

CHILTON TRUST

2017 Chilton Trust Intergenerational Forum Summary

Chilton Trust recently held its private Intergenerational Forum on May 11th and 12th, 2017 in New York City. The forum included industry experts who shared their knowledge on a variety of wealth management topics. We discussed investing, philanthropy, conservation, and recent developments in cybersecurity. For those who were able to attend, thank you for joining us and we look forward to seeing you again soon. For those who were not in attendance, we thought you would enjoy reading the summary on the forum below.

The Forum commenced on Thursday, May 11th with dinner at The Union Club, which was accompanied with a talk by **Mac Stone**, a *conservation photographer*. Mac spoke about his work as a conservationist through an impressive body of his photographs, walking guests through various landscapes spanning from Africa to the Florida Everglades. Through imagery, Mac highlighted conflicts that arise at the juncture of mankind and the natural world and showed several instances where local governments and grassroots efforts have worked to solve these complex issues. As he continued to move through awe-inspiring images of the Amazon rainforest, South Africa, and ultimately the Everglades, Mac explained his photographic process. Through the use of double exposures, remote cameras, painting with light, wading in swampy water for hours on end, and most importantly, working with scientists to learn the natural characteristics of these animals in order to capture their wonder through his lens, Mac marvelously emphasized the importance of protecting wildlife and brought awareness to our dynamic connection with the natural world.

On Friday, May 12th, the Forum continued at the University Club. **Harry S. Grand**, *Managing Director and Head of Client Advisory*, welcomed all guests and announced that the Firm recently won Private Asset Management Magazine's award for the 2017 Best Private Wealth Manager - Client Service. Additionally, two exciting client initiatives were discussed: the opening of an office in Charlotte, NC as well as the establishment of a Delaware Trust Company to provide sophisticated trust solutions in one of the most favorable jurisdictions in the country. We highlighted the importance of innovation and technology and spoke about the enhanced reporting and data aggregation capabilities via statements and **Chilton®Connect**, our secure online client portal. Chilton Trust clients are able to aggregate their assets across custodians, managers and all asset classes, allowing for one consolidated "dashboard" to help facilitate sophisticated asset allocation and investment decisions. Additionally, we highlighted that the Chilton Trust app is available for both the Android and iPhone, allowing clients to securely access their information via **Chilton®Connect** on their mobile devices. Technology enhancements will continue to drive the business and help all areas at the firm, whether it is investing, client service, outsourced family office and wealth advisory solutions or tax services.

Richard L. Chilton, Jr., *Chairman & Chief Investment Officer – Equities of Chilton Trust Company*, and **Jennifer L. Foster**, *Portfolio Manager & Co-Chief Investment Officer – Equities of Chilton Trust Company*, began the Investment Insights segment with a presentation on "**Patience: The Key to Successful Investing.**" Many great investors agree upon the importance of patience when investing in the stock market. Richard spoke to the power of deeply understanding quality in business models and exercising long term orientation to optimize compounding, the "eighth wonder of the world." Patience not only gives investors the ability to block out noise but allows them to avoid various friction costs. In support of this methodology, the investment team walked through a variety of case studies, which highlighted the notion that the companies that you invest in matter, and when quality is combined with patience, the firm believes its selections will outperform over time. Critically, patience is not always the easiest option; it is important to stay invested and ride out the storms as every stock will have a short case. In these situations, it is important for a client to be with a manager who has "strong hands." Our current measurements for quality will continue to be beneficial as the team looks for new long term investment opportunities in the equity market.

The Investment Insights segment continued with **Timothy W.A. Horan**, *Executive Vice President & Chief Investment Officer – Fixed Income of Chilton Trust Company*, who presented on "**Passing the Baton from Monetary Policy to Fiscal Policy: The Risks and the Rewards.**" Tim began his discussion on the current global landscape, touching on the status of global growth. The need for rate normalization grows as global growth continues to point in the right direction. In comparison to Europe, Canada, Japan and China, U.S. yields are higher; Mexico is currently the only country in the world with a higher yield than the U.S. As such, the U.S. is amongst the most attractive sources for yield; however, the Federal Reserve must be mindful of the timing for future rate hikes so as to maintain a balance of a healthy U.S. economy which can withstand a larger rate rise. Federal budget questions may also affect the Fed's decision making. Additionally, we are facing an inflection point in the U.S.;

we believe we are approaching a handoff from monetary to fiscal policy that will require ‘adult supervision’ in Washington. Furthermore, President Trump was elected on the promise of tackling the repeal and replacement of Obamacare before setting his sights on corporate tax reform and infrastructure spending. We are now beginning to see that Trump’s tax reform varies quite significantly from the House GOP’s reform plan and his campaign promises. Gauging the success and speed of these policy changes will be difficult. Up to this point Obamacare has not been repealed or replaced, and no credible infrastructure plan or comprehensive tax reform has been put forward.

