Citi Wealth

2025 Global Family Office Report

Contents

This year's survey was initiated during Citi Wealth's tenth annual Family Office Leadership Summit, held in June 2025. The survey was subsequently released to Citi Wealth's global family office clients for input. The survey included 56 questions aimed at understanding the investment sentiment, portfolio positioning, family governance and best practices of family office clients in 2025. It drew responses from 346 participants, which were included in this report.

Foreword

It is with great pleasure that we present our 2025 Global Family Office Report

This is the seventh year in which we have sought the views of our unique community of family office clients. Some 346 entities from 45 countries around the world responded, marking another year of record participation. We thus believe our survey and this resulting report to be the most global and comprehensive of their kind. Conducted in June and July, the survey also sheds light on how expectations and strategies have changed since the U.S. tariff announcements earlier this year.

Respondents were asked 56 wide-ranging questions, probing their expectations for markets, how they have positioned their portfolios, the shifting risks they identify, and how they are operating and organizing themselves. They also gave extensive insights into the thinking and behaviors of the families they serve, including their ambitions and concerns, growing global footprints and priorities for their next generations.

Among the most consistent findings of this survey is family offices' determination to stay the course, as they are not taking significant new risks until trade policy noise gives way to implementation. Amid the heightened uncertainty of last year's US election, respondents also remained resolute. Almost all said they anticipated portfolio upside over the year ahead. Once more, their collective expectations were borne out, with many markets continuing their climb to fresh highs this year to date.

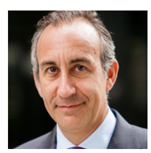
For the coming twelve months, family offices have again told us they expect portfolio appreciation. Nearly four out of ten anticipated returns of 10% or more. Rather than liquidate holdings in response to the tariff turmoil in April, a common reaction seems to have been adding to portfolio resilience. Respondents engaged in thoughtful active management paired with systematic analysis of portfolio risk and focused implementation of hedging strategies. They also rotated toward more defensive geographies and sectors, while keeping overall allocations intact. Cash holdings edged down.

Tactics in response to the trade war turbulence in markets was just one of our new questions for 2025. We also took the opportunity to ask about reliance upon art advisors, controlling stakes in operating businesses, investment decision making and technology adoption. Such new angles complement the recurring insights we gather to track the evolution of best practices and portfolio positioning. Although we mention comparisons to some of last year's findings, the universe of respondents is not the same. Nevertheless, we believe select meaningful directional trends can be observed.

We launched our 2025 survey at our tenth annual Family Office Leadership Summit, held in Ossining, New York in early June. The event was attended by over 150 family office senior leaders from more than 25 countries, whose family's average net worth was $3.8bn. Discussions spanned markets, trade, geopolitics, AI's economic and societal impacts, advances in healthcare, and family unity and leadership succession. We present some of the key takeaways from the summit in this report.

As ever, we are grateful to all those who took the time to participate in this year's survey. And we are delighted to be able to offer all those respondents who opted to identify themselves a personalized version of the report, benchmarking their responses against those of their peers. We stand ready to explore any aspect of this year's findings with you, as well as discuss specific strategies for your family and family office.

It is our privilege to serve you.



Alexandre Monnier
Family Office Advisory Head
Global Family Office Group

Executive summary

Asset allocations largely held steady amid wait for greater policy clarity

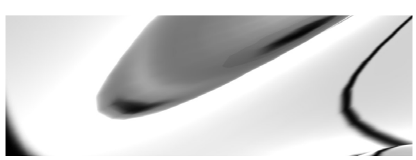
Family offices largely maintained their asset allocations, making fewer shifts than last year. Half of respondents kept their fixed income holdings steady, and two thirds did so in real estate. Private equity saw the most notable bullish movement, with those increasing allocations outnumbering those decreasing by 26%.

Among the minority who altered their public equity and fixed income exposure, a net 11% and 14% made increases respectively, well down from last year's levels. Regionally, Asia Pacific made the greatest increases in public equity, with the Americas leading in private equity. Overall, though, ongoing trade and monetary policy uncertainty, geopolitical tensions and fiscal concerns may have kept many family offices in wait-and-see mode.

Positive outlook for portfolio returns despite tariff uncertainty

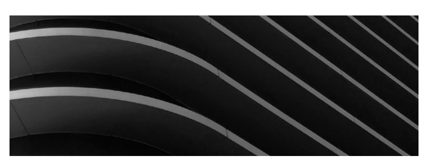
Family offices expressed optimism about twelve-month portfolio returns. Possible drivers of this positive sentiment include potential US deregulation, interest rate cuts and advancements in artificial intelligence. A significant cohort (30%) anticipated returns between 10–15%, with an additional 8% expecting returns exceeding 15%.

Despite the optimism, there was little consensus as to which asset classes could potentially drive portfolio performance. Sentiment was neutral across all asset classes on a six- to twelve-month horizon. Even in private and public equity, neutral sentiment stood at 59%. It therefore seems likely that family offices believe their active selection of individual assets may drive portfolio returns, rather than broad asset class exposure.



Active management was the main response to the tariff-induced market volatility

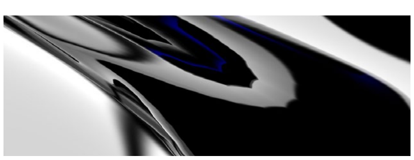
Amid the market turmoil following the US tariffs announcement in April, nearly two thirds of family offices took action to boost portfolio resilience. Thirty-nine percent cited active management as their response. They allocated more to perceived defensive asset classes and geographies (25% and 15% respectively). Some 14% engaged in hedging strategies, while 13% shifted to perceived defensive sectors. During the period, we noticed family offices showing even greater interest in seeking analyses of their liquid and illiquid risk exposures across all their providers. These frequently inform hedging and active investment strategies.



Direct investments remain in high demand

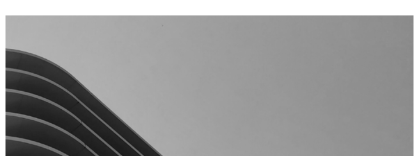
Seventy percent of respondents said they were engaged with direct investments. Of those, four out of ten said they had increased or significantly increased their activity in the last year. Again, this suggests family offices' confidence in their ability to select deals that drive returns. A further 40% said they had maintained their existing direct investing strategy.

Positivity toward direct investing is also reflected in respondents' preference for the typically riskier categories of growth and early-stage investments (52% and 37%). Amid a stalled market for IPOs, secondary transactions (30%) surpassed pre-IPO deals (22%).



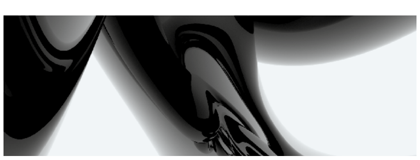
Global trade tensions were this year's top concern, replacing interest rates

Trade wars were this year's top concern (60%). In 2024, by contrast, respondents were most preoccupied with the evolution of interest rates, a worry that has since slipped to fourth place (30%) amid declining rates across many economies. Like last year, US–China relations were the second most common concern (43%), followed by the resurgence of inflation (37%). Tariffs and US fiscal policy may explain the latter. Notably, the Middle East conflict and the Russia–Ukraine war were seen as substantially lesser risks (14% and 9% respectively) than last year, perhaps as investors became habituated to them.



Investment risk is well managed, other risks less so

Family offices mentioned risks related to investing more than any other kind (70%). This corresponds to the ongoing interest in risk analyses and hedging strategies that we are seeing, particularly since April's selloff. The next most mentioned were risks linked to family office operations (37%) and the family (33%). Liquidity and geopolitical issues were not far behind. More than four fifths (83%) of respondents felt their investment risks were well managed or very well managed, albeit slightly down from last year's 87%. But they felt less assured when it came to their management of cybersecurity (48%) and geopolitical (55%) risks. More time and resources will likely need to be devoted to these areas.



There is room for improvement in professionalization and governance

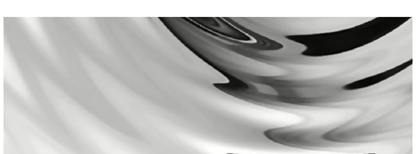
Family offices showed progress in professionalizing their investment functions, with over half reporting the adoption of best practices such as investment policy statements (IPS) and investment committees. However, significant gaps remain in risk management (58%), cybersecurity (58%) and succession planning (74%), despite the growing availability of advisory services. Professionalization in family-specific areas, such as family assemblies and educational programs, is also lagging.

Resource constraints are hindering progress toward addressing more family needs

Many respondents identified a shortfall between what they could provide and what their principals expected in non-investment services. Fifty-eight percent of family offices mentioned next-generation preparation and fostering family unity and continuity (38%) as key service gaps. Instead, their focus has been on delivering core financial services including investment management (92%) and accounting, reporting, tax and administrative services (62%). So, while family offices have increasingly hired institutional investment specialists in recent years, they have not yet matched this with recruitment across their other functions.

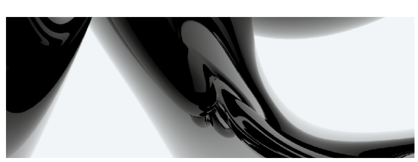
More outsourcing to deliver services, but decision-making stays in-house

There is a growing tendency to deliver services in partnership with external suppliers to manage complexity in a cost-efficient manner. This is true even within investments, where more than 60% of respondents perform their core duties entirely in-house, but a majority still relied on outsourcing for complementary capabilities such as investment management, research or asset allocation. However, decision-making authority tends to be retained, especially for investments, made almost always in-house by family members (42%), investment professionals (27%) or an investment committee (26%). Beyond investments, outsourcing is also growing. There are increasing numbers of providers that specialize in serving family offices in such areas as cybersecurity and other technology solutions.



AI deployment is becoming a reality

The proportion of respondents mentioning artificial intelligence (AI) deployment has nearly doubled since last year, particularly in the automation of operational tasks (22%) and investment analysis or forecasting (22%). However, this transformational technology has yet to be integrated across all functions, especially those involving risk and compliance. Barriers to technology adoption more generally included lack of internal expertise (57%), lack of awareness (34%), and concerns about cybersecurity and return on investment.

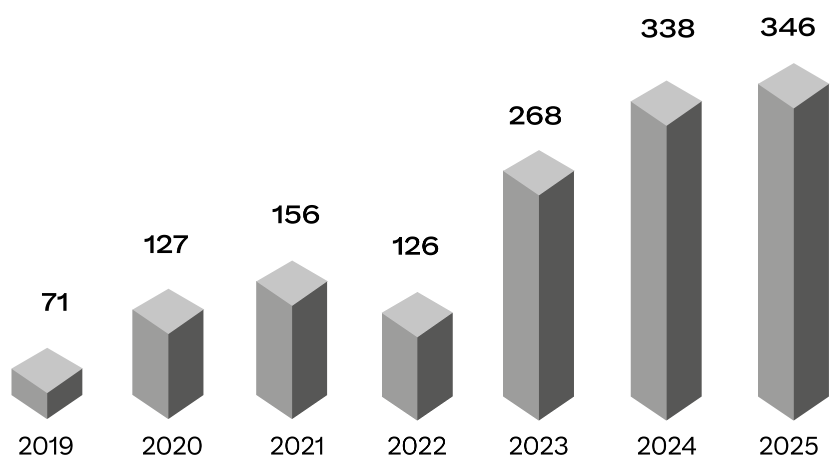


Survey particulars

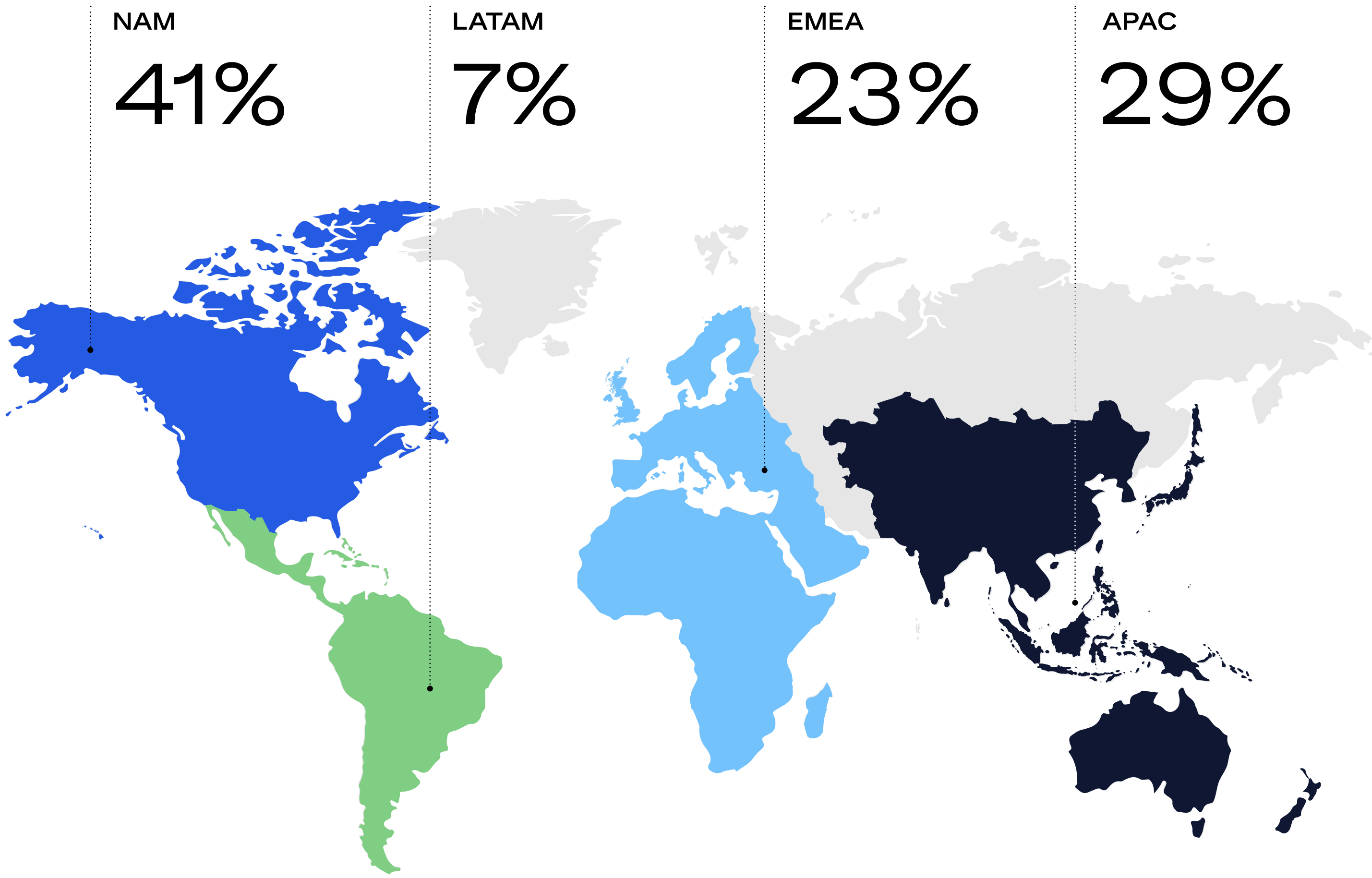
We initiated our 2025 survey among attendees at Citi Wealth's 2025 Family Office Leadership Summit on June 3. We then shared it with family office clients globally, accepting responses until July 14.

The survey consisted of 56 questions that sought to understand family office clients' investment sentiment, portfolio actions, operational practices and family governance in 2025. It drew responses from 346 participants from 45 countries around the world, with an average $2.1B in net worth.

Family office survey respondents YoY



Respondents by region



Respondents by AUM

GLOBAL VIEW

The US dollar was the valuation currency for the survey. Almost half of respondents had more than $500 million in assets under management (AUM) and just over half had less than that amount, similar to last year.

AUM < $500 MM	AUM > $500 MM
53%	47%

REGIONAL VIEW

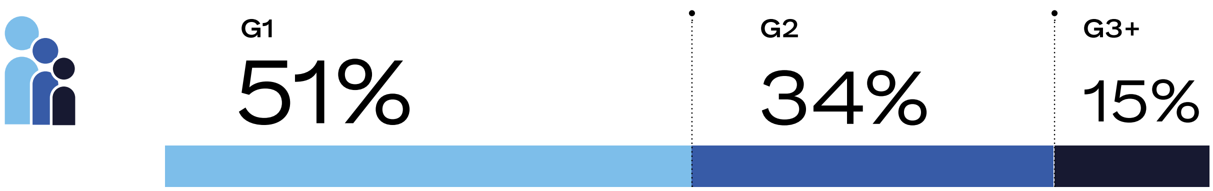
The region with the highest proportion of family offices having more than $500 million in AUM was North America (63%), with Europe, the Middle East and Africa having the lowest proportion (35%).

	APAC	EMEA	LATAM	NAM
AUM < $500 MM	64%	65%	58%	37%
AUM > $500 MM	36%	35%	42%	63%

Generations in control of the wealth

GLOBAL VIEW

Overall, 51% of respondents served families whose first generation (G1) is in control of the wealth, while 34% and 15% served families where control has transitioned to G2 and G3+ respectively. This is very similar to the profile of our respondents in 2024.



REGIONAL VIEW

The region with the highest proportion of first-generation families controlling wealth was Europe, the Middle East and Africa (56%), reflecting a resurgence of wealth creation. Asia Pacific led the way with second-generation control (43%), indicating a maturing market.

	APAC	EMEA	LATAM	NAM
G1	48%	56%	46%	51%
G2	43%	29%	33%	31%
G3+	8%	15%	21%	18%

Family office employees

GLOBAL VIEW

Most respondents (63%) reported having six or fewer employees. Nearly a quarter reported having above 10, typically family offices with AUM of more than $500 million. This highlights the resource constraints of most family offices and the consequent challenges in meeting family members' needs and expectations (see page 117).

1–3	4–6	7–9	>10
39%	24%	13%	24%

AUM VIEW

Intuitively, family offices with large AUM were likelier to employ more full-time professionals than those with under $500 million.

	1–3	4–6	7–9	>10
AUM < $500 MM	80%	48%	33%	26%
AUM > $500 MM	20%	52%	67%	74%

REGIONAL VIEW

Asia Pacific had the greatest share of small family offices (54%) and North America had the greatest share of large ones (36%). This likely reflects the relative early stage of wealth creation cycle where the wealth is tied up in operating businesses in Asia as compared to North America.

	APAC	EMEA	LATAM	NAM
1–3	54%	47%	21%	27%
4–6	26%	22%	33%	22%
7–9	8%	13%	25%	15%
>10	12%	18%	21%	36%

Investment strategy and sentiment

Overview

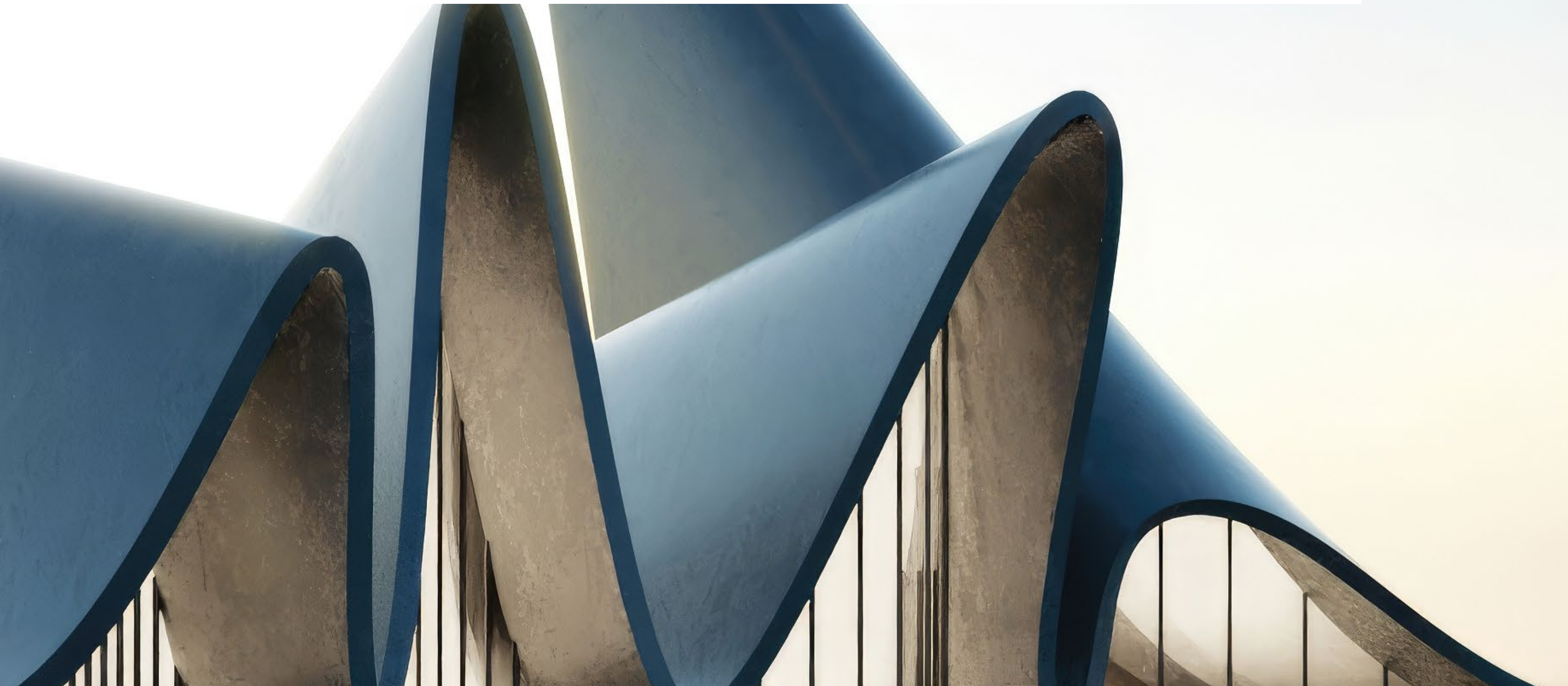
More family offices held their strategic allocations to individual asset classes steady overall compared to last year.

Of those that did make changes, bullish shifts outnumbered bearish ones, particularly in private equity followed by fixed income and public equity.

In response to the tariff-induced market volatility in early 2025, many family offices responded with active management, including shifts to more defensive asset classes and geographies.

Trade tensions displaced the evolution of interest rates as respondents' top concern, followed by US–China relations.

There was widespread optimism about the twelve-month outlook for portfolio returns, albeit somewhat less so than last year. Thirty percent of respondents expected returns of 10–15%, with a further 8% looking for over 15%.



Asset allocation changes in the last year

GLOBAL VIEW

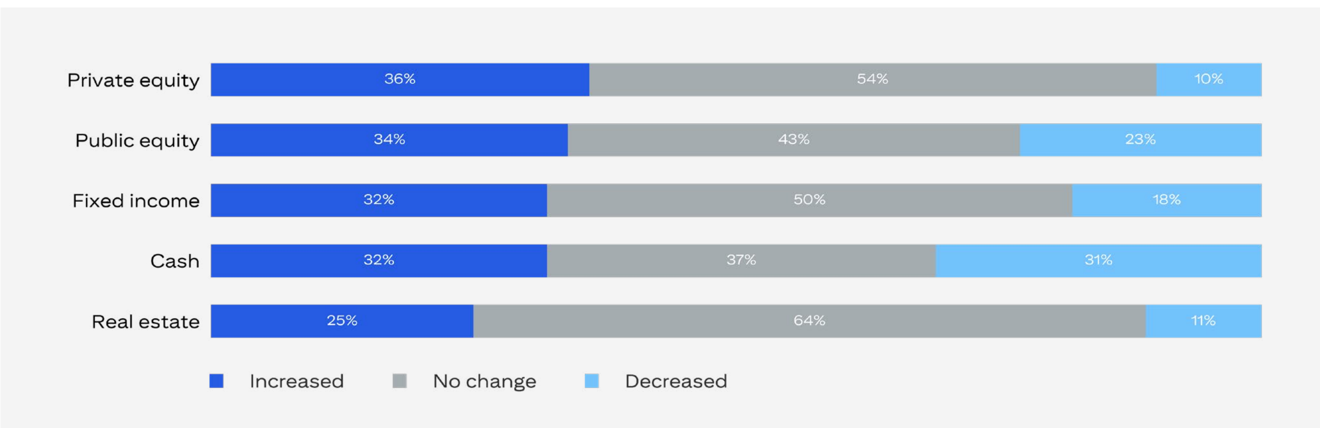
There was an uptick in family offices holding their asset class allocations steady in 2025. Fifty percent reported making no change to their fixed income holdings, with 64% saying the same for real estate. In 2024, the equivalent figures were 38% and 55%.

Of those respondents that did make changes, though, the tone remained bullish overall. This was especially true in private equity. Thirty-six percent said they had increased their allocations, with only 10% decreasing. The net positive balance of 26% compares to 30% in 2024.

In public equity, those raising their allocations outnumbered those reducing them by 11%. In fixed income, the figure was 14%. Both were well down on last year, though, when the net positive balances were 26% and 36% respectively.

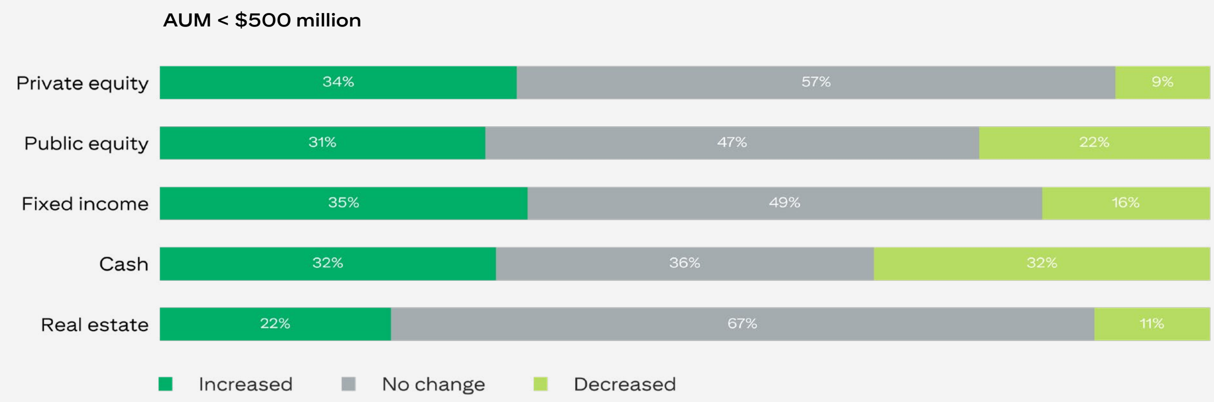
Overall, the picture is one of bullishness, albeit somewhat less so than last year. The retreat in positive sentiment toward fixed income may have reflected concerns over factors such as US fiscal deficits and sticky inflation. The trade war–related selloff in markets early this year may have reduced the appetite for public equity somewhat.

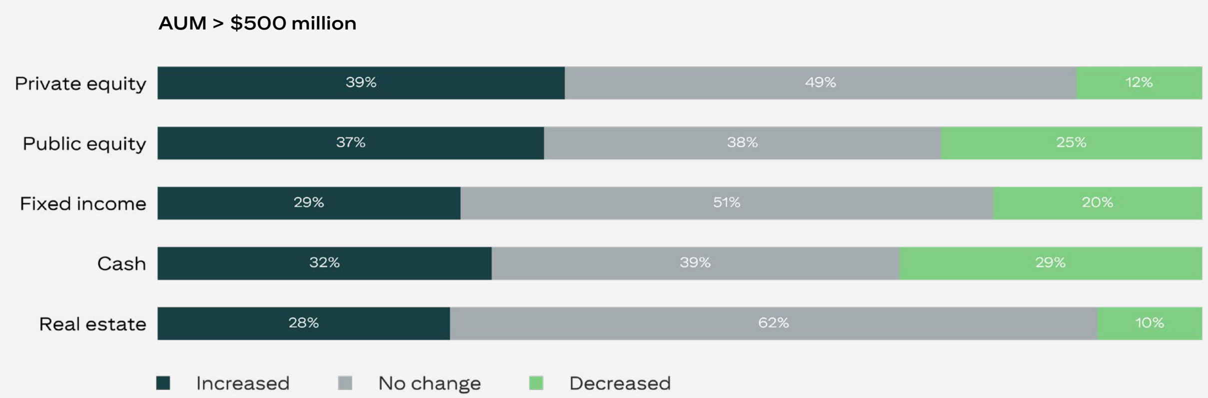
Nevertheless, the substantial balance of family offices who either stood firm or added to their allocations suggests continued, constructive long-term positioning, as well as faith in multi-asset class diversification.



AUM VIEW

Family offices with AUM above $500 million were likelier to increase their allocations to every asset class than their smaller counterparts, other than in fixed income. Private equity and real estate saw the biggest positive net change – increases less decreases – in the balance of larger family offices reporting allocation increases, at +27% and +18% respectively. Smaller family offices also raised their allocations to private equity overall (+25%). Nevertheless, the net balance of entities reporting increased allocations was down from 2024's levels across every asset class bar cash for family offices of all sizes. So, while sentiment remains bullish, it has subsided since last year.





REGIONAL VIEW

All regions saw a substantial positive net balance of family offices reporting increases in their private equity allocations, led by Latin America (+35%) and Europe, the Middle East and Africa (33%). In real estate, North America (+21%) and Latin America (+20%) were out in front. Interestingly, Latin America was the only region where family offices were more likely to reduce fixed income allocations (-15%) and cash (-20%). Enthusiasm for public equity was slightly greater in Asia Pacific, with a net balance of +14% of family office increasing allocations, compared to an average +7.7% elsewhere.

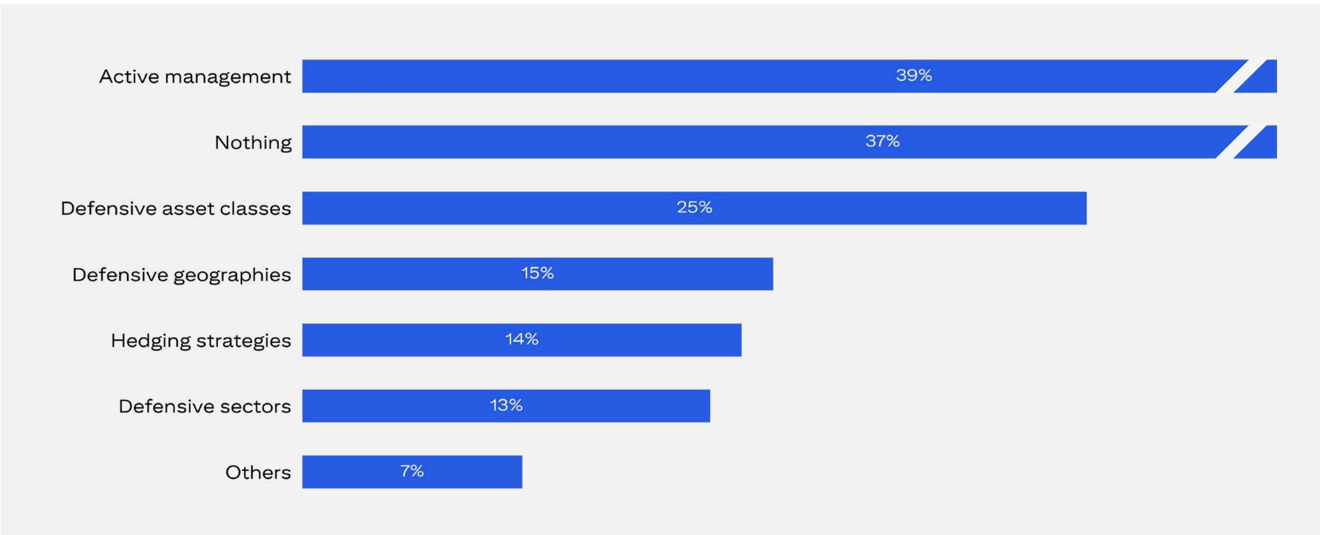
	APAC			EMEA		
	Increased	No change	Decreased	Increased	No change	Decreased
Private equity	35%	48%	17%	41%	51%	8%
Public equity	40%	34%	26%	32%	42%	26%
Fixed income	38%	45%	17%	36%	50%	14%
Cash	35%	39%	26%	38%	27%	35%
Real estate	19%	64%	17%	24%	68%	8%

	LATAM			NAM		
	Increased	No change	Decreased	Increased	No change	Decreased
Private equity	45%	45%	10%	34%	60%	6%
Public equity	35%	35%	30%	31%	50%	19%
Fixed income	20%	45%	35%	26%	56%	18%
Cash	15%	50%	35%	32%	39%	29%
Real estate	25%	70%	5%	30%	61%	9%

Investment strategy adjustments in response to April 2025's market volatility

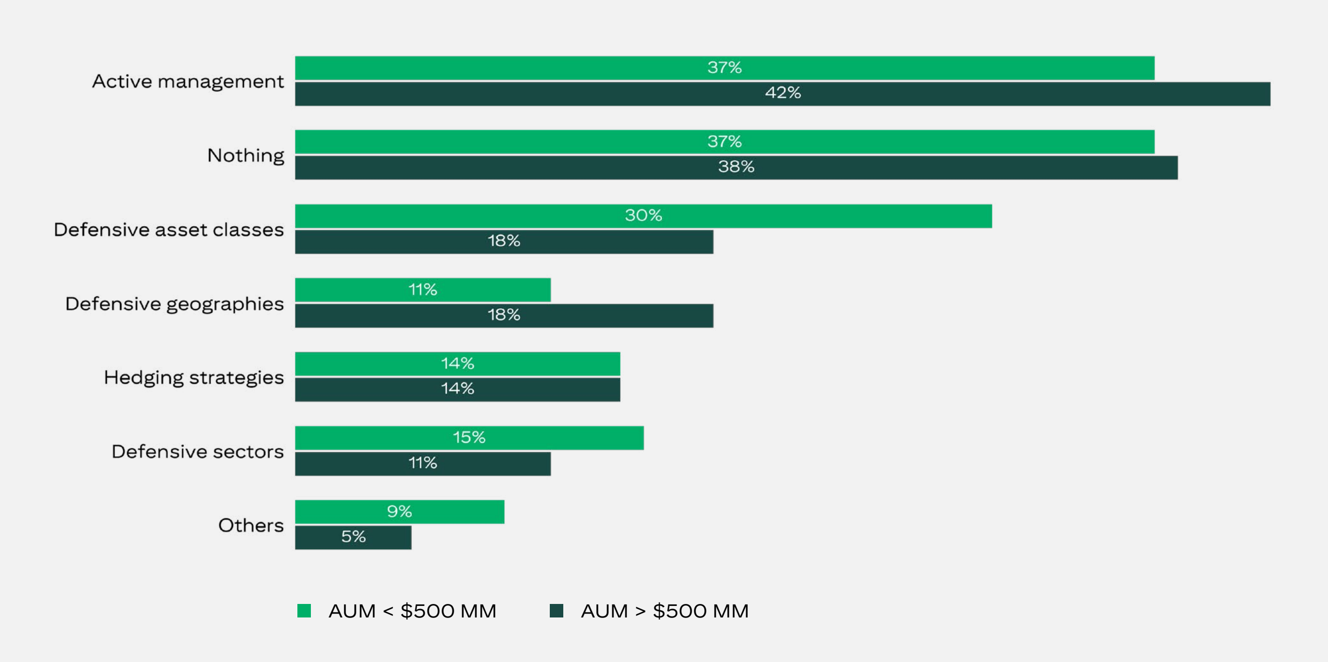
GLOBAL VIEW

Amid the market turmoil following the US tariffs announcement in April, nearly two thirds of family offices took action. Thirty-nine percent cited active management as their response. They allocated more to asset classes and geographies which they perceived as defensive (25% and 15% respectively). Some 14% engaged in hedging strategies, while 13% sought out perceived defensive sectors. Therefore, rather than simply accepting the rough with the smooth, respondents sought to mitigate downside risk in their portfolios.



AUM VIEW

Among those who took action, active management was family offices' principal response to tariffs' market fallout, especially among those with AUM above $500 million (42%) versus those with AUM below that (37%). Larger entities had a greater tendency to perceived defensive geographies (18%) than their smaller counterparts (11%). But the latter were likelier to allocate to defensive asset classes and sectors (30% and 15%) than the former (18% and 11%). Hedging strategies were deployed by 14% of both groups.



REGIONAL VIEW

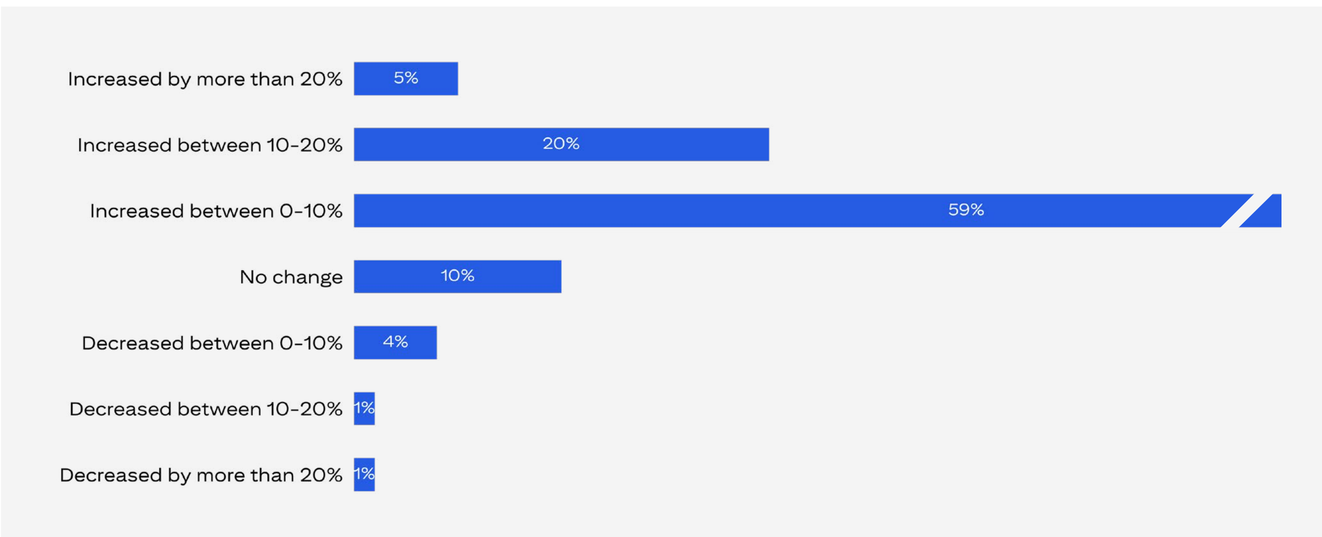
Asia Pacific family offices responded more vigorously to the tariff turmoil than their counterparts elsewhere, leading the way in allocating to perceived defensive asset classes, geographies and sectors. By contrast, Latin America was generally less likely to have taken action, perhaps because regional family offices were already well positioned for potential instability. Those in Europe, the Middle East and Africa led the way in active management and hedging strategies.

	Global	APAC	EMEA	LATAM	NAM
Active management	39%	45%	47%	26%	33%
Nothing	37%	28%	29%	43%	50%
Defensive asset classes	25%	39%	23%	17%	16%
Defensive geographies	15%	22%	14%	9%	10%
Hedging strategies	14%	16%	19%	4%	10%
Defensive sectors	13%	17%	14%	13%	10%
Others	7%	5%	9%	9%	7%

Estimated mark-to-market portfolio value change year to date (June 2025)

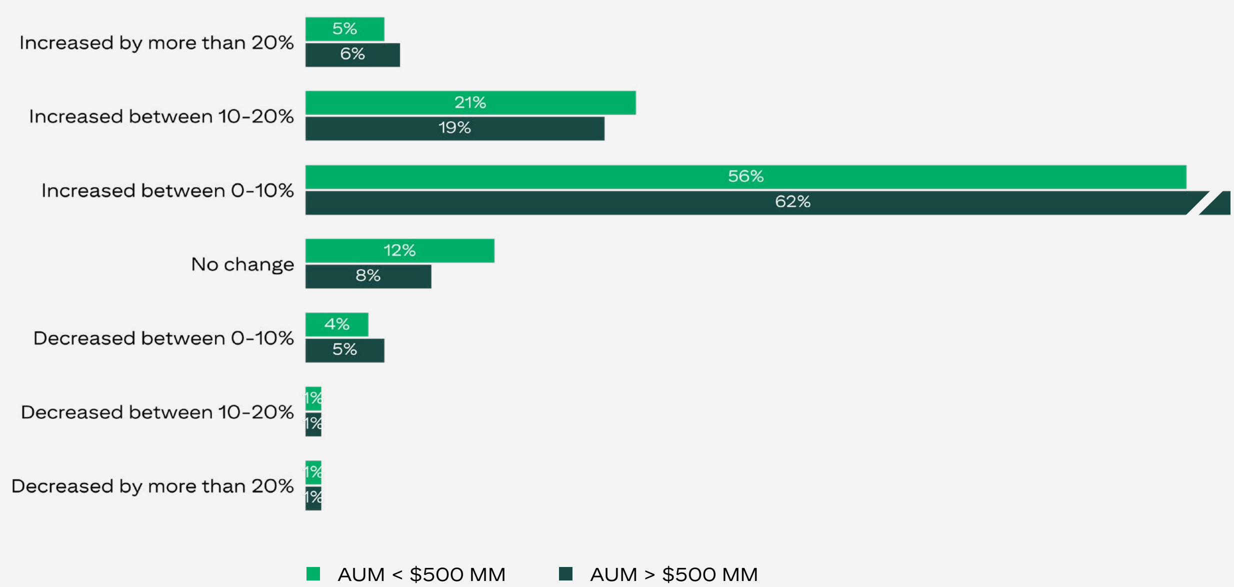
GLOBAL VIEW

Despite the early-year market turmoil, most respondents' portfolios (59%) were up 0–10% year to date, with a quarter reporting gains above 10% in 2025 as of the survey date. Portfolios seeing no change represented a modest 10% of total responses. Decreases in portfolio returns were minimal. Only 4% suffered a negative return of 0–10%, and only 1% each for decreases of 10–20% and over 20%. This relatively strong performance would appear to validate family offices' commitment to investing for the long term and diversification as well as their measured response to turbulence.



AUM VIEW

The larger the family office, the likelier they were to report positive returns. Fully 87% of those with AUM above $500M saw an increase in portfolio value, somewhat ahead of their smaller counterparts (82%). The most common change for both groups was an increase of 0–10% (62% of larger family offices and 56% of smaller ones). Gains of 10–20% were the second most frequent, followed by no change. Decreases were negligible in both groups.



REGIONAL VIEW

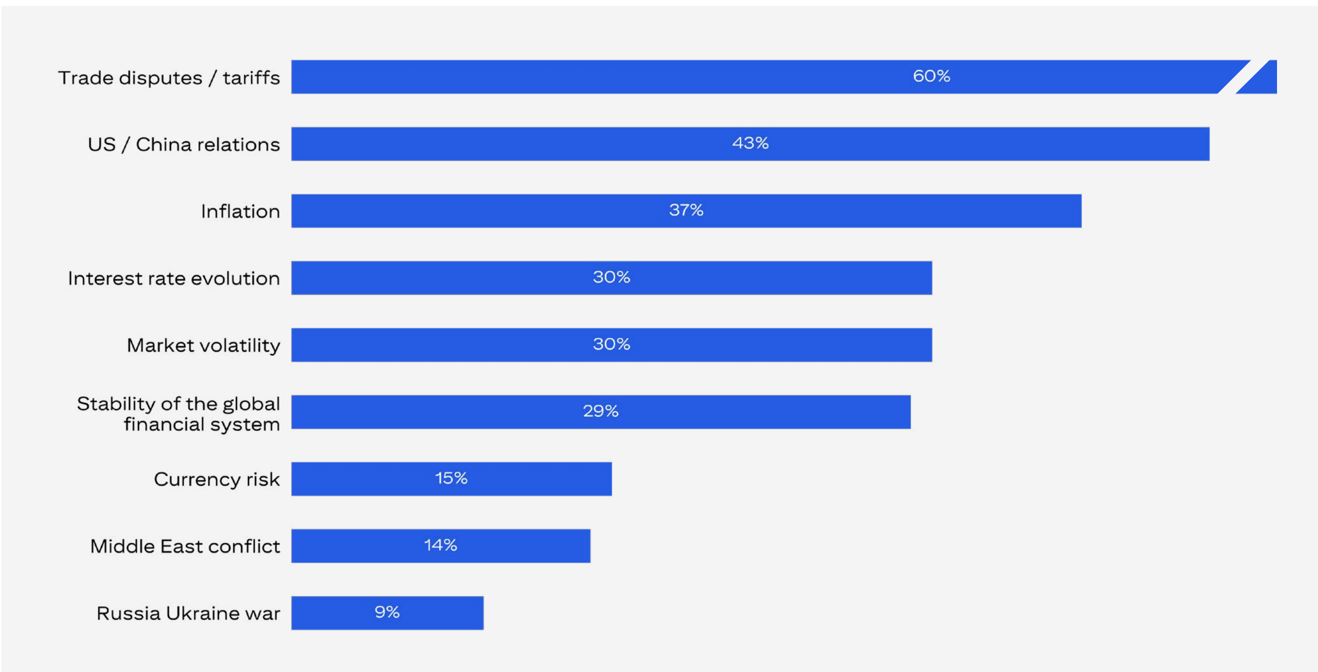
Regionally, most portfolios gained 0–10%, with 61% of family offices in Latin America in this zone versus 55% of those in Asia Pacific. However, the latter region also had the greatest proportion (10%) of those registering gains above 20%. Decreases were uncommon across all regions.

	Global	APAC	EMEA	LATAM	NAM
Increased by more than 20%	5%	10%	4%	0%	4%
Increased between 10-20%	20%	18%	22%	35%	18%
Increased between 0-10%	59%	55%	58%	61%	61%
No change	10%	12%	10%	4%	10%
Decreased between 0-10%	4%	3%	5%	0%	5%
Decreased between 10-20%	1%	1%	1%	0%	0%
Decreased by more than 20%	1%	1%	0%	0%	2%

Near-term worries impacting financial markets and the economy

GLOBAL VIEW

With US average tariffs reaching highs not seen for decades, trade disputes/tariffs were respondents' top concern (60%), followed by US–China relations (43%) and inflation (37%). The evolution of interest rates – last year's main worry – and market volatility both stood at 30%. The stability of the global financial system was cited by 29%. Surprisingly, the Middle East conflict (14%) and the Russia–Ukraine war (9%) are perceived as lesser threats than last year (25% and 16% respectively). While these conflicts are ongoing, investors may believe markets already priced them in fully.



AUM VIEW

Family offices with AUM above and below $500 million considered trade disputes/tariffs to be the most significant risk, with 57% of larger entities and 62% of their smaller counterparts giving this answer. The former expressed concern about US–China relations more frequently (46%) than the latter (40%). Greater global exposure among larger entities may explain this.

Likewise, inflation concerns were greater for larger entities (41% vs 33%). They were also rather more worried about the stability of the global financial system (33% vs 26%). Smaller entities perceived currency risk and volatility as greater threats, probably because they are less equipped to manage them. Both groups saw the Middle East conflict and the Russia–Ukraine war as lesser threats than last year.

REGIONAL VIEW

The regional breakdown of worries reveals significant variations. For example, trade disputes/tariffs were the leading global concern, and family offices in North America (65%) and Asia Pacific (61%) were especially likely to cite this factor given the important commercial ties between their regions. As expected, concerns over US–China relations were especially acute in Asia Pacific (53%). Historically, entities based in Latin America tended to be most worried about inflation. But their counterparts in North America mentioned this issue more frequently this year (46%), probably because of the risk that tariffs pose to price stability. The evolution of interest rates is now the joint-equal dominant worry in Latin America (50%) alongside trade disputes/tariffs.

