Family Offices: Global Landscape and Key Trends
Scope and objectives

Provide a macro overview of Family Offices and global trends within the industry

Offer key learnings from selected best in class family offices
Agenda

A. Overview of the family offices landscape

B. Global Trends for Single Family Offices

C. Key Learnings from selected SFOs
Agenda

Overview of the family offices landscape

Global Trends for Single Family Offices

Key Learnings from selected SFOs
Scope: We focus on single family offices, which represent 80% of total family offices

Share of Single Family Offices in the family office space

- Single family offices: 80%
- Commercial multi family offices: 11%
- Private multi family offices: 9%

Note: Based on 360 family offices participating in The UBS / Campden Wealth Global Family Office Survey 2019
Source: The Global Family Office Report, 2019, UBS and Campden Research

Four key areas to be covered in this chapter

1. General overview of global wealth
2. Background and history of family offices
3. Dominant investment strategies
4. Overview of enablers (governance and operations)
As of 2018, global wealth stood at around $206 trillion, with almost half of it in North America.
Most family offices were formed in the last 20 years, representing first or second generation ...

Decade the family office was formed, %

- 00s: 33%
- 90s: 11%
- 80s: 7%
- 70s: 4%
- 60s: 1%
- 50s: 3%
- 40s: 6%
- Pre 1950s: 1%
- Unknown: 3%

Generations served by the family office, %

- 1st: 53%
- 2nd: 61%
- 3rd: 48%
- 4th: 25%
- 5th: 12%
- 6th: 5%
- 7th: 4%
- Unknown: 1%

Source: The Global Family Office Report, 2019, UBS and Campden Research
... with over half of their wealth generated by finance & insurance, manufacturing, and real estate

Primary industry of the operating business of family offices, %

- Finance and Insurance: 21%
- Manufacturing: 16%
- Real Estate and Rental/Leasing: 14%
- Management of Companies and Enterprises: 9%
- Technology: 6%
- Diversified/Multiple: 6%
- Retail Trade: 5%
- Agriculture, Forestry, and Aquaculture: 4%
- Media and Publishing: 3%
- Hospitality and Food Services: 2%
- Energy and Resources: 2%
- Transportation and Warehousing: 2%
- Consultancy: 2%
- Healthcare and Social Assistance: 2%
- Construction: 2%
- Arts, Entertainment, and Recreation: 1%
- Information and Communication: 1%
- Utilities: 1%
- Wholesale Trade: 1%
- Other: 3%

Source: The Global Family Office Report, 2019, UBS and Campden Research
# Overview: Ranking size by AUM reveals domination by North American offices

Top family offices by AUM

<table>
<thead>
<tr>
<th>Rank</th>
<th>Name</th>
<th>Owner (family/person)</th>
<th>Total AUM</th>
<th>HQ Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Walton Enterprises LLC</td>
<td>The Walton Family</td>
<td>$167,000,000,000</td>
<td>North America</td>
</tr>
<tr>
<td>2.</td>
<td>Bezos Expeditions</td>
<td>Jeff Bezos</td>
<td>$107,800,000,000</td>
<td>North America</td>
</tr>
<tr>
<td>3.</td>
<td>Cascade Investment</td>
<td>Bill Gates</td>
<td>$51,000,000,000</td>
<td>North America</td>
</tr>
<tr>
<td>4.</td>
<td>MSD Capital</td>
<td>Michael Dell</td>
<td>$31,000,000,000</td>
<td>North America</td>
</tr>
<tr>
<td>5.</td>
<td>Bayshore Global Management</td>
<td>Sergey Brin and Anne Wojcicki</td>
<td>$30,100,000,000</td>
<td>North America</td>
</tr>
<tr>
<td>6.</td>
<td>Emerson Collective</td>
<td>Laurene Powell</td>
<td>$26,000,000,000</td>
<td>North America</td>
</tr>
<tr>
<td>7.</td>
<td>Euclidean Capital</td>
<td>Jim Simons</td>
<td>$21,600,000,000</td>
<td>North America</td>
</tr>
<tr>
<td>8.</td>
<td>Vulcan Inc</td>
<td>Paul Allen and Jody Allen</td>
<td>$16,000,000,000</td>
<td>North America</td>
</tr>
<tr>
<td>9.</td>
<td>KIRKBI A/S</td>
<td>Kirk Kristiansen family</td>
<td>$12,140,300,000</td>
<td>Europe</td>
</tr>
<tr>
<td>10.</td>
<td>Point72 Asset Management</td>
<td>Steve Cohen</td>
<td>$11,000,000,000</td>
<td>North America</td>
</tr>
<tr>
<td>13.</td>
<td>Sunrise Capital Management</td>
<td>Shu Ping</td>
<td>$7,700,000,000</td>
<td>Asia</td>
</tr>
<tr>
<td>17.</td>
<td>Portland House Group</td>
<td>David Hains</td>
<td>$2,300,000,000</td>
<td>Australia and Pacific</td>
</tr>
<tr>
<td>21.</td>
<td>Ahmed Salem Bugshan Group</td>
<td>Ahmed Salem Bugshan</td>
<td>$1,800,000,000</td>
<td>Middle East</td>
</tr>
</tbody>
</table>

