KSE GRADUATE SCHOOL
BUSINESS

CAPSTONE

Wealth Management
as an investment project
in Capital Times

Shcherbyna Artem | 25 June 2023

Table of Contents

KSE GRADUATE SCHOOL BUSINESS

From the author

I wanted to express my deepest gratitude and heartfelt thanks to KSE Business School for providing me with the opportunity to pursue my capstone project. It has been an incredible journey, and I am immensely grateful for the support and guidance I have received throughout 2 years of studying.

This capstone was written during the hardest time in the history of Ukraine, the weakest period for the Ukrainian economy and the deepest demographic crisis in modern Europe. It is about highly volatile and changing environment. It is about financial services sector that faced massive capital outflow, government restrictions and the collapse of investment activity.

Nevertheless, this capstone project is about the leadership, adaptiveness, permanent search for solutions, research, stress tolerance and belief.

Peter Drucker once wrote[1], "the entrepreneur always searches for change, responds to it, and exploits it as an opportunity". That's what you will find below.

With sincerest thanks,

Artem Shcherbyna, MBA23

[1] Innovation and Entrepreneurship by Drucker. Peter F. 2007. Page 28

Introduction

Capital markets in Ukraine are still in the early stage of develop. There are a few stock exchanges, dozens of brokers and custodies, banks and many investors. But there is a very poor variety of financial instruments to invest in.

The government is interested only in accumulating money through local bonds issuing. The local bond market is huge: nominal value of bond issued is USD 39 billion, secondary market is USD 6 billion[2]. To compare, the share of the trading volume in stocks, corporate bonds and foreign bonds reached only 0.8% at secondary market in 1Q2023[3].

Therefore, wealthy Ukrainians used to invest in non-financial instruments: property, businesses, peer-to-peer schemes; rarely if private equity and other investment funds; now in agricultural land. Besides, they found opportunities in foreign markets.

Amid low local capital market development Ukrainians in general are still low knowledgeable in financial literacy. It causes the problem of trust to financial intermediaries and rational thinking between yield and risk of the investment. And when an investor starts investment activity abroad, he/she is facing many difficulties from selecting a bank before a deal to tax paying and getting dividends after the deal.

There is a limited proposition of services in Ukraine which helps and support the Ukrainian capital to form investment portfolio, create investment strategies and consult on wealth accumulating within the country and abroad. Besides, relative to the European regulations and compliance procedures there is a high necessity to develop fiduciary services in Ukraine to support investors and their families on their way to wealth transfer and wealth protection.

[2] National Bank of Ukraine, as of April 2023, https://bank.gov.ua/ua/markets/ovdp
[3] Ukrainian Exchange, as of April 2023, https://www.ux.ua/ua/marketdata/marketresults.aspx

Banking sector do not have enough expertise on local and foreign capital markets, non-banking sector is quite damaged by the war and low quality of the Ukrainian stock market. Fiduciary services market is not transparent and fragmented. The highly competitive industry in Europe and the US is almost not competitive in Ukraine.

This capstone project will be based on the company I work for – Capital Times.

Capital Times Investment Advisory LLC is a leading investment company in Ukraine specializing on M&A deals and investment banking services (B2B segment). The company is a member of Globalscope Partners[4], worldwide investment banking network. The core services are: Mergers and Acquisition, Capital raising, Business value maximization and valuation, Vendor Due Diligence etc.

In the summer 2022, founder and managing director of Capital Times, Serhiy Hancharevich was looking for business diversification due to sharp fall in the core business in the war times. We have met and discuss the possibilities of cooperation. We have known each other for a long period of time. So, the idea to build B2C investment service and manage the process of generating external revenue streams was interesting to me. And we agreed on terms and first steps.

We understanded that the launch of B2C service by providing wealth management was a startup that won't get profit for a year or more amid the turbulent environment and capital flow restrictions in Ukraine (it will be observed more deeply in PESTEL analysis). That's why the main focus at the second half of 2022 was to find B2B clients out of Ukraine for research services. We've made a new department – Outsourcing. It is focused on Globalscope members and aggressive marketing through LinkedIn and CRM power.

[4] Globalscope Partners, as of May 2023 [Electronic resource]: https://globalscopepartners.com/our-members/

As of the start of 2023, Outsourcing generated positive cash flow that helped to invest in the development of wealth management services.

Wealth Management is a financial and investment consultancy service for affluent and HNWI clients mostly on their foreign investment accounts with full scale of products: from investment strategies to family wealth or pension plans development. In Capital Times it's absolutely a new business starting from zero. As it is a B2C segment, it is considering as a new investment project for the stakeholders. The main purpose for the stakeholders to invest in B2C segment was the faster recovery after the war through business diversification and new revenue streams (see Figure 1).

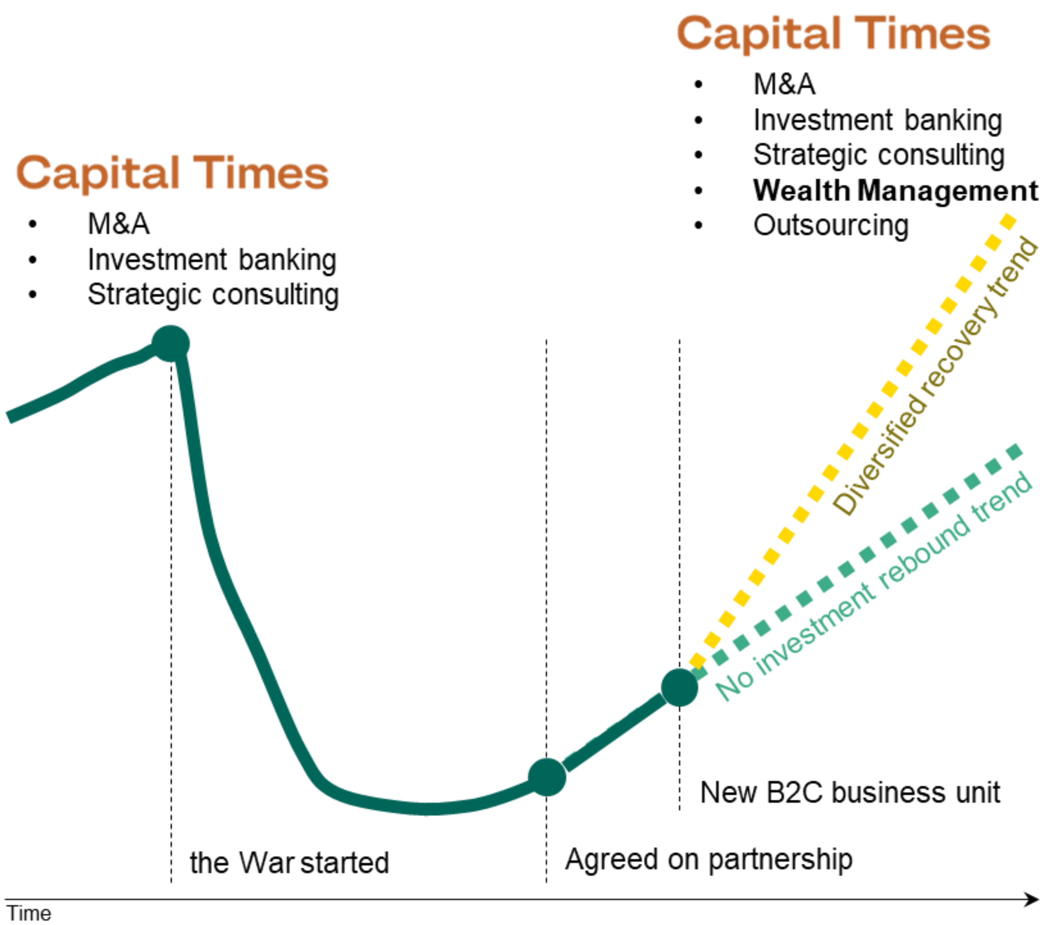


Figure 1. Investment project idea for Capital Times

According to the plan some key features were established. The main thing is that Capital Times won't focus only on individual investors, but expand services to family business owners, their families and family investment vehicles as well.

WM vision: We store and enhancement wealth for generations

Mission: To ensure sustainable and transparent fortune growth for individual clients and their families.

Goals: become multi-family office for 3-4 wealthy Ukrainian families, become profitable business unit in Capital Times, achieve USD 100-200 mln AuM in 5 years.

Project Idea: To build best-in-class wealth management service for HNWI and their families and manage investment function for independent family offices in Ukraine.

In the capstone project many learning tools during MBA program was used and implemented. It consists of marketing research, strategic and project management features, financial forecast and risk assessment, leadership and people management summary, and conclusions about the project implementation.

Content

According to the US regulation[5], **personal fiduciary activities** are part of a growing and competitive market frequently referred to as private wealth management, private client services, or private banking. These activities usually entail providing a broad range of financial products and services to affluent persons, their families, and their businesses. At the core of these products and services are fiduciary relationships, the investment management of client assets, and providing investment advice for a fee.

Comprehensive personal fiduciary activities include assets allocation according to personal wishes; implementation of effective tax strategies; professional asset management services; personal representatives; the privacy of personal information etc.

In Capital Times we use the definition of a fiduciary as a person or organization that makes financial decisions on behalf of another party who is legally obligated to act in their client's best interest. The legal relations are observed in the agreement between a client and Capital Times.

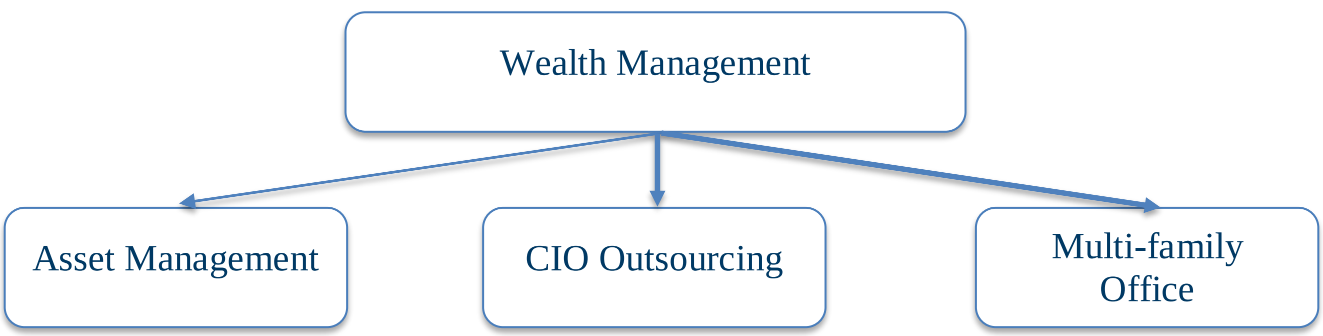


Figure 2. Wealth Management services in Capital Times

In general, it's considered that wealth management services not as a trust or trustee services. It's not obliged to manage money from company's accounts or funds. It's a

[5] Personal Fiduciary Activities, Ver. 1.0, February 2015, Controller's Handbook AM-PFA, Page 2, [Electronic resource]: https://www.occ.treas.gov/publications-and-resources/publications/comptrollers-handbook/files/personal-fiduciary-activities/index-personal-fiduciary-activities.html

consulting services using the client's infrastructure. At some point, in the future, it could include trustee activity services, inheritance or tax planning and alternative investment funds management.

As you may see at Figure 2, wealth management in Capital Times is built by three different services: Asset Management, CIO Outsourcing and Multi-family Office. All of them will be fully described later in the capstone.

Marketing

We need to analyze macro factors to recognize the marketing impact on the wealth management business in Ukraine and the ability to change itself due to macro development. First, we use **PESTEL** approach to define the most crucial factors.

1. **Political environment** has a strategic influence on the Wealth management unit as a new stream for Capital Times business. There are such main points:

- Lack of financial instruments in local market due to the low level of investors' protection and low government support for non-government bonds financial instruments development in Ukraine. For example, Ukrainians have access to banking products, local government bonds ("OVDP"), different classes of property and cryptocurrency for younger audience – that's all. Stocks, corporate bonds, mutual funds and derivatives have very limited level of penetration in Ukraine. That's why professional consulting services for foreign investments should be interesting for wealthy Ukrainians.
- National Bank of Ukraine has switched to hard restrictions on capital transfers from Ukraine for individuals and corporates during the war. By now Ukrainians have an opportunity to transfer up to UAH 100 000 per months to their banking accounts abroad. For legal entities there are no direct access to transfers abroad. Before the war the

NBU limited companies to transfer up to EUR 2 mln per year and individuals up to EUR 0.2 mln per year.

- Credit conditions and investment risks became unacceptable for many investors (incl. non-residents). The NBU holds interest rate at 25% while banks are proposing limited consumer lending volumes and high rates for commercial credits. In the current environment it's hard to maintain the financial leverage and liquidity ratios for business or investment portfolios. Therefore, business and owners are looking through possibilities to find financial support abroad or partly transfer their operations to Europe.
- As an opportunity we can define the government initiatives to accept capital gain tax reduction for long-term investments in securities in Ukraine. There is already no income tax if invest in government bonds. Let's say, the plan, in general, is to implement the American RIA funds in Ukraine. That's could be an interesting point in business cooperation with banks or investment funds on the local market.

2. In **Economic environment** we want to determine three main factors:

- The war caused -29.1% decrease in GDP of Ukraine in 2022. But even before that, the GDP was highly unstable in Ukraine due to frequent economic crises. That why people who wants to invest in stability and growth would probably choose foreign investment assets instead of local ones. It is projected[6] slow economic recovery in Ukraine in 2023 and acceleration in 2024-2025 to 4-5% amid possible relief from the war risks.
- In Ukraine CPI increased by 26.6% in 2022 from 10% in 2021. We forecast moderate levels of inflation in the next few years. Money don't like inflation. That's why people seek to invest their money. Current real rates in hryvna are negative. And the risk of hryvna devaluation is very high amid the accumulated disbalances due to war times. Ukrainians used to save or invest in US dollars. Real rate in USD on local capital market

[6] see Appendix A

are negative. Therefore, investors want to open global markets for their money where they could find less riskier assets to invest in.

- Dovish monetary policy and billions of dollars of stimulus in developed countries during 2020-2021 caused one of the fastest growing world stock markets in the history. Even conservative investors have put a part of their money in stocks. Wealthy Ukrainians did the same. Now the market is turbulent and investments advisors have a lot of job to do with.

3. **Social environment** became very important during the war:

- The war caused a large demographic shift from Ukraine. Many wealthy Ukrainians have left Ukraine and opened their banking accounts abroad. Some of them still have no accounts abroad but their lifestyle and investment interests are focused on Europe or the US. They could be interested in the Ukrainian-speaking consultant to help them open the accounts and structure their wealth abroad.
- Most Ukrainians faced decreasing standards of living, some even lost their families and homes forever. Real income in Ukraine fell by 16%, according to the NBU[7]. It will take years to return to pre-war levels in consumption and income size for Ukrainians amid high inflation and slow economic recovery. That's why retail investors are less interesting segment to build wealth management business. But, it's also an opportunity to support banks or other investment companies in providing digital and informational solutions for their clients.
- We saw a lot of information that entrepreneurs (especially in IT segment) and business owners have left Ukraine with all their families and liquid assets. Their businesses in Ukraine are closed or suffering great losses now. But there are still many family businesses in Ukraine that are keep "fighting" in their development. The owners

[7] National Bank of Ukraine [Electronic source]: https://bank.gov.ua/ua/news/all/inflyatsiyniy-zvit-sichen-2023-roku

of family business are interested in investing in Ukraine and further growth. So, we should find client among family business owners. There could be a great synergy between wealth management and Investment banking businesses in Capital Times.

4. **Technological environment** with many fintech innovations developing:

- Digitalization of investment process. In this part a financial advisor needs to be digital even in banking sector. That's why wealth management unit should operate with clients' accounts via API or direct access to brokers trading platform. In other cases investment manager could communicate with the bank directly via email, phone or bank's application. We see a huge potential in cooperation with neobanks in Ukraine. It's where the idea of a CIO Outsourcing service has grown.
- Discount brokers as providers of a fast and cheap access to capital markets worldwide. The entry level for the great variety of financial instruments is very low in the modern world. You can buy stocks for free in many developed countries. For Ukrainians the cost to open an account in foreign broker is only 100-200 USD. Even for wealthy clients we can use discount brokers interface for active trading strategies.
- Artificial Intelligence in financial services made a lot of transformation in banking and consulting industry. AI impacts back-office, risk management, security and marketing. Front office client services are still in need and not influenced by AI much by now. But in retail segment (for middle and affluent clients) AI has already replaced human managers with roboadvisor technology. That why in wealth management we should focus on the real value of human communications based on proven investment strategies and technological execution.

