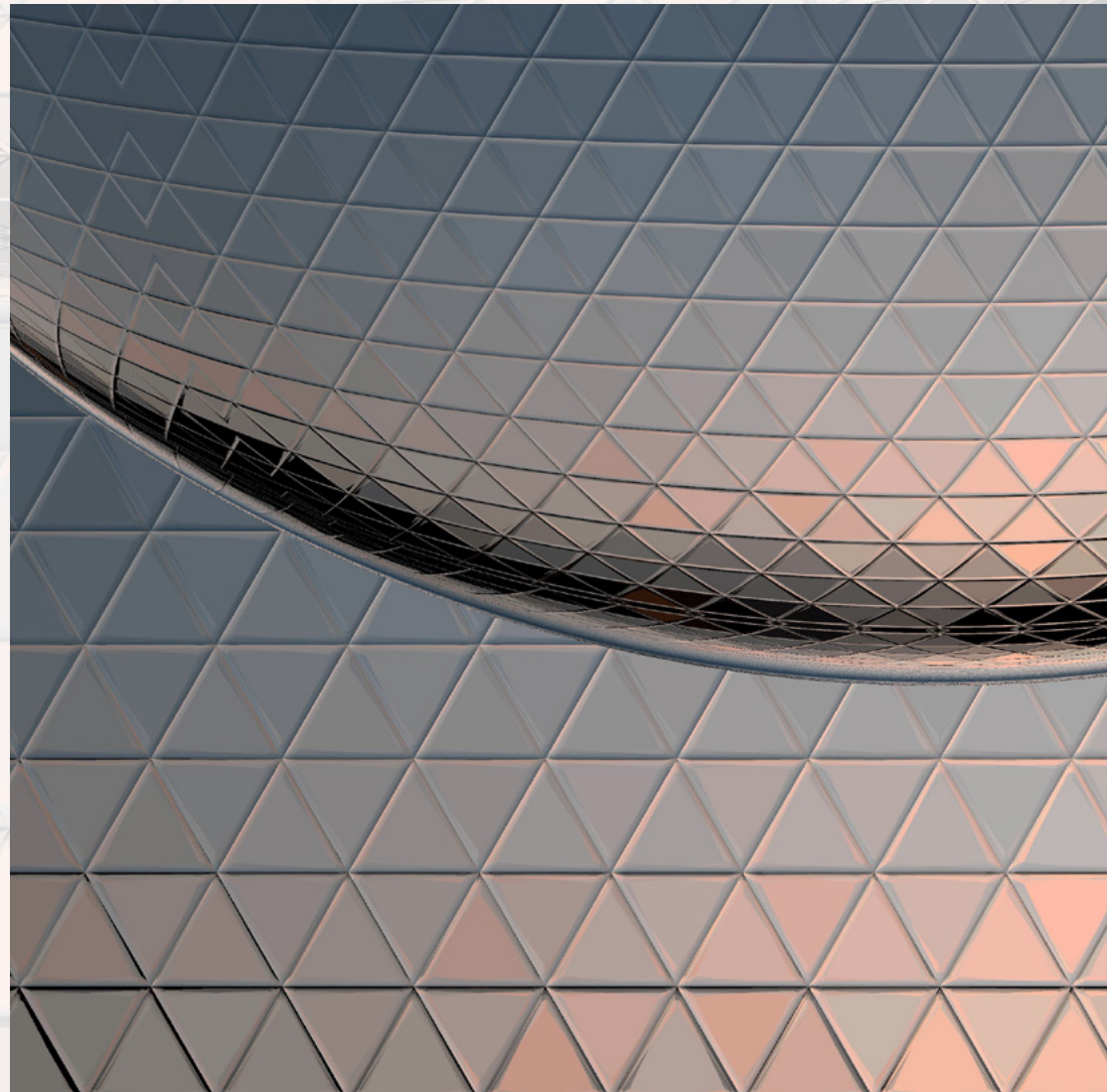


J.P.Morgan

PRIVATE BANK

2024 Global Family Office Report



FOREWORD

Welcome to our *2024 Global Family Office Report*, a culmination of insights gathered from our extensive network of family office principals and professionals worldwide. At J.P. Morgan Private Bank, we are both proud and honored to work with some of the world's wealthiest families, many of whom we have served for generations. Through the years, we have been privileged to work closely with many clients who have shared their hopes, goals and challenges as they look toward the future.

We often travel to meet with prominent and influential families and their family offices, and have seen certain themes emerge time and time again. Our most complex clients are focused on all aspects of their families' success, both on and off the balance sheet. In particular, our family office clients look to J.P. Morgan for best-in-class wealth management and investment capabilities, but also for guidance on how to approach wealth transfer planning, stewardship, family governance, impact and legacy. Many clients also turn to us for guidance on how to start a family office, and for insights into how it should be managed and run.

With this in mind, we surveyed our longstanding network of family office principals and professionals across the world in order to offer our clients a quantitative view into how other families are employing their family offices and approaching key topics, including governance and decision making, investment management, succession planning and family office operations. The results are presented in this latest report.

We interestingly found that despite being top objectives for most family offices, succession planning, family governance and cybersecurity strategies remain key unresolved gaps. We frequently work alongside families to address these critical and complex issues—providing our trusted guidance and expertise. These are undoubtedly areas in which we, as a firm, will continue to invest time and resources in order to meet the varied and evolving needs of our clients.

We are grateful to the many participants who took the time to complete our survey. Your generous efforts and willingness to share your experiences and knowledge were instrumental in gathering this information. We hope you find it as valuable as we do.

Should you have any questions or wish to delve deeper into any specific topics covered in the report, please don't hesitate to reach out to your dedicated J.P. Morgan team. We're here to support you every step of the way.




Mary Callahan Erdoes
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- 1** Family offices are taking sophisticated approaches to help broaden the opportunity sets in their investment portfolios.

Almost 80% work with external investment advisors, and the average portfolio currently has a 45% allocation to alternative assets, with a target return of 11%.

- 2** Families remain firmly in control of investment decision making.

Almost 90% report that family members are closely involved in investment decisions, with nearly half saying the investment decisions are made by the family principal. This is even more true in the United States, at 56% compared to 26% internationally.

- 3** Beyond their balance sheets, many families are strategically employing their family offices to build stronger family unity and ensure success across generations.

Nearly 70% cite succession planning and preparing the rising generation as a family office goal; and almost two-thirds have implemented some degree of governance structure.

- 4** Many recognize that they need help in key areas.


The top three cited services gaps are in cybersecurity (40%), family governance and succession planning (31%), and family wealth education (31%). The emphasis on cyber risk is unsurprising, given that 24% report being exposed to a cybersecurity breach or financial fraud, even as more than one in five offer no cybersecurity services.



- 5** They are willing to invest in their family offices.

The average annual operating cost for a large, established family office is more than \$6 million, and nearly 25% have annual costs exceeding \$10 million.

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AN IMPORTANT NOTE ABOUT CHARTS

Throughout this report, responses are often **shown segmented by asset levels**. This refers to the amount of assets under supervision by the family office. For simplicity, we have grouped the seven bands noted below into three ranges in these charts: \$50 million to \$500 million, \$501 million to \$999 million, and \$1 billion or more globally, in the United States and also internationally.



GLOBAL



UNITED STATES



INTERNATIONAL

In addition, the **use of arrows** indicates significantly higher or lower relative responses noted between regions. Due to rounding, some totals may not equate to exactly 100%.

We are pleased to present *J.P. Morgan Private Bank's 2024 Global Family Office Report*, highlighting the findings of our latest industry survey focused exclusively on our global family office clients.

J.P. Morgan has been working with family offices for more than 200 years, starting close to home with the creation of one of the first family offices, the House of Morgan, established in 1838. Our tenure in this space, combined with the relationships we have built with our family office clients, provides us with valuable perspectives and insights into steps family offices are taking to achieve their wealth stewardship objectives. We surveyed 190 single family offices from around the globe in this year's research. These entities are each as unique as the families they serve, with differences in structure, scope, scale and services. However, collectively their responses offer a useful benchmarking tool across a range of key areas, from size and functions to investments and governance, to costs and staffing needs.

Our findings highlight the opportunities and challenges facing family offices today. They also point to some of the changing dynamics that have resulted from the rapidly growing number of families exploring the potential benefits of establishing a family office. One consistent takeaway is that family offices continue to come in all shapes and sizes. While this phenomenon has always been true, it is even more so today, with a growing number of younger, smaller families employing family office frameworks.

To be sure, some of our clients are just getting started on this path and must consider a vast array of choices, including how to structure their family offices, how to develop a strategic plan, what services might be managed in-house and what might be better to access through outside providers. Many longstanding, more established family offices are navigating moments of transition and/or rethinking old approaches and incorporating new strategies to help face the future head on. We are proud to partner with family offices from across this spectrum, offering personalized resources and guidance across investment management, family office design, family governance, trust and estate planning, and much more.

We sincerely thank the family office principals and professionals who participated in this study, and we hope that you find the responses interesting and valuable.



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EXECUTIVE SUMMARY

Our *2024 Global Family Office Report* gathered information and insights in five key areas: Size, Services, Investments, Governance, and Costs and Staffing.

The survey was conducted as family offices continued to navigate a complex and often changing economic and investment landscape. A year ago, U.S. markets were recovering from 2022's broad turbulence, and most investors were preparing for a much-anticipated recession that did not materialize. Instead, public equity markets have continued to rise, bolstered by strong earnings growth and remarkable tailwinds from a booming technology sector, benefiting from innovation and artificial intelligence (AI) advancements. Yet a range of substantial global uncertainty remains, from political unrest and war to pockets of slowing growth and lingering inflation fears.

Navigating ever-changing markets is nothing new for family offices. Of course, those with fresh liquidity, or at the beginning of their wealth planning, often feel the effects of some uncertainty when deploying capital. However, one commonality we find among most family offices is that long-term investing is often at the core of the investment mandate. Liquidity management is also another vital function. That said, there are other equally as important family office roles, and the survey underscored this fact. These key areas of family office work include preparing for a smooth transition of wealth from one generation to the next, the family's impact on the broader community, and most importantly, planning for the future of the family and the shared family enterprise. How family offices approach these various issues varies widely, and many are cognizant of the fact that they have much work to do to be future-ready. As they grapple with today's complexities, many are looking for ways to be more effective, nimble and adaptable through the use of technology, strategic outsourcing and seeking guidance from other similarly situated families and advisors.

Below is a high-level overview of key highlights from our focus areas in the research:

SERVICES | PAGE 23



Family offices vary widely in terms of the types of services they offer and the means they use to employ them. The primary focus of most family offices is managing the family's financial assets, but they are also focused on other less quantitative needs, including family governance, succession planning and risk management. However, family offices, as a whole, are less prepared to address these more qualitative needs in-house and are looking for assistance from the outside.

- **The vast majority—90%+—offer** financial asset management services in investment management, private investments, and trading and market execution; professional services in accounting and taxes, legal services and estate planning; and administration services in balance sheet aggregation and reporting, finance administration, and family office staffing and compensation.
- **One-quarter report they have been exposed to a cybersecurity breach or financial fraud,** and yet one in five do not have cybersecurity measures in place.
- **The biggest gaps or room for improvement family offices** see are in cybersecurity services (40%), family governance and succession planning (31%), and family wealth education (31%).

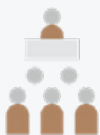
INVESTMENTS | PAGE 39



Family offices tend to have longer investment time horizons and are heavily allocated to alternative investments, including private equity, real estate, venture capital and hedge funds. They generally also hold sizable positions in fixed income and cash, a theme that we have seen with other clients throughout 2023.

- **The average family office portfolio target return is around 11%.** However, U.S. family offices are less likely to have a target return at all, 49% compared to 72% for international family offices. Those that do tend to have notably higher targets, with 44% setting a goal of 10% or higher versus 21% internationally.
- **Almost 40% of small (\$50 million to \$500 million in assets under supervision) and mid-sized (\$501 million to \$999 million in assets under supervision) family offices outsource investment management in some capacity.** In contrast, only 20% of global offices with \$1 billion or more in assets under supervision outsource investment management.
- **The average portfolio allocation to alternatives is a notable 45%.** This represents a shift we are seeing among many family offices, where greater portions of their allocations are able to take illiquidity risk, in order to achieve greater potential long-term returns. Despite healthy allocations to alternatives, family offices are still consistently building out core, liquid portfolios with an average public equity allocation of 26%, and an average fixed income and cash allocation of 20%. Cash allocations still appear relatively high relative to history.
- **While many family offices do engage robust investment teams, when it comes to actual decision making, authority most likely lies within the hands of a single family member.** Almost half indicate that the family principal ultimately makes investment decisions. This is even more true in the United States, at 56% compared to 26% internationally. As a group, the international family offices that responded tended to be older, larger and more established, and the differences in decision making that we have observed may be more a reflection of the different stages that our respondents are in as opposed to true regional or geographic approaches.

GOVERNANCE | PAGE 56



Succession planning, family governance and preparing the rising generation are frequent topics of conversation with our largest clients. However, many are behind the curve in actually taking steps to tackle these difficult, but unavoidable, issues. Why is that the case? There are a variety of reasons, but fear of change and uncertainty around how to broach these topics are prevalent. With the imminent transfer of wealth, now is the time for family offices to ready proof the rising generation.

- **While most identify succession planning and preparing the rising generation as a primary family office objective (69%), the majority are either managing it in-house, with many recognizing that they need assistance, or have not necessarily started work in this area at all.**
- **29% do not have any structured approach to preparing the rising generation.**

COSTS AND STAFFING | PAGE 70



Family offices are focused on managing costs, and recruiting and retaining top talent. Like any business, these two objectives often find themselves at odds, and many newer family offices, as well as more established enterprises, are taking a hard look at how they staff for particular services. Outsourcing certain functions through a hybrid approach is becoming more common among family offices of all sizes.

- **With average family office operating costs at \$3.2 million annually (median \$1.3 million),** expense management is a key area of focus. More modest family offices (\$50 million to \$500 million in assets under supervision) spend an average \$1.5 million (median \$0.4 million), mid-sized (\$501 million to \$999 million in assets under supervision) family offices spend an average \$2.7 million (median \$1.5 million), and larger family offices (\$1 billion or more in assets under supervision) spend an average \$6.1 million (median \$4.2 million).
- **Across the industry, family offices are becoming more “professionalized,” and recruiting and retaining talent is an important area of focus, both as they build and as they assess and monitor their talent needs.** While the average staff size is 11, a full half report five or fewer staff members.
- **Increasing professionalization does not necessarily mean that family members are not involved in running the family office.** To the contrary, family members continue to play key roles in the leadership of family offices, particularly the C-suite.

RESEARCH METHODOLOGY

From October 17 through December 15, 2023, the Family Office Practice conducted an online survey with our global single family office clients. A total of 190 family offices participated, 144 in the United States and 46 internationally.

Following completion of the survey, we partnered with Savanta, a leading data and market research firm based in New York, to anonymize the data you see presented in this report.

Below are breakdowns of these single family office respondents, both by region and assets under supervision. We cover the landscape in more detail in Section 1 of our report and have broken out the sizing consistently throughout.

KEY STATS

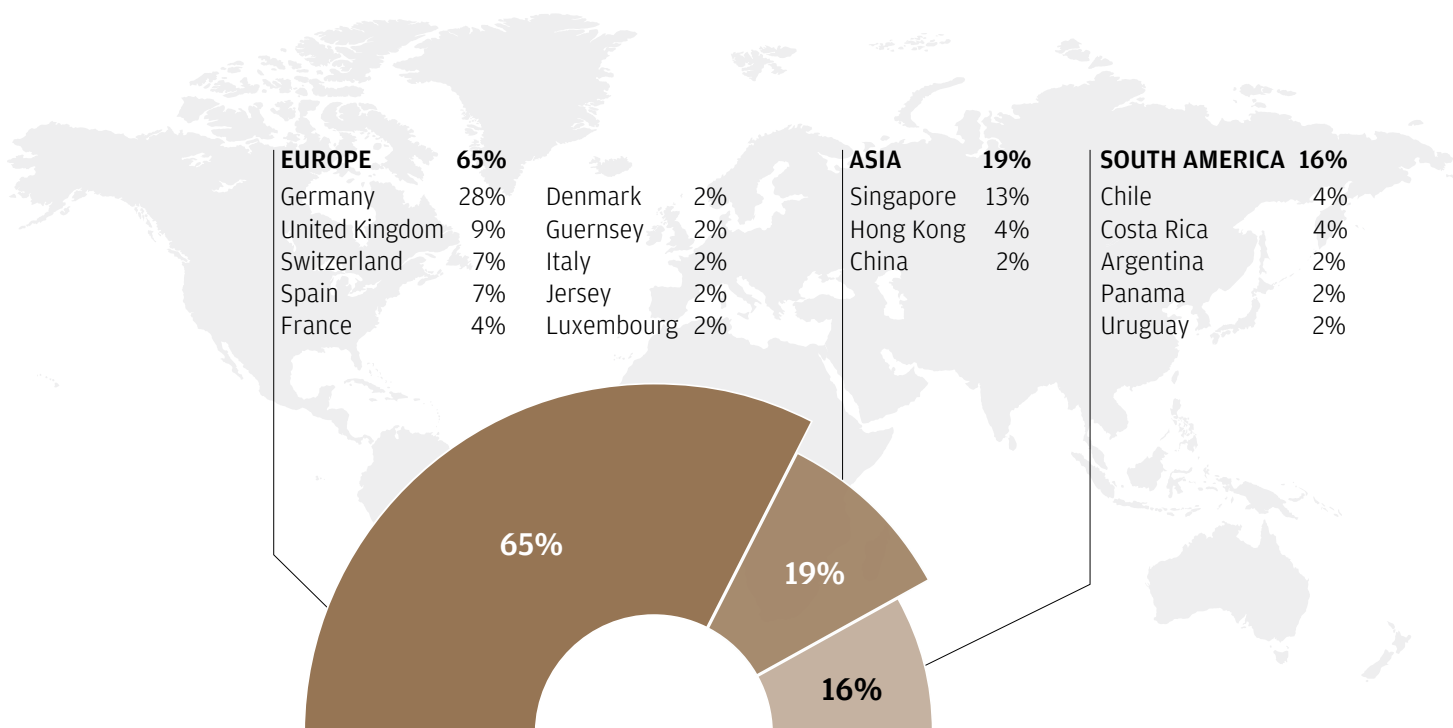
WE INTERVIEWED

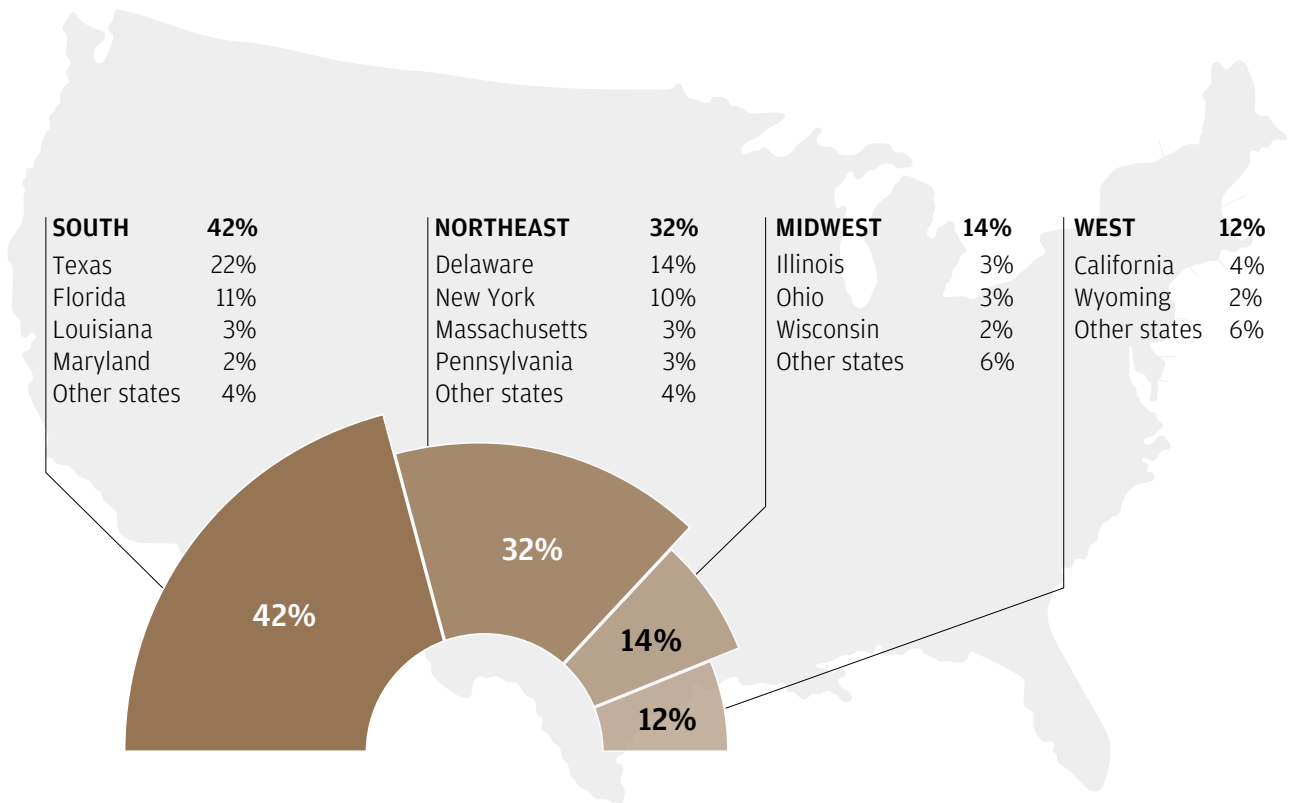


WHERE OUR RESPONDENTS ARE LOCATED



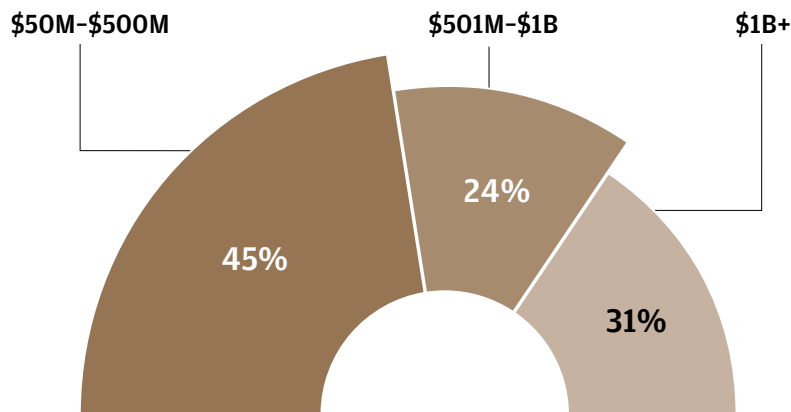
DETAILED LOOK INTO THE REGIONS





GLOBAL ASSETS UNDER SUPERVISION AND FAMILY NET WORTH

\$864.6 MILLION AVERAGE ASSETS UNDER SUPERVISION



\$1.4 BILLION AVERAGE FAMILY TOTAL NET WORTH

SECTION 1 GENERAL LANDSCAPE

Who uses a family office?

Over the last two decades, the number of people who are defined as “ultra-high-net-worth” individuals and the amount of wealth that they control, both in terms of dollars and the overall percentage of total global wealth, have increased dramatically.

While in 2004, approximately 157,000 ultra-high-net-worth individuals held 9.6% of global private wealth, in 2022, 395,070 ultra-high-net-worth individuals worldwide controlled over \$45 trillion—roughly 10.6% of global wealth.¹

Looking ahead, this trend seems likely to continue. By 2027, the global ultra-high-net-worth population is expected to increase to a total of 528,100 people, up by 133,000 individuals from 2022, and the level of global ultra-high-net-worth wealth will increase by \$14.9 trillion to an estimated \$60.3 trillion (11.1% of global wealth).²

Alongside this growth, there has been a significant increase in the number of family offices worldwide. While specific figures are difficult to pinpoint, some industry estimates suggest that there are 10,000 to 20,000 single family offices globally, many of which have been established in the last 15 years.³ Just five years ago, other estimates set the number of family offices globally as between 6,000 and 7,300.⁴ There is also a greater awareness of, and continued growing interest in, the concept of family offices, which in general seems to be further fueled by the proliferation of wealth management and accounting firms that now offer outsourced family office services.

What is behind this increased interest in family offices? There are a number of factors that have led to increased interest in the concept, notably the desire for privacy, control and customization. A family office can also simplify matters by providing coordinated oversight of a vast array of financial and personal assets, and serving as a single point of contact for families with complex balance sheets. Another catalyst to create a family office is the desire to engage in direct investments, where there is interest and mindset alignment in addition to the potential of better value and return.

FACTORS FOR INCREASED INTEREST FOR FAMILY OFFICE



- PRIVACY
- CONTROL
- CUSTOMIZATION
- FINANCIAL ASSET MANAGEMENT
- DIRECT INVESTMENTS

¹ Altrata (September 2023), *World Ultra Wealth Report 2023*. Based on the number of individuals with \$30 million or more.

² Altrata (September 2023), *World Ultra Wealth Report 2023*. Based on the number of individuals with \$30 million or more.

³ EY Private (September 2023), *How Can You Build a Future That Will Last for Generations? Create a Family Office to Nurture the Family Legacy* (https://assets.ey.com/content/dam/ey-sites/ey-com/en_us/topics/tax/ey-foas-e-guide-interactive-sept-2023-2308-4318671.pdf); and KPMG, Agreus (June 2023), *The 2023 Global Family Office Compensation Benchmark Report* (<https://www.agreugroup.com/2023-global-family-office-compensation-benchmark-report/>).

⁴ Josh Baron and Rob Lachenauer (September 26, 2022), “Is Your Family Office Built for the Future?” *Harvard Business Review*. Citing to Campden Research 2019: *Family Wealth Report*, Single Family Offices—Who Knows the Numbers? (<https://www.familywealthreport.com/article.php?id=184381#.XUsMpehKiUK>).

To help establish some initial baseline characteristics of the types of families using family offices to support their long-term financial visions and needs, our analysis examined three key areas: the size of the families being served (as measured by households and generations), their family office objectives, and their total net worth and the amount of assets under supervision by the family office.



THE SIZE OF THE FAMILIES BEING SERVED



THEIR FAMILY OFFICE OBJECTIVES



**THEIR TOTAL NET WORTH AND THE AMOUNT OF ASSETS
UNDER SUPERVISION BY THE FAMILY OFFICE**

These findings represent a snapshot in time, of course, and it is important to note that family offices can often evolve as a family's size, wealth levels, needs and goals change and grow. Not surprisingly, smaller family offices are usually less complex, offer fewer services and are less costly to run than family offices supporting multiple, multigenerational households.

FAMILY MEMBERS SERVED

The survey looked at the number of households and generations being served by the family office. Overall, family offices globally are supporting an average of just over five households and two generations. International family offices (i.e., family offices that are located outside of the United States) support, on average, slightly more households than U.S.-based family offices.

The ranges behind these averages offer a more nuanced view: 24% support only one household, 26% serve two to three households, 26% support four to five households, and 24% work with six households or more. More than half (56%) support two generations or less, 37% work with three generations, and only 7% serve four generations or more. These results are in line with anecdotal observations from our work with new family offices, where we have seen a great deal of interest from principals with young and/or college-age children, as well as some individuals who have been interested in moving away from larger, multigenerational family offices that were established years ago by more senior family members.

HOUSEHOLDS



24%
support one household



26%
serve two to three households



26%
serve four to five households



24%
serve six or more households

GENERATIONS



56%
support two generations
or less



37%
work with three generations



7%
serve four generations or more

Who is being served by the family office?

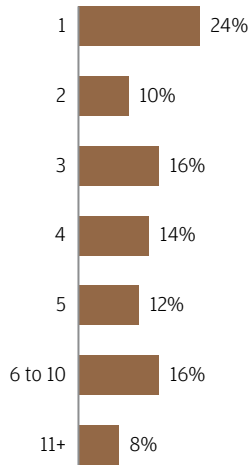
How many generations are served by the family office?

 **FIGURE 1.1: GLOBAL OVERVIEW**



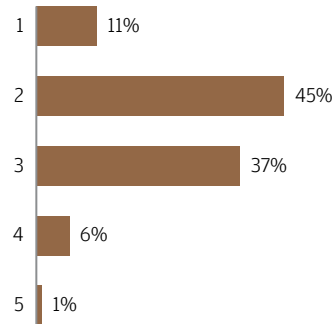
HOUSEHOLDS

MEAN 5.36 • MEDIAN 3.5



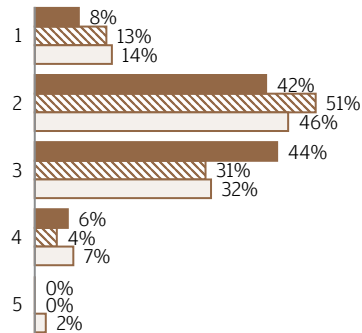
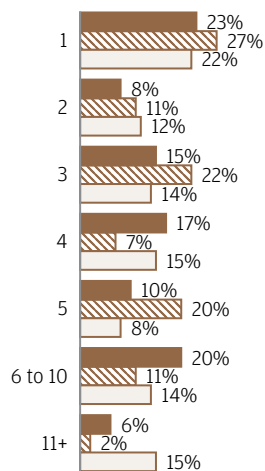
GENERATIONS

MEAN 2.39 • MEDIAN 1.9



 **FIGURE 1.2: GLOBAL BY ASSETS UNDER SUPERVISION (AUS)**

HOUSEHOLDS	MEAN	MEDIAN	GENERATIONS	MEAN	MEDIAN
■ \$50MM-\$500MM	5.19	3.6	■ \$50MM-\$500MM	2.48	2.5
▨ \$501MM-\$999MM	4.64	2.9	▨ \$501MM-\$999MM	2.27	1.7
□ \$1B or more	6.15	3.6	□ \$1B or more	2.37	1.8



↑/↓ Methodology reminder: The use of arrows indicates significantly higher or lower relative responses noted between regions.

Who is being served by the family office?

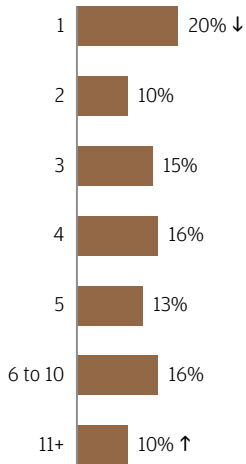
How many generations are served by the family office?

 **FIGURE 1.3: U.S. OVERVIEW**



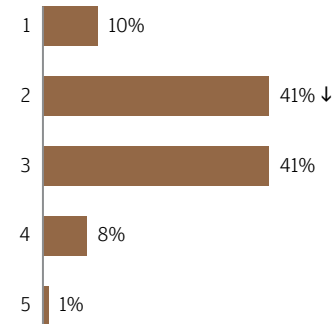
HOUSEHOLDS

MEAN 5.1 • MEDIAN 3.3



GENERATIONS

MEAN 2.5 • MEDIAN 2.0



 **FIGURE 1.4: UNITED STATES BY ASSETS UNDER SUPERVISION**

HOUSEHOLDS

MEAN

MEDIAN

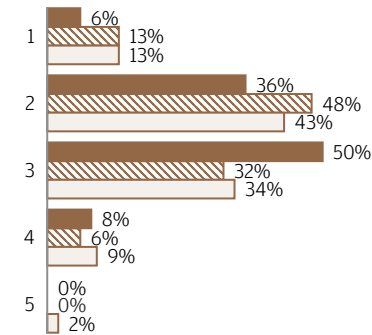
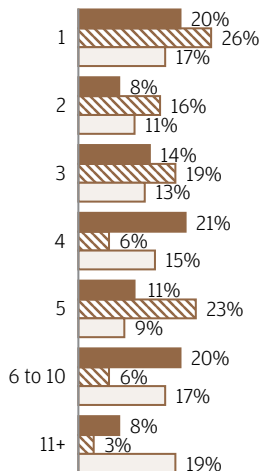
■ \$50MM-\$500MM	4.79	3.4
▨ \$501MM-\$999MM	3.52 ↓	2.4
□ \$1B or more	6.53	3.6

GENERATIONS

MEAN

MEDIAN

■ \$50MM-\$500MM	2.59 ↑	2.2
▨ \$501MM-\$999MM	2.32	1.8
□ \$1B or more	2.45	1.9



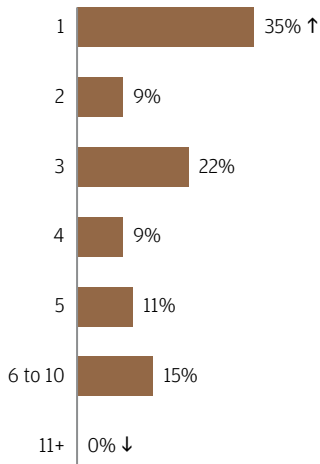
Who is being served by the family office?

How many generations are served by the family office?

