

Family Business Studies

VIE and Cross Holding

- PROFILE
- INVESTMENT CRITERIA
- INVESTMENTS
- LETTER TO SHAREHOLDERS
- NET ASSET VALUE (NAV)
- OUR HISTORY

1899

Giovanni Agnelli with some other entrepreneurs founds the Fabbrica Italiana Automobili Torino (FIAT).



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1927

IFI - Istituto Finanziario Italiano - is founded by Senator Giovanni Agnelli to draw together, control and manage the holding in Fiat and various other companies: RIV, SAVA, Cinzano, Sestriere, Vetrocoker, Società Anonima Manifattura Pellami e Calzature, Società Avioilinee Italiane, Società Idroelettrica Piemontese (SIP), as well as numerous agricultural and real estate properties. IFI will enable Senator Agnelli and his successors (children and grandchildren) to exercise control over all the holdings in these companies.



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1935

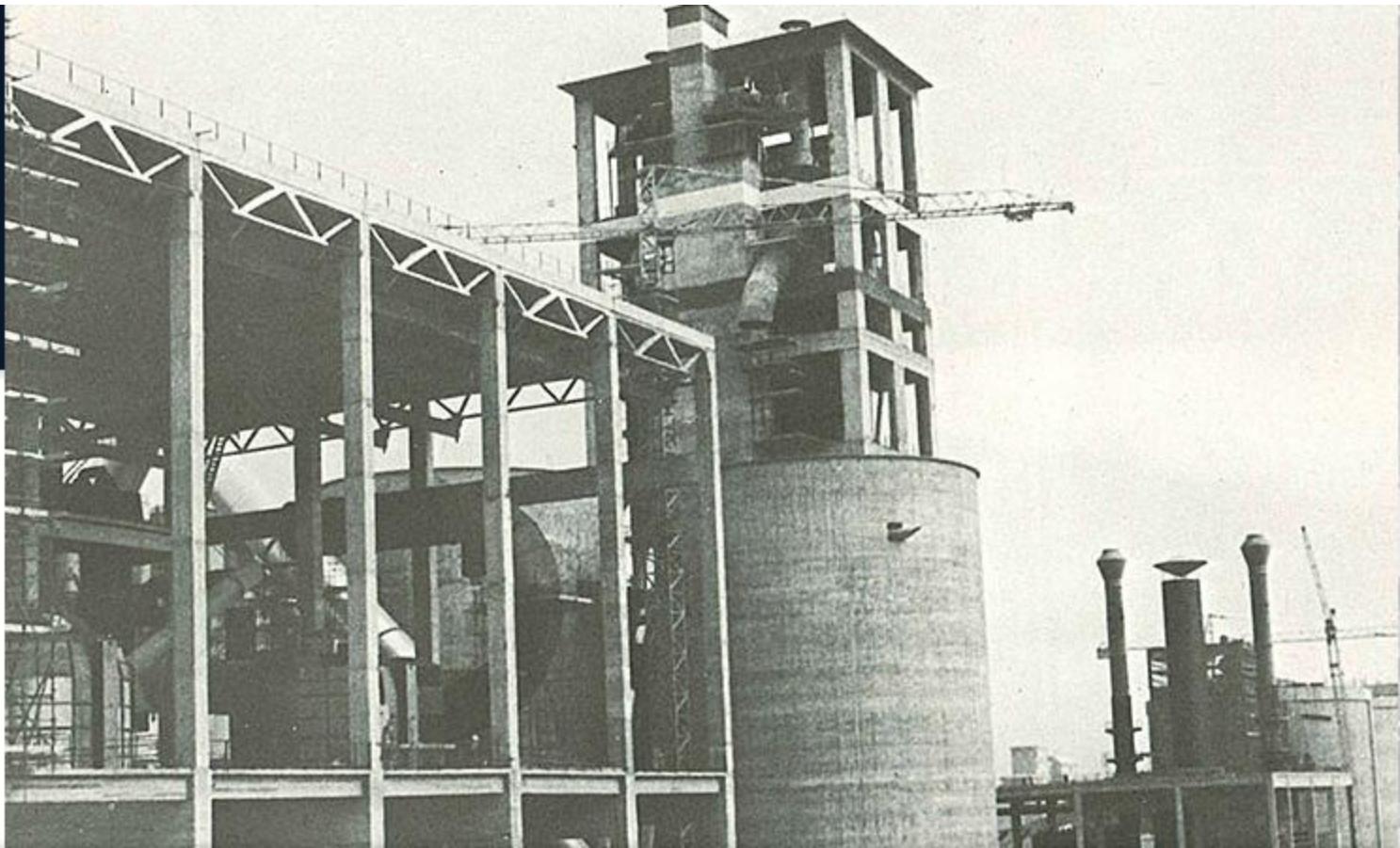
IFI purchases Ferrania and increases its holding in Cinzano, acquiring Cinzano Ltd. (which includes numerous Cinzano companies in Italy and abroad). Compagnia Generale Italiana della Grande Pesca (Genepesca) is established and the operations of SAVA are expanded, with the issue of interest-bearing bonds to offset the credit granted to finance the purchase of autos.



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1942

IFI increases its investments in cement and founds the companies Adriaportland and Dalmatia near Spalato, resulting in Cementerie Riunite of Spalato.



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1957

IFI acquires control of Istituto Commerciale Laniero Italiano, which conducts activities in the financial field, particularly in the textile and wool sector, and increases its holding in Technicolor Italiana (established jointly with the American company Technicolor Corporation).



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1959

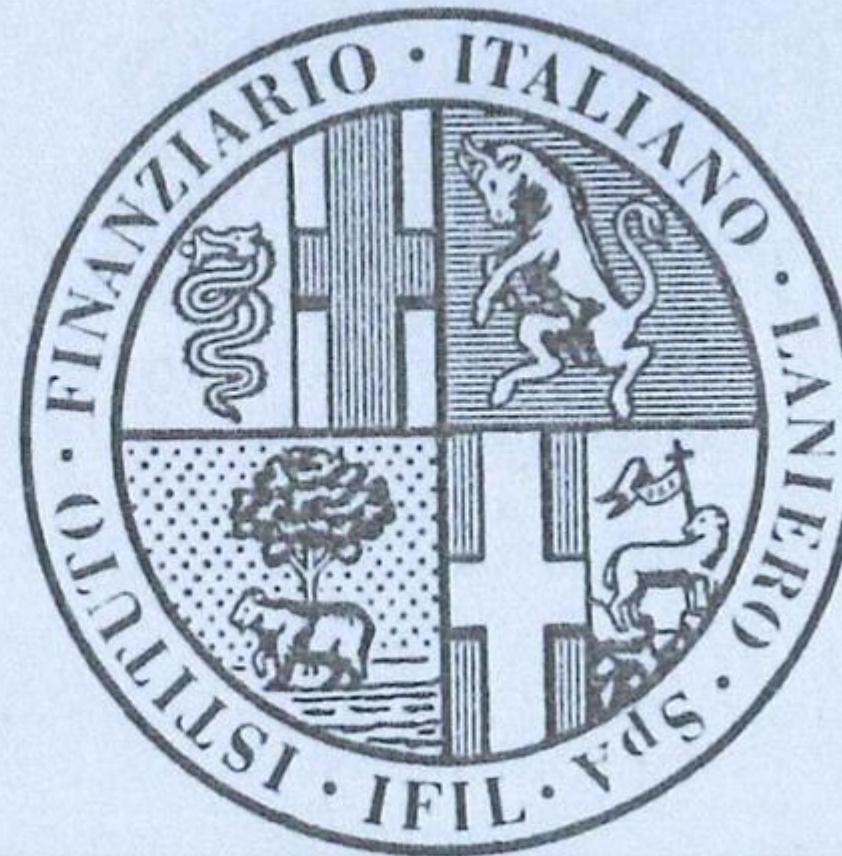
IFI invests in winter tourism, extending the water mains system and the infrastructures at Sestriere. The Albergo Principi hotel is expanded and renovated and new chair-lifts are built.



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1963

Istituto Commerciale Laniero Italiano extends its operations to the banking system and changes its name to Istituto Bancario Italiano Laniero. Three years later, having spun off the banking business to Banca Subalpina, the company becomes Istituto Finanziario Italiano Laniero (IFIL), playing a parallel role to that of IFI and conducting similar investment management activities.



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1964

IFI International (IFINT) is set up to draw together the Group's foreign holdings. In the same year, IFI exchanges its shares in Ferrania for a holding in the American company Minnesota Mining & Manufacturing (3M). Ferrania-3M is born.



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1968

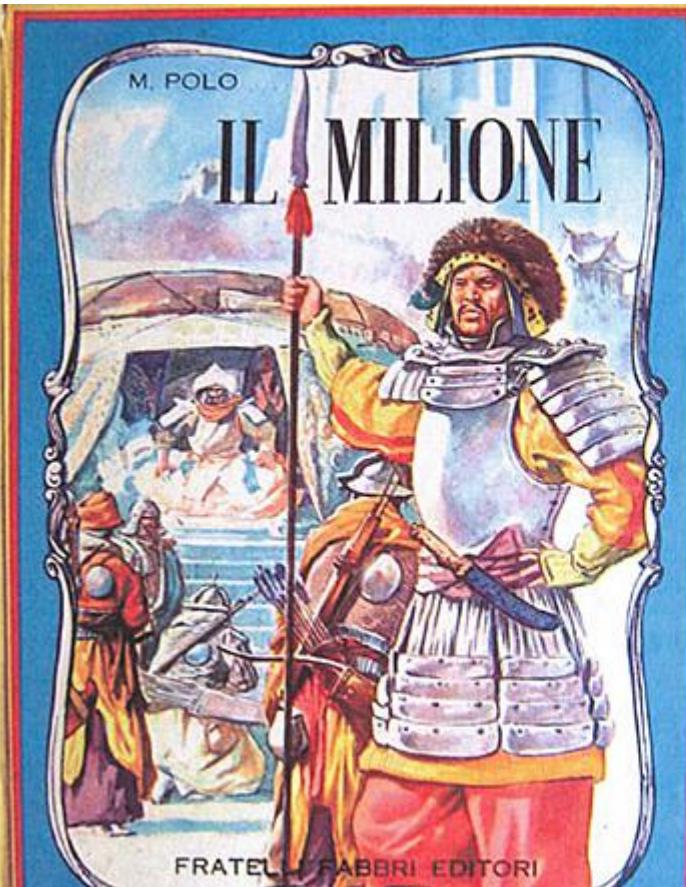
By an offering of its preferred stock for trading, IFI becomes a company listed on the Italian Stock Exchange. Its ordinary capital remains entirely in the hands of the Agnelli Family.



