

The changing face of family offices

Insights across
generations



Foreword

The face of family offices is changing. Wealth is moving across generations, new family offices are emerging and established offices are evolving, leading families to adjust how they structure their organizations, allocate capital and manage risk.

Our survey explores these shifts, looking not only at what family offices are doing today and how they're planning for tomorrow, but also at how their approaches vary by office age, generation and scale.

The perspectives in this report are drawn from our survey conducted in partnership with Preqin between July 13 and August 24, 2026, of 206 single-family offices across the Americas, representing an estimated \$491 billion in investable assets.

One of the clearest findings is that there is no single model for the modern family office. Newer and more established offices approach investment management, governance and succession planning differently, while scale also appears to shape how offices build their operating models and adopt new technologies. Regional differences add another dimension: family offices in the U.S. and Canada report larger allocations to alternatives, while those in Latin America report greater AI adoption and integration. These differences are not simply markers of age or size. They offer a window into how family offices evolve as their responsibilities change.

That evolution is also changing the questions family offices are asking about their portfolios. The education phase is over. Family offices are no longer asking why to invest in private markets. They are asking how to optimize portfolios they have already built. Respondents expect to meet future commitments primarily from distributions generated by existing private-market

investments and cash on hand, rather than by reallocating from public markets. That is a portfolio-construction question, not an access question, and it changes what these clients increasingly expect from a partner.

Family offices are placing greater emphasis on resilience, liquidity management and diversification, while governance is now a bigger challenge than investment returns. AI adoption is broadening, although its integration into investment decision-making remains at an earlier stage.

Importantly, evolution does not always mean moving in the same direction. The survey reveals meaningful differences among family offices, with some of the most interesting patterns running counter to conventional assumptions about how they mature.

Across our business, we see clients consolidating around fewer, deeper partnerships and asking partners to help solve portfolio-level challenges rather than product-level decisions. Family offices are no exception. As their needs evolve, they increasingly require partners who can connect investment strategy with liquidity, risk, governance and the long-term objectives of the family.

That is what makes this evolution so important. The future of family wealth will not be defined simply by what families own, but by how effectively they bring together the investment, governance and decision-making capabilities needed to steward that wealth across generations. We hope this report provides a useful perspective on where that journey stands today, and where it may be heading next.

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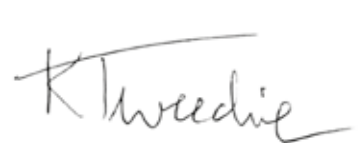
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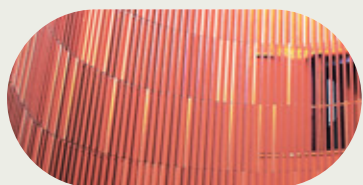
Head of Latin America



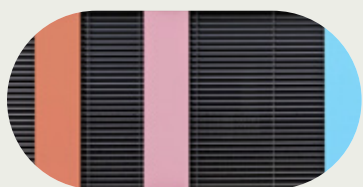
Katherine Tweedie

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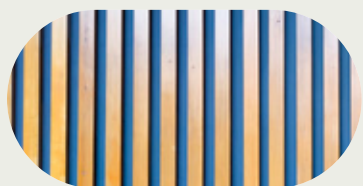
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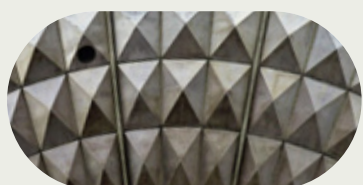
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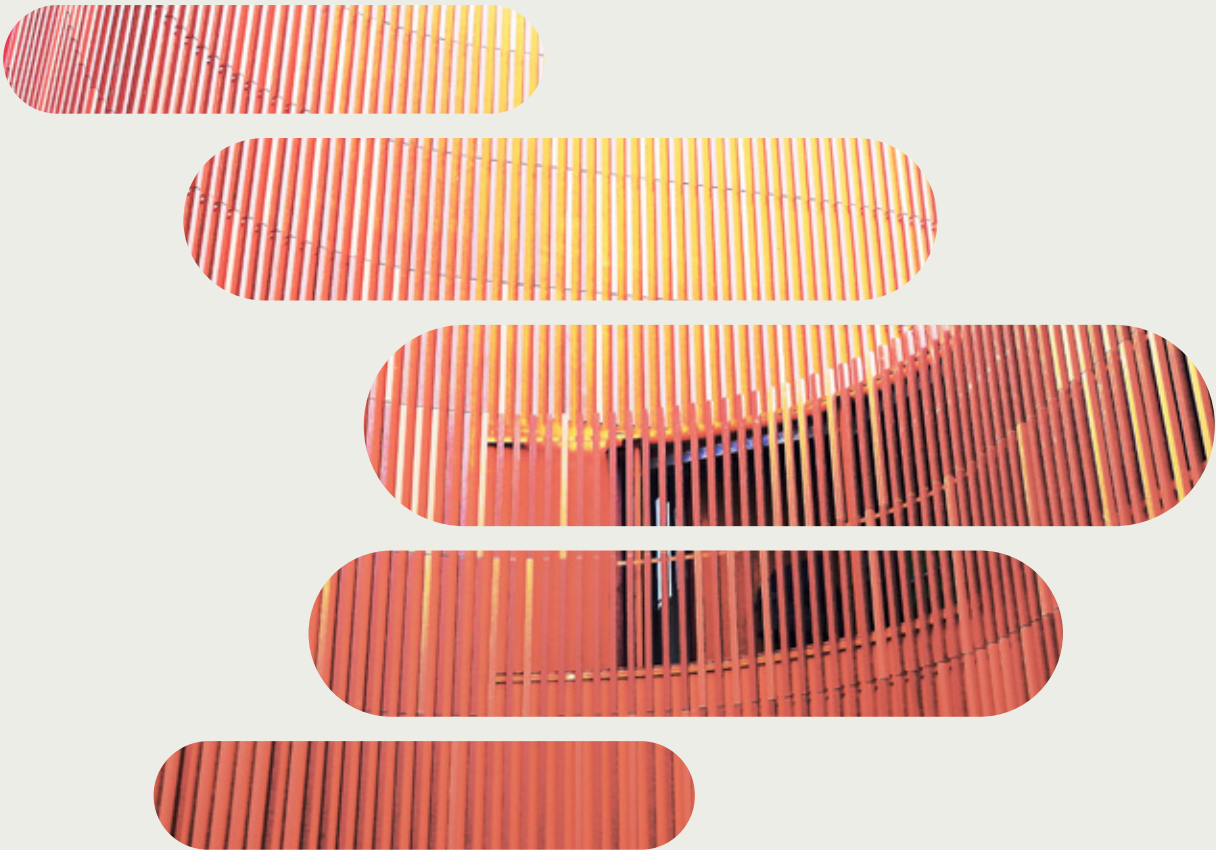


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1. Executive summary



Investment views

Wide liquidity dispersion reflects a divide in allocation approach among family offices.

About one-quarter (26%) of respondents have a target allocation of less than 30% to liquid assets, while a similar number (24%) have target allocations in excess of 60%.

PE's comeback: appetite is rising again, but access routes reveal a generational split.

More than half (52%) of respondents allocate more than 15% of their alternatives' portfolios to PE, by far the highest figure for any alternative asset class, and nearly one-third (32%) plan to increase PE allocations over the next 12 months – up from 26% last year¹. However, there are some notable concerns, particularly around the exit environment and valuations. Access routes also differ by office age: newer family offices are more likely to invest in secondaries, with nearly half (45%) listing them as a preferred method for accessing PE, compared to just over one-quarter (28%) of older family offices. Older family offices are more likely to prefer co-investments (75%) than their newer counterparts (60%).

No alternative asset class has more momentum than infrastructure – and newer family offices are leading the charge. Thirty percent of respondents plan to increase infrastructure allocations over the next 12 months, versus just 6% planning to decrease. This 24-percentage-point positive spread is by far the largest among the alternatives surveyed. Newer family offices are especially positive: 38% plan increases, versus 16% of older offices.

Family offices have picked a side on every alternative asset – except private credit.

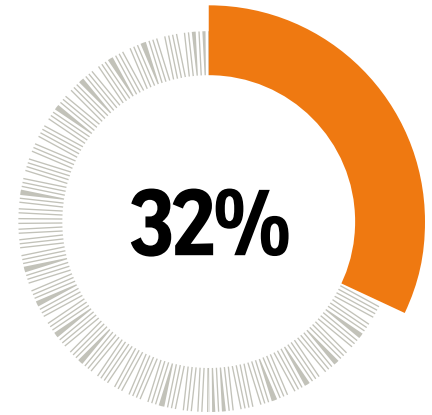
Nearly half (49%) intend to maintain their current allocations over the next 12 months, while roughly equal numbers expect to increase (17%) or decrease (15%) allocations.

Risk management

Family offices are repositioning for risk – not retreating from it – as globalization brings new complexity. More than half (53%) of respondents are making changes to their portfolios due to the repricing of risk across markets, mostly by increasing diversification (35%). Roughly equal numbers are either targeting higher returns (10%) or reducing exposure to risk assets (8%).

With increasing globalization come increasing challenges. More than four in ten respondents (43%) cite the increasing globalization of their family as creating additional complexity, most notably with tax and regulatory considerations (72%) and cross-border estate and succession planning (38%).

Potential changes in tax policy are impacting family offices. More than eight in ten (83%) family offices report some impact on their portfolios from potential tax policy changes, and respondents employ, or are considering, a broad variety of tax-related strategies, led by tax-optimization (63%) and timing of capital gains and losses (47%).



**plan to increase
PE allocations, up
from 26% last year**

53%

of respondents are making changes to their portfolios due to the repricing of risk across markets.

PREQIN

a part of BlackRock

This report was completed with Preqin data.

1. 2025 figure reflects the results of our global family office survey:
blackrock.com/gls-download/literature/whitepaper/global-family-office-report.pdf

Governance

Governance has become a bigger challenge than investment returns. Nearly three in ten (28%) respondents cite governance and decision-making as the single greatest challenge facing their family offices today, outstripping even investment returns (24%). Yet less than one-third (30%) of family offices report having a highly formalized and structured governance process.

More established family offices offer a playbook for newer ones to follow. Governance is more structured among older family offices: nearly three-quarters (71%) of older family offices have highly or moderately structured governance, compared with 60% of newer family offices.

28%

cite governance and decision-making as their top challenge – ahead of investment returns (24%).

Succession

Succession planning: much work remains to be done. Nearly one-fifth (18%) of respondents have no succession plan, more than half (54%) are in either the planning or building stage, and less than one-third (29%) have fully implemented succession plans. Meanwhile, 65% report limited to no next-generation involvement in investment decision-making.

The succession paradox: first-generation family offices are planning further ahead than their more mature peers. Gen 1 offices are further along on succession: nearly two-fifths (37%) report fully implemented succession plans, versus just over one-quarter (26%) of Gen 2/3+ offices.

37%

of Gen 1 offices have fully implemented succession plans – vs. just 26% of Gen 2/3+ offices.

Founder-led offices run on trust; later generations run on structure – but that doesn't mean founders are unprepared. Less than half (49%) of Gen 1 family offices have highly or moderately structured governance, compared with 70% of Gen 2/3+ offices. Formalization and preparedness do not always advance together.

AI and technology

AI enthusiasm is running well ahead of measurable return on investment (ROI). More than half (56%) of respondents report that AI is either core to operations and decision-making (13%) or increasingly important (43%). Yet only 18% reported operating-cost reductions from AI, while 43% reported no measurable impact.

Larger family offices are leading the way in AI. Three-quarters (75%) of respondents with more than \$1B in assets describe AI as core or increasingly important to their operations and decision-making, versus just 46% of respondents with less than \$1B in assets.

75%

Three-quarters (75%) of respondents with more than \$1B in assets describe AI as core or increasingly important to their operations and decision-making, versus just 46% of respondents with less than \$1B in assets.

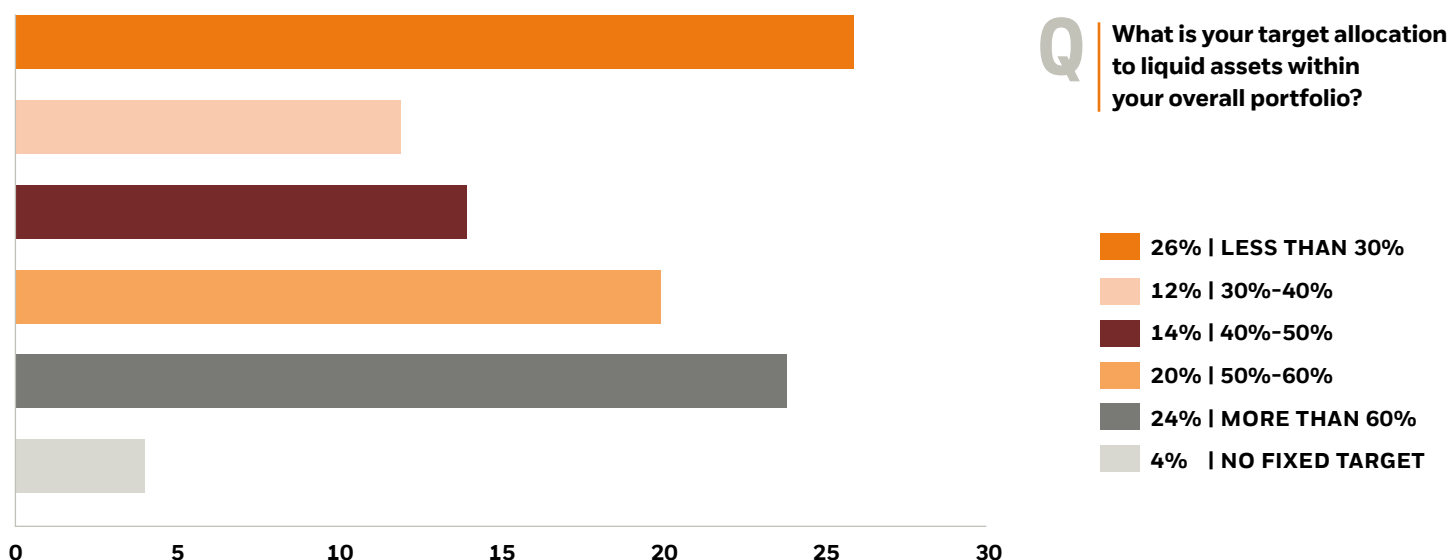


2. Investment views



Wide liquidity dispersion reflects a divide in allocation approach among family offices

Family offices take a diverse approach to portfolio construction, which is perhaps most evident in their allocations to liquid assets. About one quarter (26%) of respondents have a target allocation of less than 30% to liquid assets, while a similar number (24%) have target allocations in excess of 60%.



