



PART ONE

Mapping the location and assets of the Family Office Industry

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INTRODUCTION

Dear Reader,

Welcome to the first edition of our Industry Briefing Series.

I founded FINTRX in 2014 with a mission to provide asset raising professionals access to high-quality Family Office data, and the ability to leverage it in a streamlined manner.

Since inception, FINTRX has compiled over half a million data points on more than **2,750** Family Offices globally, with detailed and continuously updated insights on the nearly **11,000** contacts that work within them.

Today, our platforms are used by hundreds of clients globally – all of whom rely on our breadth and depth of data, our accuracy and attention to detail, and our state-of-the-art technology engineered to provide the research they need.

Continuing our drive to provide the most robust insight on Family Offices, I am delighted to launch our Industry Briefing Series, with Part One looking at the location and assets of the Family Office industry.

Uniquely, all data in these reports has been built bottom-up from our extensive dataset, rather than based on models or small-sample survey data. As a result, for the very first time, we are able to share robust insights into this hard-to-reach, yet economically highly significant sector.

I'd like to take this opportunity to thank Eddie Brown from Charles Schwab, for taking the time to share their thoughts with us in this report. Their support and contribution are invaluable.

Best wishes,



Russ D'Argento
Founder & CEO





THE HISTORY AND LANDSCAPE OF FAMILY OFFICES

Pioneered by the family of J.P. Morgan and the Rockefellers in the 19th Century, Family Offices have blossomed from a cottage industry into a substantial player within the private capital markets. Over the past 50 years, the number of Family Offices across the globe has risen substantially, becoming the preferred vehicle for the ultra wealthy to organize, invest, and direct their net worth.

Family Offices are typically private unregulated companies, constructed to manage the wealth and investments of individuals and families with over \$100m of investable assets. As their name implies, Single Family Offices (SFOs) manage the wealth of a single family and serve to centralize the management of investments, taxes, philanthropic activities, trusts, and legal matters. Multi Family Offices (MFOs) are designed to look after a number of families, by allowing the wealthy to leverage the infrastructure and investment talent already being used by other families. This approach can greatly simplify the process and limit time spent by a wealthy family when attempting to setup an entity to advise the direction of their assets.

Family Offices often fly under the radar and face little regulatory oversight. This creates a landscape that is difficult to assess and measure. The result is an ecosystem which is difficult to track in terms of size, numbers, and assets. At FINTRX, we believe that there are approximately **3,500 - 5,000** Family Office in the world, that have one or more employees, \$100M or greater in investable assets, and have some form of external investment activity.

Of these, we estimate that **35%** are Single Family Office and **65%** are Multi-Family Offices.

35%

Single Family Offices (SFOs)

65%

Multi-Family Offices (MFOs)



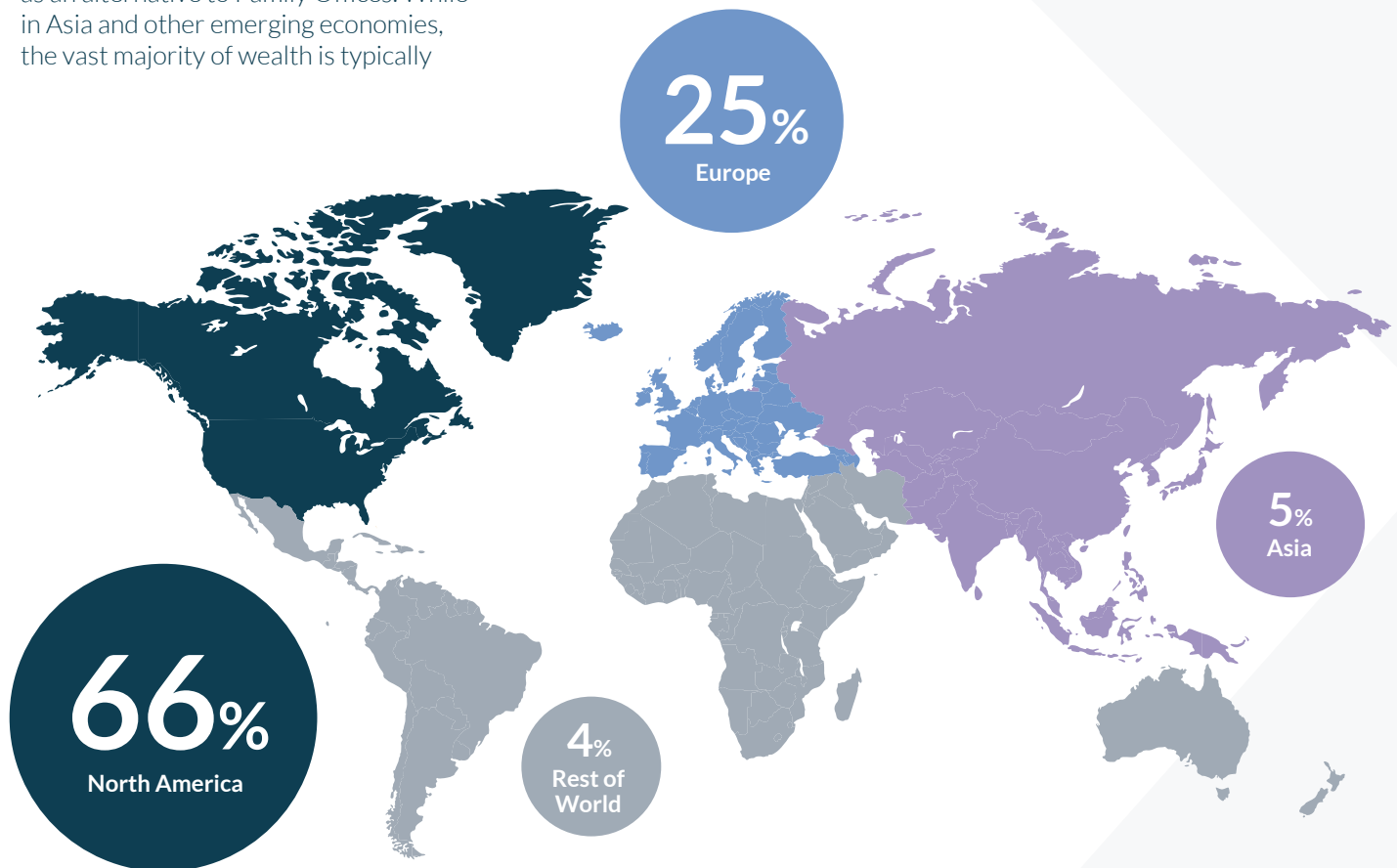
The location of Family Offices around the world