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1970

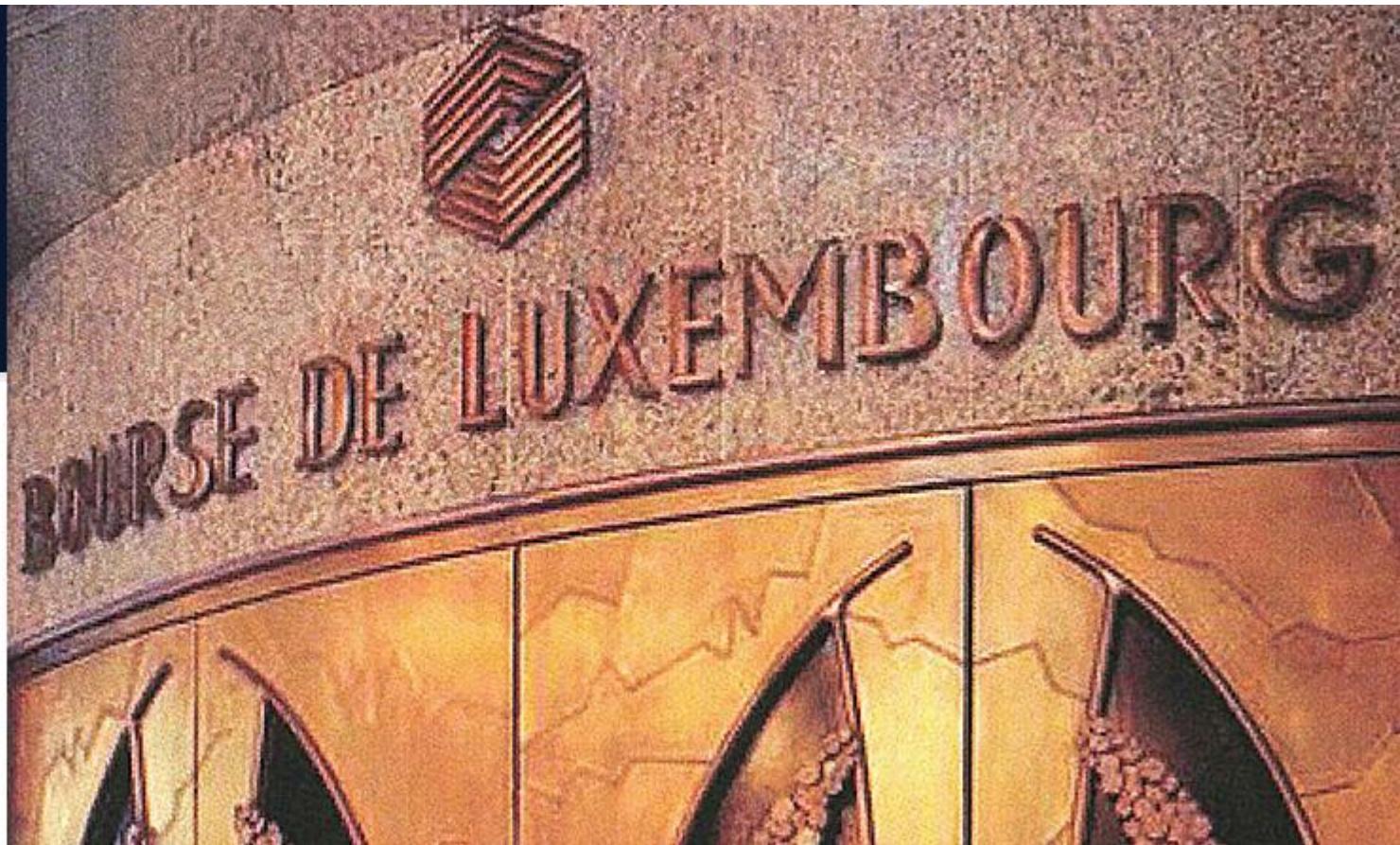
IFI gains control of Gruppo Editoriale Fabbri.



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1973

IFINT is listed on the Luxembourg Stock Exchange and opens branches in the U.S.A., France and Switzerland. In the following years, it acquires investments in the U.S.A., including Bantam Books, Southland Financial and Blackwell Land (1974), and Moog Automotive, a company manufacturing car components and spare parts (1977).



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1983

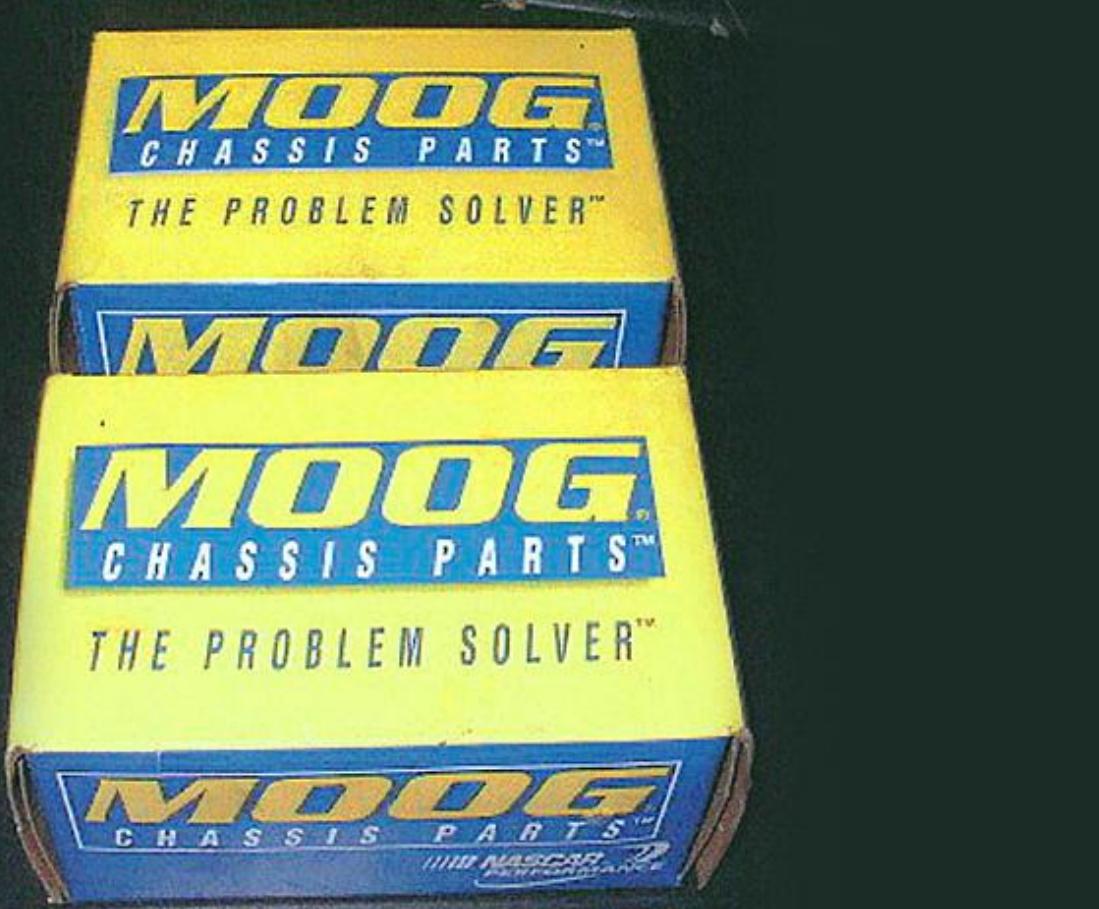
IFIL sets up Primegest, a financial company which is one of the first in Italy to start investment funds management operations. Next, it acquires the majority holding in the Toro Assicurazioni insurance company and acquires the La Rinascente department store chain.



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1985

IFINT strengthens its presence in the American components and spare parts market, acquiring Import Parts America and (1986) Everco Industries, then becoming the Moog Automotive Group.



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1986

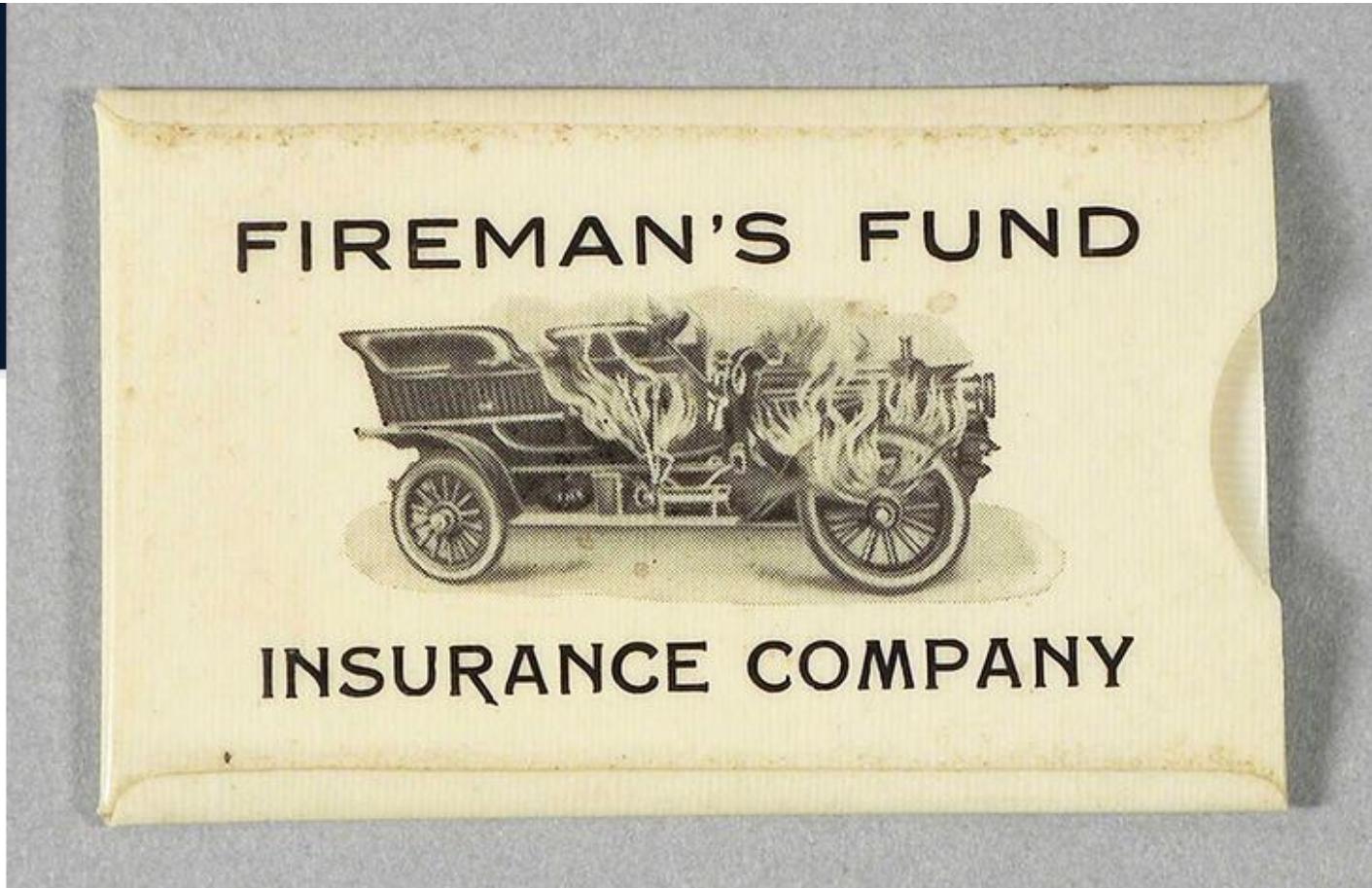
IFIL acquires a significant part of the investment in Fiat held by Libyan Arab Foreign Investment Company, bringing the total investment in Fiat's ordinary capital stock to just under 40%.



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1988

IFINT acquires investments in the insurance sector (Fireman's Fund Co.) and the car component sector (Lear Seating Co.) in the U.S.A.



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1989

IFIL and BSN gain control of the food group
Egidio Galbani.



