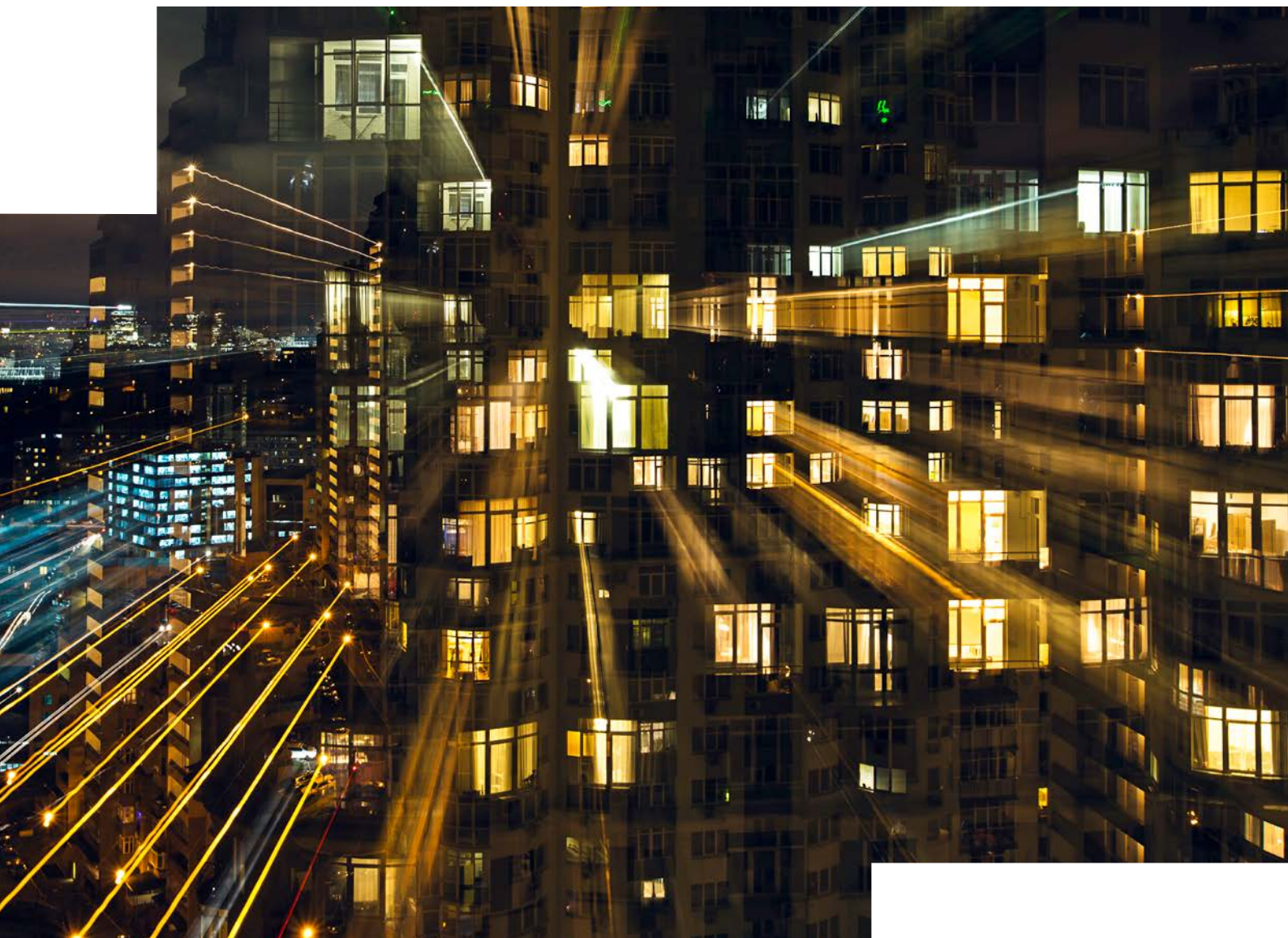


# Single family offices. A view of today and tomorrow.



# Executive summary

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Financial performance and operational efficiencies are essential to our single family office clients.



## **In search of efficiency and performance**

As we know from our single family office (SFO) clients, financial performance and operational efficiencies are always top of mind. This dual focus, however, may diminish the SFO's ability to see the big picture. In this spirit, we are pleased to share the topline report of our first Credit Suisse Family Office Survey, conducted in January 2021.

What emerges is a portrait of SFOs as diverse as the families they represent. While most SFOs handle core financial services in-house, many engage a range of external service providers whose perceived value is worth the cost to the family.

SFOs also have differing views of the challenges they must face in the near term. Yet as every SFO ultimately aims to ensure the long-term prosperity of the family, there is high value placed on connecting with peers to source new ideas.

We hope these findings are both enlightening and useful.

# Methodology and profile of respondents

In January 2021, we invited select SFO clients to participate in a confidential online survey.

The survey was distributed across 41 markets primarily in Europe, Latin America, and the Middle East. A total of 86 SFO clients took part, with 89% of the participants holding executive, managing director, or board positions.