FIGURE 1.5: INTERNATIONAL OVERVIEW



HOUSEHOLDS
MEAN 6.22 • MEDIAN 4.6



GENERATIONS
MEAN 2.11 • MEDIAN 1.6

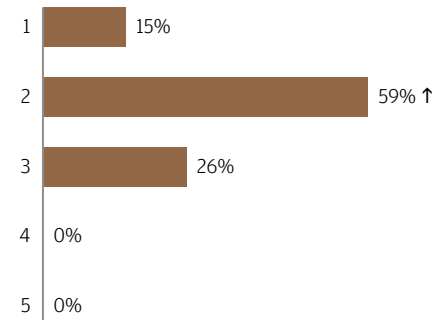
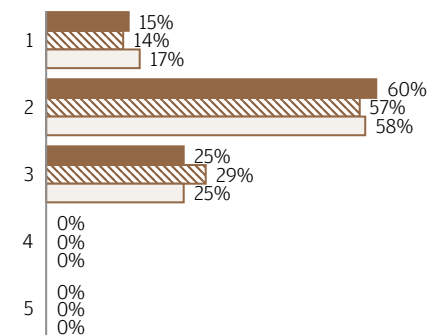
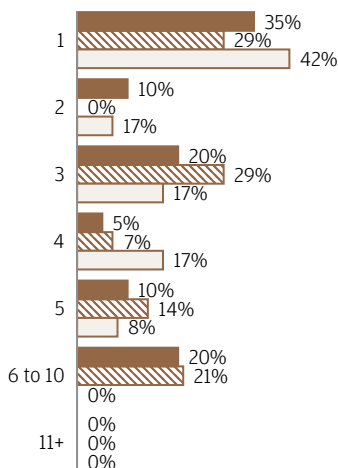


FIGURE 1.6: INTERNATIONAL BY ASSETS UNDER SUPERVISION

HOUSEHOLDS	MEAN	MEDIAN
■ \$50MM-\$500MM	6.5	4.5
▨ \$501MM-\$999MM	7.14 ↑	5.0
□ \$1B or more	4.67	3.0

GENERATIONS	MEAN	MEDIAN
■ \$50MM-\$500MM	2.1 ↓	1.6
▨ \$501MM-\$999MM	2.14	1.6
□ \$1B or more	2.08	1.6



FAMILY OFFICE OBJECTIVES

We find that many family members look to family offices strategically, and envision them playing a significant role in the management and oversight of the family’s holistic balance sheet. Areas of interest to many of our family office clients include investment management, wealth transfer planning, succession planning, and legacy and impact. By and large, these clients largely see their family offices as an extension of the family, and they tend to place greater emphasis on services and capabilities that will support long-term family success and less focus on short-term, administrative and personal services.

That being the case, it is no surprise to us that this year’s responses show the vast majority of surveyed family offices continue to be centered firmly around ensuring the financial security and longevity of the families they serve. By far the most frequently cited objective is financial asset management, noted by 95% of U.S. family offices and 100% of international family offices.

In addition, while family offices may be initially established to meet specific and often more immediate financial needs, many families look at their family offices with longer-term views. This is evidenced by the almost 70% of global respondents who identify succession planning and preparing the rising generation or wealth advisory as goals. More than 40% also view continuing the entrepreneurial legacy of family as a key objective.

Family offices can also support a family’s philanthropic and other legacy goals. The term “legacy” means different things to different people, and our conversations with clients tend to coalesce around several themes: financial legacy for the family; continuation of the family business, if applicable; philanthropic, social and environmental impact; and standing or legacy within the community.

While these broad themes are largely consistent around the globe, our research revealed a few notable regional differences. Specifically, U.S.-based family offices seem to be much more focused on philanthropy and impact investing than international family offices. On the other hand, international family offices are much less likely than U.S.-based family offices to report concierge/lifestyle services as being a key priority.



**FINANCIAL ASSET
MANAGEMENT**
most frequently cited objective

95%
U.S. family offices

100%
international family offices



**CONCIERGE AND
LIFESTYLE SERVICES**

44%
U.S. family offices

28%
international family offices

What are your family office's objectives?



FIGURE 2.1: GLOBAL OVERVIEW



FIGURE 2.2: GLOBAL BY AUS

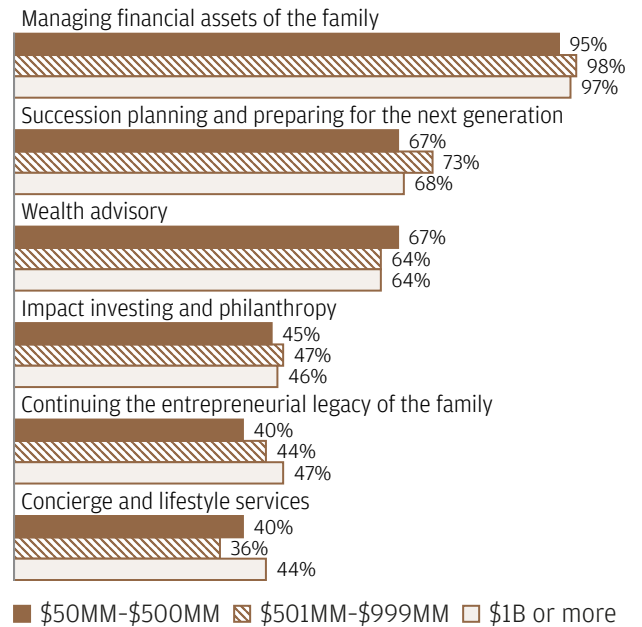
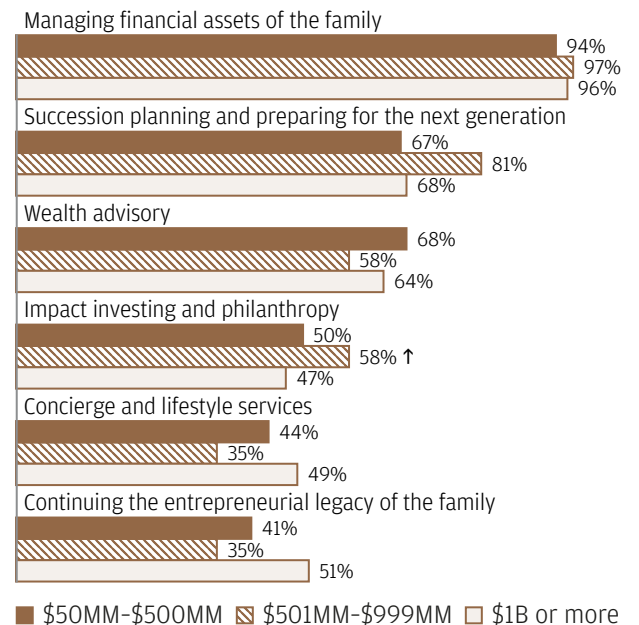


FIGURE 2.3: U.S. OVERVIEW



FIGURE 2.4: UNITED STATES BY AUS



What are your family office's objectives?



FIGURE 2.5: INTERNATIONAL OVERVIEW

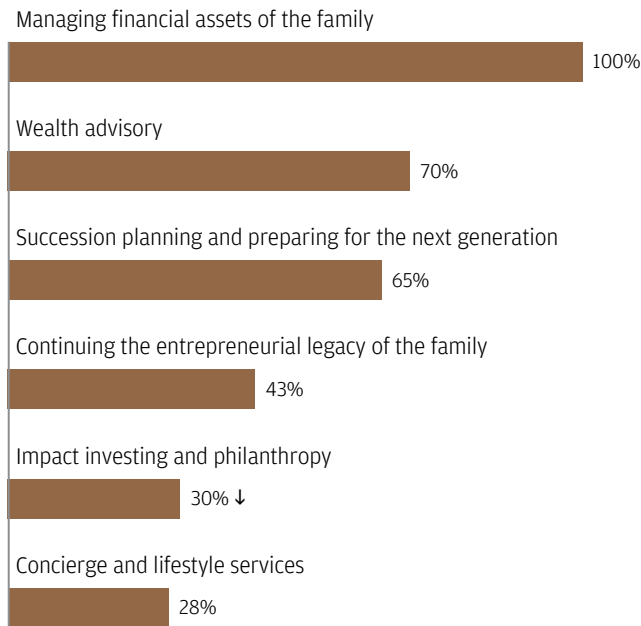
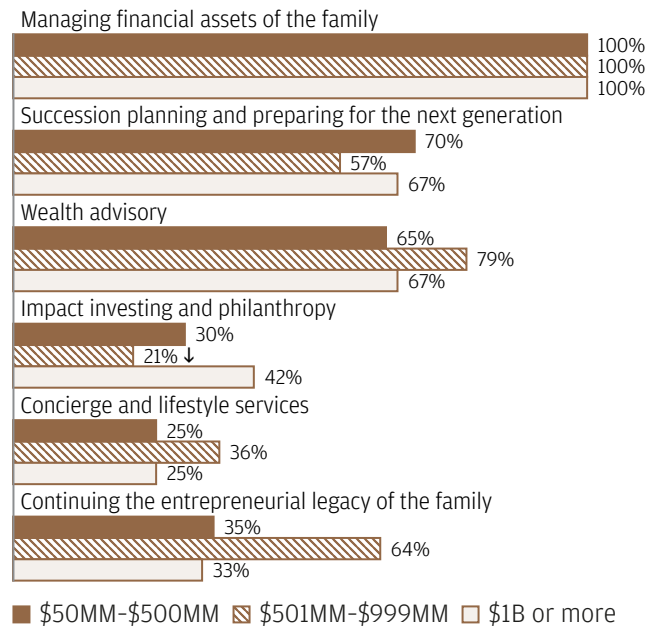


FIGURE 2.6: INTERNATIONAL BY AUS



FAMILY NET WORTH AND FAMILY OFFICE ASSETS UNDER SUPERVISION

While there has been an increasing familiarity and interest in family offices, our research indicates that they continue to be largely the domain of families with significant assets. Globally, the average total net worth of the families being served by the surveyed family offices is \$1.4 billion.

In our experience, while many families of significant wealth are interested in exploring family offices, families with more modest levels of liquid or investible assets are most likely to rely on outside advisors who can provide a high level of service, consolidated reporting, bill pay and concierge services. This can result in a family-office-type experience without the additional financial costs, time commitment and oversight responsibilities that a standalone single family office would require.

Once established, most family offices report managing about 60% of the family's total net worth. The average amount of assets being supervised by the surveyed family offices is \$864.6 million.⁵ While a majority of family offices globally (55%) oversee assets of \$500 million or more, a significant percentage (31%) report supervising \$1 billion or more. Approximately 45% of family offices supervise assets between \$50 and \$500 million, with nearly equal breakdowns between the \$50 to \$250 million and \$251 million to \$500 million ranges.



AVERAGE TOTAL NET WORTH of families surveyed

\$1.4B



AVERAGE ASSETS UNDER MANAGEMENT of families surveyed

\$864.6MM

average assets supervised by family offices

45%
oversee \$50MM
to \$500MM

55%
oversee \$500MM
or more

31%
oversee \$1B
or more

⁵ Approximately 60% of the families' reported average net worth.

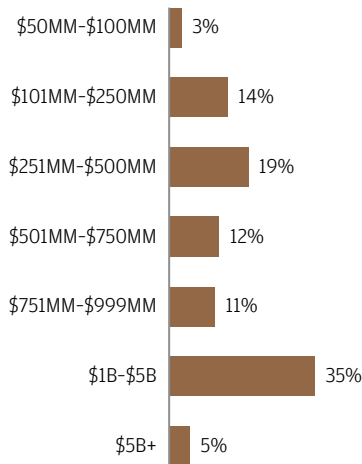
What is the approximate net worth of the family your family office services?

What are the approximate assets under supervision by the family office?

 **FIGURE 3.1: GLOBAL OVERVIEW**

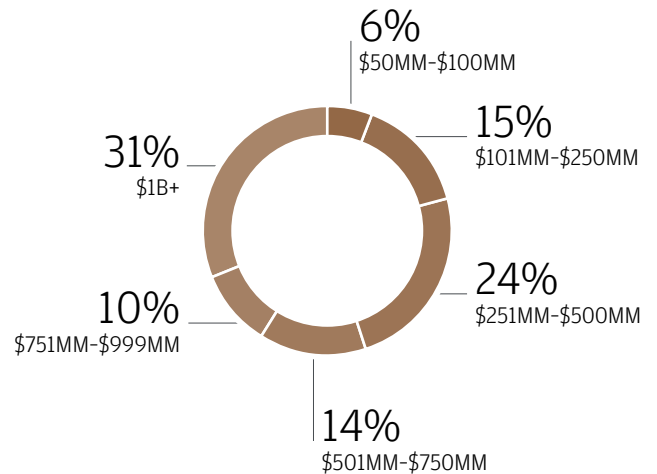
Family total net worth

MEAN \$1.4B • MEDIAN \$661.6MM



Assets under supervision by family office

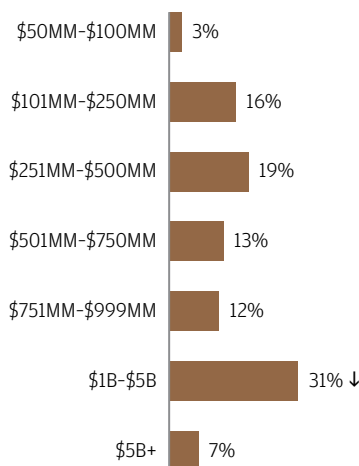
MEAN \$864MM • MEDIAN \$462MM



 **FIGURE 3.2: U.S. OVERVIEW**

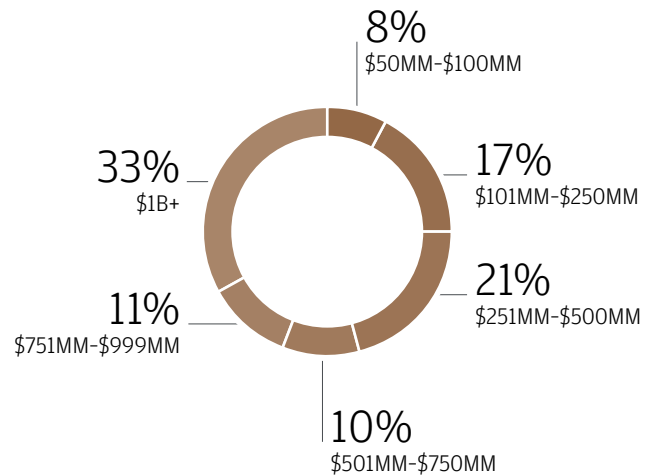
Family total net worth

MEAN \$1.4B • MEDIAN \$626MM



Assets under supervision by family office

MEAN \$767MM • MEDIAN \$476MM



What is the approximate net worth of the family your family office services?

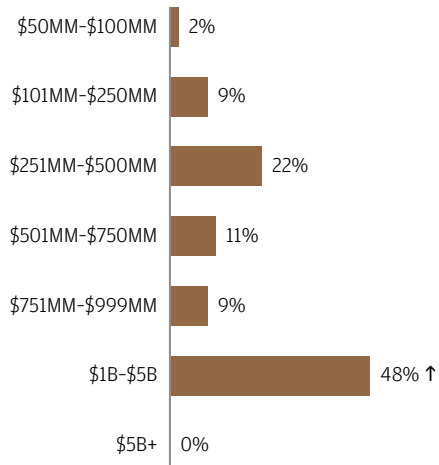
What are the approximate assets under supervision by the family office?



FIGURE 3.3: INTERNATIONAL OVERVIEW

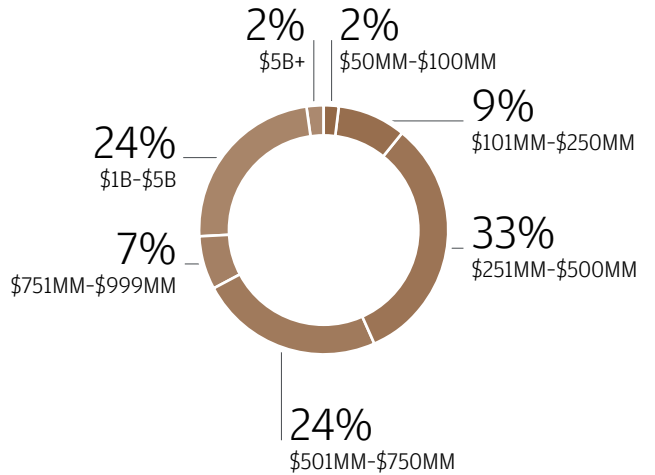
Family total net worth

MEAN \$1.4B • MEDIAN \$813MM



Assets under supervision by family office

MEAN \$1.2B • MEDIAN \$444MM



SECTION 2 SERVICES

What types of services do family offices offer?

Two of the most fundamental questions families must ask are what will the family office do, and how will it operate? Many are started to help families manage their investments, provide wealth advisory services and alleviate administrative burden—often following a major liquidity event such as the sale of an operating business—and then potentially expand from there based on the family’s broader needs and goals.

Typically, family office services and capabilities tend to evolve organically and in response to immediate needs. The key is to ensure that as services are established and expanded, they remain well aligned with the family’s objectives. More families are recognizing the potential role that a family office can play in developing the family’s non-financial assets, too. Increasingly, families are focusing on governance issues and developing the rising generation of family leaders.

We find that most family offices fall into three general categories: administrative-focused, investment-focused and “full-service.” Regardless of their primary focus and character, family offices can adopt different approaches to managing the delivery of the desired services. While the family may choose to manage certain services entirely in-house, it may decide to rely on third-party advisors for other key functions and also adopt a hybrid approach for still other objectives.

The decision to provide services in-house or to outsource those functions depends on a variety of factors. In our experience, the most common considerations are:

CONFIDENTIALITY, CUSTOMIZATION AND CONTROL

The family’s desire for confidentiality, customization and control is often key driver of the decision to establish a family office, and may also influence the family’s decision to build from within or partner with external advisors. There are pros and cons to both. Families that build in-house capabilities get to define the specific roles individuals will play, and to hire and train those individuals to handle things exactly the way the family wants them done. Further, having dedicated in-house staff may help better ensure that private family matters remain private. On the other hand, building from within takes time and resources, and may lead the family to build a more complex enterprise than it might have originally intended.

Other key factors

- **Talent**

Another key factor that influences the decision to build versus outsource is the available talent pool. Family offices seeking to hire top investment talent often find themselves competing against large investment management firms, private equity firms and hedge funds. Other professionals such as accountants and attorneys are also in high demand. The location or jurisdiction of the family office may also be a factor in the family office’s ability to attract

and retain top talent. Some family offices choose to rely on external advisors as short-term solutions to immediate needs, while others rely on third parties to provide critical guidance and support on an ongoing basis.

- **Technology**

Almost nothing can run without technology these days, and the family office's technology and data management needs are another key consideration. In this era of rapid technological change, many family offices find that outsourcing the technology function allows them to keep up with new platforms and capabilities without the burden and expense of building their own. In addition, the continued and rising threat of cyberattacks on family offices is another reason to work with external advisors that can provide much needed technology-risk-management services.

- **Flexibility**

Complexity is easy to build and often difficult to dismantle. Outsourced services allow family offices to pivot as needed.

- **Cost**

Outsourced services may result in significant cost savings.

Other considerations frequently include risk management, as well as time and attention commitment.

With all of this in mind, our survey examined two key decision points pertaining to family office services: the types of services offered and outsourcing versus building the capability in-house.

SERVICES OFFERED

Most popular

The survey asked whether family offices provide a wide range of specific services, which we have grouped into four broad categories: financial asset management; administration, reporting and operations; legacy, succession planning and philanthropy; and risk management. The vast majority of family offices polled—over 90%—offer:

- Financial asset management services in investment management, private investments, and trading and market execution
- Professional services such as accounting and taxes, legal services and estate planning
- Administration services in balance sheet aggregation and reporting, finance administration, and family office staffing and compensation

Other popular services

Noted by more than 80%—include insurance management, family governance and succession planning, and philanthropic services.

Generally, the larger the family office, the more expansive the services offerings tend to be. In contrast, smaller family offices are more likely to outsource a variety of their services. They also more frequently identify needs and/or gaps in their services.

Greatest areas of need

The top three areas where family offices say they need help are in cybersecurity services (40%), family governance and succession planning (31%), and family wealth education (31%). Notably, almost one-quarter or more of family offices surveyed report that they do not offer family wealth education or cybersecurity at all.

Outsourcing

As noted above, external providers play an important role in the delivery of many services by family offices, particularly those that are more modest in size of assets under supervision and overall staff. Among respondents, 50% or more of the family offices that offer the following services rely on external providers instead of building capabilities in-house: legal services, accounting and taxes, trading and market execution, estate planning, investment banking services and cybersecurity services, and matrimonial and family planning. Of note, almost 40% of more modest (\$50 million to \$500 million in assets under supervision) and mid-sized (\$501 million to \$999 million in assets under supervision) family offices outsource investment management in some capacity, as do 20% of global offices with \$1 billion or more in assets under supervision.



“We find that many single family offices are looking to outsource trading and execution needs to trusted, external advisors who have the trading capabilities, idea generation and research to act as a seamless extension of their family office. The Global Investment Opportunities team can act as a resource to fulfill these needs. With over 50 investment specialists, we serve as the conduit to the entire investment platform across J.P. Morgan. We are the single point of contact for family offices for the investment products and services we offer firmwide.”

Monica DiCenso

Head of Global Investment Opportunities
J.P. Morgan Private Bank, U.S.

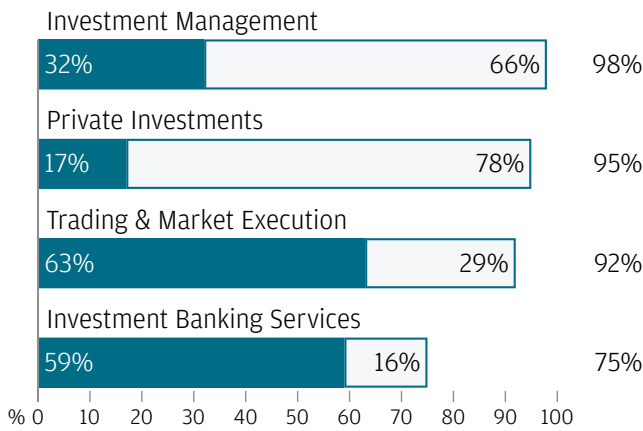
Which of the following services does your family office provide, and, if so, are they outsourced to third-party providers?



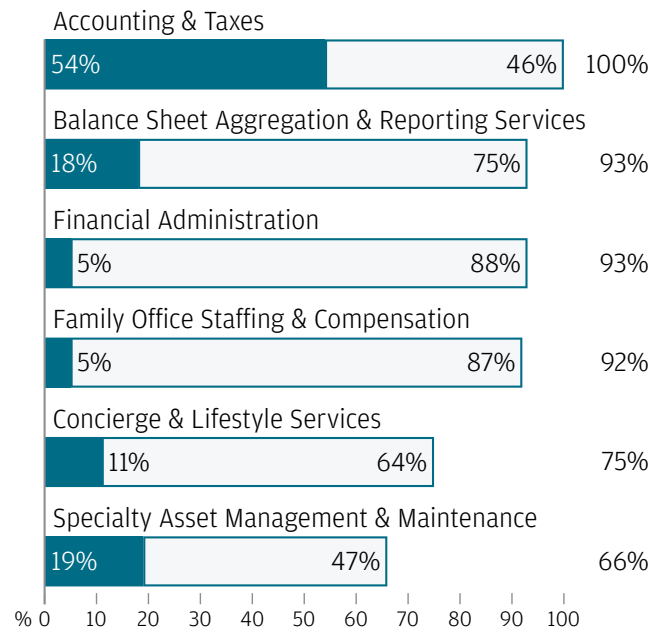
FIGURE 4.1: GLOBAL OVERVIEW

■ Outsourced □ In-House

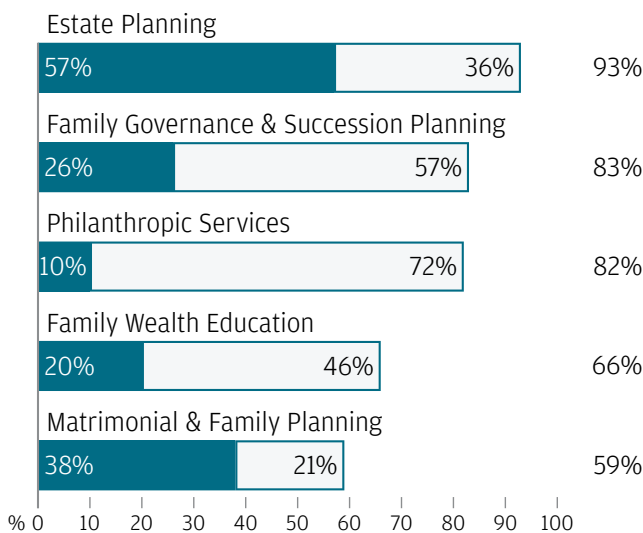
FINANCIAL ASSETS MANAGEMENT



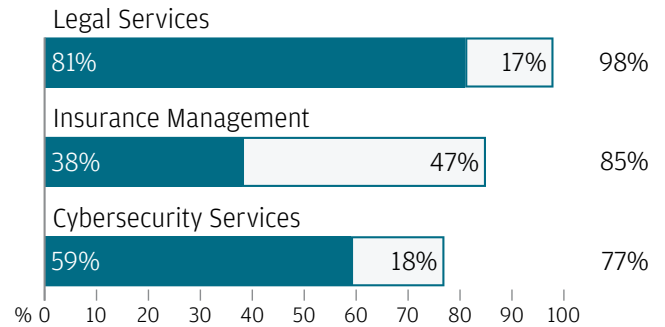
ADMINISTRATION, REPORTING AND OPERATIONS



LEGACY, SUCCESSION PLANNING AND PHILANTHROPY



RISK MANAGEMENT



↑/↓ Methodology reminder: The use of arrows indicates significantly higher or lower relative responses noted between regions.

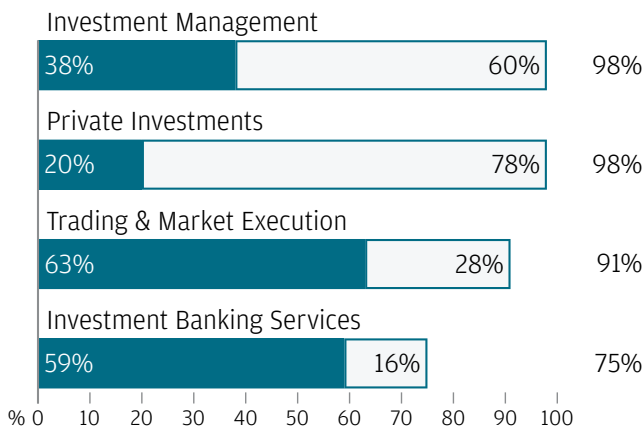
Which of the following services does your family office provide, and, if so, are they outsourced to third-party providers?



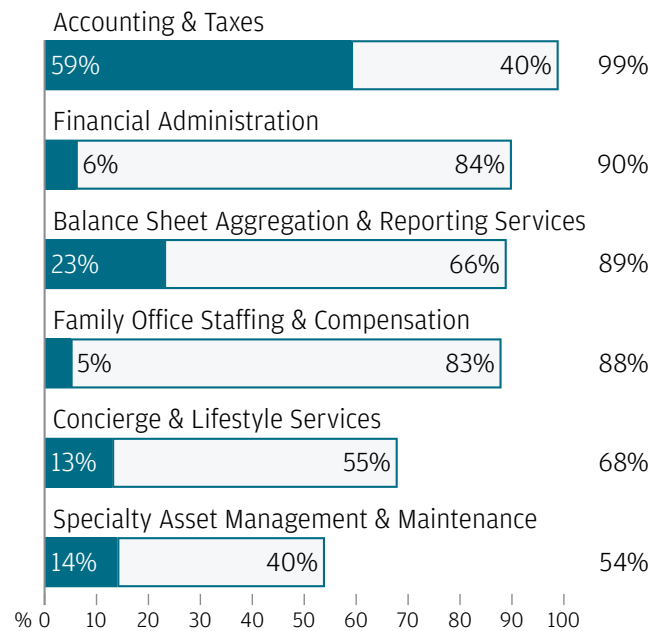
FIGURE 4.2: GLOBAL OVERVIEW
\$50 MILLION TO \$500 MILLION IN ASSETS UNDER SUPERVISION

■ Outsourced □ In-House

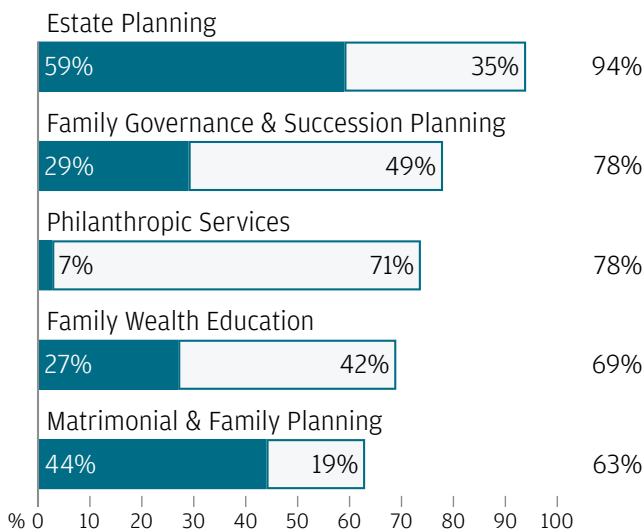
FINANCIAL ASSETS MANAGEMENT



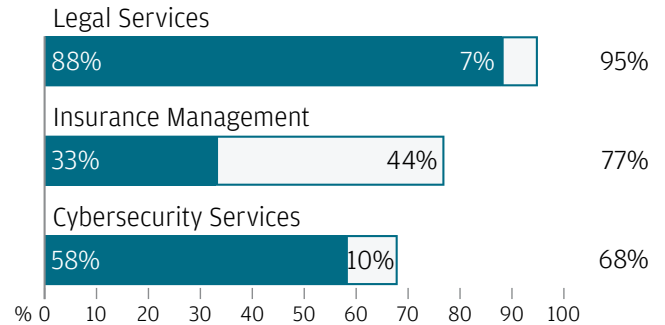
ADMINISTRATION, REPORTING AND OPERATIONS



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RISK MANAGEMENT



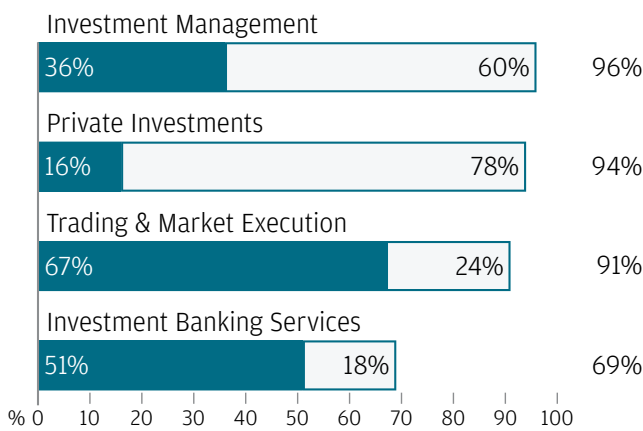
Which of the following services does your family office provide, and, if so, are they outsourced to third-party providers?



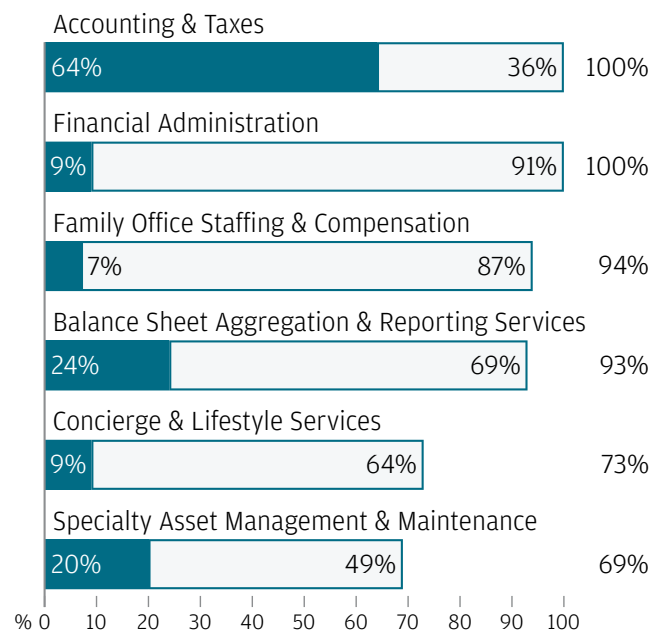
FIGURE 4.3: GLOBAL OVERVIEW
\$501 MILLION TO \$999 MILLION IN ASSETS UNDER SUPERVISION

■ Outsourced □ In-House

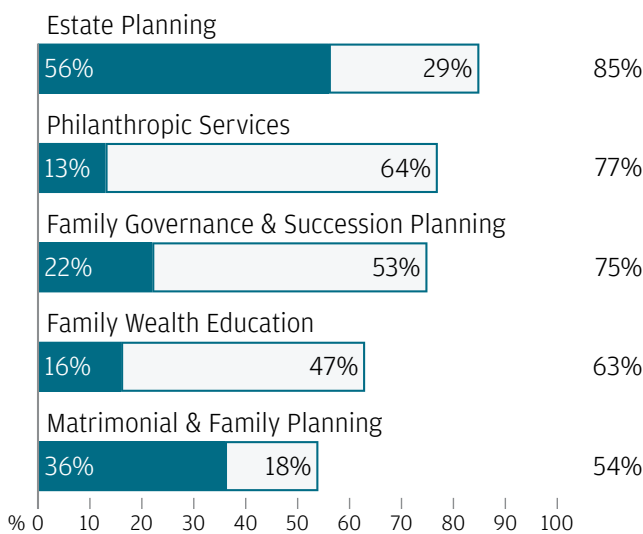
FINANCIAL ASSETS MANAGEMENT



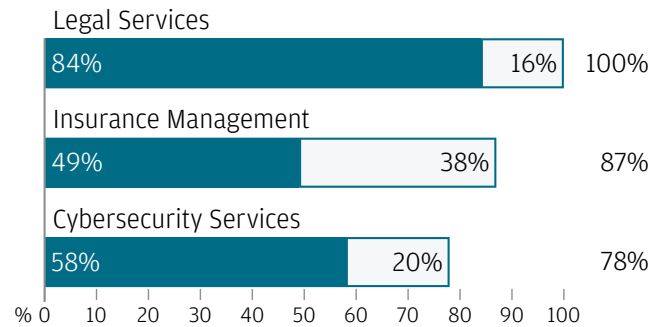
ADMINISTRATION, REPORTING AND OPERATIONS



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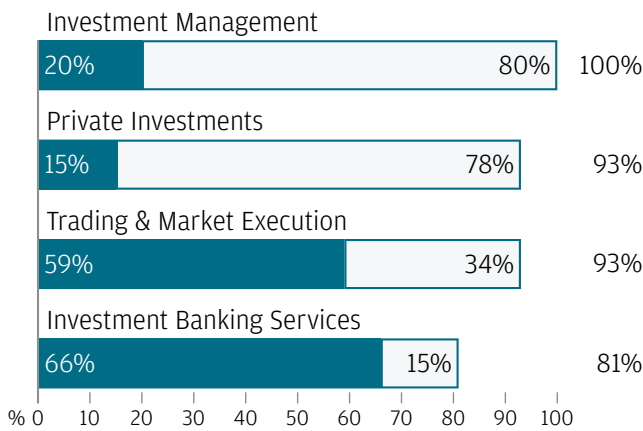
Which of the following services does your family office provide, and, if so, are they outsourced to third-party providers?