Source: Sovereign Wealth Fund Institute
Globally, more than half of FOs follow a balanced strategy to investment

56% of FOs follow a balanced strategy to investment

Distribution of FOs based on investment strategy followed

A percentage that seems consistent across different FO sizes

Distribution of FOs based on investment strategy followed and AUM

However, FOs in emerging markets prefer balance over growth

Distribution of emerging markets FOs based on investment strategy followed

Source: The Global Family Office Report, 2019, UBS and Campden Research
Family offices invest primarily in equities, private equity, and real estate

Current approximate strategic asset allocation

- Equities: 32%
- Cash or equivalent: 19%
- Hedge Funds: 17%
- Fixed income: 16%
- Real estate: 19%
- REITS: 17%
- Commodities: 8%
- Private equity: 5%
- REITs: 3%
- Other: 1%

When it comes to private equity, family offices investments are present across all key types

- Growth: 70%
- Venture: 57%
- Buyout: 55%
- Private debt: 49%
- Real assets: 49%
- Special situation: 41%
- Other: 5%

Source: The Global Family Office Report, 2019, UBS and Campden Research
Furthermore, majority of PE investments are through either PE funds or direct investments with an active management role\(^1\)

More than 60% of PE portfolio are through PE funds or direct investments with an active management role

**Breakdown of PE portfolio, in %**

- PE funds: 33%
- Direct with an active mgt. role: 32%
- PE fund of funds: 14%
- Direct with a passive shareholder role: 22%

Direct investments with an active management role had the highest annual returns

**Annual returns across PE portfolio, in $M**

- Direct with an active mgt. role: 16%
- Direct with a passive shareholder role: 13%
- PE funds: 12%
- PE fund of funds: 9%

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1. FOs investing directly in companies and being an active shareholder (e.g. board representation, etc.)

Source: The Global Family Office Report, 2019, UBS and Campden Research
Finally, direct investments were mainly in technology, real estate and rental/leasing, and finance & insurance

Top 10 industries of direct investment

Percent of FOs directly investing in this sector

- Technology: 49%
- Real Estate and Rental/Leasing: 42%
- Finance and Insurance: 30%
- Healthcare and Social Assistance: 27%
- Manufacturing: 24%
- Hospitality and Food Services: 21%
- Agriculture, Forestry, and Aquaculture: 18%
- Consumer products and retail: 18%
- Construction: 17%
- Information and communications: 11%

Source: The Global Family Office Report, 2019, UBS and Campden Research
As for governance, family offices implement several structures, and they have a few key governance priorities.

Share of family offices implementing the governance structure, %

- Definition for strategic asset allocation: 74%
- Control plan for monitoring investments: 67%
- Investment process guidelines: 62%
- Mission statement: 54%
- Analysis and monitoring of market research reports: 54%
- Formally written succession plan: 34%
- Operational manual for decision portfolio construction: 30%
- Other: 2%

Share of family offices that regard the topic a priority, %

- Risk management guidelines: 64%
- Investment guidelines: 62%
- Human capital oversight: 39%
- Control policies: 35%
- Board redesign: 35%
- Inclusion of non-family members: 20%

Source: The Global Family Office Report, 2019, UBS and Campden Research
When it comes to operations, investment related activities seem to constitute the largest portion of FO’s operating costs

Investment related activities constitute 38% of FO’s operating costs

In terms of absolute values, an SFO spent ~$2.2M in 2019 on investment related activities on average