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1990

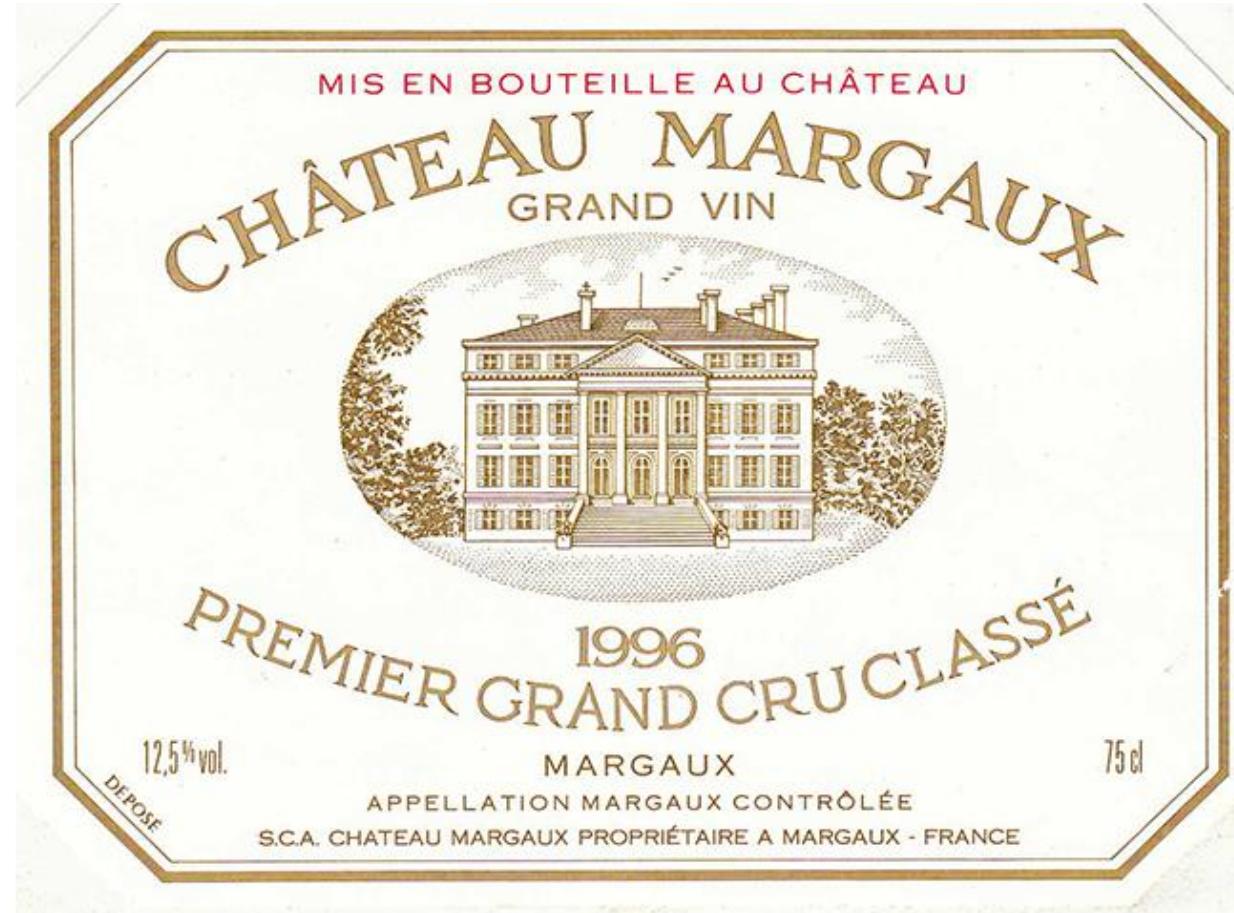
IFIL acquires a 7% holding in the French financial company Pechelbronn (later called Worms & Cie).

WORMS & CIE

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1991

IFINT acquires an investment in the French company Exor S.A. and subsequently launches a takeover bid. This concludes with IFINT taking over the Chateaux Margaux company and some real estate properties in central Paris.



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1993

IFI participates directly and indirectly in the Fiat capital stock increase. IFINT disposes of Lear Seating Co. and changes its name to Exor Group. IFIL launches a takeover bid for La Rinascente and gains control of the company. In the following years, having reached an agreement with the French group Auchan, IFIL's investment grows and its control gradually increases.



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1994

Exor Group acquires investments in the American engineering (Western Industries) and food (Danone Asia) sectors. In the following years, Exor invests again in the U.S.A. (Constitution Reinsurance Co., Riverwood and the Rockefeller Center), Hong Kong (Distacom and Li&Fung) and France (Club Méditerranée).



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1997

IFI and IFIL sell their investment in Unicem to Gruppo Buzzi and take over 5% of Istituto Bancario Sanpaolo di Torino. IFIL launches a takeover bid for Worms & Cie shares, acquiring control of the company (listed on the Paris Stock Exchange) and participates in the privatization of Telecom Italia promoted by the Treasury .



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1999

GAeC., with a takeover bid, acquires total control of Exor Group and begins to gradually dispose of its main holdings.



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2000

IFI and IFIL acquire approximately 30% of Fiat preferred capital stock. In France, Worms & Cie launches a takeover bid for the shares of the Arjo Wiggins Appleton paper company and acquires an interest in Société Générale de Surveillance (SGS). IFIL also gains control of the Alpitour tourism group.



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2001

IFI lists a minority holding in Juventus FC capital stock on the Italian Stock Exchange.



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2003

IFIL and IFI increase their capital stock to conduct a similar transaction at Fiat. On this occasion, a reorganization is carried out, which also results in the transfer of the investments held by IFI (Fiat, San Paolo IMI and Juventus FC) to IFIL.

FIAT — GROUP

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2004

IFIL and Exor sell their respective holdings in Club Méditerranée. During 2004 and 2005, IFIL also disposes of its holding in La Rinascente.



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2005

IFIL acquires 82,250,000 Fiat shares from Exor Group resulting from an equity swap transaction. The transaction allows IFIL to maintain the 30% holding in Fiat, remaining the stockholder of reference when the convertible facility is converted to stock. Furthermore, Worms & C.ie disposes of Permal Group (funds of funds) to Legg Mason and changes its name to Sequana Capital.



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2006

IFIL acquires 10% of Banca Leonardo, the independent investment bank founded by Gerardo Braggiotti. Furthermore, Sequana Capital distributes SGS stock to its stockholders under a public exchange offer for Sequana stock, and concentrates its activities in the paper industry with Arjo Wiggins and Antalis.



BANCA
LEONARDO

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2007

The IFIL Group gains control of Cushman & Wakefield, the largest privately held American company operating in real estate services.



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2008

IFIL subscribed to bonds, enabling it to acquire 40% of Vision Investment Management (asset management on Asian markets) and acquired 17% of Banijay Holding (European TV productions).



**Banijay
Group**

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2013

On September 30, 2013, a new group created from the merger of Fiat Industrial and CNH Global, began: CNH Industrial, a global leader in capital goods.
EXOR holds 27.10% of the new Group.



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2014

On October 12, 2014 Fiat Chrysler Automobiles (FCA) was incorporated in the Netherlands and headquartered in London. Listed on the NYSE and MTA(Italian Stock Exchange), is the world's seventh-largest automaker. Exor holds 30.81% of the new Group.





Fiat S.p.A.
30,47% *

Automobili



* Fiat S.p.A. detiene il 58,5% del capitale di Chrysler

Componenti e Sistemi di Produzione



FIAT INDUSTRIAL
30,45%

Macchine per l'Agricoltura e le Costruzioni



Veicoli Industriali - Motori e Trasmissioni



Servizi Finanziari



42,50%



17,40%

PERELLA
WEINBERG
PARTNERS

2,00%

Servizi Immobiliari



69,34%

Immobiliare



almacantar

36,29%

Servizi alle Imprese



15,00%

Carta



28,24%



63,77%

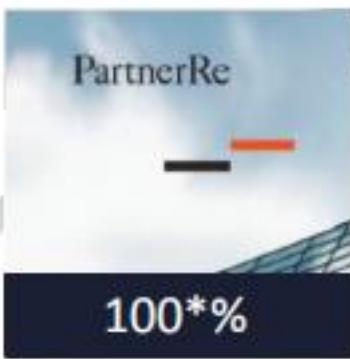


17,09%



The
Economist
4,72%

Tempo Libero - Editoria

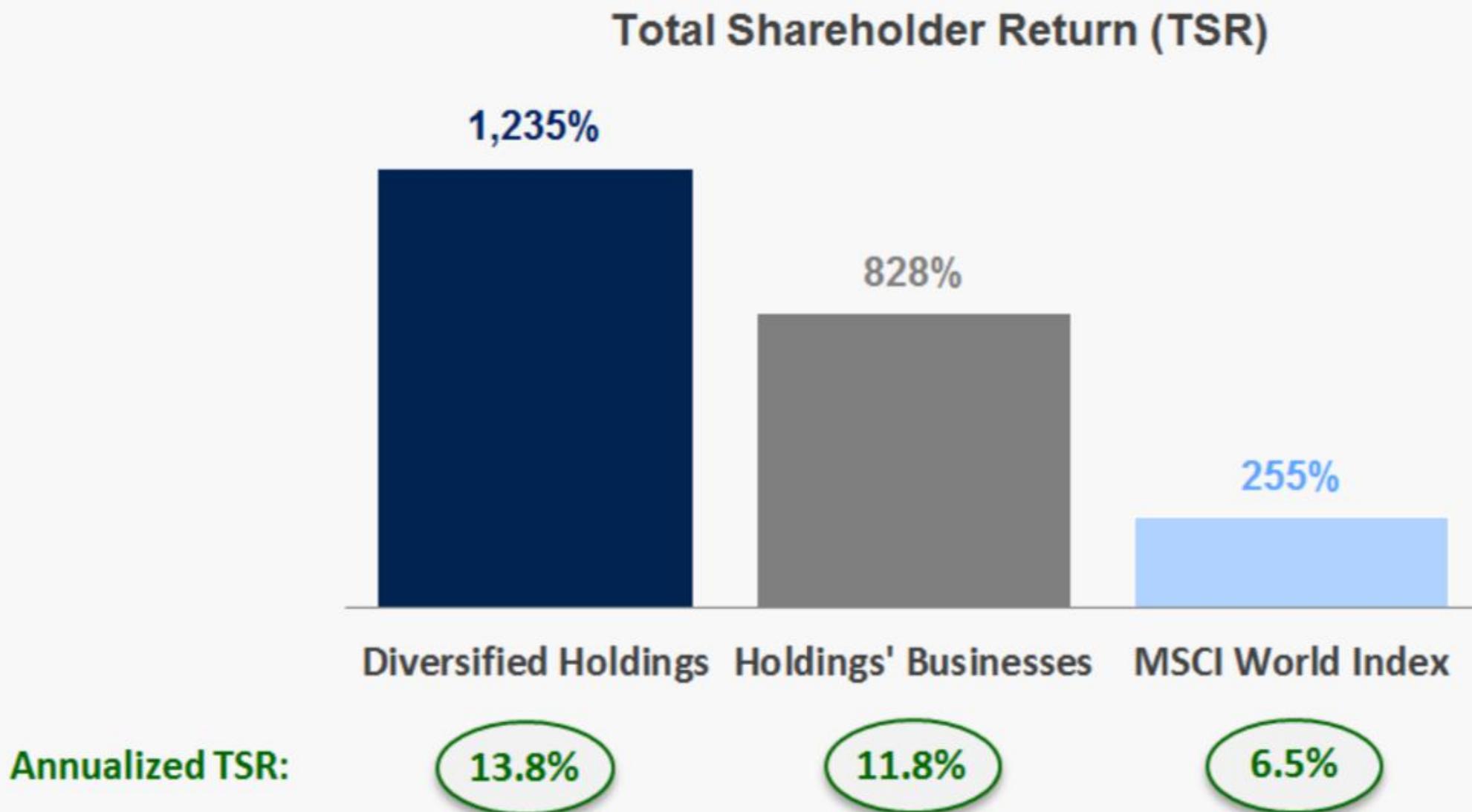


GUCCI

FIAT500 BY GUCCI



DIVERSIFIED HOLDINGS – 20YR PERFORMANCE



Source: Capital IQ as of 31 December 2017 (USD)



Best to invest in the
world!



