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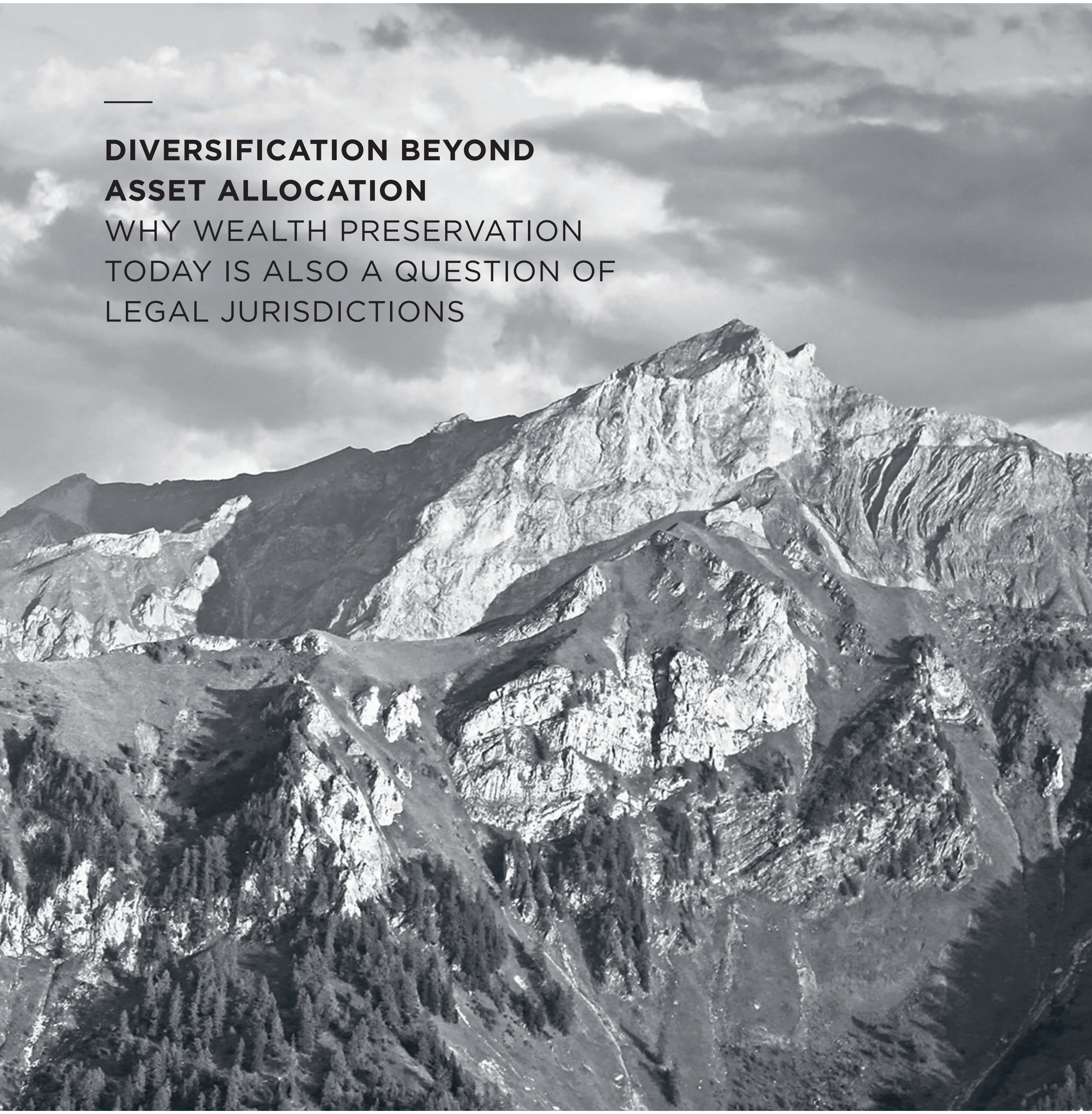
DIVERSIFICATION BEYOND ASSET ALLOCATION

WHY WEALTH PRESERVATION TODAY IS ALSO A QUESTION OF LEGAL JURISDICTIONS



For decades, diversification was understood primarily as the allocation of assets across different asset classes and within individual asset classes. Equities, bonds, real estate and alternative investments were intended to balance risks and stabilise returns. This principle remains valid – yet it is increasingly insufficient. In a world marked by rising geopolitical tensions, growing fiscal pressures and regulatory volatility, wealth is exposed not only to market risks, but also to state intervention and legal uncertainty.

For ultra-high-net-worth individuals and entrepreneurial families, a more fundamental question therefore arises: not only how wealth is invested, but also where it is legally anchored has become decisive for its long-term preservation.

