FINTRX

INDUSTRY BRIEFING SERIES

PART SIX

Analyzing Generational vs. Entrepreneurial Single-Family Offices & M&A Trends Across Multi-Family Offices

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Contents

Introduction

Dear Reader,

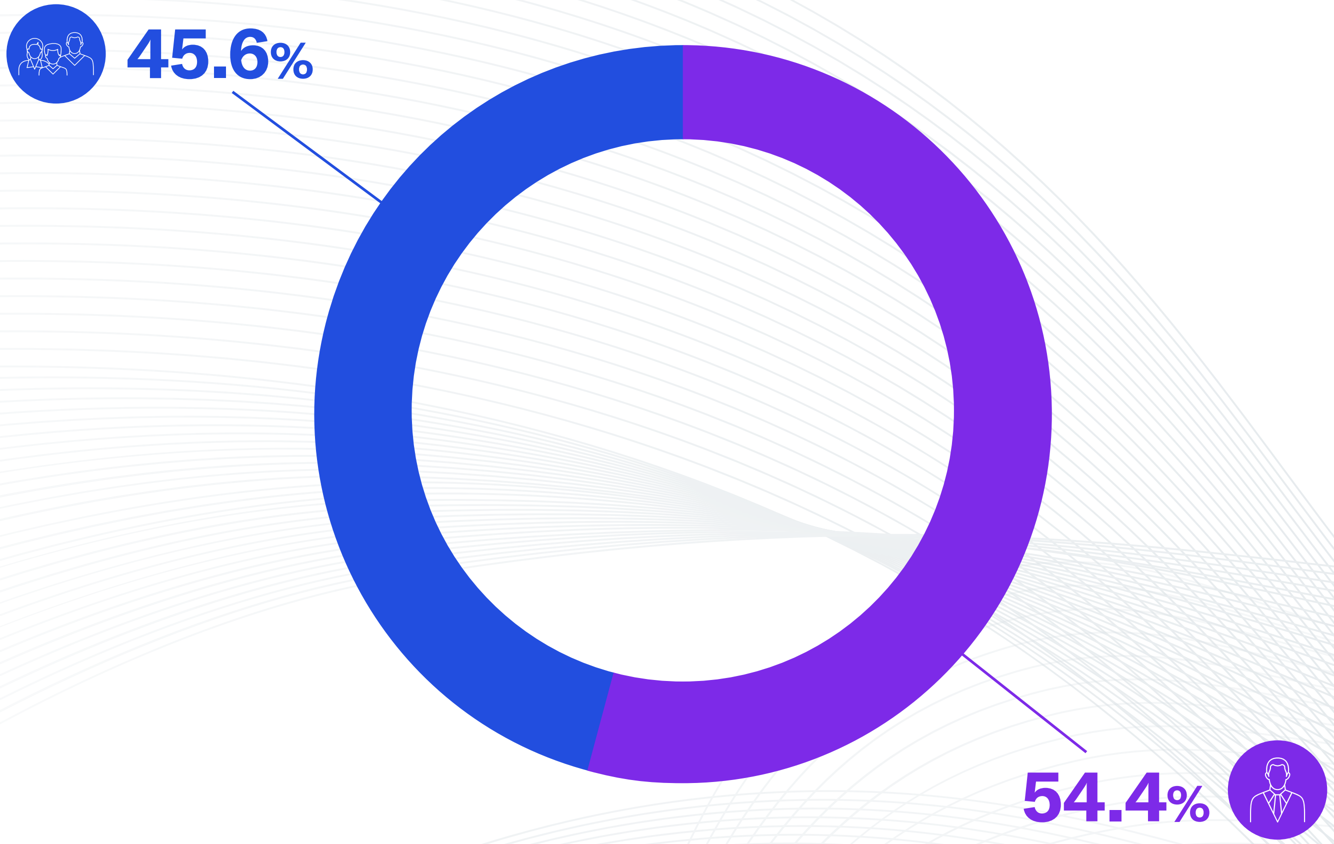
Welcome to the sixth installment of the FINTRX Family Office Briefing Series, presented in partnership with Charles Schwab. This edition provides a comprehensive analysis of key trends shaping the family office landscape, leveraging historical data from the FINTRX platform to offer valuable insights for industry professionals.

Our research focuses on the distinctions between generational and entrepreneurial single-family offices, examining differences in wealth origins, investment activity, and structural approaches. Through this analysis, we highlight how family offices evolve over time, including the varying levels of direct investment engagement among generational and entrepreneurial firms. In addition, this report presents a detailed review of mergers and acquisitions within the multi-family office sector, with a particular emphasis on post-pandemic consolidation trends. By quantifying historical M&A activity, we provide a clearer understanding of how firms within this space have adapted to an evolving financial landscape. All data and insights presented have been meticulously aggregated and analyzed by the FINTRX team to offer a data-driven perspective on the forces shaping family office investment behavior and market consolidation.

Thank you,

Eric Manoukian
Data & Research Associate, Family Offices

Generational vs. Entrepreneurial Single-Family Offices



Generational Family Offices

Generational single-family offices are those that have been established long enough for the original wealth to transition to subsequent generations, with leadership and decision-making responsibilities passed down within the family. These family offices often embody the principles of legacy and continuity, while still engaging in entrepreneurial activities to sustain and grow the family's wealth.

Entrepreneurial Family Offices

Entrepreneurial single-family offices are founded by individuals or families who have generated their wealth through their own business ventures. These offices often reflect the hands-on, growth-oriented approach of their founders, who remain actively involved in directing investment strategies and operational decisions.

