

# A Framework for Understanding Family Office Trends

*by Stephen Martiros & Todd Millay*

**H**ighly successful families manage their wealth by working with combinations of in-house professionals and third party vendors in a “family office.” A single family office is a private structure created to oversee personal financial matters for family members. We define “family office-scale wealth” as the amount of financial assets required to retain well qualified, full-time, in-house professionals (e.g., accountants, lawyers, investment advisors) regardless of the actual structure used. This is generally estimated to be between \$50 million to \$100 million in assets. Regardless of whether they have established a formal family office, any family with over \$50 million in assets should understand the framework of a family office.

Each family office is designed for the level of wealth, type of assets, complexity and objectives of the family it serves. While the specific design and activities of family offices vary widely, they can be categorized based on the activities performed in-house. Family offices follow three templates: administrative, hybrid, or comprehensive.

In an **administrative family office**, advisory and investment management services are managed through contracts with external service providers. The administrative family office typically directly employs staff to provide some level of bookkeeping, tax, or administrative services—often on a part-time basis. Families that utilize an administrative family office template typically have an asset base of \$50 million to several hundred million dollars. Overhead costs for this model range from \$100,000 to \$500,000.

The **hybrid family office** keeps functions strategic to the family’s objectives in-house, and outsources non-strategic functions. Some families hire family members for certain strategic activities, when the family member has a demonstrated expertise or when privacy and continuity of management are top concerns. In addition to administrative functions, hybrid family offices employ experts in tax, legal and/or asset allocation. Certain investment management functions may be kept in-house particularly where it leverages a family’s industry expertise—e.g., real estate investing. Families that utilize a hybrid family office template typically have an asset base of \$100 million to \$1 billion. Overhead costs for this model range from \$500,000 to \$2,000,000 or more.

The **comprehensive family office** is designed to provide services for families who desire the maximum degree of control, security, and privacy. All functions, including administrative, tax, legal, risk management, and core investment management, are provided by in-house employees. Specialized investment management activities such as hedge fund, venture capital, private equity, or emerging market investments may be sourced externally depending on each family’s objectives, budget, and their ability to recruit and retain such talent. Families that utilize a comprehensive template typically have assets greater than \$1 billion. Overhead costs for this model range from \$1,000,000 to \$10,000,000 or more when performance bonuses are included.

Commercial service providers are beginning to adopt the words “family office” in two distinct ways: to describe the quality of their services or to describe their target market.

In the former case, companies desire to portray a superior level of service or expertise. These companies are often positioning themselves to serve families with assets of \$5 to \$50 million or more in a “family office-

like” manner. These providers are often referred to as multi-family offices or “MFO’s.” Many registered investment advisors (RIAs) are re-positioning themselves as multi-family offices (MFO’s) to provide “bespoke” services to the most discerning clients.

In the latter case, companies are forming dedicated business units to serve the single family office niche. These business units are often designed to provide single family offices with special services, pricing, and dedicated experts. Banks, insurance, private aircraft, security, technology, and investment consulting companies, among others, have recently begun to establish “family office” business units.

**It is important to understand that the subject of this paper is non-commercial single family offices.**

Family offices are major providers of capital, both financial and intellectual, to the global economy. Wealthy families and their family offices have always been sources of innovation as, for example, early adopters of new asset classes and investment techniques, or by creating important social institutions through their philanthropy. The evolution of these family offices is a leading indicator of changes that will affect the broader market. We believe that the trends described in this white paper will have far reaching effects. We focus on family offices because they most dramatically illustrate these changes, and because they have consistently been pioneers of innovation for the broader market.

There are three major trends among the most innovative family offices that together will have a strong impact on wealth holders and the providers to these families:

### **1. Develop new sources of knowledge.**

Family offices continuously gather practical information from a wide variety of sources. It is difficult enough for the average investor to know how his or her peers solve the financial challenges they face. This challenge is exacerbated for the very wealthy, who have heightened privacy concerns and more differentiated personal circumstances. As a result, much of the information these families receive comes from providers of products and services, who have a commercial motive. To further complicate matters, products and advice are often bundled together, with “free” services subsidized by the revenues generated from other components of the package. Unsurprisingly, the most complex and/or illiquid offerings tend to have the highest embedded costs. Family offices increasingly supplement these sources of information through “peering” – communicating with each other to compare experiences and solutions. At its best, this is a global exercise in which family offices actively seek to learn from their peers around the world. Leading families recognize that local networks must be supplemented to ensure that they access more than a location-specific consensus shared by those who, for example, live in the same place, share the same social network, or rely upon the same sources of information. Top-tier academic institutions have taken an increased interest in this area, and have begun to create research based on rigorous, data-intensive research.

