



Wealth
Management

Family governance and advisory

Preserve your business and assets for generations to come



| Forward-looking
| for generations



Cover image
Bauer Brothers, Hortus Botanicus, detail from "Malva arborea flore multiplici vel. Rosa Sinensis", 1778
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Inside the Princely Collections

For more than 400 years, the Princes of Liechtenstein have been passionate art collectors. The Princely Collection is the result. Comprising more than 1,600 paintings, the collection is made up of masterpieces ranging from the early Renaissance to the second half of the nineteenth century. It is one of the world's major private art collections. While the idea of promoting fine arts for the general good enjoyed its greatest popularity during the Baroque period, the House of Liechtenstein continues to pursue this goal to this day.

At LGT, we take inspiration from the art in the Princely Collections. For us, the collection embodies the values that form the basis of all successful partnerships: expertise, reliability and a long-term focus. Just like the experts who care for the masterpieces, our team of professionals diligently curate the wealth of our clients. By drawing upon this rich heritage, LGT has honed wealth management to an art.

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Family governance is essential for those with a multi-generational intent to transfer their wealth, business and family values.

Ola Adeosun, Head of Family Governance and Regional Wealth Planning

Welcome

For entrepreneurs and family businesses, preserving and transferring your business and assets to the next generation is an important responsibility - one that must be approached with consideration and care. Conversations that begin as strategic discussions can become personal. Regulatory, tax and cross-border considerations add potential layers of complexity.

Finding solutions that adequately consider the interests of all parties can pose a challenge. One reason for this can be a lack of clear rules regarding who is responsible for decision-making or how succession is handled at the family enterprise. Just as a company needs corporate governance, families need family governance – in other words: principles, rules guidelines, and a shared set of values.

Our ownership by the Princely Family of Liechtenstein, a business owner across 26 generations and almost 900 years, offers truly unique insight into the importance of governance and well-conceived structures. This strengthens the value we as advisers can bring to you and your business.

As an entrepreneurial family or multi-generational wealth holder, you may be thinking about succession planning, the rising complexity in tax, legal and cross-border structures, or introducing improved governance structures. We can provide a holistic governance and education service to you, which combines investment management, wealth planning and family advisory capabilities.

We look forward to the opportunity to work with you, your family and your business.

LGT Wealth Management

Succession: turning challenge into opportunity

Entrepreneurial families and family-owned companies play a fundamental role in the global economy. Accounting for around 70% of global value creation,¹ their success factors include a long-term approach and a high degree of flexibility.

Generational transitions

Enduring success is far from guaranteed across generations. Research by the Family Business Institute shows that only around 30% of family-owned businesses survive into the second generation, with around 3% operating into the fourth generation.

Passing on a family business requires an in-depth assessment of the various options available based on the specific family situation and circumstances surrounding succession.

One key consideration here is whether successors can be found within the family, or if focus should instead be placed on the sale of the company or a management buyout. This underscores the need for a clearly defined succession plan that reflects the differing priorities and ambitions of the entrepreneur and the wider family.

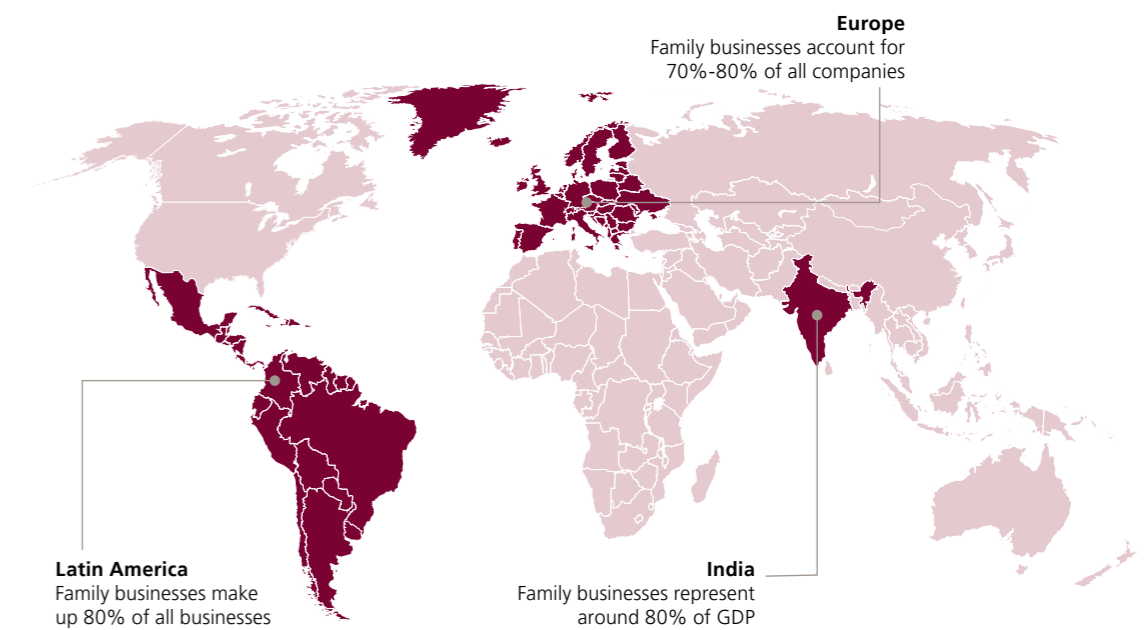
Safeguarding family assets

Significant family wealth can, over time, be exposed to gradual erosion - though with careful planning and disciplined stewardship, this can be effectively mitigated. Some examples of this include:

