

This Issue Autumn 2008

- 2 Key Wealth Care
- 3 Training & education programmes
- 4 My life outside work / Key people
- 5 The Key Way / Social responsibility
- 6 Investments: managing the managers / Jersey Company Law

Top of the World!

Key Trust is the **Independent Trust Company Team of the Year**

– outright winner in this international category at the prestigious STEP Private Client Awards 2008/2009.

The Awards – which celebrate excellence and innovation – were announced by STEP, the much-respected Society for Trust & Estate Practitioners.

Hailing Key's achievements, the judges said: "The company shows a strong commitment to staff and clients, as well as a clear vision. We found a real sense of proactivity toward clients in terms of communication and a knowledge founded

on matters beyond purely financial concerns.

"We were impressed also by the stress on reporting regularly, an essential area of trusteeship all too frequently overlooked."

Key Director John Perkins says: "The judges' statement endorses everything that we strive to be and do as a caring, ethical company. 'Serve clients well and success will follow' is what we say in our literature and this has been borne out by our achievement."

Our submission stated: *"The Key Way... creates a satisfying experience for our clients, the professionals who work with us, and our people who deliver the service."*

Finalists - again

For the second time in two years a Key Wealth Care company has overcome fierce competition to be shortlisted in the Financial Innovation Awards 2008 – alongside such leading institutions as AXA, Barclays Bank, CitiBank, Coutts, HSBC and Lloyds TSB.

This year Key Trust is a finalist in the 'Excellence in Governance Risk and Compliance' category for our risk-management software.

Organised by the *ifs School of Finance*, the Financial Innovation Awards are among the most prestigious in the financial services industry.



Collecting our Award from actor Brian Blessed at STEP's London event: Key Trust Directors Paul Sewell (left) and John Perkins (right) with Peter Niven, Chief Executive of sponsors Guernsey Finance (far right).

Letter from the Editor

This issue of KeyMail is edited by Brian Clarke, Managing Director of Key Trust.

What singles out Key Wealth Care?

The sector we work in is known as the “wealth management” or “private client industry”. Neither expression accurately describes what we do at Key Wealth Care.

Our clients and professional colleagues are real people and families. They have needs and interests, expectations and even fears. We firmly believe that referring to them as if they were objects to be managed or cogs in an industry is missing the point.

In contrast, the qualities that single out Key Wealth Care are:

- Our focus on delivering comprehensive services to our wealthy private clients and their families that take into account all their needs
- Our focus on creating a reciprocal relationship with our professional colleagues and partners, again centring on the interests of our mutual clients.

Introducing Key Wealth Care Limited

As we approach the milestone of our first decade in business it is clear that two important factors have stood us in good stead. First: our founding ethic “Serve clients well and success will follow.” Second: the complementary decision to specialise in providing a total service for private clients.

Over the years, our work has evolved into two distinct strands. Of primary importance is our trust company, Key Trust Company Limited, with its subsidiaries and complete range of services and ownership structures for wealthy clients.

Parallel to this we have grown an ancillary range of services. These include training programmes for our clients’ advisors, our professional partners – such as the Key Family Office Day at the Private Banking Summit in Zurich and our quarterly Breakfast Briefings at The Law Society in London. To meet the needs of our clients and their families we have designed annual residential tutorials for wealth owners, the WealthWise™ programme. You can read more about these on page 3.

Also under the umbrella of the non-trustee services, we have built a very effective back-office reporting service, which has been running in Jersey for the last two years. By the end of 2008 we expect it to be fully operational in Switzerland as well.

The two areas of our business complement each other because we believe private client service is all about a genuine and lasting relationship based on trust and technical quality. Both sides of our business are dedicated to the premise that our clients’ aims and aspirations are paramount and the way we deliver our service is crucial.

That is why we provide more than the basic trustee service. Looking after each client, their family’s next generation and the professional advisors alongside whom we work adds up to a comprehensive service that remains totally focused on each party’s requirements.

Although the two halves of our business have been held together under the business name Key Group, we have come to the conclusion that this inadequately expresses what we do. We therefore have incorporated a new holding company for all our non-trustee work, which will also give us a distinctive brand name that clearly defines what we believe about service. With effect from 1 September 2008, our group is known as:-

Key Wealth Care Limited

We hope our clients and professional colleagues will agree that our new name reflects what we do and the way that we do it. Bringing our Key Trust Company and our other professional services under the new name makes it clear that Key Wealth cares for:-

Our clients,
their families,
our professional partners,
our own people.

And that our new name delivers a service that is trusted by all.



Training and education programmes

Key Wealth Care invests money and time helping our own people to develop their skills – and providing courses to benefit our clients and professional colleagues – as these reports show.

WealthWise™:

a unique course for private wealth owners
– *2009 Programme out now*

WealthWise™ is a unique, 1½-day course for people who already own or expect to come into substantial wealth.

Developed by Key Wealth Forums, our training and conference company, it offers benefits to wealth owners of any age and at any stage. It combines university-style tutorials and one-to-one mentoring by leading specialists in the field of wealth and asset management, and the related issues of personal lifestyle objectives.