	Global	APAC	EMEA	LATAM	NAM
Trade disputes / tariffs	60%	61%	53%	50%	65%
US / China relations	43%	53%	32%	41%	41%
Inflation	37%	29%	34%	36%	46%
Interest rate evolution	30%	20%	27%	50%	37%
Market volatility	30%	32%	29%	32%	30%
Stability of the global financial system	29%	38%	27%	14%	29%
Currency risk	15%	6%	37%	18%	6%
Middle East conflict	14%	24%	10%	9%	10%
Russia Ukraine war	9%	8%	8%	9%	10%

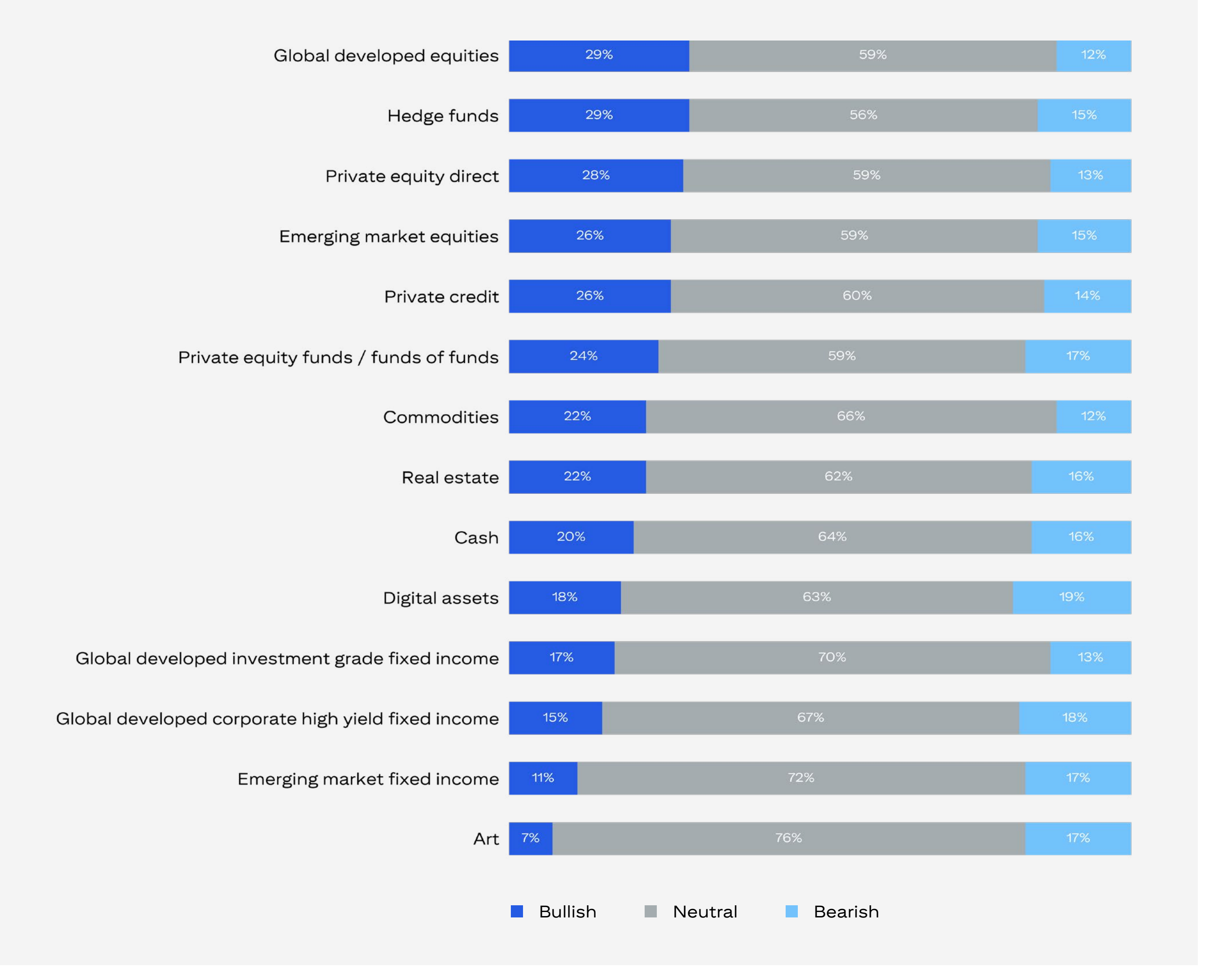
Asset class sentiment for the next 6–12 months

GLOBAL VIEW

Neutral sentiment dominated across every asset class. Even where neutrality was lowest – in private and public equity – the figure stood at 59%. In every single case, neutral readings were above last year's levels.

The asset class with the highest level of net positive sentiment – that is, bullish minus bearish – was developed equities at +17%. Private equity direct (+15%), hedge funds (+14%) and private credit (+12%) followed.

Overall, these results present something of a paradox. While family offices expressed broadly neutral short-term asset class views, their expectations of positive portfolio returns suggest confidence in their long-term positioning and diversification.



YEAR-OVER-YEAR CHANGE IN SENTIMENT

Respondents went somewhat cooler on private equity direct (+15% net bullish vs 36% last year), private equity funds (+7% vs +26%), global developed equities (+17% vs +30%), real estate (+6% vs +19%), private credit (+12% vs +22%) and investment grade fixed income (+4% vs 23%).

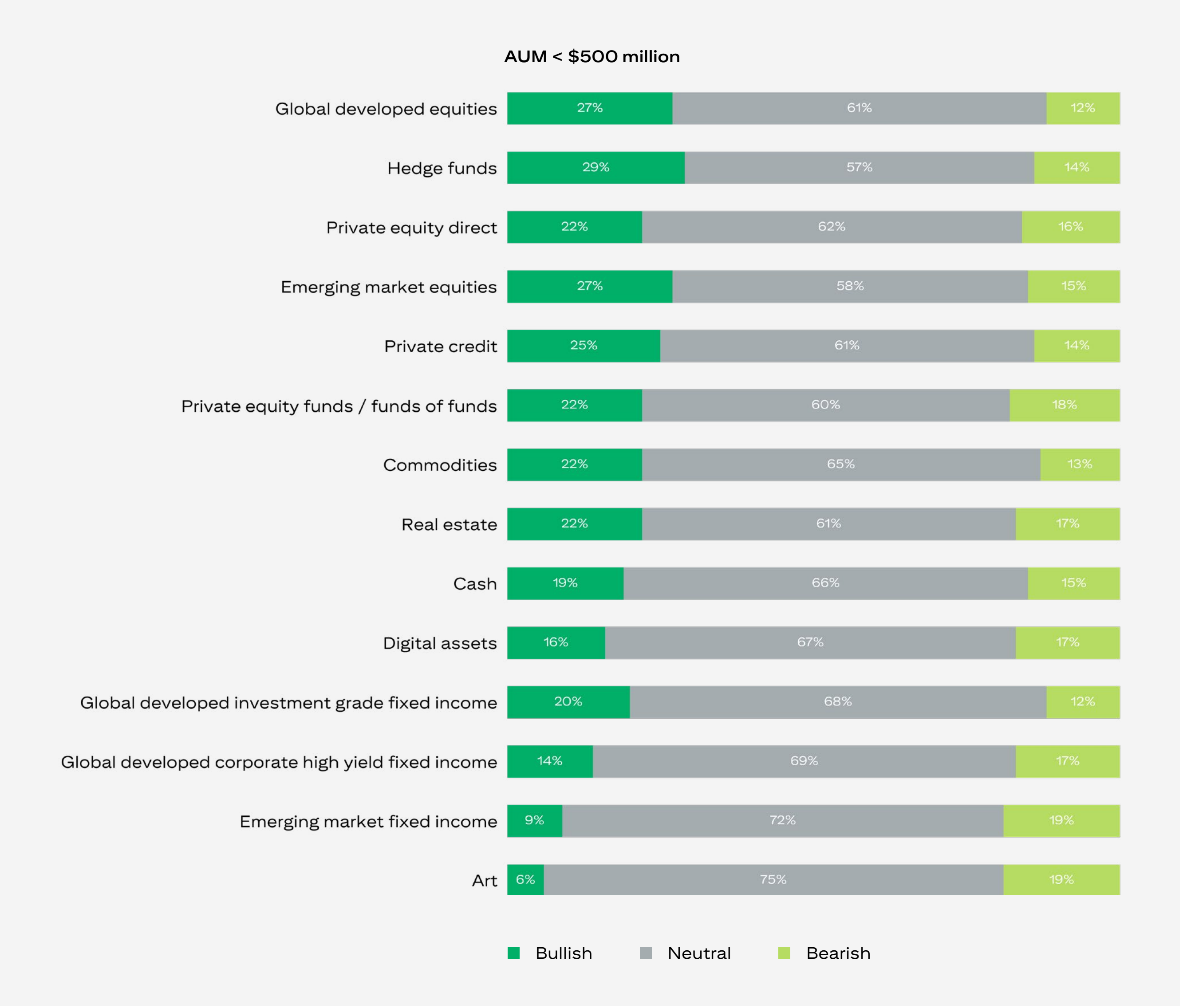
Net sentiment toward digital assets swung from -11% to -1%, likely reflecting the new US administration's warm attitude toward cryptocurrencies. There was also a small increase in good feeling about emerging market equities, while emerging market fixed income became slightly less unpopular overall.

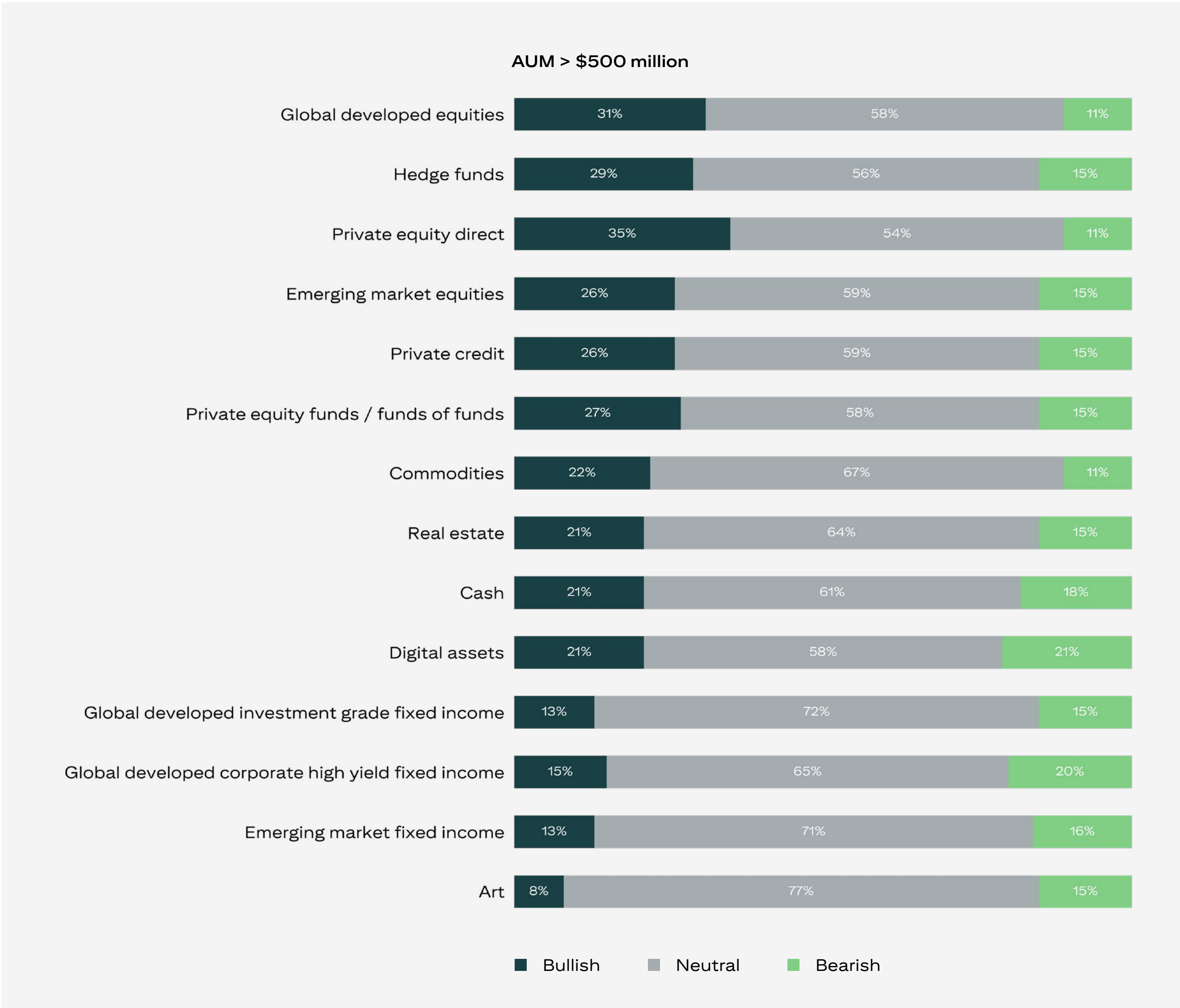
	2025	2024
Global developed equities	17%	30%
Private equity direct	15%	36%
Hedge funds	14%	0%
Private credit	12%	22%
Emerging market equities	11%	4%
Commodities	10%	9%
Private equity funds / funds of funds	7%	26%
Real estate	6%	19%
Global developed investment grade fixed income	4%	23%
Cash	4%	4%
Digital assets	-1%	-11%
Global developed corporate high yield fixed income	-3%	10%
Emerging market fixed income	-6%	-13%
Art	-10%	-7%

Net sentiment is calculated as bullish responses minus bearish responses, with neutral responses excluded.

AUM VIEW

Family offices with more than $500 million in AUM were more net bullish in many cases, particularly toward private equity (both direct and via funds), private credit and developed market equities. Smaller entities were slightly more net bullish on investment grade fixed income and emerging markets equities. They were also rather more net bearish on emerging markets fixed income and art.




AUM > $500 million
Global developed equities 31% 58% 11%
Hedge funds 29% 56% 15%
Private equity direct 35% 54% 11%
Emerging market equities 26% 59% 15%
Private credit 26% 59% 15%
Private equity funds / funds of funds 27% 58% 15%
Commodities 22% 67% 11%
Real estate 21% 64% 15%
Cash 21% 61% 18%
Digital assets 21% 58% 21%
Global developed investment grade fixed income 13% 72% 15%
Global developed corporate high yield fixed income 15% 65% 20%
Emerging market fixed income 13% 71% 16%
Art 8% 77% 15%
Bullish
Neutral
Bearish

REGIONAL VIEW

Neutrality was the predominant sentiment across asset classes in all four global regions. However, among those family offices that did express either bullish or bearish sentiment, we identify some interesting tendencies.

Respondents were net bullish – i.e., bullish after deducting those who were bearish – in all four regions toward commodities, developed and emerging equities, private credit and private equity (direct and via funds).

Admittedly, the levels of net bullishness were often very different. In private equity direct, the reading for both the Americas was +21% but just +1% for Asia Pacific.

Enthusiasm for hedge funds was particularly great in Europe, the Middle East and Africa (+18%) and Asia Pacific (+34%). Only Latin America was net bearish here (-16%).

The regions were unanimous in their net bearishness toward art, where pricing has been under pressure in recent times. Latin America was the most negative (-26%) and North America the least so (-5%).

Digital assets were viewed somewhat positively in Latin America (+10%) and in Asia Pacific (+4%), but not in Europe, the Middle East and Africa (-2%). Interestingly, North America was most negative (-6%), despite the Trump administration's pro-crypto stance.

Cash – a preferred holding when uncertainty is running high – had a net bullish reading in both the Americas (indicating caution) but was seen net bearishly elsewhere (hinting at optimism toward risk assets).

	APAC			EMEA		
	Bullish	Neutral	Bearish	Bullish	Neutral	Bearish
Global developed equities	31%	57%	12%	26%	60%	14%
Hedge funds	41%	52%	7%	30%	58%	12%
Private equity direct	19%	63%	18%	26%	60%	14%
Emerging market equities	22%	64%	14%	30%	57%	13%
Private credit	24%	57%	19%	28%	56%	16%
Private equity funds / funds of funds	23%	61%	16%	20%	63%	17%
Commodities	16%	72%	12%	23%	64%	13%
Real estate	15%	65%	20%	23%	63%	14%
Cash	16%	66%	18%	17%	60%	23%
Digital assets	22%	60%	18%	20%	58%	22%
Global developed investment grade fixed income	23%	69%	8%	22%	66%	12%
Global developed corporate high yield fixed income	11%	75%	14%	19%	62%	19%
Emerging market fixed income	12%	76%	12%	16%	71%	13%
Art	4%	76%	20%	10%	73%	17%

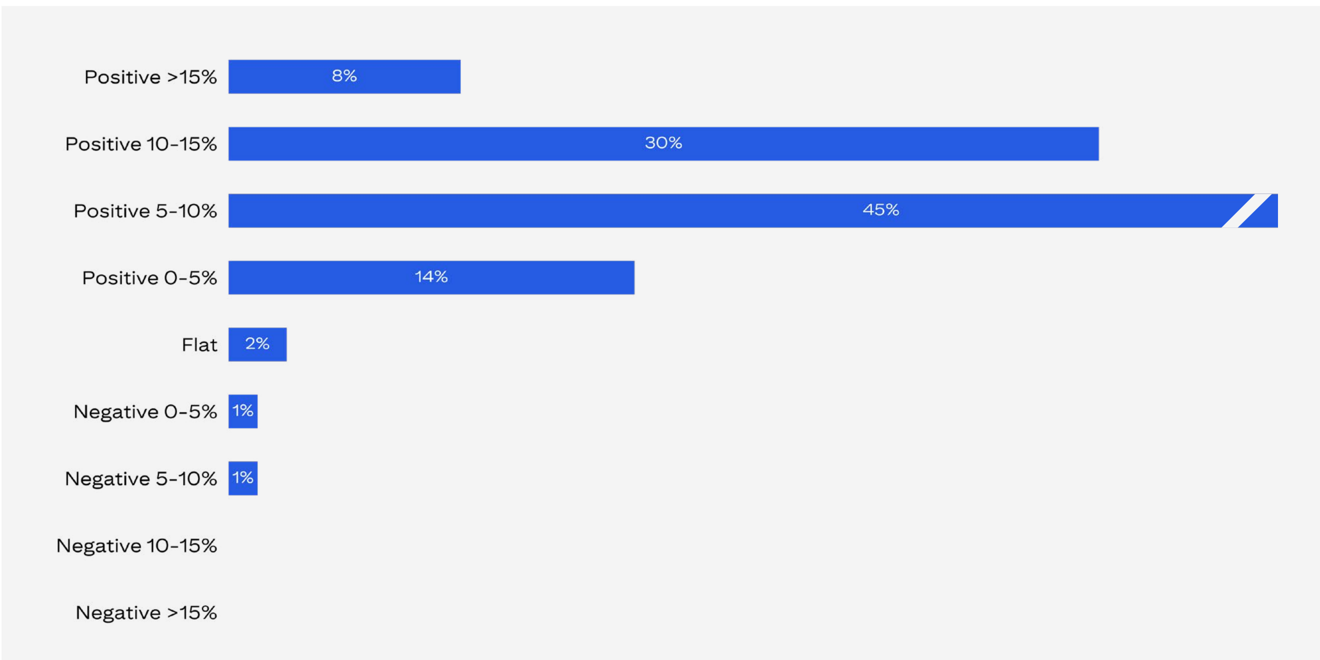
	LATAM			NAM		
	Bullish	Neutral	Bearish	Bullish	Neutral	Bearish
Global developed equities	37%	63%	0%	28%	60%	12%
Hedge funds	16%	52%	32%	21%	61%	18%
Private equity direct	37%	47%	16%	32%	57%	11%
Emerging market equities	47%	42%	11%	23%	59%	18%
Private credit	32%	57%	11%	25%	64%	11%
Private equity funds / funds of funds	53%	36%	11%	23%	59%	18%
Commodities	26%	58%	16%	24%	65%	11%
Real estate	21%	63%	16%	27%	60%	13%
Cash	16%	73%	11%	27%	62%	11%
Digital assets	26%	58%	16%	13%	68%	19%
Global developed investment grade fixed income	16%	73%	11%	10%	72%	18%
Global developed corporate high yield fixed income	11%	57%	32%	16%	66%	18%
Emerging market fixed income	16%	63%	21%	6%	70%	24%
Art	0%	74%	26%	8%	79%	13%

Expected portfolio return for full-year 2025

GLOBAL VIEW

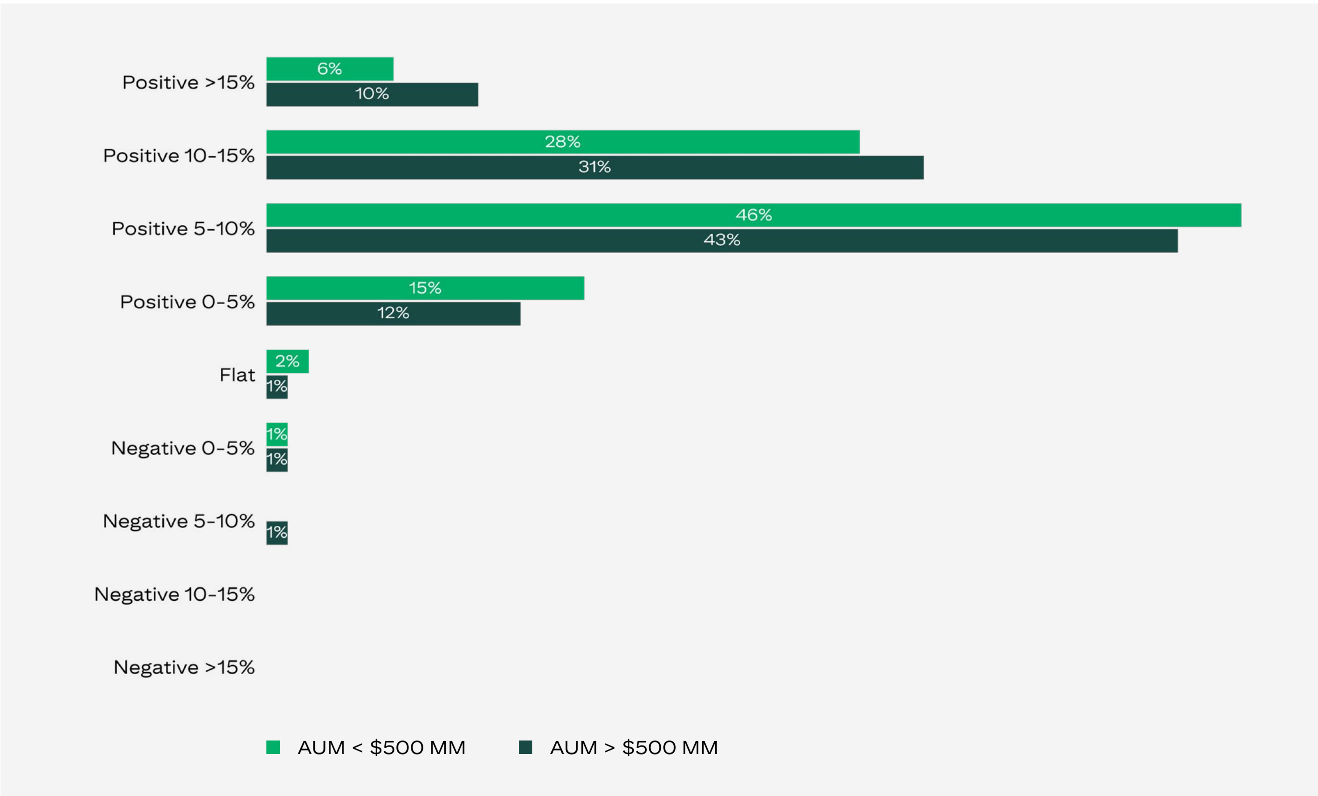
Family offices worldwide are broadly optimistic about their potential portfolio returns for 2025, despite the trade war-induced selloff in risk assets earlier in the year. Almost half of respondents (45%) anticipate returns of 5–10% and just shy of a third (30%) are looking for 10–15%. That said, the former group was down since last year, when 35% expected 10–15% returns. In 2025, those looking for just 0–5% returns have risen from 8% to 14%. Negative return expectations are minimal across all regions.

Among the drivers of the overall optimism might be the prospect of US deregulation, continued interest rate cuts in many countries, and potential productivity gains from artificial intelligence.



AUM VIEW

Family offices with AUM both above and below $500 million mostly expected 5–10% portfolio returns (46% and 43% of respondents respectively) for the full year. However, a greater proportion of larger entities anticipated returns above 10% (31% expected 10–15%, with 10% foreseeing more than 15%). Among their smaller counterparts, the figures were 28% and 6% respectively. One possible explanation for this may be larger entities' greater tolerance for illiquidity and other risks. Only 1% of each group expected flat or negative portfolio returns.

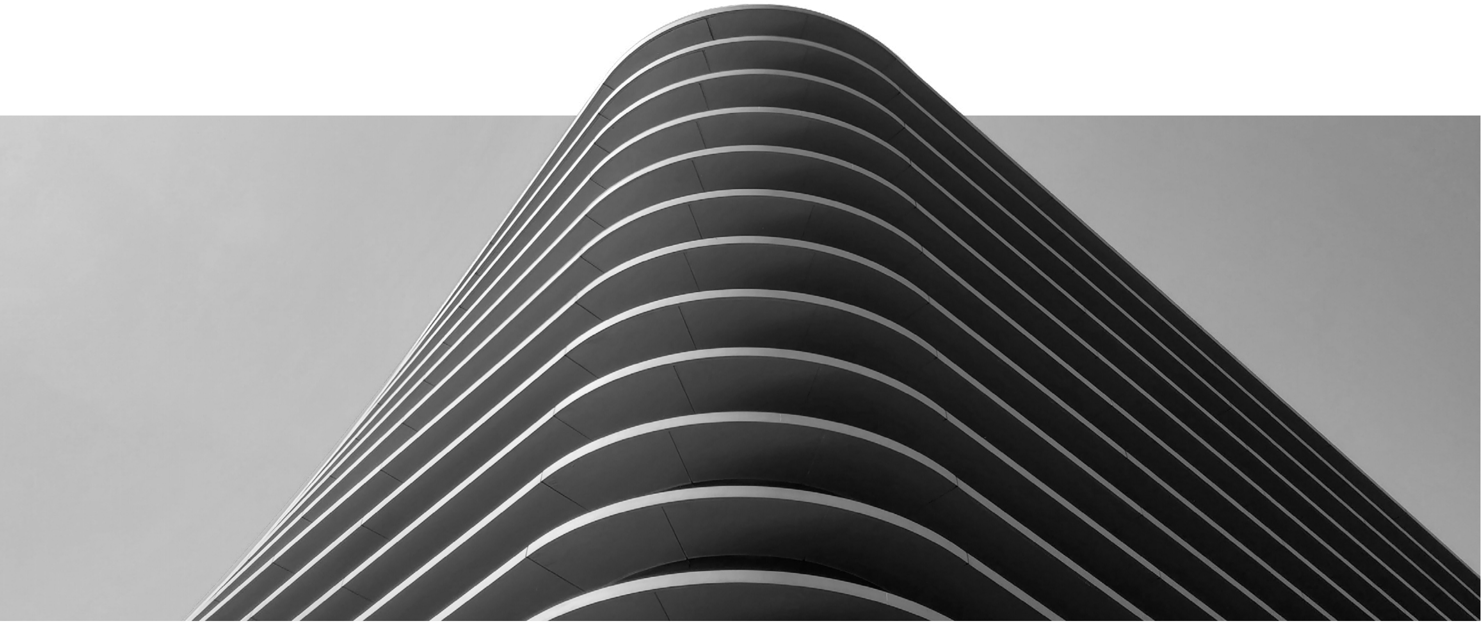


REGIONAL VIEW

Latin America and North America had the most bullish outlook for the year. Some 92% and 89% of family offices in these regions expected portfolio returns above 5%. Those from Europe, the Middle East and Africa were notably more restrained, with just 70% expecting such returns. The figure for Asia Pacific was 83%. Negative return expectations are minimal across all regions. No respondents from Latin America foresaw flat or negative returns.

Levels of bullishness have generally receded since last year's survey. At least 90% of all regional respondents expected portfolio returns above 5% in mid-2024. The exception was North America where only 84% did.

	Global	APAC	EMEA	LATAM	NAM
Positive >15%	8%	9%	6%	0%	10%
Positive 10-15%	30%	38%	16%	35%	30%
Positive 5-10%	45%	36%	48%	57%	49%
Positive 0-5%	14%	11%	23%	9%	10%
Flat	2%	4%	3%	0%	0%
Negative 0-5%	1%	0%	3%	0%	1%
Negative 5-10%	1%	1%	1%	0%	0%
Negative 10-15%	0%	1%	0%	0%	0%
Negative >15%	0%	0%	0%	0%	0%



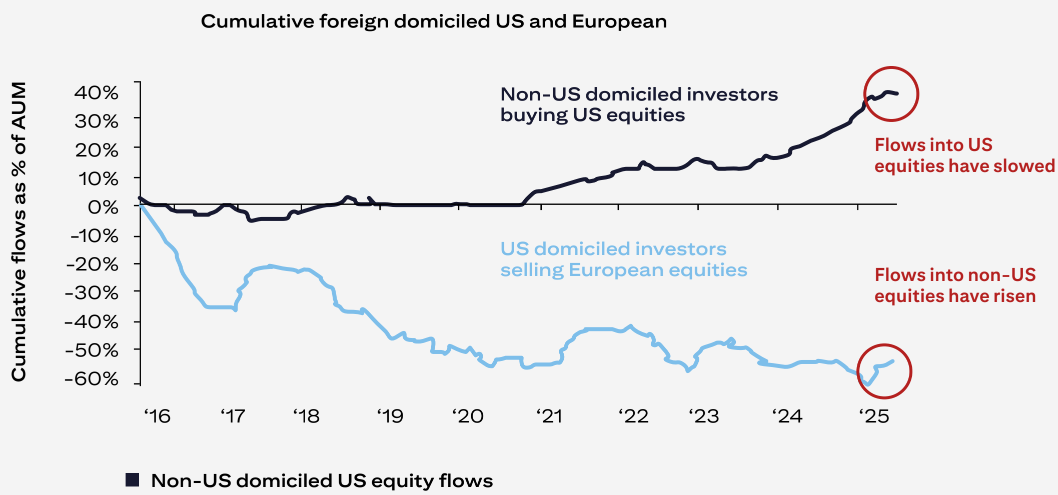
Citi Wealth's Chief Investment Office views

Family offices globally have navigated persistently unpredictable and often unsettled conditions in 2025. Tariff negotiations, airstrikes against Iran, US budgetary spending and concerns over Federal Reserve independence are among the complications faced by those overseeing investment portfolios on behalf of some of the world's most dynamic families.

In this environment, market behavior has often seemed paradoxical. Initially, risk assets sold off as investors digested the proposed tariffs. Funds flowed out of many US dollar–denominated assets and toward the likes of euro-denominated investments – **figure 1.** Subsequently, though, markets have rallied significantly, with US technology equities at the forefront once more.

FIGURE 1

Foreign appetite for US equities cools, while US investors buy more European equities



Source: Lipper, as of July 2025. Past performance is no guarantee of future results. Real results may vary.

NEUTRAL RISK EXPOSURE BUT FULLY INVESTED

Our guidance to family offices and other clients has been to stay fully invested, with overall neutral risk exposure. The survey results indicate that many concurred with our message, with many leaving existing allocations intact as neutral sentiment predominated across equities and other risk asset classes.

We have also made the case for mitigating downside risks. For example, we raised our allocation to quality equities, with a focus on large-cap secular growers, while reducing more cyclical and tariff-vulnerable smaller-cap equity exposure.

In the same spirit, many survey participants rotated their portfolios toward more defensive sectors, geographies and asset classes. Notably, they warmed to commodities, which may align to our tactical overweight in gold. In any event, family offices clearly value diversification amid current conditions.

THEMES TO DRIVE MARKETS

Looking ahead, we believe three macro themes may prove particularly influential. First, we believe there are the impacts of US tariffs, which are only just beginning to be felt in the real economy. Companies are still assessing how much of the tariffs they can pass on to consumers. We see threats to economic growth and corporate profit margins from the highest import levies in nearly a century. Family offices share this view, having cited tariffs as their top concern this year.

Second, we are closely watching how monetary policy evolves. Despite being under political pressure to lower interest rates, the US Federal Reserve insists it will be guided by the economic data. The US labor market is softening, which could open the door for lower rates. However, we are not convinced this will necessarily lead to a meaningful cyclical upturn in growth, as it typically might. In our view, transmission may fall short as hiring and investment plans are currently more hindered by trade and policy uncertainty than by elevated financing costs. Elsewhere, many central banks have already cut rates in response to this period of slowing growth.

Third, we think the artificial intelligence revolution has far to go. Governments and corporations realize that AI investment is mission-critical on many fronts. However, heavy capital spending has yet to translate into results on the same scale, which is something to monitor in future earnings reporting seasons. That said, we expect corporations to rely increasingly on AI tools for growth, and less on enlarging their workforces. If so, we may see less demand for labor and gains in productivity. This could boost the value of assets across many sectors, in our view.

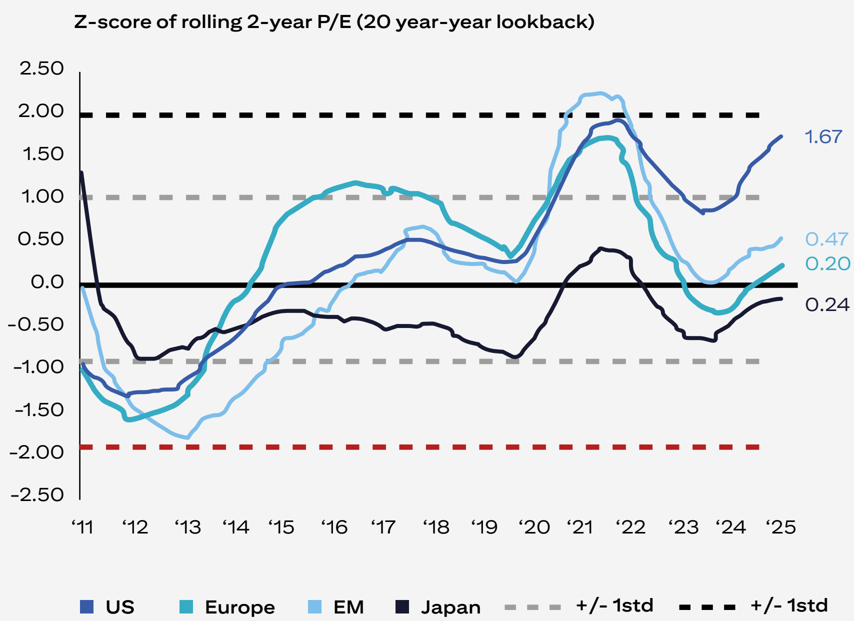
OUR POSITIONING

Against this backdrop, we reiterate many of our key messages for the year ahead. In equities, technology and AI beneficiaries remain a preferred investment pick. We see the large-scale capital expenditure here as durable. It may also create a virtuous circle, with the biggest and most profitable firms able to invest more in AI, widening their competitive moats and strengthening profit margins. The stock market may, therefore, potentially continue to be led by a concentrated group of firms. In our view, given their growth profile, leading AI firms – mainly US based – represent quality investments.

While we regard such quality growth equities as core holdings, we also look to diversify portfolios beyond this asset class. This is even more important in a world of high US equity valuations, much of which is AI-driven – **figure 2**. It is also especially relevant since long-term quality fixed income – historically a source of diversification – has tended to move more in line with equities lately – **figure 3**. Therefore, we look to high-quality short-duration fixed income to act as portfolio ballast.

FIGURE 2

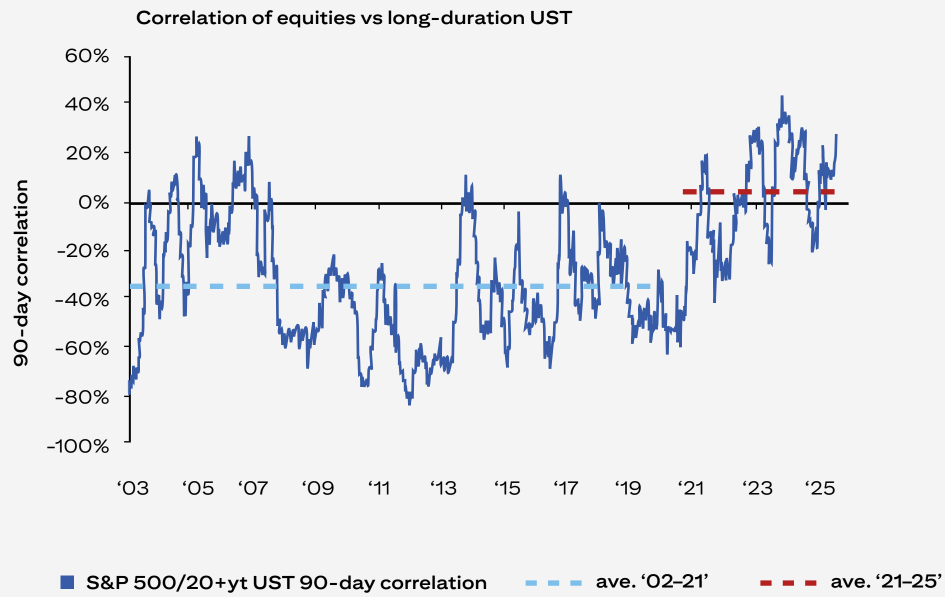
US equities' high valuations versus other markets



Source: FactSet, as of Aug 2025. Z-scores here measure how far valuations are above or below their 20-year average. Valuations are expressed by each market's price divided by its two 2-year average earnings. US, Europe, Emerging Markets and Japan are represented by their respective MSCI indices. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. Index returns do not include any expenses, fees or sales charges, which would lower performance. Past performance is no guarantee of future results. Real results may vary.

FIGURE 3

Less diversification from holding US equities alongside long-term US Treasuries



Source: FactSet, as of Aug 2025. Correlation here measures how much two assets move together. A correlation of 100% implies that they move completely together, 0 means no relationship, and -100% means they move in opposite directions. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. Index returns do not include any expenses, fees or sales charges, which would lower performance. Past performance is no guarantee of future results. Real results may vary.

EVOLVING OUR PROCESS

The survey results highlight the ongoing evolution of family offices, particularly within their investment function. As we navigate today's heightened uncertainty, we are staying even more closely connected with fiscal and monetary policy experts. We incorporate their insights and those from many other sources into our analysis and tactical asset allocation guidance.

In common with family offices, we see great potential in artificial intelligence within our operations. We believe this transformational technology can help us to evaluate unprecedented quantities of macroeconomic, valuation and technical data, identifying further valuable signals while filtering out noise.

We look forward to sharing further insights with family offices globally as they seek to preserve and grow wealth in the coming year and beyond.

Portfolio construction and management

Overview

Strategic allocations remain broadly in line with those reported a year earlier. North America maintained its position as the preferred geography for allocations among family offices globally.

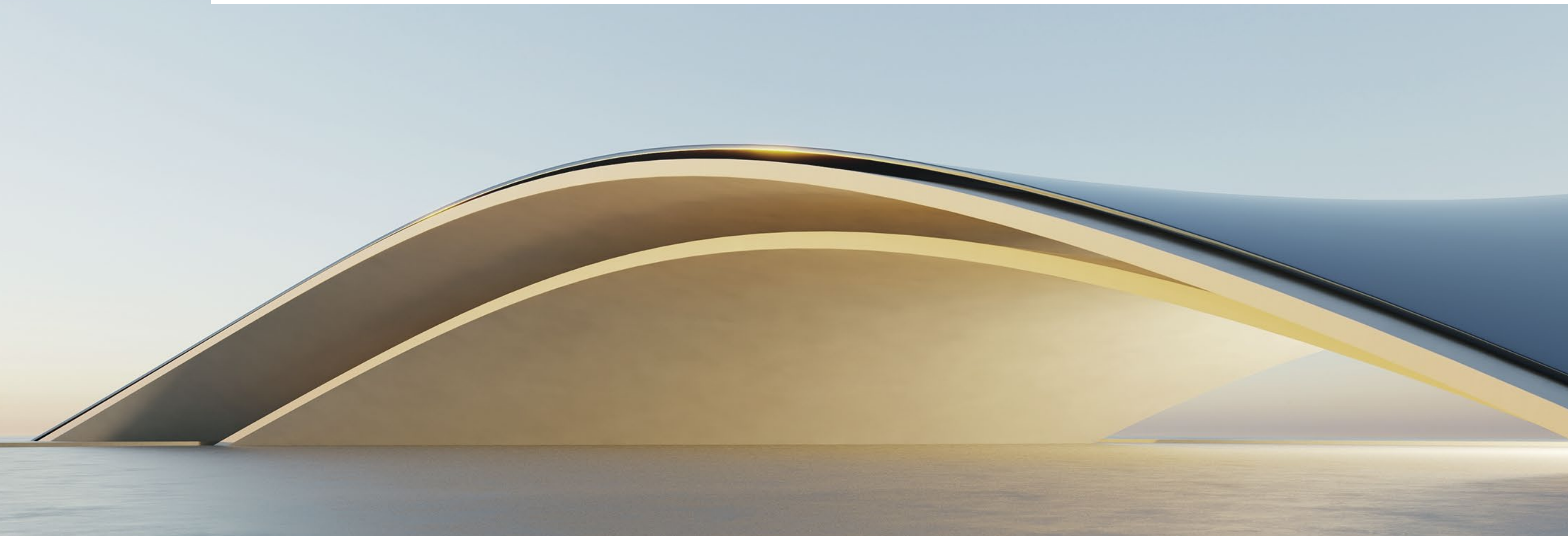
Of those entities with concentrated positions, most did not use strategies to manage the risks.

Almost half of respondents globally were not exploring financing opportunities. Those that were cited real estate, private equity and operating businesses most often.

Among family offices who oversee art collections, a quarter are using or considering art advisors for guidance.

Despite an increasingly favorable regulatory backdrop, digital assets remain very much a minority interest among family offices.

Most family offices remain engaged with direct investing, with twice as many upping their exposure than reducing.

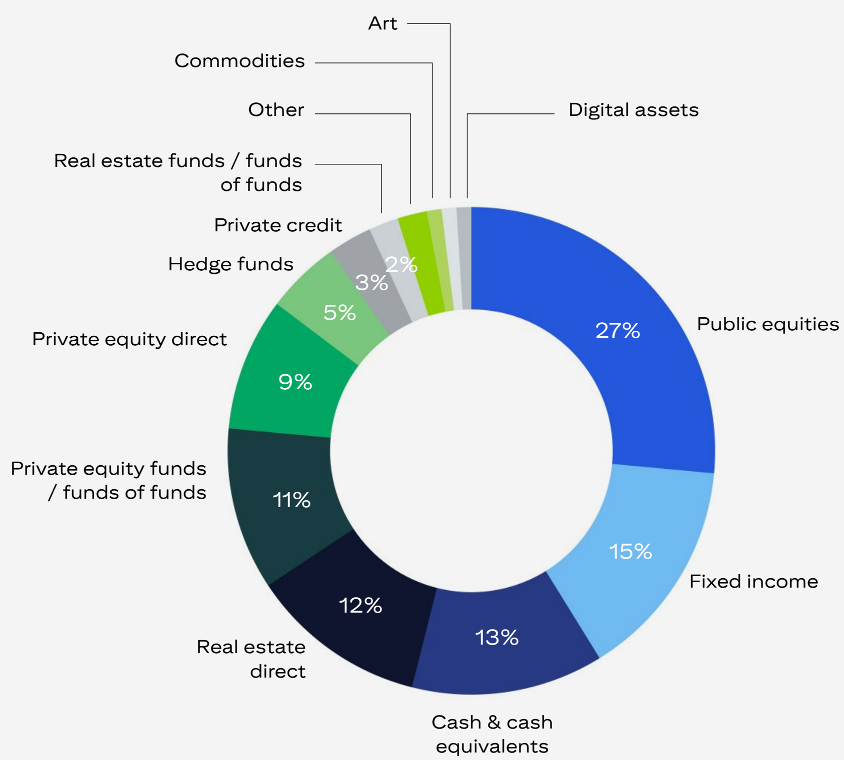


Allocation by asset class

GLOBAL VIEW

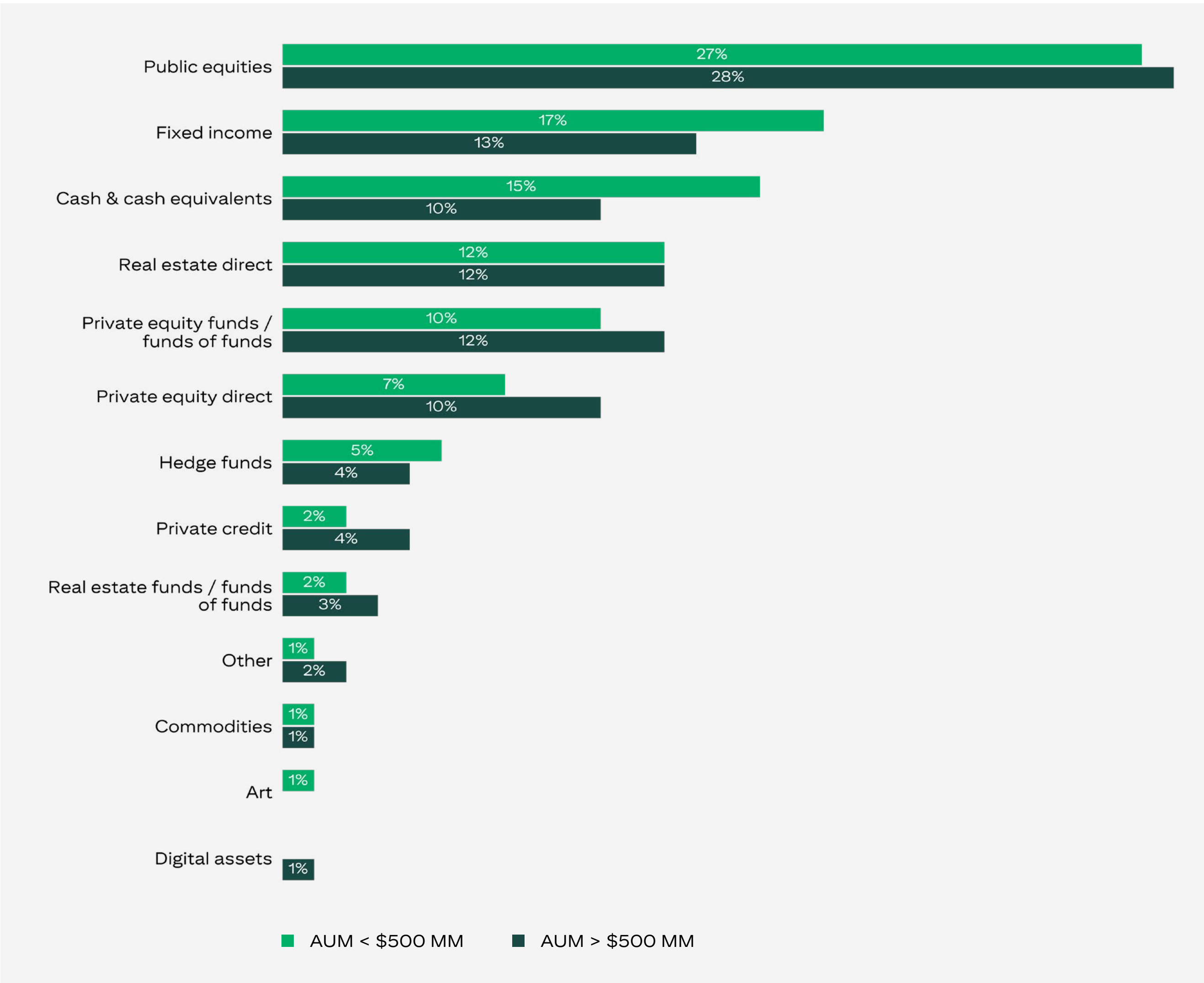
Family office allocations in 2025 were broadly in line with those reported last year. They showed a continued preference for public equities (average allocation of 27%), fixed income (15%), and cash & cash equivalents (13%). Public equity and fixed income allocations were down 1% and 3% respectively compared to last year.

Alternative asset classes represented the remaining 40% or so of average allocations, with private equity and real estate contributing 20% and 14% respectively. Private equity via funds saw a 2% increase in their allocation share. Direct investments, in private equity or real estate, represented 21% of overall assets. Hedge fund allocations were 1% higher than last year while private credit, commodities and other assets remained unchanged (3%, 1% and 1% respectively). Digital assets went from 0% to 1%.



AUM VIEW

Asset allocation was broadly similar among family offices with more and less than $500 million in AUM. While both cohorts had almost the same proportion in public equities (28% and 27% respectively), those with AUM of less than $500 million favored fixed income more than larger entities (17% versus 13% respectively). Larger entities tended to allocate slightly more to alternative asset classes such as private equity (both funds and direct) as well as to private credit.



REGIONAL VIEW

Public equities remain the largest individual asset class within allocations worldwide. Family offices in Asia Pacific and North America had noticeably larger holdings (32% and 29% respectively) than their counterparts in Europe, the Middle East and Africa (22%).

Correspondingly, the latter also had the second largest fixed income holdings (19%), marking an increase of 4% since last year. They also raised their cash & cash equivalents allocations by 4%. Family offices in Europe, the Middle East and Africa thus appear more cautious in their positioning than they were in 2024.

Alongside their large public equity holdings, Asia Pacific entities prioritized liquidity, with 18% average cash holdings. Tariff concerns may partly explain this. By contrast, the figures for Latin America and North America were just 5% and 8% apiece.

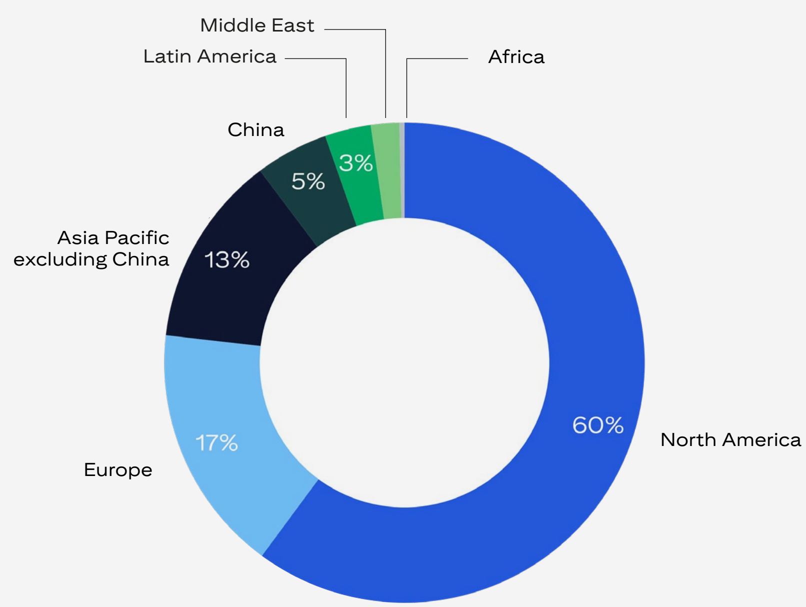
Respondents from Latin America had the highest allocations to private equity (funds and direct combined) at 24%. Those from North America were much more heavily positioned in real estate (funds plus direct: 18%) than those in Asia Pacific (9%) and Europe, the Middle East and Africa (13%).