Environmental and Legal factors (according to PESTEL mnemonic) are also important for the development of the marketing and sales plan on Wealth Management unit in Capital Times.

To sum up, there many difficulties in developing wealth managements services for Ukrainians. First, real income decreases and demographic crisis. Second, capital flow restrictions and global markets turmoil in 2022. However, the importance of investment assets diversification and wealth preservation for many wealthy Ukrainian families are extremely actual.

According to the actual statistics[8], there is USD 25.7 billion on deposits from households both in local and foreign currencies in the banking system. The estimates suggest that approx. 32% of deposits from households belong to high-net-worth individuals (HNWI). Therefore, we assume that the market depth for wealth management business in Ukraine is estimated from USD 8 billion.

Here we also need to mention that there is a great amount of capital has been already allocated abroad. As WM service is focused on global markets we can pretend on accumulating assets under management on client's foreign accounts.

The target is to accumulate USD 100-200 mln of assets under management in the next 5 years.

In terms of a competitive landscape, we see a significant changes in the Ukrainian market from 2021[9] till now, 2023[10]. The war caused a sharp decrease in supply of wealth management services as well as a decrease in demand, from the other side.

From the supply side, Ukrainian banks with their premium banking portfolios closed their alternative investments projects (incl. Sense Bank, Monobank). Local investment banks cut their staff in equity trading and retail investing (incl. Dragon Capital,

[8] National Bank of Ukraine, Supervision statistics, as of March 2023 [online resource]: https://bank.gov.ua/ua/statistic/supervision-statist
[9] Appendix B
[10] Appendix C

Concorde Capital). Foreign investing platforms cut their marketing and operational presence in Ukraine (incl. Exante, Freedom Finance). Individual financial consultants that used to provide clients with advice and legal services, and rarely manage their capital, shifted their business strategy to info-business model (incl. HUG'S, Gonzo). Many investment startups in Ukraine have gone from the market (incl. GreenCandle, Multi Invest, Raisen) (see Figure 3).

2021 year 2023 year

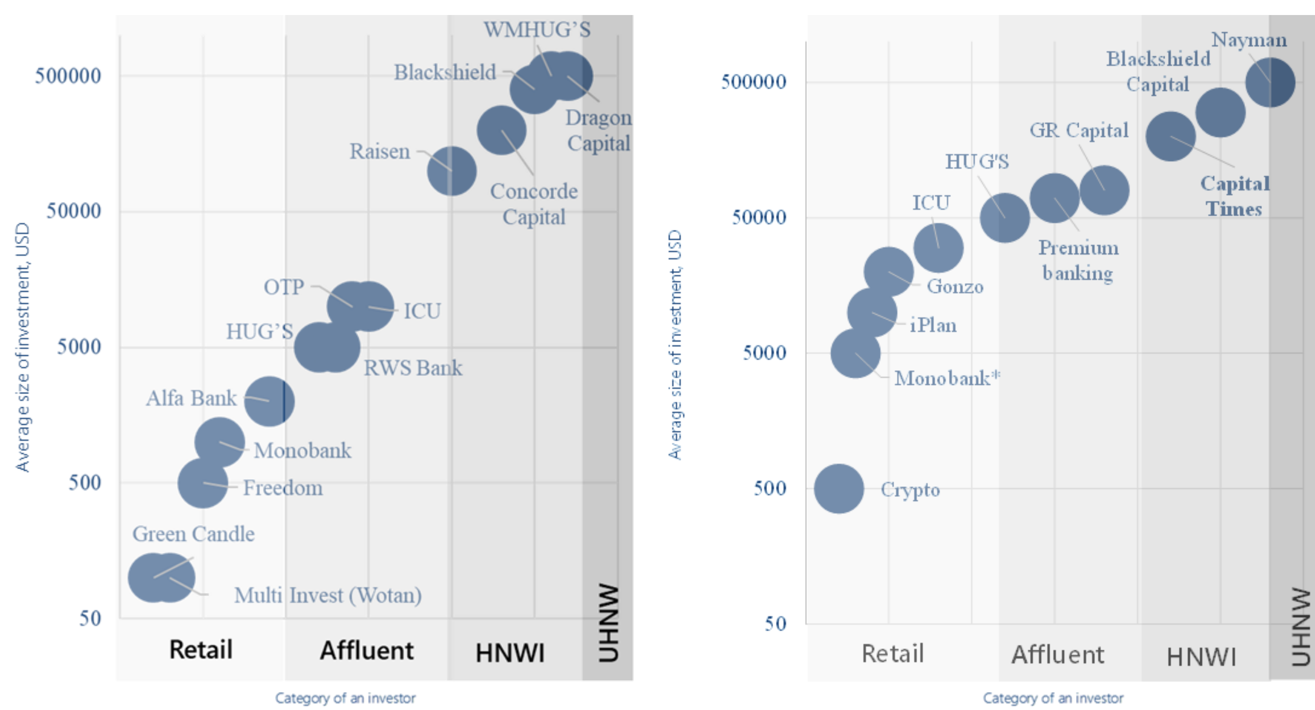


Figure 3. Competitive landscape comparison in wealth management services with an access to global markets in Ukraine, 2021Y versus 2023Y

From the demand side, we estimate that from 40% to 70% of HNWI have left Ukraine during the war. It's very sensitive whether we could deal with them and involve to our wealth management services. So, we assume that a wealthy family business owners could become our main target audience. Because they are still should be interested in their assets in Ukraine and Ukrainian networking. And that's why we do not want to focus on providing asset management service only. Wealth is broader. We could develop services from asset structuring to finding best high school for kids abroad.

In addition, we can provide some service in B2B segment. For example, it could be banks or fintech startups that seek to find investment expertise and the knowledge of global capital markets.

Next, we want to shift our focus on Capital Times brand to understand the key competitive advantages on the way to develop wealth management services. For that, we will use VRIO and SWOT approaches.

Table 1. VRIO analysis of Capital Times

Internal Resource	V	R	I	O	Compare to competitors
CRM Database	Yes	Yes	Yes	Yes	In-house digital solution with 10K contacts both individual and business clients (partners)
M&A business reputation	Yes/No	Yes	Yes/No	Yes	Focus on business owners. Brand awareness is high among potential clients
Artem Shcherbyna personal brand	Yes/No	Yes	No	No	Could be an advantage in the future when the brand matures.
Global markets experience	Yes	Yes/No	Yes/No	No	Wealth management team has deep knowledge on how capital markets work and current environment
No external digital solution	Yes	Yes/No	Yes/No	No	It's a disadvantage that limits an access to our services
Low infrastructure and no licenses	Yes	Yes/No	No	No	It's a disadvantage that limits a variability of instruments to invest or client's accounts to be managed

VRIO (Valuable-Rare-Inimitable-Owned) describes organizational resources that could provide it with a competitive advantage.

To add, Capital Times had the Wealth management department under Erik Nayman execution till 2020 year. After COVID started Capital Times has spin-offed its B2C business into independent legal entity.

B2C rebirth in Capital Times is a strategic step to diversify the core business of the company. It’s considering to be an investment in future revenue growth.

It’s important to understand the main strengths of the company and the internal capacity for further development. Capital Times had three little teams that were managing independent project in investment banking field. Besides, they were on the way to open a representative office in Poland. The company has a well-developed CRM system and full access to MS Teams application.

Porter's Five Forces framework is a strategic tool used to analyze the competitive dynamics and attractiveness of an industry. It helps organizations assess the intensity of competition and identify the underlying factors that influence profitability and long-term success. The framework five forces for Wealth management business in Ukraine is described in Table 2.

By analyzing these five forces, Capital Times can gain insights into the overall industry structure and dynamics, identify areas of opportunity or threats, and develop effective strategies to navigate the competitive landscape. It should help to make informed choices about market entry, pricing, supplier relationships, and differentiation strategies, ultimately aiming to achieve sustainable profitability in the long run.

Bargaining Power of Suppliers: Suppliers' ability to influence pricing and terms of supply is assessed in this force. When suppliers have significant power, they can dictate terms, increase costs, or limit supply, impacting industry profitability. A diverse supplier base or the ability to switch suppliers can mitigate this power.

Table 2. Five Forces for Capital Times Wealth Management

Force	Description	Conclusion
Threat of New Entrants	Consulting if low-entry business in terms of initial cash flow. But it's hard to build an experienced team and grow trust among potential customers. Current capital flow restrictions make the market less profitable for potential entrants	Build trust among existing and potential clients. Focus on HNWI with large accounts
Bargaining Power of Buyers	The market especially in HNWI segment is influenced highly by buyers. Through the price is not the key point to start negotiations with the service provider, for HNWI it's important to see flexible fees and conditions	Offer flexible fees regarding to the amount of capital invested and the variety of services needed
Bargaining Power of Suppliers	Considering the small amount of companies that provide WM service, suppliers have significant power to dedicate pricing and terms	Use European fee rates and promote retainers fee before percent of the capital invested
Threat of Substitutes	Banks could enter the market as investment service providers. Direct access to foreign investing platforms after the war could lower the cost of entry to the market.	Cooperate and build partnerships with banks. Consider offering digital solutions in the future
Competitive Rivalry	Fragmented and almost empty market. There is no obvious leader. Prices are not the key point for a customer. Trust and expertise are the keys	Extend the expertise, build long term relations with customers

Let's move to analyze **SWOT** for the Wealth management business.

As you could see at Figure 4, there are a lot of weaknesses and threats that Capital Times faces now. We defined four correlated lines among all mentioned factors[11]. The first is starting from the fact of economic turmoil. As a Capital Times brand has a strong

[11] Appendix E

awareness in investment banking it could promote its core services and ask clients whether they are interested in wealth management as well. The absence of license is not critical at the moment.

The second, Capital Times has no digital solutions or investing track record to attract clients. But, by using the developed CRM system the company could find or connect to those of HNWI who is searching for an investment consultant or banker to open an account abroad, transfer money or allocate free capital in investment assets.

Strengths

- Strong brand awareness as an investment bank in Ukraine
- Focus on business owners and IT
- CRM database, active usage
- Team with an expertise in global capital markets

Weaknesses

- No license in Ukraine and the EU
- No active large clients
- No investing track record
- No digital distribution / apps
- Lack of financial resources to invest sharply in new business segments

Opportunities

- Low wealth management services proposition from local players
- Scarce of investment instruments in the Ukrainian capital market
- Wealth Ukrainians' focus to the Western lifestyle
- Ability to attract partners in Ukraine and in Europe

Threats

- Capital and currency restrictions for citizens during the war
- Banks are making steps to build their own wealth management
- Decreasing people's lifestyle standards, business damages
- HNWI emigration from Ukraine

Figure 4. SWOT of Capital Times

Third, Capital Times has already established the experienced team in investment banking and global capital markets. That's a strong competitive advantage in the market and could be interested in potential large players (banks) to cooperate or seek partnership.

And the last, current capital flow restrictions are hard to avoid. That's why the current client base formed from business owners and IT management is less influenced due to high knowledge of the currency market. That could help Capital Times to sign large clients abroad and make its business more sustainable.

If we're start searching for the ways of new business growth, let's briefly describe our growth strategy (see Figure 5). We want to focus on our product distinguishing among others on the market, building strong relations with our partners (banks, lawyers, brokers, investment funds etc.) and converting current clients database into hot leads.

	Existing products	**New products**
Existing markets	**Market Penetration Strategy** • Distinguish the product among others on the market • Convert hot leads into clients	**Product Development Strategy** • Strengthen the product with research engine • Grow the awareness of the product
New markets	**Market Development Strategy** • Enter the B2C market • Enter investment banking outsourcing market • New segments • New distribution channels	**Diversification Strategy** • Introduce new products • Active participation in different investment events and webinars • Joint campaigns with banks and partners • Joint ventures with European partners

Figure 5. Product-market growth matrix for Wealth management services

As entering new B2C segment, Capital Times should test different distribution channels, introduce new products to public and grow the products awareness.

Market Segmentation

Innovators. They have high income and mostly haven't lost their job due to the war. They used to invest money in global markets. They seek to be technological and open for new ideas.

Thinkers. They have practical experience in investing, but we assume this experience was often negative (losses). They appreciate their time for business or private life so likely to prefer professional asset management over single trading.

Makers. They are very conservative in investing, searching for low risk instruments. Many of them have investing accounts but they can't achieve good performance by their own. Want to keep control of their investments, track all changes to their accounts.

Target segmentation

Demographic: men mostly, age from 30 to 60, Ukrainians.

Operating Variables: banking account in Ukraine from USD 300 000 or foreign bank/broker account with free liquidity from USD 150 000 on balance.

Purchasing Approach: have money capital for investing, not in need for invested money in business now and during next 12 months

Situational Factors: don't have enough knowledge or time to invest by their own, search for conservative yields on investments

Personal Characteristics: open for new, understand basic investment theories, use social media, have business in Ukraine or relative to Ukraine, have family with children.

Target positioning

For HNWI, Capital Times Wealth management is the full-scale service of money capital structuring, asset management on foreign accounts, investment consultancy and family wealth management.

For our partners, we are the experienced and professional team with great knowledge in investment field and global capital markets.

Key messages

“Your assets growth” (here we promote asset management)

“Your family wealth eternity” (to structure capital and family wealth)

“Your client’s loyalty” (with our outsourcing features in B2B segment)

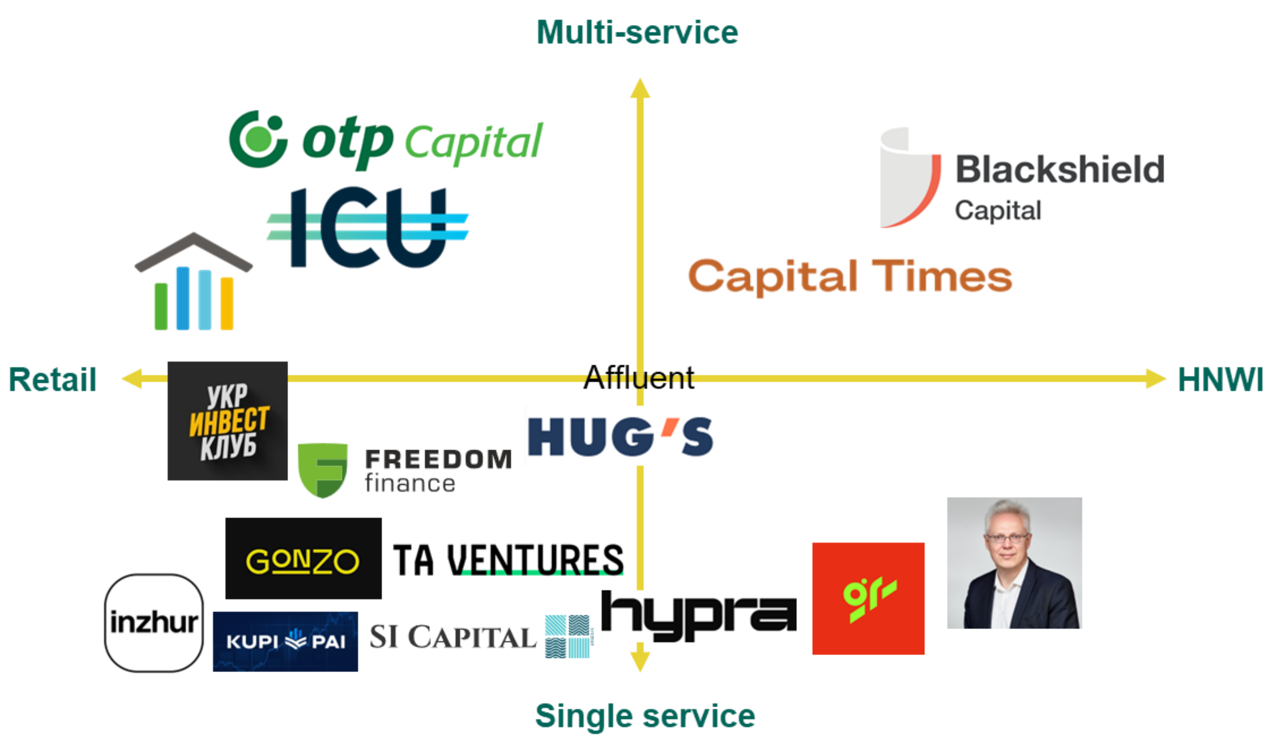


Figure 6. Positioning of Capital Times in B2C investing services in Ukraine

As it shown at Figure 6, Capital Times with wealth management services is positioning itself as a multi-service for affluent and HNWI clients. It's identified that the main competitor is Blackshield Capital in Multi-service + HNWI area. The most intensive competition is in Single service + Retail area, where the largest market of potential customers in numbers but not in money.