Today, approximately two-thirds of SFOs and MFOs are in North America. Approximately one quarter are in Europe and the remaining 9% are in Asia and the Rest of the World.

With an estimated **35-40%** of the world's billionaires and ultra-wealthy, it is not surprising that North America would be the region with the most Family Offices. However, its comparative over-representation (and comparative under representation in Europe and Asia) can be explained by a number of factors. First, Europe has a long and established tradition of private banking, as an alternative to Family Offices. While in Asia and other emerging economies, the vast majority of wealth is typically

less than two generations old. What's more, much of this wealth is tied up in actively managed businesses, with inter-generational management and transfer of wealth still some years away.

That said, the steepest rate of growth within the Family Office space is outside of North America, as they fast become the investment vehicle of choice for the world's wealthiest. Family Offices now have the capability and appetite to conduct transactions on a par with established investment companies and private equity firms.

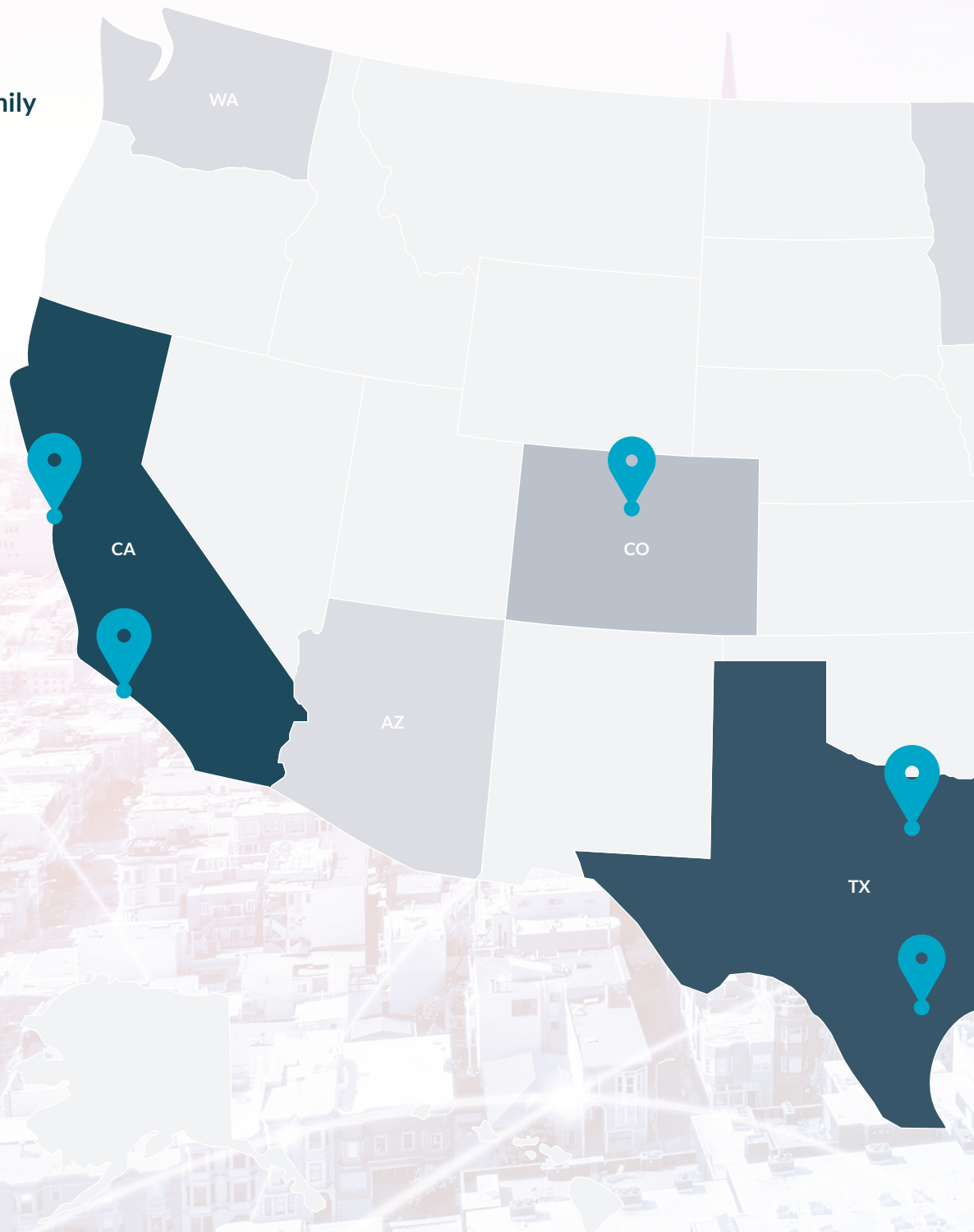


Regional distribution of Family Offices

IN FOCUS: THE UNITED STATES

Top 20 locations of Family Offices by US State

NY	20.0%
CA	15.0%
TX	8.0%
FL	6.2%
IL	5.8%
MA	5.1%
PA	4.6%
CT	3.7%
CO	2.8%
OH	2.5%
GA	2.2%
NC	2.0%
VA	2.0%
NJ	1.9%
MD	1.8%
WA	1.7%
MN	1.6%
MI	1.3%
MO	1.3%
AZ	1.1%





Top 10 cities of Family Offices in the US

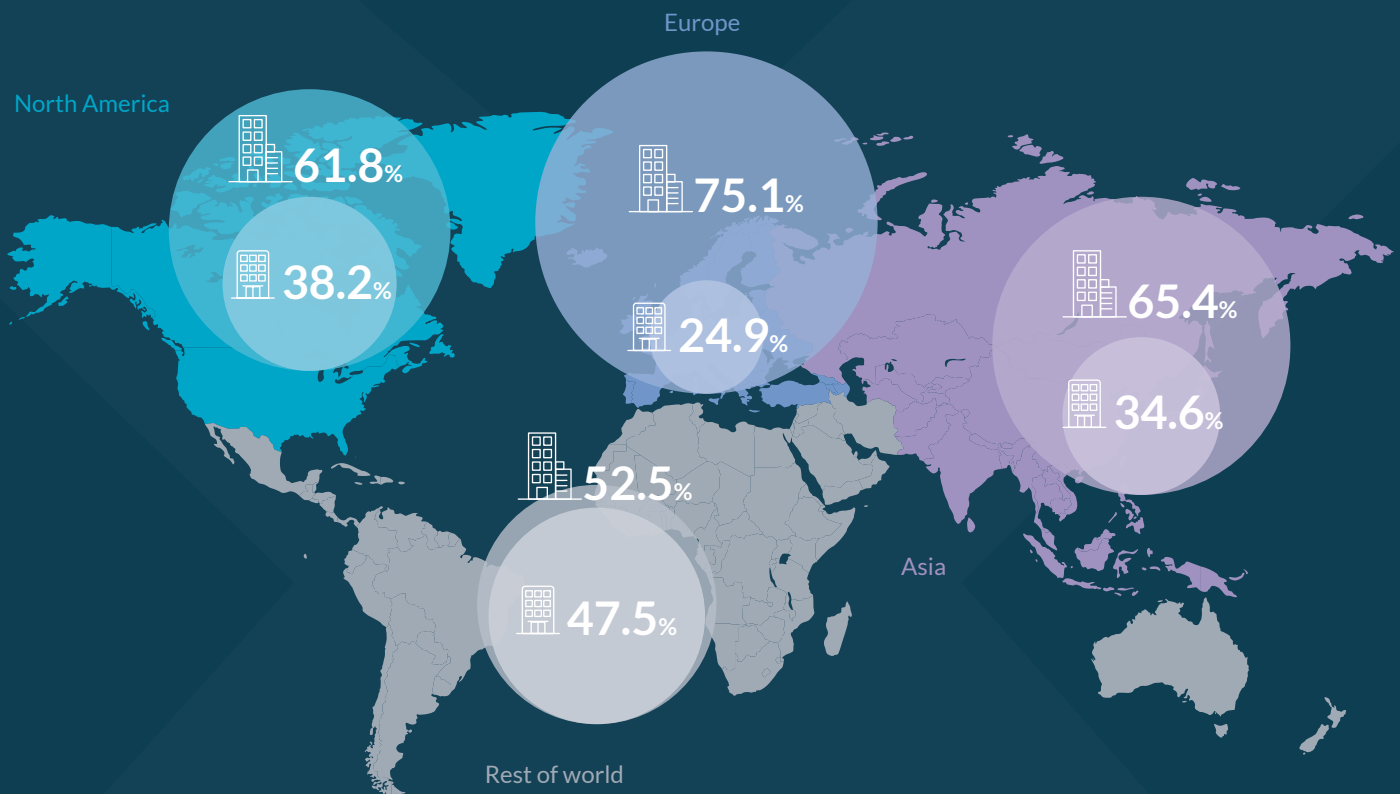


New York	18.0%
Chicago	3.9%
Dallas	3.4%
Los Angeles	3.3%
San Francisco	3.1%
Boston	3.0%
Miami	1.6%
Atlanta	1.6%
Houston	1.5%
Denver	1.3%

THE DIFFERENT TYPES OF FAMILY OFFICE BY REGION

Across the Family Offices we track, there is a higher incidence of MFOs in Europe compared to North America and Asia.