	Global	APAC	EMEA	LATAM	NAM
Public equities	27%	32%	22%	25%	29%
Fixed income	15%	15%	19%	20%	11%
Cash & cash equivalents	13%	18%	17%	5%	8%
Real estate direct	12%	7%	11%	13%	15%
Private equity funds / funds of funds	11%	9%	10%	18%	10%
Private equity direct	9%	7%	8%	6%	10%
Hedge funds	5%	4%	6%	2%	5%
Private credit	3%	3%	2%	7%	3%
Real estate funds / funds of funds	2%	2%	2%	4%	3%
Other	2%	2%	1%	0%	2%
Commodities	1%	1%	1%	0%	1%
Art	1%	0%	1%	0%	1%
Digital assets	1%	0%	0%	0%	1%

Asset allocation by geography

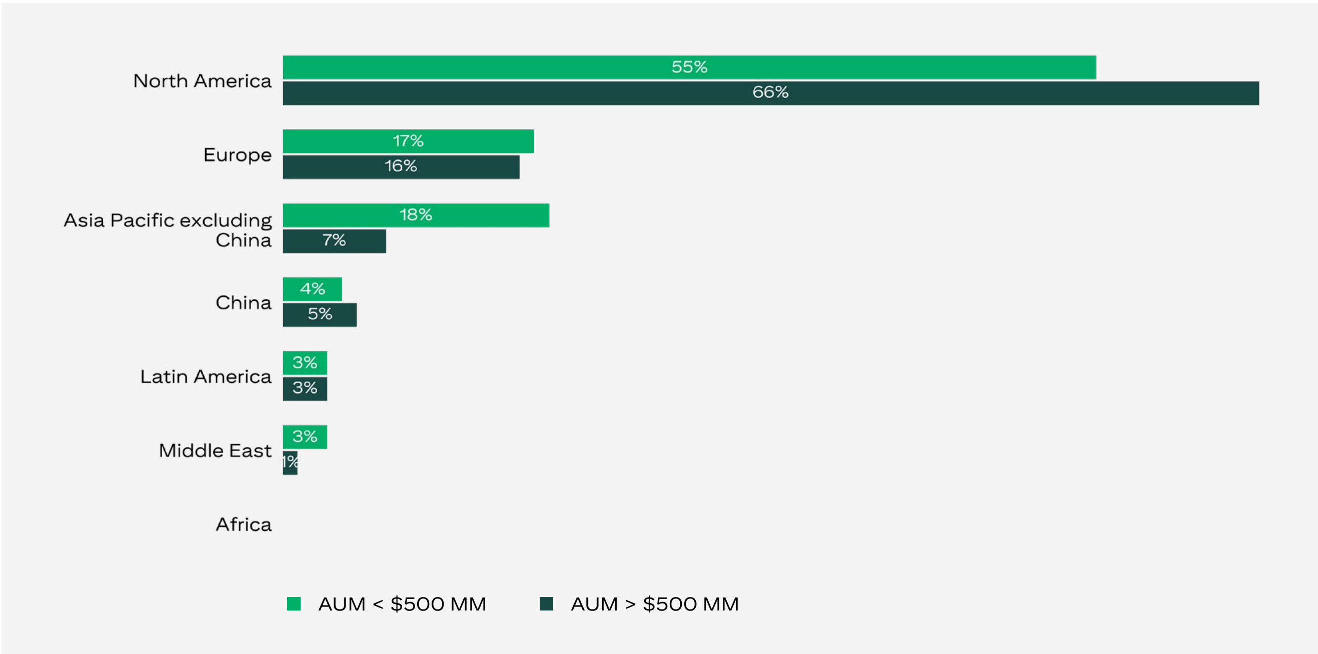
GLOBAL VIEW

Family offices from around the world allocated an average of 60% of their portfolios to assets in North America. This was far ahead of allocations to Europe (17%), Asia Pacific excluding China (13%), Latin America (3%), and the Middle East (2%). These levels were broadly in line with last year's results, with Europe and Asia Pacific excluding China both seeing a 1 percentage point increase, while Latin America retreated by 2 percentage points.



AUM VIEW

Family offices globally with greater than $500 million in AUM allocated rather more of their assets to North America than their smaller counterparts (66% vs 55%). This was likely because many larger entities are based in North America, and they tend to exhibit home bias in their allocations. The other notable contrast was in relation to Asia Pacific excluding China, whose assets had an 18% weighting in smaller family offices' portfolios but just 7% among larger entities.



REGIONAL VIEW

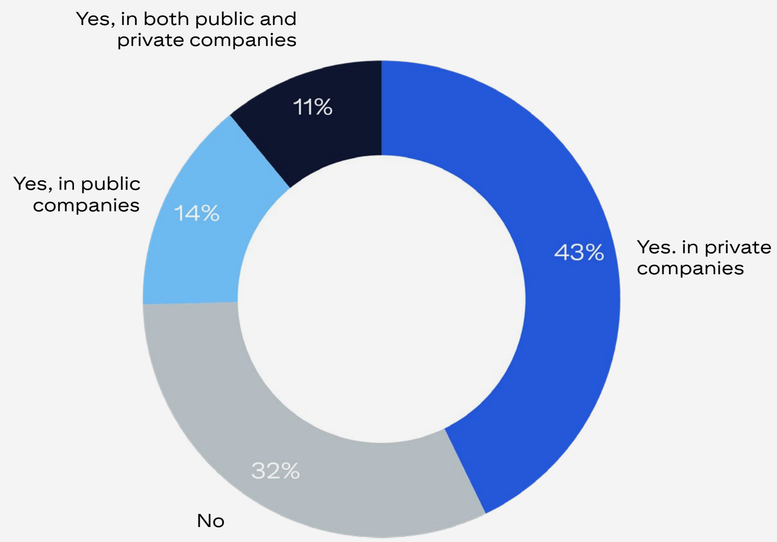
North America family offices are significantly home biased, allocating an average of 85% of their portfolios to assets from their own region (the rest of world average was a 49% allocation to North America). Home bias was a feature of entities based in other regions, with allocations to same-region assets far outstripping global averages with the exception of Latin America–based family offices. Only family offices in Europe, the Middle East and Africa had exposure to every region worldwide, even if some allocations were as low as 1%. Overall, these results are in line with last year's.

	Global	APAC	EMEA	LATAM	NAM
North America	60%	41%	42%	64%	85%
Europe	17%	7%	42%	11%	9%
Asia Pacific excluding China	13%	38%	4%	2%	3%
China	5%	14%	2%	0%	1%
Latin America	3%	0%	1%	23%	2%
Middle East	2%	0%	7%	0%	0%
Africa	0%	0%	1%	0%	0%

Concentrated positions held

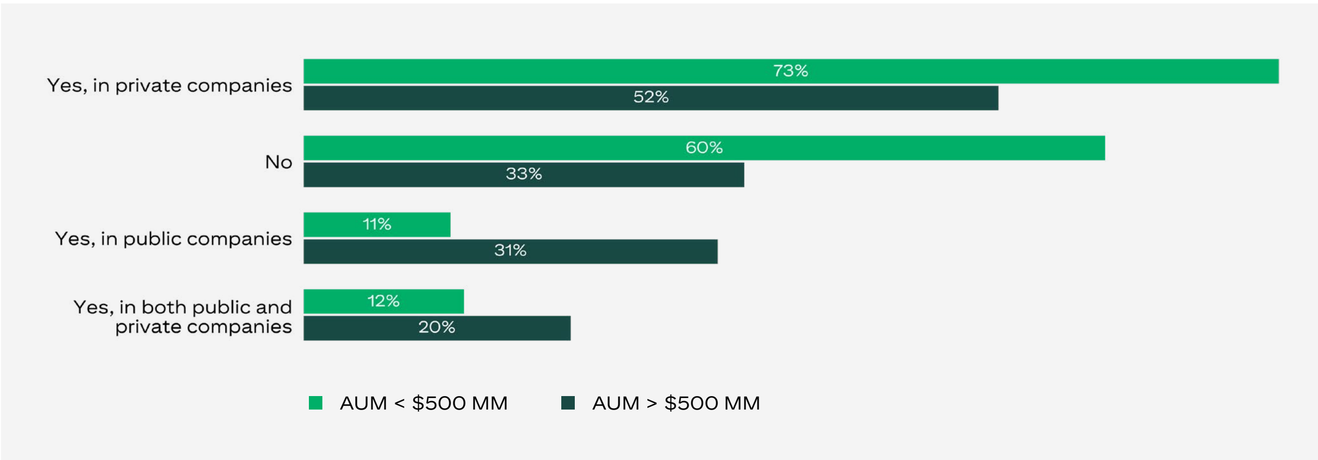
GLOBAL VIEW

Some 43% of family offices worldwide reported having concentrated positions in private companies, while only 14% had them in public companies. Another 11% held concentrated positions in both. These substantial figures reflect how great family wealth often originates from a single concentrated holding and a tendency to retain at least some business ownership post–liquidity events.



AUM VIEW

Family offices worldwide with less than $500 million in AUM were likelier (73%) to hold concentrated positions in private companies than those with AUM above $500 million (52%). Larger family offices, however, showed a greater propensity to hold such positions in public companies (31% vs 11%). Families with larger AUM tended to own stakes in larger companies, which often go public over time.



REGIONAL VIEW

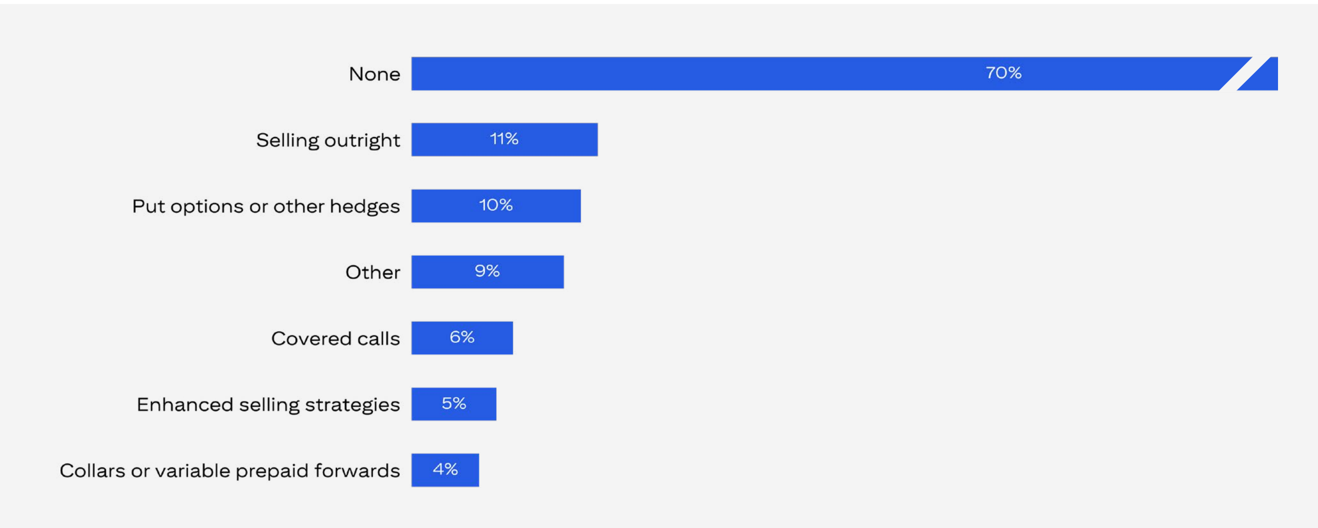
Latin America family offices were the most likely to own a concentrated position (83%), reflecting the prevalence of business-owning families in the region. Asia Pacific respondents were least likely (55%) to own such a position, indicating a preference for diversification.

	Global	APAC	EMEA	LATAM	NAM
Yes, in private companies	43%	33%	39%	57%	50%
No	32%	45%	33%	17%	22%
Yes, in public companies	14%	13%	16%	9%	17%
Yes, in both public and private companies	11%	9%	12%	17%	10%

Strategies to manage risk of concentrated positions

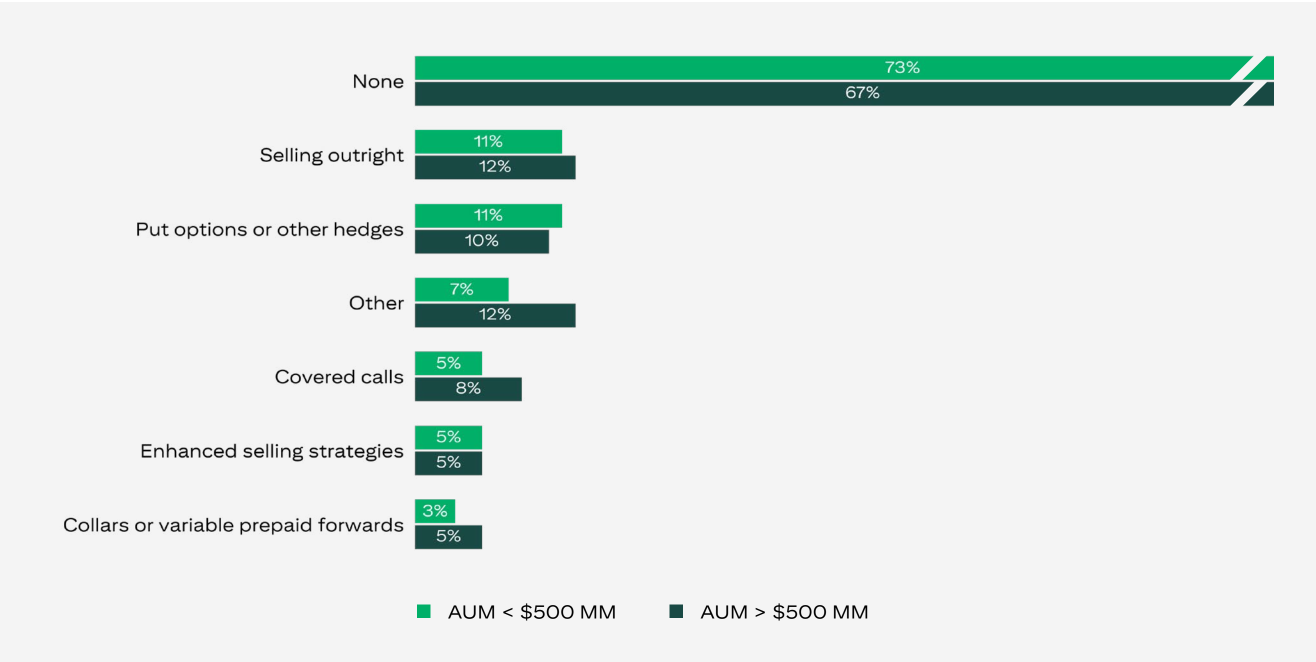
GLOBAL VIEW

Most family offices with concentrated positions did not use strategies to mitigate concentration risk. We believe this may relate to a lack of awareness of the available possibilities rather than an informed decision to do nothing. Among those who did use strategies, outright sale (11%) and put options or other hedges (10%) were the most common. Other strategies such as covered calls, enhanced selling strategies (such as decumulators), and collars or variable prepaid forwards were less frequently deployed.



AUM VIEW

The lack of reliance on strategies to manage concentration risk was widespread across family offices with larger and smaller AUM.



REGIONAL VIEW

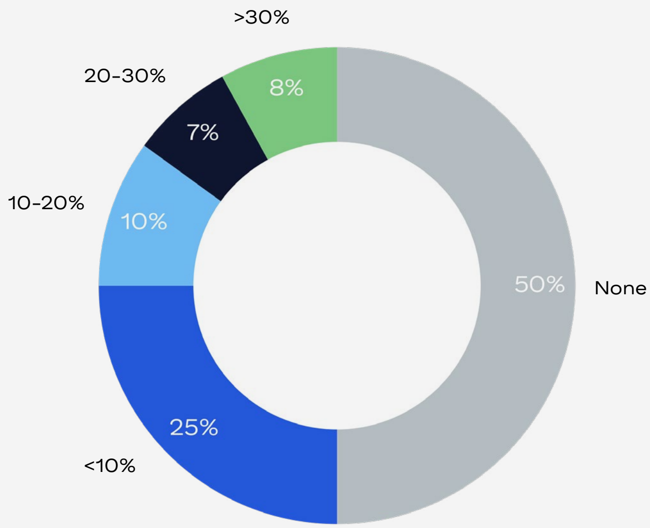
The tendency to do nothing to mitigate the risk of concentrated positions or to seek an outright sale was broadly similar across all regions. Family offices in Asia Pacific and Europe, the Middle East and Africa were much likelier to use put options or other hedges (13% and 12%) than those in Latin America (4%).

	Global	APAC	EMEA	LATAM	NAM
None	70%	66%	69%	74%	73%
Selling outright	11%	13%	11%	9%	11%
Put options or other hedges	10%	13%	12%	4%	8%
Other	9%	11%	8%	13%	8%
Covered calls	6%	8%	5%	0%	8%
Enhanced selling strategies	5%	9%	4%	4%	2%
Collars or variable prepaid forwards	4%	3%	3%	0%	6%

Amount of leverage employed

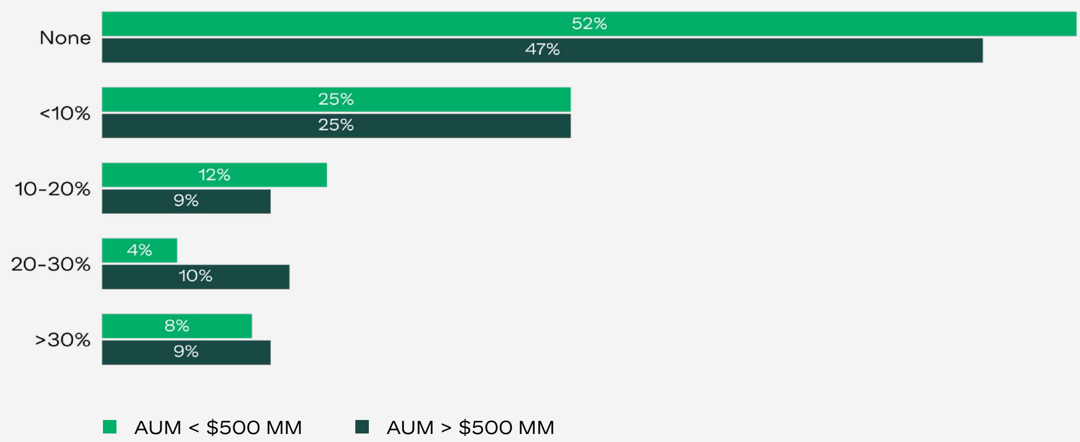
GLOBAL VIEW

As in previous years, half of family office respondents said they employed no leverage. A quarter said they had leverage of below 10%. What explains this restrained approach to leverage? Family offices' mandates are typically to grow multi-generational wealth and to preserve capital. Performance is expected to come from strategic asset allocation and steady compounding rather than gearing up the portfolio. The latter can all too easily lead to outsized losses in adverse conditions. Leverage of 10–20% and of 20–30% was employed by 10% and 7% of entities surveyed. Only about 8% of respondents were more than 30% leveraged.



AUM VIEW

Family offices globally with more than $500 million in AUM were slightly more inclined (53%) to use leverage than their smaller counterparts (49%). Overall, though, levels of leverage used were broadly similar between the two groups.



REGIONAL VIEW

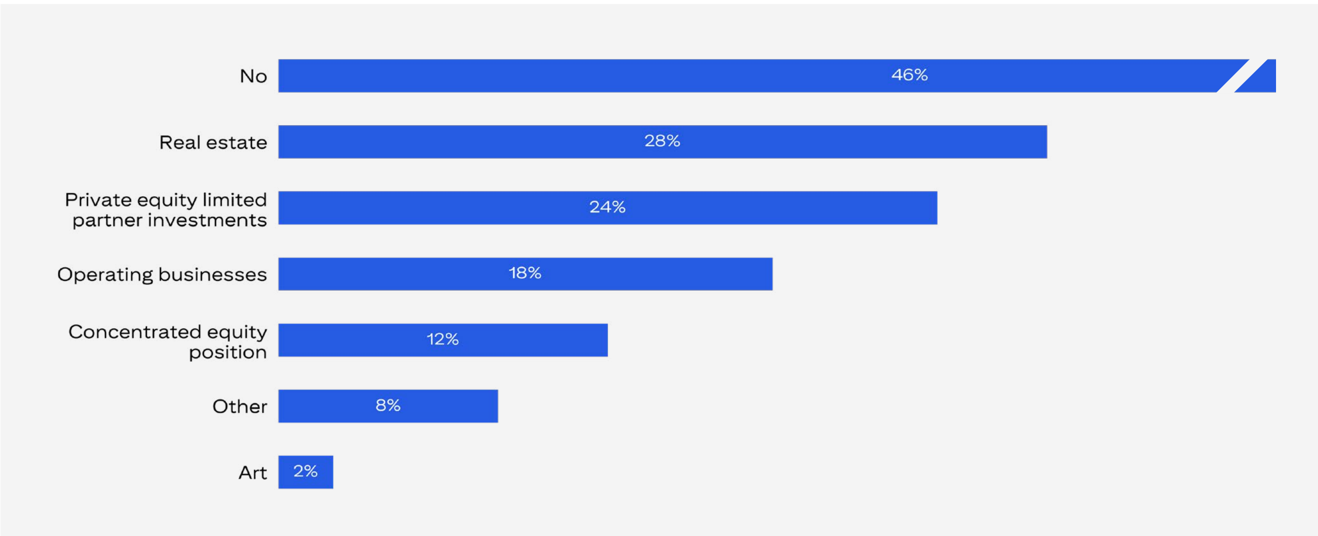
Family offices in Europe, the Middle East and Africa were the likeliest (57%) to have no leverage, while the figure in North America was 48%. Of the minority using upward of 10% leverage, entities based in Latin America were the least enthusiastic. Only 8% of them reported this level of more significant leverage, compared to as much as 33% of respondents in Asia Pacific.

	Global	APAC	EMEA	LATAM	NAM
None	50%	46%	57%	52%	48%
<10%	25%	20%	19%	39%	30%
10-20%	10%	14%	11%	4%	8%
20-30%	7%	14%	7%	0%	3%
>30%	8%	5%	7%	4%	12%

Financing needs

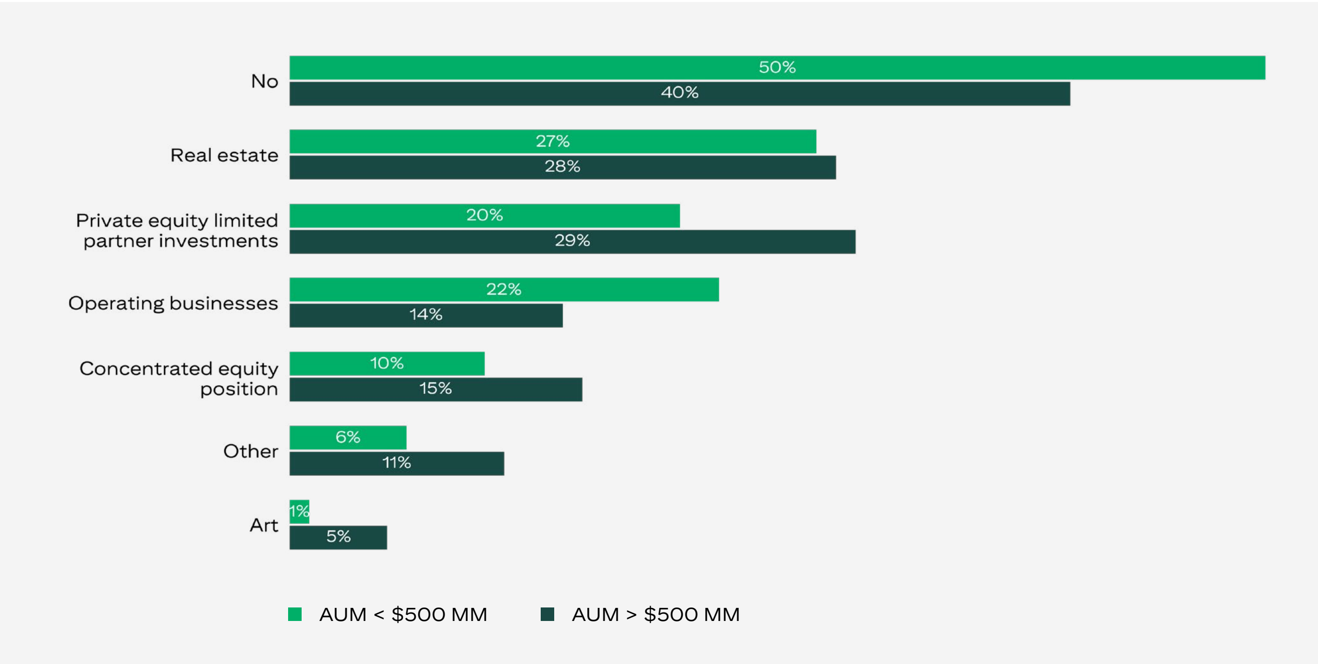
GLOBAL VIEW

Almost half (46%) of family offices worldwide were not exploring financing opportunities. This may possibly signify lack of need or a desire to wait for interest rates to fall. Among those considering financing, the purposes cited were real estate (28%), private equity (24%) and operating businesses (18%).



AUM VIEW

For 50% of family offices with AUM below $500 million, exploring financing was not a priority, compared to 40% of their larger counterparts. This may reflect the greater sophistication or appetite for risk of bigger and often longer established entities. Such family offices were more inclined to seek financing to fund private equity investments than smaller ones (29% vs 20%), as well as for concentrated equity positions (15% vs 10%). However, for those with AUM below $500 million, there was a greater tendency to seek financing in relation to operating businesses (22% vs 14%.) A possible explanation could be that smaller entities may have been created more recently and more often still own an operating business that helped generate the family's wealth.



REGIONAL VIEW

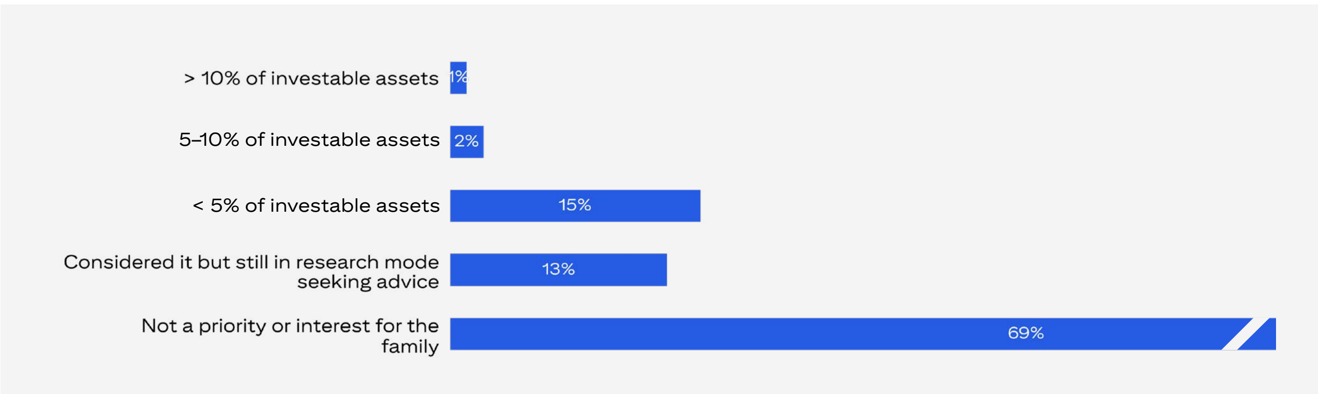
Asia Pacific family offices were much less inclined to explore financing (45%) than respondents from Latin America (68%). The latter also showed a stronger interest in borrowing to fund real estate, private equity and operating businesses than their peers in any other region.

	Global	APAC	EMEA	LATAM	NAM
No	46%	55%	43%	32%	42%
Real estate	28%	15%	33%	36%	32%
Private equity limited partner investments	24%	20%	25%	41%	25%
Operating businesses	18%	19%	20%	23%	16%
Concentrated equity position	12%	13%	12%	9%	13%
Other	8%	11%	9%	0%	8%
Art	2%	1%	1%	0%	4%

Investments in digital assets

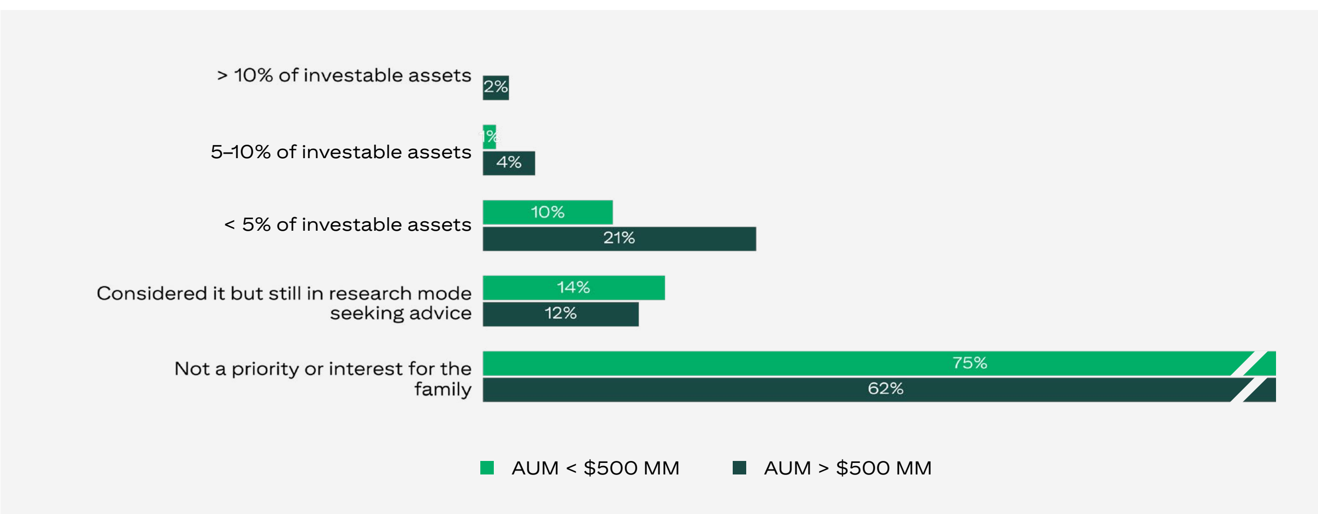
GLOBAL VIEW

Despite an increasingly favorable regulatory backdrop in the US and a recent increase in cryptocurrency valuations, digital assets were not a priority for most family office respondents (69%) globally. Of the minority, 13% were considering investing but remain in the "research" phase. Just 15% allocated up to 5% to digital assets. A small handful (3%) allocated 5–10% or more, similar to last year.



AUM VIEW

Interest in digital assets seems to correlate with the size of family offices' AUM. The larger entities were more disposed to consider or invest in this area than smaller ones (39% vs 25%). Most of those with more substantial holdings representing 5% or more of investable assets were those with more than $500 million in AUM.



REGIONAL VIEW

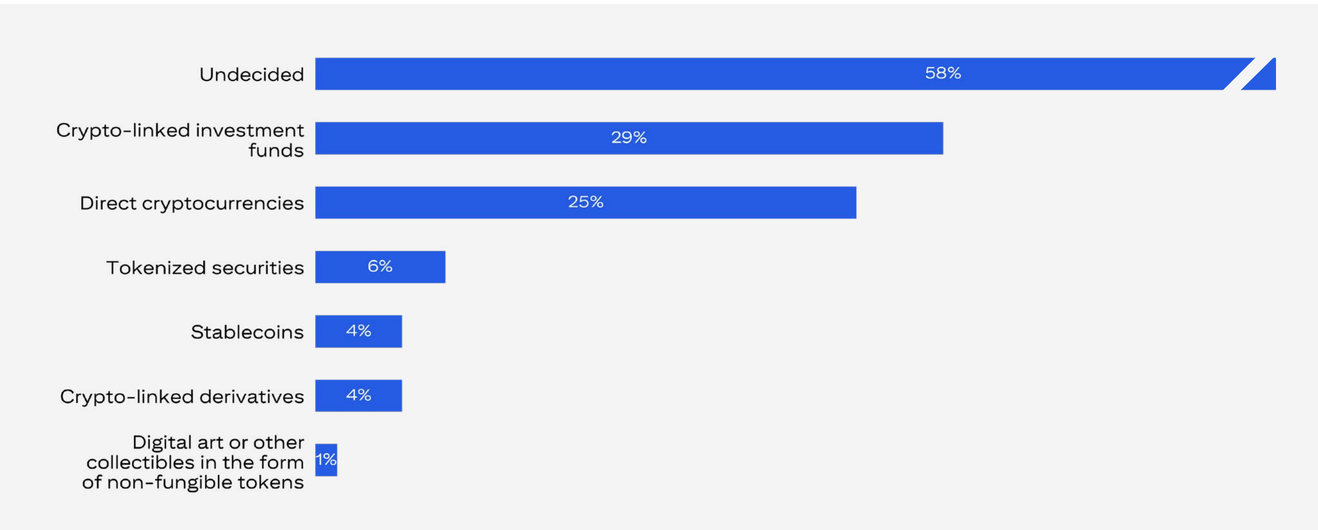
While digital assets remain a minor interest globally, those owning substantial holdings (5% or more of their investable assets) were almost all family offices from North America. That said, most regions had at least some family offices with up to 5% exposure. Latin America led the way with 17% and Asia Pacific was last with 12%. Latin America's history of monetary instability may help explain its leadership in the amount of family offices (22%) still doing their homework on digital assets.

	Global	APAC	EMEA	LATAM	NAM
> 10% of investable assets	1%	0%	0%	0%	2%
5–10% of investable assets	2%	0%	1%	0%	4%
< 5% of investable assets	15%	12%	15%	17%	16%
Considered it but still in research mode seeking advice	13%	17%	15%	22%	8%
Not a priority or interest for the family	69%	72%	68%	61%	70%

Interest in type of digital assets

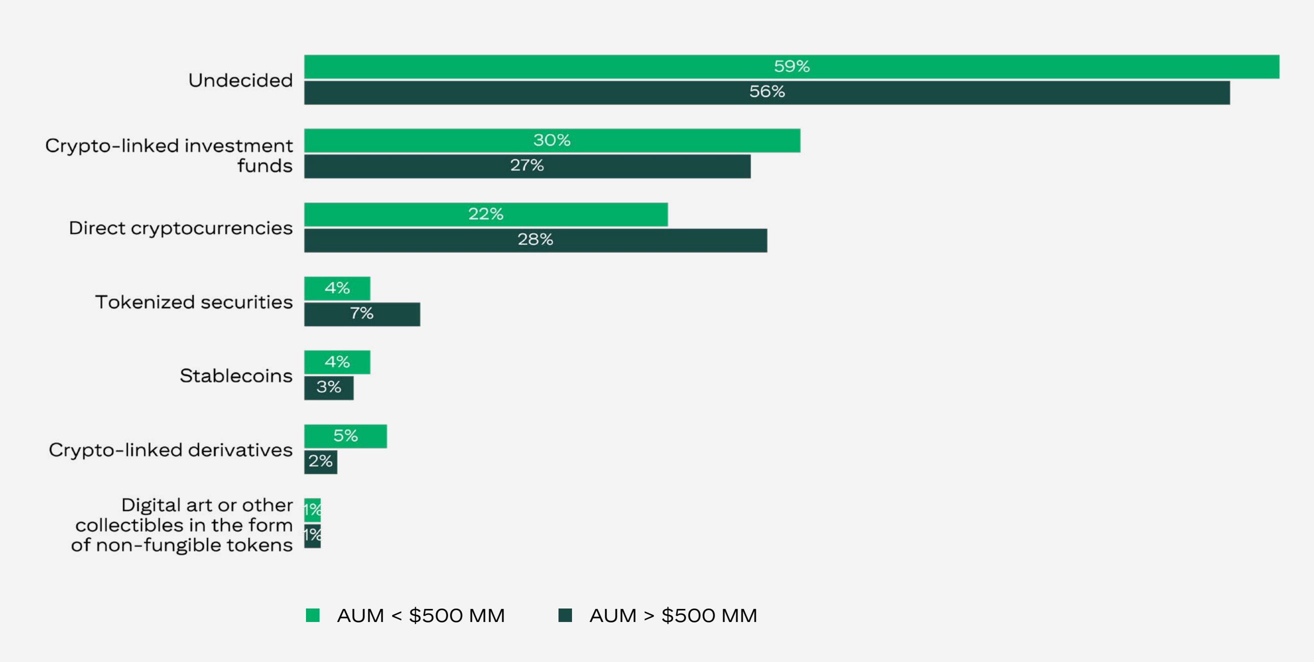
GLOBAL VIEW

Among the minority of family offices that were considering digital assets, there was a preference for exposure via familiar means. Globally, crypto-linked investment vehicles such as exchange-traded funds (ETFs) or private funds were the most popular choice (29%), followed closely by direct holdings of cryptocurrencies including Bitcoin and Ethereum (25%). However, 58% of respondents were undecided about which digital asset investment vehicles to explore, underscoring family offices' ongoing need for education in this emerging asset class.



AUM VIEW

Interest in the different varieties of digital asset investment vehicles was broadly similar for smaller and larger family offices.



REGIONAL VIEW

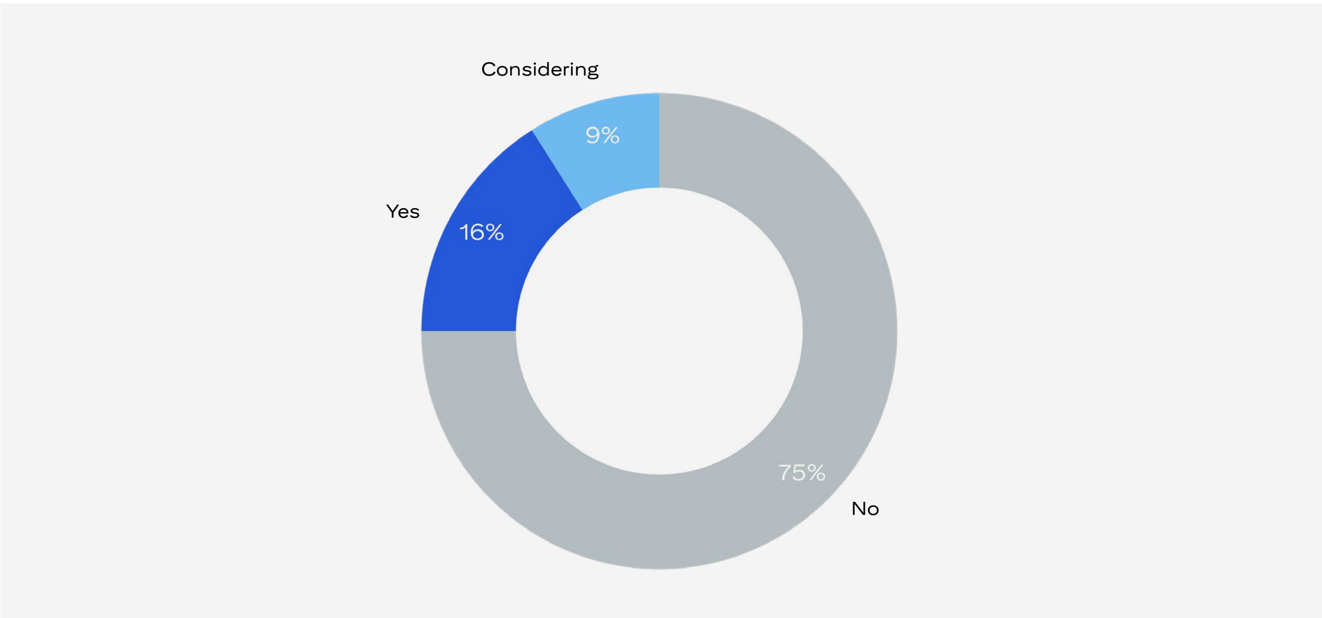
Latin America was the region with the fewest undecided respondents (47%) and the greatest interest in crypto-linked investment funds such as ETFs or private funds (53%). This contrasted with Asia Pacific, where 70% declared themselves undecided and just 23% mentioned crypto-linked funds. Direct cryptocurrency holdings were most in favor among those in Europe, the Middle East and Africa.

	Global	APAC	EMEA	LATAM	NAM
Undecided	58%	70%	48%	47%	56%
Crypto-linked investment funds	29%	23%	35%	53%	24%
Direct cryptocurrencies	25%	19%	31%	18%	28%
Tokenized securities	6%	5%	8%	0%	6%
Stablecoins	4%	5%	4%	0%	4%
Crypto-linked derivatives	4%	5%	6%	0%	1%
Digital art or other collectibles in the form of non-fungible tokens	1%	2%	0%	0%	1%

Art advisor for art collections

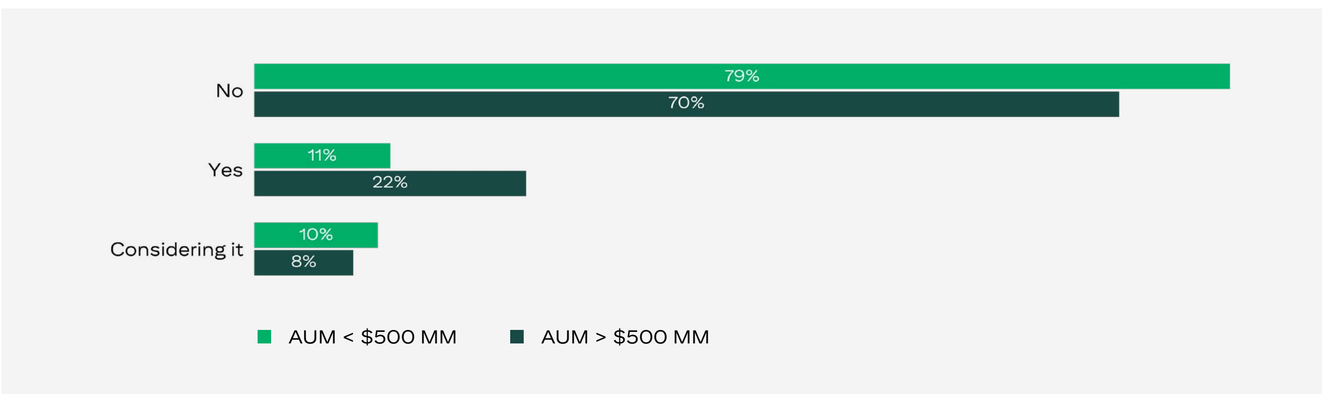
GLOBAL VIEW

Art makes up a small proportion of family offices' average asset allocation, less than 1% globally. However, that number is likely understated, as many family collections are not managed by their family office. In any case, 25% of family offices use or are considering art advisors for guidance on buying, selling or managing collections. Understandably, specialist insight is often required to navigate the complex and rather opaque art market. As the art world continues to expand and evolve, family office engagement with experts is likely to increase.



AUM VIEW

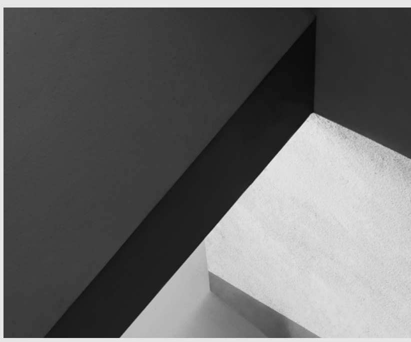
Larger family offices are more likely to engage art advisors. More than a fifth (22%) of those with above $500 million in AUM currently have an art advisor, with another 8% considering it. This may reflect how such entities are typically longer established and more willing to seek diversification beyond traditional asset classes, as well as better resourced and thus able to pay for specialized advice.



REGIONAL VIEW

In Europe, the Middle East and Africa and North America, 32% and 28% of respondents respectively said they had used or considered using art advisors. The figure for Asia Pacific – where the art market is at an earlier stage of development – was 15%, which we expect to rise over time.

	Global	APAC	EMEA	LATAM	NAM
No	75%	84%	68%	77%	72%
Yes	16%	4%	22%	9%	23%
Considering it	9%	11%	10%	14%	5%



For over 45 years, our Art Advisory team has helped ultra-high-net-worth individuals and families build museum-quality art collections. We are a team of art historians who approach art as a passion, with an eye toward how the art may hold value over time. We help clients become connoisseurs, show them how to navigate an often opaque market, and build world-class collections that last for generations. Our advice is rooted in wanting clients to love the art they are buying.

Betsy Bickar
Head of Art Advisory

Private equity

Overview

Family offices continued to show a strong interest in private equity investments, with notable emphasis on direct investments and certain strategy types within the private equity landscape.

A significant portion of family office capital allocated to private equity funds went to growth equity, buyout and venture capital.

There was continued interest in secondaries this year.

Despite the sharp equity selloff and economic uncertainty that accompanied the outbreak of the trade war earlier in 2025, family offices kept the faith with direct investing.

Within direct investments, growth and early-stage companies are the most favored categories. This preference likely reflects the potential for higher returns in these segments, as well as the opportunity for family offices to actively engage with portfolio companies and contribute to their growth.

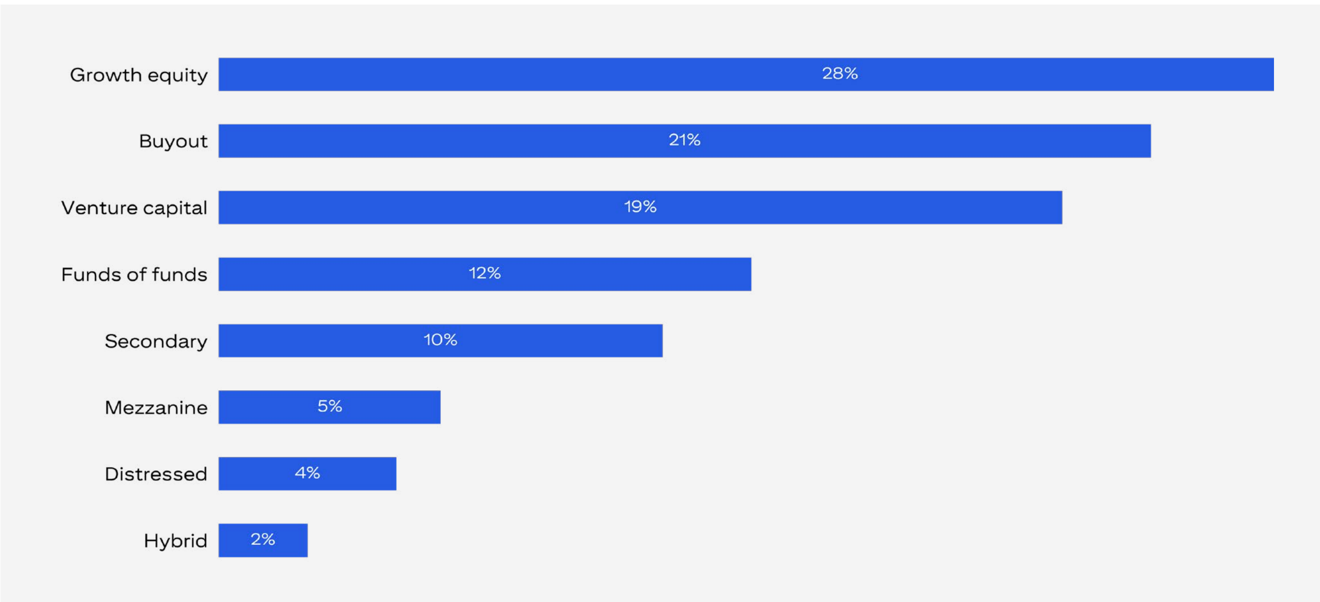
These trends highlight the evolving role of family offices in the private equity landscape and their increasing sophistication in navigating this complex asset class.

Private equity allocation by fund type in the last 12 months

GLOBAL VIEW

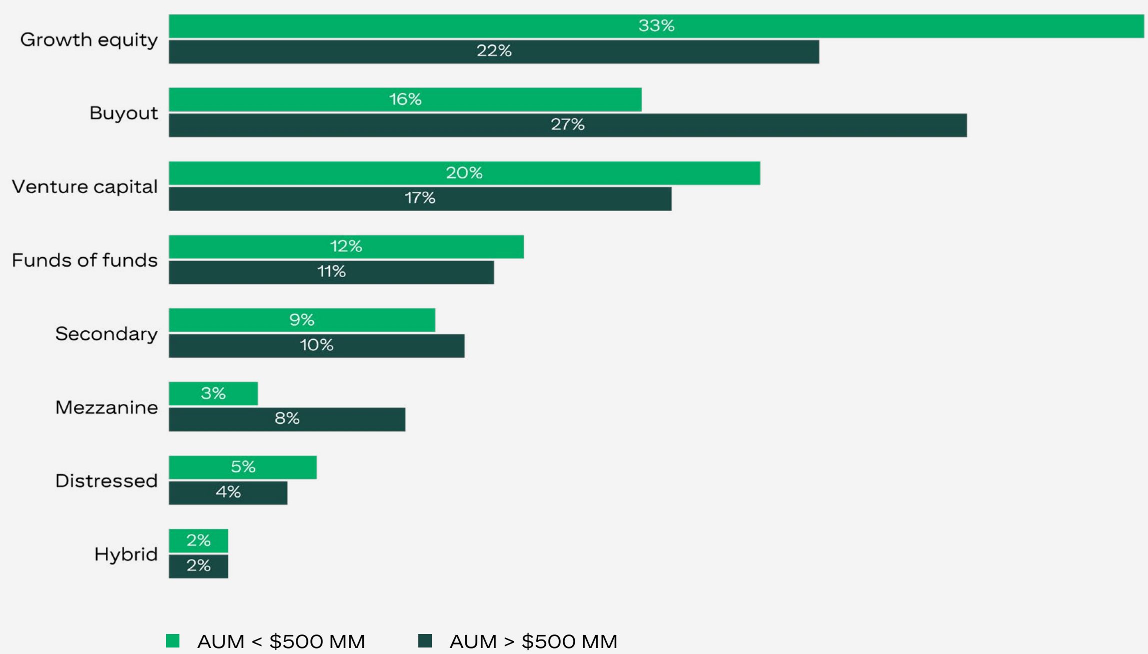
Much like in 2024, growth equity had the highest share (28%) of private equity allocations, followed by buyout (21%) and venture capital (19%). Secondaries remained in line with their level last year – around 10%.

