



Case Study – Asset Management

Target Group

Private Individuals taxable in the United States, Trusts and Foundations

Objective

Capital Preservation with focus on inflation and tax issues.

General Situation

It is now two years since John C. Marshall sold a majority stake in the company he founded 20 years ago to a bigger enterprise with whom he was in tough but fair competition. He has since withdrawn from the day-to-day business and sits now on the board of the company he sold out to. Over the years he has build up a broad business network and accepted two other board seats since his semi-retirement. The greater freedom over his agenda allows him to spend more time with his family and improve his golf handicap. Besides a beautiful house, a boat and a car collection as well as some local bond and equity investments recommended by his broker, the assets of John C. Marshall were mainly tight-up in the company. He left this allocation unchanged, when he received the first instalment of USD 25 Mio. However, when he received the other USD 25 Mio, he left them in a money market fund as the events in financial markets in general and the economic and household situation of the United States raised his concern about the global standing of his country. When he heard from a good golfing friend that he opened a securities account with a prestigious Swiss private bank and gave a globally diversified blended mandate to one of the largest independent investment managers, thus giving him access to non-US markets outside the dollar, he knew that this solution would address his worries too.

Solution

Having been open minded for change throughout all his years as an entrepreneur he felt the perception growing that the globalization should no longer be excluded when it comes to his personal investments. He shares the concerns of his friend that the dollar is not going to be the only reserve currency anymore and that the enormous additional amounts of debt deriving from the stimulus programs will have negative repercussions on the currency and the economic development of this country. He felt therefore, that it was only reasonable to diversify the other 50% of his financial assets and allocate them to a competent and in global investments experienced investment manager.

Furthermore, by investing abroad he will achieve a better diversification, which as such lowers the risk of the overall portfolio and allows him to participate in the opportunities of other currencies and regions. Nevertheless, he doesn't want to abandon the security to have his assets managed by an SEC registered investment advisor. In light of recent events he clearly requires a set-up, where the investment manager is operating on a truly independent basis from the custodian and broker/dealer. As a consequence the investment manager is free of conflicts of interests and therefore fully aligned with his own interests.

The only thing he now needs to do is to call up his friend and ask him to arrange a meeting with the investment manager he so appreciates.