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TIGER 21 investors have impressive track record

Mary Teresa Bitti, Financial Post · September 6, 2011

A few weeks before President Obama finally managed to raise the debt ceiling and Standard & Poor's downgraded the U.S. debt rating, a small, exclusive group of some of Canada's wealthiest entrepreneurs, CEOs, top executives and industry leaders met to compare notes.

The consensus: The debt ceiling would be raised. The U.S. credit rating would take a hit. Right and right again. Then they came up with a few key strategies: Stay short on the duration of fixed-income investments; invest more in high-yield and investment-grade bonds versus government bonds; consider shorting government. And right again.

These investors — members of Tiger 21 — have a lot to lose. None of them have investable assets under $10-million and their average worth, exclusive of the billionaires, is between $70-million and $75-million.
Tiger 21, an acronym for The Investment Group for Enhanced Results in the 21st Century, is opening a Montreal branch in November with groups already in Vancouver, Calgary, Toronto and across the United States.

It was started in 1999 in New York by Michael Sonnenfeld, who sold his real estate business and wanted to learn how to best steward his own money.

Collectively, Tiger 21's 170 members (30 in Canada) manage about $15-billion in liquid assets with the range of net worth of individual members anywhere from $15-million to upwards of $1-billion.

Thane Stenner, director with Richardson GMP in Vancouver, spent a year checking out the organization before he decided to bring it north of the border and became the founding member/managing director of Tiger 21 Canada (tiger21.com/Canada).

"This isn't about business maximization," says Mr. Stenner. "Tiger 21 is focused on helping members become excellent stewards of their investment capital."

Members must go through a vetting process to ensure they have the minimum $10-million in liquid assets to play with. Applicants undergo character reference checks, background checks, credit, legal and RCMP checks.

And what goes on during the 10 annual day-long meetings is protected by confidentiality agreements.

For that privilege, members — between the ages of 28 and 84 — pay an annual fee of $30,000.

"The goal is within three years to have two groups with 15 members each in each of the four cities. That would cap out at 120 members," says Mr. Stenner. "We want to make sure the experience is exceptional."

Even though these investors work with professional advisors, since 2008 in particular, many wealthy investors have decided to delegate less and understand more.

"Since the market downturn, there is a thirst to become more knowledgeable in the area of wealth management. Being able to share with peers, where there is no selling and no biases in an open environment is attractive," says Mr. Stenner. "To come to a place 10 times a year to share challenges you are trying to work through with people who have also been highly successful seems to be resonating."

Meetings have an entrepreneurial vibe, are professionally facilitated or chaired and feature two external presenters, a Q&A and a discussion. Once a year, each member must present a 90-minute Portfolio Defence, opening up their balance sheet, investment allocations, investment philosophy core lessons learned, challenges, philanthropic plans and family structure to the group. They then ask for input on three areas. “It’s a discussion with your peer group in a very confidential setting,” says Mr. Stenner. “I feel like I’m back in Harvard in the executive program only these are real life cases. It’s highly stimulative. The day flies. And there is tremendous learning.”

In the spirit of sharing, Mr. Stenner offers an inside look at how Canada’s wealthy feel about the economy and some best practices you can apply to your own portfolio.

He says high net worth investors have learned to embrace volatility. It doesn’t mean they don’t get nervous, but they have the ability to step in to various asset classes when they get beat up. And right now, they are reducing gold exposure and government bond exposure (especially in the United States) after a great run-up, he said.