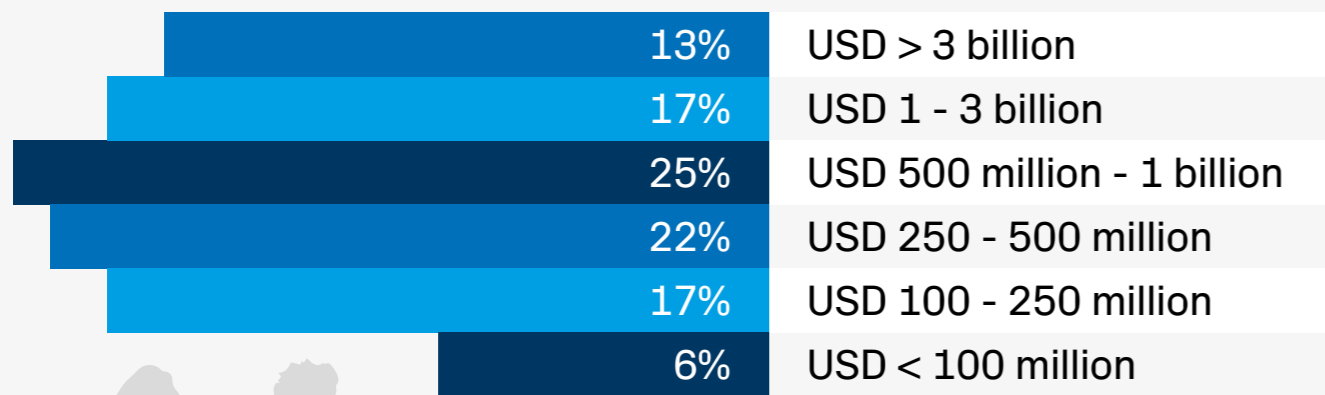
The participating SFOs are responsible for managing a total of USD 80-90 billion in family assets. On average, they employ ten people (both family and non-family members) and support six family members across two generations.

# 6

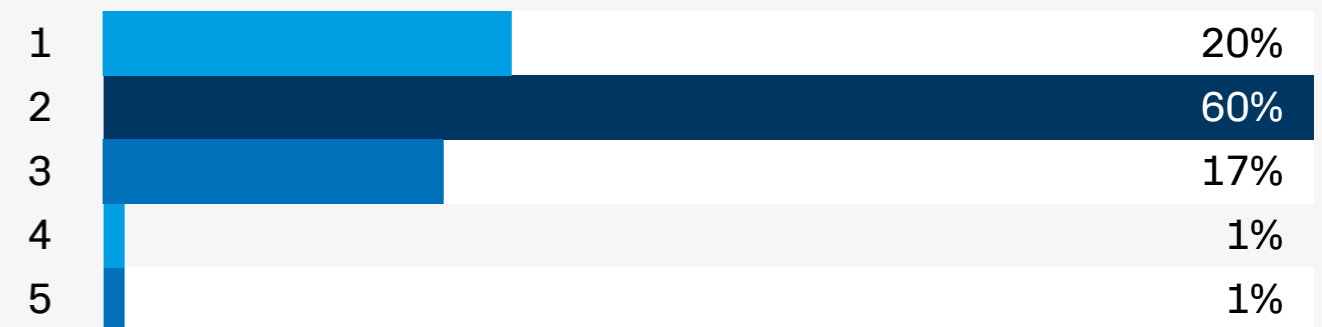


Average number of family members supported by an SFO

## Family assets under SFO management



## Number of generations supported by the SFO



# 61%

Percentage of SFOs employing family members

# 10

Average number of people working in an SFO



# A finance-driven range of services

With financial performance as their main area of focus, most SFOs keep important financial services, such as strategic asset allocation and investment guidelines, in-house.

More than three-quarters of respondents also cited reporting/record-keeping, administration, business and advisory services, and risk management as core internal services.

Outsourced services tend to vary across SFOs, with the exception of tax and legal advisory.

“ My main responsibility is to advise the family on financial, real estate, and direct equity investments as well as on wealth planning matters.