Overall, then, family offices were keener on funds focused on more proven business models that seemed closer to scalability than on more speculative venture investments. Likewise, they preferred buyout funds, which typically have a shorter return horizon than venture capital.



AUM VIEW

Family offices with less than $500 million in AUM were more focused on growth equity funds compared to their larger peers (33% vs 22%.) The latter expressed a greater preference for buyout funds, by contrast (27% vs 16%). One explanation for this could be potentially better access for larger family offices to major deals from leading buyout funds, while smaller family offices more often turn to deals from growth managers.



REGIONAL VIEW

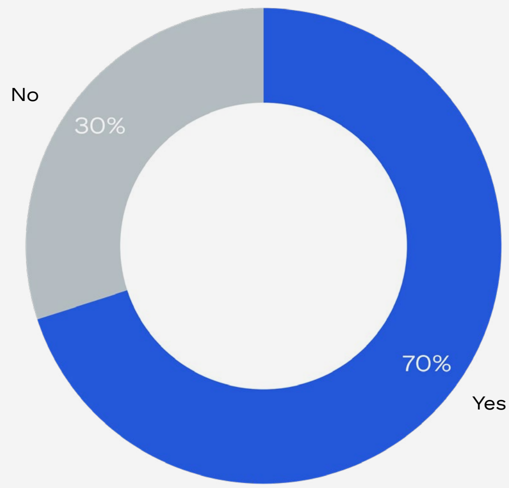
Venture capital was more popular in Europe, the Middle East and Africa (22%) and North America (23%), particularly compared to Latin America (9%). Both Europe and North America are well known for hosting thriving venture capital ecosystems. Growth equity commanded a significant following across all regions, from 23% in Europe, the Middle East and Africa to 30% in Asia Pacific. Family offices globally may be attracted by growth equity's potential for greater upside than in buyouts but the lower risk than in venture capital.

	Global	APAC	EMEA	LATAM	NAM
Growth equity	28%	30%	23%	24%	28%
Buyout	21%	19%	21%	17%	23%
Venture capital	19%	13%	22%	9%	23%
Funds of funds	12%	14%	16%	13%	10%
Secondary	10%	10%	9%	21%	7%
Mezzanine	5%	7%	6%	9%	2%
Distressed	4%	6%	2%	5%	4%
Hybrid	2%	2%	2%	2%	2%

Engagement with direct investments

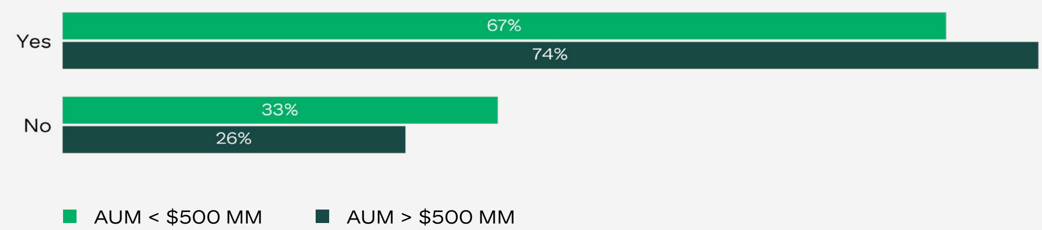
GLOBAL VIEW

Direct investing remained high on the agenda for family offices worldwide, with 70% saying they were engaged here.



AUM VIEW

Respondents with AUM over $500 million were more engaged with direct investments (74%) than their smaller peers (67%). Larger family offices are typically better able to direct resources toward the expensive internal due diligence capacities that such deals require. They may also be more tolerant of illiquidity.



REGIONAL VIEW

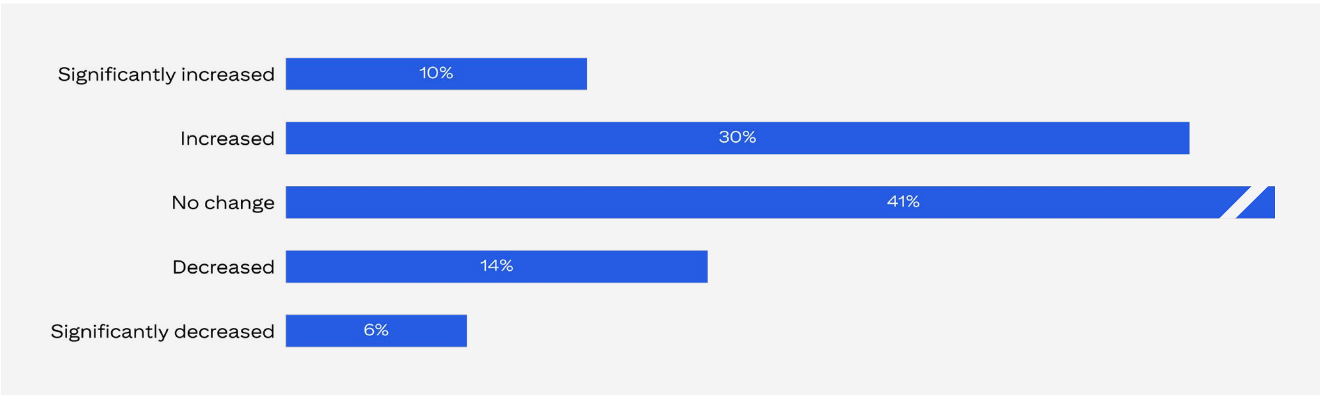
North America family offices were most engaged (77%) in direct investing, with those in Latin America the least so at 57%. Given that many Latin American entities have significant operating businesses, they may feel less inclined to add further illiquidity via direct investments in private equity.

	Global	APAC	EMEA	LATAM	NAM
Yes	70%	65%	71%	57%	77%
No	30%	35%	29%	43%	23%

Direct investing strategy adjustments

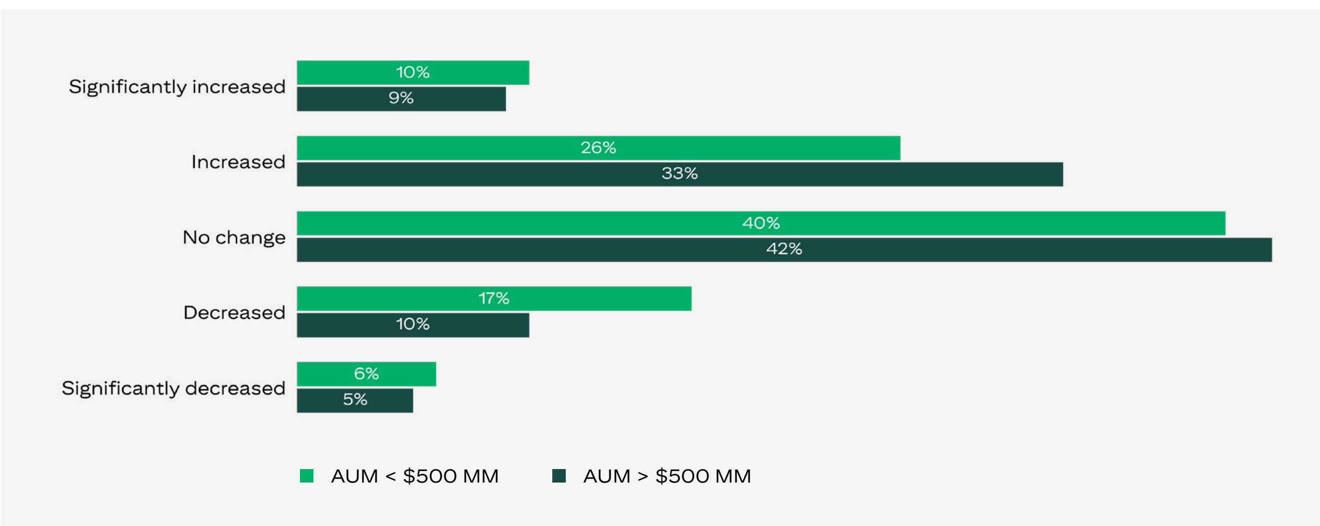
GLOBAL VIEW

Despite the sharp equity selloff and economic uncertainty that accompanied the outbreak of the trade war earlier in 2025, family offices kept the faith with direct investing. While 41% maintained their direct investing exposure in the last 12 months, a similar proportion of them upped their exposure.



AUM VIEW

Similar trends were evident among family offices with AUM above and below $500 million. However, a higher proportion of smaller entities reported having decreased or significantly decreased their direct investing activity compared to larger ones (23% vs 15%). Lower tolerance for illiquidity risk amid the tariff-related economic uncertainty may explain this.



REGIONAL VIEW

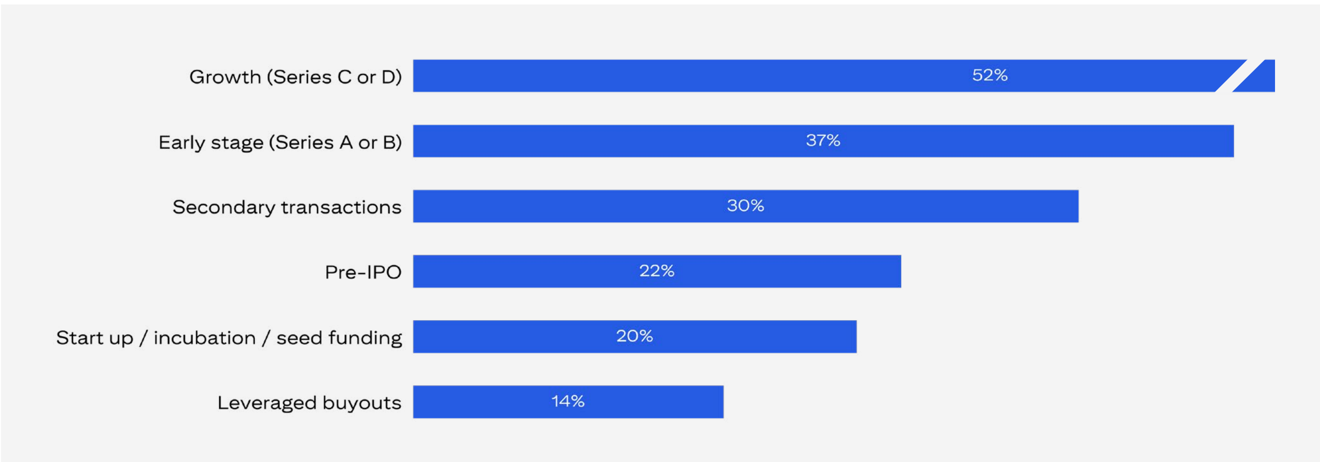
Activity was most brisk among family offices in Latin America, with 53% reporting increased or significantly increased direct investing. At the same time, though, 23% of entities in that region said they had decreased or significantly decreased exposure.

	Global	APAC	EMEA	LATAM	NAM
Significantly increased	10%	10%	10%	15%	8%
Increased	30%	28%	26%	38%	32%
No change	41%	38%	52%	23%	40%
Decreased	14%	14%	10%	15%	15%
Significantly decreased	6%	10%	2%	8%	6%

Direct investing stage preference in the last year

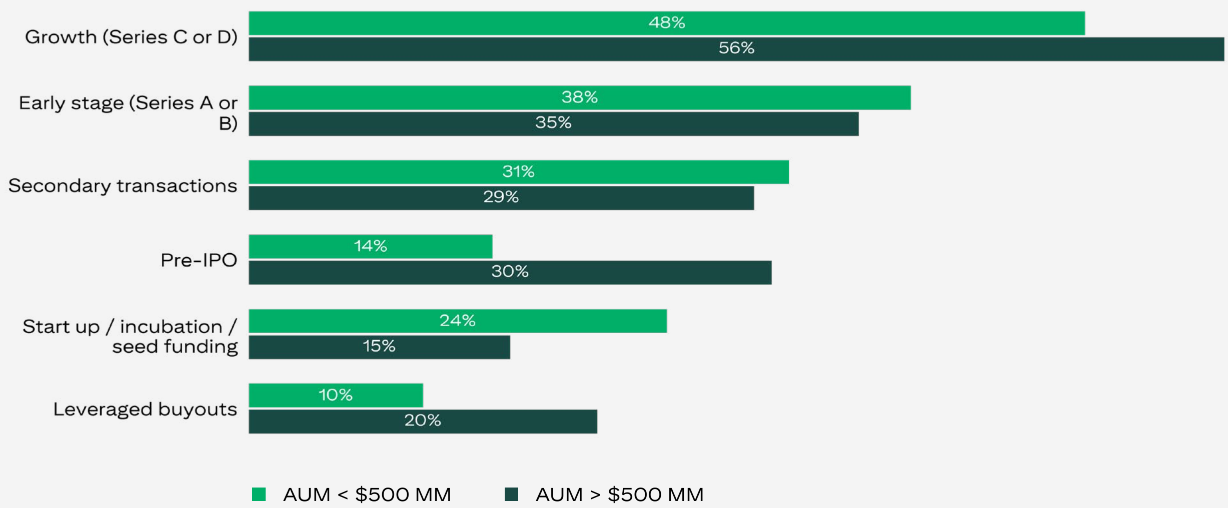
GLOBAL VIEW

As in 2024, family offices continued to express the strongest preference (52%) for growth-stage – aka Series C or D – companies. Early-stage – aka Series A or B – companies were mentioned by 37% of respondents. This may be to do with the lower perceived risk in growth compared to venture capital. Secondary transactions accounted for 30% of investments, while pre-IPO investments represented 22%, illustrating how investors have adapted to generate liquidity from these illiquid investments. Startup / incubation / seed funding captured 20% of investment activity, and leveraged buyouts constituted the smallest share at 14%.



AUM VIEW

Both smaller and larger family offices (48% and 56%) cited growth equity investments as their preferred direct investing stage in the last 12 months. However, larger family offices were much keener on pre-IPO investments (30% vs 14%). Smaller family offices were more attracted to start-up / incubation / seed funding opportunities than larger entities (24% vs 15%). Greater accessibility and smaller ticket size may explain this. Leveraged buyouts were twice as popular among larger AUM respondents, meanwhile (20% vs 10%).



REGIONAL VIEW

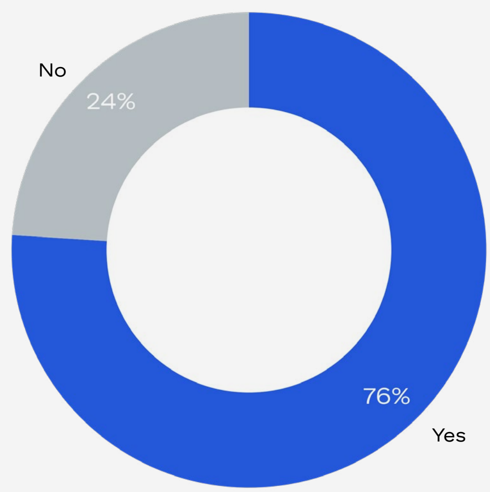
There was a consistently high preference for growth companies (Series C and D) across family offices from all regions. Secondary transactions had conspicuously more appeal in Latin America , while pre-IPO was favored similarly in Latin America and Asia Pacific. The region with the most balanced distribution of preferences was North America. The latter's greater appetite for leveraged buyouts is perhaps a sign of the maturity of the market and the presence of many larger family offices.

	Global	APAC	EMEA	LATAM	NAM
Growth (Series C or D)	52%	56%	50%	46%	52%
Early stage (Series A or B)	37%	42%	28%	38%	39%
Secondary transactions	30%	29%	26%	46%	29%
Pre-IPO	22%	31%	11%	31%	20%
Start up / incubation / seed funding	20%	13%	24%	23%	20%
Leveraged buyouts	14%	13%	13%	8%	19%

Controlling stakes in operating businesses

GLOBAL VIEW

Over three quarters of family offices globally reported owning controlling stakes in operating businesses. Especially for some newer entities, these businesses will be the initial and future source of family wealth through liquidity events. However, some families have decided to retain operating businesses because of their continued financial contribution and their role within family unity, identity and employment.



AUM VIEW

Family offices with AUM over $500 million were slightly likelier to have controlling stakes in operating companies than their smaller counterparts (79% vs 73%). While the margin was slim, this finding is somewhat counterintuitive, given that smaller entities often serve families who have created their wealth more recently and have retained a business that generated their success. Larger family offices are typically more mature and have made more efforts to diversify.

	Yes	No
AUM < $500 MM	73%	27%
AUM > $500 MM	79%	21%

REGIONAL VIEW

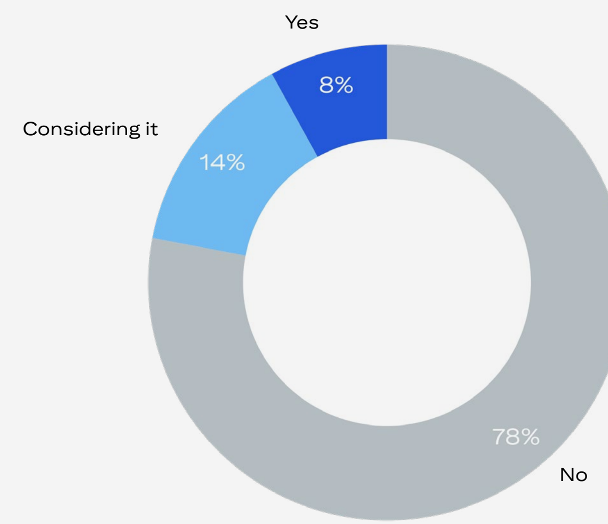
Family offices in Latin America (88%) and EMEA (86%) had a higher propensity to own controlling stakes than the other two regions (around 71%). This was possibly due to the former regions' long-standing tradition of family businesses ownership.

	Global	APAC	EMEA	LATAM	NAM
Yes	76%	72%	86%	88%	71%
No	24%	28%	14%	12%	29%

Acquisition of companies via a control transaction

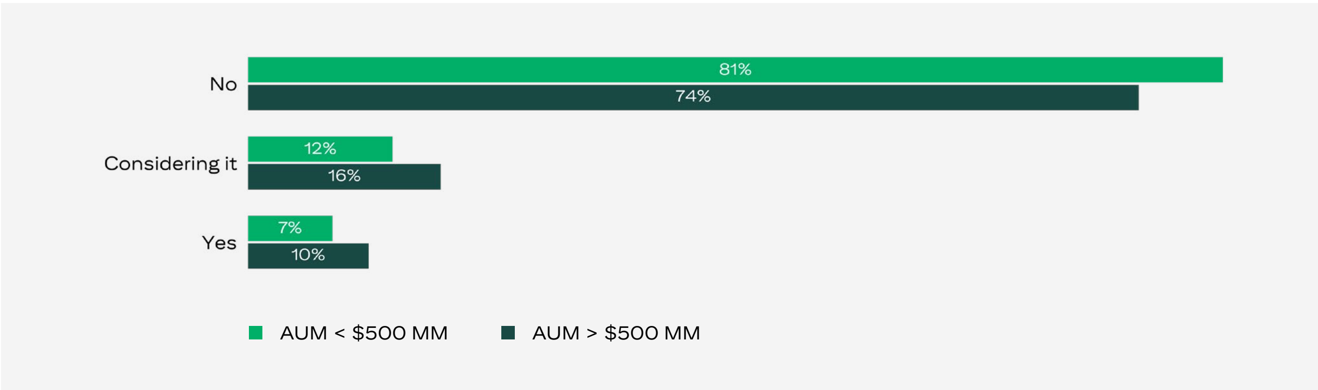
GLOBAL VIEW

Acquisition of companies via a control transaction is a priority for a small minority (8%) of family offices, while another 14% are considering it. However, these results may well understate the true situation, as such acquisitions are typically managed by the family's operating company and not their family office.



AUM VIEW

Likely because they have greater resources and access to expertise, larger family offices express a greater interest in acquisitions (26% vs 19%).



REGIONAL VIEW

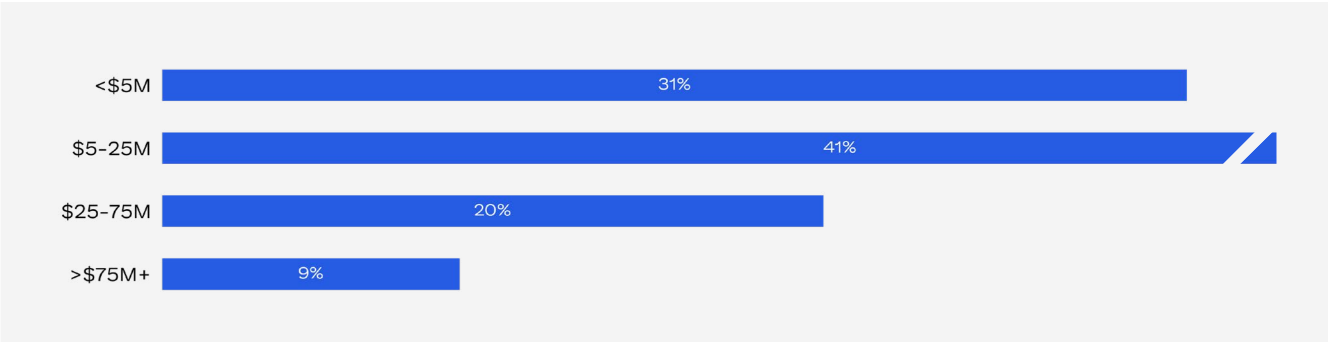
Europe, the Middle East and Africa family offices expressed the greatest interest in pursuing acquisitions via control transactions (30%). In Latin America, the figure was just 9%. This may reflect a greater emphasis on building rather than buying companies in the latter region.

	Global	APAC	EMEA	LATAM	NAM
No	78%	77%	71%	91%	79%
Considering it	14%	16%	19%	0%	12%
Yes	8%	6%	11%	9%	9%

EBITDA range for potential acquisitions

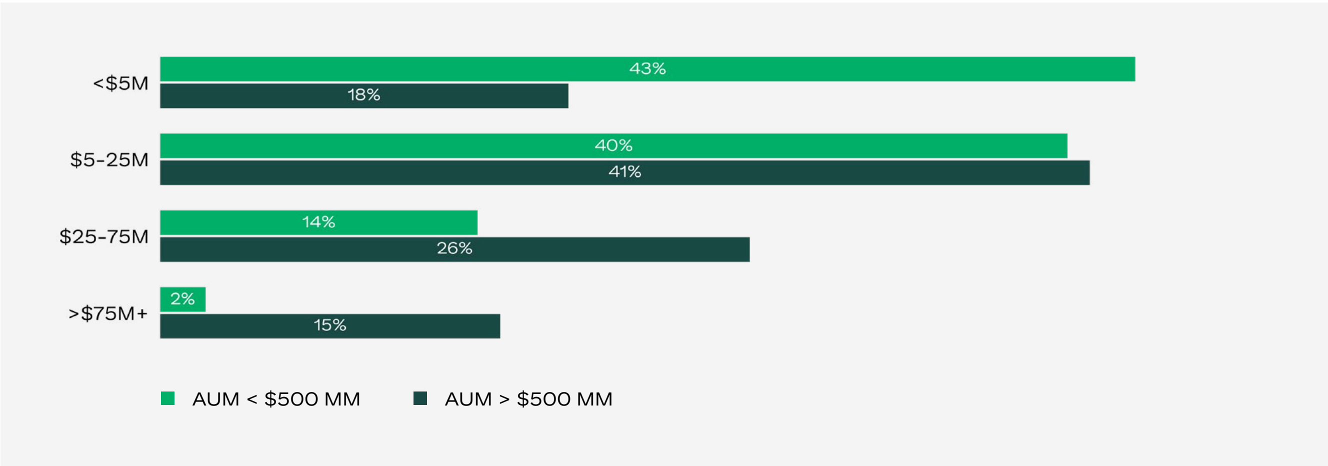
GLOBAL VIEW

For those aspiring to acquire companies in a control transaction, potential targets with earnings before interest, tax, depreciation and amortization (EBITDA) below $25 million appeared to be the sweet spot (72%).



AUM VIEW

Larger family offices were more open to acquiring companies with higher EBITDA. After all, they are likely to be more equipped to pay the higher prices involved. Over 41% of family offices with AUM above $500 million mentioned potential acquisitions with EBITDA above $25 million.



REGIONAL VIEW

Family offices in Latin America were seeking companies in the higher EBITDA range, with two thirds mentioning acquisition targets whose EBITDA was greater than $25 million. By contrast, North America family offices were focused on smaller businesses, with 78% looking for targets with EBITDA below $25 million.

	Global	APAC	EMEA	LATAM	NAM
<$5M	31%	24%	22%	33%	44%
$5-25M	41%	40%	52%	0%	34%
$25-75M	20%	28%	17%	33%	16%
>$75M+	9%	8%	9%	33%	6%

Family office management

Overview

Professionalization is most advanced for the investment function, but progress is also in evidence in other areas such as separation of the family office from family business.

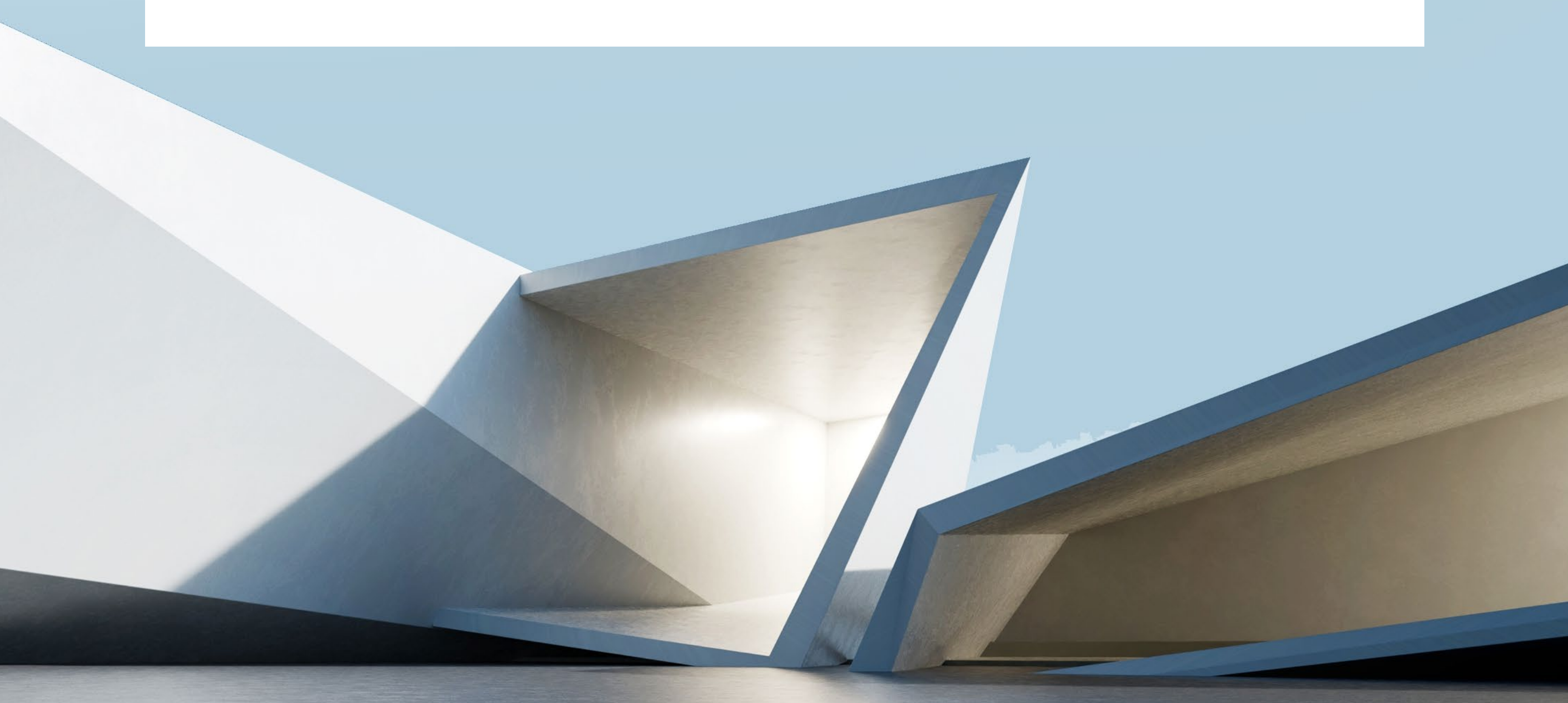
Many respondents reported working with external investment advisors, while almost always retaining ultimate decision-making authority.

Relative investment performance was the main success metric for family offices, with client satisfaction surveys uncommon.

Technology adoption has advanced over the years, but there are still many barriers, particularly a lack of internal expertise.

AI deployment is accelerating, with portfolio construction and performance reporting the key areas.

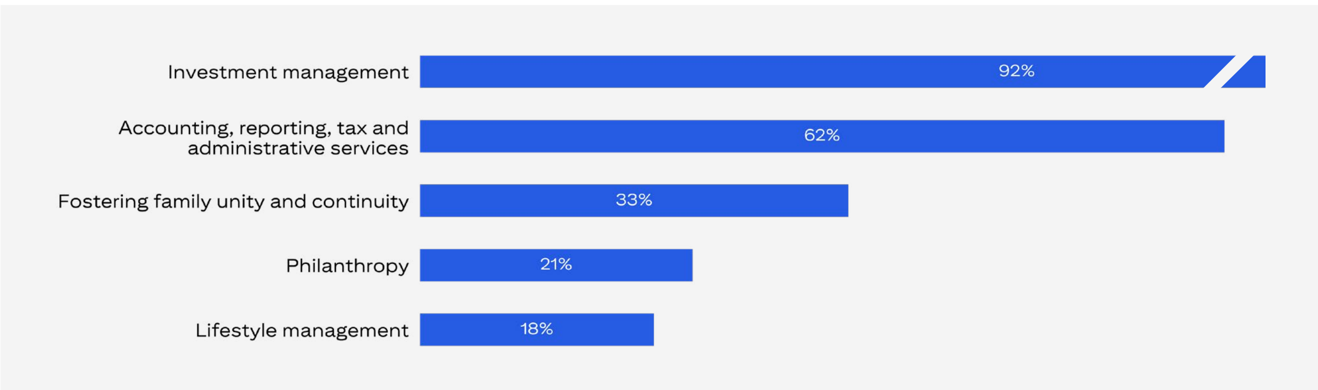
Meeting family members' needs and expectations was the top challenge cited, followed by adapting to market conditions.



Family office primary focus

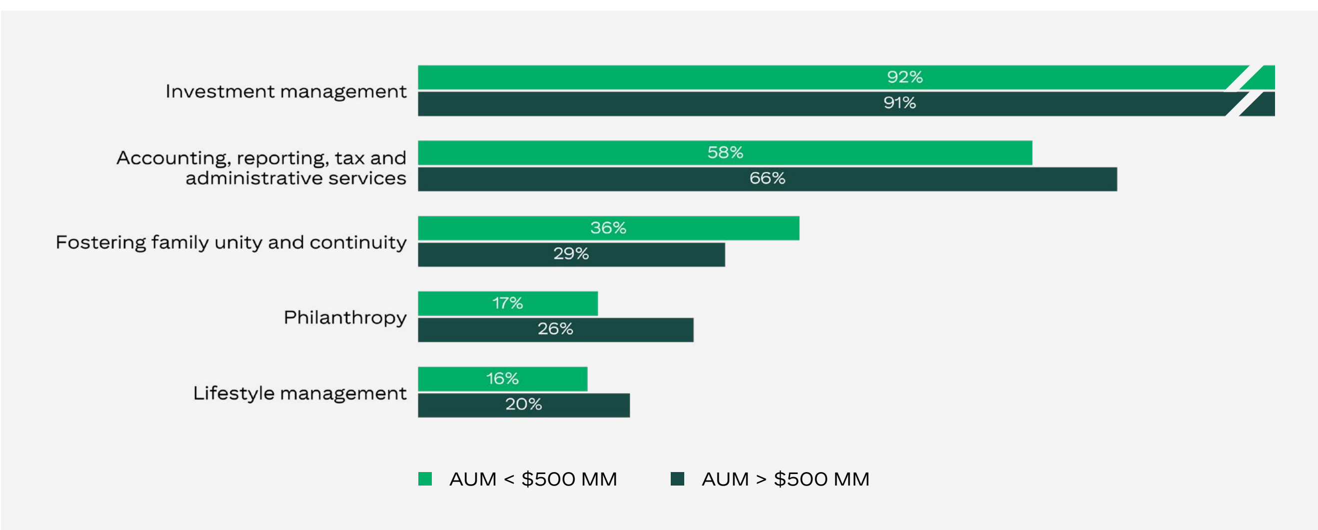
GLOBAL VIEW

Investment management dominated the services provided by family offices (92%) together with accounting, tax and reporting (62%). Despite the value that family principals place on fostering family unity and continuity, it is striking to see that this lags far behind as a priority (33%). Family offices are thus still more focused on financial issues, most likely a result of resource constraints.



AUM VIEW

Both large and small family offices had a similar focus on investment management and accounting, tax and reporting. Interestingly, smaller family offices were more focused on fostering family unity and continuity (36% vs 29%), possibly as they were seeking to tackle this issue as early as possible rather than potentially playing catch up later on. Larger entities were somewhat more involved in philanthropy (26% vs 17%), most likely given their greater resources and capital.



REGIONAL VIEW

The primary focus on investment management was evident across family offices in every region. Accounting, reporting tax and administrative services were mentioned more often by respondents from Latin America (70%) and North America (71%) than by those elsewhere (around 55%).

Perhaps because of the regions' traditional emphasis on family business, Latin America and Asia Pacific were the leaders when it came to fostering family unity and continuity, at 40% and 38% respectively.

Once again, North America respondents placed greater emphasis on philanthropy (34%). Tax incentives and longstanding tradition are likely to explain this. The comparable figure in Asia Pacific was just 11%.

Lifestyle management – which can cover a wide variety of personal and non-financial activities including travel & leisure, household affairs, security and more – was notably more of a focus in North America (27%) than elsewhere (average 13%).

	Global	APAC	EMEA	LATAM	NAM
Investment management	92%	95%	92%	95%	87%
Accounting, reporting, tax and administrative services	62%	56%	55%	70%	71%
Fostering family unity and continuity	33%	38%	33%	40%	28%
Philanthropy	21%	11%	14%	15%	34%
Lifestyle management	18%	11%	12%	15%	27%

GENERATIONAL VIEW

As family wealth passes to new generations, the significance of fostering family unity and continuity increases. After all, the larger and more complex a family becomes over time, the greater the scope for divergences in vision and values. Forty-three percent of third-generation or later family offices cited this as a focus issue, compared to 32% of first-generation entities. Interestingly, lifestyle management declined in importance for longer established family offices. This may be a function of the difficulty of providing personal services to families with increasingly numerous members over time.

	G1	G2	G3+
Investment management	90%	96%	86%
Accounting, reporting, tax and administrative services	59%	63%	75%
Fostering family unity and continuity	32%	29%	43%
Philanthropy	23%	17%	23%
Lifestyle management	21%	17%	9%

Family office services provided

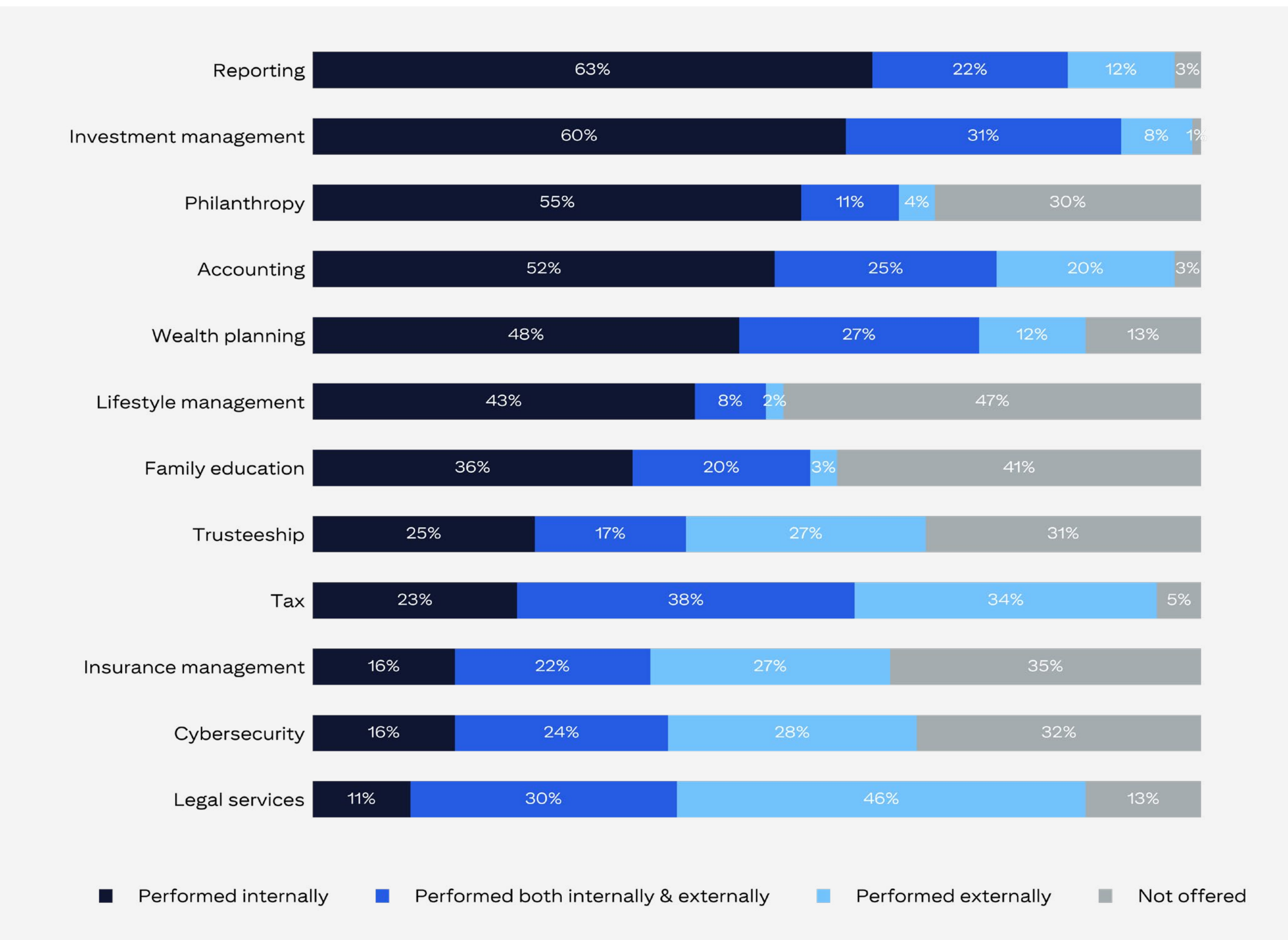
GLOBAL VIEW

Reporting, investment management and accounting are widely treated as foundational services in the family office industry along with philanthropy. Most respondents said they handled them internally, with reporting and investment management out in front (63% and 60% apiece) and just over 50% managing philanthropy and accounting internally as well. Considerations around customization and confidentiality may be among the main reasons for this.

Family education, trusteeship, tax, insurance management, cybersecurity and legal services show a greater reliance on external or combined internal/external approaches. After all, these areas frequently require an extremely high level of specialist expertise and resources, which may be more economically and efficiently obtained externally.

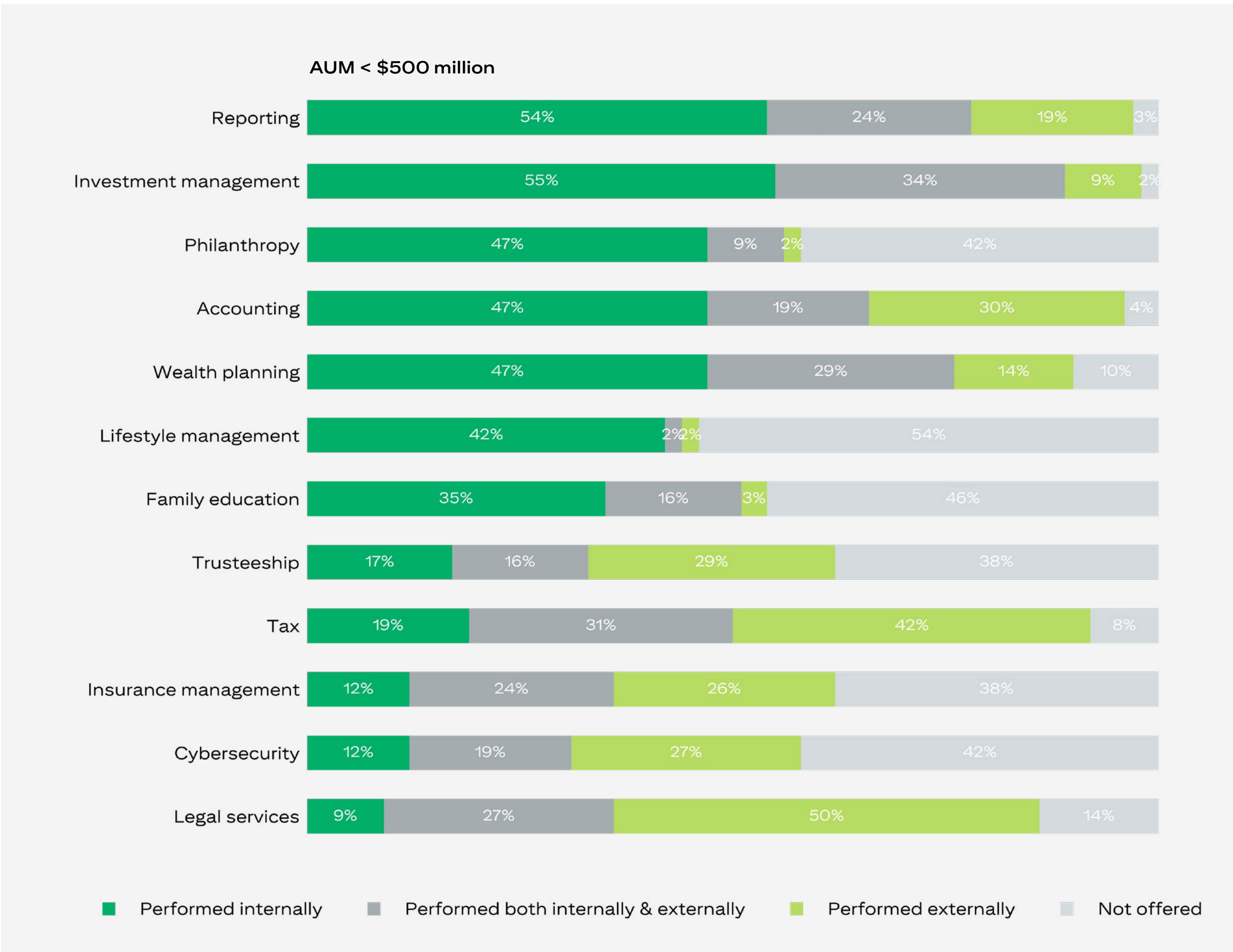
Lifestyle management and family education were not provided by around half of respondents. Some families may prefer to entrust much of the former to directly employed household personnel, while early-stage family offices might not yet be thinking about the latter.

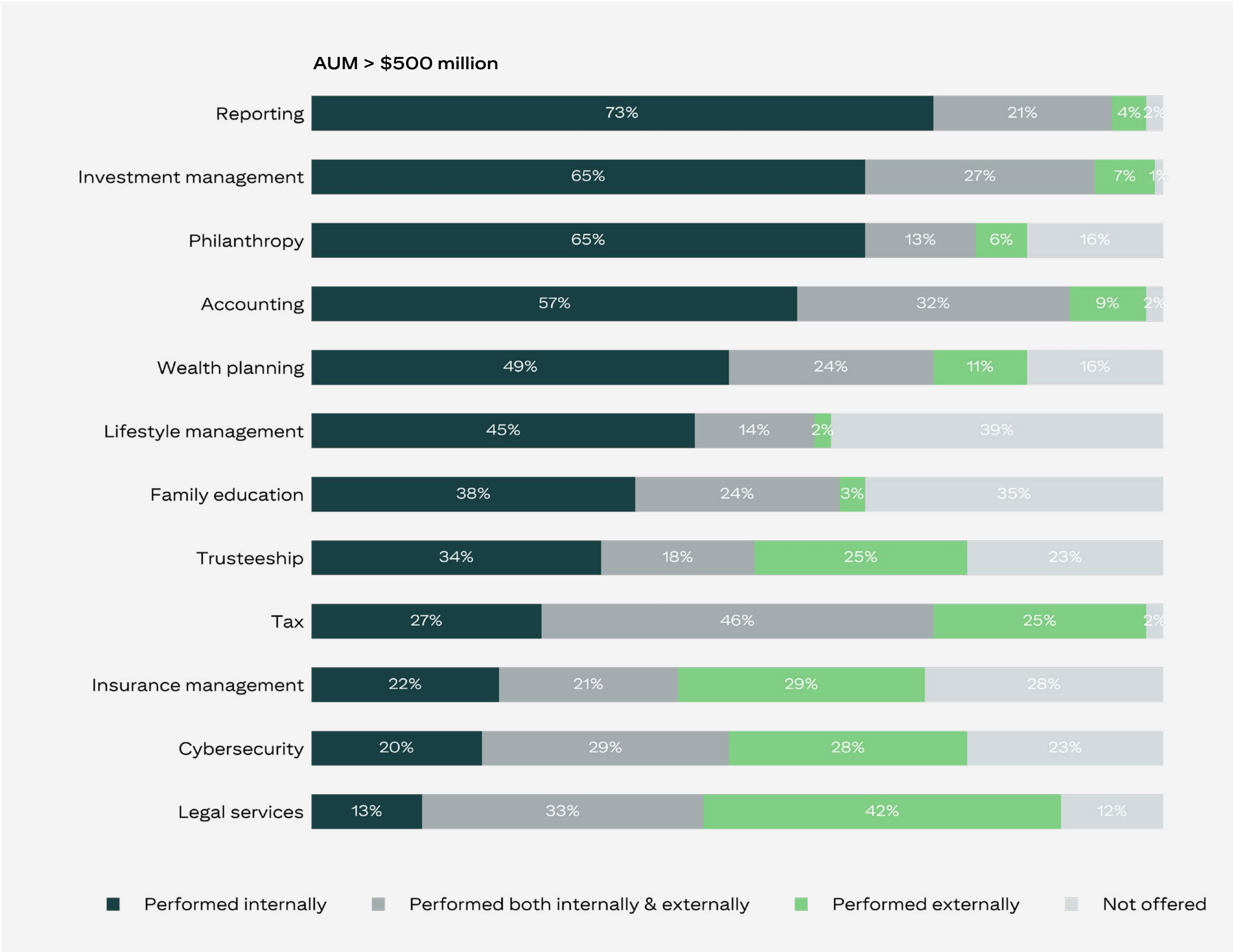
Overall, the proportion of family offices providing a combination of internal and external delivery rose across all categories, illustrating a growing tendency to deliver services in partnership with external suppliers to manage complexity (insurance management, cybersecurity and legal services are new categories in 2025).



AUM VIEW

Larger family offices tend to handle more services internally, while their smaller counterparts rely more on external providers. Resources are the most plausible determinant here, as in-house expertise and systems come at a high price. Certain services, such as legal and cybersecurity, are consistently outsourced or partly outsourced regardless of AUM size.




AUM > $500 million
Reporting
73%
21%
4%
2%
Investment management
65%
27%
7%
1%
Philanthropy
65%
13%
6%
16%
Accounting
57%
32%
9%
2%
Wealth planning
49%
24%
11%
16%
Lifestyle management
45%
14%
2%
39%
Family education
38%
24%
3%
35%
Trusteeship
34%
18%
25%
23%
Tax
27%
46%
25%
2%
Insurance management
22%
21%
29%
28%
Cybersecurity
20%
29%
28%
23%
Legal services
13%
33%
42%
12%
Performed internally
Performed both internally & externally
Performed externally
Not offered

REGIONAL VIEW

The mix of in-house and outsourcing that family offices select varies between regions and according to function. In Asia Pacific, where the family office industry is relatively young, finding qualified personnel can be harder. This leads to more outsourcing in that region. Latin American family offices have historically tended to develop capabilities internally, usually by transferring staff from their family businesses. Preserving confidentiality is often a foremost concern. In North America and Europe, the Middle East and Africa – where the industry is perhaps most mature – outsourcing decisions are more often a matter of preference rather than of necessity.

