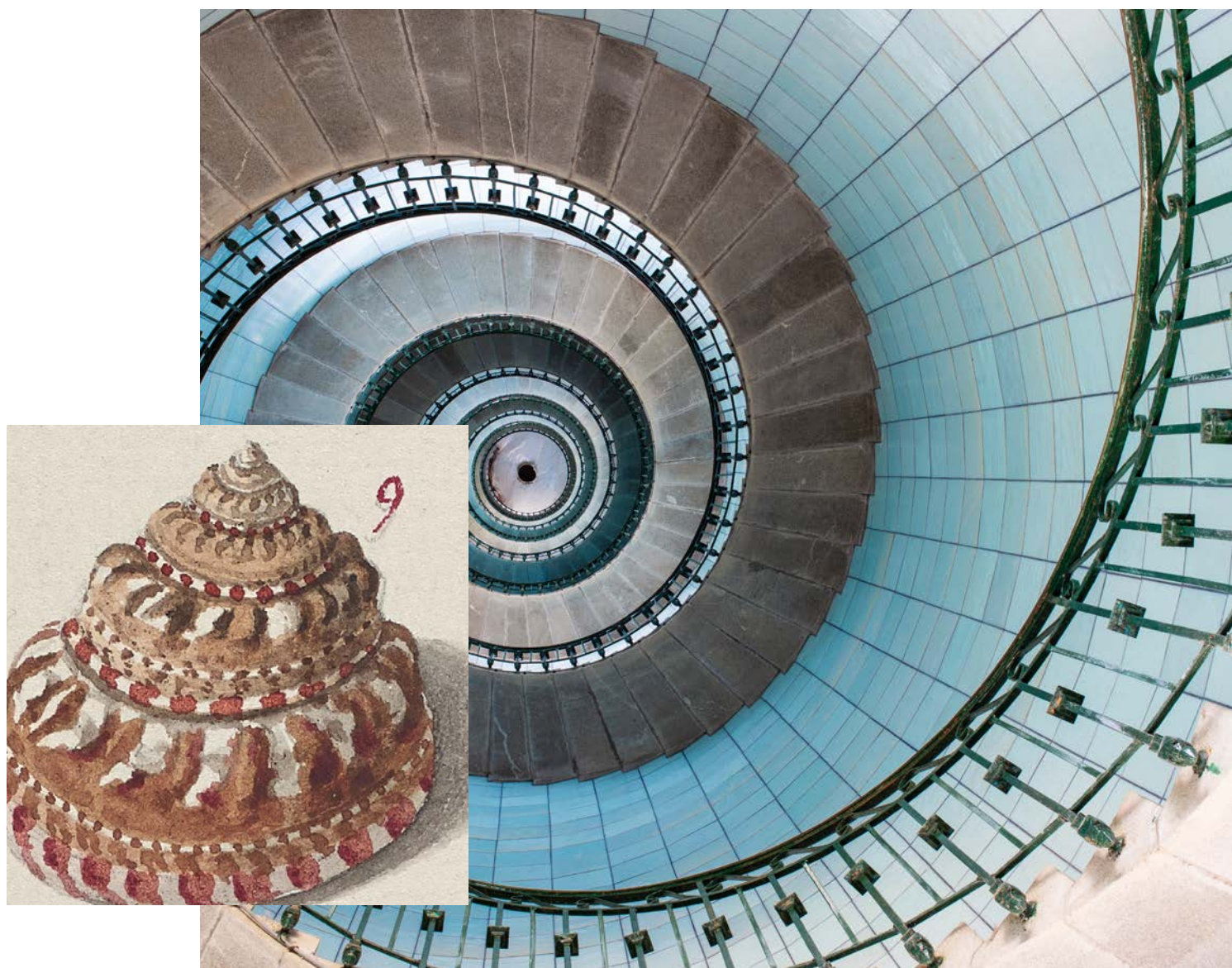




Private  
Banking

# Wealth for impact

Global perspectives from the next generations of wealth holders



| Forward-looking  
| for generations

“

Wealth is an avenue  
to have an impact,  
not something to be  
personally glorified  
or to showcase huge  
achievements.

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# Foreword

Dear Reader,

My family's history spans many generations and things were not always easy. We have faced many highs and lows. What helped us to overcome the challenges we encountered were – besides having our more than fair share of luck – the strong will to survive as a family over the long term and to remain relevant as a positive force in society. Over time we have learned how important it is to engage with a long-term and holistic perspective, to be grateful, respectful and well-mannered with all people and to have the courage and passion to engage with an entrepreneurial spirit, while also retaining discipline and a reasonable level of diversification.

Today, societies around the world are facing unprecedented environmental challenges that are the result of a lack of care for our environment in combination with an exponential population growth and an even higher economic growth. In addition, we are facing very significant economic, social and political challenges that have built up in a deeply concerning way. We can no longer consider our actions in isolation, as decisions around building, investing, spending, giving and passing on wealth have significant repercussions on our environmental, socio-political and economic systems. A holistic, values-led approach to managing wealth is therefore essential if we want to ensure that we leave behind a sustainable and thriving world for future generations.

More than ever before, it therefore matters deeply how we manage our wealth and how we engage in society. As a family-owned company that serves many other families, we at LGT have the chance to engage with and to learn from our clients and their legacies and perspectives about wealth and the related opportunities and challenges with regards to stability, governance and responsible stewardship. That is why we have compiled this study, which is designed to provide a holistic perspective on wealth, foster self-reflection and encourage dialogue among family members.

I want to thank the more than 60 members of the next generations who generously shared their stories with our team and contributed to this study. I hope it will inspire new ideas and lead to many meaningful, open conversations.



H.S.H. Prince Max von und zu Liechtenstein  
Chairman LGT

# Introduction

Over the next 50 years, we will witness a monumental shift in wealth that will mark the most significant transfer of assets in history. This transition is not just a financial event but a global phenomenon that will shape our shared future, given pressing global challenges such as climate change and geopolitical conflicts. The next generations of wealthy families will be making decisions that can have far-reaching implications, underscoring the importance of taking a thoughtful approach to wealth and its impact.

When we refer to wealth, we are referring to financial assets (such as money and investments), physical assets (like real estate, vehicles and art collections) and intangible assets (such as knowledge, skills, relationships and networks). By next generations of wealth holders, we mean those who inherited or will inherit from a previous generation of a wealth-owning family, rather than a specific age group.

This study examines wealth in many of its facets. It explores the perspectives of multiple generations of wealth holders on wealth and its five dimensions, namely, creating, investing, spending, giving, and transferring wealth, and aims to provide insights into how wealth can be leveraged for positive impact. While wealth is associated with a sense of freedom and while it brings privilege and opportunity, it also places a sense of responsibility on wealth holders, which may sometimes be perceived as a burden.

The study is based on over sixty interviews with individuals from 30 different countries, providing a diverse global perspective that covers an age range of 18 to 77 and includes individuals from the second to the twenty-sixth generation of wealth-owning families. The group of interviewees is evenly split, with 50 per cent identifying as women and 50 per cent identifying as men.

Although not a representative sample, it is based on a robust group of wealth holders who were selected precisely because they had a point of view to share on these topics and could help motivate others. With this in mind, we have also included case stories from 20 inspiring wealth holders who share their experiences, learnings and advice.

In this study, we approach wealth from a values- and sustainability-driven perspective, considering not only the economic value of wealth but also its social and environmental impacts, as well as how it can be aligned with personal values and family legacy. One of the study's central themes is the role that families play in shaping approaches to wealth and the impact of wealth on personal development. Today's wealth holders are increasingly concerned with sustainability and their broader impact on society and the environment. The study explores what motivates wealth holders and highlights the potential for the next generations to foster a more sustainable future for all.

The study is broken down into the following six chapters:

- Chapter 1: The meaning of wealth  
In this chapter, we explore the complexity of the meaning and varying perceptions of wealth, as well as the interviewees' awareness of privilege. We look at the common values that guide wealth holders and how family influences their approach to wealth. Also explored are topics such as how sustainability has emerged as a recurring theme across all aspects of wealth and the challenges of putting it into practice. In addition, this chapter explores the interviewees' holistic view of wealth and how the next generations of wealth holders go about defining their personal purpose and path, beyond their families' wealth and legacies.
- Chapter 2: How wealth is created  
This chapter focuses on the means of wealth creation and specifies the industries in which inter-

viewees' families created their wealth. It explores the diverse strategies deployed to this end, as well as the longer-term perspective and potential advantages that family-owned businesses have in terms of strategic decision-making and sustainability. We explore the various roles that the next generations play in wealth creation, as well as their overall comfort creating wealth. We also look at cross-generational engagement with family businesses, how many families continue to hold significant stakes in their businesses and actively manage their operations.

- Chapter 3: How wealth is invested

In this chapter, we provide insights into the different strategies that interviewees have chosen for preserving and growing their wealth. More specifically, we examine their investment goals, their practical approaches and strategies, and the challenges they face. We also explore how interviewees strive to achieve balance, between their wider goals and the investment outcomes they seek, and their perspectives on sustainable and impact investments. Additionally, we explore the challenges and barriers identified during our conversations with interviewees, and how they can improve their experiences with investing to better achieve their goals.

- Chapter 4: How wealth is spent

In this chapter, we take a closer look at the spending of the next generations and examine the influence, especially of families, on what to spend and how to spend. We consider the values and approaches associated with spending, and the spending habits of wealth holders. Other aspects covered include the trend towards more conscious consumption, the enjoyment of wealth, and how wealth holders navigate their passions and pleasures while remaining responsible. We also look at the contradictions that arise when reconciling personal desires with consumption choices, and share observations about the cultural differences with regard to spending.

- Chapter 5: How wealth is given

This chapter explores the diverse and impactful ways philanthropy can be approached, as well as the interviewees' personal perspectives on this matter. We look at how wealth is given through philanthropy and examine the motivations that drive philanthropy such as family influence, personal experience and cultural factors. We also examine how interviewees engage in philanthropic giving using different approaches, amounts and sources of funding. We delve into the causes they support, including specific themes and areas. The impact of philanthropy, in particular strategic philanthropy and systems change, is also examined.

- Chapter 6: How wealth is transferred

In this chapter, we examine the choices families make in terms of governance and passing on wealth. We delve into the wide range of impacts that inheritance can have, also in terms of family unity. We explore effective strategies for governing and transferring wealth developed by multi-generational families with a strong focus on shared values, as well as the governance structures utilised by interviewees' families. We also look at the importance of transparent communication and properly preparing the next generations to ensure that wealth is managed and transferred responsibly.

With this study, we aim to create a space for shared personal perspectives on wealth and discussions about how wealth can be leveraged for positive impact. While these discussions can sometimes be challenging, open and honest conversations about wealth are crucial to prepare family members for the responsibilities that inevitably go hand in hand with wealth. We hope this study will inspire the next generations and encourage families to engage in meaningful discussions.

# Key findings

## The meaning of wealth

1. Wealth is perceived as an accumulation of financial means that enables self-actualisation. Often, an awareness of privilege emerged among interviewees before reaching adulthood, frequently through interactions with peers and their communities.
2. Wealth primarily represents opportunities and freedom for the majority of wealth holders, though most also consider it a responsibility, and some perceive it as a burden which is sometimes associated with feelings of guilt or isolation.
3. Families play the most significant role in shaping the next generations' values and attitudes towards wealth, with many wealth holders of the next generations believing that their values are in harmony with those of their family.
4. The individual wealth holders who feel most engaged and fulfilled often spend time defining their purpose and appreciate having been encouraged by their family to forge their own paths and find personal meaning instead of having to conform to others' expectations.
5. The next generations of wealth holders take a holistic view of wealth, understanding the importance of sustainability in creating, investing, spending, giving, and transferring wealth. Many understand that philanthropy is not the only way to address systemic issues in our societies and that wealth can be utilised in various ways to impact the world positively.

## How wealth is created

6. Wealth was created largely through entrepreneurial ventures and family-owned businesses in diverse industries such as retail, manufacturing, pharmaceuticals, telecommunications, infrastructure, real estate and financial services.
7. Wealth creation is a long-term process. Family-owned businesses provide significantly greater freedom and opportunities in terms of strategic decision-making, and often have a stronger focus on sustainability than publicly owned companies.
8. Despite acknowledging systemic failings that lead to significant inequalities, interviewees express a sense of comfort with how wealth was created in their families. In cases where they were uncomfortable with the way their wealth was created, some interviewees were courageous enough to transform their businesses or divest from them.

## How wealth is invested

9. The next generations' investments are highly diverse, from high-risk ventures to lower-risk assets like real estate. For many, these investments are a way to learn about and engage in areas of personal interest.
10. Most next generations of wealth holders adhere to specific environmental, social and governance (ESG) guidelines and engage in impact investing, with many aiming to increase their allocation in this segment. However, some admit that balancing sustainability with financial returns remains challenging, yet crucial.



11. Those who view themselves as inheritors tend to be more risk-averse when investing than those who consider themselves wealth creators and grew their fortunes by taking risks. To convince their families to embrace riskier investments, they often use the capital of others to demonstrate successful examples and build family members' confidence.
16. Next generations support various causes, including education, environmental conservation and climate resilience, healthcare and mental well-being, and many prefer to be personally involved.
17. While philanthropic efforts are predominantly project-related, there is growing recognition of the importance of systems change to address pressing global problems.

### How wealth is spent

12. Interviewees prioritise spending on their homes, safety, health and education. They focus their spending on personal growth, prioritising experiences over material goods, and are generally moving towards the concept of conscious consumption.
13. Of all the dimensions of wealth, spending appears to be the least aligned with values. Some families encourage frugality and modesty, which can conflict with personal passions and pleasures, leading to complex feelings, such as guilt, when enjoying luxuries and wealth.
14. Many engage in what they consider to be compensatory behaviours to offset spending on specific types of consumption, for example, they purchase sustainable goods and services.

### How wealth is given

15. Philanthropic giving among next generations of wealth holders varies widely in terms of approach and amounts, ranging from less than one per cent of wealth to an intended one hundred per cent.

### How wealth is transferred

18. Many wealth-owning families whose wealth has survived beyond the third generation have developed effective strategies and structures for governing and transferring wealth, which are typically rooted in shared values.
19. The experiences of the next generations of wealth holders highlight the importance of gradually transferring responsibilities and ensuring transparent, open communication around wealth, the role of wealth and what it means to be wealthy in an increasingly unequal world.
20. Preparing the next generations both through formal education on investments and how to manage wealth, and ensuring they get practical experience in these areas from an early age are paramount for effectively transferring wealth.







# 1. The meaning of wealth

Wealth is often viewed as being the pinnacle of success, as providing comfort, freedom and the power to shape one's life and the lives of others. However, wealth is far more complex than mere financial prosperity, also encompassing a range of values, responsibilities and challenges, especially for those born into affluence. Understanding the true meaning of wealth and its implications is crucial to comprehending wealth holders' relationship with their assets.

“

**Having wealth allows you to believe that short of a third World War, you will have nothing to worry about in your old age. That's the fundamental privilege of wealth.**

In this chapter, we explore the complexity of the meaning and varying perceptions of wealth, as well as the interviewees' awareness of privilege. We look at the common values that guide wealth holders and how family influences their approach to wealth. Also explored are topics such as how sustainability has emerged as a recurring theme across all aspects of wealth and the challenges of putting it into practice. In addition, we look at interviewees' holistic view of wealth and how the next generations of wealth holders go about defining their personal purpose and path, beyond their families' wealth and legacies. The chapter includes a feature entitled “The Princely House of Liechtenstein”, which provides insights into this family that has endured for 26 generations. It also

includes a feature on the LGT Next Generation Academy and the results of a 2024 survey of its members, which echoes many of the key findings of this study.

Our conversations with interviewees confirmed the original hypothesis for this study, namely that the next generations of wealth holders globally take a holistic view of wealth, and understand the importance of sustainability in creating, investing, spending, giving and transferring wealth. It was encouraging to see how aware interviewees were about their privilege and the importance of family values and influence in their lives. Perhaps the most important reflection from conducting this study is the necessity for each individual to find their own purpose and define their own path in life.

## Awareness of privilege

Almost half of the interviewees became aware of their privilege when they were children, so under the age of twelve. The youngest was only nine. As children, some overheard conversations at school, noticed differences in lifestyle or absorbed cues from their surroundings. Many interviewees became aware of their privilege as teenagers, and less than ten per cent became aware of their privilege as adults, or in a few cases, in later adulthood.

The narratives we heard were very diverse. One interviewee experienced bullying in primary school because she lived in a large and luxurious home. Another was confronted by the parents of a classmate because his family's name appeared on a newspaper's “rich list.”

“I'm always very thankful that my parents never talked about money or privilege around the table. They were trying to keep things normal” said one interviewee. Yet, even in families that avoid explicit discussions about wealth, children become aware of



their privileged status through interactions outside the home. This early realisation shapes individuals' perspectives on their roles in society and the expectations placed upon them.

Most next generations of wealth holders did not play an active role in acquiring their wealth; it was simply a consequence of their family background. This can set individuals apart from their peers, creating a sense of difference that is both isolating and empowering. It is isolating as they begin to see the stark contrasts between their lives and those of others, and it is empowering because they understand their fundamental privilege and power. "I'm really taken aback by this whole idea of high-net-worth individuals. They're high-moneyed people with lots of power, but they're not high net worth", one interviewee remarked, highlighting how referring to wealthy people has an influence by supporting the perception that having significant financial resources equates to having significant power.

### Perceptions of wealth

Wealth extends far beyond its monetary value. As described by Maslow's hierarchy of needs, once their basic needs are met, individuals can pursue higher levels of fulfilment and self-actualisation, enabling them to reach their highest potential. Moreover, while wealth cannot buy happiness, it at the very least makes certain things easier and facilitates overall well-being in terms of physical comforts. Wealth is perceived as multifaceted by the interviewees, and that it more broadly encompasses knowledge, networks and experience gained from work, education and life in general.

This broader understanding of wealth allows individuals to focus on personal growth and fulfilment. "Wealth is really in the eyes of the beholder", noted one participant, emphasizing how its meaning varies significantly from person to person. For many, wealth

represents comfort, security and living without financial concerns. For others, it is a means to achieve greater goals and make a lasting impact on the world. This sentiment reflects a growing awareness among wealth holders of their potential to effect positive change and address pressing local and global issues. Wealth can be a means to pursue passions, contribute to society and leave a legacy.

**“Wealth also comes with a certain status within society, you have a platform, and people will listen when you speak.”**

For over three-quarters of the interviewees, wealth represents an opportunity. For a large majority, it also represents freedom. It enables individuals to solve problems, experiment with new ideas and take risks that might not be possible without financial security.

This freedom is not just about personal enjoyment; it also empowers wealth holders to pursue projects that can positively impact society. Many wealth holders see their resources as a means to contribute to the greater good through philanthropy, sustainable investments or social entrepreneurship.

Similarly, most wealth holders consider wealth as a responsibility. For many, the awareness of their privilege plants the seeds for a deep sense of responsibility that they carry into adulthood. "I think that privilege comes with responsibility", an interviewee said, reflecting a common theme among wealth holders.



# The Princely House of Liechtenstein

## History of a successful multi-generational family

The Princely House of Liechtenstein is one of the oldest noble houses in Europe, with a rich history dating back to the twelfth century. Since its founding, the Princely House has pursued broader engagement and value creation through business, politics, and philanthropy. These activities have played an important role in shaping its development and evolution over the last 900 years.

The Princely House acquired large estates in Austria and Bohemia and built up and diversified its business activities across various sectors. It is thanks to its entrepreneurial know-how, innovative spirit, long-term outlook, discipline – and a good amount of luck – that the family was able to build its wealth over the centuries. Not least because of their consistent diversification strategy, they survived many economic and political crises.

The Princely House is passionate about entrepreneurship and is continuously developing its global portfolio of businesses. Today, its companies operate in a broad range of sectors, including agriculture, forestry, alternative energy and finance.

The members of the Princely House have been many things over the centuries, from pioneers, and researchers to diplomats. They also have a long history as patrons, and in continuing with this tradition, the members of the Princely House are today committed to numerous institutions and social organisations at home and abroad. In addition, for over 400 years now, the family has been building the Princely Collections, one of the largest and most important private art collections in the world.

## Values that underpin long-term success

The Princely House of Liechtenstein has been managing and passing on wealth and values for 26 generations. Respect, entrepreneurial spirit, a long-term and holistic perspective, discipline and a strong pursuit of quality are the values that underpin the family's long-term success.

Also pivotal to this success is the Princely House's family governance, known as the House Law, which has enabled it to successfully transfer its wealth from one generation to the next. For hundreds of years, the House Law has regulated hereditary succession to the throne and other important family matters. It also defines access to the assets of the Princely House, which has helped the family avoid wealth erosion through clearly defined rules for inheritance and estate distribution.

### LGT: Forward-looking for generations

The Princely House's assets are largely managed by LGT, which was founded over 100 years ago and is both owned and managed by the family. LGT has benefited greatly from the owner family's experience as an entrepreneur. For example, the Princely House is convinced that for a company, traditional values such as reliability, a long-term perspective, mutual trust, and commitment are just as important as embracing innovation, looking to the future, not being afraid of risk and seizing opportunities.

### Sustainable actions, impact investments and strategic philanthropy

Sustainability is an integral part of the family's values and identity, and by extension is also firmly rooted in LGT's DNA. LGT takes its social and corporate responsibilities seriously, continuously develops new sustainable investment solutions and services for its clients and has a comprehensive sustainability strategy that includes net-zero targets for 2030.

LGT's partner company, Lightrock, is a global equity investment platform that invests in sustainable businesses across three key themes: people, planet, and productivity. Formally established as an independent entity in 2019, it builds on LGT's impact investing activities that began in 2009. Through active and thoughtful engagement with businesses that con-

tribute positively to humankind and the planet, Lightrock pursues opportunities with the objective of enhancing value creation while promoting societal, environmental and technological innovation.

### A clear commitment to philanthropy

The Princely House is also committed to sustainable social and environmental development through a broad range of philanthropic activities. It consciously pursues the majority of these activities through the LGT Venture Philanthropy Foundation (LGT VP), which was established in 2007 and benefits from LGT's broad network and expertise.

LGT Group allocates at least 10 per cent of its dividends to philanthropic activities. By creating this link between business and philanthropic capital, the Princely House ensures it pursues long-term strategic philanthropy, which in turn helps strengthen impact, and builds identification and purpose for all involved.

LGT VP's mission is to improve the quality of life of disadvantaged people, contribute to healthy ecosystems and help build resilient, inclusive and prosperous communities. The foundation supports organisations that are effective, innovative and provide scalable solutions in emerging markets across high-impact sectors such as education, health and environment.

