've built long-lasting relationships with individuals whom they support and work with," she explains. The work that the foundation does in programme development and capacity building is what distinguishes it from many others who put up "shiny new buildings", she says.

Yazan Khalili is a Palestinian artist and interim director of the Khalil Sakakini cultural centre in Ramallah. He is clear where his preference lies when applying for funding. "Applying to Qattan feels for me like you're speaking to someone who understands," he says. Now, however, there is widespread concern in the cultural scene that the new building, along with the museum, will soak up most of the funding.

In London, Omar says he is keenly aware of such concerns, although he also puts some of the talk of dominance down to jealousy and resentment. "I'd have to say that if others would like to create something, nobody is stopping them," he says.

Abdel Mohsen concurs. Emphasising that he turns 87 in November, he is amused when asked if the foundation and particularly the new building are meant to preserve his legacy.

"I didn't build it for the legacy. I built it because it's a duty and also it's really a pleasure to do it. Then if people consider it a legacy it's OK, they can do it."

ART OF DECEPTION
TWO NOTORIOUS FORGERS HAVE MADE A DECENT LIVING SINCE GOING 'LEGIT'

BY DALYA ALBERGE

Crime does pay — for some. Long after the law caught up with them, master forgers are embarking on new careers, doing a roaring trade in "legitimate fakes".

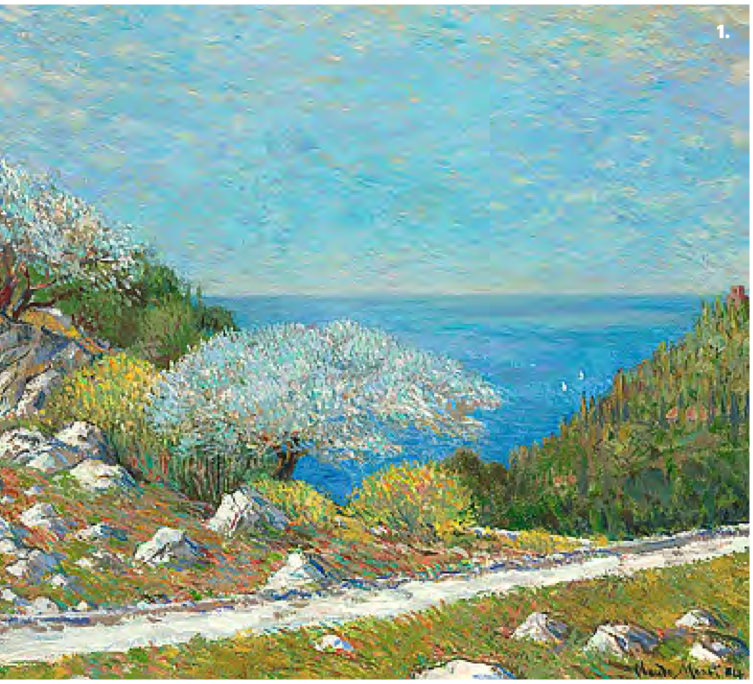
Ken Perenyi and John Myatt are among artists who duped some of the world's foremost auctioneers, dealers and other experts until they were eventually unmasked. While many of their fakes are still circulating in the market, they are now creating new paintings by other masters, but under their own name.

Perenyi, an American who lived in London for 30 years, fooled connoisseurs on both sides of the Atlantic in the 1980s and 1990s with his sporting and marine paintings by 18th- and 19th-century British and American artists. It all unravelled after he came to the attention of the Federal Bureau of Investigation in 1998. The investigation eventually stalled and he believes that well-connected individuals in the art world were determined to avoid the public humiliation of a court case. After all, without expertise, experts have little else. He can now talk freely because the statute of limitations on his deception has expired.

"There is life after exposure," Perenyi discovered. "I now sell what I consider my finest fakes, legally, as

PHOTO: EDWARD LINSMIER/REDUX/EYEVINE

Ken Perenyi holding "Race Horse with Jockey Up After JF Herring", one of his legitimate fakes



reproductions. That doesn't mean they are... less deceptive than the ones I once sold as original period works." He says there is no law against selling fakes, even signed, as long as they are identified as such or as reproductions.

When he traded in forgeries, Perenyi was clever enough to remain below the radar by copying lesser-known artists and rotating auctioneers and dealers. The sales patter would involve, for example, Perenyi pretending he had found a picture in a car boot sale. In 1993, a British national newspaper ran a front-page report on a tourist from the US making a "lucky find" of a painting by the 19th-century American artist Martin Johnson Heade. It was auctioned for almost $100,000 in New York.

Yet Perenyi is a self-taught painter. A book about Han van Meegeren, the Dutch forger who duped the Nazis, taught him the basic principles of forgery and he fine-tuned his craft while working for a restorer.

Perenyi's easy-going charm and deep knowledge of art perhaps explain why people were taken in. Today, he still reproduces 18th- and 19th-century British and American paintings but is experimenting more with compositions. Referring to Heade and British nautical artist Thomas Buttersworth, he says: "I have studied these artists for so long, I feel like I know them personally. So my challenge now is to make entirely new creations in their technique and style, staying within the creative perimeters of their work. My clients want to see entirely new compositions by these artists."

Perenyi is also exploring new artists: "I now have the time to do a lot more Old Masters. I did sell some in the old days... Now I have the time to pursue artists like [the 18th-century Venetian] Francesco Guardi."

He is also focusing on historical portraits, including a depiction of Diana Kirke, Countess of Oxford, as painted by Sir Peter Lely, Charles II's principal painter. He describes the artist as "very complicated and challenging" to capture correctly, "Lely made many

'I HAVE STUDIED THESE ARTISTS FOR SO LONG, I FEEL I KNOW THEM PERSONALLY'

1.
"View From Can Costa Majorca in the Style of Claude Monet 1884" (legitimate fake, 2016) by John Myatt
2.
A Ken Perenyi forgery of "Humming Birds and Orchid" by Martin Johnson Heade
3.
The Schoolteacher, in the style of Modigliani, by John Myatt
4.
Ken Perenyi, pictured in 2012
5.
"Genuine Fake (in the Style of Roy Lichtenstein)" by John Myatt
6.
John Myatt, pictured in 2014
7.
"Yellow Odalisque (in the Style of Henri Matisse)" (legitimate fake, 2012) by John Myatt

contemporaneous copies of his work — he himself or his studio — because there was demand for these court portraits," he says. "In auction houses today, you'll often see these contemporaneous copies. Some are very poor, obviously not by Lely himself. My challenge is to make one that's undeniably by his hand."

Asked how it feels to deliver a "legitimate fake" to a collector, Perenyi says: "It's a very different world for me now. I had to make an adjustment. Years ago, when I used to represent them as 'period works', it was an intoxicating thrill of risk that becomes addictive. It's just like being a gambler or stock market player. You think of a stock you're going to buy or you put together a business plan, and then you gamble. I invested time in the painting and then held my breath as I walked into an auction house and presented it.

"To have people who are acknowledged for their expertise look at a picture that you painted yourself maybe months previously and accept it as an original is intoxicating. When my career in that area ended, I felt withdrawal pains. I felt like I'd never experience that kind of thrill again." But as time went on, he did — by painting pictures today that he says "are far superior to anything I was doing in the 1980s and 1990s".

Asked about his fake paintings still circulating in the market, Perenyi says he sees them "popping up" — for example, a painting by "John Frederick Herring", the 19th-century British equestrian artist, which was sold by a leading auction house. He says he originally sold it for a few thousand pounds in the 1980s but it was now

'I KNEW MONET HAD NEVER BEEN TO MAJORCA, BUT I DO PAINTINGS THAT I THINK HE MIGHT HAVE LIKED'

declared by an expert as an actual Herring. "Even though I invented the horse and jockey, he names who the horse is, who the jockey is and dates the painting. It's like bumping into an old friend who's gone up in the world. It's a great satisfaction. I figure I have at least 2,000 works circulating out there."

Today, prices for Perenyi's legitimate fakes range from $3,000 for small works to "$50,000-plus" for large paintings. Referring to his fellow legitimate forgers, he says: "[We] are not getting what we used to get when we sold them as originals, but it's still good money. There is a growing body of people out there that are looking at art forgery as a legitimate art form in itself." In Britain, in particular, Perenyi senses people "revere forgers and look upon them as good sports in outsmarting the experts".

He continues to use tricks of the trade that he revealed in his 2012 book, *Caveat Emptor: The Secret Life of an American Art Forger*. They include creating forensic details such as natural cracks that deceive the experts. "I heated up the canvas in the sun; it became extremely stiff and brittle. Then I used a soft rubber ball to apply pressure to the canvas, and instantly a perfect spider-web pattern of cracks formed," Perenyi explains.

Today, some of his clients want his fakes to have "an unrestored, neglected condition, as though it's been lying in a barn or an attic for 100 years, with all the effects of weathering and mildew". Most want "a Madison Avenue or a Bond Street presentation" — a period painting with marks of age, even signs of "a little restoration".

He loves it when his collectors pass on compliments for his fakes from their unknowing guests. One client bought an entire collection of "Old Masters" from him because they could not afford the real thing but needed to keep up appearances with visitors.

Perenyi's pursuit of accuracy extends to the entire painting. "I delight in creating an illusion on the back of the painting," he says. "That not only demonstrates it is indeed period but that it also displays a visual forensic history to the experienced expert — subtle signs such as chalked-on serial numbers, which might denote when the painting passed through an auction house; even splatterings of paint picked up when walls were painted."

Perenyi had tried at first to become a legitimate artist, only turning to forgery when he needed to buy supplies or food. But then he relied increasingly on fakery.

Myatt was not quite so lucky with the law. In 1999, he served four months of a 12-month sentence in Brixton prison in south London for his role in one of the biggest art frauds of the 20th century. He was nicknamed Picasso by fellow inmates. For eight years, from the mid-1980s, he and his accomplice, John Drewe, duped the art world, slipping fake entries into library card indexes and catalogues at London's Tate gallery and Victoria & Albert Museum. The 20th-century Swiss master Alberto Giacometti was among his specialisms, with one fake being auctioned in New York for $300,000. The success of their scam was all the more astonishing as their

PHOTO: AK SUGGI

6.

materials included household emulsion paint.

