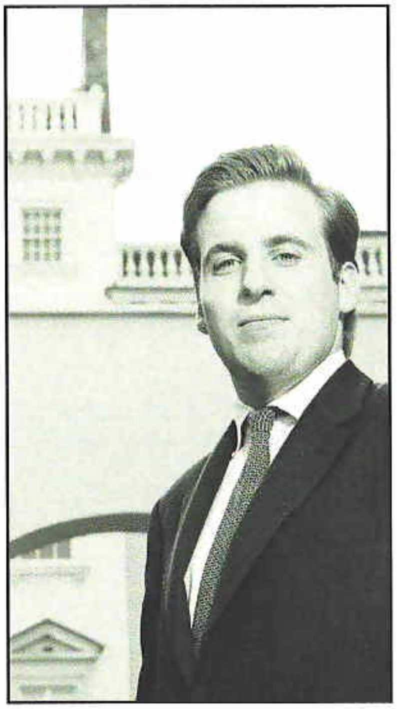

Excerpted from

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FAMILY OFFICE

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Guggenheim Partners

Harry Lawson Johnston was invited in 2003 to create and launch the private membership arm of the British Luxury Council, which preceded the launch of the British Luxury Club with their Patron HRH Prince Michael of Kent at Kensington Palace. The club was an exclusive private members club giving ultra-high-networth individuals access to a unique forum for international business networking. Members included individuals from the WPO, YPO, Citibank, Bombardier private jet owners, and Aston Martin owners in the Middle East. JP Morgan called it 'London's newest and most exclusive private members' club'.

Upon the group's sale in 2005 to US investors, Harry launched the Lawson Johnston Partnership along with his twin brother and two colleagues, developing a boutique consultancy that provided a gateway for the emerging-market communities in the UK. The partnership, which also provided marketing consultancy services for UK based companies and luxury brands, was instrumental in raising the profile of international companies pre IPO and helped introduce them to strategic partners, financial institutions and investors in their market entry.

In 2006, Peter Lawson-Johnston II, the Guggenheim Family heir and Harry's cousin, asked Harry to join Guggenheim Partners. 'This was a fairly straightforward transition, my having worked very closely with UHNW families for the previous four years,' says Harry. He joined the company's Geneva office and has been helping to build Guggenheim Partners European presence.

Just as the Guggenheim family rapidly earned their stripes in the investment world – from 1875 to the early 1900's they became one of the wealthiest families in the world – so too has Guggenheim Partners grown significantly in less than a decade. 'In principle we are only eight years old but we stand on the shoulders of the Guggenheim family office which dates back to the early 1900s,' says Harry. 'Our roots are based on the family's heritage and their prolific association with innovation.' Guggenheim Partners now supervises over $125 billion, has over 525 employees, and offices around the world, including one in Dubai opening this year.

'Having experienced first hand the reality that large banks were no longer independent, the Guggenheim family and other families saw the need to address the new risk/return characteristics of the investment opportunities available to sophisticated individuals,' Harry explains. 'This resulted in the birth of Guggenheim Partners in 2000. The family's great fortune was originally concentrated in mining and minerals, and by 1910 it controlled a majority stake of the worlds copper, lead and silver businesses. Success continued throughout the 20th Century, not only in finance but also in their support of scientific research, rocketry, aviation, philanthropy, and the arts.'

Guggenheim's investment advisory business is completely unconflicted. It allocates assets only to unaffiliated managers. 'We strive to identify the very best external talent and provide our clients with access, assisted by the Guggenheim family legacy and the firm's extensive assets under management,' says Harry. 'There is an emphasis on wealth preservation with sustainable capital growth grounded in pioneering academic research and proven investment strategies. We essentially manage risk and our portfolio risk management is based on behavioural finance and real life expectations.' The firm uses Riskometry, a method trademarked by Guggenheim and developed in association with Dr Danny Kahneman, who was awarded the Nobel Prize for Economics in 2002. 'Importantly, we take no retrocession fees or commission from funds or managers, allowing us to separate the role of advisor from the supplier of product to avoid any conflict of interest,' says Harry.

Guggenheim Partners rarely advertises, 'and respecting our clients' confidentiality is the key to our success; our priority' says Harry. 'Our number one concern is the interest of our clients – our family office and investment advisory services were not created to sell products. We were formed as a service business, whereby we sit on the same side of the table as our clients. Crucially, before constructing an asset allocation, we consider the total wealth of each family; their liquid and illiquid assets. For the majority of our families, succession, estate planning and family governance are of paramount importance,' he says, adding, 'We deal with multi-generational wealth but also many entrepreneurs as well – our structure allows greater control which is appreciated by entrepreneurs. However the central theme applies to the majority of our clients – they have made their money and want to keep hold of it.'

The average wealth of any one client – be it families, endowments or foundations from Europe, Asia, and the Americas – is about $60 million. A minimum of $30 million in liquid assets is generally required for entry consideration. 'Our structure is not much help to anyone under this,' says Harry. 'Unlike private banking institutions, as an adviser I will only ever look after a small number of families as opposed to hundreds of clients. It is not a quantity game where we rush to attract thousands of clients, but rather a small, exclusive selection of families with similar levels of wealth and expectations.'

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