

State of the Business:

Rise of the Family Wealth Advisor



Jaleigh White
Director
Baird Family Wealth



David F. Toth
President of Membership
FOX

State of the Business: Key Themes

- 1) Health of the business remains robust with no major headwinds in sight.
- 2) The UHNW market continues its rapid growth while it is being transformed by changing attitudes toward wealth.
- 3) Growth is fueling an ever-expanding demand for more services as well as greater expectations of providers.
- 4) Emergence of the Family Wealth Advisor role is a product of the need to focus on the UHNW family's complex wealth and their well-being.

Rise of the Family Wealth Advisor

- Checking in on the Health of the UHNW Business
- Trends in Family Wealth
- Rise of the Family Wealth Advisor

Question #1

Q : What are your expectations for continued growth in the UHNW business? (select one answer)

- A) Continuation of strong growth
- B) Will still grow, but slower
- C) Growth is not likely to continue

Health of the UHNW Business

Confidence in Growth Across Key Metrics Persists

Percent of firms that experienced and anticipate growth

	Experienced growth in 2023	Anticipating growth in 2024
Revenue	73%	82%
Sales	66%	77%
Pricing on services	52%	59%
Pricing on AUM	28%	28%
Total FTE staff	56%	66%

Source: 2024 FOX Multi-Family Office and Wealth Advisor Study

While Operating Margins Remain Strong and Stable

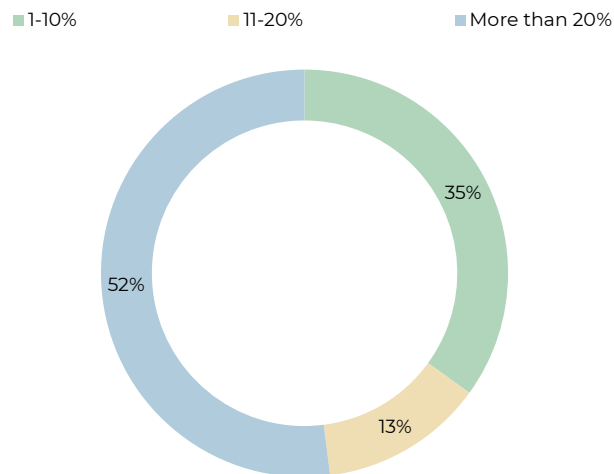
	Mean	Median
2022	31	30
2023	32	30



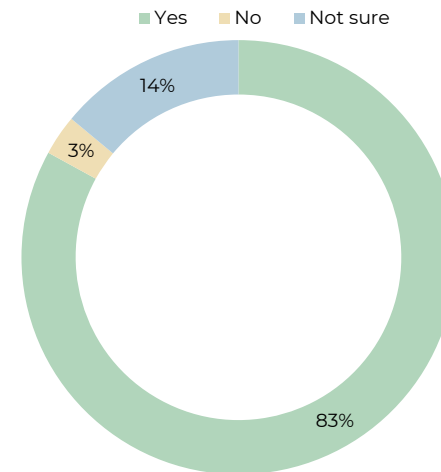
Source: 2024 FAMILY WEALTH ADVISOR SURVEY, n=51

Recognition that Serving Family Offices is Becoming an Important Contributor to that Growth

What percentage of your business comes from offering services to family offices?



Are you considering offering any services to family offices in the future?



Source: 2024 FAMILY WEALTH ADVISOR SURVEY | CHART PACK. n=72

Robust M&A Activity is Another Indicator of Business Health

Exhibit 1. Wealth Management M&A Deal Volume Achieves 2nd Highest Q2 on Record



Source: Company Reports, SEC IARD, ECHELON Partners Analysis

2024 is on Pace for
The **2nd Highest**
Annual Deal Volume
on Record

Persistent Need for Talent and Leadership is Impacting M&A and Succession Planning

Buyer Goals: Talent Tops the List

If your firm were to acquire an RIA, what would be the main drivers?

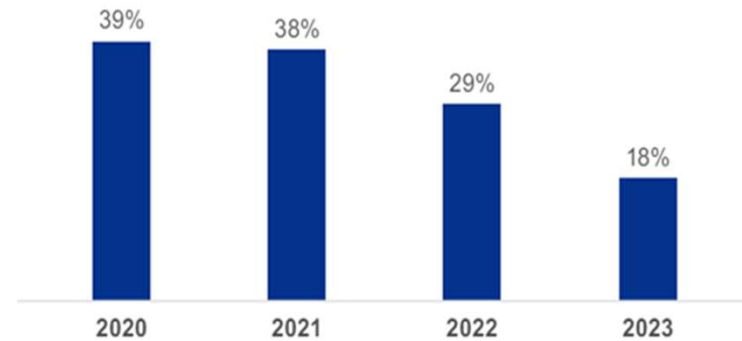


Source: 2023 DeVoe RIA M&A Outlook Report

This chart represents partial findings. See 2023 DeVoe RIA M&A Outlook for full results.