Generational Family Offices   Entrepreneur Family Offices

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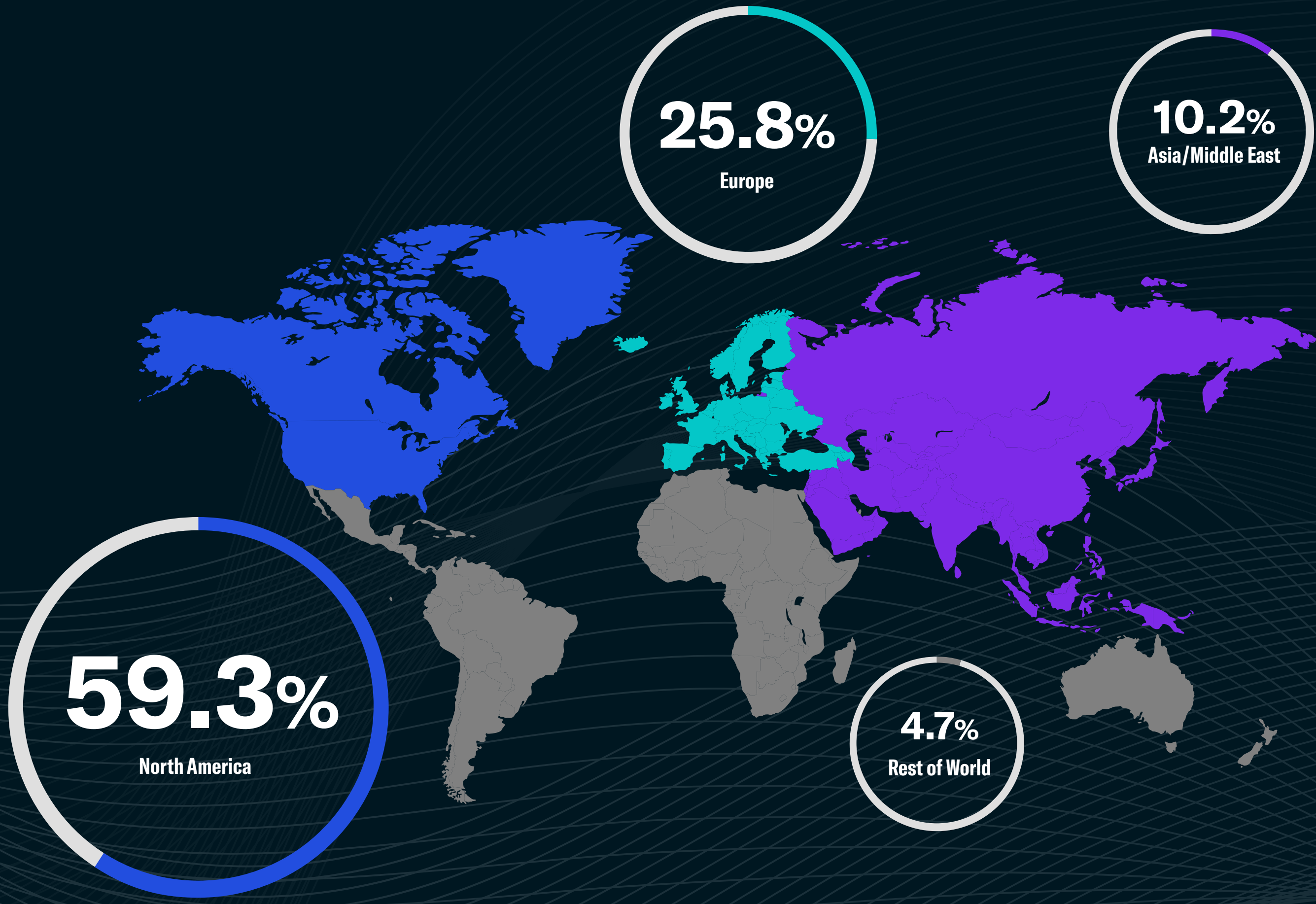
Geographical Distribution of Single-Family Offices



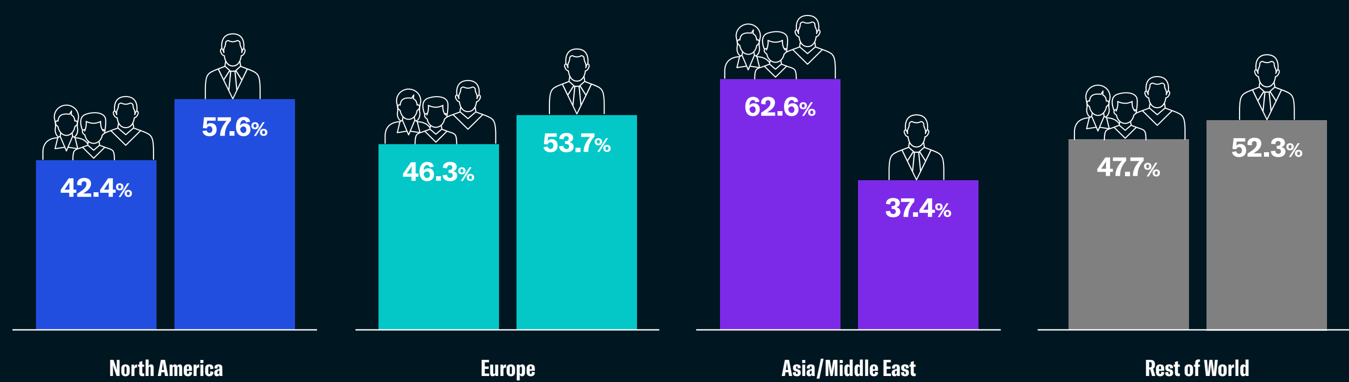
Single-family offices are distributed across key global regions, with North America representing the largest share of the total family office landscape. Europe follows as the second-largest market, while Asia, the Middle East, and other regions collectively contribute to the growing global footprint of single-family offices.

