



June 1, 2007

Group Takes Investing by the Tail;

TIGER 21 Members Share Education, Not Assets

By Jo Napolitano

The investors who make up TIGER 21 have no secrets, at least not from one another. Every month they meet to discuss money, world events and their health and relationships with their children, among many other topics. But no matter how intimate the members' family discussions, it's their complete financial disclosure that sets TIGER 21 apart from other investment-related groups - that and the millions of dollars each member has at his disposal.

TIGER 21 (The Investment Group for Enhanced Returns in the 21st Century) is an 8-year-old peer-to-peer learning group for high-wealth investors. Started in Manhattan by Michael Sonnenfeldt, founder of private investment firm MUUS & Company, the club is a place for the mega-rich to learn from one another and from the many speakers they invite to meetings.

"We believe in collective wisdom," Sonnenfeldt says. "We create what we believe is the ideal setting for high-net-worth investors to learn from one another."

Many members are retired former CEOs adjusting to a new job: serving as stewards of the fortunes they have amassed. The group's 127 members, who are spread across the country, manage more than \$7 billion in assets. They don't pool their money; rather, they use what they've learned at meetings to guide individual investment decisions. Each member is required to have at least \$10 million in assets to invest, and annual dues are \$25,000.

At meetings, which are held across the country, a member's pictures of his grandkids might generate as much discussion as his latest real-estate ventures. Not surprisingly, much conversation revolves around the next generation - for example, how to motivate children who have grown up in luxury. They also talk about family members who feel entitled to their wealthier relative's money.

There's no simple solution to any of these issues, says TIGER 21 president Tommy Gallagher, a former vice chairman of Canadian Imperial Bank of Commerce World Markets. The answers depend mainly on the comfort level of each member. "The cumulative knowledge from everybody in the room helps you come to a less emotional decision with some of this stuff," he says. "Being able to talk to people with no ax to grind gives you a good direction on how to handle it."

TIGER 21 members must agree to provide all other members complete access to their financial portfolios, including every financial mistake they have ever made, in a session called "portfolio defense." Members spend weeks preparing for it.

The session can be painful, even embarrassing. The investments are compared with the presenter's stated goals and examined for inconsistencies. Members offering critiques consider such issues as risk, diversification and philanthropic donations. The idea is for people on the hot seat to understand the biases influencing their investments and to perhaps make adjustments. Gallagher says a frank discussion about such a sensitive topic allows the group to bond.

The nature of these discussions means each member is subject to a background check. "We try to avoid having people with any question of their integrity" Sonnenfeldt says. "Everyone has to sign confidentiality agreements."

As with many investment-related groups, the educational aspect of TIGER 21 is one of the most appealing elements. Among the speakers have been fund manager Mario Gabelli, David Rubenstein of The Carlyle Group and Stephen Schwarzman, chairman and CEO of The Blackstone Group.

TIGER 21's doors are open to those outside finance. Members have invited experts on everything from stem cell research to the findings of the 9-11 Commission. These guests include former senator Gary Hart; Stephen Lash, chairman and CEO of Christie's in America; and Charles Collier, senior philanthropic adviser at Harvard.

All this for the purpose of being better informed. Sure, the members of TIGER 21 could get someone else to manage their money, but they'd rather do it themselves.

As Sonnenfeldt says, "What we're all about is helping members understand that they are the CEO of their own investment company."

Jo Napolitano is a staff reporter for the Chicago Tribune. She previously was a free-lancer for The New York Times, where she often reported on business.