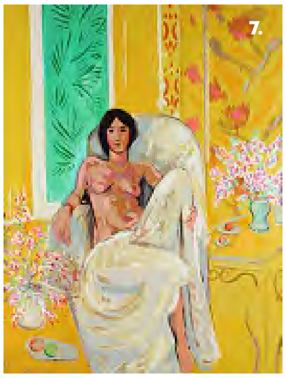
Myatt says he has changed his approach. "When I was doing the fakes as forgeries, they were created on a dining-room table, after dark usually, when I put the children to bed. Just being able to come out into the daylight, means I can really finesse," he says.

He now feels a certain freedom. He recently created Monet-style views of Majorca. "My wife and I were holidaying there. I knew Monet had never been to Majorca, but everywhere we saw landscapes so reminiscent of [his work]. I do paintings that I think he might have liked," he says. Today, Myatt is making a nice living from legitimate fakes, saying: "A big 'Monet' would be around £27,000, which is not too bad when you think [the original] would be something like £27m."

Myatt goes to great lengths to indicate that the works are by him. "All over the back of the paintings is indelible pen and sometimes computer chips," he says. But when he showed one of his works to an artist's estate, he was told: "In 40 or 50 years, they will reline these canvases and everything that you've done on the back will be covered up." Myatt adds: "I remember thinking, 'well, in 40-50 years' time, I'll have been dead for about 30 or 40 years, so I really don't care.' You do the best you can when you can." Perenyi also accepts "there is no telling where these works will turn up in 10 years from now".

Forgeries have become an increasing concern for auction houses. Sotheby's recently reassessed a painting by Frans Hal, worth £8.4m, as fake. The demise of connoisseurship in academic art history has prompted some experts to fear future generations will be unable to distinguish between the hands of a master, an assistant and a forger. A leading specialist in art crime, Christopher Marinello, chief executive of Art Recovery Group, is concerned. "They will go back on the market. They will be relined. There will be new fraudsters who know these are not correct and will go out of their way to try to hide them a second time," he says.

Ultimately, as the 20th-century forger Eric Hebborn once put it: "Only the experts are worth fooling. The greater the expert, the greater the satisfaction in deceiving him."



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FT FINANCIAL TIMES | Family Business

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29 November 2016, Rhodes House, Oxford

On 29 November 2016 the Financial Times will be hosting this exciting inaugural event, designed to build strategic alliances and debate the role that Family Businesses play in corporate and personal philanthropy and Impact Investing. Family Businesses are an essential part of our economy and social fabric, often creating the engine for growth and innovation, with a very clear sense of connectivity with the communities they serve.

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INSIGHT

Punk memorabilia looks like it is about to become much more valuable, page 38

PHOTO: JAMIE REID COURTESY JOHN MARCHANT GALLERY

PROPERTY
JUDITH EVANS

@JudithREvans

BET ON THE NEXT 100 YEARS

Sir Thomas Grosvenor's marriage to Mary Davies in 1677 may not have been a case of true romance.

For one thing, the bride was 12 and remained in the care of a guardian aunt for years after her wedding. And for another, there were extensive negotiations around the marriage — all financial, including £5,000 to be repaid to the father of the bride's previous fiancé, who had been unable to meet his side of that (also financial) bargain.

The young Miss Davies brought a dowry of 500 acres of swamp, meadow and pasture to the west of the City of London; that land, most of which Sir Thomas's family still owns, is now in the wealthy areas of Mayfair and Belgravia, and sits at the heart of what has become an £11.8bn global property portfolio.

Viewed as a long-term investor rather than a suitor, Sir Thomas appears to have been an outstanding one, even if he did not survive long enough to realise the fruits of his acquisition. The English aristocrat and his descendants identified an area that was set to benefit from the expansion of a global capital city and developed it as a luxury residential and office district. This in turn acted as a springboard for investments in other cities and industries.

Which begs the question: what would a modern-day Sir Thomas invest in today? This is an especially important issue for family offices, which, if they are doing their jobs well, think not just about next year's returns but about the risks and rewards of the next century or three.

Hans Rosling, the Swedish statistician, has suggested that beachfront property in Somalia might be a good bet (though he has not mentioned whether he takes his own investment advice).

His rationale is interesting. It relates to a predicted shift in global trade linked to population trends. The world population is forecast to grow by 4bn by 2100; of that number, a third will be in cities, a third in Asia and the rest in Africa. This in turn will contribute to much more rapid economic growth outside the developed west; members of those fast-expanding African and Asian middle classes will be looking for somewhere to take holidays and where better than the sandy beaches of Somalia?

The Grosvenor estate has so far stayed clear of the troubled Horn of Africa state, but it has made its own modest bet on the future with a move into renewable energy.

This is an area close to the heart of the present Duke of Westminster, Hugh Grosvenor, who inherited the title after his father's death in August. He has spent this year working at Bio-Bean, a company (not part of the estate) that makes biofuel from recycled ground coffee.

Clean energy may turn out to be a footnote in the long history of the Grosvenor estate, but if the new duke is to safeguard his family fortune for another 300 years he will need to keep a close eye on what wealth managers like to call "global megatrends", such as urbanisation, ageing populations and the shift from west to east.

As for Mary Davies, her role in the estate's history was crucial, but brief.

Historians report that after her marriage to Sir Thomas ended with his death, she entered into what is thought to have been a forced or sham marriage with a man keen to claim her property. Her family secured an annulment.

She was judged to be insane and placed in the care of a guardian, losing control of her income and estate for the last 25 years of her life.

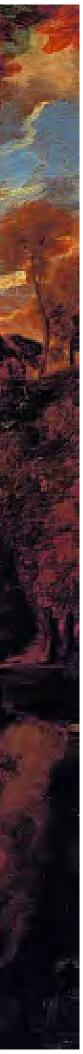
It is not just canny investment decisions that have kept the Grosvenor estate intact.

1.

2.

1. Sir Thomas Grosvenor
2. Hugh Grosvenor works at Bio-Bean, which makes biofuel from recycled ground coffee
3. An engraving of Grosvenor Square in London
4. Eaton Square in west London is part of the Grosvenor estate

WHAT WOULD A MODERN-DAY SIR THOMAS GROSVENOR INVEST IN TODAY?



PHOTOS: CHARLIE BIBBY; PA; CORBIS/GETTY IMAGES

BY MATTHEW VINCENT

BREXIT FALLOUT: IS IT OVER?

Worried about investing in a "post-fact" world after the UK's truth-lite Brexit campaign? Well, you need not be. Nor, you will be relieved to hear, need you take my word for it.

Decades before Messrs Johnson, Gove and Farage worked it out, economist John Maynard Keynes realised that winning, in popularity contests or equity markets, was not about being right, but being right about what others are thinking. And while online polls and betting exchanges have proved unreliable gauges of popular sentiment, there is a website that can tell voters and investors exactly what people think.

Type the first words of any question into Google and it will reveal society's innermost fears and preoccupations. Try "Why are there…", "Is it normal to…" and "Is it bad if…" See what I mean? And you thought you had problems.

It is perhaps not surprising, then, that Google can also reveal what investors are worried about — and suggest profitable trading strategies. Research led by Tobias Preis at Warwick Business School has found that Google searches are a leading indicator of market movements. Between 2004 and 2011, whenever stock market-related search terms cropped up on the Google Trends page, falling prices became more likely. Those searches, the study concluded, were a sign of investor anxiety ahead

BRITAIN'S SHOCK VOTE TO LEAVE THE EU ALREADY APPEARS TO BE A DISTANT MEMORY

UK COMPANIES HAVE BEEN A BIT LIKE BAKE-OFF JUDGES: ABLE TO HAVE THEIR CAKE AND EAT IT

1.
Boris Johnson, the UK's foreign secretary, talks to people in Cromer, Norfolk
2.
Mary Berry, a former judge on *The Great British Bake Off* programme

PHOTOS: CHARLIE BIBBY; GETTY IMAGES

of a decision to sell. So, are investors worried about Brexit?

Not according to Google Trends. Web searches for "Brexit AND shares" peaked between June 19-25, the week of the referendum, and then largely stopped. Search volumes were 71 per cent lower two weeks later and are 95 per cent lower today. At the time of writing, the top trending search term is TV cookery show, *The Great British Bake-Off*. No wonder Pictet, the Swiss private bank, recently told clients, "the UK's shock vote to leave the EU already appears to be a distant memory", when explaining its overweight position in equities.

However, might such insouciance be not so much a triumph of optimism as a failure of search engine optimisation? Many newspapers monitor Google Trends to ensure they are giving readers the facts they need. Reports suggest the Daily Telegraph has published 13,000 articles headlined "What time is...", one of which addresses the all important question: "What time is *The Great British Bake-off* on?" By contrast, the Financial Times has published only one article for investors unsure whether the Brexit fallout is over: HasTheUKleftTheEUyet.com. It is a quick read, consisting mainly of the word: "No".

Some wealth managers suspect investors might have missed it. Rajesh Tanna, senior portfolio manager at JPMorgan, says: "Market participants still need to be mindful of the risks around Brexit… any impact of eventual withdrawal is still some years away."

Google users whose Brexit searches point to positive economic data still need to ask if this is simply "a rebound" after the economic "paralysis" before the vote, says Paul Stappard, senior portfolio manager at Société Générale Private Banking Hambros. "Whilst the Brexit referendum might have been a one-night bombshell... the fallout from it is certainly not," he suggests.

If anything, UK companies, and their shareholders, have been a bit like Bake-Off judges: able to have their cake and eat it. Or, as Gerrit Smit, partner at Stonehage Fleming, puts it: "The UK is currently in the proverbial 'sweet spot' regarding Brexit — its huge exporting industry benefits from the weaker currency, whilst it does not yet pick up the potential higher costs to do business in Europe."

But when it does, what will this mean for equity portfolios? Typing "What will Brexit mean for..." into Google reveals that few fear for global markets. "The UK economy makes up less than 4 per cent of global GDP," points out Smit. "The overall Brexit effect on global capital markets may be overstated."

Jonathan Bell, chief investment officer of Stanhope Capital, predicts the longer-term impact will be "muted". "In China and the US it will be negligible, whilst in the rest of Europe it will be relatively minor," he says.

As such, concludes Kevin Gardiner, Rothschild Private Wealth's global strategist, "we do not see [the referendum result] as a game-changer for portfolios".

Pictet retains a preference for equities in Japan and emerging markets, Julius Baer remains overweight in UK equities and JPMorgan sees an opportunity in "overdiscounted" stocks globally.

In fact, some managers see more equity risk in the year's other "post-fact" political campaign. Despite its Brexit confidence, Pictet also says: "We continue to hold an overweight position in gold... particularly ahead of this autumn's US elections."