WHEN MARKETS REMAIN STABLE BUT LEGAL SYSTEMS DO NOT

Classical asset allocation primarily addresses economic risks. It mitigates market volatility, interest-rate movements and sector-specific disruptions. What it cannot protect against are systemic interventions by states. Capital controls, extraordinary wealth levies, politically motivated encroachments on property rights or far-reaching reforms of inheritance and tax law operate independently of how well-balanced a portfolio may be.

Such measures are by no means theoretical. They tend to emerge in periods of fiscal or political stress – often at short notice, sometimes retroactively, and frequently with limited legal means of recourse. Wealth that is held exclusively within a single legal system is directly exposed to these risks.

JURISDICTIONAL DIVERSIFICATION AS A STRUCTURAL RESPONSE

Against this backdrop, a concept is gaining broader relevance: the deliberate diversification across legal jurisdictions. This does not imply the relocation of wealth for tax-driven reasons, but rather a conscious structural allocation of ownership, control and economic benefit across multiple jurisdictions.

The objective is to create a wealth architecture capable of absorbing interventions or shocks in individual countries without compromising the overall functionality of the structure. The aim is legal redundancy, not opacity. Modern international standards on transparency, compliance and information exchange are fully compatible with such arrangements – provided they are carefully designed, properly documented and conceived with a long-term horizon.

STRUCTURED GOVERNANCE THROUGH OVERARCHING WEALTH VEHICLES

In practice, jurisdictional diversification does not depend on a specific organisational scale, but on a clear separation between the management of wealth and its legal anchoring. This function can be fulfilled independently by Liechtenstein foundations or trust structures – as well as in combination with a family office.

For smaller to mid-sized fortunes, foundations or trusts may already constitute a robust and sufficient structure in their own right. They allow assets to be consolidated within a stable legal framework, establish clear rules for use, succession and governance, and ensure legal independence from changes in the personal circumstances or residence of beneficiaries. In such cases, the foundation or trust assumes both the role of legal ownership and central governance, often complemented by protectors or external asset managers.

As wealth increases in size and complexity, more differentiated arrangements may become appropriate. In these cases, foundations or trusts frequently act as overarching holding vehicles for key assets, while a family office serves as the operational and strategic control centre. The family office oversees investment decisions, risk management, reporting and the coordination of external advisers, and may be located in Liechtenstein or elsewhere, depending on family, operational or regulatory considerations.

What both approaches share is the deliberate separation between operational control and the legal ownership layer. This enhances structural resilience by preserving proximity, flexibility and decision-making capacity, while shielding assets and governance from the direct reach of any single jurisdiction.

Whether as a stand-alone solution or in conjunction with a family office, overarching wealth vehicles provide an organisational framework that combines long-term stability with adaptability, and thus form a central building block of modern wealth architectures.

LIECHTENSTEIN AS A STABLE COMPONENT OF INTERNATIONAL STRUCTURES

In this context, Liechtenstein occupies a distinctive position. The country combines political continuity and neutrality with an exceptionally stable legal system, decades of experience in structuring complex wealth and succession solutions, and integration into the European Economic Area.

For European families, Liechtenstein offers close alignment with familiar civil and corporate law traditions and a predictable legal environment. International entrepreneurial families, by contrast, value Liechtenstein as a neutral reference point outside the major geopolitical power blocs, whose legal and institutional framework has remained consistent over many decades. This combination of stability, predictability and political restraint explains Liechtenstein’s enduring relevance in an increasingly fragmented world.

WEALTH PLANNING AS A LONG-TERM GOVERNANCE TASK

The central insight is clear: wealth preservation today is less a matter of individual products than of structural governance. Those who plan for the long term must accept that political and legal frameworks evolve – and that wealth structures must be designed accordingly.

Jurisdictional diversification is not a universal remedy. It requires legal precision, institutional understanding and a deep sensitivity to family and entrepreneurial dynamics. When implemented properly, however, it delivers precisely what classical asset allocation alone cannot achieve: structural resilience across generations.

A PERSPECTIVE FROM ADVISORY PRACTICE

Dr. Marco Felder is a tax adviser and fiduciary specialist focusing on cross-border wealth and succession planning for ultra-high-net-worth individuals and entrepreneurial families. He is a founding partner and managing director of FS+P AG, based in Schaan, an independent fiduciary firm specialising in the design and long-term support of complex international wealth structures.

His work lies at the intersection of law, taxation, governance and family wealth strategy. The emphasis is not on short-term optimisation of individual parameters, but on the development of coherent structures capable of withstanding differing legal systems while preserving entrepreneurial flexibility and long-term family continuity. Experience shows that sustainable wealth preservation emerges where legal precision, institutional insight and strategic restraint are thoughtfully combined.

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