- **Dynamics of a family's evolution:** as families grow and branch out, assets may become more dispersed and decision-making more complex. However, with clear governance and forward planning, families can maintain alignment and manage wealth effectively across generations.
- **Changing values:** attitudes towards wealth and success naturally evolve across generations. While this can create challenges, it also offers an opportunity for families to come together to redefine shared purposes and strengthen long-term commitment to the family's legacy.
- **Conflicts:** differing perspectives and priorities among family members can lead to tension. When managed through open dialogue and clear, fair structures, these differences can be navigated constructively.



Family businesses globally



Source: EY Family Business Index

¹ McKinsey & Company

Family governance provides protection

Almost all families whose enterprise and wealth span several generations have strong family governance.

This consists of jointly developed principles and guidelines for the family, as well as a shared understanding of its values and objectives.

identity and continuity across generations. These principles are typically embedded within a broader succession plan.

Family governance helps set out clear, practical guidelines for how the family and business operate, covering areas such as family membership, roles and responsibilities. It also captures the shared values and long-term aspirations that give the family a sense of

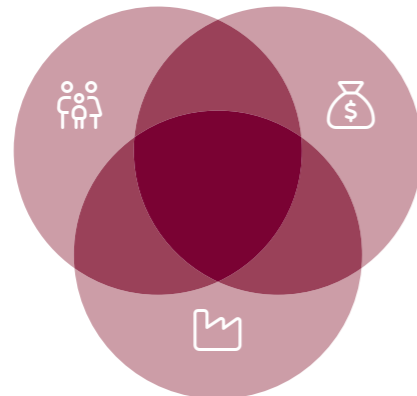
As families grow, many also establish regular and structured forums to encourage open communication, involve different generations in decision-making and maintain a strong sense of connection.

Governance and overall strategy

Family

Shared values | relationships | communication

- Who are we?
- What do we want to achieve?
- Who is part of the "family"?
- Which values connect us?
- What are our attitudes to succession planning?



Assets

Financing | investments | strategy

- What are the strategic assets across generations of the family?
- Which investment strategies?
- How should profits be used?
- Should there be separation of personal and company assets?

Company

Goals | strategy | employees | products

- Who should be responsible for what?
- Who takes on which role?
- Does the family need to be directly involved in running the company?

A comprehensive framework

For entrepreneurial families and multi-generational wealth holders, family governance consists of four pillars:

1. Family governance in the narrower sense addresses how the family is organised and defines its overarching goals and values.

2. Ownership governance sets out how family members participate in the family business and the family's assets.

3. Corporate governance defines how the family business is managed and controlled.

4. Wealth governance establishes how the family assets are structured and managed.

The pillars of family governance



Family governance

- How do we organise ourselves as a family?
- What are our family and business values?
- How do we communicate?
- How do we make decisions regarding the family, company and assets?
- How do we ensure we remain cohesive in the long-term?



Ownership governance

- Which family members become owners, when and how?
- How are share purchases and sales handled?
- How are voting rights, conflict resolution, disclosure policies and decision-making handled for active and non-active owners?



Corporate governance

- How is the family directly or indirectly involved in the company?
- How does the family influence the culture and strategy?
- Who should be on the company's Board of Directors?



Wealth governance

- How do we structure our assets based on our current personal and business situation?
- How and by whom are the family's assets managed?
- Who gets what, when, under which circumstances and how much?

Laying strong foundations

When addressing the challenges of governance and succession, the most common tools used by entrepreneurial families encompass the following:



Communication and education

A family's values and identity play an important role in its long-term development. There should, therefore, be a cross-generational dialogue about the purpose of the family and its estate, as well as its values. To foster this open discourse, many families organise family days as a way to gather together, and make use of specific communication platforms, such as a family intranet.



Next generation engagement and development

A family business offers many opportunities to take advantage of and nurture the talent, knowledge and passions of the next generation. Depending on their interests and educational background, this could include giving them a role on the operational side of the business, on the Board of Directors, as investors who manage the family assets or as philanthropists in the family's charitable activities.

Successful families invest time and energy early on to prepare the next generation for future roles through training and development. They provide platforms for exchanging information or mentors from within the business, organise internships or projects and build experience and knowledge with a view to promoting long-term success



Structures and governance bodies

Like companies, entrepreneurial families should define structures and determine how decisions are made – and who makes them. The goal is to establish appropriate governance bodies as well as their responsibilities and decision-making powers. One example is the Family Assembly of all family members. If a family grows significantly, the Family Assembly often elects a Family Council or Family Committee.

This body represents the entire family in defined areas and makes decisions on its behalf (comparable to a company's Board of Directors). It may also be prudent to set up an Advisory Board, which includes external advisers, and supports the family and/or the company on specific matters.



