

The Family Office Marketplace: Overview and Trends on the Horizon

Presented by:

Richard J. Flynn

Rothstein Kass Family Office Group

July 26, 2010



Rothstein Kass

Industry Survey

- Survey of 903 family office Executive Directors worldwide
 - Conducted in 2009
 - Facilitated by the Forbes Family Trust

Family Office

- Vague term
- Many ways to define a family office practice
- Evolving business model

Family Office Services

- Investment management
- Advanced planning
- Tax and accounting services
- Lifestyle services
- Administrative services

Investment Manager I

- Global asset allocation
- Manager review and selection
- Investment measurement

Investment Manager II

- Consolidated reports
- Due diligence / cost structure
- Private equity

Advanced Planning I

- Philanthropic Advisory
 - Strategy development
 - Review of philanthropic programs / results
 - Foundation management

Advanced Planning II

- Wealth Transfer
 - Testamentary estate planning
 - Lifetime and generational estate planning
 - Business succession

Tax and Accounting Services I

- Tax planning, compliance and returns
- Cash flow budgeting and bill paying
- Consolidated financial reports

Tax and Accounting Services II

- Risk management
- Outsourced CFO
- Debt / finance structuring

Lifestyle Services I

- Concierge services
- Healthcare services
- Real estate property management

Lifestyle Services II

- Administration of household employees
- Art / collectables management
- Private travel management

Administrative Services

- Real Estate
 - Property management: residential, commercial, office and vacation
- Data Management
 - E-document storage and internet retrieval
 - Online account aggregation

Concerns of High-Net-Worth Clients and Industry Trends

Concerns of HNW Clients I

- Breach of trust
- Requirements for independent reporting and transparency
- Volatility of markets
- Estate tax law changes

Concerns of HNW Clients II

- Economic
 - Deflation
 - Inflation
 - Increased taxes
 - Currency devaluation
 - Access to credit

Concerns of HNW Clients III

- GeoPolitical
 - Emerging markets vs. developed markets
 - East - West competition
 - Iran - Israel
 - India - Pakistan
 - North Korea - South Korea

Industry Trends

- SFO disaggregation
- SFOs partnering with MFOs
- MFO consolidation
- Celebrity family office

Industry Trends

- SFO disaggregation
- SFOs partnering with MFOs
- MFO consolidation
- Celebrity family office

Case Studies

Thank you.

Richard J. Flynn, Principal
Rothstein Kass Family Office Group
www.rkco.com