

LMM COMPASS



Dear reader

The generational change is not only a challenge for owner-managed companies, but also for foundations. The findings of the “Stiftungsmonitor”, a survey in which more than 130 eastern private foundations participated, show that there is still a need for action. We have prepared the most interesting findings for the field of asset management for you in our specialist article.



Jürg Meier
Partner, CEO



Gerhard Seger
Member of the
Management Board

THEMES



Market data
Markets and strategies



Specialist article
Stiftungsmonitor 2021



LMM Inside
Our employees



MARKETS DATA

Due to rising interest rates at the beginning of the year and increasing fears of inflation, both the stock and bond markets were negative in the 1st quarter.

The exception was UK equities, where the appreciation of the GBP against the EUR was decisive.

The Ukraine war also weighed on the equity markets in February. With the exception of the asset classes

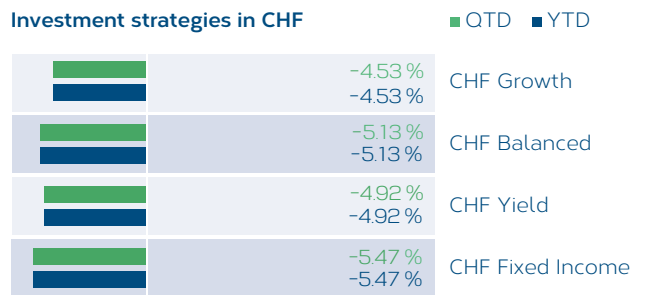
commodities and gold, all asset classes showed losses in the 1st quarter.

In the first quarter, rising interest rates and riskpre-
miums put pressure on bonds in all segments. The higher the proportion of bonds in the strategy, the higher the losses. Equities were able to recover in March and make positive contributions to returns.

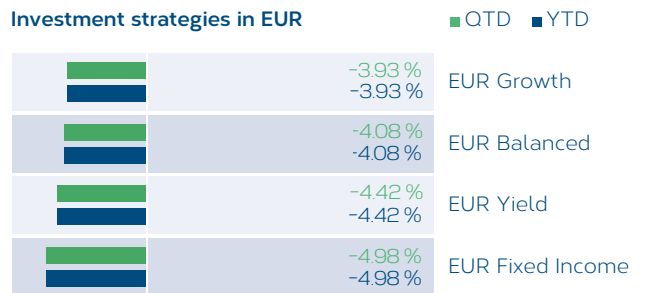
	Value	%QTD	%YTD	Currency	
Currencies	EUR / CHF	1.02	-1.18	-1.18	
	EUR / USD	1.11	-2.16	-2.16	
	USD / CHF	0.92	+1.00	+1.00	
	USD / JPY	121.38	+5.40	+5.40	
Bonds	Switzerland		-6.06	-6.06	CHF
	Europe		-5.41	-5.41	EUR
	USA		-5.93	-5.93	USD
	EMMA (Hard Currency)		-9.84	-9.84	USD
	Inflation Linked		-4.42	-4.42	USD
	High Yield		-5.69	-5.69	USD
	World		-6.16	-6.16	USD
Equities	Switzerland		-5.50	-5.50	CHF
	Europe		-5.32	-5.32	EUR
	North America		-5.31	-5.31	USD
	Pacific		-3.11	-3.11	USD
	EMMA		-6.97	-6.97	USD
	World		-5.36	-5.36	USD
Alternatives	Real Estate		-3.77	-3.77	USD
	Commodities	+25.45	+25.45	USD	
	Gold	+5.92	+5.92	USD	
	Private Equity (listed)	-11.62	-11.62	USD	
	Hedge Fonds	-1.35	-1.35	USD	

Calculation LMM; Period 01.01.-31.03.2022

Investment strategies in CHF



Investment strategies in EUR



Note: the figures are before costs (exclusive of custody- and management fees)
Calculation LMM; Period 01.01.-31.03.2022

