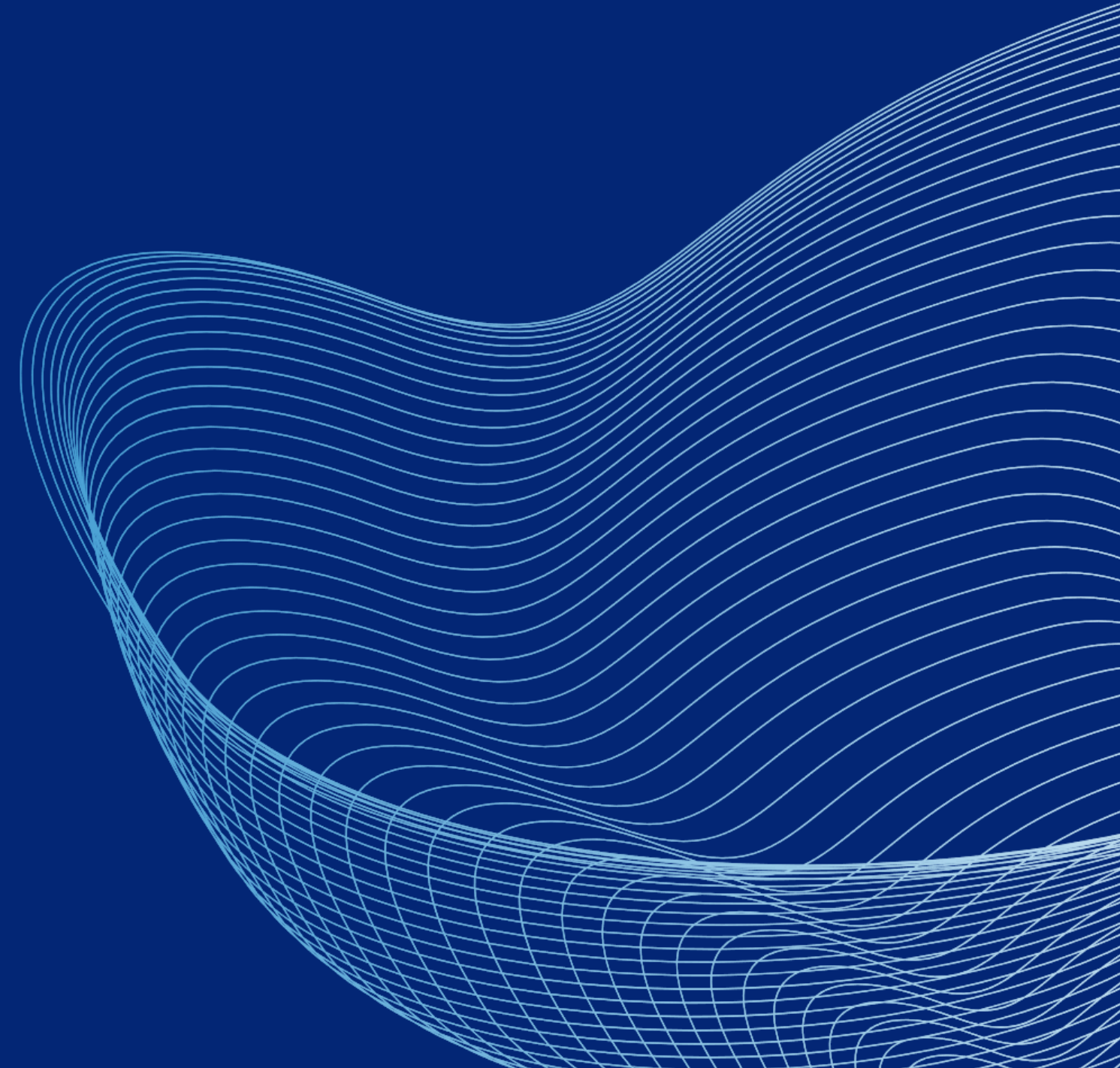




FAMILY OFFICE REPORT

FROM LEGACY TO LEADERSHIP



Executive Summary

The landscape of family offices in India is undergoing a significant transformation driven by several pivotal trends.