Includes all assets that can be readily converted to cash with minimal market impact.

This wide dispersion suggests there is no single prevailing approach to balance liquidity and longer-term investment goals among family offices, with portfolio construction reflecting different investment objectives, liquidity needs and risk tolerances. It also reflects the fact that many family offices may have a significant amount of capital that is constrained in some way, often through concentrated positions in the family business or highly appreciated assets that would incur significant tax

liabilities if sold. It's reasonable to think that large allocations to liquid assets in some family offices may correspond to similarly large positions in constrained capital. For family offices navigating this tension, cash-flow forecasting can help clarify future liquidity needs and identify potential funding gaps. Strategies that create liquidity from concentrated or highly appreciated positions can provide a way to fund new commitments or rebalance portfolios without requiring a full exit from core holdings.

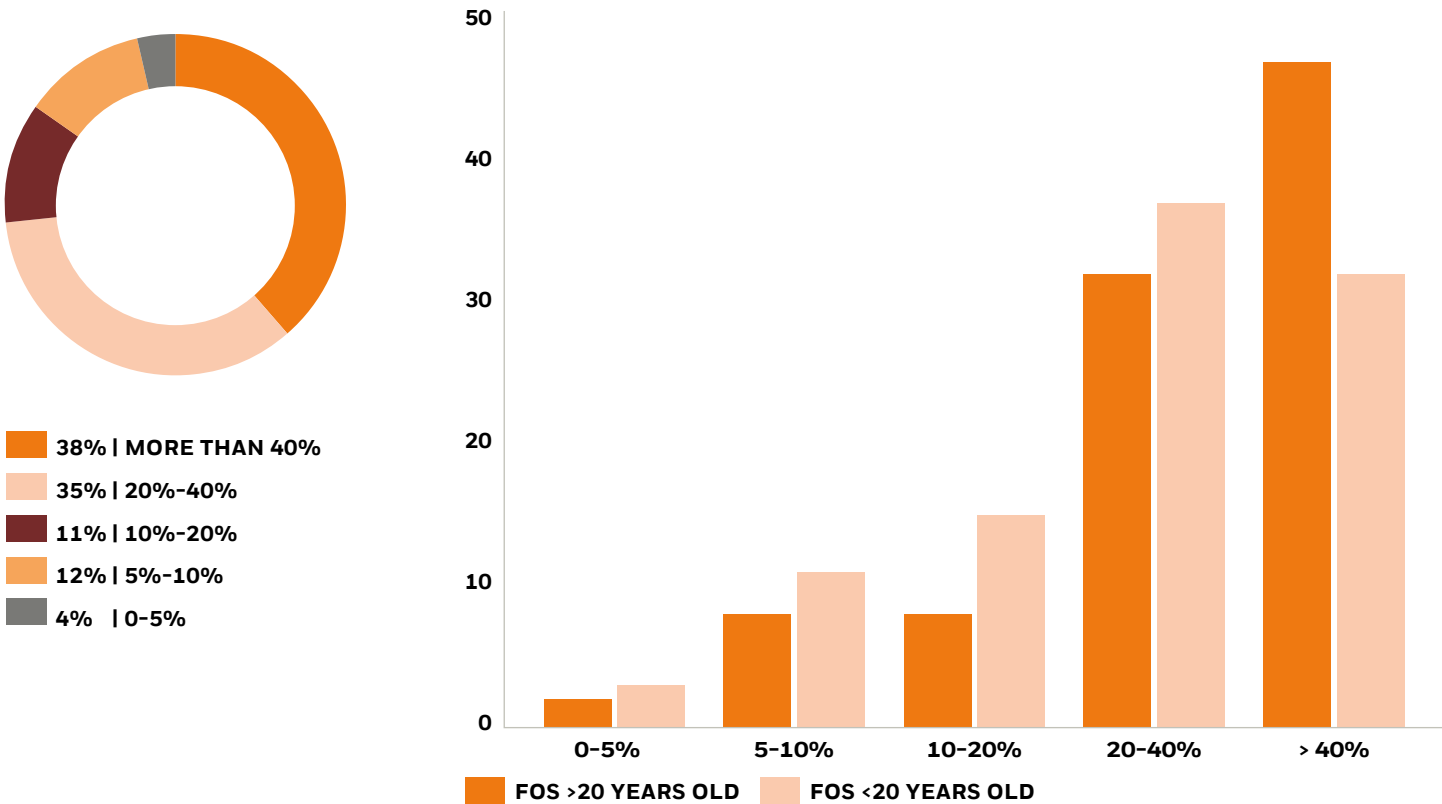
The balance between liquid and less-liquid investments is especially important given the significant role of alternatives in family office portfolios. Nearly three-quarters (74%) of respondents have more than 20% of their total portfolio allocated to alternatives, and 38% have more than a 40% allocation.

Older family offices (those established more than 20 years ago) are more likely to have higher concentrations in alternatives. Nearly half (47%) have allocations above 40%, compared to just 32% of newer family offices (those formed less than 20 years ago). Given the time and complexity required to build an alternatives portfolio, including due diligence, sourcing and manager relationships – it’s not entirely surprising that newer family offices have not yet built alternatives allocations as large as their more established peers, especially when considering that newer offices are more likely to have significant wealth tied up in constrained investments. This dynamic bears watching in the years ahead: whether newer family offices eventually grow their allocations in line with their more established peers will be one of the key guideposts to monitor as the family office investment landscape continues to evolve.

One clue to how portfolios may evolve can be found by looking at how family offices plan to fund future alternatives investments: will they be tapping existing public markets allocations, moving between alternatives, or something else?

Across all alternative asset classes, respondents identify two primary sources of capital for future investments: distributions from existing private market funds and cash on hand. This suggests that family offices expect existing capital to do much of the heavy lifting as they make new commitments, rather than relying primarily on fresh portfolio inflows or broad reallocations from public markets. It also points to a potential reduction in liquid allocations moving forward, as well as possible rotation within the alternatives portfolio. However, there does not appear to be a large-scale move from public to private markets on the near-term horizon.

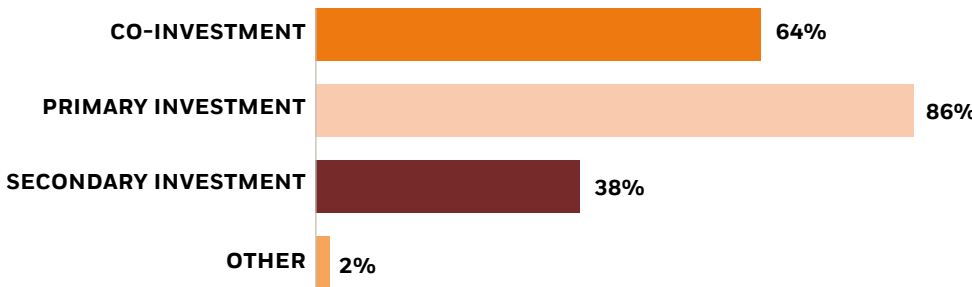
Q | What percentage of your total portfolio is currently allocated to alternatives?



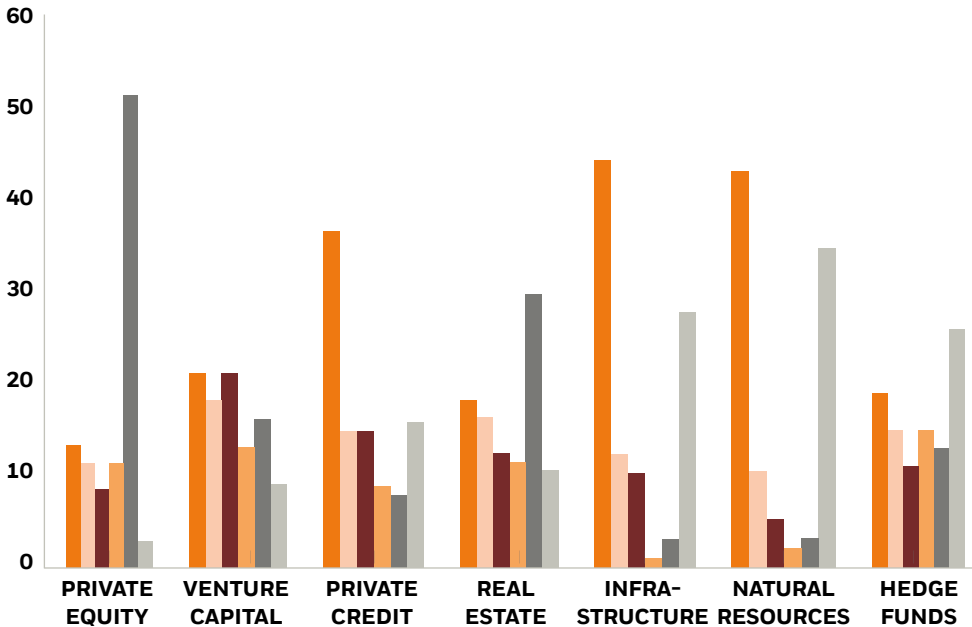
PE's comeback: appetite is rising again, but access routes reveal a generational split

Private Equity (PE) continues to dominate family offices' alternatives allocations. More than half (52%) of respondents allocate more than 15% of their alternatives' portfolios to PE, far and away the highest figure for any alternative asset class, and nearly one-third (32%) plan to increase PE allocations over the next 12 months – up from 26% last year.²

Primary funds (86%) and co-investments (64%) are the most favored PE strategies, but there is also meaningful interest in secondaries (38%).



Q What is your preferred method of accessing private equity? (Select all that apply)

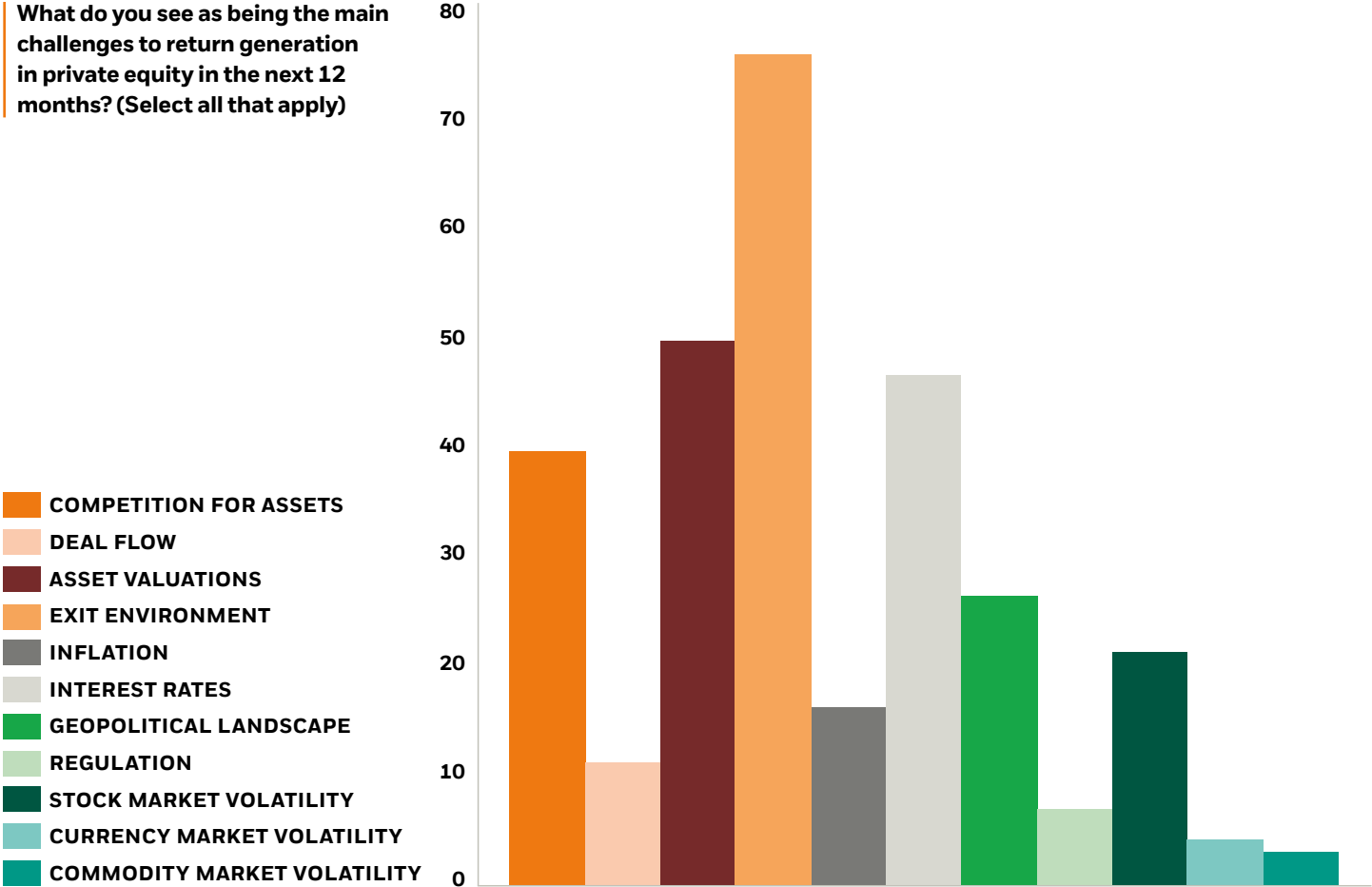


Q What percentage of your total alternatives portfolio is currently allocated to each of the following asset classes?