INVESTMENT
MEMORABILIA

BY HELEN BARRETT

THE GREAT PUNK REVIVAL

It was little more than a hurried afterthought to fill a blank page. But the illustrated message (see right) of fanzine Sideburns No 1 in January 1977 — "This is a chord, this is another, this is a third... now form a band" — encapsulated the do-it-yourself ethos of the UK punk era.

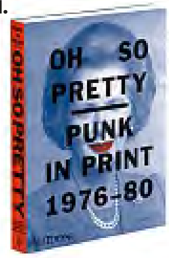
For Toby Mott, a leading collector of punk ephemera, it is one of the most important documents in the world. "It changed history," he says simply.

This year marks the 40th anniversary of the Sex Pistols' debut single "Anarchy in the UK" and the birth of British punk, a scrappy, nihilistic youth movement. It was loud, aggressive, anti-establishment and — whether its protagonists realised it or not — it prized self-reliance and entrepreneurial spirit. Why worry about education, training or talent? Punk gave young people permission to create music, art, journalism and film — straight away.

For many growing up in an era of economic decline, this was a revelation. "They didn't have to take the choice laid out for them. They could invent their way out of a shitty situation," says Joseph Corré, co-founder of Agent Provocateur, the luxury lingerie retailer, in which he sold a majority stake in 2007 to private equity firm 3i for £60m. Corré is the son of Malcolm McLaren, manager of the Sex Pistols and punk's impresario-in-chief, and Vivienne Westwood, the fashion designer whose creations dressed the movement.

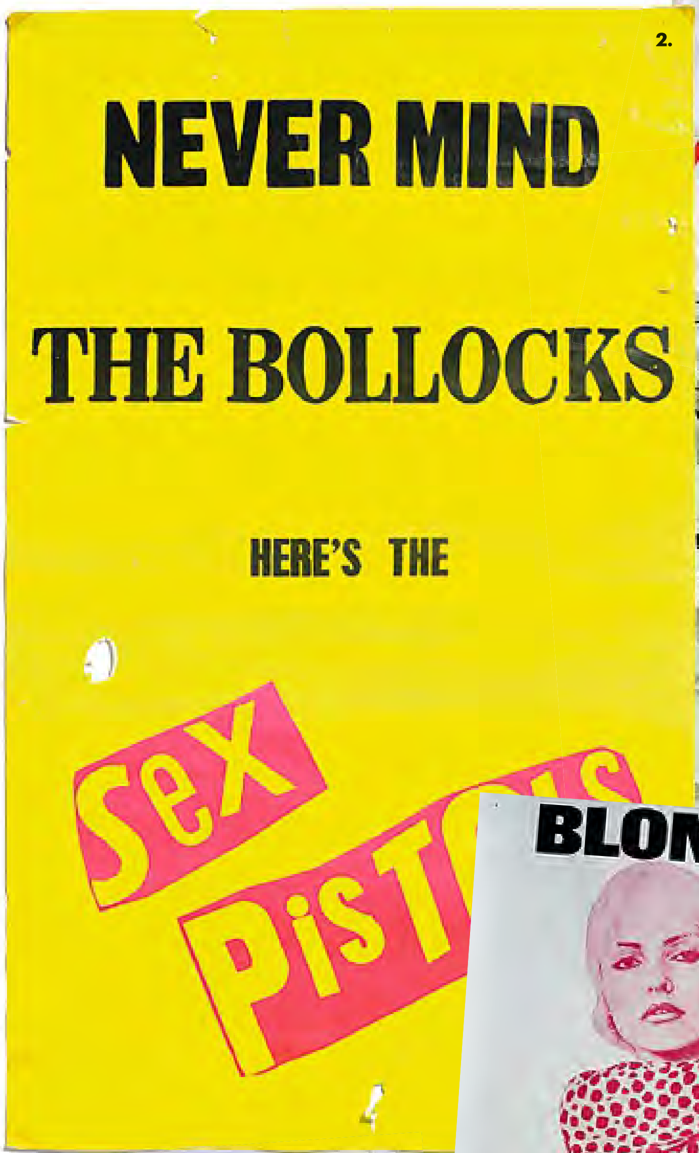
In 1976, bands such as the Sex Pistols caused outrage, but today they are regarded with affection. This year, the British Library in London featured an original copy of Sideburns No 1's

1.



1.
A book published this month featuring Toby Mott's collection
2. to 6. and 11.
Posters, flyers and tickets from the collection of Toby Mott
7.
Sniffin' Glue fanzine
8.
Vivienne Westwood and her son, Joe Corré, demonstrating against fracking in 2014
9.
Sideburns No 1, January 1977
10.
A T-shirt from the collection of Joseph Corré, to be included in his artefact-burning event on November 26

2.



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'PUNK EPITOMISED REBELLION AND DIY. THAT IS VERY APPEALING TO HEDGE FUND MANAGERS'

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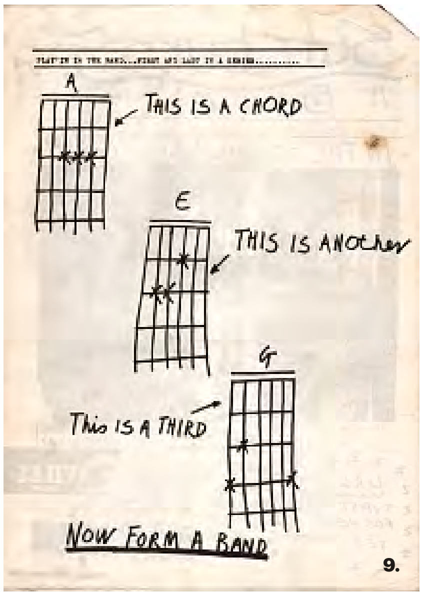


9.

chord instructions in its exhibition "Punk 1976-78".

The appeal of punk ephemera is growing among wealthy collectors, particularly from the UK, the US and Japan. According to Andrew Roth, a New York-based dealer who works with Mott, a complete run of the British punk fanzine Sniffin' Glue in perfect condition is worth up to $40,000.

The revival of interest is partly down to a generational cycle. Many buyers who cherish the movement are in their fifties and sixties and, unlike their teenage punk selves, now have money.

"Punk epitomised rebellion and DIY," says Mott, whose collection has been valued at about £1m. "That is very appealing to hedge fund managers."

Design was a key part of punk — and it went far beyond the record sleeves of the Sex Pistols and Buzzcocks. "It's different because it has an aesthetic. The visual stuff — fanzines, posters, fashion — are distinct from the music," Mott says. "That was revolutionary."

A large collection has yet to reach auction, says Gabriel Heaton, an expert in books and manuscripts at Sotheby's. He cites autographed "working" lyrics by the Sex Pistols — words to songs written on scraps of paper as part of the songwriting process — as among the most sought-after relics. Those with provenance could fetch tens of thousands of pounds.

Other valuable commodities include original artwork by Jamie Reid, the Sex Pistols' graphic designer; clothing by Seditionaries, Westwood and McLaren's boutique on King's Road in Chelsea, west London; and printed ephemera from punk's early years.

Serious collectors face hurdles. The early punk movement was small-scale and, by popular culture's standards, little was produced. "Material from '76 is very rare," says Heaton. "It tends to come up in small quantities."

Reports of fakes have undermined confidence in the collectors' market. Most notably, in 2008 artist Damien Hirst claimed he was duped into paying £80,000 to a dealer for Seditionaries clothing which McLaren later told him was fake.

But the biggest challenge may come on November 26. In an act worthy of punk at its most antagonistic and audacious, Corré says he will burn his collection of artefacts at an invitation-only event. He is outraged by Punk London, a series of events to mark the 40th anniversary that includes the British Library exhibition and is supported by the National Lottery and Mayor of London, among others. He is also angry at what he calls the "*Antiques Roadshow* approach" to collecting.

"You couldn't get more conformist if you tried," Corré says. "[Burning is] the only thing left to do with

'PUNK'S RESIDUE — FASHION, VINYL — MARKS IT AS ONE OF THE LAST MOVEMENTS WHERE THEY LEFT STUFF BEHIND'

10.

it. People can only see the value in something if they can identify with the meaning — and meaning has been completely lost. That's why punk still has some power, and why I've got to burn it all."

Corré says his collection is worth about £5m. It includes rare records, posters, stickers, badges, newspaper cuttings and clothing.

Corré's act, which may push up prices for other collections, may not be the only disruption. While today's wealthy collectors remember the movement fondly, tomorrow's may not value it in the same way. Does punk memorabilia have no future?

Heaton thinks it could stand the test of time. "The way punks used different elements of media, we are so used to that now. That innovation is the key to this kind of material having longer-term value," he says.

Mott points out another reason to carry on collecting: in the internet age the physical evidence of punk is even more precious. "Most information today is electronic. But punk's residue — the fashion, the vinyl — marks it as one of the last movements where they left stuff behind," he says.

In future, he adds, "we may enter a world where there is no history and there is no now".

Punk artists collectors should look out for, according to Toby Mott

Jamie Reid
Sex Pistols graphic designer
Linder Sterling
Buzzcocks record sleeves
Barney Bubbles
Stiff Records designer
Dave King
Crass logo

11.

PHOTOS: GETTY IMAGES; COURTESY OF THE TOBY MOTT COLLECTION

BY GILL PLIMMER

CREATIVITY AGAINST POVERTY

Muhammad Yunus is a banker who talks as if he's an artist. The Nobel Peace Prize-winning founder of the microfinance movement that provides loans to people excluded from the financial system says he sees entrepreneurship as a creative endeavour.

"All human beings are packed with unlimited creative capacity. A job is the end of creative capacity. You take orders from your tiny boss who works above you and you fashion your life according to the desires of your tiny boss and you forget all about your creative power," he says. "This is a shame."

In the three decades since Yunus set up Grameen Bank in his home town of Dhaka, Bangladesh, the 76-year-old has won numerous accolades for his work and helped legions of hairdressers, basket makers and door-to-door fruit sellers to establish their businesses and escape poverty.

In August, he carried the Olympic torch in Rio de Janeiro. His model of providing small loans to people, mostly women, has been embraced across the world, from India to China, from Glasgow to New York, and has won celebrity supporters such as Hillary Clinton, the Democratic nominee for US president. He has even guest-starred in television cartoon show *The Simpsons*.