North America and Europe, as mature financial markets with well-established wealth management infrastructures, account for the majority of single-family offices worldwide. These regions have long been hubs for private wealth, with family offices playing a significant role in investment management and wealth preservation. Asia and the Middle East, on the other hand, have seen a growing presence of single-family offices, driven by economic expansion and increasing private wealth creation. The rest of the world represents a smaller portion of the total market but continues to add to the global diversity of family offices.

Regional differences in economic development, wealth creation, and financial infrastructure influence the formation and growth of family offices across these markets. Understanding these geographic trends provides insight into where single-family offices are most concentrated and how they are evolving on a global scale.

Generational Family Offices   Entrepreneur Family Offices

Breakdown of Generational vs. Entrepreneurial Single-Family Offices by Region



The composition of single-family offices varies across regions when segmented by wealth origin. In North America and Europe, generational and entrepreneurial single-family offices are relatively balanced, with entrepreneurial family offices holding a slight majority. This reflects the strong presence of both inherited and newly created wealth in these well-established financial markets. In Asia and the Middle East, generational single-family offices make up a significantly larger share of the market compared to entrepreneurial ones. This trend underscores the deeply rooted cultural and financial traditions of legacy wealth in the region, where long-standing family enterprises have played a major role in wealth creation and preservation. While entrepreneurial family offices are present, they represent a smaller proportion relative to other global markets. In the rest of the world, the distribution of generational and entrepreneurial family offices remains relatively even, with neither group demonstrating a dominant presence. This balanced composition highlights the varied pathways to wealth creation in emerging markets and developing economies.

By examining the regional distribution of generational and entrepreneurial single-family offices, this analysis provides a clearer understanding of how wealth origins shape the structure and growth of family offices in different parts of the world.

Generational Family Offices Entrepreneur Family Offices

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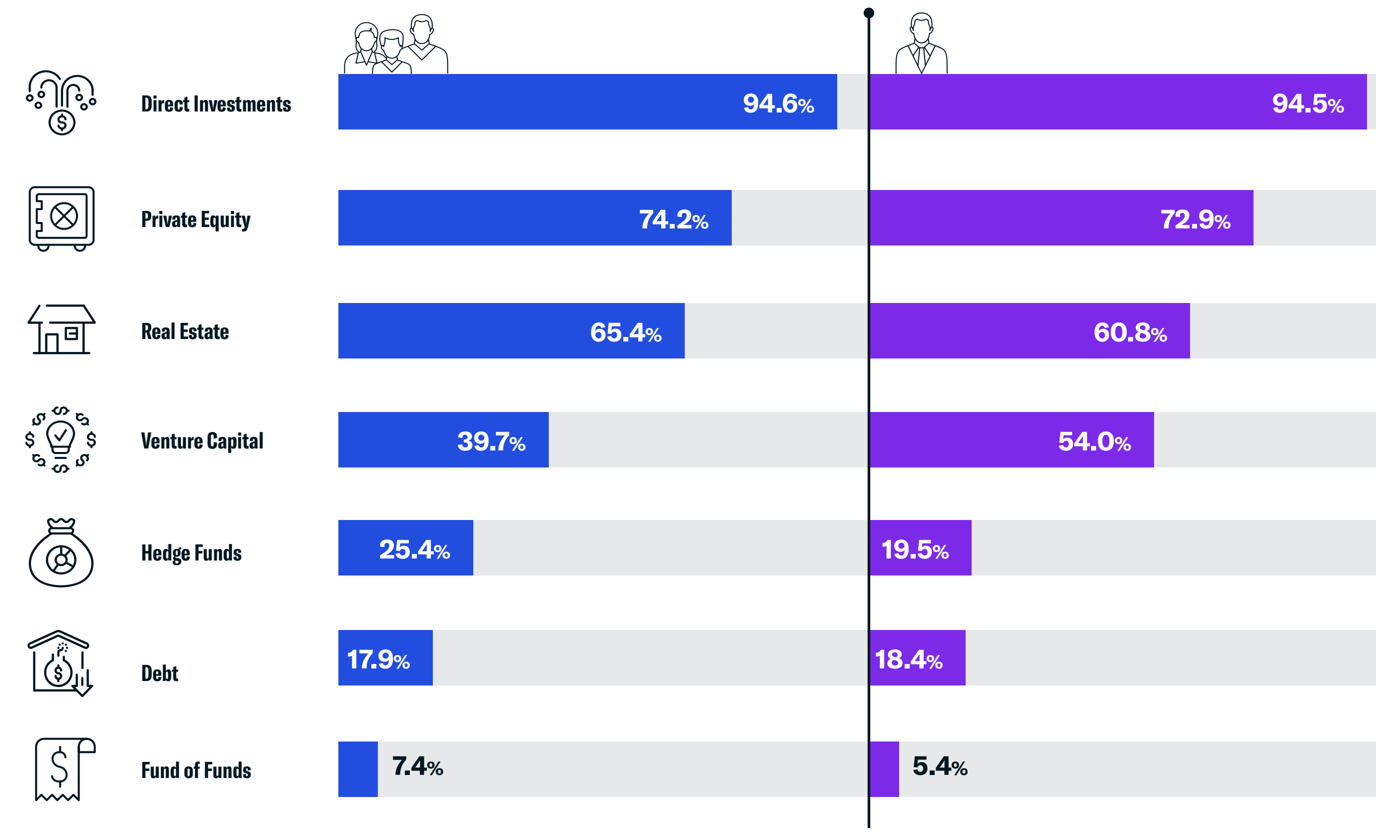
Asset Class Interest between Generational and Entrepreneurial Single-Family Offices



