



Investment Insight

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Smooth handovers: Current demographics dictate that the largest generational handover of wealth in history is due to occur shortly. The accumulation of wealth in the 20th and 21st centuries means that about a quarter of billionaires in Europe and the US are now aged over 80. While they might evoke limited sympathy, many are concerned with how best to pass this wealth on to successive generations without significant tax erosion.

Planning for the transition of significant wealth to the next generation is something that many clients grapple with. In a complex balancing act, taxation, legal, investment, control, philanthropic, interpersonal and cash flow issues all enter the equation. While solutions can be complex, the result usually justifies the effort. So, what can we learn from how some of the world's wealthiest have approached the challenge? In this week's **Inside Track** we take a look.

KISS. Sometimes the simplest solutions are the best... **Pic of the Week** says it all!

Quoted...

"Education costs money, but then so does ignorance." - **Claus Moser**

The Inside Track

Bloomberg's Tom Metcalf recently penned an interesting (in a slightly voyeuristic sense) article about "problems" facing the world's wealthiest people as they grapple with the challenges of passing wealth on to the next generation without hemorrhaging taxation. The following are some extracts.

Lorenzo Servitje Sendra was the oldest person on the Bloomberg Billionaires Index when he died in February with a \$4.2 billion fortune. Thinking ahead, the Mexican billionaire had already transferred his stake in Grupo Bimbo, the world's largest bread maker, to his heirs, enabling them to sidestep what amounts to a \$2.1 trillion headache for the wealthy. That's the total net worth – roughly equal to the gross domestic product of India – controlled by the 218 billionaires over age 70 on the Bloomberg index, a daily ranking of the world's 500 richest people.

The problem is most acute in the U.S. and Europe, where about a quarter of the billionaires on the index are age 80 or older, compared to 20 percent in Asia. In mainland China, where only chemical maker Xu Chuanhua has reached that milestone, just 3 percent of the wealth is in the hands of the elderly, with about 40 percent held by billionaires under age 50.

In the U.S., Sumner Redstone's \$3.8 billion fortune became embroiled in a bitter and public feud when the 93-year-old's frail health sparked a legal battle between his daughter Shari Redstone and Viacom Inc.'s former Chief Executive Officer Philippe Dauman, hobbling the media company's efforts to make deals to stream programs on the internet.

Swedish billionaire Ingvar Kamprad and Germany's Dieter Schwarz side-stepped that risk through elaborate, tax-friendly holding structures they created to control assets when they're gone. Italian billionaire Leonardo Del Vecchio, 81, sold Luxottica Group SpA, the eyewear business that makes up the bulk of his \$18 billion fortune, to Essilor International SA in January. That was to prevent a tug-of-war among his children for control of Luxottica as Del Vecchio looks to transfer his wealth to the next generation.

Then there is the Buffett approach. The 86-year-old Berkshire Hathaway Inc. chairman is the world's second-richest person and has pledged to give almost all of his \$79 billion fortune to charity, a move that's been followed by 156 of the world's richest people, including No. 1, Bill Gates.

Nice problems to have indeed!

Pic of the Week



Yeah, so I'm gonna reinvest the money I lost and make a fortune...

Week ahead: Key events

- 03/04 Japan & Eurozone Manufacturing PMI Data
- 03/04 US Manufacturing & Construction Data
- 04/04 Eurozone Retail Sales
- 04/04 UK Construction Data & US Durable Goods
- 05/04 US Mortgage Applications
- 06/04 China PMI Data & Japan Consumer Confidence
- 06/04 US Jobless Claims
- 07/04 Germany Industrial Production
- 07/04 UK Industrial/Manufacturing Production & House Prices
- 07/04 US Employment Data

Market View

	Last 7 days	Last 12 mths	YTD	5Y Ann.
Global equities	+0.7%	+14.5%	+5.4%	+8.5%
US equities	+0.5%	+14.4%	+5.7%	+10.9%
European equities	+0.4%	+11.5%	+4.6%	+7.1%
EM equities	+0.4%	+16.5%	+12.7%	-1.4%
Irish equities	-0.9%	+3.8%	+1.6%	+15.3%
Commodities	+0.6%	+2.1%	-2.3%	-9.6%
Hedge funds	+0.1%	+6.4%	+1.4%	+1.3%

Economic indicators	Bond yields	Inflation	GDP YoY
Ireland	+0.9%	+0.5%	+7.2%
Germany	+0.3%	+1.6%	+1.7%
USA	+2.4%	+2.7%	+2.0%
China	+3.3%	+0.8%	+6.8%

Currencies	Current	YTD Δ
EUR:USD	1.07	+2.0%
EUR:GBP	0.86	+0.6%
EUR:CNY	7.39	+0.7%
GBP:USD	1.25	+1.2%
Bitcoin	1,025.46	+7.7%

Commodities	Current	YTD Δ
Gold	1,248.91	+8.4%
Copper	5,884.00	+6.5%
Oil	52.95	-8.8%
Wheat	422.25	+0.4%

Central Bank rates	Current
Eurozone	0.00%
USA	1.00%
UK	0.25%

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