We conclude that North America's longer heritage of SFOs is a large driver of this delta. However, in Europe, there has been a greater number of SFOs that have opened their doors to other families within a MFO structure, often sharing the costs to create greater collective investment capabilities.



Type of Family Office by Region

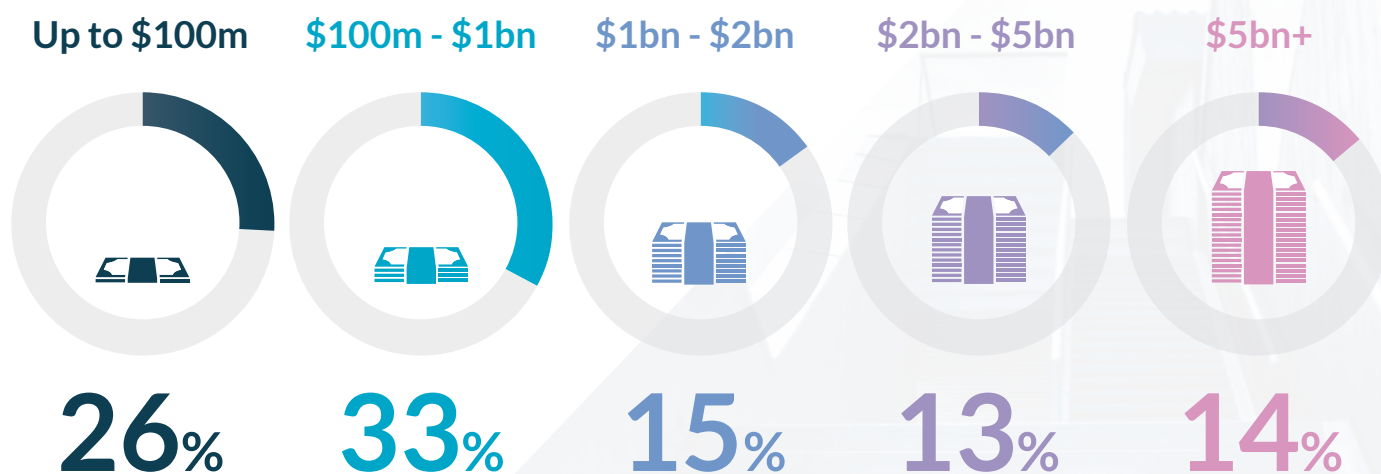


ASSETS UNDER MANAGEMENT

42% of the Family Offices we track have Assets Under Management (AUM) of more than \$1bn. Approximately **74%** of these are MFOs, higher than the general incidence of MFOs at **65%**, which is understandable given that they are looking after the wealth of more than one family and thus often a larger total amount of assets.

Family Offices with more than \$1bn in AUM are slightly more likely to be located in North America, and **16%** of all Family Offices with more than \$1bn are located in New York.

Looking at those Family Offices with up to \$100m AUM, over half of these are SFOs (**52%**) and almost all of them are located in North America.