Other big names such as OTP Capital and ICU are developing their multi products focusing on retail and affluent clients (mainly using local bonds as an instrument).

Strategy

Summarizing all above, we want to introduce the roadmap of services to define the key ones to develop further. By mapping out the products and milestones required to achieve these goals, we can better align our resources and activities to ensure success.

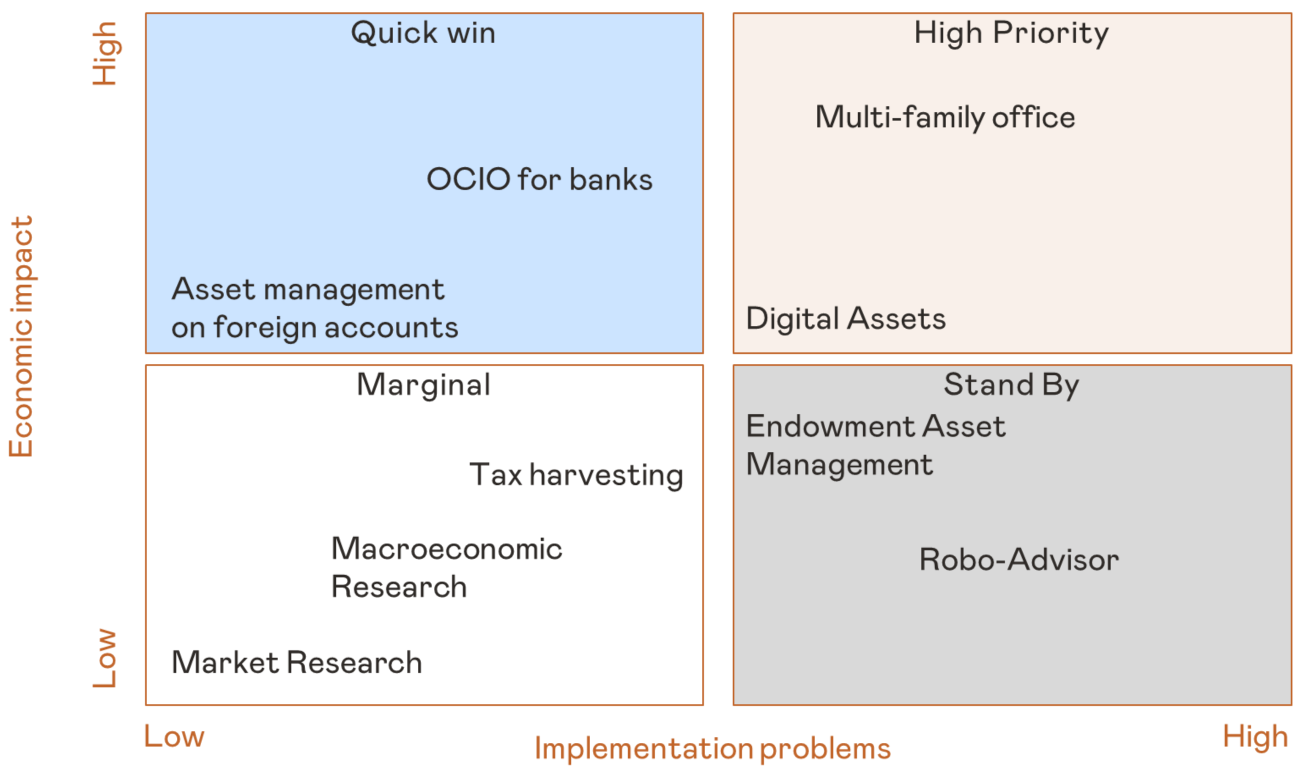


Figure 7. Roadmapping approach in project development

We see at Figure 7 that the highest impact and the hardest implementation set for Multi-Family Office service. It should be our long-term priority. Then, CIO Outsourcing can provide us with high economic impact and it is quick to be implemented. As well as asset management services that has already been promoted among clients. Digital Assets features are interesting for their potential economic impact but are hard to be implemented. We should put this potential service aside for a while.

Marginal services, such as research and tax harvesting are easier to be implemented but not so profitable as the services above. And in the last square – Stand by – we see Endowment asset management service and Robo-advisory. We shouldn't invest in these services till they become more marginal or easier to entry.

As a result, we are to build Wealth Management service divided into three parts:

- **Asset Management (AM)[12]**. Consulting model for investment advisory services for private clients (HNWI) on their foreign investment accounts.
- **Chief Investment Officer (CIO) Outsourcing[13]**. Onshore outsourcing model for banks, endowments, or funds, including partnership agreements.
- **Multi-family Office (MFO)[14]** consulting for single or multi-families, including wealth planning, assets structuring and investment advisory services.

As it's shown at Figure 8, we want to build Wealth Management as an ecosystem. All parts should be synchronized and deliver added value to each other. In our view, CIO Outsourcing can empower the access to client's database. For instance, our partnership with a bank could lead to Capital Times brand awareness push and to direct contact with potential clients. These clients could be interested in asset management services.

[12] see Appendix F
[13] see Appendix G
[14] see Appendix H

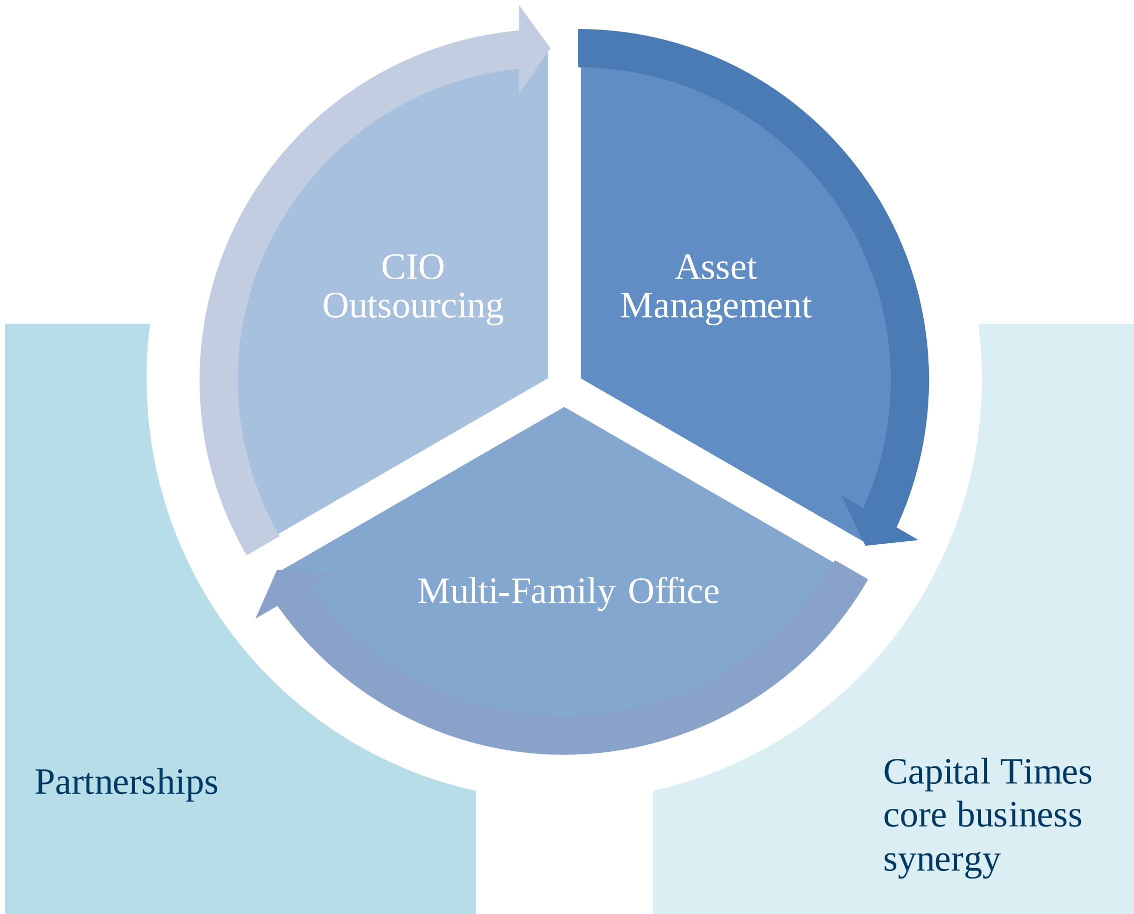


Figure 8. Organizational structure of Wealth management services in Capital Times

During our work with those clients the task is to engage clients more into our services. If we have success, clients' loyalty will increase and then we can offer Family Office services for clients' family. This service is about long-term relations and sustainable profitability.

When the family office established, it could lead to creating foundations, charity funds or endowments where Capital Times may form investment committee and be fully engaged in investment process. Here we come back to CIO Outsourcing.

Now, it's a desired operating model. It's how the wealth management ecosystem should work in long term perspective.

Next, it’s needed to describe each service in detail.

Asset management service include the portfolio investing in a wide range of financial instruments such as equities, bonds, mutual funds, real estate, and other investment products. The primary goal of asset management is to maximize the returns on the client's investments while minimizing the risks involved.

We are ready to work closely with clients to understand their financial goals, risk tolerance, and investment preferences, and then develop a customized investment plan that is tailored to meet their specific needs. For this purpose, we have already developed a Questionnaire[15] that helps us to start know-your-client (KYC), know-your-assets (KYA) and Risk tolerance profile.

Asset management services can be provided to individual investors, institutional investors, and corporations. We will focus on individual investors (HNWI) only who could benefit from having access to a team of experts who can help them make informed investment decisions and manage their portfolios efficiently.

There are many asset management strategies in the global practice. From active management (frequent buying and selling of assets in order to maximize returns) to passive management (investing in a diversified portfolio of assets and holding them for the long term).

In asset management we’ve chosen to operate with the combination of strategic asset allocation (setting target allocations for different asset classes and periodically rebalancing the portfolio) and tactical asset allocation (making medium-term adjustments to the portfolio based on market conditions).

[15] see Appendix I

For all investment operations we use exchange traded instruments only: equities, bonds, options, futures and investment funds (ETFs).

After the beginning of the war many competitors have slowed their activity and the demand has decreased too. But the necessity of asset management services didn't go away. Markets are turbulent, and many investors are just losing their money without rational and professional advice. For instance, one person from Forbes list once asked me "what can you give to me what UBS or Credit Suisse could not?". I answered that they never tell you when to exit because they are interested to keep your money invested 150% of the time.

Our infrastructure capabilities and non-digitalization limit our ability to provide a client with full functional services in asset management. But we can be an important "add-on" in his/her investment activity.

CIO Outsourcing is the way to attract partners to scale our own capabilities, as well as find B2B clients that aim to find expertise in investment field. We define banks, funds, other family offices, endowments or even corporates with free cash on balance – as potential clients. They can benefit from our outsourcing services in many ways:

- Cost savings – our team could be cheaper for a bank, for instance, by reducing labor and overhead expenses. Outsourcing eliminates the need to hire in-house staff, provide training and benefits, and maintain office space and equipment.
- Access to skilled professionals – one of our strengths is the experienced team. By outsourcing services, clients can access this expertise and experience at a lower cost than hiring a full-time employee.

- Increased flexibility – outsourcing allows businesses to quickly scale their operations up or down based on demand. This flexibility enables them to remain agile and seize new opportunities without the burden of in-house staff.
- Improved focus – investment outsourcing can help banks or funds to focus on core competencies and business activities that directly impact growth and success. By outsourcing non-core activities, they can free up time and resources to concentrate on more important business activities.

Overall, CIO outsourcing services offer potential clients several advantages that can help them scale their operations, reduce costs, and improve productivity.

Family office is an institution that covers the management of the entire investment assets of a particular family and thus related services in the field of law, structuring (foundations, trusts, etc.), financial planning, strategy and others.

Family offices are popular among wealthy people because they provide a range of services for managing their wealth, including investment management, tax planning, estate planning, and philanthropic giving. Family offices also offer personalized attention and tailored solutions to meet the unique needs of each family, which can be especially important for high-net-worth individuals who have complex financial situations. Additionally, family offices can provide a sense of security and privacy for wealthy families, as they often operate as independent entities that are separate from larger financial institutions.

Why wealthy families could have an interest to start their own family office? First, a family is no longer has the interest, energy or expertise to manage the family asset portfolio. Second, the head of the family sees a current need to unify the overview and management of assets under one central system by setting up succession processes. And the third, a large amount of money is acquired in a jump (eg. when selling a company, inheritance, etc.). Thus, the family is looking for comprehensive and modern portfolio of assets.

Besides, according to global research[16] around 680 000 individuals with a net worth of USD 5 mln or more will transfer their wealth by 2030. In total, USD 18.3 trn of collective wealth will be transferred. But it is also estimated that 70% of wealthy families are losing their wealth by the second generation and 90% will lose it by the third[17].

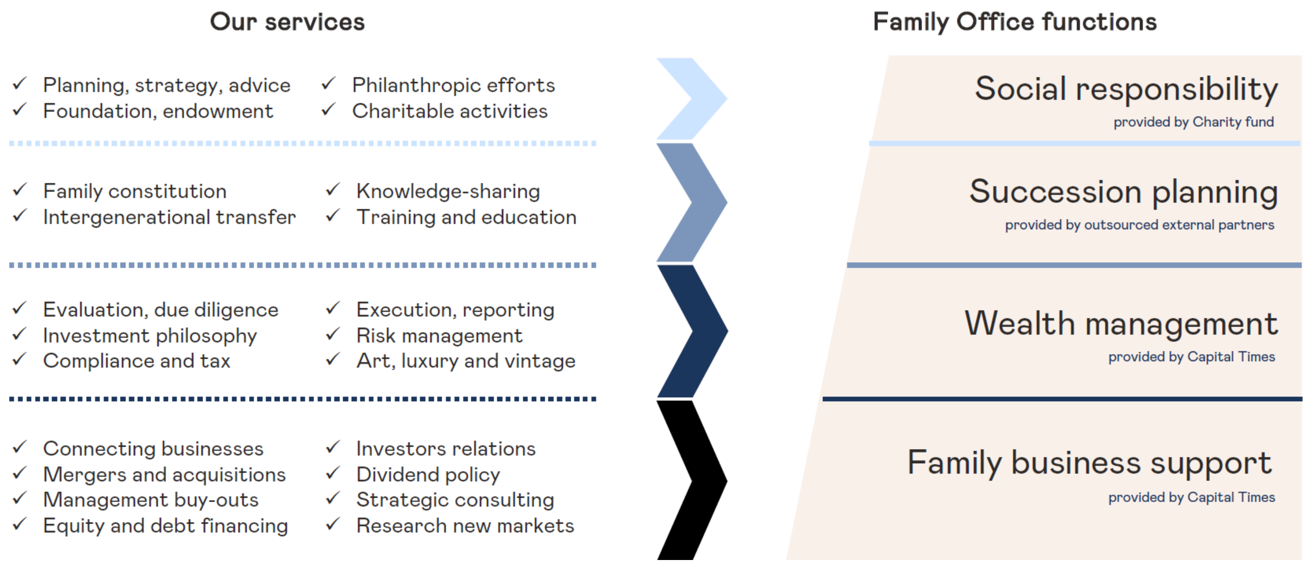


Figure 9. Family Office service from Capital Times. Synergy effect

Before the war started there was a high demand for opening single-family offices to structure owners' investments and their family wealth. The main problem with this trend is a high cost. To open a single office a family needs to find the team of minimum 3 experienced employees (CIO, analyst, back office) – it's very hard to find relevant

[16] WealthX, Preservation and Succession: Family Wealth Transfer 2021, Dec 2021, Page 4
[17] Nasdaq. Generational Wealth: Why do 70% of Families Lose Their Wealth in the 2nd Generation? 2018 [online resource]: https://www.nasdaq.com/articles/generational-wealth%3A-why-do-70-of-families-lose-their-wealth-in-the-2nd-generation-2018-10

people in Ukraine. This service could be outsourced by Capital Times team. Besides, we are not focused on public markets only, we can provide a client with PE, VC or alternative investments knowledge and products. It’s a synergy with Capital Times core investment banking business (see Figure 9).