### **2. Unbundle, measure, and innovate.**

The most sophisticated family offices recognize that products, platforms, and advice, are fundamentally distinct. They are creating customized solutions from select providers in each category, rather than accepting a bundled offering from a single source. This unbundling allows for more accurate measurement of the value provided by each component. This in turn allows family offices to see new areas of opportunity and to “swap out” only the individual components that are not working according to specific performance criteria. While trust remains paramount, the foundation of trust is

shifting to be based on competence and track record rather than simply a personal relationship. The most enduring relationships are being built upon “informed trust,” which requires a clear understanding of the way a provider’s business works. Family offices are increasingly focused on measuring inputs and outputs. This means that they are paying closer attention to the transaction costs of intermediation and actively seeking to calibrate economic incentives to better align costs with value. This requires a nuanced understanding of the inner workings of products and services so that meaningful benchmarks and cross-comparisons can be established. The most sophisticated families consider both absolute and relative value, using peer-based benchmarks as an input to their evaluations.

### 3. Pursue opportunities globally.

The inputs that family offices use to create their solutions increasingly come from all over the world, not just their home countries. This trend is a direct result of the two trends described above. Family offices have both the means and the incentives to invest in understanding foreign markets and practices. The empirical case for doing so is strong, particularly when local knowledge can be applied to less efficient markets. In addition to globalizing their portfolios, family offices increasingly seek opportunities from direct investments. Family offices are pursuing returns through country-specific direct investments, such as real estate or private equity, which require a greater level of due diligence and commitment (and offer greater potential rewards). These investments are often made in partnership with other sophisticated private investors who have relevant expertise in “co-direct investment” or “club investing” arrangements.

The pervasive changes underway in the family office market reinforce each other. Increased knowledge leads to better analysis of a wider set of opportunities, and this allows investors to unbundle and measure, so that they can be more creative in devising comprehensive, global solutions. The more innovation that occurs in the market as a result of this creativity, the greater the additional knowledge creation and sharing. While the effects of this shift are now being felt, we believe that the pace of change will accelerate over time. The cumulative impact will be substantial.

Worldwide, wealthy families and individuals control over \$30.8 trillion, and are expected to control \$42.2 trillion by 2009, representing an annual growth rate of 6.5%.<sup>1</sup> In North America, the wealthy control \$9.3 trillion, and their numbers rose by 9.9% from 2003-2004.<sup>2</sup> More than 100,000 individuals in the US are estimated to have assets in excess of \$10 million, controlling more than \$3 trillion in aggregate.<sup>3</sup> Estimates of the number of the number of ultra-wealth individuals in the US with over \$50 million in assets vary widely, but even by conservative estimates this market is very large, and exerts substantial influence.

In addition to this astonishing size and growth of current wealth, the demographics of the United States and other developed countries will produce a rising flood of generational wealth transfers. One study postulated that over \$41 trillion in wealth transfers will occur over the next half century.<sup>4</sup>

1| Merrill Lynch/Cap Gemini World Wealth Report 2005, page 2. Total reflects 8.3 million people globally who hold at least \$1 million in financial assets.

2| Ibid.

3| Ibid.

4| See Paul Schervish & John Havens, “Millionaires and the Millennium: New Estimates of the Forthcoming Wealth Transfer and the Prospects for a Golden Age of Philanthropy.”

All change in human affairs begins with an idea. The most powerful ideas evolve from credible experience and are shared among people with the capacity to take action. Family offices are well placed to be laboratories of innovation. Family offices are typically created by individuals who have amassed substantial wealth by virtue of their creativity and business acumen. Such individuals are uniquely well-placed to act on innovative ideas. The position of a wealth holder making decisions about his or her own capital is very different from that of a hired agent who makes decisions on behalf of, and is accountable to, an institution.

