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Top Multi-Family Offices and Wealth Advisor Firms are Breaking Away from the Pack

FOX Reveals Report on 2014 Multi-Family Office and Wealth Advisor Benchmarking Study

Chicago, April 23, 2015 – A new study from Family Office Exchange (FOX), a global membership organization of enterprise families and their key advisors, has revealed growing profitability among multi-family offices and wealth advisors and, at the same time, increasing divergence in profit margins and revenue growth.

These findings come from the 2014 FOX Multi-Family Office and Wealth Advisor Benchmarking Study Report, FOX's best and most current thinking on the direction of the Ultra High Net Worth (UHNW) advisory business.

Overall, profit margins are growing at multi-family offices and wealth advisor firms, with median profit margins up by 5 percentage points (from 19% in 2012 to 24% in 2013), but a few top firms are substantially outperforming their competition. Top quartile firms are now outperforming bottom quartile firms in profits by 3-to-1 (33% vs. 11% profit margins), up from a rate of just over 2-to-1 the year before (29% vs. 13%). This increase in profitability is due to both growing revenues and well-managed costs.

Revenue was up 20% year-to-year at top quartile firms—compared to 6% at bottom quartile firms signaling both strong growth and increasing divergence between the top and bottom quartile performers.

Firms experiencing positive operating leverage have improved cost controls, deployed new technology to their front lines, and experienced cost savings due to lack of available talent to fill advisory roles.

"There is a subset of firms in the wealth advisor market right now that are effectively executing strategies leading to exceptional growth," says David Toth, Director of Advisor Research for FOX. "Many larger firms have programmatically bolstered growth by substantially increasing referrals from other lines of business within their organization. Smaller firms experience successful and sustainable growth when they stick to a specific set of criteria that indicate whether or not a potential client would benefit from the firm's strengths and capabilities. Many successful firms are doing a great job deploying the right level of process and technology to their front lines while simultaneously managing costs. On the horizon, all firms will be dealing with the increasing cost and dwindling supply of talent as well as the inevitable slowdown in market returns that have boosted asset growth."

The FOX 2014 FOX Multi-Family Office and Wealth Advisor Benchmarking Study Report is available to participating FOX member firms and represents an important part of the curriculum of the FOX Multi-Family Office Council and FOX Wealth Advisor Council.

For more on Family Office Exchange, visit: <https://www.familyoffice.com/media-kit>.

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