Foundational services such as reporting and investment management are widely handled internally across all regions. External-only handling is rare everywhere. Likewise, philanthropy was predominantly provided internally. A strikingly high proportion of Asia Pacific family offices did not offer this function, however. One possible reason here is that philanthropy is more likely delivered through separate structures, without family office involvement or still emerging.

The lack of cybersecurity offering at 55% of family offices in Latin America and 44% of Asia Pacific respondents represents a potentially urgent area for development, given the growing risks posed by digital miscreants.

	APAC				EMEA			
	Performed internally	Performed both internally & externally	Performed externally	Not offered	Performed internally	Performed both internally & externally	Performed externally	Not offered
Reporting	52%	23%	20%	5%	79%	15%	7%	0%
Investment management	66%	25%	8%	1%	57%	33%	10%	0%
Philanthropy	35%	6%	2%	57%	52%	16%	2%	30%
Accounting	48%	23%	23%	6%	52%	21%	23%	4%
Wealth planning	45%	18%	17%	20%	59%	23%	10%	8%
Lifestyle management	40%	2%	3%	55%	36%	7%	2%	55%
Family education	29%	11%	5%	55%	36%	15%	3%	46%
Trusteeship	23%	11%	23%	43%	18%	15%	28%	39%
Tax	34%	28%	29%	9%	20%	34%	41%	5%
Insurance management	15%	14%	22%	49%	15%	21%	25%	39%
Cybersecurity	17%	14%	25%	44%	20%	20%	30%	30%
Legal services	17%	15%	42%	26%	11%	38%	38%	13%

	LATAM				NAM			
	Performed internally	Performed both internally & externally	Performed externally	Not offered	Performed internally	Performed both internally & externally	Performed externally	Not offered
Reporting	75%	10%	15%	0%	60%	29%	9%	2%
Investment management	50%	45%	5%	0%	60%	30%	7%	3%
Philanthropy	50%	5%	10%	35%	70%	12%	6%	12%
Accounting	55%	20%	20%	5%	55%	28%	16%	1%
Wealth planning	40%	25%	25%	10%	45%	35%	8%	12%
Lifestyle management	60%	5%	0%	35%	46%	12%	3%	39%
Family education	35%	20%	0%	45%	41%	28%	3%	28%
Trusteeship	10%	10%	45%	35%	34%	23%	26%	17%
Tax	25%	40%	30%	5%	19%	46%	33%	2%
Insurance management	10%	10%	20%	60%	20%	31%	34%	15%
Cybersecurity	10%	20%	15%	55%	15%	32%	31%	22%
Legal services	0%	25%	60%	15%	9%	36%	49%	6%

GENERATIONAL VIEW

Over time, as families become large and more complex, the need for family education rises and becomes a higher priority for family offices. This is reflected in the increase in percentage of family offices over time who provide family education, whether internally or with an external partner. For those serving the first generation, the figure is 58%, but 69% for the third generation.

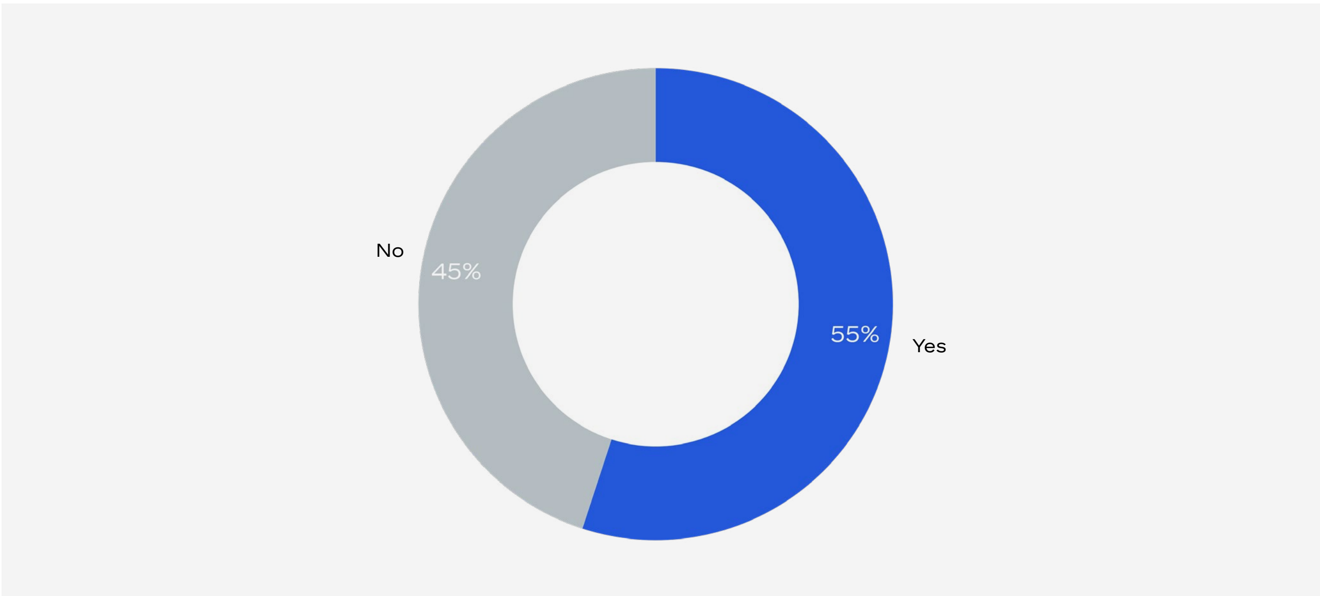
	G1				G2			
	Performed internally	Performed both internally & externally	Performed externally	Not offered	Performed internally	Performed both internally & externally	Performed externally	Not offered
Reporting	61%	25%	12%	2%	70%	18%	11%	1%
Investment management	62%	29%	7%	2%	67%	24%	9%	0%
Philanthropy	60%	11%	4%	25%	47%	9%	5%	39%
Accounting	48%	26%	22%	4%	57%	20%	19%	4%
Wealth planning	47%	29%	13%	11%	57%	19%	10%	14%
Lifestyle management	46%	8%	2%	44%	39%	8%	0%	53%
Family education	34%	20%	4%	42%	35%	18%	3%	44%
Trusteeship	22%	17%	27%	34%	28%	13%	29%	30%
Tax	22%	39%	34%	5%	27%	30%	37%	6%
Insurance management	16%	23%	28%	33%	15%	19%	30%	36%
Cybersecurity	13%	22%	29%	36%	19%	24%	29%	28%
Legal services	11%	30%	49%	10%	11%	28%	46%	15%

	G3+			
	Performed internally	Performed both internally & externally	Performed externally	Not offered
Reporting	59%	26%	13%	2%
Investment management	38%	49%	10%	3%
Philanthropy	59%	15%	3%	23%
Accounting	59%	28%	13%	0%
Wealth planning	33%	36%	15%	16%
Lifestyle management	44%	5%	8%	43%
Family education	46%	23%	0%	31%
Trusteeship	31%	26%	26%	17%
Tax	18%	51%	26%	5%
Insurance management	21%	28%	18%	33%
Cybersecurity	18%	28%	21%	33%
Legal services	8%	38%	33%	21%

Family Office CIO

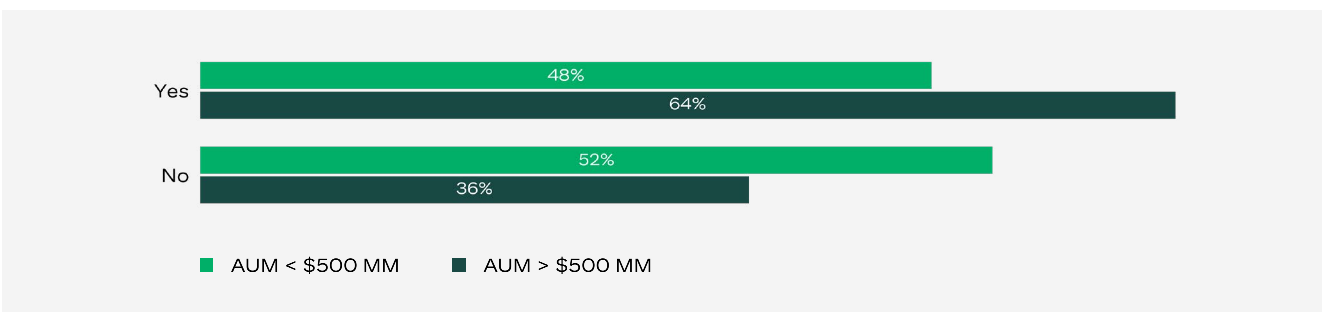
GLOBAL VIEW

Globally, 55% of family offices had a chief investment officer (CIO), while 45% did not. Having a CIO can help develop a family office's investment function, giving greater cohesion and control. Many first-generation family offices – who made up half of respondents – may not yet have taken this step or decided to outsource that function.



AUM VIEW

Only 48% of smaller family offices had a CIO compared to 64% of large ones. Attracting and retaining the necessary talent is less challenging for sizeable, well-resourced entities.



REGIONAL VIEW

Around 60% of family offices in all regions other than Asia Pacific reported having a CIO. In the latter region, the figure was 44%. The family office industry is younger in Asia Pacific, with many newer entities perhaps less able to afford and attract such talent.

	Global	APAC	EMEA	LATAM	NAM
Yes	55%	44%	61%	61%	58%
No	45%	56%	39%	39%	42%

GENERATIONAL VIEW

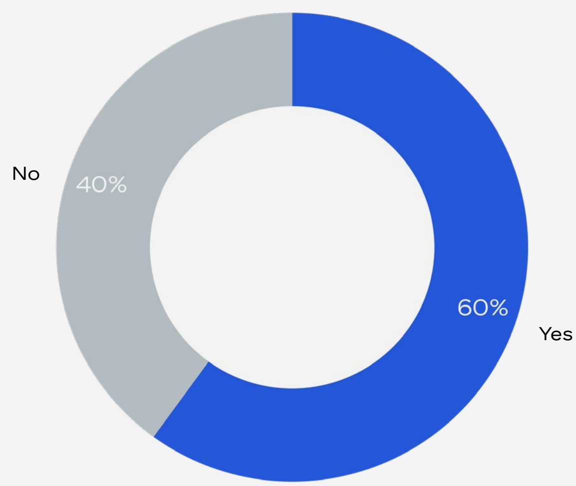
Longer-established family offices were somewhat likelier to have their own CIO. Sixty percent of those serving third-generation families or beyond had in-house CIOs, probably reflecting their greater resources and more sophisticated investment needs. For first-generation entities, the figure was 55%.

	G1	G2	G3+
Yes	55%	52%	60%
No	45%	48%	40%

Family office working with external investment advisors

GLOBAL VIEW

Sixty percent of family office respondents worldwide reported working with external investment advisors. This underscores the high reliance on service models that combine in-house and outsourced capabilities.



AUM VIEW

Larger family offices were slightly more likely to report using external advisors overall.

REGIONAL VIEW

Latin America family offices reported the most engagement with external investment advisors (74%) alongside North America (68%). This could reflect the need for guidance and support in specialist areas, such as private equity direct, where entities in Latin America have been especially active lately. The availability of the world's most advanced advisor ecosystem could have influenced the pattern in North America.

	Global	APAC	EMEA	LATAM	NAM
Yes	60%	48%	58%	74%	68%
No	40%	52%	42%	26%	32%

GENERATIONAL VIEW

Engagement with external investment advisors globally was 58% among first-generation family offices. This dropped slightly to 55% for those serving the second generation and rose to 77% for the third and thereafter. Reliance on external investment advice thus appears to grow over time alongside the tendency to have an in-house CIO. Both are evolutions that denote a more developed approach to investing.

	G1	G2	G3+
Yes	58%	55%	77%
No	42%	45%	23%

Make, Manage or Mandate?

The scale of family offices' investment management responsibilities is not always matched by the resources at their disposal. And as the investment landscape has become increasingly complex, the challenges involved have intensified.

How best to approach this intensifying task? Among the leading possibilities are:

- *Creating an in-house investment office ("make" model) – where decisions and execution are undertaken directly by executives within the family office.*
- *Engaging a traditional investment consultant ("manage" model) – where a family office receives external advice but ultimately makes investment management decisions and executes itself.*
- *Partnering with an outsourced chief investment officer ("mandate" model) – where the family office awards a mandate to an external provider who makes decisions and executes on its behalf.*

Our team can discuss the advantages and challenges of each model to help you select one that best serves your needs.

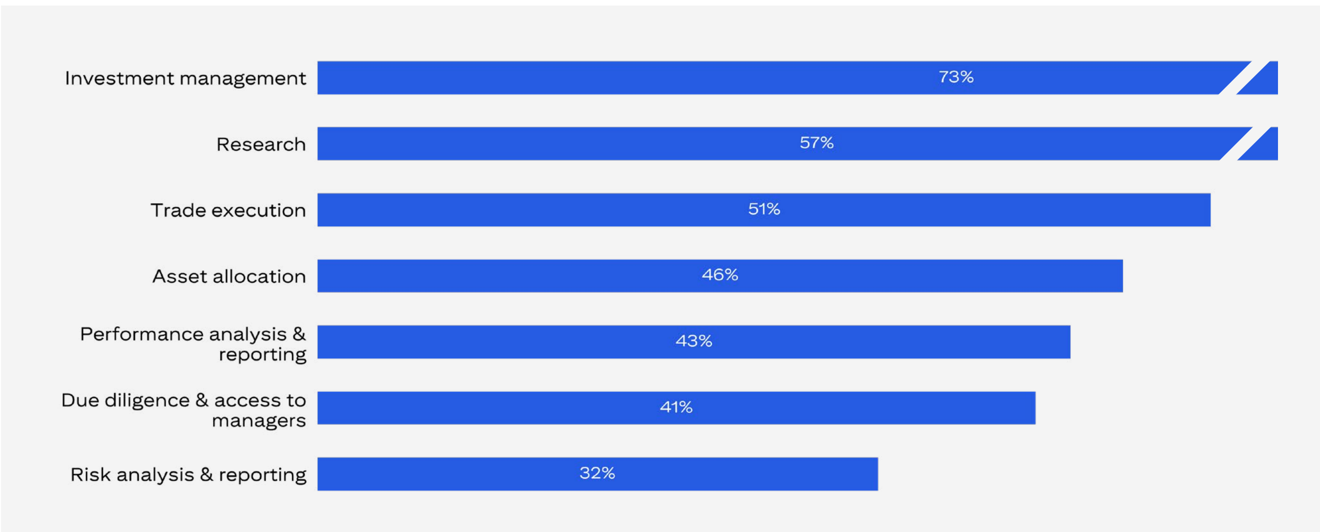
John Anderson
Head of Institutional
Investment Management

Services provided by external investment advisors

GLOBAL VIEW

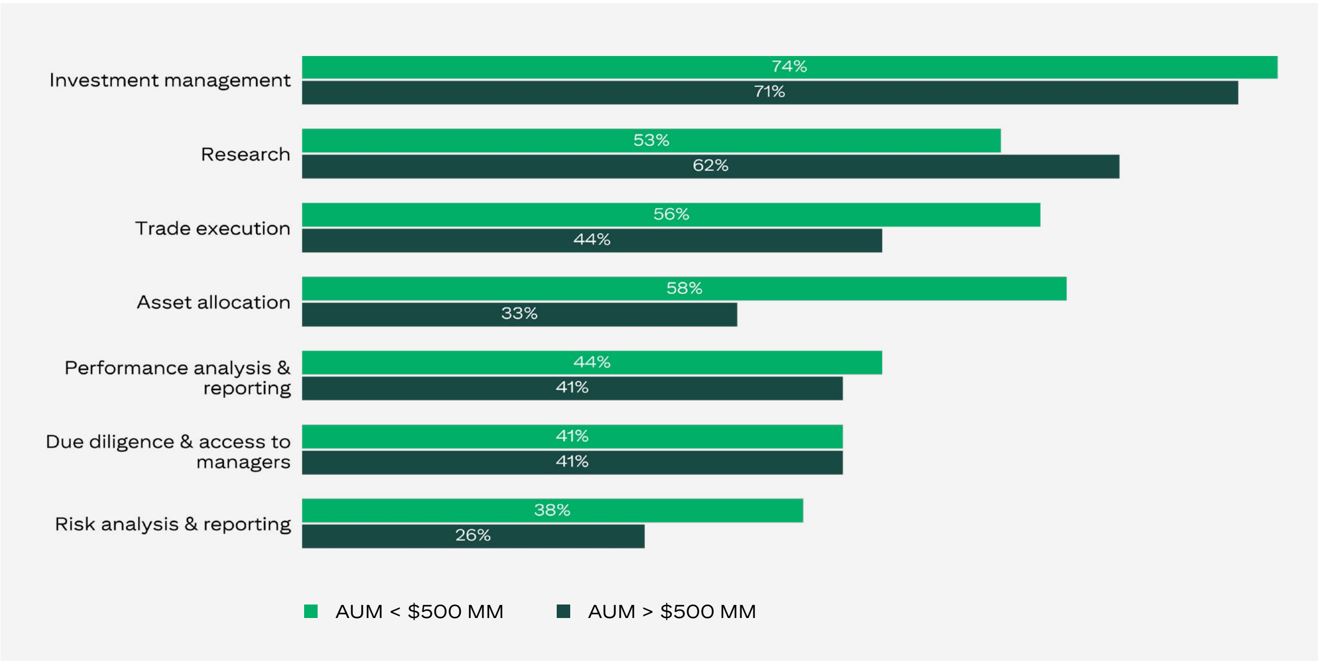
Family office respondents said they relied on external investment advisors for a broad range of services. Investment management itself was the leading function (73%), followed by research (57%) and trade execution (51%). Asset allocation (46%), performance analysis & reporting (43%), due diligence & access to managers (41%), and risk analysis & reporting (32%) were also mentioned.

Overall, the picture was one of increasingly intricate integration between in-house and outsourced services. Family offices were seeking to augment their internal capabilities where cost and efficiency justify it, even if only in a narrow function.



AUM VIEW

Smaller family offices were more engaged with external investment advisors across most functions. Research was the key exception, with higher usage among larger firms (62% vs 53%). Smaller entities were rather more likely to work with outside specialists on trade execution (56% vs 44%), asset allocation (58% vs 33%), and risk analysis & reporting (38% vs 26%).



REGIONAL VIEW

Use of external investment managers was the norm across all regions. Family offices in North America had a greater propensity to use external partners for research. Meanwhile, three quarters of Latin America entities reported using external expertise for asset allocation, much higher than elsewhere.

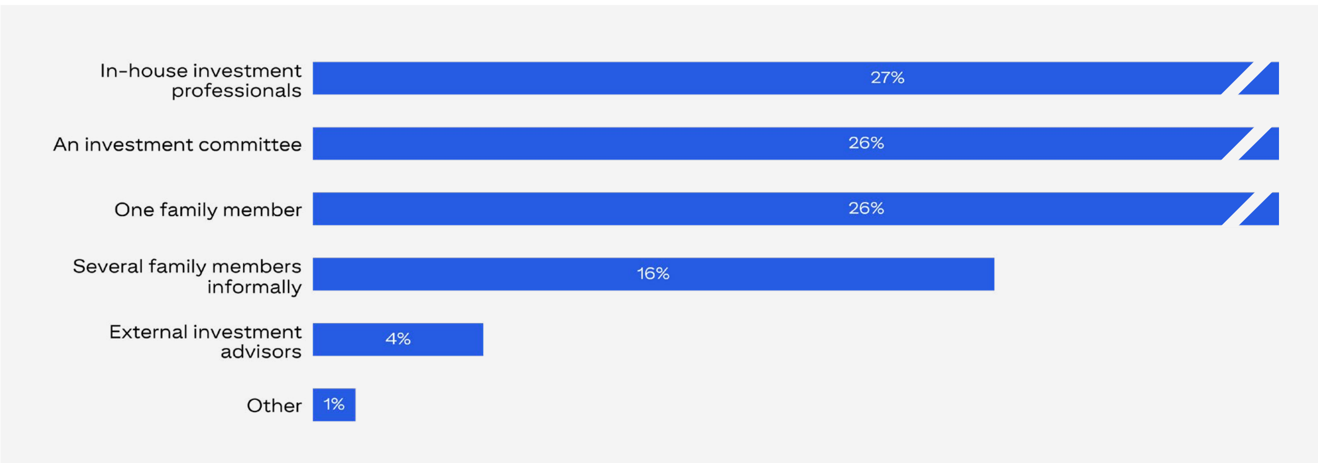
	Global	APAC	EMEA	LATAM	NAM
Investment management	73%	65%	78%	63%	77%
Research	57%	61%	43%	47%	67%
Trade execution	51%	57%	39%	37%	56%
Asset allocation	46%	39%	46%	74%	44%
Performance analysis & reporting	43%	48%	22%	42%	51%
Due diligence & access to managers	41%	48%	30%	37%	44%
Risk analysis & reporting	32%	37%	24%	37%	32%

Investment decision making

GLOBAL VIEW

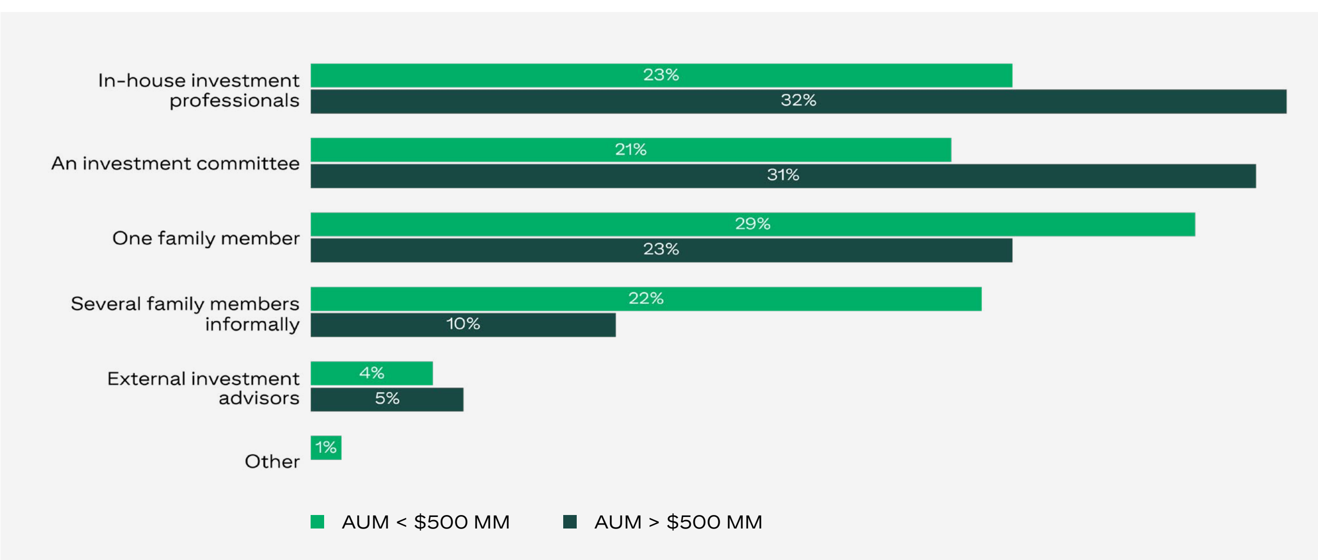
Despite their significant reliance on outsourcing, family offices almost always retain ultimate investment decision making authority.

Investment decisions are fairly evenly distributed between in-house investment professionals (27%), an investment committee (26%), and one (26%) or more (16%) family members.



AUM VIEW

Larger family offices are more likely to have in-house investment professionals (32%) and investment committees (31%) compared to smaller ones (23% and 21% respectively). Conversely, entities with AUM below $500 million more frequently rely informally on one family member (29%) or several family members (22%) for investment decisions. Among their larger counterparts, the equivalent figures are 23% and 10% respectively. As the size and sophistication of family offices increase over time, they require a more structured and professional approach.



REGIONAL VIEW

Investment decision making by an investment committee was most common in Latin America, at 26% and 57% respectively. Conversely, Latin America regional family offices' reliance on one or more family members and external advisors to make decisions was less than it was elsewhere. Asia Pacific entities were the most likely to depend on one or more family members (56% combined). The relative youth of the family office industry in Asia Pacific could be a factor here.

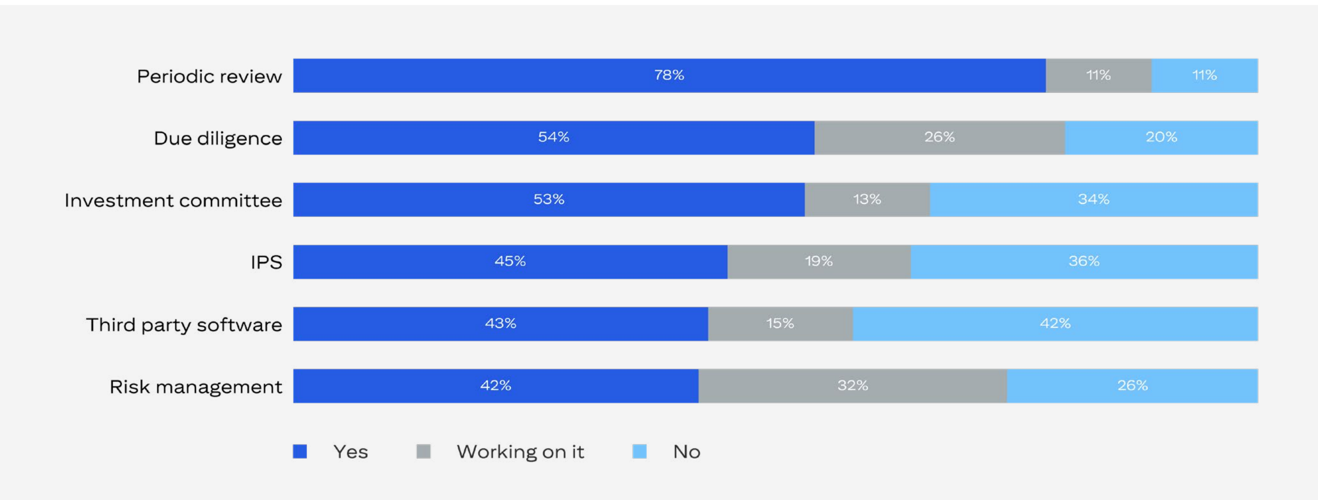
	Global	APAC	EMEA	LATAM	NAM
In-house investment professionals	27%	24%	33%	26%	24%
An investment committee	26%	17%	28%	57%	24%
One family member	26%	33%	18%	9%	29%
Several family members informally	16%	23%	12%	9%	17%
External investment advisors	4%	1%	8%	0%	5%
Other	1%	1%	1%	0%	1%

Overall professionalization of the investment function

GLOBAL VIEW

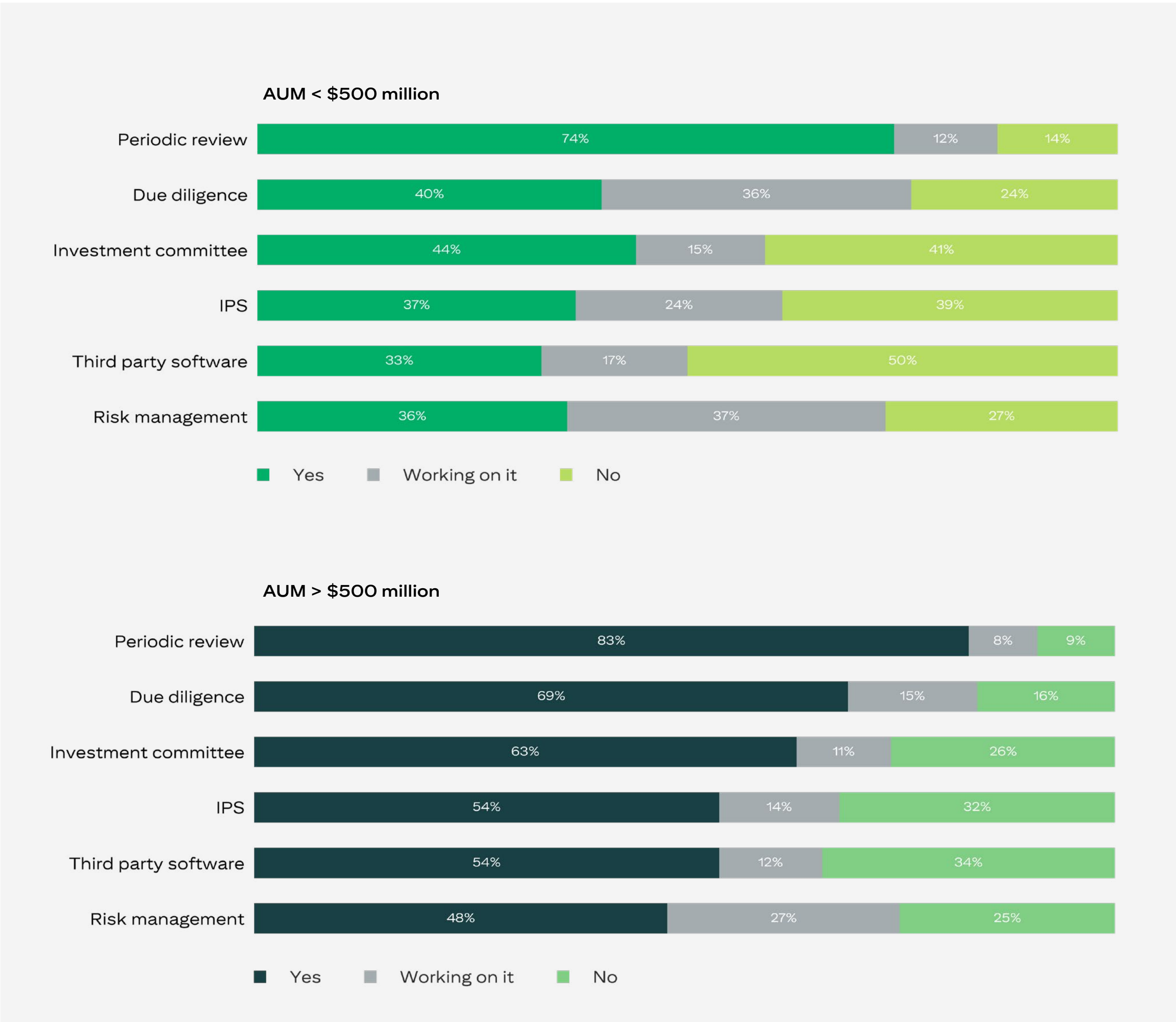
With many family offices beginning life as informal bodies with ad hoc practices, their subsequent professionalization typically starts with the investment function. A periodic review – a systematic assessment of the portfolio strategy and performance, governance and so forth – and due diligence of investments were top priorities. Some 78% and 54% of entities worldwide mentioned already having adopted these core practices.

Creating investment committees and investment policy statements (IPS) came next, at 53% and 45% respectively. In line with previous findings, usage of third-party software for consolidated reporting remained limited to four in ten family offices. However, adoption of these practices is growing, hence the substantial percentages of respondents saying they are "working on it."



AUM VIEW

Professionalization is further advanced in larger family offices than in those with AUM below $500 million. Respondents from the former group were ahead in every single category. After all, larger family offices are typically longer established, better resourced and face greater investment complexity. The biggest gap was in due diligence (69% vs 40%). However, many smaller entities are aware of their need to professionalize, particularly by embracing due diligence, an IPS and risk management.



REGIONAL VIEW

Professionalization was most advanced among respondents from Latin America. They were likelier to report having periodic reviews (95%) and investment committees (86%) than their counterparts elsewhere. Conversely, family offices in Asia Pacific said they were "working on" many aspects of professionalization. The region lagged especially in third-party software adoption (24%) and for having an IPS (34%). For family offices in North America and Europe, the Middle East and Africa, which are often long established, the focus appears to be on bridging gaps in risk management, with nearly a third "working on it."

	APAC			EMEA		
	Yes	Working on it	No	Yes	Working on it	No
Periodic review	62%	20%	18%	85%	3%	12%
Due diligence	44%	37%	19%	59%	16%	25%
Investment committee	35%	22%	43%	59%	9%	32%
IPS	34%	23%	43%	47%	19%	34%
Third party software	24%	16%	60%	44%	19%	37%
Risk management	41%	37%	22%	46%	28%	26%

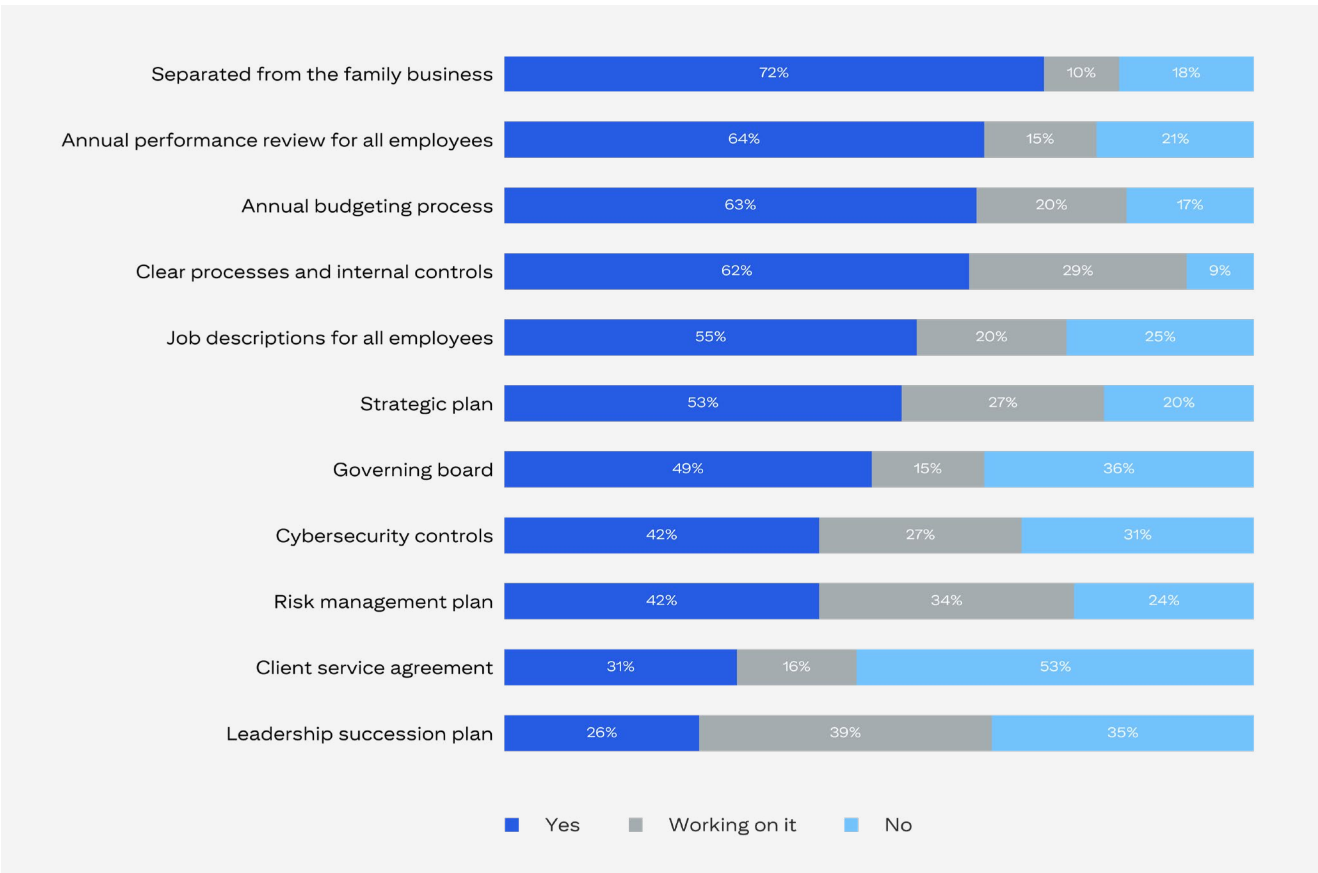
	LATAM			NAM		
	Yes	Working on it	No	Yes	Working on it	No
Periodic review	95%	0%	5%	80%	12%	8%
Due diligence	50%	23%	27%	59%	25%	16%
Investment committee	86%	5%	9%	54%	13%	33%
IPS	59%	18%	23%	49%	16%	35%
Third party software	68%	0%	32%	50%	13%	37%
Risk management	45%	28%	27%	40%	33%	27%

Professionalization of the family office beyond investing

GLOBAL VIEW

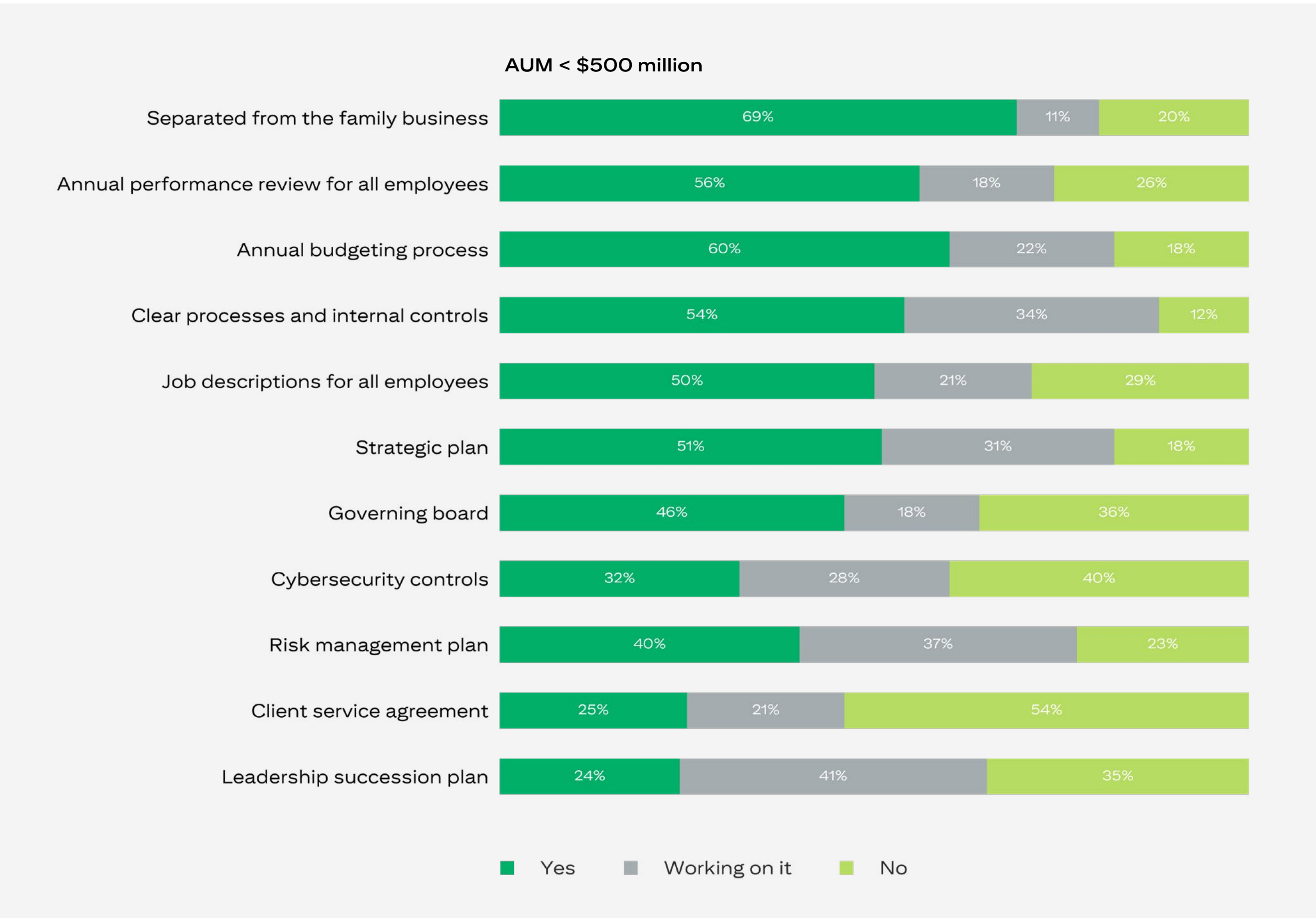
Overall, there was a positive year-over-year trend toward professionalization among respondents worldwide. Progress occurred around separation from the family business (72%), performance reviews (64%), budgeting (63%) and clear processes/internal controls (62%).

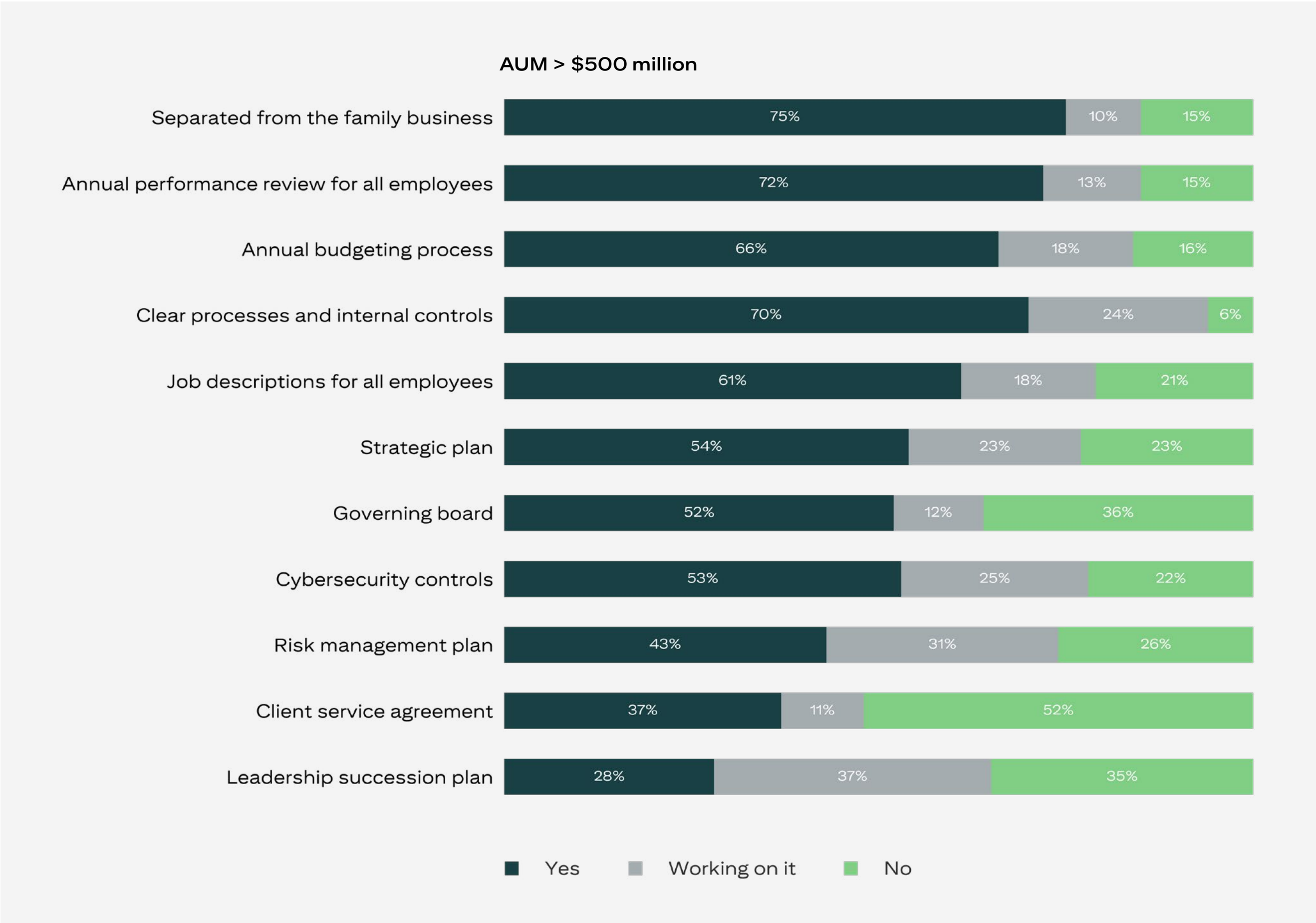
That said, there is room for improvement. A sizeable contingent reported an absence of client service agreements (53%), governing boards (36%), cybersecurity controls (31%) and leadership succession planning (35%). Again, though, family offices are addressing such gaps, with many citing work in progress, especially on succession planning and risk management planning.



AUM VIEW

Larger family offices have higher adoption rates across all the professionalized practices we surveyed. That said, the distribution of responses – the proportions of yes, no and "working on it" answers – was similar across both groups. This suggests equivalent prioritization, if not identical levels of progress. The biggest gaps were seen in annual performance review, clear processes and internal controls, and client service agreements. But there was much less difference between larger and smaller entities when it came to cybersecurity controls, a strategic plan and risk management planning.




AUM > $500 million
Separated from the family business
75%
10%
15%
Annual performance review for all employees
72%
13%
15%
Annual budgeting process
66%
18%
16%
Clear processes and internal controls
70%
24%
6%
Job descriptions for all employees
61%
18%
21%
Strategic plan
54%
23%
23%
Governing board
52%
12%
36%
Cybersecurity controls
53%
25%
22%
Risk management plan
43%
31%
26%
Client service agreement
37%
11%
52%
Leadership succession plan
28%
37%
35%
Yes
Working on it
No

REGIONAL VIEW

Europe, the Middle East and Africa and North America were broadly the most professionalized regions in matters beyond investing. They led the way in separation of the family office from the business operations, at 73% and 75% respectively. They were also out in front when it came to annual performance reviews, clear internal processes and controls, job descriptions for all employees, and cybersecurity controls.

Scope for improvement is clear, though. Leadership succession planning garnered low positive responses (24% to 30%) across all regions, as did client service agreements (29% to 34%), cybersecurity controls (27% to 52%) and risk management plans (32% to 53%).

	APAC			EMEA		
	Yes	Working on it	No	Yes	Working on it	No
Separated from the family business	69%	12%	19%	73%	8%	19%
Annual performance review for all employees	58%	18%	24%	64%	12%	24%
Annual budgeting process	55%	26%	19%	73%	15%	12%
Clear processes and internal controls	58%	33%	9%	68%	29%	3%
Job descriptions for all employees	51%	24%	25%	56%	20%	24%
Strategic plan	51%	33%	16%	69%	19%	12%
Governing board	40%	24%	36%	51%	13%	36%
Cybersecurity controls	27%	36%	37%	44%	29%	27%
Risk management plan	48%	33%	19%	53%	32%	15%
Client service agreement	34%	26%	40%	32%	21%	47%
Leadership succession plan	30%	46%	24%	27%	24%	49%

	LATAM			NAM		
	Yes	Working on it	No	Yes	Working on it	No
Separated from the family business	63%	0%	37%	75%	13%	12%
Annual performance review for all employees	58%	10%	32%	68%	18%	14%
Annual budgeting process	63%	21%	16%	62%	19%	19%
Clear processes and internal controls	58%	21%	21%	62%	28%	10%
Job descriptions for all employees	37%	31%	32%	60%	14%	26%
Strategic plan	58%	21%	21%	43%	29%	28%
Governing board	74%	5%	21%	49%	13%	38%
Cybersecurity controls	37%	16%	47%	52%	22%	26%
Risk management plan	32%	36%	32%	34%	34%	32%
Client service agreement	32%	10%	58%	29%	9%	62%
Leadership succession plan	26%	37%	37%	24%	43%	33%

GENERATIONAL VIEW

Longer-established family offices serving the second or third and subsequent generations placed greater emphasis on more formalized practices. Such formalization can help them better address their families' expectations, particularly as family members and branches multiply over time.

Affirmative responses rose with each generation concerning governing boards, cybersecurity controls, job descriptions and a strategic plan. On the last of these, for example, 66% of family offices serving the third generation or beyond answered positively, compared to 44% for first-generation entities.

Despite improving focus over time, client service agreements and leadership succession planning remain the top two areas for improvement. Even by the third generation or beyond, just 29% and 39% respectively reported formalization.