Let’s use the canvas framework that helps companies define and create their value proposition, customer segments, channels, customer relationships, revenue streams, key activities, key resources, key partners, and cost structure (see Figure 10).

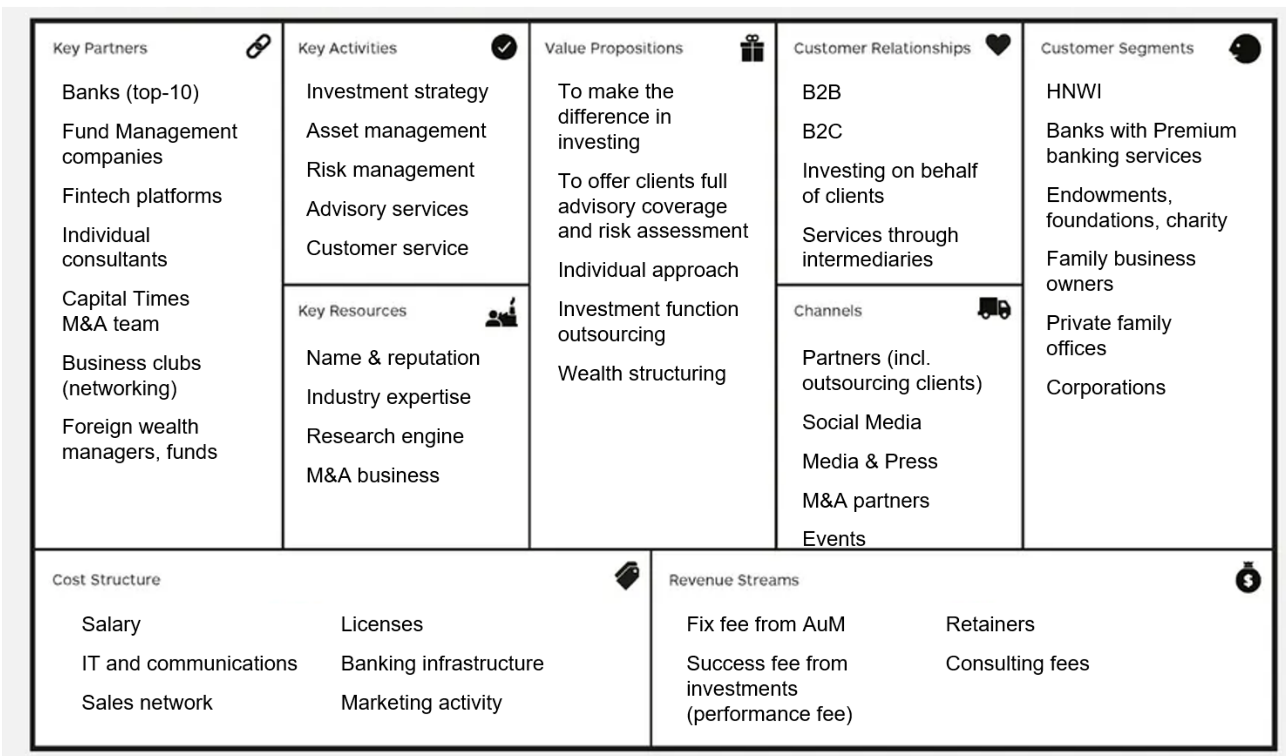


Figure 10. The business model canvas of the Wealth management in Capital Times

The canvas approach can help us to identify new opportunities, optimize existing products and services, and create more valuable experiences for their customers. By focusing on the needs and preferences of their customers, Capital Times can create more tailored solutions and build stronger relationships with their clients. We should use agile and innovative approach to build Wealth management services, changing it to market conditions and customer demands.

We see that our main partners are banks with premium banking unit, fund management companies (with the license to provide clients with corporate or mutual funds management services), individual consultants with huge networking base and fintech platforms with the access to wide range of financial instruments or KYC procedures.

Project implementation

Project management is an essential component of developing a new investment business. It involves planning, organizing, and executing a project from start to finish, ensuring that it meets the goals and objectives of the organization. In the case of a new investment business, there are several reasons why project management is critical:

- Time management: Developing a new investment business requires a lot of planning and coordination across a variety of teams and departments. Project management helps ensure that everyone stays on schedule and that deadlines are met.
- Resource allocation: Project management allows for better allocation of resources, including time, manpower, and financial resources. It ensures that resources are used efficiently and effectively.
- Risk management: Starting a new investment business involves risk. Project management helps identify potential risks and develop strategies to mitigate them.
- Communication: Clear communication is crucial in any business endeavor, but especially in the development of a new investment business. Project management ensures that all stakeholders are kept informed throughout the process.
- Success measurement: It allows for the identification of areas for improvement and adjustment to ensure ultimate business success.

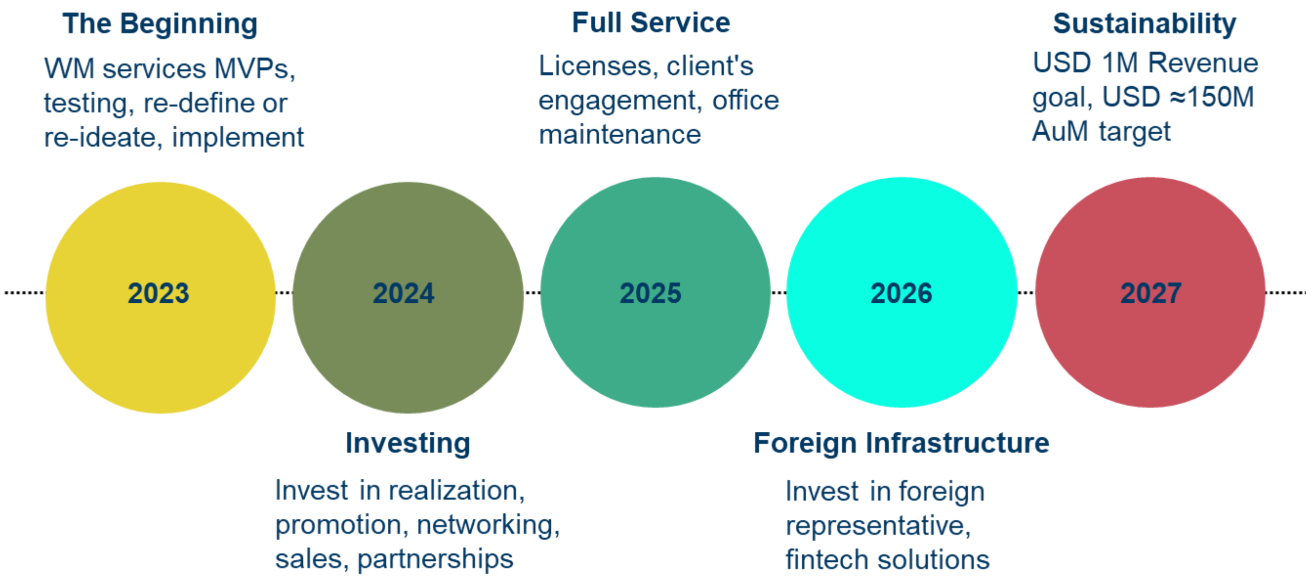


Figure 11. Wealth Management project timeline, annualized

According to the project timeline, the first two years of the project are crucial for further development. As it shown in Figure 11, the beginning phase is set for 2023, where MVPs testing is a main objective. Here it’s important to use design thinking approach to develop effective operational model and products for customers.

Design thinking, with its user-centric and iterative problem-solving approach, consists of a few main phases. The first step is to empathize with the end-users, such as HNWI and institutional organizations, by conducting interviews, networking, and understanding their pain points and needs. In 2023 Capital Times organizes peer-to-peer meetings and communications with potential clients and banks. A lot of information about current wills and needs was formed.

The define stage, where it’s needed to discover insights and opportunities in the market. It was defined that customers want high yields, diversified portfolio and effective risk management in asset management service. They also interested in financial literacy education, negotiation with banks and brokers, and trading activity execution. In CIO

Outsourcing there are queries for research and content making in investment field, as well as consulting engine for premium banking clients.

In the ideation phase, we are using brainstorm technique permanently to search for potential solutions. Fresh ideas help building competitive products, design presentations and search for actual data and financial instruments.

In prototyping Capital Times team created a few low-fidelity prototypes of the research platform for banks and liquidity management service for individual customers. The prototypes were then shared with a small group of clients, who provide feedback and insights. After some clients gave feedback, we gather further suggestions for improvement. The iterative process continues until a solution is developed that meets the needs and expectations of the clients.

Once the final design of the product is ready, we implement the new service and show it to many clients both current and potential. The iterative nature of design thinking allows for continuous improvement based on user feedback, resulting in a more effective and user-friendly solution.

If wealth management business unit will match its goals for 2023-2024, it’s already agreed with the stakeholders that in 2025-2027 there should be large investments in CAPEX, infrastructure, and software. It’s forecasted that by 2027 assets under management could reach USD 150 mln, according to the base scenario.

Using project management tool to visualize the development flow, it helps project managers and team members understand the project's structure, dependencies, and progress, leading to improved collaboration and efficiency.

By mapping out the flow of tasks from start to finish, CIO as a leader can visualize the critical path and understand which tasks are dependent on the completion of others.

This helps in identifying potential bottlenecks and allows for effective resource allocation and scheduling. The detailed development flow mapping is shown in appendix[18].

When analyzing key processes in wealth management unit development, it's proper to separate operational tasks from each other. For instance, in providing asset management services the operational flows are distinguished as follows[19]:

1) **Business development** – CRM – Initial communication with a potential client – Customer needs and wants – Research – Proposal and agreement draft – Consultations – Signed agreement – Prepaid fees.

2) **Communication** with clients' bank/broker – Investment strategy consultation – Approval – Research and monitoring – Execution – Backoffice – Communication with the client.

3) **Research** – Investment Committee – Investment Strategy Updates – Monitoring – Communication with the customer – Approval – Execution.

4) **Reporting** – Performance calculations – Communication with customer – Backoffice – Prepaid Fee and Success Fee.

Customer experience management: each communication with customer controlled by CRM. We track all the history of activities with the client, and design personal pages with some classified data sets. It helps to navigate the satisfaction, risk awareness and asset portfolio dynamic. Customers satisfaction and retention rate are included in KPI.

[18] see Appendix J
[19] see Appendix K

Financials

The overall picture of the financial model shows solid results in 5-year horizon. There are some basic assumptions, among which: assets under management in 1st year to reach USD 2.8 mln, CPI rate is 10% per annum, non-labor costs increase rate is 30% per annum, tax rate is 18%, CAPEX investments needed from 2025 etc.

As it shown in Figure 12, WM business unit is non-profitable in the first year but becomes profitable from the second operating year. Contribution margin is stable at the level of 70% regarding to the limited types of variable costs in WM business. There is only motivation part for the team and sales.

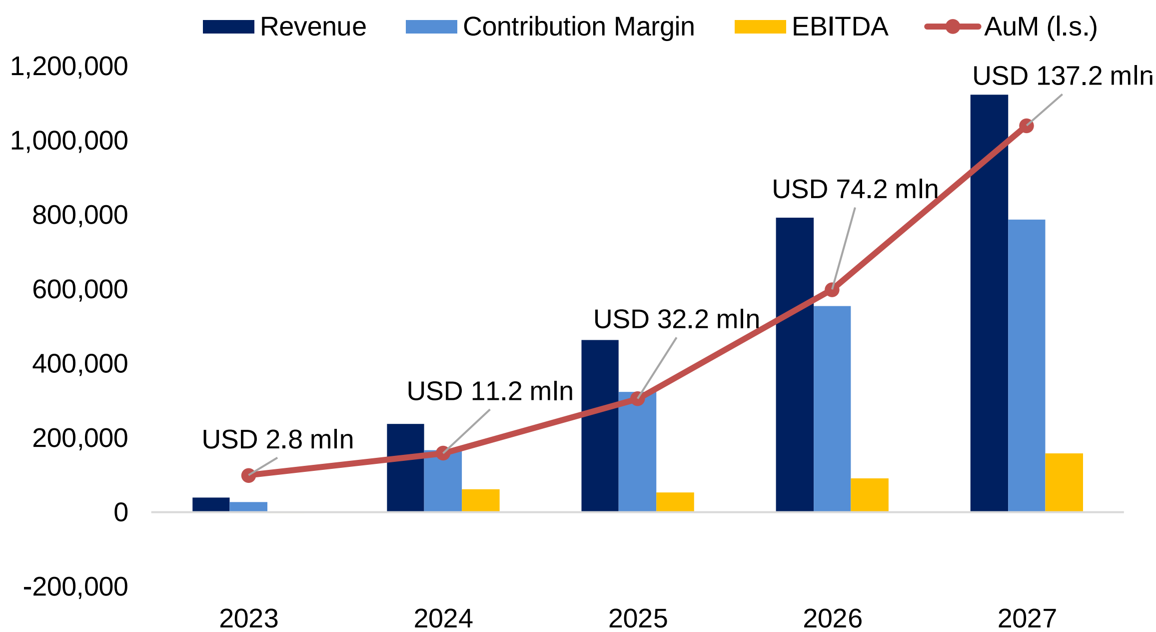


Figure 12. Financial figures projection of the Wealth Management in Capital Times

In a cash flow model format, it's estimated how much investments needed to establish a new business in Capital Times. Initial cash flow refers to the amount of cash available at the beginning of a project. In our case it includes the initial investments made, such as equipment purchases or capital expenditures (CAPEX) plus Net Working Capital (NWC).

Net working capital reflects the company's ability to meet its short-term financial obligations and operate its day-to-day activities. Regarding the project, NWC includes projected salary and administration compensation for 12 months ahead minus accounts receivable (projected retainers but discounted by ¼ as for a new business) (see Table 3).

Table 3. Initial and interim investments in the project, 2023-2027

Cash Flow Model						
		2023	**2024**	**2025**	**2026**	**2027**
Initial Cash Flows (ICO)	USD					
Servers	1 000			2 000		3 000
Hardware	2 000			4 000		5 000
Furniture	0			5 000		5 000
CAPEX Total	**3 000**	**0**	**0**	**-11 000**	**0**	**-13 000**
Fwd 12M Retainers (1/4 discounted)	-7 500					
Fwd 12M Salary	18 000					
Fwd 12M Administration	0	12 000	18 000	30 000	36 000	48 000
Other	0	0	0	0	0	0
Net Working Capital	**10 500**	**-10 500**	**-18 000**	**-30 000**	**-36 000**	**-48 000**
Initial Investments	**13 500**					

Analyzing interim cash flows (see Table 4) it's important to recognize the fixed cost structure. It includes fixed salaries, IT software and data sources subscriptions, marketing cost.

It's also agreed within the company that Capital Times should receive dividends after all fixed costs have been calculated. The share of the dividend is 40%.