For around a quarter of interviewees, wealth is also perceived as a burden that is sometimes associated with feelings of guilt, isolation and even anxiety. Some wealth holders struggle with the expectation that they should preserve wealth for future generations and the weight of the responsibility of using their resources wisely. For those who have inherited wealth, there is often an internal conflict between enjoying the privileges that come with financial security and using that security to make a meaningful impact. This conflict can lead to a deeper exploration of personal values and wealth's role in their lives. One interviewee noted, "Wealth means freedom to do what you want, but is also a burden," encapsulating the tension between opportunity and responsibility.

## “ Family values and family continuity are fundamental. They are the basis of everything.”

We also explored whether there is an association between wealth and happiness. While wealth can provide comfort and security by enabling people to meet their basic needs, it does not necessarily lead to lasting happiness. An often-cited study by a Harvard Medical School psychiatry professor found that individuals in the US earning between USD 75 000 and USD 96 000 are the happiest and that having an income above this threshold does not significantly increase happiness.<sup>1</sup> This suggests that true happiness is more closely tied to intangible factors, such as having a defined purpose in life, inner fulfilment and deep relationships, than to financial wealth alone. Several interviewees echoed this sentiment,

with one stating, "There is a ceiling to wealth and happiness: I think above a certain level of wealth, it makes no difference to your happiness."

### Values and family influence

In exploring interviewees' values and understanding of wealth, it became clear that these were largely instilled in them by their families. Interviewees had a strong awareness of their principles, with many families even organising gatherings to emphasise their importance.

Almost all interviewees expressed that their values align with those of their families. Their values generally fall into four categories: core values, personal values, social attitudes and societal attitudes:

**Core attitudes:** Many interviewees stressed the importance of passing on values, particularly the value of not feeling entitled, and expressing humility and gratitude for the family's fortunate financial situation. A strong work ethic, the importance of financial discipline and delayed gratification were recurring themes. Some interviewees said their families instilled these values in them through practical lessons, teaching them responsibility and appreciation of hard-earned money. The importance of continuous learning, learning as much as possible early in life, creating value during their prime working years and giving back in later years were all underscored. Interviewees shared their views such as "I was raised to be grounded and not to feel entitled." Or in another case "My grandfather used to say we should work hard when we are young, as you will enjoy more when you are older if you made it yourself."

**Personal attitudes:** Many interviewees underscored the value of financial independence. For a number of families, it was very important to teach the next generations to be flexible, for example, to have the

<sup>1</sup> The Harvard Gazette: [How leaders find happiness – and teach it](#), article dated 9 July 2024, website accessed September 2024

ability to adapt to changing circumstances, and to take a practical approach to wealth-related matters. As fortunes come and go, the idea of being resilient and innovative were also cited as crucial for families with multi-generational wealth. One interviewee shared a learning from her mother “My mother always said that, especially as a woman, you should always maintain financial independence.” Another shared “Resilience and innovation are some of the values that my family’s success is based on. I grew up hearing the stories about my great-grandfather on my father’s side.”

**Social attitudes:** Many interviewees mentioned values relating to their relationship with others, such as showing compassion, empathy and kindness towards all human beings, irrespective of their conditions. Justice and peace were important values for many interviewees. Some highlighted the importance of authenticity in relationships and a strong sense of justice

developed fairly early in life, guiding their approach to wealth. The idea of sharing opportunities and power with others was also prevalent in the conversations with interviewees. With respect to social attitudes, interviewees shared their views that “It is important to develop a strong sense of justice early in life and let that be the guide for your approach to wealth, promoting peace both geopolitically and personally.” They also shared what they learned from their families “My mother and grandmother emphasised compassion from a young age, teaching me that it’s important to have it for everyone, not just those similar to us.”

**Societal attitudes:** Most interviewees shared the belief that with financial success comes responsibility and an obligation to create value for society. The interviewees recognised the need to address societal issues and environmental challenges through their wealth, ensuring that financial success contributes positively to global progress. This includes a deep commitment to sustainability and respect for nature. The commitment to principled and ethical behaviour and integrity was evident across different families. Ultimately, many families are seeking to have a positive social impact in whichever way they define that.

Families play the most significant role in shaping the next generations’ attitudes towards wealth. Parents, particularly patriarchs who are often the wealth creators in the families of our interviewees, have a major influence on their attitudes towards wealth. They profoundly influence values, responsibilities and financial decisions. This impact continues to dominate how wealth is perceived and managed by subsequent generations. Interviewees shared their broader views including “Wealth should be used responsibly and productively, and we should learn from nature’s circularity” and “I have an obligation to create as much value for society as I can.”

## Recurring values with respect to wealth

### Core attitudes

- No entitlement
- Family
- Gratitude
- Humility
- Joy
- Work ethic
- Discipline
- Continuous learning
- Delayed gratification

### Personal attitudes

- Independence
- Adaptability
- Comfort
- Openness
- Practicality
- Resilience
- Innovation

### Social attitudes

- Compassion
- Kindness
- Empathy
- Equality
- Fairness
- Justice
- Peace
- Empowerment
- Facilitating opportunities

### Societal attitudes

- Responsibility
- Integrity
- Principles-based conduct
- Ethical business practices
- Respect for nature
- Sustainability
- Stewardship
- Societal contribution
- Social impact

# Patrick Knodel – Wealth represents both freedom and a reminder of the enormous disparities that plague us

My father is a self-made man who made his wealth through real estate in Germany. I was a teenager from the “middle-class” and was turned off when I witnessed first-hand the extravagance of some of the “wealthy kids” buying bottles of champagne with their fathers’ credit cards at the local club.

I joined my father’s company in 2016 and tried to shift the company’s structure and business model towards new digital and sustainable approaches. But I encountered challenges. In parallel, I started to invest in start-ups, with a focus on real estate, technology and for-profit impact. I left my father’s company in 2020 and now focus exclusively on impact investing and philanthropy. I have built an investment company with 17 holdings and run a foundation with about 22 funding partners. I don’t believe that you can achieve the same returns as through mainstream investments, without harming people and nature and hence, I look for new ways to generate profit through positive impact and social responsibility. It is hard to do, as the fundamental incentives of our financial systems are focused on the maximisation of profit at the expense of people and the planet.

When I was young, I thought I understood the world because I read SPIEGEL magazine and had studied business administration. While backpacking around the world in my twenties, I came to realise that I knew little and had a limited and biased world view. The systemic destruction of nature was so obvious, and I tried to make sense of how a system could allow this to happen, given that nature is the basis for every form of life on this planet. I concluded that inequality was the major problem, as it creates huge imbalances of power that then create the wrong incentives, which in turn determine the systems our world operates under. These systems, including the economic, financial and tax systems disadvantage some and favour others so that wealth tends to accumulate among those who are already wealthy. To me, this is plainly unjust. I see that our world is completely absurd, and everyone is on a “warpath”, which is why I am actively working on achieving inner balance and peace.





Furthermore, I am concerned that our education system is failing to equip young people with the tools necessary to overcome these disparities. It is confining us to a rigid curriculum that stifles creativity and critical thinking. Education needs to promote environmental and social change simultaneously, but the question remains: who will finance this? From business schools to universities, the way economics is taught often reinforces existing inequalities.

I believe that the new generation needs to follow the thinking of great minds such as [Kate Raworth](#) or [Nate Hagens](#), who say that we have to bend, not break, or in other words, that we need to make sure that we bend the current system long enough to be able to make the transition to a different economy without everything blowing up in our faces.

Interviewees conveyed that their parents taught them to view wealth as an important responsibility towards themselves, future generations of their family and society. This sense of responsibility has led to various attitudes towards wealth. Some interviewees have collaborated with their families to align their wealth practices with ethical and sustainable principles. For example, one interviewee focused on using wealth to positively impact agriculture and education, while others ensured that their investments and spending were ethical and environmentally friendly. Others still, overwhelmed by the complexity of managing wealth, entrusted their financial decisions to professional advisors. Another group of interviewees said they prefer to maintain their autonomy, keeping complete control of their assets despite facing time constraints. Some, on the other hand, opted to work closely with advisors, establishing clear criteria to guide their decisions.

One approach taken by many wealth holders has been to create a family charter to help avoid tensions, particularly with the next generations. This charter serves as a reminder of shared values and guidelines for handling wealth. It is especially effective in mitigating tension between siblings, who may have differing views on investing and spending.

The concept of intergenerational responsibility was a recurring theme, with many interviewees expressing a desire to pass on not just wealth but also values, just as their parents passed them on to them.

Usually, interviewees felt stronger about one aspect of wealth than others. For example, concerning creating wealth, some interviewees talked about how their family business no longer aligned with their values, leading them to take it over and transform it. Others convinced their families to divest from the business. In terms of investments, interviewees typically

chose to take over decision-making for investments and sometimes they used the capital of others to demonstrate successful examples. When it comes to spending, most interviewees apply the lessons they learned from their families. In terms of how wealth is donated, while the value of being philanthropic appears to be inherited, the specific form of philanthropy pursued by interviewees is driven more by individual preference. In terms of transferring wealth, most want to improve upon the approach taken with them and see this as one of the most critical areas, to better align with family values and legacy.

### Sustainability

Sustainability emerged as a recurring theme across all areas of wealth, with varying levels of commitment and understanding among wealth holders. Most interviewees highlighted that sustainability profoundly influences many aspects of their lives, including business operations, investments, personal spending, philanthropy, and the transferring of wealth. Something that many interviewees recognise is that sustainability is not a simple or cost-free endeavour but a necessary commitment requiring substantial investment. This commitment is influenced by both global concerns and personal experiences.

“  
**Wealth holders are responsible for investing in emerging opportunities that are beneficial for the environment and society.**

However, numerous challenges persist, including greenwashing, the difficulties associated with implementing theoretical commitments and the feasibility of the scope of ambitions. One interviewee said that “Sustainability has become a buzzword”. Another interviewee pointed out that adopting sustainability measures often remains superficial due to a lack of clear guidelines or understanding of how to implement them effectively, noting, “We try to do the real thing and not just report on it.”

Yet another interviewee described their experience implementing a sustainability policy within their organisation and presenting it to the holding company’s board. The policy was intentionally broad to allow flexibility in its application, underscoring the importance of providing both direction and adaptability in sustainable practices. This approach highlights the necessity of balancing clear guidelines with the ability to take diverse and responsive action.

Another interviewee offered a broader perspective: “True sustainability would mean that all areas of life

are based on a circular economy.” This view emphasises the need for systemic change and the adoption of sustainability as a guiding principle across all aspects of life, which would lead to a fundamental rethink of our socio-political and economic systems.

### Holistic view and purpose

Next generations of wealth holders generally adopt a holistic view of wealth. At least two-thirds of interviewees believe they take a holistic approach to creating, investing, spending, giving and passing on wealth. They want to ensure that all aspects of their wealth are aligned with their values. In general, the next generations of wealth holders understand that philanthropy is not the only way to address systemic issues in society, and that wealth can be utilised in different ways to impact the world positively. However, there were different approaches.

One interviewee criticised the traditional compartmentalisation of wealth, where one “pocket” is used for creating problems and another for solving them. Instead, this interviewee advocated a unified ap-

## In the words of the next generations of wealth holders

- “Question the meaning of privilege.”
- “Do not take anything for granted.”
- “Be introspective and work on yourself.”
- “Clarify your own values and goals.”
- “Know what is good for you and define your path.”
- “It’s about staying attentive, interested and not sitting back.”
- “Define your relationship with money”
- “Learn about work ethic: Working your way from the bottom up teaches you what work ethic is.”
- “Drop absolutism and ideological rigidity because learning and doing better is more important than being right.”
- “Work but find time to enjoy some things and life.”
- “Wealth should be used responsibly and productively.”
- “Make small gestures that can go a long way in helping others and make a difference in someone’s life.”
- “Be aware of the fleeting nature of wealth and maintain personal principles and character regardless of financial circumstances.”
- “Money can come and go, but you will always know that you lived up to your own moral compass.”
- “Find a community or a safe space to talk about money and wealth, and learn from each other’s experiences.”

proach, directing both wealth creation and philanthropy towards positive social and environmental impact.

In addition to needing a holistic perspective, significant family wealth can make it challenging for the next generations to forge their own paths and find personal meaning beyond their family's wealth and legacy. "Wealth can be a challenge and a risk", one interviewee noted. While the ability to take risks without the fear of financial ruin can lead to significant achievements, having financial security can lead to a sense of complacency, particularly if next generations of wealth holders feel overshadowed by their family's wealth. This is a common concern among wealth-owning parents.

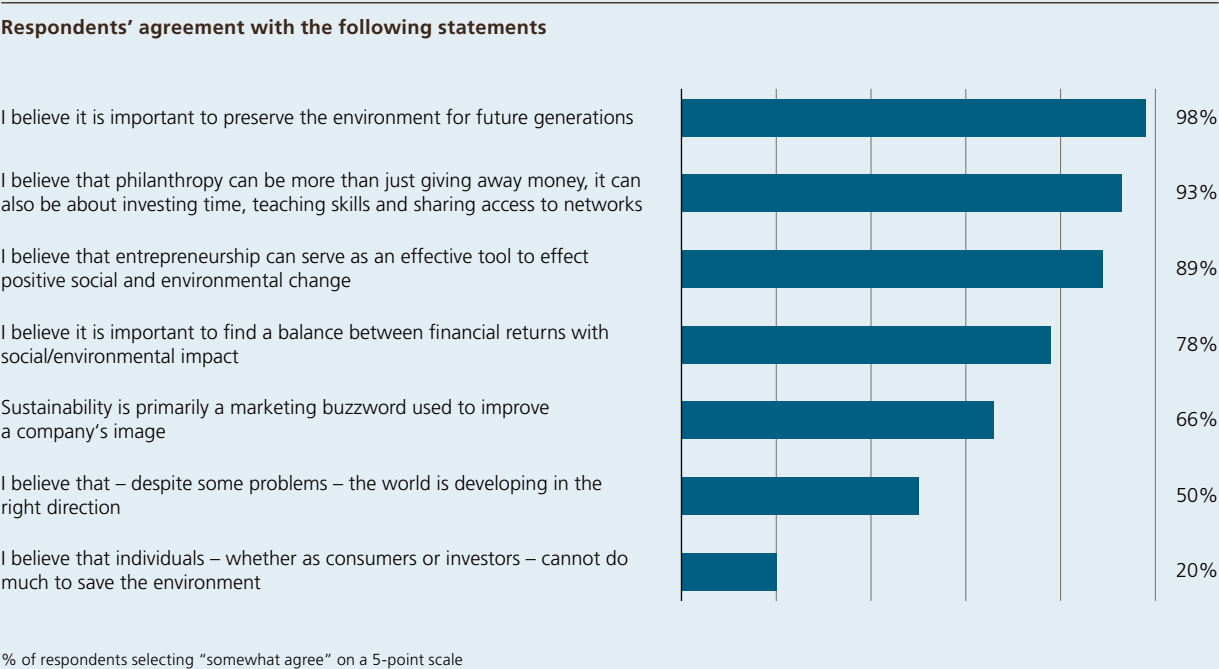
At the other end of the spectrum, some of the next generations of wealth holders feel a sense of responsibility bordering on anxiety, which is compounded by societal expectations to at least maintain and, ideally, grow their wealth. As one interviewee put it "Usually, 90 to 95 per cent of businesses or family wealth disappears by the third generation, so as I am the third generation, my only responsibility is not to mess it up." Wealth holders are also acutely aware of the burden of passing on the family legacy. "Wealth comes with a huge responsibility of not messing up the legacy", said one interviewee.

The next generations of wealth holders who feel most engaged and fulfilled often spend time and effort defining their own purpose. Three-quarters of the interviewees expressed that their families encourage them to find their path in life, whether or not that includes joining the family business, investment vehicle or philanthropic organisation. This could represent a departure from previous generations when children, especially males, were expected to take over the family business regardless of their personal interests. We were pleased to see that wealth-owning families are increasingly giving the next generations flexibility in terms of pursuing their own paths and roles.

# LGT Next Generation Academy alumni survey

The Next Generation Academy’s (NGA) Alumni Association is a global network of former participants of LGT’s next generation education programmes. The NGA Alumni Association has more than 250 members from over 20 countries. The Association educates participants about the basics of investing, family and wealth succession, and discusses trends in the world of finance. Furthermore, it provides a networking platform for entrepreneurs, investors and other visionaries to exchange ideas, build life-long relationships and explore business opportunities.

In 2024, the Association conducted an online survey garnering responses from 88 respondents across Europe (61 per cent), APAC (31 per cent) and other regions (8 per cent). The average age of respondents was 29.5 years, with the Association defining “next gens” as being roughly under 45. In this feature we share an extract of the survey findings on perceptions of the meaning of wealth, values and beliefs, alignment with previous generations and views around wealth transfer and succession, all of which are largely in line with the overall findings of this study.



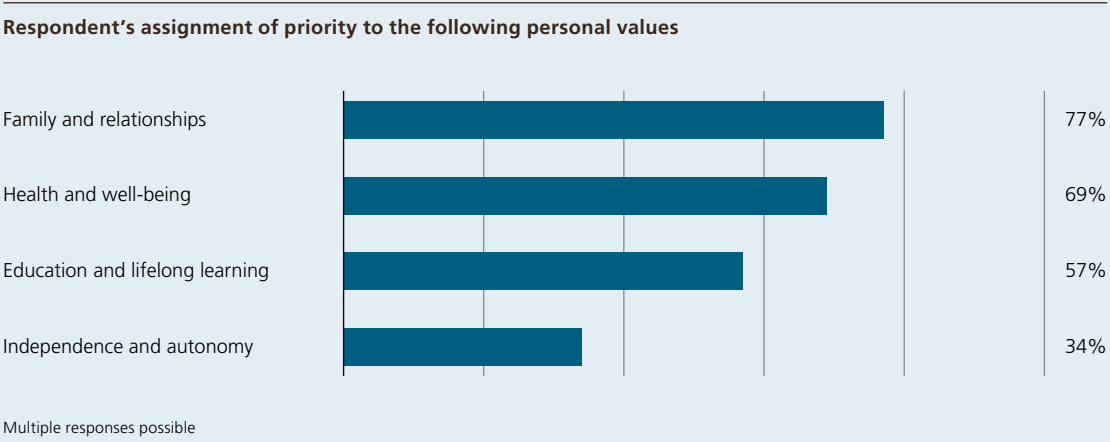


Respondents of the Association’s survey also view wealth as both an opportunity and a responsibility, and in some cases as a source of joy and freedom. With respect to their views on areas where a positive impact could be made, the survey reveals that respondents are highly committed to environmental protection and advocate for philanthropy with a broader scope that extends beyond monetary donations.

They view entrepreneurship as a tool for positive social and environmental change, with more than eight out of ten respondents already involved in or considering starting their own business. However, while they are enthusiastic about balancing financial

returns with social impact, there is scepticism about the effectiveness of sustainable investments. Additionally, optimism about the direction the world is going in is low, and some believe that individual actions cannot significantly impact the environment. These findings highlight a complex landscape where respondents are driven by social and environmental concerns but doubt the effectiveness and authenticity of some initiatives in this area.

In terms of their personal values, respondents prioritise family and relationships, health and well-being, and education and lifelong learning. They also generally align with their parents on education, work ethic, career expectations, and social and political

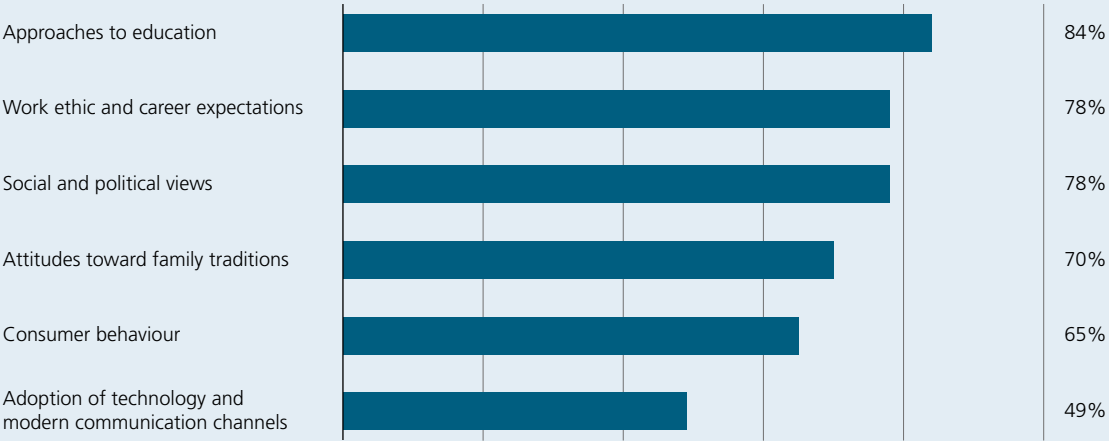


views, and have high levels of agreement with regard to family traditions. Understandably, there is slightly less alignment on consumer behaviour and the adoption of technology. Despite some differences, there appears to be significant continuity in terms of priorities and values between generations.

The survey also underscored that responsibilities are increasingly being handed over to the next genera-

tion. Currently, more than half of respondents are actively involved in managing their family’s wealth. Their level of involvement tends to increase with age, particularly after the age of 30, as they complete higher education and deepen their investment knowledge. However, some feel inadequately prepared for succession. They typically seek more transparent discussions about wealth and succession, and often feel burdened by family expectations.

**Respondents’ perceived alignment with their parents’ values with respect to**



Multiple responses possible





## 2. How wealth is created

Wealth creation is the cornerstone of a financial legacy, influencing how future generations perceive and handle wealth. The wealth that has been passed down across generations was, in most cases, originally created through entrepreneurship and, to a lesser extent, through investments. The interviewees' narratives provide a comprehensive view of the different approaches to wealth creation and the changing roles of wealth holders in this process. The next generations are increasingly aware of the ethical implications of wealth, actively managing their inheritance with a focus on responsibility. This includes transforming existing business practices, divesting from what they consider to be unethical ventures and advocating for systemic changes to address social and environmental challenges. The emphasis on sustainable growth and ethical practices highlights the dynamic nature of contemporary wealth creation.

This chapter focuses on the means of wealth creation and specifies the industries in which interviewees' families created their wealth. It explores the diverse strategies deployed to this end, as well as the longer-term perspective and potential advantages that family-owned businesses have in terms of strategic decision-making and sustainability. We explore the various roles that the next generations play in wealth creation, as well as their overall comfort creating wealth. We also look at cross-generational engagement with family businesses, and how many families continue to hold significant stakes in their businesses and actively manage their operations.

The next generations of wealth holders take a holistic view of wealth, understanding the importance of sustainability in creating, investing, spending, giving, governing and passing on wealth. Many understand that philanthropy is not the only way to address systemic issues in our societies, and that wealth can be utilised in various ways to impact the world positively.