Source: The Global Family Office Report, 2019, UBS and Campden Research
Agenda

Overview of the family offices landscape

Global Trends for Single Family Offices

Key Learnings from selected SFOs
9 major trends are shaping the SFO landscape

**General trends**

1. Decline of the global wealth of HNWIs amid market turbulences
2. Increasing popularity of the FO model and of the share of wealth managed by family offices
3. Fast-growing private capital market, with dry-powder reaching an all-time high

**Investment trends**

4. Major increase in allocation to real estate as families move away from hedge funds
5. Family offices are leaning towards active investment strategy in Private Equity
6. Growing interest in sustainability and impact investing

**Enabler trends**

7. Digitalization and transition to AI-enabled tools
8. Increasing focus on attracting, training and retaining talent
9. Cybersecurity becoming a key concern for FOs

Source: Team analysis
Global wealth of HNWI\(^1\) declined for the first time in 2018 after 7 years of steady growth, and is expected to further dip due to the covid-19 crisis.

**HNWI\(^1\) financial wealth by region, $ trillions**

<table>
<thead>
<tr>
<th>Year</th>
<th>North America</th>
<th>Latin America</th>
<th>Europe</th>
<th>Middle East</th>
<th>Asia-Pacific</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>1.7</td>
<td>7.1</td>
<td>10.1</td>
<td>11.4</td>
<td>10.7</td>
</tr>
<tr>
<td>2012</td>
<td>1.8</td>
<td>10.7</td>
<td>12.7</td>
<td>13.6</td>
<td>12.0</td>
</tr>
<tr>
<td>2013</td>
<td>2.1</td>
<td>14.9</td>
<td>16.2</td>
<td>17.7</td>
<td>14.2</td>
</tr>
<tr>
<td>2014</td>
<td>2.3</td>
<td>16.6</td>
<td>18.0</td>
<td>17.7</td>
<td>17.4</td>
</tr>
<tr>
<td>2015</td>
<td>2.4</td>
<td>18.0</td>
<td>19.8</td>
<td>18.8</td>
<td>18.8</td>
</tr>
<tr>
<td>2016</td>
<td>2.3</td>
<td>15.9</td>
<td>21.6</td>
<td>20.6</td>
<td>21.6</td>
</tr>
<tr>
<td>2017</td>
<td>1.5</td>
<td>15.4</td>
<td>19.6</td>
<td>19.6</td>
<td>19.6</td>
</tr>
<tr>
<td>2018</td>
<td>2.4</td>
<td>16.0</td>
<td>17.4</td>
<td>17.4</td>
<td>17.4</td>
</tr>
</tbody>
</table>

**2020 total stock market decline, YTD, as of 22 April 2020**

<table>
<thead>
<tr>
<th>Index</th>
<th>% Decline</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P500</td>
<td>-16.0%</td>
</tr>
<tr>
<td>FTSE100</td>
<td>-25.8%</td>
</tr>
<tr>
<td>Nikkei 225</td>
<td>-17.6%</td>
</tr>
<tr>
<td>HSI</td>
<td>-17.2%</td>
</tr>
</tbody>
</table>

**Key insights**

- SFOs likely to face **additional pressure on returns**
- Risk aversion of HNWI may increase, forcing **rereallocation of capital to safer asset classes**
- For families willing to bear the risk of heightened volatility, there is a unique **opportunity to buy back assets under distress at deep discounts**

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1. Individuals with financial wealth above 1 $M
Source: Capgemini World Wealth Report 2019
However, the proportion of family wealth under management by family offices and the popularity of family offices are increasing, driving up total AUM.

### Proportion of family wealth under management by family office, MFO+SFO, %

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>52%</td>
<td>63%</td>
<td>73%</td>
<td>76%</td>
<td></td>
</tr>
</tbody>
</table>

### Number of Single Family Offices

- **2017**: 5,300
  - Emerging markets: 900
  - Asia-Pacific: 1,800
  - Europe: 2,200
- **2019**: 7,300
  - Emerging markets: 1,300
  - Asia-Pacific: 2,300
  - Europe: 3,100

### Key insights

- Family offices are **growing faster than global wealth**, and are increasingly common in all regions.
- However, they **have yet to fully take off in Asia-Pacific and emerging markets**, where most UHNWIs are still first-generation wealth holders, still very involved in the operating business.

The broader private capital market is at an all-time high, representing an increasingly large share of global investments.