Table 4. Interim cash flows model, 2023-2027

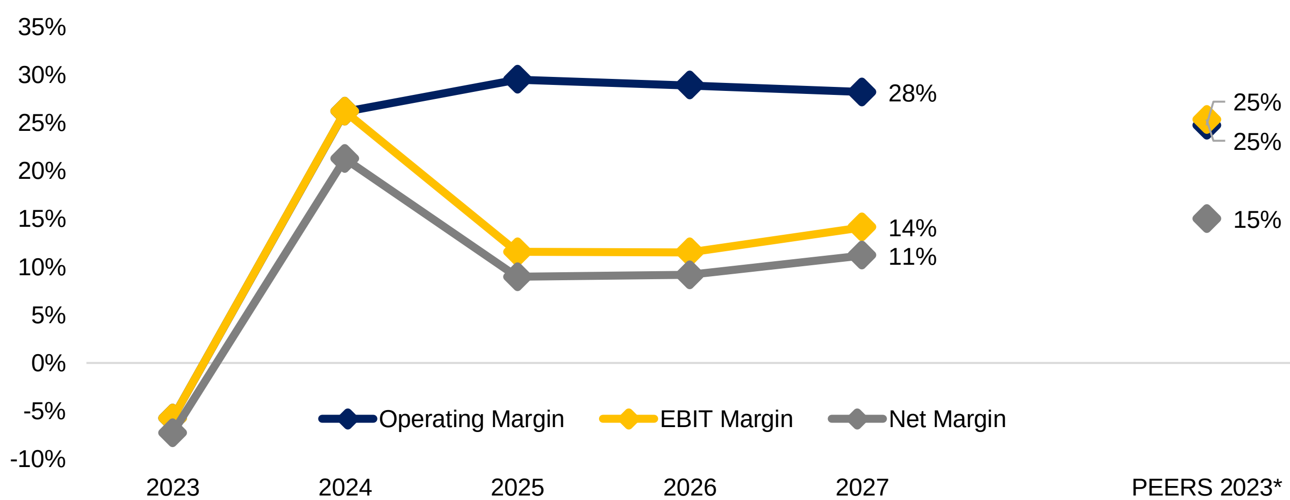
		2023	2024	2025	2026	2027
Interim Cash Flows (IMCF)						
Revenue	USD	39 800	237 840	462 600	793 200	1 123 800
YoY growth rate	*%*		*498%*	*95%*	*71%*	*42%*
Variable Costs	USD	11 940	71 352	138 780	237 960	337 140
Contribution Margin	USD	27 860	166 488	323 820	555 240	786 660
CM	*%*	*70%*	*70%*	*70%*	*70%*	*70%*
Traceable Fixed Costs	USD	27 060	62 720	96 416	173 221	258 667
Capital Times Dividends	USD	3 100	41 507	90 962	152 808	211 197
Operating Profit	USD	-2 300	62 261	136 442	229 212	316 796
Operating Margin	*%*	*-6%*	*26%*	*29%*	*29%*	*28%*
Other Fixed Costs	USD	0	0	83 000	137 800	158 080
EBITDA	USD	-2 300	62 261	53 442	91 412	158 716
EBITDA Margin	*%*	*-6%*	*26%*	*12%*	*12%*	*14%*
Miscelaneous Fixed Costs						
Depreciation - Equipment (years)	5					
Depereciation Expenses - Equipment		600	600	600	2 800	2 800
EBIT	USD	-2 900	61 661	50 642	88 612	153 316
EBIT Margin	*%*	*-7%*	*26%*	*11%*	*11%*	*14%*
Corporate Tax	USD	0	11 099	9 116	15 950	27 597
Net Income	USD	-2 900	50 562	41 527	72 661	125 719
Net Margin	*%*	*-7%*	*21%*	*9%*	*9%*	*11%*

Before estimating the investment project attractiveness, it’s needed to look at benchmarks and compare project margins to peers. Peer metrics analysis plays a crucial role in financial model forecasting as it provides valuable insights into the performance and trends of comparable companies operating in the same industry or sector.

By comparing key financial indicators such as revenue growth, profitability, and return on investment, we can assess Wealth Management business performance relative to industry peers. As the project is a newborn business, it’s rational to use only margins comparison at the 5-years end period (see Figure 13).

Operating margin is projected to be 28% versus 25% for peers. It’s close, therefore our assumptions in the financial model are rational. EBIT margin is different. Capital Times will have only 14% versus 25% for peers. As we took developed public financial advisors in the peers list, so they have an ability to generate additional cash flow from financial and investment activities. It is in common when EBIT margin is higher than operating margin in peers’ financial statements.

Net margin is also projected to be lower than in the comps, 11% versus 15%. To improve margins Capital Times should build its own infrastructure or invest in digital solutions, that is not assumed in the financial model.



* Peers based on median margins of the US public traded wealth management companies, as of 1Q2023[20]

Figure 13. Margins projection of the Wealth Management in Capital Times

[20] see Appendix L

If looking through the revenue structure, it is worth mentioning that multi-family service plays the key role in term of sales volumes. As of 2027 it's projected that MFO will generate up to 50% of Wealth Management business unit revenue (see Figure 14).

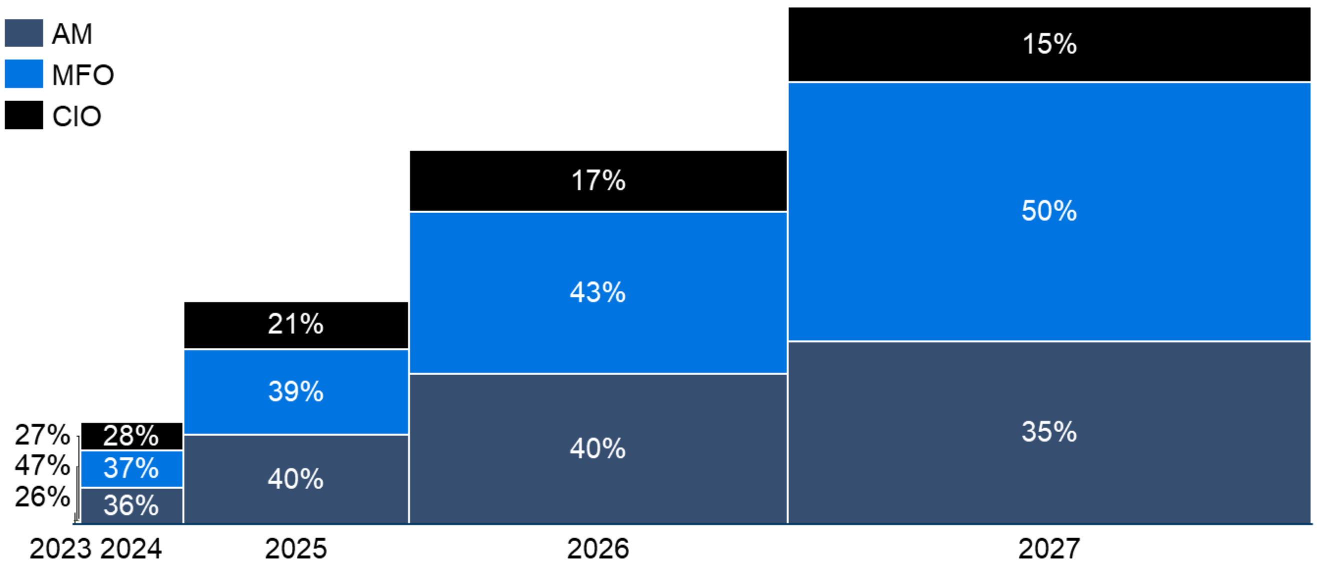


Figure 14. Capital Times 5-year revenue structure[21]

There are several ways to compare different investment projects. Here are some common methods:

1. Net Present Value (NPV): This method calculates the present value of all future cash flows of an investment project, discounted to the present day. The project with the highest NPV is considered the most profitable.

2. Internal Rate of Return (IRR): This method calculates the rate of return that makes the present value of all future cash flows equal to the initial investment. The project with the highest IRR is considered the most profitable.

[21] based on calculations in Appendix M

3. Payback Period: This method calculates the amount of time it takes for an investment project to generate enough cash flows to recover the initial investment. The project with the shortest payback period is considered the most profitable.

4. Profitability Index (PI): This method compares the present value of cash inflows to the initial investment. The project with the highest PI is considered the most profitable.

It is important to use multiple methods and consider other factors such as risk, market trends, and strategic fit when comparing different investment projects.

The results are shown at Table 5[22].

Table 5. Investment project comparable methods, in USD, 2023-2027

Net Cash Flows (NCF)	**0**	**1**	**2**	**3**	**4**	**5**
Initial Cash Flows (ICO)	-13 500	-10 500	-18 000	-41 000	-36 000	-61 000
Interim Cash Flows (IMCF)		3 100	41 507	90 962	152 808	211 197
Stakeholders Taxes		-558	-7 471	-16 373	-27 505	-38 015
Terminal Value (TV)*						112 866
Total NCF	**-13 500**	**-7 958**	**16 036**	**33 589**	**89 302**	**225 048**
Culmulative		*-21 458*	*-5 422*	*28 166*	*117 469*	*342 516*
Comparables						
Discount Rate	**k**	30%				
Net Present Value	**NPV**	97 035	USD			
Internal Rate of Return	**IRR**	110%				
Payback period	**PBR**	2.2	years			
Profitability Index	**PI**	8				

To sum up, the project doesn't require large amount of cash at the beginning and low capital injections during the next years of operating. Therefore, the investment return is high, especially regarding the agreed dividend yield for the stakeholders.

[22] based on calculations in Appendix N

With a discount rate at 30% level, **Net Present Value (NPV)** of the project is USD 97 thnd. With initial investments needed at the level of USD 13.5 thnd, the **internal rate of return (IRR)** is expected to be 110%.

Terminal value (TV) estimation is based on Aswath Damodaran examples[23], specifically the expected liquidation value based on the after-tax cash flows (net income) of the project at the terminal period and the cost of capital (k).

According to the model, the **payback period (PBR)** for the investor is 2.2 years. And the **profitability index (PI)** is 8, that is quite high rate.

Overall, the investment project is expected to be highly profitable and interesting for the investor (stakeholder). But let's continue with risks assessment a using risk register and what-if methodologies.

Risk Assessment

Managing a project is all about organizing activities to meet schedules and budget constraints. Project risks can impact that timeline and increase costs. The quicker we identify them and resolve any issues that come up, the more likely we are to deliver a successful project.

Therefore, a risk response plan is a way to reduce or eliminate any threats to the project. It can also be used to increase the opportunity offered by positive risk. That is, if there are positive risks that can help the project, a well-thought-out plan sets up how to quickly gain as much advantage from it as you can.

The four strategies for risks are listed below[24]:

[23] Aswath Damodaran, Closure in valuation: estimating terminal value electronic resource : https://pages.stern.nyu.edu/~adamodar/pdfiles/papers/termvalue.pdf
[24] https://www.projectmanager.com/blog/risk-response-plan-strategies-tips

- Avoid: This risk response strategy is about removing the threat by any means. That can mean changing your project management plan to avoid the risk because it's detrimental to the project.
- Mitigate: Some project risks you just can't avoid. Those you need to mitigate, which is reducing the impact of the negative risk on the project.
- Transfer: As the name implies, here you'll transfer or pass the work on resolving the project risk to a third party, such as buying insurance or getting a warranty and guarantee.
- Accept: This risk response strategy consists in identifying a risk and documenting all the risk management information about it, but not taking any action unless the risk occurs.

Table 6. Risk Register in Wealth Management[25]

N	Risk	Owner of risk	Risk Assessment (1 – lowest, 5 – highest impact)					Risk Response	Cost
			Probability	**Cost/Impact**	**Schedule**	**Performance**	**Level of risk**		
1	Underestimated demand potential	Stakeholders	**2**	**5**	**3**	**1**	MEDIUM	Mitigate	Medium
2	Problems with partners, infrastructure	CIO	**3**	**2**	**3**	**3**	MEDIUM	Transfer	Low
3	Human resources and the lack of experienced staff	CIO	**4**	**3**	**4**	**4**	HIGH	Mitigate	Medium
4	CIO multi-function exhaustion	Stakeholders, CIO	**4**	**3**	**5**	**5**	HIGH	Mitigate	Medium
5	Legal issues, license requirements	Stakeholders	**3**	**3**	**3**	**2**	MEDIUM	Transfer	Medium
6	Weak investing performace	CIO, PM	**2**	**3**	**1**	**4**	MEDIUM	Accept, Reduction	Low
7	Operational "bottle-necks"	CIO, COO	**2**	**2**	**1**	**1**	LOW	Mitigate	Low

[25] see Appendix O

The risk register contains of 7 most important risks which new investment project could face in the next 5 years.

High risks:

- Human resources and the lack of experienced staff. This risk comes from labor market, where we see the limited proposition of experienced investment managers and analysts. Besides, as we look back to PESTEL, Ukraine will face huge demographic problems.

As we saw this problem at the earliest stages of the project, we've already implemented internship, that was realized in late 2022. The final outcome was we've hired an analyst to junior position and completed short-list of potential candidates to join later.

But we should find solution to mitigate this risk in long-term perspective. As we're forecasting sharp revenue growth, we need HR search engine to be upgrade or outstaffed to leading recruiters' companies in the financial market.

- CIO multi-function exhaustion that may come from the leader of the project high involvement in different projects and development. CIO is playing the key role in the Wealth Management business unit, and that a one-person risk of the business unit, as well as of the whole company. Functional disruptions of the leader could lower the work flow activity or even hurt company's cash flow projections.

We should mitigate this risk by expanding the delegation of task capabilities in the business unit, as well as involving administrative staff to backoffice procedures. Another way to mitigate this risk is to outstaff some positions in research or clients' support.

Medium risks:

- Underestimated demand potential that is the risk of stakeholder who are willing to invest financial and people resources in Wealth Management development. Target audience could not be interested in investing in short- and medium term amid the war risks, or capital transfer restrictions, or low income risk or other economic and political issues. That’s could lead to the review of financial target that surely won't be achieved. This risk is already accepted by stakeholders. So we can just reduce it’s influence or probability buy permament internal marketing research and active communication with potential clients to understand their needs and wills more clearly.
- Problems with partners or weak infrastructure. Partners could provide our clients with poor service. As a result, we can damage the clients’ loyalty to our expertise and services.

We should tranfer this risk into agreements with our partners, to specify their responsibility.

- Legal issues and license requirements. In Ukraine the legislation changes are common, therefore we can’t estimate the probability of different license or other regulatory requirements implementation time. If the Euopean MIFID II would have been implemented in Ukraine till 2026, we may have extra cost for license procedures. If so, consultancy services could not be provided without license. We should transfer this risk to lawyers for legislation issues monitoring and avoiding unexpected occasion.
- Weak investing performace as a common risk in asset management. Our investment strategies could result for clients with negative outcome. This will damage the clients loyalty. We accept this risk and disclosure all the risks for an investor in the agreement. Besides, we should reduce that risk by implementing risk management position or digital solution.

Low risks:

Operational "bottle-necks" in clients' service or investment strategies upgrade pause due to hot schedule clients' loyalty is damaged Digital solutions usage (Teams, CRM).

Using what-if methodology is vital to identify whether the project objectives are realistic. This technique is used to assess the potential impact of different scenarios or changes on financial outcomes. It involves altering specific variables or assumptions in a model or forecast to evaluate the resulting effects on key performance indicators.

By conducting what-if analysis, we can gain insights into the sensitivity of the project financial model and make more informed decisions.

In general, through what-if analysis, businesses can explore a range of possibilities, such as changes in pricing, market demand, costs, or external factors, and observe the corresponding effects on revenue, profitability, cash flow, or other financial metrics. This analysis helps in identifying critical factors that may significantly impact outcomes and enables proactive planning and risk management[26].

If we build the risk assessment matrix (see Figure 15), we may see that the possible impact of four risks is high, but the probability differs. However, it's better to understand the real effect on financials if those risk occur.

During 5-year period the project needs to hire 4 people, excluding 2 from the core team now. Plus, there are many partners or outsourced staff that could be involved in the project. Therefore, it's a question of business scalability in long run.

[26]Bruce K. Lyon, Georgi Popov. The power of what if. Assessing & Understanding risk. – Professional Safety. – June 2020. – P.36-43 [Electronic resource]: https://aeasseincludes.assp.org/professionalsafety/pastissues/065/06/F1Lyon_0620.pdf

Difficulties in finding new people to the team could lead to CIO and MFO services collapse. It will result in 2% net margin of the business unit at 2027-year end. The project will have only 18% IRR rate for the stakeholder.

In the case of the risk of CIO exhausting all financial goal should be rescheduled for more than 1 calendar year amid low implementation of each wealth service.

