

RESEARCH BRIEF

2024 FOX Global Investment Survey

November 2024

Executive Summary

FOX's 2024 Global Investment Survey ("the Survey", or "GIS") arrives amidst a notable post-election uptick in global asset prices that's seen major US equity indices reach all-time highs but also amid ongoing geopolitical turmoil, Fed / central bank policy uncertainty and persistent (if comparatively lower) inflation.

The timing of this year's survey results also affords us an opportunity to assess and compare family office investors' expectations, concerns and outlooks at the onset of the year with how 2024 has unfolded, providing valuable insights into how participating families managed investment governance, positioned asset allocations, and planned strategic changes and initiatives to strengthen future growth in today's environment.

With participation from over 100 investment offices, including families and SFOs serving multiple family branches, this year's survey captured global sentiments from family offices with assets and presence across continents.

Geographical presence of participants



Please note: The FOX Global Investment Survey fielded from May 2024 to October 2024. It pertains to investment activities and performance during calendar year 2023 with some strategic changes reported for 2024 and the immediate future.

Introduction

The 2024 economic environment presented a complex landscape for family office investments, characterized by heightened global uncertainty and an evolving interest rate backdrop. As central banks, particularly the Federal Reserve, navigate the aftermath of prolonged accommodative policies, family offices are recalibrating their strategies to adapt to these changes. The higher relative interest rates helped to revitalize the appeal of fixed income and cash as yield-generating defensive asset classes, marking a departure from over a decade of near-zero rates and appropriately less emphasis on yield and current income.

The Survey also underscores the rising importance of emerging technologies, particularly artificial intelligence (“AI”), as family offices adjust their sector focus to capitalize on what many have billed as a generational opportunity. Conversely, real estate investment returns, allocation and sentiment are all experiencing a continued decline, due in part to higher relative interest rates and tighter credit markets.

Additionally, we are seeing a marked increase in interest in private credit and an ongoing emphasis on direct investing, as family offices seek to mitigate public market volatility and an ever-uncertain macroeconomic outlook with a growing emphasis on private investing.



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Vice Chair



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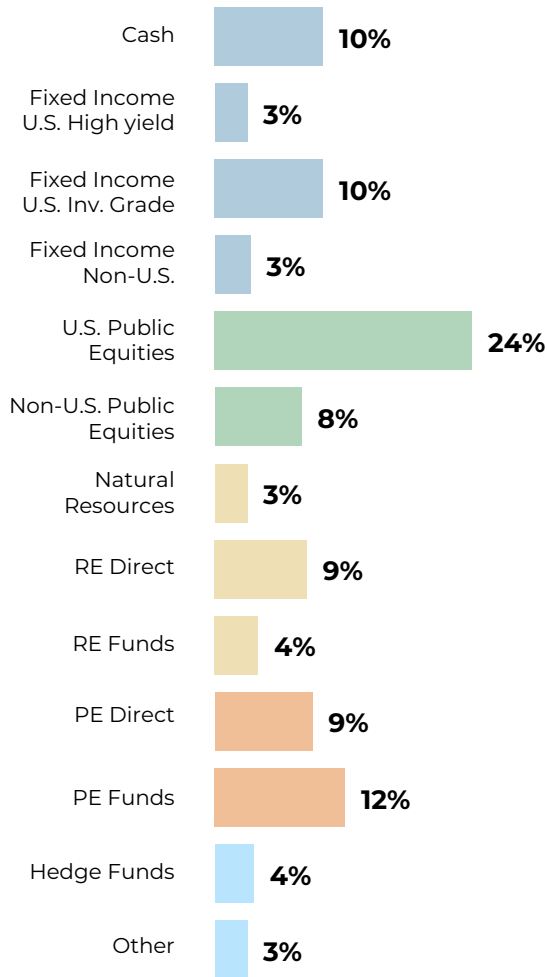
Miguel Lopez de Silanes
Market Leader, International



Mishu Din
Director, Research and Insights

The Survey further indicates that Family offices are optimistic yet increasingly cautious, with many adopting a "war chest" approach by bolstering cash reserves to both mitigate risks and capitalize on potential opportunities.

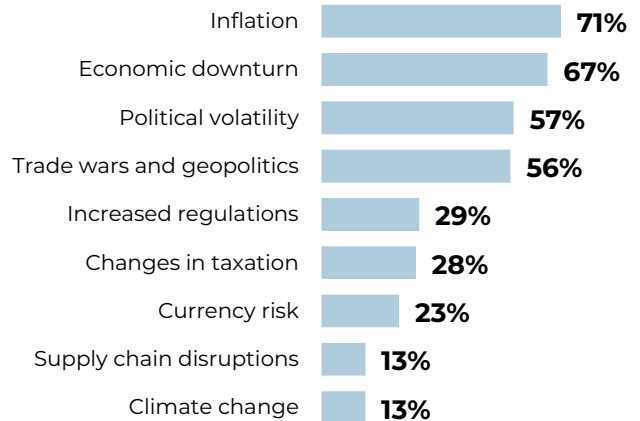
2023 investable assets – average asset allocation



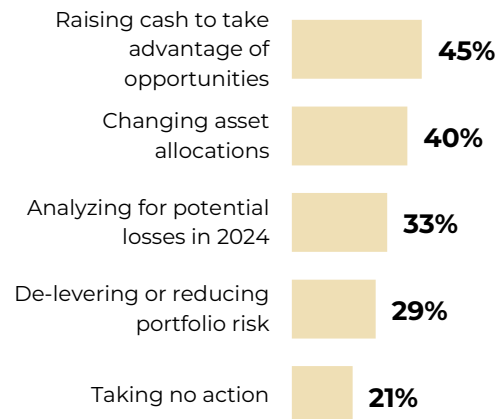
Market Sentiment and Future Approach

Unsurprisingly, family office investors cited inflation, the potential of an economic downturn, political volatility and geopolitics as major global issues to watch in '24. Interestingly, we've experienced mixed results as we approach year-end: the domestic economy seems more likely than ever to achieve a "soft landing," though asset prices are arguably in historically dangerous territory, and markets have reacted positively to more certainty around the U.S.'s political future.

