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Tough times in the market call for a little Tiger talk

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The old saying about being rich is that money doesn't buy happiness but it does buy off certain kinds of unhappiness. Nonetheless, there are collateral forms of unhappiness or, at least, distinct unpleasantness that arise with wealth, especially first-generation rather than the inherited kind.

These include: concerns about the motivations of the cottage industry of wealth managers who have cropped up to knock at your door; the growing discomfort of discussing one's wealth with others, even those close to you; and the frightening realization that the skills that enabled you to become rich don't necessarily equip you to manage your assets.

What is the anxious multimillionaire to do? One of the best options may be to talk to the people at Tiger 21, an organization of wealthy individuals that has formed a network of peer-to-peer learning groups to discuss all aspects of wealth management. This remarkable group offers invaluable insights into how to steward one's money responsibly – even for those of us who haven't amassed the $10m required to join.

I recently met three of Tiger 21's officials at its New York headquarters – co-founders Michael Sonnenfeldt and Richard Lavin, and Tommy Gallagher, a more recent member and Tiger 21's CEO. I knew that Tiger 21, whose 59 members manage more than $5bn in assets, had access to an impressive roster of speakers and investment professionals looking to raise capital. Admittedly, I was hoping in part to hear some juicy tips to pass along to FT Wealth readers. While they mentioned some investing themes, a word or two on those later, they focused far less on hot ideas and more on the cornerstones of successful investing: an honest accounting of one's portfolio; a disciplined approach to managing money and meeting one's objectives; making sure you are protected on the downside in an insecure investing world; and, most important, asset allocation and diversification.

Before discussing the investing lessons that apply to all of us, it is worth taking a closer look at Tiger 21, which stands for The Investment Group for Enhanced Returns in the 21st Century (no relation to the former hedge fund run by Julian Robertson). First, Mr. Sonnenfeldt notes that Tiger 21 hopes to increase its membership to 300 in five years. And given that the number of US households with net worth in excess of $10m stands above 430,000, it is certainly a reasonable goal. (There are other like-minded organizations, such as the Institute for Private Investors and Met Circle, who offer peer groups for wealthy investors.)

Second, while their model and exclusive access to investment opportunities may not be easy to replicate among the so-called "mass affluent" – those with $500,000 to $10m in assets – a modified template of Tiger 21 may have broader applications.

Tiger 21, which has six groups with a dozen members apiece and is currently forming group seven, draws most of its members "from careers in management or entrepreneurship" rather than as a result of inheritance, Mr. Sonnenfeldt says. The groups enjoy the considerable perk of "discrete opportunities" within a wide range of alternative investments from hedge funds and private equity groups to commodities and real estate, often under more favorable terms because of Tiger 21's collective buying power.

However, the key to the Tiger 21 experience, the members say, is the ability to talk in intimate detail about one's investments with peers in an open, honest setting. The sessions often delve into highly personal matters that cannot be disentangled from wealth matters – health, children, family and life goals. If this makes the sessions sound like a New Age emotion-fest, it is far from it. The heart of the process is a "portfolio defense", in which a Tiger 21 member opens up his or her entire portfolio for a rigorous peer review.

The process is brutal: every position is laid bare before the group and members can fire volleys of questions and criticisms: "Do you really need to own so much stock in your former employer?" "These may be great funds but you are entirely over-allocated." "Why so many small positions that are hard to track?" "This portfolio does not align with what you say are your long-term goals."

According to Mr. Sonnenfeldt: "The importance of the peer-to-peer process is the critical value-added and what differentiates us from anyone else. It isn't always easy to be naked in front a confidential group but members know they can share unvarnished opinions, good and bad."

One of the primary benefits of the Tiger 21 gatherings is one that every investor, rich and not-quite-as-rich, can ill afford to avoid: an improved understanding of asset allocation and proper diversification. One of the big themes Tiger 21 drives home is investing in an insecure world, and proper asset allocation can be the best bulwark against wealth destruction.

What does the Tiger 21 process offer those with less than $10m? A sound lesson in seeking trusted counsel in money management.

The Tiger 21 process reminded me of difficult conversations I have had with others about financial planning, including one with my dad at the depths of the brutal bear market in 2002. He showed me his portfolio, which was far too loaded with growth and tech offerings for someone approaching retirement, put together by a supposedly reputable wealth management firm. After a tough conversation, he took his money out and achieved better diversification and returns on his own. When I recounted this to Tommy Gallagher after he told of his harrowing first "portfolio defense", he replied: "It sounds like you and your dad had a Tiger talk."

I promised to discuss some of Tiger 21's investment ideas, even though that wasn't the point of the conversation. Happily, the themes they like marry with those found in Hands On investor, including emerging markets, alternative energy and commodities. Two ideas stood out, one for the wealthy and one for everyone. The former is the Delta Private Equity Partners fund, which that invests in Russian emerging growth companies under a program started by the US government. The latter is New Zealand bonds, which offer protection against a falling dollar in a currency from a commodities-rich country with no sovereign risk.

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