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## EUROPE'S FAMILY OFFICES, PRIVATE EQUITY AND VENTURE CAPITAL (SUMMARY)

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## SUMMARY

### EUROPE'S FAMILY OFFICES, PRIVATE EQUITY AND VENTURE CAPITAL

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#### Principal Topic

Family Offices (FOs) have turned into significant contributors to private equity (PE) and venture capital (VC) funds. As pure private wealth, they are often not subject to government regulation, and exhibit long investment horizons, often spreading across generations. As such, they provide a unique perspective into long-term, unconstrained investment behaviours and portfolio allocations. This paper, based on extensive clinical analyses of the largest FOs in Europe, investigates the single family offices' investment behaviour when it relates to risky asset classes such as private equity and venture capital. Commissioned and jointly run with the European Venture Capital Association (EVCA), it is the first in-depth analysis of the investment behaviour, processes, structures and allocations of this investor group. We also develop a new typology of FOs. We show how aspects such as family history, the generational distance to the founder and the size of the clientele served by the FO affect the establishment and development of the FO, objectives, processes, structure and allocations to PE and VC. We also provide confirming evidence that European FOs do operate on a multi-generational time horizon, have broad networking abilities and the ability to move quickly in changing and difficult circumstances.

#### Method

The paper is based on in-depth clinical analyses conducted in 2007 of 12 of the largest (single) family offices in Europe, ranging in size from €1.5 billion to €12 billion of investable assets. The sample has been estimated by EVCA to represent about 50% of the depth of the market in Europe, and represents some of the largest, most sophisticated players.

#### Results and Implications

This paper documents the investment behaviour of the largest family offices in Europe, outlining robust patterns. Family offices tend to invest aggressively into PE and VC. Relatively young and smaller (in terms of clientele served) family offices are the most aggressive allocators to risky assets, but this tends to disappear with the natural generational spread of the family. Family offices tend to be smart, patient and often more entrepreneurial and risk-taking in their investment decisions, making them ideal private equity "customers" but the dynamics of the FO are important for GPs when attracting them to funds.

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