

UPDATE

Wigmore Global Connections Sharpen Pitcairn's World View

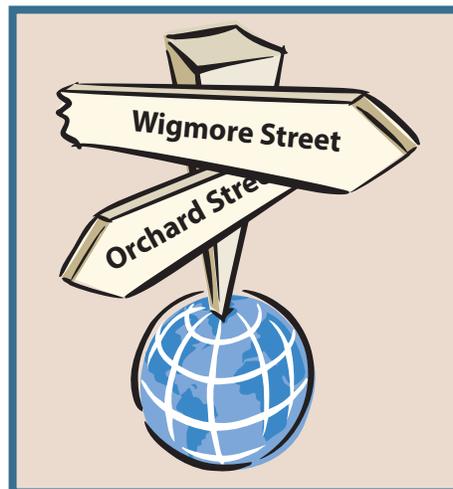
Sitting in a Wigmore Association meeting, Chief Investment Officer Rick Pitcairn is never surprised to have his convictions challenged. Neither are the other six chief investment officers who make up this unique global organization. In fact, a robust exchange of ideas and the ability to have one's opinions tested are among the most valuable benefits of membership in the Wigmore Association.

Pitcairn is a founding member of Wigmore, which formally came together in 2011. This group of family offices from around the globe meets regularly to talk about their philosophies, investment strategies, and ways to better serve their clients.

Great Minds Think Better Together

The firms who make up Wigmore are a diverse group. They serve similar audiences – generally families of wealth – and are equally committed to helping those families achieve their financial and life goals. But, as you may have heard Rick say, there are many roads to the top of Mt. Fuji. "Pitcairn and our fellow Wigmore members have our own individual methods and philosophies." Pitcairn clients are very familiar with our approach, which is quite strategic and focused on equities as the foundation for growth. While some Wigmore members are similarly strategic, others employ big tactical moves. Likewise, some are more reliant on equities and others less equity-oriented.

This mix of styles makes for dynamic and informative discussions at Wigmore meetings. "We often have strong opinions and we're not shy about sharing our thoughts or commenting on other people's viewpoints," says Rick. The uncertain investment markets of the past few years sparked particularly lively debates among the group's members.



"Given Pitcairn's strategic equity focus, our philosophy has been somewhat out of sync with the market's bearish mindset in recent years. Pitcairn's allegiance to equities and fairly optimistic view of global equities earned me a nickname from my Wigmore friends," says Rick. "They called me the Complacent Bull." Rick jokes about the friendly ribbing between members of the Wigmore Association, but he's very serious about the value Pitcairn's participation brings to the families we serve.

"The market's prolonged, fear-filled sentiment certainly compelled us to question our thinking on equities. However, the discourse among Wigmore members helped us stay comfortable with our positioning and our conviction that global equity markets had a good chance to outperform," recounts Rick. As a result, Pitcairn families generally remained invested in global equities throughout the past five years. Though markets faced many ups and downs, global equities were by far the best performing asset class during this period.

"I truly believe that exchanging ideas, challenging others' opinions and defending your own convictions in an open dialogue with other knowledgeable, experienced professionals will lead to sounder conclusions." According to Rick, that's one of the main ways the Wigmore Association benefits Pitcairn families.

Tapping into Deeper Local Knowledge

Boots-on-the-ground trips to other countries – complete with inside insight from trusted local professionals – are another advantage of membership in the Wigmore Association. Over the past several years, each Wigmore member has hosted a meeting in the firm's home country.

"There's a definite advantage in personally seeing a country's situation and getting the perspective of people who know the country well. For example, when we

visited Australia with the Myer Family Company who is based there, we sensed things you won't learn from documents. We witnessed firsthand the Australian economy's bifurcation. All sectors related to raw materials were going great guns, fueled by demand from China and the Far East. But there was a whole other part of the Australian economy where the housing market was overleveraged and consumer credit was too high, fine points that are hard to see from the outside. The trip showed us the Australian market was at its peak," says Rick, "and cooled our opinion of currencies linked to commodities and other real assets."

The Wigmore Association is something that sets Pitcairn apart from other family offices.

