



GLOBAL FAMILY OFFICE INSIGHTS - 2023

Summary of the Citi Private Bank “Global Family Office
Survey Insights 2023” Report, June 2023



SURVEY INFORMATION

The survey was initiated during Citi Private Bank's eighth annual Family Office Leadership Program held in June 2023. The survey was subsequently released to Citi Private Bank's global family office clients for input. The survey included over 40 questions aimed at gauging investment sentiment and portfolio actions of clients in the wake of ongoing geopolitical tensions, macroeconomic headwinds and market volatility in early 2023. Responses from 268 participants were included in the report.

Following is a summary of the survey with key insights.

PORTFOLIO REASSESSMENT

Increased allocations to fixed income and private equity amid broad portfolio reassessment

- Against a backdrop of rising financial markets, unrealized recession fears and multi-year high bond yields, many family offices reassessed their asset allocation more than in recent years.
- Over half reported increasing fixed income allocations, 38% upped their private equity allocations, while 38% cut public equity allocations.

TOP CONCERNS

Top concerns abound and transcend financial issues

- The top family concerns were:
 - Preserving asset values (68%);
 - Preparing the next generation to be responsible wealth owners (60%); and
 - Ensuring shared goals and vision for the family (52%).
- Family offices were particularly concerned about:
 - Inflation (56%);
 - Interest rate increases (51%); and
 - US-China relations (48%) impacting financial markets and the economy.

RISING OPTIMISM FOR 2023

Rising portfolio values in the first half of 2023, widespread optimism for the year ahead

- Amid rising asset prices in the first half of 2023, two-thirds of respondents saw mark-to-market portfolio increases.
- Remarkably, nearly all respondents were expecting positive portfolio returns over the next twelve months.

CONTINUED FOCUS ON DIRECT INVESTMENTS

Continued focus on direct investments, but some caution too

- Direct investments remain strongly in focus, with 80% of family offices engaged in direct investing.
- While 66% said they were seeking opportunistic deals based on attractive valuations, some 38% had paused new direct investments due to economic uncertainty.

THE FAMILY FOCUS

More family office focus on wealth and investment management, less on family unity and continuity, despite growing concerns from families

- Family offices' primary focus has been on wealth management (74%) and investment management (55%). This comes at the expense of fostering family unity and continuity (21%).
- But over half of families' top concerns is preparing the next generation to be responsible wealth owners and ensuring shared goals and vision for the family. This concern increased over the 2022 survey.
- This insufficient alignment is worrying as families' main apprehensions reflect the dual need to prepare wealth for their family and their family for wealth.

PROFESSIONALISATION FOCUS

The investment function is professionalising fastest within family offices

- The most progress in professionalisation is in the investment function with initiatives like the implementation of Investment Committees (64%) and Investment Policy Statements (51%).
- Family office activities beyond investing are taking longer to professionalize, including governing boards (48%) and leadership succession plans (31%).
- Families themselves are taking more time still to embrace a more formalized approach, such as having a family constitution (32%), a family leadership succession plan (28%) and a next generation education program (21%).
- The latter two are most concerning.

CHALLENGES AND OPPORTUNITIES

Changing families and a shifting operating landscape represent challenges but also opportunities for family offices

- External forces such as technological disruption, globalisation and deglobalisation, and socio-political-economic shifts create business and investing challenges but also opportunities. So too are internal forces, including generational transitions, evolving values, greater diversity and more geographical dispersion.
- Adapting to changing conditions was thus the top challenge for 52% of respondents, followed by meeting the needs and expectations of family members (50%).

SUSTAINABLE INVESTING

Large but narrowing gap between intention and action on sustainable investments

- While the gap between intention and action on sustainable investments remains large, it is starting to narrow, driven by growing sustainability concerns and a broadening range of themes and instruments for investment.
- Families indicate that access to sustainable investment opportunities with competitive financial performance may further narrow this gap (51%).

PHILANTHROPY

Philanthropic focus has yet to adjust to the rising generation's priorities

- While the philanthropic focus has yet to adapt to reflect the priorities of the rising generation, families are increasingly aware that a generational philanthropic transition is coming.
- They are seeking support to engage the next generation and plan philanthropic leadership succession (38%) and to integrate philanthropy as part of the greater wealth planning strategy (34%).

REFERENCES AND DISCLAIMER

1. Global Family Office Survey Insights 2023, Citi Private Bank, June 2023

<https://www.privatebank.citibank.com/insights/the-family-office-survey>

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