Road towards professionalisation in terms of structure and fund management



Transition from wealth management to wealth creation



Diverse family office personas driving asset allocation and growth strategy



AIFs are the preferred choice for the future



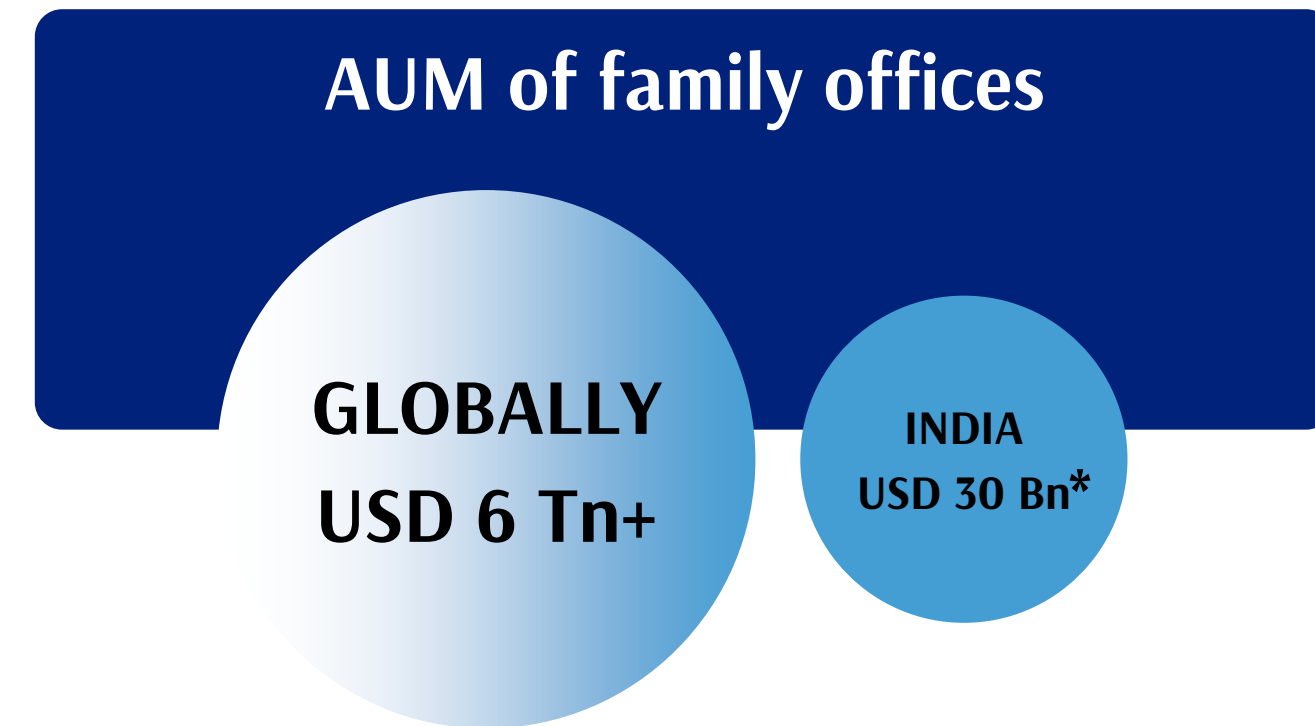
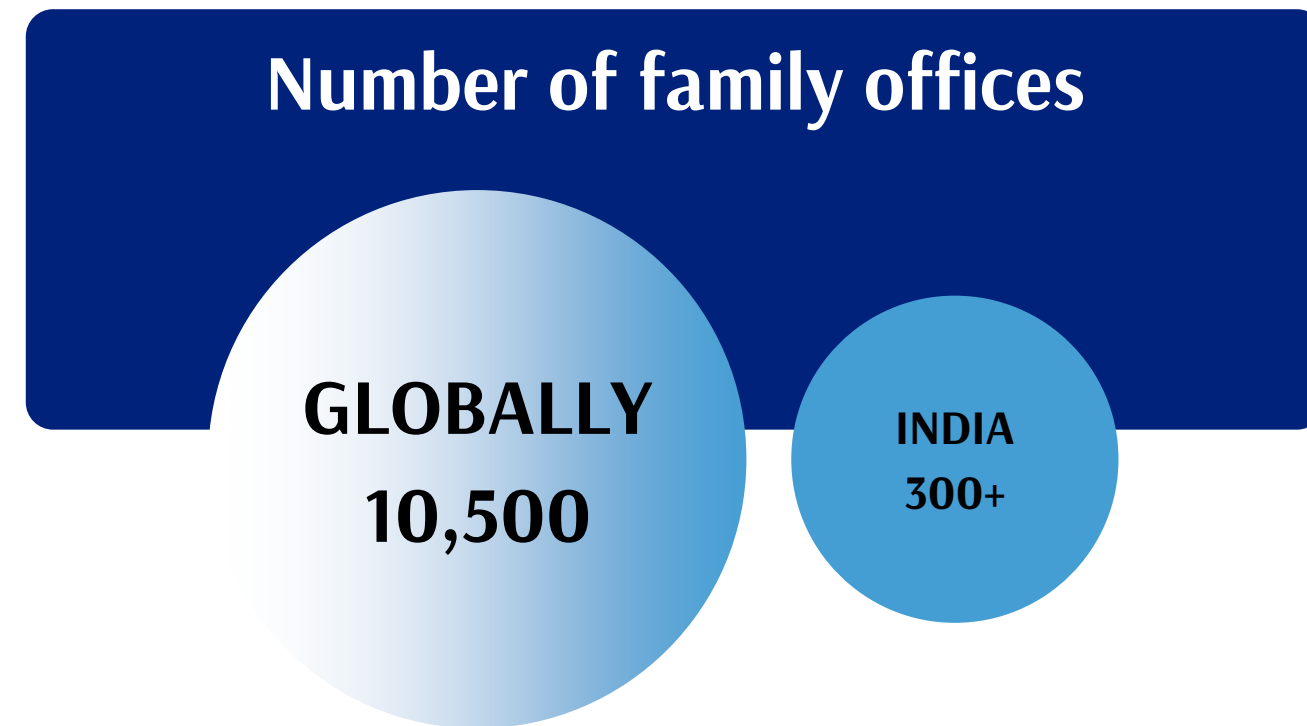
Vision of family offices determine their team strength