Reflecting on these insights, it is evident that for most interviewees, wealth creation is closely linked to ethical considerations and social responsibilities. There is a clear shift from purely profit-driven motives to a more balanced approach. Additionally, there is a growing perception among interviewees that systemic advantages often facilitate extreme wealth, encouraging wealth holders to adopt more responsible and transparent practices to show how their wealth was created. In our conversations, we also found that wealth holders believe their family-owned businesses are better suited to serving the interests of stakeholders such as employees, customers, suppliers and the broader community, than publicly listed companies.

“

**We are gatekeepers and keep this wealth to transmit it to the next generation. We never own it. We are stewards of it.**

### Industries and strategies

Wealth creation among the interviewees' families is primarily attributable to family-owned businesses, with investments playing a secondary role. These families have explored a wide range of opportunities, from leveraging the stability of real estate investments and capitalising on traditional retail and food industries to venturing into new financial instruments like cryptocurrencies and the burgeoning field of biotechnology. Their approaches varied across regions, from Europe to Asia, Africa and Latin America, and encompassed diverse activities such as trading basic



commodities, building retail and pharmacy chains, manufacturing precision instruments, and establishing import and export businesses.

Many of these family-owned enterprises started as small ventures and grew into significant market players, driven by entrepreneurship and innovation. The most commonly cited sectors include retail, manufacturing, pharmaceuticals, telecommunications, infrastructure, real estate, financial services and technology. Some families also ventured into niche markets like amusement parks and entertainment, with one family transforming a small local attraction into a major tourist destination. We analysed the insights gained from the interviewees and concluded that most families pursued two broadly related strategies: an entrepreneurial drive to creating businesses and capitalising on growth opportunities, followed by expansion and diversification.

Many families, once they had established businesses, looked to diversify and manage risks to help safeguard their wealth and ensure continuity. Many launched activities outside their core operations, such as taking over established financial institutions or launching new ventures in totally different industries. This diversification minimises the risks associated with market volatility in any single sector, ensuring stable revenue streams across various industries. It also helps insulate wealth from sector-specific downturns.

Concrete examples cited by the interviewees include:

- One family created its initial wealth through an industrial company that produced essential goods, leveraging the post-war economic boom. It later expanded the business by acquiring complementary firms, with strategic investments in technology and innovation keeping it competitive.
- Another family built its wealth in the pharmaceutical sector by developing and marketing ground-

breaking medications. This family's business began with a small pharmacy and grew into a multinational corporation by investing in research and development and strategic partnerships, and having a keen understanding of market needs.

- Various families in the financial services sector created their wealth by establishing banks and investment firms that became integral to regional economies. Their success was built on providing reliable financial services and investing wisely in various financial instruments.

**“  
I started in agrochemicals,  
and now we're doing  
fertilizers, seed dressings,  
and commodities. I'm looking  
to start another manufacturing  
unit. We've got a couple of  
professionals to run it, but my  
parents still have a very active  
role in it.**

One notable example is an Asian business magnate who has led his family to consistently invest in a diverse portfolio of family-owned or controlled businesses, including utilities, telecommunications and technology.

Innovation and risk-taking also played a role in the creation of wealth for many of the families we spoke to. For example:

- The technology industry provided fertile ground

# Nadja Swarovski – To achieve lasting change, you must think of others

As I reflect on the above words of my great-great-grandfather, Daniel Swarovski, the Bohemia-born Austrian businessman who founded the Swarovski crystal dynasty in 1895, I am reminded of their profound impact on my own journey.

His belief that true success lies in considering not just ourselves, but also others, has guided me since I joined the Swarovski company nearly a century later. I have had the honour to contribute to the family business for 27 years, with a focus on elevating the brand to reflect the quality of the meticulously produced product – our crystal, manufactured in Austria – with passion and dedication, but also with care and consideration for people and the planet. My great-great-grandfather's belief has fuelled my dedication to transform our brand into a more sustainable and environmentally conscious one, with our new sustainability department leading the change, supported by our exceptional chemical engineering team, HR department and leadership teams.

With the onset of the climate crisis, we became increasingly aware of our responsibility for collective action on climate change and for continuing our family legacy. We knew that we needed to evolve our practices in several ways. Our commitment to sustainability began with the fundamental aspect of sourcing of materials. Recognising the significant positive impact of ethical and responsible sourcing, we embarked on a journey of change. In 2017 and 2018, we conducted nearly 200 supplier assessments across nine countries. We embraced the circular economy concept by implementing measures to reduce waste and maximise material recycling. These initiatives reduced our need for new raw materials and decreased our ecological footprint. That spoke to our commitment to the environment and resonated well with our customers, who are increasingly becoming aware of the impact of their consumption habits.

We believe that sustainability is not just about preservation but about innovation. We have encouraged our designers to integrate sustainability into their creative processes. This approach has allowed us to collaborate with renowned fashion designers and artists, creating sustainable collections that showcase the beauty and versatility of Swarovski crystals while adhering to sustainable principles. We tackled the challenge of reducing our carbon footprint by investing in renewable energies like solar power to run our production facilities. We further implemented energy-efficient technologies across our operations. In addition, we also work with organisations and UN initiatives focused on sustainability and gender equality, as well as with the [Responsible Jewellery Council](#).

Today, we are proud to produce the most responsible crystal on the market, using responsibly sourced genuine gemstones and precious metals. Our sustainable practices encompass energy, water, design and emissions reduction, making us an example of a responsible business in the jewellery industry. We collaborate with global initiatives to ensure our

operations align with our sustainability and ethical responsibility values. We are tirelessly working on continuing our legacy and finding ways to protect our vulnerable world. As a family business, we have a great opportunity to leverage our values and our determination to rectify issues and prevent our world from spiralling out of control.



for wealth creation, with some families making early-stage investments in start-ups that later became major technology firms. This foresight and willingness to embrace nascent technologies illustrates the risk-taking spirit driving these families.

- Another family took a forward-thinking approach by integrating sustainability into its corporate strategy. It established the first carbon-neutral hotel in Asia and pursued other green ventures, demonstrating that environmentally friendly business practices can also be profitable.

Some families have expanded their wealth into new countries and lines of business. One African family, for instance, initially prospered from an agrochemical business in Nigeria and later expanded into the UAE because they were looking for new opportunities. Another interviewee highlighted the importance of understanding new business opportunities, citing the example of his family entering the luxury carpet retail business after observing a friend's success in that segment.

The conversations with interviewees revealed that globalisation has influenced these wealth-creation strategies, offering new opportunities while sometimes raising ethical concerns about business practices that may be frowned upon in other countries. Some families faced criticism for their involvement in industries exploiting labour or resources in developing countries. To counter this criticism, they have adopted fair labour practices and sustainable sourcing strategies, thus aligning themselves with global ethical standards.

### Long-term perspective

A long-term perspective is essential for sustained wealth creation. The discussions with interviewees also highlight the generational and long-term approach the families take to wealth creation, which usually involves creating a business and then expanding to other industries and geographies in a bid to diversify, in some cases also via investments and, in many cases, engagement with philanthropy.

One family, for example, has pursued a strategy, accumulating wealth early, diversifying it and engaging in philanthropy. The patriarch was noted for his commitment to aligning financial resources with charitable goals, actively creating wealth to support various good causes.

In another example, a wealth-owning entrepreneurial family from Africa focused on its country's needs by investing in essential commodities such as sugar and infrastructure, including building materials. Its ability to recognise and invest in these growth opportunities has been pivotal in establishing its business group as a leading industrial conglomerate in the region. The family's investments often aim to improve infrastructure and create jobs, furthering sustainable economic growth. The family is also active in philanthropy in the area of health.

Wealth creation through family-owned businesses is frequently seen as a long-term endeavour, offering significant advantages from a sustainability standpoint and strategic decision-making compared to publicly owned companies. These businesses are able to prioritise sustainability and other considerations over short-term profits. Among interviewees, two-thirds of their families still own and operate businesses, often as sole or controlling shareholders, and in many cases, they are actively involved in managing these companies. This structure gives them the flexibility and patience to invest with a long-term perspective.

“  
**Wealth creation is a long-term endeavour, we need to think in generations.**

Family-owned businesses in particular place a strong focus on sustainability. For example, a wealth-owning

family from Asia recognised the environmental impact of waste and the growing demand for sustainable products early on, and built a business model around recycling and turning waste into profit.

Moreover, family businesses often leverage the ability to make strategic decisions without the pressure of quarterly earnings reports, allowing them to pursue innovative and potentially risky ventures. This entrepreneurial freedom has led to the creation of new markets and industries, as families are willing to invest in groundbreaking ideas that might be deemed too risky by publicly owned companies. Another area where family-owned businesses often have an advantage is greater investment in research and development and, more broadly, risky-yet-innovative ventures that require long-term staying power.

For example, one family's early investment in biotechnology has proven successful as the industry has grown, illustrating the advantages of a patient, long-term investment approach. Another family, which operates in the technology sector, has chosen to reinvest profits into research and development, thus focusing on innovative products that secure its competitive edge. This long-term investment strategy enables businesses to stay ahead of technological advancements and evolving market conditions.

Family businesses also play a role in training the next generations. Approximately four out of ten interviewees have worked with or for their family businesses at some point, highlighting the significant role these enterprises play in offering family members career opportunities. These roles come with substantial responsibilities, such as stewardship of the family legacy and continuing ethical business practices. Interviewees frequently emphasised the importance of upholding values established by previous generations while also adapting to modern challenges and expectations. Above all, family businesses can help build the leadership skills of family members. An interviewee from a company focusing on automotive safety components and waste treatment technolo-

gies emphasised the importance of continuous development within family businesses. He highlighted the need for self-reflection, clarifying values and seeking support for weaknesses, which are critical in developing leadership abilities and sustainable business relationships. This perspective underscores the dynamic role of leadership in shaping the future of family wealth.

### Roles of wealth holders

Around a third of interviewees considered themselves to primarily be wealth creators, meaning they also generated wealth independently, separate from their family's businesses or investments. Some statements made by interviewees suggest that those involved in wealth creation believe it is their right to give away, "give back" or invest in new ventures.

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**Of course I received a base from my dad, but I have been building my own businesses from scratch since I was only 20 years old. My dad is a business partner and investor, but I made my own wealth.**

A fifth of the interviewees consider themselves contributors to wealth, meaning they grew what they were given. Furthermore, around a fifth believe their role is to primarily be a wealth distributor. Self-described wealth distributors engage in philanthropy or social investments as their primary purpose. Those who consider themselves to primarily be wealth inheritors (around one quarter of interviewees) believe the primary purpose of wealth is to conserve it and pass it on.

# Rodrigo Pipponzi – We need to use our resources ethically and effectively for social impact

I was born into a family that started a business from just one store and expanded into a leading retail chain in my country, Brazil.

I was raised in a world of privilege that was, however, still rooted in values. My father cherished the social impact of his work and prioritised it over money. He ensured that every employee in our company had equal opportunities to advance through the ranks.

As the eldest child and a graduate of a top business administration university in Brazil, I was expected to join the family business. As I came of age, I became acutely aware of the inherent problems associated with the exploitative nature of the capitalist system. Unlike many countries in Europe, Brazil is rich in natural resources, yet it is sadly dominated by inequalities.

Instead of following the logical family business path, I decided to start a social enterprise so that I could create a business and do good. I founded Editora MOL, a social impact business that publishes positive content in the form of magazines, books, calendars and other printed formats that are sold for accessible prices at the cashier in retail stores. Part of the revenues are donated to NGOs. Initially, my family did not take my business seriously. Their scepticism dissolved when I received an award from the World Economic Forum and they witnessed the tangible impact of MOL: we raised so much money for GRAACC (an NGO focused on infant cancer treatment) that we enabled the opening of a new hospital in Brazil.





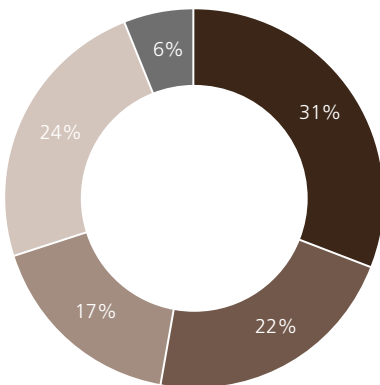
Whether I'm making an investment or a philanthropic decision, I apply a moral filter. As someone committed to using wealth responsibly, I do my best to consider its impact on society. It is disheartening to see many wealth holders run away from this responsibility. I openly share my investment strategies with my family, not to impose my views but to encourage their participation. Seeing my mother, for example, deeply touched by the effects of her contributions brings me joy. As for the next generation, I have already started having conversations with my two young children. I want to respect their individuality, explain how the world works and share my perspective that it is no longer about accumulating wealth, but about figuring out the best ways to distribute it.

In recounting my story, I hope to inspire others. I believe you don't need to have different pockets; "in this pocket, I destroy the planet and, in this pocket, here, I mitigate the problem and from this pocket, I generate social impact". It should be about all of the pockets working together for social impact. We should aim to create, spend, invest and give money in ways that promote a fairer world. I urge the next generation to understand what lies outside their own bubbles and to recognise the urgency of living more equitably.



Some inheritors fear losing the freedom that wealth affords them, as they are not always confident that they could build wealth if they were to start at zero. In effect, many spoke about how it is easier to lose money than to make money. Many in this group also engage in initiatives that have a positive impact, balancing this approach with wealth preservation. Only a small number expressed that they have no role in growing and investing wealth, possibly due to personal choice or having differing views on wealth than their families.

The self-defined roles of wealth holders included:



- Wealth creators  
Generate wealth independently of family wealth.
- Wealth contributors  
Grow what they are given.
- Wealth distributors  
Utilise wealth for philanthropy or redistribute it.
- Wealth inheritors  
Focus on preserving and passing on the wealth.
- Non-participants  
Have no role in growing or investing family wealth.

“  
I do not doubt that my father  
accrued the wealth in a very  
respectful way.

As mentioned before, approximately four out of ten interviewees chose to work with or for their family businesses at some point in their careers. While many interviewees are not directly involved in the day-to-day operations of the family business, they often play crucial strategic or oversight roles. For example, one interviewee, who is a member of the third generation of an industrial family, actively works in setting the direction of the business at the Board level. Another interviewee helped transform his family’s fourth-generation company through acquisitions and greenfield investments that he spearheaded.

Collectively, these narratives highlight the diverse and evolving roles of wealth holders. One interviewee, who has an industrial background, talked about the important ongoing task of increasing and sustaining wealth across generations. She saw herself as a creator and manager of this legacy, and acknowledged her duty to continue growing and contributing to the family’s wealth.

### Comfort and critiques

Almost nine out of ten interviewees felt comfortable with how their families created wealth, often attributing this comfort to respect for previous generations' hard work, entrepreneurial genes and a willingness to take risks as well as respect for their employees. One interviewee recounted "Everyone who has worked with my father speaks about how much he respects, listens and cares about his staff and their families".

“

**Extreme wealth is only possible today, because of the systems in place that make it possible. It's not necessarily a demonstration of personal achievement.**

However, acknowledging that they are comfortable with how their families created wealth does not mean that the next generations are uncritical. Those uncomfortable with certain aspects of their wealth's origins have taken steps to distance themselves from industries now seen as problematic, such as fossil fuels. Interviewees also highlighted that corporate behaviours accepted decades ago would not meet today's standards. For instance, one interviewee described their family's transition from a fossil fuel-based business to renewable energy, driven by ethical concerns and a desire for sustainable practices.

Some interviewees also commented on the systemic failings of socio-political, economic and tax systems that allow for extreme wealth accumulation alongside poverty, inequality and environmental degradation. They noted that these inequalities are deeply embedded in societal systems and found it understandable that in some parts of the world, there is a backlash against billionaires. They also noted that existing tax structures and regulatory environments often favour the wealthy, exacerbating economic disparities. The assets of individuals who surpass a certain wealth threshold, often thought of as the 1 per cent or the 0.1 per cent, tend to grow exponentially, while the majority of people below that threshold often face significant obstacles, making it exceedingly difficult to accumulate wealth, let alone provide comfortably for their own families. This disparity underscores the systemic nature of inequality and the challenges in distributing wealth more equitably.

### In the words of the next generations

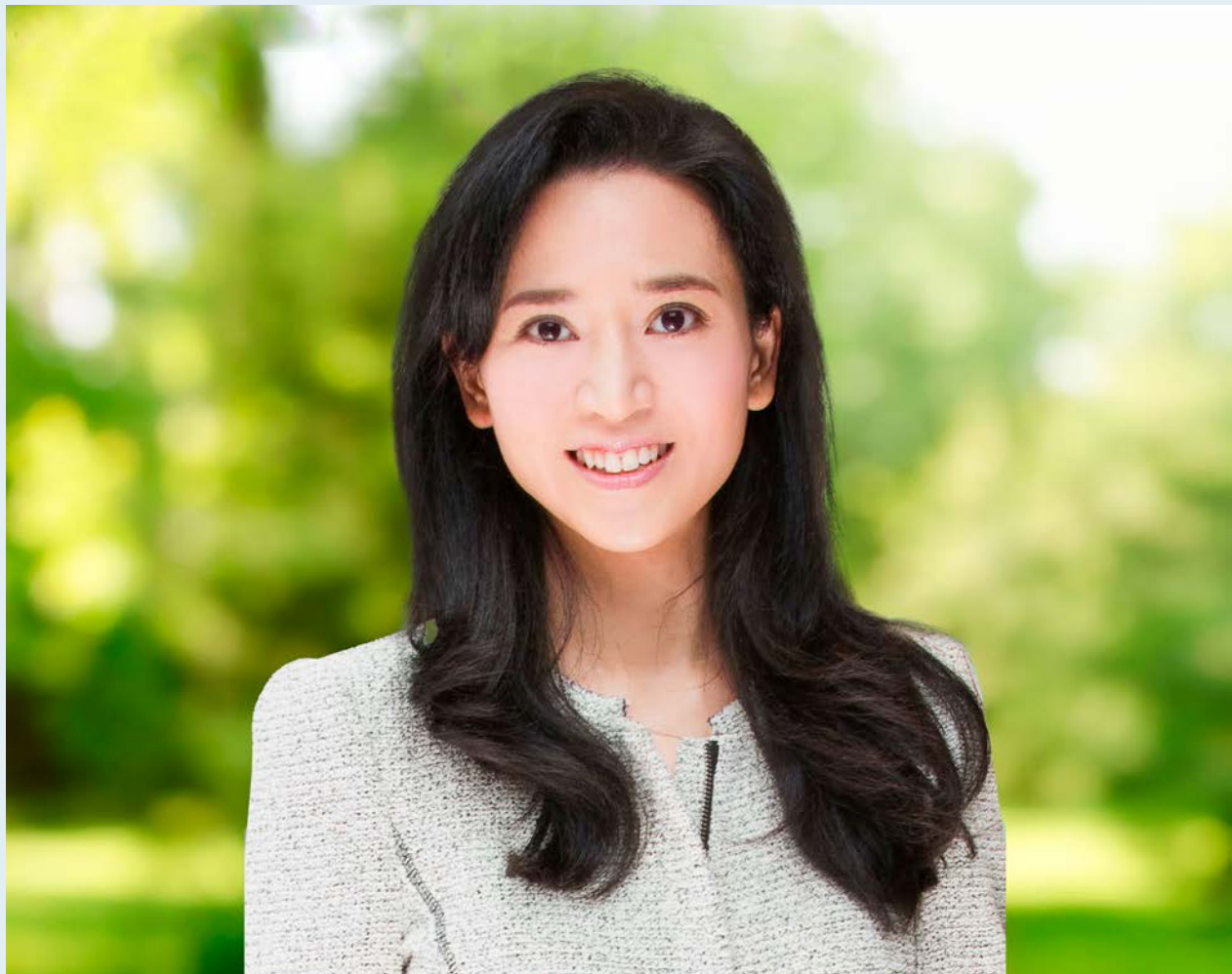
- "Learn that in life, sometimes you lose money and sometimes you make money."
- "Have strict financial discipline."
- "Choose people you trust who are really good and let them do their thing, while you focus on what you know best."
- "Build wealth for the long term and be cautious of opportunities that seem too good to be true."
- "Make smart financial decisions: invest in something or go into business."

# Poman Lo – We cannot drive economic growth at the expense of future generations

I studied psychology and sustainability because I care deeply about balancing the needs of the current generation with those of the next.

I firmly believe that by understanding human behaviour and decision-making, we can create solutions that promote long-term well-being for all. Economic growth should not come at the expense of future

generations. This belief led me to launch the first carbon-neutral hotel in Hong Kong 14 years ago. Today, we have expanded to six additional hotels and continue to invest in impact ventures and green technologies to help decarbonise our operations. It is encouraging to see that companies can thrive while delivering positive returns and doing better for our planet.



Hearing Johan Rockström explain our planetary boundaries during the One Earth Summit in Hong Kong starkly underlined for me the urgency and magnitude of climate change. The good news is that I believe we still have a window of opportunity during this decade of action to respond to climate change. However, it requires us to awaken the interconnect- edness of our systems, take a leap of faith and leverage technology to reverse the negative trajectory.

I see that technology companies are crucial in accel- erating the transition to sustainability, especially now that most countries and major corporations are com- mitting to net zero. This is why we launched the One Earth Summit, an initiative of the Institute of Sustain- ability and Technology (IST), a non-profit organisa- tion aiming to nurture the next generation of ESG talent through executive education and advance the sustainability agenda through interdisciplinary re- search and international conferences. We also launched the One Earth Alliance, another non-prof- it, to bring influential leaders closer to sustainable innovations and mainstream impact investing. My vision is to build an ecosystem that not only provides start-ups with capital, but also with the connections and use cases they need to thrive, commercialise their ideas and grow.

Guided by the principle of “doing well by doing good”, we launched an impact fund in Asia called Alpha Trio, a for-profit initiative, because we believe that impact can be alpha-generating. “Alpha” refers to the brainwave associated with innovation, and “trio” represents our belief that every investment can benefit people and the planet, and generate profits.

In this fund, we focus on three main verticals: prop- tech and sustainable living solutions, agri-food tech and clean-tech. In the area of clean-tech, we focus on renewable energy solutions, including water treatment, battery storage, carbon capture and se- questration solutions. By empowering these innova- tions, I believe that we can drive the transition to a sustainable future.

I advise the new generation to shift its focus and work differently. We are in an era where collabora- tion is more beneficial than competition, especially when facing existential challenges like sustainability. Since we all share our one-and-only planet, we must join forces and work collaboratively to respond to climate change. We should focus on cherishing pre- cious moments with loved ones, maintaining our health and following our inner calling instead of pri- oritising monetary wealth.







