



PEPPER
INTERNATIONAL

FAMILY OFFICE & CONSULTING SERVICES

PHILOSOPHY & PRINCIPLES

Pepper International was founded by Carol Pepper in 2001 to help families gain greater control over their wealth and to help them relate more effectively to the financial services industry. Prior to founding Pepper International, Carol had spent over 25 years in the wealth management industry, serving as a senior private banker for several large private banks, a portfolio manager for one of the leading family offices in the United States and as a technology builder for a large investment bank. Based on her experience as a provider of services to wealthy families, she came to believe that families could and should expect more from their experts. She formed Pepper International to help families receive the best possible advice and expertise.



Families should remain in control of their wealth

- Families should be able to have a completely customized solution for their wealth management needs
- Families should have full transparency on the fees they are paying
- Families should be able to have a private view of their entire asset base
- Families should have complete knowledge of any conflicts of interest that their experts may have so they can understand what motivates the advice they are receiving
- Families should have a clear understanding of the risks they are taking when they invest



Families should be able to align their values and interests completely with their wealth management plans

- Families should be able to express their values and interests to their wealth advisors and to receive plans that reflect those values
- Families should be able to understand their investments and plans after explanations from the experts
- Families have a right to expect honesty, integrity and transparency from their expert advisors

FAMILY OFFICE



Pepper International is a family office located in New York City that serves families around the globe. Pepper International provides comprehensive family office services, including oversight of investments, philanthropy, and education for all family members. The family office is currently exempt from registration with the SEC and is not a Registered Investment Advisor.

Pepper International creates asset allocation plans, provides advice on money managers, and coordinates consolidated reporting. The firm works with top global experts, including money managers, accountants and attorneys, and oversees all of these professionals on behalf of the family. Family office services are offered on an advisory basis, which means that families make the ultimate decision in all matters.

In addition to monthly monitoring of investments, the family office will help the family oversee the creation of estate plans, evaluate the appropriateness of all vehicles and domiciles for investments, and will make sure that all elements of the family’s wealth management plans are integrated.

The company is paid only by the family and receives no compensation from any of the service providers that are selected, so the business model of Pepper International remains free from conflicts of interest.

Pepper International advises on the selection and management of all of the family’s external wealth service providers.



FAMILY OFFICE

Pepper International helps families gain control over the large numbers of experts that must be employed to effectively manage wealth today. The firm has no set strategic relationships and therefore can create a completely customized solution for each family.

STRATEGIC REVIEW OF EXISTING WEALTH MANAGEMENT PLANS



Review Existing Plans

The first step is a strategic review of the family's existing wealth management arrangements. This means understanding all of the vehicles that are in place to hold family wealth, reviewing the asset allocation of the existing investments and analyzing all existing portfolios. In addition, all estate and tax planning is analyzed.



Understand Goals

At the same time, it is important to get a clear understanding of the family's goals and plans. The existing wealth management structures are analyzed to see how they stack up against the best options available in the market today and against the family's goals.



Create a New Strategic Plan

Out of this process, a new strategic plan is created that integrates all of the major areas of wealth management: investment management, taxes, estate planning, philanthropy, next generation issues, and concierge services.



Create Individual Plans

The overall plan includes an individual plan for each family member, including all children. The individual plans allow each family member to have his or her unique financial needs met, while maintaining an overall strategic plan that helps unite the entire family.

FAMILY OFFICE

Pepper International reviews all existing asset allocation plans and money management relationships. If needed, the firm will select new investment managers in all investment categories. Pepper International negotiates price reductions from service providers wherever possible. The firm then monitors all portfolios and provides consolidated reporting.

INVESTMENT SERVICES & CONSOLIDATED REPORTING



Asset Allocation

Pepper International begins by helping the family create an asset allocation strategy that is the target mix of cash, bonds, equities and alternative investments for each family member and each entity (such as a trust or a partnership). This asset allocation plan reflects the risk tolerance, return expectation and time horizon of the family.



Investment Manager Selection

Once the asset allocation is agreed upon, the firm advises the family on the selection of the appropriate money managers to execute the investment strategy. The family also is helped to create investment policy statements for each portfolio.