Talent acquisition and retention is one of the key challenges

Family offices are at the forefront of modern wealth management

Family offices reflect a growing trend towards personalized, professional wealth management to safeguard and grow family wealth across generations.

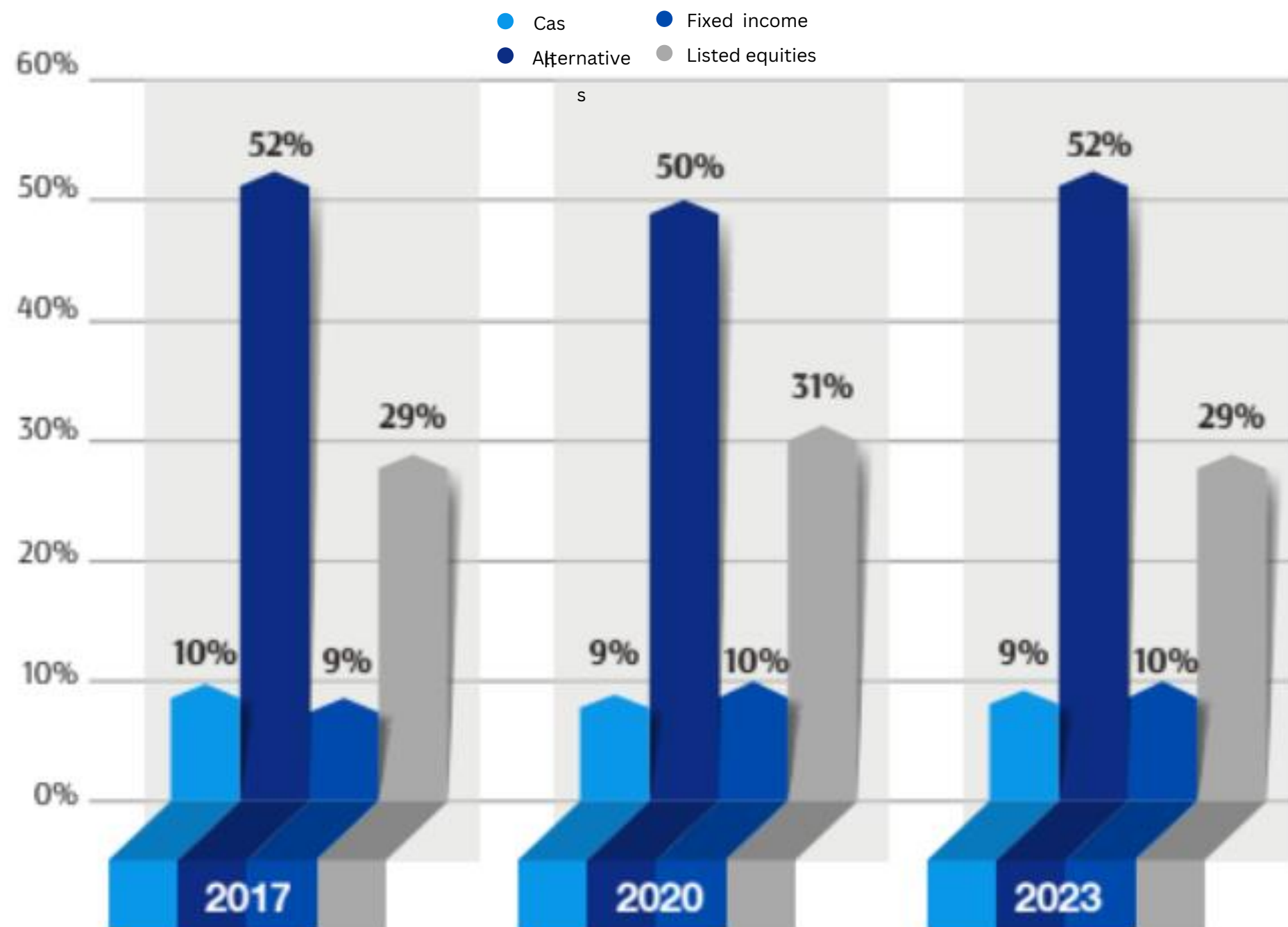


Cumulatively, the average AUM of all the family offices participating in the report is **~INR 70,000 Cr.**

The Assets Under Management (AUM) for family offices in India is expected to grow at a CAGR of 14% over the next three years, potentially increasing by **1.5 times.**

Family offices globally allocate highest proportion to alternatives

The largest allocation within alternatives is directed towards private equity and venture capital.



