



Stephan Buchwald (left) and Berndt Otternberg (right).

A reliable partner for financial issues

Since 2006, Kontora, based in Hamburg, has been providing comprehensive advice on wealth management. The independent multi-family office, managed by five partners, assists families, newcomers and non-profit clients.

TRANSLATION: NADINE CARSTENS | PHOTOS: KONTORA FAMILY OFFICE GMBH

Within the last 30 years, the wealth of the citizens in Germany has quintupled. According to the Deutsche Bundesbank, there are various studies that confirm this development. The post-war generation was especially able to build wealth fast. It is this amount of money and possessions that are being passed down by means of gifts or inheritances nowadays. As a result, many asset holders try to find a reputable and comprehensive consulting service to manage their entire wealth. Ideally, this should include for example asset monitoring, finding investment managers, financial planning, succession planning, and structuring club deals. But asset holders are often uncertain how to choose the right products and service for themselves. Being

confronted with many traditional providers such as banks and freelance financial advisors, who have their own commissions in mind and do not give independent financial advice, many potential clients have little or no confidence in these experts.

As a result, there is a trend towards family offices – an alternative that many asset holders prefer because they take a holistic approach, meeting all the clients' needs. The independent company Kontora is one of them. Established in 2006 by the managing partners Stephan Buchwald and Berndt Otternberg, the multi-family office based in Hamburg assists families, newcomers and non-profit clients including foundations, associations, and church

institutions. Altogether, Kontora manages assets of more than five billion euros.

Finding the right family office

According to the 'Verband unabhängiger Family Offices', there are about 60 bank-independent providers. However, the term 'family office' is legally not protected with regard to related financial services. Therefore, there is a growing number of providers such as auditing and tax consultancy firms that position themselves as family offices. However, they do not always provide independent advice free of commission.

As Buchwald states, the 'Verband unabhängiger Family Offices' named four basic principles every independent family office should follow: "One principle is to operate without any conflicts of interest. To additionally ensure independency, it is necessary that families and other wealthy clients as well as/or the family office managers serve as the official tenants of a

family office – not providers of investment products." Another principle: consultants should solely be paid via a fee and should not offer their own asset management, Buchwald explains. Last but not least: consultants should offer expertise in all asset fields and all issues related to asset structuring.

Experts for all aspects of financial advice

Professional family offices like Kontora work closely with their clients who maintain the right to make their own decisions. "Only if our clients put their trust in us, we can jointly analyse which services are perfect for them," Buchwald says. "At the same time, our clients must be certain that they can unconditionally rely on our advice." To provide detailed knowledge of the market, the Kontora team consists of 30 experts from different sectors including credit bankers, M&A transaction consultants, real estate consultants, as well as corporate finance consultants and accounting specialists. Therefore, Kontora knows all aspects that are important for financial advice. In addition, the company provides access to institutional groups of investors, club deals, and private placements. To ensure that clients are able to understand individual

processes and make their own decisions, Kontora also offers workshops where clients gain expert knowledge.

"Our modular service package is based on three aspects: advice and structuring, implementation, and supervision," Buchwald states. After analysing the assets and liabilities structure and the clients' demands, Kontora develops strategies to comprehensively manage their wealth in the long-run. Strategic asset allocation, and finding suitable financial partners and service partners is also part of the company's tasks. In the next step, Kontora helps the client to invest in companies and to make alternative investments by checking lucrative investments on a daily basis. All processes are transparent for clients since Kontora regularly informs them about current developments, costs, and whether agreed investment goals and guidelines are maintained.

To find out which aspects are most important to clients when working with family offices, Kontora conducted a study with them. "We are the first family office in Germany which did that," says Buchwald. The results show that most asset holders

address a family office due to a new phase of life or inheritances. Many participants also mentioned corporate sells as a reason. A great majority replied that family offices must strictly separate financial advice and asset management to guarantee neutral assistance. The study also shows that the reporting of total assets, a continuous supervision, and a strategic asset allocation are services particularly in demand. Additionally, all participants stated that managing illiquid investments were strategically very important to achieve an above-average return, while a spread of the total assets over all asset classes was very difficult without complete transparency or a consolidated balance sheet.

"Conducting this study has helped us reflect on our own decisions on the basis of certain principles, which others perceived as successful or less positive in a comparable situation," Buchwald explains. "We see ourselves as master builders who support building owners who want to establish a personal asset concept. But in the end, the building owners make decisions for themselves."

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