LOG IN CAREERS LANGUAGE 

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— MARKET CAP INDEXES

MSCI indexes with IDC fair value pricing

Fair value indexes with ITG fair value model

US equity indexes

China

FACTOR INDEXES

STRATEGY INDEXES EX. FACTOR

THEMATIC INDEXES

ESG INDEX FAMILY

CUSTOM INDEXES

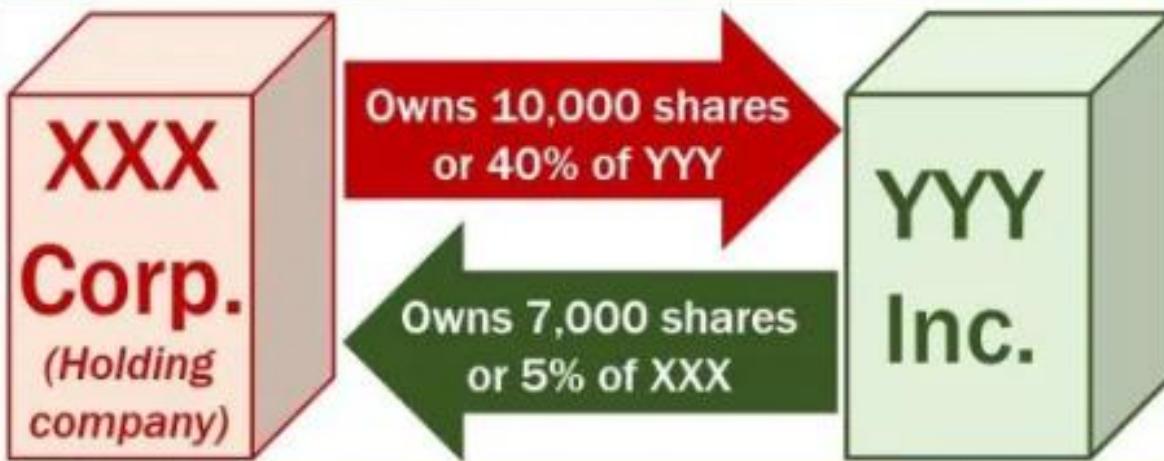
| MSCI ACWI & FRONTIER MARKETS INDEX | | | | | | | | | | | |
|---|----------------------|-----------|-----------------------------|------------------------------|------------|--|--------------|--------------------|-------------|-----------------------|------|
| MSCI ACWI INDEX | | | | | | MSCI EMERGING & FRONTIER MARKETS INDEX | | | | | |
| MSCI WORLD INDEX | | | MSCI EMERGING MARKETS INDEX | | | MSCI FRONTIER MARKETS INDEX | | | | | |
| DEVELOPED MARKETS | | | EMERGING MARKETS | | | FRONTIER MARKETS | | | | | |
| Americas | Europe & Middle East | Pacific | Americas | Europe, Middle East & Africa | Asia | Americas | Europe & CIS | Africa | Middle East | | Asia |
| Canada | Austria | Australia | Brazil | Czech Republic | China | Argentina | Croatia | Kenya | Bahrain | Bangladesh | |
| United States | Belgium | Hong Kong | Chile | Egypt | India | | Estonia | Mauritius | Jordan | Pakistan ³ | |
| Denmark | Japan | Colombia | Greece | Indonesia | Korea | | Lithuania | Morocco | Kuwait | Sri Lanka | |
| Finland | New Zealand | Mexico | Hungary | Malaysia | Kazakhstan | | Nigeria | Tunisia | Lebanon | Vietnam | |
| France | Singapore | Peru | Poland | Philippines | Romania | | Serbia | WAEMU ² | Oman | | |
| Germany | | | Qatar | Taiwan | Serbia | | Slovenia | | | | |
| Ireland | | | Russia | Thailand | | | | | | | |
| Israel | | | South Africa | | | | | | | | |
| Italy | | | Turkey | | | | | | | | |
| Netherlands | | | United Arab Emirates | | | | | | | | |
| Norway | | | | | | | | | | | |
| Portugal | | | | | | | | | | | |
| Spain | | | | | | | | | | | |
| Sweden | | | | | | | | | | | |
| Switzerland | | | | | | | | | | | |
| United Kingdom | | | | | | | | | | | |
| MSCI STANDALONE MARKET INDEXES ¹ | | | | | | | | | | | |
| | | | Saudi Arabia | | | Jamaica | Bosnia | Botswana | Palestine | | |
| | | | | | | Trinidad & Tobago | Herzegovina | Ghana | | | |
| | | | | | | | Bulgaria | Zimbabwe | | | |
| | | | | | | | Ukraine | | | | |

MSCI_CHINA TOP10

| 前10大成分股 | 指数权重 | 行业 |
|----------------|-------|--------|
| 腾讯控股 | 14.69 | 信息技术 |
| 阿里巴巴集团控股 (ADR) | 10.71 | 信息技术 |
| 中国建设银行 (H股) | 5.65 | 金融 |
| 中国移动 | 5.41 | 通信服务 |
| 百度 (ADR) | 4.05 | 信息技术 |
| 中国工商银行 (H股) | 3.98 | 金融 |
| 中国银行 (H股) | 3.18 | 金融 |
| 中国平安 (H股) | 2.42 | 金融 |
| 京东 (ADR) | 1.96 | 非必需消费品 |
| 中国人寿 (H股) | 1.87 | 金融 |
| 总计 | 53.92 | |

资料来源：MSCI官网，数据截止至2017年4月28日。

Cross Holding



A company's holding of another company's shares

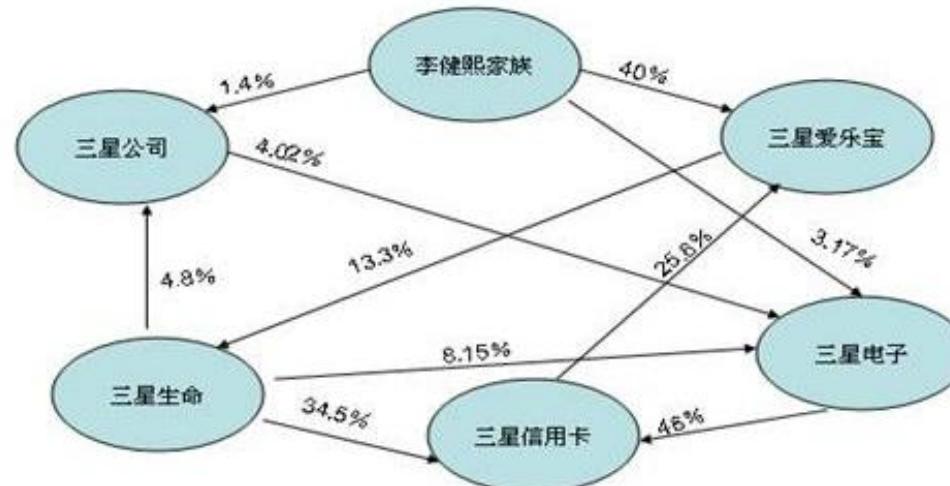
In many conglomerates, there is an intricate web of cross holdings.

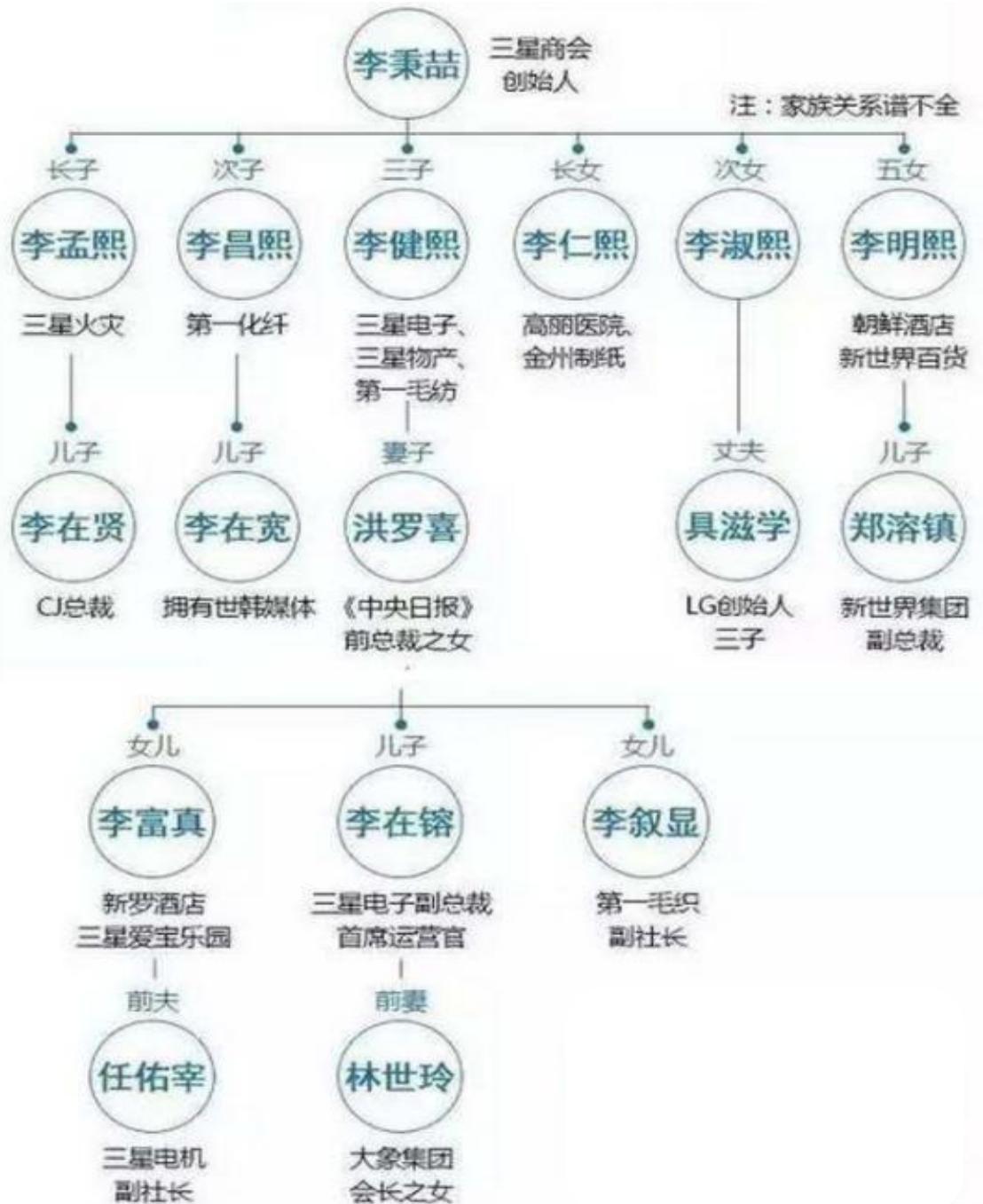
What is Cross Holding

Cross holding is a situation in which a publicly traded corporation owns stock in another publicly traded company. So, technically, listed corporations own securities issued by other listed corporations. Cross holding can lead to double counting, whereby the equity of each company is counted twice when determining value. When double counting occurs, the security's value is counted twice, which can result in estimating the wrong value of the two companies.