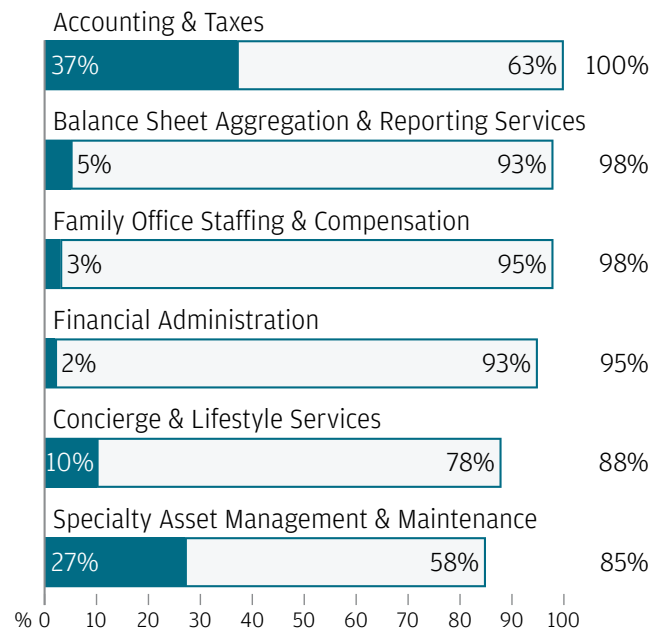
**FIGURE 4.4: GLOBAL OVERVIEW
\$1 BILLION OR MORE IN ASSETS UNDER SUPERVISION**

■ Outsourced □ In-House

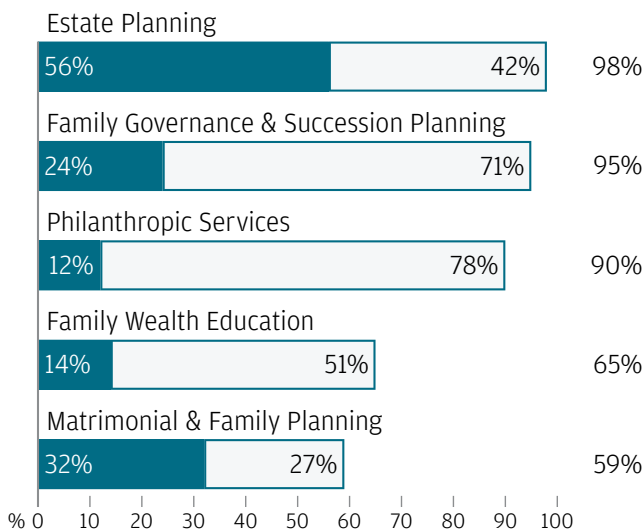
FINANCIAL ASSETS MANAGEMENT



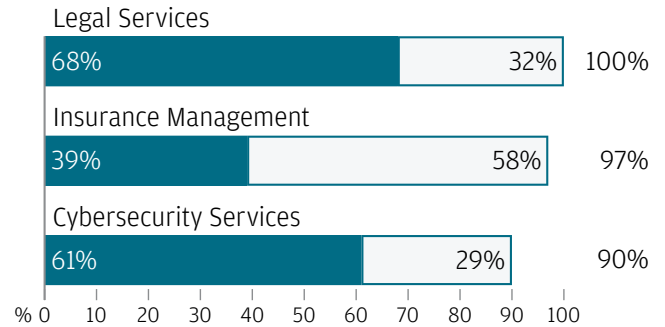
ADMINISTRATION, REPORTING AND OPERATIONS



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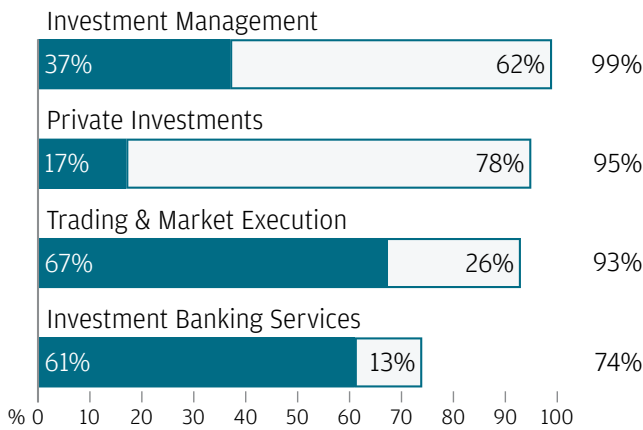
Which of the following services does your family office provide, and, if so, are they outsourced to third-party providers?



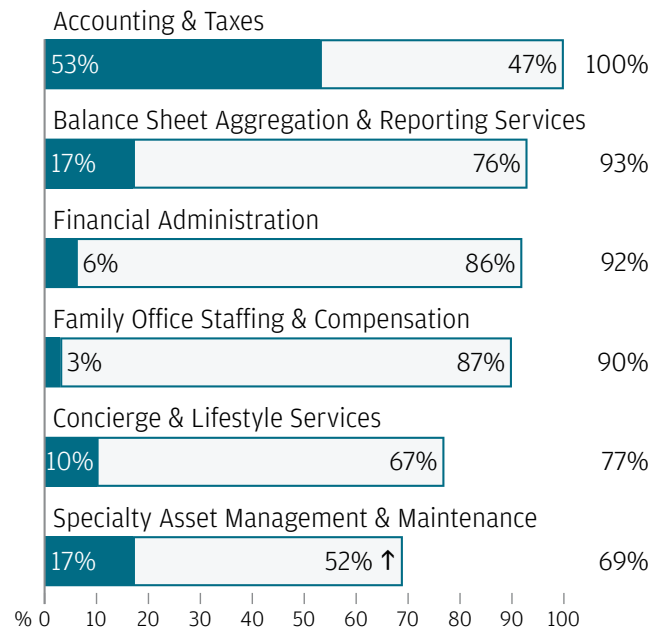
FIGURE 4.5: U.S. OVERVIEW

■ Outsourced □ In-House

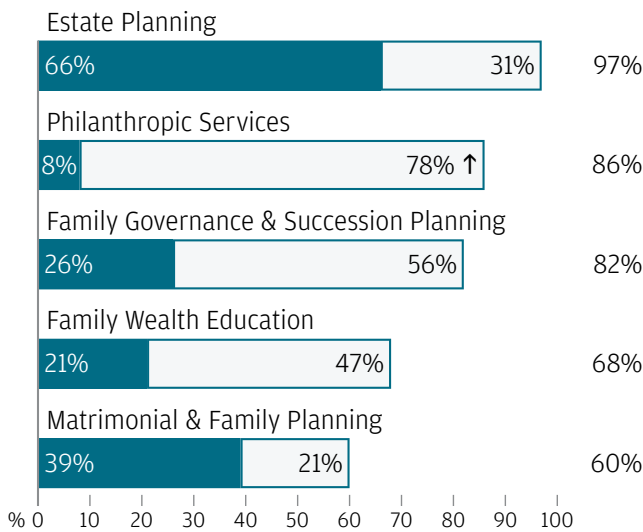
FINANCIAL ASSETS MANAGEMENT



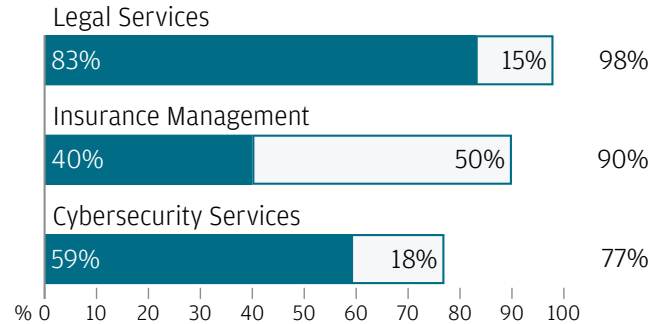
ADMINISTRATION, REPORTING AND OPERATIONS



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RISK MANAGEMENT



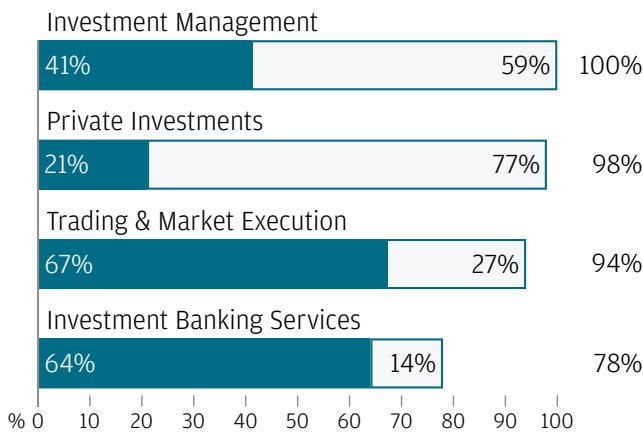
Which of the following services does your family office provide, and, if so, are they outsourced to third-party providers?



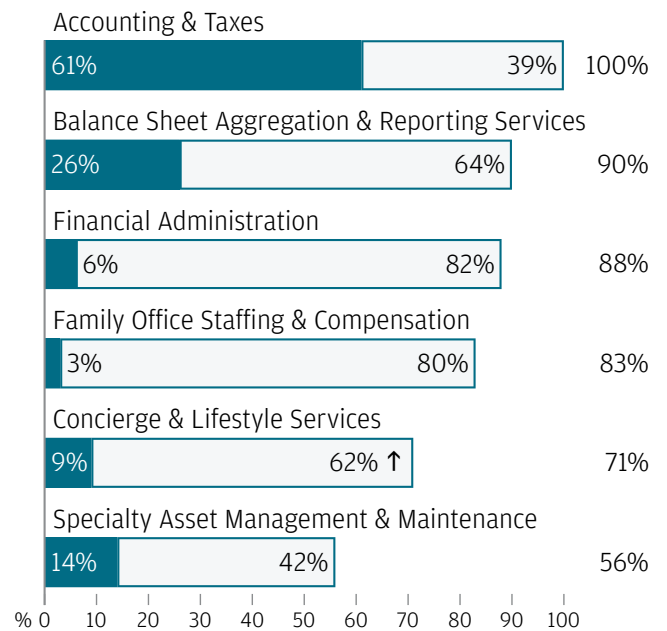
FIGURE 4.6: U.S. OVERVIEW
\$50 MILLION TO \$500 MILLION IN ASSETS UNDER SUPERVISION

■ Outsourced □ In-House

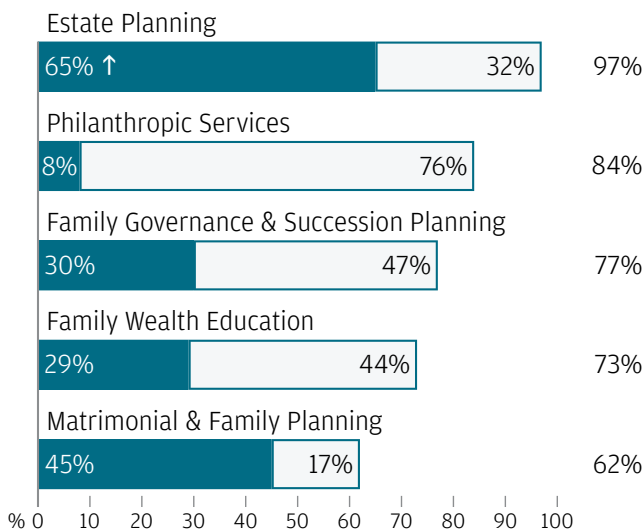
FINANCIAL ASSETS MANAGEMENT



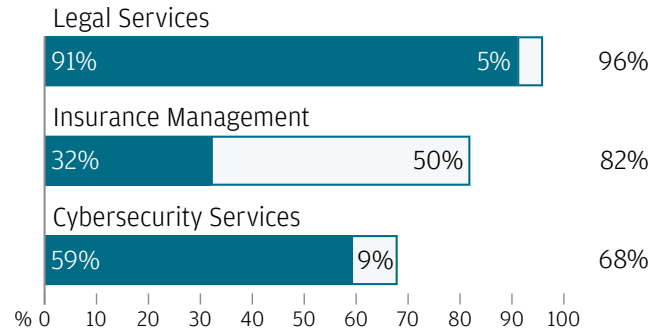
ADMINISTRATION, REPORTING AND OPERATIONS



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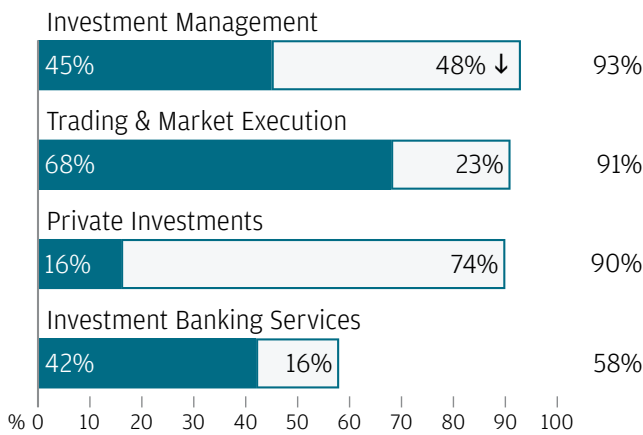
Which of the following services does your family office provide, and, if so, are they outsourced to third-party providers?



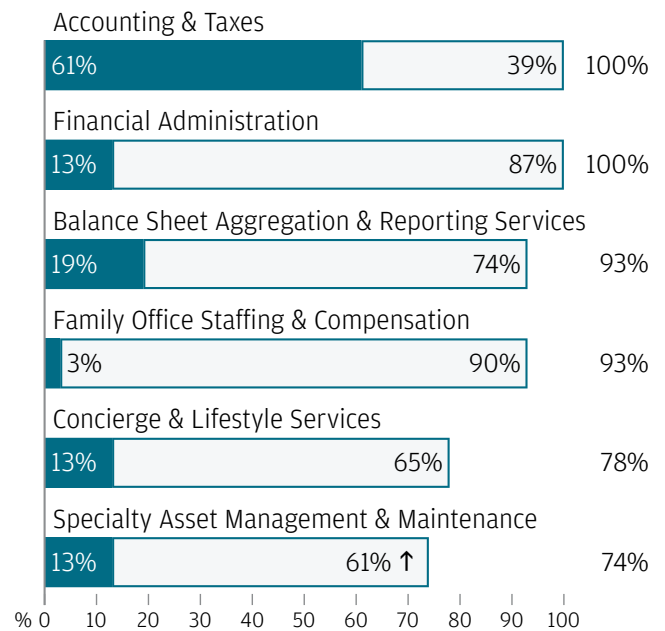
FIGURE 4.7: U.S. OVERVIEW
\$501 MILLION TO \$999 MILLION IN ASSETS UNDER SUPERVISION

■ Outsourced □ In-House

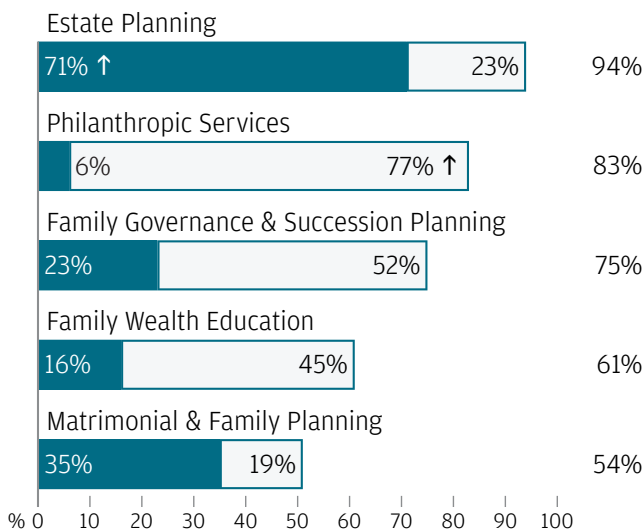
FINANCIAL ASSETS MANAGEMENT



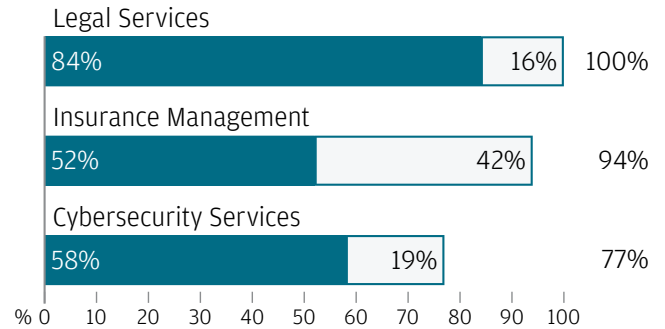
ADMINISTRATION, REPORTING AND OPERATIONS



LEGACY, SUCCESSION PLANNING AND PHILANTHROPY



RISK MANAGEMENT



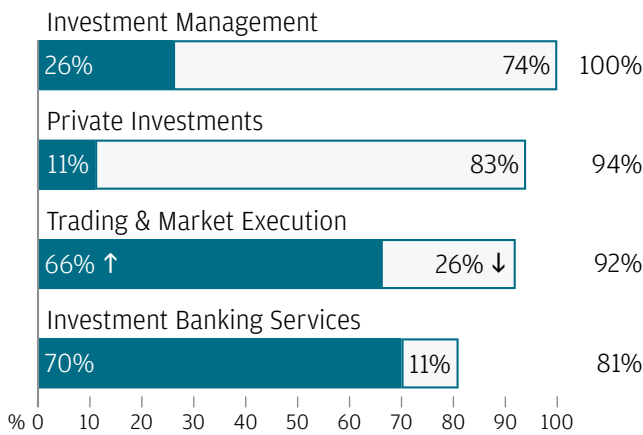
Which of the following services does your family office provide, and, if so, are they outsourced to third-party providers?



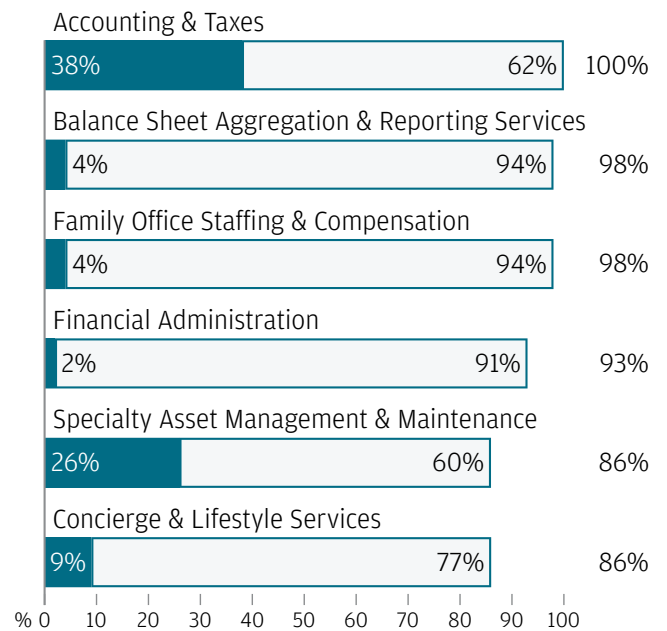
FIGURE 4.8: U.S. OVERVIEW
\$1 BILLION OR MORE IN ASSETS UNDER SUPERVISION

■ Outsourced □ In-House

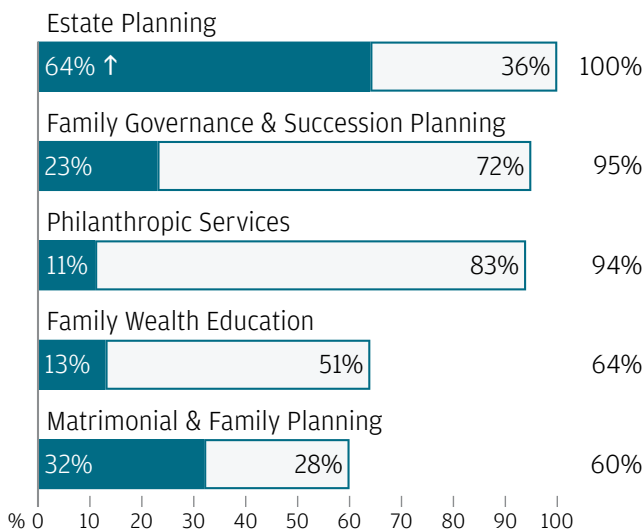
FINANCIAL ASSETS MANAGEMENT



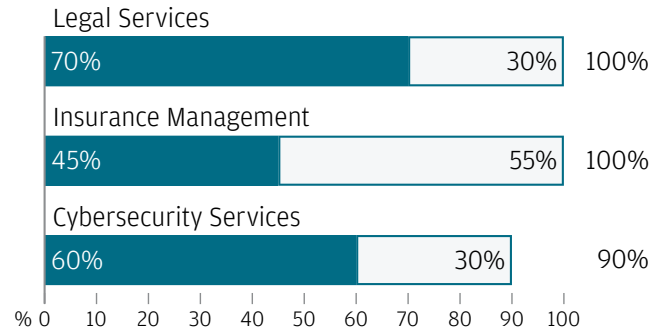
ADMINISTRATION, REPORTING AND OPERATIONS



LEGACY, SUCCESSION PLANNING AND PHILANTHROPY



RISK MANAGEMENT



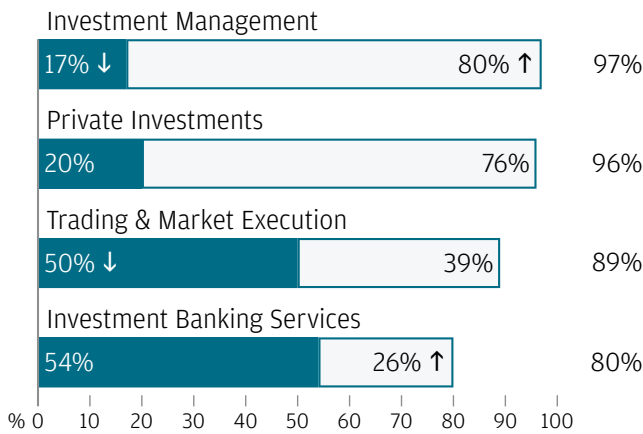
Which of the following services does your family office provide, and, if so, are they outsourced to third-party providers?



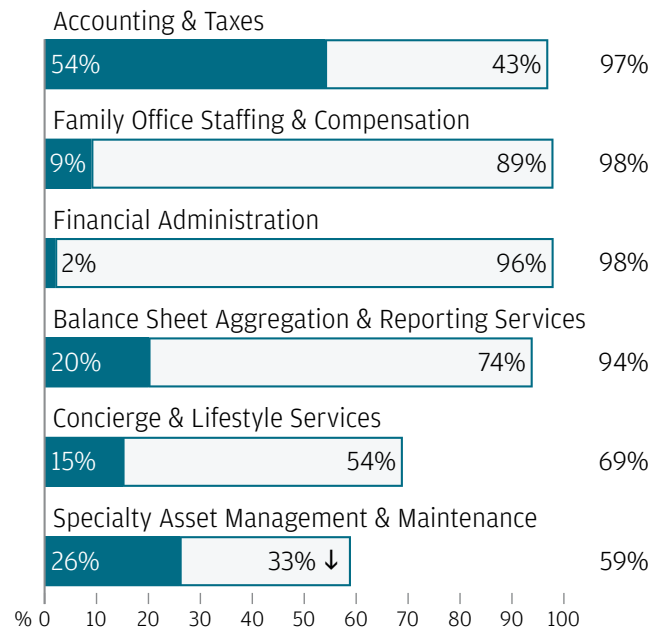
FIGURE 4.9: INTERNATIONAL OVERVIEW

■ Outsourced □ In-House

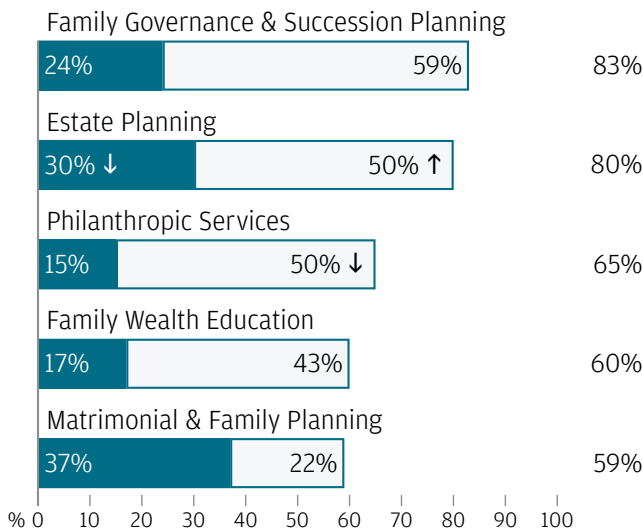
FINANCIAL ASSETS MANAGEMENT



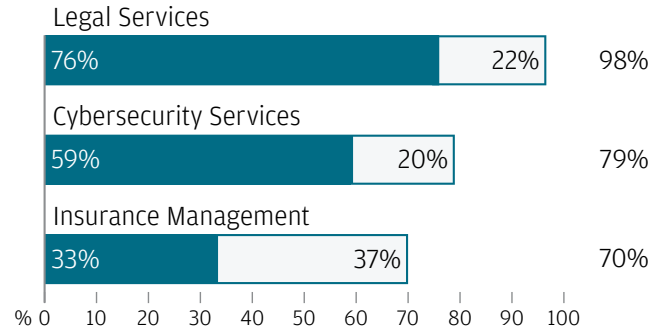
ADMINISTRATION, REPORTING AND OPERATIONS



LEGACY, SUCCESSION PLANNING AND PHILANTHROPY



RISK MANAGEMENT



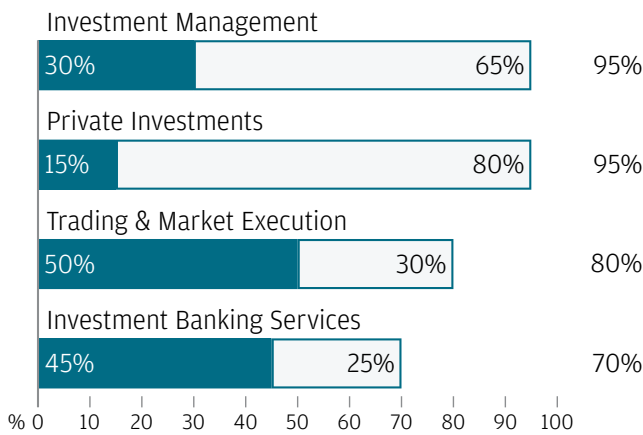
Which of the following services does your family office provide, and, if so, are they outsourced to third-party providers?



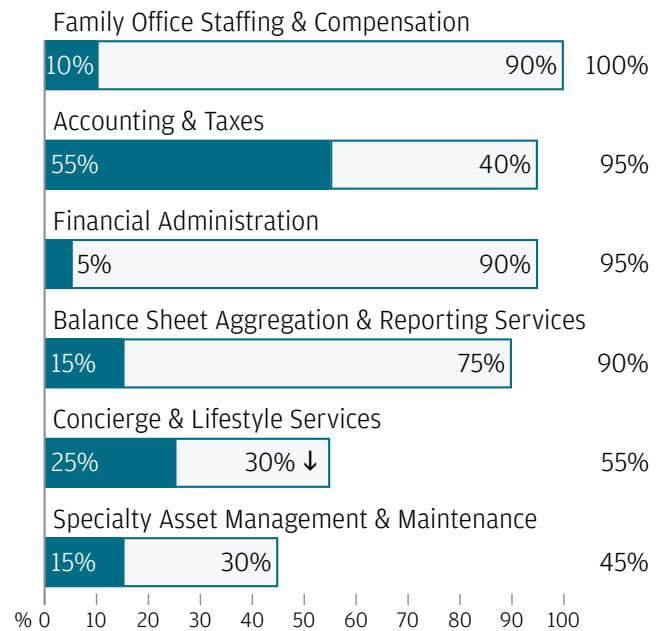
FIGURE 4.10: INTERNATIONAL OVERVIEW
\$50 MILLION TO \$500 MILLION IN ASSETS UNDER SUPERVISION

■ Outsourced □ In-House

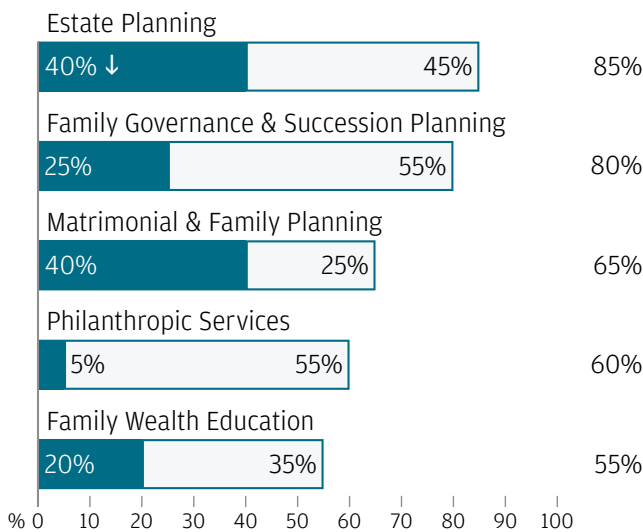
FINANCIAL ASSETS MANAGEMENT



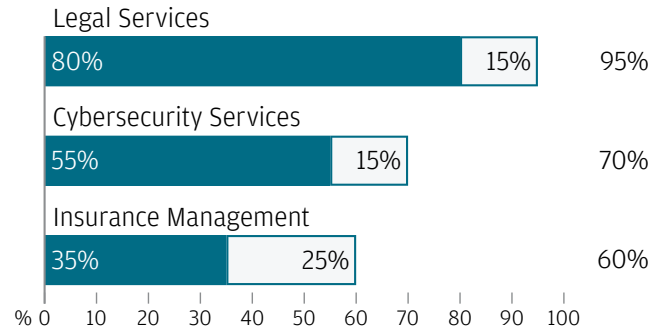
ADMINISTRATION, REPORTING AND OPERATIONS



LEGACY, SUCCESSION PLANNING AND PHILANTHROPY



RISK MANAGEMENT



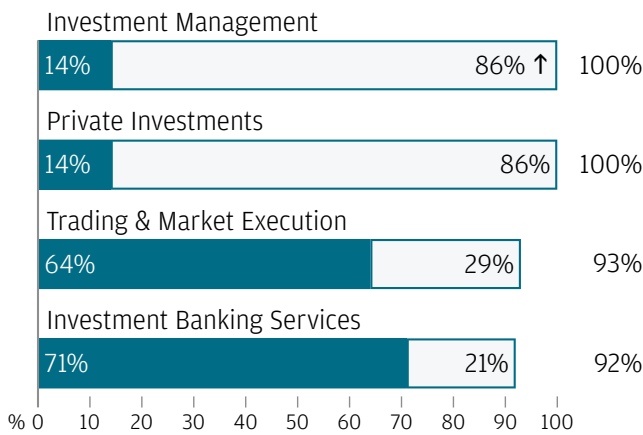
Which of the following services does your family office provide, and, if so, are they outsourced to third-party providers?