Similarly, before the Wigmore Association visited Brazil together, the country's infrastructure challenges were commonly known. "But reading numbers on paper just isn't the same as seeing 52 ships lined up in the harbor waiting for a berth or hearing from the locals that Brazil now has fewer miles of train track than it did in 1930."

Other Wigmore members concur with Rick on the value of local insight. Nelson Abrahão of Turim Family Office and Investment Management in Brazil points to insight he gained from Wigmore's US members shortly after his firm joined the group. "In the beginning of 2013, there were critical political issues in the US, such as the Fiscal Cliff, debt ceiling, and Presidential election. It was very useful to us to hear the thoughts of our American colleagues."

Product Introductions from Trusted Colleagues

Wigmore meetings have also introduced products to Pitcairn's platform. The global marketplace includes a vast array of investment vehicles, new and old.

It's nearly impossible for any firm to know about all the latest opportunities. When Wigmore members gather, they often talk formally and informally about investment strategies and products that may benefit clients.

"At our meeting in Canada," explains Rick, "we heard a great deal about investing in infrastructure projects, how important these trades are in Canada and Australia and how private/public partnerships are commonly used to tap this opportunity. That piqued our interest and we did follow-up research. Within eight months, we had Lazard Global Infrastructure on the Pitcairn platform. Infrastructure investments are a little less volatile than equities and allow us to add diversity to a portfolio. This opportunity came to our attention much more quickly thanks to our Wigmore membership."

A Broader Reach

In just the few short years that Pitcairn has been a member of the Wigmore Association, the benefits to our clients have been quite notable – enhanced decision-making, more extensive research, sharper insights, and exposure to a broader range of opportunities. Now it's time to look forward. Recently, as Wigmore members met in Montana, they reflected on how far the group has come and began charting a future course.

One of the most exciting developments is that Wigmore is now geographically unleashed. The group has completed visits to each member's home country and can now schedule future meetings wherever the action is. "We're looking forward to our next meeting in Singapore," says Rick, "because Asia is definitely one of the few global hotspots Wigmore has not visited together."

Currently in the middle of a two-year term as Wigmore Chairman, Rick believes Wigmore is an enriching entity and that its member firms will continue to grow independently. He's also enthusiastic about how the group is evolving. It is open to new members, specifically in regions that are not yet represented, such as Asia and Central America.

Benefits of Membership in the Wigmore Association

- A broader global perspective
- Access to regional expertise with a close contact in each region
- Different perspectives on asset allocation strategies and other family issues
- Shared manager research
- Shared due diligence and potential for co-investments
- Introductions to new products and investment approaches

In short, deeper thinking, richer information, and greater resources to better serve our families.

"Beyond expanding, we are also focused on strengthening the relationships between our current members," explains Rick. "We're looking at greater collaboration between our investment teams and the possibility of opening dialogues between other areas of our firms, such as marketing or operations."

There may also be opportunities to use the Wigmore's combined influence and buying power to enhance individual firm resources. As Rick says, "We may be able to achieve more together than we could separately."

Pitcairn has made an investment in the travel expenses and other costs of Wigmore membership and results over the past three years suggest the investment has been extremely cost effective in light of the benefits achieved. "Everything involved with the Wigmore Association is something that sets Pitcairn apart from other family offices. Working with Wigmore gives our firm an aspect of thoughtfulness, research, and global sentience that none of our peers can claim. And we believe this uniqueness will continue to benefit our clients in the years to come." **P**

How the Wigmore Association Came to Be

Alex Scott and Marc Hendriks of the London-based firm SandAire first proposed the idea of a family office association. They shared their vision with Pitcairn and several other select firms and the seeds for the Wigmore Association were sown. Below, Marc Hendriks and Rick Pitcairn share the story of how the Wigmore Association evolved into the organization it is today.

What was the catalyst for starting the Wigmore Association?

Marc Hendriks: Initially, my colleague Alex Scott and I were focused on one particular challenge that affected how we served our clients. That was our ability to generate affordable, high quality research on investment managers in all asset classes and all geographic locations. We reached out to firms we knew to see if anyone was interested in sharing manager research.

We thought other family offices would make the best partners in this area because

they don't typically have their own products and they act in the best interests of their families.

