



Developments in Family Offices—Q2

Table of Contents

1. Family Office News
2. Single Family Office
3. Investments
4. Millennial News
5. Private Equity
6. Risks

1. Family Office News

Five cross-generational transformations of successful family enterprise

As family businesses grow and are passed on through generations, they often struggle to survive unless they can adapt to changing cultures, and keep different generations of the family involved and engaged. This article looks at five transformations necessary for multi-generational family businesses to succeed.

Forbes Personal Finance News on Jun 18, 2018

Why family offices are starting to think like pension funds

As interest rates continue to remain low, many family businesses are moving away from low-risk, long-term assets for their family offices, in order to use their offices more actively as an investment vehicle, and get higher yields.

Spear's Magazine on Jun 15, 2018

continued on next page

1. Family Office News *(continued)*

Family offices are reassessing traditional approaches to asset allocation according to new family office exchange study

According to a new study from Family Office Exchange, many family offices are re-evaluating how they determine and allocate assets. In a survey of family offices, FOX found that only 65 percent of family offices surveyed relying on traditional ‘asset classes’, such as domestic equities and fixed income, and 35 percent looking at other asset categories.

4 Traders News on Jun 14, 2018

Overlooked millionaires: finding a home in the democratized family office model of financial advice

Despite the increase in the number of millionaires across the U.S. over the last twenty years, the accessibility of investment advice has not kept pace. According to Bloomberg, the five years to 2015 saw the number of millionaires in the U.S. increase by 2.4 million, and yet this growth has not been matched by the number of practices offering the complex, comprehensive advice these investors need. This article looks at some of the solutions now on the market that are able to adapt to the needs of millionaire investors.

Forbes Investing on Jun 12, 2018

2. Single Family Office

Accessing retained intermediaries to connect with single-family offices and the super-rich

According to Angelo Robles - founder and CEO of the Family Office Association – many single-family offices are increasingly concerned with privacy and control, and so more and more are using retained intermediaries to source professionals such as money managers, tax advisors and lifestyle consultants. As the net wealth of single-family offices and the super-rich continues to rise, these intermediaries are becoming a key part of doing business with them.

Forbes Investing on Jun 18, 2018

3. Investments

Real estate co-investment partnership clubs for family offices

With so many of the best real estate opportunities either being off-market, or requiring investors to move quickly, some family offices are using real estate partnerships. These are private investment clubs that either focus on U.S. properties or exclusively foreign commercial real estate, aimed at bringing together family offices looking to invest in real estate, but who don't necessarily have the relevant expertise on their own. They are often done on a deal-by-deal basis, but allow family offices to move far quicker on real estate deals, while reducing the risk through sharing the contributions with others.

Forbes News on Jun 19, 2018

How heirs to the ultra-rich manage wealth through family offices focused on startups

As younger generations inherit and lead their family businesses in India, the way these younger leaders are looking to grow and preserve their wealth is changing compared with previous generations. Many are increasingly looking to invest in start-ups and entrepreneurs, rather than in equity, debt or real estate. Philanthropy is also high on the agenda for younger high-net worth individuals.

VC Circle on Jun 18, 2018

UBS family office unit targets Asia's new billionaire dealmakers

According to UBS Group AG, many family offices will benefit from working with Asian clients over the next few years, with the number of new family offices being set up in Asia far outpacing the rest of the world. According to Bloomberg's Billionaires Index, the total wealth of China's wealthiest people grew by \$177 billion (65 per cent) last year, and this growth in wealth is demanding more complex and global investments, as the younger generation looks to invest in biotech and digital businesses.

Bloomberg News on Jun 12, 2018

Billions of dollars from the super-rich are looking for direct investment opportunities

As the super-rich continue to grow their wealth, investment in private companies and entrepreneurs is also growing, with more and more turning to the super-rich for investment. According to Angelo Robles – founder and CEO of the Family Office Association – more and more family offices are actively looking for exciting entrepreneurs and start-ups to invest in. And while there is still a lot of investment in private equity and venture capitalist funds, many super-rich and single-family offices are increasingly looking for direct deals in high-potential companies.

Forbes - Entrepreneurs & Small Business News on Jun 11, 2018

Family offices take on alternative investing

More and more family offices are investing in minority-stake venture capital deals, as high net worth families turn to using family offices to manage their wealth. This article looks at how Milwaukee-based Marcus Investments LLC - formed and managed by the Marcus family - are investing in local, middle-market businesses, as they have produced the best returns on investment.

BizTimes Milwaukee - Banking & Finance News on Jun 11, 2018

4. Millennial News

'Next Gen' clients seek greener, leaner wealth managers

Wealth managers are having to adapt to changing demands of younger customers, with new requirements for services, funds and service compared with previous customers. Particularly, millennial investors are increasingly interested in sustainable investments. According to Matthew Fleming – partner at family office Stonehage Fleming – 'there has been an unmistakable shift in the past five years towards impact and sustainability through overtly responsible investing'.

Biz Journal - Northeast News on Jun 14, 2018

5. Private Equity

Record PE vehicles make fundraising challenging for smaller managers: Chris Leahy, Blackpeak

According to Chris Leahy, co-founder of Blackpeak (Holdings), vintages of PE funds that will mature over the next five years will likely be more challenging for smaller fund managers than the last 5-7 years. This is because the level of financial engineering possible previously is no longer available, and as the valuations continue to rise, some smaller private equity firms may no longer be able to compete with bigger firms.

DealStreet Asia on Jun 19, 2018

6. Risks

Family offices not ready for longevity risks

Speaking at the Family Office Exchange Wealth Advisor Forum in Chicago, head of Family Wealth Consulting James Grubman has warned that an ageing client base is one of the biggest challenges facing the family office space.

Private Asset Management on Jun 11, 2018