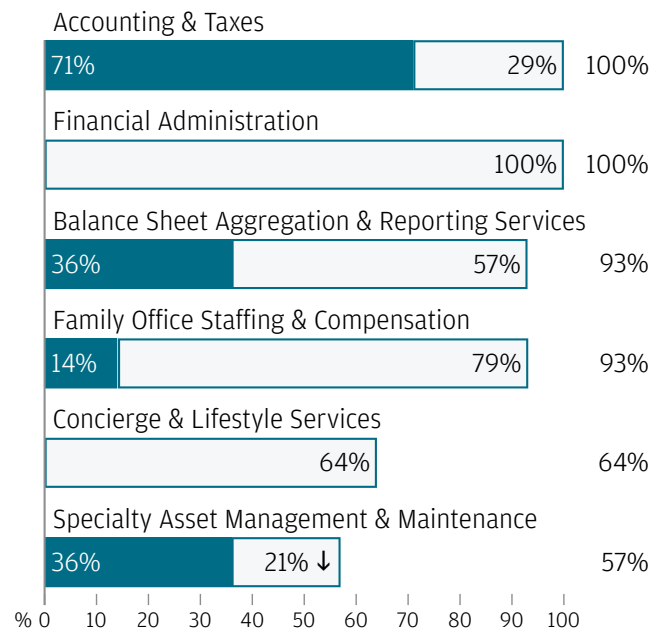
FIGURE 4.11: INTERNATIONAL OVERVIEW
\$501 MILLION TO \$999 MILLION IN ASSETS UNDER SUPERVISION

■ Outsourced □ In-House

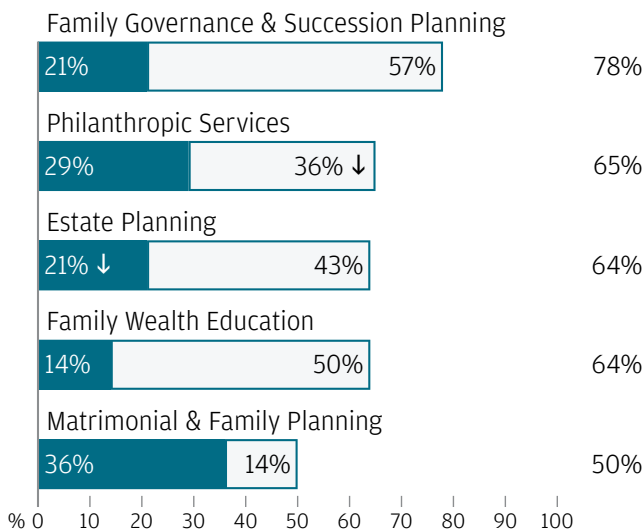
FINANCIAL ASSETS MANAGEMENT



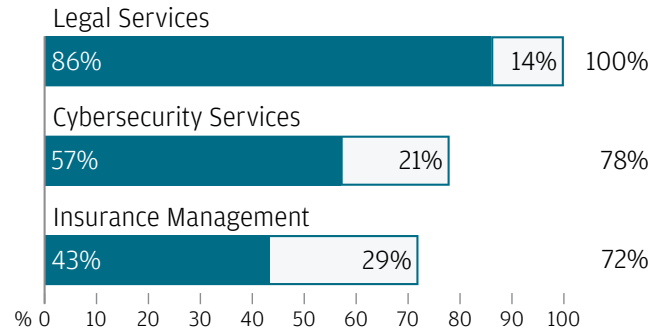
ADMINISTRATION, REPORTING AND OPERATIONS



LEGACY, SUCCESSION PLANNING AND PHILANTHROPY



RISK MANAGEMENT



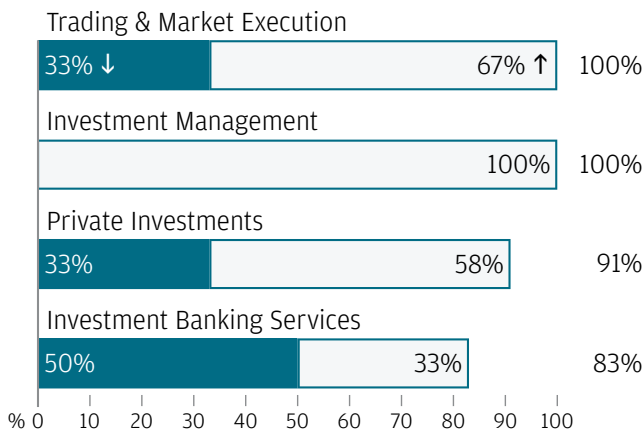
Which of the following services does your family office provide, and, if so, are they outsourced to third-party providers?



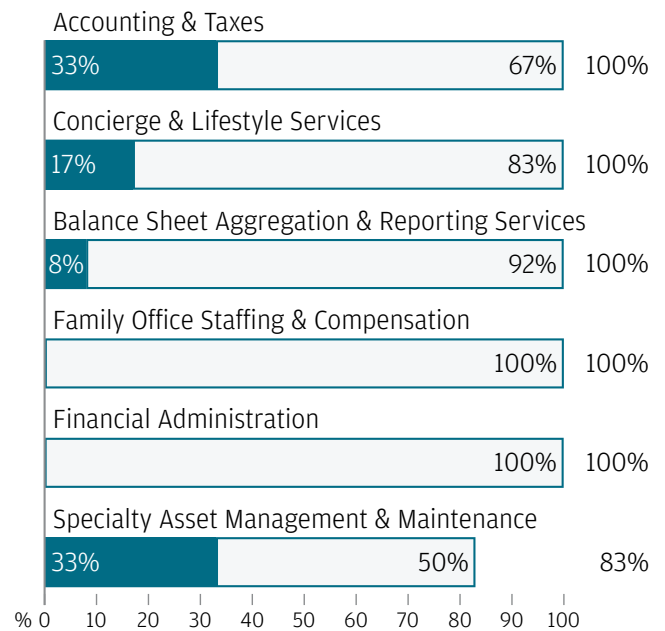
FIGURE 4.12: INTERNATIONAL OVERVIEW
\$1 BILLION OR MORE IN ASSETS UNDER SUPERVISION

■ Outsourced □ In-House

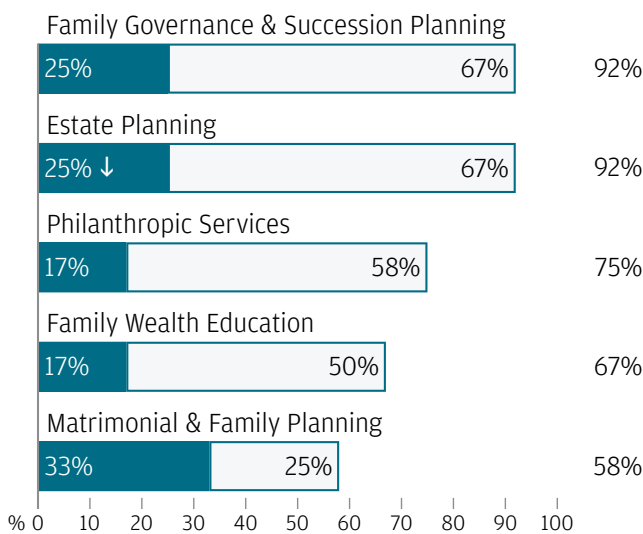
FINANCIAL ASSETS MANAGEMENT



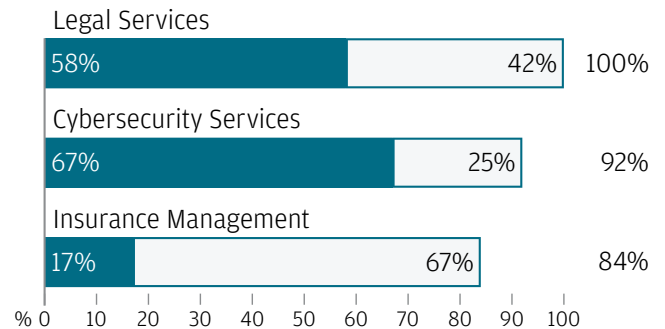
ADMINISTRATION, REPORTING AND OPERATIONS



LEGACY, SUCCESSION PLANNING AND PHILANTHROPY



RISK MANAGEMENT



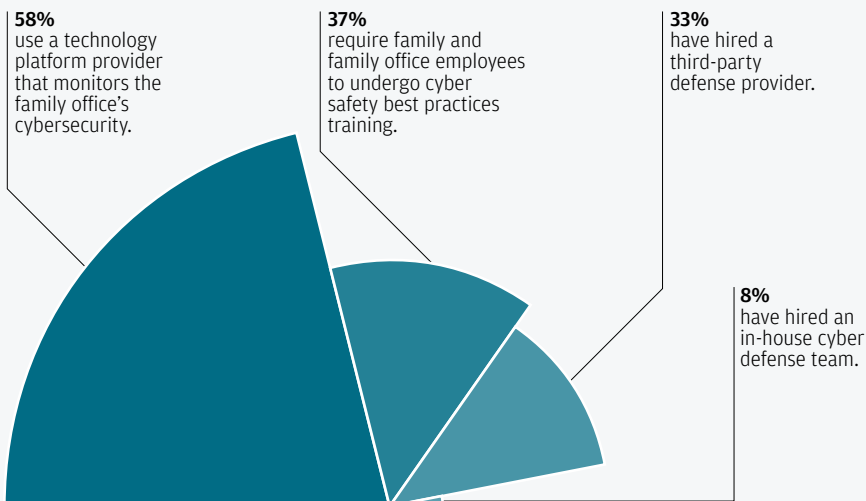


Managing cybersecurity risk

Cyber threats, attacks and fraud scams have become much more sophisticated, particularly with the aid of AI tools and bots. The cost of cybercrime is in the trillions⁶ and is only expected to grow. If it were an economy, it would be considered the third largest behind the United States and China. Further, over 75% of cyber incidents target small businesses.⁷ These operating environments can be more vulnerable than larger organizations with more layers of defense.

With these figures in mind, it is no surprise our research indicates that 40% of all family offices report cybersecurity as a top gap. In addition, approximately one out of four surveyed family offices (24%) said they have been exposed to a cybersecurity breach or financial fraud. Yet roughly one out of five (23%) do not provide family office cybersecurity services.

Of those that have put measures in place to counter cyber threats:



⁶ *Cybercrime Magazine* (<https://cybersecurityventures.com/cybercrime-to-cost-the-world-9-trillion-annually-in-2024/>).

⁷ *The 2024 Sophos Threat Report* (<https://news.sophos.com/en-us/2024/03/12/2024-sophos-threat-report>).

Over
75%

of all cyber incidents target small businesses

40%

of all family offices report cybersecurity as a top gap

“J.P. Morgan takes security very seriously and continues to invest in the latest technology to help thwart attacks in the ever-evolving threat landscape using a multi-layered approach to protect our clients data and accounts. Whether it’s helping a family office that is just establishing itself and considering best practices in set up, or a very established family office looking to improve cyber hygiene, social media education for children, minimizing the principal’s digital footprint or helping implement technology controls within an office and beyond—we are here to understand and help through active education and advisory.”

Ileana van der Linde
Head of Cyber Advisory
J.P. Morgan Private Bank

SECTION 3 INVESTMENTS

How are family offices approaching investment management?

Investment management is at the core of virtually all family offices. However, there are a range of approaches they may take to provide this service. Some, mainly smaller offices, may take a less formal approach that may involve greater outsourcing. Others have implemented more professionalized structures and processes that may entail more defined investment decision-making frameworks, as well as larger in-house capabilities and oversight. This latter group may view and model themselves more like institutions.

The key point is that it is not a one-size-fits-all function, where a spectrum of approaches may make sense based on the profiles of both the family and family office. Offering a dedicated solution can help families pursue their portfolio strategies in ways that are purposely tailored to their specific needs and goals. It also can help navigate the expanded investment opportunities and unique challenges that can come from managing generational wealth, as well as address issues around family cohesion, legacy and shared values.

Many family offices manage large, complex portfolios across a wide range of asset classes, global markets and investment structures. Individual approaches can vary significantly, shaped by highly personalized considerations around each family's unique situation, financial objectives, size and the types of assets it is comfortable including in its portfolio. Some families hold concentrated positions in asset classes such as real estate, closely held businesses and/or concentrated public equity. Two other variables to bear in mind are how much of the family's overall wealth is managed by its family office, and the scope and sophistication of services the office provides.

Our report focuses on several key areas with respect to how family offices are approaching investment management:



INVESTMENT DECISION MAKING



PERFORMANCE TARGETS AND EVALUATION



ASSET ALLOCATION



USE OF EXTERNAL MANAGERS

INVESTMENT DECISION MAKING

The two most common decision-making approaches are by principal and by investment committee. Nearly 90% of the surveyed family offices report that family members are closely involved in investment decisions, usually led by a family principal or an investment committee that includes family members. Almost half say that a family principal, who may or may not be the family office's Chief Investment Officer (CIO), makes investment decisions. This is even more true in the United States, at 56% compared to 26% internationally.

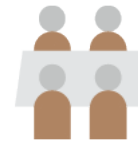
For 30% of the family offices, decisions are made by an investment committee. Nearly all of these investment committees (94%) include at least one family member, and most contain multiple family members. Three out of four investment committees include a nonfamily member employee, and close to half (44%) include third-party professionals who are not direct employees of the family office. International family offices are more likely to have decisions made by an investment committee, 46% versus 25% in the United States.

Approximately one out of 10 make investment decisions informally by family member consensus and no formal investment committee in place. Smaller offices tend to employ less formal decision making approaches than larger families (i.e., less use of investment committees and more informally by consensus). Only 7% report that decisions are made by a CIO who is not a family member.



90%

of the surveyed families report that family members are closely involved in investment decisions



30%

of the investment decisions are made by an investment committee

Which of the following best describes how investment decisions are made at the family office?



FIGURE 5.1: GLOBAL OVERVIEW

By the family principal (who may or may not be the CIO)



By an investment committee



Informally by consensus of family members (if there is no investment committee)



By a CIO who is not a family member



Other



	By an investment committee				
	Number of members				
	Any	1	2	3+	Mean
Family members	94%	39%	26%	29%	1.24
Non-family member staff	76%	23%	26%	28%	1.33
Non-family member external professionals	44%	19%	12%	13%	0.53



FIGURE 5.2: GLOBAL BY ASSETS UNDER SUPERVISION

\$50MM-\$500MM

By the family principal (who may or may not be the CIO)



By an investment committee



Informally by consensus of family members (if there is no investment committee)



By a CIO who is not a family member



Other



\$501MM-\$999MM

By the family principal (who may or may not be the CIO)



By an investment committee



Informally by consensus of family members (if there is no investment committee)



By a CIO who is not a family member



Other



\$1B or more

By the family principal (who may or may not be the CIO)



By an investment committee



Informally by consensus of family members (if there is no investment committee)



By a CIO who is not a family member



Other



↑/↓ Methodology reminder: The use of arrows indicates significantly higher or lower relative responses noted between regions.

Which of the following best describes how investment decisions are made at the family office?



FIGURE 5.3: U.S. OVERVIEW

By the family principal (who may or may not be the CIO)



By an investment committee



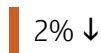
Informally by consensus of family members (if there is no investment committee)



By a CIO who is not a family member



Other



	By an investment committee				
	Any	1	2	3+	Mean
Family members	93%	36%	26%	30%	1.1 ↓
Non-family member staff	68%	27%	20%	18%	0.83 ↓
Non-family member external professionals	47%	24%	9%	13%	0.53



FIGURE 5.4: UNITED STATES BY ASSETS UNDER SUPERVISION

\$50MM-\$500MM

By the family principal (who may or may not be the CIO)



By an investment committee



Informally by consensus of family members (if there is no investment committee)



By a CIO who is not a family member



Other



\$501MM-\$999MM

By the family principal (who may or may not be the CIO)



By an investment committee



Informally by consensus of family members (if there is no investment committee)



By a CIO who is not a family member



Other



\$1B or more

By the family principal (who may or may not be the CIO)



By an investment committee



Informally by consensus of family members (if there is no investment committee)



By a CIO who is not a family member



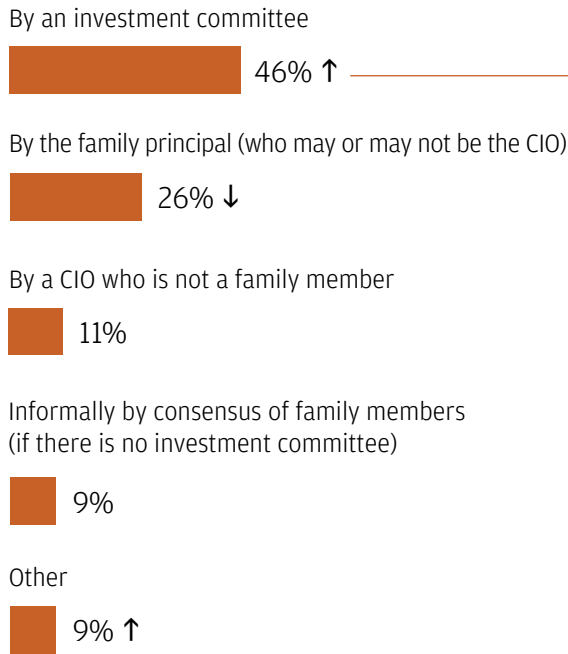
Other



Which of the following best describes how investment decisions are made at the family office?



FIGURE 5.5: INTERNATIONAL OVERVIEW

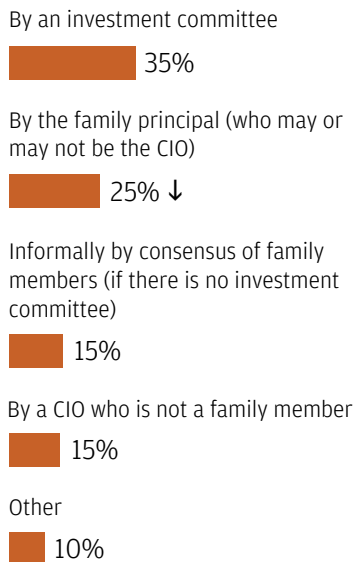


	By an investment committee				
	Number of members				
	Any	1	2	3+	Mean
Family members	97%	44%	26%	27%	1.65 ↑
Non-family member staff	94%	15%	38%	42%	2.87 ↑
Non-family member external professionals	35%	9%	18%	9%	0.54

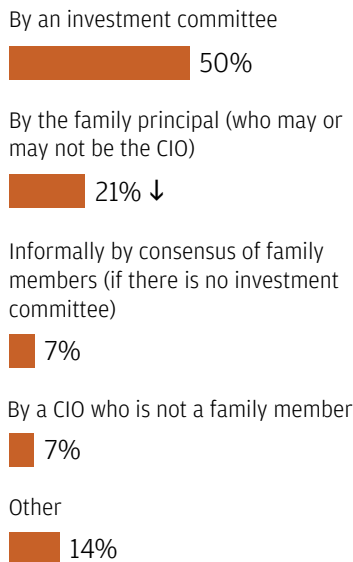


FIGURE 5.6: INTERNATIONAL BY ASSETS UNDER SUPERVISION

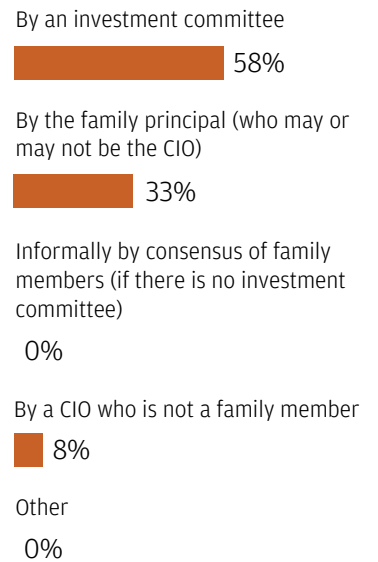
\$50MM-\$500MM



\$501MM-\$999MM



\$1B or more



PERFORMANCE TARGETS AND EVALUATION

Target returns

Long-term performance targets can offer a useful way to help evaluate investment success. However, only 55% have set a long-term target return for their portfolios. Of those, the average target return was nearly 11%, but the range of targets spans from 4% to greater than 20%. U.S. family offices (49%) are less likely to have a target return compared to international family offices (72%). Those U.S. family offices that do set targets tend to have notably higher targets, with 44% setting a goal of 10% or higher versus 21% internationally.

Do you have a long-term target return for the family office portfolio?



FIGURE 6.1: GLOBAL OVERVIEW

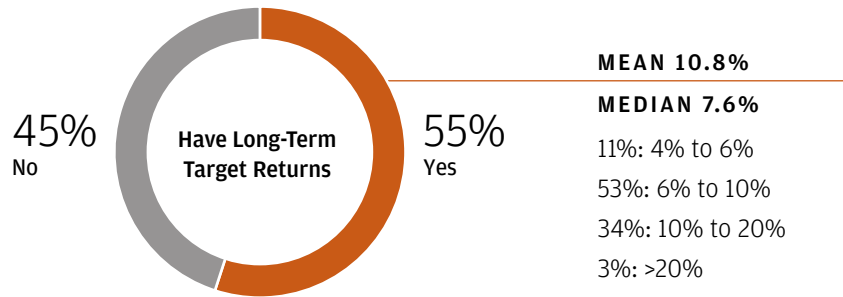


FIGURE 6.2: U.S. OVERVIEW

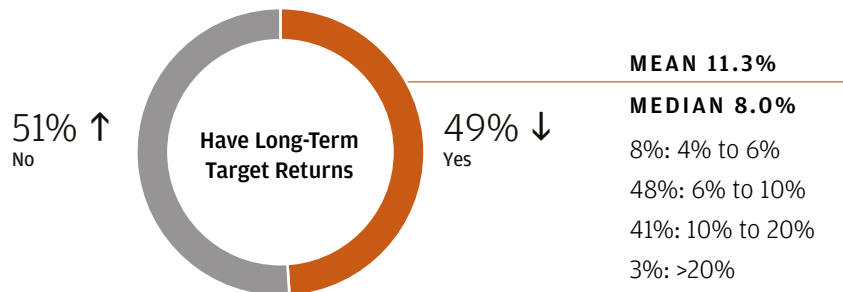
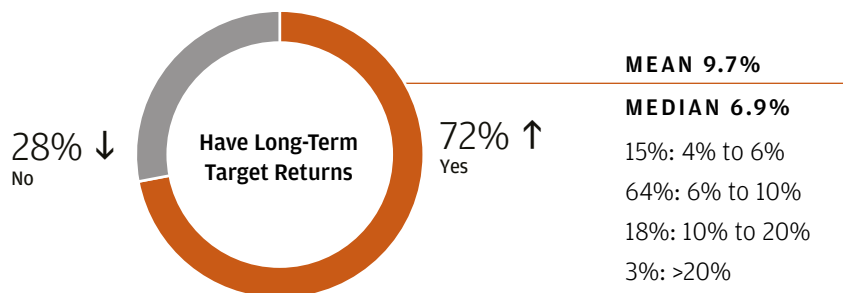
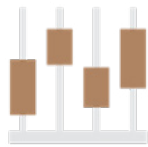


FIGURE 6.3: INTERNATIONAL OVERVIEW



Portfolio benchmarking

Regardless of whether they have long-term target returns for their portfolios, 76% of the surveyed family offices use some sort of benchmark(s) to evaluate portfolio performance. Almost half use a relative benchmark, roughly one-third construct benchmarks based on their portfolios’ strategic asset allocations (SAA), and one-fifth apply absolute benchmarks. Larger family offices more frequently use customized SAA benchmarks, and international family offices are more likely than U.S. family offices to employ absolute benchmarks (30% to 17%).

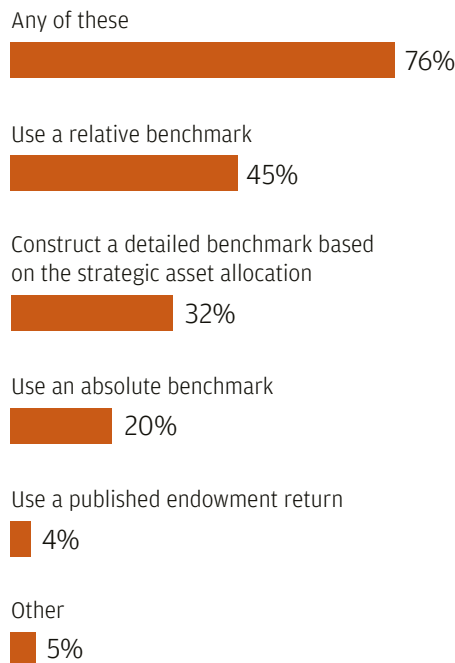


76%
of the surveyed family offices
use some sort of benchmark(s) to
evaluate portfolio performance

How do you evaluate performance?



FIGURE 7.1: GLOBAL

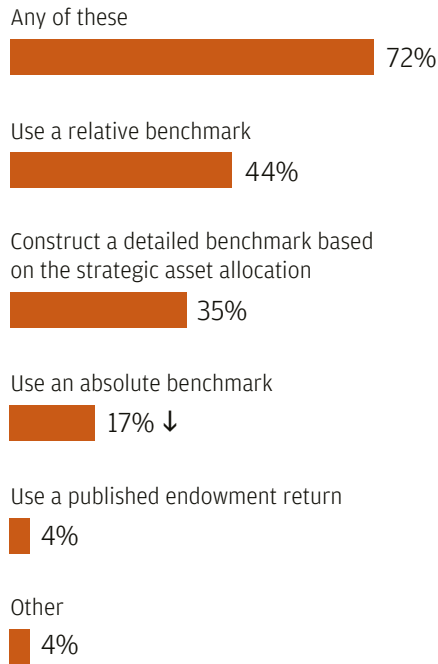


Performance evaluation approach (USA + INT)	\$50MM-\$500MM	\$501MM-\$999MM	\$1B or more
Any of these	78%	69%	80%
Use a relative benchmark	53%	38%	37%
Construct a detailed benchmark based on the strategic asset allocation	26%	27%	44%
Use an absolute benchmark	20%	11%	27%
Use a published endowment return	5%	0%	7%
Other	3%	4%	7%

How do you evaluate performance?



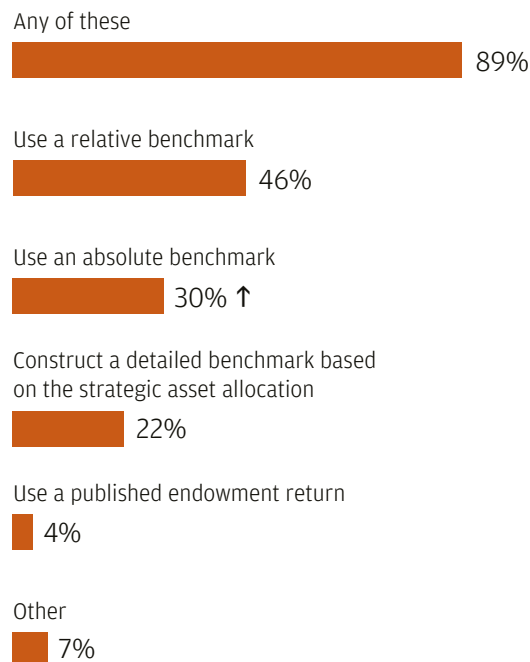
FIGURE 7.2: UNITED STATES



Performance evaluation approach (USA)	\$50MM- \$500MM	\$501MM- \$999MM	\$1B or more
Any of these	74%	61%	77%
Use a relative benchmark	53%	35%	38%
Construct a detailed benchmark based on the strategic asset allocation	29%	29%	47%
Use an absolute benchmark	17%	10%	21%
Use a published endowment return	3%	0%	9%
Other	3%	0% ↓	9%



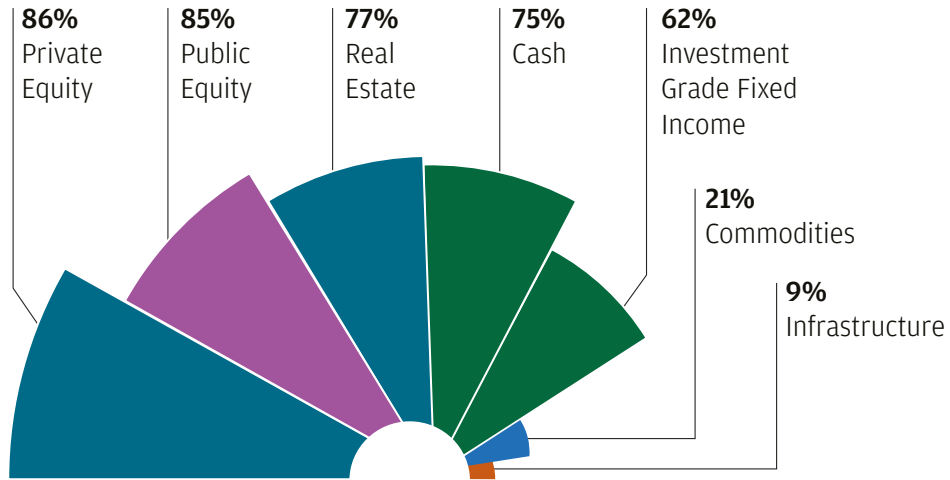
FIGURE 7.3: INTERNATIONAL



Performance evaluation approach (INT)	\$50MM- \$500MM	\$501MM- \$999MM	\$1B or more
Any of these	90%	86%	92%
Use a relative benchmark	55%	43%	33%
Construct a detailed benchmark based on the strategic asset allocation	15%	21%	33%
Use an absolute benchmark	30%	14%	50%
Use a published endowment return	10%	0%	0%
Other	5%	14% ↑	0%




ASSET ALLOCATION

The most commonly held asset classes are:

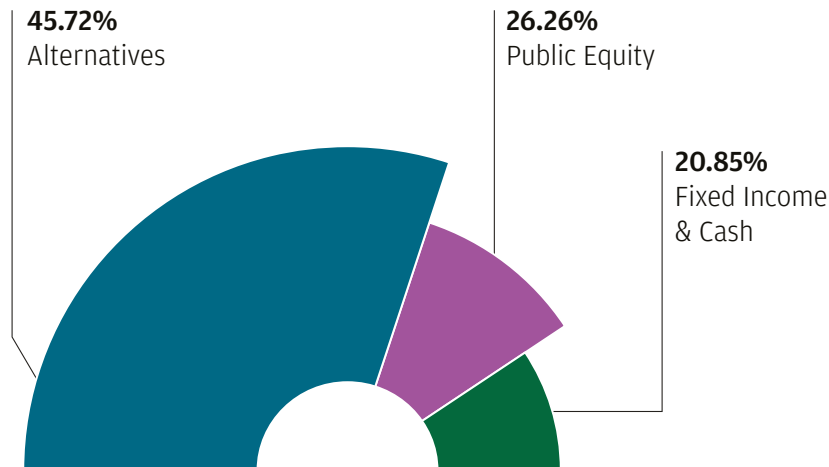


Does the family office allocate to any of the following asset classes?

FIGURE 8.1: GLOBAL/U.S./INTERNATIONAL OVERVIEW

	 GLOBAL	 UNITED STATES	 INTERNATIONAL
Public Equities	85%	85%	85%
Alternatives			
Private Equity	86%	86%	85%
Real Estate	77%	78%	74%
Venture Capital	52%	54%	46%
Hedge Funds	45%	45%	43%
Private Credit	38%	41%	30%
Fixed Income & Cash			
Cash	75%	75%	76%
Investment Grade Fixed Income	62%	58%	72%
High Yield	24%	23%	28%
Commodities	21%	22%	17%
Infrastructure	9%	7%	17%
Other	24%	26%	17%

In terms of average asset allocations, the largest mean holdings across the surveyed family offices are to:



While public equity and fixed income holdings continue to provide solid portfolio cores, many family offices also clearly remain very comfortable investing in alternative asset classes and investment strategies outside of traditional markets. This offers insights into these families' presumably higher risk tolerance and longer time horizons, on average. It also speaks to their general ability to take on greater illiquidity risk. Larger offices tend to have the highest allocations to alternatives.

The nature of alternative asset classes can be appealing, offering unique opportunities for alpha with less mark-to-market volatility. Many families also have backgrounds in building businesses, and are therefore often interested in investing in emerging companies and/or those aligned to their experience. These types of investments can offer the ability to take a control stake or exert more direct influence over the investments. The notable mean allocations to private equity and real estate, in particular, seem consistent with the relatively higher average target return expectations noted in Figures 6.1-3. These types of privately held assets also tend to fit well into the long-term, often even multigenerational investment horizons typically associated with family offices.

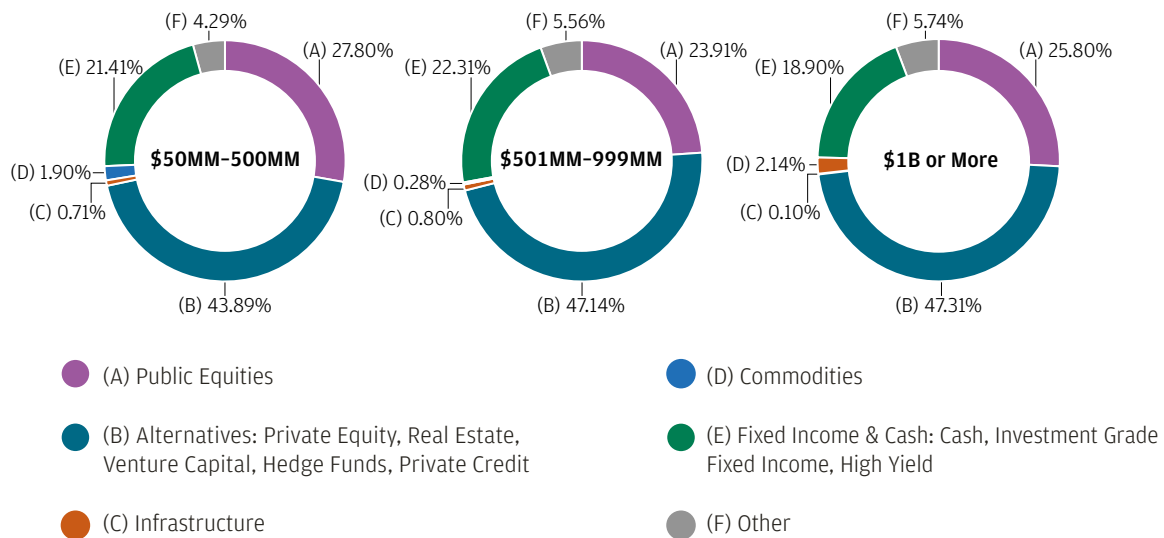
What percentage of the family office’s assets under supervision is allocated to the following asset classes?