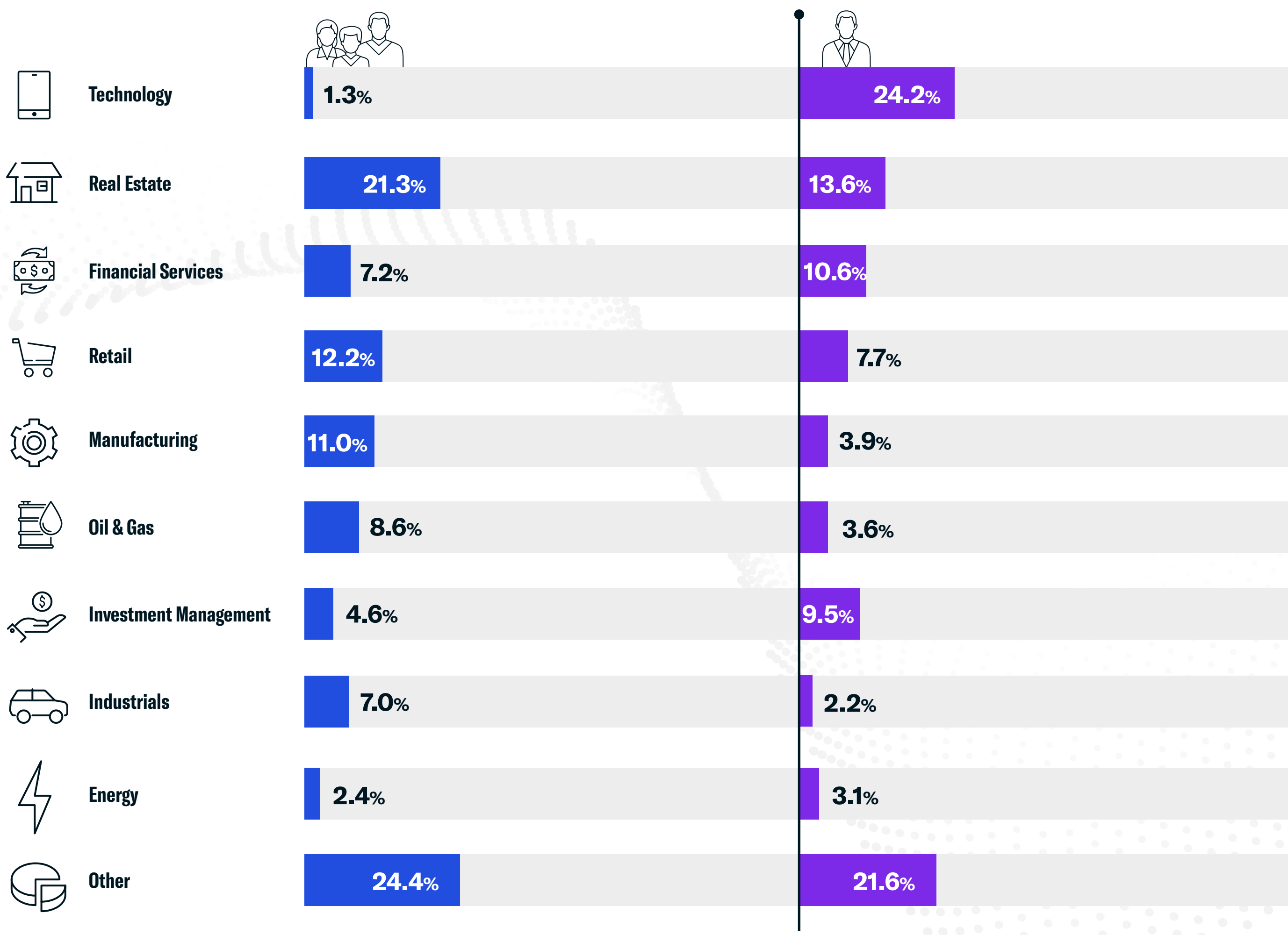
When analyzing the investment behavior of generational and entrepreneurial single-family offices, a key focus is the allocation to various asset classes. To understand these preferences, we calculated the percentage of single-family offices within each category—generational or entrepreneurial—that allocate to a specific asset class. This approach ensures a proportional comparison of asset class interest relative to the total number of family offices in each group.

It is important to note that most single-family offices are multi-class investors, diversifying their portfolios across a range of asset classes rather than concentrating solely on one. This diversification reflects the strategic intent of family offices to balance risk, preserve wealth, and capture growth opportunities across different sectors and markets.

Across most asset classes, generational and entrepreneurial single-family offices exhibit similar allocation patterns, with both groups actively investing in a diverse range of opportunities. However, one notable distinction emerges in venture capital, where entrepreneurial single-family offices allocate at a higher rate than their generational counterparts. This may reflect the entrepreneurial background of these families, as they often have prior experience in high-growth, early-stage investments. While asset class allocations remain relatively aligned between the two groups, understanding these investment tendencies provides insight into how single-family offices approach diversification and risk across different types of investments.

Generational Family Offices Entrepreneur Family Offices

Industry Origin of Wealth between Generational and Entrepreneurial Single-Family Offices