Due to privacy concerns and their unique circumstances, substantial private investors have been less able to access reliable peer-based information. It is harder for them to benchmark their approaches and outcomes because of the difficulty of accessing reliable comparables. Indeed, for large and small investors there is an inherent danger in relying solely upon a closed circle of friends and associates in a similar financial position. Any local network based on social relationships carries the risk of simply echoing and reinforcing the shared preconceptions of the group. Individuals drawn from the same background can simply validate each others' assumptions without asking tough questions or presenting fresh ideas. This carries the risk of "group think" and a herd mentality, even among families with access to substantial resources. This form of parochialism exists even among families in the largest, most cosmopolitan cities. Indeed, it can be more likely, because it is easier to feel that your own familiar reference network is enough.

The fact that the wealthiest investors have not had direct access to peer-based comparables has historically put them in a position where they were reliant upon paid advisors. The advisor performs as an intermediary, by interacting one-on-one with a series of people with similar resources and needs. There are, however, some important limitations to this process:

- The client does not know who else the advisor works with, and therefore cannot accurately judge whether the other clients are true peers, and how much could be learned from their situations.
- Information is filtered through the advisor, and the advisor is the only catalyst to pursue and develop ideas that emerge from the group.
- The client does not know how the advice he or she receives compares to the advice given to other clients.
- The client does not know the objectives of the other clients (e.g., two wealth holders with similar assets may have very different goals—one may seek to protect his wealth in order to focus on philanthropic objectives while another seeks to grow her wealth through direct investments in private companies) thus making it difficult to make meaningful comparisons.

5] For descriptions of specific organizations, see "The Investment Club You Can't Get Into," by Robert Frank, *The Wall Street Journal*, December 2, 2004.

6] Metcalfe's law postulates that the value of a network with  $n$  members is equal to:  $n(n-1)/2$ . In other words, the value of the network increases geometrically as it grows.

Recent research has highlighted the power of groups to create insights. This is described variously as “the collective wisdom of crowds,” “emergence” or “peer-ing.” Forums have begun to emerge to distill insights from participants for family offices. This is occurring in family office membership organizations, peer networks of major philanthropists, and academia. There are four primary types of networks:<sup>5</sup>

**Informal:** The most common type of peer networks begin and end as informal local gatherings. These may occur as a regularly scheduled meal or as issue-specific gatherings that are focused on a narrow topic. Such networks tend to wax and wane over time, and quality control of both content and membership varies substantially. Member interactions tend to be unmanaged and localized. The content and overall quality of such groups varies widely.

**Buy-side only:** Actively-managed peer networks employ a professional staff to foster knowledge creation and ensure the quality of membership. A “buy-side only” actively-managed peer network is exclusively limited to single family offices. The fact that the network is buy-side only creates an atmosphere of trust. Best practices and innovative solutions are based on the experiences of the members, with no limitations on the scope of possible inputs. Done well, this can be a self-reinforcing model, with the value of the network rising for all members with the addition of each new member.<sup>6</sup>

**Sell-side/Buy-side:** Some actively-managed peer networks are designed to meet the needs of both product providers and product users. In addition to membership fees, these groups rely upon tiered payments from the sell-side (vendors), who find value in the group to the degree that it promotes their commercial interests and provides insights into industry trends and career opportunities.

**Conferences:** An increasing number of conference companies target wealthy families and their advisors as a business opportunity. These companies specialize in creating one to three day events around a theme such as “hedge funds,” “private equity,” or “managing your wealth.” These tend to be events rather than ongoing networks, and attract more industry participants than true single family offices.

To varying degrees, the existence of these forums helps family offices to overcome the privacy barriers that they face in learning from each other. Families should judge these forums by several criteria:

- Does transparency within the network allows participants to better assess the credibility of information provided, and the interests and motives of the participants?
- Does the network provides multiple points of connection to develop and pursue ideas, with the central hub acting as a catalyst?
- Does publication or discussion of best practices and peer-to-peer dialogue allow for meaningful benchmarking?

A network with a central hub can facilitate the development of knowledge that is a powerful supplement to the advice received via traditional channels. There are three critical areas of interest for family offices:

## Wealth Management

What expertise should I have in-house, and which should I outsource? What are the strengths and weaknesses of various service models (e.g., large private banks, multi-family offices) and providers? What is the best way to manage a concentrated stock position? How much should I pay for wealth management advice? How do I know if my solution is really “open architecture?” How do I pursue investment opportunities in emerging markets?