FIGURE 9.1: GLOBAL OVERVIEW

	MEAN		MEAN
Public Equities	26.26%	Fixed Income & Cash:	20.85%
Alternatives:	45.72%	Cash	8.80%
Private Equity	17.14%	Investment Grade Fixed Income	10.16%
Real Estate	14.47%	High Yield	1.89%
Venture Capital	4.85%	Commodities	1.59%
Hedge Funds	5.23%	Infrastructure	0.54%
Private Credit	4.02%	Other	5.04%

BY ASSETS UNDER SUPERVISION



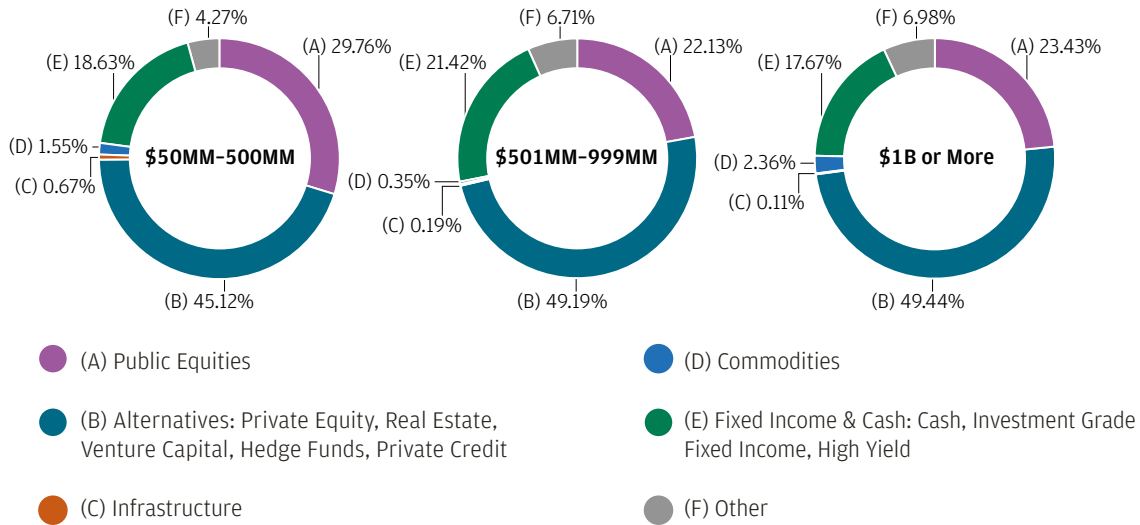
What percentage of the family office’s assets under management is allocated to the following asset classes?



FIGURE 9.2: U.S. OVERVIEW

	MEAN		MEAN
Public Equities	26.05%	Fixed Income & Cash:	18.91%
Alternatives:	47.41%	Cash	8.69%
Private Equity	18.19% ↑	Investment Grade Fixed Income	8.44% ↓
Real Estate	14.40%	High Yield	1.78%
Venture Capital	5.44%	Commodities	1.56%
Hedge Funds	4.94%	Infrastructure	0.38%
Private Credit	4.44%	Other	5.68%

BY ASSETS UNDER SUPERVISION

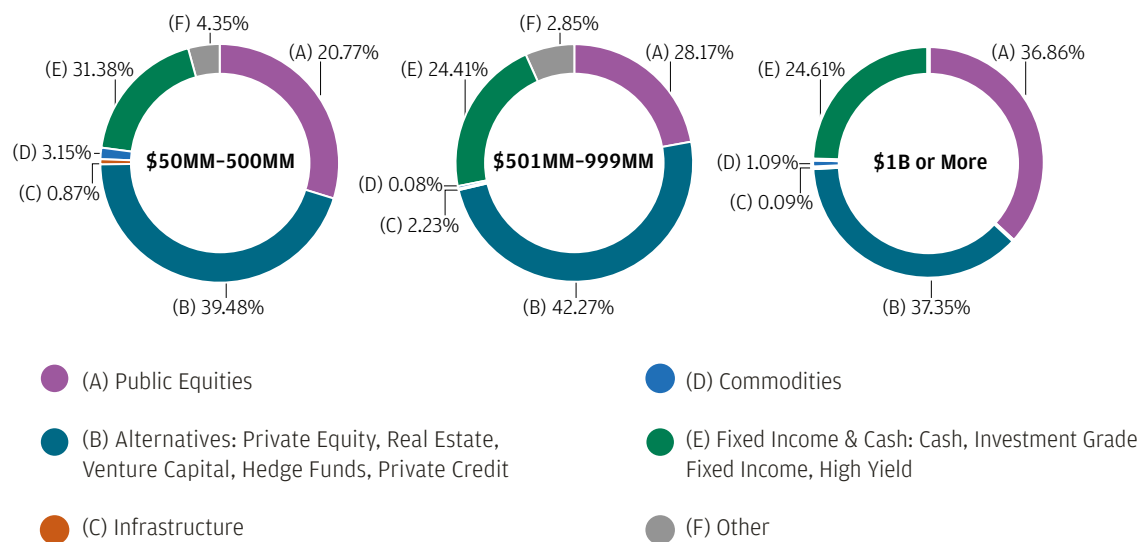


What percentage of the family office's assets under management is allocated to the following asset classes?

 **FIGURE 9.3: INTERNATIONAL OVERVIEW**

	MEAN		MEAN
Public Equities	27.02%	Fixed Income & Cash:	27.54%
Alternatives:	39.82%	Cash	9.16%
Private Equity	13.49% ↓	Investment Grade Fixed Income	16.12% ↑
Real Estate	14.72%	High Yield	2.26%
Venture Capital	2.79% ↓	Commodities	1.69%
Hedge Funds	6.24%	Infrastructure	1.11%
Private Credit	2.58%	Other	2.82%

BY ASSETS UNDER SUPERVISION



Lastly, there are notable differences between family offices that set long-term target returns and those that do not. U.S. family offices with long-term return goals have, on average, higher allocations to public equities (27.13% versus 25.00%) and alternatives (48.73% versus 46.12%), which is consistent with the finding that nearly half (44%) are pursuing return objectives of 10% or more (see Figure 6.2). In contrast, international family offices with long-term target returns have, on average, larger allocations to fixed income, cash and public equities, and less exposure to alternatives, which is also consistent with the earlier observation that nearly 80% are expecting target returns below 10% (see Figure 6.3).

What percentage of the family office’s assets under management is allocated to the following asset classes (by target return responses)?



FIGURE 10.1: GLOBAL OVERVIEW
BASED ON ALLOCATION MEANS

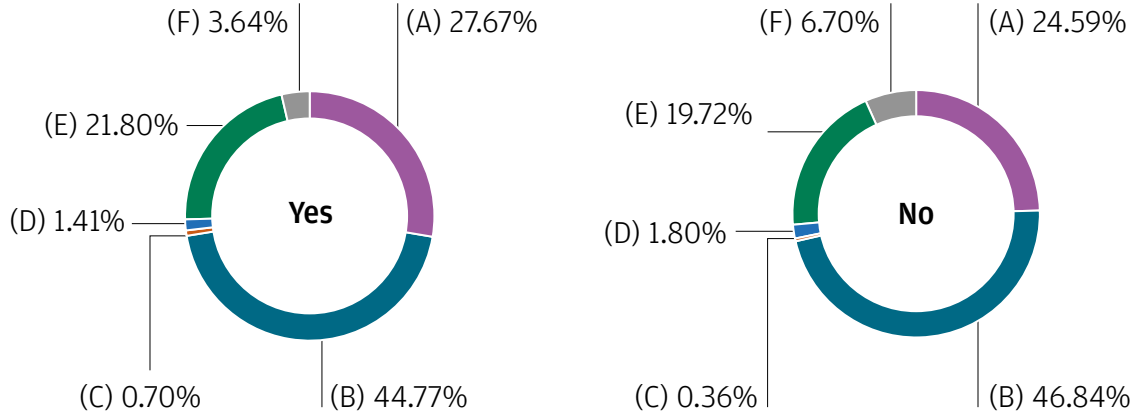
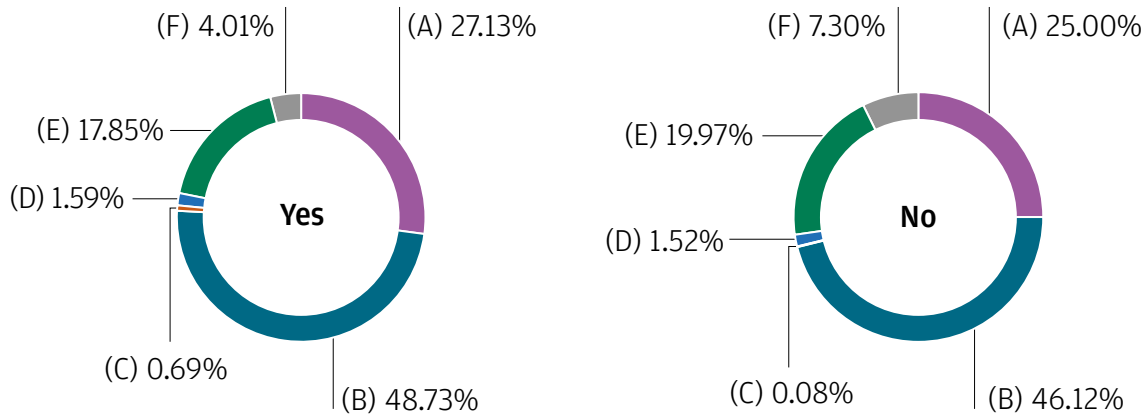


FIGURE 10.2: U.S. OVERVIEW
BASED ON ALLOCATION MEANS



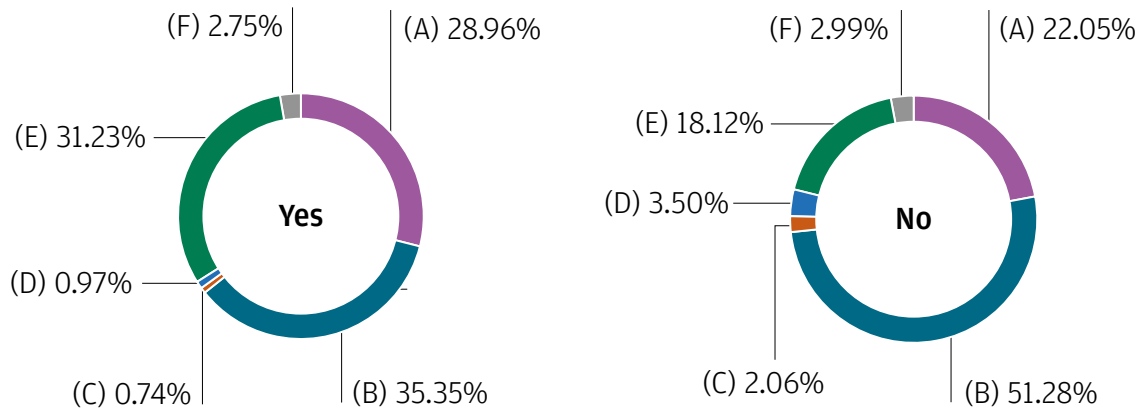
- (A) Public Equities
- (D) Commodities
- (B) Alternatives: Private Equity, Real Estate, Venture Capital, Hedge Funds, Private Credit
- (E) Fixed Income & Cash: Cash, Investment Grade Fixed Income, High Yield
- (C) Infrastructure
- (F) Other

What percentage of the family office’s assets under management is allocated to the following asset classes (by target return responses)?



FIGURE 10.3: INTERNATIONAL OVERVIEW
BASED ON ALLOCATION MEANS

LONG-TERM TARGET INVESTMENT



- (A) Public Equities
- (D) Commodities
- (B) Alternatives: Private Equity, Real Estate, Venture Capital, Hedge Funds, Private Credit
- (E) Fixed Income & Cash: Cash, Investment Grade Fixed Income, High Yield
- (C) Infrastructure
- (F) Other

USE OF EXTERNAL MANAGERS

Both family offices with in-house investment capabilities and those without frequently report working with outsourced investment advisors. Almost 80% report using external investment advisors, with smaller family offices the most likely to at 93%. The top services provided are investment management (71%), access to managers (67%), trade execution (62%), asset allocation and portfolio construction advice (61%), capital markets research (61%), portfolio performance analysis (57%) and portfolio risk analysis (45%). International family offices were less likely to outsource trade execution at 38% compared to 69% in the United States.

As noted earlier in the report, nearly 40% of small (\$50 million to \$500 million in assets under supervision) and mid-sized family offices (\$501 million to \$999 million in assets under supervision) outsource their investment management function, and 20% of large global offices (\$1 billion or more in assets under supervision) do so, as shown in Figures 4.1-12.

The most frequently cited motivations for working with external investment advisors are access to the investment firm's due diligence and manager platform (66%), and access to the investment firm's research (65%). Half (50%) note the lower cost to outsource versus building in-house. Rounding out the top five reasons are independent advice to benchmark family office decisions (48%) and technology access (33%).

TOP SERVICES PROVIDED BY EXTERNAL INVESTMENT MANAGERS GLOBALLY



71%	INVESTMENT MANAGEMENT
67%	ACCESS TO MANAGERS
62%	TRADE EXECUTION
61%	ASSET ALLOCATION AND PORTFOLIO CONSTRUCTION ADVICE
61%	CAPITAL MARKETS RESEARCH
57%	PORTFOLIO PERFORMANCE ANALYSIS
45%	PORTFOLIO RISK ANALYSIS

Does the family office work with external investment advisors?



FIGURE 11.1: GLOBAL OVERVIEW

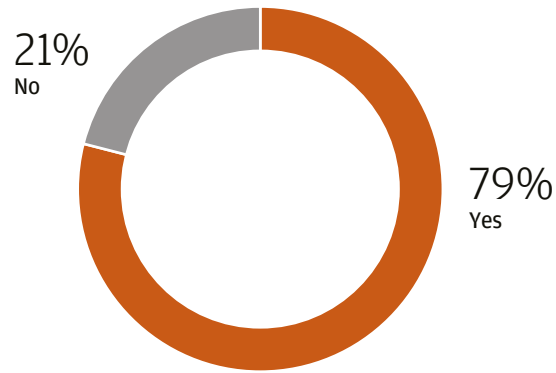


FIGURE 11.2: U.S. OVERVIEW

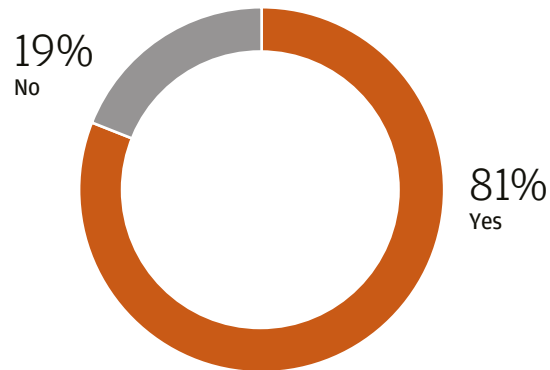
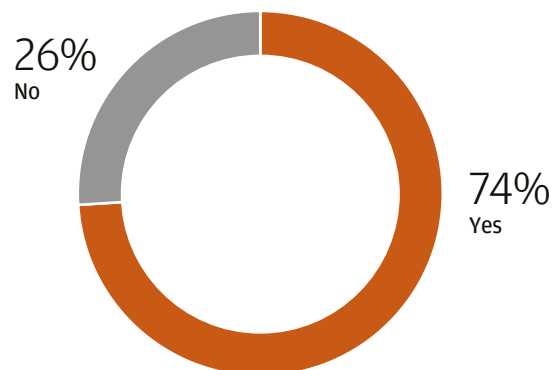


FIGURE 11.3: INTERNATIONAL OVERVIEW



SECTION 4 GOVERNANCE

What types of governance strategies are in place?

Successful businesses often share a few key characteristics: a clear purpose and mission, defined goals, effective leadership, open communication and continued investment in their people. Multigenerational families and family enterprises can also benefit from these types of thoughtful governance principles, policies and practices.

“Family governance” broadly refers to an agreed-upon process, based on common values and vision, for a family’s collective communication and decision making. It is designed to serve both current and future generations, and can help families build cohesion and make sound, collaborative decisions. As a family expands and grows, a culture grounded in governance principles can be instrumental in increasing the odds that family values and legacy are successfully transmitted across generations.

In addition, families are increasingly focused on actively developing family members. This focus, which is still not always put fully into practice, can involve dynamically engaging individuals across various areas of the family’s interests and operations. It can also involve preparing family members who are in line to inherit wealth, often referred to as the “rising generation,” for their future responsibilities and to be good stewards of the family wealth.

In our experience working with families, effective governance strategies can be either informal or formal. Greater formality usually becomes both more common and more important as the family and its various enterprises increase in complexity, such as through a growing number of households, family branches or generations, as well as the existence of a family business, large family foundation and/or family office.

“Early stage” families (i.e., those managing wealth for one or two generations) tend to have more decision-making authority concentrated with the founder or reach decisions informally, often by consensus. More complexity typically begets the need for more structured policies, governing bodies and procedures. Consequently, it is common for family governance to evolve and become more formalized as the family, its wealth and its enterprises become more expansive.

Our survey looked at governance elements in three main areas: governance for the family, governance for the rising generation and governance for the family office.



GOVERNANCE FOR THE FAMILY



GOVERNANCE FOR THE RISING GENERATION



GOVERNANCE FOR THE FAMILY OFFICE



Steps to a governance system

Implementing an effective governance system usually revolves around three core elements—principles, policies and procedures—to help the family thrive. For many families, this process can begin with defining shared family values and drafting a family mission statement that can serve as guiding principles. Regular family meetings or family assemblies are often a logical next step.

Over time, a family may establish formal policies and procedures, such as a family wealth charter or family constitution. It may also form and implement representative groups, such as a family council and other decision-making bodies, such as investment committees. Advisory councils may be established to provide family members with a voice even when they may not have direct decision-making authority, and/or as a means of engaging and educating the rising generation.

Further, individual family members may be engaged with different parts of family enterprises (e.g., through the family office, family business or family philanthropy). Clearly defining these various roles can help reduce the risk of family conflict.

Interested in learning more? Our *Family Governance* trilogy covers a broad range of practical insights and actions to help you begin to review, develop and implement a personalized family governance strategy.

GOVERNANCE FOR THE FAMILY

The vast majority of families recognize the important role governance can play in helping to ensure their legacies and enduring success. As highlighted in Section 1, almost 70% of respondents indicate that succession planning and preparing for the next generation are primary family office objectives (see Figure 2.1), a finding that is relatively constant across all bands of wealth, though slightly more important for U.S.-based family offices than those outside of the United States. Additionally, Section 2 highlighted that more than 80% are offering family governance and succession planning services (see Figure 4.1), a figure that rises into the 90% bracket for the largest family offices across regions. However, this is also an area in which many are doing most of the work in-house—57% globally—and also in which they indicate that they need help (see greatest areas of need discussion in services offered on page 25).

To help further explore this topic, our survey asked about the high-level governance elements family offices are employing to promote family cohesion. Of surveyed respondents, almost two-thirds globally have implemented some degree of structure. The most popular is holding regular whole family meetings (37%). This approach is largely consistent for families both in and outside the United States. These types of meetings can typically cover a wide range of topics, including business and financial updates, educational components and reports on family well-being and milestones.

Nearly one-quarter report hosting family assemblies and family retreats, respectively. These gatherings may be in addition to more formal family meetings and can be a way to build bonds across family branches. Written family histories and/or regular family storytelling are mentioned by almost one-fifth of respondents, as is holding family councils. Of note, international family offices are roughly twice as likely to employ a family council (30%) or family constitution (28%) to promote cohesion within the family as U.S. family offices (14% and 13%, respectively).

A key takeaway from these findings is that while it appears that many families are gathering, a smaller number are actively engaging in strategic governance measures. This may reflect the fact that many family offices are relatively younger and smaller in terms of the number of households or individuals served. Given that in these types of families, most decisions can be made by the founder or consensus, and the need for formal governance structures and decision-making bodies may seem less pressing. However, we have found that it is never too early to start thinking about and establishing governance structures, especially as the family, its needs and its complexities begin to expand. Indeed, this is an important and consistent message heard time and time again in J.P. Morgan Private Bank's *Stewardship & Purpose: Conversations with the World's Wealthiest Families* research report.



U.S. FAMILY OFFICES

14%
employ a family council

13%
promote cohesion with a
family constitution

INTERNATIONAL FAMILY OFFICES

30%
employ a family council

28%
promote cohesion with a
family constitution

Which of the following elements of family governance does the family have in place in order to promote cohesion within the family?



FIGURE 12.1: GLOBAL OVERVIEW

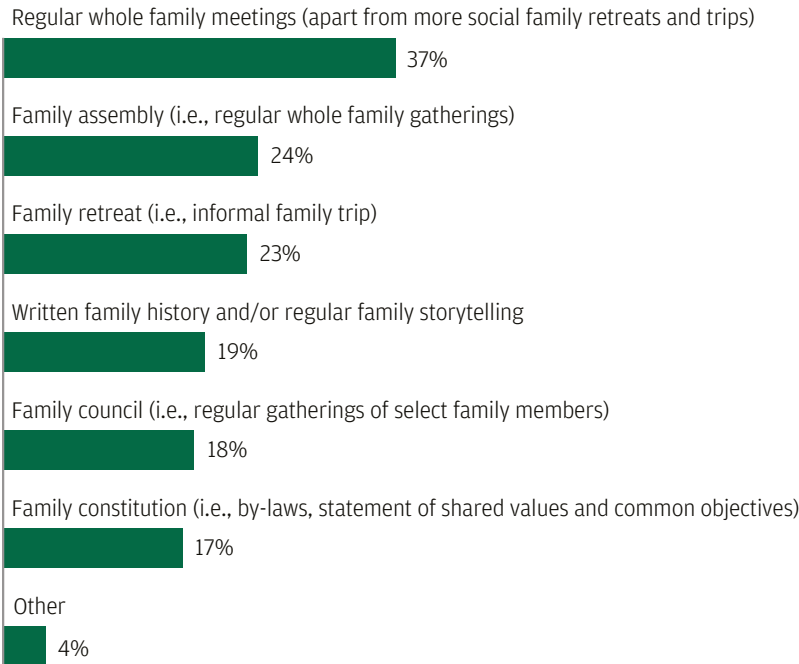
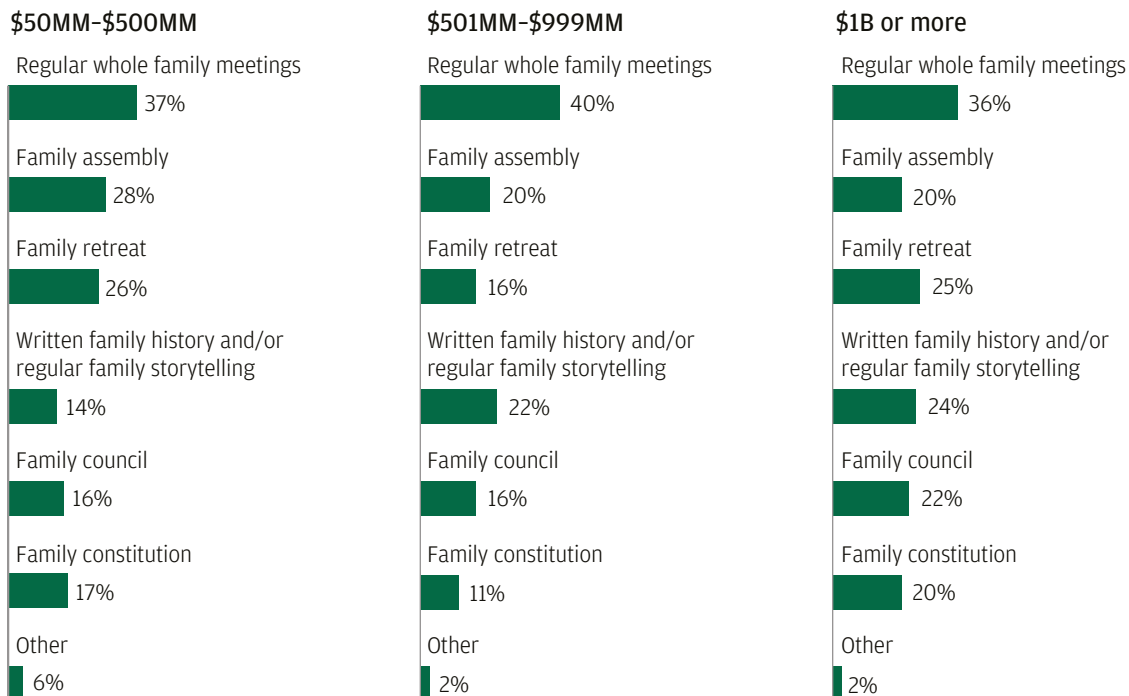


FIGURE 12.2: GLOBAL BY ASSETS UNDER SUPERVISION



↑/↓ Methodology reminder: The use of arrows indicates significantly higher or lower relative responses noted between regions.

Which of the following elements of family governance does the family have in place in order to promote cohesion within the family?



FIGURE 12.3: U.S. OVERVIEW

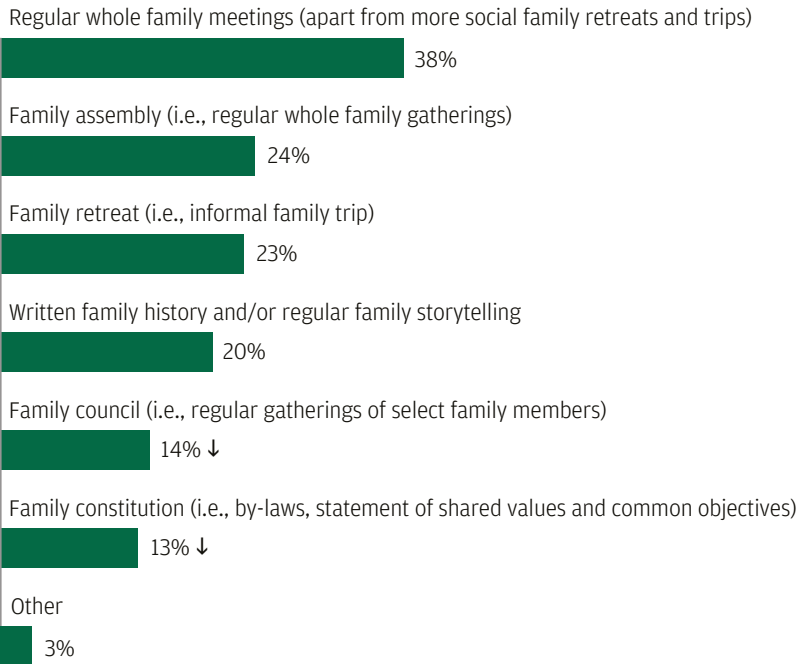
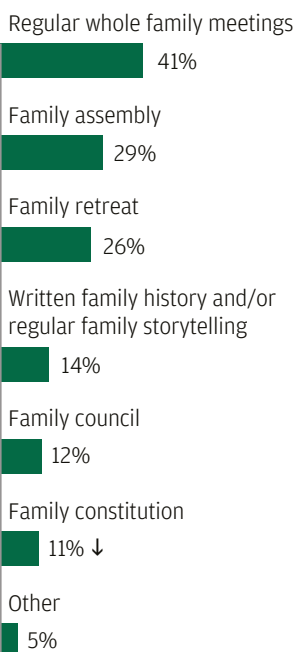
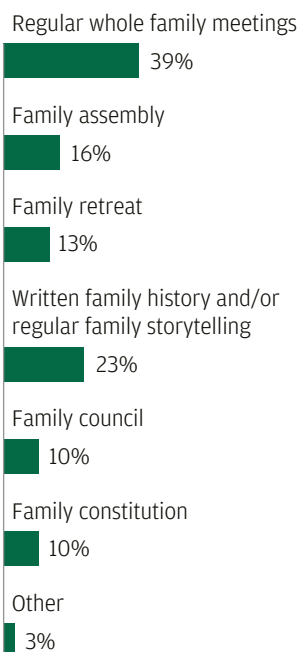


FIGURE 12.4: UNITED STATES BY ASSETS UNDER SUPERVISION

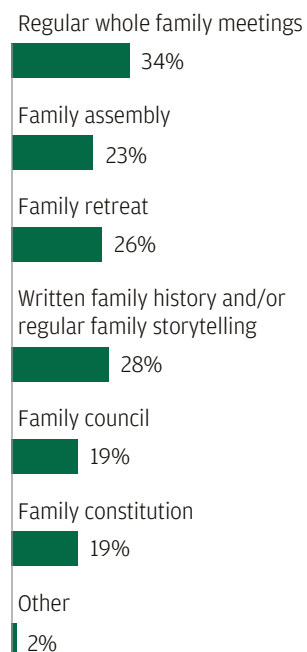
\$50MM-\$500MM



\$501MM-\$999MM



\$1B or more



Which of the following elements of family governance does the family have in place in order to promote cohesion within the family?



FIGURE 12.5: INTERNATIONAL OVERVIEW

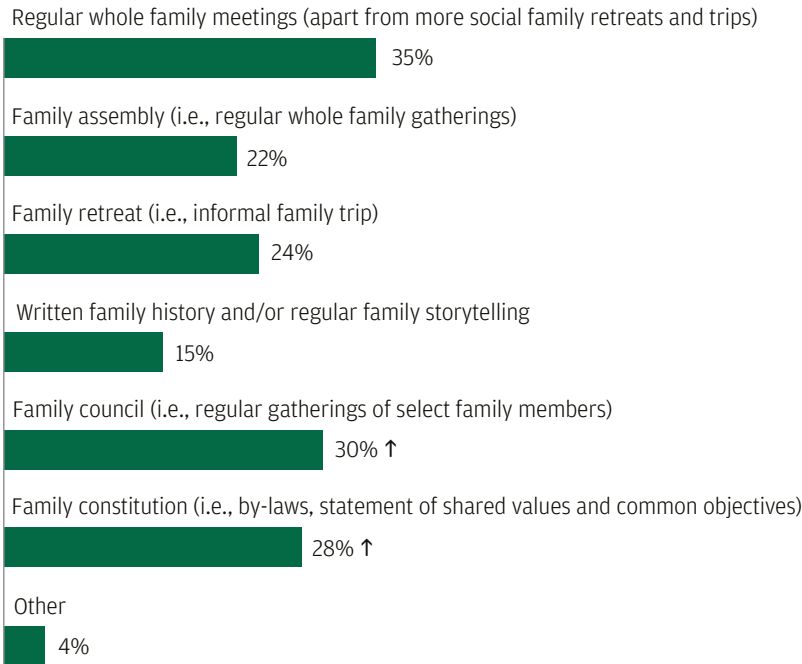
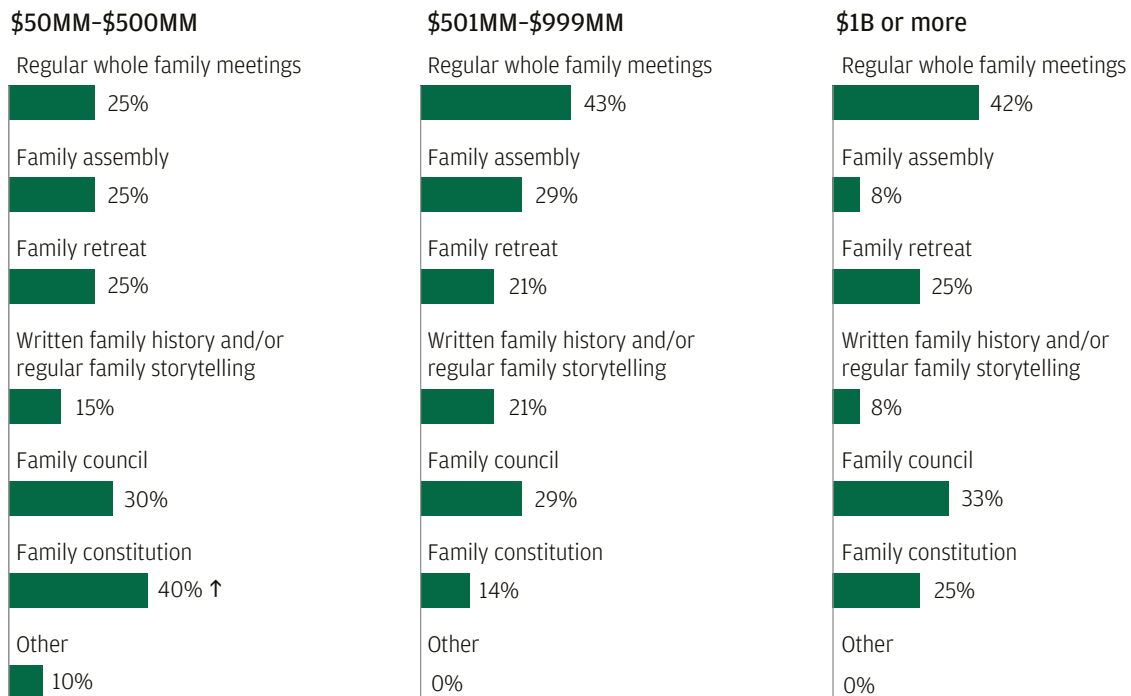


FIGURE 12.6: INTERNATIONAL BY ASSETS UNDER SUPERVISION



PREPARING THE RISING GENERATION

The Great Wealth Transfer is coming

An estimated \$84 trillion is forecasted to be transferred in the United States from the Silent Generation and Baby Boomers to younger Americans and charities from now until 2045.⁸ This massive intergenerational wealth transfer highlights the critical importance of preparing the rising generation to receive the wealth. A sound governance framework can be instrumental in making this process as smooth as possible.