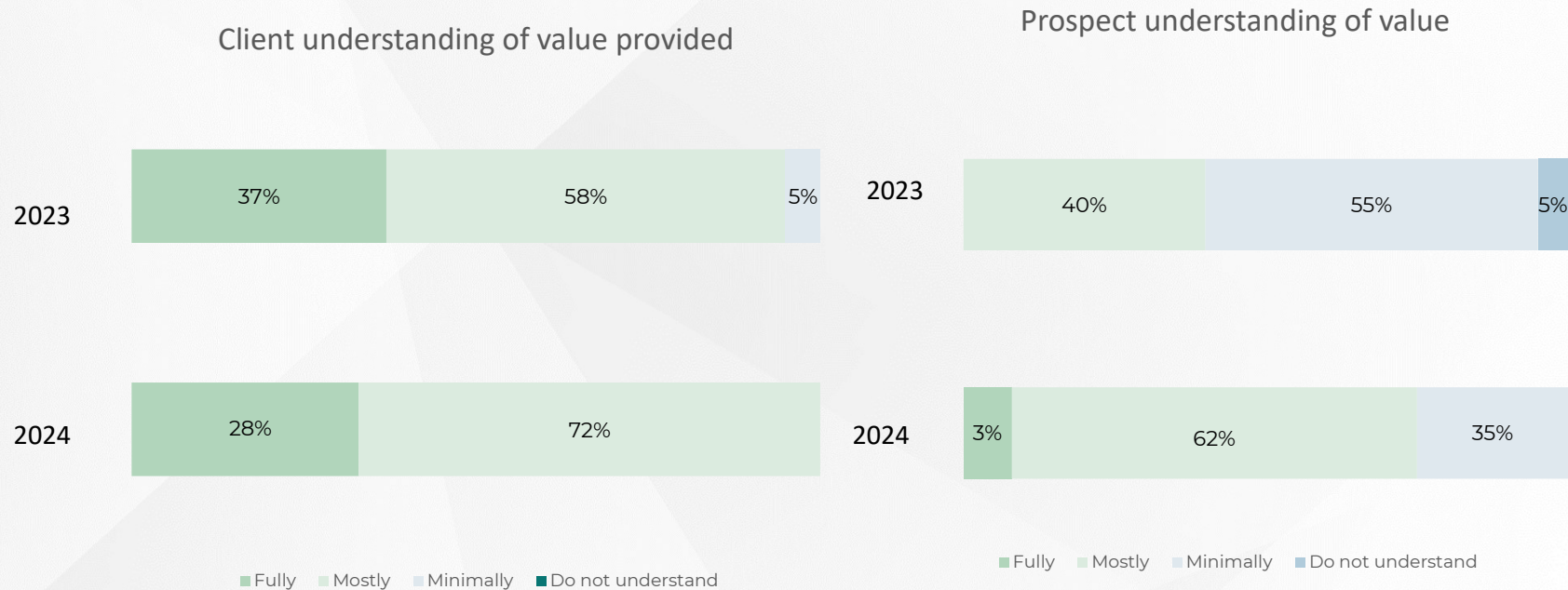
NextGen Affordability Index Plunges

Percentage of RIA executives confident of NextGen's capacity to buy out founders



Source: 2023 DeVoe RIA M&A Outlook Report

Firm's Evolving Value Proposition May Be an Increasing Challenge to Articulate to Clients



Source: 2024 FOX Multi-Family Office and Wealth Advisor Study

Trends in Family Wealth

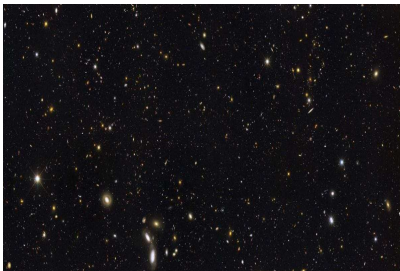
Audience Question #2

Q: What is your biggest challenge as it relates to dealing with UHNW Family clients? (choose any or all that apply)

- A) Engaging rising generation family members
- B) Navigating family dynamics
- C) Educating and coaching family members
- D) Addressing conflict or tension
- E) Succession planning

Trends Transforming Family Wealth Management

Arrival of “The Wealth Big Bang”