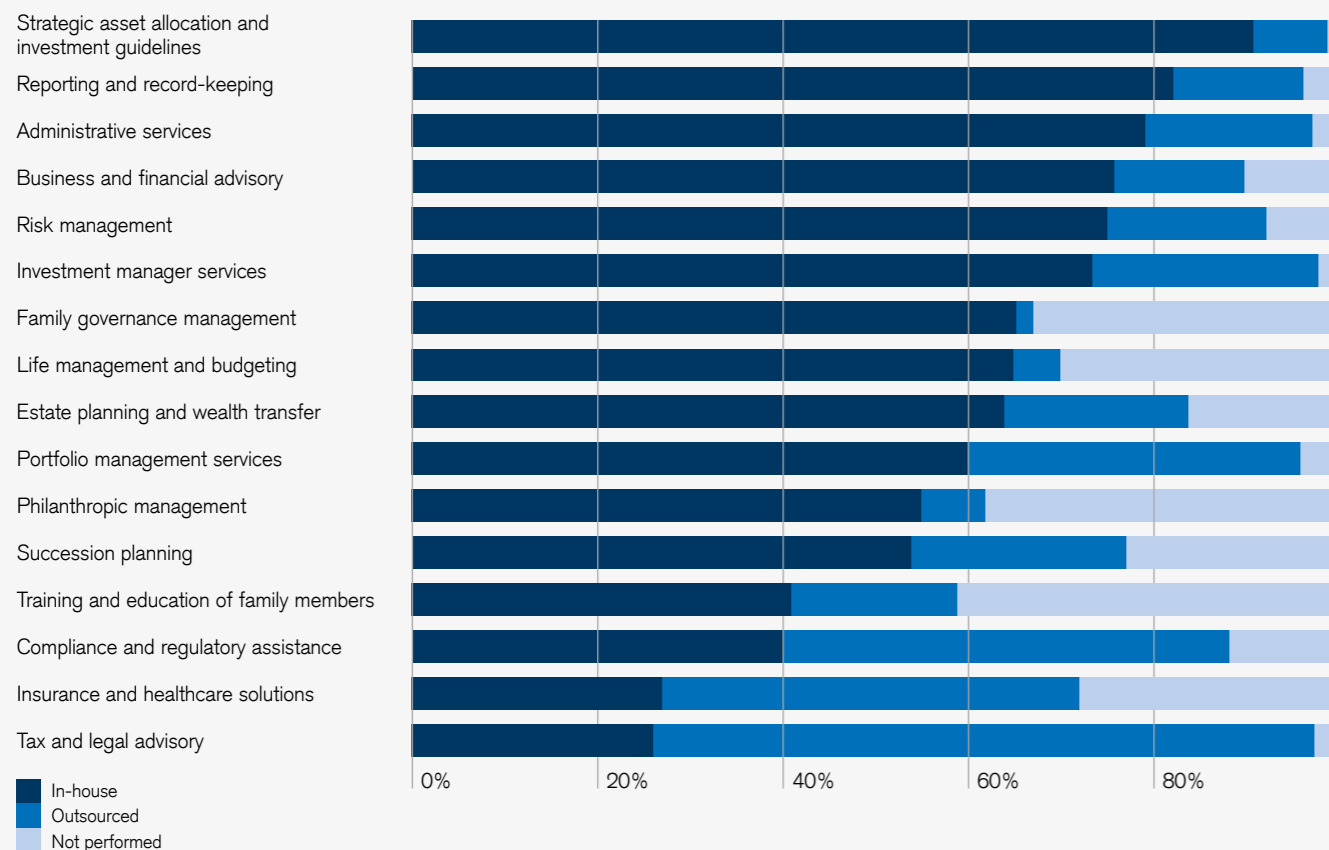
**SFO of 2+ people**  
Managing USD 100-250 million in family assets

“ A good 80% of portfolio performance results from the fundamental portfolio mix that corresponds to investors’ individual investment objectives and risk tolerance, rather than from tactics or timing.

Sensible strategic asset allocation (SAA) may well be the SFO’s most important contribution to sustaining portfolio performance – reflected by the fact that 91% of our SFO clients consider SAA and investment guidelines as key services.

