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## **2016 FOX Global Investment Survey Indicates Broad Engagement in Direct Investing by Family Offices**

*Sixty-nine percent (69%) of Study Participants say they Currently Engage in Direct Investing*

**Chicago, April 14, 2016** – More than two-thirds of family offices engaged in direct investing in 2015.

The finding was one of several key insights in the 2016 FOX Global Investment Survey from Family Office Exchange (FOX), a global membership organization of enterprise families and their key advisors. The study provides an in-depth look at the investment activity of leading single family offices, providing perspective on a range of topics including Economic Outlook and Investment Opportunities for 2016, Asset Allocation and Performance, Use of Investment Consultants and Investment Committees, Reliance on Alternative Investments, and Direct Investing.

According to the report, families with first- or second-generation leadership are much more likely to do direct investing than families with later-generation leadership, with 81% of Gen 1-2 families engaging in direct investing compared to 46% of Gen 3 and later. Growth capital is the most popular private equity deal stage (32%) followed by venture capital (30%).

“Investing directly in real estate properties or operating companies is familiar for many family offices that earned their wealth by building businesses,” says Charles B. Grace, III, managing director at Family Office Exchange. “In the face of volatility in the public markets, direct investments can seem a haven for those who want transparency and prefer taking risks with companies and/or properties they can investigate and perhaps control in some manner.”

Direct investors tend to be active investors, with forty percent (40%) preferring a lead role that gives them the transparency and control that they desire from their direct investments. When asked where they are finding new direct investing opportunities, 71% of direct investors said they rely on networking or their existing relationships/word of mouth. Proper evaluation of opportunities and deal pricing are the two biggest challenges facing direct investors looking to implement their strategy.

“Deal pricing has become a bigger challenge in executing a successful direct investment strategy as the market has become more efficient,” says Karen Clark, managing director at Family Office Exchange. “Evaluating opportunities is a bigger challenge for participants than finding deal flow.”

Additional key insights from the 2016 FOX Global Investment Survey include:

- The median overall return for survey participants in 2015 was 2%, and expected 2016 return is 6%
- Direct real estate and direct private equity enhanced returns in 2015, gaining 18% and 15% respectively
- Seventy-eight percent (78%) of families are broadly diversified with a conservative growth orientation, including 20% to cash and fixed income, 43% to equities, 2% to hard assets, and 33% to alternatives

The 2016 FOX Global Investment Survey report is available to all FOX family office members. To learn more about FOX membership, visit <https://www.familyoffice.com/membership>.

### **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, Santa Barbara, Sydney, and London. For more information about FOX email us at [info@familyoffice.com](mailto:info@familyoffice.com) or visit [www.familyoffice.com](http://www.familyoffice.com).