Family offices : Reasons for growth in India

Beyond safeguarding multi-generational wealth, several factors drive the demand for family offices globally and in India:

- **Decoupling Wealth Sources** : Family offices create separate structures to manage wealth independently from operating companies, aligning with the family's vision.
- **Creating Alternative Wealth Sources** : Post-liquidity events like selling a business, family offices manage large sums of money, becoming the next wealth generator.

Key reasons for establishing a family office

Governance and process-oriented approach to wealth management



70%

Control over decision making by employing own team



50%

Access to tailor-made solutions for your specific needs



40%

Management of the financial needs of multiple family members



30%

Cost optimisation VS Utilising external advisors

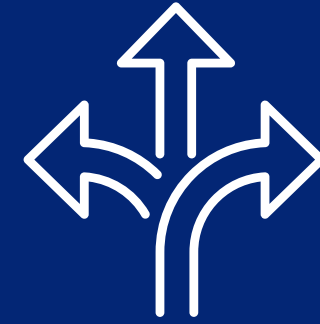


20%



Diverse family office personas

Family offices, with their diverse nature, can be categorized into four distinct types:



Diversifier

Typically **second-generation** wealth, focused on de-risking and wealth creation through diverse investments.



Innovator

First-generation entrepreneurs leveraging their entrepreneurial mindset to invest in synergistic businesses and manage liquidity.



Conservator

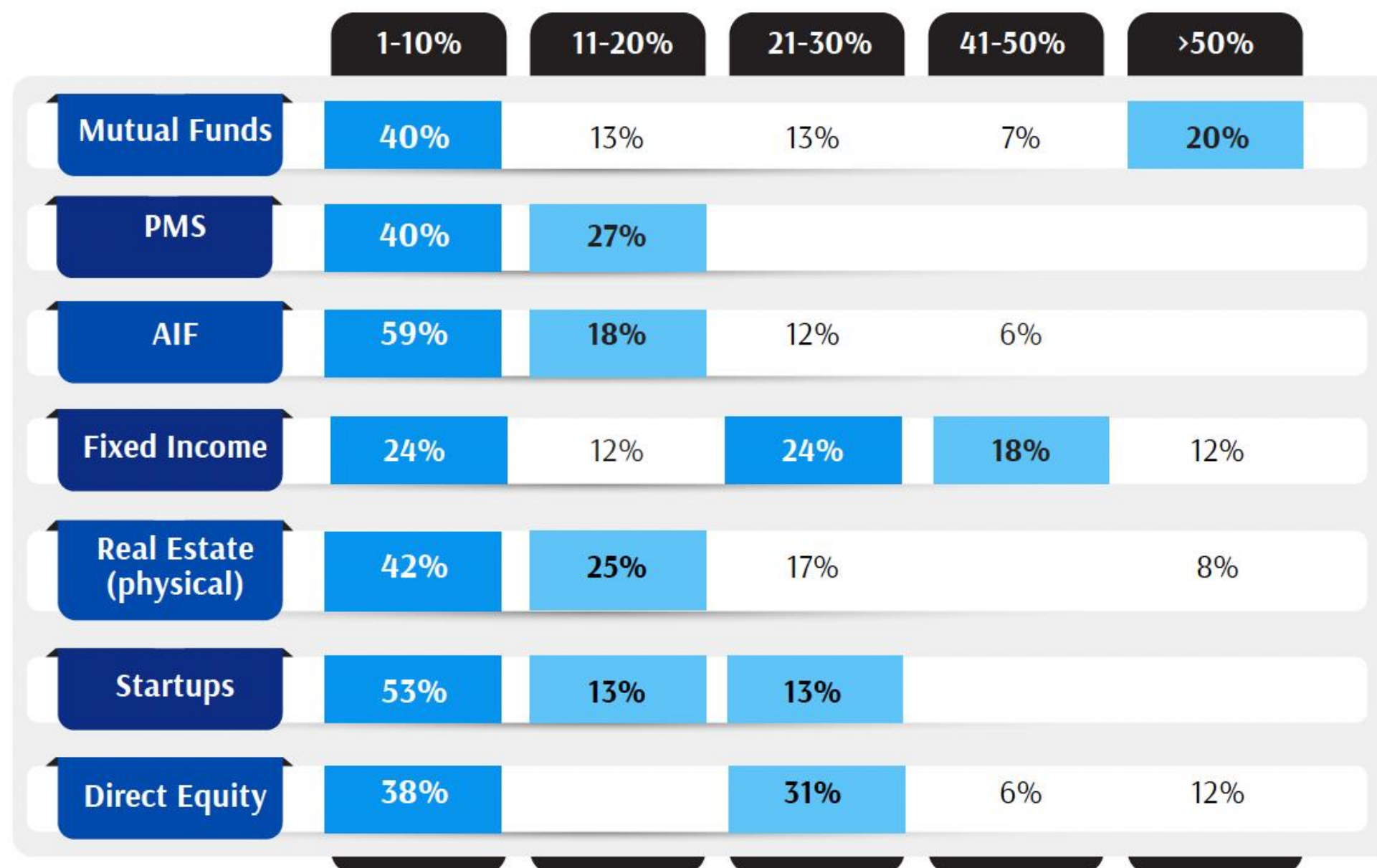
Multi-generational families prioritizing **wealth preservation and growth** with a reasonable risk appetite.