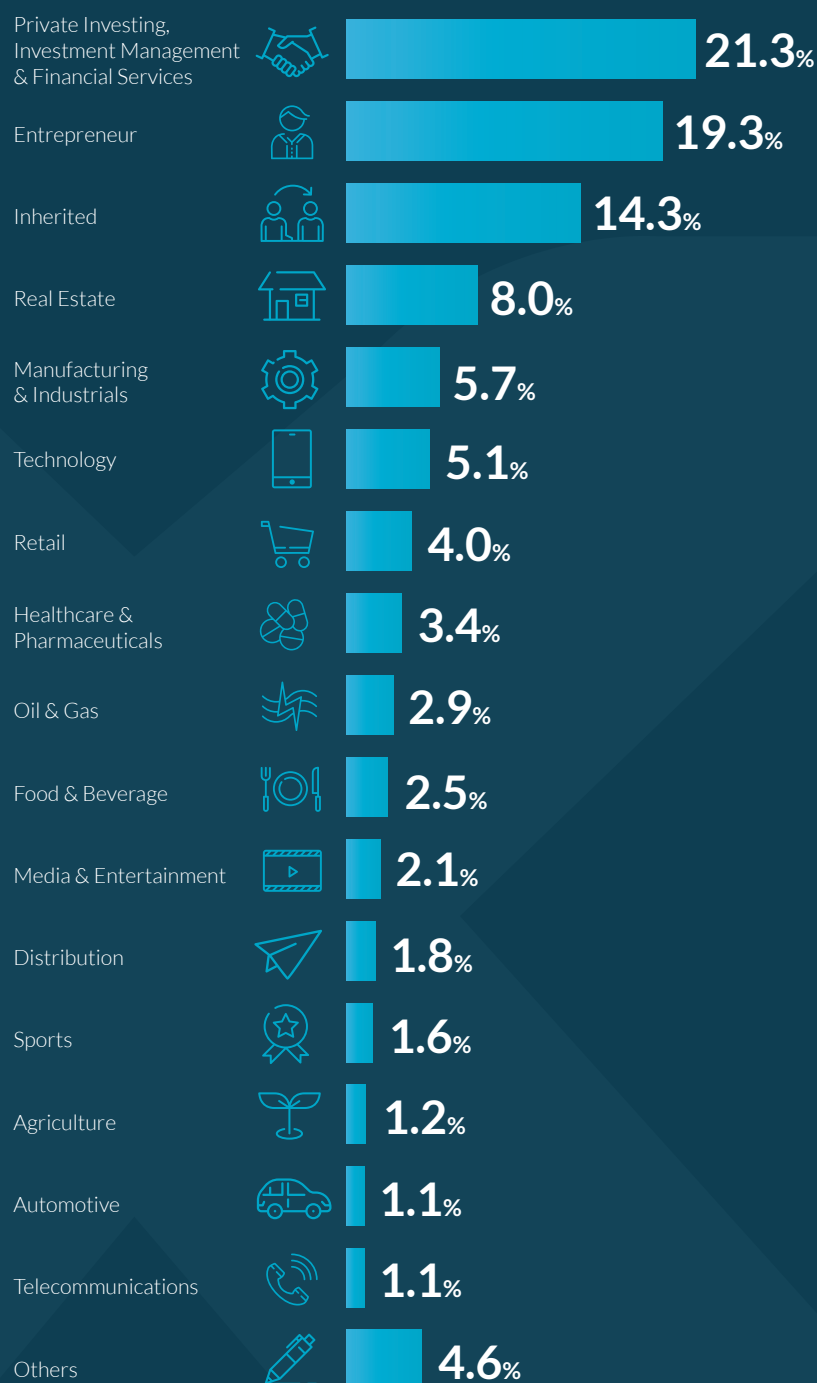


INDUSTRY ORIGIN OF WEALTH

Understanding the industry or way in which the principal made his or her wealth is often an important insight into how the Family Office might operate and deploy future capital.

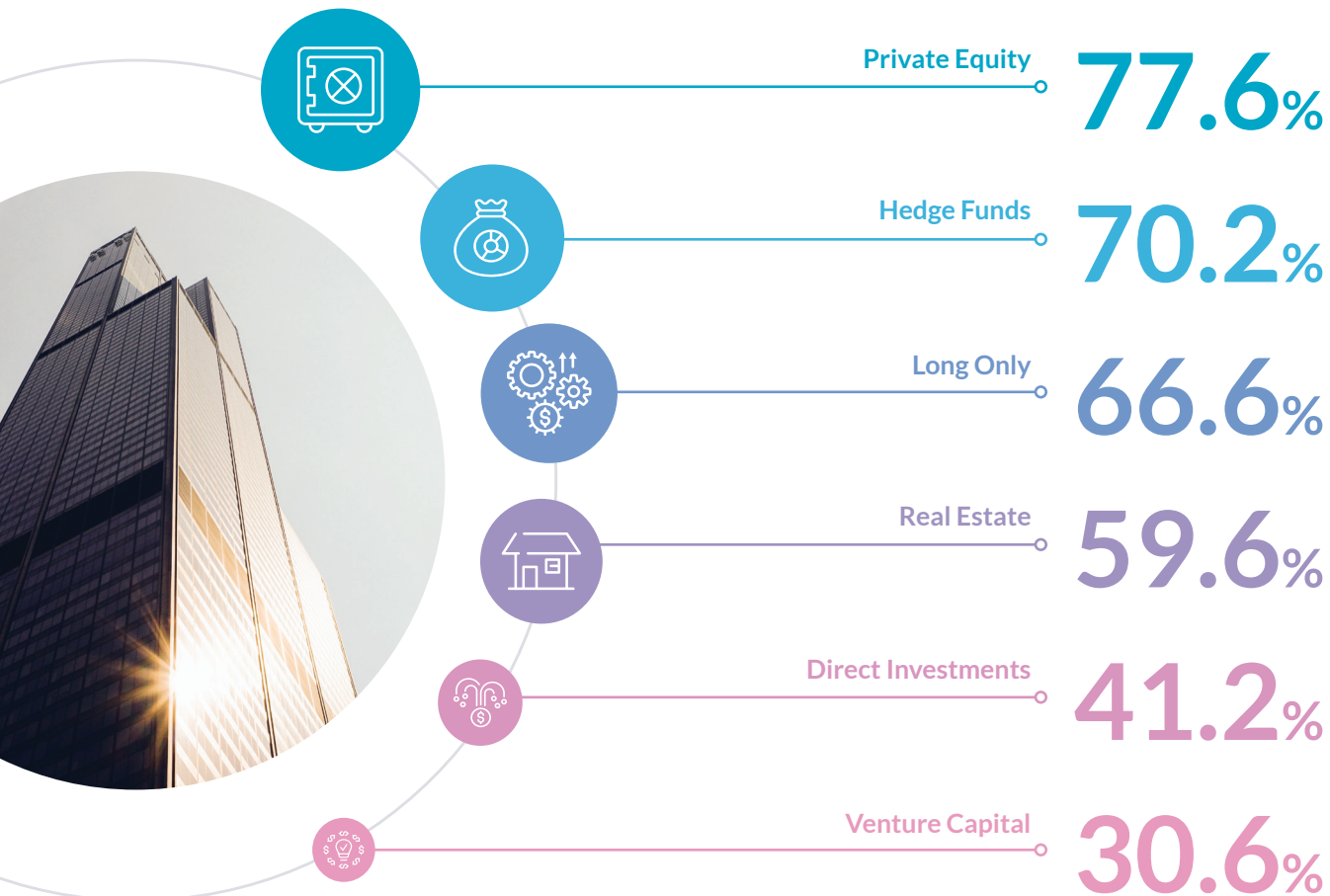
The largest single group is those who have made their wealth in financial services and investing, at just over **21%**. Next are serial entrepreneurs, comprising just under **20%**. The individuals in this segment have founded and sold multiple businesses throughout their lifetime. The next largest segment is comprised of those with inherited wealth, at just under **15%**.