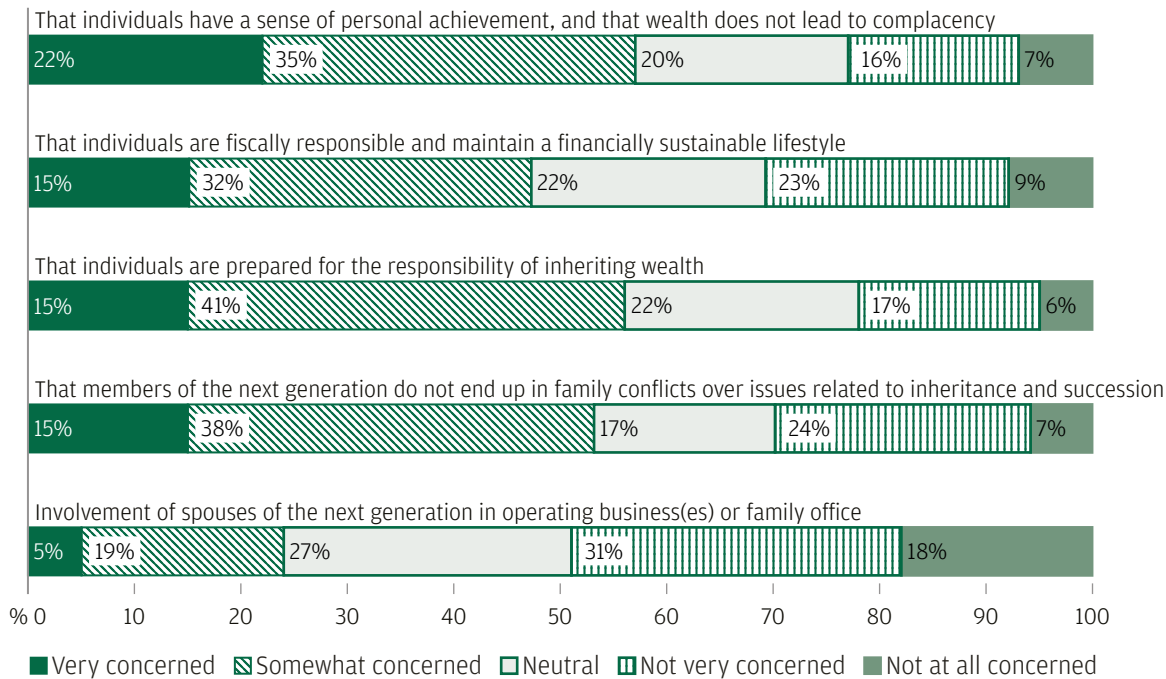
Concerns

The top two concerns surveyed family offices identify when it comes to the rising generation are promoting personal achievement and that wealth does not lead to complacency, and preparing for the responsibility of inheriting wealth. Interestingly, while a majority of the surveyed family offices note succession planning and preparing for the next generation as primary objectives and also identify them as areas where they need help, one-quarter are not that concerned about any of the particular stumbling blocks listed below.

Which of the following elements of family governance does the family have in place in order to promote cohesion within the family?



FIGURE 13.1: U.S. OVERVIEW

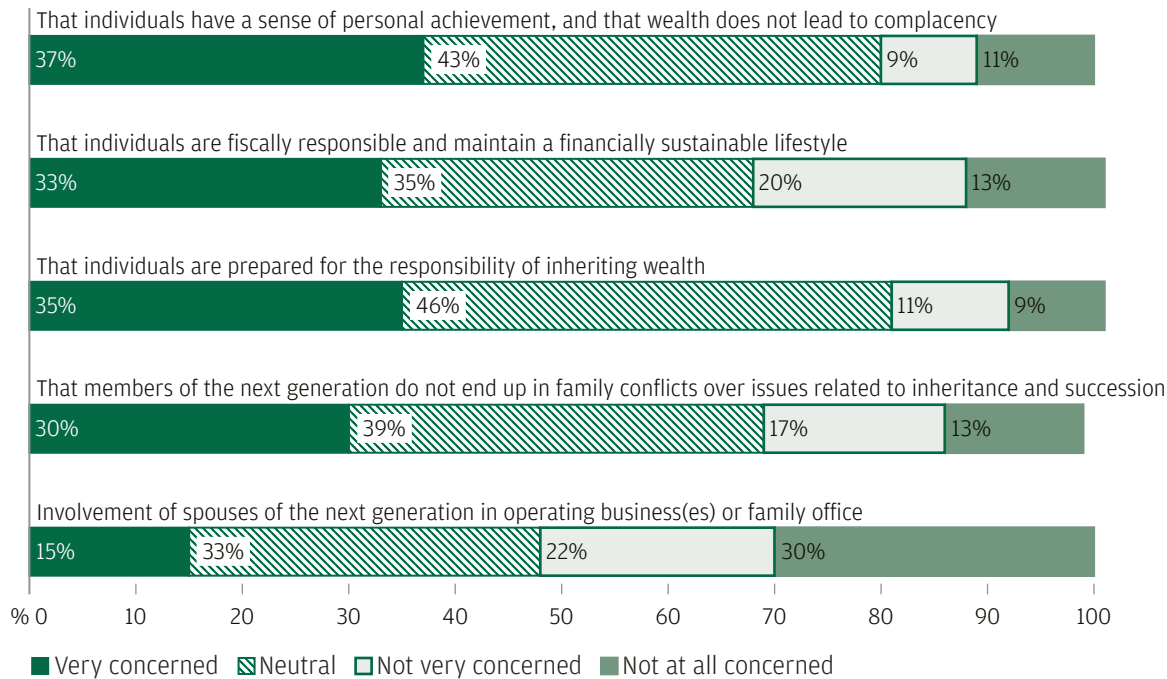


⁸ "The Greatest Wealth Transfer in History Is Here, With Familiar (Rich) Winners," *The New York Times* (<https://www.nytimes.com/2023/05/14/business/economy/wealth-generations.html>).

Which of the following elements of family governance does the family have in place in order to promote cohesion within the family?



FIGURE 13.2: INTERNATIONAL OVERVIEW



Engagement strategies

How respondents approach these challenges varies to a degree by region. Some families use a number of methods to engage with the rising generation, whereas others appear to have no structured approach. This may be reflective of the fact that a significant percentage of the family offices participating in the survey were managing wealth for just one household and two generations, presumably the founder and minor or young adult children.

U.S.-based family offices are most likely to engage rising generation family members in philanthropy as an entry point toward preparing them for greater responsibilities. For example, younger family members may be involved in identifying areas of need and/or causes of interest, such as reviewing grant proposals or making recommendations for future initiatives.

Working outside of family-related enterprises is another common way that rising generation family members can develop and grow. More than one-third of U.S. respondents require that rising generation family members obtain professional experience outside of the family by working in a nonfamily-owned entity. Providing capital for startups and/or direct investments is another common way that family offices in the United States seek to develop and prepare the rising generation.

Family offices outside the United States take a slightly different approach. Working in the family’s operating business is the most commonly cited approach to engaging the rising generation—a stark contrast with U.S. family offices. They are also more likely to require work experience outside of family enterprises, as well as provide capital for entrepreneurial or investment endeavors, but less likely than larger ones to focus on philanthropy as an engagement strategy.

Interestingly, more than one in five respondents globally say they shield the rising generation from the knowledge of the extent of the family’s wealth, a fairly consistent figure across regions. This approach was more frequently mentioned by smaller family offices than the largest family offices, 27% to 15%, respectively. Unfortunately, keeping interested young family members completely unaware of the family’s wealth may not be realistic in today’s global, digital world, nor may it be a good practice.

Otherwise, there are relatively few variations in the measures being taken by smaller family offices when compared to larger family offices. If anything, it appears that smaller family offices are more likely to require their rising generations to gain outside professional experiences and to encourage an entrepreneurial spirit than family offices with larger balance sheets.

Which of the following measures do you have in place to prepare the next generation?



FIGURE 14.1: GLOBAL OVERVIEW
Top five answers

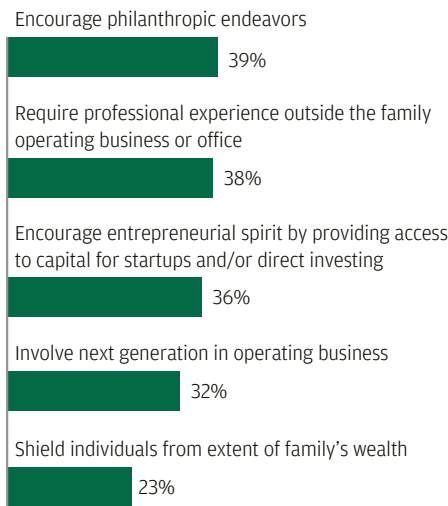
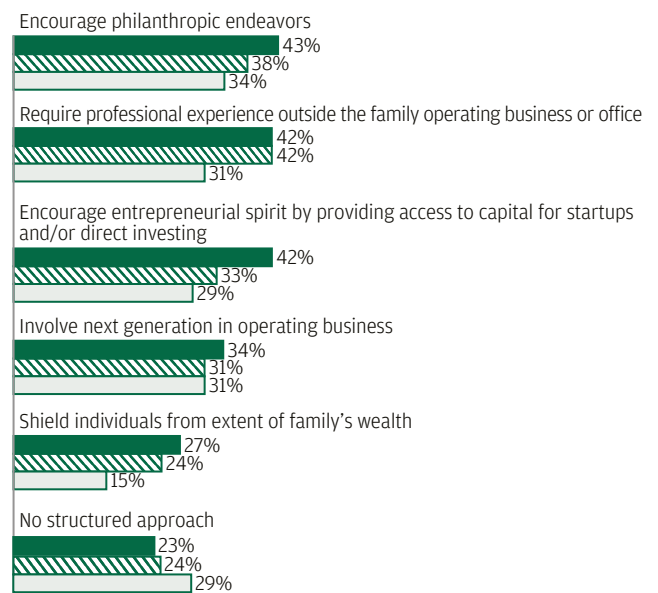


FIGURE 14.2: GLOBAL BY ASSETS UNDER SUPERVISION



■ \$50MM-\$500MM ■ \$501MM-\$999MM ■ \$1B or more

Which of the following measures do you have in place to prepare the next generation?



FIGURE 14.3: U.S. OVERVIEW

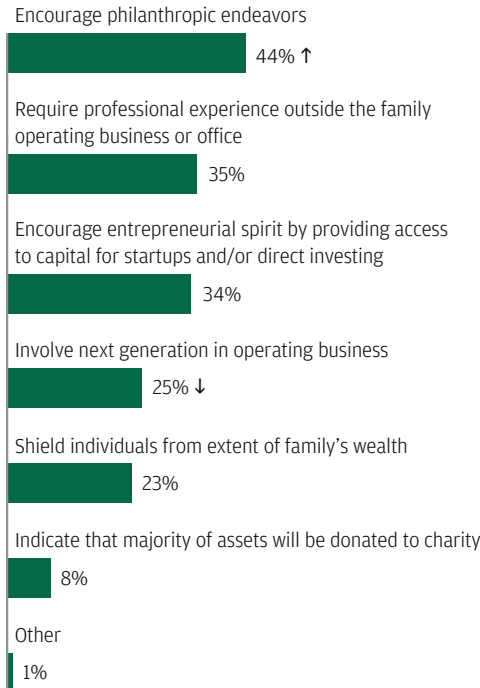


FIGURE 14.4: UNITED STATES BY ASSETS UNDER SUPERVISION

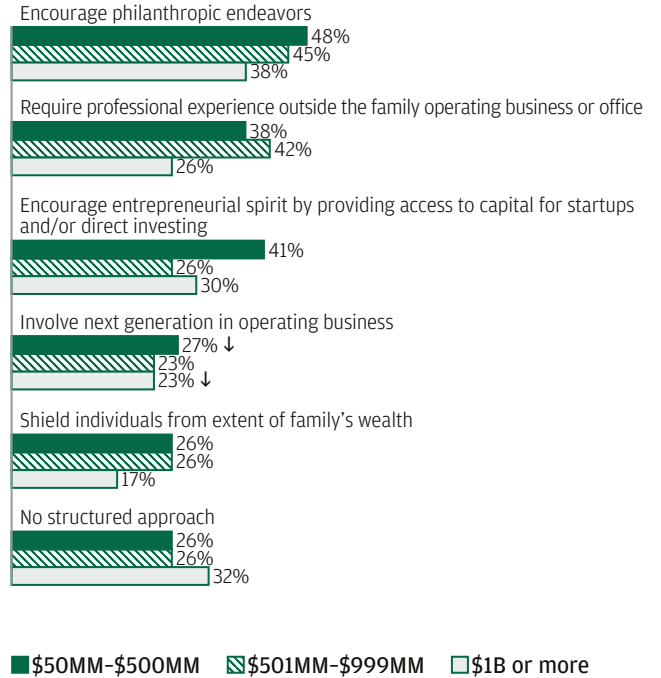


FIGURE 14.5: INTERNATIONAL OVERVIEW

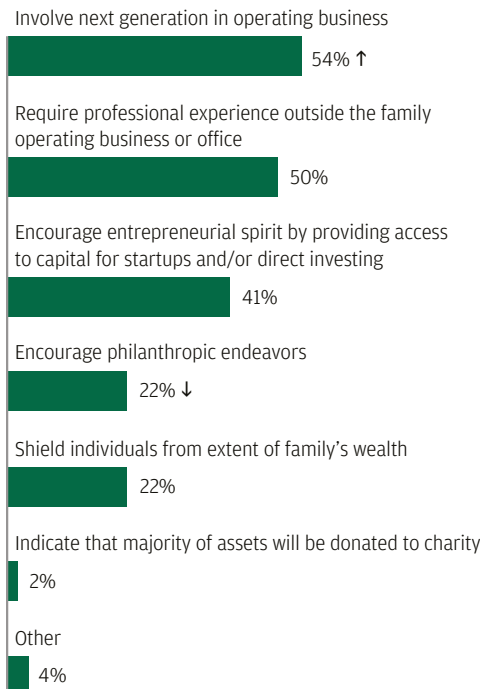
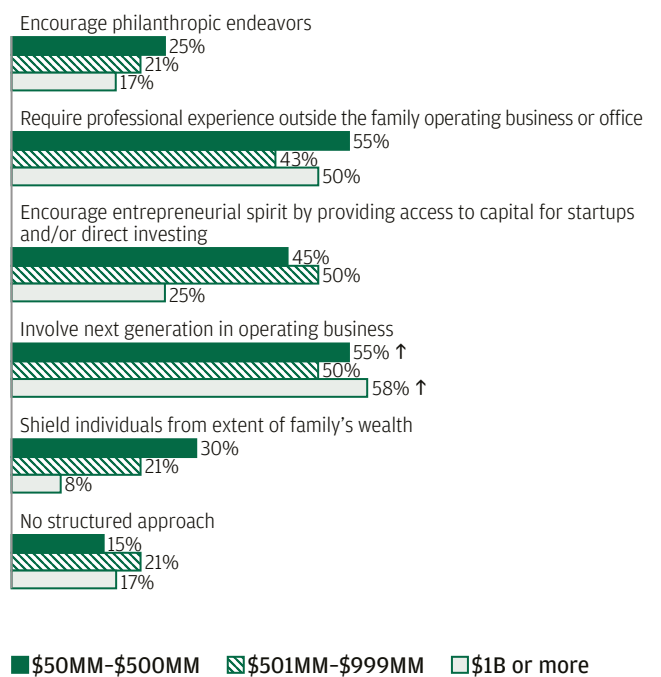


FIGURE 14.6: INTERNATIONAL BY ASSETS UNDER SUPERVISION

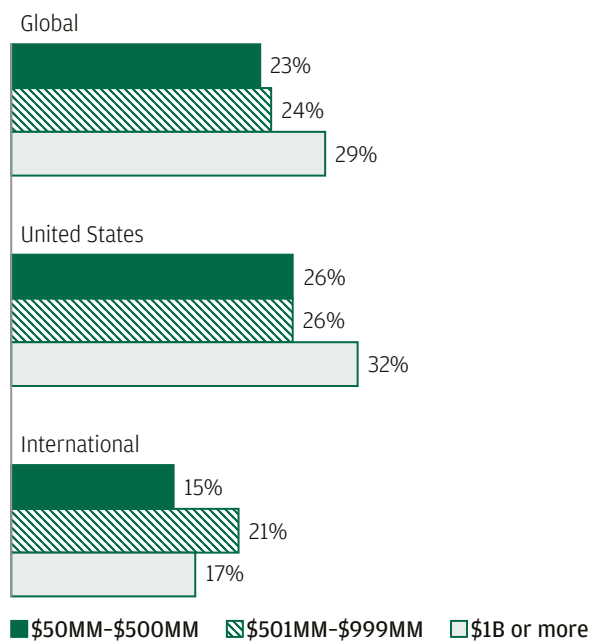


Of note, a sizable number of respondents indicate that they have no structured approach to preparing the rising generation. Surprisingly, this was most pronounced with the largest U.S. family offices, where 32% report they lack any type of measures to help prepare their rising generations.

Family offices reporting no structured rising generation governance measures



FIGURE 15.1: BY REGION AND ASSETS UNDER SUPERVISION



Degree of monetary control

The survey also asked the family offices about their philosophies around the degree of monetary control afforded the rising generation. Globally, just under one-third allow their rising generations to draw incomes, while financial control continues to rest with parents until their passing. Approximately one-quarter have transferred or will transfer a significant portion of family wealth once the rising generation reaches a certain age. A smaller portion—roughly one-sixth—transfers decision-making power but not full control of the family wealth. These results are largely consistent across regions, with only slightly more international family offices, around one-fifth, indicating that the rising generation could acquire decision-making powers but not full control.

GOVERNANCE FOR THE FAMILY OFFICE

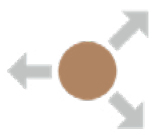
A family office is effectively a family business and, ideally, is managed as such. However, in practice, many family offices lag in adopting formal governance strategies and structures. The majority of survey participants (73%) say they have instituted some sort of formal family office governance framework, whereas the rest do not.

The need for formality usually increases with a rise in the complexity and scale of the assets under management, and family offices overseeing \$1 billion or more are more likely to report a formal governance framework in place than family offices managing smaller pools of capital. Our research indicates that there are some regional differences as well, with international family offices more likely than those in the United States to employ formal governance structures.

In our experience, family offices are most likely to professionalize the investment function before other aspects of the enterprise. The most common governance structures are formal investment committees (43%) and boards of directors (33%). As discussed in Section 3, most of these investment committees consist of family members. Interestingly, only 30% of respondents say that investment decisions are made by an investment committee (Figure 5.1), suggesting that a number of these entities are serving in more of an advisory role.

While a board of directors may be seen as a best practice from a governance perspective, only one-third of respondents indicate they have a board of directors in place. International family offices are much more likely to create investment committees and boards of directors than in the United States, 67% versus 35%, and 61% versus 24%, respectively. Complexity and size of assets under supervision are notable variables, with more global family offices overseeing \$1 billion or more in assets making use of investment committees (56%) and boards of directors (42%), compared to those supervising \$50 million to \$500 million in assets, 56% versus 35%, and 42% versus 24%, respectively.

Engaging external advisors to review the family office portfolio is another practice that family offices put in place (37%), again shining the spotlight on the emphasis they place on the investment function. There are some regional variations, as U.S. family offices are more likely to bring in external advisors to review investments than international family offices (40% to 28%).



U.S. FAMILY OFFICES

40%

of U.S. family offices are likely to bring in external advisors to review investments

INTERNATIONAL FAMILY OFFICES

28%

of international family offices are likely to bring in external advisors to review investments

Which of the following elements of overall governance are in place for the family office?



FIGURE 16.1: GLOBAL OVERVIEW

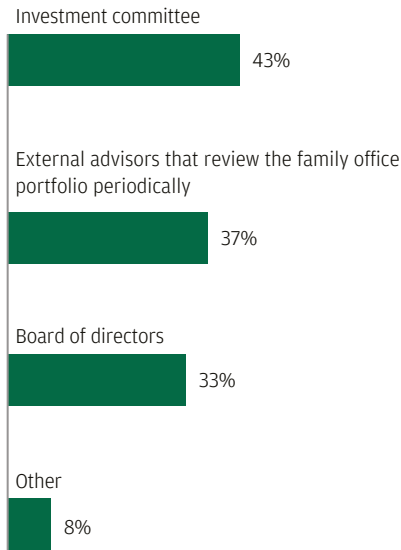


FIGURE 16.2: GLOBAL BY ASSETS UNDER SUPERVISION

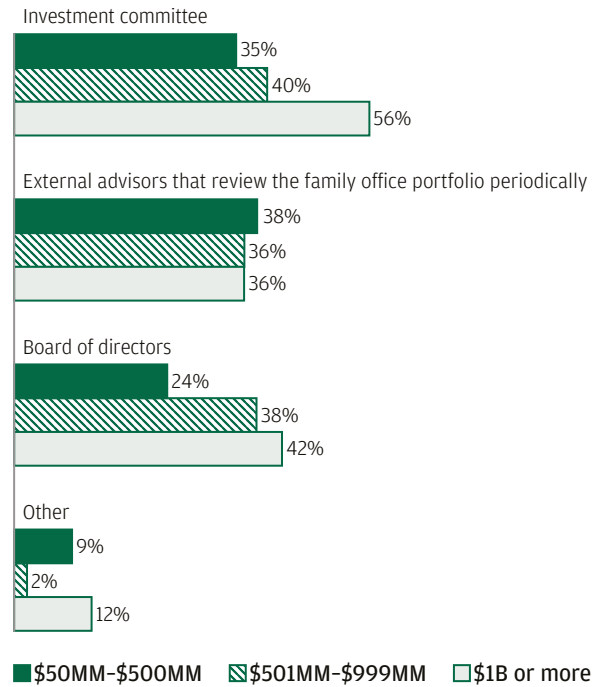


FIGURE 16.3: U.S. OVERVIEW

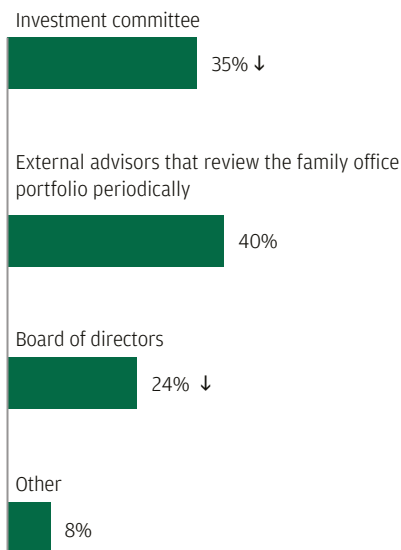
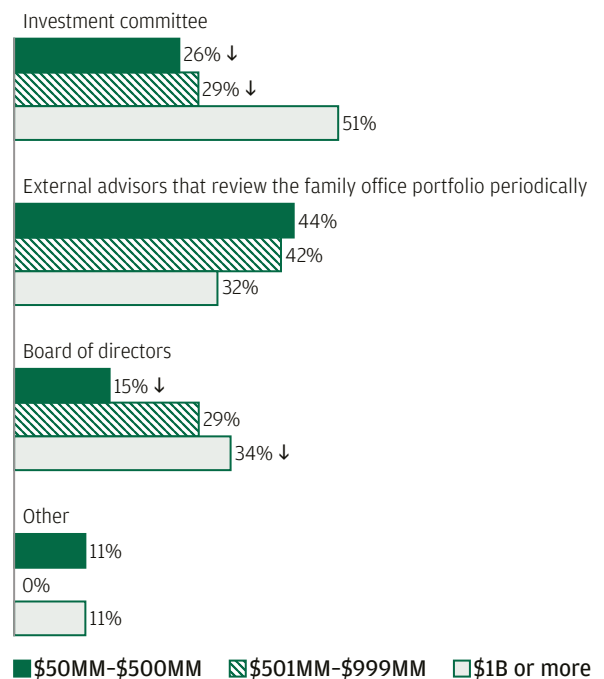


FIGURE 16.4: UNITED STATES BY ASSETS UNDER SUPERVISION



Which of the following elements of overall governance are in place for the family office?



FIGURE 16.5: INTERNATIONAL OVERVIEW

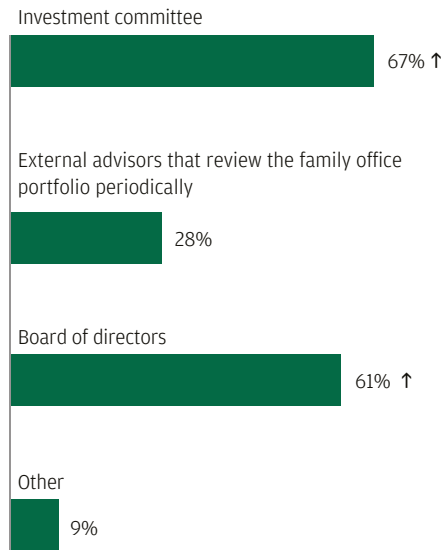
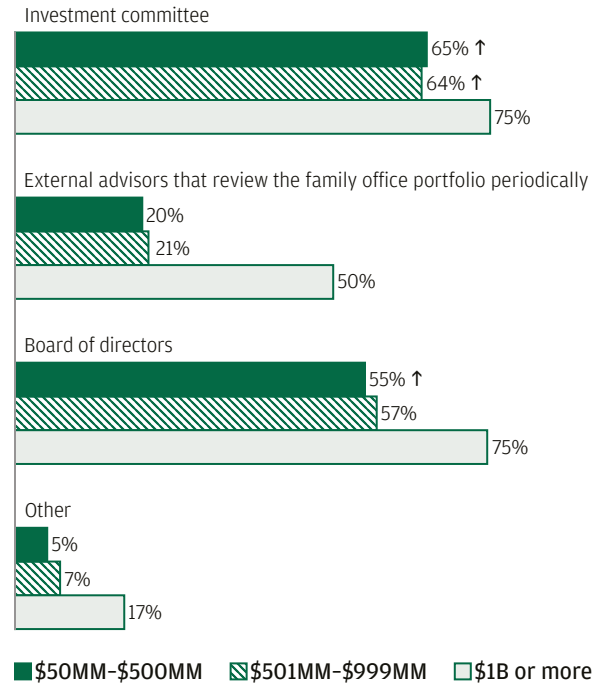


FIGURE 16.6: INTERNATIONAL BY ASSETS UNDER SUPERVISION



■ \$50MM-\$500MM ■ \$501MM-\$999MM ■ \$1B or more

SECTION 5

COSTS AND STAFFING

What are typical family office costs and staffing needs?

What does it typically cost to run a family office? What are the typical in-house talent requirements? The answer is “it depends,” driven by factors such as size and complexity, the types of services provided and the degree of reliance on in-house capabilities versus outsourced providers.

Typical operating costs include areas such as:



- FACILITIES
- STAFFING SALARIES, BONUSES, LONG-TERM INCENTIVE COMPENSATION, BENEFITS AND INSURANCE
- TECHNOLOGY
- RISK MANAGEMENT
- INVESTMENT MANAGEMENT EXPENSES (E.G., INVESTMENT MANAGEMENT FEES, TRADING, EXECUTION, CUSTODY AND RESEARCH COSTS)
- ACCOUNTING AND REPORTING
- LEGAL SERVICES
- TAXES

Staffing often is the largest single family office cost component. Specific talent and cost requirements can be largely dependent on the family office’s focus and location, and the nature of the family’s assets.

A significant, talent-related cost driver can be the types of investment activities the family office seeks to provide and the extent to which it wants to control them. For example, a family office aiming to run a large private portfolio, particularly when it is making direct investments where it is in a position to take major ownership stakes, will likely need to hire a sizable staff of investment professionals, and perhaps legal and accounting talent as well, to source, evaluate and oversee deals and relevant accounting activities. The competition for these types of resources is usually private equity and asset management firms, and the levels of compensation will likely need to align with industry standards, through both higher overall pay and portfolio performance incentives.

Another factor can be the nature of the family balance sheet. If it includes significant properties and/or specialty assets, for example, that may also lead to more staff to oversee and maintain these assets. Additionally, survey findings indicate that family offices do not necessarily manage or supervise all of the family wealth. One conclusion that might be drawn from this is that the costs

associated with managing wealth or assets outside the purview of the family office may be borne directly by the family. For example, household staff costs may not be part of the total operating expenses of the family office.

Approaches to staffing may also change depending on where the family office is based, including if there are multiple locations. Is there top talent available locally that can perform the relevant functions? What compensation levels are required to be competitive in that market?

Below are our survey findings on annual operating costs and staffing levels.

ANNUAL OPERATING COSTS

On average, the respondents report spending more than \$3 million annually on operating costs, with one-third spending less than \$1 million and two-thirds spending \$1 million or more up to \$10 million and higher. These operating costs tend to vary considerably by family office size. Half of the family offices with \$50 million to \$500 million in assets under supervision spend less than \$1 million, whereas 24% of those overseeing \$1 billion or more spend \$10 million or more. These trends are relatively consistent across regions.

What is the approximate total annual cost to run the family office?



FIGURE 17.1: GLOBAL OVERVIEW
MEAN \$3.2MM • MEDIAN \$1.3MM

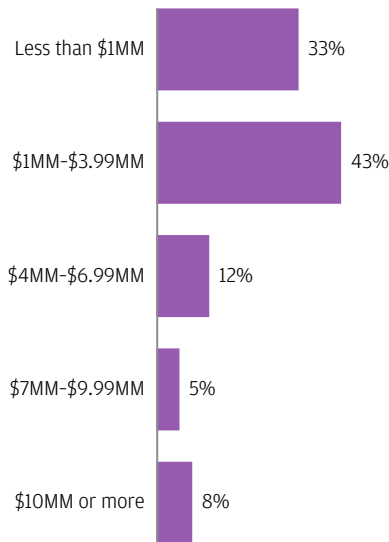
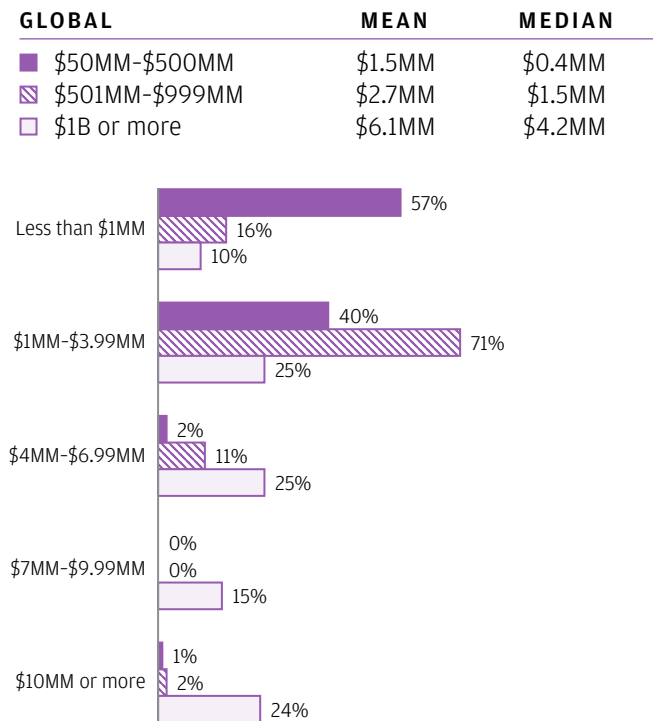


FIGURE 17.2: GLOBAL BY ASSETS UNDER SUPERVISION



↑/↓ Methodology reminder: The use of arrows indicates significantly higher or lower relative responses noted between regions.

What is the approximate total annual cost to run the family office?



