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Family Office Exchange Finds Business Owners were more Comfortable with Illiquid Assets than Non-Business-Owning Families in 2012

Families without an operating business allocated more to fixed income and hedge funds

CHICAGO, June 3, 2013 – Families with an operating business were more comfortable investing in other illiquid businesses in 2012, according to new research from the Family Office Exchange (FOX), a global network of wealth owners and their advisors.

The study compared the assets allocations of business-owning families and financial families (those who no longer have an operating business). Both groups focused on generating predictable income streams for their liquid portfolios, but they differed in assets allocation and levels of risk. Business owners were more drawn to tangible asset classes like real estate and direct private equity, while financial families gravitated to investments that offered greater yield without giving up too much liquidity, such as fixed income, public equities and hedge funds.

| Investors' Asset Allocation – 2012 (N=56) | | |
|---|-----------------|--------------------|
| | Business Owners | Financial Families |
| Cash and Liquid Equivalents | 16% | 12% |
| Fixed Income | 16% | 23% |
| Domestic Equity | 21% | 25% |
| International Equity | 8% | 11% |
| Real Estate | 17% | 9% |
| Private Equity – Direct | 12% | 4% |
| Private Equity – Funds | 4% | 3% |
| Hedge Funds | 4% | 11% |
| Other | 3% | 2% |
| Total | 100% | 100% |

Source: Family Office Exchange/University of Chicago Booth School Private Wealth Management Course Alumni Survey, 2013

“The research suggests that business owning families have more of a preference for tangible assets over which they have more control,” says FOX CEO Sara Hamilton. “Financial families placed a greater emphasis on income derived from public markets, which is not surprising considering they lack the steady income of an operating business and are managing a more finite pool of assets.”

Among the other key findings:

- A majority (83 percent) of respondents plan to shift asset allocation in the next year with data suggesting a move away from fixed income to higher yielding assets.
- Respondents list real estate, real assets, private equity and emerging markets among top opportunities for 2013.
- More than 50% were somewhat to very optimistic about the US and global economies.

The results come from a survey done in conjunction with the University of Chicago Booth School of Business. The FOX/University of Chicago Booth School Private Wealth Management Survey is conducted annually and samples alumni of the institution’s Private Wealth Management course, an integrated and strategic approach to wealth management for U.S. and international high net worth individuals and families. Fifty-five percent of participants had more than \$26 million in assets.

About Family Office Exchange

Family Office Exchange supports a global member network of wealthy families and their advisors who are pursuing best practices for optimal management of their families’ wealth and legacy. The community includes more than 450 organizations in 20 countries who utilize FOX’s resources each year for advice, networking, education, and comparative metrics.

FOX is headquartered in Chicago and London, with offices in New York, Boston and Washington DC. For more information about FOX, call 1.312.327.1200 (The Americas) or 44.(0)20.7520.9443 (Europe, Africa, Asia/Pacific) or visit www.familyoffice.com.

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