Which of the following global issues are most likely to affect your investment portfolio in 2024. (Select all that apply)



What measures are you taking in response to those issues? (Select all that apply)

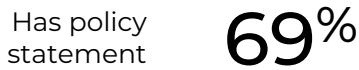
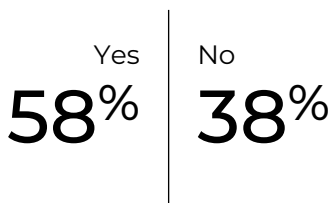


Governance and Expertise in Family Offices

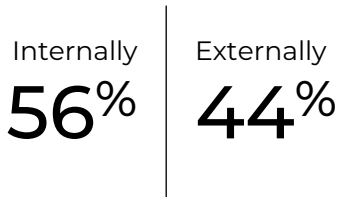
The Survey underscores the importance of robust governance frameworks, particularly in the context of direct investing, where the balance between in-house expertise and outsourced management is critical.

Re-examination of Investment committees and investment processes continue to be on the minds of family office teams in trying to find angles to provide superior risk adjusted returns. Nimbleness, cost-effectiveness and investing experience continue to be in high demand.

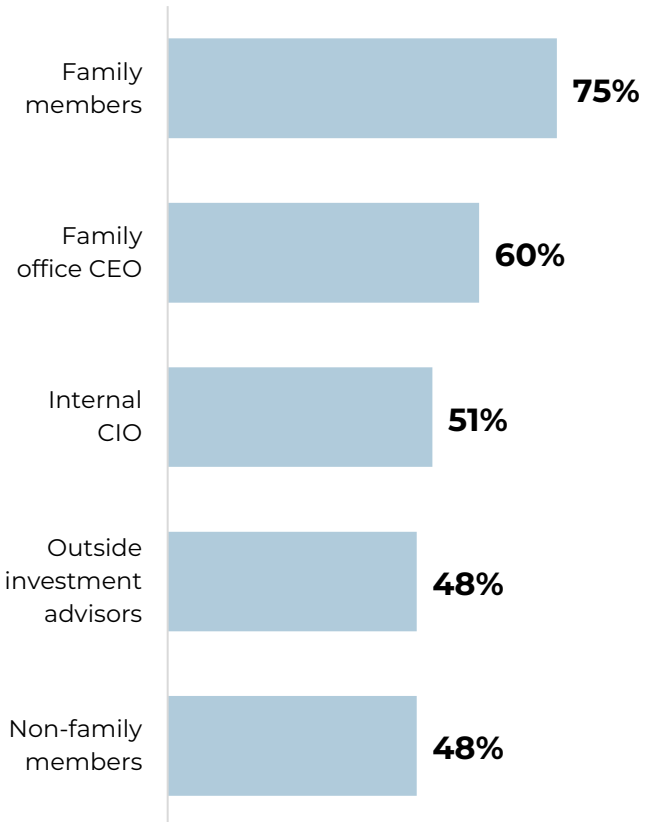
In-house CIO



Manages assets



Investment Committee Composition (Outside investment advisors include outsourced CIO, investment managers, consultants)



Direct Investing: Ongoing Support and Desire to Build

The Survey shows nearly all direct investing teams include family principals, which indicates ongoing support and desire to build out direct investing initiatives. This is supported by our conversations and work with members, who rarely undergo the work to build a direct investment strategy unless it is being driven by the principals. At the same time, direct investing is notably challenging and resource-intensive; family principals – and family offices more broadly – that aren’t wholly dedicated to direct investing risk underperformance and/or dissatisfaction with the strategy.

Direct investing team profile

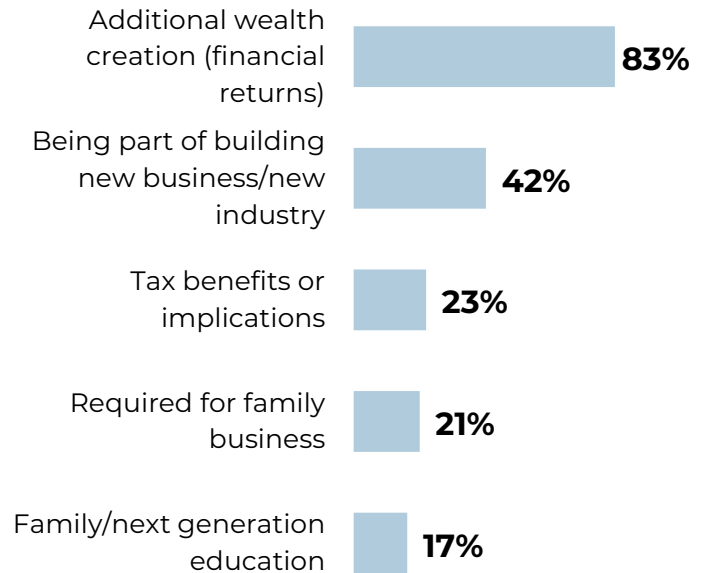
Family members

3 (avg)

Non-family professional

7 (avg)

Reasons for Direct Investment



As we look to the future, we may find that the pace of change will only increase, and traditional approaches to asset allocation, governance and structure may increasingly prove outdated or inadequate. Moreover, an era absent highly accommodative central banking policy is likely to dictate a much different approach. Today’s highly dynamic – and highly uncertain – environment increasingly seems here to stay, and family office investors best respond accordingly.

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