Reconstruction of the Investment Portfolio



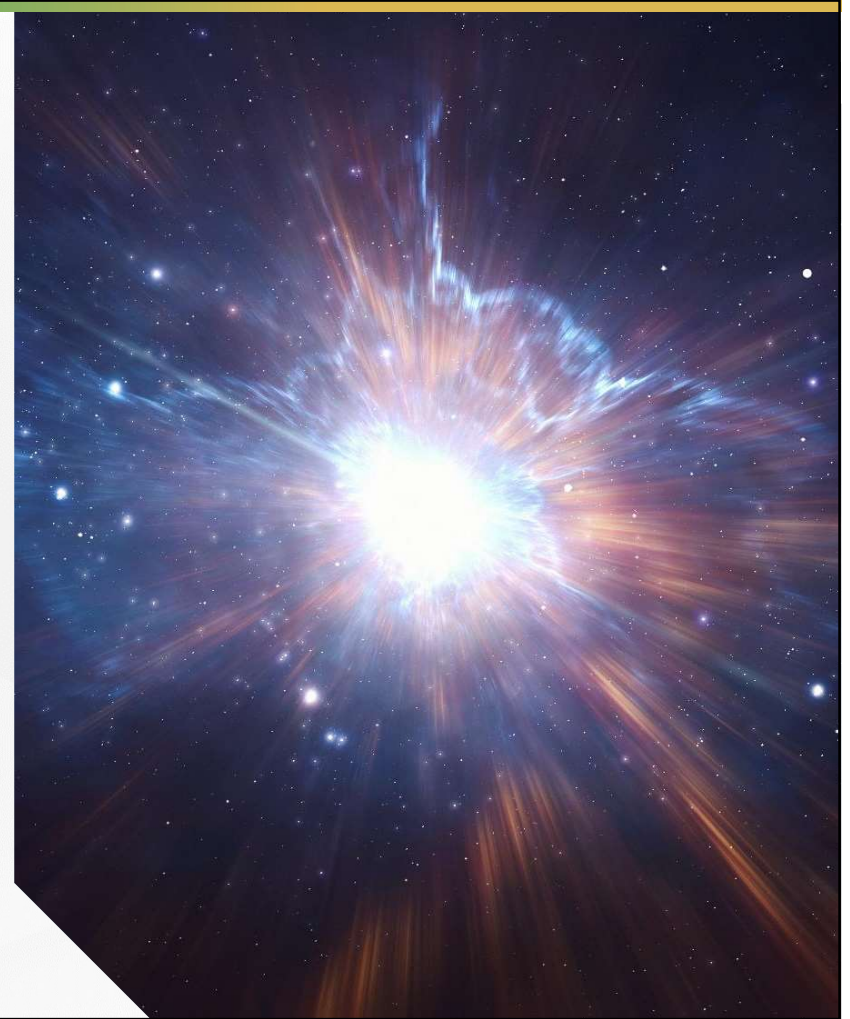
Changing Attitudes Toward Wealth



“The Wealth Big Bang”

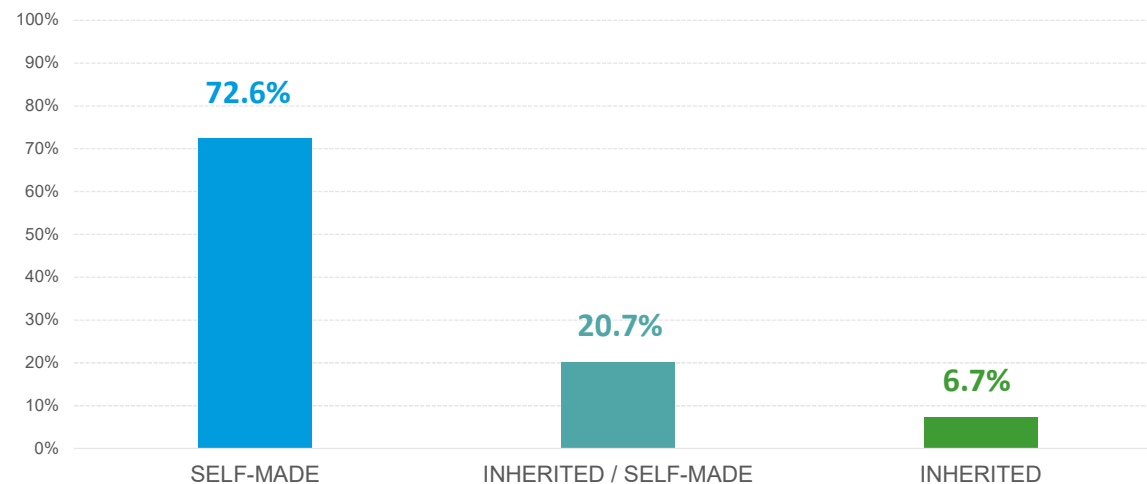
- Created **\$86.8 trillion of wealth**, but took less than 50 years.
- From a mundane existence 40 years ago, it has now **exploded into a complex and dynamic environment** with a rapidly growing number of participants and stakeholders.
- With **\$80T of wealth transference occurring**, the impact of decisions now will be felt for many generations.

