



Ultra wealthy cautiously optimistic on economy

I recently had the pleasure of attending the first annual Tiger 21 North American Members' Conference in Palm Beach. It was an opportunity to gain further insight into the topics on the minds of about 270 high-net-worth members and spouses from across the United States and Canada.

Tiger 21 prides itself in being a peer-to-peer learning network for wealthy investors. The conference featured highly regarded speakers who led discussions on a number of intriguing investment topics.

Allow me to share some of the key themes and ideas that came out of the conference.

Growing optimism

Most of the speakers presented data that supported a cautiously optimistic outlook for the U.S. and world economies. There was a general sense of confidence among members, too. As the recovery gets stronger, many members have identified attractive entry points for select investments.

But no one I spoke to expected a rapid recovery. So it's definitely not "business as usual": The wealthy continue to be cautious about investing, and everyone seems much more engaged with their wealth than before the crisis.

Real estate revival

Sam Zell presented his "insider view" of the U.S. real estate market. With a net

worth north of \$3-billion (U.S.) – the bulk of it from real estate – he brings a unique perspective.

Mr. Zell likes to call himself "Grave Dancer" because of his penchant for distressed properties. As you might expect, he's been dancing a lot over the past couple of years as the U.S. real estate market goes through unprecedented turmoil.

While he acknowledged that there is opportunity out there, Mr. Zell stressed he has been selective – not everything he finds in the bargain bin is worth buying. Lately, Mr. Zell has been interested in income-oriented properties, and he's shied away from some beaten-down markets.

We've been interested in U.S. real estate for some time, and many of our clients have been picking away at select opportunities. Mr. Zell's comments reaffirmed our approach: We'll be taking a closer look at U.S. apartments and other income-generating properties in the months to come, but we'll be picking our spots.

Banking on U.S. financials

One of the more interesting sessions was led by Bruce Berkowitz, founder of Fairholme Capital Management, who shared his equity outlook for the year. Mr. Berkowitz won Morningstar's "domestic stock manager of the decade" award in early 2010, and manages more

than \$22-billion.

Mr. Berkowitz declared that he is "all in" on the U.S. financial sector, with significant holdings in AIG, Citigroup and other big names that were front-and-centre during the financial crisis of 2007-08.

It takes nerves of steel to invest in such troubled companies. But we like his way of thinking. We've been buying select U.S. financials for some time, and will likely continue to do so. The case for "best in breed" banks (Wells Fargo, Goldman Sachs) is a compelling one.

A better way to give

I enjoyed listening to Charles Bronfman, elder statesman of the former Seagram's empire. At 79, he still knows how to light up a room.

Mr. Bronfman's topic was philanthropy. He challenged listeners to think differently about their charitable efforts, asking them 20 questions – some of them quite provocative – in an effort to clarify their purpose when they contribute to a cause.

Mr. Bronfman's discussion is another example of the trend toward a much more active philanthropy. By holding oneself accountable for one's charitable success (rather than the charity), by insisting on focused action, and applying a business-like approach to philanthropy, Mr. Bronfman believes we can change the world for the better. I couldn't agree more.