# 3. How wealth is invested

The choices made by the next generations of wealth holders when it comes to investing their money can arguably determine a significant portion of their impact on the world. Most interviewees feel a strong sense of responsibility and want to invest in a way that aligns with their values. Many take a holistic view of living up to these values, seeking a balance between their everyday choices, their investments and their philanthropic giving that allows them to preserve their wealth while actively minimising their negative impact on the planet. There are a handful who choose not to let their values drive their investments but try to compensate for this choice in other dimensions of their wealth and other parts of their lives. The majority however, slightly more than half, say that at a minimum, they implement environmental, social and governance (ESG) standards in their portfolios.

“

**I am now careful about my approach to investments. I don't want my investments to do harm.**

In this chapter, we provide insights into the different strategies that interviewees have chosen for preserving and growing their wealth. More specifically, we examine their investment goals, their practical approaches and strategies, and the challenges they face. We also explore how interviewees strive to

achieve balance, between their wider goals and the investment outcomes they seek, and their perspectives on sustainable and impact investments. Additionally, we explore the challenges and barriers identified during our conversations with interviewees, and how they can improve their experiences with investing to better achieve their goals. This chapter also contains a feature entitled “Sustainability in investments”, which explains the different terms used for sustainable investments.

The views expressed by the next generations of wealth holders on the subject of investing were often strikingly diverse, as were their reported levels of expertise in this area. What stood out in our conversations was the overwhelming sense of responsibility almost all interviewees attach to their wealth. Viewed through this lens, investing becomes a surprisingly emotional issue that triggers a range of conflicting feelings they at times struggle to reconcile. While around a third of interviewees manage their own investments, the majority delegates this task, underlining the important role of wealth managers and financial advisors.

## Investment goals

The individuals we interviewed for this report come from and live in countries all over the world. The financial positions they described are just as diverse as their cultural backgrounds. Some have already inherited their assets, while others have yet to receive the bulk of their wealth. Some are actively involved in the businesses that made them wealthy, serving as shareholders or on boards, and continue to derive their wealth from those companies, while



others are further removed from the original source of their wealth. Consequently, the degree of influence they have over investments – and the amounts invested – varies widely. In some cases, the wealth appears to be managed in a more centralised way, providing a steady source of income, some of which interviewees choose to invest on their own terms. Other individuals already have their own, separate pools of significant wealth. In other cases, the arrangements are mixed.

The investment objectives expressed by the interviewees varied according to their position. The same is true for the depth of their financial knowledge. For the funds at their disposal for their own investments, individuals generally expressed the following goals:

1. Preserve and/or increase their wealth
2. Generate sufficient income for themselves and their families
3. Align with their values or at least not harm the planet
4. Create liquidity for philanthropic work
5. Support companies that make a positive impact in an area of personal interest
6. Contribute to positive systemic change

While goals 1–3 were almost universally acknowledged, the majority of interviewees also indicated that they were already pursuing, or planned to pursue, goals 4–6.

The majority of interviewees take an almost surprisingly holistic view of their finances, seeing their investments as part of the wider life choices they make. A reckoning with their privilege and the need to reconcile it with their values seems to be a virtually universal experience among the next generations of wealth holders. In this context, they expressed a strong desire to align their investment decisions with their overall values and/or issues they care about.

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**I intend to preserve and grow it and pass it on. Definitely not diminish it.**

Around a third of interviewees admitted that it can be difficult to reconcile their sustainability goals with returns. However, they reiterated their desire to implement strategies that reflect their deeply held values and a commitment to sustainable and ethical practices. Some suggested that they would accept concessions on financial returns for the sake of sustainability because they see great risks in exploitative business practices. A common phrase used by interviewees was that they were seeking to “balance” financial returns with environmental and social impact.

# Arieh and Nachson Mimran – Our journey to make money, do good and have fun at the same time

Inspired by the pioneering work of our father and by the example of our mother who passed away too early, we embarked on a journey to figure out how to make money, do good, and have fun, all at the same time.

We had a clear goal: to blend our passion for creativity and humanity with a commitment to supporting vital entrepreneurs driving the change the world needs.

This led us to establish [to.org](#) in 2013. To.org comprises a venture capital fund focused on accelerating vital solutions to Earth's greatest challenges and a philanthropic foundation that empowers opportunities for creativity and well-being for those displaced from their homes due to conflict and climate change.

At to.org we support a broad spectrum of initiatives, from global creative activism – provoking some of the world's largest companies such as Mattel, the manufacturer of Barbie, to use more sustainable materials, to collaborating with refugee communities to deliver opportunities and resources that empower

them. [The Bidi Bidi Performing Arts Centre](#) – launched in December 2023 – is a performing arts centre in Northern Uganda's Bidi Bidi refugee settlement. An overnight success, thanks to the dedication of on-the-ground refugee-led organization; SINA Loketa, and our partners at Playing for Change Foundation, the centre is already unlocking vast creative talent.

For 2024, we've turned our attention to Kenya's Kakuma refugee settlement where we are in the initial stages of launching a space focused on physical and mental well-being. Here we are applying the same guiding principles we used in Bidi Bidi to change the narrative around what it means to be a resident here, creating an environment where young refugees are empowered to thrive rather than set up to fail.

In Switzerland, we champion the coexistence of luxury and sustainability in the Saanenland, where we spend a lot of time and where we launched The Alpina Gstaad – the first hotel in Switzerland to earn the prestigious [EarthCheck Gold certification](#), a significant milestone in our journey toward a CO<sub>2</sub>-neutral Gstaad.



We believe it's time to demonstrate that financial gains can coexist with positive impact. Our family office and investment vehicle can play a role in addressing even the most pressing global challenges, as we can concentrate on long-term investment horizons. We leverage our position to advocate for innovative investment approaches, such as those implemented by our decarbonization fund and the TO VC fund, which emphasizes sustainability and responsible practices in climate investing to ensure that future generations inherit a healthier planet.

The next few years are crucial, a time when the choices and actions taken by us all have the potential to ensure a thriving planet for future generations. Looking ahead, we envision a future where more entities adopt this open-source, collaborative approach to philanthropy and investment. We want to see a proliferation of initiatives like to.org and TO VC, each with its unique flair and focus, collectively working towards a more sustainable, more equitable world.

Over two thirds of the interviewees said they were already involved in impact investing. It should be noted, however, that there appears to be some confusion about the exact definition of impact investing, so this figure may therefore be factually inaccurate. Nevertheless, it highlights a growing interest among the next generations of wealth holders in aligning at least part of their portfolios not just with sustainability goals, but with the desire to make an active, positive impact on people and the planet. Furthermore, some interviewees shared the view that profits should not be the main goal in and of themselves. One interviewee said “You realise that you’re investing in something awful for the world and at that point the financial return becomes absolutely meaningless.”

Among those who seek to support specific areas of interest with their investments, promoting the United Nations’ Sustainable Development Goals (SDGs), environmental protection, circular economy principles, healthcare, education, women’s empowerment and agriculture featured prominently. One respondent spoke about their family’s deliberate effort to invest in educational programmes for underprivileged communities, viewing it as an investment in both human capital and social stability.

When discussing the broader goals pursued with their investment activities, many interviewees mentioned sending an important signal to the public and benefiting the image and reputation of their family’s business. Similarly, some spoke of the systemic impact they wished to have by investing responsibly and engaging their peers in conversations about sustainable investing. Some interviewees had gone further by pressuring the financial institutions that their fam-

ilies had selected to influence their business practices and strategy.

In summary, all of the individuals interviewed for this report are at least trying to preserve their wealth through their investments. A few admit that they have funds at their disposal that they could afford to lose completely, and that they deploy these in a less risk-averse manner. A couple of interviewees eschew sustainable investing altogether and instead pursue their social and environmental goals through philanthropic work. However, the vast majority is already engaged in some level of sustainable investing, or even impact investing.

### Approaches and strategies

Interviewees’ approaches to making investment decisions vary widely. Some prefer to manage their investments independently, leveraging their own expertise and enjoyment of portfolio management, while others adopt a more hands-off approach and prefer to outsource decision-making. While around a third of interviewees manage their investments themselves, another third delegates them primarily to a family member or a family office. The remaining third delegates this task mainly to a wealth manager.

Among the latter group, some interviewees admitted to having limited knowledge of and interest in financial matters. A handful conceded that interaction with their financial advisor or wealth manager was minimal, and that beyond general discussions about risk appetite and preferences, there was little if any focus on sustainability in their portfolio. The lack of knowledge about sustainability on the part of asset managers and financial advisors can be a source of frustration for the interviewees.

Others in the group who choose to delegate their investments opt for a collaborative approach. They actively engage with financial advisors or family offices who manage the complexities of investment strategies. While there are different levels of involvement, one individual, for example, outlined their process, saying that they take a keen interest in equity investments and often approach their financial advisor with concrete ideas they want to discuss directly. Another interviewee briefed their family office on their investment preferences and directed them to invest in healthcare and medical technology, emphasising contributions to societal well-being. This collaborative model often extends to exchanges with peers or mentors who offer insights and perspectives. However, only a quarter of interviewees said that their peers ultimately influence their investment decisions.

beneficiaries, wealthy. Others implied that they could lose virtually all of the money they invest privately without facing financial difficulties, meaning they can still afford to take risks in their investment strategies.

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**You need to look at your different types of asset classes: with some you have stable returns and in other cases you have impact.**

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**The willingness to invest in things that are destroying the world is symptomatic of a bigger problem, and reflects our false sense of separation from the world and nature itself.**

Only a few interviewees who manage their own investments are directly involved in more centralised investment decisions that impact the businesses that have made them, as well as other family members or

Education plays a key role in individuals' investment approaches and their level of involvement in decision-making. Some say they have “inherited” financial literacy from their families, with parents actively educating their children about wealth management. Others pursue more formal education or specialised courses to increase their financial acumen. The variety of approaches outlined by interviewees is a testament to the nature of investment decision-making, where personal interest, professional advice, peer influence and education all contribute to informed financial choices.

Interviewees' investment preferences depended on their financial goals and risk appetite. The majority of interviewees favoured long-term, lower-risk strategies aimed at preserving their wealth. Most of the approaches described in conversations reveal a strong interest in balancing financial returns with social and



# Rudolf Hilti and Anouk Hilti-Zingg – We are what we invest in

Born into entrepreneurial families, we live our lives with an open-minded approach, guided by an inner compass of principles and the belief that “you are what you invest in”, just like “you are what you eat.”

We believe that wealth should not be measured according to absolute amounts but seen as catalytic capital that is leveraged by knowledge, experience and networks to address issues and contribute to collective impact.

We are often frustrated by the misconceptions surrounding the concept of sustainability, a term we feel is frequently (mis-)interpreted to serve individual and corporate interests. Real impact requires a genuine commitment to environmental and social responsibility, and it must be lived as well as promoted.

We prioritize impact funding, be it philanthropy or investments, that promotes environmental, social and economic sustainability while embracing a systemic perspective. We do not focus on specific solutions but are sector-agnostic actors focusing on high-potential individuals, promoting them within relevant contexts. Knowledge alone is not sufficient and investing in good ideas without deliberation is also not effective. Our approach to supporting the right ideas is to create contexts where we encounter topic experts we can rely on. We operate in an ecosystem, relying on networks for due diligence.

The idea for Carbon Pool, an in-kind carbon credits insurance that pays claims in carbon credits, was sparked from one of our formats. Their proposition underlines the systemic shift towards carbon as an asset class and will enable more institutional capital inflows into the carbon markets, which are much needed.

We are concerned about the next generation's ability to tackle the complex challenges facing our planet and its beings. We worry about whether they will approach these issues with the necessary rigor, energy, creativity, systems thinking and authenticity. We believe that fostering a sense of purpose and responsibility in the next generation is crucial for our society.

Given the expectation that 70 per cent of wealth will be inherited by women in the next two generations, we see that women can play a pivotal role in shaping the future of finance. We launched an initiative to engage women to accelerate and scale impact in the financial industry. When women share knowledge and support each other, they can fundamentally shift the paradigm. We hope that these women lead the dialogue with their family members and advisors with the goal to align their investments with their personal beliefs and values.



In the end, it still requires entrepreneurial acumen and the drive to make things happen. One must also be willing to let things go in order to focus on new opportunities. Change often involves disruption and undertaking risks, but also accessing opportunities outside of the standard risk-return framework. Different forms of private capital, be it philanthropy or impact investments, are needed to catalyse and de-risk impact propositions at the very beginning, unlocking other sources of capital. Creating impact through your private wealth means being part of purpose-driven investment strategies that go well beyond an ROI solely driven by financial success.

environmental impact, and appear to reflect deeply-held values and a commitment to sustainable and ethical practices. When it came to concrete investment strategies, however, the level of detail provided by interviewees varied widely. To gain more clarity, more focused conversations, including with wealth managers and financial advisors, would be necessary.

Based on the information shared during the interviews, we conclude that the next generations of wealth holders are pursuing investment strategies along a spectrum that can broadly be divided into the following buckets:

- Mainstream investing, driven by performance-based research and analysis
- Strategies that seek to balance financial performance with social and/or environmental impact (e.g. by integrating environmental, social and governance (ESG) factors)
- Value-driven investing (e.g. focusing on a specific area of interest or applying exclusion criteria)
- Strategies that clearly prioritise sustainability over profit (many interviewees place impact investing in this category)

Once again, within these four sub-categories, we understand that there is a range of approaches taken, with some interviewees reportedly adopting a mix. Risk tolerance is a determining factor in the strategies chosen. For example, while one interviewee passionately advocates for active investment strategies that go beyond the passive accumulation of capital and deploys resources into diverse opportunities, another prioritises the funding of impact ventures and green technologies to promote environmental sustainability. Some interviewees are challenging conventional ESG investing norms by advocating for more stringent standards, while one interviewee places a strong emphasis

on effective risk management alongside investments that deliver positive societal impacts. Another interviewee is crafting a personalised investment strategy to achieve financial profitability and meaningful social outcomes. Yet another interviewee explained that “I wouldn’t buy a stock if I didn’t believe in the purpose of the company.”

While many interviewees spoke at length about their efforts to balance sustainability and profit, we understand that often, this does not necessarily mean that their entire portfolio applies sustainability standards. When referring to balance, it can also mean that they are pursuing both more traditional investments as well as sustainable and impact investments. At the other end of the spectrum there is one interviewee who takes a conservative approach to investing, focusing on long-term wealth preservation, and another who reports that they avoid financial markets altogether, opting instead for low-risk investments such as fixed-term accounts, emphasising stability over potential high returns.

In terms of asset classes and investment areas, interviewees generally indicated that they have diversified portfolios, citing investments in:

- Fixed income
- Equities (including public and private equities, venture capital and high-risk early-stage investments)
- Alternatives (eg real estate, cryptocurrencies)
- Purpose-driven investments (social impact bonds, impact investments, thematic investments)

In addition, while not directly part of their investment strategy as such, it is worth noting that as stakeholders (including in their family’s businesses), interviewees often practice what’s known as “engagement”. This means that they actively seek a dialogue with a

company's leadership, Board and shareholders to promote more sustainable business practices, both in terms of its operations and investments.

A few interviewees shared stories of engaging with powerful family members to move them towards more responsible business and investment strategies. In this context, one interviewee noted that the family had put in place an agreement setting out its duties as shareholders to ensure that it acts in the long-term interests of the company and family. Another interviewee spoke in this context of their decision to overhaul their family's manufacturing processes to reduce environmental impact, demonstrating a shift towards sustainability in line with modern ethical standards.

To convince their risk-averse families of the benefits and profitability of impact investing, a few interviewees talked about identifying and sharing promising opportunities. One even managed to convince other investors to persuade their family to get involved, while other interviewees offered family members repayments or profit shares for joining their more impactful investments.

In the case of one interviewee, engagement extended beyond the family: they shared the launch of a collaborative platform for influential family offices and impact investors with the aim of working together to spark an "impact revolution."

## Challenges

The two most-cited challenges interviewees experienced when investing sustainably were doubts about financial performance and a lack of clarity about definitions. Around a third of interviewees believe that they have to make concessions on prof-

its to ensure they are not harming the planet and its people. Interviewees underscored the dilemma between generating returns and opting for sustainable investments. Notably, many said that this is the message they had received from their wealth managers or family officers. One person even stated that their financial advisor is clearly reluctant to invest in such types of investments. Admitting their own lack of financial literacy, they trusted their expert's advice, but at the same time admitted experiencing some frustration at this resistance.

This dilemma reflects a wider issue investors face: the often-mentioned trade-off between financial returns and the pursuit of environmental and social impact. Indeed, there appears to be, for many, a disconnect between investments and their consequences. We understand that this perceived incompatibility often results in interviewees maintaining a traditional core investment portfolio, complemented by more sustainable or even purpose-driven investments that are not expected to deliver financial returns.

While reservations about the profitability of sustainable investments were common among the interviewees, a few held very different views. These individuals tended to take a more long-term perspective on the relationship between planetary health and the economy, arguing, for example, that traditional investments, such as in fossil fuels, simply don't make any sense to them anymore, considering the enormous risks they see associated with them. One interviewee spoke passionately about their belief that impact can in fact be a driver of success. As one interviewee put it "What we have found is actually very encouraging: many companies can, in fact, be successful because of the impact they deliver rather than in spite of it."

# Natasha Müller – Using wealth to promote mental health through activism, philanthropy and impact investing

When I was 17, my father, who suffered from bipolar disorder and depression, tragically died by suicide. I was left with a big inheritance, which, in all honesty, I had no idea how to manage.

Inheriting at a young age can be deeply traumatic, complex and difficult, and the experience taught me the importance of transparency and having early conversations about wealth within families to avoid





arguments, feuds and conflicts. In the words of my mother, "Just because something is difficult, it doesn't mean that it shouldn't be addressed." This is advice I hope to pass on to others too.

As I started to learn more about sustainable investing through family deals, I realized that I want to use my wealth purposefully. I decided to split my assets from my family's and for the past ten years, have been moving my portfolio fully towards impact investing, though I recognize that getting to 100 per cent is challenging. My approach has evolved over time to one that is holistic, focused on systems change and that intentionally blends three different forms of capital: activism, philanthropy and impact investing. As a philanthropist, I might fund research that provides critical information to a company that I have backed. As an investor, I am helping a commercially viable idea to grow. And I've used activism, advocacy and human capital to get that idea on the political agenda, influencing hearts and minds.

My impact investing strategy is focused on climate (including food systems), health and gender with a diversity overlay. Underpinning all my work is a focus on mental health. When I started funding mental health, it was a very new field. I began my journey by supporting community centres for group therapy. As my vision expanded to include policy change, I became increasingly interested in the power of ad-

vocacy and funded [United for Global Mental Health](#), a catalyst organization that brings ambition to global advocacy, and supported organisations engaging in legal reforms related to death by suicide.

Currently, my support for mental health focuses primarily on youth, low- and middle-income countries and climate. For example, I seed funded COP<sup>2</sup>, a global network working to strengthen our collective ability to endure and adapt to the climate crisis. I have also funded climate cafés where people can get together and talk about their anxiety around climate, and I supported climate activists on the frontline to help them avoid burnout. In addition, I'm also working with UNICEF as a [Next Gen Principal](#) to help shape a better future for children.

Looking back, I realize that it took me a long time to truly understand my focus, my approach, and to find the right community of like-minded people. Over time, I have been able to build my network and lean on some incredible people who have helped me along the way. One last lesson I wish to pass on is that, if each generation works to put their own house in order, it avoids placing a burden on the next.

Interviewees almost universally criticised what they saw as an inflationary use of the concept of sustainability in investing. Many feel that financial institutions and companies themselves are stretching the term and reframing stories to fit the label. They expressed concern about greenwashing, with some questioning the efficacy of mainstream sustainability practices and ESG standards. A few called for more substantive and transformative approaches, but again acknowledged that those may not meet the financial objectives of most investors.

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**I do not believe that you can achieve the same returns as before without harming people and nature. Instead, I'm looking for a middle ground between profit and sustainability.**

Interestingly, in line with interviewees' reservations about the term sustainability, they tended to use different language to describe their own efforts. ESG – often used as a baseline for sustainable investing – seemed to be understood by many as a bare minimum. At the same time, less than two thirds of interviewees said they consistently apply ESG guidelines or stricter criteria to their investments. Other words used to talk about these efforts include “responsible”, “value-based” and “purpose-driven” investing.

In fact, the terms interviewees seemed most comfortable using to describe their intentions were “impact” and “impact investing”, in that order. Again, the lack of a clear definition was a recurring theme. Despite these frustrations, a significant majority – about seven out of ten interviewees – said that they were already involved in impact investing, with half of them aiming to further increase their allocation.

This wish, while very much in line with our overall findings regarding interviewees' goals and motivations, would also suggest that, as described above, many next generations of wealth holders are separating their core portfolios from their impact portfolios. It is unclear how they allocate their investable assets between the two, but this trend could mean that most interviewees remain heavily invested in mainstream strategies that run counter to their stated sustainability goals.

One challenge cited by interviewees who identify as women was sexism. A few said that they had encountered difficulties when interacting with wealth managers and advisors, feeling that their perspectives were not taken seriously, even though they were investing on the interviewees' behalf. This issue seems to cut across cultures and geographies. One respondent co-founded a network for women wealth holders, enabling them to learn, network and become more involved in their wealth management and impact. She was open to participating in this report because she believes it is important to share her experiences and challenges as a wealth holder, and to build a community around this issue.

One of the most striking revelations from interviews conducted for this report was how strongly most interviewees feel about aligning their investments with their values. In most cases, these values included a desire to “do no harm” and to act responsibly and with a long-term perspective to safeguard the health of the planet, people, societies, and, by extension, economies. Practically every interviewee also said they shared their values with their family, suggesting the existence of a large, hungry market for wealth managers who can meet this demand for a values-based, sustainable investment offering that can also deliver attractive returns.

We were also impressed by the sincerity, curiosity, humility and honesty that the next generations of wealth holders bring to their investment decisions. Interviewees had a keen eye for identifying greenwashing and repeatedly called out specific asset managers for their exaggerated and questionable sustain-

ability claims. At the same time, while they feel a strong desire to “invest better”, many admitted that, to date, they have been following more pragmatic – “balanced” – and risk-averse investment approaches. Based on the conversations we had however, we would venture to state that, simply put, they are doing this for lack of a better option. Confusion with regard to the terminology used in sustainable investing and a lack of expertise on the part of wealth managers and advisors are also giving rise to misconceptions about the limitations of sustainable investing.

We believe wealth managers and advisors could have the most important role in the transition to a more sustainable investment landscape. However, their expertise, advice and offering must evolve to meet the demands of the next generations of wealth holders. Many interviewees already show a strong interest in sustainable and impact investing, and are frustrated with the existing offering.

## In the words of the next generations of wealth holders

- “Don’t spread yourself too thin by investing in too many things too quickly.”
- “Be patient and focus on a few areas that you are passionate about and can learn from.”
- “Take responsibility so that sustainable investments become the norm.”
- “Focus on educated investments.”
- “Pay the most attention to how to invest and how to spend wealth.”