Sources: CapGemini, Wealth X, Cerulli



The “Wealth Big Bang” is Driven by Growth and Transference of Wealth

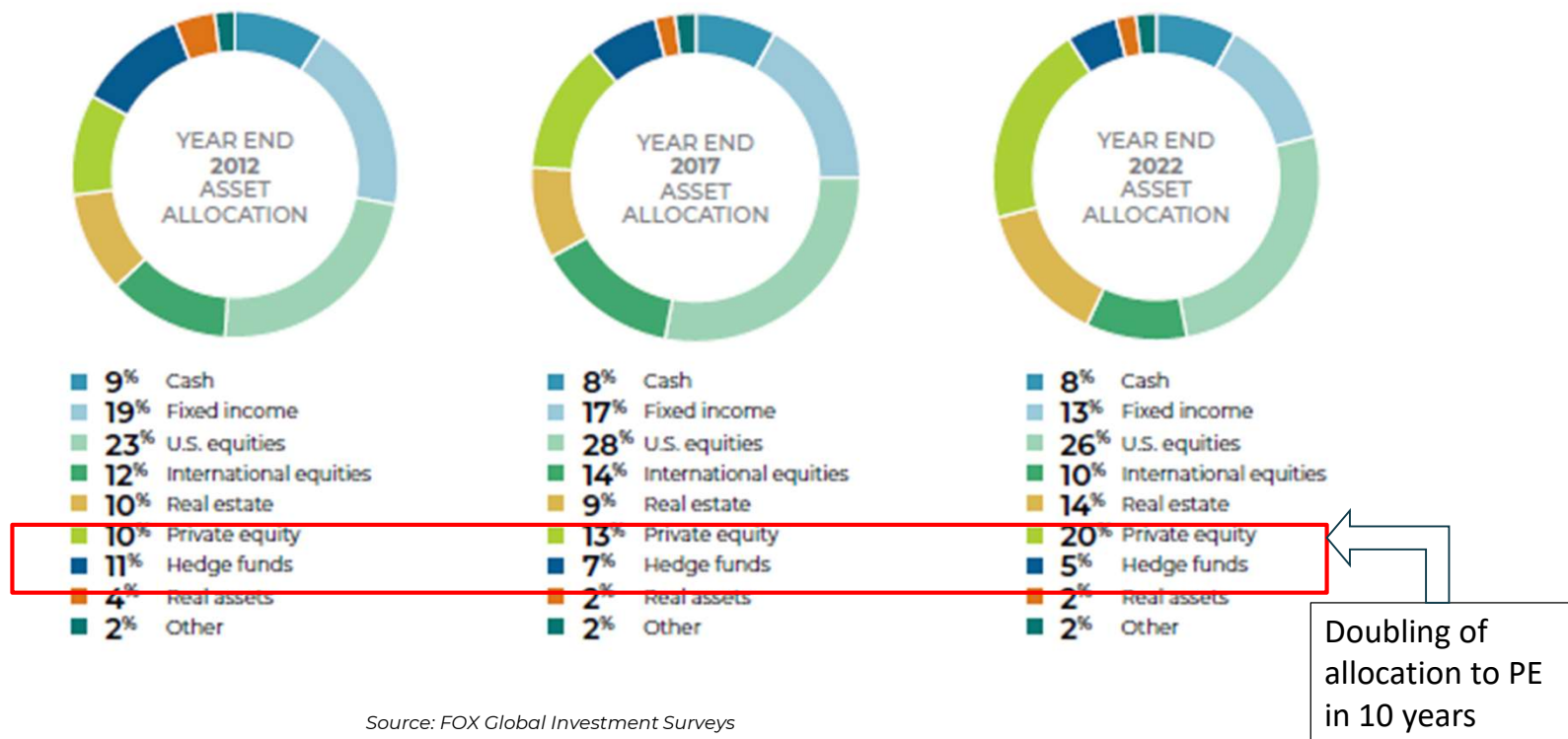
Wealth Creators Still Outnumber Inheritors



Distribution of sources of wealth for ultra-wealthy individuals around the world in 2022

Sources: Statista 2024, RSM

Fueled by Private Equity, the Family's Investment Portfolio has been Reconstructed



Source: FOX Global Investment Surveys

An Ever-Expanding Array of Needs and Expectations

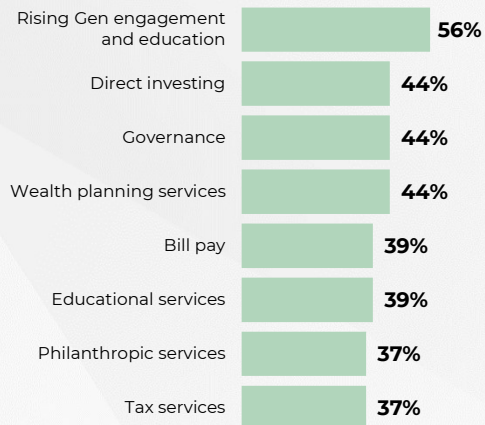
Increasing needs of UHNW families ...