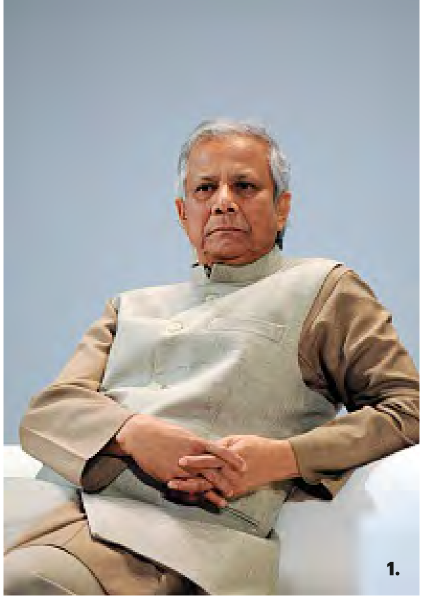
Yunus was in London a few months ago to promote his business to leading philanthropists. But the city, despite being a hub for international finance, has remained stubbornly resistant to his microfinance movement — even though he says he has met more government officials and finance executives in the UK than in other,

'[IN A JOB] YOU TAKE ORDERS AND FORGET ALL ABOUT YOUR CREATIVE CAPACITY'

1.
Muhammad Yunus

2.
Women in Mumbai, India, gathered to hear about the benefits of microfinance

PHOTOS: KAINAZ AMARIA/NYT/REDUX/EYEVINE; AFP/GETTY IMAGES



'THE GROWING INEQUALITY IS A TIME BOMB. IT COULD BE A REVOLUTION, DECIVILISATION'

more receptive countries, such as France and Germany.

"I would say I've had more support from other countries," he says. "Support in terms of helping us to open the door to other people, not that they give money to us. That's not what we are looking for. [London] is the financial capital of the world; it should also be the microfinance capital of the world."

The lending initiative launched in Glasgow in 2013, supported by Tesco Bank, the supermarket chain's finance arm, which invested up to £500,000 in loan capital. But despite the prevalence of loan sharks in the UK, which highlights the need for ethically based small loans, he says the rest of the country has failed to embrace the microfinance movement.

The UK's dearth of enthusiasm puzzles Yunus, though he refuses to speculate why. But it is no surprise that having rejected charity as the best means of dragging people out of poverty, he is also critical of welfare, other than in crises. He views welfare as a deterrent to work, but such beliefs mean not everyone sees Yunus as a champion of the poor.

Over the past 33 years, Grameen Bank has lent to 8.5m people in Bangladesh alone, but there have been concerns that the rates charged on the loans — of up to 20 per cent — are still high, even if they are far lower than local interest rates in developing countries or the 300 per cent or more that loan sharks or payday lenders might charge.

While Yunus describes the bank as a charity, it always recoups its investments and the business must cover its full costs.

Sheikh Hasina Wajed, prime minister of Bangladesh, has said Yunus is "sucking money from the poor".

In India six years ago, a spate of suicides by harassed microfinance borrowers also raised concerns about the movement. Some had taken out loans with a company set up by an acolyte of Yunus, though none were known to have borrowed from Yunus's enterprise itself.

None of the accusations has stuck and Yunus himself denies all the allegation. He continues to travel frenetically — London this week, home to Dhaka the next, Rome the week after — promoting social enterprise and garnering supporters and borrowers along the way.

"If some guy in Manila, in some microprogramme, charges exorbitant interest rates and somebody committed suicide, you can't blame me for this. I cannot have caused that," he says, conceding that some organisations are abusing the microcredit system for profit.

"In Grameen Bank, our basic rule is that we won't punish anybody for anything. So we work with them; help them to restore themselves and if the borrower dies nothing has to be repaid."

Still, even Yunus acknowledges that he is a beneficiary of a flawed financial system that rewards money with more money. "I'm not a bad guy; I'm a good guy.," he says. "I say all the good things and I make beautiful speeches and really I genuinely believe that. But I put the money in [through investment trusts] and the money is working.

"The system always puts money at my door. And I can't help it. I keep on accumulating. I sleep at night and I wake up in the morning and my wealth has doubled. I didn't do anything, I just slept. We have to undo the system that automatically gives me money without any contribution from my side."

The banking and financial system is "wrong", he says. "Their basic policy is the more you have, the more I give you. So wealth concentration takes place."

Indeed, 40 years after Yunus, then a university lecturer, was inspired to take action by what he saw in the slums of Dhaka, he is increasingly troubled by the increasing inequality worldwide. Citing a report that claims 99 per cent of the world's population own only about 50 per cent of the wealth, he says: "The growing inequality is a time bomb. Nobody's paying attention to it. It could be a revolution, decivilisation — all kinds of things are possible."

Addressing the financial elite in London, Yunus promoted the idea that the wealthy should accumulate first, then share their riches for the common good. "So, for the first phase, up to about 50 [years old], people devote themselves to making money, and for the second phase, they devote themselves to giving it away," he says.

Ultimately, though, Yunus believes all of us, wealthy or poor, should explore our creative powers and become entrepreneurs.

"When 7bn people become entrepreneurs, it will not be easy to concentrate all the wealth in a few hands," he says. "You have to open that door of entrepreneurship."

PHILANTHROPY
PRIVATE FOUNDATIONS

BY SARAH MURRAY

HOW TO SHARE OUT THE SPOILS

For a non-profit organisation in search of funding, encountering the words "no unsolicited proposals" on a foundation's website can be disheartening. But while foundations have good reasons for not considering these proposals, some argue that in the absence of an open application policy, they risk missing out on a rich seam of knowledge and ideas.

The decision not to accept unsolicited proposals is often made out of necessity. For many foundations, particularly those with no staff, reviewing and responding to a deluge of grant applications is simply unfeasible.

"Something that's underappreciated is just how inundated some of these foundations are with proposals that may or may not align with their strategic priorities," says Vikki Spruill, president and chief executive of the Council on Foundations, the US association.

Small, unstaffed institutions account for a large proportion of the world's foundations, with many even lacking a web presence.

"It's going to be mom and dad at the kitchen table and they're not going to be looking for proposals," says Page Snow, chief philanthropic and marketing officer at Foundation Source, a support and administrative services provider.

These kinds of foundations may rely on family and friends to identify organisations to fund, particularly if they focus on a single cause. "Often, for the smaller family foundations, the funding they do is so narrow that it doesn't make sense to open the door," says Snow. "They might have enough access in their own social networks that they don't need to reach out."

At the other end of the scale, larger foundations often reject unsolicited proposals because they have a strategy of identifying non-profit organisations they believe could help meet their goals and then requesting a proposal from them.

One example is Humanity United, a human rights-focused foundation that is part of the Omidyar Group established by Pierre Omidyar, the billionaire founder of online auction company eBay, and his wife Pam. The foundation does not accept unsolicited requests for funding but looks for organisations with the same goals and invites them to submit proposals.

"We do our best work when we have a point of view with respect to what needs to be done — and that requires a lot of research, being analytical and testing assumptions,"

'NEW FOUNDATIONS TEND TO START WITH UNSOLICITED APPLICATIONS BECAUSE THEY WANT TO SEE WHAT'S OUT THERE'

says Ed Marcum, managing director at Humanity United. "There's a danger in philanthropy of passively looking at proposals that come across your desk as opposed to being proactive."

Spruill sees a rise in this approach among more recently established foundations. "New philanthropists, particularly coming from the business sector, are working more directly with non-profits that they identify," she says. "They're more directly involved in the process of determining who gets the money."

Better Brick Nepal, a Humanity United initiative to improve working conditions in the country's brick kiln industry

‘IT’S IMPORTANT THAT FOUNDATIONS ARE CLEAR ABOUT THEIR PROCESS SO GRANT-SEEKERS UNDERSTAND WHAT THEY’RE DOING’

It is argued, however, that foundations, which receive tax benefits for their activities, should be more open in their approach to grant-making.

Writing last year in The Chronicle of Philanthropy, the non-profit sector journal, Pablo Eisenberg, a senior fellow at the Center for Public & Nonprofit Leadership at Georgetown University in the US, said the fact that almost three out of four US grant-makers do not accept unsolicited proposals was evidence of “the growing elitism marring philanthropy”.

PHOTO: REUTERS

Aside from such arguments, some see a practical case for foundations having an open grant-making policy because it can be a means of spotting less well-known non-profits that might have innovative ideas on how to solve a particular social or environmental problem.

David Emerson, chief executive of the UK’s Association of Charitable Foundations, says this is often the approach taken by recently established foundations.

“They tend to start with unsolicited applications because they want to see what’s out there,” he says.

He argues that for foundations to become more strategic in their grant-making, they need knowledge of the causes they are funding and familiarity with the organisations working on those causes.

“You acquire that over the years when you work with non-profits,” he says. “You could see moving from open access to proactivity as a response to the learning and experience you get as you stay in the game longer.”

A third option is the hybrid approach, whereby foundations solicit grant applications for specific programmes or certain issues, while funding applications for other activities remain by invitation only.

But whichever method of identifying grantees they choose, foundations should make their approach clear to potential grant-seekers by setting out guidelines on their website, Spruill advises.

This also gives foundations that want to embrace an open approach to grant-making a better chance of receiving proposals that are in line with their goals and helps them avoid a slew of unsuitable grant requests.

Guidelines might include details of the foundation’s mission, its programme areas — from health and education to arts and culture — the types of non-profits it is looking to fund and the types of grants it makes, whether for direct services and programmes or to build the operational capacity of non-profits themselves.

“It’s important that foundations are clear and straightforward about their own process so grant-seekers understand what they’re doing and who they’re talking to,” says Spruill.

Emerson agrees. “It’s about clarifying the expectations,” he says.

BY SARAH MURRAY

DIASPORA DONORS

Sonal Sachdev Patel was born in the UK to parents who spent much of their lives in East Africa. Yet her family retains a strong sense of its Indian roots. "We were brought up with a very Indian culture. And we want our children to feel connected to India," says Sachdev Patel, a former strategy consultant who now runs her family's GMSP Foundation, which focuses on investing in women and girls.

The Sachdev family, which has so far given away more than £8m, is among many from the global Indian diaspora for whom an emotional link to the homeland means Indian causes are a principal target for their philanthropic funding.

It is a source of funds that should not be underestimated. Research by the Bridgespan Group, a non-profit adviser, estimated that if the Indian diaspora in the US gave at similar rates to those of other American households, and directed 40 per cent of this to India, it would generate $1.2bn a year — more than US foreign aid to the country, which in 2014 stood at about $116m.

Of course, this figure is a projection based on the average household incomes of US citizens of Indian origin. Yet, given the activities of some individuals, the indications are that Indian diaspora givers are becoming a powerful force in global philanthropy.

