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INDEPENDENT NEWS FROM RUSSIA

Newest Entrants Into the World's Richest Are the Kids of Russian Titans

By Bloomberg

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Alexei Mordashov, billionaire and chairman of Severstal PAO **Andrei Rudakov / Bloomberg**

Alexei Mordashov's children are quickly climbing the ranks of the world's wealthiest, even as one of them just emerged from his teens.

The country's fourth-richest man transferred some of his holdings last week in European tour operator TUI AG, worth $890 million, to his sons Kirill, 20, and Nikita, 19. In February, he gave them a 65% stake in gold producer Nordgold valued at $780 million.

The key goals are to maintain the continuity of generations and bring Kirill and Nikita up to date and help them to get experience managing the portfolio, said a spokeswoman for Mordashov.

Mordashov, 53, made the bulk of his $19.8 billion fortune from steelmaker Severstal PJSC, while he also owns Russian online food retailer Utkonos. He's at the vanguard of ultra-

wealthy Russians transferring fortunes to their heirs, the first time that's happened on a serious scale in the country since before the Bolsheviks seized power.

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Others include energy tycoon Leonid Fedun, 63, who last year handed over a portion of his holdings in Lukoil PJSC worth $1.4 billion to his son Anton and daughter Ekaterina. Vladimir Evtushenkov, meanwhile, gave a 5 percent stake in publicly traded Sistema PJSC worth $75 million to his son Felix.

The ultra-wealthy globally are preparing to embark on the largest wealth transfer in history as a cohort of self-made titans and those lucky enough to inherit fortunes ages. Russia stands out though because the country's legal framework offers little support to those seeking to pass down businesses. Instead, its business environment depends on informal agreements and guarantees.

Some billionaires start by giving their kids formal positions in their empires to teach them the nuances of doing business in Russia. Olga Rashnikova, the 42-year-old daughter of steel tycoon Victor Rashnikov, 70, is on the board of his Magnitogorsk Iron & Steel Works PJSC.

In 2010, David Iakobachvili and three partners sold a majority stake in juice producer Wimm-Bill-Dann Foods to PepsiCo for $3.8 billion. His son, Mikhail, 26, returned to Moscow after graduating from New York University in 2014 and now supervises family investments in new technologies such as blockchain and cryptocurrencies.

"He's gradually been getting involved in the business," said the elder Iakobachvili.

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