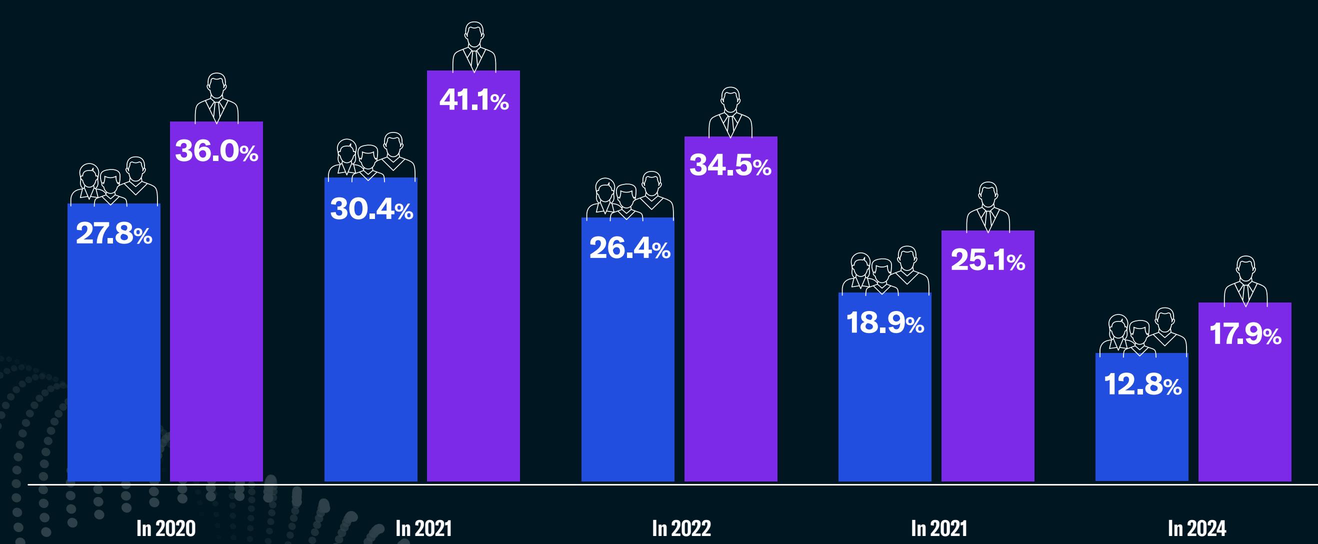


This section provides a comparative breakdown of the industries from which generational and entrepreneurial single-family offices derive their wealth. The data is expressed as a percentage of the total number of family offices within each group, offering a proportional view of the industry origins for each category. The distribution highlights key differences between generational and entrepreneurial family offices. Entrepreneurial family offices often reflect industries where founders built their wealth through their own ventures, while generational family offices are more likely to be tied to legacy industries where wealth has been preserved and transferred across multiple generations. This comparison sheds light on the distinct origins and trajectories of wealth within these two groups of family offices.

The "Other" section includes industries like: Food & Beverage, Media & Entertainment, Sports, Private Investor, Healthcare/ Pharmaceuticals, Agriculture, Automotive, Business Services, and Hospitality.

Generational Family Offices Entrepreneur Family Offices

Direct Transaction Activity Levels of Generational vs. Entrepreneurial Single-Family Offices



To assess direct transaction activity among single-family offices, this analysis examines the number of firms that have made at least one direct investment into a private company within each year since 2020. Activity levels are measured as the proportion of active family offices within each category—generational and entrepreneurial—relative to the total number of family offices in that group. The data reflects year-over-year engagement trends, highlighting the participation of generational and entrepreneurial single-family offices in direct investments over time. While activity levels fluctuate, the findings provide insight into the degree to which family offices across both categories have remained engaged in private markets during each respective time period. By comparing the proportion of generational and entrepreneurial single-family offices that have been active investors within each year, this analysis presents a structured view of direct transaction participation across the family office landscape. The findings illustrate how both types of family offices have allocated capital into private investments over time, offering a perspective on their respective investment activity levels.

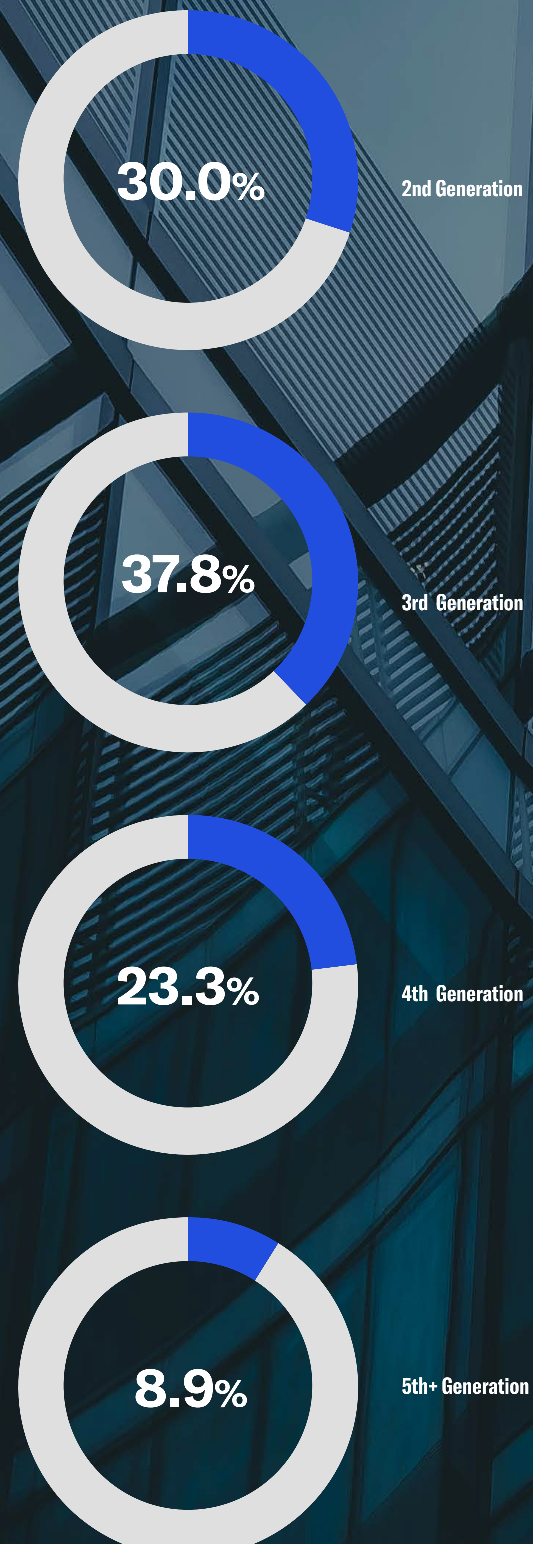
Generational Family Offices Entrepreneur Family Offices

Leadership Across Generations in Generational Single-Family Offices

An analysis of generational single-family offices reveals the distribution of leadership across multiple generations. Leadership is most prevalent within the earlier generations, particularly the second and third generations, where family members remain closely tied to the origins of the wealth and the office's strategic direction. However, a noticeable decline in leadership emerges as family offices transition to fourth-generation leadership and beyond, with significantly fewer family offices under the stewardship of later generations.