Pepper International has a long-standing, diverse network of sources for excellent investment opportunities in all investment categories. The firm works with top major global brokerage firms, including Goldman Sachs, and Morgan Stanley. In addition, the firm has close relationships with the top global private banks, including Barclays, Credit Agricole, JP Morgan, HSBC, Pictet, and others.

The firm also has a network of relationships with top alternative investment managers and other family offices. This network provides high quality deal flow in the areas of private equity, hedge funds, real estate and venture capital.

FAMILY OFFICE



Ongoing Investment Monitoring

Once investments have been selected, Pepper International monitors these investments on a monthly basis. The family office makes sure that the investment managers continue to follow the investment discipline that they presented when they were hired. Each investment is monitored against an appropriate benchmark, and, if desired, a customized benchmark is created that helps the family to evaluate the performance of their managers. The family office monitors the overall risks of the investments and alerts the family to any changes that may require the family to reconsider the investment. In addition, the family office monitors general market conditions and risks and helps the family make strategic and tactical changes to investments as the markets change.



Consolidated Investment Performance Reporting

The family office works with an independent organization that specializes in creating consolidated performance reports for all investments. These reports are customized for each family. Families pay for this service directly and obtain a significant discount as clients of Pepper International. Families receive monthly consolidated investment reports and detailed quarterly reviews that summarize all activities.



Socially Responsible Investing

A growing number of wealthy families are interested in Socially Responsible Investing. Pepper International can help families articulate their own definition of Socially Responsible Investing; based on this definition, the family office will identify appropriate investments and craft an investment policy statement that will guide all investment decisions. Pepper International has access to a large number of specialized investment opportunities in the Socially Responsible arena. The family office will also help the family integrate Socially Responsible Investing with a robust philanthropic giving program.

FAMILY OFFICE

In addition to managing the investment aspects for the family, Pepper International oversees all other aspects of a wealth management. The firm helps the family to make sure that all aspects are integrated and wealth management decisions are made in a way that addresses legal, tax, estate planning and generational issues simultaneously.

OTHER FAMILY OFFICE SERVICES



Accounting, Legal, Insurance and Tax Services

Pepper International reviews the family's existing legal, insurance, accounting and tax providers and works alongside these experts on the family's matters. If a new expert is required, the family office can help the family locate the right professional for the job, thanks to an extensive network of professional contacts. The family office will review estate plans and entities and suggest any changes that might make plans more effective. The family office can facilitate coordination between trustees and beneficiaries. The family office provides oversight of experts in the preparation of all tax returns, working closely with the family's accounting advisors. All insurance plans are reviewed and upgraded as necessary.



Philanthropic Services

Pepper International will help the family review their existing philanthropic vehicles and plans and will assist in the creation of a strategic philanthropy plan. The firm has an extensive network of external experts in grant making, foundation administration and the management of philanthropic assets. Working with these experts, the family office will help the family maximize the effect of all charitable activities.



Next Generation Services

The family office is very familiar with the needs and issues of young inheritors and can help parents educate their children on the subject of wealth management. Pepper International also has a wide network of experts who can assist the family with special needs that might arise. The family office will create an individual strategic plan for each child to help him or her become a responsible and well-adjusted inheritor.

FAMILY OFFICE



Health and Security Services

The family office can help families identify experts to assist in all matters relating to personal health and family security while at home and while traveling. The family office will coordinate the activities of these experts as required.



Concierge Services

When requested, the family office can assist families when specific projects arise, such as the purchase of art, aircraft or real estate. The family office can also help with the placement and management of household staff. All concierge needs are fulfilled by best of breed experts who have been carefully screened.

CONSULTING SERVICES: FAMILY OFFICE CREATION

Pepper International also assists families in the creation of stand-alone single family or multi-family offices. The company has consulted with families who wish to create operations in the Middle East, Europe , the Bahamas, Asia and the United States.

Pepper International believes that creating a new family office should be approached strategically. The company has developed a three-step process for moving from the idea to the opening of the office.