The programme includes getting the best out of professional advisors and gaining a proper understanding of investments and asset classes, and extends to appreciating how wealth can impact on lifestyle and the value of philanthropy. Attending will ensure that delegates do not live in the shadow of wealth, but gain rich insights that complement their material well-being.

With its aim of maximising the benefits of wealth ownership, WealthWise™ is a very popular programme, and we keep the number of participants low to maximise the benefits of networking with a peer group who share similar interests and concerns. Early registration is recommended to reserve your place. Please contact Brian Clarke at Key Wealth Forums: brian.clarke@key-trust.com

Key Wealth Forums provides CPD accredited training

Key Trust Company has been approved by the Solicitors Regulation Authority (SRA) as an external CPD provider to self-accredit courses we arrange.

This is due in no small measure to the success of Key Wealth Forums' Breakfast Briefings Series. In applying for accreditation we defined our stated aims and intended learning outcomes:

"Legislation in Jersey, both statute and case law, is undergoing considerable change. Breakfast Briefings bring the latest information to practitioners (lawyers acting for non-domiciled persons resident in the UK who use trusts and companies based in Jersey as planning tools) who are actively engaged in advising clients who need these arrangements."

Attending Key Breakfast Briefings earns 1 CPD hour as well as a full English breakfast, and is by invitation-only. Anyone who has not already reserved a place but wishes to attend either of our forthcoming Breakfast Briefings should e-mail john.perkins@key-trust.com to ensure they do not miss out.

We look forward to seeing you there!

Key Wealth Forums Breakfast Briefings Series 2008

Because clients benefit most when all the professionals involved in the engagement possess the best information, we have developed a series of knowledge-sharing initiatives for our professional partners.

Our latest example, Key Breakfast Briefings, informs lawyers whose wealthy clients use Jersey trusts and companies as planning tools about changes in the Island's statute and case law. Organised by Key Wealth Forums and held in the Law Society's Chancery Lane headquarters in the City of London, they are a practical demonstration of the Key culture of adding value in our relationships with clients and advisors.

Our third Breakfast Briefing will be held on Thursday 16 October 2008 with our friends from Crill Canavan: Richard Pirie on trusts and divorce, and Elena Moran on 'Focusing on costs'. The last Breakfast Briefing of the season is on Thursday 20 November 2008 – with Fraser Robertson and a colleague from Appleby providing a special update on impending changes to Jersey legislation.



*The Law Society's HQ,
Chancery Lane, London*

In-house and intelligent

Key Trust's commitment to developing our people covers both their technical expertise and personal progression. We apply the concept of Intelligent Training, which equips them to provide excellent client service and at the same time enhances each individual's personal growth.

With Intelligent Training every staff member maintains their own bespoke "personal learning plan". This identifies their individual technical and non-technical training needs, focusing on the issues most pertinent to their clients and to them.

Paul Sewell, the Key Trust director responsible for training, says: "This formula has been instrumental in helping our firm and our people achieve and maintain the high quality of client relationships that characterise Key Trust."

Positive feedback from delegates attending the first two Briefings include: *"Hearing about the context in which the judgement was made from the advocates involved in the actual litigation makes the topics come alive."*

Key people

Since our last Newsletter there are two changes.

Rebecca Weston has joined us to be part of Colin Cavill's team doing management administration of a large Family Office client. She holds the diploma in International Trust Management from the Society of Trust and Estate Practitioners, brings ten years' previous experience to her role, and has made a substantial difference to Colin's workload.



New Director

Dionne Maher continues to build Key Financial Reporting. The Company now is achieving excellent results with a strong experienced team in place. We are delighted to announce that at the July Board Meeting, Dionne accepted appointment as a Director and Board Member of Key Financial Reporting Limited.



My life outside work: Graham Bisson: Administration Manager

Outside of work three things occupy my time. My hobby is veteran and vintage cars. At the moment we have a 1933 Buick, a 1939 Amilcar – and a 1924 Lanchester 21HP Fixed Head Coupe (*below*) the only one of its kind left in the world. We have just sold a 1913 Buick which fortunately has gone to a good home. We participate in many non-competitive rallies, mostly in France as well as in Portugal and the UK, which gives us the opportunity to visit some great places and meet some amazing people.

We are fortunate to have four wonderful children, including our foster daughter, and five amazing grandchildren. Watching these little ones grow up and spending time with them is both entertaining and amusing. It also beats old cars hands down!

Ten years ago, following a "Damascus Road" experience, my life changed dramatically. Now I am the senior steward and Treasurer of Bethlehem Methodist Church in St Mary, and the coordinator and Evangelist for Cornerstone, an ecumenical group. We have a Prison ministry and are also invited by different Churches to lead worship. Since 2000 I have completed seven "Alpha" courses (an introduction to the Christian faith). If you like people – and food – I believe you would find Alpha both interesting and helpful.

Having a personal relationship with God has given me real happiness and a purpose for living – together with a hope and a future, regardless of what lies ahead.



The Key Way: 'Serve clients well and success will follow'

The Key Way is both our unique business model – enabling us to compete successfully against industry giants many times our size – and the culture of our organisation.