Preserver

Families decoupling investment decisions from operating businesses to **focus on preserving** inherited wealth.

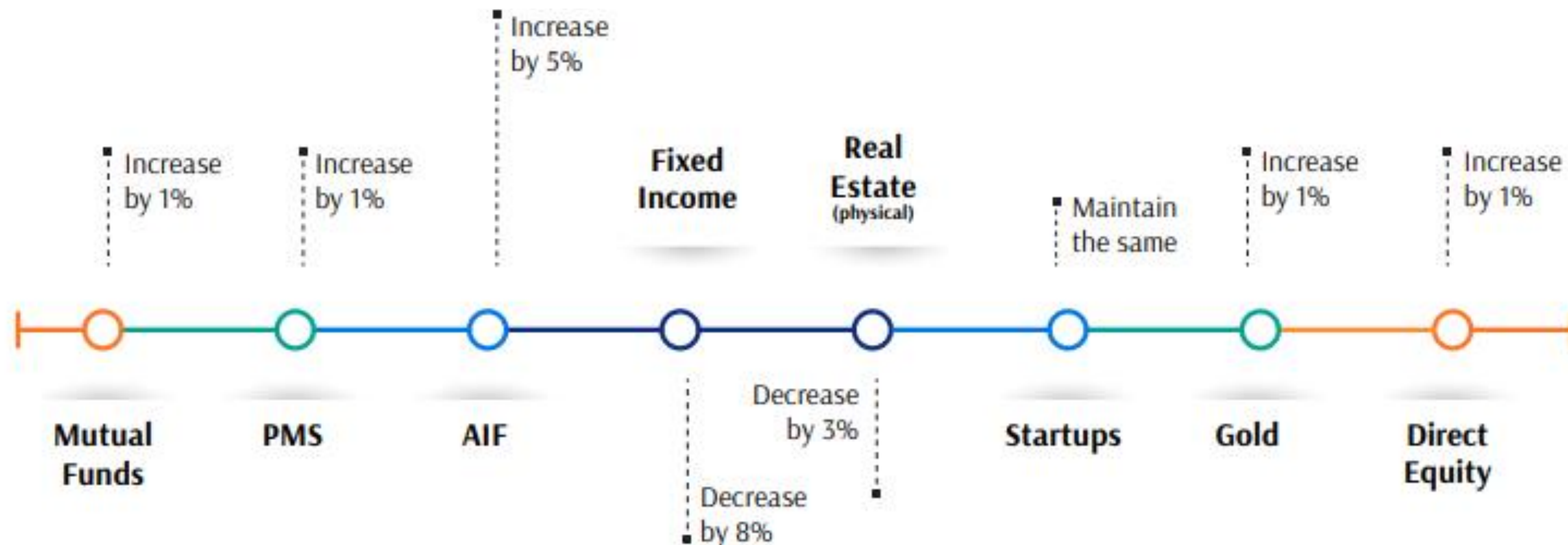
Current portfolio allocation towards asset classes