- 0%-3%
- 3%-6%
- 6%-10%
- 10%-15%
- 15%+
- DO NOT INVEST IN THIS ASSET CLASS

2 2025 figure reflects the results of our global family office survey: blackrock.com/gls-download/literature/whitepaper/global-family-office-report.pdf

Q What do you see as being the main challenges to return generation in private equity in the next 12 months? (Select all that apply)



While PE is a core allocation for both newer and older family offices, there are meaningful differences in how the two groups prefer to access the asset class. Newer family offices are more likely to invest in secondaries: nearly half (45%) listed secondaries as one of their preferred methods for accessing PE, compared to just over one-quarter (28%) of older family offices. But older family offices are more likely to prefer co-investments (75%) than their newer counterparts (60%).

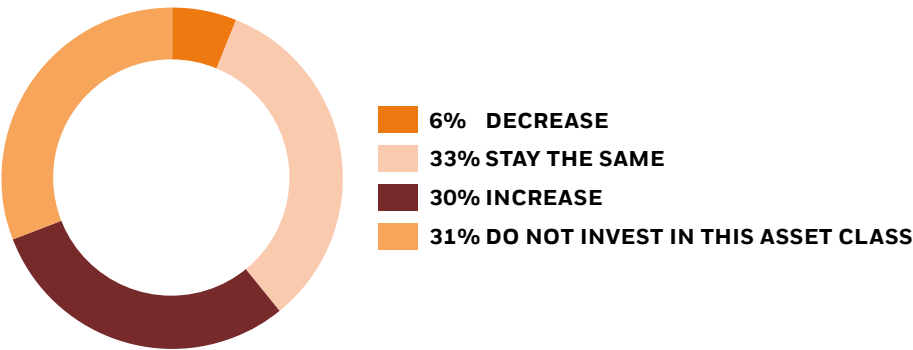
The contrast may reflect different stages of portfolio development: newer family offices appear to be using secondaries as a way to build PE positions relatively quickly while minimizing J-curve exposure, while more established offices are drawn to

co-investments to round out their PE portfolios by gaining direct exposure to individual companies. For older family offices, this preference may also reflect the practical challenge of navigating legacy portfolios – both public and private – where embedded gains and low distributions to paid-in capital (DPI) can make tactical shifts more difficult.

While family offices are showing renewed interest in PE, they do have some meaningful concerns, notably around the exit environment and valuations. More than three-quarters (76%) of respondents cite the exit environment as one of the main challenges to return generation over the next 12 months, and 50% cite valuations.

No alternative asset class has more momentum than infrastructure – and newer family offices are leading the charge.

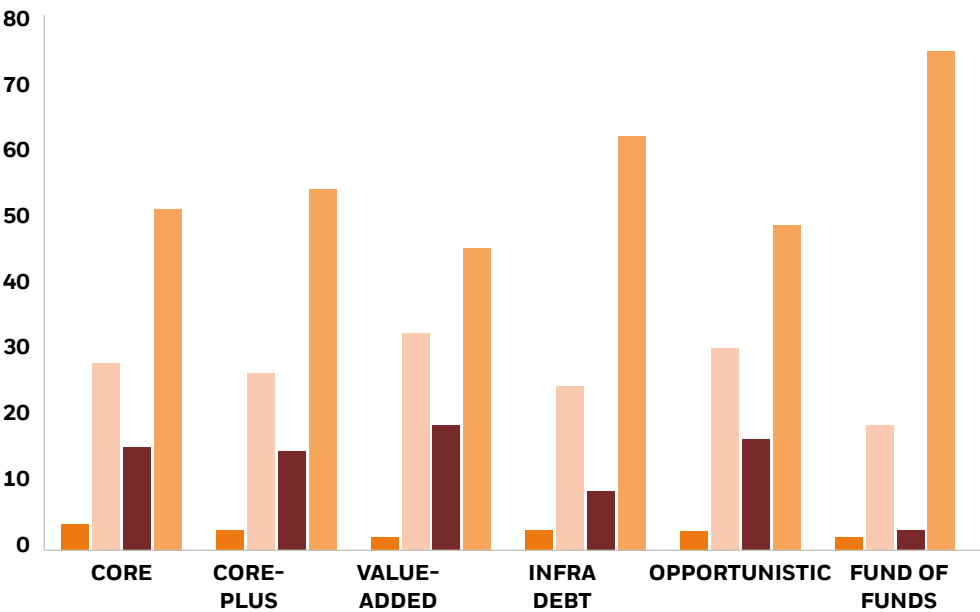
Infrastructure stands out as an area of growing interest among family offices. Over the next 12 months, nearly one-third (30%) of respondents plan to increase allocations, versus just 6% that plan to decrease. This 24–percentage–point positive spread between those planning to add and those planning to reduce is by far the highest of any alternative asset.



Q Over the next 12 months, how do you expect your capital allocation to infrastructure to change compared to the past 12 months?

The breadth of this positive momentum suggests that infrastructure has moved beyond a niche allocation for family offices and is increasingly being viewed as a strategic component of long-term portfolios.

Digging deeper, respondents expect to increase their allocations to every sub-asset class of infrastructure over the next 12 months, with notable strength in value-add, opportunistic, core, and core plus.



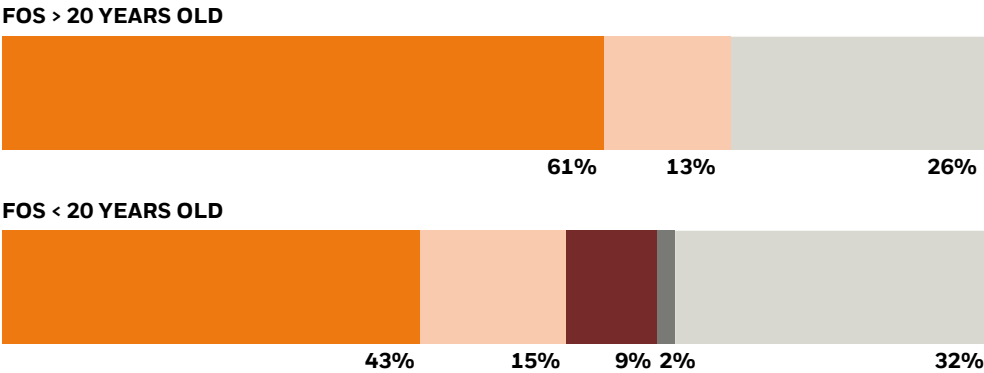
Q Over the next 12 months, how do you expect your capital allocation to each of the following infrastructure sub-asset classes to change compared to the past 12 months?

- DECREASE
- STAY THE SAME
- INCREASE
- DO NOT INVEST IN THIS ASSET CLASS

Newer family offices are particularly enthusiastic about infrastructure. Nearly one-quarter (24%) of them have allocations of 3%-10%, versus just 13% of older family offices. And 11% of respondents from newer family offices have allocations of 6%-15%, while none of the respondents from older family offices have allocations that large.

Q Size of Infrastructure allocations, newer vs. older FOs

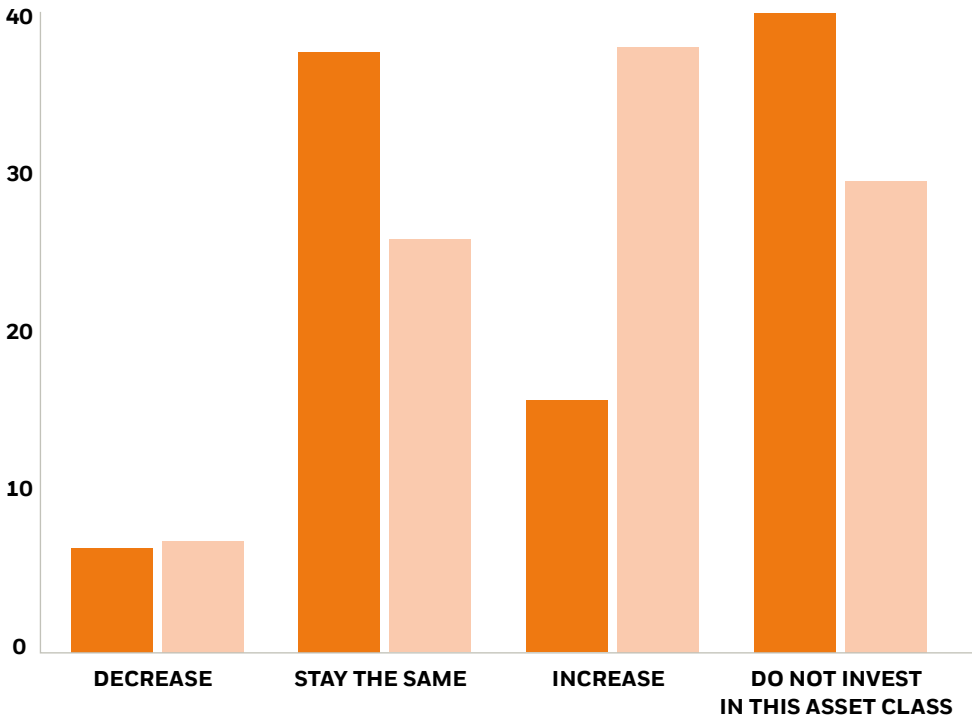
- 0% - 3%
- 3% - 6%
- 6% - 10%
- 10% - 15%
- 15%+
- DO NOT INVEST



Looking ahead, this trend appears set to continue: nearly two-fifths of newer family offices (38%) expect to increase their infrastructure allocations over the next 12 months, compared to just 16% of their older counterparts.

Q Over the next 12 months, how do you expect your capital allocation to infrastructure to change compared to the past 12 months?

- FOS (>20 YEARS OLD)
- FOS (<20 YEARS OLD)



The higher allocations among newer family offices are likely reflective of the fact that infrastructure has only really emerged as an investable asset class in the last two decades, and that it has seen meaningful growth in the opportunity set over the past ten years. Many family offices that have been around for more than twenty years likely established their allocations to illiquid assets around a different opportunity set, leading to lower exposure to newer asset classes like infrastructure.

Infrastructure's new era

Structural demand is supercharging family office allocations

Infrastructure is increasingly becoming a foundational component of long-term portfolios as structural forces such as artificial intelligence, the energy transition and the rewiring of supply chains drive demand for the systems that move energy, data, people and goods. At the same time, traditional sources of capital are constrained, creating a larger role for private investment in both new development and infrastructure renewal.

The case for infrastructure appears to be gaining traction among family offices. Thirty percent of survey respondents say they are increasing their allocations, compared with just 6% who are decreasing them. The shift is particularly pronounced among newer family offices, which report larger allocations than their

older peers and are more likely to be increasing their allocations over the next year. That suggests infrastructure may be moving toward a more strategic role in portfolio construction, particularly for newer family offices. And respondents report a variety of reasons for investing in infrastructure, led by diversification (32%), inflation hedging (26%) and low correlation to other asset classes (20%).

With infrastructure sitting at the intersection of multiple long-term investment themes, we believe its role can extend beyond diversification to providing exposure to differentiated return drivers, resilient cash flows and potential inflation mitigation.

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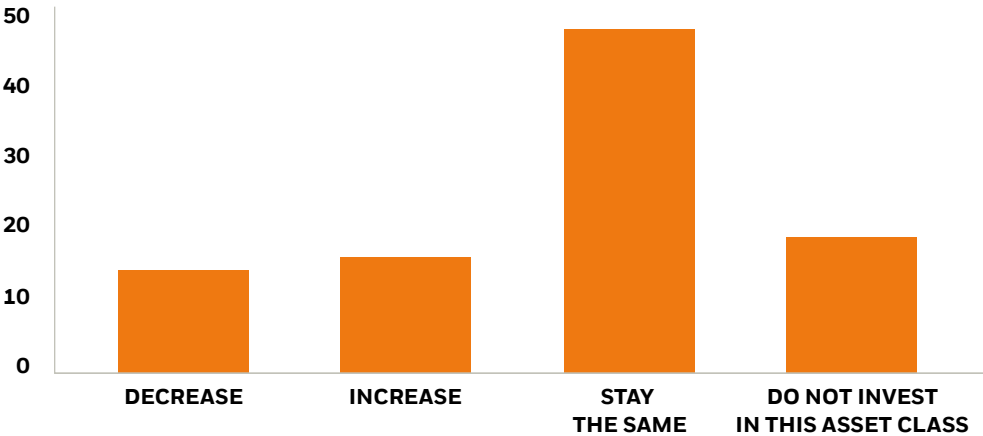
With infrastructure sitting at the intersection of multiple long-term investment themes, we believe its role can extend beyond diversification to providing exposure to differentiated return drivers, resilient cash flows and potential inflation mitigation.

Family offices have picked a side on every alternative asset – except private credit

In private credit, family offices are largely staying put overall, even as they appear to be taking a more selective approach. Nearly half (49%) intend to maintain their current allocations over the next 12 months, while roughly equal numbers expect to increase (17%) or decrease (15%) allocations.

