NEWS & EVENTS

"Provide a robust and supportive environment for family offices"

The LFFO Annual Event 2024: MUDAM, Luxembourg

Luxembourg For Family Office
AGEFI LUXEMBOURG · JULY AND AUGUST 2024

Luxembourg For Family Office held its annual event, beginning with a networking cocktail at Shinzo on 26 June and continuing with the conference at the Musée d'Art Moderne Grand-Duc Jean (MUDAM) on 27 June 2024. Speakers from investment, law and industry joined the association's members for an afternoon on value creation, succession and family governance.

Gabriel Amiel, Invest Capital Group: value creation in high-growth markets

The first speaker, Gabriel Amiel of Invest Capital Group (ICG), spoke on investment through value creation, risk management and capital preservation in the high-growth markets of Florida and Texas. A successful entrepreneur who, after founding and selling a startup in France, shifted his focus to socially impactful investments in the United States, he presented a family-owned company focused on acquiring and developing profitable real-estate investments while making a positive social impact, with a commitment to high-quality multifamily housing. By focusing on high-growth markets where demand for housing exceeds supply, the company aims to provide quality housing in attractive neighbourhoods, its management emphasising capital preservation, risk management and value creation: acquiring, managing and selling assets within defined timelines while minimising risk.

Olivier Garin, Carlisle Management: "Was Benjamin Franklin right?"

Innovation has always been at the core of the alternative-investment philosophy, leading to the discovery of a multiplicity of new asset classes, though only a few have captured the requirements of institutional investors, most notably Insurance-Linked Securities (ILS). ILS cover a broad spectrum of instruments based on the same principle: the assessment of insurance risk for a specific event. There are two main categories: Non-Life ILS (catastrophe bonds) and Life ILS (life settlements). Both fall within ESG-oriented investment: catastrophe bonds on the environmental side, providing additional capital to help communities recover from disasters, and life settlements on the social side, providing much-needed liquidity to seniors holding unwanted or unneeded life-insurance policies. Several factors drove the inception of life settlements: the vast volume of active US life insurance (some $12.8 trillion, per a 2022 study by the American Council of Life Insurers), a robust regulatory framework, an ageing population and rising policy-lapse rates.

Maître Edouard Delosch: wealth preservation through donations and succession planning

Drawing on a PwC family-business survey, Maître Edouard Delosch observed that while 75% of family businesses have a shareholders' agreement, only 64% have a will; 78% believe protecting the business is the most important long-term family asset and 72% want it to stay in the family, yet only 34% have a robust succession plan and fewer than 12% have one reaching the third generation. He walked through succession-planning and donation scenarios in Luxembourg for residents and non-residents (cases of Belgian, French or German individuals holding real estate across jurisdictions) and the differing legal and tax treatments. He addressed inheritance from both a civil and a corporate point of view, the civil code and the forms of will (with particular attention to the holographic will, which must be written entirely by hand), and the restrictions on the freedom to dispose of one's property on death: the reserved portion is one half of the estate where the deceased leaves one child, two thirds for two children, and three quarters for three or more.

Diana Diels & Fabrizio Roy, LFFO: family governance, affectio societatis versus affectio familiae

Diana Diels, President, and Fabrizio Roy, Vice-President of LFFO, turned to the family factor and the question of how to avoid intergenerational conflict through the patrimonial and corporate charter. A harmonious integration of the affectio societatis and the affectio familiae, they argued, calls for clear communication, shared values and governance structures that address both business and family dynamics, preventing conflict between family members in their roles as relatives and as business partners, and easing the transition across generations. The affectio societatis emphasises treating the family enterprise as a business entity separate from personal relationships, and the family's commitment to the success and growth of the business. The affectio familiae concerns the emotional dimension: the ties, trust and mutual support among family members, how to establish family values that guide decision-making, how to prevent and resolve conflict through regular meetings, a family council or mediation, and how to plan succession, leadership and ownership with professional support. The corporate charter brings balance among all the actors in the business; the patrimonial charter asks whether the family's assets are sustainable against inflation, tax burdens and exceptional income and expenses; and the family charter sets out the constitution of the family (its origins, values and mission) so that present and future generations understand the principles to respect in all future decisions.

David Peters & Jürgen Haizel, Canada Green: carbon-neutral biofuel and AI-managed solar

David Peters and Jürgen Haizel presented Canada Green Invest S.C.S. SICAV, which aims to revolutionise energy production, abolishing coal as a fossil fuel for industry and improving solar technology for Europe. Its Powerwood subfund draws on a technology developed to produce "black pellets" from burnt and waste wood at industrial scale: created in a high-pressure steam-combustion chamber, these pellets reach a density and energy level similar to coal and can replace it in industrial uses such as steel and energy production, while carrying a negative output of CO_2 and greenhouse-gas emissions even after burning.

— Luxembourg For Family Office · AGEFI Luxembourg, July and August 2024.

> *Value creation, succession and family governance: the association's members and guest speakers at MUDAM.*