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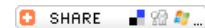
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18 October 2007 - The Future Of The Billion

In an industry where so many rely on so few (trying hard not to quote a previous UK Prime Minister), it stands to reason that the future be a major priority for all. Where will the next billionaire come from? What sector and technology will create the new wave of trillionaires? Well, as Martin Redmayne, Chairman and Editor-in-Chief of The Yacht Report points out in a recent feature, the answer may be closer to home and more obvious than we realise. In fact, to quote a wise old man, "can we see the wood for the trees"? The excerpt below is taken from Issue #88 of The Yacht Report and will be available in Fort Lauderdale next week.

"Having three children guarantees that there will be a next generation in my world, and in many ways and in the words of a major watch brand (*you never actually own a Patek Philippe, you simply look after it for the next generation*), everything we seem to create is for our siblings and any size of legacy becomes a focus of life's rich tapestry. I recently read two interesting articles, one in The Economist's new magazine Intelligent Life (obviously I was trying to look intellectual on a plane) and the second was a clipping I ripped out of The Times referring to some research conducted by Finans, a Russian financial journal. Although this may sound contradictory, it would appear that the old money are leaving less to their offspring and more to good causes and foundations, but the new money are likely to leave much of their new-found funds to their family. The reference highlighted was Roman Abramovich and his five minigarchs, as the broadsheet affectionately called them. Each one would potentially inherit €4.2 billion and one can only hope follow in their father's wake and enjoy the trappings of floating assets. The list was impressive and included 70 known siblings who are destined for great things with an inheritance potential topping US\$240 billion dollars. The same issue of Finans also focused on the total number of Russian billionaires with a list recently published of 700 rouble billionaires, albeit a paltry US\$390 million approximately; this does make them eligible for our wonderful world of Superyachting.

The subject of offspring is interesting from the point of view that the majority of billionaires have one, two or even more in the case of Abramovich, all of whom will at some point in their upbringing be exposed to their dad's floating palace. The mathematics allow us to predict an exciting future for the world's wealth trackers, with an increase in the world's billionaires up to almost 1,000 worldwide and approximately 178 newcomers being added to the list. If every billionaire has an average of 2.2 children, then our market growth potential in addition to the organic growth could reach several thousand billionaires in the next two decades. This is not counting the millionaires below the billion-dollar bracket who own yachts. Therefore next time you see children at a yacht show or sitting in a first-class airport lounge or at the private jet terminal, smile and hand them a business card; you just never know, they may be one of those junior jet-set, pampered yacht tots or just a Gucci coochoy-coo.

At the same time this report was published, The Economist report suggested that while the new money is likely to pass on their fortunes to the pupwardly mobile, the old money and long-term billionaire has taken advice from lawyer, accountant and conscience. His or her wealth is being redistributed via charitable foundations and vast investment in good causes, all of which is to be applauded by the masses. However, sibling rivalry will dictate that they will have to earn their own fortune, rather than be silver-spoon-fed for the rest of their miserable moneyed lives and in many ways this can be seen to be a positive step for the world of the junior jet set. But while less is being left to the offspring of the rich and famous, all is not doom and gloom for the large-yacht world, as a study by the Boston College's Centre on Wealth and Philanthropy revealed that over \$40 trillion dollars would in fact transfer from ageing Americans and their estates between now and the year 2050. That equates to a vast fleet of yacht potential even with the weaker dollar.


While everyone sees the current boom and market growth as exciting and dramatic, everyone asks: can it last. The answer is very simple; look to the future. While the markets are in turmoil, the banks are squeezing the private equity boys and the world of credit risk is getting riskier, the rich are still getting richer and as long as impotence does not become a side effect of financial success, there will always be people who will inherit the earth's wealth.

In my former life working on board a large yacht for a billionaire, his three sons all loved their time sailing with their father and now they have become yacht owners in their own right. The writing is on the harbour wall – the sons and daughters of today's yacht owners will multiply our market by pure unadulterated, financially secure, naturally wealthy selection. The next two decades will see hundreds of children mature and become the fruits of the money tree that sustain our market. Perhaps that is why so many young brokers in their twenties have arrived on the scene, so they can mature at the same pace and be ready for the rich pickings in the not-so-distant future. Therefore, if you see anyone walking around the yacht shows with a big bag of expensive sweets, he may not look as stupid and out of place as you think.

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