Global assets under management in Private Capital markets, $ billions

AUM breakdown, %, June 2019

Key insights

Private capital funds are rising in parallel to family offices, who will have to choose between competing with them for investment opportunities or partnering with them as passive investors.
Private Equity and Real Estate emerge as popular asset classes as family offices move away from hedge funds (1/2)

Allocation of assets to major alternatives

Family offices’ investment in private equity by type

Key insights

- **Allocations to hedge funds have been declining over the past five years** as family offices expect a recession towards end 2020; some family offices also perceive the fees to be relatively high compared to performance delivered

- **Private Equity is a popular asset class with 81% of family offices currently allocating ~19% of their portfolio to it**; over 40% of family offices plan to increase their allocation towards Private Equity in 2020

Private Equity and Real Estate emerge as popular asset classes as family offices move away from hedge funds (2/2)

Real estate allocations

- Residential: 24.0%
  - Local: 12.0%
  - Regional: 10.0%
  - International: 8.8%

- Commercial: 29.0%
  - Local: 17.0%
  - Regional: 17.0%
  - International: 12.0%

Real Estate Annual Returns

- Residential: 6.6%
  - Local: 6.6%
  - Regional: 9.0%
  - International: 9.0%

- Commercial: 8.0%
  - Local: 8.0%
  - Regional: 8.6%
  - International: 9.2%

Key insights

- Over 70% of family offices invest in real estate citing location, cost and opportunity to invest directly as key motivations
- Family offices lean more towards commercial real estate (55% of average real estate portfolio is commercial) and prefer to invest closer to home as they can leverage their social networks to get better deals

Families are keen to invest directly in Private Equity and participate in co-investments but face several challenges in finding the right deals.

**Breakdown of PE investments by type**

- **Direct PE, 54%**
- **PE Funds, 46%**

**Challenges related to co-investing deals**

- **Deal Due Diligence**
- **Difficulty finding attractive deals**
- **Deal flow**
- **Lack of resources, skills etc.**
- **Minimum investment size**
- **Willingness of companies to provide governance rights**
- **Lack of qualified investment advisors**

**Key insights**

- Family offices are interested to increase allocation to direct private equity (versus PE funds) as they **offer greater operational control and can reduce management fees**; however, families have found it difficult to deploy larger sums through direct deals.
- Co-investments are a key enabler as family offices get more sophisticated and move from PE funds to direct PE; **access to qualified opportunities through trusted networks and opportunity to collaborate with like-minded investors** are key motivations.

FOSs are increasingly embracing sustainability and impact investing as they realize that high returns can materialize

**Sustainable investment approaches used**

<table>
<thead>
<tr>
<th>Approach</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thematic Investing (e.g. clean energy, gender equality etc.)</td>
<td>62%</td>
</tr>
<tr>
<td>Integration of ESG factors</td>
<td>46%</td>
</tr>
<tr>
<td>Negative/exclusion based (e.g. No tobacco, alcohol etc.)</td>
<td>36%</td>
</tr>
<tr>
<td>Positive/best in class selection</td>
<td>31%</td>
</tr>
<tr>
<td>Active engagement (using shareholder rights to influence company management to improve the management of ESG issues)</td>
<td>26%</td>
</tr>
</tbody>
</table>

**Most common areas of impact investments**

<table>
<thead>
<tr>
<th>Area</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>45%</td>
</tr>
<tr>
<td>Agriculture &amp; Food</td>
<td>45%</td>
</tr>
<tr>
<td>Energy &amp; resource efficiency</td>
<td>43%</td>
</tr>
<tr>
<td>Healthcare &amp; wellness</td>
<td>38%</td>
</tr>
<tr>
<td>Environmental conservation</td>
<td>34%</td>
</tr>
<tr>
<td>Housing &amp; community development</td>
<td>34%</td>
</tr>
<tr>
<td>Sustainable consumer products</td>
<td>29%</td>
</tr>
</tbody>
</table>

**Key insights**

- **1 in 3 family offices engage in sustainable investing** currently; climate change and health are the top two causes with 62% and 51% of family offices that currently invest in sustainability supporting these themes.

- **25% of family offices engage in impact investing** with an average allocation of 14% of overall portfolio; in 5 years 30% of family offices expect to allocate 25% or more to impact themes.

