

MEMO NO. 1 — ON WEALTH GOVERNANCE

Your Wealth Is a Corporation. It Has No CFO.

Under international accounting standards, any company that controls more than one entity must consolidate. Many wealthy families are as complex as mid-size corporations — yet have none of the governance infrastructure.

Under US GAAP and international standards, any company controlling more than one entity must consolidate its financial statements — regardless of size. One subsidiary abroad, one trust, one holding structure: consolidation is mandatory. Without it, you cannot govern what you cannot see.

Now consider a family with \$5 million across three countries. A brokerage in Canada. A trust in the US. Property in Spain. A pension in France. The cross-border complexity is on par with a multi-entity business — but without a CFO, a consolidated balance sheet, or any governance framework at all.

Their banker doesn't know about the trust. Their tax lawyer has never seen the full portfolio. Their accountant files in one jurisdiction without visibility into others. Each professional is competent. None has the whole picture. This isn't negligence — it's structural.

"Two thirds of wealthy individuals work with multiple financial professionals. None has been asked to consolidate."

THE FEE YOU DON'T SEE

Total cost — fund expenses, transaction costs, FX spreads, platform fees — routinely reaches 2–3% per year. On \$5 million: \$100,000–\$150,000 leaving your account annually. Each advisor, seeing only their piece, has no incentive to show the full picture.

THE TAX YOU DIDN'T HAVE TO PAY

Uncoordinated asset placement costs 0.30%–1% per year in unnecessary tax drag. On \$5 million: \$15,000–\$50,000 in avoidable taxes annually — before unused treaty benefits or positions punitive in one country and tax-efficient in another.

THE CURRENCY RISK NOBODY MAPPED

Cross-border transfers cost 3–5% above mid-market in hidden spreads — \$6,000–\$10,000 per year on \$200,000 in transfers. No invoice. A 10% currency move on 40% of a \$5M portfolio creates a \$200,000 swing in purchasing power. When advisors work in silos, nobody watches that risk.

EXHIBIT 1 — ANNUAL COST OF FRAGMENTATION

What your advisors don't see is costing you.

Cross-border family · \$5M in assets · Conservative estimate
\$131,000 — \$270,000 per year.

THE SILO PROBLEM

Banker Investment accounts Blind to trust, tax, other banks	Accountant Files one jurisdiction No portfolio or estate view
Tax Lawyer Legal structures only No fees, no allocation	Financial Advisor Their AUM only No pension, property, other advisors

NO SINGLE ADVISOR SEES THE COMPLETE PICTURE

ANNUAL COST BREAKDOWN — \$5M PORTFOLIO

Excess Fees <small>Advisory, fund costs, FX spreads, platform charges</small>	\$100k — \$150k
Tax Drag <small>Uncoordinated asset location · 0.30–1.0% avoidable drag</small>	\$15k — \$50k
Missed Treaty Benefits <small>Unclaimed credits · Double taxation on pensions</small>	\$10k — \$40k
Currency Drag & FX <small>Bank spreads 3–5% · Unhedged structural mismatch</small>	\$6k — \$30k
TOTAL ANNUAL LEAKAGE <small>Conservative · Cross-border \$5M portfolio</small>	\$131k–\$270k

Not market risk — an administrative failure. Quiet, invisible, avoidable.
Vanguard (2023) · Schwab · Envestnet/Cerulli · HSBC · Corpay FX (2022)

THE ALM PROBLEM

Every bank and pension fund runs an Asset-Liability Management framework. Do your assets match your liabilities in currency, duration, and timing? The liabilities are concrete — school fees in September, property in 18 months, parental care, retirement income in a currency you haven't lived in for 20 years. Assets scattered across institutions are managed by advisors who have never seen the liability side. Nobody has built the match. That is a governance failure, not an investment one.

THE CORRELATION TRAP

Geographic diversification rests on one assumption: that assets in different countries move independently. In normal times, this is partially true. In the moments that matter most, it is almost never true.

In 2008, global equity markets fell in lockstep. In March 2020, every asset class except US Treasuries declined simultaneously. In 2022, rising rates and geopolitical shock hit equities, bonds, and real estate across developed markets in the same quarter. Pandemic, war, and political instability are no longer regional — they are global transmission mechanisms. Correlations converge toward 1. When a crisis demands coordinated action, there is no one with the complete picture to give the instruction.

THE ESTATE PROBLEM

A will drafted in one country may be legally invalid where your property sits. Assets can be frozen in dual-country probate for years. Your heirs inherit not wealth but complexity.

The solution is not more advisors. More advisors working in silos make it worse. The solution is the same discipline a CFO applies on day one: consolidate first, then govern. One complete picture. One source of truth. One person whose only mandate is yours.

Most wealthy families have never had that done. That gap is *where the unforced errors live*.

EXHIBIT 2 — THE CORRELATION TRAP

Diversification fails exactly when you need it.

In every major crisis, global correlations converged toward 1. The safety net vanishes precisely when markets are most dangerous.

GLOBAL EQUITY CORRELATION — CRISIS VS. NORMAL TIMES

2008 — Global Financial Crisis 0.92
Global equities fell in lockstep. No geography offered shelter.

2020 — COVID Crash (March) 0.95
Every asset class fell simultaneously. Cash was the only haven.

2022 — Rates + Ukraine Shock 0.88
Equities and bonds fell together, breaking the 60/40 assumption.

Normal times 0.40 — 0.60
Diversification provides its benefit — between crises only.

0 — Independent 0.5 1.0 — Lockstep

THE GOVERNANCE CONSEQUENCE

When a crisis demands coordinated action — rebalancing, liquidity, hedging — there is no one with the complete picture to give the instruction. Each advisor reacts to their piece. Nobody sees the whole.

THE ALM GAP — THE MATCH NOBODY BUILT

LIABILITIES	ASSETS (UNMATCHED)
School fees — September	Equity in wrong currency
Property — 18 months	Illiquid at wrong timing
Parental care — ongoing	Multi-jurisdiction
Retirement — foreign CCY	Nobody built the match

Correlation: MSCI World cross-regional equities. Bekaert & Harvey (2008) · BIS QR (2020) · IMF GFSR (2022)

About CIOffice

CIOffice provides independent wealth intelligence to cross-border families and entrepreneurs. We carry no products, earn no commissions, and answer to one party only: our clients. Our work begins with consolidation — a complete picture of what you have, what you owe, what you pay, and what is at risk.