While interviewees’ investment strategies and preferences have varied widely to date, we believe that most of the individuals we interviewed would be compelled to invest a significant portion of their wealth in a low-risk, sustainable strategy that can deliver reliable returns over the long term.

# Sustainability in investments

There is no single, universal definition of sustainable investing. However, we drafted this feature to explain the myriad terms that interviewees used in our conversations, largely basing the definitions on those used by the OECD<sup>2</sup>. The terms “responsible” or “sustainable” investing are sometimes used interchangeably, although on closer examination they are distinct. They both describe a range of strategies aimed at minimising negative externalities of investments. Most commonly, the financial industry places investments on a spectrum, ranging from those that are solely focused on returns to philanthropic engagements. The following is an overview of common terms used to describe approaches within the “sustainable investment landscape”. One important tool that is often used is ESG investing, an approach that considers how environmental, social and governance factors can affect the long-term return of assets and securities.

**Responsible investment** is an umbrella term for the various ways in which investors can take ESG into account when selecting securities and constructing portfolios. It aims to combine financial and non-financial outcomes and complements traditional financial analysis and portfolio construction techniques. At a minimum, responsible investing consists of mitigating risky ESG practices to protect value. To achieve this goal, it considers both how ESG factors may affect the risk-adjusted return of an asset and

the stability of an economy, and how investment in and engagement with assets and investees may impact society and the environment. Responsible investment is sometimes used as an umbrella term for some (or all) of the investment approaches discussed in this feature.

**Socially responsible investment (SRI)** refers to approaches that use social and environmental criteria to evaluate companies. Investors implementing SRI usually assess companies against a chosen set of criteria, often in conjunction with sector-specific weightings. A hurdle is set for qualification within the socially responsible investment universe, either based on the entire universe or on a sector-by-sector basis. This information is used to conduct a first screening that produces a list of SRI-qualified companies. An SRI ranking can be combined with other strategies.

**Best-in-class investment** involves selecting only those companies that pass a defined ranking hurdle established using ESG criteria within each sector or industry. Companies typically are scored on several factors, weighted by sector. The portfolio is then constructed from the list of qualifying companies. Not all best-in-class funds are considered responsible investments. Because of its all-sector approach, best-in-class investing is often used in investment strategies that seek to replicate certain characteristics of an index.

<sup>2</sup> See definitions used here: Boffo, R., and R. Patalano (2020). [ESG Investing: Practices, Progress and Challenges](#).

**Sustainable investment** refers to the selection of assets that contribute in some way to a sustainable economy, meaning assets that minimise the depletion of natural and social resources. It is a broad term with a wide range of interpretations that can be used to address typical ESG issues. It can include best-in-class and/or ESG integration, and is also commonly used to describe companies with a positive impact or companies that will benefit from sustainable macro trends. In addition, the term sustainable investing is often employed to describe strategies that screen out activities that are considered contrary to long-term environmental and social sustainability, such as coal mining or Arctic oil exploration.

**Thematic investment** refers to the selection of companies that fall under a sustainability-related theme, such as clean technology, sustainable agriculture, healthcare or climate change mitigation.

**Green investment** is the allocation of capital to assets that mitigate climate change, biodiversity loss, resource inefficiency and other environmental challenges.

**Social investment** refers to the allocation of capital to assets that address social challenges. These can be products that address the bottom of the pyramid (BOP), a term that refers to the poorest two-thirds of the global population.

**Impact investing** describes investments made with the specific intention of generating a positive, measurable social and/or environmental impact alongside a financial return (which distinguishes it from philanthropy). It is typically associated with direct investments into companies, such as private debt, private equity and real estate. These investments provide capital to address the world's most pressing challenges by investing in projects and companies. Tracking the impact is usually at the heart of the investment proposition. Impact investors have different financial return expectations. Some deliberately invest for below-market returns in line with their strategic objectives. Others seek market-competitive and market-beating returns, sometimes driven by fiduciary responsibility.

**Ethical (also known as value-driven) and faith-based investment** refers to investing in accordance with certain principles, often using negative screening to avoid investing in companies whose products and services are deemed morally unacceptable or in violation of certain religious principles, international declarations, conventions and voluntary agreements.











# 4. How wealth is spent

Interviewees provided unique insights into wealth holders' decisions about their expenditures. Unlike other areas of wealth, spending is where wealth holders have the most freedom of choice and where most admitted that their spending habits are the least aligned with their values. Aside from certain areas that are considered acceptable universally, such as spending on housing, health and education, there are no set rules on spending wealth. Family upbringing and broader cultural influences provide some guidelines for spending, but these are very varied and there is often a disconnect between personal passions and ways of enjoying wealth, and public perception.

In this chapter, we take a closer look at the spending of the next generations and examine the influence, especially of families, on what to spend and how to spend. We consider the values and approaches associated with spending, and the spending habits of wealth holders. Other aspects covered include the trend towards more conscious consumption, the enjoyment of wealth and, how wealth holders navigate their passions and pleasures while remaining responsible. We also look at the contradictions that arise when reconciling personal desires with consumption choices and share observations about the cultural differences with regard to spending.

During our conversations, we heard about the struggles of wealth holders to balance their spending for personal enjoyment, the impact this has on society and their concern with how society could perceive this. We noted an apparent lack of in-depth discussions among families on these topics, and believe that having such conversations could be helpful in

many cases. The biggest challenge for most interviewees appears to be how to raise the next generations, who will arguably be born into more challenging circumstances than previous generations.

## Influences

Based on our conversations with interviewees about what they spend, they distinguish between wealth and income, with the former being preserved for investments and the latter for spending or philanthropy. For example, one interviewee mentioned using income or dividends for significant expenditures like education rather than dipping into their core wealth.

Some families granted interviewees complete autonomy from an early age, including encouraging them to spend, while others controlled the spending choices of the next generations much more. There was no clearly discernible pattern in this area. One interviewee mentioned "My sister and I were told to just spend it; that there was plenty more where that came from." while another said that "It was clear in my family that the amount you spend and how you spend is really up to you."

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**We didn't grow up with the notion of spending our wealth; you spend your income and dividends.**

About two thirds of interviewees said that the example set by their families in terms of how to spend focused on frugality and non-ostentatious consumption. Based on our interviews, previous generations who were shaped by periods of economic hardship such as wars and recessions, often adopted a frugal approach to spending. This mindset was passed down, with a focus on the importance of savings and caution in financial matters. However, there are other factors that influence spending behaviour too, including globalisation, technology and social media.

While most families believe that a person's approach to spending is learned through example, some impose specific, sometimes arbitrary, spending guidelines. For instance, one European interviewee said that his parents allow him to buy anything except a specific brand of luxury car, while the family of an Indian interviewee forbade him to buy a specific brand of luxury watch.

However, specific consumption limits and what is deemed acceptable were only sometimes discussed within families, leading to variations in interpretation. This sometimes resulted in dissatisfaction among family members regarding how wealth was spent by other members of the family. For example, one interviewee was confused about why a sibling spent money building a private tennis court when the household already had access to shared tennis courts.

The dynamics of consulting family versus making independent spending choices vary among wealth holders. Some interviewees continue to consult their families when making significant spending decisions to ensure alignment with collective values and avoid

conflicts. In contrast, others prefer to make independent choices driven by personal beliefs and priorities, often seeking to establish their own identity separate from their family's legacy.

### Spending habits

Most interviewees agreed with some basic categories of expenditures. These are housing, health, safety and security, and all forms of education. Many interviewees own multiple houses in different locations for family use, and do not perceive this as grounds for criticism. Spending on health and, most importantly, education was also always viewed positively. Another area that was mentioned quite often was art and different types of collecting. For example, one interviewee explained how she loves living with her art and another explained that collecting musical instruments from the seventies is their passion.

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**The first reason to create wealth is to pay for your family's education.**

Many interviewees also highlighted personal growth as an area worth spending on. In fact, approximately eight out of ten interviewees expressed that they prefer spending money on experiences than material goods. Many wealth holders seek to take a holistic approach to their lives, prioritising the creation of lasting memories and meaningful personal development over accumulating material possessions. They

## Anita Ibru – When women are silenced and overlooked, family legacies may be at risk

As the eldest of five children, I have always felt a strong sense of responsibility towards my family. My father, born in Delta, Nigeria, was a visionary. He founded [The Guardian Newspaper](#) in Nigeria, owned real estate in the UK and held significant stakes in hotels over there.

Since my father passed away in 2011, our family has faced numerous challenges in managing his holdings while trying to uphold his legacy. The devaluation of the Nigerian currency exacerbated this tumultuous period. Other challenges include the question of the tax implications of our dual citizenship in Nigeria and the UK – which had to be explored – as well as the digitalisation of the newspaper and the struggle to keep it financially afloat. Additionally, my cultural heritage made matters more complicated. While the UK approach favours selling assets and moving forward, the Nigerian approach is more sentimental, emphasising family ties.

I have personally faced numerous challenges within my family, trying to maintain the business, and contending with Nigeria's attitude towards women, who continue to face significant cultural and gender obstacles. Although many women run companies, the official title often belongs to a male CEO. This is even more difficult for divorcees in a conservative African culture where women's voices are often silenced and their ambitions overlooked, even though they work hard to preserve the family's wealth and uphold legacies.

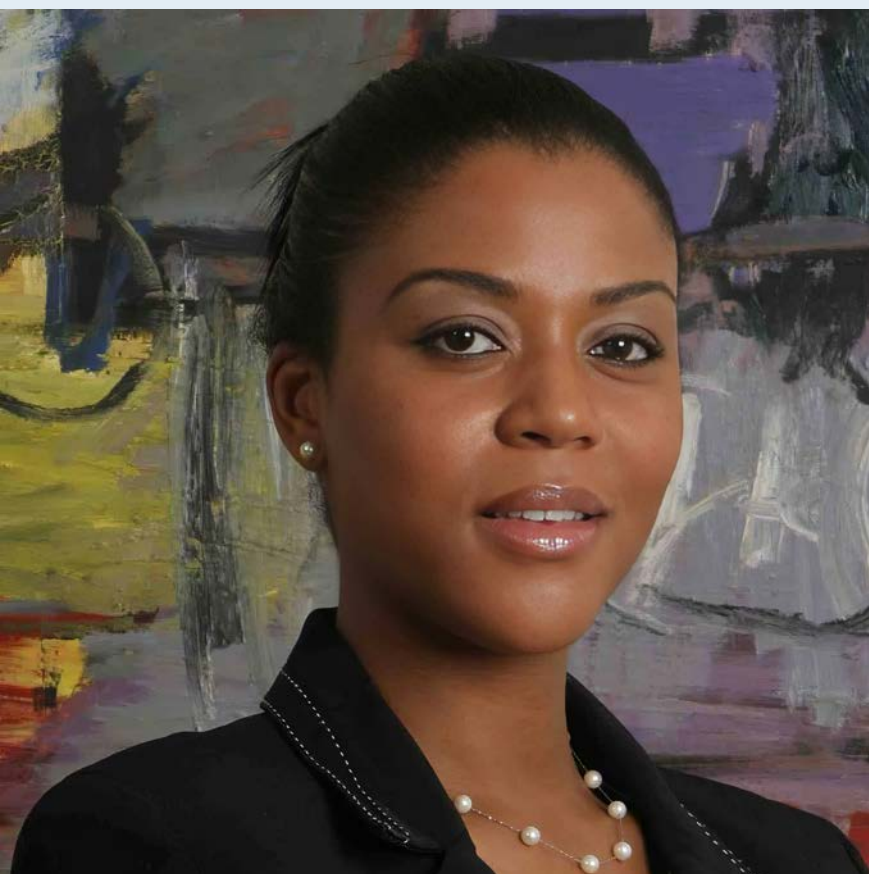
Promoting women in companies is also challenging in Nigeria, and there is a pressing need for more education and support to help women become leaders. They also need the means to travel and gain exposure to diverse experiences to enhance their learning and interactions with different people. I believe that business thrives through contacts, and many opportunities arise from attending conferenc-



es and traveling. The situation is not much better in England, which is where I realised how difficult it is for women to fight against Goliaths – for example in court –whether they are extremely wealthy men or other powerful adversaries able to thrive in what appears to be an enabling environment for those keen on entertaining family disputes and litigation.

All this exposure has now motivated me to act. I strive to balance my two cultures, ensure the continuity of my father's name, and empower women to become visible and confident leaders. Determined to prevent other women from facing the same challenges I did, I founded Investing in Women, a global social impact organisation focused on connecting, empowering, and amplifying women through content creation, speaking engagements and live media events. I believe that when women connect, share their experiences and learn from one another, they can feel safe, find new freedom and step out of the shadows of their male siblings and husbands. However, they cannot do this without a sound education, which equips them with knowledge, skills and confidence.

To this and the next generations, I advise embracing further education for women, developing an inner strength to overcome personal, cultural, and family challenges, always getting up after setbacks, repairing systems that help everyone and amplifying strong voices for women.



value experiences that enrich their lives and foster personal growth such as travel, various forms of education and cultural engagement. This approach also reflects a broader societal shift towards valuing quality of life and well-being, and finding meaning and satisfaction beyond material wealth, for example, by focusing on activities that offer emotional and intellectual fulfilment.

Things such as traveling to remote destinations, certain types of sports, cultural activities, experiencing the arts, wine-related experiences and fine dining are valued for the happiness and lasting memories they create, enriching personal and family life. Many interviewees seek exclusive experiences that money alone can't buy, such as private access to world wonders or encounters with rare charismatic megafauna (such as a trip to the South Pacific to see whales birthing). One interviewee, for instance, emphasised the importance of art, how enriching it can be and how it helps him to become a more cultured and historically aware person.

“  
**I don't deprive myself of  
some expensive hobbies or  
pleasures, but I do not see  
money as a source of purpose.**

While there is a noticeable trend among many interviewees towards prioritising experiential spending over accumulating material possessions, in very personal discussions, we also learned that part of the reason for this could be that expensive “experiences” can be more easily kept private in a way that material possessions are harder to hide, and that much of

the criticism of wealthy individuals is levelled against their accumulation of material possessions, not against their expenditures on “experiences.”

### Conscious consumption

Cultural and societal changes have also impacted the spending habits of the current generation. With growing emphasis being placed by the next generations of wealth holders on sustainability, ethical consumption and the value of experiences over material possessions, there is a wider shift underway towards more conscious consumption. This reflects a broader societal trend where individuals are seeking to align their spending with their values, such as environmental sustainability and social responsibility.

For example, one interviewee prioritises the broader impact of her spending, questioning the necessity of luxury items like private jets, and considering their carbon footprint. Her parents' generation, in contrast, focused on cost-effectiveness. Another interviewee exemplifies this approach by spending on personal enjoyment and community-oriented expenditures, such as buying locally produced goods, ensuring that his wealth contributes positively to societal well-being. Another interviewee talked about spending money on starting an eco-friendly, sustainable cosmetic company as a pet project, acknowledging that it may or may not generate profits, but emphasising the value of the learning experience.

One interviewee talked about trying to reduce their consumption and making more mindful choices, such as buying long-lasting products, avoiding fast fashion and preferring sustainably grown food. Yet another interviewee favours locally produced goods to support local economies.

Practices for conscious consumption mentioned by the next generation of wealth holders interviewed included:

- Being mindful of product origins and buying closer to home to avoid unnecessary additional transportation and to support local economies
- Buying locally produced and in-season food
- Buying second-hand goods
- Choosing shared ownership schemes
- Focusing on learning, personal development and elevating human consciousness
- Preferring goods and services that are aligned with the circular economy movement
- Prioritising spending on sustainable brands and products
- Prioritising quality over quantity
- Taking a minimalist approach to consumption

During the interviews, we also discussed expenditures that are considered more luxurious. Some interviewees utilise their wealth to indulge in what they consider to be luxuries, such as expenditures on their homes, clothing, food and wine. These expenditures, driven by a desire to enhance life, focus on personal enjoyment and the acquisition of beautiful things. An inherent human tendency to seek pleasure and comfort can drive luxury spending, even among those interviewees who strive for value-aligned consumption. The most criticised among such expenditures were those for fashion goods.

“

**I try to buy less stuff, better quality and closer to home.**

Many felt the need to justify their consumption of luxuries, reflecting a tension between their values and desires. The feelings they expressed often includ-

ed a mix of guilt, justification and the pursuit of enjoyment. Many individuals acknowledge indulging in areas that they view as shameful, such as purchasing luxury items or spending money on activities with a significant environmental impact, like frequent flying. One interviewee said “I could probably have a more significant impact on climate action if I stopped flying rather than giving money to projects which tackle climate change.” Despite this awareness, there is an understanding that living life fully and enjoying one’s wealth is also important.

### Contradictions

Around half of the interviewees admitted that compared to other aspects of wealth, their spending habits are the least aligned with their values. While they strive to align their expenditures with personal and family values, spending often emerges as the least congruent aspect of their holistic approach to wealth. Many acknowledged contradictions in their spending habits and frequently felt the need to justify their indulgences to themselves and others. This internal conflict highlights the complexity of navigating wealth in a modern context, where societies are evolving along different strands. And it has led some interviewees to seek to compensate for spending on luxuries or indulgences that they perceive as “negative” with more “positive” expenditures such as conscious consumption and seeking out more sustainable goods and services, or spending to address societal issues, including through philanthropy. Indeed, some interviewees also see their philanthropy, which is explored in more depth in Chapter 5 How wealth is given, as a “spending” choice.

Some interviewees said they offset certain expenditures by also spending money to do good: “For every ‘frivolous’ purchase I make, I make sure to set aside a similar amount to donate.” said one interviewee. Another interviewee explained that she matches her donations to her overall expenditures, in effect

# Hassan Kassam – It's time to elevate the consciousness of humanity

Today, I am healthier than ever, and thriving beautifully. I was born in Pakistan and moved to Dubai at the age of six. Being 2nd generation in a family business growing up had a tremendous amount of expectation and learnings.

Whilst in Toronto at the age of sixteen, I faced a key decision: fully pursue my passion for golf, or continue my studies at the most prestigious high school in the country. I opted to stay in school and gave up on my dream. Though it was difficult at the time, and I had moments of regret, in hindsight, I don't regret it. Life taught me that it is not about right or wrong. The way we approach life and difficult decisions is truly about adopting the right mindset, understand-

ing the power of silver linings, and practicing gratitude. In the end, the path I chose taught me the lessons I learned, gifted me the friends I made, and empowered me to live a life dedicated to having a sustainable impact. It was the beginning of my journey towards elevating the consciousness of humanity.

In 2014, real life began. Facing serious health issues was tremendously challenging. However, it also propelled me into detaching from the rat race of life. The next two years felt like a lifetime. However, in 2016, I had a life-changing experience. Guided by my parents' values of being philanthropic, I served in a refugee camp in Northern Greece. I felt passion and fulfilment, a huge benefit of being of service.



I started a conscious journey. I shifted my mindset from a focus on purely financial return to benefiting humanity and the world through both investments and philanthropy. I am a partner at an AI tech company, we use technology to help businesses function more efficiently. Among the organizations I partner with and invest in they have a common theme. Their succeeding creates a huge benefit in the world. Whether it is a social enterprise catalysing philanthropy, or deep tech funds that are innovating the most advanced technologies to solve the world's biggest problems, 80 % of my work is around catalytic impact. Going forward, I plan to shift my portfolio even further towards projects that elevate human consciousness and awareness. I plan to support initiatives that promote this goal, enhance well-being, and foster a more loving collaborative world. Whether through technology or other means, the focus is to enable individuals to realize that everything they need for contentment is already within them.

I live by three main principles; enjoy myself, self-evolution, and service. To the next generation, my advice is simple yet profound: listen and serve. By genuinely listening to others without ego, especially when you don't agree and are emotional, you can learn something and end up with an even better result. Try it, it will serve you well! By focusing on service, we can create a world where people feel fulfilled, and everyone has the chance to live happily.



“compensating” for all expenditures. For every dollar she spends on personal expenses, she donates a dollar. This approach keeps her mindful of her spending and ensures a consistent flow of funds to the causes she cares about. She believes this method balances her lifestyle and commitment to positively impacting the world.

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**I think it's human nature.  
All of us could do something  
better. We could all eat better,  
exercise more, and not spend  
money where we shouldn't.**

Other interviewees focus not on the amounts given, but on the categories of expenditures that should be compensated for, for example, paying to offset carbon emissions for private flights. One interviewee balances her love for designer goods by selecting sustainable brands, thus blending personal pleasure with conscious consumption. Another example is an interviewee who sees real estate as a sensible investment and allocates a significant portion of her wealth to it. Conscious of the environmental impact of her purchases in real estate, she opts for sustainable and eco-friendly assets whenever possible, aligning her spending with her personal beliefs and aiming to contribute positively to the environment.

Another interviewee put forward a very thoughtful perspective. She acknowledges that everyone has areas where they may not strictly adhere to sustainable practices, acknowledging that she is no exception. While she strives to make environmentally conscious choices daily, she emphasises the importance of not seeing herself as a perfect saviour of the planet. This self-awareness stems from recognising the inherent complexities and challenges of maintaining a sustainable lifestyle. For instance, while she prefers to purchase eco-friendly products and support ethical brands, she occasionally compromises due to convenience, cost or availability. This dilemma highlights the tension between idealistic values and practical realities. She understands that perfection is unattainable and that the key lies in making progress, not achieving an unrealistic ideal. By acknowledging these imperfections, she hopes to inspire others to take meaningful steps towards sustainability without feeling overwhelmed by the need to be perfect.

### Cultural differences

From talking to the interviewees from all corners of the world, we noted that cultural differences significantly influence attitudes towards wealth, shaping how it is perceived, managed and displayed. These differences vary across regions and countries, and are influenced by factors such as egalitarian values, historical contexts, societal norms, family upbringing, religion and colonial legacies.

In some cultures, openly displaying wealth is an acceptable and even expected way to convey success and social status. We also observed some cultural differences in terms of the enjoyment of wealth, irrespective of what types of expenditures interviewees were making.

At the risk of generalising, wealth holders coming from low- and middle-income countries, where it is generally perceived as harder to create wealth, and where there are usually already high degrees of inequality in society, tend to feel that wealth is meant to be enjoyed while you have it. In some of these societies, lavish lifestyles, luxury cars and grand homes are often symbols of prosperity and influence,

and a certain level of ostentation is perceived as acceptable. Conversely, in high-income countries, there is usually more of an emphasis on equality, prioritising modesty and frugality. Enjoying one's wealth does not come as naturally to those who have it, while ostentation is actively frowned upon and flaunting wealth is often considered distasteful and can provoke a societal backlash.