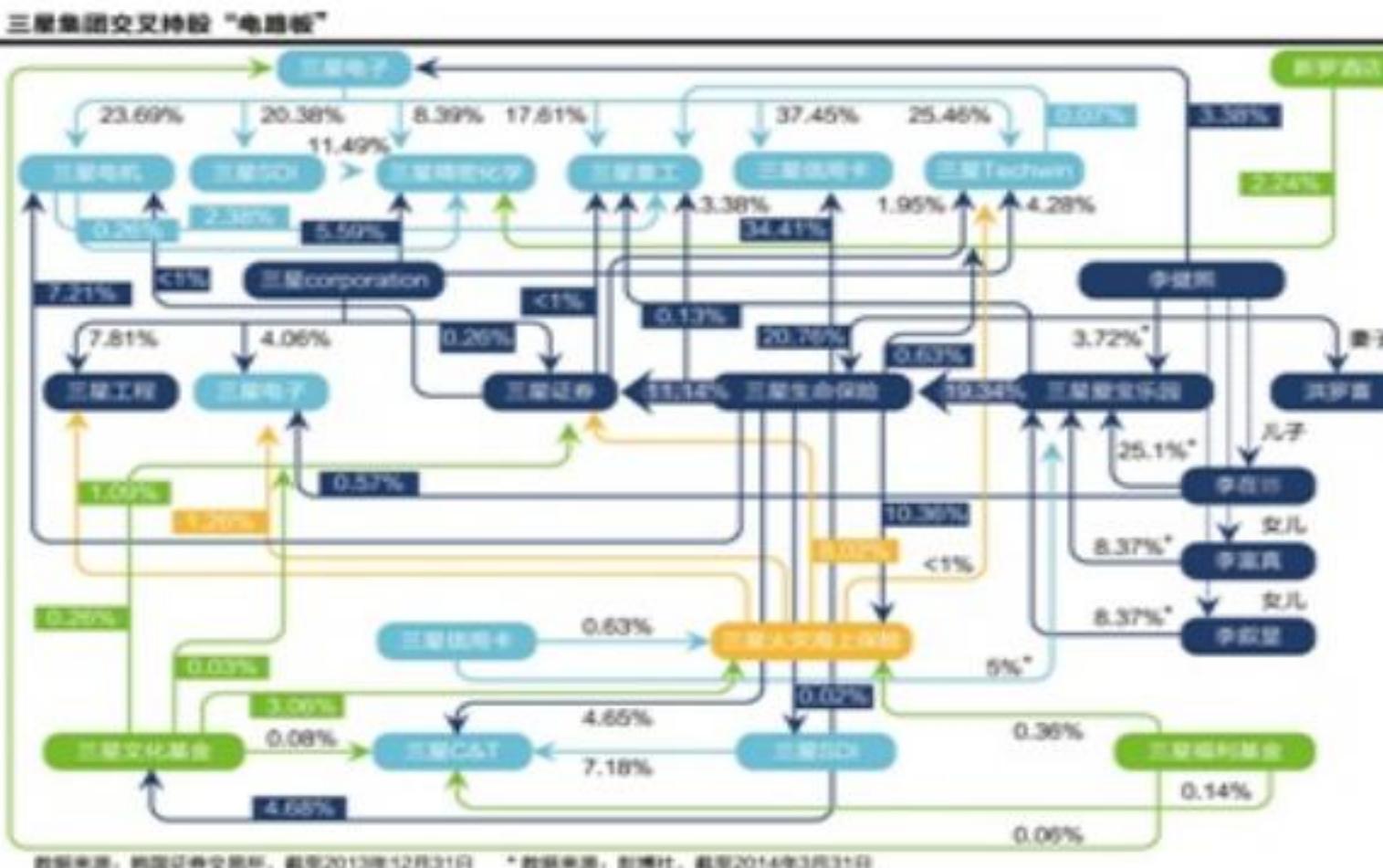
For example, imagine Company XXX and Company YYY are on the same stock exchange. We need to account for XXX's cross holdings in YYY to make sure we do not double-count YYY's value.

In many cases, a company will hold shares in several other companies. The more cross holdings a company has, the harder it becomes to value the companies properly.





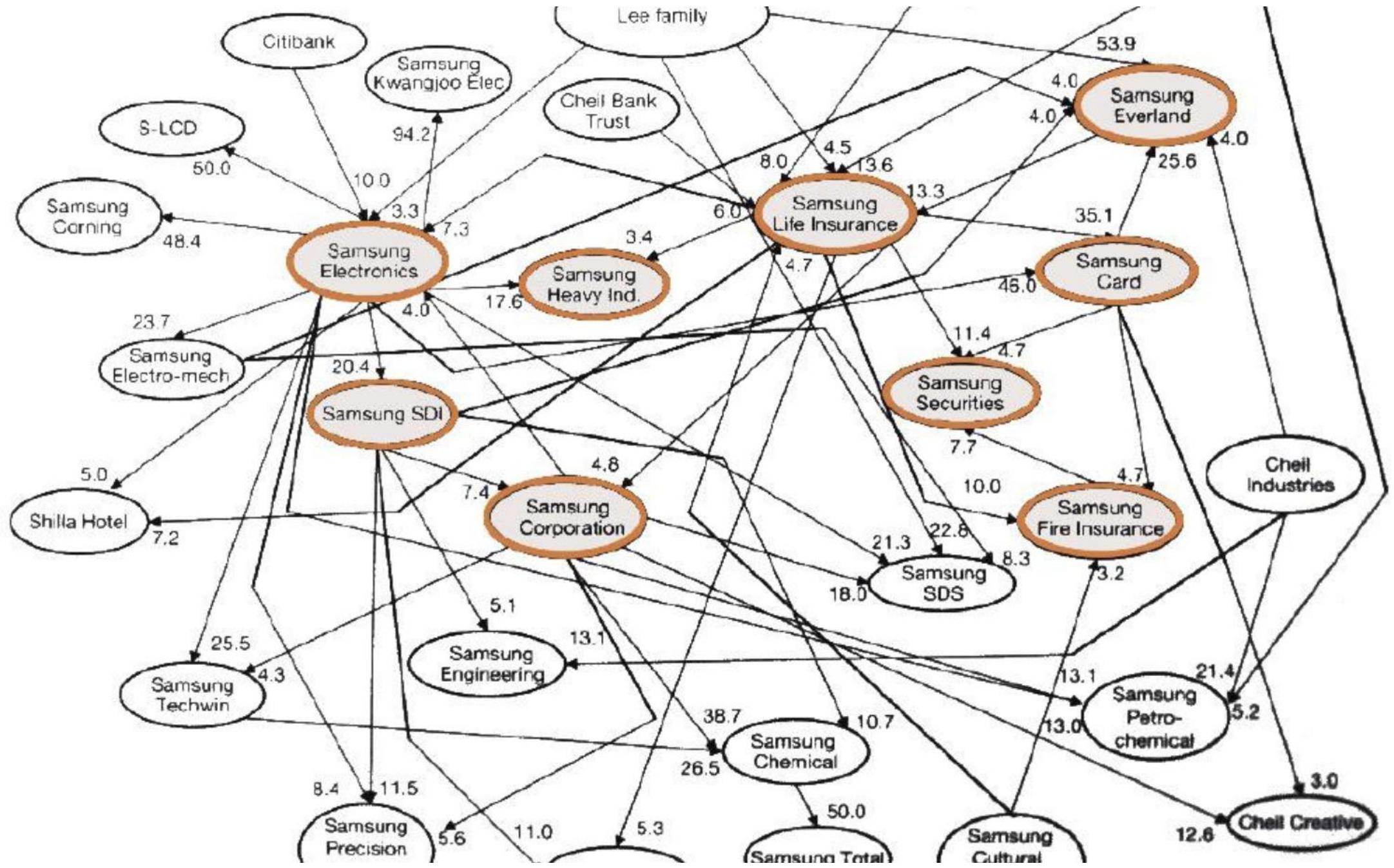
CROSS HOLDING



韩国遗产和赠与税率

| 级数 | 应纳税遗产额或赠与额 | 税率 |
|----|----------------|-----|
| 1 | 不超过1亿韩元的部分 | 10% |
| 2 | 超过1亿至5亿韩元的部分 | 20% |
| 3 | 超过5亿至10亿韩元的部分 | 30% |
| 4 | 超过10亿至30亿韩元的部分 | 40% |
| 5 | 超过30亿韩元的部分 | 50% |

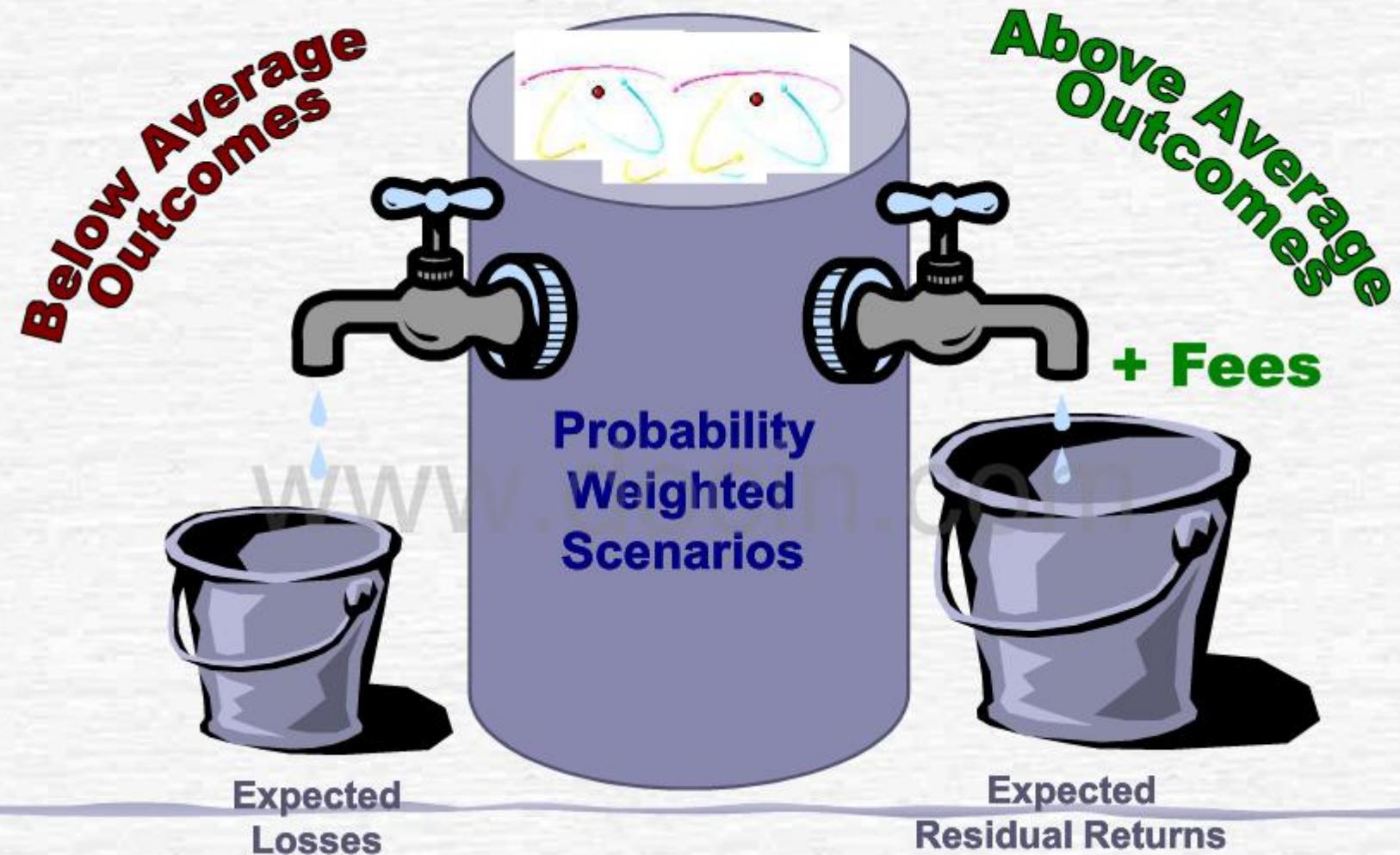
资料来源：韩国国家税务总局



Variable interest entity (VIE)

- A **variable interest entity (VIE)** refers to a **legal business structure** in which an investor has a **controlling interest** despite not having a majority of voting rights.
- Variable interest entities are often established as special purpose vehicles (SPVs) to passively hold financial assets, or to actively conduct research and development.