Take one of the US's most prominent Indian philanthropists, Gururaj "Desh" Deshpande, an entrepreneur and investor, who in 2001 donated $20m to establish the Deshpande Center for Technological Innovation at the Massachusetts Institute of Technology.

When he and his wife Jaishree turned their philanthropic attentions to India, it was to replicate this model of innovation, but with a focus on social innovation, funding a series of "sandbox" centres (incubators for social entrepreneurs) in districts around Bangalore.

1.

While Deshpande acquired his wealth through entrepreneurship, the ranks of the wealthy Indian diaspora include a wide range of individuals, including IT executives, doctors and financial services professionals, says Rohit Menezes, a partner in Bridgespan's Mumbai office. "And their pathway to wealth has been pretty short and dramatic compared with other immigrant communities," he says.

In the case of Ramesh and Pratibha Sachdev, it was the investments they made in the UK home care sector that generated much of the wealth that now allows the family to write charitable cheques. Arriving in Britain in 1965 from Mombasa, Kenya, with only a few pounds in his pocket, Sachdev trained as an accountant and went on to create Lifestyle Care, a company with a portfolio of purpose-built care homes around London and south-west England.

When it comes to the geographical focus of their giving, many Indian diaspora donors turn to their homeland. "Because they're relatively new to America, they still retain community ties to India," says Menezes of the US diaspora.

"Certainly they have been giving to charities that are close to home, whether in education or health, or something they were connected with emotionally," says Rohini Nilekani, a prominent India-based donor and champion for philanthropy in the country.

2.

A CONCERN FOR DONORS IS THE DANGER OF THEIR MONEY GOING ASTRAY AS IT CAN BE HARD TO IDENTIFY CREDIBLE NON-PROFITS ON THE GROUND

3.

1. and 3.
GMSP Foundation focuses on investing in women and girls and directs much of its giving to Gujarat
2
School children sponsored by the Vijay and Marie Goradia Foundation

For Mumbai-born Vijay Goradia, a start in India is what prompted him to direct funding to his country of origin. Goradia migrated to the US from India in the 1970s and built an international chemical trading company, Vinmar International, with more than $4bn in sales and 34 offices worldwide.

"While we give in the US as well, my parents wanted to give back to India because it was where they felt they were given the initial opportunities and education to pursue their goals," says Sapphira Goradia, the Houston millionaire's daughter, who now runs the family's Vijay and Marie Goradia Foundation.

However, Nilekani sees many diaspora givers combining this emotional connection with a more strategic approach. "They've also begun to give things like education at a national scale beyond their home areas," she says.

This is the case for Goradia's family. "We concluded that our way of creating impact was to reach as many people as possible and that means we can't tie ourselves to one geographic area," she says.

While GMSP Foundation directs much giving to Gujarat, the family's home state, it also wanted to maximise its impact. "We combined the head and heart," says Sachdev Patel. "We looked strategically at where the gaps are and where we could create the greatest change, but also what fits with our family values and interests.

"Women reinvest 90 per cent of their income back into their families, so investing in women and girls can transform the entire community."

One concern for overseas donors to Indian causes is the danger of their money going astray. And when living outside the country, it can be hard to identify the most credible and effective non-profits working on the ground.

WE COMBINED THE HEAD AND HEART TO MAKE THE GREATEST IMPACT

For this reason, a number of intermediaries have emerged. These include Give2Asia, which provides international giving services to US donors, GiveIndia, an online platform that facilitates donations to credible Indian non-profit organisations, and Dasra, an Indian foundation that connects donors with non-profits and others in India.

"That helps overcome one of the biggest barriers, which is lack of information," says Melissa Cortes, senior private client manager for international clients at the UK's Charities Aid Foundation.

As diaspora philanthropists gain confidence in giving to India, they could do more than add to the pool of philanthropic dollars flowing to India. They could also replace some of what has fallen away as the Indian government has tightened control on foreign funding to Indian non-profits.

"There's a huge potential and India needs this interest from the diaspora now because many of the foreign donors are leaving," says Nilekani. "It would be good if some of that vacuum was filled by Indians who live abroad and who care about what's happening in India."

CORRESPONDENT
CAMPAIGN DONATIONS

BY ALICE ROSS IN WASHINGTON

A MOST UNUSUAL ELECTION

When he was nine years old, T Boone Pickens was given some advice on politics by his aunt, who happened to also be his school teacher at the time.

"There are two political parties in America," she told the class. "I may be the only Republican registered in Hughes County, Oklahoma. That's not because the Republicans are good, but because they're not as bad as the Democrats."

Now one of America's most successful businessmen and still chairing hedge fund BP Capital at the age of 88, the billionaire oil investor admits: "That's how things have played out for me."

For Donald Trump, the Republican presidential candidate who has had to play catch up with his Democratic counterpart Hillary Clinton in the race to raise money for the campaign, such a mentality is helpful.

Billionaire philanthropists and donors who typically funnel millions into US presidential campaigns have been flummoxed by the 2016 campaign — largely on the Republican side. "It is the most unusual election year I have ever participated in," says Pickens.

Trump's status as an outsider in the Republican party as well as his divisive views on emotional issues such as immigration have alienated some donors. His campaign and groups supporting him have raised a little more than $200m so far (at October 4), while Clinton's campaign and her supporters have raised nearly $520m, according to the Center for Responsive Politics (CRP), which tracks campaign donations.

Still, many wealthy Republicans are happy to give money to Trump. Those who have publicly stated their support include Woody Johnson, the New York Jets owner, Elliot Broidy, the venture capitalist, and Diane Hendricks, chair of roofing supplier ABC Supply.

1.
T Boone Pickens, a billionaire oil investor, is a strong Republican supporter

2.
Donald Trump addresses a group of supporters who were unable to get into his campaign rally in Greenville, North Carolina

Some take the view that it should be anyone but Hillary. "You know, what choice have I got?" says Pickens when asked why he is supporting Trump.

"There's no way that I could ever vote for Hillary Clinton. For me she's closer going to jail than she is being president of the US," he said, referring to her controversial use of private email servers while Secretary of State.

Yet some traditional wealthy donors to the Republican party are not willing to go as far for Trump. The billionaire founder of Home Depot, Ken Langone, listed by Forbes as one of the most influential political donors last year, has said he will vote for Trump. He is, however, stopping short of raising money for him after calling certain of the presidential candidate's comments "disgraceful".

"Ken is not involved at all in the fundraising for Donald Trump. He's not doing any of the work and he's not dealing with any of the donors," a spokeswoman for Langone confirmed.

Other Republicans also plan to reduce the ways in which they support Trump. Prominent Republicans, such as Mitt Romney, the presidential nominee in 2012, said they would not attend the political convention in July. But more importantly for Trump's campaign, wealthy donors who have forked out millions in presidential campaigns are sitting this year out.

Those who have publicly stated they do not intend to donate to Trump include Paul E Singer, the hedge fund manager, Stanley F Druckenmiller, a New York investor, and William Oberndorf, a California-based investor.

Some Republicans are even voting for Clinton. Alexander Navab, an executive at KKR, the private equity manager, who donated to Jeb Bush's campaign, said in July he would be supporting Clinton rather than Trump.

Clinton has had the advantage of being supported by donors with a long history of giving to her campaigns over the years. For inveterate Democrats such as Bernard Schwartz, one of Clinton's biggest donors, the decision whether to support her is an easy one.

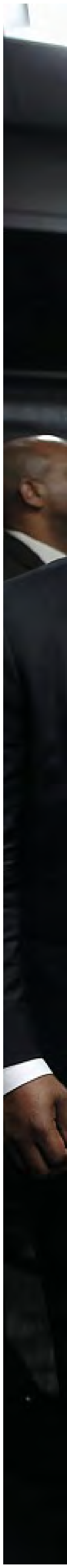
Schwartz's father was forced to quit school when his grandfather, who had recently emigrated from Germany, died in the late 19th century leaving behind a widow and three daughters. His grandfather had been a member of the local Democratic party, which sent his widowed grandmother a turkey each Thanksgiving and a bag of coal each Christmas.

Schwartz rose to be chairman of satellite communications company Loral Space & Communications and is now an investor and philanthropist in New York.

"I consider myself a very, very lucky person," he says.

"I was born in Brooklyn to a family with middle class values. My father was a small businessman; I lived in a helpful, supportive environment. I received all my education from New York city [for] free. I had the

SOME TRADITIONAL REPUBLICAN PARTY DONORS WILL STOP SHORT OF RAISING MONEY FOR TRUMP



PHOTOS: BRANDON THIBODEAUX; REUTERS

DONALD TRUMP'S VIEWS ON EMOTIONAL ISSUES SUCH AS IMMIGRATION HAVE ALIENATED SOME DONORS

1.

opportunity to go into business and was very successful... all this was part of the environment that made it possible for so many like me to be successful."

While Schwartz voted for Ronald Reagan in the 1980s, he says: "I'm a lifetime Democrat. My children and my grandchildren are Democrats.

"I believe Clinton represents for the Democratic party and for the nation a constructive positive programme in which government has a political responsibility for investment in the country and supporting a capitalist society that allows free enterprise," he adds.

Schwartz has so far donated nearly $3.8m in this election cycle in support of Clinton, according to figures collected by the CRP.

CLINTON SUPPORTERS HAVE RAISED NEARLY $144M FROM PACS. TRUMP HAS $40M

Some wealthy donors are taking advantage of political action committees, known as super-Pacs, that pool contributions to funnel as much money as possible into supporting their candidate.