## Family Entrepreneurship

How can we leverage our family’s “brand” to our advantage? How do I manage succession within my company? How can I prepare the next generation to maximize their potential? Where can I find partners for new business opportunities?

## Philanthropy

How can I get the most impact from my grants? How do I manage a family foundation efficiently? How can I combine and leverage my efforts with those of others who share my passions? How do I evaluate the merits of a charitable organization? How do I ensure that my family foundation is well run?

The knowledge that family offices develop in concert with their peers gives them a stronger capability for action. This is the subject of the second trend, whereby family offices use benchmarks and comparables to unbundle solutions, measure impact, and create innovative combinations that serve their needs.

Sophisticated family offices increasingly unbundle their wealth management solutions into component parts of **platform, products, and advice**. Family offices view these as three distinctly separate links in the value chain, and make decisions based on comparisons among the providers that excel in each specific area. These three major areas, and the baseline solutions that family offices adopt in each, together constitute a family office “template” that provides a strong starting point for the management of a substantial fortune. This template can be customized to meet the needs of the individual family office.

**Platform:** The platform provides the technology infrastructure that supports the advice and products described above. A robust platform aggregates, stores, and facilitates the analysis of data in a way that makes it easier to integrate all the functions of a family office, from tax preparation to investment decisions. This market is evolving rapidly, with enhancements to existing platforms and new entrants. The most sophisticated family offices understand that a real time platform is crucial to their success, as informed decisions can only be made on the basis of reliable, holistic information.

**Products:** Wealth management “products” consist of the investment vehicles (asset managers, funds, funds-of-funds, ETFs, partnerships, etc.) in which family offices invest their assets and the other financial structures they use. The selection of these products creates the portfolio that is framed by the “advice” discussed above. Because products tend to be the most profitable of the three major elements of the wealth management value chain they merit scrutiny—particularly because “free” advice is often subsidized by product fees. Family offices need to assess what they own and why they own it, and to seek opportunities to leverage more than just their capital (e.g., by bringing to bear particular industry expertise and contacts).

**Advice:** The advice component creates the framework for a family office’s solution. Advice encompasses portfolio construction (deciding how much to allocate to each sector/geography, and how to vary this over time) as well as tax, legal, insurance, estate, and philanthropic planning. Valuable

advice therefore requires deep expertise in each area (estate law, tax preparation, risk assessment, asset allocation, philanthropic strategies) as well as the capability to integrate each element to ensure that they add up to a coherent solution. Family offices prize trusted relationships, but trust must increasingly be earned and kept via demonstrated competence (based in part on the peer-derived knowledge discussed above). Family offices carefully monitor the incentive structures of their advisors to ensure an alignment of interests.

When it comes to measurement, family offices need to pay particular attention to detail, because even small percentage (or basis point) changes on a large base of assets will have a sizeable absolute effect, particularly when compounded over time. The effect of adding even a few basis points annually to a large fortune is substantial. This impact can be gained through cost savings, tax efficiencies, or increased returns. In general, sophisticated family offices realize that fees for investment management will need to be justified by results that exceed what could have been obtained through a low-cost strategy such as indexing. For example, an actively managed portfolio of large cap US equities with an 80 bps management fees will need to deliver at least 60-70 bps of excess return above a comparable index (which may have a cost of 10-20 bps).

Family offices increasingly measure the total cost of ownership of their wealth management solutions (in both basis points and dollars), over multi-year or even generational time spans. For example, a fee may appear to be low in percentage terms (a few basis points), but on a large asset base the absolute size of the fee can be substantial – and as the family’s asset base grows over time, the absolute fee grows proportionately.

Reducing financial “friction” (fees, taxes, spreads, duplication, etc.) is, in some cases, a strong focus among family offices. Tax-efficient indexing for core elements of portfolios (e.g., large cap US equities) is increasingly common among family offices that do not believe that active management can consistently deliver above-market performance (or “alpha”) due to the high degree of efficiency in these markets. Focusing on friction is relatively clear-cut in these examples because no alpha is involved.

In most areas, fee reduction alone is not the answer. Rather it is fee optimization relative to value that is important. Quality, access, service, and aligned incentives are as important to this equation as price, but pricing still sets the baseline for value. Family offices seek to understand how their providers’ business models work, so that they can make a more informed assessment of this tradeoff and ensure that cost and value are well calibrated.