**Nannette Hechler-Fayd’herbe**  
CIO for IWM, Credit Suisse

## In-house versus outsourced services

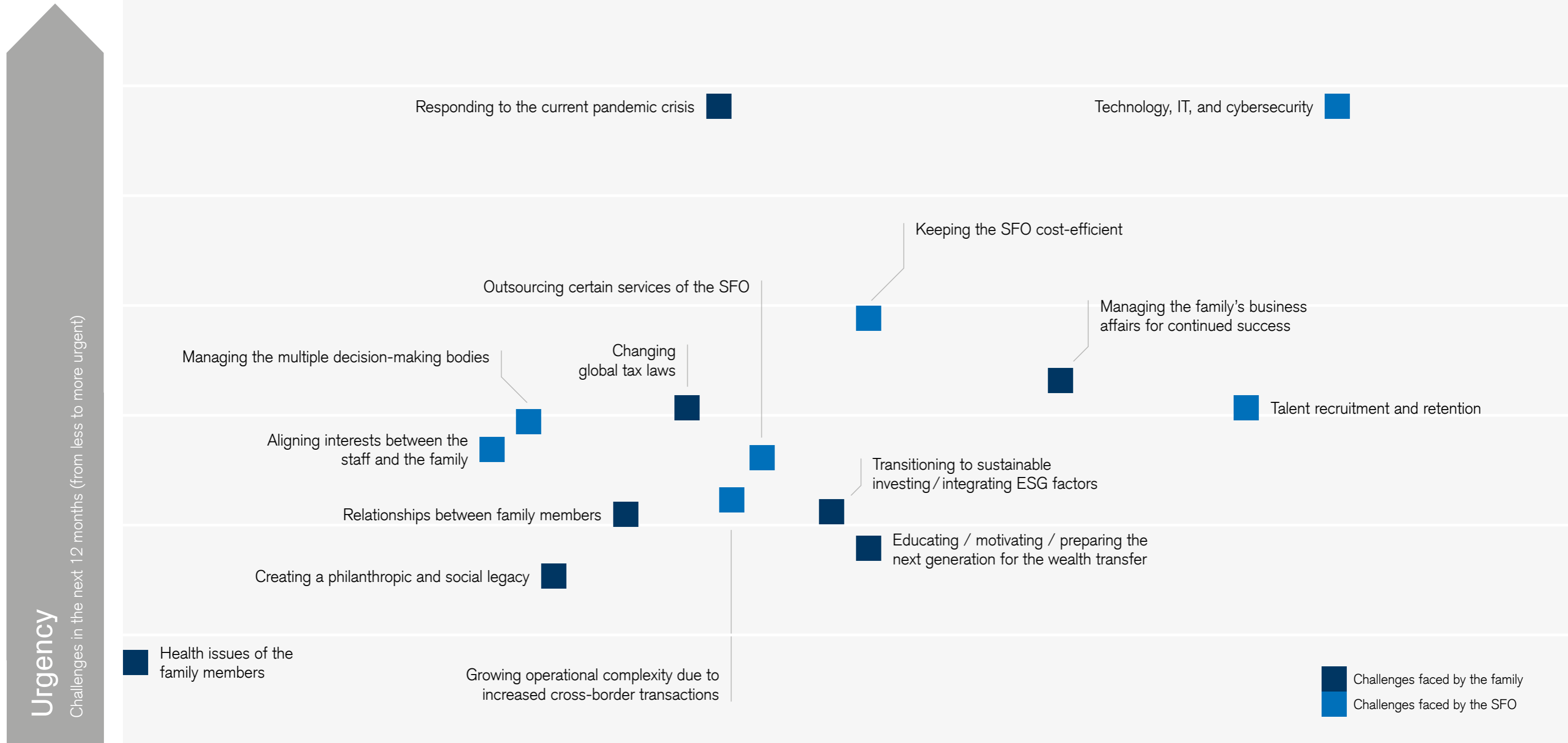


# How single family offices see the future

## Summary

The survey respondents were asked which challenges, if any, the SFO and the family currently face or will face in the future. Technology, IT, and cybersecurity emerged as the most pressing challenges facing SFOs, followed by cost efficiency and talent recruitment.

As for the families supported by the SFOs, they place high importance on sustainable investing and education/preparation of the next generation. Their current focus, however, is on managing the volatility related to the pandemic to ensure long-term prosperity.



# Preparing the next generation

More than half of the participants reported having a written or verbal succession plan in place, while one-third of the participating SFOs are in the process of developing one. This may explain why succession planning and interpersonal clashes are not imminent concerns.

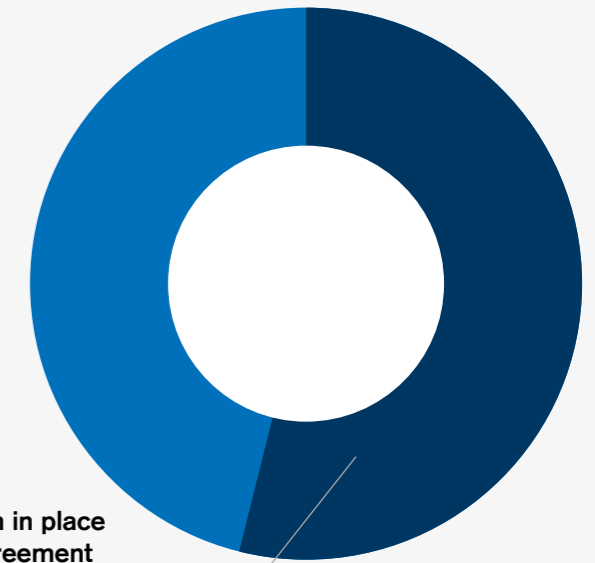
While there is some resistance to discussing ways to involve the next generation, nearly half of the respondents expressed interest in addressing the topic with peers.

Of note, a fairly high proportion of SFOs do not provide or outsource services related to training and family governance management. As we expect a major transfer of wealth between generations in the next two decades, there could be greater demand for these services as families turn their focus to ensuring a smooth transition and maintaining a sense of unity.

**41%** **Training and education of family members**  
41% of SFOs do not perform this service (neither in-house nor with an external partner)

**33%** **Family governance management**  
33% of SFOs do not perform this service (neither in-house nor with an external partner)