77% expect support with inter-generational transfer needs

78% consider value-added services as essential*

*May include philanthropy, concierge services, passion investments, networking opportunities, etc.

... is aligned with increased demands providers are seeing



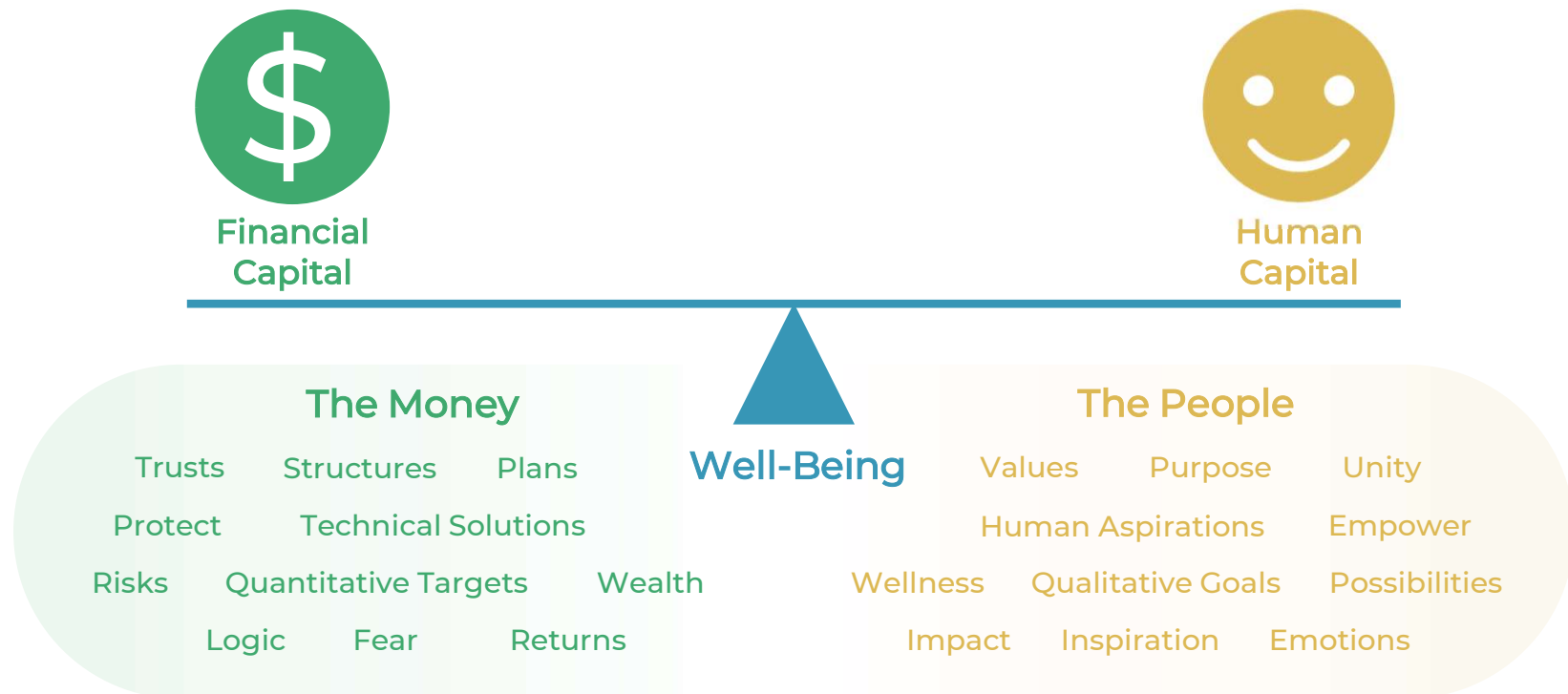
Source: 2024 Family Wealth Advisor Survey