This pattern reflects a common challenge observed among ultra-high-net-worth families managing intergenerational wealth. Earlier generations are often deeply connected to the creation and stewardship of the family's wealth, while subsequent generations may face obstacles such as shifting interests, family complexities, or reduced involvement in the original wealth-building activities.

The observed decline in leadership beyond the third generation underscores the importance of proactive succession planning and robust governance structures to maintain continuity and ensure alignment with the family's long-term objectives. This analysis provides valuable insights into how leadership evolves within generational single-family offices and the factors that influence sustainability across generations.



Trends in Mergers & Acquisitions within the Multi-Family Office Ecosystem

Over the past decade, the family office and wealth management ecosystem has witnessed significant mergers and acquisitions activity, with more than 150 deals observed during this period. While activity in the earlier years remained modest, the post-COVID era ushered in a marked increase in consolidation, particularly within the multi-family office and RIA sectors.

This surge in activity reflects the growing need for firms to achieve scale, enhance operational efficiency, and expand their service offerings in response to the evolving demands of high-net-worth families. The post-COVID years stand out as a period of heightened M&A activity, driven by strategic efforts to navigate an increasingly competitive and complex market.

These trends underscore the pivotal role of mergers and acquisitions in transforming the family office landscape. The consolidation observed over the past decade illustrates how firms are adapting to a changing environment, reshaping the ecosystem to better serve their clients and sustain growth.

Top 5 Most Active Family Offices by Acquisition Count

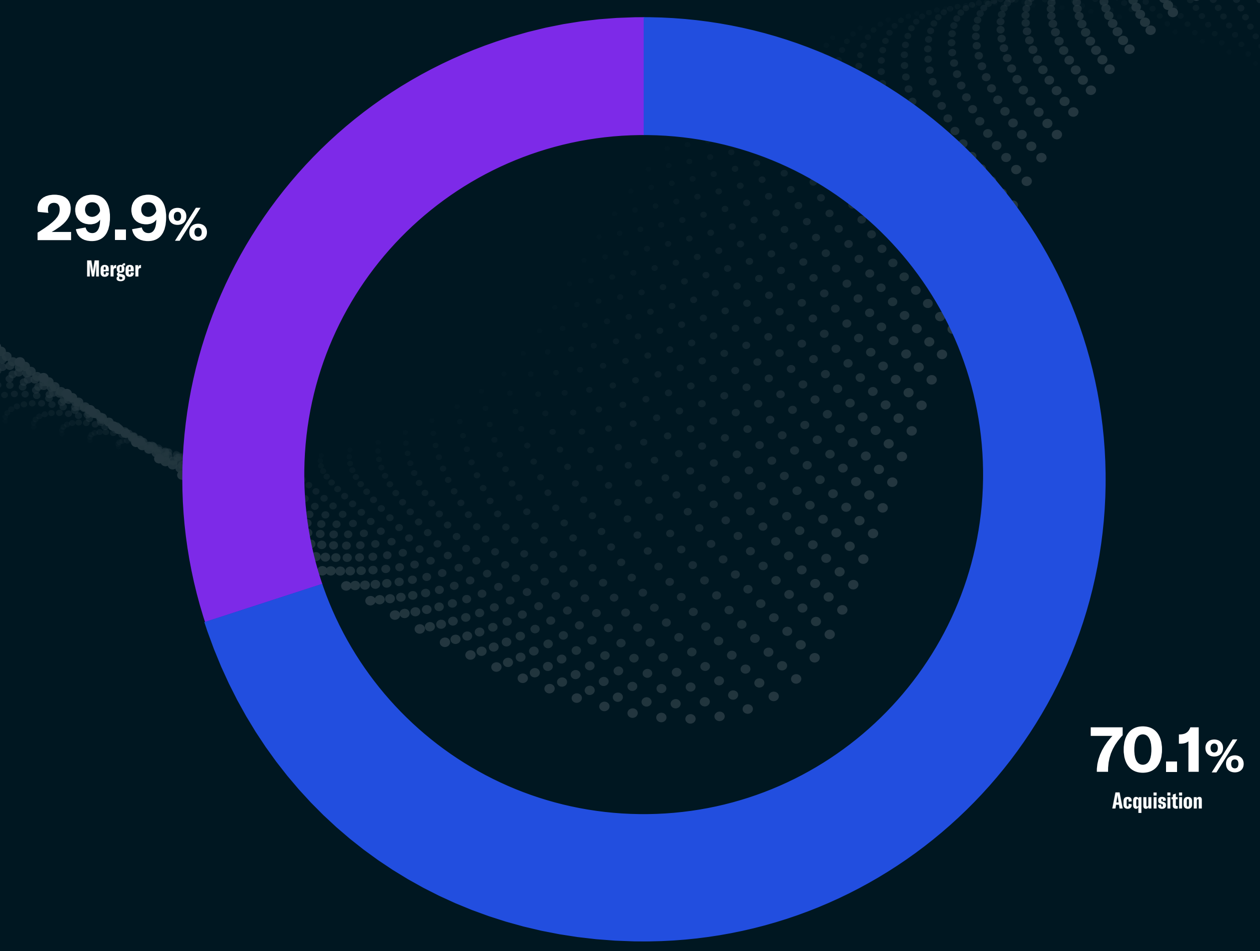
1. Pathstone
2. Cerity Partners
3. Corient
4. Cresset
5. CAPTRUST

A key development within the family office ecosystem has been the activity surrounding mergers and acquisitions between family offices themselves. While much of the broader consolidation in the wealth management space has involved RIAs and multi-family offices, this analysis focuses exclusively on multi-family offices acquiring or merging with other family offices.