	G1			G2		
	Yes	Working on it	No	Yes	Working on it	No
Separated from the family business	75%	9%	16%	69%	12%	19%
Annual performance review for all employees	62%	16%	22%	67%	13%	20%
Annual budgeting process	60%	23%	17%	67%	16%	17%
Clear processes and internal controls	60%	28%	12%	64%	30%	6%
Job descriptions for all employees	52%	19%	29%	54%	22%	24%
Strategic plan	44%	33%	23%	60%	22%	18%
Governing board	41%	17%	42%	57%	8%	35%
Cybersecurity controls	40%	28%	32%	41%	28%	31%
Risk management plan	38%	34%	28%	45%	36%	19%
Client service agreement	26%	17%	57%	41%	13%	46%
Leadership succession plan	24%	40%	36%	24%	40%	36%

	G3+		
	Yes	Working on it	No
Separated from the family business	68%	14%	18%
Annual performance review for all employees	63%	21%	16%
Annual budgeting process	63%	19%	18%
Clear processes and internal controls	66%	29%	5%
Job descriptions for all employees	63%	19%	18%
Strategic plan	66%	18%	16%
Governing board	61%	23%	16%
Cybersecurity controls	53%	21%	26%
Risk management plan	47%	29%	24%
Client service agreement	29%	18%	53%
Leadership succession plan	39%	35%	26%

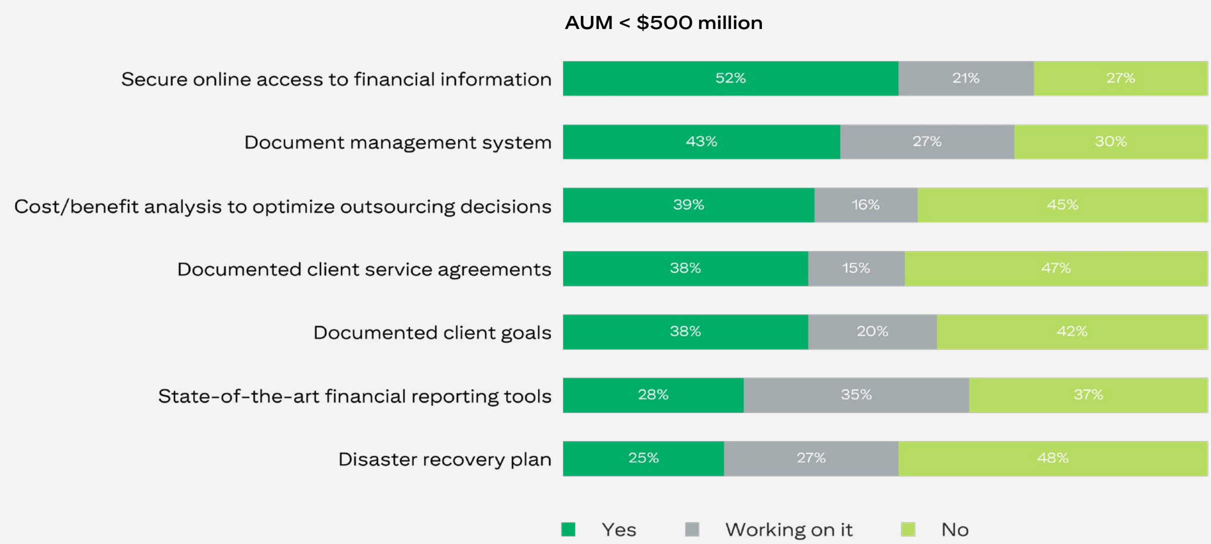
Formalized service delivery in the family office

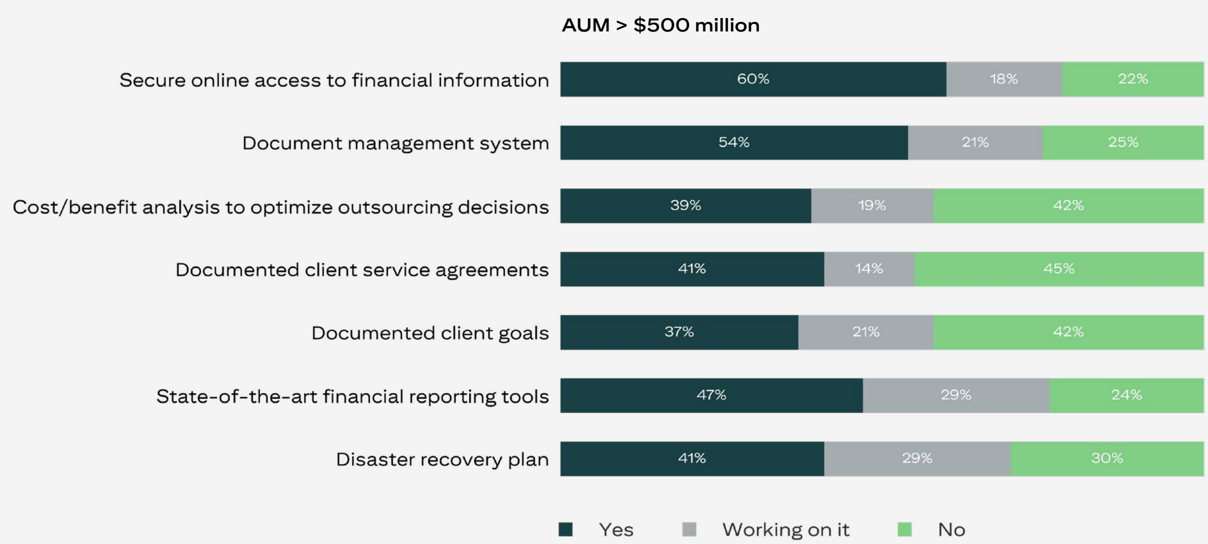
GLOBAL VIEW

Overall, many family offices had adopted basic digital infrastructure such as secure online access (56%) and document management systems (48%). However, almost half of respondents were operating without client agreements (46%), cost/benefit analyses (43%) and disaster recovery plans (39%). Still, the relatively high percentage of “working on it” responses in several areas indicates growing awareness and initiatives to professionalize service delivery.

AUM VIEW

Larger family offices demonstrated slightly higher adoption rates across most categories compared to their smaller counterparts. The widest gaps were in state-of-the-art financial reporting tools (+19%) and disaster recovery planning (+16%). That said, family offices with AUM of less than $500 million actually had a slender lead (+1%) in having documented client goals.





REGIONAL VIEW

Family offices across all regions appeared to have prioritized secured online access to financial systems and document management systems. Progress on disaster recovery plans is most required in family offices from Asia Pacific and Latin America. Entities from Europe, the Middle East and Africa were most consistently strong in formalizing the various practices.

	APAC			EMEA		
	Yes	Working on it	No	Yes	Working on it	No
Secure online access to financial information	43%	26%	31%	65%	8%	27%
Document management system	34%	32%	34%	57%	15%	28%
Cost/benefit analysis to optimize outsourcing decisions	37%	23%	40%	50%	12%	38%
Documented client service agreements	41%	19%	40%	40%	18%	42%
Documented client goals	37%	29%	34%	45%	22%	33%
State-of-the-art financial reporting tools	25%	35%	40%	43%	25%	32%
Disaster recovery plan	19%	40%	41%	42%	25%	33%

	LATAM			NAM		
	Yes	Working on it	No	Yes	Working on it	No
Secure online access to financial information	37%	37%	26%	63%	18%	19%
Document management system	47%	16%	37%	54%	25%	21%
Cost/benefit analysis to optimize outsourcing decisions	42%	21%	37%	36%	15%	49%
Documented client service agreements	42%	11%	47%	39%	9%	52%
Documented client goals	47%	0%	53%	32%	18%	50%
State-of-the-art financial reporting tools	42%	37%	21%	41%	33%	26%
Disaster recovery plan	16%	16%	68%	41%	24%	35%

GENERATIONAL VIEW

The family offices of longer-established wealthy families with multiple branches and members more commonly adopt best practices for service delivery. For example, family offices serving the third generation or beyond are likelier on average than earlier-stage entities to use a document management system (59% vs 49%) and even disaster recovery plans (41% vs 33%).

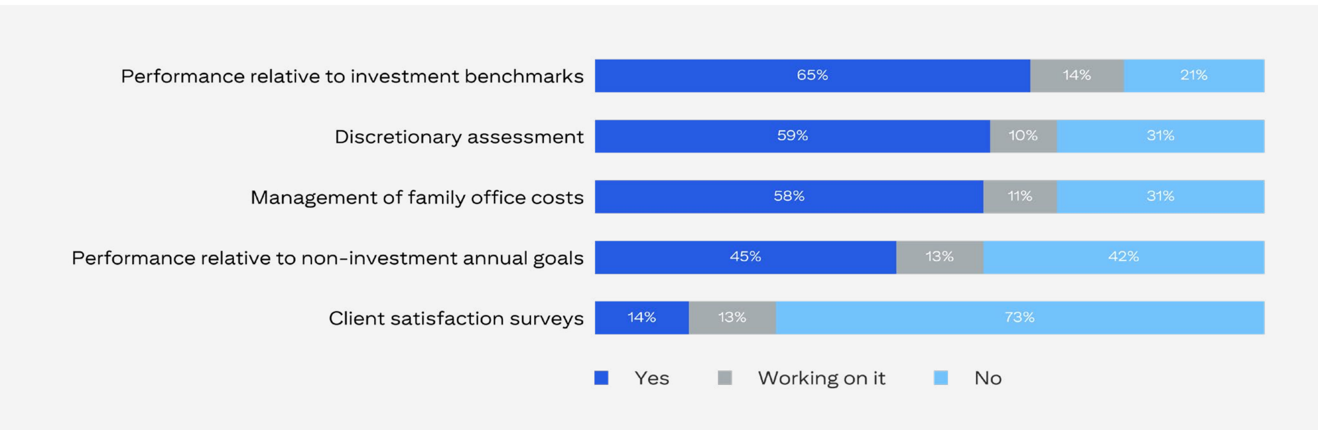
	G1			G2		
	Yes	Working on it	No	Yes	Working on it	No
Secure online access to financial information	55%	23%	22%	54%	16%	30%
Document management system	49%	25%	26%	42%	28%	30%
Cost/benefit analysis to optimize outsourcing decisions	39%	18%	43%	45%	14%	41%
Documented client service agreements	34%	14%	52%	49%	15%	36%
Documented client goals	32%	24%	44%	45%	15%	40%
State-of-the-art financial reporting tools	35%	32%	33%	42%	31%	27%
Disaster recovery plan	33%	25%	42%	29%	32%	39%

	G3+		
	Yes	Working on it	No
Secure online access to financial information	62%	17%	21%
Document management system	59%	15%	26%
Cost/benefit analysis to optimize outsourcing decisions	31%	20%	49%
Documented client service agreements	38%	13%	49%
Documented client goals	38%	21%	41%
State-of-the-art financial reporting tools	31%	36%	33%
Disaster recovery plan	41%	28%	31%

Measuring the family office

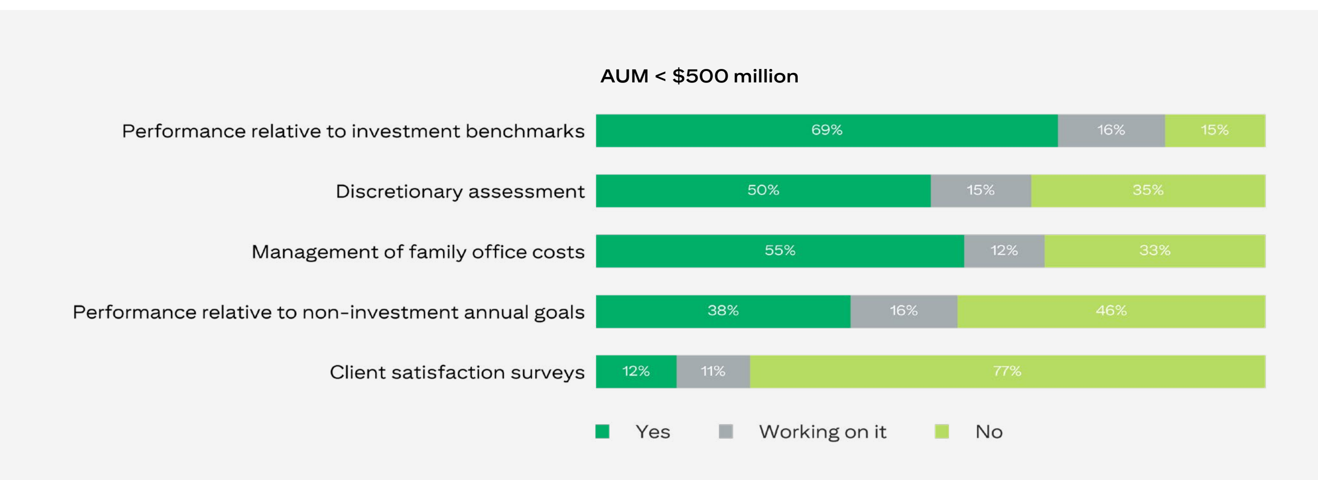
GLOBAL VIEW

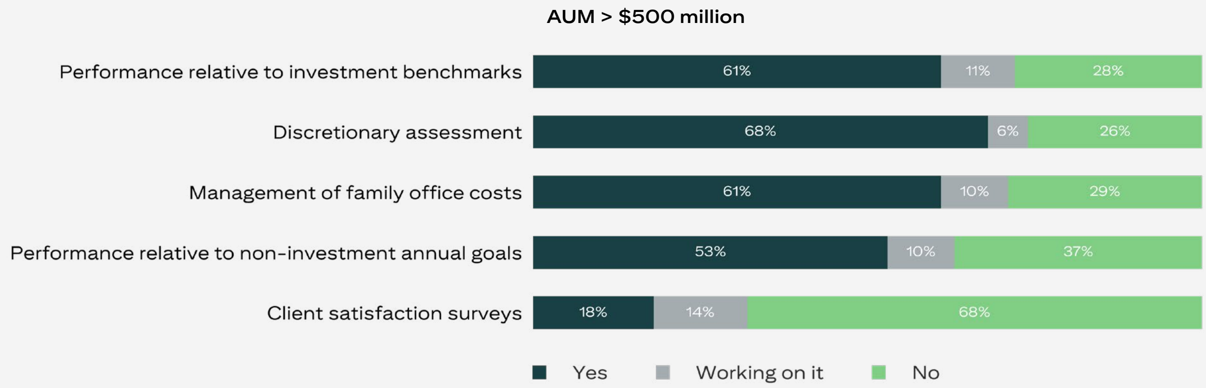
Relative investment performance was the main metric used to assess how family offices were delivering for their principals (65%). Many also used discretionary assessments (59%) and cost management (58%). The lack of take-up of client satisfaction surveys was surprising, with 73% replying in the negative. Overall, there appears to be a need for a more holistic approach to measuring family office performance.



AUM VIEW

Larger family offices cited performance relative to non-investment benchmarks as a success metric much more than their smaller counterparts (53% vs 38%). This may be to do with the evolution of family expectations over time. Bigger, better resourced family offices may be tasked with more duties beyond those relating to portfolios.





REGIONAL VIEW

Overall, every region's family offices could use more broader measures to evaluate their performance. Discretionary assessments were most cited in North America, at 67%. This compares to 65% for Europe, the Middle East and Africa, 45% in Asia Pacific, and 47% in Latin America. Client satisfaction surveys had been adopted most in Europe, the Middle East and Africa at 20%. The latter may reflect the greater weight of longer-established family offices with more professionalized practices.

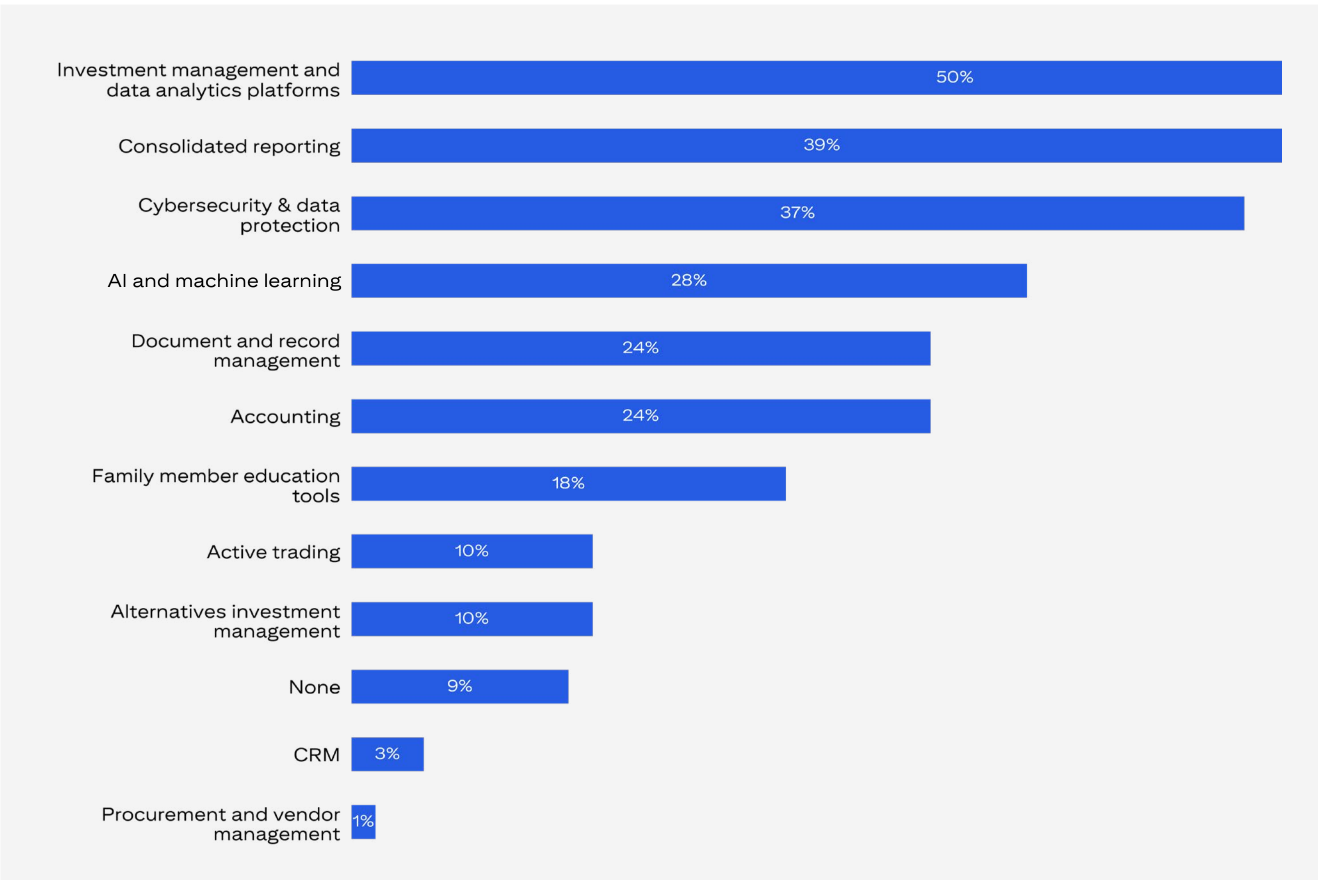
	APAC			EMEA		
	Yes	Working on it	No	Yes	Working on it	No
Performance relative to investment benchmarks	59%	22%	19%	74%	11%	15%
Discretionary assessment	45%	24%	31%	65%	7%	28%
Management of family office costs	53%	19%	28%	63%	4%	33%
Performance relative to non-investment annual goals	34%	19%	47%	52%	13%	35%
Client satisfaction surveys	16%	17%	67%	20%	11%	69%

	LATAM			NAM		
	Yes	Working on it	No	Yes	Working on it	No
Performance relative to investment benchmarks	95%	0%	5%	58%	13%	29%
Discretionary assessment	47%	0%	53%	67%	6%	27%
Management of family office costs	74%	5%	21%	57%	11%	32%
Performance relative to non-investment annual goals	53%	5%	42%	47%	11%	42%
Client satisfaction surveys	16%	0%	84%	10%	13%	77%

Top priorities for technology adoption in the family office

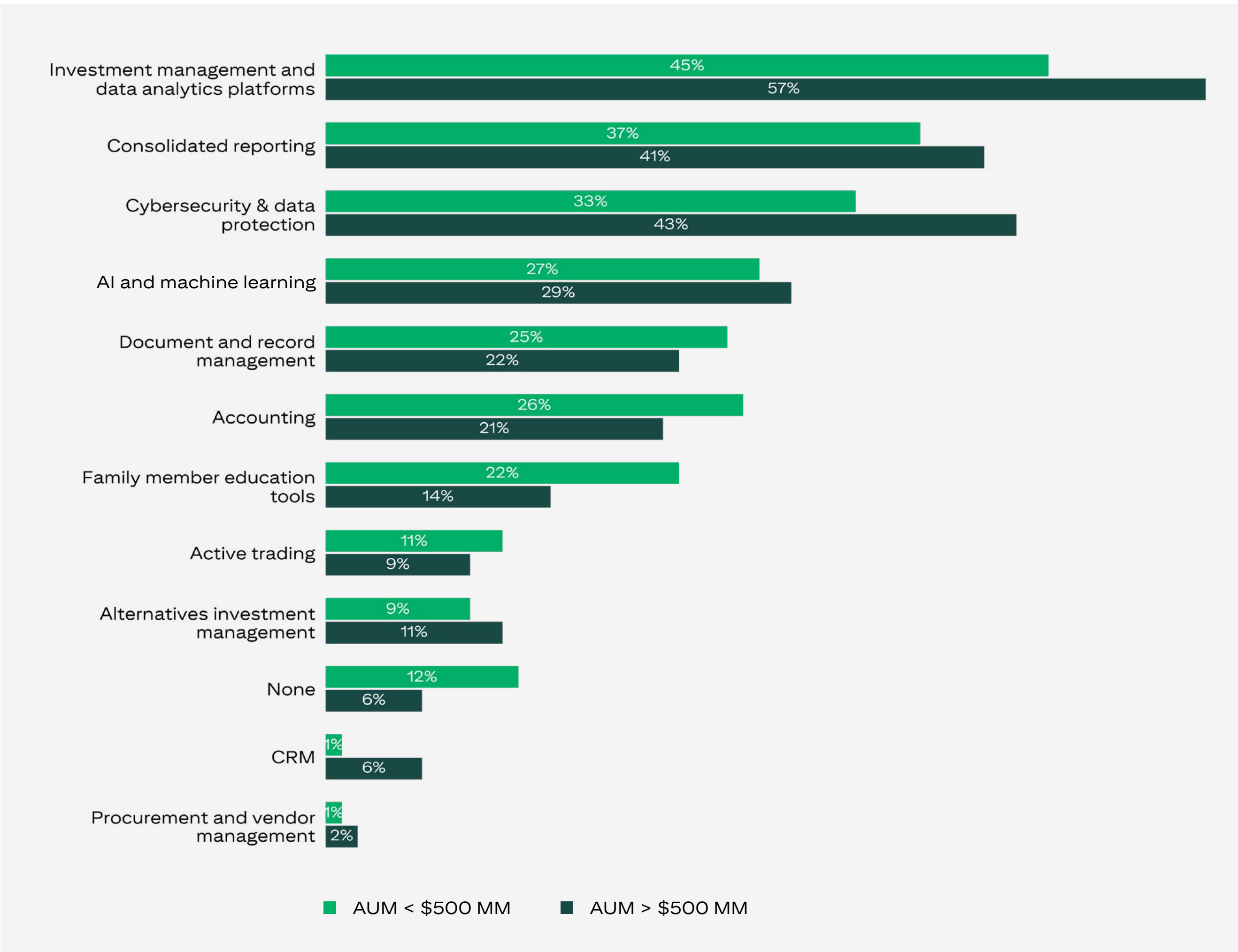
GLOBAL VIEW

Slow technology adoption was in evidence worldwide. Family offices often seemed to be comfortable operating informally for too long. Their top stated priorities were investment management and data analytics platforms (50%), consolidated reporting (39%) and cybersecurity & data protection (37%). AI & machine learning (28%) was cited ahead of the remaining priorities including accounting and document management.



AUM VIEW

Larger family offices were ahead in prioritizing the top four categories: investment management and data analytics platforms, consolidated reporting, cybersecurity & data protection, and AI & machine learning. For accounting systems and document management systems, smaller family offices led in terms of prioritization. Overall, this is consistent with smaller family offices having more to do to cover some more basic systems.



REGIONAL VIEW

All regions tended to be slower to adopt new technologies than their institutional counterparts such as banks and wealth managers have been.

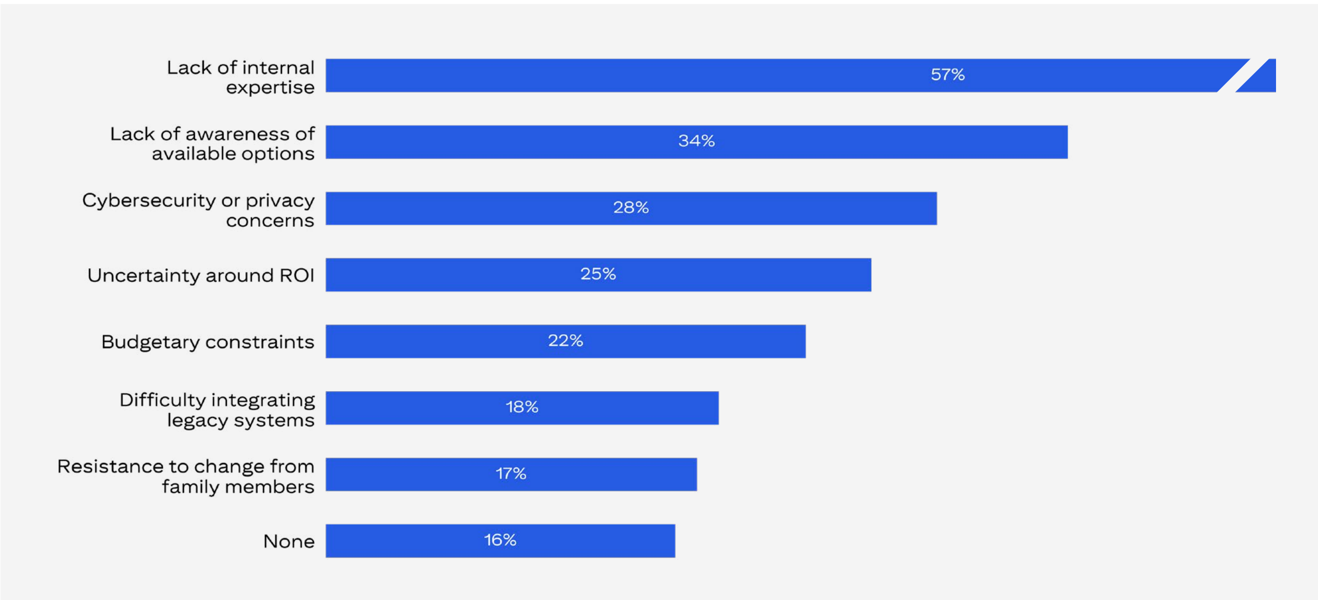
Family member education tools were a higher priority in Asia Pacific and North America, at 23% and 21% respectively. In Latin America, 20% of respondents indicated alternatives investment management as a key technology priority, perhaps reflecting the recent strong regional interest in allocating to certain alternative asset classes.

	Global	APAC	EMEA	LATAM	NAM
Investment management and data analytics platforms	50%	51%	54%	40%	48%
Consolidated reporting	39%	34%	46%	45%	36%
Cybersecurity & data protection	37%	25%	43%	50%	43%
AI and machine learning	28%	16%	31%	30%	35%
Document and record management	24%	23%	21%	15%	27%
Accounting	24%	31%	16%	25%	23%
Family member education tools	18%	23%	7%	15%	21%
Active trading	10%	21%	9%	10%	3%
Alternatives investment management	10%	6%	9%	20%	11%
None	9%	17%	7%	5%	5%
CRM	3%	0%	1%	10%	5%
Procurement and vendor management	1%	1%	3%	0%	0%

Barriers to technology adoption in the family office

GLOBAL VIEW

While family office technology solutions have made great strides over the past decade, our survey still reveals many barriers to adoption. Lack of internal expertise is chief among these (57%) as well as a lack of awareness of available options (34%). Respondents also named cybersecurity or privacy concerns (28%) and uncertainty over return on investment (25%) as obstacles. Only 16% reported encountering no barriers to technology adoption.



AUM VIEW

Larger and smaller family offices faced similar challenges around technology adoption. However, degrees of impact varied between them. A majority in each group cited lack of internal expertise as the main hurdle. Smaller entities struggled more with awareness of available options (42%), likely due to their resource constraints. Larger family offices expressed greater concern about cybersecurity/privacy (35%) and integrating legacy systems (23%), possibly reflecting more complex existing infrastructure.

REGIONAL VIEW

Regionally, lack of internal expertise remains the principal barrier across the board. Concerns over return on investment and cybersecurity cropped up frequently. Resistance to change from family members was seen as a more minor hurdle.

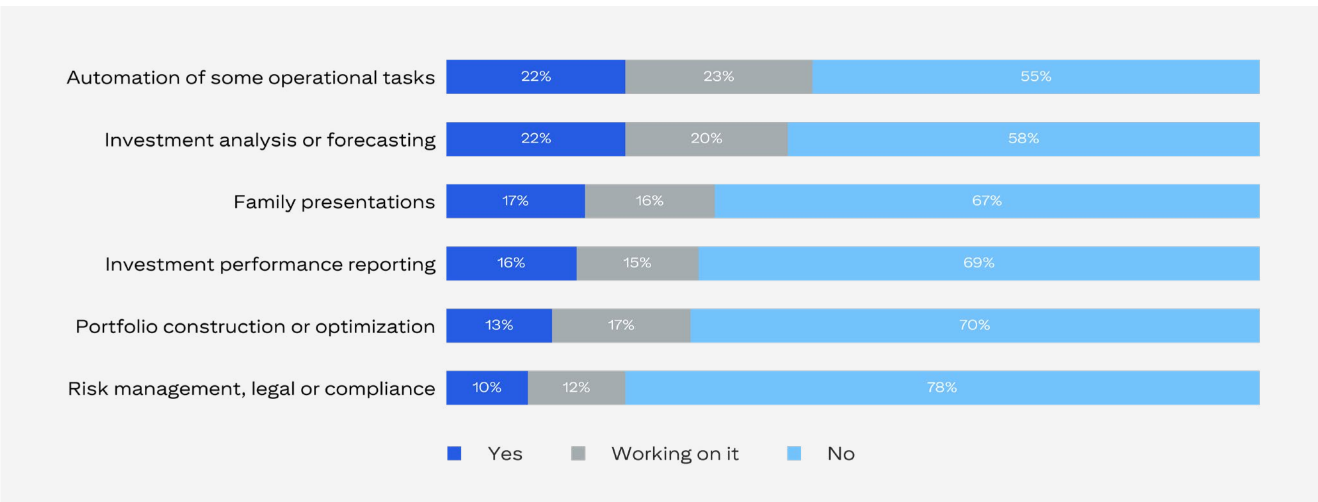
	Global	APAC	EMEA	LATAM	NAM
Lack of internal expertise	57%	51%	56%	60%	61%
Lack of awareness of available options	34%	37%	38%	45%	28%
Cybersecurity or privacy concerns	28%	23%	26%	30%	33%
Uncertainty around ROI	25%	23%	25%	15%	27%
Budgetary constraints	22%	28%	18%	20%	19%
Difficulty integrating legacy systems	18%	17%	15%	5%	23%
Resistance to change from family members	17%	20%	15%	10%	17%
None	16%	19%	19%	20%	14%

Use of AI in the family office

GLOBAL VIEW

What a difference a year can make. In 2024, we asked family offices for the first time if and how they were using AI within their operations. Adoption rates were low, with nearly three quarters reporting no usage across any function.

Rates of adoption have since shown significant progress. More than a fifth of respondents (22%) had automated some operational tasks or are doing investment analysis or forecasts with the help of AI, up from around 13% last year. AI use in investment performance reporting (16%) and portfolio construction (13%) more than doubled since last year. These results betoken both broader acceptance and improvements in AI tools themselves.



AUM VIEW

The overall rate of AI adoption year-over-year is higher among family offices with AUM above and below $500 million. Interestingly, smaller family offices are equally keen in this regard, likely due to the greater resource constraints they generally face. AI could help fill in their gaps in talent and software alike. By contrast, their larger counterparts may have more staffing and incumbent systems.

REGIONAL VIEW

With AI technology still in its early stages, all regions remained in exploratory mode, with clear trends having yet to establish themselves. That said, we see some clues. Family offices in North America, Europe, the Middle East and Africa and Latin America led in adoption, primarily with respect to automating operational tasks (above 24%). Investment analysis and forecasting appears to be a priority in Latin America (32%) and in Europe, the Middle East and Africa (28%). Asia Pacific showed the most room for improvement.

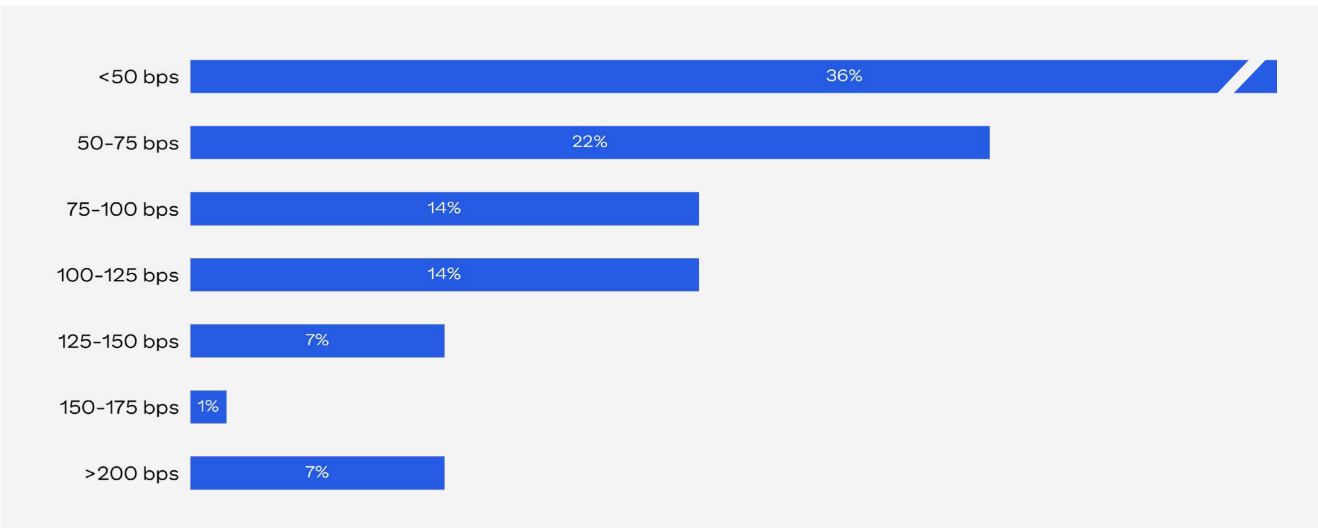
	APAC			EMEA		
	Yes	Working on it	No	Yes	Working on it	No
Automation of some operational tasks	11%	26%	63%	29%	19%	52%
Investment analysis or forecasting	21%	16%	63%	28%	20%	52%
Family presentations	4%	21%	75%	25%	12%	63%
Investment performance reporting	10%	16%	74%	18%	14%	68%
Portfolio construction or optimization	11%	16%	73%	18%	19%	63%
Risk management, legal or compliance	5%	18%	77%	17%	8%	75%

	LATAM			NAM		
	Yes	Working on it	No	Yes	Working on it	No
Automation of some operational tasks	26%	21%	53%	24%	25%	51%
Investment analysis or forecasting	32%	36%	32%	16%	22%	62%
Family presentations	11%	15%	74%	22%	16%	62%
Investment performance reporting	26%	16%	58%	16%	16%	68%
Portfolio construction or optimization	16%	21%	63%	9%	17%	74%
Risk management, legal or compliance	16%	10%	74%	7%	10%	83%

Estimated cost of managing a family office

GLOBAL VIEW

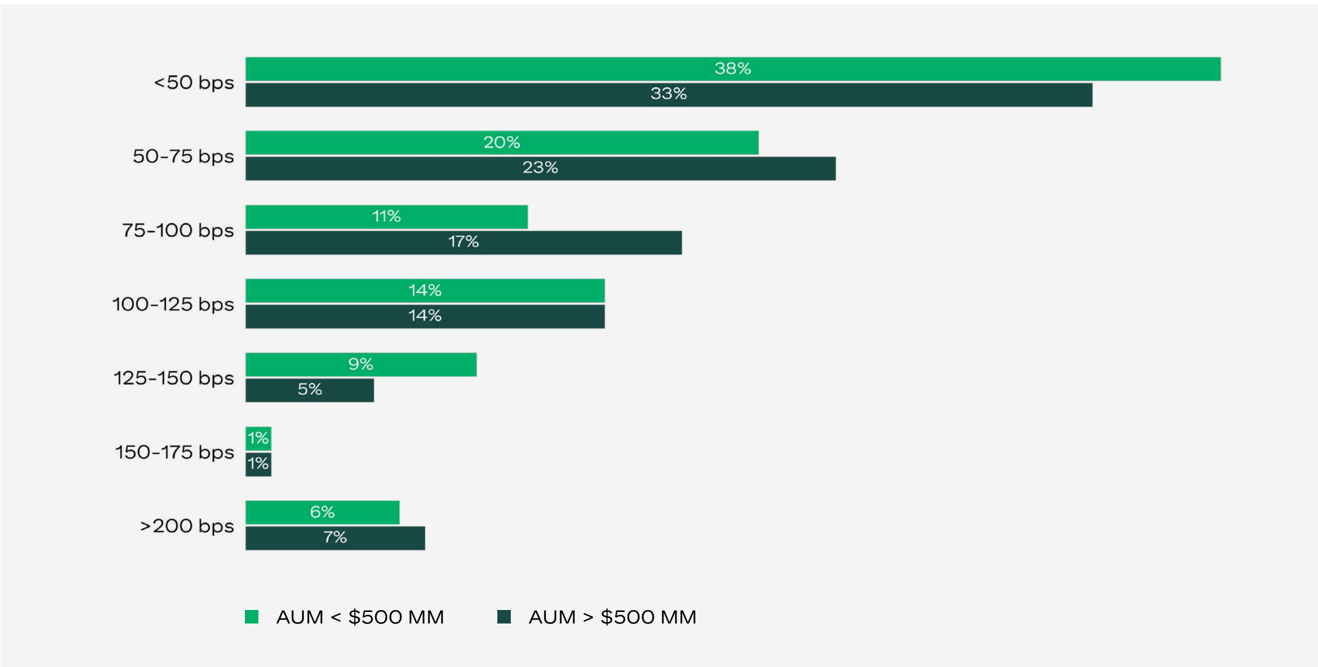
More than a third of family offices (36%) reported their annual operating costs were less than 50 basis points (bps) of their AUM. Another third or so (36%) said they incurred between 50–100 bps. Based on our experience, we believe this could only represent the internal operating cost of the family office in most cases; i.e., excluding the external investment advisory fees and external non-investment advisory fees. Some studies have shown that the total annual cost of a family office – including the three components listed above – are typically between 100 and 200 bps.*



*Source: A guide to Establishing a Family Office, Citi Wealth, 2025. These ranges are for guidance only and based on our review of client operating budgets and survey data available.

AUM VIEW

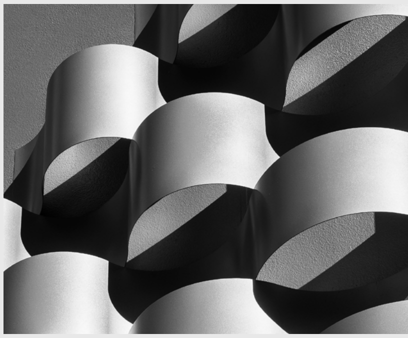
A large majority of family offices of all sizes reported annual running costs of less than 125 bps. Those with less than $500 million in AUM were a bit likelier to report costs below 50 bps, while larger entities were slightly more numerous in the 50–75 bps and 75–100 bps brackets. Notably, 7% of those reporting costs of 200 bps and above were larger family offices, compared to 6% of smaller ones. Overall, larger entities seem to have broadly similar costs in bps terms to smaller entities. This suggests that intensifying family demands for services as AUM rises may prevent larger family offices from reaping economies of scale.



REGIONAL VIEW

Family offices from Asia Pacific were best represented in the 50 bps of AUM and below cost category. This may result from the region's large number of fledgling family offices, which may be leaner operations. However, in North America – where family offices are long established and talent costs are typically high – three quarters of respondents reported costs of 100 bps or below. Europe, the Middle East and Africa had the most respondents (34%) with costs above 100 bps.

	Global	APAC	EMEA	LATAM	NAM
<50 bps	36%	45%	29%	25%	37%
50-75 bps	22%	15%	22%	35%	23%
75-100 bps	14%	8%	16%	15%	15%
100-125 bps	14%	14%	14%	10%	15%
125-150 bps	7%	10%	8%	10%	4%
150-175 bps	1%	0%	2%	0%	3%
>200 bps	7%	8%	10%	5%	4%




Family office expenses often approximate 1% to 2% of the assets under management

"What should my family office cost?" is a vital consideration for family principals everywhere.

This is a difficult question to answer, primarily for two reasons. First, the answer will depend on the office's scope, scale and complexity. Second, the benefits to the family need to justify the expenditure of money and time. Ultimately, "value" and "benefit" must be defined by the family.

One useful benchmark is to divide the total costs of the family office by the assets under management (AUM). Total family office expenses, defined as internal operating costs plus external investment advisory fees and external non-investment advisory fees, typically average 1% to 2% of the AUM.

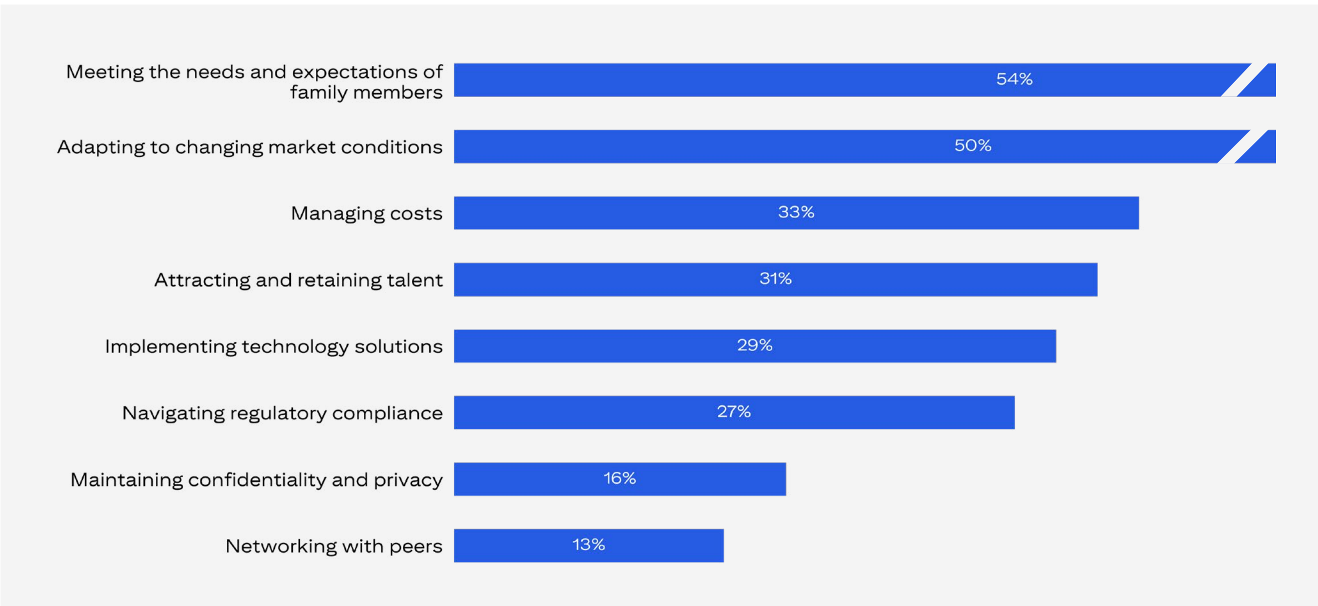
Our family office advisory team has deep experience working with the world's leading families and can help guide clients on various aspects of family office creation and management.

Ajay Kamath
North America Family Office Advisory Head
Global Family Office Group

Family office primary challenges

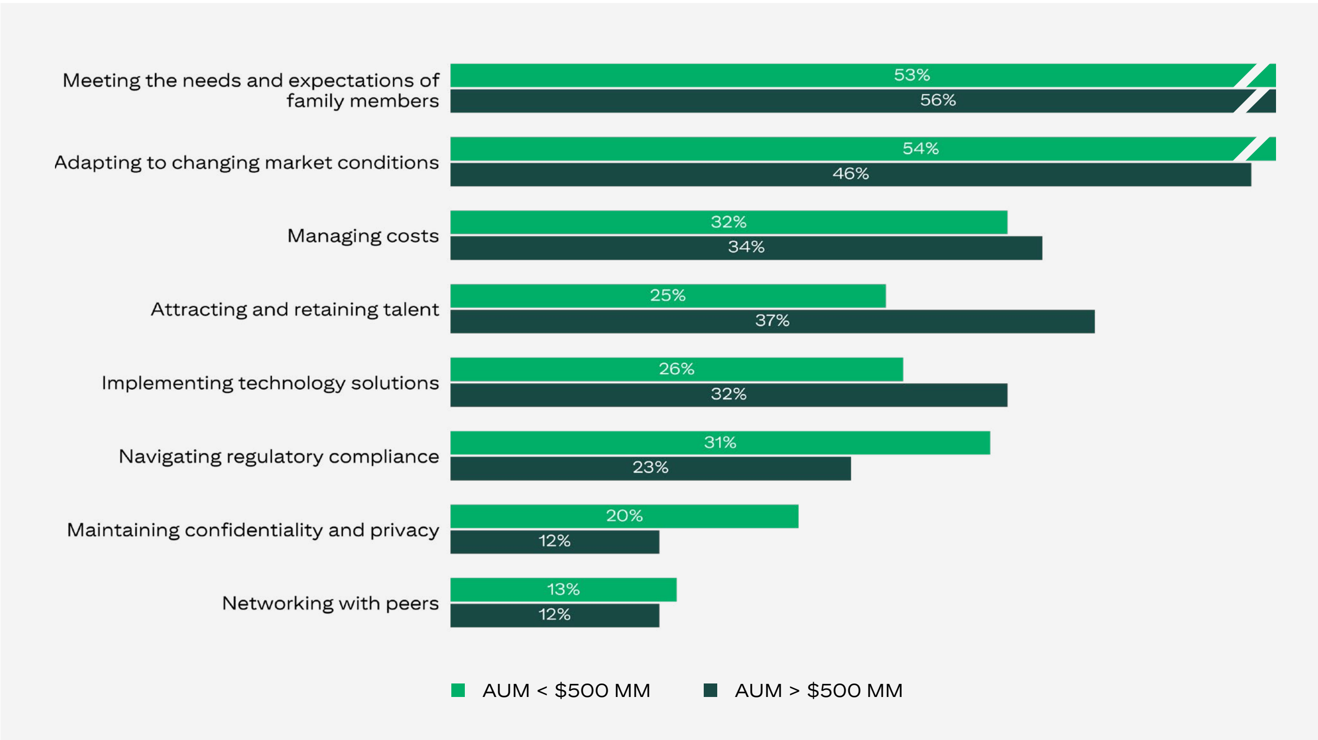
GLOBAL VIEW

Like last year, meeting family members' needs and expectations was the top challenge cited by family offices (54%). Adapting to market conditions remained in second place (50%). So, respondents continue to show growing awareness of families' expectations of support beyond financial matters. This is particularly true in relation to guidance on helping to foster family unity and continuity – page 141. Unfortunately, many family offices are still not able to address such issues sufficiently, acknowledging them as their foremost challenge.



AUM VIEW

While the primary challenges cited are similar for family offices of all sizes, attracting and retaining talent seems a more frequent issue among larger family offices (37% vs 25%). After all, such entities will generally have more positions to fill. Conversely, smaller family offices expressed greater concern about ability to adapt to changing market conditions (54% vs 46%), most likely due to their lesser resources.



REGIONAL VIEW

Meeting the needs and expectations of family members was the top challenge in every region, mentioned by 60% of respondents in North America down to 47% of those in Asia Pacific. Of other issues, navigating regulatory compliance was of greatest concern in Asia Pacific (43%), as was privacy (25%). The industry has evolved faster in that region than the applicable regulations. But as the latter catch up, compliance emerges as a challenge. Respondents in Latin America were noticeably more preoccupied about implementing technological solutions (40%) than their counterparts elsewhere (average 28%).

	Global	APAC	EMEA	LATAM	NAM
Meeting the needs and expectations of family members	54%	47%	51%	55%	60%
Adapting to changing market conditions	50%	52%	54%	55%	45%
Managing costs	33%	31%	28%	30%	37%
Attracting and retaining talent	31%	34%	28%	25%	33%
Implementing technology solutions	29%	21%	27%	40%	35%
Navigating regulatory compliance	27%	43%	27%	10%	19%
Maintaining confidentiality and privacy	16%	25%	13%	20%	13%
Networking with peers	13%	6%	7%	20%	19%

GENERATIONAL VIEW

The challenge of meeting the needs and expectations of family members increases with time. It was cited by nearly 53% of family offices serving first- and second-generation families and 58% of those serving the third generation and beyond. However, adapting to changing market conditions becomes less of a concern over time (from 53% down to 35%).

	G1	G2	G3+
Meeting the needs and expectations of family members	54%	52%	58%
Adapting to changing market conditions	53%	51%	35%
Managing costs	34%	34%	28%
Attracting and retaining talent	29%	30%	42%
Implementing technology solutions	29%	29%	33%
Navigating regulatory compliance	25%	33%	19%
Maintaining confidentiality and privacy	13%	19%	26%
Networking with peers	12%	15%	12%

Family governance

Overview

Family governance systems have room for growth, and many are working toward creating them.