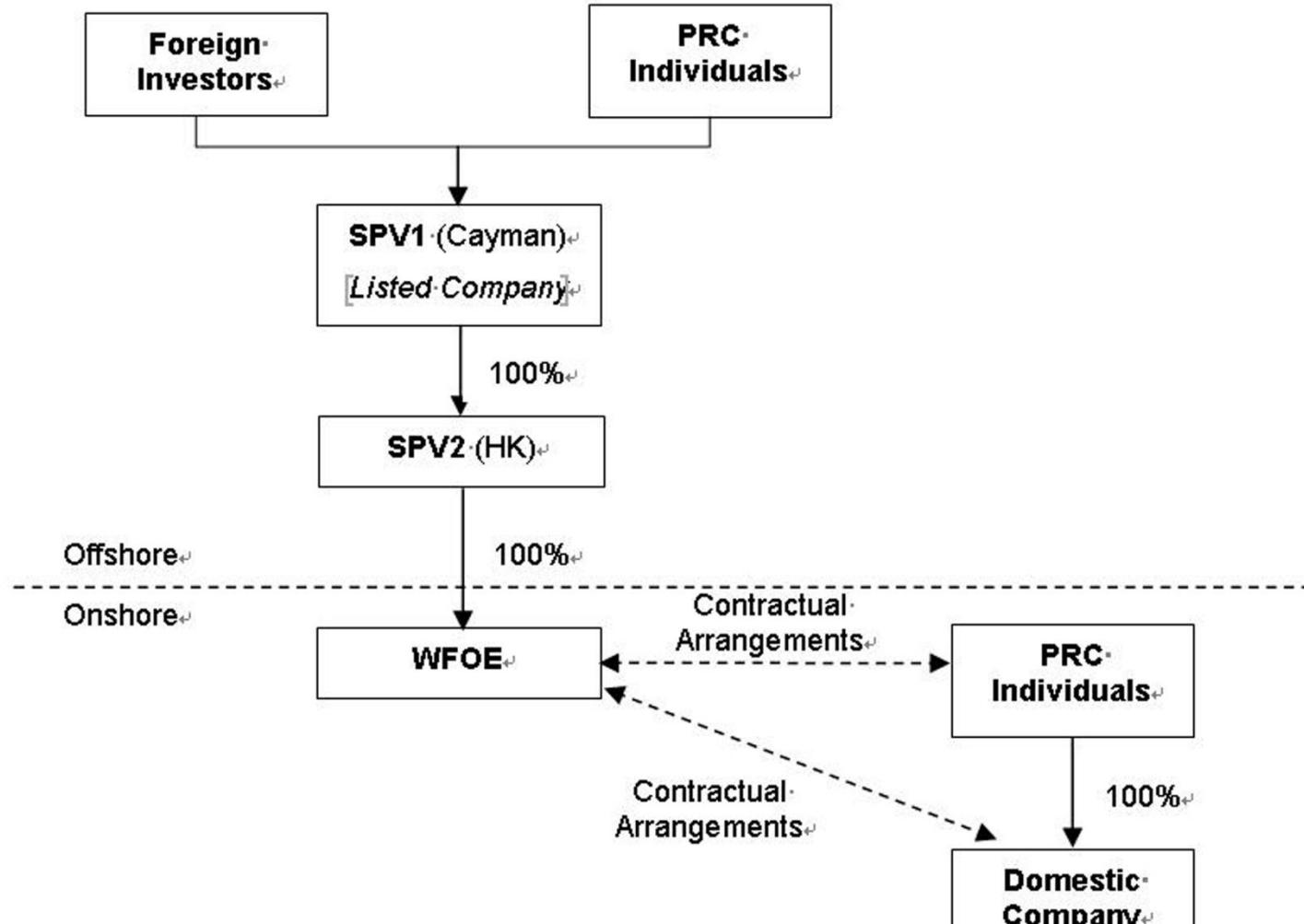
Filling the Buckets





因为开曼群岛没有企业所得税，
通过高买低卖的方式，把利润做到离岸公司，
把亏损留给国内公司，避免了国内的增值税等。

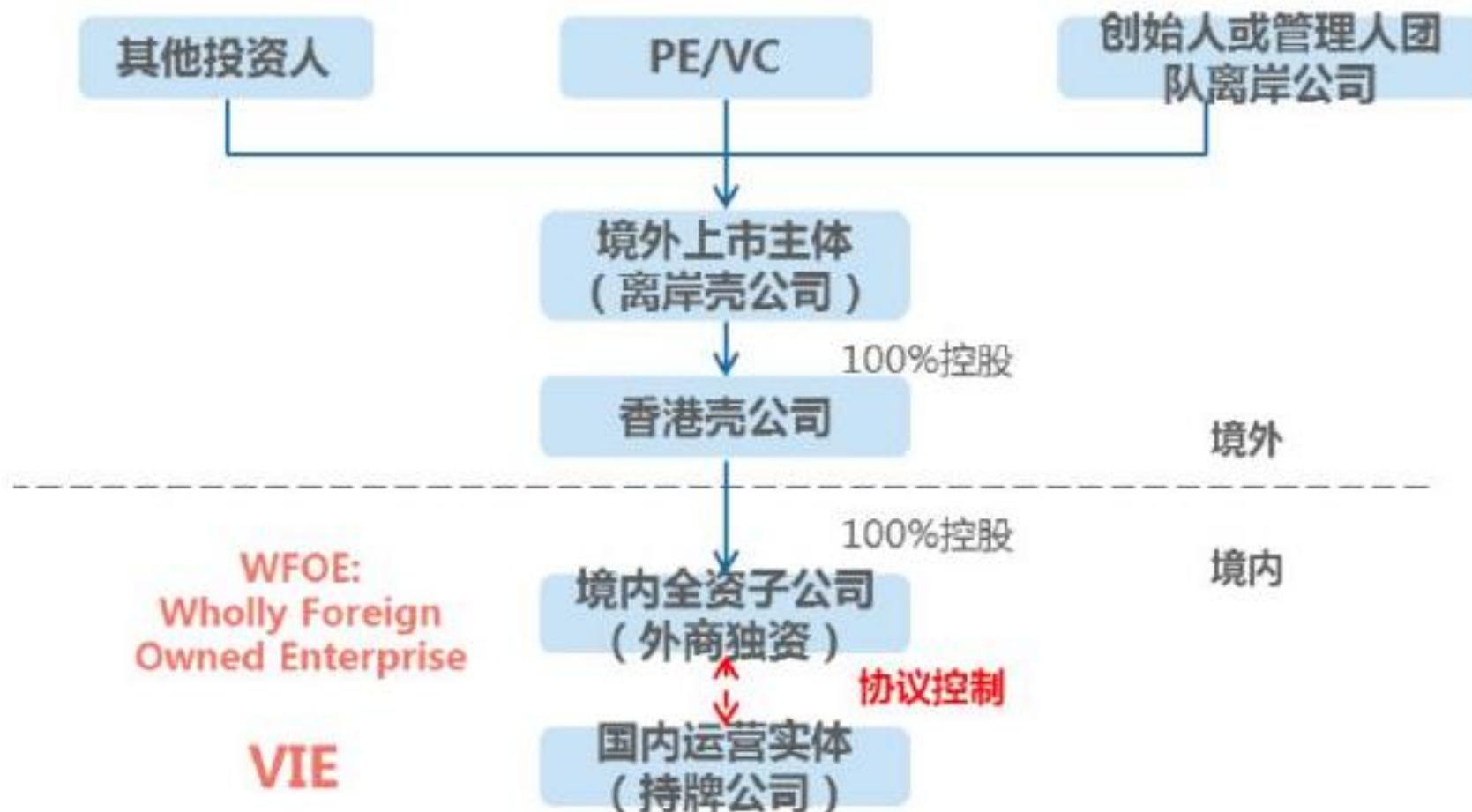




variable interest entity

Definition

VIE. A legal business structure which does not have enough capital to support itself due to its lack of equity investors. The financial support for the VIE is provided by an outside source, such as another corporation. A VIE is often created by a corporation to serve as a holding company, which will hold assets or debt.