Based on most of our conversations, one of the most challenging aspects with respect to spending is how the interviewees should educate the next generations. This is something that concerned both those who have children and those who have chosen not to have children or do not yet have any. More specifically, many interviewees realised that the circumstances and cultural norms they grew up with are different to the ones that younger generations will experience, especially in terms of what is acceptable in society and the pervasive influence of social media. By and large, most agree that the circumstances across most cultures make raising children more challenging now than it was during their own childhoods.

### **In the words of the next generations of wealth holders**

- "Teach them not to buy without thinking."
- "Be conscious of what your money is doing in the world and how you spend it."
- "Somebody told me not to spend on goods and services (from companies) where I would not want my children to work."
- "You also need to enjoy occasionally, which is fine."
- "Be aware of the fleeting nature of wealth and maintain personal principles and character regardless of financial circumstances."

# Diana Segantini – Wealth is not about millions. It is about preserving cultural heritage and living sustainably

Growing up in a small Swiss mountain village with just two hundred inhabitants, I developed a deep connection to nature, spending my summers running barefoot through the fields.

Our home was always open, and we took great pleasure in sharing our knowledge and hospitality. My upbringing, shaped by my Viking mother and Italian father, was rooted in the solid values of humil-



ity, gratitude, respect and cultural tolerance. I am profoundly grateful to my parents for allowing me to establish activities dedicated to causes close to my heart, such as cultural dialogue, combating global poverty, addressing climate change and supporting issues in the Middle East. My life mission is to give back and create opportunities for people.

After my father's early passing, the responsibility of preserving our family's artistic heritage fell upon my shoulders. To honour his legacy, I preserve the Segantini Museum, a small museum in the Engadin, and I curate exhibitions all over Europe, aiming to inspire others to cherish and protect their cultural roots. Though exhibitions are demanding and costly, I firmly believe they are essential for preserving our family's heritage and encouraging others to do the same.

Storytelling is a powerful tool for maintaining cultural heritage. My journey as a storyteller began at 13, when I started my "Gratefulness Diary", documenting my travels and experiences. Since then, I have been sharing stories through my work in radio broadcasting and documentary filmmaking. Through these shared stories and collective memories, we deepen our bond with the past and pave the way for future generations.

I am a firm believer in practicing what I preach ("walking the talk"), especially when it comes to raising my children with values of tolerance, sustainability and heritage. I have come to realize that focusing on sustainability requires a significant investment of time and resources and it often comes with a higher cost. However, it is worth it. Notably, as more wealth shifts into female hands, there has been an increase in awareness and sensitivity towards sustainability, suggesting a shift towards more thoughtful and effective action. Therefore, I emphasize the importance of actions over words, guiding my children to make conscientious choices for the planet and humanity's future. I also chose to introduce them to our family's heritage, encouraging their genuine interest without imposing pressure.

Observing today's youth, I notice a distinct shift in values. They are less focused on luxury, consumption and ownership, contrasting sharply with our generation's emphasis on owning a house and car. This generation's detachment from material possessions and their flexible lifestyle choices hint at a broader shift in values – one that prioritizes experiences and sustainability over accumulation. For instance, many young people are choosing to travel and see the world instead of amassing personal belongings. This gives me hope for the future.









# 5. How wealth is given

Giving is an integral part of how next generations of wealth holders put into practice a more holistic understanding of the dimensions of wealth. Philanthropy is seen as going beyond wealth, in practice, bringing all of one's resources, not just financial, to positively impact society and the environment. While philanthropy is practiced in various forms and to varying degrees by virtually every interviewee, a large number thereof want to increase their giving and involvement significantly. This is one of the areas where family values and influence, followed by peers, have the most impact. While the specific cause and way of practicing philanthropy varies significantly across generations, the value of being philanthropic and the broader understanding of the importance of engaging in philanthropy for the benefit of others is clearly transmitted by families.

This chapter explores the diverse and impactful ways philanthropy can be approached, as well as the interviewees' personal perspectives on this matter. We look at how wealth is given through philanthropy and examine the motivations that drive philanthropy, such as family influence, personal experience and cultural factors. We also examine how interviewees engage in philanthropic giving using different approaches, amounts and sources of funding. We delve into the causes they support, including specific themes and areas. The impact of philanthropy, in particular strategic philanthropy and systems change, is also examined. Additionally, the feature entitled "Charitable giving, strategic philanthropy and systems change" helps to clarify the distinctions between these concepts.

We reflected on how much each interviewee's or family's approach to giving is shaped by their unique values, experiences and goals. Even the way individuals and families fund their philanthropic efforts are more varied than expected. We believe that inten-

tional and thoughtful philanthropy, whether project-based or systemic, has the potential to drive sustainable change and promote long-term societal progress. We also noted that although philanthropy is generally considered to be a positive and beneficial activity, some interviewees are critical of its effectiveness. For example, one described philanthropy as "buying a good conscience" instead of addressing societal issues.

**“Philanthropy is more than giving funds. It encompasses volunteering, contributing talents and even helping others to find their own purpose.”**

## Motivations

Most interviewees have a broad understanding of philanthropy, viewing it as utilising wealth for positive impact in various ways, including contributing resources beyond financial donations. The motivations of the interviewees to engage in philanthropy varied widely, ranging from personal interests and passions to family traditions, cultural influences and personal experiences. Many were driven by a need to redefine societal roles and a desire to enable future generations to become influential leaders capable of solving global problems.

Around two-thirds of the interviewees mentioned family involvement in philanthropy. While many strive to align their philanthropic interests with those of their family, some prefer to pursue their passions, and

others base their giving on their personal experiences. From our conversations, we learned that philanthropy is one of the areas where family values and influence have the most impact. However, around four in ten interviewees are also influenced by their peers when it comes to their philanthropic giving.

For example, one interviewee follows the values instilled by his family, which emphasise humility and self-sufficiency to ensure that wealth is used adequately. Despite his philanthropic efforts, he acknowledges the challenge of balancing personal career ambitions with the desire to give more, an area where he feels there is room for growth. Discussions within his family, especially with his sister, reveal an intent to organise and increase their contributions, inspired by the older generation's dedication to giving back.

While many follow their families' examples of philanthropy, the specific motivation for their form of philanthropy is often deeply personal, such as a profound personal experience, circumstance or crisis.

For instance, driven by the loss of her father to suicide, one interviewee focuses her philanthropic work on mental health. Another interviewee was motivated to support children's charities because she cannot have children. Yet a third focuses on social justice as he discovered there is hunger in the area of the country he comes from.

In another example, one interviewee, advised by his father to focus on something larger than himself, decided to revive a closed-down healthcare venture initially started by his grandfather in Pakistan. He began by renovating the hospital and relaunching it as a 25-bed maternal and paediatric facility. Over seven years, he expanded it into a 200-bed general healthcare centre, ensuring its sustainability by diversifying services and initiating outreach programmes in rural areas.

Another interviewee established a girls' advisory council in Austria, which empowers young girls through participatory decision-making. She also focuses on providing comprehensive healthcare services, supporting women's violence-related projects, and partnering with organisations she has personally been involved with. In addition, she addresses food security through ventures in the food and beverage sector, and ensures access to clean drinking water, particularly in underserved areas.

**“  
You need to acknowledge  
that you have a duty to give  
back to society.**

Cultural factors also significantly influence philanthropic motivations and behaviours. For instance, in some cultures, philanthropy is intertwined with religious practices, where giving is seen as a duty mandated by faith. In other contexts, family traditions instil a sense of responsibility in younger generations to practice philanthropic giving. In some European countries, a strong sense of responsibility for wealth leads to a desire to give away significant amounts and address high-level societal issues. In the US, the framing is more tilted towards “giving back”.

For example, one interviewee, motivated by a deep sense of justice and responsibility, works to address global inequalities. With a funding mandate that spans both the Global South and Germany, his foundation targets critical issues such as alternative education, free journalism and financial literacy. He is critical of traditional financial education as he believes it fails to address global challenges. His vision

# Tobias Merckle – Wealth is not for us personally – it should be reinvested wisely to benefit society

When I was growing up, I knew that we were wealthy, but for my family and me, that wealth has always meant we had a responsibility. Our wealth is not for our personal use, it should be reinvested wisely and used for the company and to support its employees, the community and society.

My father started a company in the pharmaceuticals sector, and from day one, he operated it in a way that reflected our values. My mother was the social part of the leadership equation. She introduced coaching, counselling and other social programmes that were available to all of the company's employees, and also started a kindergarten. My father always came home for lunch, which was when everything, including business, was discussed. That was a great way to prepare us for joining the company. But ultimately, my parents left it up to us children to decide how involved we wanted to become in the family business. Today, we take a slightly different approach, and try to prepare the next generation in a more structured, but also thoughtful way. We want them to feel prepared but not overwhelmed.

It was always clear to me that I would join the company. But then, after high school, I spent a year in the United States. I worked with drug addicts and visited someone in prison. It was a life-changing experience that also changed my path. I knew I wanted to work hands-on as a social entrepreneur and tackle these issues. And I was able to do so thanks to my family's support, which I am grateful for.

I founded the NGO Seehaus in 2003. Seehaus is an alternative detention facility that gives hope to young offenders. At Seehaus, these young people learn to take responsibility for themselves and find their place in society instead of falling back into the downwards spiral of criminality. In 2013, I founded Hoffnungsträger, a foundation that focuses on integrative housing for both refugees and Germans, providing an example of what integration should ideally look like.

My family and I want to continue being a successful entrepreneurial family in the future. Each of us has a different role, which everyone respects and appreciates. There is a tradition in our family that entrepreneurship and philanthropy go hand in hand. In the beginning, we placed much more emphasis on supporting employees, because back in the 19th century, it was, for instance, difficult for workers to get access to housing and medical insurance. But as generations evolve, so does our philanthropic focus.

I think there are a lot of entrepreneurs who want to engage in philanthropy but feel they don't have the

time. They are not sure how their money will be used or what kind of impact they can have. And as a result, they don't take that step, or at least not to the extent that they would like to. My latest initiative, Sinngeber, addresses this difficulty head-on. This platform handles all the legal and organisational aspects of giving and makes it easier for German entrepreneurs to engage in philanthropy, also by offering donor-advised funds, which is a relatively new concept in Germany. Sinngeber supports philanthropists, fosters connections and promotes dialogue between philanthropists, thus contributing to the philanthropic movement in Germany.



includes supporting decentralised, innovation-based educational concepts and pushing for an energy sector transformation beyond merely switching to renewable resources. His stance includes a critical view of the perceived Global North's exploitation of the Global South, underlining the need for nations to "wake up" to their responsibility for helping solve the world's problems.

## Engagement

Almost three quarters of interviewees are involved in philanthropy. Unlike previous generations, they usually support different causes and are more personally engaged. In addition to contributing financial resources, most prefer to be directly involved in their philanthropic efforts, which enhances the personal satisfaction derived from their contributions.

The interviewees engage with philanthropy in various ways, from ad hoc to highly planned approaches. Several interviewees also integrate philanthropic objectives into their business practices, and vice versa, also integrate business practices or an investment mindset into their philanthropy. Whether through direct giving to existing organisations, innovative philanthropic initiatives, supporting new organisations or purpose-driven businesses, the common thread between the interviewees is a thoughtful and responsible approach to using wealth for the greater good.

For example, one interviewee engages in philanthropy as he recognises that businesses with a social impact alone cannot address all societal issues. He acknowledges the unique role of philanthropy, especially in countries in the Global South. He has experimented with blended investing, combining philanthropy with investment in start-ups, ensuring that the money can generate returns and continue to provide support over the long term. He emphasises the importance of careful management and the need for philanthropic efforts to be sustainable and impactful. He believes in giving opportunities to others and to tiny businesses, and stresses that philanthropy should be accessible to everyone, regardless of their wealth level.

Many use family foundations to support non-profit organisations or create their own foundations or non-profits. Some interviewees use donor-advised funds and umbrella foundations, and do not necessarily set up private foundations. Overall, setting up a family foundation in perpetuity is becoming less common, and some prefer not to engage with formal structures to avoid the reporting and accounting burden. Many choose not to set up any formal structures for their giving.

**“  
I am convinced that in addition to giving money, you can, must and should also lend a hand, which is a significant factor for successful philanthropy.**

The interviewees engage with philanthropy in various ways, from simple actions and emulating a parent or grandparent by making donations at the end of each year to relinquishing philanthropic decision-making to local communities. The following examples illustrate the range of ways they engage in philanthropy.

- One interviewee's approach to philanthropy is to link her activities to her interests. For example, she participates in sports challenges, such as cycling part of the Tour de France or running the New York Marathon, to raise funds for charity. She also sponsors organisations supporting local artists and students, often buying tickets for conferences to fund their attendance. Although she admits to not having a formal philanthropic strategy, she integrates charitable giving into her life by aligning it with her interests and daily activities, thus making philanthropy a part of her routine.

- Another interviewee's philanthropic engagement stems from a strong sense of responsibility and recognising his substantial wealth compared to many others worldwide. He sees this responsibility as an opportunity to share and give back, emphasising that life is not just about personal gain but about contributing positively to society. His approach to philanthropy is inspired by his grandmother, who was highly philanthropic, and he tries to follow her example on a smaller scale, due to his age (he is still relatively young) and evolving career. The interviewee gives to various charities on an annual basis and was previously involved in running a children-focused organisation.
- One interviewee delegated her philanthropic decisions to a group of randomly chosen individuals who best reflect her region's demographics, including gender, race and income, to decide how to distribute the funds. This participatory decision-making is part of her commitment to democratising wealth distribution. The interviewee believes that taxation is an important democratic tool for wealth redistribution, calling for policies prioritising public welfare over private interests. Her approach challenges conventional models.

Furthermore, many wealth holders who are committed to a cause see it as their role to encourage others to practice philanthropy and, ideally, attract additional funding for the causes they support. They understand that their influence and networks can amplify their impact by inspiring others to contribute. In our experience, most wealth holders who are very active in philanthropy are also actively trying to attract additional funding for their causes; some even actively fundraise. This approach helps them achieve greater scale but also provides validation of their efforts. This is common not only on philanthropy but also in impact investing, where interviewees who invest in such an investment usually promote it to their peers as well.

For example, one interviewee, recognising the power of collective action, co-founded a network for

like-minded peers to share learnings and experiences in philanthropy. This network serves as a platform for exchanging ideas, strategies and best practices, enabling members to enhance their philanthropic effectiveness and broaden their impact. The collaborative environment fosters innovation and encourages participants to think creatively about how to address pressing societal issues.

**“  
Any philanthropist has the  
most privileged opportunity  
to not just give away money  
but to become one of the  
world's best fundraisers.**

Another interviewee, who inherited substantial wealth, joined several philanthropic networks and actively encouraged others to do the same. By participating in these groups, she leveraged collective knowledge and resources, and inspired her peers to engage in philanthropy. Her network involvement underscores the importance of community and shared responsibility in tackling global challenges.

Additionally, these networks provide opportunities for community and mentorship, particularly for those new to philanthropy. Experienced philanthropists can guide newcomers, helping them navigate the complexities of philanthropic giving and maximise the impact of their contributions. The sense of community in these networks can also help provide emotional support and alleviate the isolating nature of managing significant wealth that some people experience. Many recognise that working together and encouraging broader participation can create a more significant and lasting impact by fostering a broader culture of generosity.



## Peggy Dulany – Working together and the inner development of philanthropists

I learned from my mother, who did not grow up with wealth, not to be frivolous or ostentatious. She taught me that wealth is a tool, actions speak louder than words, and that we need to understand ourselves and use our values in the most positive ways. I grew up in a family that discussed and educated us

about privilege from an early age. Although I felt guilty about wealth, I knew that it is much more than the ability to buy whatever one desires. It is also about using social capital, the true form of wealth, by sharing connections, applying skills and influencing others to create opportunities.



Living in a Brazilian favela during my college years, I saw the terrible consequences faced by those struggling for survival due to having no connection to the centres of power, no access to decision-makers and no resources in a country abundant in resources.

I came up with the idea that if I brought together those who have no connections with those who come from all sectors of society, whether government, businesses, foundations, NGOs or community organisations, we would have a greater opportunity for change. This was an unusual idea back in the 1980s. I decided to form Synergos, the Greek word for “working together”. At that time, philanthropists were mostly directing their funding at “band-aid solutions”, at causes they felt might make a difference, such as orphanages and other immediate relief efforts. To me, this was the classic philanthropic charity model focused on addressing symptoms instead of systemic causes, and it did not feel sufficient for justice and equality.

As part of this evolution, we also incorporated into our programmes, whether addressing agricultural issues in Ethiopia or enhancing public education in Brazil, the goals of fostering collaboration and building trust among diverse groups, because we know that collaboration only flourishes when people let

down their defences and connect authentically. Starting around 2003, we incorporated self-reflection practices into all our work as another core principle of Synergos.

I also co-founded, with my late father, David Rockefeller, the Global Philanthropists Circle (GPC) in 2001, which is now a community of over 400 philanthropists and social investors from more than 30 countries including Mexico, Pakistan, Singapore, South Africa, Switzerland and the USA. Through the GPC, we take philanthropists on learning journeys, exposing them to both effective programmes and pressing problems. This approach aims to shift mindsets away from band-aid solutions to explore more comprehensive strategies. I believe our experiential retreats are nurturing leaders who are coming back to their families and communities and making the necessary changes to effect change.

My hope is that those who advise philanthropists will guide them to engage in experiences that allow them to explore their inner reservations and complexities while also understanding the nature of issues like climate change, inequality and social justice. These issues require systemic solutions, which can only happen if people from diverse groups come together.

Some interviewees prefer to engage in philanthropic activities discreetly or anonymously due to safety concerns in some parts of the world. For others, there is a religious aspect at play according to which one should perform good deeds but not speak about them. However, the next generations of wealth holders, especially the younger ones, appear less bound by this approach.

### Philanthropic giving

Philanthropic giving among wealth holders varies; some meticulously plan their contributions while others give more spontaneously. Some create an annual philanthropy budget, and others give based on what they receive yearly.

The amount of wealth allocated to philanthropy varies significantly. Some donate less than one per cent, others between five and ten per cent, and a few aim to give away seventy-five to one hundred per cent of their wealth. In our experience, very few families, even in the ultra-high net worth wealth bracket, give more than five per cent of their total wealth.

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**I want between 75 per cent  
and 90 per cent of our family  
wealth to be given away.**

For example, one interviewee allocates eight per cent of his net worth to a family foundation but aspires to increase this to at least fifty per cent. In contrast, one family dedicates less than one per cent of its investment profits to philanthropy. Meanwhile, another interviewee says their contribution is under five per cent and believes it should be higher. This spectrum of giving highlights the varied philanthropic strategies and levels of generosity that exist among the interviewees.

Funding for philanthropic activities was cited to come from various sources. Some interviewees use their principal capital, while others allocate a portion of their annual income or investment profits to philanthropy. Five in ten interviewees said that the primary purpose of their investments was to have enough profit to fund their philanthropic initiatives.

One interviewee said that her journey into philanthropy had been driven by a sense of responsibility and discomfort with the passive accumulation of wealth. About three or four years ago, she began feeling uneasy about how her wealth grew through stock market investments without any active contribution to the world. This led to a personal crisis centred on whether or not she deserved such wealth. Consequently, she decided to maintain her current level of wealth, aiming for zero growth after accounting for personal spending. Each year, she calculates the difference between the wealth accrued and her spending, and donates this amount, thus ensuring her wealth does not increase over time.

In another example, there is an interviewee whose entire family donates an amount equal to what they spend on themselves each year. They estimate their annual personal expenses, including credit card expenditures, and then dedicate an equivalent amount to philanthropy.

Around seven in ten interviewees aim to increase their philanthropic giving. Some of the reasons cited were greater awareness of the world's systemic issues, a desire to contribute and leave the planet and humanity in a better place for future generations, religious or cultural convictions, and personal traumatic or transcendental experiences. It is worth mentioning that while philanthropic giving is often equated with generosity, in some places, individuals give significantly but because their contributions are either given informally and are not channelled through tax-efficient giving vehicles, they are not counted in official statistics.

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**I have this principle that if I'm going to spend more on myself, I need to give more simultaneously.**

### Causes supported

Those interviewees who engage in philanthropy champion a wide range of causes, including education, health, environmental conservation and climate resilience, gender equality and social justice. One of the critical priorities for interviewees is combating climate change and, more broadly, protecting the environment. Another key topic in many conversations was promoting mental health and well-being. In low- and middle-income countries, philanthropic efforts usually focus on education, followed by health and children overall. The philanthropic themes in high-income countries varied widely, ranging from arts and culture to systems change, promoting democracy, animal welfare, violence prevention, supporting local communities, elevating human consciousness and creating safe spaces for peers to discuss philanthropic giving.

Some interviewees who focus on climate and environmental causes support smaller, agile organisations, while others opt for larger organisations. Other interviewees prefer innovative projects aimed at women's empowerment through microfinance, and training and supporting start-ups with a solid social change focus. One interviewee's commitment to philanthropy is dedicated to deeply personal causes, from supporting gender-sensitive youth work and girls' empowerment to LGBTQ+ themes.

In general, it was hard to predict which causes interviewees focus on. For example, one interviewee actively invests in female-led NGOs and impact compa-

nies, inspired by the unique and humane approaches women bring to their work, often challenging and transforming patriarchal narratives. He admires how women break open traditional structures and offer innovative solutions. While he does not aim to portray himself as a feminist, he recognises the significant potential of supporting such projects. Additionally, he envisions leaving his children a small, unconventional foundation, distinct from what is typical in similar families or his own family.

The belief that saving and enhancing every human life matters, regardless of scale, was a recurring theme among the interviewees. Even small actions to improve humanity and the planet are valuable and contribute to the greater good. At the same time, many interviewees expressed a desire to create large-scale impact, while still recognizing the importance of efforts that benefit a few individuals.

For example, one interviewee embarked on a transformative journey to support mental health, a taboo topic in her community. Initially, she focused on small, ad hoc projects, as mental health was not widely addressed or accepted in her community. As awareness grew and the subject became more common, she began to tackle larger projects. Realising that effecting substantial change required more than project-based support, she then focused on advocacy work. Determined to make a lasting impact, she established an organisation dedicated to providing mental health support through impact investing. Her journey reflects a persistent and evolving commitment to destigmatising mental health issues and driving systems change for how such issues are addressed and supported.

When it comes to geographic locations, interviewees support local projects in various countries and globally. Although children are generally prioritised, when asked about specific populations, interviewees mentioned a wide range of populations that they support.

## Elizabeth Sheehan – Find a great advisor, but more importantly, find your peers and just get in

I grew up in southern Massachusetts as one of eight kids, often sharing a bedroom with three of my siblings. My father, an ex-Marine who had dropped out of medical school, married my mother when he had very little money.