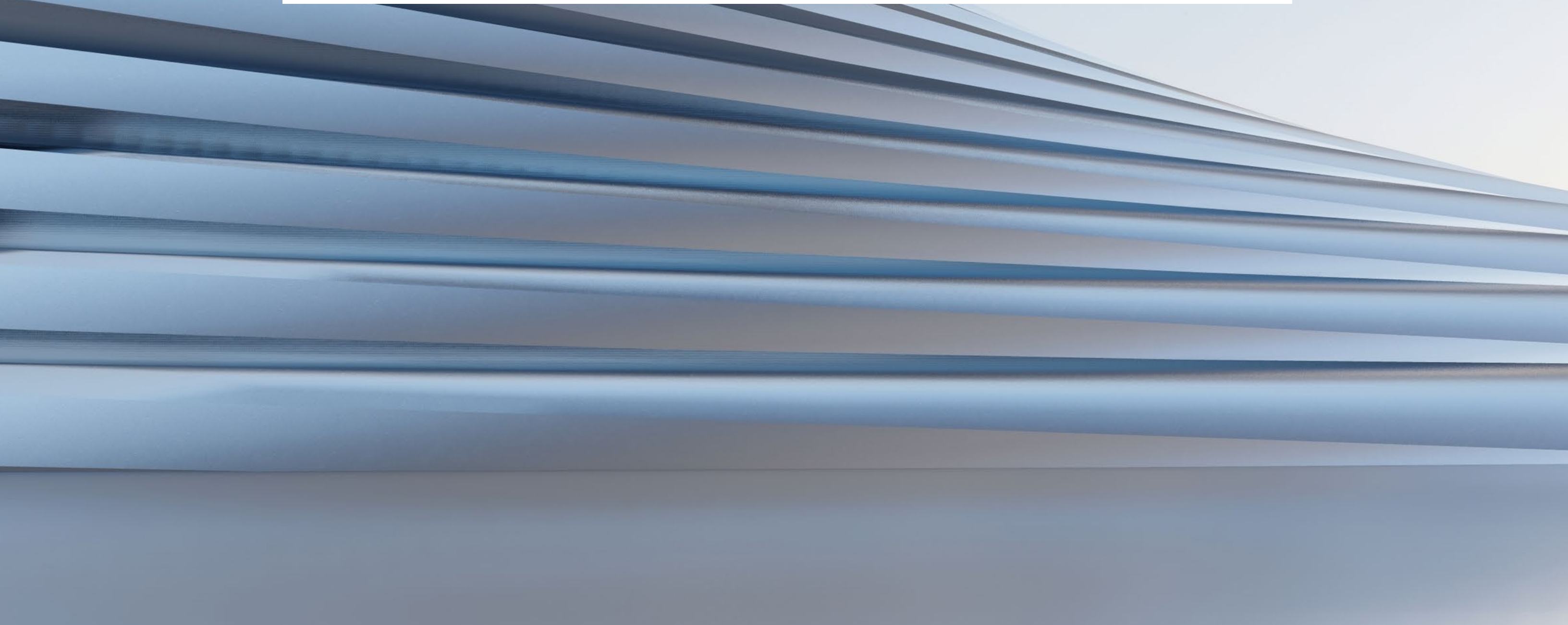
Investment risks were mentioned far more often than those of the operation, family-related, liquidity and geopolitical varieties.

Respondents felt their investment risks were well managed, but much less so cybersecurity, geopolitical and personal security risks.

The most significant gap between family needs and family office services was in next-generation preparedness.

Education about family wealth and mentoring & professional experience were the most widely offered opportunities to next-generation family.

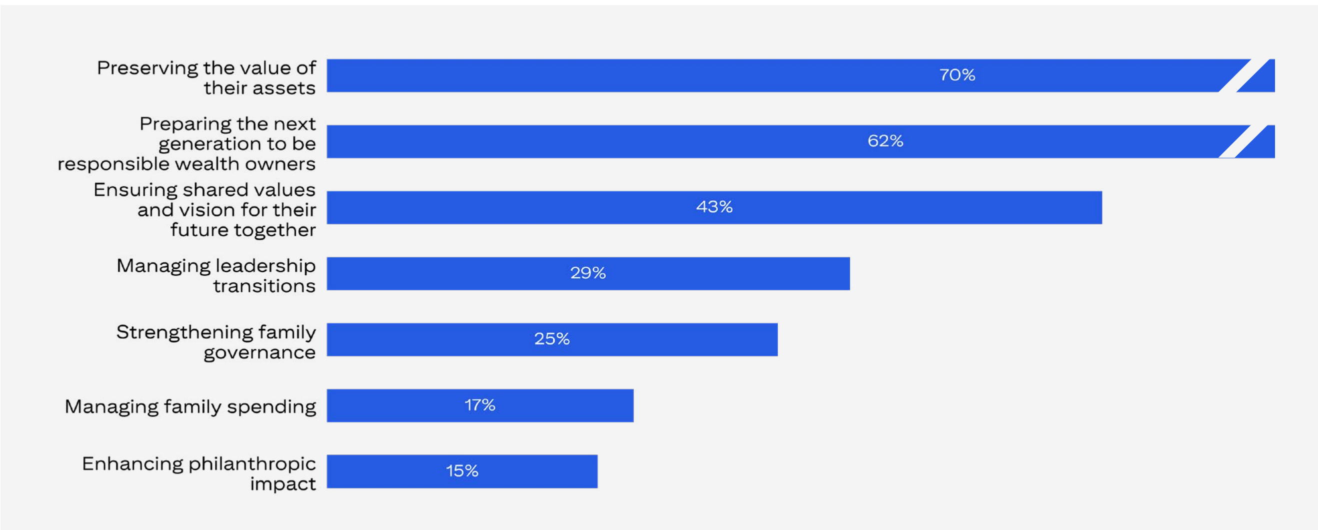
More family members were said to be considering moving jurisdictions or changing citizenship than last year.



Families' primary concern

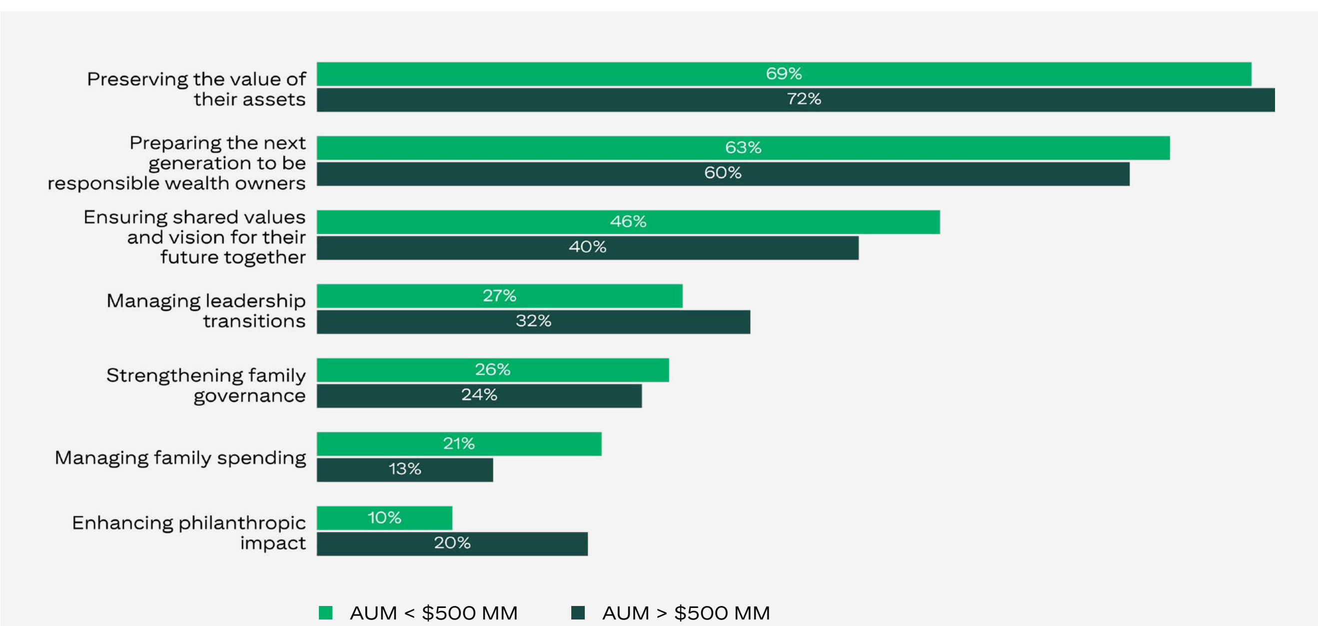
GLOBAL VIEW

As in previous years, the top family concern as reported by their family offices was financial. Seventy percent of respondents mentioned preservation of the value of the family's assets. Preparing the next generation to be responsible wealth owners (62%) was not far behind, followed by ensuring shared goals and vision for the family's future (43%). These results continue to underscore the dual priorities of family principals who seek to prepare wealth for their families and to prepare their family for wealth.



AUM VIEW

Families reported having mostly similar levels of concern irrespective of the size of their family offices' AUM. That said, the families with smaller AUM were said to be more preoccupied with managing their spending. Those with larger AUM were more interested in enhancing philanthropic impact.



REGIONAL VIEW

Simultaneous prioritization of financial goals (asset value preservation) with family considerations (preparing the next generation, shared vision) was a feature among families across all regions. This is striking given the significantly different regional environments.

Enhancing philanthropic impact was more often cited as a primary family concern in North America (28%) than in other regions. Philanthropic tradition and tax incentives may explain this. Latin America families stood out for being most concerned about ensuring shared values and vision for their future together (70%) and strengthening family governance (35%). These likely reflect a cultural preference for keeping families together across generations.

	Global	APAC	EMEA	LATAM	NAM
Preserving the value of their assets	70%	68%	73%	60%	74%
Preparing the next generation to be responsible wealth owners	62%	59%	59%	55%	65%
Ensuring shared values and vision for their future together	43%	42%	46%	70%	35%
Managing leadership transitions	29%	33%	23%	15%	32%
Strengthening family governance	25%	33%	24%	35%	17%
Managing family spending	17%	16%	11%	20%	22%
Enhancing philanthropic impact	15%	6%	7%	10%	28%

GENERATIONAL VIEW

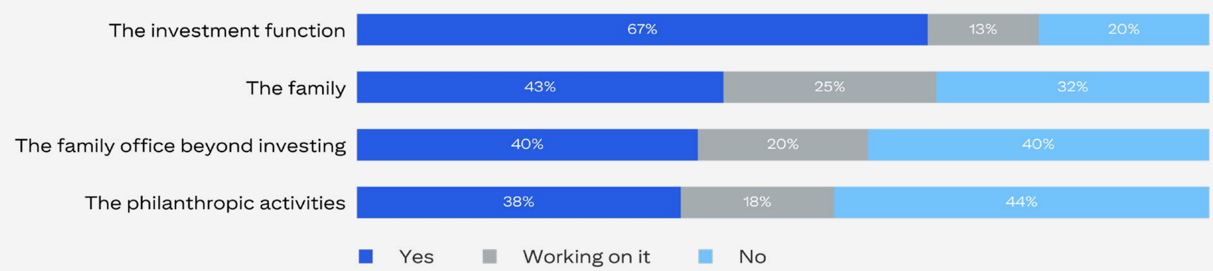
While preserving the value of assets remained a constant family concern across generations, family-related issues become more acute over time. For example, preparing the next generation for wealth was cited as a primary concern for 64% of third-generation families and beyond compared to 59% of first-generation families. Likewise, the need to manage leadership transitions was seen as more pressing (36% vs 27%).

	G1	G2	G3+
Preserving the value of their assets	68%	74%	72%
Preparing the next generation to be responsible wealth owners	59%	63%	64%
Ensuring shared values and vision for their future together	41%	42%	49%
Managing leadership transitions	27%	30%	36%
Strengthening family governance	23%	32%	13%
Managing family spending	15%	20%	18%
Enhancing philanthropic impact	20%	11%	8%

Family decision making

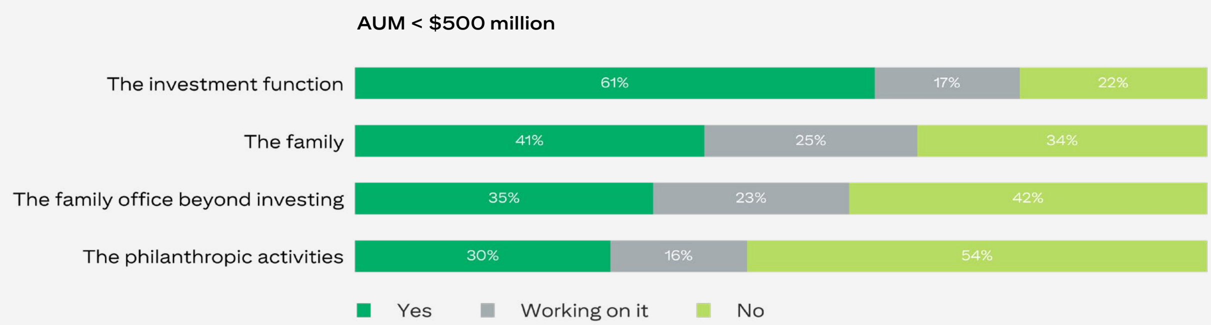
GLOBAL VIEW

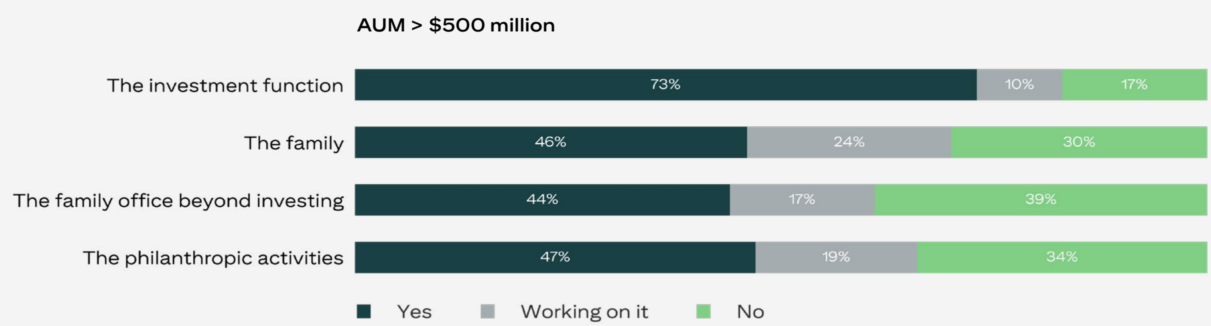
Two thirds of family offices reported having a system (67%) for investment decision making, while 43% had governance in place for family decisions. Philanthropic decision making remained the most informal, with 44% of families neither having formalized its governance nor reporting that they were "working on it."



AUM VIEW

As in 2024, larger family offices were ahead of their counterparts with smaller AUM with respect to family enterprise governance. Informal decision making most likely becomes more inefficient and riskier as the family's level of wealth increases.





REGIONAL VIEW

Across all regions, family offices had mostly robust investment governance but varying degrees of formal governance in other dimensions. North America (47%) and Latin America (58%) led the way in family governance, while governance for philanthropic activities lags across regions, indicating a significant area for potential growth and development.

	APAC			EMEA		
	Yes	Working on it	No	Yes	Working on it	No
The investment function	64%	12%	24%	71%	13%	16%
The family	39%	30%	31%	39%	22%	39%
The family office beyond investing	37%	22%	41%	37%	18%	45%
The philanthropic activities	27%	20%	53%	35%	12%	53%

	LATAM			NAM		
	Yes	Working on it	No	Yes	Working on it	No
The investment function	74%	5%	21%	66%	16%	18%
The family	58%	16%	26%	47%	23%	30%
The family office beyond investing	42%	11%	47%	44%	21%	35%
The philanthropic activities	26%	11%	63%	50%	20%	30%

GENERATIONAL VIEW

Family offices serving the third generation and beyond were likelier than their first-generation counterparts to have implemented proper governance systems for the investment function (71% vs 60%), the family (53% vs 38%), the family office beyond investing (45% vs 35%), and philanthropic activities (55% vs 38%). This is probably a result of their greater need for such governance, given their larger size and diversity of family members, reinforced by years of experience.

	G1			G2		
	Yes	Working on it	No	Yes	Working on it	No
The investment function	60%	16%	24%	76%	11%	13%
The family	38%	27%	35%	48%	24%	28%
The family office beyond investing	35%	22%	43%	46%	15%	39%
The philanthropic activities	38%	18%	44%	31%	20%	49%

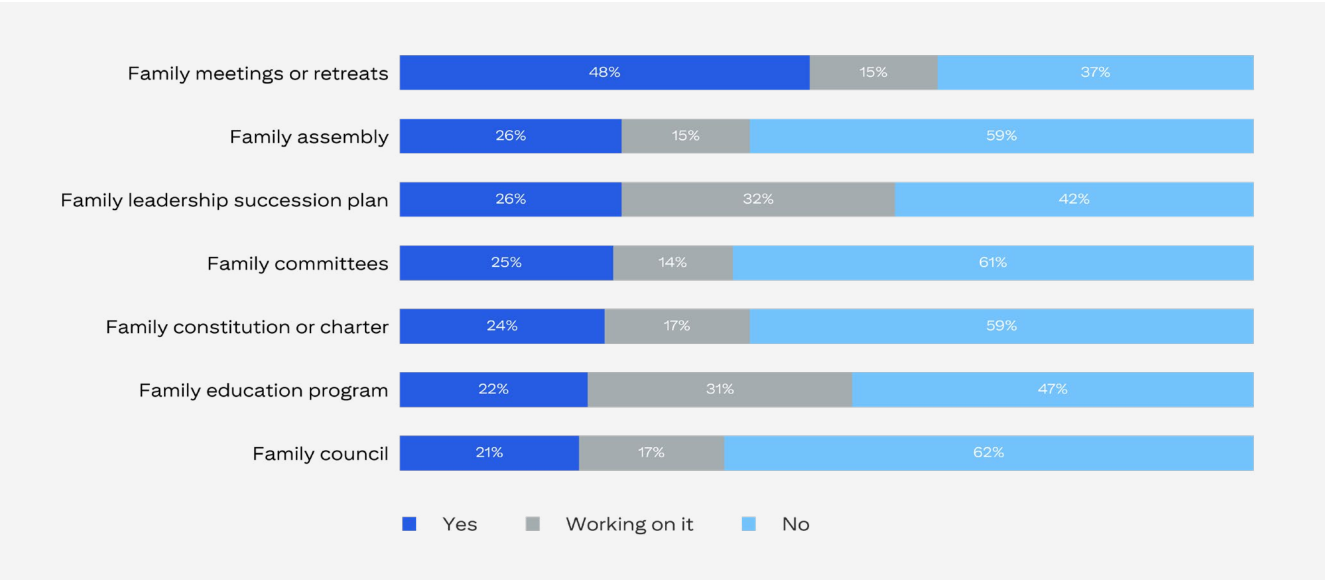
	G3+		
	Yes	Working on it	No
The investment function	71%	11%	18%
The family	53%	18%	29%
The family office beyond investing	45%	21%	34%
The philanthropic activities	55%	8%	37%

Family governance and organization

GLOBAL VIEW

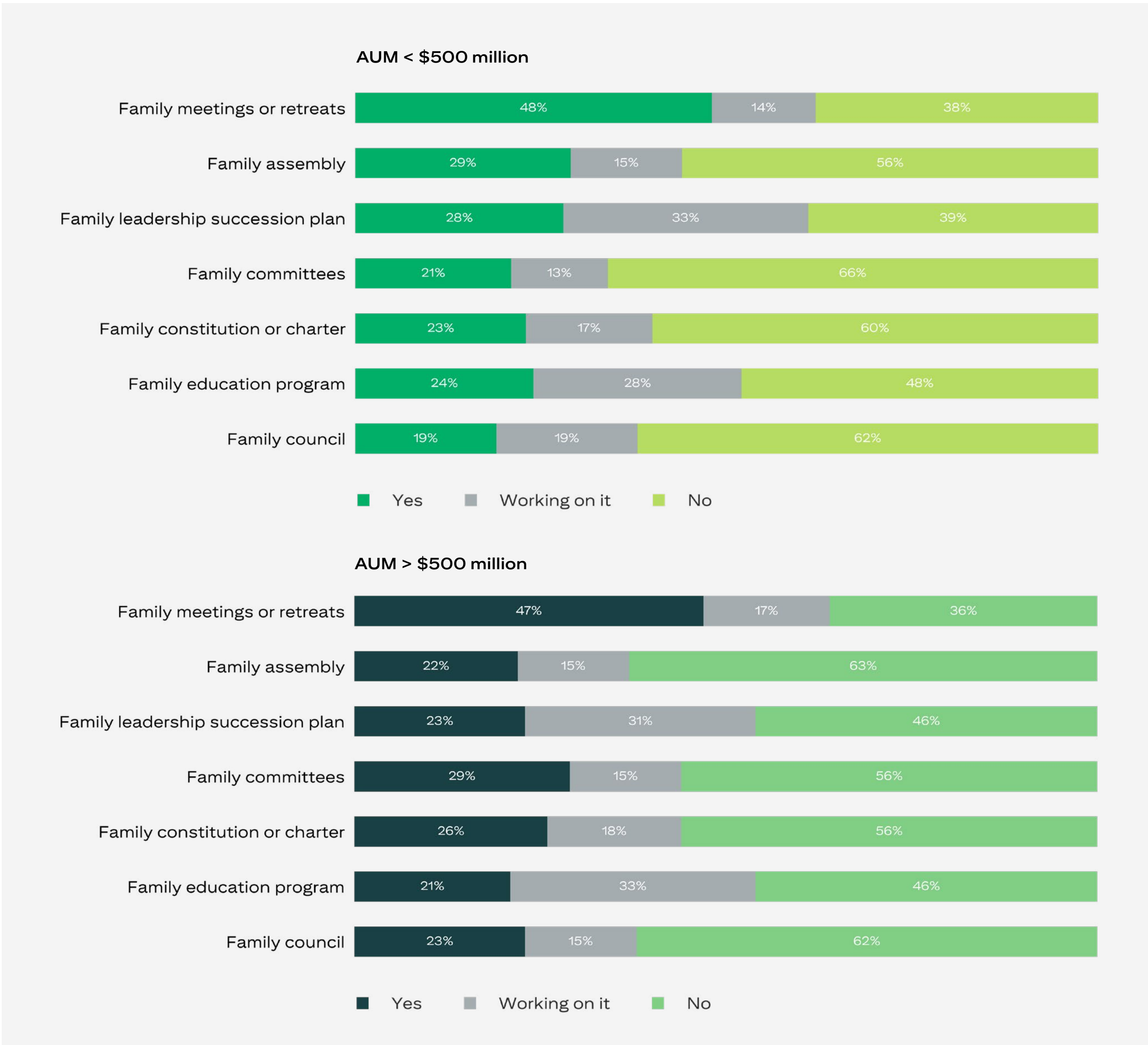
Family governance is a set of at least semi-structured rules, processes and guidelines that support decision making, conflict resolution and help effectively manage shared family assets. Good governance can promote cohesion and transparency, and protect individual and collective interests.

Respondents indicated that family meetings/retreats were a relatively well-established practice (48%). However, there was significant room for growth in adoption of more formal governance practices. Few reported having family councils (21%), assemblies (26%) and family education programs (22%). Still, many families were working on implementing these structures, suggesting growing awareness and prioritization of formalized family governance. It was particularly encouraging that a third of respondents were working on family leadership succession plans and family education programs.



AUM VIEW

Across family offices with above and below $500 million, there were few differences in adoption of key elements of family governance.

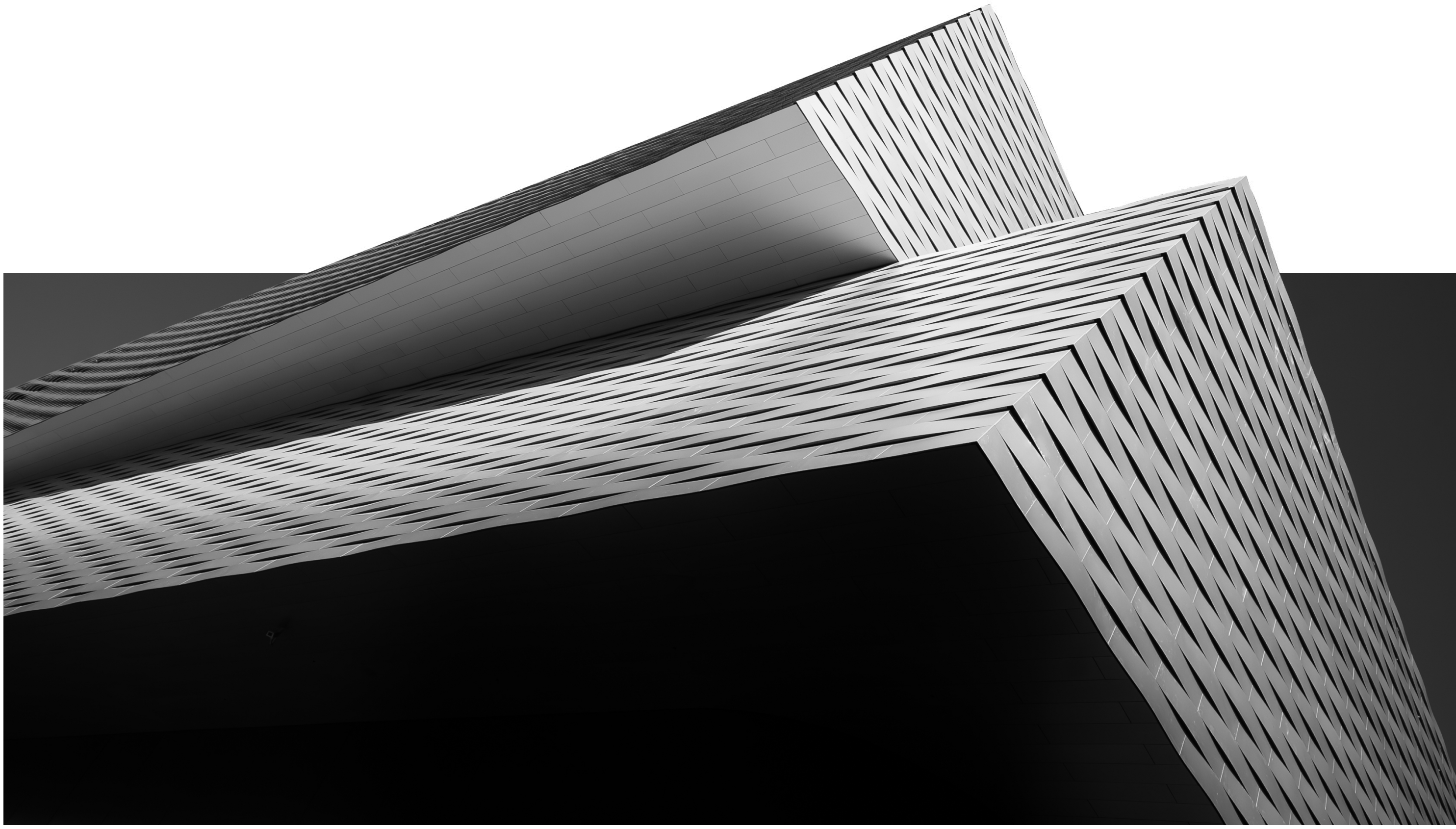


REGIONAL VIEW

Family meetings and retreats were the most common family governance practice across the regions. Overall, Latin American respondents had a higher adoption rate for six out of seven measures including family councils and family assemblies. This may reflect a more established culture of keeping families together in relation to business and wealth. North America lagged in many areas, by contrast.

	APAC			EMEA		
	Yes	Working on it	No	Yes	Working on it	No
Family meetings or retreats	39%	27%	34%	61%	10%	29%
Family assembly	31%	28%	41%	27%	14%	59%
Family leadership succession plan	20%	44%	36%	27%	27%	46%
Family committees	16%	28%	56%	25%	9%	66%
Family constitution or charter	29%	27%	44%	18%	18%	64%
Family education program	17%	37%	46%	27%	23%	50%
Family council	17%	36%	47%	16%	14%	70%

	LATAM			NAM		
	Yes	Working on it	No	Yes	Working on it	No
Family meetings or retreats	67%	5%	28%	44%	12%	44%
Family assembly	61%	0%	39%	15%	8%	77%
Family leadership succession plan	39%	17%	44%	29%	28%	43%
Family committees	50%	0%	50%	27%	8%	65%
Family constitution or charter	50%	11%	39%	20%	10%	70%
Family education program	28%	33%	39%	23%	28%	49%
Family council	67%	0%	33%	19%	8%	73%



Highlights from the Family Office Leadership Summit

Our tenth annual 2025 Family Office Leadership Summit was held in early June in Ossining, New York. In attendance were over 150 family office senior leaders from 25 nations, whose principals' average net worth was $3.8bn.

Over two days, they held discussions led by inspirational speakers on topics spanning technology, trade, geopolitics, philanthropy, family unity and succession, medical science and investing. Led by subject matter experts, these conversations encouraged contributions from attendees.

Here are some key takeaways from this flagship gathering:

FOCUS IS VITAL IN PORTFOLIO MANAGEMENT

Investing calls for a focus on long-term trends, not short-term uncertainties. Market chatter is often just noise, sometimes not even true. Investors can too easily get distracted by talking head punditry that is more entertainment than thoughtful strategy.

Sophisticated and qualified investors should consider diversifying away from 60/40 portfolios, embracing global assets, real assets and alternative investments. When considering private equity investments, it pays to concentrate upon companies in industries you know well.

SEEKING LONG-TERM THEMES & QUALITY COMPANIES

When seeking to build generational wealth, it is important to keep long-term themes in focus. Considering quality assets – e.g., shares in US companies with the strongest cashflow – makes sense amid uncertainty. The common thread between many of today's leading companies is that they all somehow provide greater convenience.

TRANSFORMATIVE TECHNOLOGIES

Technology is allowing businesses to break the age-old tradeoff between customization and cost. Digitalization enables the compression of capabilities and their distribution across the economy. Breakthroughs happen by doing things that could never be done before. Artificial intelligence is already helping to do things that were previously impossible in many areas.

EARLIER IS BETTER IN WEALTH PLANNING

It is best to seek specialist advice as early as possible during the planning process, with whatever information is available. Scrimping on paying for advice can later prove costly.

Seeking perfection can be the enemy: it may be better to get started and establish an imperfect structure than have nothing at all. Planning is never "one and done" because family situations and regulations change over time.

Asset allocation – what to invest in – needs to be considered alongside asset location – the jurisdictions where families live and hold assets.

HOW TO PURSUE SUCCESSION SUCCESS

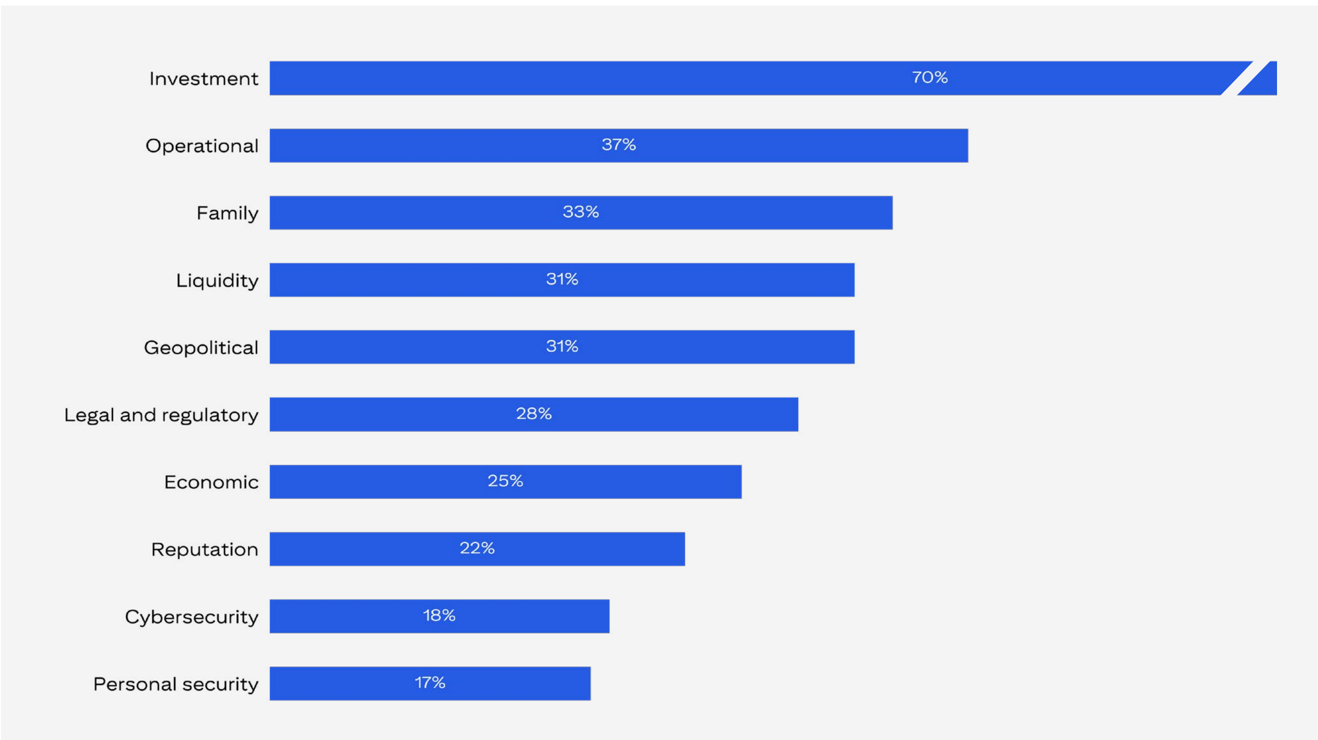
Wealthy families need to engage intelligently with younger generations to engender family unity and continuity. To secure their buy-in to the family mission, younger generations need to be given agency.

Specialist consultants can bring useful outside perspectives to intergenerational conversations around harmony. Methods of communication should reflect the needs and preferences of successors, who may now be the third or fourth generation.

Risks faced by the family

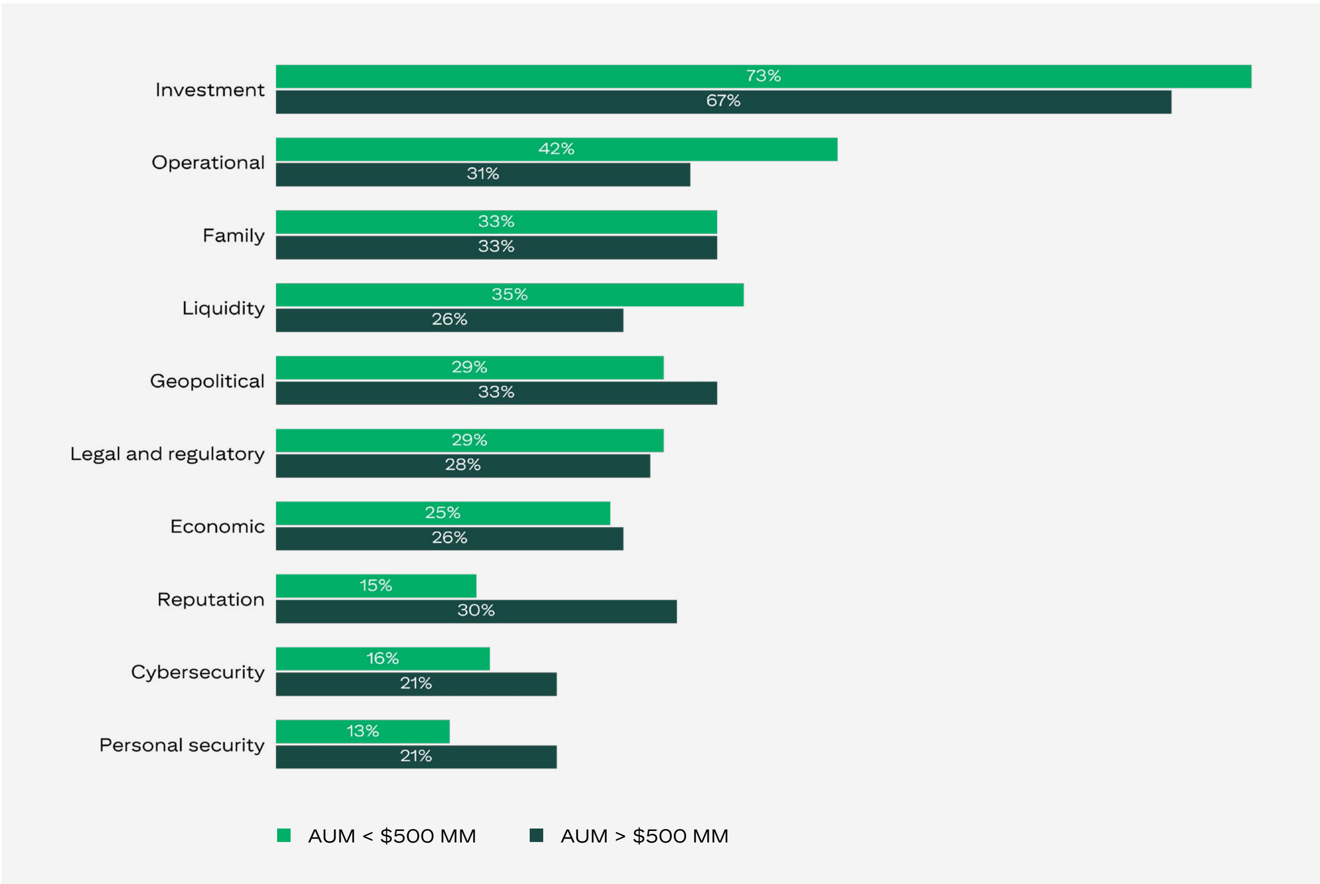
GLOBAL VIEW

Seventy percent of family offices globally mentioned risks relating to investing, almost twice the response rate for any other variety. The global trade war and resulting market selloff in March and April might have heightened sensitivities here. Operational risks (37%) were a distant second, followed by family-related concerns, liquidity and geopolitical risks (around 32%).



AUM VIEW

Investment risk was the top concern among family offices irrespective of their AUM size. Almost three quarters (73%) of those with AUM below $500 million and just over two thirds of larger entities cited this risk. Reputational, cybersecurity and personal security risks were mentioned more by larger AUM respondents, potentially reflecting their greater public profile and more complex digital and physical security needs.



REGIONAL VIEW

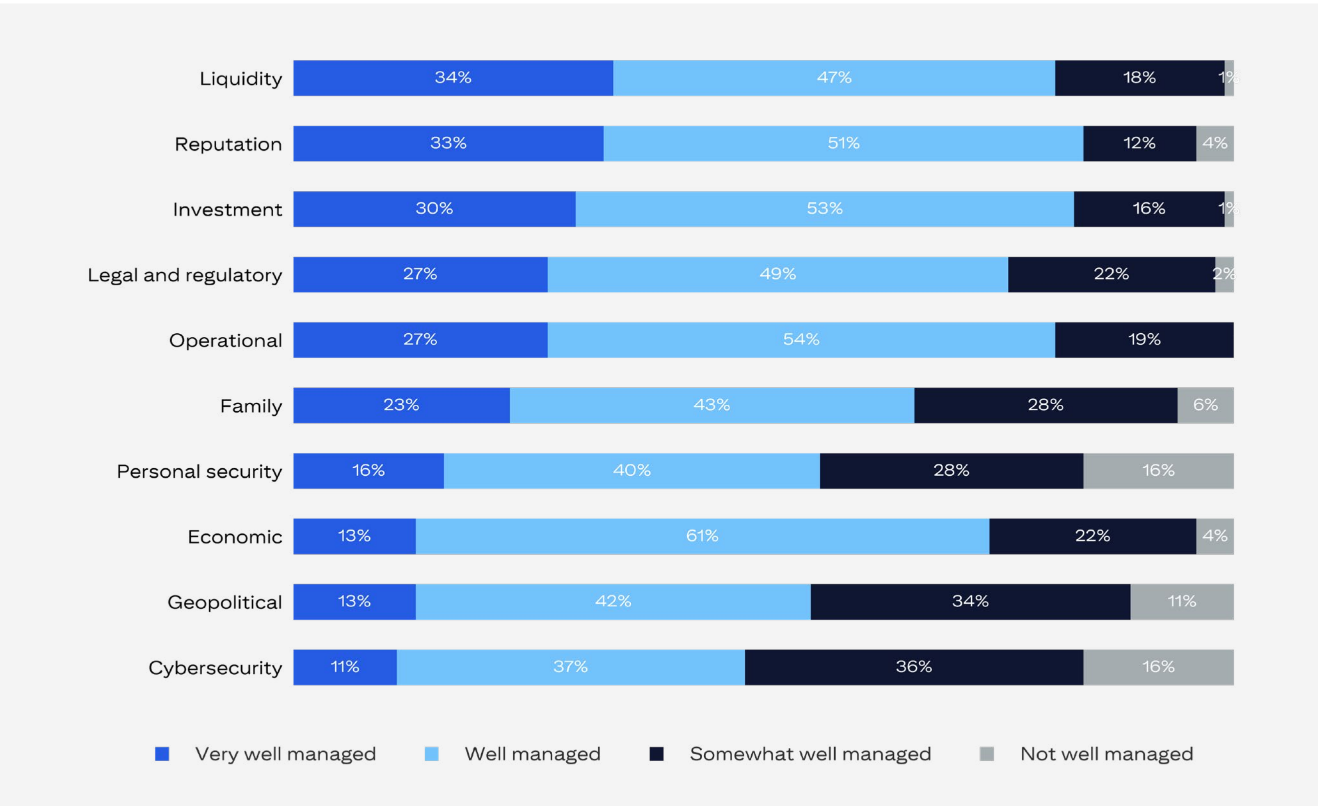
Investment and operational risks were consistently the top risks identified by family offices across regions. Family risk in Asia Pacific (41%) and legal & regulatory in Latin America (40%) were ranked higher than elsewhere, most likely reflecting the challenges for family offices of keeping up with a maturing regulatory environment. Latin America also stressed economic risk, perhaps arising from that region's history of inflation, commodity boom-bust cycles and vulnerability to external shocks.

	Global	APAC	EMEA	LATAM	NAM
Investment	70%	69%	74%	70%	66%
Operational	37%	41%	31%	40%	38%
Family	33%	41%	23%	30%	34%
Liquidity	31%	31%	23%	25%	36%
Geopolitical	31%	35%	37%	35%	22%
Legal and regulatory	28%	31%	27%	40%	26%
Economic	25%	25%	19%	45%	25%
Reputation	22%	17%	34%	15%	21%
Cybersecurity	18%	10%	8%	30%	30%
Personal security	17%	6%	21%	25%	21%

Management of key risks faced by the family

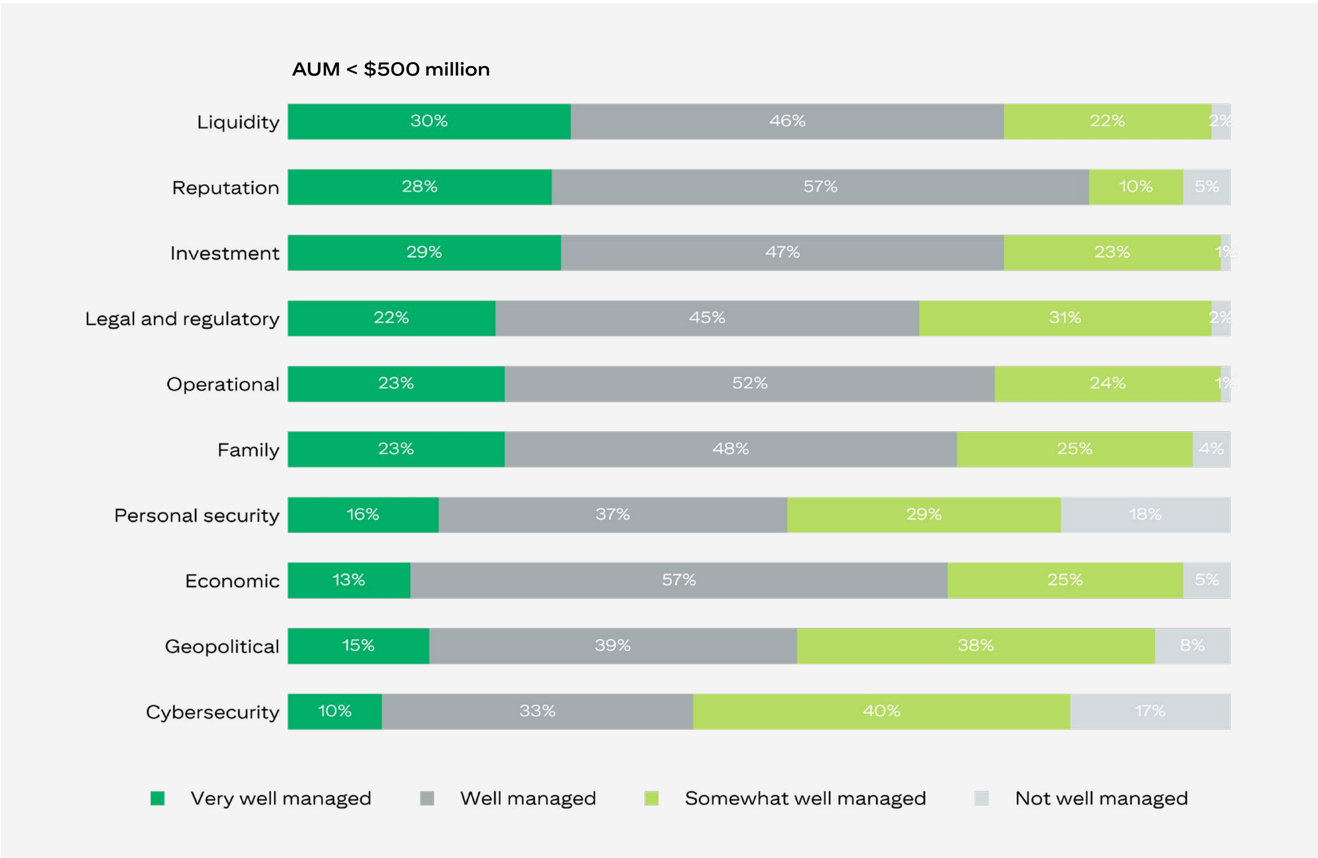
GLOBAL VIEW

Respondents were slightly less confident about the management of key risks compared to in 2024. Combining those who said they felt their risks were very well managed or well managed, the figure for liquidity dropped from 86% to 81% and from 88% to 83% for investment. Nonetheless, these results are still strong overall. There was notably less confidence when it came to cybersecurity (48%), geopolitical (55%) and personal security (56%).



AUM VIEW

Both family offices with AUM above and below $500 million had similar perceptions of how well they believed their risks to be managed.



AUM > $500 million
Liquidity 37% 48% 13% 2%
Reputation 38% 45% 14% 3%
Investment 31% 59% 9% 1%
Legal and regulatory 32% 52% 13% 3%
Operational 31% 55% 13% 1%
Family 24% 39% 31% 6%
Personal security 17% 43% 27% 13%
Economic 13% 64% 19% 4%
Geopolitical 12% 44% 29% 15%
Cybersecurity 12% 42% 32% 14%
Very well managed
Well managed
Somewhat well managed
Not well managed

REGIONAL VIEW

Most regions had broadly similar perceptions of how well managed their risks were. Among the standouts, family offices from Europe, the Middle East and Africa were much likelier to see their liquidity risks as very well managed or well managed (91%) than those elsewhere (75% average). Entities in North America and Europe, the Middle East and Africa were more confident in their management of legal and regulatory risks (84%) than those in Asia Pacific (56%).