The Family Offices managing the wealth of such diverse contexts may well operate and invest very differently. For example, it is often the case that Family Offices with a principal who made money in these industries would seek to leverage his or her expertise and make a greater number of additional investments in and around the industries that they know well.



FAMILY OFFICE ASSET EXPOSURE

Proportion of Family Offices invested in each asset type



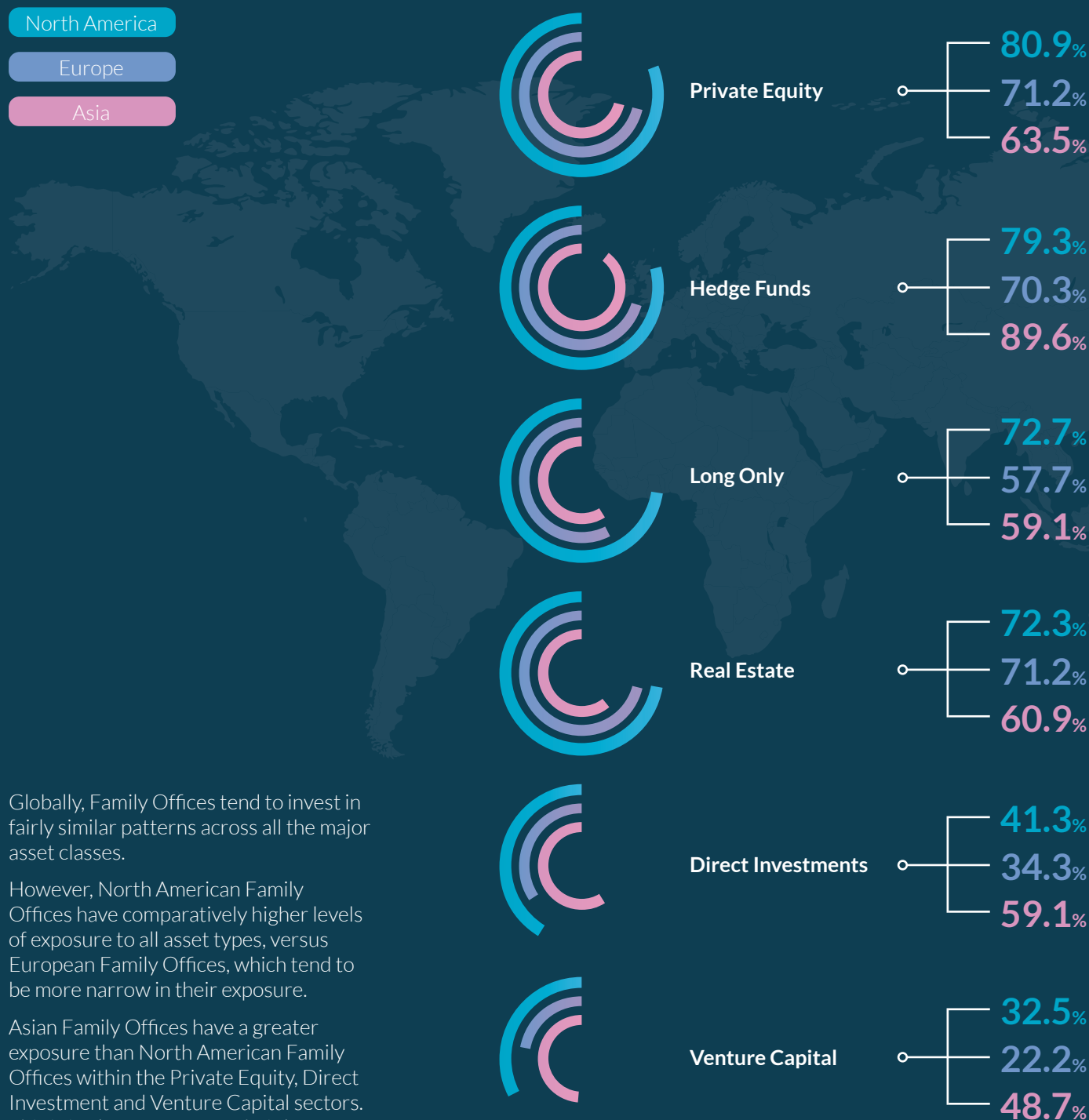
A core function of a Family Office is to centralize the investment activities of a wealthy family or group of families. Single Family Offices give investors essentially complete control, and because the investment advice from the team running the Family Office is confined to a single individual and/or his or her direct descendants, there is no requirement to be regulated.

Multi Family Offices allow for a number of families to invest together, enabling them to collectively engage in a wider range of more aggressive and ambitious strategies.