He purchased a small grain and beer distribution company from my maternal grandfather, which he grew from a tiny business, starting with three trucks and about six employees. Decades later, he brought us to a prominent lawyer's office in Boston, giving my siblings and me a file disclosing my shareholding in his company and its value.

I was 30 years old at the time, and I was working in the emergency room as a Physicians' Assistant, earning USD 11.00 an hour. Overwhelmed by the guilt of inheriting this wealth and the fear of not living up to my values, I decided to find others to share similar circumstances. I joined Threshold Foundation, a community of individuals united to create a just, joyful and generative world. I became a member of and then joined the Board of Women Moving Millions in addition to other donor networks.

Upon my father's request, I established the family's foundation, and through strategic long-term grant-making, we granted over USD 35 million across 17 states in the geographic areas where the company does business. Even today, at the age of 91 and 93, my parents live conservatively, and I lead a modest lifestyle despite being a "one percenter."

With a degree in public health, my career has been focused on increasing access to primary care and strengthening health systems. In 2010, I founded Care 2 Communities, a non-profit social enterprise that delivers comprehensive primary health care in Haiti. I eventually suffered from burnout after holding several positions in the company, chairing the Board, and raising USD 1 million a year.

Throughout my career, I have seen a tremendous need for and recognized the need to support collaboratives, which are structures that tackle large systemic challenges such as climate change and health. I am a community member of Co-Impact and am involved with the Roddenberry Foundation's +1 Health initiative.



I'm committed to activating my entire portfolio for good, not just my philanthropic dollars (about USD 500 000 per year). With an all-female advisory team, I align investments using a climate and health lens, aiming for a 100 per cent climate-related portfolio encompassing health, water, sanitation, agriculture, infrastructure and renewables.

For succession planning, I've established trusts for my children, accessible at age 35. I continuously educate them on the responsibility of wealth as a tool for contributing to global betterment and engage in intergenerational conversations with other wealth holders to share experiences from my journey.

I want to ensure that the next generation of wealth-holders does not feel ashamed or guilty about their wealth. Instead, I encourage them to engage in discussions with peers who face similar challenges, stay employed, stay curious about other cultures, and be generous with their time and talents. Philanthropy is not just about writing a check at the end of the year.



## Impact approaches

Just under half of interviewees' philanthropy could be broadly described as charity, while an equal proportion could be referred to as primarily being strategic philanthropy. Around one fifth of interviewees combine both approaches. This mix highlights a shift among next generations of wealth holders towards recognising the limitations of small, isolated projects in favour of long-term, systemic change. This evolving mindset reflects a growing understanding that strategic and systems change philanthropy can yield sustainable impact. The approach taken by these generations for this kind of philanthropy reflects a growing awareness of the interconnectedness of systems.

Most interviewees are driven, at least partly, by a desire for impact. Yet how impact is defined varies greatly and takes different shapes and forms as next generation wealth holders advance on their own philanthropic journeys. This also impacts their view

in terms of attribution for impact versus contribution to impact.

For example, one interviewee's approach to philanthropy started out as profoundly personal and direct, focusing on causes close to his heart. He explains, "When you start giving, you do it most directly to causes that are very close to your heart. You start by providing direct support, which is the most efficient and immediate way." This method ensures that his philanthropic efforts provide relief in the short term. However, he adopts a different strategy when addressing more complex, systemic problems. He explains, "But when you think of a bigger cause and the region, and you are sitting there with people with whom you have common interests in business and socially, it is better to work together." This shift highlights the importance of collaboration and collective efforts in tackling broader causes. By leveraging shared interests in business and social circles, he and his peers can significantly amplify the impact of their contributions. He exemplifies a comprehensive approach to giving that maximises both personal fulfilment and societal impact by balancing direct, individual support with collaborative, large-scale philanthropy.

Speaking about the ultimate impact they are seeking, few interviewees were satisfied with the overall impact of their philanthropy. Many also spoke of difficulties with measurement and evaluation approaches. Areas for development that were mentioned include the need for longer-term giving, which is less restrictive and ideally for larger amounts.

Nevertheless, most philanthropic efforts are still predominantly project-related, targeting time-bound specific projects rather than focusing on large-scale systems change, such as overhauling education systems or addressing other national-level issues. This is fully understandable and is usually where most wealth holders begin their own philanthropic journeys.

### Sample of diverse causes mentioned by the interviewees

1. Advocacy for democratisation in philanthropy
2. Animal welfare and animal shelter
3. Arts and culture
4. Climate resilience, environmental protection and wildlife conservation
5. Community empowerment
6. Democracy
7. Education
8. Enhancing the effectiveness of philanthropy
9. Entrepreneurial stewardship and promotion of ethical business practices
10. Food security
11. Gender equality
12. Healthcare
13. Leadership training
14. Mental health and well-being
15. Promotion of free press
16. Social justice

Some interviewees focus their strategy on supporting closely vetted local organisations, as in the case of one interviewee who supports climate and environmental issues. They favour smaller, community-based organisations to champion a circular economy and support progressive initiatives that address economic, environmental and social inequalities. They advocate for sustainable development that benefits both people and the planet.

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**We have an investment background, but we were not applying investment principles to our philanthropic work, at least not in terms of measuring impact.**

Another interviewee takes a blended approach, combining direct donations with strategic efforts, as evidenced by her foundation's focus on gender policy in Monaco and its support for relief efforts in Lebanon following the 2020 explosion. This mix shows the potential for philanthropy to address immediate humanitarian needs while also contributing to strategic efforts and systems change.

Others support philanthropic efforts that contribute to sustainable and systems change. For example, one interviewee recounts an impactful project supported

by her family foundation, which invested USD 200 000 in an Indian water sanitation project. Initially intended to reach 40 000 children, the project's success prompted the local Indian government to invest USD 102 million to scale the initiative, ultimately benefiting 10 million children. The interviewee highlights this as an example of strategic philanthropy that promotes sustainability, whereby a modest initial investment, combined with the right partnerships and timing led to exponentially more significant outcomes.

These examples highlight one of the key principles in philanthropy: there is no single approach that fits all circumstances and contexts. Next generation wealth holders exemplify the importance of taking a portfolio approach to philanthropic efforts that considers more than just their financial resources. For example, one wealth holder's strategy requires hands-on involvement, from sharing her network to strategising with organisations, particularly in education and the arts. Through her efforts, she aims to build a self-sustaining community by leveraging strategic support, mentorship and funding, which fosters long-term community development and capacity building.

### **In the words of the next generations of wealth holders**

- “Do something good with the money: help some charities, make an impact.”
- “Give as early as possible. I don't want people waiting for me to die to inherit. I would rather just give it early.”
- “Give away more family wealth rather than preserving or accumulating it, and transcend the profit motive that harms the planet and humanity.”
- “Think more about climate change, reduce your carbon footprint and support sustainable initiatives.”
- “Use your wealth to impact the world, and address inequality and environmental issues.”

# John Nagulendran – Transforming personal crisis into an opportunity for learning and personal growth

A highly successful career in private equity meant that life seemed to be comfortable until burnout came knocking at age 45. As a high achiever and perfectionist operating at senior levels in the corpo-

rate world for over two decades, I found myself feeling mentally, emotionally and physically exhausted over time. One day, in October 2022, I remember sitting at my hotel room during a business trip, star-



ing at my laptop, feeling sick in my heart and lungs. I had hit a wall – I simply couldn't function. This was burnout saying enough was enough.

Humbly recognizing that I was in a privileged situation and with strong family support, I embarked on a journey to recovery. I turned my focus to rediscovering my personal values, reassessing my priorities, and realigning my purpose in life. I took personal responsibility by prioritizing my health and mental well-being through a combination of rest, exercise and learning new skills.

Together with my wife, Dorothy, we created Nagulendran Philanthropy Alliance, a private family philanthropic initiative focused on transformative change and capacity building to support the next generation of peacemakers. Today, this is where I am investing my energy. The joy of utilizing my creativity and imagination from a career in the private sector to support peacemakers through our philanthropic activities became one of my antidotes in my full recovery from burnout.

Our philanthropic projects benefit actors in peacemaking, an area which doesn't receive a lot of attention or private funding. I see this as a great opportunity to learn and grow by contributing my expertise and sharing my network. Step by step, it teaches me what really matters in life and provides an opportunity to serve and support others. Working towards a shared vision for a more peaceful world, my philanthropic journey is not only helping me to operationalize my personal values, but also to give back for the blessings I have received in my life.

In collaboration with ETH Zurich Foundation, we established the ETH Zurich Scholarship in Peace Mediation Fund, the first private-sector funded scholarships to increase diversity in the world-class peace mediation postgraduate programme. With the Geneva Graduate Institute, we endowed the Nagulendran Chair in Peace Mediation, the first ever chair in peace mediation in Switzerland to promote innovative approaches to conflict resolution. Additionally, leveraging my private sector experience in fundraising, we partnered with the Centre for Humanitarian Dialogue (HD) to support their extraordinarily important work of resolving armed conflicts through peaceful dialogue, discreet diplomacy, and mediation by establishing the HD Asia Peace Fund.

They say personal crises in our lives are unique opportunities for learning and personal growth, allowing us to refocus and channel our energy towards tackling new challenges. Dorothy and I hope to make a meaningful contribution to global peacebuilding through collaborative and bold philanthropic initiatives. It's not only the money you give that matters, it's the sharing of your time, energy and expertise with others that makes a real difference.



# Charitable giving, strategic philanthropy and systems change

Total charitable giving in 2024 is projected to increase by 4.2 per cent from the previous year.<sup>3</sup> As more wealth is channelled into philanthropy, understanding the distinctions between charitable giving, strategic philanthropy and systems change philanthropy is becoming increasingly important. We drafted this feature to clarify these distinctions and to emphasise that a one-size-fits-all approach to philanthropy may not be adequate to address complex societal challenges. Instead, adopting a portfolio approach can sometimes lead to greater impact.

## Charitable giving

Charitable giving usually involves donating to individuals or organisations working in various areas such as education, healthcare, poverty alleviation, environmental conservation, disaster relief, and the arts and culture. This practice takes various forms, including monetary donations, in-kind gifts and volunteering. The focus is usually more on the act of giving than the longer-term consequences of the gift. It provides immediate alleviation of suffering, bringing hope to those facing adversity.

While charitable giving has started to have a somewhat negative connotation, it is important to understand that it is the bedrock on which other forms of philanthropy are built and is necessary in certain circumstances. For instance, charitable giving plays a

crucial role in humanitarian relief after natural disasters such as earthquakes, or in supporting hospices for children with cancer.

## Strategic philanthropy

Strategic philanthropy elevates giving from spontaneous acts to deliberate, planned efforts to achieve specific social outcomes. This approach involves identifying key issues, setting clear goals and allocating resources strategically to maximise their impact. It requires a clear vision of the outcomes and an understanding of the systems at play in the issue being addressed. This approach is aligned with long-term objectives and usually supports evidence-based programmes. It goes beyond the act of giving and focuses on longer-term impact.

A notable example of strategic philanthropy is the Bill & Melinda Gates Foundation's efforts to eradicate diseases like polio. For decades, the foundation has collaborated with international organisations, governments, non-profit organisations and private sector partners to support the development and implementation of comprehensive national vaccination plans. This approach provides immediate protection from life-threatening and debilitating diseases for millions of children and simultaneously builds long-term capacity in healthcare systems, demonstrating the power of strategic philanthropy to create lasting change.

<sup>3</sup> School of Philanthropy, Indiana University Lilly Family, [The Philanthropy Outlook 2024-2025 Report](#), March 2024

## Systems change philanthropy

Systems change philanthropy<sup>4</sup> focuses on addressing root causes rather than symptoms by transforming structures, customs, mindsets, power dynamics and rules through collaboration across a wide range of actors. While strategic philanthropy focuses on achieving specific, planned social outcomes through targeted efforts, systems change philanthropy aims to transform the underlying structures and dynamics perpetuating societal issues. Instead of funding isolated projects, systems change funders invest in leaders and organisations with transformative visions working collaboratively with multiple stakeholders to tackle complex, interconnected issues.

An example of systems change philanthropy is Liberia's National Community Health Assistant Programme<sup>5</sup>, which deploys paid and professional community health workers and clinical supervisors in the country's most rural and remote communities. With the support of many funders including Co-Impact, the Liberia Ministry of Health, Last Mile Health, the Global Fund to Fight AIDS, Tuberculosis and Malaria, and other partners, it aims to fully scale the provision of primary healthcare services to 1.2 million people over five years, reducing child deaths by 20 per cent, and serving as a model for other countries with similar challenges.

For more details on these approaches and additional insights into strategic philanthropy, please refer to the LGT Guide to Strategic Philanthropy<sup>6</sup>, which is available in multiple languages. The Guide, co-authored by LGT Philanthropy Advisory and Philanthropy Insight, is cause-neutral and aimed at those who

want to use their resources to positively impact the world. It features 30 leading philanthropists from around the world who share their personal experiences of supporting social or environmental impact.

We encourage a portfolio approach to philanthropy that integrates various philanthropic strategies, and allows for a more adequate and relevant approach to certain causes and contexts rather than applying a one-size-fits-all solution. By leveraging charitable giving for immediate relief, strategic philanthropy for longer-term outcomes and systems change philanthropy for fundamental transformations, a portfolio approach to philanthropy is a practical, viable path for philanthropists seeking to make a significant, sustainable impact. Collaborative philanthropy and encouraging others on their philanthropic path can also form part of a portfolio. This gives philanthropists the flexibility to experiment, learn and engage across multiple topics, which can lead to innovative solutions that might not emerge within more narrowly focused practices. It is especially relevant in today's dynamic, interconnected world of multifaceted challenges.

<sup>4</sup> Catalyst 2030, [Embracing Complexity: Towards a shared understanding of funding systems change](#), January 2020

<sup>5</sup> Co-Impact, [Liberia's National Community Health Assistant Program](#), website accessed September 2024

<sup>6</sup> LGT, [LGT Guide to Strategic Philanthropy](#), January 2021







# 6. How wealth is transferred

Effective governance and the thoughtful transfer of wealth are crucial for ensuring that wealth is managed responsibly and transferred to future generations in a manner that aligns with family values and societal goals. Many families who have successfully preserved their wealth beyond the challenging third generation have developed effective strategies for transferring wealth, and more specifically, governing and passing on wealth. The Wharton School of the University of Pennsylvania estimates that around USD 30 trillion in assets will be transferred between generations over the next several decades<sup>7</sup>, with women set to inherit a large proportion.

In this chapter, we examine the choices families make in terms of governance and passing on wealth. We delve into the wide range of impacts that inheritance can have, also in terms of family unity. We explore effective strategies for governing and transferring wealth developed by multi-generational families with a strong focus on shared values, as well as the governance structures utilised by interviewees' families. We also look at the importance of transparent communication and properly preparing the next generations to ensure that wealth is managed and transferred responsibly. In a feature entitled "Preparing the next generations" we explain how families can better prepare future generations through a systematic governance process that identifies and fosters family values and a shared purpose.

Our discussions with interviewees brought to light a range of approaches to transferring wealth, reflecting each family's unique values and priorities. While families are, for the most part, aware of the various

challenges and pitfalls associated with intergenerational wealth transfers, we were surprised to find that only around half of the families have already developed and implemented strategies and structures for governing and passing on wealth. Many interviewees felt generally unprepared to handle a substantial inheritance and did not learn from their families how to be at ease with being wealthy. This desire for change reflects a growing recognition of the importance of involving the next generations and having transparent, open conversations about wealth early on. Families who embed shared values into their governance strategies and structures are more likely to succeed in transferring wealth effectively and help the next generations navigate the complexities of wealth in an increasingly unequal world.

## Inheritance matters

Approximately four-fifths of interviewees with children acknowledged that transferring wealth to the next generation is challenging. These challenges include determining the appropriate age to talk to children about the family's wealth, deciding when and how much wealth to transfer, and managing the expectations that come with inheritance.

The prospect of inheriting family wealth can have profound and varied impacts on the next generations. For most of the interviewees, wealth generally brings freedom and the opportunity to continue the family legacy, and they appreciate not being forced to live up to certain expectations from their parents and the wider family. For others, significant wealth brings forth the burden of responsibility and even conflict within families. As one interviewee wisely put it "Wealth can do much damage to the most meaningful things in life, which are relationships."

The responsibility that comes with inheriting significant wealth can be overwhelming, particularly for

<sup>7</sup> Wharton Executive Education, University of Pennsylvania, [Navigating the "Great Wealth Transfer" – Preparing the Next Generation](#), article published December 2016, website accessed September 2024

those who feel unprepared or inadequately informed. One of the interviewees admits that he has not made any preparations for managing his potential inheritance and feels unprepared for the responsibility. His concerns are compounded by the fear that his father's current arrangements are insufficient to protect the family's assets from external influences.

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**Don't let the money change you. That is something I've learned from my father.**

For many, significant wealth raises concerns about family unity. One interviewee emphasises the importance of maintaining strong relationships with her siblings and their children, underscoring the fear that wealth could become a source of division rather than a bond. Her father's efforts to foster a sense of common purpose among his children through shared projects and a family foundation have helped preserve family harmony. However, she remains anxious about the future, particularly the possibility that her own children might become estranged due to conflicts over wealth.

The topic of inheritance has the potential to give rise to family conflict, particularly in families with complex dynamics such as multiple marriages and intricate family structures. One of the interviewees expressed significant concern about the potential for inheritance disputes, especially given that his father has remarried several times and the influence of his stepmother. He worries that without clear arrangements, his half-sibling could be manipulated, leading to the mismanagement or perhaps even ruining the

family business. Despite these fears, his father has made only minimal provisions in his will, leaving the situation inadequately regulated and heightening the risk of future conflict.

When not managed effectively, inheritance can also fuel negative dynamics within families. One interviewee criticises the paternalistic attitudes of family members who assumed she couldn't manage her inheritance effectively. Such an assumption, rooted in unequal power dynamics, often results in younger family members being excluded from decision-making processes and feeling disempowered. In another case, cousins were incorrectly informed that they could not withdraw their assets from a family structure. The misleading information and the opaque management of family assets fuelled frustration and resentment among the younger generation.

On the other hand, for many wealth-holding families a gradual transfer of responsibilities and wealth has proved effective. One of the interviewees, for instance, describes how receiving her inheritance early on, while her father was still alive, instilled in her a sense of responsibility. Her father's decision to transfer the wealth early not only provided her with financial stability but also encouraged her to manage her life independently and responsibly.

Another interviewee reflected on his father's decision to gradually transfer wealth to his children as they reached their mid-twenties. This approach, which the interviewee considers to have been wise, allowed the father to instil a sense of responsibility in his children early on. The interviewee hopes to replicate this strategy, despite the challenges posed by geographical distance and complex tax structures.

A third interviewee described another effective strategy: his family uses a structured inheritance system



# Andreas Schuster – We should not let the perfect be the enemy of the good

My father was a manager at IBM and eventually bought Ankerbrot, a bakery chain in Austria. He sold it successfully and acquired Hirtenberger, a world-wide developer, manufacturer and provider of mortar systems. I am an only child and growing up I faced envy and questions about my parents' wealth. Fortunately, my mother's down-to-earth upbringing kept me grounded. I believe that true wealth is defined by the ability to have authentic relationships, to feel connected with oneself and nature, and having good health.

I studied business administration in Austria before continuing my education in Australia and gaining professional experience. Later, I decided to join my father's company on the condition that we exit the ammunition business. My father accepted this and entrusted me with the ownership of the company. Unfortunately, he passed away in 2018.

I am proud to have led significant changes in the business, driven mainly by my values and commitment to a vision of finding technological solutions

for societal challenges, mostly in the environmental area. In 2019, we withdrew from the production of ammunition, sold this division and changed its name to "[Orasis Industries](#)". Today, we have two main business areas: Astotec, which provides pyrotechnical solutions for safety components in the automotive industry, and Komptech, which specialises in waste processing systems, particularly for shredding biogenic waste materials.

Being able to witness the ongoing transformation with a team of trustworthy people makes me proud and grateful; I wish my father was still here to see this. Luckily, my 93-year-old uncle, Gerhard Schuster, is still on the advisory board and continues to be engaged.

I have also set up [Weitblick GmbH](#), a non-profit that supports education and environmental projects. We strengthen social learning and children's mental health. One of our projects is the World Climate Game, which educates the next generations on environmental protection.



My passion for the environment also extends to topics such as carbon capture. While acknowledging the ideal of permanent CO<sub>2</sub> capture, I advocate for also accepting non-permanent capture solutions such as afforestation, the prevention of deforestation (and hence the preservation of wildlife), grassland management and other initiatives that protect or restore nature. Even if such projects sometimes still lack in quality and aren't sufficiently controlled or measured, even if they are not perfect, we have to take it step by step and tackle the biggest challenge humankind has ever faced – climate change – together and with all possible measures.

For the next generations, my advice is: find your moral compass and a clear set of values. Find a purpose that you want to dedicate your energy to. Don't be afraid to ask for help. Reflect a lot, be kind to yourself. Find people you can trust and who share your values. Know what you are good at, but more importantly, know what you are not good at, and find people who complement you. Listen a lot but speak up when you feel you need to. Be clear in your communication. Try to understand problems as a possibility to find solutions.

according to which family members receive set amounts at defined intervals, starting from the age of 35. The main purpose of this approach is for the next generations to have a chance to complete their initial formal education and start working, thus creating their own path before they come into wealth. This method educates the next generation about responsibility before granting them full access to their inheritance, thereby ensuring that they understand the value of money and are better equipped to manage their wealth. The wealth does not come with detailed guidelines, but according to the interviewee, by the time the inheritor reaches 40, the previous generations have had time to directly observe the person's behaviour. In his view, this approach has been helpful for him and many of his cousins, yet he admits that because they are only in the third wealth-owning generation, this may change once the grandparents can no longer directly act as role models for future generations.

The experiences of the interviewees highlight the importance of clear strategies with a gradual transfer of responsibilities and wealth, effective governance structures, open and transparent communication, and early preparation of the next generations. By fostering a culture of unity rooted in shared values, families can navigate the complexities of inheritance in a way that strengthens relationships and ensures wealth is managed sustainably.

A perhaps more fundamental question is whether families should even pass their wealth on to the next generation. One interviewee believes that rather than preserving and accumulating wealth, more funds should be directed into their charitable family foundation and given away. He has been advocating for this approach with his family. His approach is informed by a sense of contentment with his current lifestyle and career, suggesting that all inheritors may not always desire a large inheritance.

A third of the interviewees have chosen to pass on relatively little wealth to the next generation, beyond

paying for education. However, among those convinced of the benefits of this approach, the amounts they intend to pass on vary significantly; from between USD 5 million and USD 50 million. This reflects a broader trend we are seeing among billionaire philanthropists who are leaving relatively little to their children and instead dedicating their wealth to philanthropic causes. Furthermore, a number of wealth holders are also choosing to distribute their wealth to causes they care about during their lifetime, and not to transfer any wealth to family members.