Family blueprint or formalised constitution

Some families may wish to formalise the agreed governance framework by way of a family constitution which, although not legally binding, provides a robust framework on how the family, assets and business should be governed. This can often start with an initial family blueprint that defines the key areas of consensus to take forward.

We can work with you on what is most appropriate for your family enterprise, and introduce you to the relevant experts in our network if a family constitution is required.



What should you be considering?

Why have we been successful?

Why do we wish to continue?

What role do family members play?

How do we get organised?



Contingency planning

In order to be prepared for unforeseen events, such as the sudden death of a family member with an active role in the company, many families and

family businesses have emergency plans in place. However, such plans often fall short when put to the test because they are not updated on an ongoing basis or because the procedures and arrangements are not practicable and therefore need to be reassessed.

The Princely House

On 29 September 1606, the brothers Karl, Maximilian and Gundaker von Liechtenstein signed a new family covenant. This took place at Feldsberg Castle, which was the seat of the Princely House at that time. In the covenant, Maximilian and Gundaker granted their eldest brother the right of primogeniture. As the ruling leader of the House, he became the family's representative.

How we can support you

For more than 900 years, our owner, the Princely Family of Liechtenstein, has successfully navigated economic and political crises. The targeted diversification of its entrepreneurial activities and portfolio of assets, as well as clearly formulated and consistently practiced family governance, have helped to preserve the family's values over the centuries and pass them on to future generations.

Drawing on this heritage, we work alongside you to apply the same principles in a way that reflects your family's specific circumstances - bringing together investment management, wealth planning and family advisory to help you protect, grow and transfer your wealth across generations.

Holistic advice

Our advisory approach starts with an analysis of your family's overall situation: your assets and liabilities, your personal and business interests, your family dynamics and your long-term objectives. Using this as a basis, we then support you in developing and implementing a tailored solution for:

- Your family governance and succession planning
- Your wealth governance and asset-holding structures
- The engagement and education of the next generation
- Your philanthropic activities

You benefit from the close collaboration between our investment managers, wealth planners, family advisory and philanthropy specialists, as well as from our internal and external networks to facilitate the development of a practical roadmap. This could include family meetings, charters, ownership frameworks or education plans.

Multi-generational planning

Our integrated wealth planning service, for up to three generations of the family, is designed to help you structure your wealth clearly across different time horizons and objectives.

We typically consider three distinct categories of capital:

- **Short-term capital:** liquidity for day-to-day needs and near-term priorities, including funds set aside for anticipated expenditures such as property or business acquisitions.
- **Lifetime capital:** assets intended to support your lifestyle and personal objectives over time, structured efficiently through appropriate planning strategies and tax-efficient arrangements.
- **Surplus capital:** wealth that exceeds your own requirements and can be allocated towards longer-term or generational goals, such as interests in a family business or strategic holdings. This is often approached with a strong focus on governance and long-term stewardship.

Our wealth planners work alongside your investment manager and your existing legal and tax advisers to ensure that these different components are aligned with your governance and succession objectives, and with each other. This planning is delivered through a dedicated team of chartered financial planners and specialists in family business and cross-border issues.

Educational workshops

We design and facilitate tailored workshops for your family on topics such as:

- Family governance and succession
- Investment fundamentals and portfolio construction
- Trusts and estate planning concepts
- Reputation and digital risk
- Pre-nuptial agreements and family law considerations
- Employee ownership trusts or other business transition pathways
- Philanthropy
- Luxury asset ownership and financing

These can draw on LGT's internal Next Generation Academy programmes as well as selected internal and external experts on topics such as governance, succession, reputation management or family law.

Coordination and reporting

We provide a coordinated reporting framework that brings clarity to complex planning processes. Acting as a central point of oversight, we manage governance, tax and legal workstreams while working closely with your existing advisers to ensure alignment and efficient communication.

Where appropriate, we also offer consolidated balance sheet reporting, giving you a clear overview of your family's assets and structures. This supports more informed decision-making and helps maintain transparency and control across your wealth.

Investment management

Your investment manager / wealth manager remains your day to day point of contact for all investment matters. Working within our discretionary and advisory frameworks, and guided by our central Investment Committee, they:

- Design and manage portfolios aligned with your objectives and risk profile.
- Make use of a broad, whole of market range of investment tools (direct holdings and third party funds across multiple asset classes and regions).
- Can incorporate sustainability and impact considerations where this is important to you.
- Provide access to specialist capabilities such as private equity and lending solutions where appropriate.

Investment management and wealth planning are closely coordinated, so that portfolio construction reflects your overall plan and the different categories of capital you and your family have defined.

Supporting your long-term vision

We offer dedicated forums that give you the opportunity to exchange perspectives with members of the Princely Family, other entrepreneurial families and specialist advisers – drawing on real-life experiences of how succession challenges are addressed in practice. These are designed to help you connect with peers facing similar decisions, while also providing a structured way to engage and prepare the next generation.

By combining deep expertise with a long-term, family-centric approach, our aim is to help you preserve what you have built, prepare the next generation and shape a legacy that stands the test of time.



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