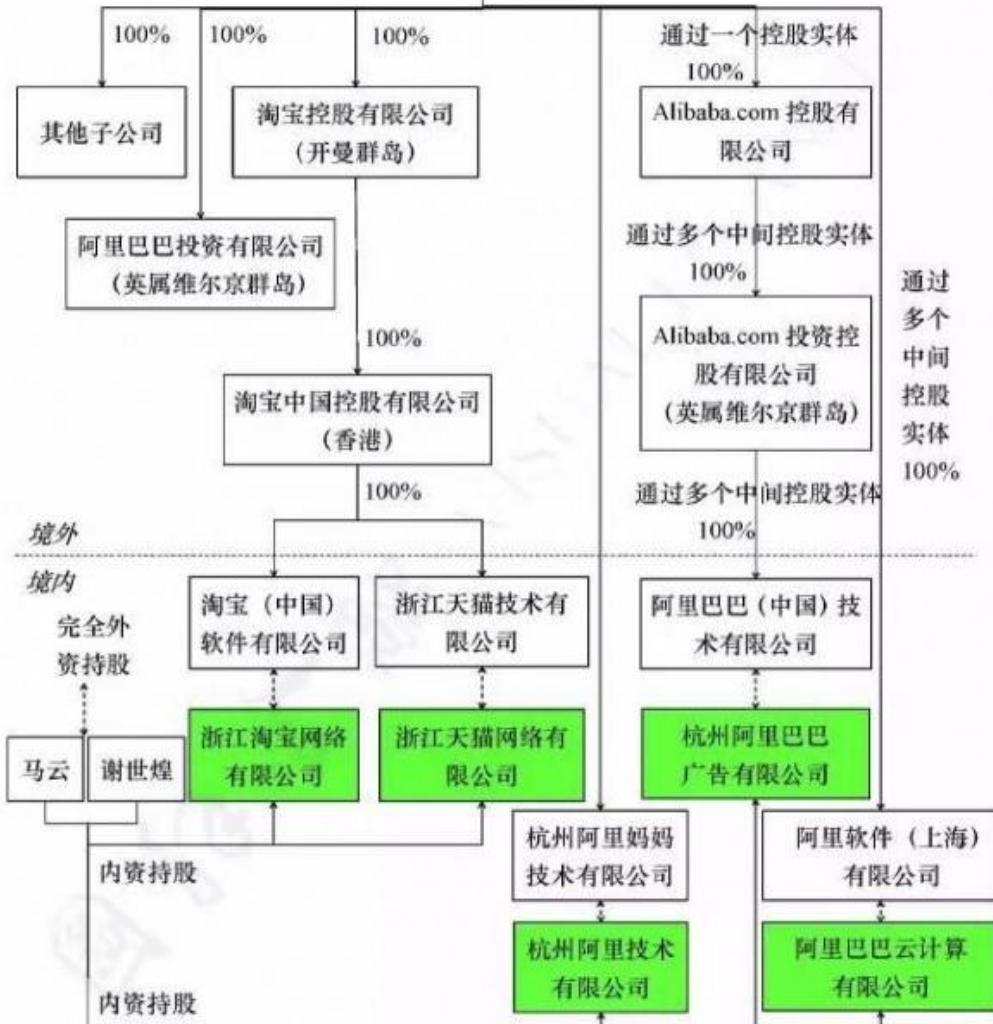


阿里巴巴股权结构图



阿里巴巴股权结构

阿里巴巴集团控股有限公司（开曼群岛）
2014 年纽交所上市，股票代码：BABA



上市主体 境内重要公司
—— 股权关系 - - - 架构合约



腾讯控股股权结构

MIH QQ(BVI)
Limited

主要创
办人

其他公众
股东

其他创
办人

6.77%

30.73%

腾讯控股有限公司（开曼群岛）
2004年香港上市，股票代码00700

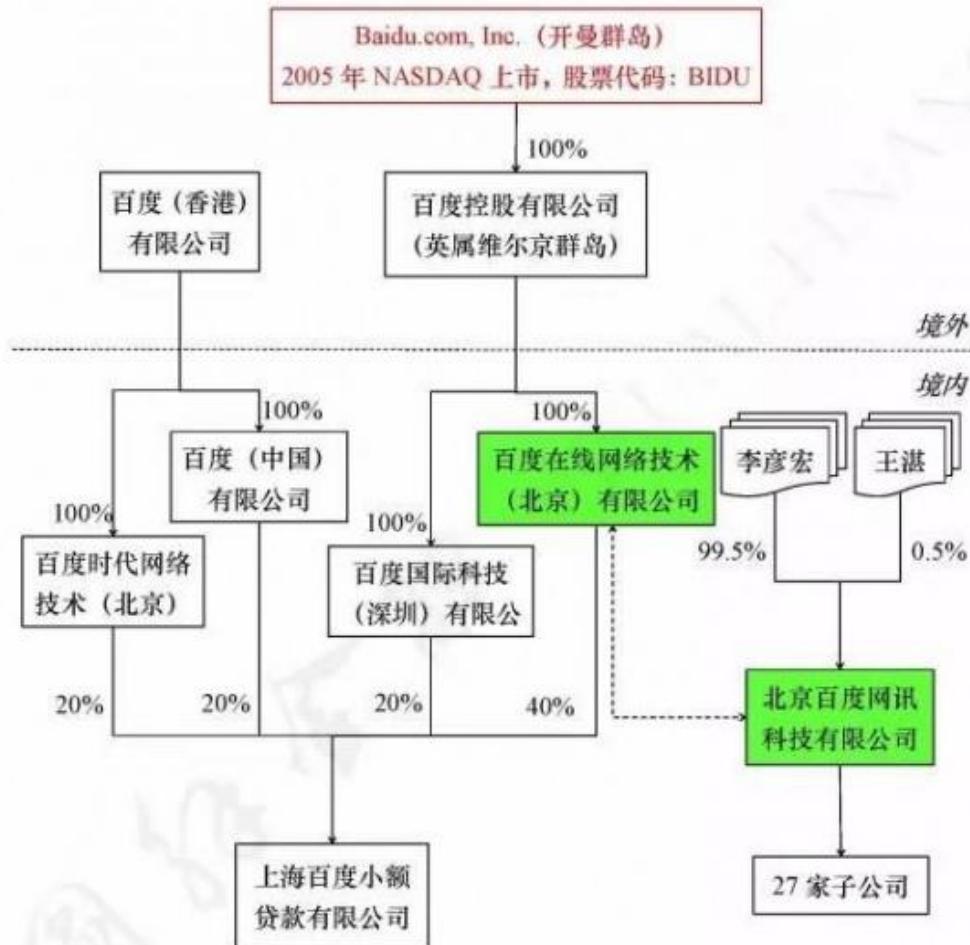
组织架构图展示了腾讯公司的境外和境内业务结构：

- 境外**（上方）：
 - Tencent Limited (英属维尔京群岛)
 - Realtime Century Technology Limited (英属维尔京群岛)
- 境内**（下方）：
 - 腾讯科技（深圳）有限公司
 - 深圳市腾讯计算机系统有限公司
 - 时代朝阳科技（深圳）有限公司
 - 深圳市世纪凯旋科技有限公司

腾讯有限公司通过100%的持股关系，分别控制Tencent Limited、Realtime Century Technology Limited以及境内四家子公司。深圳市腾讯计算机系统有限公司与境内其他三家公司之间存在交叉持股关系。