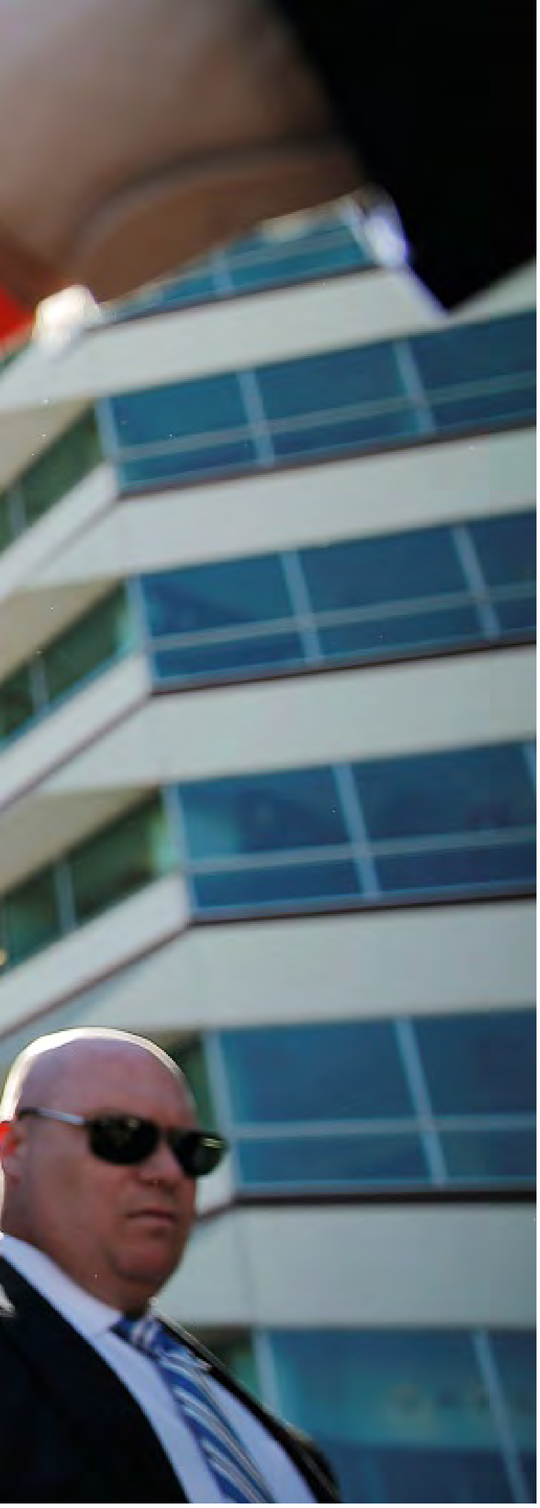
The committees came into being in 2010 and are raising record amounts this election cycle.

Super-Pacs have no limits on the amount of money people can donate to them and support issues that will help their candidate, running advertising campaigns, for example. But they are not allowed to directly finance or co-ordinate their actions with their candidate's campaign.

In the 2008 presidential election cycle, just eight donors gave $1m or more to outside groups. This year, at least 100 donors have given $1m or more, according to an analysis by the CRP — a record number.

But while Clinton's backers have found it easy to donate through well-organised existing super-Pacs, Trump's campaign has faced criticism by potential donors for not organising super-Pacs or other vehicles to raise money quickly enough.

Clinton supporters have so far raised nearly $144m from super-Pacs and other Pacs, compared with $40m by



'THE PUBLIC WILL CHOOSE BETWEEN TWO PEOPLE WHO WILL REPRESENT DIFFERENT VIEWPOINTS. THAT'S WHAT DEMOCRACY IS ALL ABOUT'

Trump supporters. That compares with $373m raised by the Clinton campaign versus $166m by Trump's. Part of the problem has been Trump's own criticism of outside donors earlier in his campaign to become the Republican nominee, when he emphasised the fact that he was funding his campaign himself.

In May, he had put $43m of his own money into his campaign, contributing a further $2m in August.

One prominent super-Pac donor to Clinton is Daniel Abraham, who plans to give $10m in total to back the Democratic candidate this election cycle.

When he was in high school at the start of the second world war, Abraham was so concerned that America might succumb to isolationism and refuse to join the war that he set up his own newspaper.

"I distributed it throughout the city of Long Beach where I lived and I used to charge a quarter of inch per ad and I used to sell ads to the storekeepers," he recalls. "I put it under the doors of every home in Long Beach. One of the headlines was 'Wake Up America'."

Now a billionaire after founding and selling weight-loss company Slim Fast, Abraham has so far given $9m to pro-Clinton super-Pacs, filings show.

Abraham has not always supported Democratic candidates — he backed George HW Bush in 1988. Yet he considers himself a lifetime Democrat. And isolationism still concerns him.

"Trump is more of an isolationist, he's not very well liked even by the Republicans and his business tactics have been terrible," he says.

"I think Hillary Clinton will make the best president America ever had," he says. "She is so bright and so experienced in governance."

Referring to Trump's lack of experience in government, he says: "Government is not an easy business and like any business the more experience you have in it, the better you will be at moving your programmes through Congress and the executive branch; you'll be able to develop new programmes that enable America to stay strong, use its strength when it has to and build a good healthcare system for the population."

Whether a lack of funds and the recent spotlight thrown on his tax affairs has hampered Trump's chances of being elected is debatable, however. After the FBI blasted Clinton for being "extremely careless" in handling classified information on private email servers while Secretary of State, even as it said there were no grounds for prosecution, she suffered in the opinion polls.

While she has regained ground, polls show her lead is very narrow. A Washington Post/ABC News poll conducted just before the first presidential debate in September showed Clinton just two points ahead.

2.

1.
Hillary Clinton greets people after speaking at an Iowa Democratic rally in September

2.
A Clinton mannequin outside a Republican rally in Ohio

An earlier New York Times/CBS News poll revealed that voters on both sides were unhappy with their candidates, with a majority saying that neither Trump nor Clinton were honest and trustworthy.

Wealthy donors themselves, however, are staying positive. "I think if Trump wants to get the money, he can get the money," says Pickens. "I don't think Clinton can win in any situation."

"Most everybody I know is very concerned and very upset about the way this election is going," says Clinton donor Schwartz.

"I think it is wonderful. The public will choose between two people who represent different viewpoints. That's what democracy is all about and if we lose this one next time we'll win. If the Republicans win it's because we didn't do our job well enough and next time we will have to."

PHOTOS: REUTERS; GETTY IMAGES

CORRESPONDENT
VENEZUELA

BY ANDRES SCHIPANI IN CARACAS

CRISIS AND OPPORTUNITY

As food shortages bite, a queue of angry shoppers stretches for blocks around a supermarket in the leafy quarter of Altamira in eastern Caracas. Across the road, though, is a different picture: the Hotel Cayena, built at a cost of $40m, has become a refuge for those who can afford to drink Bollinger's La Grande Année champagne costing more than $1,000 a bottle.

The price is equivalent to 40 times Venezuela's minimum monthly wage. Meanwhile, food staples such as cooking oil, sugar, rice and maize flour are increasingly scarce and prices are rising fast.

Buoyed by high oil prices, the previous socialist government established programmes to help the poor, in an attempt to damp the gross inequalities that still exist in Caracas.

Now the economy has collapsed, plunging Venezuela, which has larger oil reserves than Saudi Arabia, into one of the worst crises in its 200-year history. "It may sound like an idyllic place, but the wealthier are permanently preyed upon," says one successful businessman, who is not just talking about criminals but also the government itself.

Food shortages and inflation are hardly new phenomena but have been worsening steadily. Three decades ago, Venezuela boasted some of Latin America's highest living standards. During its golden age, Caracas was the envy of neighbouring cities, with its museums and galleries holding the best collections of modern art in the region.

Today, after 17 years of socialist revolution, there is not even toilet paper in the shops and the people are fed up. "*No hay*" ("there isn't any" in Spanish) is a commonplace refrain from shopkeepers asked if they have basic items in stock.

But not at the Hotel Cayena. "This is an oasis in the middle of chaos; everything works and you can find everything," one hotel investor adds, stirring Italian Grana Padano cheese into his mushroom risotto.

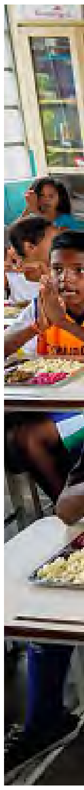
"The wealth that was around here before Hugo Chávez came to power is still around but much diminished. The lifestyle of all Venezuelans has plummeted, particularly in the past two years and particularly in the past two months. My wife also struggles every day to get everything we need at home."

For now, the business of the investor, who wishes to remain anonymous, has escaped the war cry that once resounded across the land. "Oligarchs, tremble" became the mantra of the late President Chávez on launching his socialist revolution in Venezuela. The threat of expropriations led to an exodus of the wealthy to Miami.

Indeed, the "Bolivarian revolution" begun by Chávez, and now pursued by his embattled successor Nicolás Maduro, vowed to take power away from the wealthy. Dubbed *escuálidos* (squalid) and *pelucones* (bigwig conservatives), they have been derided by officials for years, yet many have resisted attempts to seize their wealth.

The elegant Caracas Country Club, founded almost a century ago, has 3,000 members, who enjoy manicured lawns, antique chairs and an 18-hole golf course. "It is always full because people feel safe here," says a veteran member and businessman.

3.



AS THE LOCAL CURRENCY HAS PLUMMETED, REMAINING IN VENEZUELA HAS BECOME MUCH MORE AFFORDABLE.

PHOTOS: FLUEELER URS/ALAMY; JANE SWEENEY; AFP/GETTY IMAGES;

1.
Isla Margarita, a wealthy resort in the Caribbean Sea
2.
An empty supermarket in Caracas this May
3.
People queue for food in Caracas this July
4.
School meals in a shanty town in Higuerote, 120km east of Caracas
5.
The Los Roques archipelago

Understandably so. Caracas is one of the world's deadliest cities; security is frequently rated the top concern for Venezuelans both rich and poor. "The situation is absolutely dramatic," says a respected Ivy League-educated businessman, who is one of the 240 wealthy neighbours who live in the area surrounding the club's grounds.

Recently one of his neighbours was kidnapped not far from the many diplomatic residences that dot the area. Like many of his peers, with the money he earns from his company's local operations he has enough to be chauffeured in an armoured car but not enough to pay for his children's US university fees.

Despite their grumbles, most of the country's wealthy live their lives in dollars. As the local currency has plummeted, remaining in Venezuela has become much more affordable.

Yet it is difficult to feel as if you are in the middle of an economic crisis. Late last year, a franchise of the fashionable Buddha-Bar opened in Caracas. At the opening-night party, acrobats tumbled and drummers provided the beat for celebrity DJ Ravin as Taittinger champagne flowed in the packed two-storey restaurant and club. "There are still beautiful people with money who want to enjoy life here," says the heavily accented Lebanese-Venezuelan businessman who opened the bar.

And indeed there are. At weekends they charter private boats or jets to the white, unspoiled beaches of Los Roques, a Venezuelan archipelago about 130km off the coast that was popular with high-end tourists from Latin America and Europe before the crisis hit. The crystal-clear waters are one of the few luxuries on Venezuela's Caribbean coastline, much of which is littered with empty beer cans while reggaeton - a combination of Latin music and hip hop and rap - blasts out of loudspeakers.