	APAC				EMEA			
	Very well managed	Well managed	Somewhat well managed	Not well managed	Very well managed	Well managed	Somewhat well managed	Not well managed
Liquidity	23%	52%	22%	3%	39%	52%	6%	3%
Reputation	27%	48%	20%	5%	31%	48%	9%	12%
Investment	11%	61%	27%	1%	41%	48%	9%	2%
Legal and regulatory	12%	44%	39%	5%	30%	54%	13%	3%
Operational	12%	56%	30%	2%	33%	56%	9%	2%
Family	20%	42%	33%	5%	22%	50%	22%	6%
Personal security	11%	47%	34%	8%	24%	35%	24%	17%
Economic	11%	59%	28%	2%	15%	65%	13%	7%
Geopolitical	8%	48%	39%	5%	15%	43%	30%	12%
Cybersecurity	8%	34%	47%	11%	15%	37%	28%	20%

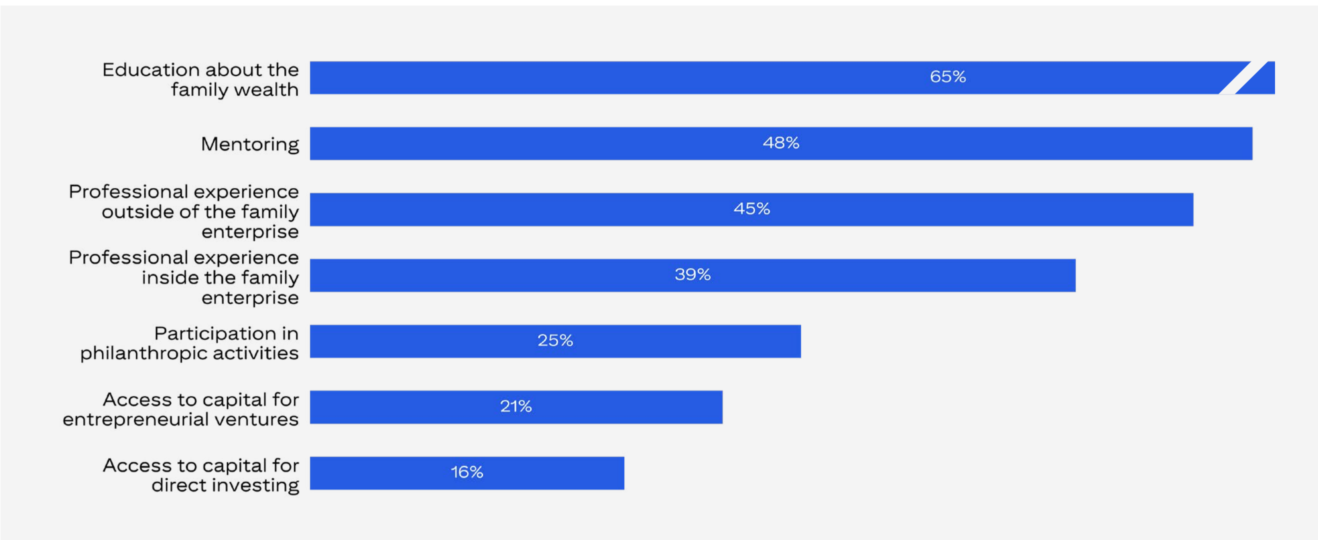
	LATAM				NAM			
	Very well managed	Well managed	Somewhat well managed	Not well managed	Very well managed	Well managed	Somewhat well managed	Not well managed
Liquidity	39%	28%	33%	0%	37%	45%	18%	0%
Reputation	28%	67%	6%	-1%	39%	51%	10%	0%
Investment	33%	50%	17%	0%	36%	51%	12%	1%
Legal and regulatory	28%	50%	22%	0%	36%	48%	16%	0%
Operational	33%	50%	17%	0%	33%	50%	17%	0%
Family	22%	56%	17%	5%	27%	38%	30%	5%
Personal security	17%	28%	39%	16%	16%	39%	23%	22%
Economic	11%	61%	28%	0%	14%	59%	22%	5%
Geopolitical	17%	28%	50%	5%	15%	39%	30%	16%
Cybersecurity	0%	44%	33%	23%	13%	38%	34%	15%

Opportunities offered to the next generation

GLOBAL VIEW

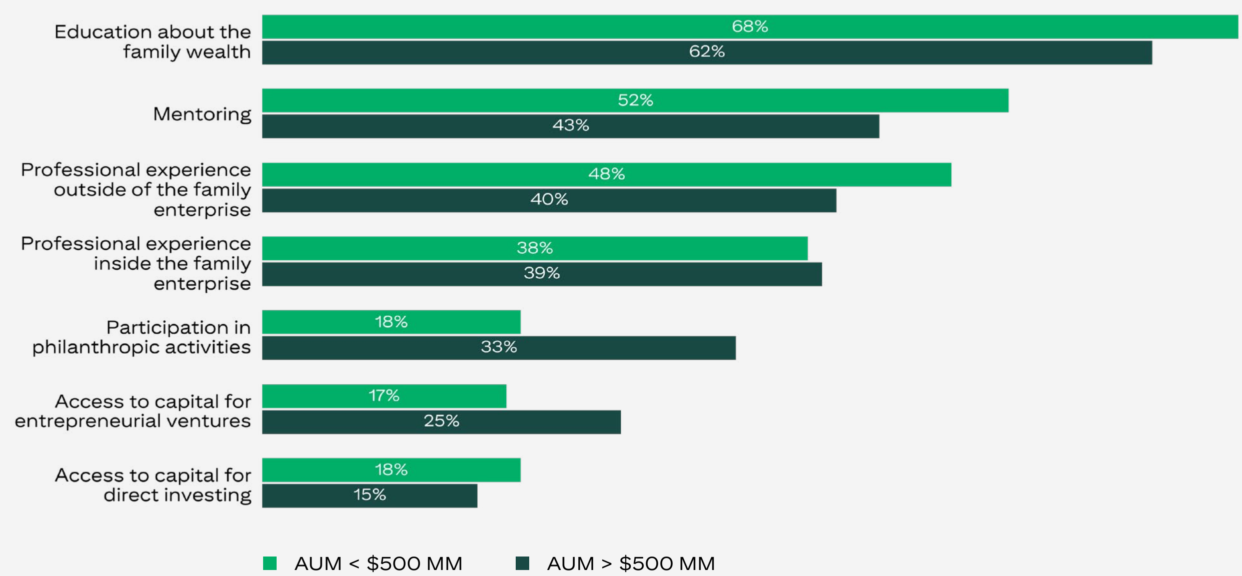
Preparing the next generation remained a key concern of wealthy families everywhere. A key element in readying younger families for their future responsibilities are the development opportunities that are offered to them.

Education about family wealth was the most widely offered opportunity (65%), followed by mentoring and professional experience – both inside and outside the family enterprise – at about 40%. This shows a desire to balance traditional education with on-the-job learning. Providing capital for entrepreneurship or investment was notably lower down the list.



AUM VIEW

Larger family offices offered conspicuously more opportunities in philanthropic activities for their next-generation family members than smaller entities (33% vs 18%). Likewise, the former were somewhat likelier to provide access to capital for entrepreneurial ventures (25% vs 17%).



REGIONAL VIEW

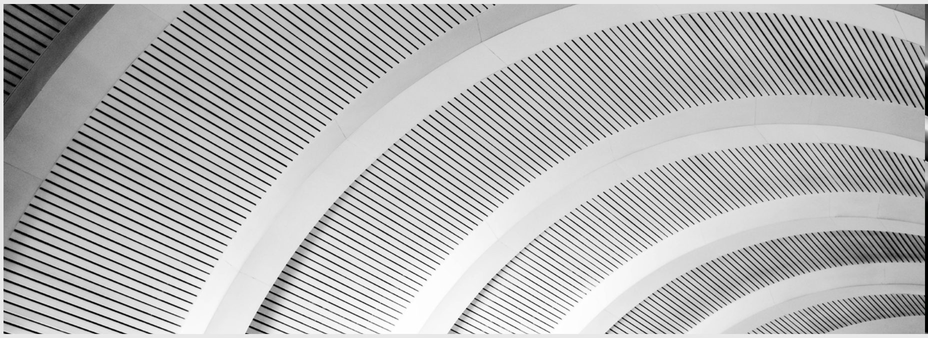
Regional patterns in next-generation opportunities offered were broadly in line with the global picture. Again, though, there were some standouts. Education about family wealth was more common in Asia Pacific (73% vs 61% elsewhere). This may well relate to the upcoming regional wave of wealth transfers between first and second generations. North America was more prone to offering participation in philanthropic activities (43% vs 16% elsewhere) and access to capital for entrepreneurial ventures (28% vs 13% elsewhere). The US's deep-rooted tradition of philanthropy and start-up culture may explain this.

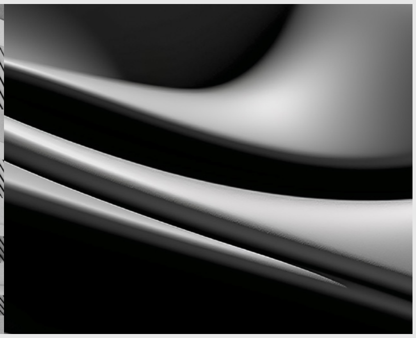
	Global	APAC	EMEA	LATAM	NAM
Education about the family wealth	65%	73%	58%	65%	62%
Mentoring	48%	45%	56%	47%	44%
Professional experience outside of the family enterprise	45%	47%	49%	29%	43%
Professional experience inside the family enterprise	39%	45%	30%	47%	39%
Participation in philanthropic activities	25%	11%	14%	24%	43%
Access to capital for entrepreneurial ventures	21%	19%	19%	0%	28%
Access to capital for direct investing	16%	18%	19%	18%	14%

GENERATIONAL VIEW

Education about family wealth and participation in philanthropic activities were of greater importance to third-generation families and beyond, at 74% and 29% respectively. By this stage, many have sold family business and may be seeking to promote cohesion among family members in other ways. By contrast, they were less likely to offer access to capital for entrepreneurial ventures and for direct investing than first-generation families.

	G1	G2	G3+
Education about the family wealth	65%	60%	74%
Mentoring	46%	51%	43%
Professional experience outside of the family enterprise	39%	57%	34%
Professional experience inside the family enterprise	40%	35%	43%
Participation in philanthropic activities	26%	22%	29%
Access to capital for entrepreneurial ventures	20%	27%	14%
Access to capital for direct investing	18%	13%	17%





"A comprehensive framework for engaging the next generation around matters related to family wealth, regardless of age or maturity, is crucial. In our experience working with families, an effective solution is built upon family values and vision. The Family Office Advisory team can share leading practices we have gleaned from families who have successfully navigated these waters and offer guidance on creating an approach that best fits the family's needs."

Alexandre Monnier
Head of Family Office Advisory
Global Family Office Group

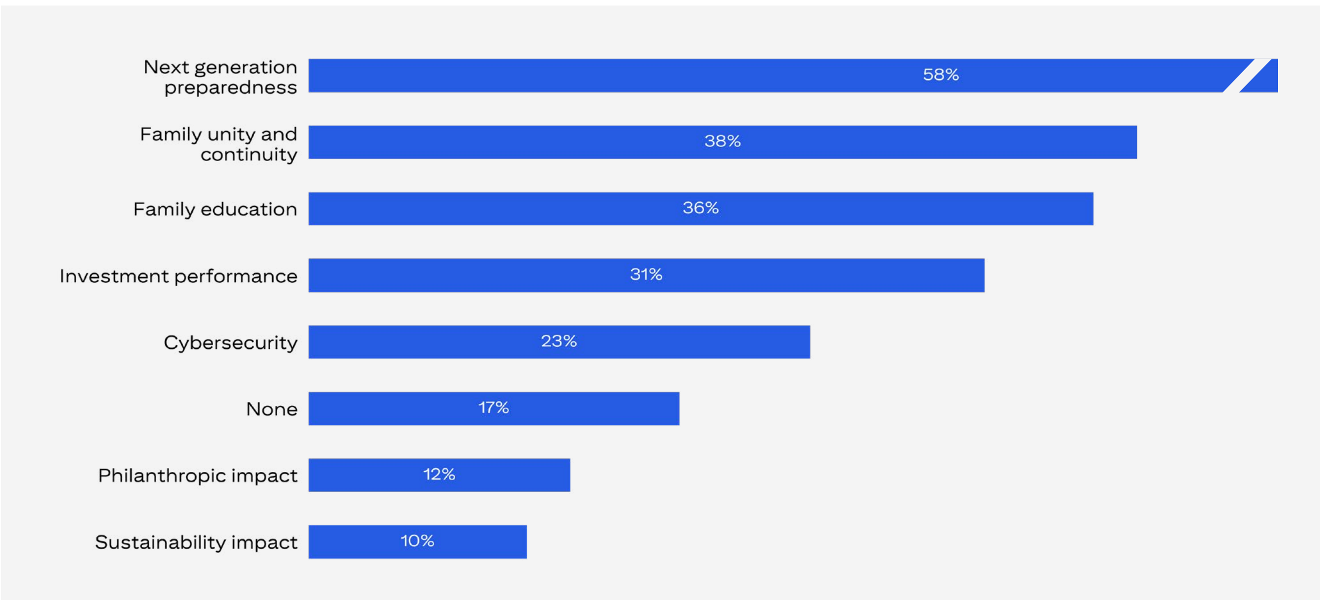
Gaps in family office services versus family needs

GLOBAL VIEW

Families are seeking ever more from their family offices. As well as addressing financial matters, family offices are also expected to assist with family-related needs, particularly in promoting values and readying the next generation for their future responsibilities. While recognizing the importance of such goals, many family offices do not feel adequately equipped to pursue them.

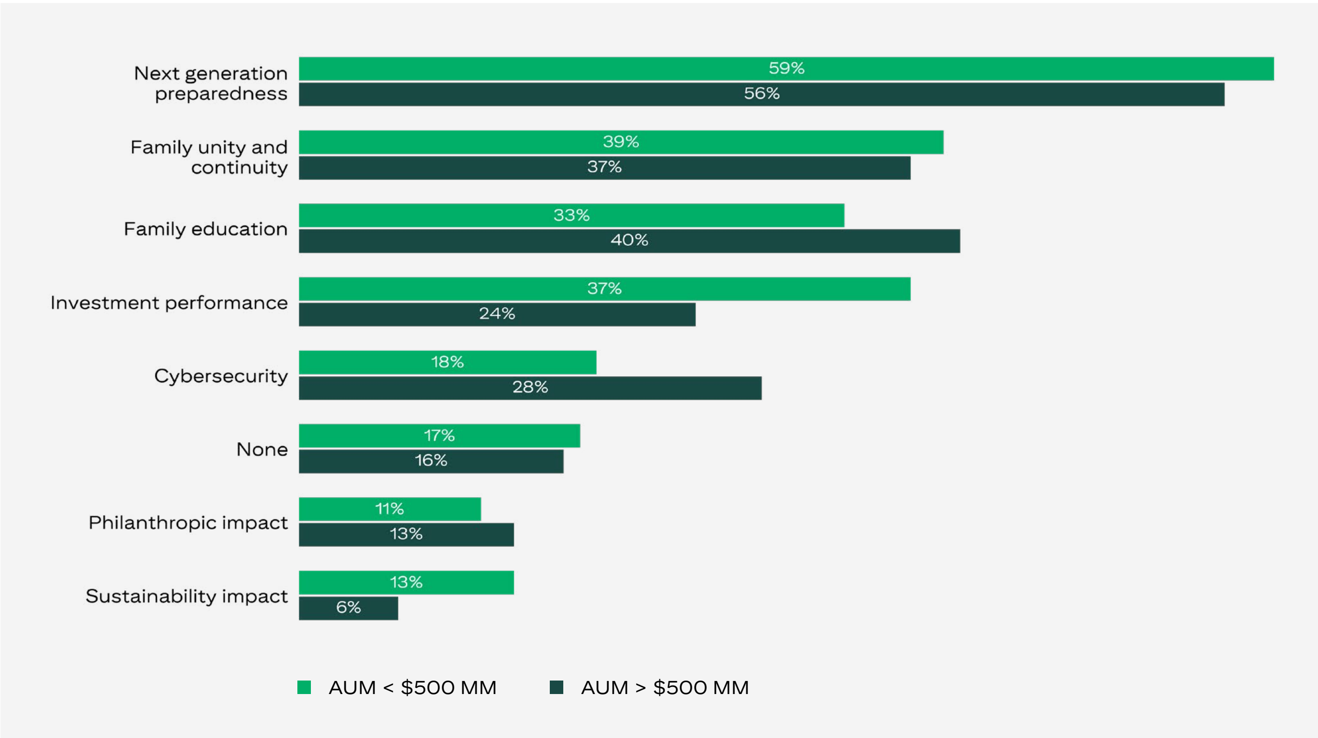
The most significant gap between family needs and family office services was in next-generation preparedness. Fifty-eight percent of respondents gave this answer. This was followed by family unity and continuity and family education on 38% and 36% respectively. These gaps imply that families need to invest further in their family office capabilities if they wish to see more progress toward their goals.

Notably, family offices perceived a smaller gap in relation to cybersecurity. However, this may well be because families have insufficient expectations due to the lack of awareness of the intensity of the threats involved.



AUM VIEW

As to next generation preparedness and family unity and continuity, larger and smaller family offices identified similar gaps between their services and family expectations. However, larger family offices saw bigger gaps when it came to family education and cybersecurity, perhaps reflecting greater awareness on the part of those whom they serve.



REGIONAL VIEW

The perceived gaps between family needs and services provided were mostly similar across regions. However, the gap in relation to investment performance was significantly higher in Asia Pacific (53%) than it was elsewhere (21%). The relative youth of the regional family office industry may be a factor here, with many families still calibrating their expectations. Cybersecurity emerged as a bigger gap in Latin America (37% vs 20% elsewhere), perhaps reflecting family offices' desire to go further given their sensitivity to security issues in general.

	Global	APAC	EMEA	LATAM	NAM
Next generation preparedness	58%	60%	48%	58%	60%
Family unity and continuity	38%	41%	26%	26%	43%
Family education	36%	33%	33%	42%	38%
Investment performance	31%	53%	24%	16%	22%
Cybersecurity	23%	16%	17%	37%	28%
None	17%	12%	24%	21%	16%
Philanthropic impact	12%	9%	12%	5%	14%
Sustainability impact	10%	9%	14%	11%	7%

GENERATIONAL VIEW

Entities serving the third generation and beyond reported wider gaps between services provided and family expectations when it came to family unity and continuity. Whereas 34% of first-generation respondents saw a gap, this rose to 50% for their more established counterparts, reflecting the growing intensity of such needs over time.

A similar pattern was in evidence for family education. Almost half (47%) of third-generation respondents identified a gap versus 31% of those representing the first generation.

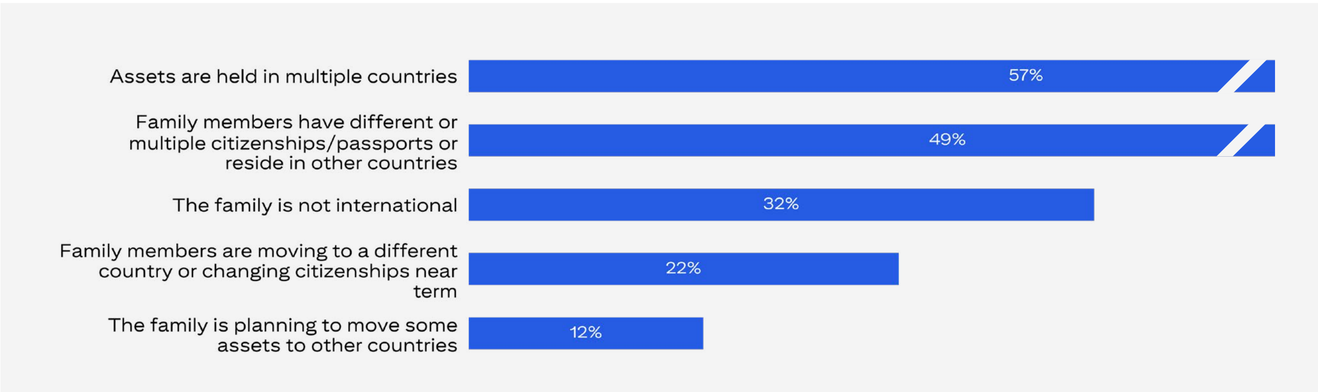
By contrast, multigenerational entities were less likely (17%) to cite a gap when it came to investment performance than those from the first generation (31%). This speaks to increasing professionalization in this vital function over time.

	G1	G2	G3+
Next generation preparedness	59%	55%	58%
Family unity and continuity	34%	37%	50%
Family education	31%	39%	47%
Investment performance	31%	37%	17%
Cybersecurity	21%	23%	25%
None	22%	12%	11%
Philanthropic impact	11%	17%	3%
Sustainability impact	5%	14%	14%

Internationalization of families

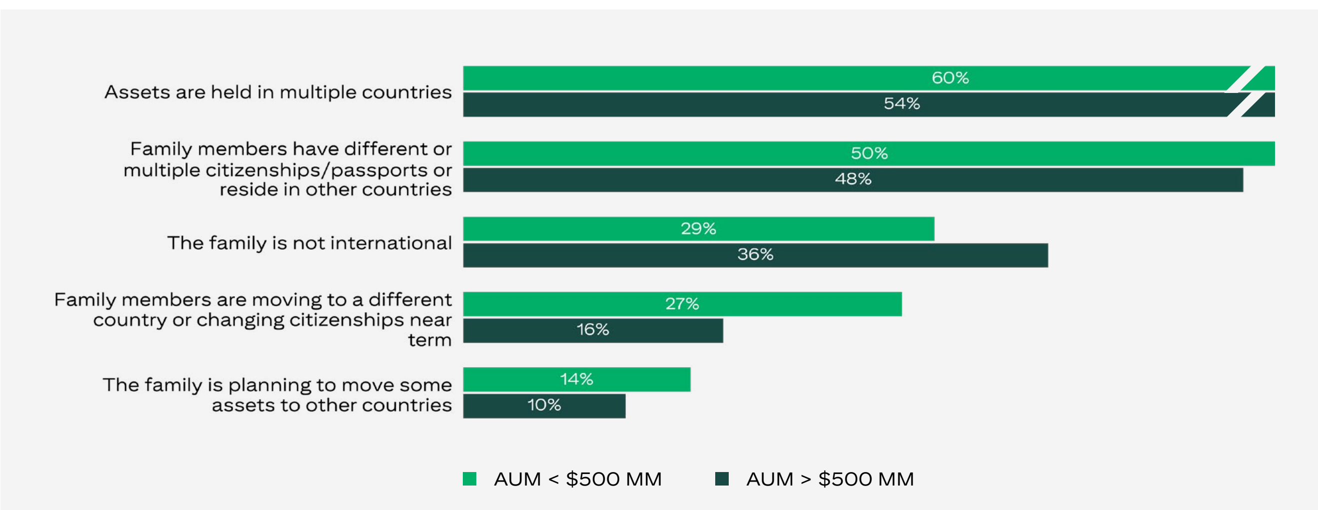
GLOBAL VIEW

More than two thirds of family offices described their families as “international,” either in terms of assets held in multiple countries (57%) or family members based in multiple countries (49%). This trend seems likely to accelerate. More family members were reported as considering moving to new jurisdictions or changing citizenship than last year (22%). Concerns about tariffs and geopolitics, as well as growing awareness of the incentives and options for wealthy families and their family offices to relocate, may be among the drivers.



AUM VIEW

Family offices of all sizes were broadly as likely to say their families were international. However, those with AUM below $500 million more frequently had family members planning a move to a different country or changing citizenship (27%) than their larger counterparts (16%). Families with larger family offices may be somewhat likelier to have taken such steps already.



REGIONAL VIEW

Families from Latin America (85%), Europe, the Middle East and Africa (77%) and Asia Pacific (76%) were the most international. By contrast, families from North America were the least so (54%), although the figure has risen from last year's 43%. Citizenship-based taxation in the US likely reduces some of the incentives for internationalization. Latin American families had the highest proportion of members residing in different countries (70%). Over time, the latter have had a marked tendency to seek out jurisdictions they see as more stable.

	Global	APAC	EMEA	LATAM	NAM
Assets are held in multiple countries	57%	69%	61%	70%	42%
Family members have different or multiple citizenships/passports or reside in other countries	49%	54%	55%	70%	39%
The family is not international	32%	24%	23%	15%	46%
Family members are moving to a different country or changing citizenships near term	22%	21%	18%	45%	21%
The family is planning to move some assets to other countries	12%	12%	10%	15%	13%

GENERATIONAL VIEW

Multigenerational families generally had a bigger international footprint than first-generation ones. Nearly three quarters of families at the second and third generation (or beyond) reported an international presence versus 63% for those at the first generation stage. As wealthy families expand over time, travel, education, work and marriage tend to drive internationalization. Asset relocation plans were also three times as likely (24%) among third-generation families than those of the first generation (8%).

	G1	G2	G3+
Assets are held in multiple countries	50%	66%	57%
Family members have different or multiple citizenships/passports or reside in other countries	44%	56%	54%
The family is not international	37%	25%	27%
Family members are moving to a different country or changing citizenships near term	16%	26%	32%
The family is planning to move some assets to other countries	8%	13%	24%

Empowering the rise of the global family

The world's most influential families are increasingly living, doing business and investing globally. Amid trade tensions and often unsettled geopolitics, today's dynamic families frequently employ a strategic global footprint for growth and diversification opportunities. However, being global also brings challenges and complexity around wealth transfer, taxes, legacy planning and investments owned.

Careful analysis is advised when selecting locations for establishing or moving a family office, locating and structuring assets, or taking up residence. Key considerations include:

- ***Stability and potential risks:*** *Financial, economic and political systems*
- ***Convenience:*** *Where family members live, work and play*
- ***Financial and legal infrastructure:*** *Access to sophisticated financial centers, legal and regulatory*
- *environment, privacy*
- ***Administrative:*** *Access to talent, cost considerations*
- ***Incentives:*** *Official schemes to attract wealth creators and their family offices*

Citi Wealth's Global Client Service leverages Citi's global network, local expertise and execution capabilities to provide bespoke strategies where clients, their businesses, and family offices operate. Clients benefit from a dedicated team in each region collaborating to offer:

- ***Investing:*** *Local market access, alternative strategies and private transactions*
- ***Banking & custody:*** *Solutions for families and businesses*
- ***Lending:*** *Real estate financing, securities-based lending, art, aircraft and sports loans*
- ***Wealth planning:*** *Cross-border planning and structuring guidance, intergenerational wealth transferss*

With Citi's unmatched network spanning 180 countries and jurisdictions, we can also provide a gateway for clients' companies to access Citi's corporate and investment banking and other institutional services, such as capital raising, strategic advice and trading.

To learn more about making the most of a global presence, please see our [Asset Location & Global Mobility white paper](#).

Sustainable investing and philanthropic impact

Overview

Over half of respondents said they were likely to allocate to sustainable investments in the next five years, despite the new US administration's less favorable stance.

Limited availability of investment opportunities with competitive financial performance was the top barrier mentioned to sustainability integration.

Engaging the younger generations to take on leadership positions within family philanthropy was the most widely anticipated change in the next five years.

Scaling commercial projects and providing seeding capital for startups that generate social impact is a growing trend in philanthropy.

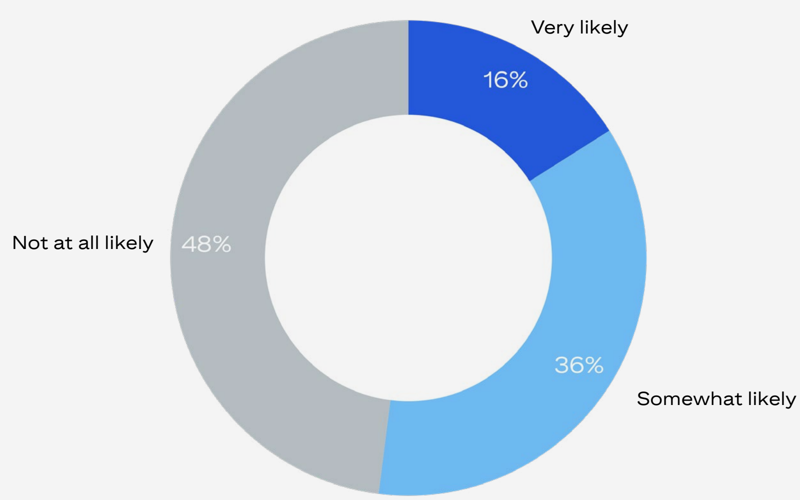
Allocation to sustainable investing

GLOBAL VIEW

Despite the new US administration's less favorable stance on sustainability, more than half of respondents said they were likely to allocate to sustainable investments in the next five years. This trend is likely driven by a combination of factors: reflecting personal values, aligning with the family office's mission and targeting competitive long-term returns.

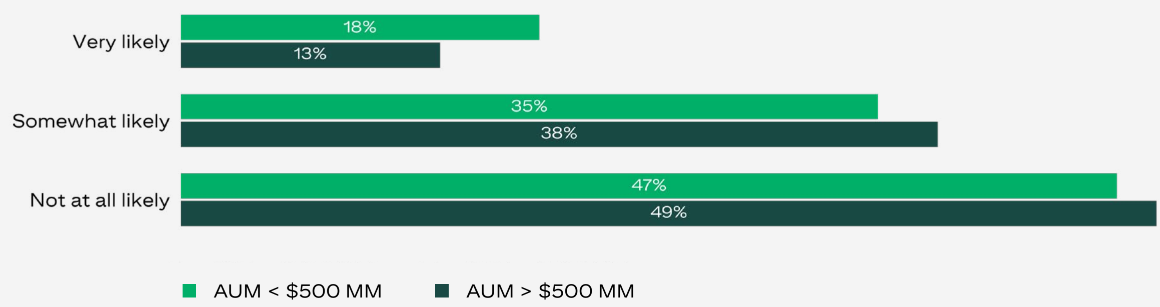
This move is accelerated by external factors such as the growing emphasis on energy transition and the intersection of sustainability with national security (particularly concerning critical resources like water, food and energy). Additionally, continuous advancements in technology, transparency and data analytics are enhancing the scope and effectiveness of sustainable investment strategies.

Finally, Environmental, Social and Governance (ESG) considerations are increasingly seen as integral to risk management and value creation. This evolution highlights a broader understanding that sustainable investing inherently recognizes the interconnectedness of economic prosperity, environmental health, social well-being and robust governance, making it increasingly needed in today's global landscape. While recent policy developments in the US are less favorable to the energy transition, family offices realize the long-term secular trend is intact.



AUM VIEW

Both groups had very similar intentions around sustainable investing over the next five years, with just under half saying they were not at all likely to allocate this way.



REGIONAL VIEW

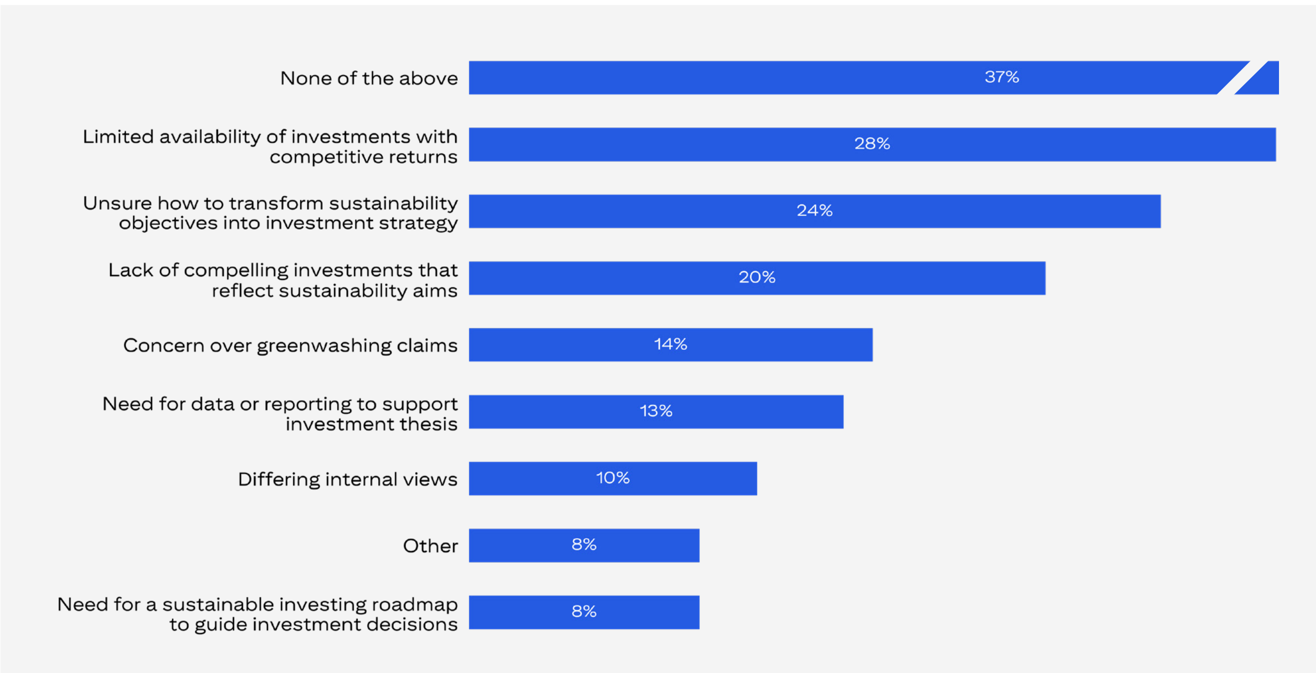
Family offices in Europe, the Middle East and Africa were more inclined to invest sustainably in the next five years, with 20% saying it was "very likely" versus 11% in North America. The latter might favor addressing sustainability issues via their business or philanthropic activities. Otherwise, the picture across the regions was very similar, except in Asia Pacific where the likelihood to allocate to sustainable investing in the next five years exceeds the rest of the world (62% vs 48%).

	Global	APAC	EMEA	LATAM	NAM
Very likely	16%	18%	20%	17%	11%
Somewhat likely	36%	44%	31%	30%	34%
Not at all likely	48%	38%	49%	52%	54%

Challenges in incorporating sustainability in the investment portfolio

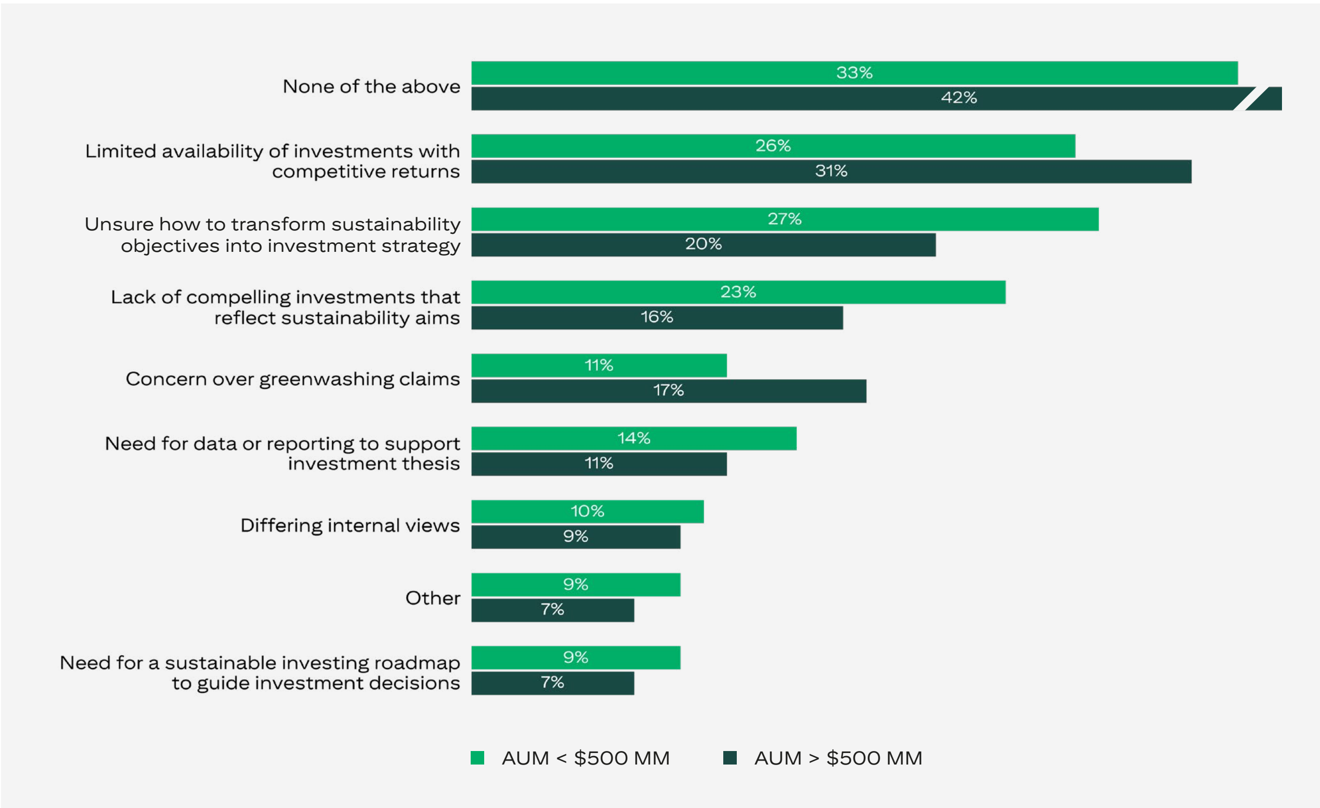
GLOBAL VIEW

Respondents identified various challenges in integrating sustainable investments in portfolios. While more than a third (37%) did not note any issues, limited availability of investment opportunities with competitive financial performance (28%) and uncertainty over how to transform sustainability objectives into an actionable investment strategy (24%) were the top two challenges, not too dissimilar from last year. Developing a sustainable investing strategy is a highly individualized process, as there is no single, universal formula that applies to all investors. Establishing clear goals at the outset helps to demarcate appropriate investments as well as setting criteria for measuring their progress over time.



AUM VIEW

Larger family offices reported fewer challenges in incorporating sustainability into their portfolios (42% vs 33%). But limited availability of investment opportunities with competitive financial performance was a slightly higher barrier for larger family offices (31% vs 26%).



REGIONAL VIEW

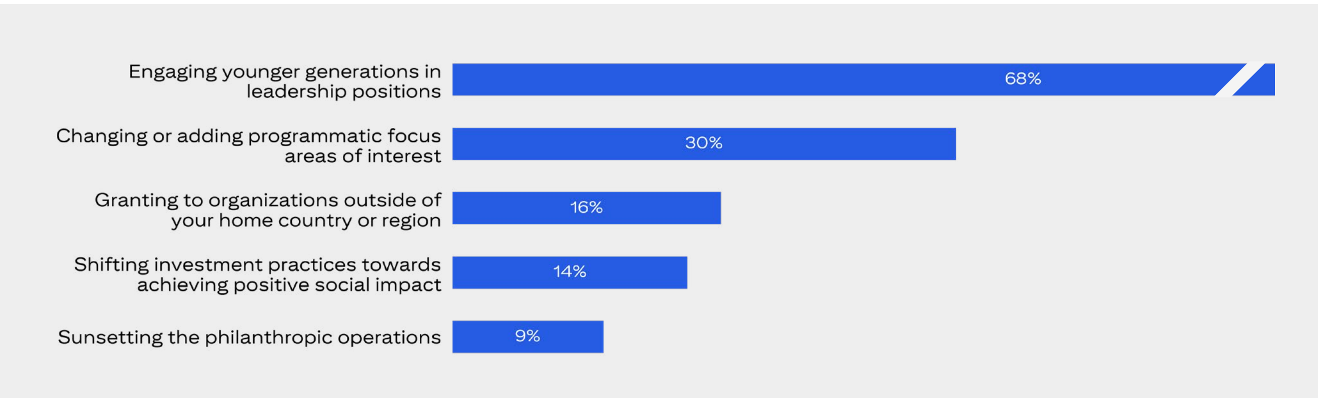
Limited availability of investment opportunities with competitive financial performance was a higher barrier in Latin America (43%) than in other regions. More than half (55%) of family offices in North America reported no barriers but also said they were least likely to allocate to sustainable investments in the next five years. The observed shift in sustainable investing priorities reflects changes under the new US administration but also the maturation and evolution of the sustainable investing landscape itself. Key aspects driving this evolution include a growing emphasis on critical themes such as energy transition and national security (encompassing water, food and energy resources). Furthermore, the development and adoption of increasingly sophisticated and data-driven taxonomies for classifying sustainable outcomes are enabling more targeted, evidence-based strategies, moving beyond broad intentions.

	Global	APAC	EMEA	LATAM	NAM
None of the above	37%	19%	39%	14%	55%
Limited availability of investments with competitive returns	28%	32%	26%	43%	23%
Unsure how to transform sustainability objectives into investment strategy	24%	35%	18%	33%	15%
Lack of compelling investments that reflect sustainability aims	20%	30%	21%	14%	12%
Concern over greenwashing claims	14%	16%	15%	24%	11%
Need for data or reporting to support investment thesis	13%	25%	8%	14%	7%
Differing internal views	10%	10%	6%	19%	9%
Other	8%	6%	11%	14%	8%
Need for a sustainable investing roadmap to guide investment decisions	8%	12%	10%	10%	4%

Anticipated changes to philanthropy in the next five years

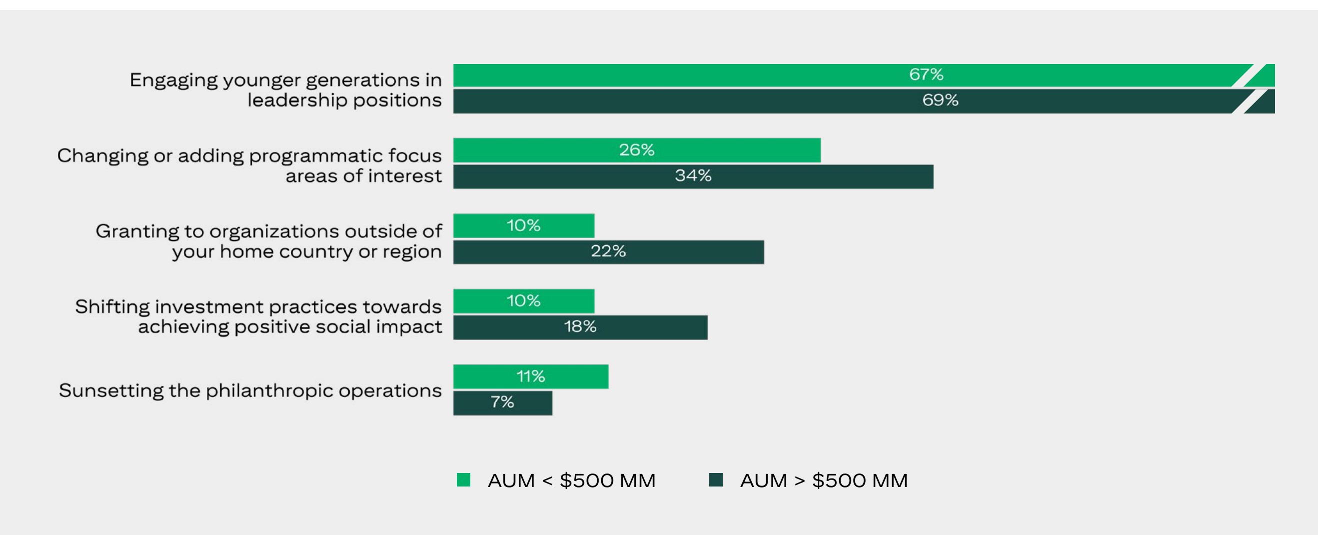
GLOBAL VIEW

Engaging the younger generations to take on leadership positions within family philanthropy was the most widely anticipated change (68%) in the next five years. This is a positive indicator for family continuity, emphasizing a desire to offer opportunities to engage the next generation – see page 138. We believe this points to a decisive shift in how philanthropic efforts by families will be managed in future, as the next generation often have different values, priorities and ways of working.



AUM VIEW

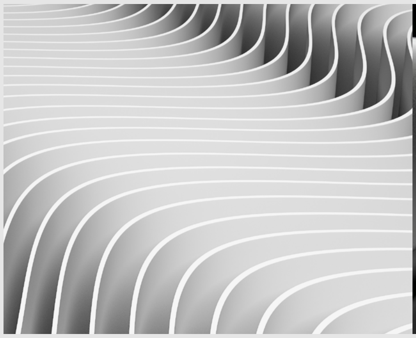
Family offices with AUM above $500 million were more likely to expect changes or additions to the programmatic focus areas of their philanthropy than their smaller counterparts (34% vs 26%). They were also more frequently anticipating granting beyond their home country or region (22% vs 10%). This may reflect a combination of their larger resources – which enable more strategic rethinking – a potentially more global presence and the growing influence of more numerous next-generation members.



REGIONAL VIEW

Engaging younger generations to take on leadership positions within family philanthropy was anticipated slightly more by family offices in Asia Pacific (73%) than those elsewhere. An accelerating intergenerational wealth transfer in the region and the rise of philanthropy may be drivers of this. Other anticipated changes were similar across regions.

	Global	APAC	EMEA	LATAM	NAM
Engaging younger generations in leadership positions	67%	73%	55%	69%	70%
Changing or adding programmatic focus areas of interest	30%	25%	32%	31%	32%
Granting to organizations outside of your home country or region	16%	20%	10%	19%	16%
Shifting investment practices towards achieving positive social impact	14%	7%	20%	19%	15%
Sunsetting the philanthropic operations	9%	5%	5%	12%	12%



68% of respondents saw engaging younger generations in leadership positions of family philanthropy as the likeliest change in the next five years

Leadership transitions within family foundations present unique challenges and opportunities, particularly in balancing tradition with innovation.

Our recent case study, [Leadership transitions and family collaboration in philanthropy], explores how two prominent families successfully transferred leadership within their foundations.

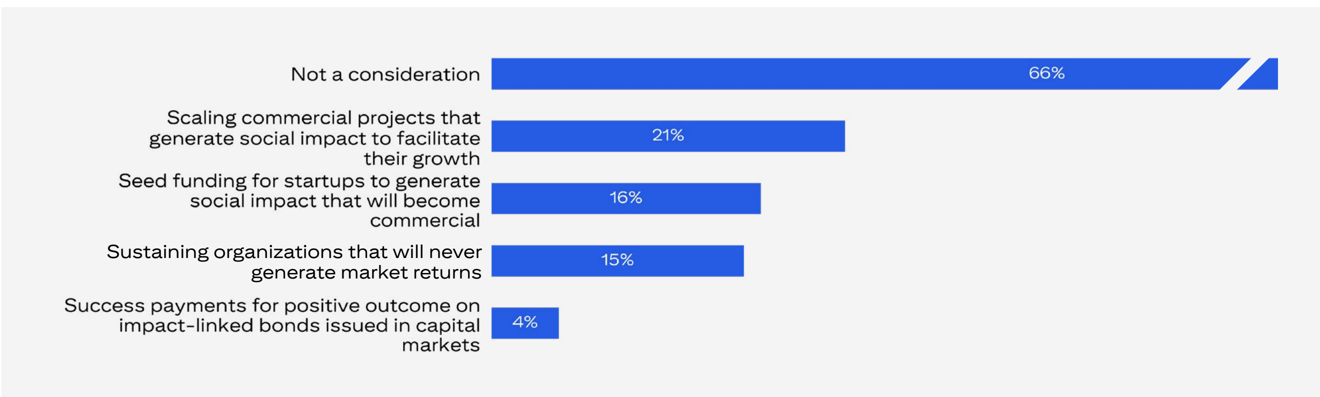
By understanding their experiences, we uncover valuable insights and offer advice for families navigating similar journeys.

Karen Kardos
Head of Philanthropic Advisory

Mobilizing philanthropic assets to provide catalytic capital

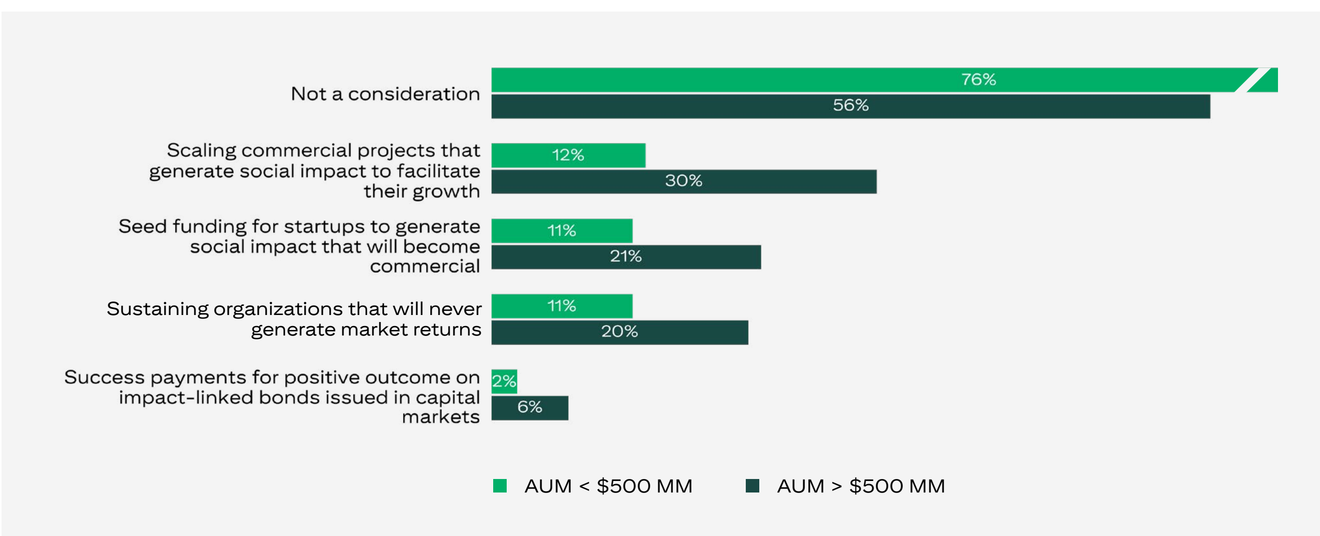
GLOBAL VIEW

Mobilizing catalytic capital means deploying resources to attract additional funding, often from less traditional sources, thus creating a bigger impact. Philanthropy cannot solve pressing global issues alone; it will take private sector capital and governments as well. Philanthropy can take risk and act as a catalyst, aiming to draw in private sector participants to build and finance the business case, while governments can make system change and help scale proven concepts. Philanthropic organizations are increasingly adopting this approach, as reported by a third of respondents. Over a fifth of respondents said they were scaling commercial projects that generate social impact. Sixteen percent said they were providing seed capital for startups with the same goal. This will be an area to watch as traditional philanthropy, the private sector and governments join forces to create and scale solutions.



AUM VIEW

Larger family offices were more inclined to use catalytic capital to scale commercial projects (30% vs 12%) and seed startups (21% vs 11%). Greater resources and the ability to take a longer-term view most probably explain these trends.



REGIONAL VIEW

Family offices in Europe, the Middle East and Africa were likelier to provide catalytic capital (45% vs 28% elsewhere). They had a heightened focus on the scaling of commercial projects (31% vs 18%) and supported success payments for positive outcome on impact-linked bonds (10% vs 1%).

	Global	APAC	EMEA	LATAM	NAM
Not a consideration	66%	70%	55%	78%	67%
Scaling commercial projects that generate social impact to facilitate their growth	21%	16%	31%	17%	20%
Seed funding for startups to generate social impact that will become commercial	16%	13%	20%	11%	17%
Sustaining organizations that will never generate market returns	15%	14%	18%	11%	16%
Success payments for positive outcome on impact-linked bonds issued in capital markets	4%	1%	10%	0%	3%

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