The top five most active family offices in this space have established themselves as leaders in driving consolidation within the sector. These firms have strategically expanded their reach by acquiring or merging with other family offices, reinforcing their presence and capabilities in the family office landscape.

This unique dynamic within the family office ecosystem highlights a growing trend of consolidation aimed at achieving greater scale, synergies, and enhanced service offerings for ultra-high-net-worth families. By distinguishing this activity from the broader wealth management industry, these insights provide a clearer understanding of how family offices are reshaping themselves through strategic mergers and acquisitions.

Breakdown Between Mergers vs. Acquisitions



Over the past decade, the family office ecosystem has been shaped by a steady stream of mergers and acquisitions. However, acquisitions have overwhelmingly driven this activity, accounting for the vast majority of transactions. Mergers, while present, have represented a smaller share of the total deals, reflecting the predominant strategy of family offices expanding their capabilities and reach through acquisitions rather than collaborative integrations.

This disparity highlights the emphasis on strategic growth through acquisitions, where family offices seek to consolidate resources, enhance operational efficiency, and broaden their service offerings. While mergers represent opportunities for partnership and shared expertise, acquisitions have emerged as the preferred method for family offices to achieve scale and strengthen their competitive position in a rapidly evolving market. This distinction between mergers and acquisitions offers valuable insights into the strategic approaches family offices have employed over the past decade, shedding light on the transformative impact of these transactions on the family office landscape.

The Evolution of Family Offices

Adapting to Wealth, Complexity and Change

Schwab Advisor Family Office is proud to once again sponsor the FINTRX Industry Briefing Series. The trends highlighted in this report reinforce what we're seeing firsthand: family offices are evolving at an unprecedented pace, driven by rapid wealth creation and growing complexity.

A surge in wealth and complexity

The numbers tell the story. According to Cerulli, there are now nearly 361,000 households with more than $20 million in investable assets, up from 191,000 just four years ago[1]. These families now control more than $17.5 trillion in assets, nearly doubling in the past four years[2]. As wealth expands, so does the intricacy of managing it.

Families today are balancing a delicate mix of private investments, alternative assets, and sophisticated estate planning strategies. They're also managing an expanding portfolio of real assets, from luxury homes to aircraft, each requiring oversight, risk management, and security. Even insurance, cybersecurity, and family governance are becoming more complex.

750,000+

households with $20+ million in assets

The rise of the entrepreneurial Family Office

As wealth grows, so does the demand for tailored family office structures. The FINTRX report shows that 54.4% of single-family offi ces (SFOs) today are built by entrepreneurial families[3]. These families seek privacy, control, and alignment of interests, often opting for an SFO to ensure their advisors focus exclusively on their needs.

54.4%

of single-family offices today are built by entrepreneurial families in assets

However, the traditional lines between SFOs and multi-family offices (MFOs) are blurring. SFOs are increasingly opting for a hybrid model, wherein they retain key personnel to oversee strategy while outsourcing specialized functions like investment management, tax planning, and family education to trusted MFO partners. This shift allows families to maintain control while leveraging outside expertise.

Why MFOs are consolidating

M&A activity in the MFO space has been accelerating. While mergers and acquisitions have long been a fixture in the broader RIA market, deal-making among MFOs is a more recent phenomenon.

Unlike mass-affluent RIAs, where scale and efficiency are the primary drivers of M&A, consolidation in the MFO space is often about filling gaps in service offerings. Some firms are acquiring others to expand into tax planning, estate structuring, or philanthropic advisory. Others are merging to enhance investment strategy or expand global capabilities. The goal isn't just growth; it's about creating more comprehensive, high-touch solutions for UHNW families.

Meeting the needs of today's UHNW families

For UHNW families, time is a precious asset. More than ever, they are looking to their advisors to handle the details—so they can focus on what matters most. But no two families are alike. Unlike the mass-affluent market, where firms can scale standardized services, UHNW families require highly customized solutions. Some families need in-depth tax planning; others prioritize legacy planning and family governance. The challenge is ensuring a seamless blend of expertise, service, and trust.

What Comes Next For Family Offices

One thing is for certain—the relationship between the growth of wealth in America and the creation of SFOs will remain. Add to that reality the fact that complexity continues to rise unabated, and the likelihood that MFOs will prioritize expanded services through building, partnering, or M&A activity only increases. Undoubtedly, those in the family office space will be watching closely.

Learn more about Schwab's exclusive custody officer for family offices. Call 1-877-687-4085 to speak with a Schwab representative.

Paul Ferguson
Head of Relationship Management, Schwab Advisor Family Office

About Schwab Advisor Family Office

With more than three decades of serving ultra-wealthy families and investment advisors, Schwab Advisor Services™ has the deep experience and extensive resources needed for today's single- and multi-family offices. As an industry leader, we combine experts who deliver high-touch service with modern technology. It's why **439 single- and multi-family offices** custody with Schwab[4] and why we are entrusted with **$773 billion** in ultra-high-net-worth household assets[5].