Yet for many, the blame for some of the country's woes should be laid at the feet of the so-called government *enchufados* (plugged-ins). Maladministration has reached such levels that the legislature's finance commission says that 17 years of *Chavismo* have led to some $425bn of public money going missing.

Meanwhile, high-end car sales in Venezuela are at their highest level for years: close to the Hotel Cayena, a red 1960 Ferrari is on sale for a mere $300,000.

For more than a few, then, it seems there is no economic crisis. "To many, things are not going that badly here," says the manager of the car dealership, running his hand over a grey Porsche 911 Targa (price: $210,000).

"Even in the current situation the rich are richer, and there are many newer rich who can afford this." Ⓦ

Hotel Cayena: an oasis amid the chaos

With its woeful infrastructure and appalling service, Venezuela's tourism sector is not geared to the international traveller. The economic crisis and currency controls have left hotels in a decrepit state. Moreover, visitors are hardly encouraged by Venezuela having one of the world's highest murder rates.

Caracas's Hotel Cayena, the only member in Venezuela of the exclusive Leading Hotels of the World group, was once called an "oasis in the middle of the chaos". Its views of leafy mountain slopes make the city's troubles seem far away.

It has played home to presidents, and diplomats and local and foreign business people praise its restaurant, La Sibilla. "We are trying to make something unique here, which is to put Venezuela back on the map," says Esteban Torbar, the hotelier behind Cayena.

"People change their perception of Venezuela when they enter this hotel. We have broken the paradigm of Venezuela's bad service," he adds. "Let alone being the safest hotel here."

HARRIET AGNEW

@HarrietAgnew

THE NON-DOM DILEMMA

At a London dinner party weeks before the UK voted for Brexit, a guest stood up to leave before pudding was finished. "I must be out of here before midnight, or I'll lose another day," he declared, one foot out of the door on his way to the airport. The businessman is changing his tax residency status and may now spend only 90 days a year in the UK.

He is one of a growing number of individuals, who have left the country ahead of incoming tax changes to the UK's "non-dom" regime for wealthy foreigners.

The changes, which take effect in April, come as the UK negotiates its departure from the EU, a move that could exacerbate the exodus.

Three-quarters of a group of 100 chief executives surveyed by KPMG are considering moving either their headquarters or their operations outside of the UK as a result of the Brexit vote, according to a report published last month.

These are factors that, alongside the taxation changes, are driving financiers, entrepreneurs and industrialists , and their family offices, out of the country.

> THE GOVERNMENT SHOULD HAVE PUT THE OVERHAUL ON HOLD WHILE PLANNING BREXIT

1.
A cartoon of John Bull scratching his head at William Pitt's 1798 introduction of income tax.
2.
Some donors to UK galleries are non-doms

The non-dom tax regime, which has been in place since 1799, has meant that individuals claiming non-dom status have been able to live and work in Britain without being subject to a tax on gains or income earned and kept outside the country. By making the UK a place in which foreigners wanted to do business in and from, it has played a key role in transforming London into the global centre it is today.

This is on the cusp of change. From April 2017, foreign residents who have lived in the UK for more than 15 of the past 20 years will be deemed domiciled in the UK for the purposes of income, capital gains and inheritance tax.

As a result of the reforms, some of Britain's wealthiest individuals from sectors including shipping, steel and finance, are leaving the UK after decades here.

US banks are moving people and shifting their senior hiring away from London towards Frankfurt and Paris, according to research last month by headhunters DHR International. "Lots of people will raise their hand to go because of the non-dom changes," says a financier who is leaving the UK for Switzerland.

Let them go, you may cry. But that view is short-sighted. Run your eyes down the list of donors to British institutions, galleries and universities and you will see how many of them are non-doms. They are a big contributor to the UK tax coffers, too: the 116,100 UK-based non-doms paid almost £6.6bn in income tax in 2014-15, according to law firm Pinsent Masons.

And this is not taking into account the VAT from the money they and their employees spend in shops, restaurants and on other services. Until recently, it could be quite difficult to become non-UK resident for tax purposes, but since April 6 2013 a set of statutory tests have made it much easier to establish residence status.

So what does this all mean for the UK? In essence, Theresa May's government has missed an opportunity. While it thrashes out the terms of Brexit, it ought to have put the non-dom overhaul on hold. Instead, the Treasury is pressing ahead with the changes. In August, it announced a further clampdown: residential property will be liable to inheritance tax even if it is owned by an offshore trust.

There are other ways of tweaking the regime for long-term non-doms, short of abolishing it. Those who have been a UK resident for at least seven out of nine tax years have to pay a flat annual fee of between £30,000 and £90,000.

The government could increase this substantially without deterring the richest individuals, many of whom contribute the most to the UK economy. It could allow top wealth creators to strike a deal — much like Switzerland's *forfait* system.

But of course politically it would be impossible. Prime minister May has vowed to launch a corporate crackdown on the "privileged few". The irony is that far from improving inequality, abolishing the non-dom regime is likely to result in a net loss for the Treasury.

As Britain prepares for a life outside the EU, the UK needs to be thinking about what it can do to open its arms to wealth creators and their family offices, not giving them reasons to leave.

PHOTOS: REUTERS; ANN RONAN PICTURES/PRINT COLLECTOR/GETTY IMAGES

BY DALYA ALBERGE

HAND ON THE HAMMER

When a young Charles Allsopp approached Christie's for a job in 1962, he was asked whether he wanted to be paid. The auction house's then chairman, Ivan Oswald Chance, offered him £6 a week to work on the front counter — but only on a year's trial as he sensed "little hope for a boy of his age in the firm at the moment."

Chance underestimated the 22-year-old's promise. Allsopp, the future Lord Hindlip, stayed with the organisation for 40 years, becoming chairman of Christie's International in 1996.

With the auction house "on the verge of bankruptcy" in 1962, perhaps Chance saw little hope for the company itself. But he certainly could never have imagined the dizzying heights to which sales would soar.

Allsopp recalls that, in his first autumn, "the best that Christie's could do" was sell a "beautiful" painting by Claude Lorrain, the 17th-century French master, for 52,000 guineas (about £800,000 today). Two decades later, he was in the rostrum selling Van Gogh's "Sunflowers" for £24.75m, establishing a sensational new level for the most expensive pictures.

"It was two and a half times anything had fetched before and it was the beginning of a new age," he says. Barely three years later, in 1990, Christie's broke records yet again, selling Van Gogh's "Portrait of Dr Gachet" in New York for $82.5m.

Today, at the age of 76, Allsopp is about to publish his memoirs, *An Auctioneer's Lot: Triumphs & Disasters at Christie's*.

He left Christie's 14 years ago to become a private art dealer. You sense he is a little relieved to be away from what he describes in the book as today's "cut-throat world" — "a market dominated by Christie's and Sotheby's, who fight tooth and claw over every single lot coming on to the market".

1.

But he remains grateful to Christie's for giving him "a berth in life". His year on the front counter taught him so much, he says, describing his time there as "among the happiest of my life".

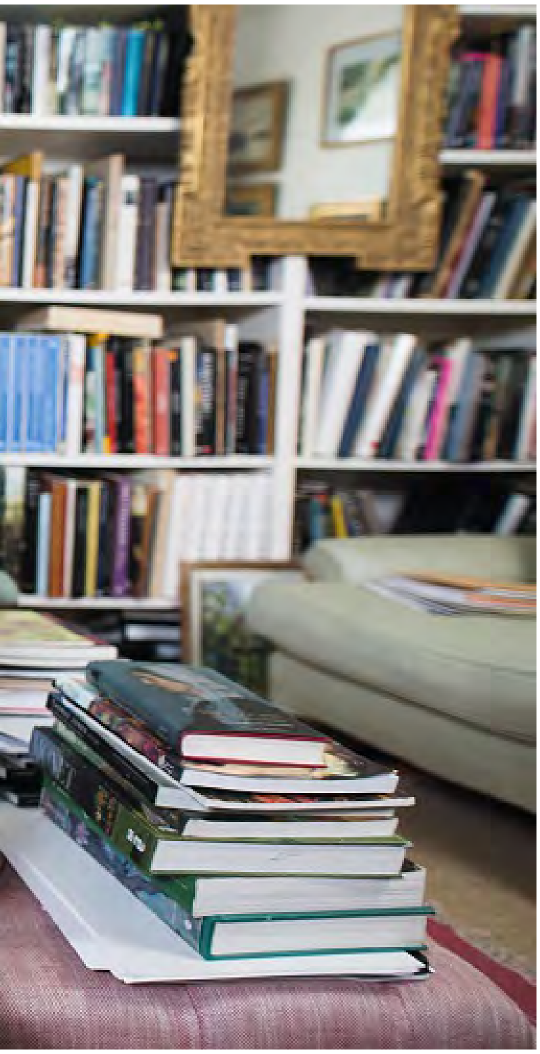
Hindlip exudes a natural charm. It is not hard to imagine how warmly he would have welcomed visitors or how gently he would have broken the news to some luckless person that their cherished heirloom had no financial value.

Beyond meeting and greeting, that was part of Allsopp's first job. He would take porcelain, silver, books and pictures to the relevant experts, before relaying their verdict to their owners.

"If you went to the picture department, which was the most disagreeable department of all, they'd say, 'For God's sake, surely you realise that's just rubbish. Take it away — I never want to see that again'," he recalls. "Then you had to face the client and say, 'I'm terribly sorry, the expert thinks it's a very interesting picture, but he's not absolutely certain that it really is by Gainsborough'." With that, he would

2.

'COLLECTORS, DEALERS AND AUCTIONEERS HAVE INFLICTED FAR FEWER WOUNDS ON THEIR FELLOW MORTALS THAN THOSE IN MOST OTHER PROFESSIONS'



1.
Lord Hindlip at his home in west London
2.
Selling Van Gogh's "Sunflowers" at Christie's in 1987

PHOTO: DAVID PARRY

give them contact details for a lesser auction house.

When an expert dismissed an object as "junk", he trained his eye to understand why. When they were excited, he would learn from their comments. "It was a seriously good learning curve," he says.

Educated at Eton, Allsopp had served for three years in the British Army, the Coldstream Guards, before joining Christie's for "barely one-third of what I was being paid to march up and down The Mall". He realised that soldiering was not for him and was drawn to the art world as the nearest thing to his schoolboy dream of becoming an architect. That was scuppered by "some stupid schoolmaster" who "told my father that I wasn't good enough at maths". In fact, he passed his O-level "without a backward glance".