FIGURE 17.3: U.S. OVERVIEW
MEAN \$3.4MM • MEDIAN \$1.4MM

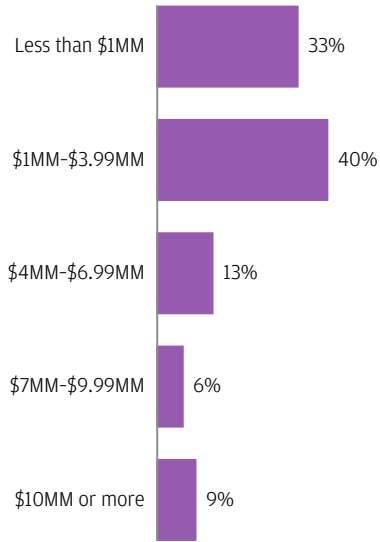


FIGURE 17.4: UNITED STATES BY ASSETS UNDER SUPERVISION

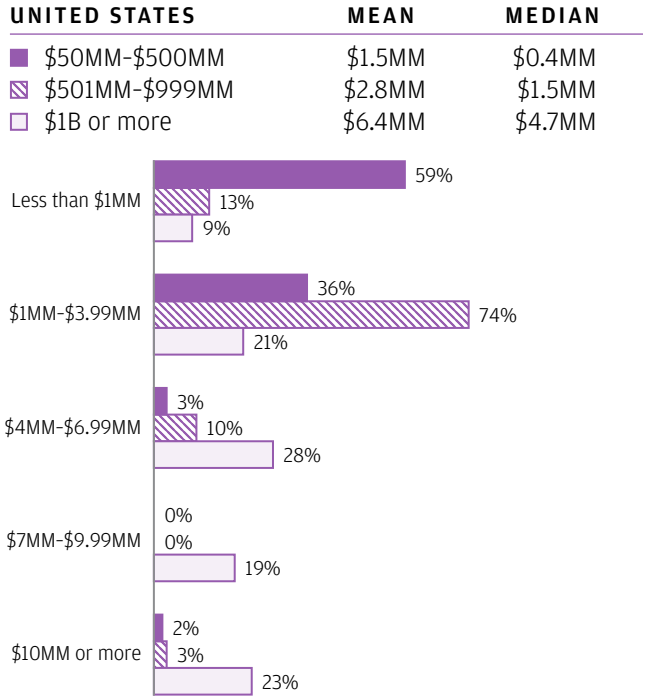


FIGURE 17.5: INTERNATIONAL OVERVIEW
MEAN \$2.7MM • MEDIAN \$1.2MM

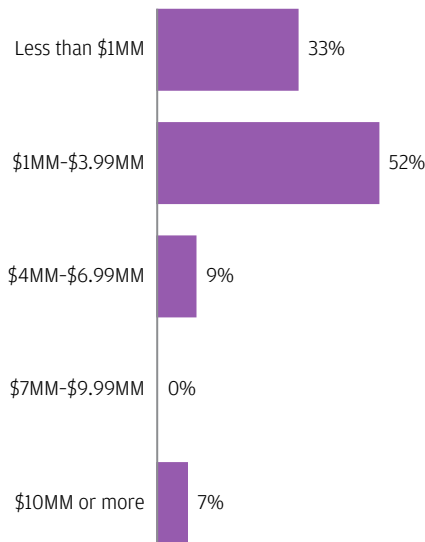
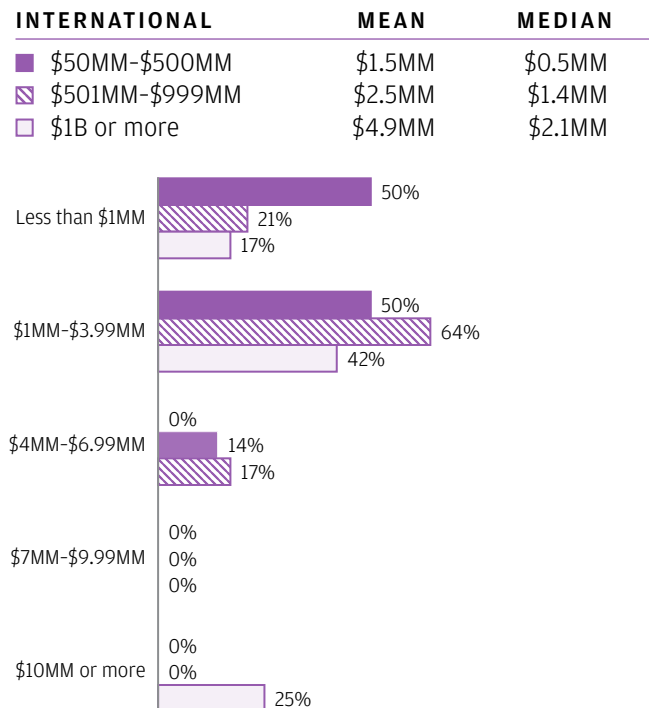


FIGURE 17.6: INTERNATIONAL BY ASSETS UNDER SUPERVISION



STAFFING LEVELS

Overall

Globally, most of the family offices' overall staffing levels are relatively small. While respondents employ, on average, 11 staff members, a full half report only five or fewer (our view is that the mean findings regarding staffing may have been disproportionately impacted by a small number of very large family offices, and the median may be a more appropriate benchmark, which appears directionally similar to related industry research findings).

As family office assets rise, the number of employees also tends to rise. For example, 71% of smaller family offices and 53% of mid-sized family offices report one to five employees, while 76% of larger family offices indicate they have six employees or more, with 18% reporting more than 20 employees.

How many employees does your family office employ?



FIGURE 18.1: GLOBAL OVERVIEW
MEAN 11.1 • MEDIAN 3

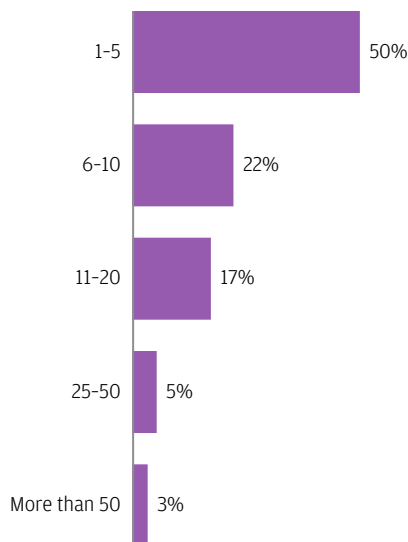
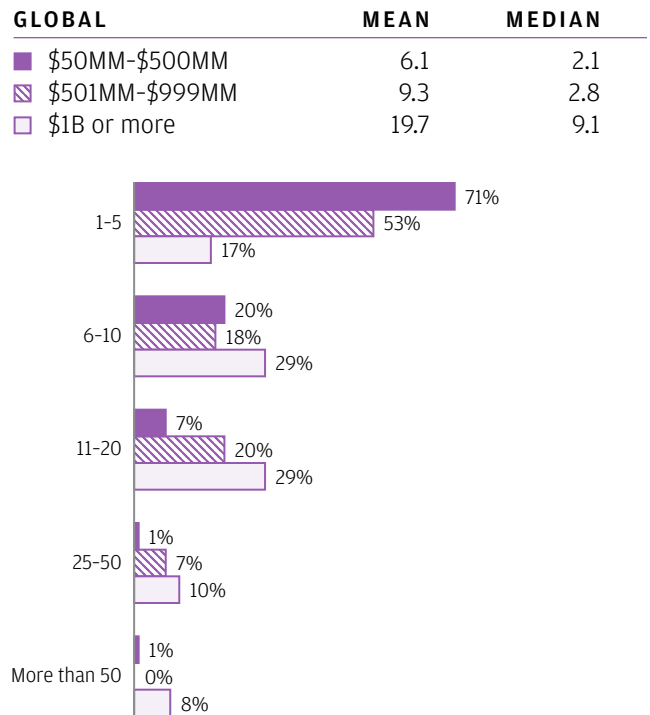


FIGURE 18.2: GLOBAL BY ASSETS UNDER SUPERVISION



How many employees does your family office employ?



FIGURE 18.3: U.S. OVERVIEW
MEAN 11.4 • MEDIAN 2.8

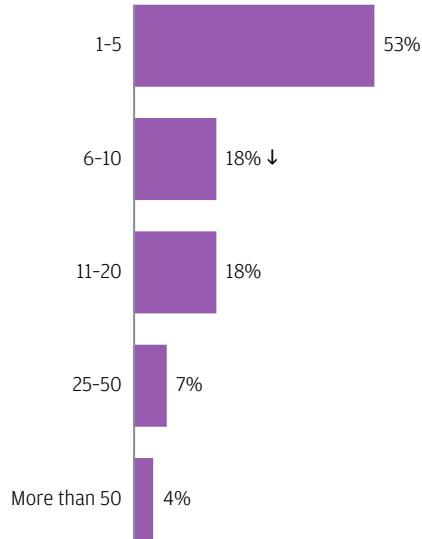


FIGURE 18.4: UNITED STATES BY ASSETS UNDER SUPERVISION

UNITED STATES	MEAN	MEDIAN
\$50MM-\$500MM	6.2	2.0
\$501MM-\$999MM	9.4	2.7
\$1B or more	20.1	9.3

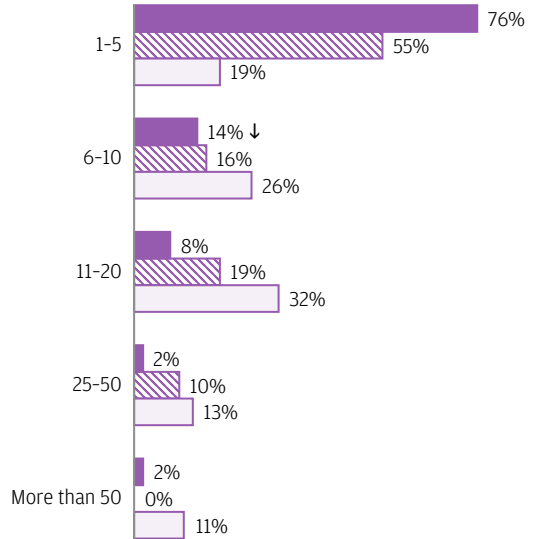


FIGURE 18.5: INTERNATIONAL OVERVIEW
MEAN 9.9 • MEDIAN 4.3

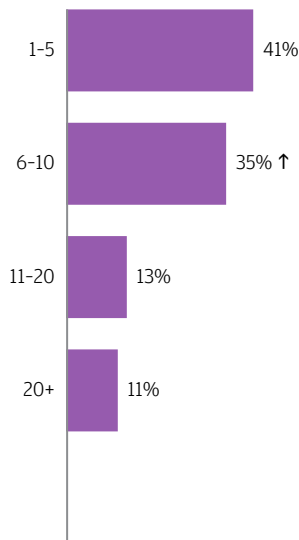
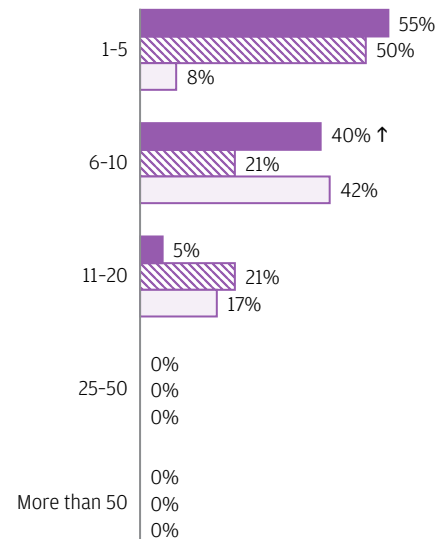


FIGURE 18.6: INTERNATIONAL BY ASSETS UNDER SUPERVISION

INTERNATIONAL	MEAN	MEDIAN
\$50MM-\$500MM	5.6	2.7
\$501MM-\$999MM	9.1	3.0
\$1B or more	18.0	8.0



EXECUTIVE ROLES

The vast majority (82%) of family offices globally have between one to three executive roles, and 93% report five or fewer. This suggests that many are hiring “expert generalists” for these types of positions who are agile leaders with broad skill sets that can fill a range of responsibilities versus pure technicians.

As above, when family office assets rise, the number of executives also tends to rise. For example, 75% of more modest family offices and 57% of mid-sized family offices report one to two executives, while 66% of larger family offices indicate they have three executives or more, with 19% reporting five or more.

EXECUTIVE ROLES



93%

of family offices globally have five or fewer executive roles

82%

of family offices globally have between one and three executive roles

NUMBER OF EXECUTIVES



75%

of modest family offices report one to two executives

57%

of mid-sized family offices report one to two executives



66%

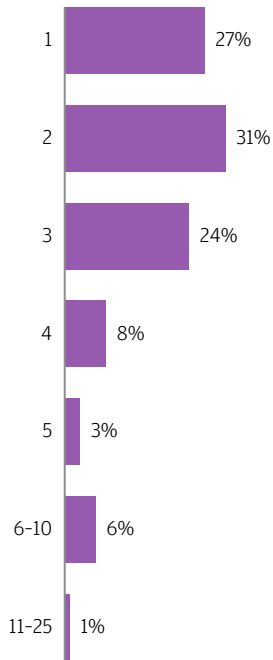
of larger family offices report three or more executives

19%

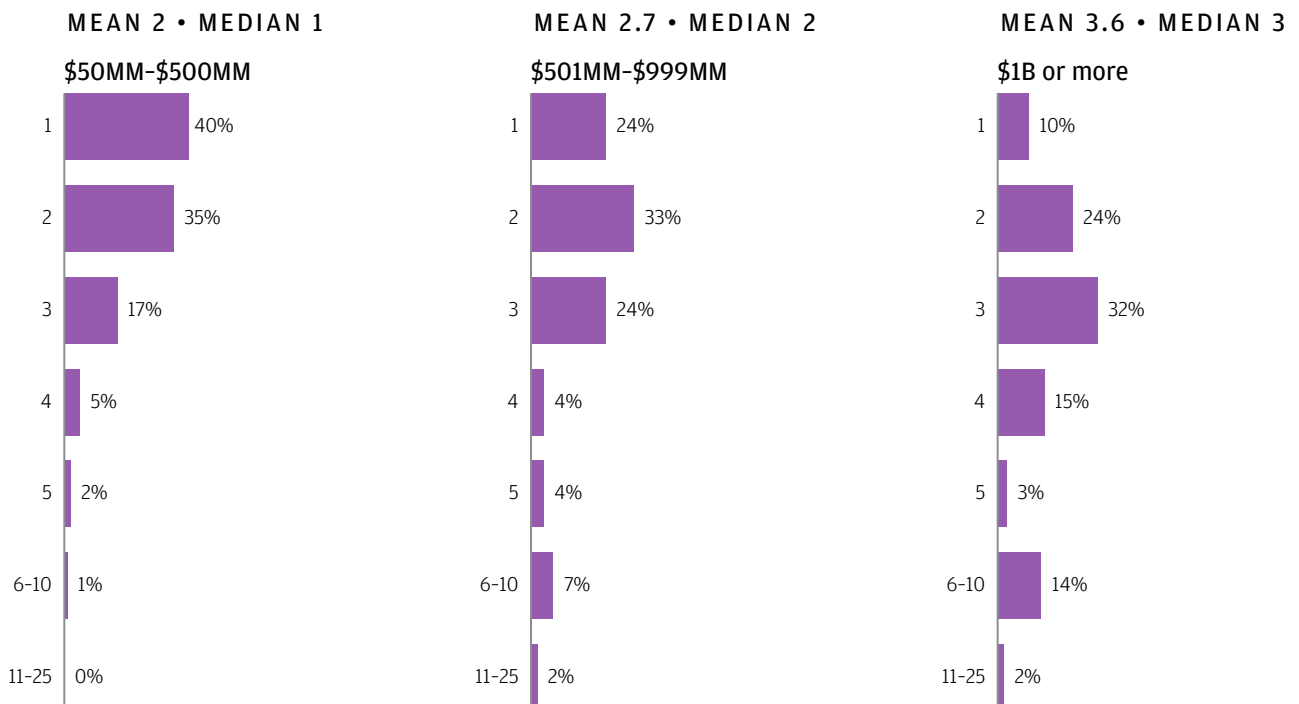
of larger family offices report five or more executives

How many employees are in executive roles at your firm?

 **FIGURE 19.1: GLOBAL OVERVIEW**



 **FIGURE 19.2: GLOBAL BY ASSETS UNDER SUPERVISION**



How many employees are in executive roles at your firm?



FIGURE 19.3: U.S. OVERVIEW
MEAN 2.8 • MEDIAN 2

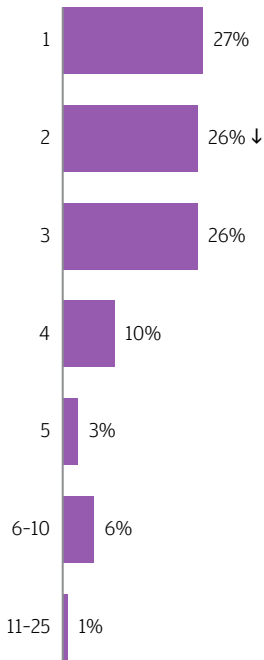
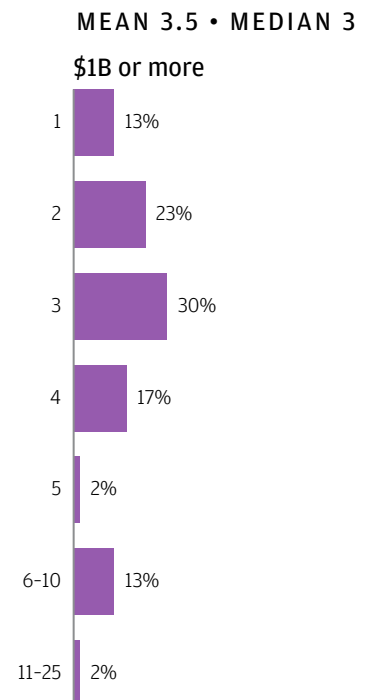
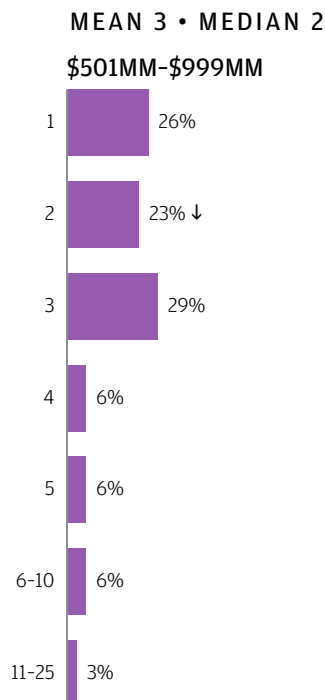
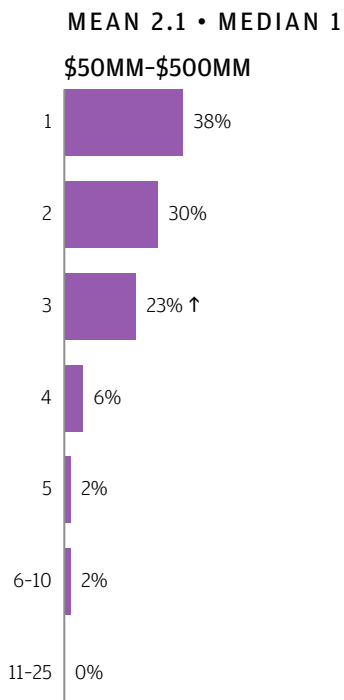


FIGURE 19.4: UNITED STATES BY ASSETS UNDER SUPERVISION



How many employees are in executive roles at your firm?



FIGURE 19.5: INTERNATIONAL OVERVIEW
MEAN 2.4 • MEDIAN 2

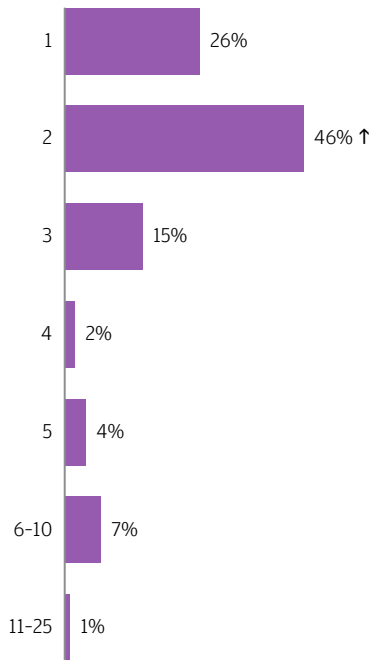
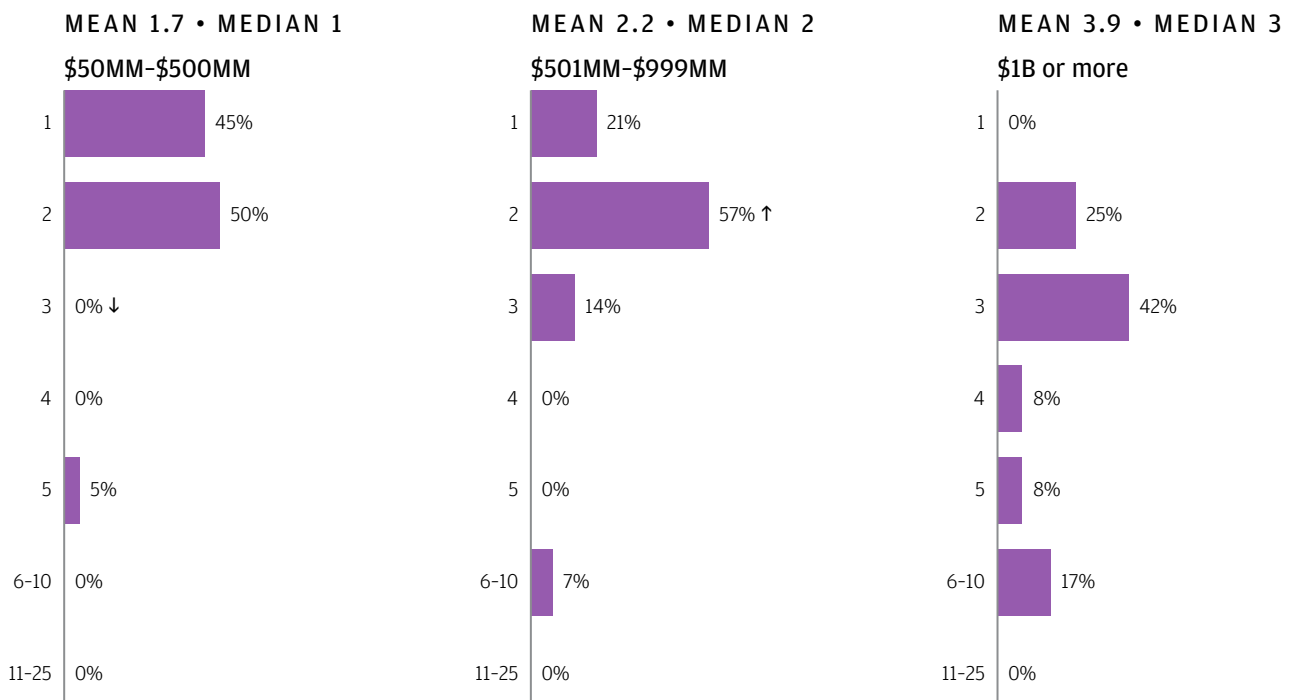


FIGURE 19.6: INTERNATIONAL BY ASSETS UNDER SUPERVISION



The most frequently cited executive roles are Chief Executive Officer (CEO)/President at 36%, Chief Financial Officer (CFO) at 28% and Chief Investment Officer (CIO) at 25%. This list is consistent across regions, though international family offices were more likely to fill CEO/President and CIO roles compared to U.S. family offices, 40% versus 35% and 30% versus 23%, respectively, and less likely to have a CFO, 18% versus 31%, respectively.

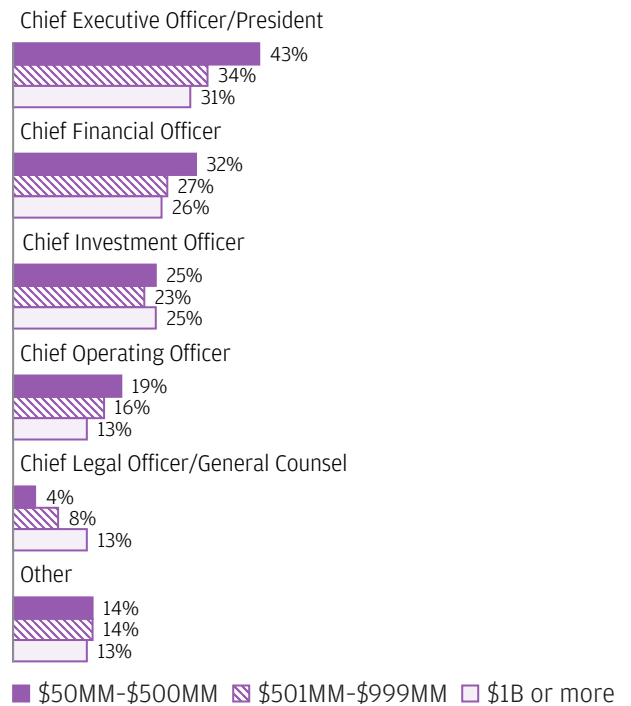
Which of the following executive roles does your family office have?



FIGURE 20.1: GLOBAL OVERVIEW



FIGURE 20.2: GLOBAL BY ASSETS UNDER SUPERVISION



Which of the following executive roles does your family office have?



FIGURE 20.3: U.S. OVERVIEW



FIGURE 20.4: UNITED STATES BY ASSETS UNDER SUPERVISION

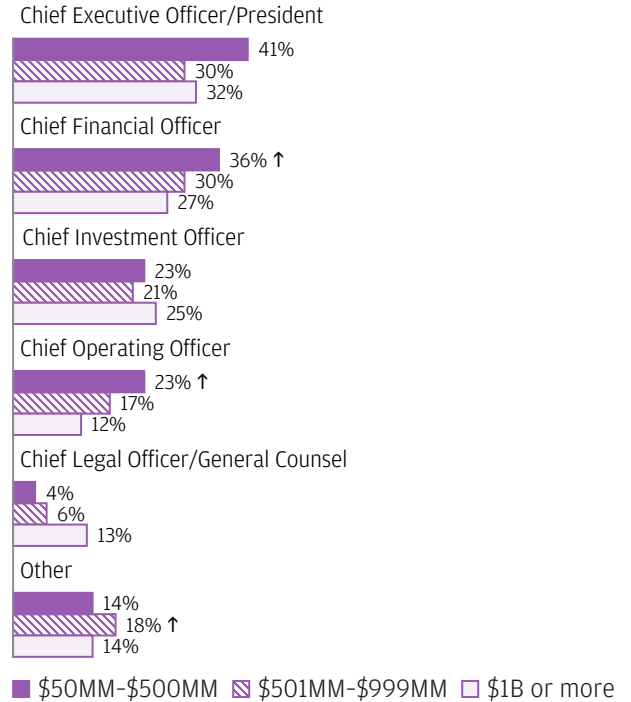
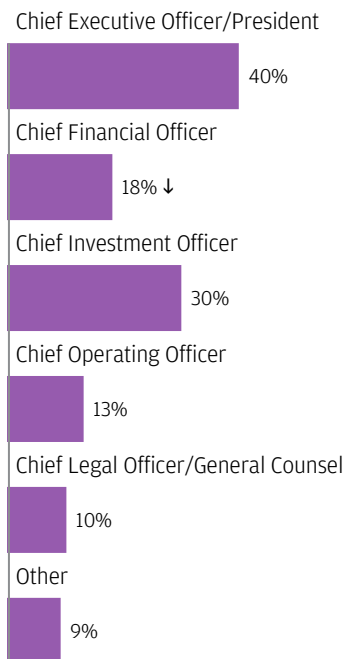
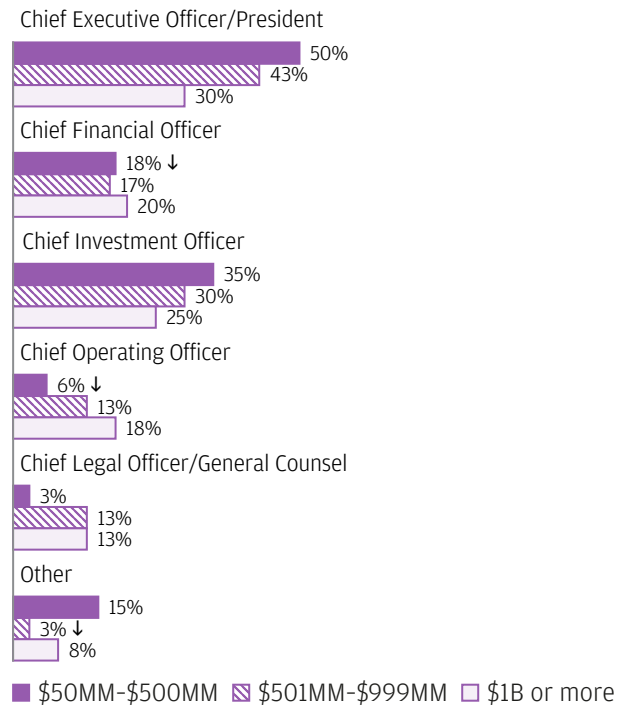


FIGURE 20.5: INTERNATIONAL OVERVIEW



20.6: INTERNATIONAL BY ASSETS UNDER SUPERVISION



The report next looked at the relationship the people filling these various executive roles have to the family office: nonfamily member, compensated family member or non-compensated family member. CEO is often the first executive role filled for a family office. Globally, 50% of the respondents indicate that this position is held by a family member, while the balance is held by nonfamily members. There are some regional differences, however. U.S. family offices are less likely to have nonfamily members serving as CEO/President and CIO than international family offices, 45% to 64% and 71% to 90%, respectively.

CFO and legal executive roles are the most likely to employ nonfamily members. Family offices overseeing \$1 billion or more are more likely to employ nonfamily members in the roles of CEO/President and CFO, 63% and 100%, respectively. U.S. family offices are more likely to have non-compensated family members in the role of CEO/President, at 29% versus 7% internationally.



50%

of family offices report that the CEO/President is a family member



U.S. FAMILY OFFICES

29%

are more likely to have non-compensated family members in the role of CEO/President

INTERNATIONAL FAMILY OFFICES

7%

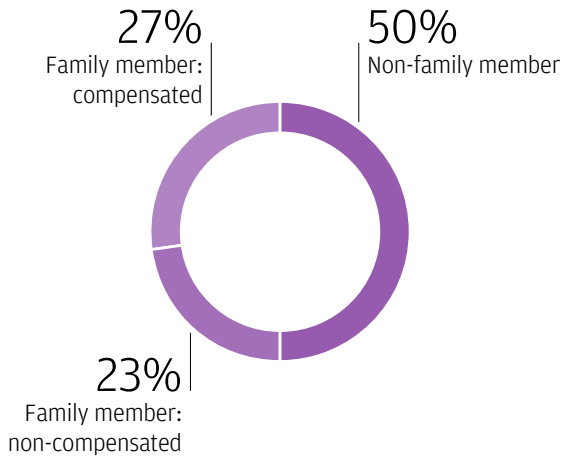
are more likely to have non-compensated family members in the role of CEO/President

Which of the following best describes this role's relationship to the organization?

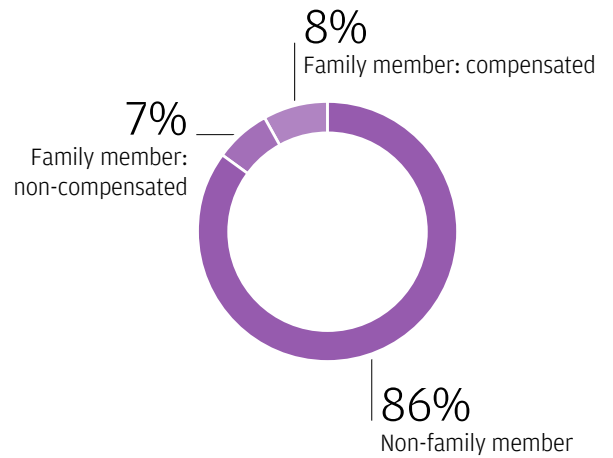


FIGURE 21.1: GLOBAL OVERVIEW

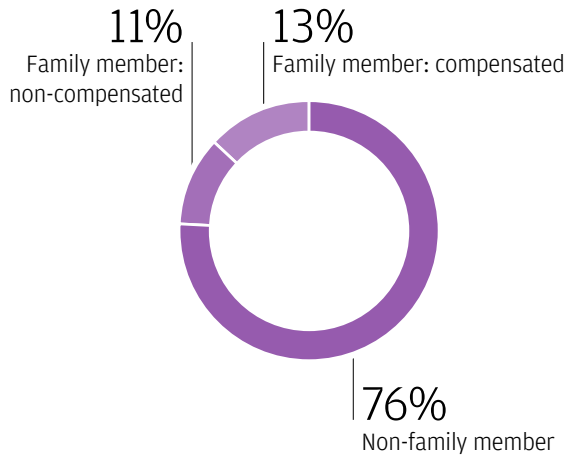
Chief Executive Officer/President



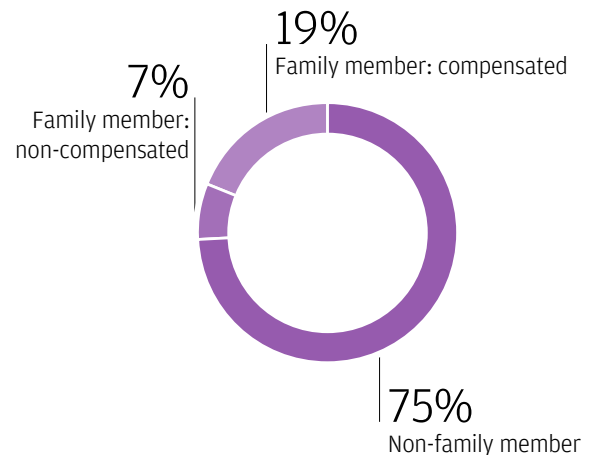
Chief Financial Officer



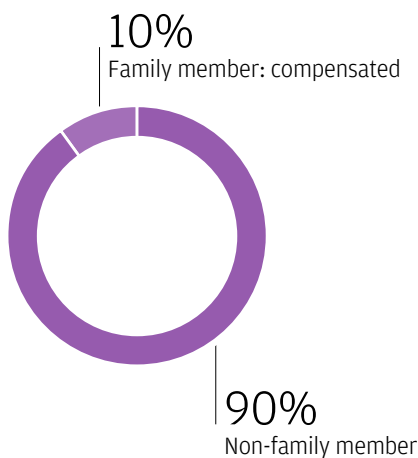
Chief Investment Officer



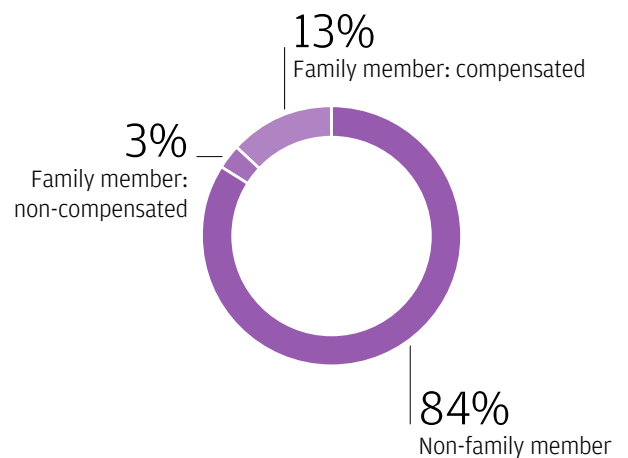
Chief Operating Officer



Chief Legal Officer/General Counsel



Other



Which of the following best describes this role's relationship to the organization?