However, concerns have arisen over service

65% concerned about lack of personal service

Source: CapGemini

Shifting Attitudes Towards Wealth: Focus on Family's Wealth and Well-Being



Rise of the Family Wealth Advisor

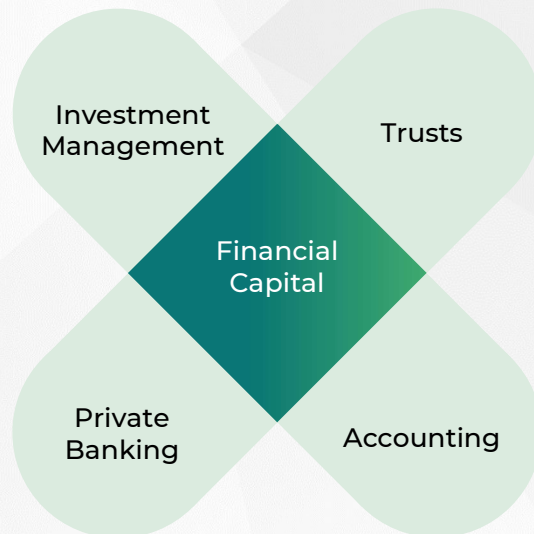
Question #3

Q. What changes have you made to help meet the expanding needs of your clients? (choose any or all that apply)

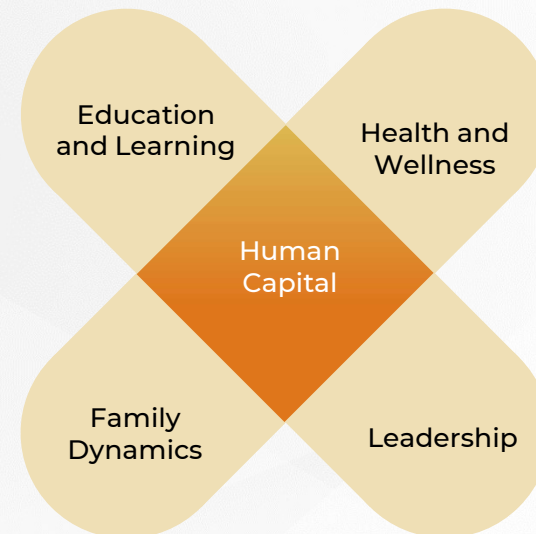
- A) Building additional services
- B) Adding service partners
- C) Investing in training and development
- D) Increasing hiring

Firms are Re-Orienting Their Offering Around Both Financial and Human Capital Needs of their Clients

