

Bulgari's Trapani bets on wealth management



It is the ultimate client referral: a wealthy customer likes a product or service so much they buy a stake in the company that provides it.

Francesco Trapani has done exactly that with Geneva-based wealth adviser ElyStone Capital. The 51-year-old chief executive of Bulgari, the listed Italian luxury goods company, has been a client of ElyStone for five years, forming a good relationship with Luis Palacios, who founded the business as LP Partners.

Trapani said his portfolio has returned between 6.5% and 10% a year at a consistent rate. "Each month, the volatility of returns has been up or down only a fraction of a percentage point," he added. "Last year, in a very tough market, my portfolio did 9%. This is why I decided to invest in the business."

Trapani has taken a minority stake and become chairman, although he has the option to increase his holding over the next few years.

He sees plenty of potential for growth: "As people are getting richer they are discovering new problems. Perhaps they want to optimise their corporate structure, or their fiscal position, or their insurance portfolio, or manage cashflows. Seeking professional advice is essential."

Palacios founded LP Partners in 2002, having previously worked at Lombard Odier Darier Hentsch, and set up Morgan Stanley's private wealth business

Actress Keira Knightley wearing a 1960s Bulgari necklace: Trapani said it would be wrong to over-emphasise the links between luxury goods and wealth management



James Rutter

in Geneva. Most of the firm's 10 staff are based in Switzerland, with other offices in London and Bermuda.

ElyStone is essentially a multi-family office, serving relatively few, very wealthy individuals. "We are looking for a small number of new clients with large, liquid portfolios," said Trapani. Europe, and Italy in particular, will be the focus – although he is also eyeing Asia. "In five years, we will still be talking about tens of clients, not hundreds," he added.

The firm has particular expertise in hedge funds. Trapani's personal portfolio is divided between funds of hedge funds and bonds, with his only direct equity holding being his stake in Bulgari. "I get my equity exposure through the hedge funds," he said. ElyStone will look at private equity if it suits clients' risk appetite.

The firm charges a flat annual management fee of up to 1% of assets although it can be lower for larger portfolios: "But at the same time, you are saving on the fees you previously paid to various banks and advisers," said Trapani. "All the other

"LAST YEAR, IN A VERY TOUGH MARKET, MY PORTFOLIO DID 9%. THIS IS WHY, AT THE END OF THE DAY, I DECIDED TO INVEST IN THE BUSINESS."

services – insurance, tax, cashflow management – come for free."

Trapani, a member of the Bulgari family, became chief executive of the family business in 1984 aged 27, leading its flotation in 1995.

He also sits on the boards of Banca Nazionale del Lavoro, furniture-maker B&B Italia and private equity firm, Opera.

His contact book should prove fertile ground for ElyStone. But he cautions against over-emphasising the links between the luxury goods industry and wealth management: "Some synergies are there because the clients are often the same, so you can think about cross-marketing activities," he said. "But the client is obviously in a very different state of mind when acquiring luxury goods."

The art of buying art



PAIGE WEST: THE WEST COLLECTION

FOCUS: NEW ARTISTS

WORKS: 2,700

There are two contemporary art markets. One is conducted in the auction rooms of Sotheby's and Christie's or at galleries such as the Gagosian and White Cube. It involves seven-figure sums, professional advisers and Russian billionaires. The other is supported by countless small galleries and fuelled by anonymous art school graduates producing work priced in the hundreds or at most thousands of euros or dollars.

Paige West operates in the latter – although the renown and success of her family's West Collection, which she curates, means she frequently crosses over to the former.

Her goal is to spend no more than \$1,000 (€647) when she adds a new artist to the collection. She was an early collector of works by Julian Opie and Vik Muniz, for example, artists whose work now fetches five or six-figure sums.

West is a fervent believer in a democratic art world, open to all, in which informed choices can prove to be sound investments. She has written a book – *The Art of Buying Art* – to demystify the contemporary art scene for would-be collectors.

"I felt strongly there was a lot of great art out there that was affordable," she said. "In investment terms it is high risk and potentially high reward – but the sums you are paying are relatively small."

West's father, Al, is founder and chairman of financial services group SEI and a visit to any of their offices will be likely to put you in contact with some of the 2,700 contemporary works which make up the family collection.

Unlike most corporate collections, which carefully steer clear of works that are too challenging or controversial, nothing is off limits in the West Collection.

If staff don't like, or object to, a piece on show, they can place it in the Hot Hall, a public space designed to generate discussion of the work in question.

Paige West's tips for negotiating the contemporary art market include using websites such as 20x200.com and lowereastsidestreetshop.org. She said attending art school degree shows can be an opportunity to try and identify the stars of tomorrow: "It is very risky to purchase work from degree shows, but they offer a wonderful opportunity to talk to artists, which can be difficult once the galleries take over."

Artists in the collection she tips for big things include Lee Stoetzel, whose wooden car is on show at SEI's London office, and Cuban artist Fabian Pena Diaz, who makes mosaics out of cockroach body parts (below).

While she regards the Chinese art market as overheated, West said Korea has received less attention and its leading artists are producing work of consistent quality. She is a fan of Ji Yong Ho, who makes giant sculptures from recycled tyres.

Another trend is the revival of drawing – works on paper, in the art world vernacular – and West regards Peter Callesen, who makes paper sculptures, as an

artist worth watching. However, if she had to take just one piece to a desert island it would be Fat Car by Austrian sculptor Erwin Wurm (below), who makes bloated, cartoon versions of sleek sports cars by distorting their shapes with styrofoam and fibreglass. West said: "It just makes me smile."