From a fund-raising perspective, Family Offices are increasingly being seen as ideal investors: offering efficiency and streamlined decision-making, large individual check sizes, and often a high degree of flexibility compared to typical investors.

More than three-quarters of Family Offices are invested in Private Equity, and over two-thirds are invested in Hedge Funds. Whilst nearly 60% have investments in Real Estate, it's notable that both Private Equity and Hedge Funds, typically riskier but offering higher returns, are more widely allocated to.

Comparison of asset exposure by region



Globally, Family Offices tend to invest in fairly similar patterns across all the major asset classes.

However, North American Family Offices have comparatively higher levels of exposure to all asset types, versus European Family Offices, which tend to be more narrow in their exposure.

Asian Family Offices have a greater exposure than North American Family Offices within the Private Equity, Direct Investment and Venture Capital sectors. This is in clear contrast to their lower exposure to Long Only and Real Estate.

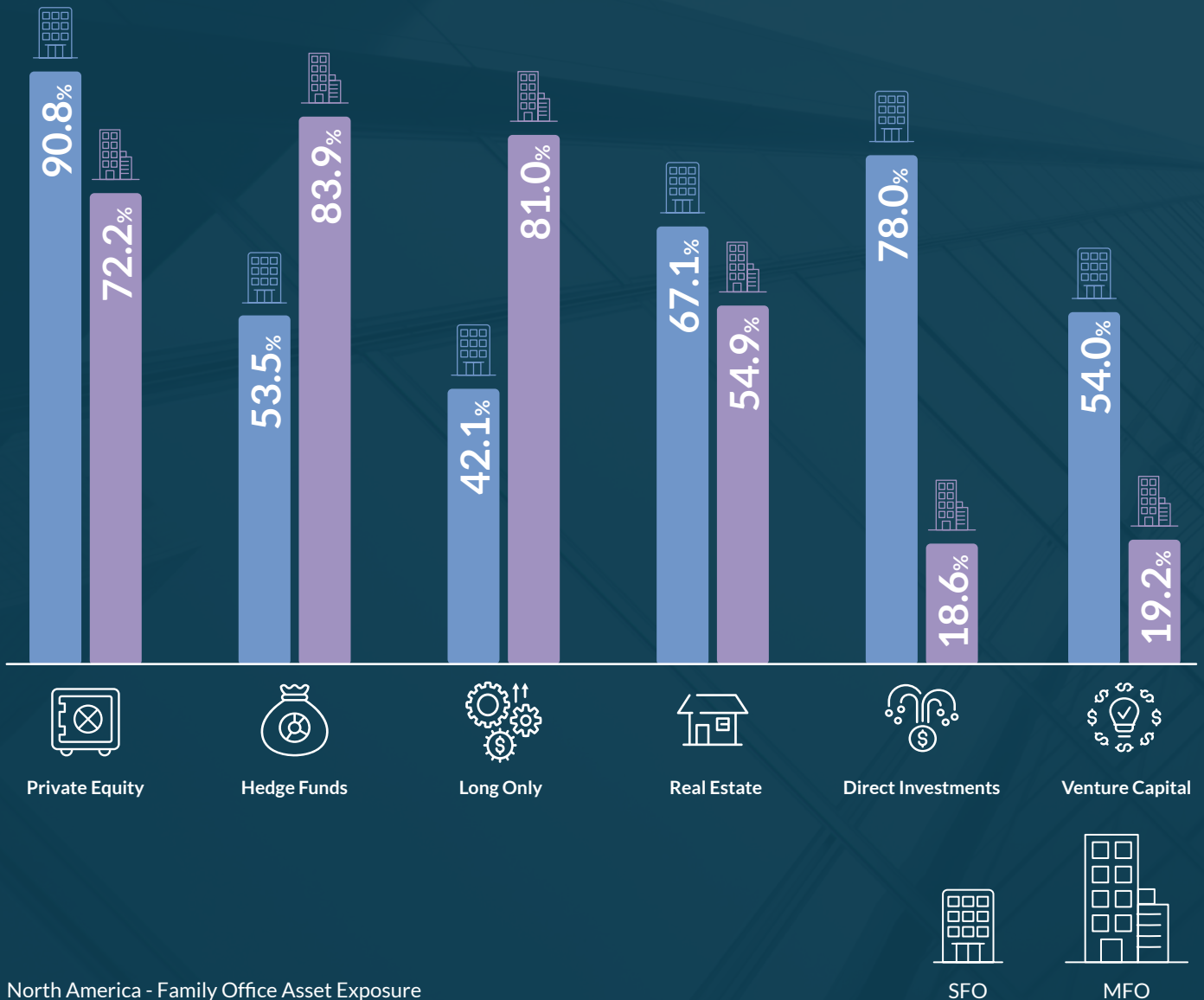
IN FOCUS: THE UNITED STATES SFO VS. MFO

Focusing specifically at North American Family Offices, considerable variations emerge between SFOs and MFOs.

SFOs have a substantially lower exposure to Long Only funds and Hedge Funds, with far greater exposure to Private Equity, Direct Investments (Private Deals) and Venture Capital.

In contrast, MFOs have a much greater exposure to Long Only funds and Hedge Funds, and a much lower exposure to Direct Investments and Venture Capital.

