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Private Wealth Management Insight for Latin America's Most Influential Families



Natalie Klein and her brother Raphael are relatively new to the world of private wealth management. Members of one of Brazil's oldest and most prestigious retail families, their generation is tasked with helping guide their family's future and fortune.

In December 2013, the family took their retail chain, Via Varejo, public in what was Brazil's second-largest IPO of the year. The move raised \$1.2 billion. Natalie and Raphael are now jointly managing Golden Tree, their family's recently established business office.

Noting the large number of IPOs occurring in her country, Natalie observes, "Family members I know who are my age started working in the family business very early and are now being expected to take on more management of their family's business. This third generation needs to know how to manage assets differently than the first generation did."



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Natalie Klein, Brazilian fashion entrepreneur and retailer, attendee of the Miami program in January To gain the knowledge they need, the Kleins attended *Private Wealth Management LATAM*. The program, which will be offered again in May and October, offers insights on portfolio diversification and risk management in today's increasingly complex investing environment. Wharton is offering the three-day program in partnership with the Family Business and Office School, a pioneer in providing private wealth management training and education to wealthy families and wealth advisors in Latin America and Miami.

"This program serves an open need in the industry," says Christopher Geczy, PhD, academic director of the Wharton Wealth Management Initiative. "Serving advisors to today's high net worth and ultra-high net worth investors, we provide insights in areas ranging from portfolio theory to asset allocation, from client communication to client influence, from traditional investments to alternatives and impact investing."

According to Hernan Fuentes, founder of the Family Business and Office School, family-run firms in Latin America often lack wealth succession planning and efficient family and corporate governance. His research found that nine out of 10 Latin American companies are family-owned, but only 30 percent of these businesses survive to the second generation. "By partnering with Wharton, we offer these advisors and managers the latest best practices in investing, while showing them how to gain a holistic view of a family's assets," Fuentes says.

João Bosco Silva, managing director and partner of Bridge Investimentos, a leading São Paulo-based finance, governance and management consulting firm, says the session on communication styles was particularly helpful to his work serving on various family company boards, often as board chairman.

"Understanding different communication styles was a very useful exercise. I immediately applied this concept to interact better with the board members. Understanding how each board member reacts and how they think allows you to get the most out of each one," he explains.

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Hernan Fuentes, founder, the Family Business and Office School

Rafael Alcantara Lansberg, founding partner of New Market Analytics, a multi-family office serving Latin American clients, notes, "For years we have been risk focused, among other things teaching clients to focus on diversifying the risks present throughout their estates and not just those present in their investment portfolios. When Prof. Geczy started talking about the Total Family Balance Sheet approach, not only did I feel validated in my efforts, but also the bar was raised on how to improve the practice in the firm."

Klein says her meetings with financial advisors are now much more productive. "Wharton provided a much broader view of what our assets are and an understanding of the need to diversify even more than we did before. Now I have a much better idea of how institutions and banks approach managing private wealth. I'm more prepared and I talk at a different level — I know what to ask."

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