By replacing hierarchy with teamwork and support, we foster an environment of openness and honesty where self-motivation is encouraged. And because each engagement is owned by the people serving the client, the work is enjoyed by the people delivering it and the client receiving it.

The Key Way delivers certainty through

- Relationship quality
- Technical expertise
- Fair value fixed fees

– with each element supporting the other to create a virtuous circle.

We meet our clients' expectations by giving all three elements of The Key Way equal importance. Because we deliver on our promises, we have the valued reputation of trustworthiness. There is no compromise on quality. The underlying principle is that true service is not a product but a blend of what is essential and what best suits the client.

The Key Way comprises teamwork within the strong guidelines of clearly established professional procedures, precedents and guidelines. This can be expressed as a Team Model and a Responsibility Model.

(These extracts are from The Key Way, a Key Wealth Care publication).

Within the clear internal guidelines established for good governance of the business, each person has a role. Part is specific to the individual, owned by them and to be done by them as part of the service delivery. Part is a responsibility shared with the other person committed to the service for that client engagement.

While the Director and the Manager have their individual responsibilities, when it comes to client service their respective roles substantially overlap, making knowledge of the service and its delivery complete.



As a business model, The Key Way looks to the future, to growing the firm and increasing the number of private wealth owners whom we look after. We have three criteria for this purpose, epitomised in The Key Way.

- 1 Seek excellence in all we do
- 2 Keep it focused
- 3 Care for our own people.

Social responsibility and our commitment to Crisis UK

To look after wealthy clients creates enormous privileges for our company and our people.

But we must never forget that many do not remotely enjoy a privileged life. This is particularly evident in London where, as reported by Crisis UK, some 500 people are living rough on any given night. A further 400,000 are in unsafe or temporary conditions such as hostels, squats or simply on the streets, leaving them vulnerable.



Crisis UK's mission is to put an end to this scandal, working directly with homeless people to transform their lives. One way is by setting up Advice Centres each year during Christmas week, providing hot meals, shelter and companionship, health services and professional advice. Nearly 200 people achieve a positive, life-changing outcome from this work each year.

As a company that believes it has social responsibility, we are supporting Crisis UK in two ways.

First, Key Trust Company has pledged to finance their Advice Centres for the next five years, so giving people hope beyond the one week of sanctuary over Christmas.

Second, we think this should also extend to the people who work for our firm. So we are inviting our people to work as general volunteers for at least three days during Christmas week. To encourage this, we will meet all their expenses and preserve their holiday entitlement.

You will find more information about what this work involves on www.crisis.org.uk

Problems with investments: how to manage the managers

Brian Clarke writes: 2008 has been a most difficult year for investors — and investment managers. Some people argue that mega computers taking contrarian positions have increased market volatility. However, the market is far too complex even for a mega computer

The events which lead to one outcome on Monday can lead to a different outcome on Tuesday! There is now simply too much information for any one individual or a computer to fully comprehend. There are just too many moving parts and our minds are trained to select only the information we need and to filter the rest.

Applying this concept to the market suggests that each investment manager or trader will tend to focus on what they personally consider important and ignore the rest. Two old (but none the worse for that) investment philosophies are:

- The random walk theory, which says that everything that can be known is already factored into the price, therefore the move in tomorrow's price will be random.
- The other theory is that while it pays to follow a trend, when following the herd, accept that you are walking in the droppings.

Because decision makers work with fundamentals, technical signals, and numerous financial variables to meet the supply and demand requirements of their

firm, they have to select those elements that are relevant to them. They focus on those elements that are specific to their decision-making, filtering out other variables as either being too small or too fleeting. Result: they do not work with the real market but with a mental model of the market.

In a year when the filtered-out issues suddenly become dominant, this can have a disastrous effect on investment policy. Banks, commodities, oil all have significant valuation changes beyond any average trend line.

At our annual meetings with family clients, we are always talking about the entire global spread of investments and how important it is to ensure a balance. The elements we strive to include are real estate, art collectables that can be enjoyed, land, cash, equities and holdings for long-term income. As an independent company, we are perfectly placed to introduce the best managers for each asset sector.

In these volatile times, having a secure, broad and inclusive spread of assets gives a good foundation for stress-free living.

Jersey Company Law changes

Amendments to Jersey Company Law have come into effect this year with very positive results for private wealth owners.

Jersey Companies may now buy back or redeem their own shares without having to cancel them. The bought-back shares are described as "Treasury Shares", and Jersey Companies may retain them. This gives companies greater flexibility in managing their share capital and could prove very useful for investment funds and employee share schemes or benefit trusts.

Other changes include:

- Permitting Jersey Trust Companies to act as corporate directors of the companies they administer
- Abolishing the prohibition on a company providing assistance for the acquisition of its own shares – for example, by giving a guarantee to support the finance arrangements of the purchaser.

Relaxation of the capital maintenance requirements of a company means distribution to shareholders can be made from any source of funds, providing the directors are satisfied before they decide to take this action that the company's retained assets are sufficient for its solvency.

For complex financial transactions, the Jersey Company continues to prove its worth as a robust vehicle supported by decisive laws that make for certainty in strategic planning.