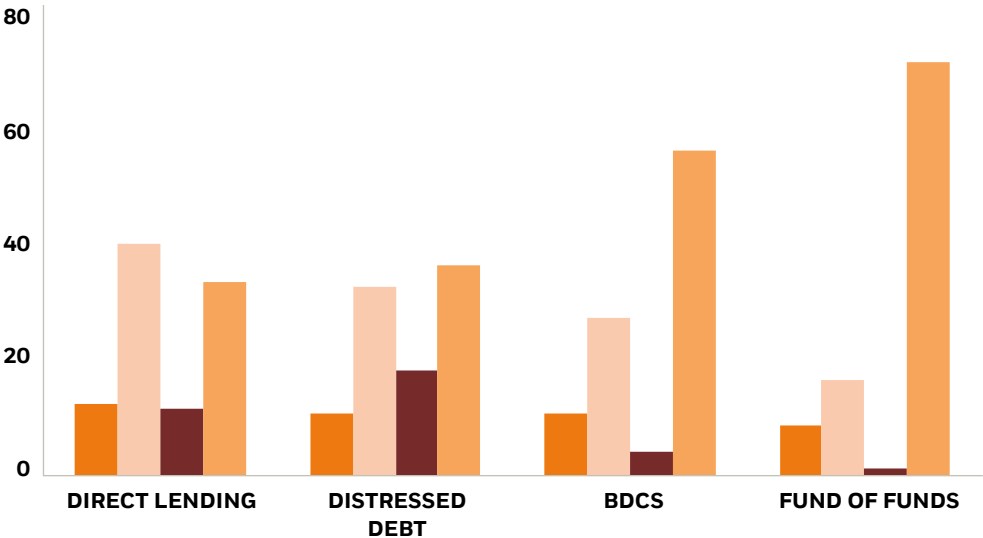
The stability at the overall allocation level may mask a more selective approach. Rather than making wholesale changes to their overall private-credit exposure, some family offices appear to be reassessing where they want to take credit risk. For those respondents that do plan to make changes within their private credit portfolios over the next 12 months, distressed debt is poised to see the highest net demand, while business development companies (BDCs) and fund-of-funds may see net outflows.

Q Over the next 12 months, how do you expect your capital allocation to private credit to change compared to the past 12 months?



Q Over the next 12 months, how do you expect your capital allocation to each of the following private credit sub-asset classes to change compared to the past 12 months?

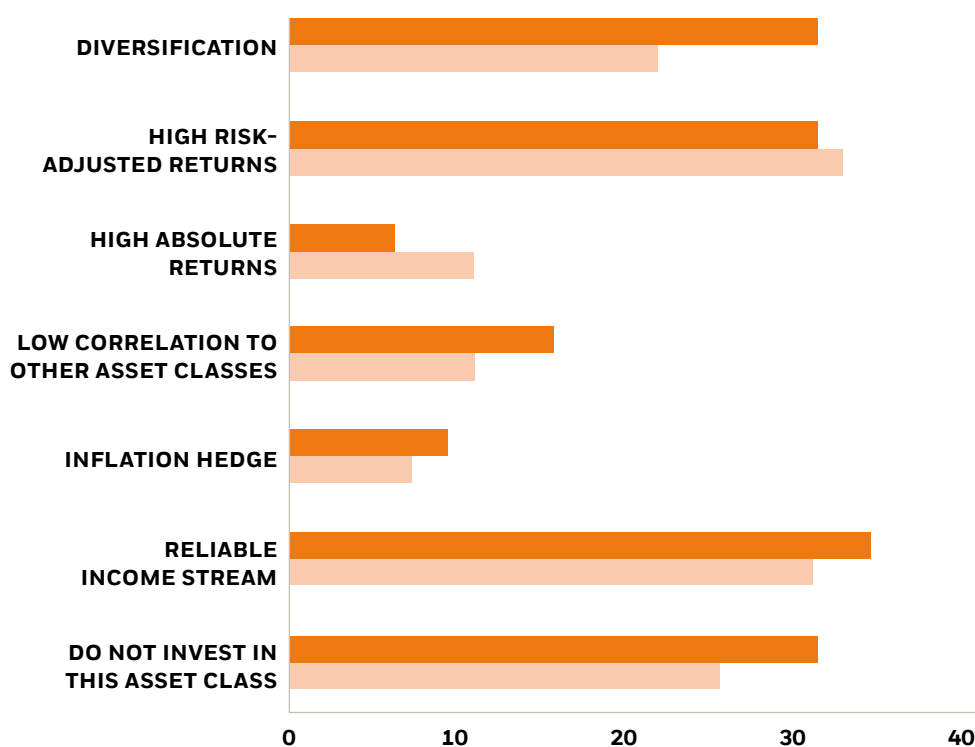
- DECREASE
- STAY THE SAME
- INCREASE
- DO NOT INVEST IN THIS ASSET CLASS



54%

cited illiquidity as the number one barrier to family offices allocating more capital to private markets.

Within private credit, older family offices invest primarily for income (34%) and diversification (31%), while newer offices weight risk-adjusted returns (33%) and absolute returns (11%) more heavily. This indicates that older offices view private credit through a portfolio construction and income lens, while newer offices are taking more of a return-generation mindset.



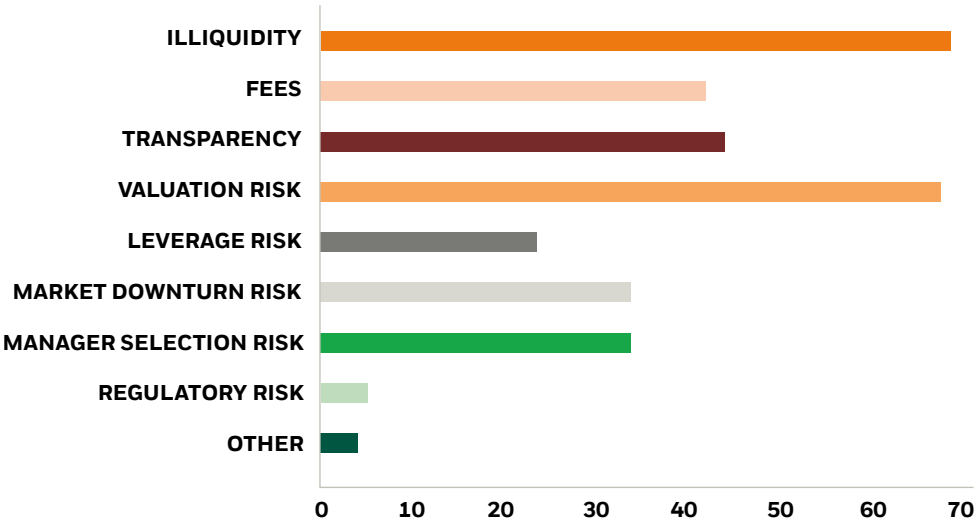
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What are the main reasons you invest in private credit?
(Select all that apply)

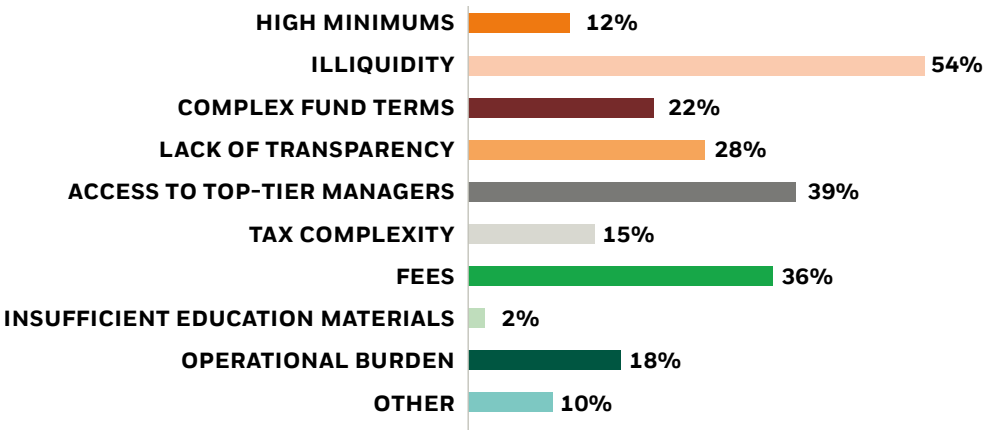
When it comes to risks in private markets, family offices are most concerned with illiquidity and valuations. Just over two-thirds of respondents selected either valuation risk (67%) or illiquidity (68%) as one of the risks that most concern them in private markets. And illiquidity is the number one barrier to family offices allocating more capital to private markets, as cited by more than half (54%) of respondents.

Taken together, these findings suggest that the challenge for family offices is not necessarily a lack of conviction in private markets, but balancing the potential benefits of private market assets against the demands they place on portfolio liquidity.

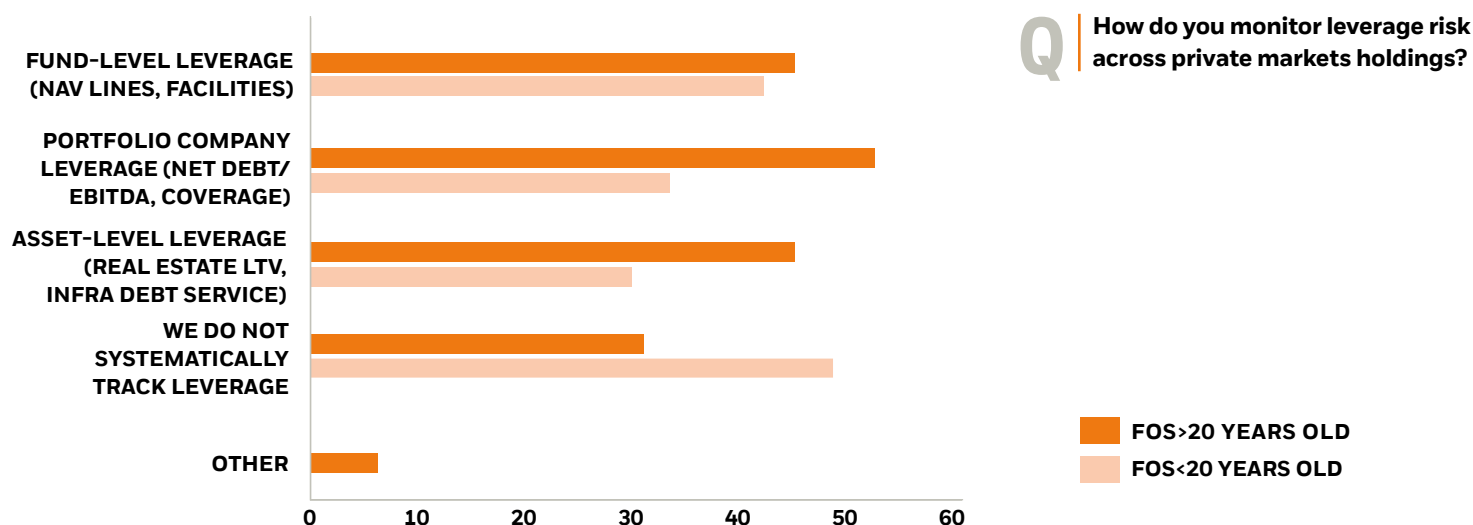
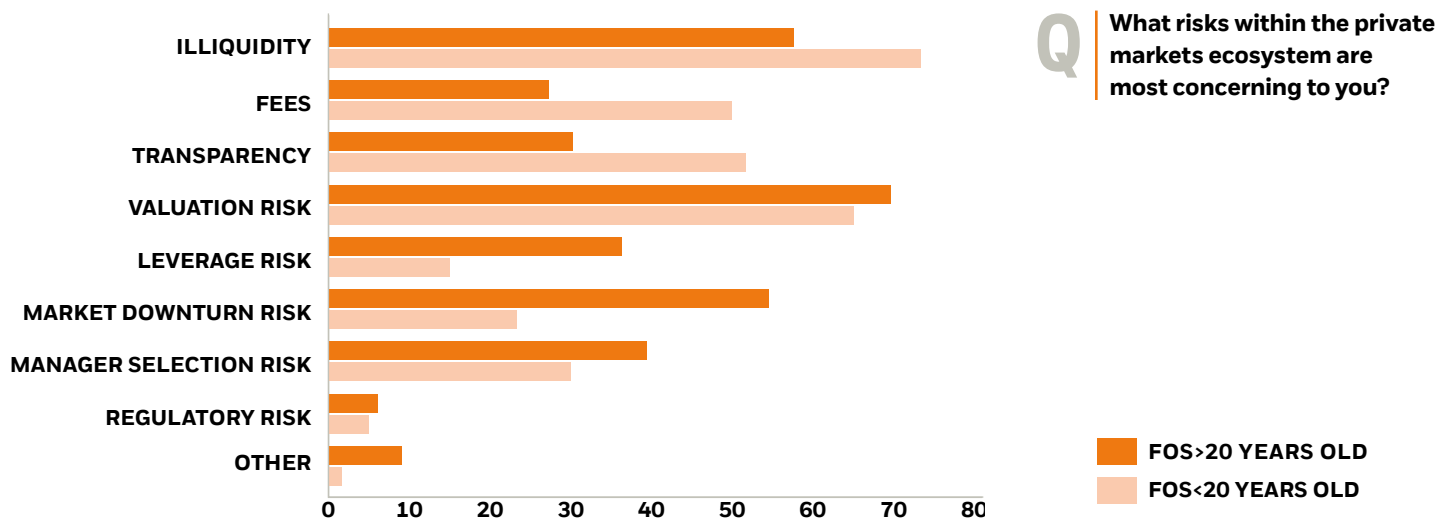
Q What risks within the private markets ecosystem are most concerning to you?
(Select all that apply)



Q What are the biggest barriers to allocating more to private markets? (Select all that apply)



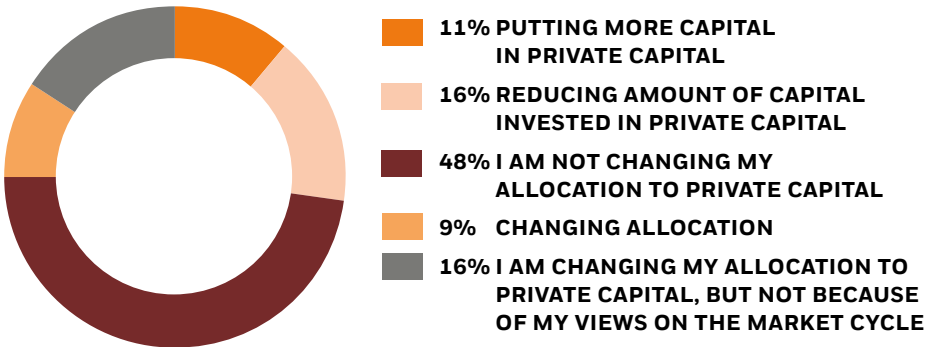
While the concerns about illiquidity and valuations span all respondents, newer family offices are significantly more concerned about fees, transparency, and illiquidity, while older offices place greater emphasis on market downturn risk, leverage risk, and manager-selection risk. The difference may reflect the distinct challenges facing family offices at different stages: newer family offices appear more focused on understanding and navigating the mechanics of private-markets investing, while more established offices are more focused on managing the risks embedded in the portfolios they have built over time.