STEP 1 STRATEGIC PLAN	STEP 2 OPERATIONAL PLAN	STEP 3 FAMILY OFFICE
3-6 Months	3-6 Months	2-3 Months
Create Vision	Create detailed plan for operations	Execute plan
Select service levels	Select vendors	Open as FO
Create budget	Hire staff	Set up continuous review process



Step One: Create a Strategic Business Plan

First, a strategic business plan must be created that covers all of the major issues faced by the family office

- Number of families to be served
- Management, ownership and governance
- Products and services to be offered
- Staffing, location and technology
- Regulatory and compliance issues of the jurisdictions chosen
- Budget and timeline

CONSULTING SERVICES: FAMILY OFFICE CREATION



Step Two: Create an Operational Business Plan

Once there is a general agreement on the strategic vision for the company, a detailed operational plan and budget must be created. Some of the activities of the operational planning phase are listed below:

- Interview potential vendors and evaluate proposals
- Select real estate, technology and furnishings for the office
- Obtain licenses in the jurisdictions where the family office will operate
- Set up compliance procedures and functions
- Create process maps for all important office functions
- Write policy and procedures manuals
- Write job descriptions for major employees
- Interview and hire staff
- Create client literature
- Build website



Step Three: Open the Family Office

Pepper International will remain involved with the project and help open the family office. Activities at this stage include the following:

- Train staff
- Make sure work flows are following process maps
- Answer questions and help with unforeseen issues

CONSULTING SERVICES: SPECIAL PROJECTS

Families can hire Pepper International for short-term special projects. It is often helpful to have a new perspective into ongoing operations and cost effective to use an external consultant rather than disrupting the workflow of the office to complete special projects. Examples of areas where Pepper International can help are listed below.



Strategic Planning

Many times family offices have been running for years without a strategic plan, and there is a desire to step back and create a strategic document to guide operations. Or, the office is ready to experience a “generational shift,” as one generation retires and a new generation takes over and decides to put its mark on the office. Pepper International can assist the ongoing office in creating a strategic plan.



Process Mapping & Cost Analysis

Sometimes the family office is having trouble because its operations are not running smoothly. Mapping the processes of the office can help untangle problems and help the operation move forward again. Once the family understands the types of services that they are purchasing from the office and the costs of each service, an overall assessment of the costs of running the family office can be made much more effectively.



Vendor Review & Technology Review

Family offices may find that they have outgrown their vendors in a particular part of the operation but are unsure how to evaluate potential replacements. The family office also may wish to investigate upgrading the technology used in the office. Pepper International can help families upgrade their service providers.

PEPPER INTERNATIONAL BENEFITS

The benefits of working with Pepper International include:



Success

- Investments are well managed
- Plans are executed
- Goals are achieved



Control

- Costs are controlled
- Risks are understood and addressed
- Time is well managed



Clarity

- A clear vision of the future of the family is created
- A thoughtful plan is executed to achieve the vision
- A legacy is created to last generations

BIOGRAPHY



Carol Pepper is CEO of Pepper International, a family office located in New York City that she founded in 2001. She has over 25 years of experience in the wealth management industry. In 2012 and 2011, Pepper International was nominated for a *Private Asset Management* award. In 2009, *Barron's* named Pepper International one of the top family offices in the U.S. Carol was named a Rising Star in Wealth Management by *Institutional Investor News* in 2007.

Carol lectures extensively around the world on issues of interest to the family office industry. Her current and past speaking engagement agendas are posted on the Pepper International website, www.pepperinternational.com.

Carol is an accomplished author. In 2012, Carol and co-author Camilla Webster published *The Seven Pearls of Financial Wisdom: A Woman's Guide to Enjoying Wealth and Power*, www.thesevenpearls.com. In 2009, Carol published her first novel, a wealth management thriller, called *Beyond Blood* www.beyondblood.com.

Prior to forming Pepper International in 2001, Carol had extensive experience as a private banker at JP Morgan Private Bank, Citibank Private Bank and Credit Suisse Private Bank. She also managed over \$1 billion of private client assets as a Senior Relationship Manager and Portfolio Manager at Rockefeller & Co., the multi-family office founded by the Rockefeller family. Carol also worked on the creation of a web-based virtual family office as a Principal at Morgan Stanley.

Carol graduated *cum laude* from Bryn Mawr College in 1984 with a BA in Philosophy and a Minor in Russian language. She obtained an MBA in Entrepreneurial Studies from Columbia University in 1989.

Carol is an active volunteer with non-profit organizations, including the Global White Lion Protection Trust, www.whitelions.org, and Bryn Mawr College.

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