FIGURE 21.2: GLOBAL BY ASSETS UNDER SUPERVISION

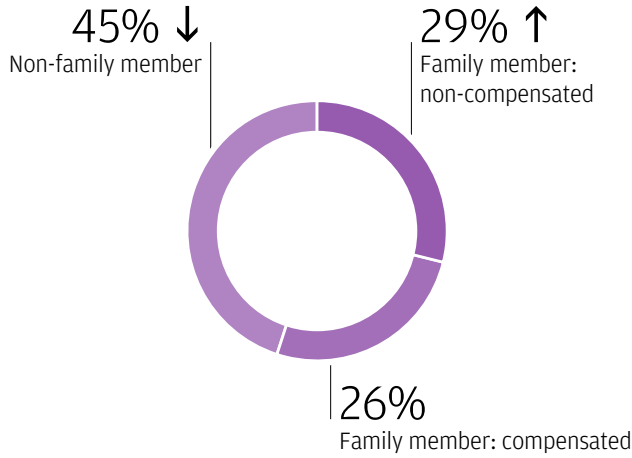
Global	Chief Executive Officer/President	Chief Financial Officer	Chief Investment Officer	Chief Operating Officer	Chief Legal Officer/General Counsel	Other
\$50MM-\$500MM						
Relationship to organization						
Non-family member	42%	75%	63%	61%	50%	88%
Family member: non-compensated	27%	13%	14%	12%	0%	4%
Family member: compensated	30%	13%	23%	27%	50%	8%
\$501MM-\$999MM						
Relationship to organization						
Non-family member	45%	83%	81%	78%	100%	81%
Family member: non-compensated	29%	7%	12%	6%	0%	0%
Family member: compensated	26%	10%	8%	17%	0%	19%
\$1B or more						
Relationship to organization						
Non-family member	63%	100%	87%	92%	96%	83%
Family member: non-compensated	14%	0%	7%	0%	0%	4%
Family member: compensated	23%	0%	7%	8%	4%	13%

Which of the following best describes this role's relationship to the organization?

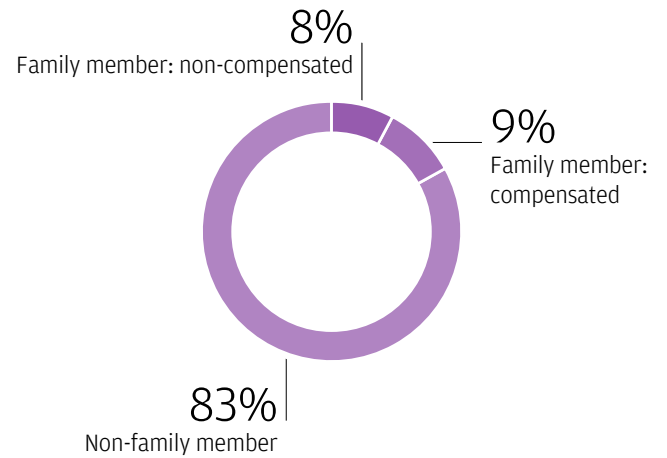


FIGURE 21.3: U.S. OVERVIEW

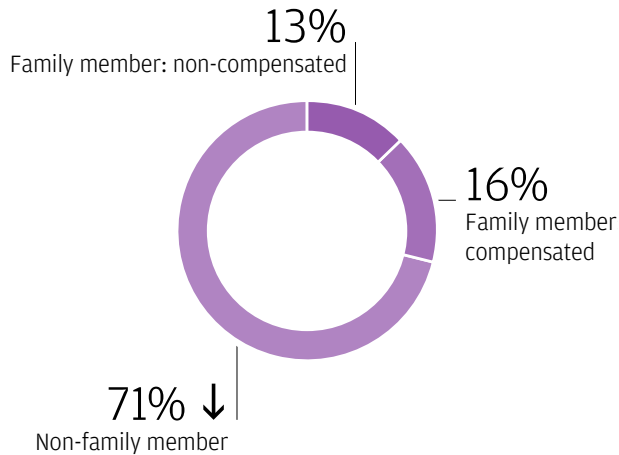
Chief Executive Officer/President



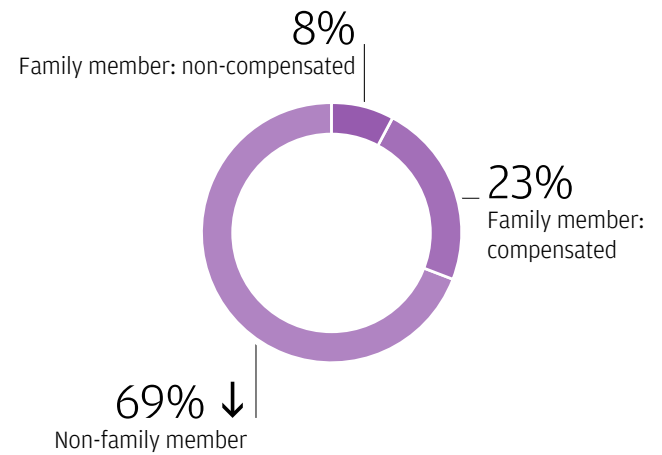
Chief Financial Officer



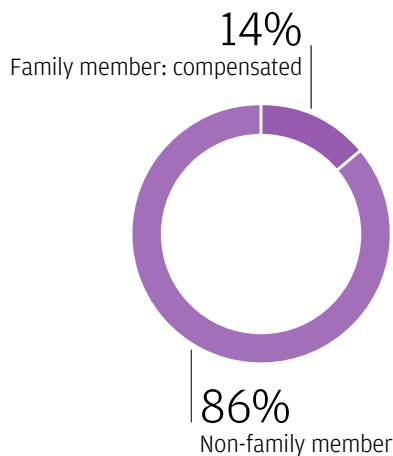
Chief Investment Officer



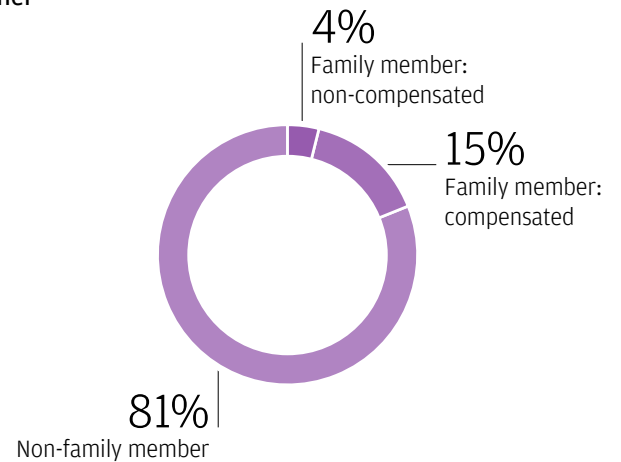
Chief Operating Officer



Chief Legal Officer/General Counsel



Other



Which of the following best describes this role's relationship to the organization?



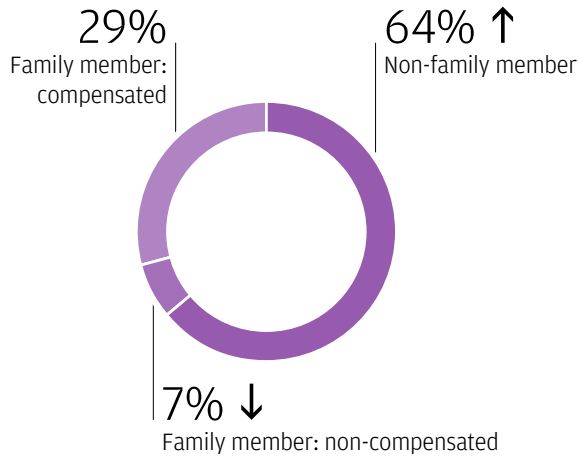
FIGURE 21.4: UNITED STATES BY ASSETS UNDER SUPERVISION

United States	Chief Executive Officer/President	Chief Financial Officer	Chief Investment Officer	Chief Operating Officer	Chief Legal Officer/General Counsel	Other
\$50MM-\$500MM						
Relationship to organization						
Non-family member	32% ↓	71%	52% ↓	58%	40%	84%
Family member: non-compensated	36% ↑	14%	19%	13%	0%	5%
Family member: compensated	32%	14%	29%	29%	60%	11%
\$501MM-\$999MM						
Relationship to organization						
Non-family member	32% ↓	80%	71%	71%	100%	80%
Family member: non-compensated	40% ↑	8%	18%	7%	0%	0%
Family member: compensated	28%	12%	12%	21%	0%	20%
\$1B or more						
Relationship to organization						
Non-family member	69%	100%	89%	88%	95%	80%
Family member: non-compensated	13%	0%	6%	0%	0%	5%
Family member: compensated	18%	0%	6%	12%	5%	15%

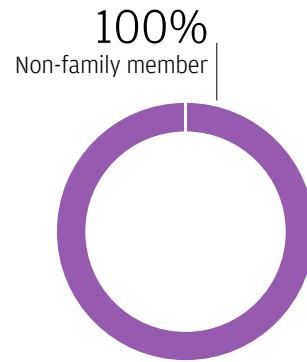
Which of the following best describes this role's relationship to the organization?

 **FIGURE 21.5: INTERNATIONAL OVERVIEW**

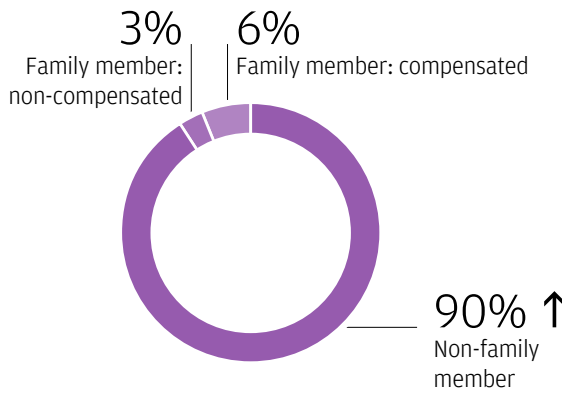
Chief Executive Officer/President



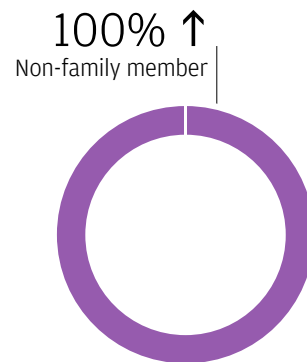
Chief Financial Officer



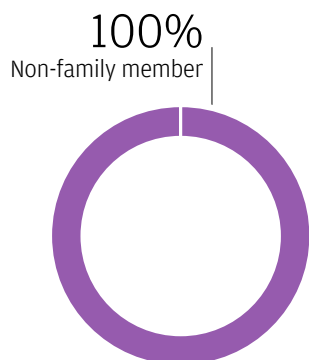
Chief Investment Officer



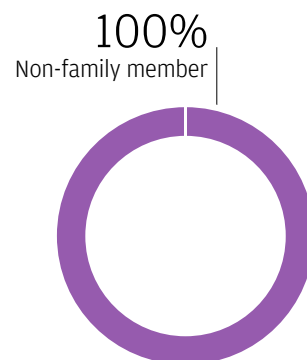
Chief Operating Officer



Chief Legal Officer/General Counsel



Other



Which of the following best describes this role's relationship to the organization?



FIGURE 21.6: INTERNATIONAL BY ASSETS UNDER SUPERVISION

International	Chief Executive Officer/President	Chief Financial Officer	Chief Investment Officer	Chief Operating Officer	Chief Legal Officer/General Counsel	Other
\$50MM-\$500MM						
Relationship to organization						
Non-family member	76% ↑	100%	92% ↑	100%	100%	100%
Family member: non-compensated	0% ↓	0%	0%	0%	0%	0%
Family member: compensated	24%	0%	8%	0%	0%	0%
\$501MM-\$999MM						
Relationship to organization						
Non-family member	69% ↑	100%	100%	100%	100%	100%
Family member: non-compensated	8% ↓	0%	0%	0%	0%	0%
Family member: compensated	23%	0%	0%	0%	0%	0%
\$1B or more						
Relationship to organization						
Non-family member	42%	100%	80%	100%	100%	100%
Family member: non-compensated	17%	0%	10%	0%	0%	0%
Family member: compensated	42%	0%	10%	0%	0%	0%

NON-EXECUTIVE ROLES

The majority of family offices (83%) surveyed also employ non-executive staff in a variety of functions. As might be expected, the size of this staff tends to increase in tandem with the size and complexity of the assets and services overseen by the family office, as well as the family served.

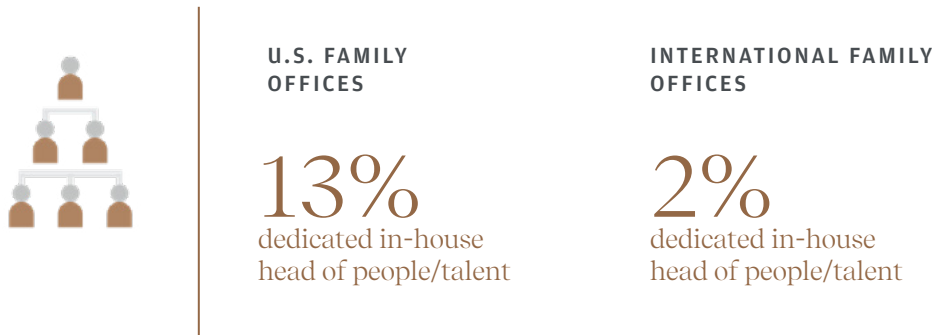
Core to the functions of many family offices are administrative and reporting capabilities. This is evidenced in the responses below where the top three non-executive roles globally are: administrative assistant (61%), accountant (55%) and controller (34%). Additionally, international family offices are more likely to have in-house investment analysts and portfolio managers compared to U.S. family offices, 48% versus 29% and 41% to 12%, respectively.

Although there has been a broader industry trend in terms of the increased professionalization of family offices, many do not approach people management or technology with the same focus and rigor as they do other aspects of the enterprise, such as investments. Based on staffing, both human resources and technology appear to be functions that are either being overlooked or more likely being covered by another family office executive and/or being outsourced to third-party providers. Only 13% of U.S. family offices report having an in-house head of people/talent, while just 2% of international family offices view this as a dedicated function. Our sense is that in many family offices, people management is likely incorporated into the role of the CEO or another key executive.

TOP THREE NON-EXECUTIVE ROLES



IN-HOUSE HEAD OF PEOPLE/TALENT



Despite the increasing importance of the role of technology and risks of cyberattacks, only a small percentage of family offices globally have a dedicated Chief Technology Officer. The results are similar across regions, with 10% of U.S. family offices and 7% of international family offices reporting an in-house head of technology. With technology evolving so rapidly, all but the largest family offices may prefer to outsource this capability in order to remain current and efficiently access industry best practices. This is evidenced in Figure 22.2, which shows that 20% of family offices with \$1 billion or more in assets under supervision have a head of technology compared to only 3% and 7% of more modest (\$50 million to \$500 million in assets under supervision) and mid-sized (\$501 million to \$999 million in assets under supervision) family offices, respectively.

Many wealthy families have ambitious philanthropic goals, evidenced by initiatives such as the Giving Pledge. Also, it is not unusual for families to have established separate family foundations. With this in mind, one-fifth of surveyed U.S. family offices report having an in-house head of family foundation or philanthropy director compared to just 2% of international family offices. This seems consistent with findings in Sections 1 and 2, which show that U.S. family offices are more likely than international family offices to report impact investing and philanthropy as a family office objective, 51% to 30% (Figures 2.3 and 2.5), and more likely to offer specific philanthropic services, 86% to 65% (Figures 4.5 and 4.9).



10%

of U.S. family offices report having an in-house head of technology

7%

of international family offices report having an in-house head of technology



19%

of U.S. family offices report having a family foundation or philanthropy director

2%

of international family offices report having a family foundation or philanthropy director

Which of the following other roles exist in your firm?



FIGURE 22.1: GLOBAL OVERVIEW

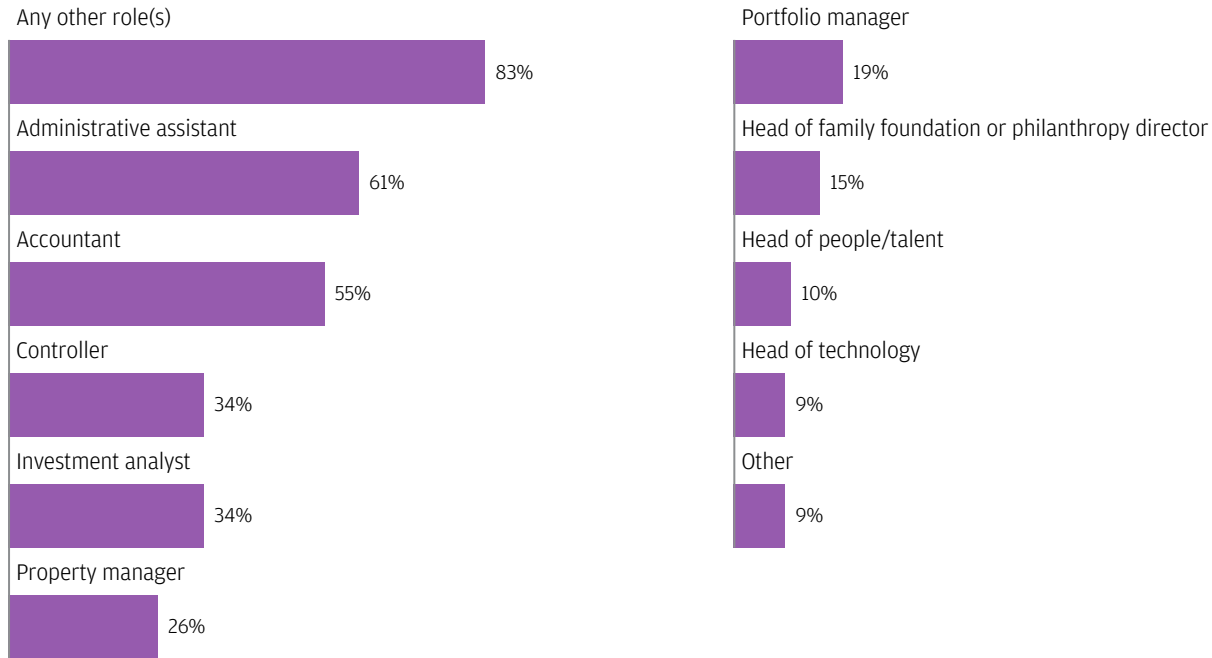
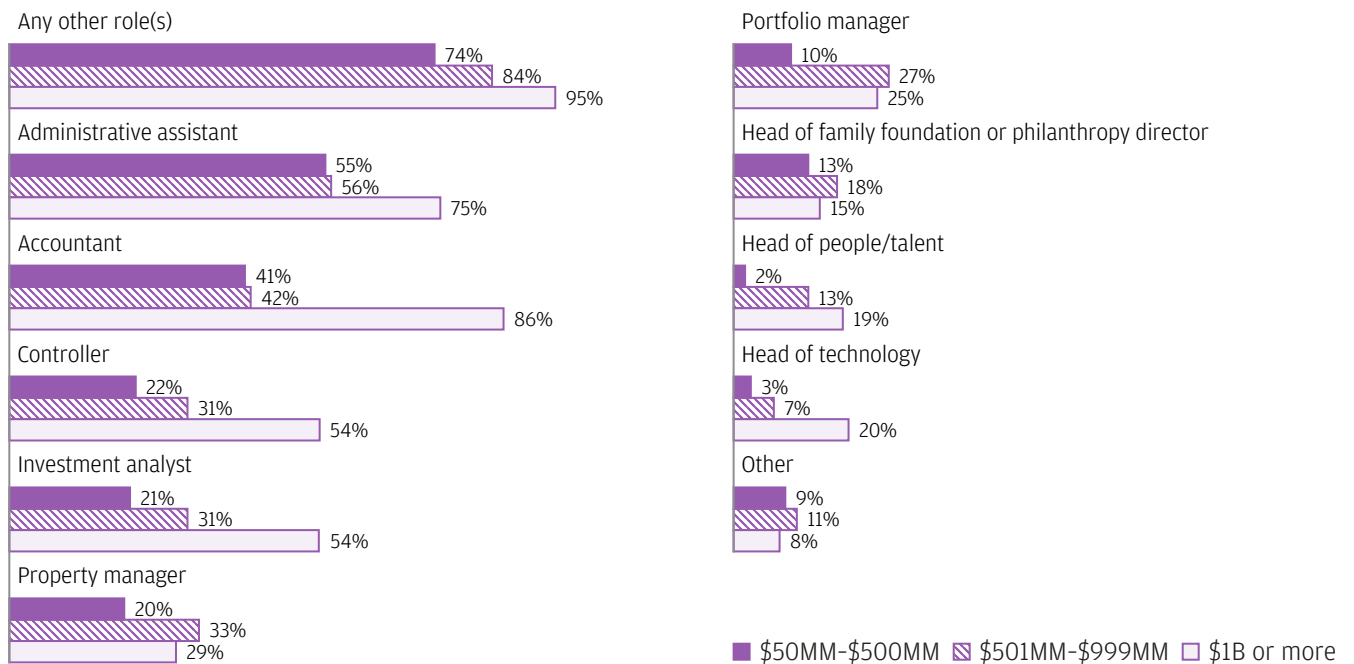


FIGURE 22.2: GLOBAL BY ASSETS UNDER SUPERVISION



Which of the following other roles exist in your firm?



FIGURE 22.3: U.S. OVERVIEW

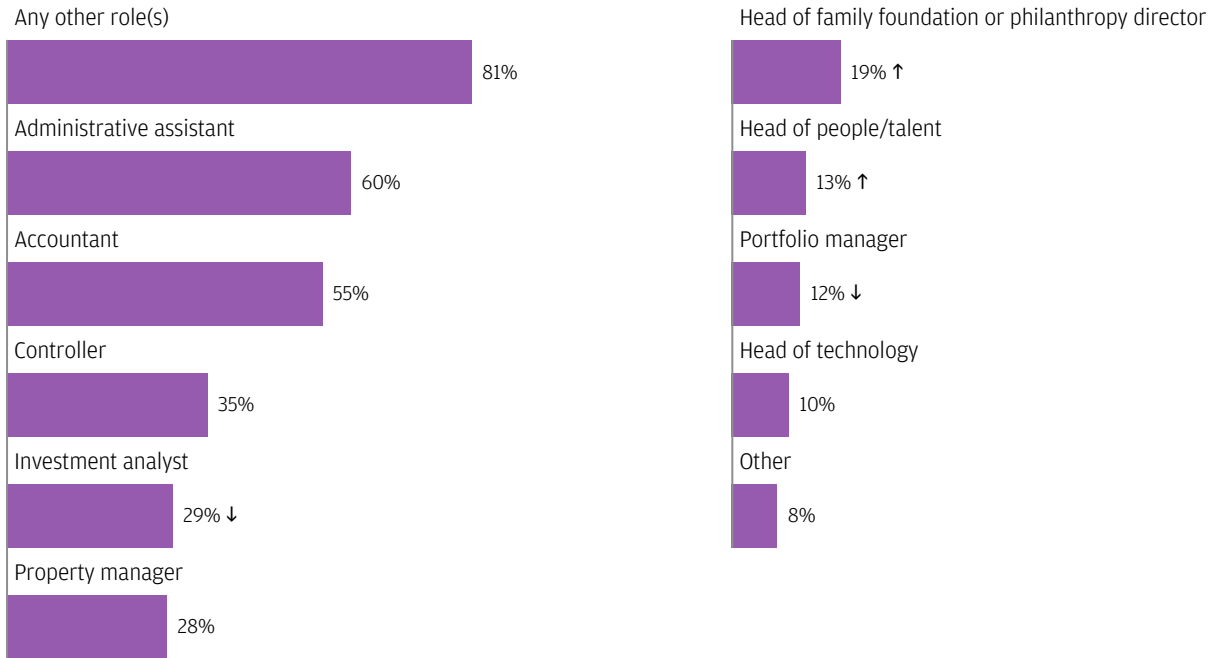
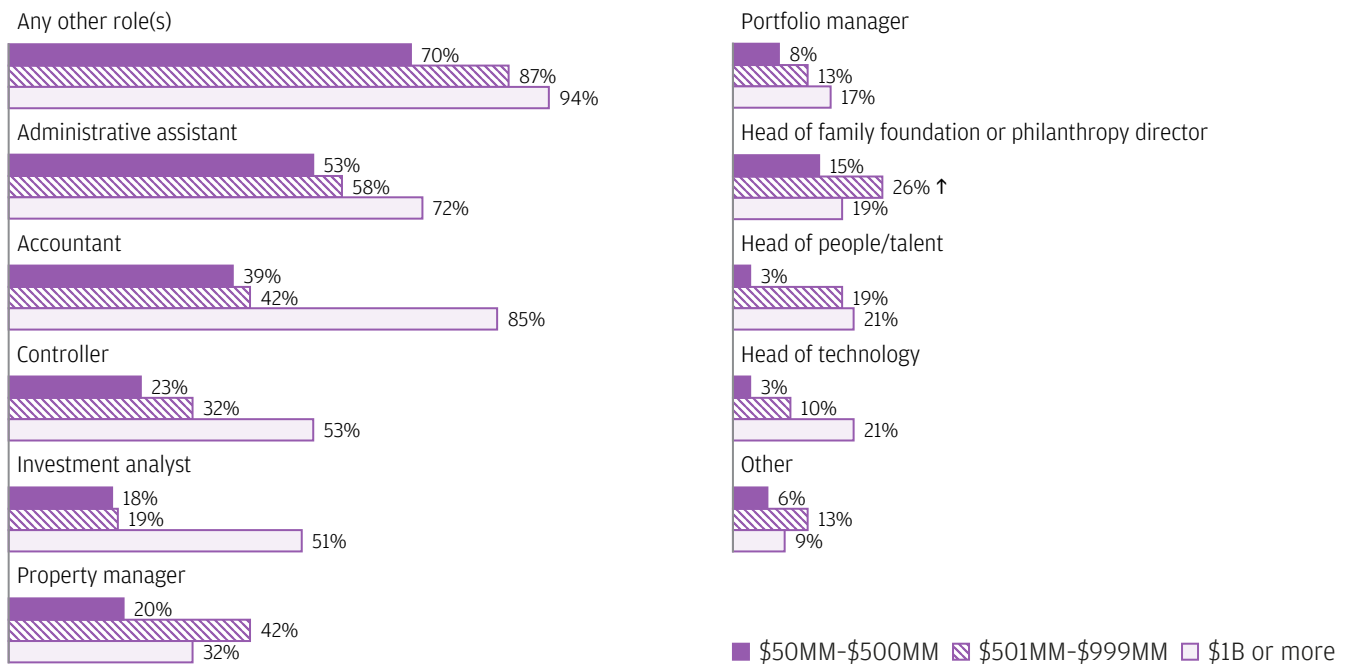


FIGURE 22.4: UNITED STATES BY ASSETS UNDER SUPERVISION



Which of the following other roles exist in your firm?

FIGURE 22.5: INTERNATIONAL OVERVIEW

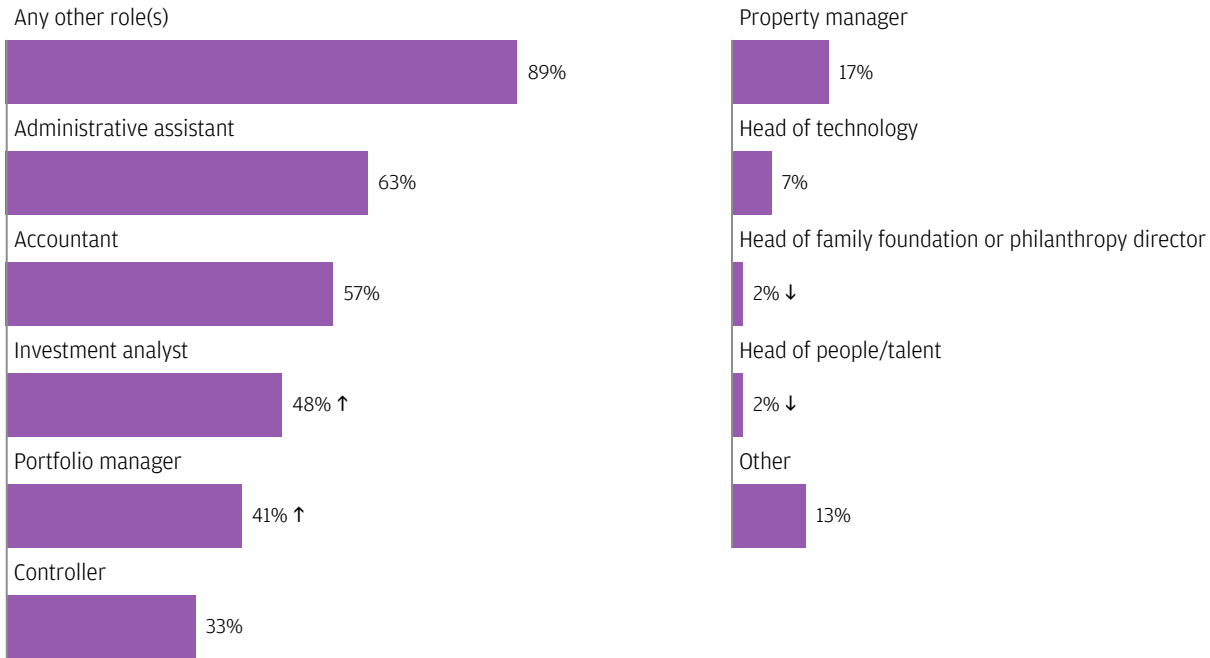
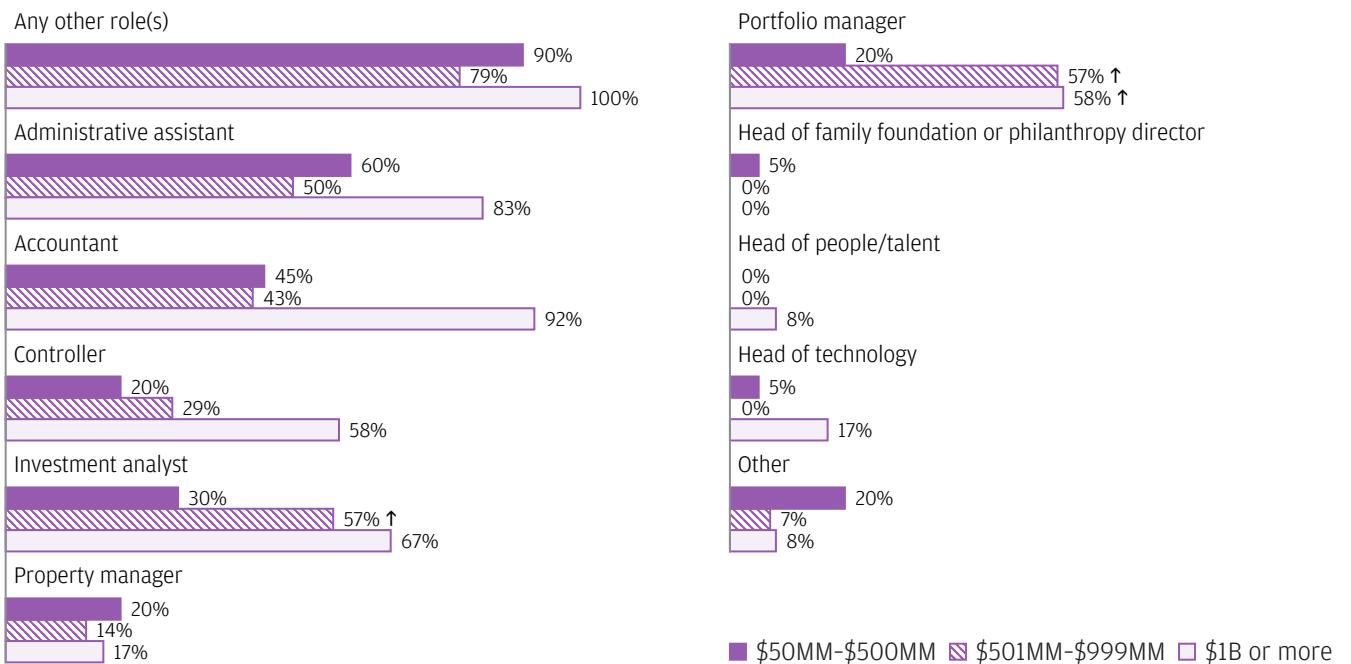


FIGURE 22.6: INTERNATIONAL BY ASSETS UNDER SUPERVISION



CONCLUSION

We hope you found this year’s survey results insightful and useful. We are extremely pleased to have been able to bring you this research, and remain committed to providing innovative thought leadership. For feedback, questions or additional information on any of the topics presented in this report, please contact your J.P. Morgan team.

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 Family office advisory
 Philanthropy advisory
 Cybersecurity advisory
 Private business advisory
 Tax advisory
 Behavioral science

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 transfer advice
 Strategic wealth planning &
 forecasting

LENDING & CUSTODY

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 Global custody
 Private banking services

23 WALL

Investment banking services
 Access to the firm’s intellectual capital,
 balance sheet and deal flow

ACKNOWLEDGMENTS

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