Services Supporting Financial Capital*

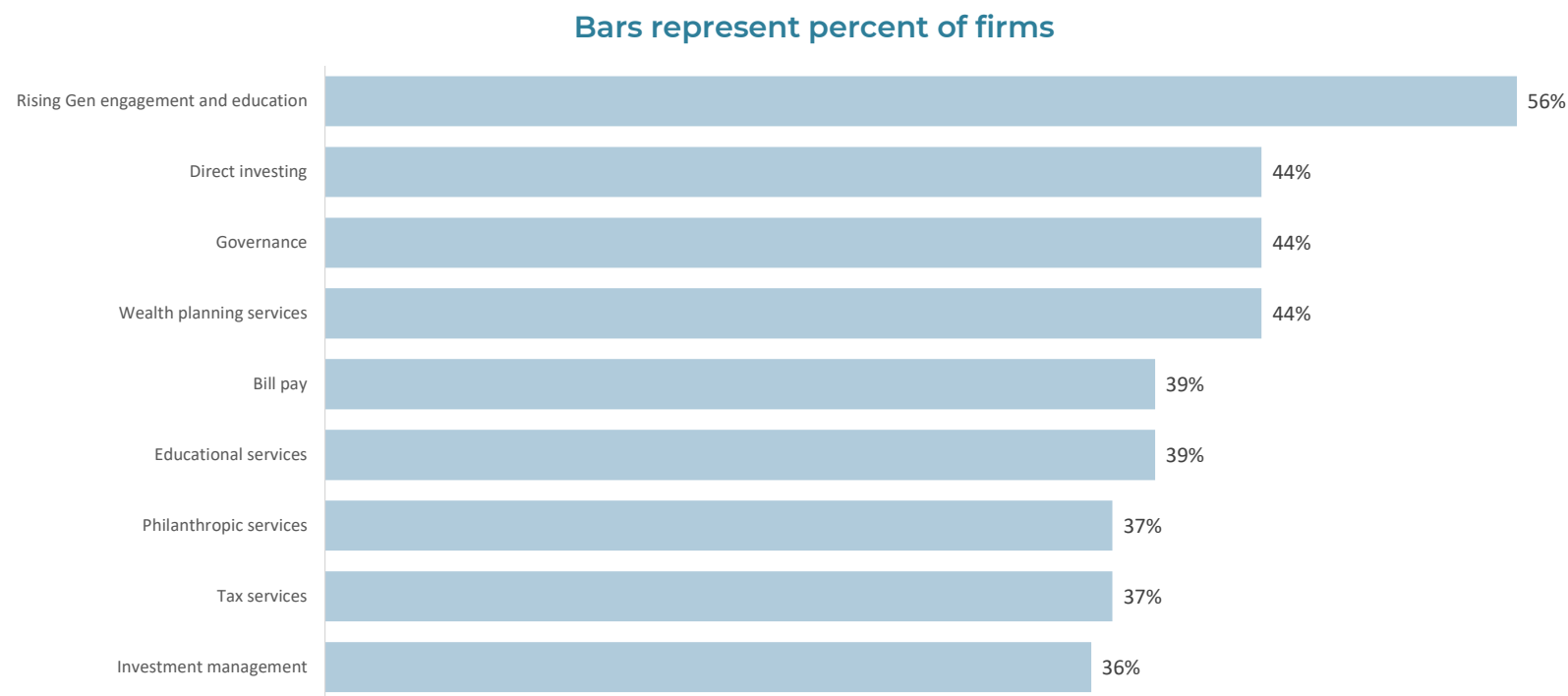


Services Supporting Human Capital*



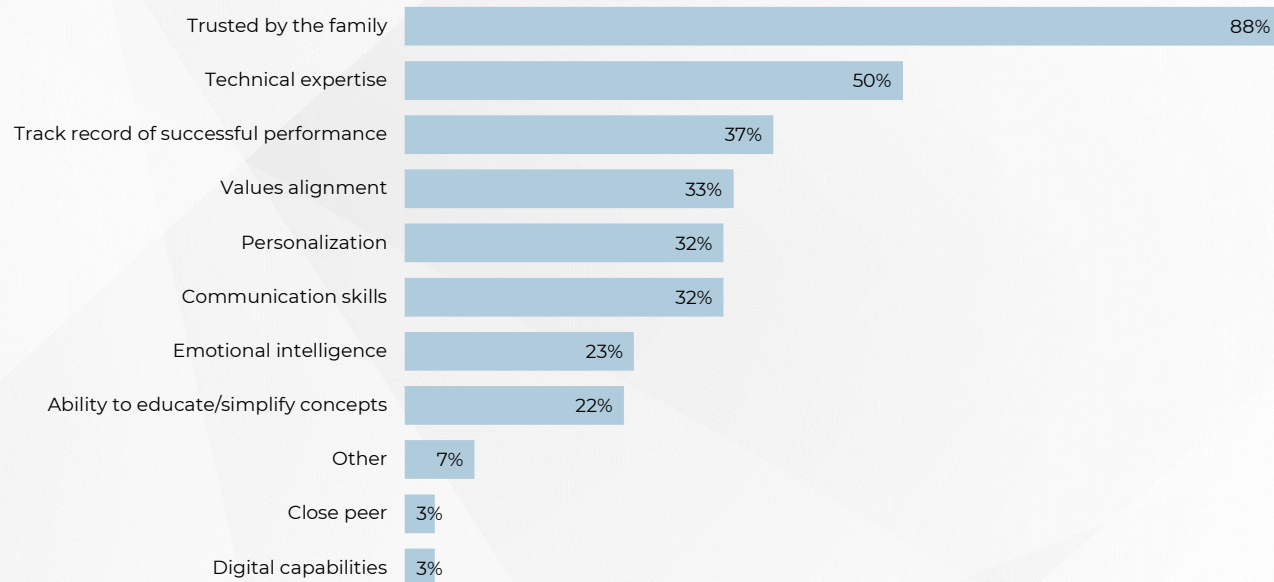
*Sample of services provided

Specifically, Firms are Seeing Increased Service Demand For:



Source: 2024 FOX Family Wealth Advisor study, n= 70

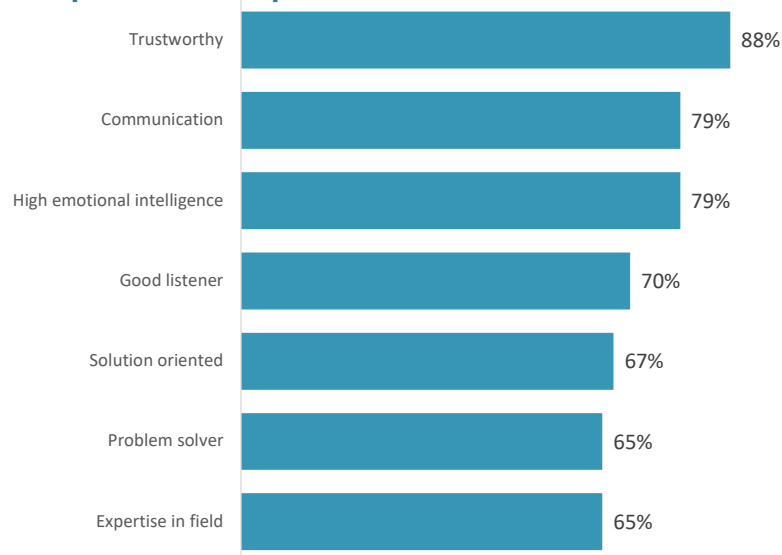
Most Important Attributes of an Advisor to the UHNW Client