Regarding leverage, older family offices are significantly more likely (70%) than newer ones (52%) to track leverage risk across their private-markets holdings. While similar percentages of older (45%) and newer (41%) firms track fund-level leverage, older family offices are much more likely to focus on portfolio-company- and asset-level leverage as well. The difference suggests that more established family offices may be taking a more granular view of leverage risk, looking beyond the leverage employed by fund managers to understand how debt is embedded within the underlying assets and companies in their portfolios. This is likely reflective of the fact that older family offices have invested through many business cycles and have seen first-hand how leverage can impact risk and drawdowns.

Despite their shared concerns, family offices are not moving out of private markets in any meaningful way due to the market cycle. Less than one-sixth of respondents (16%) plan to reduce allocations due to their views on the market cycle, while 11% plan to increase allocations for the same reason. In other words, concerns about the current cycle appear to be prompting caution rather than a wholesale retreat from private markets.

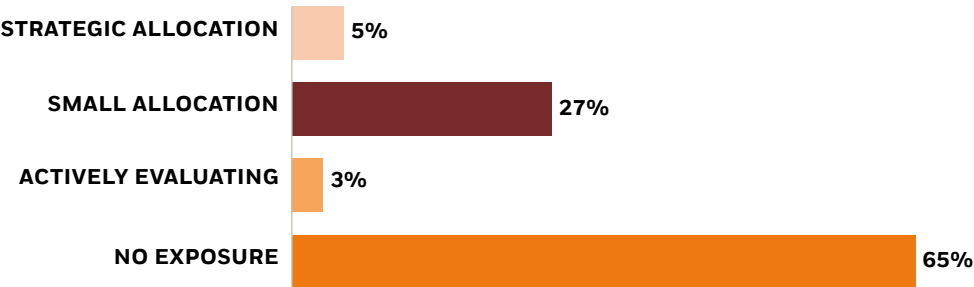
Q Are you adjusting your private capital portfolio due to your views on the market cycle?



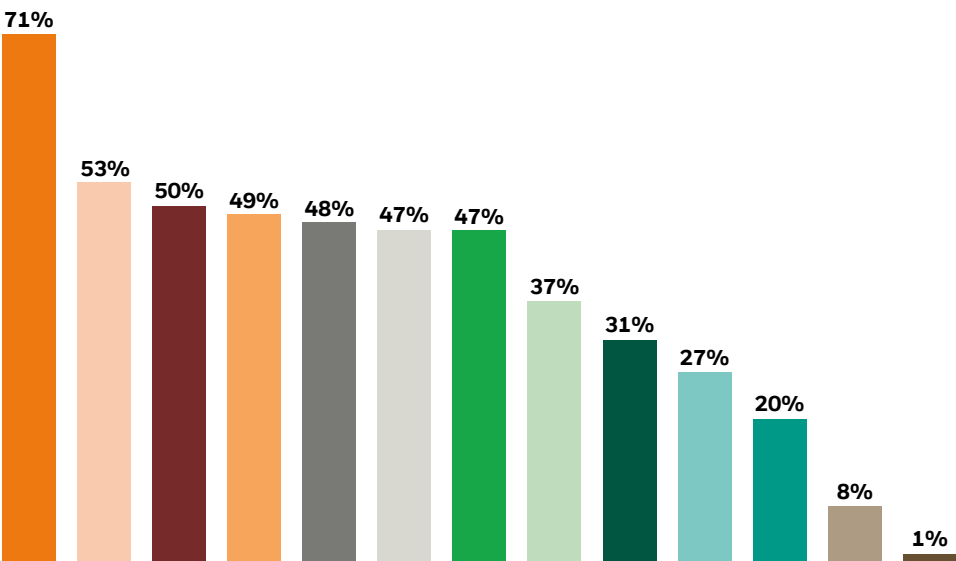
Adoption of digital assets is tactical rather than strategic at this point

Family offices have historically been at the vanguard of investing in new asset classes, and many respondents have made allocations to one of the newest: digital assets. More than one-third (35%) of family offices have or are actively evaluating allocations to digital assets. However, just 5% have a strategic allocation, likely due in part to high volatility, limited track record and the difficulty of borrowing against digital assets other than ETFs. Given the significant amount of constrained liquidity at many family offices, ETFs may prove to be a critical tool for accessing digital assets, especially for those offices looking to maintain dry powder and maximize portfolio flexibility.

In addition to digital assets, respondents also expressed strong appetite for other technology-related themes in the coming years. When asked to choose which investment themes they are most interested in over the next three-to-five years, artificial intelligence (AI) was the clear winner, followed by robotics and automation and defense technology. This suggests that when it comes to new technologies, family offices are currently more focused on specific applications and secular themes impacting the broad economy, rather than on digital assets as a disrupter of the existing financial system. While some families might choose to express these themes through private market investments or active managers, the passive ETF universe has broadened substantially and now includes many sector and thematic-based strategies as well.



Q What is your current exposure to digital assets?



Q Which investment themes are you most interested in over the next 3-5 years? (Select all that apply)

- ARTIFICIAL INTELLIGENCE (AI)
- ROBOTICS AND AUTOMATION
- DEFENSE TECHNOLOGY
- HEALTHCARE AND LONGEVITY
- BIOTECHNOLOGY
- CYBERSECURITY
- ENERGY TRANSITION
- DIGITAL INFRASTRUCTURE/ DATA CENTERS
- SPACE TECHNOLOGIES
- INDUSTRIAL RESHORING
- CONSUMER INNOVATION
- CLIMATE RESILIENCE
- OTHER

3. Risk management

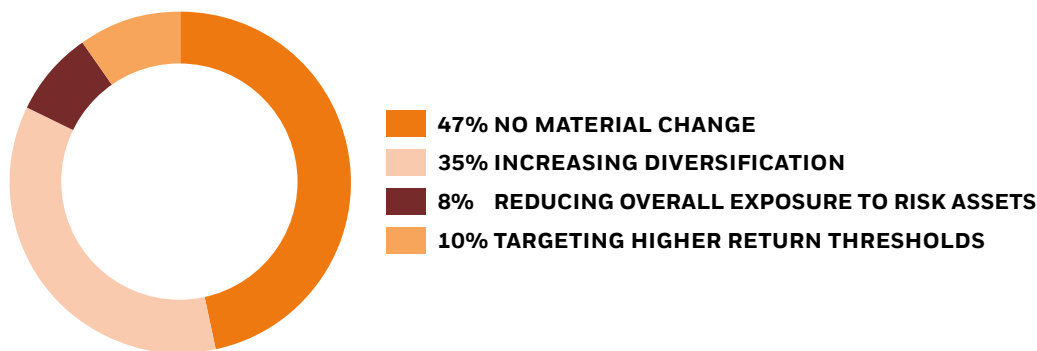


Family offices are repositioning for risk – not retreating from it – as globalization brings new complexity

The shifting market-risk landscape is leading a majority of family offices to act. More than half (53%) of respondents are making changes to their portfolios due to the repricing of risk across markets, mostly by increasing diversification (35%). Meanwhile, roughly equal numbers are targeting higher returns (10%) or reducing exposure to risk assets (8%). Overall, these results speak to family offices' desire to remain invested, but in a risk-aware fashion.

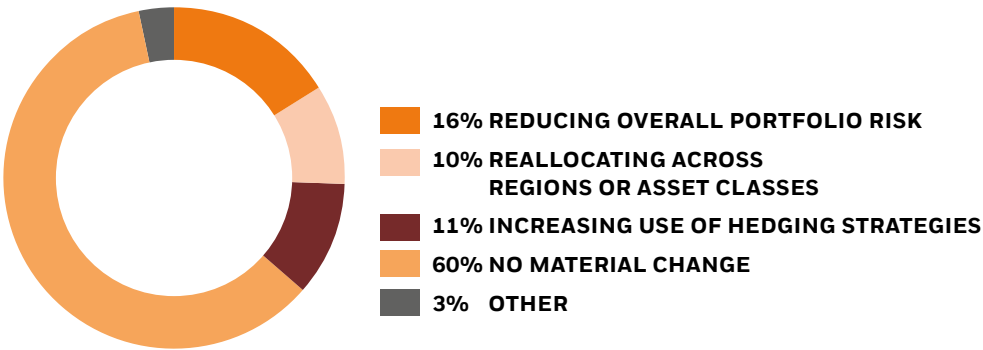
Q

How are you responding to the repricing of risk across markets?



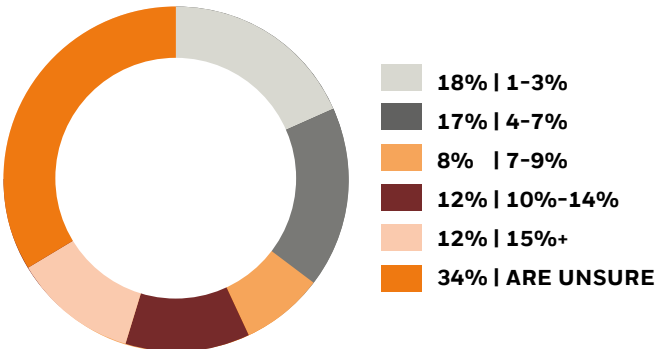
Despite elevated tensions throughout much of the globe, geopolitics have yet to spur major changes in most family office investment portfolios. Three-fifths of respondents (60%) say that geopolitical developments are not having a material impact on their investment strategy, and less than one-sixth (16%) are reducing overall portfolio risk on account of geopolitics. For many family offices, geopolitical uncertainty appears to be something to monitor, rather than a catalyst for major portfolio changes, at least for now.

Q How are geopolitical developments influencing your investment strategy?

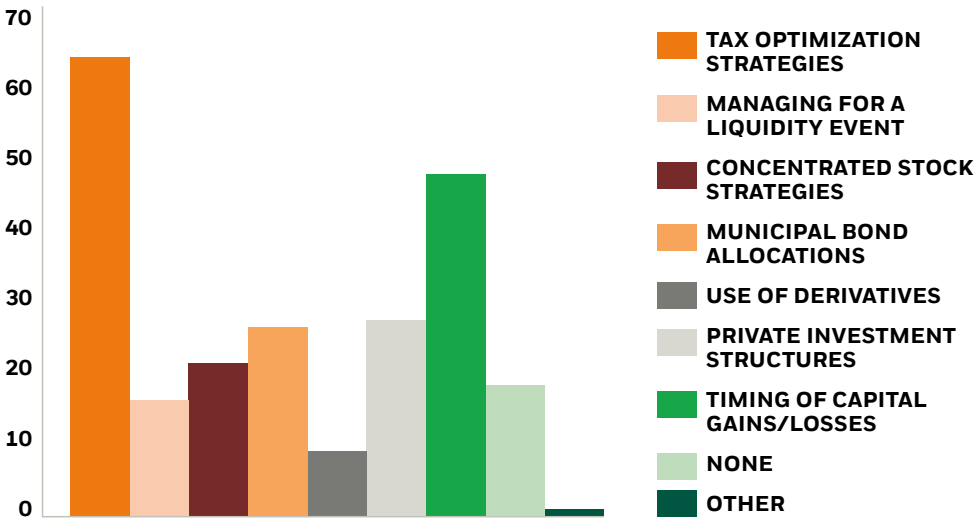


Tax policy, on the other hand, is having a material impact on family office investment portfolios. More than eight in ten (83%) respondents report some impact on their portfolios from potential tax policy changes, with nearly half (43%) citing either somewhat or very significant impacts. However, less than one-quarter (24%) of family offices report changing their strategic asset allocations by more than 10% in response to potential tax policy changes. Taken together, these findings suggest that the complexity of managing highly appreciated and concentrated assets may be impacting the ability of some family offices to adjust their asset allocations to a certain extent.

Q To what extent have you shifted your strategic asset allocation based on potential tax-policy changes?