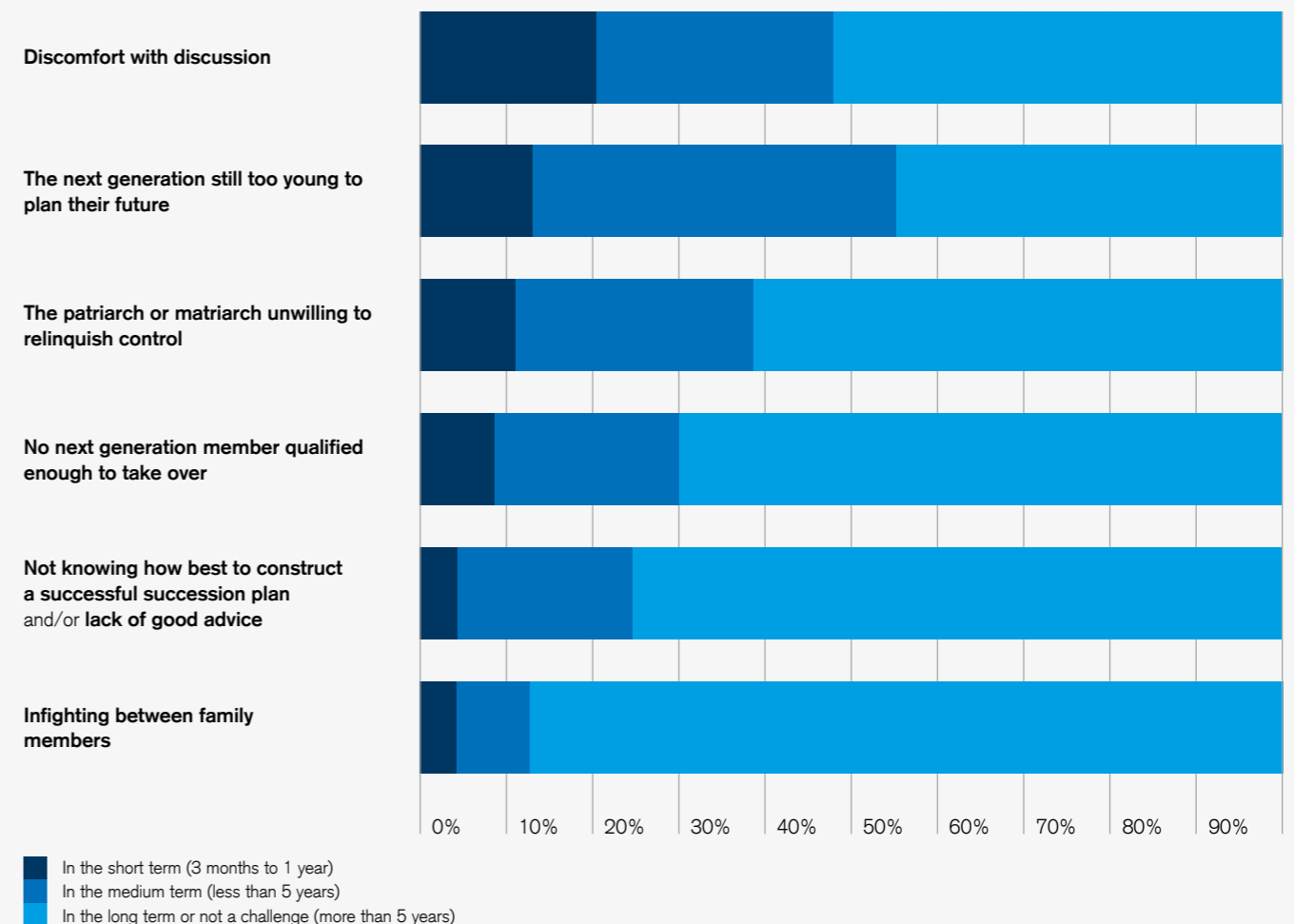
**23%** **Succession planning**  
23% of SFOs do not perform this service (neither in-house nor with an external partner)



**57%**

Have the family's succession plan in place either in writing or as a verbal agreement  
Another 33% have a plan under development

## SFO succession planning challenges in the short, medium, and long term



# A boost in sustainable investing

Although institutional investors have led the way in sustainable and impact investing, nearly half of the SFOs surveyed intend to increase their sustainable investments in the next two to three years.