百度股权结构



上市主体

境内重要公司

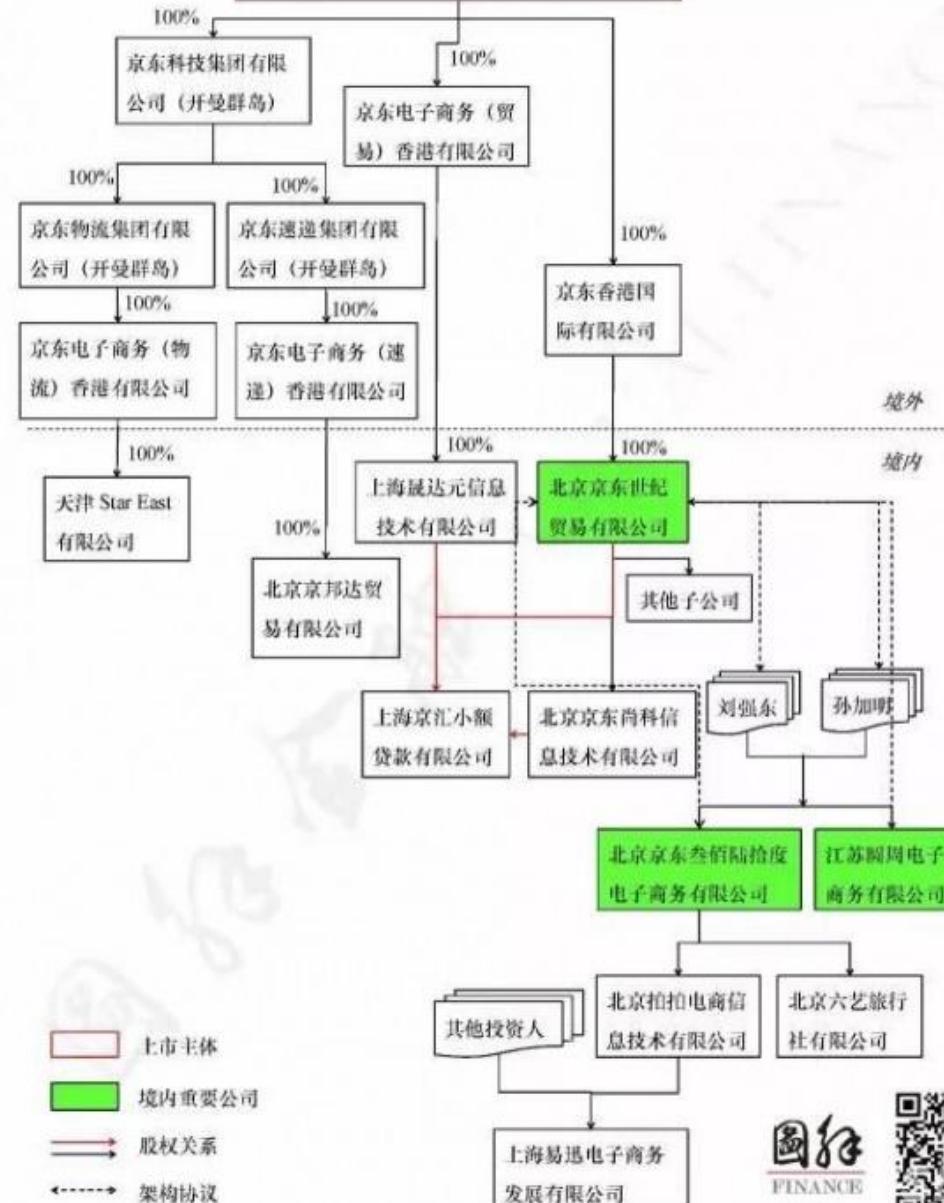
→ 股权关系

----- 架构协议

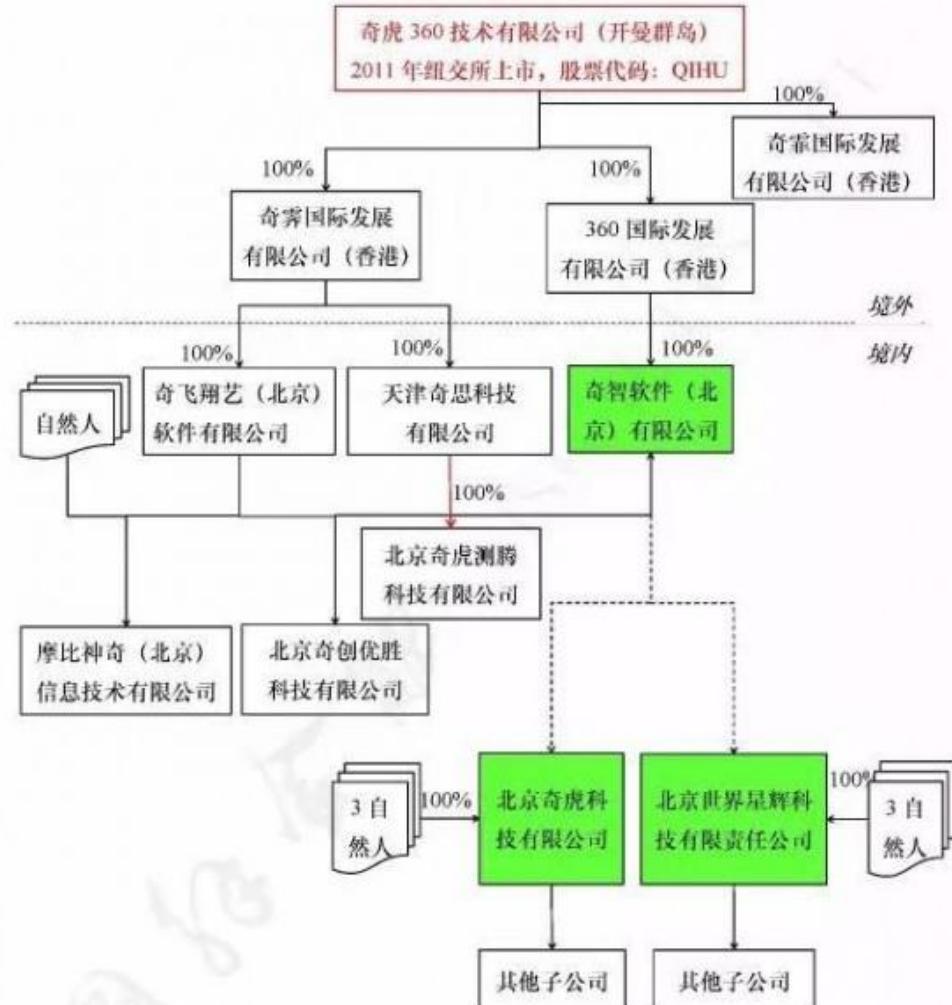


京东股权结构

JD.com, Inc. (开曼群岛)
2014 年 NASDAQ 上市，股票代码：JD



奇虎 360 股权结构



1

上市主体

1

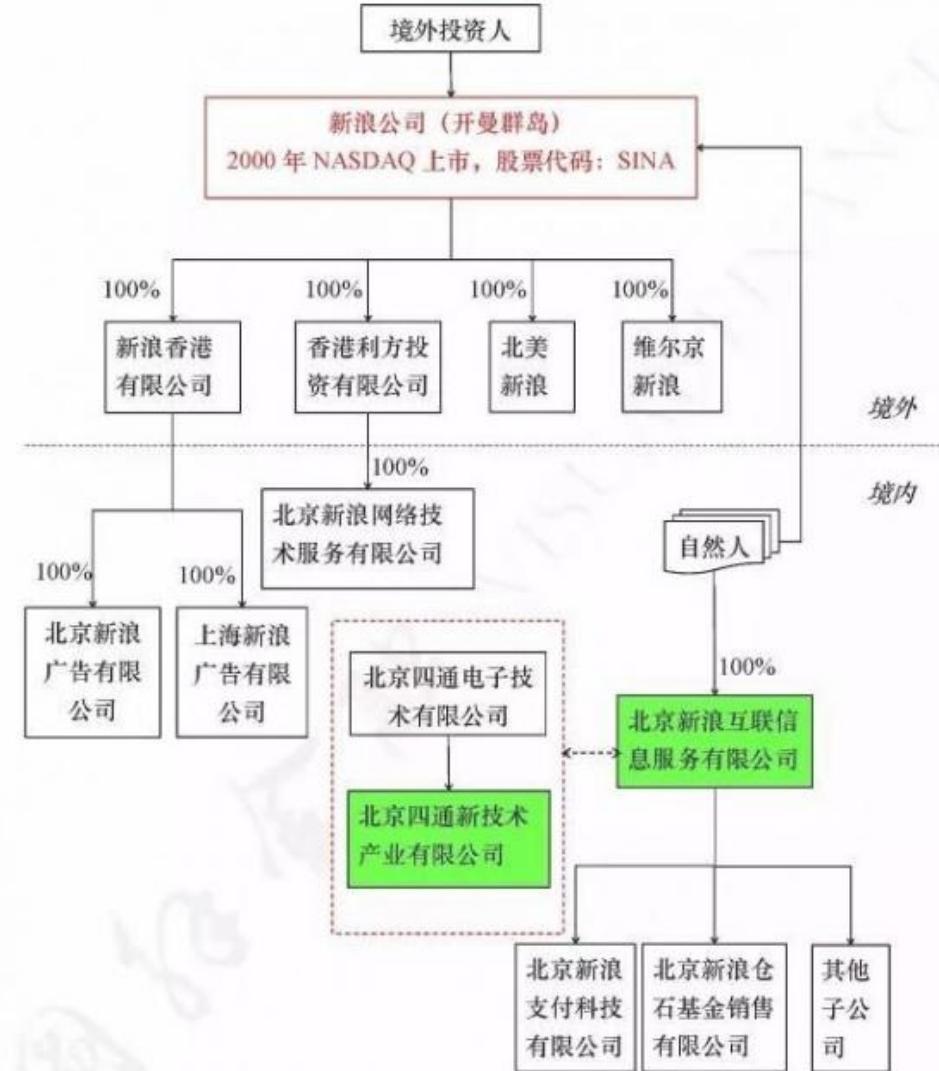
境内重要公司

→ 股权关系

----- 架构协议



新浪股权结构



1

上市主体

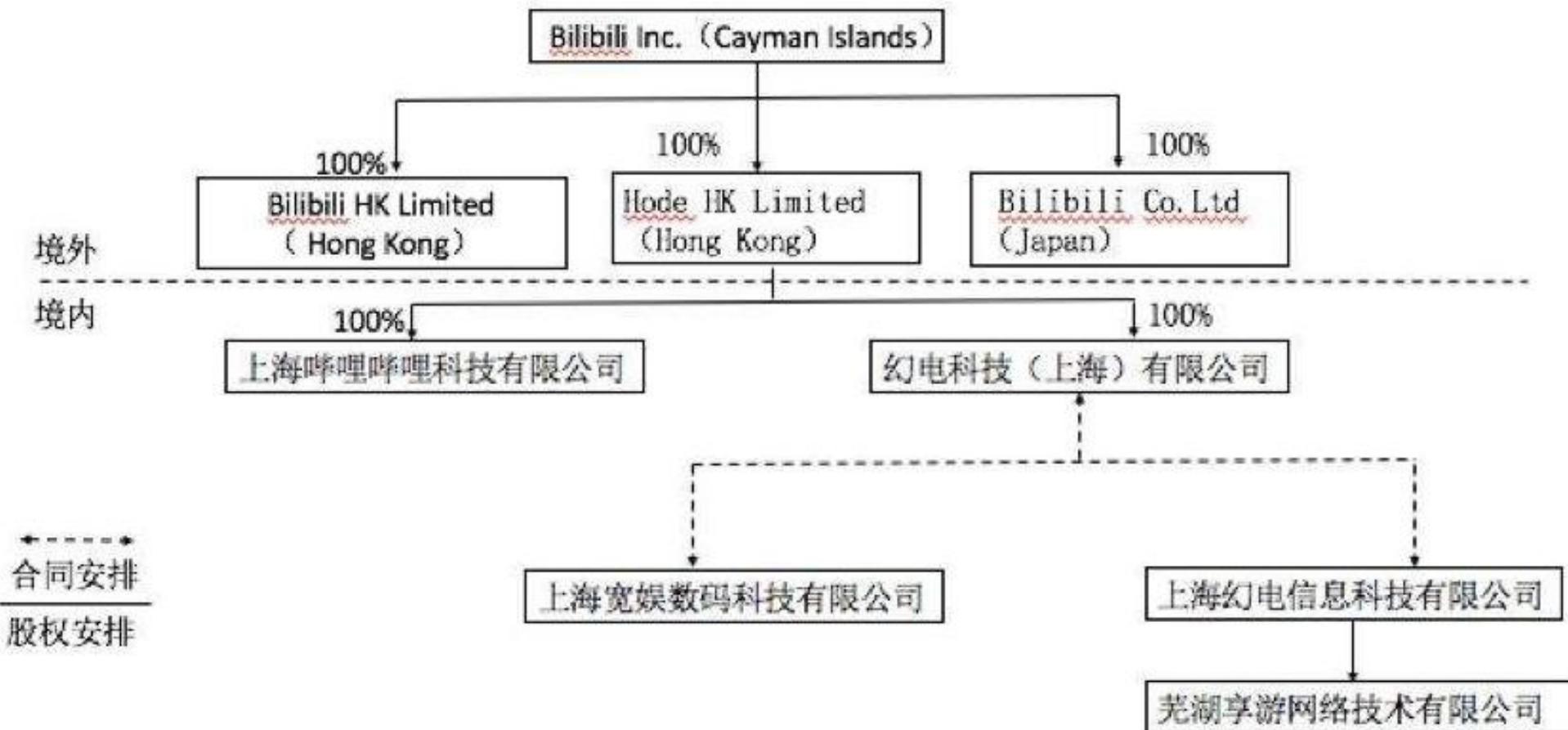
→ 股权关系

1

境内重要公司

-----> 架构协议



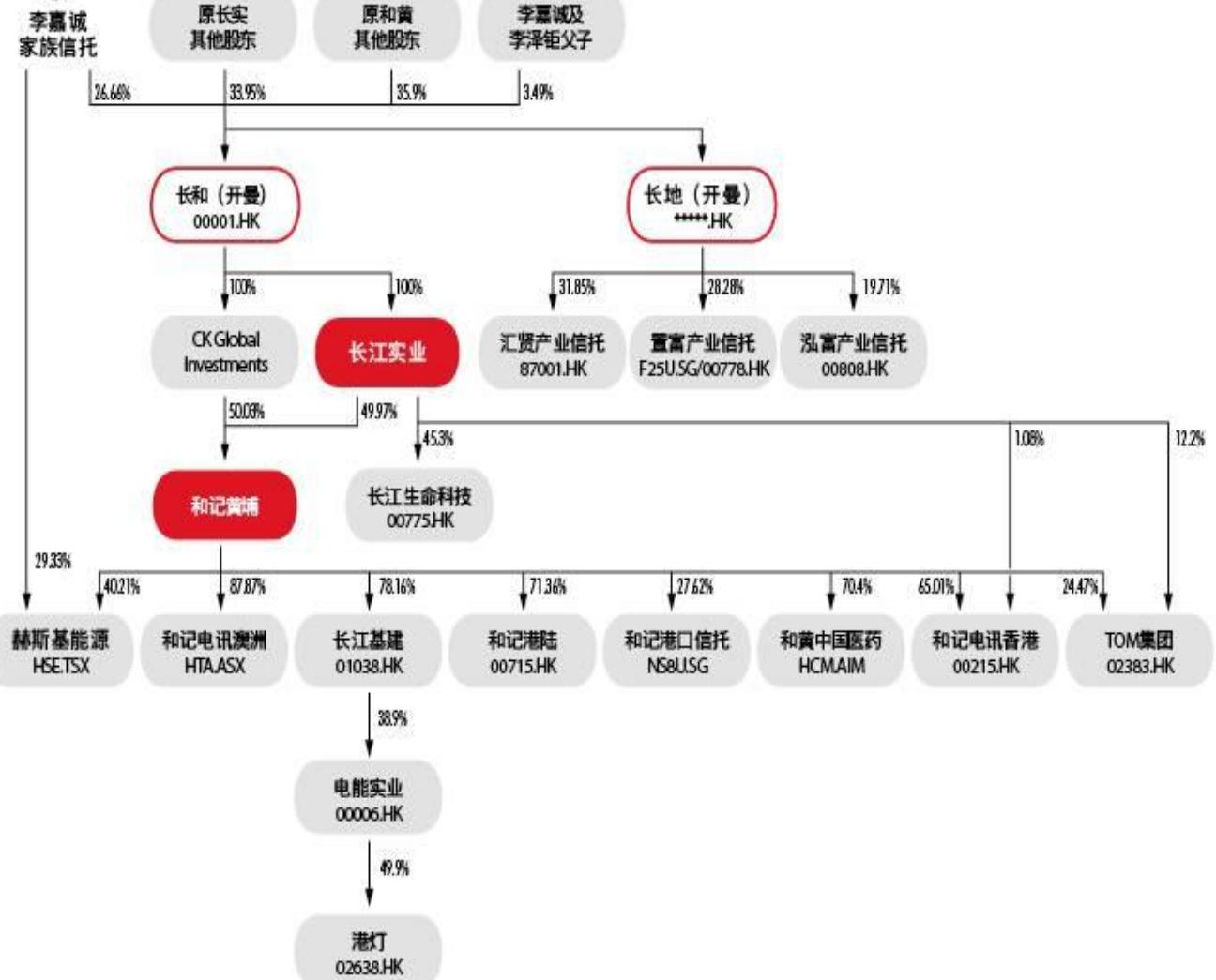


现状



- > 国内几乎所有TMT类目海外上市公司都采取了VIE结构；
- > 美元基金投资项目默认VIE；
- > 初次设立的时间周期依然漫长；
(6-18个月)
- > “身心俱疲”的搭建过程；

重组后



**1. Setting up crossholding system:
maintain the network and control the
industry, stabilize each of the
companies.**

**2. Setting up VIE (SPV): move the profit
to the shell company, leave the debt and
loss in the subsidiaries, and avoid tax.**

FIAT Q&A

- 1. What is crossholding, which capitalism model normally adopt such structure?
- 2....and what are the advantages of crossholding?
- 3. What is VIE , which capitalism model normally adopt such structure?
- 4. ...and why do some of the listed fb have such spv?