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## **New Family Office Exchange Study Finds Family Offices Staffing Up for Direct Private Equity Investments**

*Fifty-seven percent of family offices have two or more people dedicated to sourcing and vetting direct deals*

**CHICAGO, May 3, 2017** – Family Office Exchange (FOX), the leading global membership organization for family enterprises and their key advisors, recently published the results of the **2017 FOX Global Investment Survey**. Among the findings is that 81% of family offices have at least one person working full time sourcing and evaluating direct investments with 51% devoting two or more people to this activity full time.

“Since the financial crisis, we have seen families looking for alternatives to traditional equity and bond investing and reassessing their hedge fund allocation,” said Sara Hamilton, founder and CEO of FOX. “Direct investing gives family offices the opportunity to invest - as a lead or co-investor - in companies they know well, and where they, on average, expect double digit returns.”

Kristi Kuechler, President of the FOX Private Investor Center said, “The families focusing on direct private investing typically choose to build out their own in-house staff. Of the 118 survey respondents, the average staff of the family office is 13 full time employees, with three involved in the investment process, and 2 of those 3 focused on sourcing and evaluating direct investments.”

Other study findings include:

1. The overall sample reported a 7.2% portfolio return for 2016, which 64% said was a satisfactory result. For comparison, the MSCI All Country World Index returned 8.2% and the S&P 500 returned 9.5% in 2016.
2. Natural resources, including commodities, had the best return of the reported asset classes at 15% average return. Domestic Equities were next at 13%, followed by real estate at 9% and Direct Private Equity Investments at 8% average returns.
3. 57% of families intend to increase their direct investments in operating businesses or real estate in 2017. Demonstrating the accelerating interest in direct investing among family offices, of the 70 family offices that shared allocation data, the average allocation to direct investments in private equity was higher than through private equity funds (7% vs. 5%) at the end of 2016.
4. Of the family offices that are allocating more than 20% of their assets to Private Equity, the trend is even more dramatic in favor of direct investments vs. funds with average allocation to direct investments at 22% direct vs. 8% via funds. These private equity-

focused family offices demonstrated higher overall performance than the survey as a whole at 10% vs. 7.2% average.

5. More families are moving beyond a “single pie chart” and segmenting their portfolios with different asset allocations to support different goals or risk profiles, with 58% reporting doing so.

This annual survey of investor attitudes and behaviors provides a peer perspective from 118 family offices on asset allocation and investment performance, passive versus active investing in long-only equity, investment trends, current economic outlook, and financial challenges for 2017.

### **About Family Office Exchange**

Family Office Exchange (FOX) is the premier global member network for enterprise families and their advisors who are pursuing best practices for managing their family enterprise and growing their family wealth. The community includes over 8,000 family leaders and sophisticated advisors from 500 organizations in 20 countries who utilize FOX’s resources each year for advice, networking, education, and best practices in wealth management.

FOX is headquartered in Chicago with offices in New York, San Francisco, and Sydney. For more information about FOX, email us at [info@familyoffice.com](mailto:info@familyoffice.com) or visit [www.familyoffice.com](http://www.familyoffice.com).