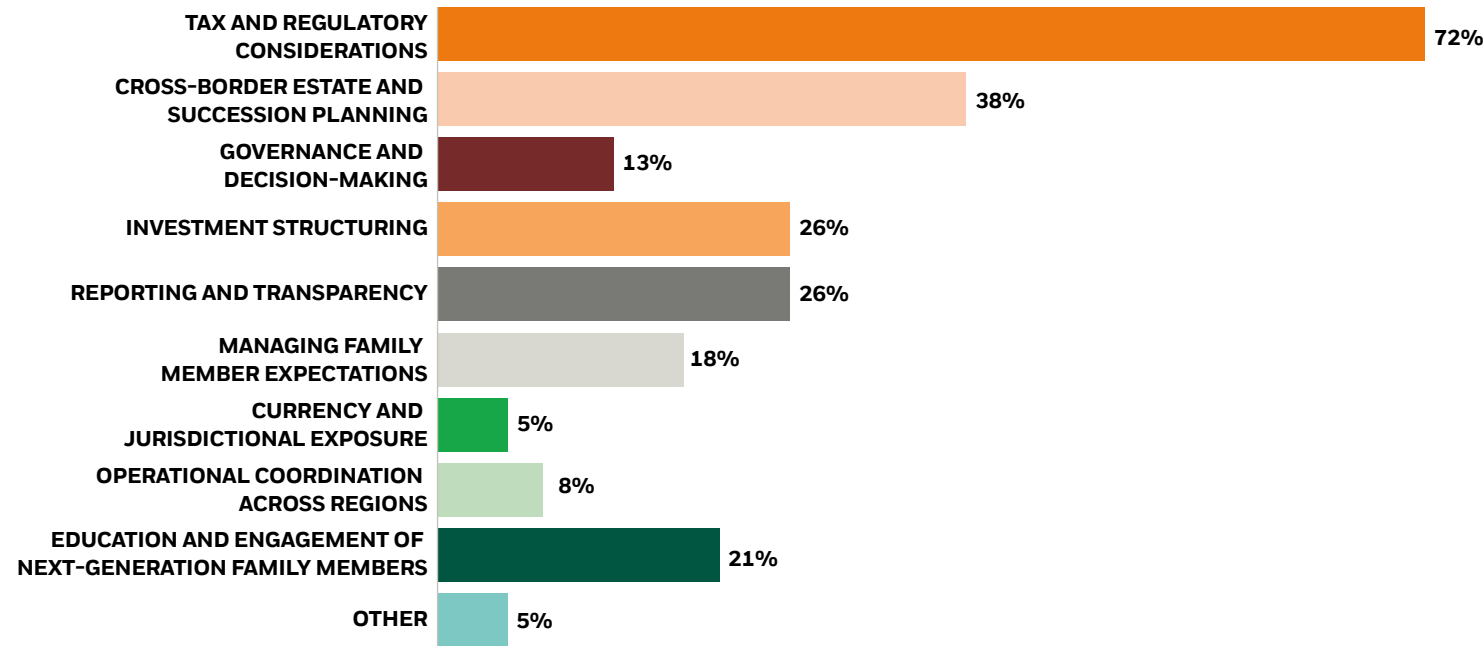
While the impacts of tax policy on asset allocation may be somewhat muted, tax considerations are spurring family offices to act in other ways. Many respondents employ, or are considering, a broad variety of tax-related strategies, notably tax optimization (63%) and timing of capital gains and losses (47%). Tax-loss harvesting strategies, both long-only and long-short, continue to play important roles in tax optimization. Additionally, given their relative tax efficiency and liquidity, ETFs can serve as powerful tools for tactical portfolio repositioning.



Q Which tax-related strategies are you currently implementing or considering? (Select all that apply)

While most family offices are sanguine about geopolitics, as noted above, the increasing globalization of families themselves is creating some additional complexity, as cited by more than four in ten (43%) respondents. This increased complexity is manifesting most notably in tax and regulatory considerations (72%) and cross-border estate and succession planning (38%).

Q In which areas are you experiencing the greatest complexity from having a globally dispersed family? (Select all that apply)



Devil in the details

Targeted risk adjustments may be more effective than wholesale portfolio changes

Rick Rieder

Chief Investment Officer of Global Fixed Income and Head of Global Allocation Investments

It's easy to get bogged down in the latest geopolitical ructions or the fluid interest-rate outlook. But doing so can be detrimental to achieving long-term portfolio objectives.

Take geopolitics – if investors had made large-scale asset allocation changes every time it seemed the world was veering off course in recent years, they could have missed significant return opportunities. That is not to say that geopolitics don't matter: they do. But they matter most when they change the underlying investment math. Investors need to distinguish between headline volatility and developments that materially change cash flows, financing costs or expected returns. Family offices largely seem to be approaching geopolitics through this lens, with 60% reporting that geopolitical developments are not having a material impact on investment strategy.

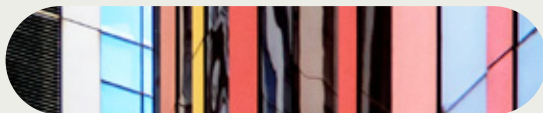
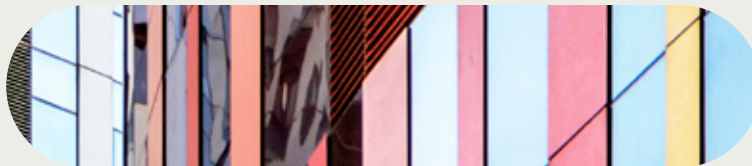
Interest rates are a similar story. Higher rates are affecting parts of the economy very differently, with housing and other rate-sensitive areas under pressure even as AI-related capital spending and other less rate-sensitive activity remain resilient. At the same time, higher starting yields have changed the portfolio-construction equation: investors can now pursue meaningful income without reaching as far for duration or credit risk. That creates room for more targeted portfolio adjustments, which is consistent with the 35% of family offices that report increasing diversification in response to changing market conditions. Rather than repositioning portfolios wholesale, family offices appear to be reassessing where risk is needed to meet portfolio objectives and deploying it more selectively.

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Rather than repositioning portfolios wholesale, family offices appear to be reassessing where risk is needed to meet portfolio objectives and deploying it more selectively.



4. Governance

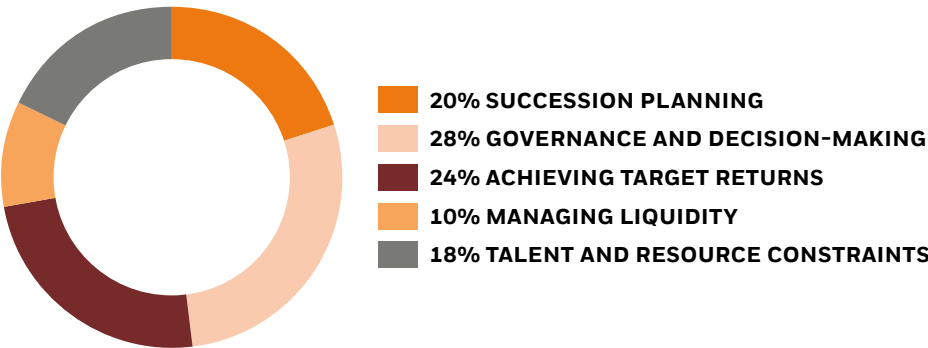


Governance is the growing challenge, and more established family offices offer a playbook for newer offices

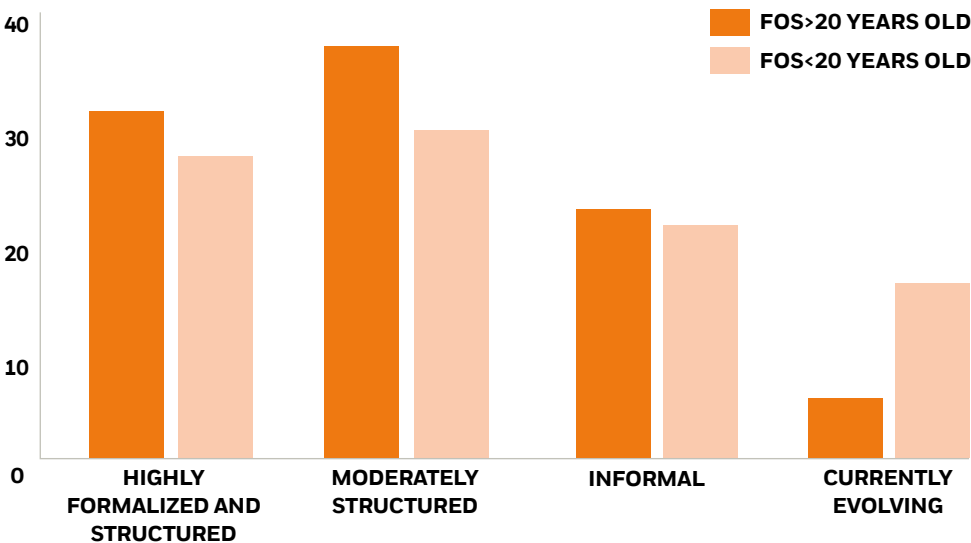
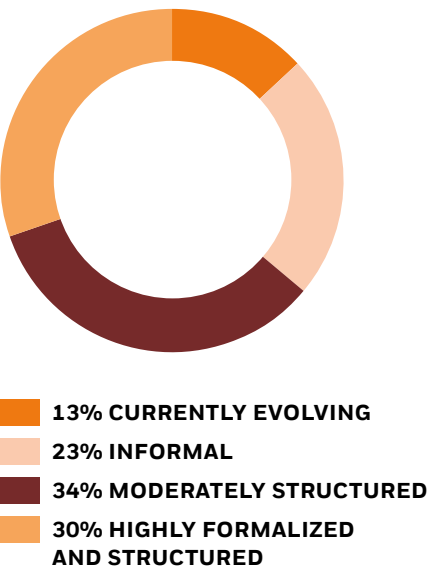
Governance is the number one challenge for family offices, outstripping even investment returns. Nearly three-in-ten (28%) respondents cited governance and decision-making as the single greatest challenge facing their family offices today. And less than one-third (30%) of family offices report having a highly formalized and structured governance process, while more than half (57%) say their governance is either moderately structured (34%) or informal (23%).

The gap between governance’s importance and its level of formalization suggests that many family offices are confronting increasingly complex decision-making demands without the formalized structures and processes that could help manage them more effectively.

Q | What is the single greatest challenge your family office faces today?



Q | How would you describe your current governance structure?



Perhaps unsurprisingly, older family offices are more formally structured than their newer counterparts³. Close to three-quarters (71%) of older family offices have highly or moderately structured governance, compared to just three-fifths (60%) of newer family offices. But the differences are even more pronounced when comparing first-generation offices versus those serving later generations. Less than half (49%) of Gen 1 family offices have highly or moderately structured governance, compared to nearly three-quarters (70%) of Gen 2/3+ family offices. Taken together, these results suggest that the transition from one generation to the next may be an important catalyst toward greater formalization.

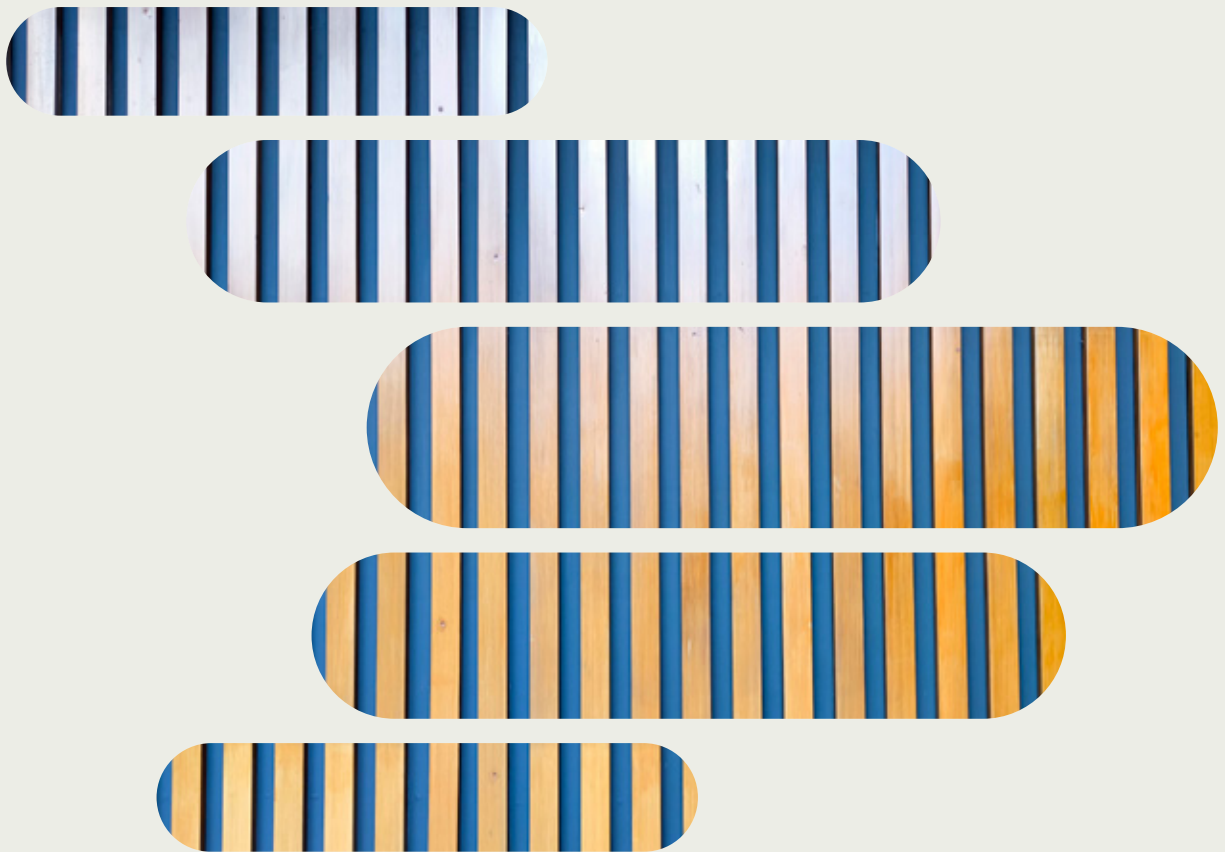
71%

Close to three-quarters of older family offices have highly or moderately structured governance, compared to just three-fifths (60%) of newer family offices.

3 Older/more established refers to family offices founded more than 20 years ago; newer refers to those founded less than 20 years ago.