Some family offices have decided to commercialize their skills and networks. Generally, there are two approaches to doing so. The first, a **“service-centric” approach** is to simply open the family office up to non-family clients – becoming a “multi”-family office. This is a superficially attractive proposition because it spreads the costs of a family office over more assets and subsidizes the founding family’s cost, and provides the potential to create a new business out of a cost center. There are, however, substantial drawbacks to this approach. For example, non-family clients often feel that they are “second class.” Their needs may not appear to be the office’s top priority, and inevitably differ somewhat from those of the founding family. Furthermore, the cost of adding marketing, HR, and client service functions undermines potential savings from leveraging other forms of expertise. Even successful efforts may result in the creation of a relatively small business with no clear exit potential as well as ongoing fiduciary risk to the founding family.

The second, a **“product-centric” approach** is for a family office to leverage its expertise in a particular area to create co-investment opportunities for other family offices. This can be in the form of a limited partnership or a “side-by-side” investment fund. The advantages of this approach are that the family has a



demonstrated track record of success, continues to have “skin in the game” with regard to the outcome, and can bring together other investors who will also foster the success of the opportunity by bringing knowledge and networks in addition to capital.

The success of the “product-centric” approach is being fueled in part by the fact that sophisticated investors increasingly realize that they must pursue opportunities on a global basis. As many have observed, globalization has created unprecedented business opportunities (and threats to incumbents). This sentiment is reinforced by the fact that successful families are themselves increasingly global, with family members spread over different countries and time zones. Indeed, several family offices have observed that they have a great deal in common with their peers from other countries in terms of educational background, mindset, and goals. Investing globally presents even greater challenges than investing domestically (obtaining reliable information, finding the best providers, managing conflicts of interest, etc.).

Family offices increasingly seek alternatives both with regard to vehicles and structures but (more importantly) with regard to the nature of the opportunity itself. There is an increasing recognition among the sophisticated family offices that some of the most compelling investment opportunities are to be found in rapidly developing economies. While countries such as China and India are now in the spotlight, family offices are also looking seriously at regions such as Eastern Europe, Latin America, and the Middle East for investment opportunities. In some cases, they seek to make direct investments rather than simply participate in more liquid vehicles such as region-specific funds.

Similarly, newly wealthy individuals and families from emerging economies will find valuable lessons in North America, Europe, and Japan regarding how to successfully manage their wealth across generations. The leading family offices have faced the issues and opportunities that the newly wealthy are confronting for the first time. While any solution must be tailored for the local context, there is a broad degree of similarity in how successful family offices operate.

Globalization gives family offices an even greater incentive to seek out the counsel of their peers, and expand their knowledge of foreign markets and practices. The peer-based knowledge described above becomes an even more important asset for those seeking to capture opportunities in unfamiliar markets. The stakes are even higher for those that seek to reap substantial gains from less liquid investments. In effect, new “trade routes” are developing to support the exchange of intellectual capital across the globe.

**The impact of these trends will be substantial because of the influential role that large private investors play. The consequences are already in evidence, and will strengthen over time:**

#### **Standardization for a more consistent experience**

Best practices for private investors will be increasingly codified, resulting in a “template” for family offices and less “reinventing the wheel.” Starting from baseline templates, family offices will be customized based on individual needs using proven components. Evolution in technology platforms (e.g., global custody and wealth management systems) will accelerate this trend by making it easier for family offices to evaluate information and share it using a common vocabulary and taxonomy.

#### **Demand for transparency and clear disclosure of financial interests**

Corporate and financial scandals of the past few years have highlighted the detrimental effects of conflicts

of interest, and the most sophisticated investors are steadily becoming more aware of them. Private investors increasingly seek a true alignment of interests by understanding providers' business models.

### **Specialization of advice, with multiple providers**

Family offices increasingly appreciate that advisors with one form of expertise (e.g., legal, accounting) should not “drift” into another area (such as investments). The most sophisticated private investors decide which forms of expertise they require and evaluate the providers for each area by cross-referencing recommendations. By cross-referencing the advice they receive regarding their most challenging issues, family offices can ensure that they create the best possible solution.

### **Co-direct investment with other family offices**

Family offices with particular areas of expertise increasingly seek to collaborate with others to leverage the investment opportunities they identify. The attraction of co-investment opportunities include the fact that the family office typically has significant “skin in the game,” a demonstrated expertise (e.g., when investing in the sector that created the family fortune), and the ability to add value beyond capital (e.g., via business skills or relationships). We foresee a steady rise in shared due diligence and co-investments among family offices, facilitated by increasingly formalized structures.