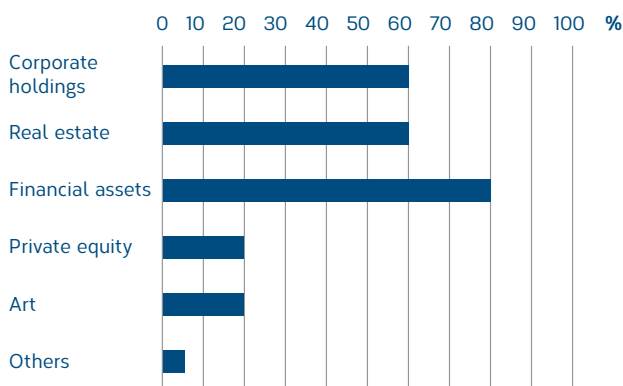


STIFTUNGSMONITOR 2021 – GENERATIONAL CHANGE IN FOUNDATIONS CALLS FOR ACTION

The annual “Stiftungsmonitor” survey shows that there is an urgent need for action in many foundations in preparation for generational change. With the Foundation Monitor, our branch office in Vienna, together with the platform stiftung-nextgen, annually analyses relevant developments in the Austrian foundation sector. In total, more than 130 eastern private foundations participated in the survey at the end of 2021.

Almost all foundations indicated that they have securities within their financial investments. The asset classes private equity and art are also increasingly represented as investments in foundations:

Which asset classes are represented in eastern private foundations?



For the area of financial investments, the following key findings can be derived from the results of the study:

Finding 1: Around half of the foundation deeds do not provide for any rights of change.

Any specifications in the investment guidelines on investment objectives or strategy can no longer be adjusted after the founder’s death. Changes in the capital market environment, for example, may mean that distributions can no longer be made to the desired or required extent.

Recommendation: Founders should adapt the foundation deed during their lifetime or have it checked by foundation experts, especially with regard to amendment rights, in order to avoid possible disadvantageous consequences.

Finding 2: More than half of the beneficiaries are only informed informally by the founder.

If there is no institutionalised reporting system, there is an information deficit when the founder passes away. One fifth of the beneficiaries then no longer receive any information. Conflicts with beneficiaries are often due to a lack of transparency.

Recommendation: This risk can be avoided with a professional reporting system. In this way, the family’s right to information is guaranteed and, moreover, decisions can be made on an accurate basis.

Finding 3: After the founder’s death, there is usually no assessment of the investment results by a neutral body.

As long as the founder is active, in many cases he monitors the development of the assets and the investment results himself. After his death, the board often sees the bank in this function. This means, however, that independent monitoring and neutral assessment of the investment results is no longer guaranteed.

Recommendation: Foundations should install an independent authority to monitor and assess asset performance already during their lifetime. In addition, independent monitoring often reveals potential for optimisation.

Finding 4: The investment strategy after the generational change is usually more conservative.

If the responsibility for the investment strategy lies with the board or the bank after the founder’s death,



SPECIALIST ARTICLE

it is often more conservative. This can lead to a conflict of objectives with the financial requirements of the foundation.

Recommendation: While the founder is still alive, the investment strategy should be aligned with the foundation's purpose and requirements in order to avoid possible conflicts of objectives in the future.

The complete results on all topics of the survey (financial investments, organisation and governance, generational change and non-profit status) are available on the platform:

www.stiftung-nextgen.at
www.lmm-ic.com.



LMM INSIDE

NINA MEIER

Nina Meier is a member of the team of LMM Investment Controlling AG since 2022. As assistant she works in the back office area and she is responsible for the support of the investment controllers.

- born 2000, Liechtenstein national
- resident in Eschen, Liechtenstein
- Single
- Languages: German, English
- Hobbies: Baking, Travelling, Music



welcome
to our team



Medieninhaber:
LMM Investment Controlling AG (Hauptsitz)
Zollstrasse 32 · Postfach 174 · LI-9490 Vaduz

www.lmm-ic.com

Die LMM Investment Controlling AG ist ein unabhängiger Anbieter von Investment Controlling Dienstleistungen und vertritt die Interessen privater und institutioneller Kunden gegenüber Banken und Vermögensverwaltern. Neben dem Hauptsitz in Vaduz ist sie präsent in Zürich, Frankfurt, Wien, Dubai und Sydney.

Disclaimer: Bei der Zusammenstellung der Informationen wird grösstmögliche Sorgfalt angewandt. Wir übernehmen aber keine Garantie, einschliesslich Haftung gegenüber Dritten, betreffend Richtigkeit, Aktualität und Vollständigkeit der in diesem Newsletter veröffentlichten Informationen und Meinungen. Bitte beachten Sie unsere angepasste Datenschutzerklärung auf unserer Webseite.