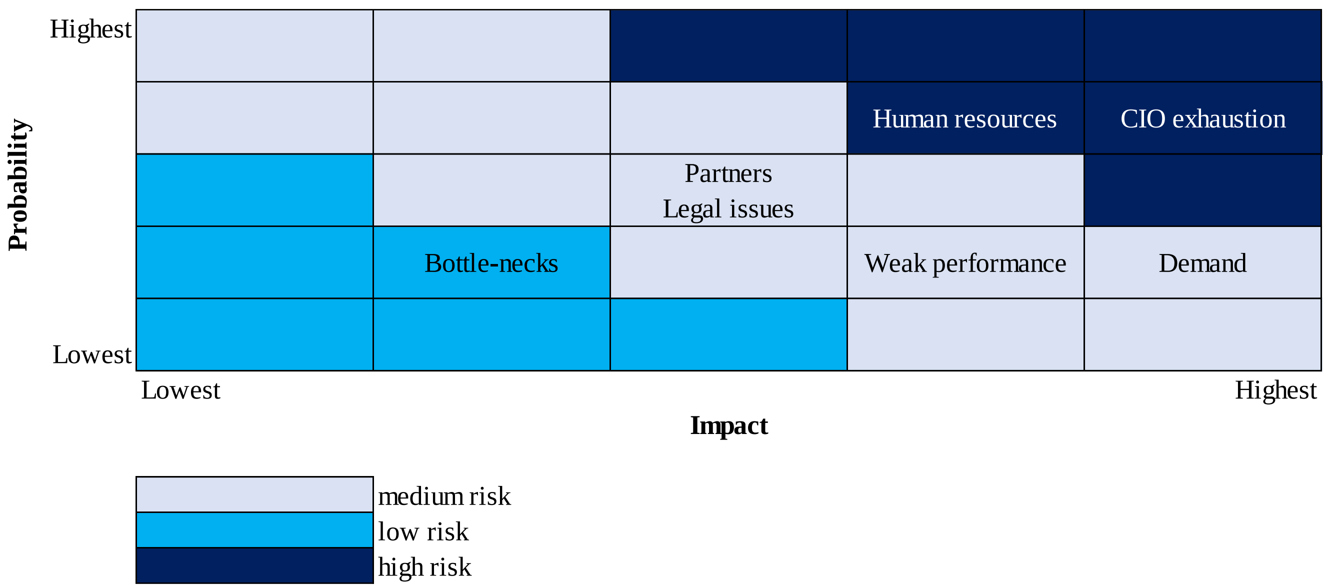


Figure 15. Risk assessment matrix

The most dangerous for financial objectives but less probable is the risk of underestimated demand potential. It’s assumed that the amount of assets under management could be lower than USD 40 mln at 2027-year end in this scenario. The project could remain profitable but the new investment in CAPEX and personal from 2025 won’t be injected.

Weak performance risk may lead to slower assets under management growth also. The financial impact would be smaller compared to the demand risk amid the ignorance of success fee revenue in the financial model.

Leadership

When agreed on starting a new business unit in Capital Times, the stakeholder bet not only on the market opportunities, but on the leadership feature of a leader. It’s always difficult to build the business from zero. Especially in a high-intellectual market.

To successfully accomplish the assigned tasks, it is crucial to accurately assess the working capital capabilities of the company. Since the department was initially established with only one person, a draft of the department's organizational structure was presented, specifying roles, responsibilities, and opportunities for employee engagement through outsourcing. The draft structure is depicted in the Appendix[27].

At the beginning, it was necessary to fill the vacancy for an analyst. The specialist was supposed to initiate the search for investment decisions, develop analytical materials, and create a database for further research and portfolio monitoring.

As it was mentioned before, Capital Times with the support of HR in-house launched mentoring program for young minds (5 students). The program ended in January 2023 and Wealth Management unit has picked up one analyst to become a part of research team. Next step was to build large network of partners among bankers, brokers, other asset management firm both in Ukraine and abroad.

Moreover, having a good reputation among professionals, the CIO has soft commitments from experienced managers to join the team (onshore/inshore) when the business starts to generate solid cash flow (back office, operating management, trading).

Capital Times provides business unit with inshore HR, CRM manager, IT support, marketing, and accountant.

[27] see Appendix P

In 2023 it's planned to hire a portfolio manager that could take business development and execution functions to work with clients. Jointly with HR we used the Herrmann Brain Dominance Instrument (HBDI) framework[28] to search and analyze candidates for different positions (see Figure 16).

Figure 16. Team characteristics according to Harrmann framework

The HBDI framework is based on the concept that individuals have different thinking preferences and strengths in four quadrants of the brain: analytical thinking (blue quadrant), practical thinking (green quadrant), relational thinking (red quadrant), and imaginative thinking (yellow quadrant). The HBDI assessment aims to identify an

[28] The HBDI® (Herrmann Brain Dominance Instrument) [Electronic resource]: https://www.thinkherrmann.com/hbdi

individual's dominant thinking preferences and provides insights into their preferred approach to problem-solving, decision-making, communication, and learning.

The framework is often used in team settings and personal development to enhance communication and collaboration. By understanding the thinking preferences of team members, organizations can leverage diverse perspectives and create more effective teams that capitalize on different cognitive styles. The HBDI framework encourages individuals to appreciate and utilize the strengths of each thinking preference and fosters a more comprehensive and holistic approach to problem-solving and innovation.

In building relations with newcomers and potential team players it’s important to define the ways Capital Times could attract those people to work with us. Here there are a few tips to engage people in our project:

- Establish a Strong Employer Brand: Capital Times within M&A market is well-known for its team values and long-term core team. The company has its own corporate culture, and opportunities for growth and advancement for all teammates. All alumni also create a positive reputation for the company that could help attract top talents.
- Emphasize Professional Development and Growth: highlight the opportunities for professional development and career growth within your wealth management team. Showcase ongoing training programs, mentorship opportunities, and certifications that employees can pursue. Communicate a clear career progression path and demonstrate how joining the team can lead to long-term success and advancement.
- Foster a Positive and Supportive Work Environment: as we all work on remote only basis now it’s crucial to have constant networking inside the company. Capital Times is building a supportive culture where employees feel valued, respected, and empowered. It is also possible to offer flexible work arrangements and promote employee well-being initiatives to enhance the overall employee experience.

- Offer Competitive Compensation and Benefits: Ensure that your compensation and benefits package is competitive within the wealth management industry. Research industry standards and align your offerings to attract and retain skilled professionals. Consider additional incentives such as performance-based bonuses, stock options, and professional development opportunities.

Thus, the attraction plan has been made, it's also important to keep current team fully involved and satisfied. Here, the role of Capital Times' leaders is crucial. In wealth management the CIO should promote his experience, share it with the team and keep positive mood as the business unit is young and fresh.

Positive attitude – one of the key values for CIO as a leader. Monday meeting, 9:30 am, most colleagues are still sleeping with open eyes or asking themselves "why does the weekend being so short". CIO role is to switch team on, to move the efficiency rate as high as it could be.

For instance, by asking colleagues about their holidays, have they relaxed properly, what questions did they have etc. It has a positive impact on the team. Then it's proper to tell them what the project has to do this week, about interesting meetings and encouraging goals.

Moreover, it's very important to be positive even when the war is knocking the door. People want to see strong believers in our victory. They want to feel supporter not a blaming leader.

Conclusion

The proposed investment project – wealth management service in Ukraine – seeks to address the challenges and opportunities present in the country's capital markets. Ukraine's capital markets are still in the early stages of development, with a limited variety of financial instruments and a lack of financial literacy among the population. However, there is a growing number of investors, indicating a potential demand for professional wealth management services.

The current landscape of low local capital market development and low financial literacy among Ukrainians has resulted in a lack of trust in financial intermediaries and a limited understanding of the relationship between yield and investment risk. Additionally, Ukrainian investors face numerous difficulties when engaging in investment activities abroad, ranging from selecting a bank for transactions to tax payment and dividend collection. There is a clear need for comprehensive services that can assist Ukrainian investors in forming investment portfolios, developing investment strategies, and providing guidance on wealth accumulation and protection.

Wealth Management, as a financial and investment consultancy service, aims to cater to affluent and high-net-worth individuals (HNWIs) primarily through their foreign investment accounts. The service encompasses a full range of products, from investment strategies to the development of family wealth and pension plans. The ultimate goals of the project include becoming a multi-family office for 3-4 wealthy Ukrainian families, establishing a profitable business unit within Capital Times, and achieving USD 100-200 million in assets under management (AuM) within five years.

The project recognizes the challenges faced in developing wealth management services in Ukraine. Factors such as decreasing real income and a demographic crisis pose obstacles to attracting potential clients. Furthermore, capital flow restrictions and global market turbulence in 2022 have created additional complexities. Despite these challenges, the importance of asset diversification and wealth preservation remains crucial for many wealthy Ukrainian families. Capital Times aims to capitalize on this demand and gain insights into the industry structure and dynamics, identifying areas of opportunity and threats. This understanding will enable the development of effective strategies to navigate the competitive landscape, including market entry, pricing, and client relationships, ultimately driving sustainable profitability in the long run.

One of the key competitive advantages of Capital Times is its experienced team in investment banking and global capital markets. This expertise positions the company as an attractive partner for potential large players, such as banks, fostering potential cooperation or partnerships. Additionally, the current client base, consisting of business owners and IT management, is less influenced by capital flow restrictions due to their high knowledge of the currency market. This provides an opportunity for Capital Times to attract large clients from abroad and create a more sustainable business model.

The proposed Wealth Management service is designed to encompass three main components: Asset Management (AM), Chief Investment Officer (CIO) Outsourcing, and Multi-family Office (MFO) consulting. The Asset Management service involves consulting on investment advisory services for private clients (HNWIs) concerning their foreign investment accounts. The primary goal is to optimize returns while minimizing risks by investing in a wide range of financial instruments, including equities, bonds, mutual funds, real estate, and other investment products. The service aims to understand clients' financial goals, risk tolerance, and investment preferences, enabling the development of customized investment plans tailored to meet their specific needs.

CIO Outsourcing is another integral part of the proposed wealth management service. It offers onshore outsourcing solutions to banks, endowments, funds, and other organizations through partnership agreements. This model provides clients with cost savings, access to skilled professionals, increased flexibility, and improved focus on core competencies. By outsourcing non-core activities, clients can redirect their resources and energy toward activities that directly impact growth and success, while benefiting from the expertise and experience of Capital Times' team at a lower cost.

The Multi-family Office consulting component aims to provide comprehensive advice and services to multiple affluent families on various financial matters, including investment management, estate planning, tax optimization, and philanthropy. By understanding the unique goals and values of each family, the MFO consulting service will develop customized strategies that align with their objectives, ensuring efficient wealth management and intergenerational wealth transfer.

The project embraces a design thinking approach, ensuring a user-centric and iterative problem-solving process. By following the stages of empathy, definition, ideation, prototyping, and implementation, the team aims to create a best-in-class wealth management service that is tailored to the specific needs and preferences of the clients. This iterative approach allows for continuous improvement based on client feedback, market dynamics, and regulatory changes.

Financial projections indicate strong potential for profitability, with a net present value (NPV) of $97,000 and an internal rate of return (IRR) of 110%. The payback period (PBR) is estimated at 2.2 years, highlighting the project's potential for rapid returns on investment. These projections are based on careful market analysis, client segmentation, pricing strategies, and cost projections, considering both the initial investment and ongoing operational expenses.

To mitigate risks and support the project's success, several factors require careful consideration. Assessing working capital capabilities is crucial to ensure adequate liquidity and funding for operational activities. Establishing a robust organizational structure with clear roles, responsibilities, and reporting lines will provide a solid foundation for the team's performance. Additionally, fostering a culture of continuous learning and development through initiatives such as mentoring programs, internal trainings, and external conferences will enhance the team's skills and capabilities.

Building strategic partnerships with local and international financial institutions, professional networks, and service providers will contribute to the project's success. These partnerships can enhance client acquisition efforts, provide access to a broader range of financial products, improve operational efficiency, and strengthen the brand's credibility in the market. Moreover, investing in technology infrastructure and digital solutions will enable efficient client onboarding, seamless communication, data security, and streamlined processes.

In summary, the proposed wealth management service aims to fill the gaps in Ukraine's developing capital markets by providing tailored investment solutions to affluent clients and their families. Despite challenges in the local financial landscape, the project has identified potential opportunities through its experienced team, client base, and a design thinking approach. With strong financial projections, a comprehensive service offering, a focus on risk mitigation, organizational development, and strategic partnerships, the project is well-positioned for success in the Ukrainian wealth management landscape. Capital Times' commitment to continuous improvement, client-centricity, and innovation will ensure its competitiveness and sustainable growth in the long run.

To add, it’s worth mentioned that during a two-year MBA study, all students were exposed to a variety of learning tools and methodologies that enhance their business acumen and managerial skills. As for me, these tools provided a comprehensive understanding of various business functions. Moreover, all knowledge, when learned, was implemented in real life, in business activity.

It all started with organization behavior course that brightened the meaning of professional behavior with a team or a whole company. Interpersonal relations in an organization are important, especially for a team leader and in communication with stakeholders.

After two years of studying in the MBA program, I can confidently say that I am presenting the final project with acquired fundamental knowledge, which is currently assisting me in making business decisions and will certainly be useful in the future for scaling the business and expanding the current project, managing teams, and communicating with investors.

Thank you, KSE business school!

KSE GRADUATE SCHOOL BUSINESS

Bibliography

1. Innovation and Entrepreneurship by Drucker. – Peter F. – 2007. – Page 28
2. National Bank of Ukraine, as of April 2023 [Electronic resource]: https://bank.gov.ua/ua/
3. Market Results. – Ukrainian Exchange. – as of April 2023 [Electronic resource]: https://www.ux.ua/ua/marketdata/marketresults.aspx
4. Globalscope Partners, as of May 2023 [Electronic resource]: https://globalscopepartners.com/our-members/
5. Personal Fiduciary Activities, Ver. 1.0, February 2015, Controller's Handbook AM-PFA, Page 2, [Electronic resource]: https://www.occ.treas.gov/publications-and-resources/publications/comptrollers-handbook/files/personal-fiduciary-activities/index-personal-fiduciary-activities.html
6. Inflation Report January 2023. – National Bank of Ukraine [Electronic source]: https://bank.gov.ua/ua/news/all/inflyatsiyniy-zvit-sichen-2023-roku
7. Preservation and Succession: Family Wealth Transfer 2021. – WealthX. – Dec 2021. – Page 4 [Electronic resource]: https://go.wealthx.com/download-preservation-and-succession-family-wealth-transfer-2021
8. Generational Wealth: Why do 70% of Families Lose Their Wealth in the 2nd Generation? – NASDAQ. – 2018 [Electronic resource]: https://www.nasdaq.com/articles/generational-wealth%3A-why-do-70-of-families-lose-their-wealth-in-the-2nd-generation-2018-10
9. Closure in valuation: estimating terminal value. – Aswath Damodaran [Electronic resource]: https://pages.stern.nyu.edu/~adamodar/pdfiles/papers/termvalue.pdf
10. Risk Response Plan in Project Management: Key Strategies & Tips. – William Malsam. – Oct, 2021 [Electronic resource]: https://www.projectmanager.com/blog/risk-response-plan-strategies-tips

11. Bruce K. Lyon, Georgi Popov. The power of what if. Assessing & Understanding risk. – Professional Safety. – June 2020. – P.36-43 [Electronic resource]: https://aeasseincludes.assp.org/professionalsafety/pastissues/065/06/F1Lyon_0620.pdf
12. The HBDI® (Herrmann Brain Dominance Instrument) [Electronic resource]: https://www.thinkherrmann.com/hbdi
13. Gurufocus [Electronic resource]: https://www.gurufocus.com/
14. Finviz [Electronic resource]: https://finviz.com/screener.ashx?v=341&f=cap_smallover,ind_assetmanagement&o=marketcap