### **Technology as a key wealth management tool**

Technology allows families to learn, innovate, and pursue opportunities around the world in increasingly useful ways. Sophisticated private investors and solution providers have recognized the need for technology that allows for a holistic, integrated view across an entire family office, including alternative investments and foreign holdings, in real time. As it has elsewhere, the rise of technology will displace some forms of advice even as it makes others more valuable.

### **Buying power based upon aggregated demand**

Family offices recognize that by pooling their aggregate demand for certain products and services they can negotiate favorable pricing. The aggregated group is treated as an “institutional” client. Institutional quality products with institutional pricing are becoming a key component of the family office templates described above.

### **Apprenticeship through peer-based education**

Successfully managing a family office is both an art and a science. Because of this, learning from practitioners is highly valued. This learning is enhanced and accelerated through the codification of best practices. Family offices devote considerable attention to developing the talents of the next generation, and rely heavily upon apprenticeship, either within family entities or in well-regarded non-family companies (at times in the form of an “exchange program” with another family, akin to the Medieval practice of “fostering”).

### **Consolidation and institutionalization of what is now a highly fragmented market**

The family office market will become more integrated and institutionalized as information becomes more readily available and peer-based consensus emerges around best practices. The knowledge that private investors gain from each other will help the best providers to increase market share, and will marginalize many second-tier providers. Family offices will increasingly behave more like institutions – particularly when conducting attribution analysis and holding providers accountable.

### **Use of networks to gather information, share due diligence, and navigate choices**

Technology has given family offices access to an unprecedented depth and breadth of information.

Navigating across the sea of information has become a far greater challenge than the mere collection of data. To assess the credibility of information and identify insights, family offices increasingly rely upon networks of well-placed peers. The sustainability of these networks depends upon the degree of reciprocity and shared interest among the participants.

We believe that these trends will accelerate as family offices find additional ways to share information and best practices, and begin to collaborate in new ways. The combined impact of the trends described here will be profound. Already some family offices have developed reputations for leadership and innovation.

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THIS WHITE PAPER ESTABLISHES A FRAMEWORK FOR UNDERSTANDING THE EVOLUTION OF FAMILY OFFICES. BASED ON OUR EXPERIENCE, WE BELIEVE THAT THESE TRENDS ARE ALREADY WELL ESTABLISHED, AND WILL ACCELERATE. THE PRACTICES OF FAMILY OFFICES WILL SPILL OVER INTO THE BROADER MARKET OF AFFLUENT INDIVIDUALS. PROVIDERS TO THIS MARKET MUST RECOGNIZE THAT THEY WILL LIKELY UNDERGO CHANGES CREATED BY THESE TRENDS. THE TRADITIONAL “MANUFACTURING AND DISTRIBUTION” MODEL WILL LIKELY EVOLVE AS BUYERS BECOME MORE SOPHISTICATED, DE-COUPLE PLATFORMS PRODUCTS AND ADVICE, AND SOURCE GLOBALLY.

## About the Authors

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Stephen is the Managing Partner of CCC Alliance and has over 20 years experience in the financial services industry advising private families and family offices. He is a longtime counselor to members of the Pitcairn family, heirs of the PPG fortune and a co-founding family of the CCC Alliance. Stephen joined CCC Alliance in 2002 and led CCC Alliance to the “Family Office of the Year” award presented by Institutional Investor’s “Private Asset Management” magazine in 2004.

Stephen received his MS from Babson College and MBA from Babson Graduate School of Business and spent the first 8 years of his career at E.F. Hutton where he was awarded “Rookie of the Year” for the industry and at Alex Brown & Sons. Stephen has developed a deep understanding of the investment, technology, and service requirements of family offices, and is expert in financial analysis and the investment management process for private families. Today, Stephen participates on the Fidelity Family Office Service Group’s technology advisory board and serves on the investment committee for the Schott Foundation for Public Education.

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Todd graduated summa cum laude and Phi Beta Kappa from Dartmouth College. He was a Rhodes Scholar at Oxford University, where he received a master’s degree in Economics. Todd received his J.D. from the Yale Law School. After graduating from Yale, he served as Managing Clerk to a judge on the U.S. Court of Appeals for the First Circuit.