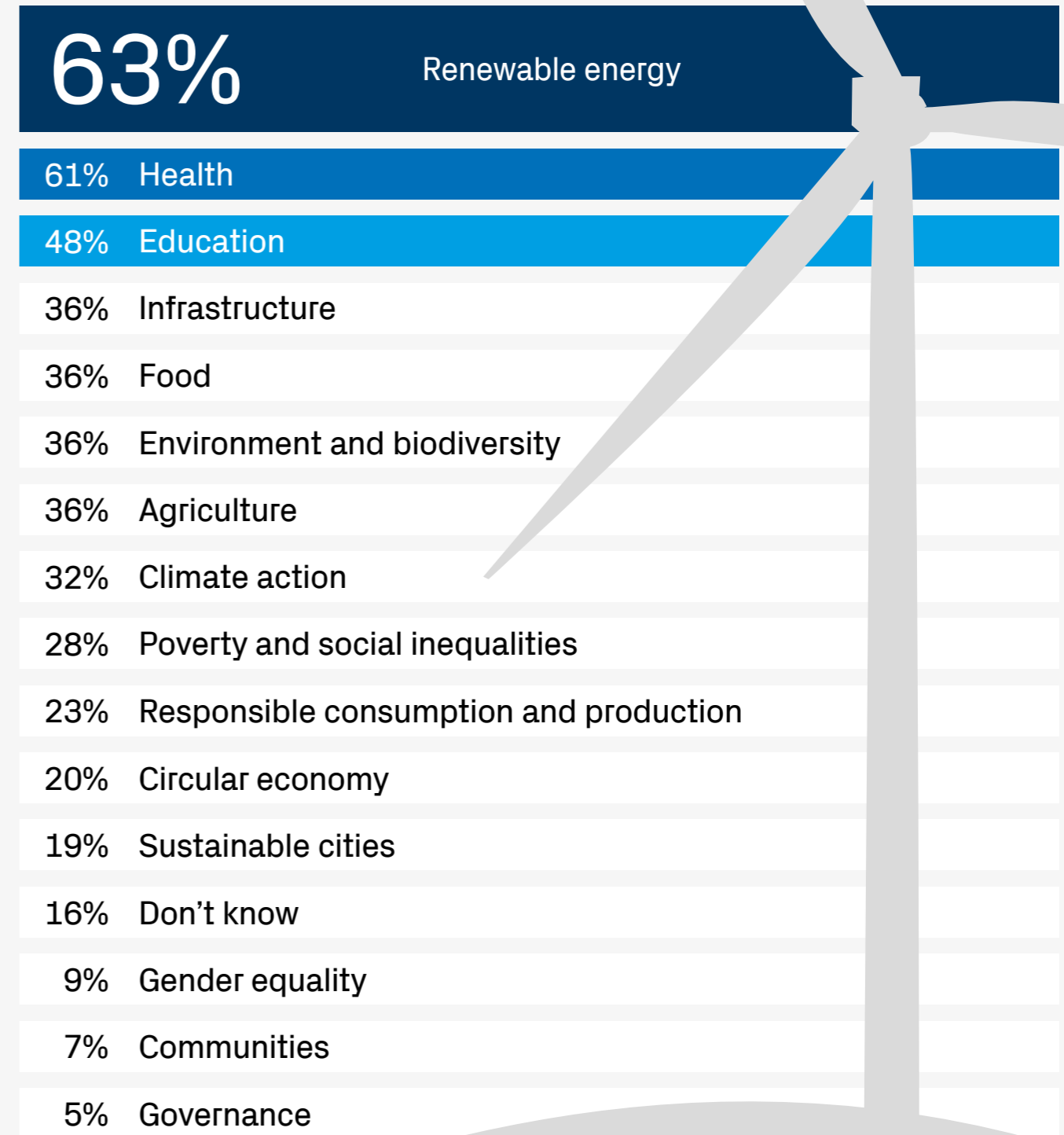
This shift reflects a range of factors, from the changing regulatory environment and growing awareness of the financial risks attached to controversial sectors, to climate change and increasing pressure from consumers and other stakeholders.

Renewable energy, followed by health and education, are considered the most compelling sustainable investment areas for SFOs.