Was there a vision of what the group would look like?

MH: I thought the members should be few in number to promote an intimate and open forum. Ideally, we wanted one member in each major geographical region because this would provide global coverage and the distance would minimize conflicts of interest between participating family offices. We also wanted the firms to commit to their chief investment officer attending the meetings.

How did Pitcairn come to be a founding member?

Rick Pitcairn: Dirk Jungé, Pitcairn's chairman, has had a long-standing relationship with Alex Scott of SandAire,

so Alex and Marc reached out to Dirk as they began shaping this distinctive entity.

MH: Pitcairn has solid research capabilities, which was the main thing we were interested in at the time. We also knew that Pitcairn had a client philosophy similar to our own (like other firms in the group), which would make collaboration and the sharing of information more productive and enjoyable.

What benefits do you think Wigmore brings to your firm's clients?

MH: Initially, the main goal was that we would have better research on investment managers, with the obvious goal of enhancing our clients' investment results. I hoped there would be additional benefits, but I didn't dare look too far forward because I wasn't sure this radical idea would even get off the ground.

Worldwide Members



Source: www.wigmoreassociation.com

RP: I have found that one of the most valuable benefits is the time we, the chief investment officers of each firm, spend talking together. When knowledgeable people get together to share ideas, debate strategy, and challenge each other's assumptions, I think we're bound to make better decisions and that's good for everybody's clients.

MH: I agree. Originally, I thought the manager research exchange would be the most interesting aspect of our group, but, in fact, it is definitely the meetings. We exchange views and we discuss issues that are of general interest to all of us. When a firm's CIO is better informed, clients benefit.

How does Wigmore affect individual firm's manager selections?

RP: Even though all of our firms are influential enough to get just about any investment managers we want to come in and tell us about their strategies, there's an extra benefit from our collective presence. When investment managers talk to all of us, they put in additional effort.

MH: Also, when we attend manager/analyst presentations together, each chief investment officer and each member firm sees things from a different perspective, which leads to a richer and more enlightening discussion with the managers and among ourselves.

Does Wigmore's global aspect bring particular advantages?

RP: Having close relationships with colleagues around the world definitely promotes more in-depth understanding and insight into those regions. Also, our fellow members can sometimes open doors we couldn't open on our own. For example, when we met in Brazil, our hosts, the Turim Family Office, brought in Arminio Fraga, former president of the Central Bank of Brazil. He is sometimes called the Paul Volcker of Brazil for his role in controlling runaway inflation and isn't someone who would normally be in Pitcairn's sphere.

Wigmore in the News

Since its earliest days, the unique concept and objectives of the Wigmore Association have garnered attention from financial professionals and the financial media. *Barrons.com* profiled the Wigmore Association just days after its formal launch in October 2011 and other publications have regularly reported on Wigmore's activities.

- *Family Office Review* compared the Wigmore Association to "supergroups" in the music industry whose members are highly talented artists and stars in their own right. This is an apt comparison because like musical "super groups," Wigmore members stand on their own expertise, but their chorus of unique voices, cultures, and experiences creates a richer experience for their audiences. (October 12, 2011)
- *Barrons.com* has kept its eye on Wigmore since its founding, regularly reporting news about the group and insights from its meetings. (November 21, 2011/July 20, 2012/October 4, 2012)
- *Campden FB* reported on Wigmore's expansion into Latin America with the addition of Turim Family Office & Investment Management, a Brazil-based multi-family office. (September 26, 2012)
- *Family Wealth Report* published news from the Wigmore Association's Frankfurt meeting, highlighting the group's views on various global regions and its reaction to the Cyprus financial crisis that unfolded during that meeting. (April 3, 2013)
- *Bloomberg Radio's* Kathleen Hays and Vonnice Quinn have continued to track the outcomes from the Wigmore meetings, inviting Rick Pitcairn to share key takeaways after each meeting. (April 25, 2014)

Similarly, when we met in Germany, HQ Trust brought in professionals from the European Central Bank to meet with us. We had front row seats to the ECB's response as the Cyprus credit crisis came to a head during our visit. Most importantly, we gained insight into the way the ECB operates, insight that will certainly be useful in dissecting the ECB's response to any future situations.