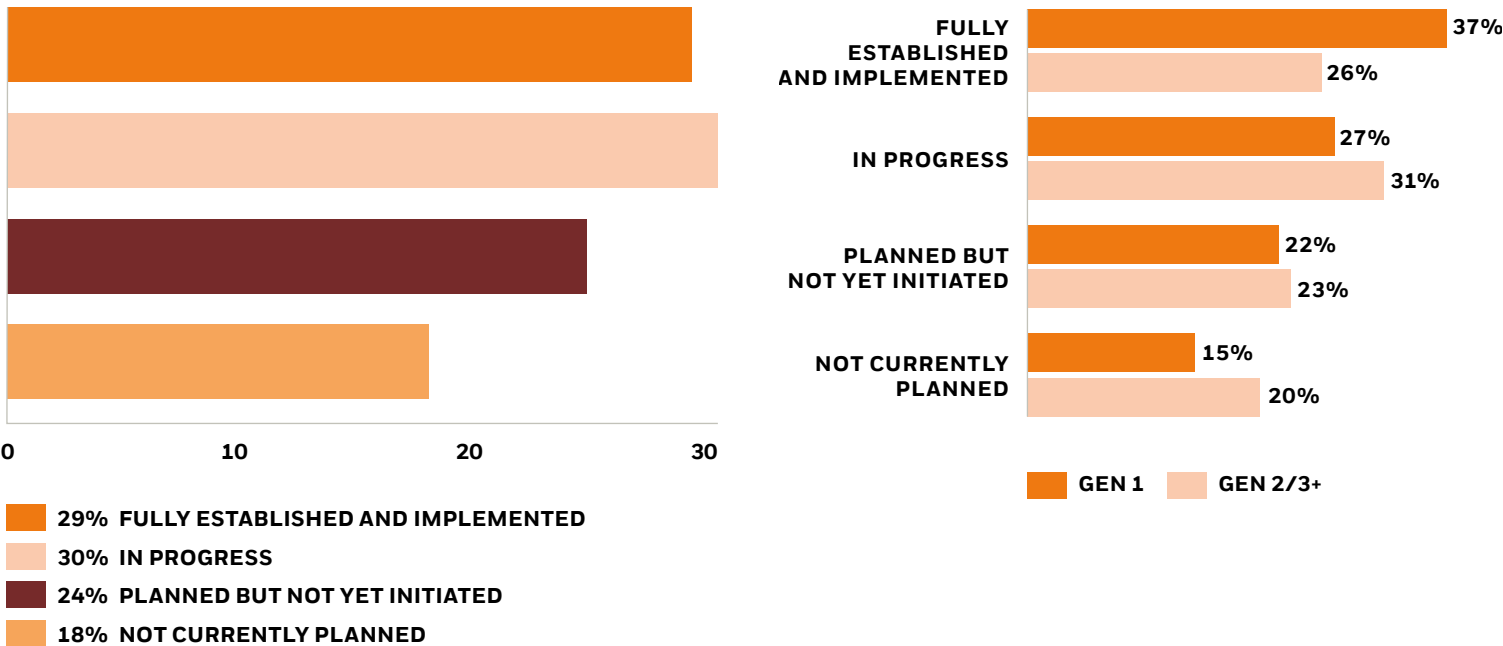
5. Succession



The succession paradox: first-generation family offices are planning further ahead than their more mature peers

Succession planning is incomplete across much of the industry. Nearly one-fifth (18%) of respondents have no succession plan, more than half (54%) are in either the planning or building stage, and less than one-third (29%) have fully implemented succession plans.

Q What is the current status of your succession planning?

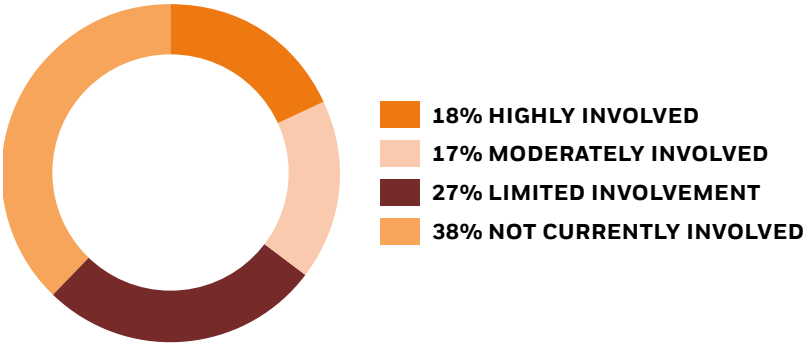


Interestingly, Gen 1 family offices are further along the succession planning curve than their Gen 2/3+ counterparts. Nearly two-fifths (37%) of Gen 1 family offices report that their succession plans are fully established and implemented, compared to just over one-quarter (26%) of Gen 2/3+ family offices. While this may seem counterintuitive, it speaks to the increased dialogue around governance and succession planning that we have seen in recent years, as well as the larger numbers

of consultants and advisors that have entered the space. With a sizeable portion of family-office wealth now under the direction of founder-led offices, there is likely to be increased need for governance and institutional support in the future. Put another way: founder-led offices still run on trust; later generations run on structure.

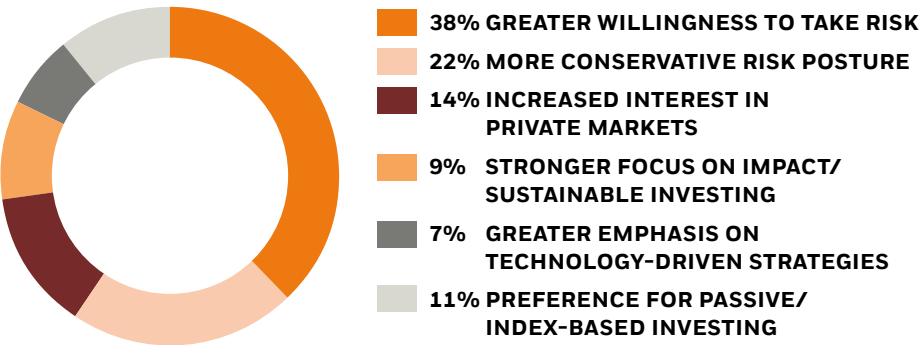
At the same time, 65% of family offices report limited to no next-generation involvement in investment decision-making, underscoring that many respondents are still building the operating models needed for multi-generational continuity.

Q To what extent is the next generation involved in investment decision-making today?



The transition to the next generation may also have implications for portfolio construction. Nearly two-fifths (38%) of respondents indicated that the next generation of their office has a greater willingness to take risk, compared to just over one-fifth (22%) that reported the opposite. If that higher risk tolerance affects investment decision-making, generational transitions could spur increased allocations to higher-risk asset classes.

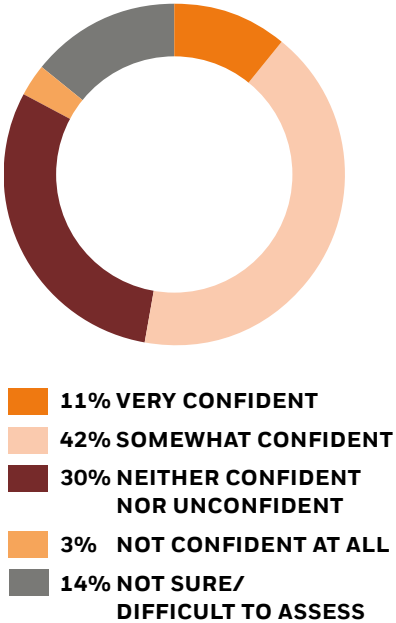
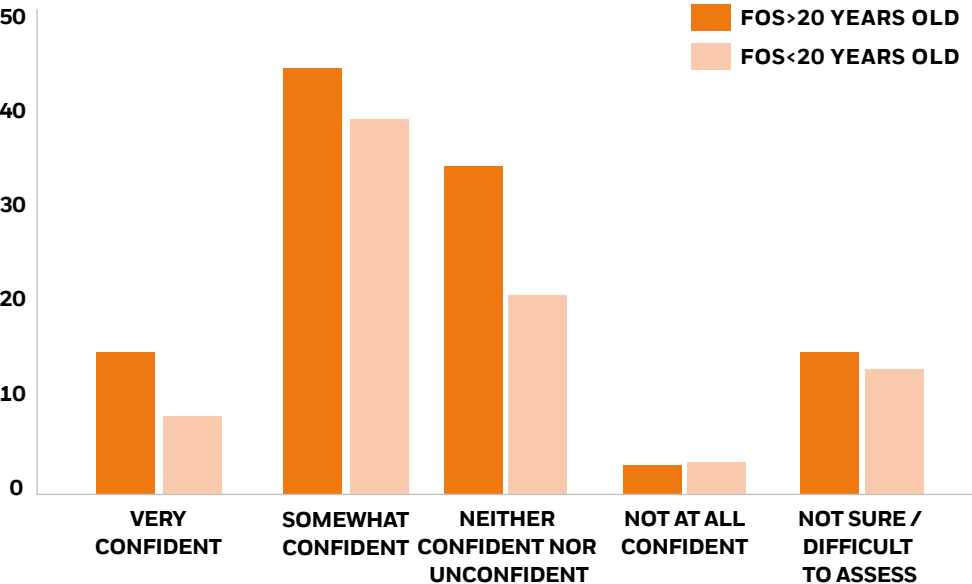
Q How do the next-generation's preferences differ from the current generation's investment approach?



When it comes to peer benchmarking, a majority (53%) of family offices are either somewhat confident (42%) or very confident (11%) that they are managing their investment portfolios more effectively than comparable peers, versus just 3% that are not at all confident.

Older family offices are more likely to express confidence in their investment management. More than three-fifths (61%) are either somewhat (45%) or very (15%) confident, while less than half (48%) of newer family offices report being somewhat (40%) or very confident (8%).

Q | How confident are you that your family office is managing its investment portfolio more effectively than comparable peers?



The great wealth transfer is accelerating the evolution of family capital and the need for a whole-portfolio approach to portfolio construction.

Ryan Marshall

Global Head of Multi-Asset Strategies & Solutions

We are in the early innings of the most significant intergenerational wealth transfer in U.S. history. According to research from Cerulli Associates, \$124 trillion will be transferred to heirs and charities between 2024 and 2048, with \$105 trillion going to heirs.

But the scale of the wealth changing hands is only part of the story. The challenge for family offices lies in how to manage that transition; while maintaining investment discipline, flexibility and family control.

This transition is creating both governance and investment complexity for family offices. Our survey underscores that challenge: governance is now the single greatest challenge facing family offices, ahead of investment returns. The complexities of wealth transfer may be a factor here. Successful transitions across generations require institutional-quality governance and investment frameworks that can evolve with the family without losing sight of its purpose, values and long-term objectives.

Incoming generations may question an existing asset allocation or bring different priorities, making it increasingly important for family office leaders and CIOs to clearly articulate the objectives, assumptions and intended outcomes underpinning the portfolio. A few insights from the survey highlight both the potential for change and the work that remains to implement it: nearly 40% of respondents indicated that the next generation of their family has a higher

investment risk tolerance, but 65% said that the next generation has little or no involvement in decision-making currently. A clear investment framework can help turn those differences into a more constructive and disciplined dialogue.

As family offices mature, many are adopting more institutional approaches to governance, risk management and portfolio oversight while seeking to preserve family objectives and control. Our survey shows this progression clearly: older family offices and those serving later generations tend to have more formalized investment and governance processes. The objective is not to make a family office feel institutional. It is to bring institutional rigor to decisions that remain deeply personal.

That evolution has implications for portfolio construction. Families must balance multiple objectives across returns, risk, liquidity, taxes and time horizons. At BlackRock, we believe these decisions are best considered together, based on how each affects the portfolio as a whole. No individual allocation or opportunity can be evaluated fully without understanding the role it plays across the family's broader capital.

In practice, a whole-portfolio approach connects asset allocation, risk management, liquidity planning, tax considerations and public and private exposures. It provides a common framework for evaluating new opportunities, understanding trade-offs, and determining where capital can have

the greatest impact across near-term needs and multigenerational goals.

There is no single operating model for achieving that outcome. Some families will continue to build substantial capabilities in-house. Others may choose to complement their internal teams with an external partner for selected asset classes, risk oversight, or the broader portfolio. The right model should preserve the decision rights the family wants to retain and add capabilities where they may be hardest to replicate independently.

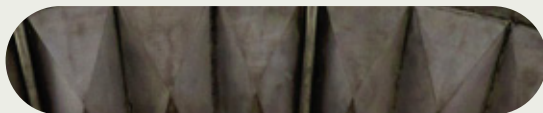
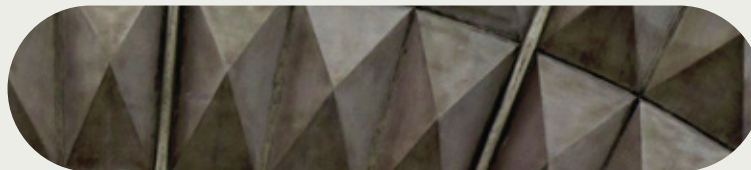
BlackRock's decades of constructing portfolios for sophisticated investors give us a broad view of the choices and trade-offs across a portfolio. As a fiduciary, that perspective starts with understanding the client's objectives and the mandate entrusted to us. The value of BlackRock's breadth is not scale for its own sake. It is the ability to translate global market insight, access across public and private markets, portfolio-construction expertise, technology, and institutional risk discipline into an approach designed around each family's specific needs.

That ability to bring the whole of BlackRock to the whole portfolio, while working as an extension of a family's existing governance and investment resources, is particularly powerful as family capital grows more complex across generations. Done well, the partnership should feel both institutional in capability and distinctly personal in its design, discretion and responsiveness.

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Successful transitions across generations require institutional-quality governance and investment frameworks that can evolve with the family, without losing sight of its purpose, values and long-term objectives.