Our mission at Schwab Advisor Family Office is to be the most trusted custodian to investment advisors and family office professionals serving the ultra-wealthy community. Our dedicated team of experts is highly specialized in providing what is most critical to the modern family office. We offer subject matter expertise, curated thought leadership, and bespoke events to fuel the success and ensure the sustainability of the family office firms we serve.

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Advisor Services

1. The Cerulli Report, U.S. High-Net-Worth and Ultra-High-Net-Worth Markets 2024: The Great Wealth Transfer: Capturing Money, exhibit 2.05, Cerulli Associates, December 2024.

2. See note 1.

3. FINTRX Industry Briefi ng Series Part Six: Analyzing Generational vs. Entrepreneurial Single-Family Offices and M&A Trends across Multi -Family Offices.

4. "Family office" is defined as advisor firms that identified as a family office in their ADV filings. Single-family offices that do not file ADVs with the SEC are not included in this number.

5. As of July 30, 2024. Includes assets with Schwab Advisor Services by households with $20 million or more. Schwab does not provide human resources, legal, regulatory, tax or compliance advice. Consult professionals in these fields to address your specific circumstances.

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About FINTRX

FINTRX is a vertically integrated software and data platform that enables wealth professionals, financial institutions, and asset management firms to seamlessly map, access, and sell into the global family office, broker dealer, and registered investment advisor (RIA) ecosystems.

With its advanced AI technology and comprehensive data, FINTRX empowers financial professionals to make more informed decisions, build stronger relationships, and drive business growth. Access to FINTRX data is delivered via its award-winning cloud-based platform, fully integrated iOS mobile applications, and many CRM and API connectors.

750,000+
Registered Reps

30,000+
Family Office Firms & Contacts

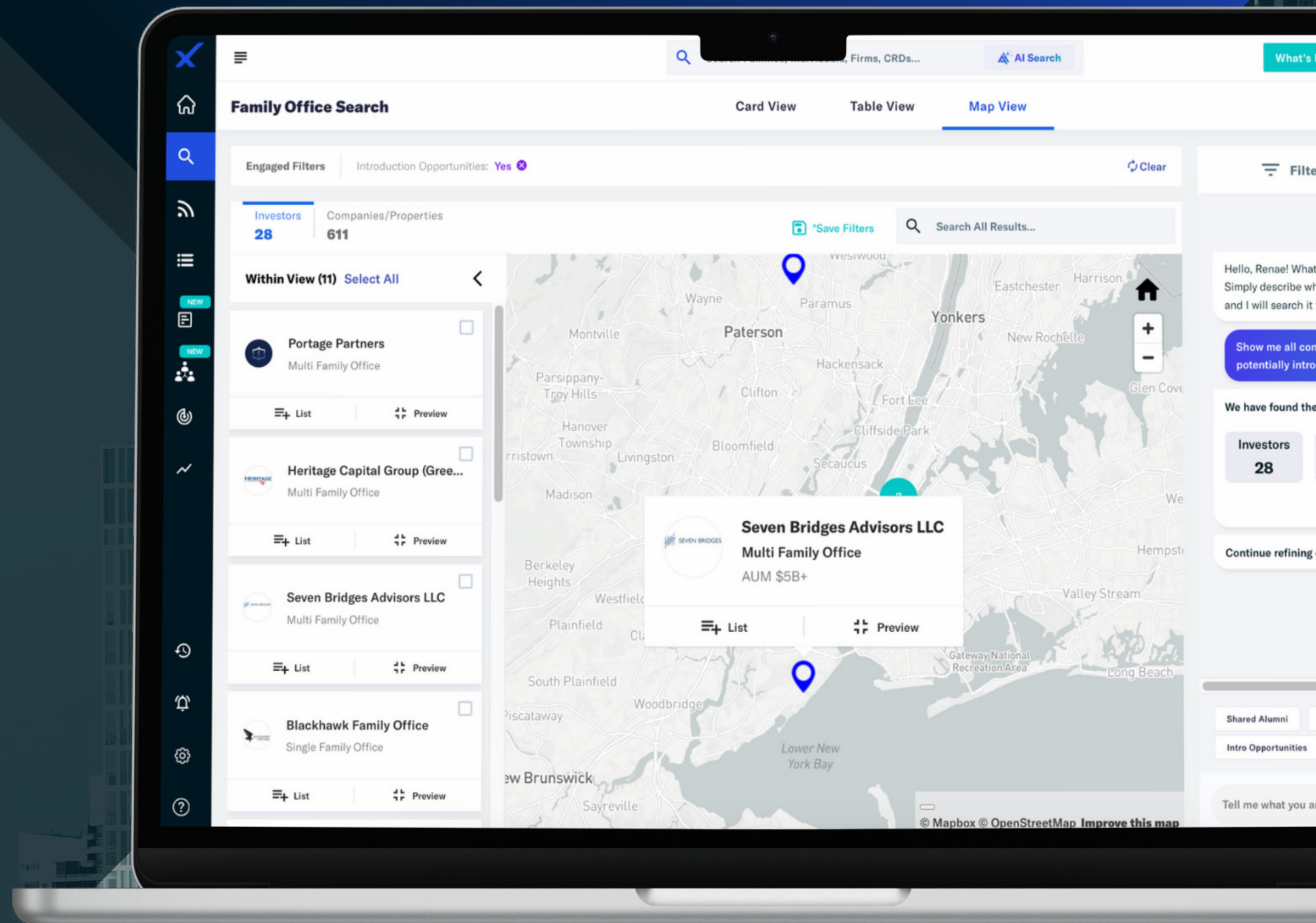
175,000+
Broker Dealer Records

25,000+
RIA Aggregators & Advisor Teams

40,000+
Investment Advisory Firms

5,000+
Foundation & Endowment Records

Learn more at www.fintrx.com



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