FOs recognize the potential for digitization to streamline processes in both front and back offices

Areas in the front and back offices that FOs felt would be most amenable to digital transformation, % of respondents

Key insights

- Digital capabilities, such as machine learning, can also be used to make the on-boarding process for new acquisitions much faster, more accurate and efficient

- A non-digitized processes can drain money and resources that would be better utilised growing the business, working on deals, or helping portfolio companies improve their operations or increase sales

Source: Research survey - KPMG/CREATE, 2018
Non-monetary incentives are becoming widely used to retain talent, however, above average pay is still key.

The importance of all types of incentives have increased

![Bar chart showing the scale of importance (1-5) for various incentives over time.]

C-level salaries are stable, but with an increased reliance on bonuses, typically around 30-50% of base pay.

<table>
<thead>
<tr>
<th>Salary Type</th>
<th>2011</th>
<th>2014</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base salary, 000s USD</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CEO</td>
<td>309</td>
<td>333</td>
<td>367</td>
<td>335</td>
<td>311</td>
</tr>
<tr>
<td>CIO</td>
<td>42</td>
<td>45</td>
<td>48</td>
<td>47</td>
<td>46</td>
</tr>
<tr>
<td>COO</td>
<td>37</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>32</td>
</tr>
<tr>
<td>CFO</td>
<td>29</td>
<td>24</td>
<td>24</td>
<td>13</td>
<td>14</td>
</tr>
<tr>
<td>Bonus, % of base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CEO</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>CIO</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>COO</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>CFO</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Key insights:

- The most prevalent monetary incentive is above market salary and cash bonus based on meeting quantitative and qualitative goals. However, most FOs use exclusively discretionary bonuses (55%), as opposed to exclusively formulaic bonuses (9%).
- Non-monetary incentives such as work environment and benefits, have increased over time and are used at similar rates to retain professionals.

Cybersecurity is becoming a key concern to FOs, with over 20% of them having experienced a cyber-attack…

-20% of family offices knowingly experienced a cyberattack...

...primarily in the form of phishing...

% of FOs who experienced a given type of cyber-attack

<table>
<thead>
<tr>
<th>Type of Attack</th>
<th>% of FOs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phishing</td>
<td>76%</td>
</tr>
<tr>
<td>Malware</td>
<td>33%</td>
</tr>
<tr>
<td>Social engineering</td>
<td>33%</td>
</tr>
<tr>
<td>Ransomware</td>
<td>20%</td>
</tr>
</tbody>
</table>

...leading majority of FOs to adopt a combination of strong measures

Precautions taken to protect against cyber attacks, % of adoption among FOs

- Expert support / external advisory: 78%
- Back-up and disaster recovery: 76%
- User education and awareness: 69%
- Monitoring: 69%
- Incident management: 47%
- Managing user privileges: 36%
- Control of home and mobile working: 33%
- Additional internal staff / capability: 22%

Source: The Global Family Office Report, 2019, UBS and Campden Research
SFOs should focus on trends with the highest expected impact on returns and likelihood of persistence.

- Decline of the global wealth of HNWIs
- Increase of the allocation to real estate, away from hedge funds
- Increasing focus on attracting, training and retaining talent
- Increase in active investment in PE
- Fast-growing private capital market
- Digitalization and transition to AI-enabled tools
- Growth of the number of FOs, managing an increasing share of the family wealth
- Increase of cybersecurity threats
- Growing interest for sustainability and impact investing

Source: Team analysis
Agenda

Overview of the family offices landscape

Global Trends for Single Family Offices

Key Learnings from selected SFOs
We interviewed 9 single family offices and results were divided into five main categories:

- General Office
- Human capital
- Operations
- Investments
- Governance

Note: Findings were consistent among all interviewees except for very large firms with 1st generation founder still involved in operating business.
SFO operations depend greatly on the family mandate, with some common traits