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**My parents did a great job in passing on part of my inheritance at an early age (I was in my twenties). That enabled them to test it out and give me responsibility before transferring more wealth.**

### Strategies

The transfer of wealth within families is a complex process, particularly as families seek to maintain their financial legacy beyond the third generation. The challenges inherent in this process are significant and grow exponentially with every generation, because as the family grows, spouses coming from other families bring their own history and set of values, which can often give rise to additional complexity. Families therefore require not just financial acumen but also a clear strategy that aligns with their values and long-term goals.

Only half of the interviewees said that their families have developed strategies for governing and passing on wealth. Most of the families have identified that a lack of strategy often leads to devastating family

feuds and sometimes the demise of family businesses or wealth. Those families who have acted in this regard highlight the importance of aligning around a common purpose and values, structured governance, transparent communication and preparing the next generations for their roles.

Several interviewees highlighted the importance of including shared values within family governance structures. These include family offices, supervisory boards and educational initiatives designed to prepare the next generations for their roles. One interviewee described how their family constitution underscores the value of meritocracy and stewardship in managing the family's wealth. This structured approach fosters responsibility and ethical management, ensuring that future generations understand and value the wealth they inherit. Another interviewee's family employs an ownership model that prioritises long-term business sustainability and ethical governance. This approach aligns wealth management with the family's core values, ensuring that wealth is not only preserved but also contributes positively to society.

Approximately four-fifths of interviewees expressed a wish to transfer wealth differently than it was passed on to them. One family decided to involve their children in a well-structured educational initiative, once they came of age, to teach them the importance of using wealth ethically. This preparation ensures that family members are not only ready to take on their roles within the family but are also equipped to manage wealth responsibly, guided by shared values. By fostering an entrepreneurial mindset and focusing on the broader implications of wealth, this approach ensures that family members use their wealth responsibly and with a sense of purpose. In our experience, it is crucial for families to first focus on shared values and the purpose of wealth within their strategy before considering the specific governance structures that can help implement that strategy. Many families jump into considering structures prematurely.

“

**I aim to pass on to future generations the values of responsibility, gratefulness, and kindness. I want them to be aware of their privilege and to use their wealth to make a positive impact on the world.**

#### Governance structures

A key factor for ensuring the longevity of family wealth is the establishment of formal governance structures that are based on the family's strategy and define how wealth is organised, distributed, managed, and transferred. These structures can help clarify who receives what, when and under which conditions. Families with wealth that survives beyond the third generation often rely on these structures to ensure that wealth is passed on in line with family values and preserved over generations. Despite the clear benefits of such structures, we have found that many families have yet to develop them. Only half of the interviewees reported that their families had developed such structures, even though most of the previous generations are aware that not doing so poses significant challenges for family cohesion.

The experiences of several interviewees highlight the benefits of structured governance in ensuring the responsible transfer of wealth, for example:

- One interviewee emphasised the importance of sustainable and impactful governance that involves the next generation early on. Her family has a supervisory board, a holding company and various other structures to create a culture of entrepreneurship and responsibility. This approach ensures that family values guide wealth govern-

# Sid Efromovich and Marina Feffer – We want to see a shift from preserving and protecting wealth to preserving and protecting life

We have known each other since childhood, having gone to school together. We were both born into wealth and felt the weight of responsibility that came along with this privilege.

During conversations we had over the course of a few years, we realised we shared similar thoughts. We felt the need to rethink the role of private wealth, and all its associated capitals. We asked ourselves a crucial question: What if wealth and its associated capitals weren't organised around the preservation of wealth, but instead to help the flourishing of life?

We recognised the opportunities wealth and privilege bring, and considered how we could most effectively harness them for good. Initially, we started a consultancy company to help wealthy families deploy their capital effectively. However, we soon realised that inheritors weren't receiving the type of support they needed to become the change agents

they could be. As the urgent need to address pressing challenges facing our planet and society is growing, this is a tremendous waste of potential.

We also knew that navigating wealth alone can be lonely and daunting, hence we put our consultancy into dormancy and founded [Generation Pledge](#). The mission of Generation Pledge is to help inheritors leverage their different forms of capital to do the most good. Through Generation Pledge, community members receive in-house impact education, and access to community events and advisory services, both virtually and in-person. We leverage our team's extensive experience in the behavioural sciences, positive psychology, effective philanthropy and impact-related fields to guide inheritors through frameworks such as the LEB model (Look with courage, Envision with rigour, Build with excellence). We help them align their every action with their values and goals.



Generation Pledge is built around a pledger journey, which begins when an inheritor, who stands to inherit USD 10 million or more, takes the Pledge. The first part of the Pledge is a commitment to donate 10 per cent within the first five years of inheriting or of taking the Pledge, for those who have already inherited. The second is a commitment to mobilise their polycapital, meaning their economic (business, investments, and philanthropy), social, political and career capital, to have the greatest impact before and after inheriting. We developed the polycapital framework, which emphasises how individuals can leverage various forms of capital for impact. Individuals with financial resources often have other valuable resources to offer, although these are not typically recognised nor strategically utilised.

Generation Pledge's methodology has enjoyed success, with 91 pledgers from 23 countries and a growing community. Our vision extends beyond harnessing philanthropic giving, aspiring to catalyse systemic change by influencing how wealth is managed across institutions. By promoting the polycapital approach and fostering a culture of collective action, we seek to contribute to a substantial shift in the norms surrounding private wealth. This comes at a time when the next 50 years will see the largest wealth transfer in history, so we will be extremely busy!



ance, and that the next generation is well prepared to carry the legacy forward.

- Similarly, one interviewee oversees a family foundation with structured governance and regular meetings to engage the next generation. This formal approach not only prepares children for future roles but also instils family values such as responsibility, gratitude, and kindness – key components of a sustainable approach to managing wealth.
- Another family utilises structured trusts to transfer wealth, making the release of funds conditional on specific achievements and behaviours. This ensures that family members are held accountable for their actions and that wealth is managed responsibly across generations. Such structures are essential in preventing the common pitfalls associated with wealth transfer, such as financial mismanagement and entitlement.
- One family uses a unique approach and utilises an external board to manage and pass on its assets. The board collaborates with the family to make decisions about investments and long-term wealth placement, ensuring continuity and responsible management. This governance structure is continuously monitored and adjusted to align with the family's evolving goals, and the next generation is gradually introduced to these responsibilities.

Families who successfully manage and transfer wealth across generations often embed their values into governance structures. Several interviewees emphasised the importance of a transparent, close-knit family culture that fosters open communication and shared responsibility. By aligning wealth management with ethical and sustainable practices, these families ensure that their wealth serves broader societal goals and remains a force for good.

Early planning and professional guidance are essential for establishing effective governance structures. One interviewee, for instance, talked about the creation of family offices to better manage and prepare for generational wealth transfer. Another interviewee talked about the important role advisors can play in mediating between multiple family members.

However, not everyone decides to take such a structured approach. For example, one interviewee talked about his family's more casual approach to wealth governance, and the fact that they have no strict decision-making processes in place for wealth transfers. While this can work in some situations, as it does for his family, a lack of formal structures, particularly in larger or more complex families, can give rise to risks.

## Communication

Open communication within families about how to manage wealth is vital, as demonstrated by the experiences of multiple interviewees. There is often a lack of discussion about the role of wealth and the values surrounding it. Fostering open discussions about wealth and embedding shared values into governance structures is essential for successful intergenerational wealth transfer. Transparent discussions about financial responsibilities and ethical considerations can prepare individuals to handle their wealth more effectively. Families that prioritise discussions about the role of wealth from an early age are more likely to raise members of the next generations who are confident in managing wealth.

While many families actively discussed how to invest and manage wealth, we found that less than half of the interviewees' families had conversations about the role of wealth, because their parents preferred not to discuss wealth and related matters. This lack of dialogue often stems from a desire to shield younger family members from the burdens of wealth or from a discomfort in discussing wealth and privilege. For instance, one interviewee's approach of not discussing wealth-related decisions until necessary reflects a choice among many interviewees who want to allow family members to develop independently from the family's wealth.

Furthermore, around three quarters of interviewees reported that they did not learn from their families how to be at ease with their wealth. As a result, many next generation wealth holders find it challenging to navigate their wealth, particularly in a world characterised by stark inequality.

This discomfort with wealth can lead to a sense of isolation and confusion, as individuals must find their own paths to reconciling their financial status with their personal identities and societal values. The reluctance to address wealth directly creates a void where critical conversations about financial responsibility and the broader impact of wealth are absent.

“  
**Discussing wealth is often a taboo subject. I do not want my children to focus on their inheritance and I want them to find meaning and purpose in their lives beyond wealth.**

A few interviewees who were aware of their wealth early on believe that open and transparent communication can help promote a positive relationship with wealth. On the other hand, one interviewee was quite critical of the traditional wealth management structures chosen by her family and the lack of accountability and preparation for the transfer of wealth. A different interviewee, a woman in her forties, still does not know the extent of her father's wealth.

### Preparation

On the whole, many families are not adequately preparing the next generations to inherit significant wealth. Yet among the approximately two thirds who had believed they were prepared to inherit, many admitted they would do some things differently if given the chance.

Around a third of the interviewees felt that their families did not prepare them well for handling their wealth. Moreover, only half of the interviewees knew how to invest and manage wealth, highlighting a significant knowledge gap. This lack of financial literacy is further compounded by the fact that only

half of the interviewees' families had conversations about the role of wealth, leaving the next generations to navigate complex financial responsibilities without a clear understanding of their purpose or implications.

Families that are successful at transferring wealth adopt a systematic governance process that identifies and fosters family values and a common purpose, defines the roles and expectations of family members, and clarifies key areas such as succession and inheritance. They start early, preparing the next generations for their future roles by getting their children involved through family days, internships, discussions of case studies and even by including young members in decision-making processes and strategic discussions. They later also build on this preparation through formal education.

Preparing the next generations of wealth holders is crucial for the successful transfer of wealth. Lack of preparation is often one of the main reasons that many families fail to maintain their wealth across generations. By equipping the next generations with values and the necessary skills and knowledge, families can ensure that their wealth is not only preserved but also managed responsibly and sustainably, securing their legacy for future generations.

### In the words of the next generations of wealth holders

- "Be open and transparent about wealth with your children. Start talking about money and saving early on."
- "Teach them early on how to manage money: it is important for children to know how to manage money."
- "Have critical, serious conversations about what money means and where the money comes from."
- "Go by Warren Buffett's saying: 'Give your kids enough so they can do anything, but not too much so they want to do nothing.' I find it's about finding that balance."
- "Write a will providing guidelines that ensure that any inheritance is used for meaningful purposes rather than personal enrichment."

# Ana Morales – The value of your worth doesn't lie in your net worth

I became aware of my family's level of wealth at the age of ten. My family was in the spotlight at the time, and discussing money in Mexican culture is considered rather taboo.

I inherited wealth from my grandfather, who founded a business in Mexico. While I recognised the array of choices this wealth provided, I felt isolated as I had little guidance on the matter.

As a mother, I decided to approach wealth education differently. As part of my daughter's upbringing, I taught her that her true value is not measured by her bank account but by her sense of self-worth. I believe that the true worth of a person lies in their actions, their kindness, and their ability to effect change. I emphasize the importance of education, health, home and happy experiences over mere consumerism – these are areas where I deliberately invest my time and wealth. I strive to nurture a grounded, purposeful, kind and responsible daughter who understands the significance of preserving and growing wealth. I am keen for her to recognize that while wealth gives freedom in making life choices, it is also a responsibility, a duty to make a positive impact on the world.



I find that both impact investing and philanthropy fulfil different aspects of my approach to making a difference. I align my investment and philanthropic decision-making with my values. I have a family officer and advisors who oversee my investments. I strive to ensure my investments reflect my commitment to creating a balance between achieving financial returns and generating positive social impact. It is important for me that I do not cause harm through my investments and philanthropic work.

I decided to set up and co-found [The Beam Network](#), a global community that unites women of substantial wealth. Our mission is to educate and support each other, fostering ethical investments and impactful philanthropy. Through Beam, I can share my experiences and gain insights from my peers to enrich my understanding and approach to wealth.

As for my philanthropy journey, I support causes that are related to women and girls, violence prevention, reproductive health and community development, mostly in Latin America.

I am pleased to have played a role in bringing [Glasswing International](#) to Mexico and to serve on its Board. Glasswing works in the areas of violence prevention, mental health support and community development in Latin America. I believe that philanthropy is much more than giving funds. It encompasses volunteering, contributing talents and networks, and supporting leadership. I take a trust-based approach to philanthropy. I prefer not to micromanage the organizations I support. Instead, I provide unrestricted funds, allowing them the flexibility to allocate resources where needed. Witnessing their tangible impact is incredibly fulfilling.

For future wealth holders, I believe that it is important to focus on responsible investing and spending. It is the responsibility of future generations to consider their wealth's impact on society, and align investments and expenditures with clear values.

# Preparing the next generations

While becoming wealthy can be challenging, staying wealthy over generations is a larger challenge that only very few families manage. Many cultures have their own expression to convey the idea that the first generation builds, the second maintains and the third generation destroys the family wealth. Research has shown that for the most part, external factors are not to blame, and that the loss of wealth ultimately comes down to the families themselves. This can be due, for example, to a breakdown in communication and trust, inadequate preparation of the next generations and a lack of common purpose.

One way of avoiding negative outcomes is to get family governance right, as suggested by various studies and analyses of the long-term success of wealthy families. A systematic governance process can help families overcome the most common challenges that arise over generations. Ultimately, this form of governance aims to preserve a family's unity; it identifies and fosters family values and a common purpose. It also helps them set out the expectations of family members, clarifies roles and responsibilities, and formalises the flow of information and communication within the family. It provides continuity by addressing questions of succession, increases the next generations' competence in wealth matters and enhances family cohesion.

The process revolves around preparing the next generations for their future roles, whether as investors, entrepreneurs, family officers, philanthropists, board members, or CEOs. Such measures should include formal education as well as practical experience. Successful families start early, involving their children through family days, internships, discussions of case studies, and even including young members in decision-making processes and strategic discussions.

**Family days** play an essential role in fostering a sense of belonging and understanding among younger family members. These events offer platforms for the next generations to learn about the family's history, values and, if the family owns a business, the business itself. They are an opportunity for senior family members to interact with younger members and transfer knowledge.

**Internships** within the family business or the family office allow the next generations to gain hands-on experience. They should be structured and provide meaningful work that contributes to the business or the investments. By working in different departments, young family members learn to understand the intricacies of a company's operations or of investments, and develop a sense of responsibility and ownership.



Case studies of both successful and unsuccessful family businesses can be an effective educational tool. They help the next generations to learn from real-life examples and understand the impact of good governance and strategic decisions. Additionally, workshops, seminars and team-building exercises targeted at a young audience can foster skills like leadership, communication and strategic thinking.

Involving young family members in decision-making processes and strategic discussions can help ensure a smooth transition. In this regard, transparency is a cornerstone of effective family governance. Keeping the next generations informed about business or investment performance, potential problems as well as future plans builds trust and ensures that they are prepared for their roles.

Tailored formal education programmes for members of families with a business or investment background are also vital. They can cover various aspects such as management, financial literacy, governance structures and family dynamics. By investing in education, families ensure that the next generations are well equipped to handle the challenges and opportunities of running a family business.

The following are some best practices used by families that have succeeded in preparing their next generations for their future roles and maintaining robust family governance:

1. Family constitution: Adopt a family constitution that outlines the family's values, vision and governance structures.
2. Family meetings: Hold regular family meetings to discuss business or investment performance, address concerns and make collective decisions.
3. Advisory boards: Establish advisory boards comprising family and non-family members to provide diverse perspectives and expertise.
4. Mentorship programmes: Introduce platforms where senior family members mentor the younger generation.
5. Philanthropic activities: Encourage philanthropy with an open approach to help instil a sense of responsibility and help forge a family legacy around values.

Family governance plays a pivotal role in the success and sustainability of wealthy families. Various studies show that strategic planning and preparing the next generations through education, experience and transparent communication are crucial. By adopting best practices and starting early, families can ensure that they not only preserve their legacy but also thrive for generations.





# Notes

## About

LGT is a leading private banking group that has been fully controlled by the Liechtenstein Princely Family for over 90 years. Robust investment expertise combined with a deep understanding of the multifaceted nature of wealth – creating, investing, spending, giving, managing and passing it on – has always been central to our success. Our unique ownership structure and co-investment approach align the interests of clients, the Princely Family and employees, ensuring shared investment principles and a long-term focus. We provide holistic solutions, including wealth planning, family advisory and philanthropy advisory services, as well as exclusive access to private market solutions and impact investments. Committed to sustainability, we consistently integrate ESG best practices into our investment programmes. First-class ratings by Moody's and Standard & Poor's reflect our strong balance sheet, high liquidity and solid capitalisation. With disciplined risk management, we support our clients in achieving their financial objectives and securing lasting wealth for future generations.

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#### **Acknowledgments**

With special thanks to all the individuals who generously gave us their time and shared their experiences for the case stories in this study: Peggy Dulany, Sid Efromovich, Marina Feffer, Rudolf Hilti, Anouk Hilti-Zingg, Anita Ibru, Hassan Kassam, Patrick Knodel, Poman Lo, Tobias Merckle, Arie Mimran, Nachson Mimran, Ana Morales, Natasha Müller, John Nagulendran, Rodrigo Pipponzi, Diana Segantini, Andreas Schuster, Elizabeth Sheehan and Nadja Swarovski.

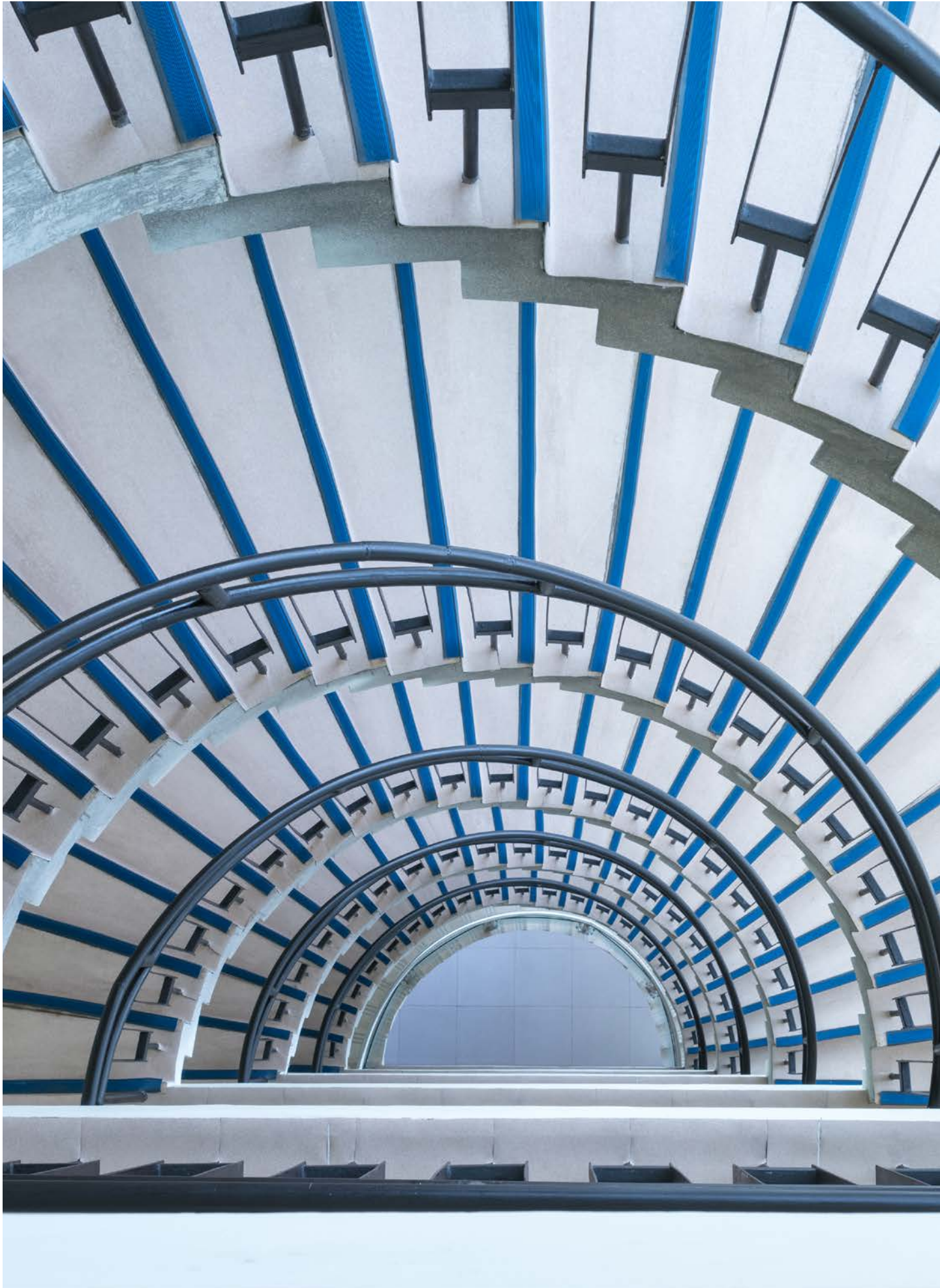
With thanks to those who generously shared their insights in interviews including Nicholas Ackerman, Maria Ahlström-Bondestam, Alessandro Braglia, Manuel Corcuera, Alexandra Dautova, Anne Deane, Gabija Tarvydyte, Leopoldo Jereissati, Sebastian Klein, Artemiy Mangutov, Neha Nazir, Tician Rolim, Justin Seek, Michal Slemr, Lukas Spieldiener, Paraj Tyle, as well as the numerous others who preferred to remain anonymous.

With special thanks to Joy Morozov of PhilanthroPower for her invaluable support in many aspects of this study, and to our colleagues Martin Gelnar, Inès Manotoc and Patricia Ordody.

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## Imprint

### Research

The authors conducted more than 60 interviews between March and June 2024. All relevant websites were accessed between March and September 2024.

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- LGT Securities (Thailand) Ltd., 57 Park Ventures Ecoplex, Level 21, Units 2101-2103 & 2112, Wireless Road, Lumpini, Pathumwan, Bangkok 10330, Thailand. Responsible supervisory authority: Thailand Securities and Exchange Commission (SEC), 333/3 Vibhavadi-Rangsit Road, Chomphon, Chatuchak Bangkok 10900, Thailand;
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- LGT Crestone Wealth Management Limited (ABN 50 005 311 937, AFS Licence No. 231127) Level 32, Chifley Tower, 2 Chifley Square, Sydney NSW 2000;
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