The Investment Insights segment concluded with **Louisa Ives**, *Senior Vice President & Head of Manager Research*, who provided guests with an overview of our external manager capabilities to diversify client portfolios. The centerpiece is an extensive due diligence and vetting process that we believe identifies best-in-class partners and external manager offerings. Through case studies, we showed representative examples of recent complex investment challenges and Chilton Trust’s unique ability to provide bespoke solutions to meet client objectives and goals.

The morning portion of the forum concluded with a Cybersecurity Panel. It was a timely discussion as the world absorbed the aftermath of the “WannaCry” cyberattack that occurred that morning. **Jordan Arnold, Esq.** – *Head of Private Client Services at K2 Intelligence*, **Nadya T. Bliss**, PhD, *Director, Global Security Initiative at Arizona State University*, and **Jamie Winterton**, *Director of Strategy for Arizona State University’s Global Security Initiative*, discussed the importance of cybersecurity in a connected world. The speakers highlighted that technology is fundamentally changing the world we live in today. They touched upon the various approaches criminals utilize to target victims, and how the myriad activities we take online may leave us vulnerable offline. The panel discussed how in a vacuum, small pieces of personal information on the web may seem innocuous; however, hackers combine these bits and pieces of information to assemble a digital footprint across our devices. The panelists stressed that fortifying your security posture via two-factor authentication and a strong password will help protect against roughly 90% of all attacks. They also encouraged a cautious and wary approach to new electronic products. We often integrate devices into our lives without thinking about the potential threats they pose to our security. As an example, a new device was discussed that utilizes a 3D camera backed by machine learning and facial recognition software; the camera sends alert messages to a remote server if the device recognizes what it believes to be anomalous activity in a user’s home. This data, which is meant to improve security, is stored in a remote server which may be prone to hacking unbeknownst to the user, and underlies the general concerns regarding big data storage. The panelists concluded the discussion by outlining a few simple rules audience members can follow to bolster security and alleviate the potential of being hacked. One suggestion highlighted the use of LastPass, a free online encrypted password service that allows users to store and to utilize a multitude of highly complex passwords in an easily accessible, secure database. The speakers also stressed the importance of avoiding public Wi-Fi, as connecting to an unprotected internet connection renders you an easy target for hackers. As an alternative solution, they advised using a VPN – a virtual private network – that creates an encrypted connection for users to access a private connection via public Wi-Fi.

During lunch, **Caitlyn Fox**, *Chief of Staff to the Chan Zuckerberg Initiative*, provided us with an update on the Initiative’s development and growth. She discussed how the organization came to fruition, as well as its future goals and current growing pains. With the new wave of philanthropists coming out of Silicon Valley, it was interesting to hear about the Chan Zuckerberg Initiative’s innovative approach, ambitious goals, and recent work partnering with other prominent organizations.

The forum concluded with an engaging philanthropy panel discussion on “**Pursuing Your Passion: Balancing Lifestyle, Legacy & Philanthropy**,” moderated by **Nicholas Evans**, *Chief Executive Officer and Co-Founder of Hopeland*, an organization that ensures that every child has a safe, permanent and loving family. Panelist **Deborra-Lee Furness**, *Actress & Child Advocate*, provided wonderful insights on how her own personal passions spurred the creation of, and her vision behind, Hopeland. **Joseph Ritchie**, *Founder, Chicago Research and Trading and Head of Fox River Partners*, shared his experiences working with the organization and the personal impact its made on him. **Leith Greenslade**, *Founder & CEO of JustActions LLC*, stressed the importance and power that passion has in achieving success when tackling such a large social issue like children outside the care of families. Leith also touched upon the importance of bringing the greatest minds together to tackle the world’s greatest problems.