**49%**

Plan to increase sustainable investments in the next 2-3 years

## SFO areas of interest for sustainable investing

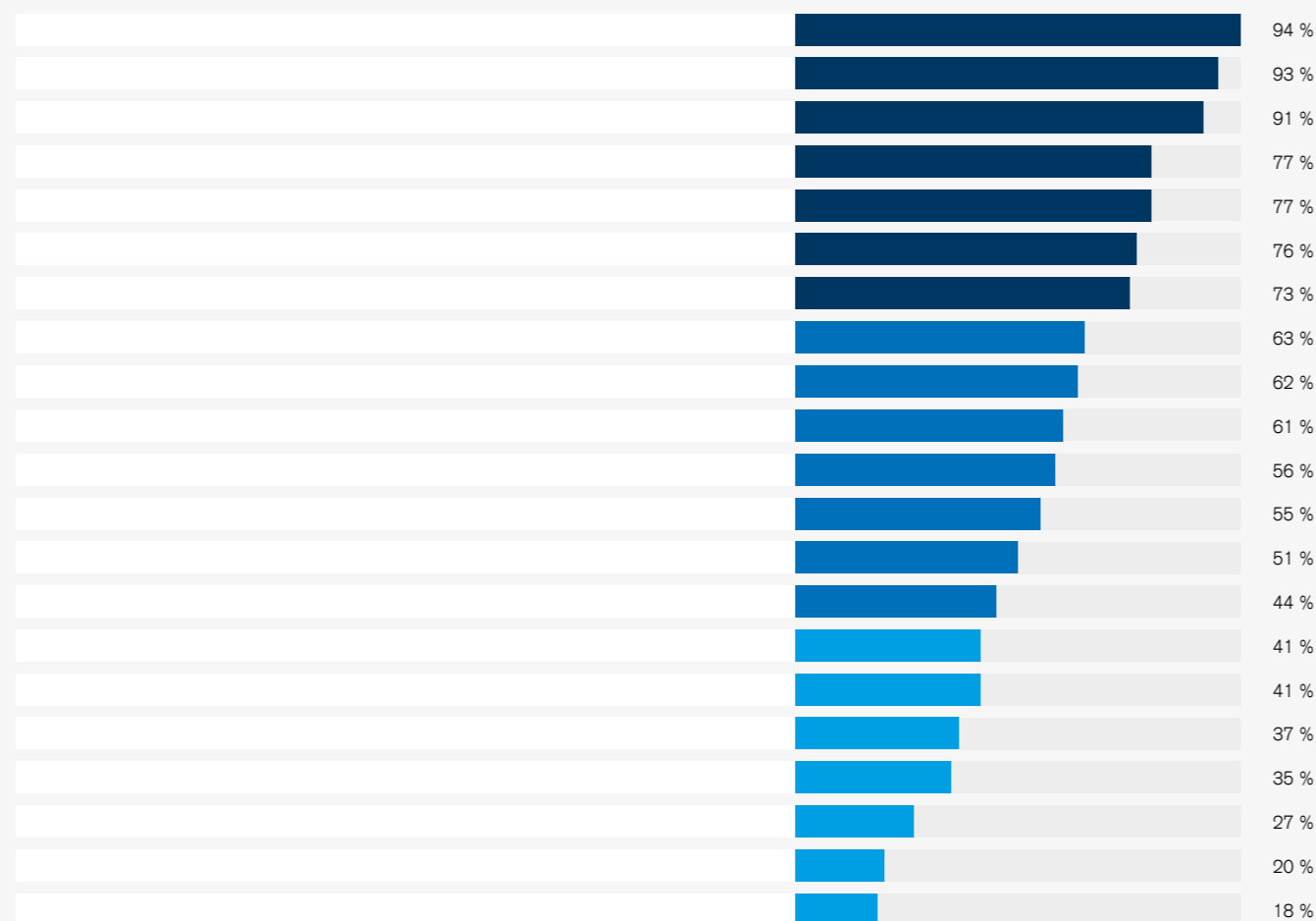


# SFO expectations of banking partners

## Bank selection

In light of the SFO's focus on financial performance and efficiency, it is not surprising that direct access to experts and trading desks ranks as a leading factor in bank selection. The bank's level of fees, market insight, and integrated services are also important criteria.

## Products and services considered important or very important when choosing a bank



“ (Most important are) flexibility and efficient digital channels for trades, analysis, and detailed or consolidated information downloads.

**SFO of 3 people**  
Managing USD 100-250 million in family assets

## Preferred qualities in bankers

When it comes to banking partners, SFOs most value expertise and a solution-oriented mindset. Other factors, such as a can-do attitude and the personal relationship, also play a role.