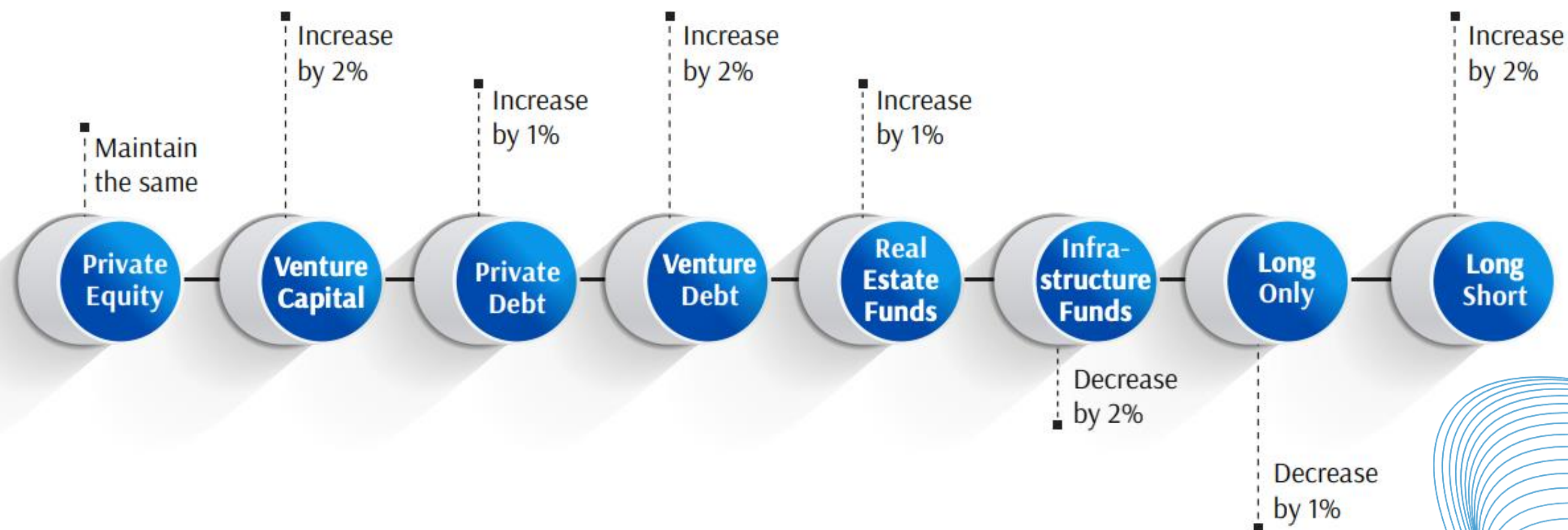
Indian family offices still predominantly allocate their financial assets to Mutual Funds.

Indian family offices to significantly increase AIF allocations in the next 3 years

Indian family offices aim to boost their investments primarily in AIFs, reduce allocations to Fixed income and real estate