Source: 2024 FAMILY WEALTH ADVISOR SURVEY, n=60

Family Wealth Advisors Learning Priorities are Becoming More Qualitatively-Oriented

Family wealth advisor leadership qualities required



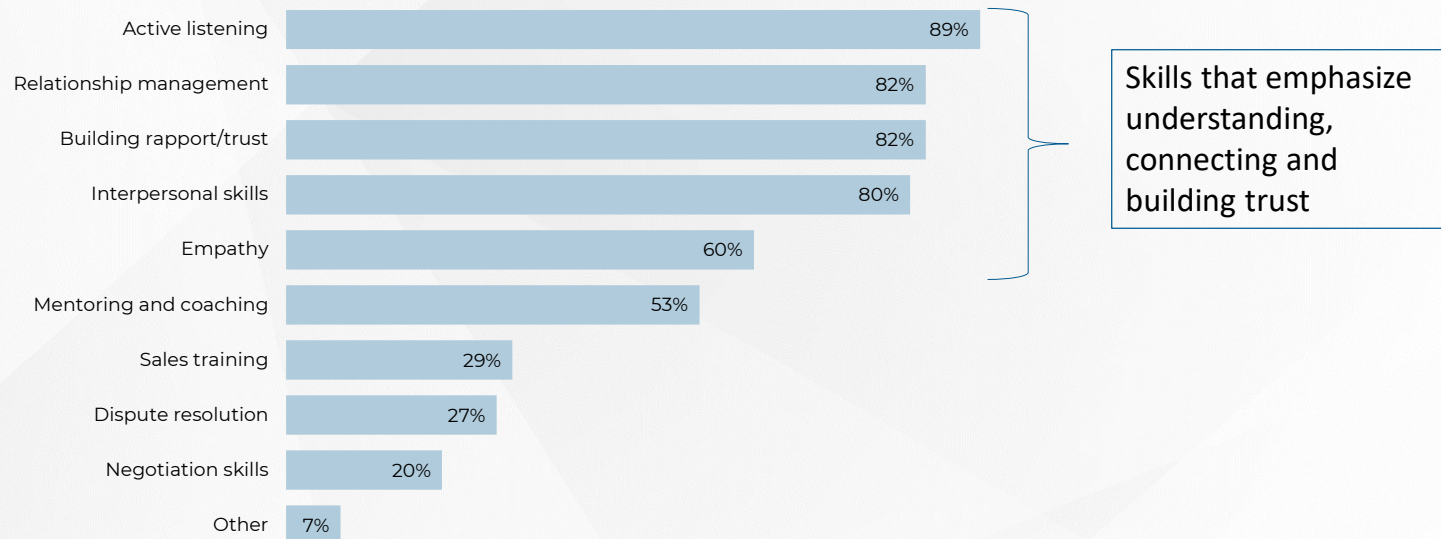
Percentage of staff who possess the firm's preferred top leadership qualities

48%

staff with top leadership qualities

Source: 2024 FOX Family Wealth Advisor study, n=57 and 51

Firms are Seeking to Hone the Effectiveness of their Family Wealth Advisors



2024 FAMILY WEALTH ADVISOR SURVEY , n=55

State of the Business: Key Themes

- 1) Health of the business remains robust with no major headwinds in sight.
- 2) The UHNW market continues its rapid growth while it is being transformed by changing attitudes toward wealth.
- 3) Growth is fueling an ever-expanding demand for more services as well as greater expectations of providers.
- 4) Emergence of the Family Wealth Advisor role is a product of the need to focus on the UHNW family's complex wealth and their well-being.

Wrap Up: Questions for Your Consideration

- 1) In what ways do you see growing market demands reshaping your firm's future strategy?
- 2) Do you find your role with clients evolving? If so, in what ways?
- 3) How prepared are your advisors to navigate client's transitions and evolving needs?
- 4) As the family wealth market evolves, how do you see your talent development strategy adapting?



Family
Office
Exchange

Chicago, IL
312.327.1200

info@familyoffice.com
familyoffice.com

E-learning



Risk Management Summit

**October 9-10, 2024
Virtual**

**Register at:
familyoffice.com/RMS24**



Family Forum

Oct. 28-30, 2024
Atlanta, GA

Register at:
familyoffice.com/FF24



Family Office Design Workshop

November 18-21, 2024 | Virtual

Register at:
familyoffice.com/FODW24



60+ EPISODES

FOXCast CEO SERIES

Listen In!

familyoffice.com/podcasts



We are dedicated to supporting your growth through industry leadership and forward thinking. FOX will continue to deliver value by helping you see what's coming; systematically sharing best practices and lessons learned; and identifying your closest peers and strategic industry partners.

To learn more about membership, contact us at **info@familyoffice.com** or call at 312-327-1200.



familyoffice.com | 312.327.1200 | info@familyoffice.com