<table>
<thead>
<tr>
<th>General Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>• All SFOs have 2-3 offices</td>
</tr>
<tr>
<td>• Locations are dependent on access to markets, tax benefits and/or family history</td>
</tr>
<tr>
<td>• Preferences of Singapore in Asia, Luxemburg and London in Europe</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Human Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Senior professionals positions are always filled by reference, handpicking or headhunting. Junior staff hiring practices also include job listings</td>
</tr>
<tr>
<td>• Trust, reputation and fit with office/family cited as main reasons</td>
</tr>
<tr>
<td>• Staff retention driven primarily by non-financial incentives in smaller firms (as judged by AUM), very large offices tend towards PE industry standard compensation. Juniors turnover high due to less deal executions.</td>
</tr>
<tr>
<td>• Staff time commitments primarily for Deal evaluation, Portfolio Monitoring and any other Immediate requirement by the family or investments</td>
</tr>
<tr>
<td>• All SFOs expend minimal time/effort in deal sourcing. Reputation and relevant industry expertise of the parent company/office tends to generate organic deal flow</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>• All SFO CEOs travel very frequently, between every 4 days to twice a month (Current lockdowns are the longest without travel for all interviewees in recent memory)</td>
</tr>
<tr>
<td>• All SFOs have either standard (occasionally adjusted) term sheets, or standard protection requirements when making investments</td>
</tr>
<tr>
<td>• Portfolio monitoring usually involves finance and accounting metrics which are reviewed periodically. 2 SFOs interviewed have software specific for monitoring portfolios, one of which developed their software internally</td>
</tr>
<tr>
<td>• About 60% of SFOs are in communication with other SFOs. Collaboration can include deal forwarding and (rarely) co investing, but always based on trust levels</td>
</tr>
<tr>
<td>• Majority (90%) have attended conferences (mainly related to portfolio business’ industries). Strong consensus between interviewees that FO conferences are disliked, primarily due to being targeted for sales. Best conferences are judged to be those which allow FOs to meet in smaller groups (around 20) and communicate freely</td>
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<td>• MILKEN noted as the best conference by multiple interviewees</td>
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SFOs invest opportunistically but focus on the long term

**Investments**
- Majority (>80%) decide on investments on an opportunistic basis. Management and monitoring of investments are handled out of the closest regional office. “When there’s a knock on the door, we answer it”
- All firms are reluctant to pursue deals presented through traditional investor channels. These are perceived to be lower quality as they have intermediaries attached that are extracting significant value
- Disclosure of principal behind firms usually results in higher premium for purchase prices of investments if firm name is not well known. Firms with strict privacy concerns will avoid deals that have disclosure rules.
- In most cases (>75%), exits are not a pain point. Many purchases are done without exit plans, i.e. - potential integration into operating business, or holding for long term (>15 years)

**Governance**
- Majority (>65%) of SFOs provide family services. Most common are accounting and tax management, followed by succession planning
- Majority (>75%) of SFOs declare Family member involvement in day-to-day operations. All have mandated Investment Committees with at least one non-family member. Family member tends to have prominent role in investment decisions ranging from deal selection authority to veto rights at final approval
- SFOs tend to have separate Family Committees to discuss family related matters

**Perceived Trends by SFOs Interviewed**
- **Asian SFOs are diversifying and professionalising**, and will soon catch up with the standards of the US and Europe which have mature FOs on - “You would not send an unskilled person to compete in the Olympics, and Finance is the same”
- **Families will move away from private banks**, and will move to more trusted SFO or MFO operations to retain more control
- **Families will invest more in their core businesses**, while restricting risky allocations to smaller investment sizes
- **Privacy is reducing Globally** as the information age unfolds, and families will find it more difficult to stay under the radar
THANK YOU
Your team

Abdullah Al Otaibi
- 7 years of experience working in financial services and asset management
- Head of coverage on industrial, healthcare and pharma sectors
- Assistant portfolio manager for a US$300M SMA

Jonathan Zimmerman
- 3 years in McKinsey & Company
- Relevant projects include pre-acquisition Due Diligence of a large pharmaceutical company, and merger and demerger strategies

Sharon Fernandes
- Chartered Accountant with 6 years of experience across Equity Research, Private Equity and Venture Capital
- Part of the Venture Capital investing team at IFC Singapore

Shiraz Akbarally
- 7 Years experience in FMCG & Family Businesses; Operations and Management
- Directorships in the Agro, Pharma, and Renewables Sectors
- Worked with government in developing long term strategy for the Tea Industry

Elyse (Yukun) Zhao
- 8 years in consulting, 6 years as project leader; healthcare-focused, but with case experience across various industries
- Pre-MBA investment intern in a Shanghai-based fund

Abdelrahman Desouky
- 3 years in BCG Middle East
- Relevant projects include establishment of a government real-estate development authority and the design of PPP model for a $8B state-sponsored cultural and tourism development project