How is Wigmore structured and how has it evolved?

MH: It seemed to me that once the group was established, the membership would collectively define the structure and that is what has happened.

RP: Wigmore has a fairly open format. There's only a Chairman position that rotates among the member firms every two years. We are focused on the collaboration of investment minds so we get together to talk about our different philosophies, discuss strategies, and sometimes have investment managers or other financial professionals speak to us.

After our first few meetings, we started to look at global regions that weren't represented in our group – Latin America and Asia. We are informal about how we accept new members, with a few absolute conditions. For example, we would not accept a firm that directly competes with a current member because that would

be detrimental to the great dynamic we now have. If we couldn't be honest and forthcoming, there would be no real value in our discussions.

MH: Just as with the original members, we prefer firms that have similarities in their business approach and client philosophy because that keeps our discussion more relevant to all members. In 2012, the Turim Family Office joined our group, which added a Latin American perspective to our conversations. We've moved from strong to stronger and now having seven members is a marvel.

One final question, how did the Wigmore Association get its name?

RP: We had our first meeting in 2011 at SandAire's offices in London's Mayfair section. Someone proposed calling our group the Mayfair Association, but in the end, we chose our name from the street where we first met – Wigmore Street. **P**

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Wigmore Facts

The Wigmore Association is an innovative collaboration of seven leading family offices from six countries and four continents around the world. The members include HQ Trust (Germany), The Myer Family Company (Australia), Northwood Family Office (Canada), Pitcairn (US), Progeny 3 (US), SandAire (UK), and Turim Family Office and Investment Management (Brazil).

Wigmore was founded in 2011 with the goal of enhancing the understanding of issues that are important to the families we serve. The group is composed of the chief investment officers from each family office and meets twice a year to exchange views on the outlook for the global economy and markets, share insights on investment strategies and managers, and discuss best practices for serving wealthy families. Meetings have been held in London, New York, Melbourne, Toronto, Frankfurt, Rio de Janeiro, and Montana.

Wigmore Association meetings are a unique opportunity for chief investment officers to sit down with a group of other intelligent, thoughtful, world-class investment officers, with whom they don't compete – and simply share ideas. As members, they are able to learn from one another's approaches, enabling them to enrich their respective investment processes and enhance the overall experience and investment results for their clients.

The Wigmore Association member firms have extensive resources in asset class and investment manager selection, employing a total of 60 investment and manager research staff among them. The group evaluates more than 30 asset classes in virtually every corner of the world. The group's investment teams actively follow over 1,000 managers, and have conducted over 1,300 manager interviews in the past year. The firms actively allocate investments to nearly 300 managers located in Australia, Brazil, Canada, China, Germany, Hong Kong, Luxembourg, Singapore, Switzerland, UK, and the US.

The association also provides trusted global contacts and unparalleled access for clients to valuable resources and expertise in multiple jurisdictions around the globe. In a world where families increasingly live and work cross-border and invest globally, this enhanced reach and international partnership is a significant benefit to members' clients.

Examples of the collaborative activities of the Wigmore Association include an integrated manager research database, introductions to investment managers and providers, coordinated due diligence and co-investing opportunities, and shared best practices in client services, including consolidated reporting, and family education tools.

The Wigmore Association is a unique association of independent family offices. It allows each member firm to provide the objective, boutique service in their local markets along with an unrivaled global reach and perspective, to the benefit of the families they serve.

Source: www.wigmoreassociation.com

About Pitcairn

Pitcairn is one of the world's leading family offices. We are dedicated to helping families sustain and grow their substantial, often complex financial assets and supporting the unique heritage of our clients across multiple generations. Pitcairn works with families and single family offices filling one need or providing comprehensive solutions. Since our founding as a family office in 1923, we have successfully transitioned wealth across generations of families through a combination of effective planning, strong investment results, thoughtful governance, and a commitment to education. Headquartered in Philadelphia, Pitcairn also has offices in New York and Washington, DC as well as a network of resources around the world. You can learn more about our family office services as well as find additional articles, news, and events on our website at www.pitcairn.com.

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