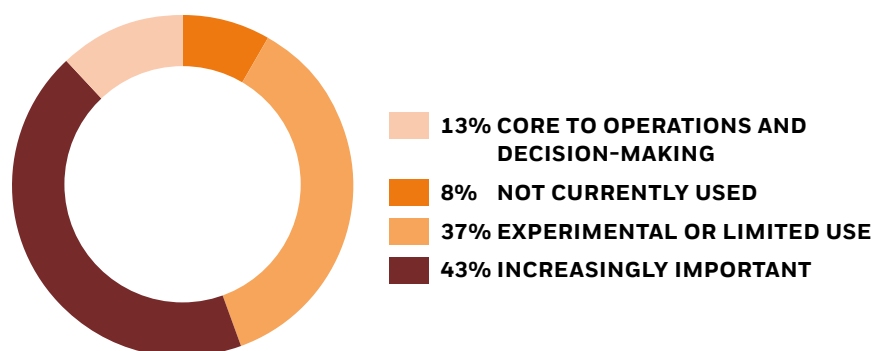
6. AI and technology



AI enthusiasm is running well ahead of measurable ROI

Artificial intelligence (AI) is making broad inroads in family offices. More than half (56%) of respondents report that AI is either core to operations and decision-making (13%) or increasingly important (43%).

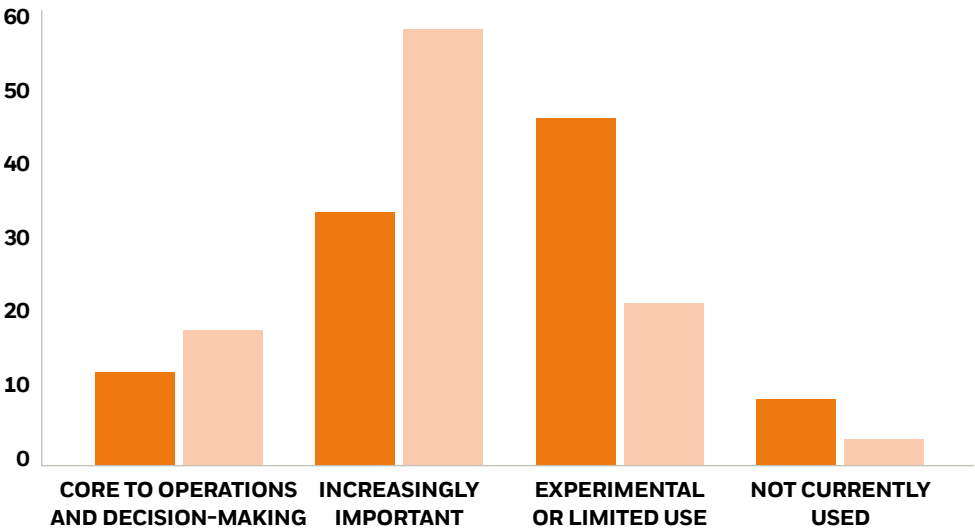
Q | What role does artificial intelligence (AI) currently play within your family office?



Larger family offices are leading the way in implementing AI into their workflows. Three-quarters (75%) of respondents with more than \$1B in assets describe AI as core or increasingly important, versus just 46% of respondents with less than \$1B in assets.

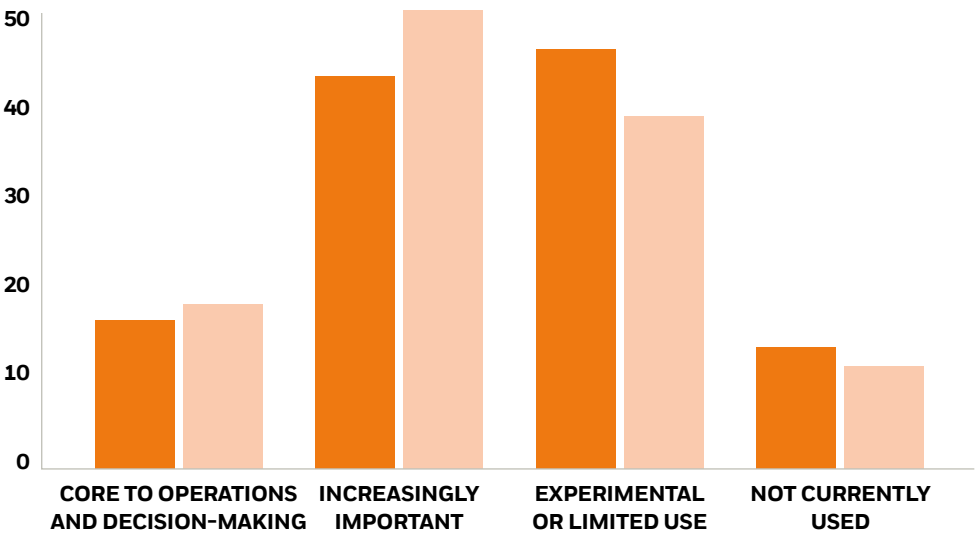
Q What role does artificial intelligence (AI) currently play within your family office?

AUM < \$1B
AUM > \$1B



Likewise, newer family offices are further along the AI-adoption curve than their older peers⁴. Nearly three-fifths (59%) report that AI is either core to operations and decision-making or increasingly important, versus just half (50%) of older family offices.

FOS > 20 YEARS OLD
FOS < 20 YEARS OLD



These differences allude to both the cost of implementing AI at scale, which may be more easily borne by larger family offices, and the greater flexibility of newer offices to incorporate emerging technologies into their operating models, without the legacy systems and processes that can make technology adoption more costly and complex.

4 Older/more established refers to family offices founded more than 20 years ago; newer refers to those founded less than 20 years ago.

AI is making information easier to access

Turning that information into an investment edge is considerably harder, and more valuable.

Jeff Shen

Co-Chief Investment Officer and Co-Head of Systematic Active Equities

AI is exceptionally good at absorbing large amounts of information, interpreting unstructured data and helping investors ask questions faster. So it's no surprise that research is the leading use case for family offices. AI is clearly lowering the cost of intelligence. The cost of making good decisions is another matter.

As systematic investors, we have a front-row seat as AI evolves in near real time. What began with relatively simple approaches to interpreting text has evolved into large language models (LLMs) that can understand context and nuance across news, filings and research. But easier access to answers does not automatically create an investment edge, especially as more investors gain access to increasingly powerful models. In a world where almost anyone can use AI to ask an endless series of questions, the quality of the questions becomes increasingly important.

As the survey results highlight, AI adoption for investment research is far more advanced than its integration into investment decision-making. Adoption is also further along among newer family offices (less than 20 years old) and larger family offices (more than \$1 billion in AUM). We expect these differences to narrow over time as the technology becomes more accessible and the cost of using it continues to fall.

AI has made conducting research and gathering information much easier. Investing is harder. It requires translating information into views, views into positions, and positions into portfolios. From a systematic perspective, that means gathering data to inform signals, integrating those signals into investment models and using those models to construct portfolios, all while applying a rigorous risk-management lens at each step. AI does not sit outside of this process; increasingly, it can strengthen different parts of it.

The more useful question to ask, therefore, is not simply "Are we using AI?" but "Where can AI actually improve the investment decision?" And AI is only one part of the toolkit. LLMs can and should work alongside statistics, machine learning and optimization, the broader set of tools required to translate insights into actual portfolio decisions.

As AI becomes more capable, the human role becomes more important in different ways: asking better questions, testing whether insights are robust, understanding where models can fail and deciding how much confidence to place in an output. This is particularly true in investing, where the environment is constantly changing. A model can identify a pattern; an investment process still needs to determine whether that pattern

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AI is only one part of the toolkit. LLMs can and should work alongside statistics, machine learning and optimization, the broader set of tools required to translate insights into actual portfolio decisions.

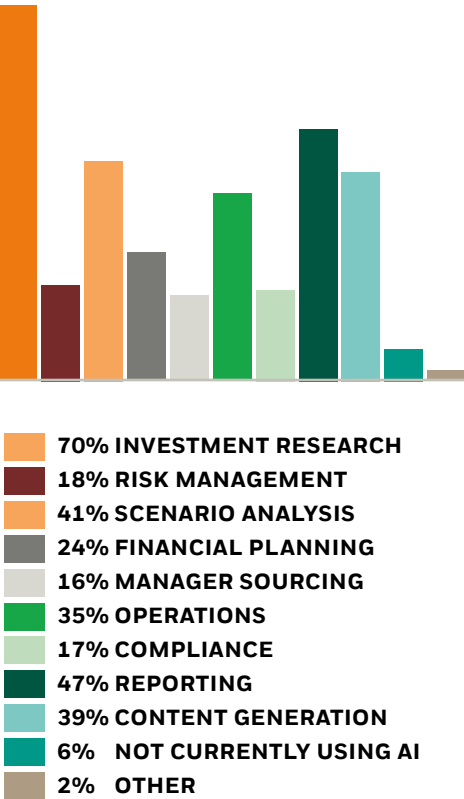
makes economic sense, is sufficiently differentiated and belongs in a portfolio.

Human expertise remains central to systematic investing. Data and computing power alone are not enough without people who can develop ideas, interrogate models and understand markets. For family offices, the next stage may therefore be less about adopting more AI and more about connecting the AI they are already using for research to a disciplined investment process – with human judgment firmly in the loop.

AI is proving particularly impactful in investment research, as cited by nearly three-quarters (70%) of respondents. Other notable use cases include reporting and scenario analysis, cited by 47% and 41%, respectively.

While investment research is far and away the top use case across the full set of survey respondents, there are some notable differences between newer and older family offices in other areas. Newer family offices are more likely to leverage AI for reporting, at 57% versus 41% of older family offices, and for financial planning, at 30% versus 18%.

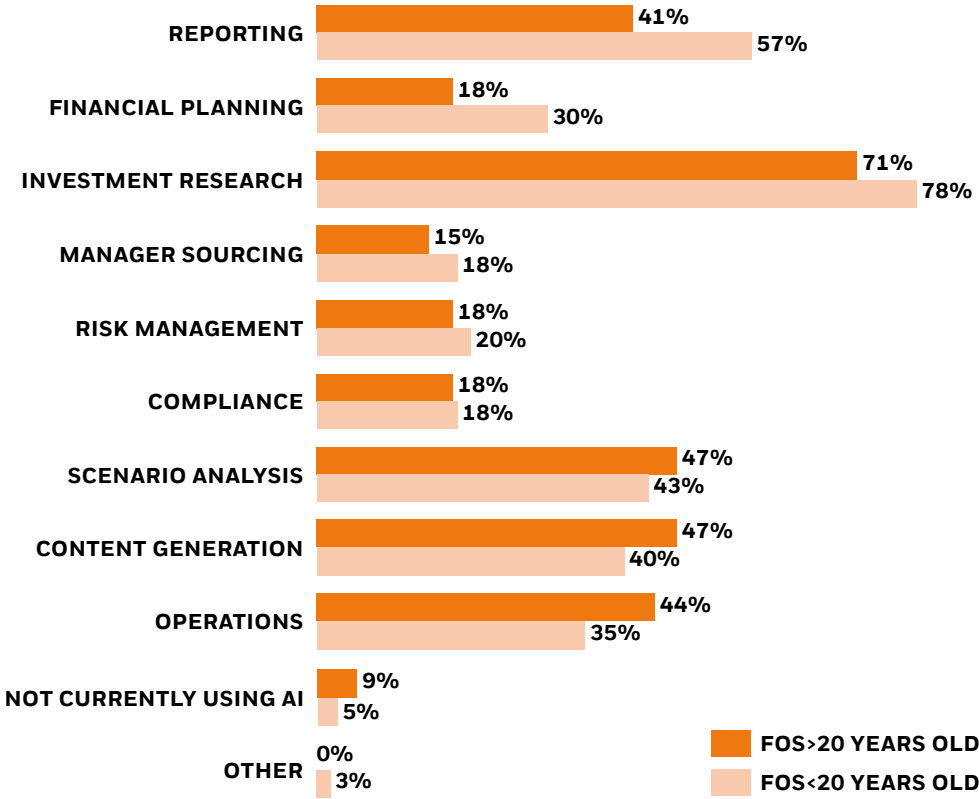
Q How is your organization currently using artificial intelligence (AI)? (Select all that apply)



43%

More than two-fifths (43%) of respondents report no measurable operating-cost savings

Q How is your organization currently using artificial intelligence (AI)? (Select all that apply)



Despite its broad adoption, AI has yet to replace existing frameworks for making investment decisions. Less than one-tenth of respondents (9%) say AI is extensively integrated into investment decision-making, and more than half (51%) say it is of limited use (41%) or not used at all (10%) when it comes to making investment decisions. The gap between broad adoption and limited integration into investment decision-making suggests that family offices are currently using AI more as a tool to improve the investment process than as a substitute for human judgment.

While much has been said about AI's potential to cut costs across a broad swath of industries, the jury is still out when it comes to family offices. More than two-fifths (43%) of respondents report no measurable operating-cost savings to date, nearly one-third (29%) say it is too early to assess and only 18% report operating-cost reductions.

Evolution is occurring on multiple fronts

Family offices are navigating an environment that calls for both flexibility and discipline. The survey shows wide variation in portfolio construction, risk management and governance, with family offices taking different approaches to liquidity, private markets and succession planning.

The differences between newer and more established family offices offer another lens on how the industry may evolve. Newer offices have higher infrastructure allocations and are further along in AI adoption, while more established offices tend to have more formalized governance and take a more granular approach to portfolio risk management.

The generational transition adds another dimension. Later-generation family offices have more formalized governance than Gen 1 offices, yet Gen 1 offices are further along in succession planning, suggesting that governance and succession planning do not necessarily evolve in lockstep. And the fact that there is limited next-generation involvement in investment decision-making highlights the work that remains as family offices prepare for multigenerational continuity.

AI presents a similar story of evolution. Adoption is broad, particularly in investment research and other productivity-oriented applications, but its role in core investment decisions is limited and its impact on costs remains uncertain.

Taken together, the findings suggest that the industry is evolving on several fronts at once, as portfolios mature, generations transition and new technologies reshape how family offices operate. As such, the family office of the future will be shaped not only by where it invests, but by how effectively its investment processes, governance structures, succession plans and technology capabilities evolve together.

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Lit No. 1264900-Oct-26