Going Joint or Separate Ways?

- The challenge to keep a family’s fortune together in a ever more international world -

Peter Sester
Reasons to invest jointly

• Generate leverage
• Economies of scale
• Risk mitigation (portfolio building)
• Bargaining power
• Preserve the family’s identity and values (reputation effects)
• Building and preserving a legacy
Reasons to invest separately

• Increased level of independence
• Avoiding spin-over effects of conflicts on investment policy
• Maximizing individual benefits from a tax perspective (or overall legal perspective)
• Adaptation of investment strategy to individual preference curve (risk, ambition, spending, progressive etc.)
• Lack of trust and/or consensus
Challenges for a joint investment

- Selling of the key family business
- Transition to the next generation
- Shock events (sudden death, divorce, fraud by a family member, insolvency of a family member or unit of the family business)
- Influence of advisers (of individual family members) pursuing an opportunistic strategy
- Regulation or taxation (international differences)
- Connecting factor gets lost and/or cultural differences emerge
Strategies

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