KSE GRADUATE SCHOOL BUSINESS

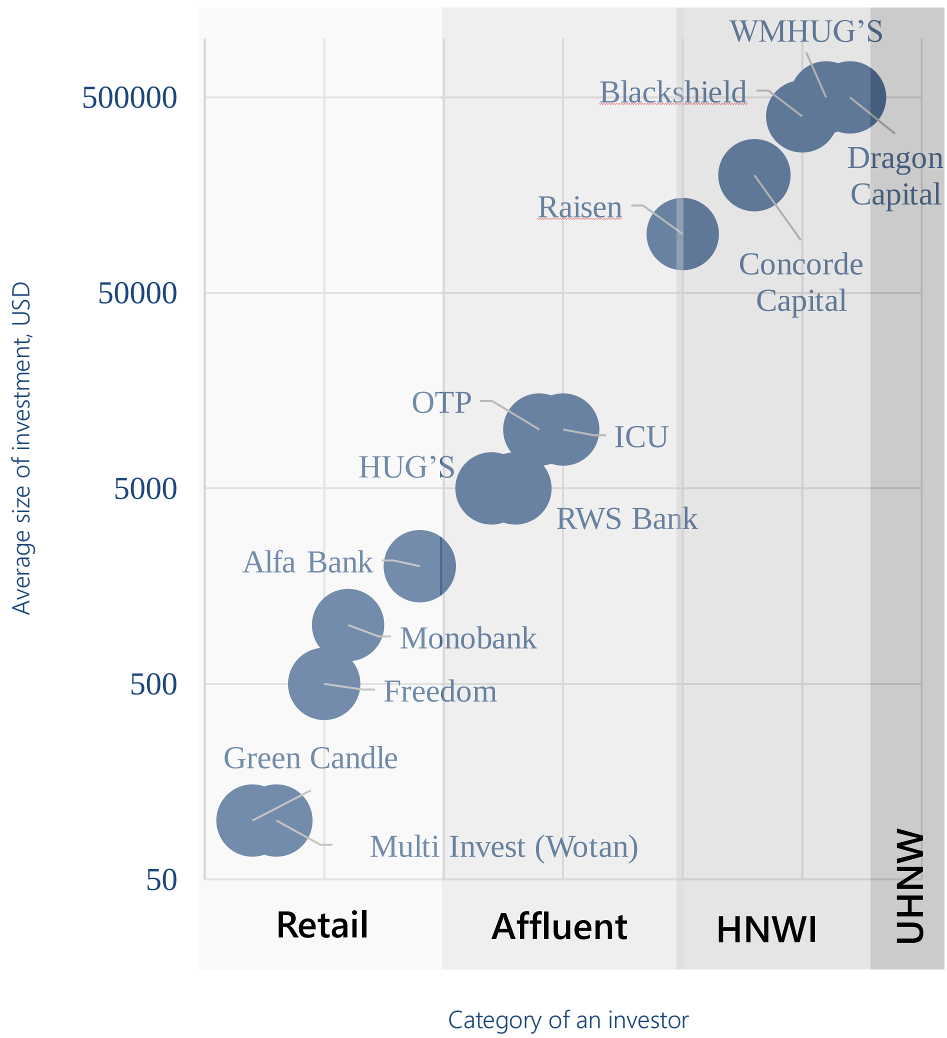
Appendix

A. Table. Macroeconomic projections, Ukraine 2019-2025[29]

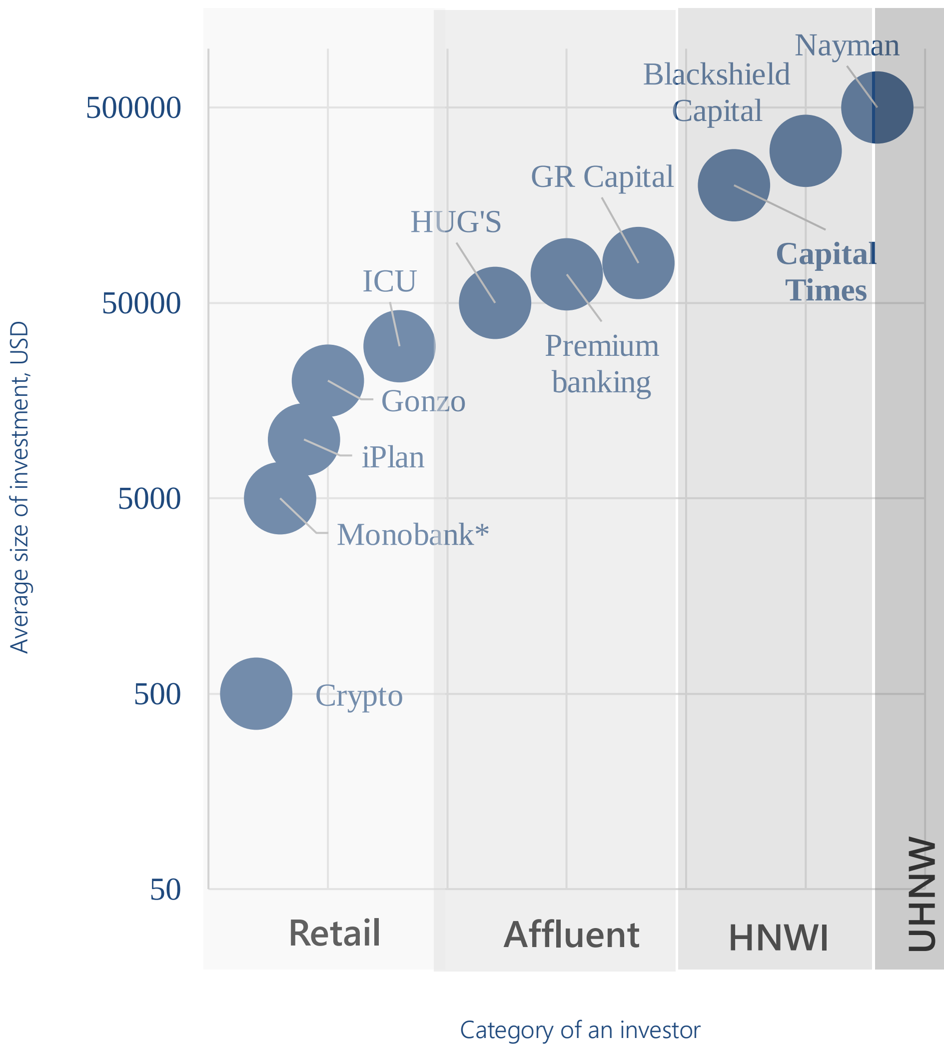
Indicator	Units	2019	2020	2021	2022	2023E	2024F	2025F
National economy								
Nominal GDP	UAH billion	3 975	4 194	5 460	5 190	6 260	7 500	8 800
Change in GDP	%	11.7%	5.5%	30.2%	-4.9%	20.6%	19.8%	17.3%
Nominal GDP	USD billion	154.7	155.6	200.1	161.8	169.9	179.6	201.9
Real GDP	%	3.2%	-4.0%	3.4%	-29.1%	2.6%	4.8%	5.3%
Inflation	%	4.1%	5.0%	10.0%	26.6%	15.5%	6.0%	5.4%
Financial sector								
USDUAH	end of year	23.7	28.3	27.6	36.6	40.0	43.0	44.0
USDUAH	average	25.7	27	27.3	32.1	36.9	41.8	43.6
Interest rate	%	13.5%	6.0%	9.0%	25.0%	22.0%	16.0%	12.0%
FX Reserves	USD billion	25.3	29.1	30.9	28.5	28.6	32.0	35.0

[29] Capital Times, as of April 2023

B. Graph. Wealth management competitive landscape in Ukraine as of 2021



C. Graph. Wealth management competitive landscape in Ukraine as of 2023



* potential entry

E. Graph. SWOT cross-analysis findings by colour

Strengths

- Strong brand awareness as an investment bank in Ukraine
- Focus on business owners and IT
- CRM database, active usage
- Team with an expertise in global capital markets

Weaknesses

- No license in Ukraine and the EU
- No active large clients
- No investing track record
- No digital distribution / apps
- Lack of financial resources to invest sharply in new business segments

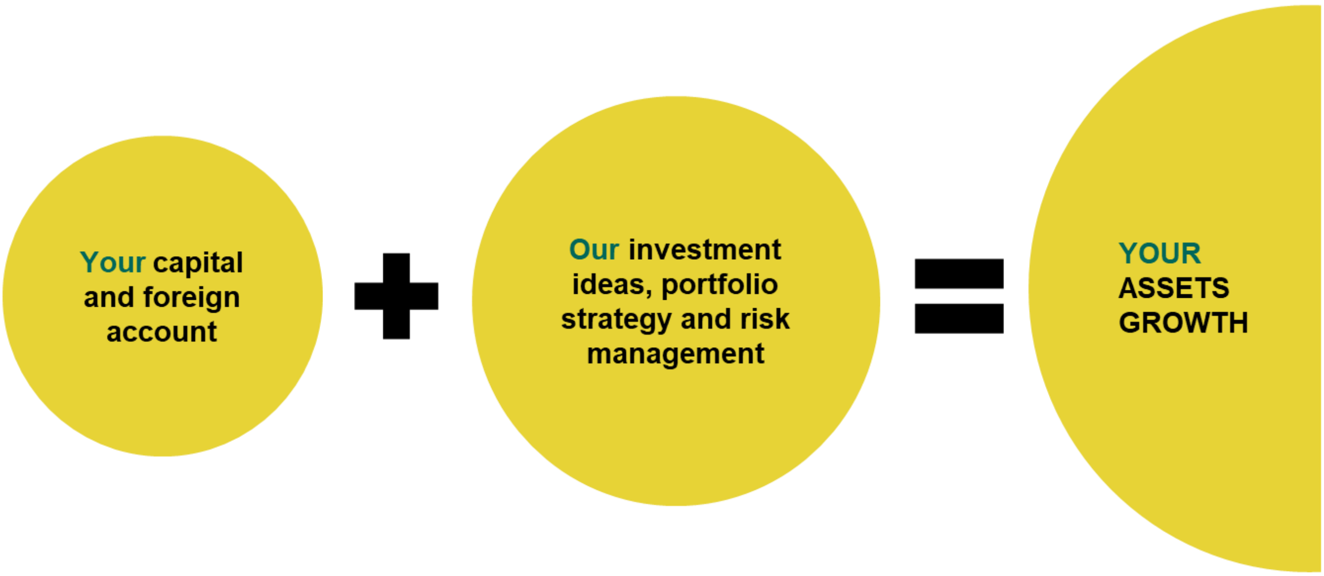
Opportunities

- Low wealth management services proposition from local players
- Scarce of investment instruments in the Ukrainian capital market
- Wealth Ukrainians' focus to the Western lifestyle
- Ability to attract partners in Ukraine and in Europe

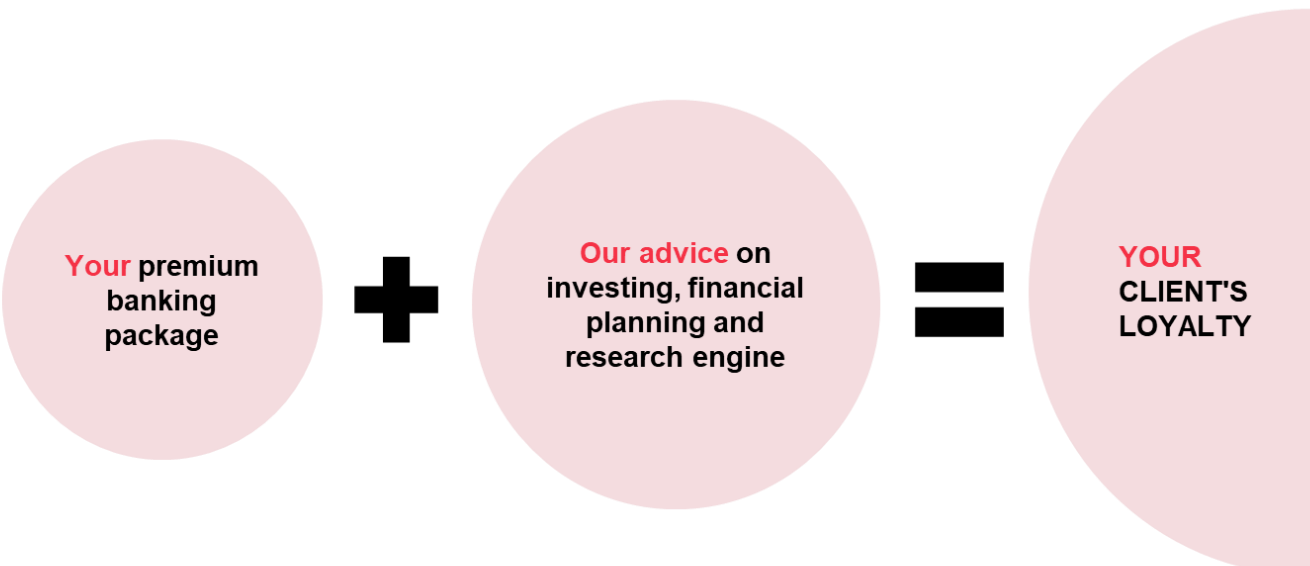
Threats

- Capital and currency restrictions for citizens during the war
- Banks are making steps to build their own wealth management
- Decreasing people's lifestyle standards, economic turmoil
- HNWI emigration from Ukraine

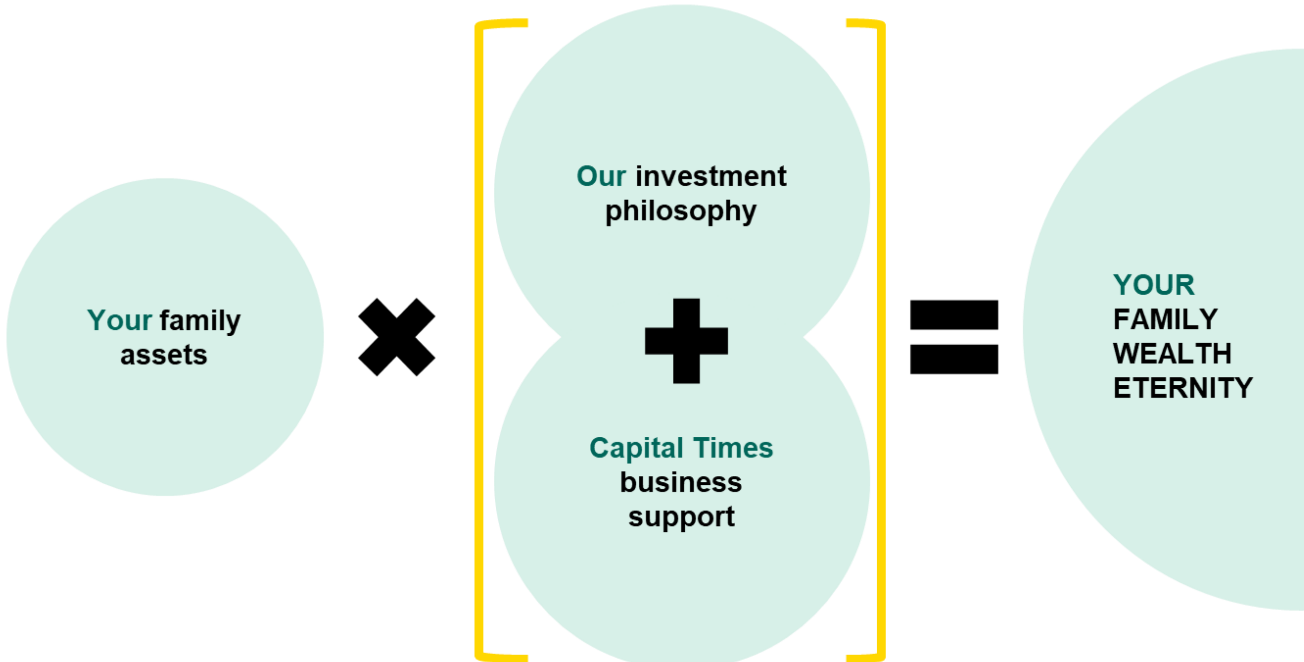
F. Graph. Marketing positioning of Asset Management service



G. Graph. Marketing positioning of CIO Outsourcing service



H. Graph. Marketing positioning of Multi-family Office consulting



I. Graph. Questionnaire example

Wealth Management Questionnaire

Client Identification
Investment Goals
Risk Tolerance

Strongly Confidential

Capital Times Investment Advisory

Section 1
CLIENT IDENTIFICATION

General Information

CLIENT 1	CLIENT 2
Client Name	Spouse Name
Date of Birth __ / __ / __	Date of Birth __ / __ / __
Mobile Phone	Mobile Phone
E-mail	E-mail
Home Address	City / State / Zip

Family Details

DEPENDANT/CHILD 1	Name	Date of Birth __ / __ / __
DEPENDANT/CHILD 2	Name	Date of Birth __ / __ / __
DEPENDANT/CHILD 3	Name	Date of Birth __ / __ / __
DEPENDANT/CHILD 4	Name	Date of Birth __ / __ / __
DEPENDANT/CHILD 5	Name	Date of Birth __ / __ / __

Number of grandchildren ☐ Number of other dependents ☐

Please provide any additional information about any other financial dependants

Strongly Confidential Information

Capital Times Investment Advisory

Section 2
INVESTMENT GOALS

Source of Family Wealth

Business *(for details see appendix 1)*	% of Wealth / Estimated Value / Currency
Annual Income	% of Wealth / Estimated Value / Currency
Property	% of Wealth / Estimated Value / Currency
Securities Portfolio	% of Wealth / Estimated Value / Currency
Bank Accounts and Cash Equivalents	% of Wealth / Estimated Value / Currency
Other	% of Wealth / Estimated Value / Currency
Total Size of Wealth	Estimated Value / Currency

Do you own or rent? Yes ☐ No ☐
Do you have bank credits? Yes ☐ No ☐
If YES, Description
Do you have mortgages? Yes ☐ No ☐
If YES, Description
Do you have any other advisors? Yes ☐ No ☐
If YES, Description

Strongly Confidential Information

Capital Times Investment Advisory

Section 3
RISK TOLERANCE

Which of the following best describes your investment approach:

	Client 1	Client 2
1) Avoid losses, earn fixed low income	☐	☐
2) Conservative, controlled risk and little growth	☐	☐
3) Moderate risk, near double-digit performance	☐	☐
4) Long-term investments, volatility tolerance	☐	☐
5) Speculating and trading, aggressive growth	☐	☐