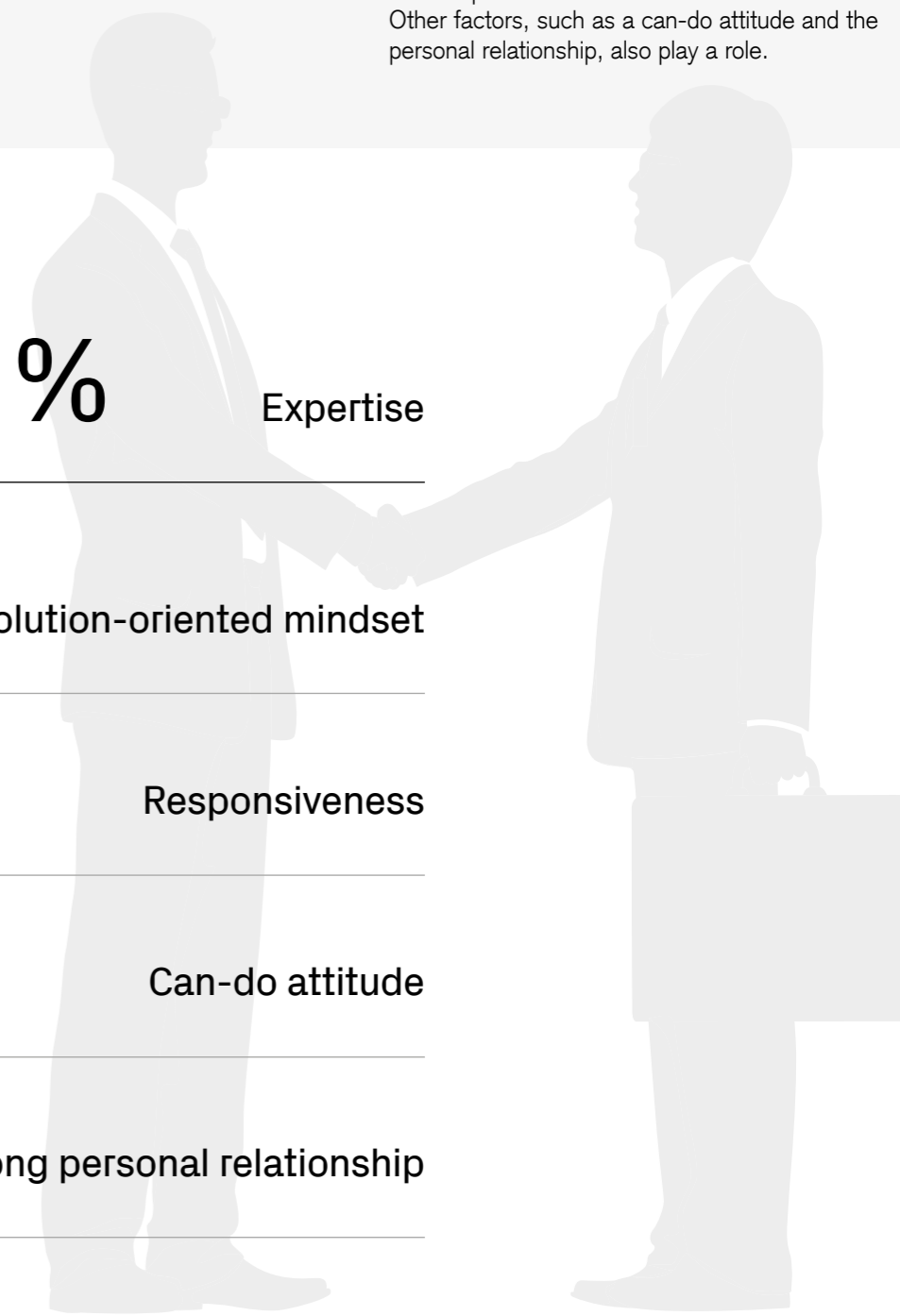
**33%** Expertise

**31%** Solution-oriented mindset

**27%** Responsiveness

**24%** Can-do attitude

**23%** Strong personal relationship

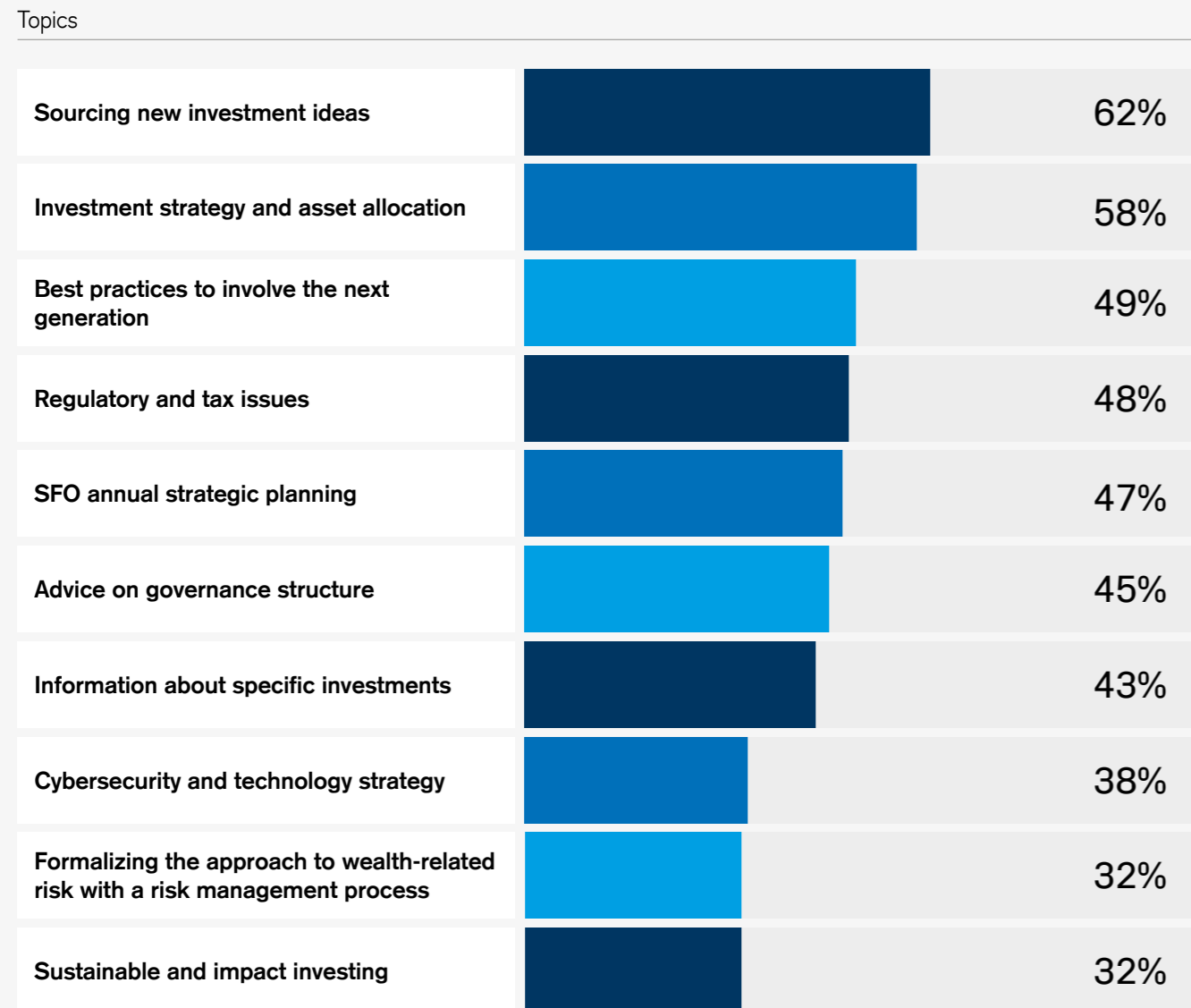




# A quest to connect

Participants expressed interest in connecting with and learning from peers representing other SFOs. In addition to sourcing new investment ideas, they indicated an openness to discussing best practices and business issues that have a direct impact on SFO performance and effectiveness.

## Preferred topics to discuss with other SFOs



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