Such disparity is particularly important for fund-raising professionals, who must understand and appreciate the different dynamics and capabilities of SFOs versus MFOs both generally and individually.



Modernizing the family office

With Eddie Brown, National Managing Director and Head of Schwab Advisor Family Office

Q: Hello, Eddie. Could you tell us a little bit about yourself and your background?

A: First of all, I would like to congratulate Russ and his FINTRX team on the launch of the Industry Briefing Series, which provides valuable research and insight into the family office community. We are a proud sponsor. It is our responsibility as a leader in the industry to provide thought leadership that empowers family office professionals to enrich the lives of some of the most successful families in the world.

I joined Schwab Advisor Family Office in March 2018 and feel fortunate to have spent the last 25 years in financial services, partnering with the advisors and family office professionals who support ultra-high-net-worth families. I'm honored to serve in a national role, leading our family office business and representing Schwab's values of seeing everything through our clients' eyes. Above all, I believe in building strong and trusted relationships with families and the best professionals in our industry. When we share our collective learnings, we can help simplify the complex challenges and opportunities that wealth creates.



Eddie Brown

National Managing Director and
Head of Schwab Advisor Family Office

Q: Schwab Advisor Family Office is new to this space. Why enter now?

A: This is not a new business for Schwab. In fact, we have been partnering with advisors and family office professionals who serve the ultra-affluent for decades. At Schwab Advisor Services, we custody \$378 billion across ultra-high-net-worth households, primarily held with 288 family offices. The needs of today's modern family office are changing at a rapid pace. By creating a unit dedicated to family offices, we are leveraging our scale, resources, and deep expertise to advance how we serve family office firms. With an eye toward the future, we empower our people and develop technology that helps advisors and family office executives provide the best possible outcomes for generations to come.

One of our priorities with Schwab Advisor Family Office is cultivating a thriving family office community. We bring together this community to create meaningful connections, which is at the heart of everything we do. Our recent Family Office Symposium in New York, themed "Staying Ahead Together," is an example of the bespoke events we curate to highlight trends, insights, and opportunities.

Q: You use the term "modern family office." What does this mean?

A: Family offices have been in existence for centuries, and they are constantly evolving. A family office can be defined in many ways, but most agree there are two primary types: the single-family office and the multi-family office. They are not mutually exclusive, and we are seeing a convergence of the two working together. The modern family office is a highly customized wealth management solution. It has expansive internal and external resources that are aligned to meet the ever-changing needs of current and future generations. At Schwab, we support all kinds of family offices, which gives us great insight into emerging models and services.

The number of global ultra-wealthy families is on the rise, and so are their expectations and options for managing wealth.

The modern family office is structured to respond to this need for expanded services, which is why it has become the preferred alternative to a traditional private banking or wirehouse relationship.

Q: Where do you see family offices evolving? What big trends do you see?

A: We believe family offices will continue to grow globally to meet the needs of a growing population of ultra-wealthy families. The level of sophistication of today's investor is higher than ever before. These families are seeking objectivity and transparency in managing their wealth as a business. We learned in Schwab's most recent high-net-worth study the importance of a clear fee structure and how critical it is to investors that advisors always put their best interest first. Family offices are purpose-built for these reasons.

As the family office market expands, a talent war is growing. The competition to attract and retain top professionals for both single- and multi-family offices has intensified. This is compounded by the need to nurture the next generation of leadership for succession planning in these firms. The most successful modern family offices are addressing these challenges by investing in their people and establishing attractive incentive plans. It's also increasingly important that the values of these family offices are aligned with the personal values of their employees—and the families they serve. This way, each stakeholder is working toward a larger purpose and a cohesive vision.

We look forward to sharing additional trends, insights, and opportunities with FINTRX in the next series. Thank you!

Learn more about Schwab's exclusive offer for family office professionals. Call 877-687-4085 to talk with a Schwab representative.

About Schwab Advisor Family Office

With more than three decades of serving ultra-wealthy families and 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 **288 single- and multi-family offices** custody with Schwab and why we are entrusted with **\$378 billion** in ultra-high-net-worth household assets.

Our mission at Schwab Advisor Family Office is to be the most trusted partner to 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.



Advisor Services

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Independent investment advisors are not owned by, affiliated with, or supervised by Schwab.

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ABOUT FINTRX

Launched in early 2014, FINTRX is the preeminent Family Office data and research solution.

Our platform combines over half a million data points on **11,000+** Family Office professionals and more than **2,750** unique Family Offices globally. Built with the asset raising professional in mind, FINTRX features state-of-the-art data exploration and visualization tools, engineered to provide the most efficient and effective means of targeting Family Office LPs.

Today, FINTRX serves hundreds of clients globally via our core FINTRX LP platform and via our FINTRX Buy-Side Edition.

FINTRX LP provides detailed insight into each Family Office - including background, contact information, origin of wealth, investment interest, AUM and more. It is continuously updated, guaranteeing you have the most comprehensive and accurate data at your fingertips.

FINTRX Buy-Side is designed for our PE, VC, investment banking & private company clients, and provides detailed investment history in addition to all the core Family Office data available within FINTRX LP. Built to offer transparency with regard to direct investment activity within the Family Office sector, FINTRX Buy-Side monitors amount invested, stage of investment, sectors, industries, and much more.







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