

WHAT IS A FAMILY OFFICE?

The investment industry continues to be a highly innovative and creative business. There is a continuous creation of products and mountains of marketing materials, combined with a motivated salesforce empowered to spread the word.

We have seen the use of the term “family office” popping up everywhere as bank advisor teams, brokers and consultants look to move upmarket and convert their image. Yet the term really pertains to a single family, like say the Rothschilds or Rockefellers.

A family that has in excess of \$500 million in investable assets likely has enough resources to create a family office. This requires hiring external advisors such as investment professionals, accountants and lawyers. We believe that what these bank advisor teams, brokers and consultants are really trying to say is that they have many clients and they are, at best, a multi-family office (“MFO”). Usually, MFO’s have minimum investment levels for clients, anywhere from \$10M to \$100M. Besides having a high minimum, an MFO would still need to adhere to the principles and practices that guide a family office. This is where the true disconnect begins, and where wealthy families begin to get confused by the story.

The idea of a family office evolved from the desire of wealthy families to have oversight control over their entire wealth, leading them to employ independently thinking investment professionals.

At Guardian Partners Inc. (“Guardian Partners”), our Private Investment Office is a multi-family office working with ultra-high-net-worth families whose financial structure may range simple to very complex.

We adhere to the principles that you would find in a true family office, principles very attractive to ultra-high-net-worth families because the interests of both parties are aligned.

Here are those key principles that our Private Investment Office adheres to and that we believe have differentiated us over the last 25 years:



CONFLICT-FREE ENVIRONMENT – WHAT DOES THIS MEAN?

- Utilize underlying investment solutions only managed by external parties
- Full disclosure of fees
- Fees paid only by clients – no side deals with underlying investment managers, custodians, brokers, etc.
- They are fiduciaries and as such put the interests of their client first
- Investment advice is tailored to the client’s investment objectives and circumstances at all times
- Investments are evaluated based on their own merits and suitability to the client’s portfolio
- We have no in-house lawyers, investment bankers or accountants, and work with specialized external advisors engaged by our clients

Question: Can bank advisor teams, brokers, or investment management firms consider themselves as operating a Private Investment Office?



A PRIVATE INVESTMENT OFFICE HAS AN INVESTOR CULTURE

- With this culture in mind, they tend to hire people with this experience and background
- The culture is entrepreneurial, in alignment with the profile of many clients
- The culture is rooted in research, portfolio construction and decision-making
- Investment professionals are registered with securities regulators as portfolio managers, allowing them to make tailored investment recommendations and decisions
- They must meet the regulatory standards – integrity, code of conduct and proficiency requirements
- Open architecture – all investment styles, geographies and asset classes are considered in an effort to build a portfolio comprised of best-of-breed solutions
- Investments are a primary focus – not preparing tax returns, insurance, financial plans, etc.

Question: Given the embedded investment-minded culture and alignment with the client, can a consultant meet the definition of a PIO?



PURCHASING AND INVESTMENT-TERM POWER

- Size and skill allow for purchasing power with underlying investment managers, meaning lower fees
- Dedicated research allows for deep and broad knowledge of fees and terms
- All fee discounts or rebates go to the benefit of the client
- Provides ability to negotiate to waive or improve limitations, terms and performance fees

Question: Can a smaller, less sophisticated firm refer to itself as a Private Investment Office or MFO without the ability to negotiate fees and deliver purchasing power? Is a bank working for the lowest fee for their client, or a fee that is merely acceptable?



THE INTANGIBLES

- **Scale** to hire top people and leverage sophisticated reporting technology
- **Relationships** with leading advisors in accounting, tax, legal, insurance, custodians and corporate finance
- We share knowledge with our sophisticated **client base**, who may introduce us to top lawyers, accountants, etc.
- **Support** in succession planning, family governance, education, regulatory awareness, philanthropy and sale of a business

If your investment advisor ticks all or most of these boxes, you are likely in a good place. It is a little unnerving to think you are flying on a private plane, when in fact you're flying coach.

At Guardian Partners, we believe we tick all the boxes.

With over 25 years of experience as a Private Investment Office, we are proud of our investment pedigree and culture at Guardian Partners.*



Follow us on **LinkedIn** and stay in the know.

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