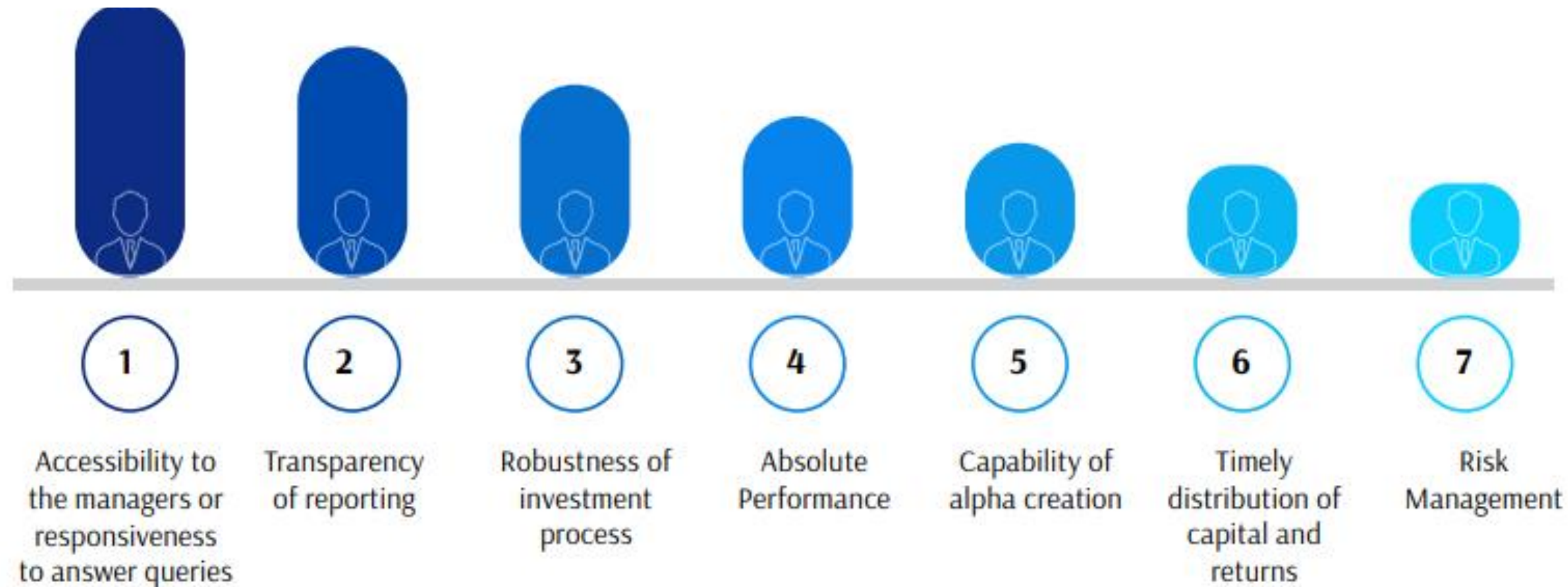


Indian family offices to strategically increase allocations in the next 3 years



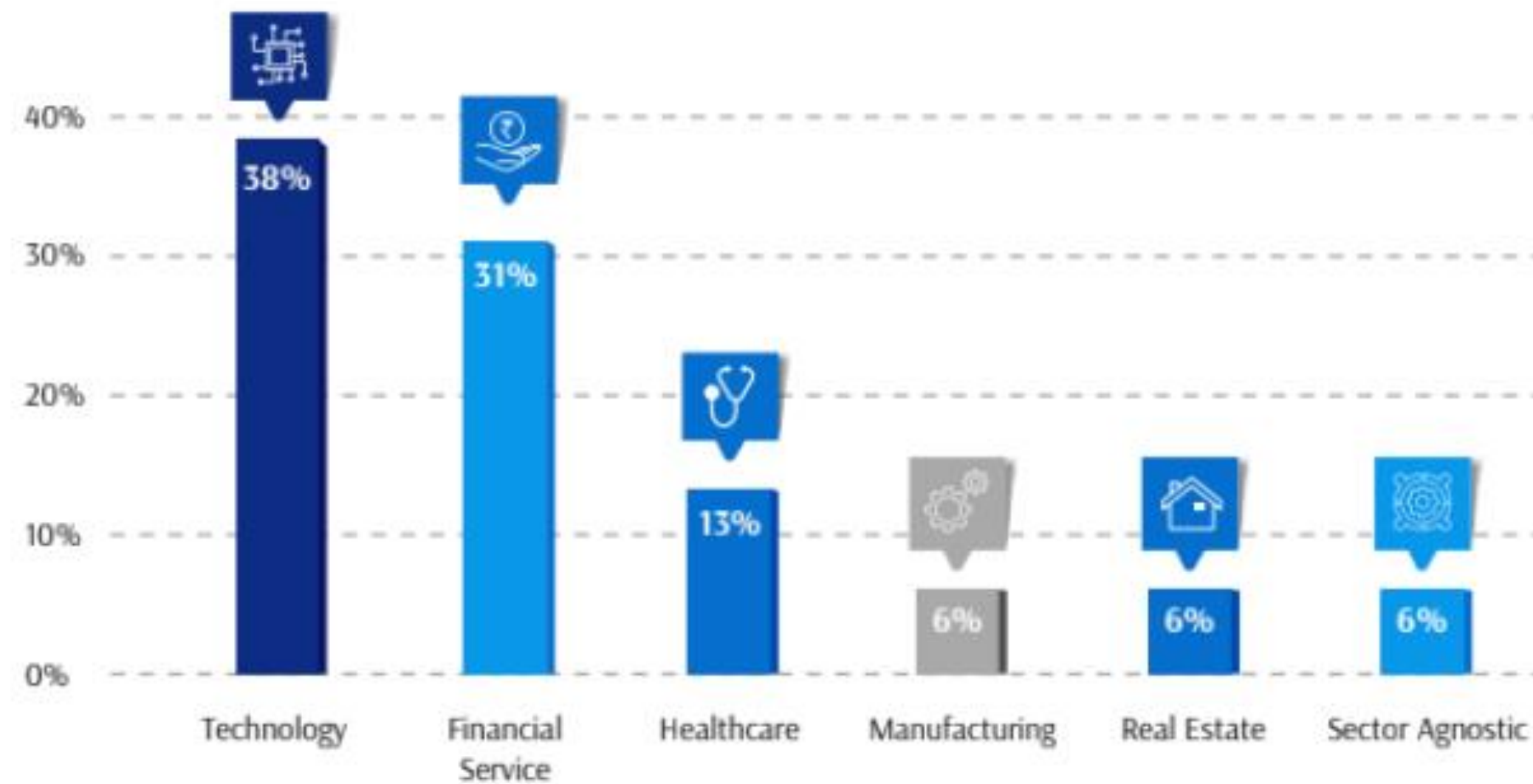
Family offices anticipate a more personalized service from fund managers

Trust is crucial in the decision-making process when selecting a fund manager, with factors such as alignment of values, previous experience, and the manager's reputation influencing the decision.