For the next 5 years your annual income likely to:

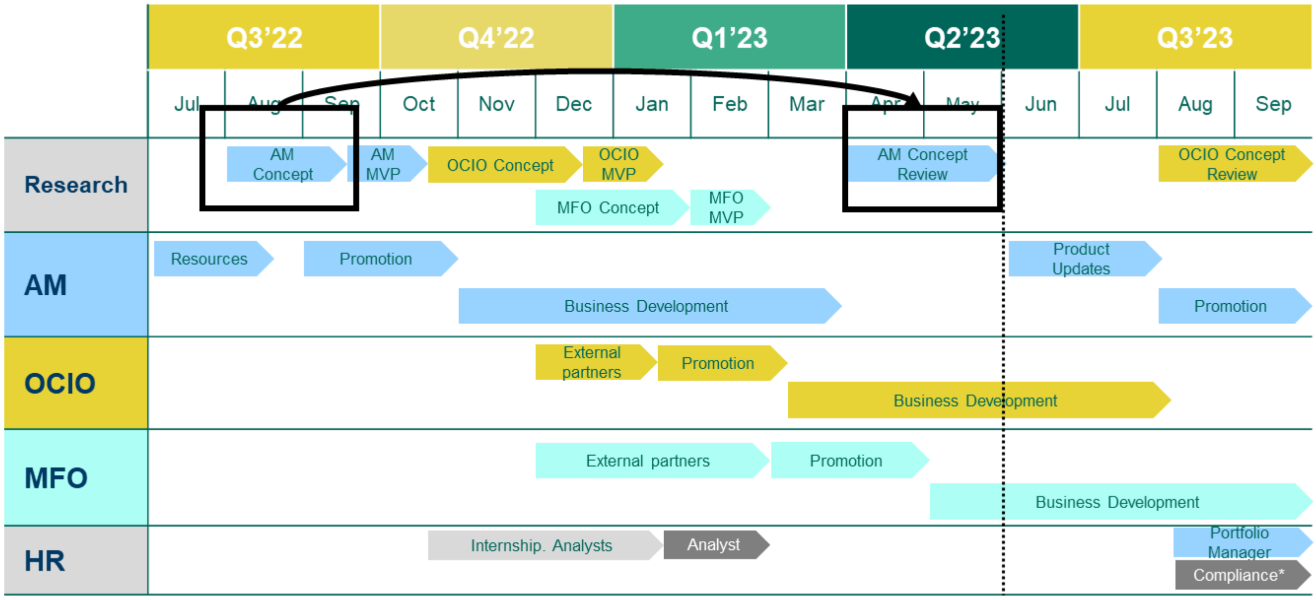
	Client 1	Client 2
1) Decrease significantly	☐	☐
2) Decrease	☐	☐
3) Stay the same	☐	☐
4) Increase	☐	☐
5) Increase significantly	☐	☐

When do you want to start spending money you from an investment account?

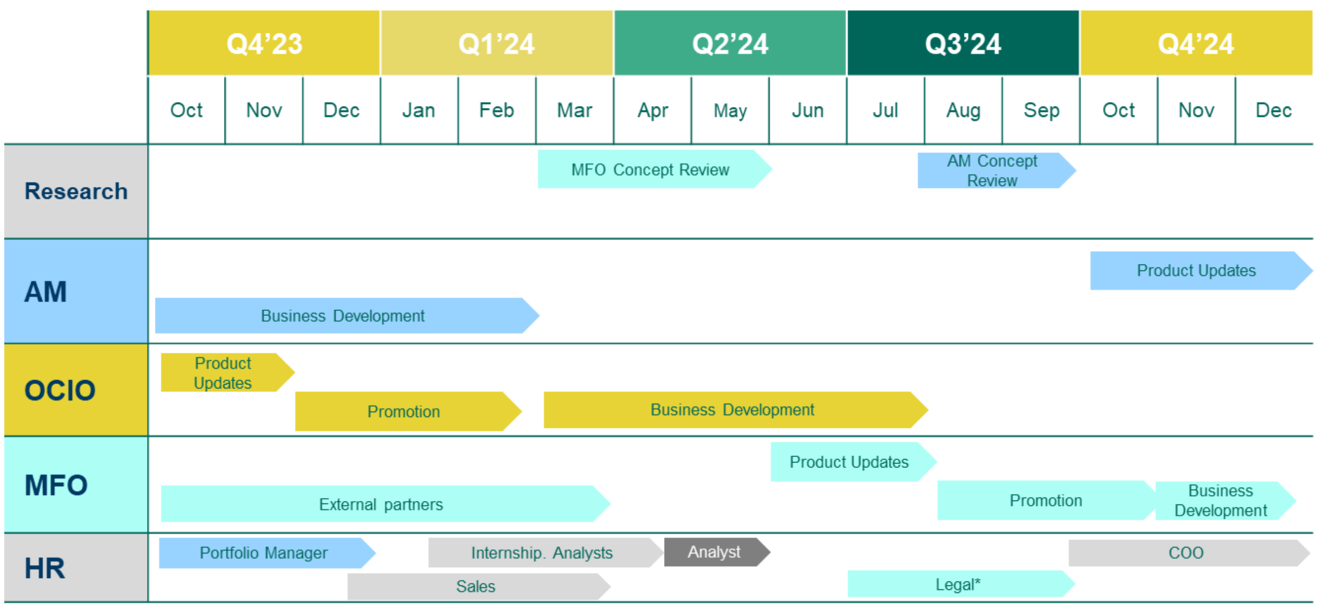
	Client 1	Client 2
1) It could be needed immediately	☐	☐
2) Within the next 3 years	☐	☐
3) Within 3-5 years	☐	☐
4) Within 5-10 years	☐	☐
5) Not within the next 10 years	☐	☐

Strongly Confidential Information

J. Graph. Investment project development timeline, 2023-2024

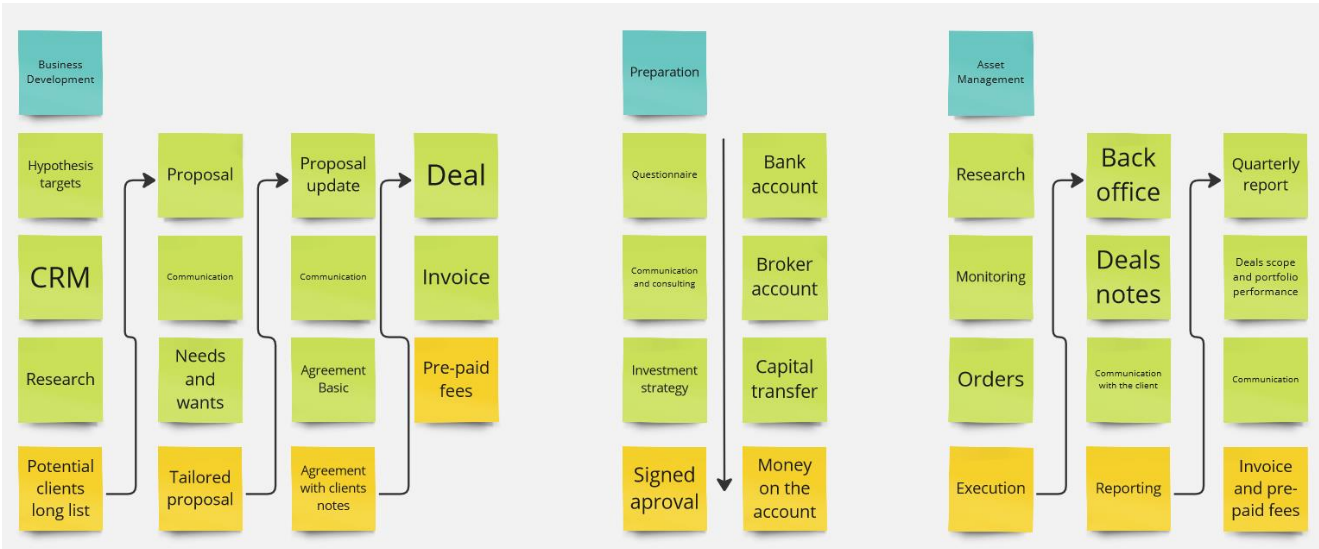


* Could be outsourced functions



* Could be outsourced functions

K. Graph. Asset management operational management



L. Table. Peers' metrics for wealth management business unit[30]

		BlackRock Inc	U.S. Global Investors, Inc	WisdomTree	Sprott	Virtus Investment Partners	Federated Hermes Inc	Focus Financial Partners	Janus Henderson Group	Median	Capital Times 2027
Revenue	USD m	17417	22.6	301.3	154.3	881.7	1446	2143	2204		
5Y Rev. Growth	%	8.9%	35.2%	2.7%	16.3%	16.8%	7.7%	21.6%	6.1%		
Gross Margin	TTM %	48.7%	76.6%	67.5%	48.1%	57.9%	64.5%	41.2%	72.3%	**61.2%**	**70.0%**
Operating Margin	TTM %	35.4%	43.5%	25.6%	28.8%	23.8%	23.9%	10.7%	23.9%	**24.8%**	**28.2%**
EBIT Margin	TTM %	36.9%	37.4%	18.2%	28.8%	29.2%	21.9%	13.0%	16.0%	**25.3%**	**13.6%**
Net Margin	TTM %	28.1%	14.3%	16.8%	11.4%	13.3%	16.6%	4.3%	15.7%	**15.0%**	**11.2%**
as of 28 April 2023											

M. Table. Investment project returns by revenue recognition

Investment return structure by wealth management segment

		2023	2024	2025	2026	2027
AM	USD	763	14 777	36 420	61 169	74 590
MFO	USD	1 363	15 212	35 075	66 209	105 599
CIO	USD	779	11 518	19 466	25 429	31 009
WM total	USD	2 905	41 507	90 962	152 808	211 197
AM	%	26%	36%	40%	40%	35%
MFO	%	47%	37%	39%	43%	50%
CIO	%	27%	28%	21%	17%	15%

[30] Gurufocus, Finviz

KSE GRADUATE SCHOOL BUSINESS

N. Table. Investment project interim cash flow

		2023	2024	2025	2026	2027
Interim Cash Flows (IMCF)						
Revenue	USD	39 800	237 840	462 600	793 200	1 123 800
YoY growth rate	*%*		*498%*	*95%*	*71%*	*42%*
Variable Costs	USD	11 940	71 352	138 780	237 960	337 140
Contribution Margin	USD	27 860	166 488	323 820	555 240	786 660
CM	*%*	*70%*	*70%*	*70%*	*70%*	*70%*
Traceable Fixed Costs	USD	27 060	62 720	96 416	173 221	258 667
Capital Times Dividends	USD	3 100	41 507	90 962	152 808	211 197
Operating Profit	USD	-2 300	62 261	136 442	229 212	316 796
Operating Margin	*%*	*-6%*	*26%*	*29%*	*29%*	*28%*
Other Fixed Costs	USD	0	0	83 000	137 800	158 080
EBITDA	USD	-2 300	62 261	53 442	91 412	158 716
EBITDA Margin	*%*	*-6%*	*26%*	*12%*	*12%*	*14%*
Miscelaneous Fixed Costs						
Depreciation - Equipment	5					
Depereciation Expenses - Equipment		600	600	2 800	2 800	5 400
EBIT	USD	-2 900	61 661	50 642	88 612	153 316
EBIT Margin	*%*	*-7%*	*26%*	*11%*	*11%*	*14%*
Corporate Tax	USD	0	11 099	9 116	15 950	27 597
Net Income	USD	-2 900	50 562	41 527	72 661	125 719
Net Margin	*%*	*-7%*	*21%*	*9%*	*9%*	*11%*

KSE GRADUATE SCHOOL BUSINESS

O. Table. Risk Register in detail

N	Risk	Owner of risk	Service	Reason/Cause (Description)	Effect	Probability (Risk Assessment)	Cost/Impact	Schedule	Performance	Level of risk	Risk Response	Strategy	Cost
1	Underestimated demand poten	Stakeholders	WM	Target audience will not be interested i	Financial target won't be achieved	2	5	3	1	MEDIUM	Mitigate	Internal marketing research, a	Medium
2	Problems with partners, infrast	CIO	CIO, MFO	Partners not providing proper service	Clients loyalty is damaged	3	2	3	3	MEDIUM	Transfer	Agreements woth partners up	Low
3	Human resources and the lack	CIO	WM	Limited proposition of experienced inv	The team could not grow fast	4	3	4	4	HIGH	Mitigate	HR search engine upgrade, a	Medium
4	CIO multi-function exhaustion	Stakeholders,	WM	Multi-tasks, health issues	Functional destruptions of the leader c	4	3	5	5	HIGH	Mitigate	Task deligation upgrade, Outs	Medium
5	Legal issues, license requirem	Stakeholders	WM	Legislation changes, MIFID II impleme	Consultancy services could not be pro	3	3	3	2	MEDIUM	Transfer	Lawyers outsourcing, legal is	Medium
6	Weak investing performace	CIO, PM	AM	Asset management result for clients ar	Clients loyalty is damaged	2	3	1	4	MEDIUM	Accept, Reduction	Risk management upgrade	Low
7	Operational "bottle-necks"	CIO, COO	WM	Clients service or investment strategies	Clients loyalty is damaged	2	2	1	1	LOW	Mitigate	Digital solutions usage (Team	Low

Score matrix

	1	2	3	4	5
Probability	0-10%	10-30%	30-50%	50-80%	80-100%
Cost/Impact*	90-100%	70-90%	50-70%	30-50%	0-30%
Schedule**	0-60	60-180	180-260	260-360	>360
Performance***	0-10%	10-30%	30-50%	50-80%	80-100%

** estimated probability of the financial goals achievement in 5 years*

*** estimated extra days in project management timeline implementation for 2H2023-1H2024*

**** estimated clients visiability of the risk from 0% - absolutly invisible to 100% - absolutely visible*

RISK ASSESSMENT

Underestimated demand potential	
Probability	10-30%
Cost	0-30%
Schedule	180-260
Performance	0-10%

Probability	2
Cost	5
Schedule	3
Performance	1

Probability	1	2	3	4	5
5					
4					
3					
2					x
1					

Impact

Overall Risk Level (score): **MEDIUM**

Problems with partners, infrastructure	
Probability	30-50%
Cost	70-90%
Schedule	180-260
Performance	30-50%

Probability	3
Cost	2
Schedule	3
Performance	3

Probability	1	2	3	4	5
5					
4					
3			x		
2					
1					

Impact

Overall Risk Level (score): **MEDIUM**

Human resources, experience	
Probability	50-80%
Cost	50-70%
Schedule	260-360
Performance	50-80%

Probability	4
Cost	3
Schedule	4
Performance	4

Probability	1	2	3	4	5
5					
4				x	
3					
2					
1					

Impact

Overall Risk Level (score): **HIGH**

CIO multi-function exhaustion	
Probability	50-80%
Cost	50-70%
Schedule	>360
Performance	80-100%

Probability	4
Cost	3
Schedule	5
Performance	5

Probability	1	2	3	4	5
5					
4					x
3					
2					
1					

Impact

Overall Risk Level (score): **HIGH**

Legal issues, license requirements	
Probability	30-50%
Cost	50-70%
Schedule	180-260
Performance	10-30%

Probability	3
Cost	3
Schedule	3
Performance	2

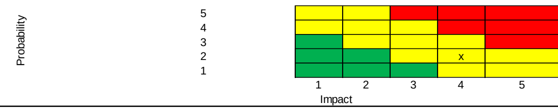
Probability	1	2	3	4	5
5					
4					
3			x		
2					
1					

Impact

Overall Risk Level (score): **MEDIUM**

Weak investing performace	
Probability	10-30%
Cost	50-70%
Schedule	0-60
Performance	50-80%

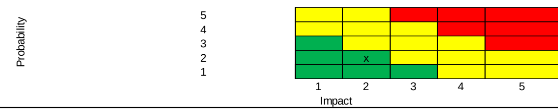
Probability	**2**
Cost	**3**
Schedule	**1**
Performance	**4**



Overall Risk Level (score)
MEDIUM

Operational "bottle-necks"	
Probability	10-30%
Cost	70-90%
Schedule	0-60
Performance	0-10%

Probability	**2**
Cost	**2**
Schedule	**1**
Performance	**1**



Overall Risk Level (score)
LOW

P. Graph. Wealth Management organizational structure