His love of pictures was inspired by his mother, who would take him to museums — many of which today have pictures acquired through Christie's.

He writes in the book: "The painting of 'St Michael Triumphant' by Bartolomé de Cárdenas, called 'Bermejo', was sold by private treaty to the National Gallery. I did the negotiation… the gross price was around £18m. It came from that great treasure house, Luton Hoo."

With his natural enthusiasm, he began to rise through the company, starting in the Old Master paintings department. There, he learnt "vast amounts" from the then resident experts, John Richardson, who went on to write the foremost books on Pablo Picasso, and Brian Sewell, the late art critic. He remembers Sewell as "very kind" and "mischievous", and someone who "would never answer clients' letters, particularly if he was given them by somebody else to answer or he thought that they were grand".

Allsopp's book reflects the highs and lows of the profession. He once travelled to Baltimore to view a possible collection, only to be met by a man wielding a shotgun. "'State your business!' Our attorney friend said: 'It's OK, Joe, it's me and the gentlemen from Christie's.' We were allowed into the house." Pictures that were "dark, damaged and defying attribution" were inside a house that resembled Miss Havisham's in *Great Expectations*, he recalls. "In one such cobwebbed bedroom there were two recognisable painted grisailles by a [17th-century] Flemish painter, Bonaventura Peeters — success at last!"

Today, without a formal art history training, he might have struggled to pursue an auction career, he believes. In the book, he writes: "Nowadays Christie's has an expensive training programme for auctioneers, going into every aspect of the process. Whether it is any better than dropping people in at the deep end and seeing if they can swim, I don't know."

Allsopp argues that an auctioneer's expertise goes beyond academic training: "The Courtauld [Institute] teaches you a lot of facts, but it doesn't teach you a great deal about pictures. You only learn about pictures from looking at them."

While he applauds modern and contemporary artists such as Andy Warhol, Jasper Johns and David Hockney, he has deep reservations about some.

On Tracey Emin, best known for her unmade bed, he says: "I've nothing against her personally. But what's she ever done?"

He mocks Michael Craig-Martin's "An Oak Tree", which consists of an ordinary glass of water placed on a glass shelf, an example of which is in the Tate: "It's not a tree. It's a glass of water. Can't they understand that when Picasso took the bicycle seat and the handlebars and turned it into a bull's head, [it was] fantastic?" He adds: "Prejudice should never influence oneself and this is prejudice. [But] I don't like them. There is nothing there."

Allsopp ends his book on a positive note, observing that collectors, dealers and auctioneers "have inflicted far fewer wounds on their fellow mortals than those in most other professions".

"The vast majority of them have been bound by a love of works of art and a love of beauty which transcends almost everything else," he adds.

An Auctioneer's Lot: Triumphs & Disasters at Christie's will be published by Third Millennium on December 1

@danielbenami

BY DANIEL BEN-AMI

STRANGE PARALLELS OF THEOLOGY AND FINANCE

Just across the piazza from Milan's magnificent Gothic cathedral, the Duomo di Milano, stands one of the first shopping malls in the world. The Galleria Vittorio Emanuele II, a temple of modern consumerism, was clearly built as a commercial replica of its venerable Catholic neighbour.

This uneasy contrast symbolises what Harvey Cox, an emeritus professor of divinity at Harvard, wants to explore in *The Market as God*. His goal is essentially to compare and contrast classical faith with what he refers to as "ersatz" religion. In his view, the market perspective bears all the characteristics of a traditional religion except it is constructed by human beings. He seeks to uncover the market theology, which he sees as comparable in scope, if not profundity, to traditional religion.

His interest in the subject was piqued when, on a friend's advice, he started reading the business pages to help him understand the real world. To his surprise he found that the Financial Times's lexicon (among others) "turned out to bear a striking resemblance to Genesis, the Epistle to the Romans and Saint Augustine's *City of God*".

Of course, he was not claiming that the financial press literally focuses on divine matters. Rather that the preoccupations of finance strangely parallel those of theology. Each of them has its own grand narrative about the inner meaning of human history. Theologians have their myths of origin, legends of the fall and doctrines of sin and redemption. Finance has similar

HE [HARVEY COX] WAS SURPRISED BY WHAT HE FOUND IN THE FT'S LEXICON

2.

1.
The Galleria Vittorio Emanuele II in Milan
2.
Pope Francis arriving in St Peter's Square at the Vatican
3.
Malls make shopping easy in today's consumer society

3.

concerns but in disguise: chronicles about the creation of wealth, the seductive temptation of over-regulation and salvation through the advent of free markets. Even entrepreneurs can, in his view, be seen as a secular version of saints.

Cox is at pains to emphasise that he is not opposed to the market itself. His objection is what he sees as its aspiration to divinity that has emerged over the past couple of centuries. It has become, in his view, a hubristic outlook that inspires wastefulness, cupidity and avarice.

Such criticisms are in line with two papal encyclicals (letters) that are approvingly cited by Cox at the start of the book. In 2013, in *Evangelii Gaudium* (the Joy of the Gospel) the newly elected Pope Francis criticised a "deified market" and "ideologies which defend the absolute autonomy of the marketplace". Two years later, *Laudato Si*, the Pope addressed the growing planetary crisis brought about by climate change. Indeed, Cox dedicates his book to Pope Francis "with gratitude and hope".

In principle, Cox's project of examining the values and symbols of the market is a good one. It could help yield a better understanding of how the capitalist economy works.

Unfortunately, he makes a fundamental error that plagues countless critiques of the market system. He assumes that a confident pro-free market perspective is the dominant outlook. But even on a descriptive level, leaving aside any debate about the desirability of such a worldview, this is simply not true. Free market economics is not prevalent at the level of the workings of the market system or in relation to public discourse.

THE MARKET HAS BECOME, IN COX'S VIEW, A HUBRISTIC OUTLOOK THAT INSPIRES WASTEFULNESS, CUPIDITY AND AVARICE

Despite the occasional flourishes of free market rhetoric the overwhelming reality even in the US is of huge state intervention. Government spending in the US is expected to amount to about 36 per cent of GDP this year, or $6.6tn, according to the International Monetary Fund. It is hard to square this reality with claims to the economy's free market status.

On the level of ideas, pervasive doubts about the free market most often take the form of concerns about its alleged damaging effects. For example, the widespread idea that climate change represents a huge market failure, one that potentially threatens the future of humanity, is hardly a ringing endorsement of capitalism. Similarly, the often expressed concerns about the damaging effects of extreme inequality suggest a lack of confidence in the market system.

What Cox presents as a humane critique of the mainstream free market outlook is in fact an expression of the contemporary orthodoxy.

The Market as God by Harvey Cox (Harvard University Press)

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

PHOTOS: CESARE FERRARI/ISTOCK; REUTERS; AFP/GETTY IMAGES

AMBITIOUS WEALTH
STEPHEN FOLEY

@StephenFoley

GIVE NOW WHILE IT LASTS

The world is upside down. Japanese savers are locking their cash away instead of investing it, and sales of safes are soaring. Switzerland's central bank holds more publicly traded Facebook shares than Mark Zuckerberg. Royal Bank of Scotland has told its customers *they* must pay *it* when they lend the bank their money.

Negative interest rates have upended much of what we thought we knew about the financial world — not to mention the laws of mathematics. Now it looks as if they could upend the world of philanthropy, too.

While the likes of Bill Gates have urged today's ultra-rich to give their money away in their own lifetimes, the default structure for most individuals when turning to charity is still the private foundation, designed to carry the family name and legacy in perpetuity.

The trouble is that the mathematics of low investment returns — negative income from bonds and weedy prospects for equities in a low-growth world — are gnawing away at the foundations of the private foundation.

The latest evidence is the annual survey by the Commonfund Institute and the Council on Foundations, which found that the average US foundation endowment returned precisely 0.0 per cent last year. Whether you measure over the past three, five or 10 years, foundations have not met the 7 per cent return target they need to cover their mandated 5 per cent payout ratio plus costs and inflation. Instead, they are eating into their capital to keep up their level of grants to worthy causes.

One response to this slow-motion crisis would be to begin lobbying the US Congress to reduce the mandated payout ratio from 5 per cent, but that would open up a can of wrigglers. A requirement to pay a minimum amount in grants each year is a compromise dating back to 1969, when

Bill Gates, whose philosophy of 'giving while living' offers an antidote to low long-term growth

Congress was so concerned that the very wealthy were using foundations to shield their fortunes from tax that they considered ripping the tax benefits away in their entirety.

Governments, providing vital public services today, arguably have a better claim on the capital gains of gifted investments than an organisation that will not spend the returns on good works until years in the future. Reopening that debate could cause even more uproar than it did in the 1960s.

The tax breaks on gifts to a foundation are pretty handy, given the ability to pick the timing of the gift, and already generate a certain amount of public cynicism — and who knows where an election season's worth of stories about the Trump and Clinton Foundations will leave the sector's popularity? It is not difficult to imagine a backlash against giving "the 1 per cent of the 1 per cent" more leeway.

If the 5 per cent payout ratio remains, philanthropists' hopes for their foundations to persist for ever may be dashed.

The great-great-grandkids will have to find a different character forming pastime, and philanthropists will have to trust to history to remember their good works.

Instead of bemoaning the slow atrophy of one's legacy, a much more radical approach suggests itself. Philanthropists can join the "giving while living" movement exemplified by Gates, Chuck Feeney, the founder of Duty Free Shoppers, and the signatories to The Giving Pledge who promise to give most of their fortunes away by the time of their death.

"Giving while living" offers three big advantages over the trickle of philanthropy from foundations trying to live for ever.

Most obviously, the cheques can be bigger, creating a bigger impact on today's challenges. Second, the interventions are likely to be bolder, since the entrepreneur who created the fortune is likely to bring that same spirit of risk-taking to philanthropy, in contrast to the inevitably more risk-averse foundation staff that come after.

Finally, as Feeney always points out, "it's a lot more fun to give while you're alive, than to give while you're dead".

Future foundations should be set up to spend down their wealth, rather than default to perpetuity. That is part of the investment world worth turning upside down.

Stephen Foley is the FT's US investment correspondent

Stephen is reading... *Politico.com. Obsessively. Five, six, seven times a day, for every last jot of tittle-tattle from the US presidential campaign trail. The poll dissection. The campaign staffers spilling inner-circle secrets. The anonymous panels of Republican and Democratic "insiders" expounding on their candidate's masterstrokes and missteps. No nails left to bite here, so Politico will have to do until election day.*

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