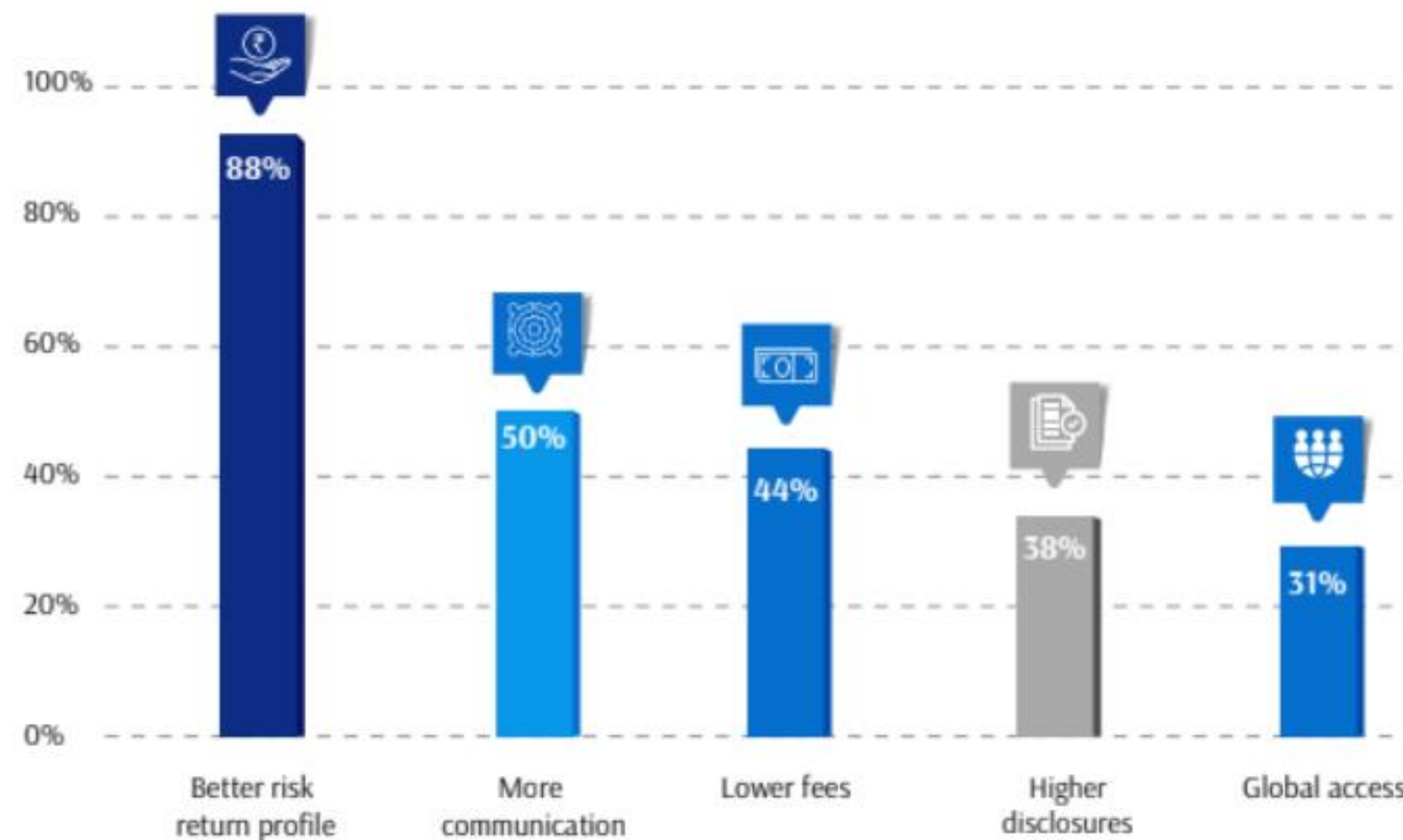
Technology and financial services top sectors (Public Markets)

Family offices typically favor sectors aligned with their core business, as they have a deep understanding of these areas.



Family offices assess investment managers based on risk-adjusted returns.

Family offices prioritise the integrity of investment managers, seeking experts with domain mastery who excel where the family office cannot, and who maintain a no-nonsense approach.



Future outlook : Paving the way for family offices in India

What family offices need

Stability in talent is crucial for effective wealth management. **Retaining skilled professionals ensures consistent strategy and long-term planning**, vital for steady wealth preservation and creation.

Family offices can enhance adaptability by **investing in innovative opportunities** in public and private markets alongside traditional assets to effectively mitigate risks.

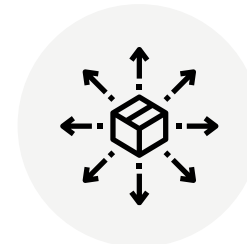
Family offices could benefit from using **efficient, user-friendly technology tools** that integrate well with existing systems to enhance operations, reporting, and analysis.

Family offices should **leverage their networks** for support and tactical decisions, valuing strong partnerships. Building a collaborative environment where they can connect easily with trusted partners is crucial.

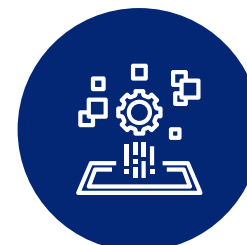
People



Product



Platform



Partnership



What the ecosystem needs to deliver

The ecosystem needs to provide **specialized certification courses for family office investing** challenges and offer ongoing education to keep professionals updated on current trends.

The ecosystem should focus on **providing AIFs with unique investment opportunities** tailored to family offices. It should also **encourage co-creation** between family offices and AIFs to develop bespoke investment solutions.

Tailored tech solutions like MIS, CRM systems, data analytics, and **execution platform integration** are essential for family offices. These solutions should be scalable and adaptable to meet evolving needs.

The ecosystem should provide a **comprehensive service network customized for family offices**, encompassing legal, accounting, and tech services to support all operational aspects from investment to administration.



Thank you

