TECHNOLOGY HOLDINGS

Investment Banking in Tech Services, Consulting, Software & Healthcare

$5.9 Trillion and Rising: The Revolutionary Impact of Family Offices - Stewards of Generational Wealth Management

Market overview, Trends and Deal Activity

July 2024

Introduction

Family offices are essential for managing the wealth, investments, and legacies of high-net-worth families. These private entities provide a tailored approach to wealth management, including investment management, estate planning, tax optimization, philanthropic advisory, and succession planning. The rise of family offices is due to the increasing complexity of wealth management, enabling families to preserve and grow their wealth across generations while maintaining control and privacy. They offer personalized solutions that align with the family's values, goals, and long-term vision.

This report delves into the intricate world of family offices exploring recent trends, asset class preference and sentiments and the critical role they play in private equity and start-up ecosystem. Through this industry insights, we aim to provide a comprehensive understanding of the strategic importance of family offices in the contemporary financial landscape.

Contents

Disclaimer: The information herein is accurate or complete. This report was prepared with in Technology Holdings market research department and recipients of this report should not interpret the information herein as sufficient grounds for an investment decision. This presentation includes logos or words that may be registered trademarks of their respective organizations. Such use is solely for purpose of convenience in referring to the trademark owners and their products/services. This presentation and its content are not endorsed, sponsored or affiliated with any trademark owner.

About Technology Holdings

TECHNOLOGY HOLDINGS

Technology Holdings (TH) is a global boutique investment bank dedicated to delivering M&A and capital raising advisory services to Technology Services, Software, Consulting, Healthcare Life Sciences and Business Process Management Companies globally with enterprise values ranging from **US $25 Million to US $500 Million.**

Technology Holdings today has presence in **14 cities** and **11 countries** across **4 continents** and a rapidly growing team of over **100 employees**. We are proud to have closed transactions in **24 countries**.

Our focus, with a 24-year track record...

- Digital Transformation & Innovation
- IT Services, Cloud & Cybersecurity
- Analytics, Data Sciences & AI
- Fintech, Insurtech and SaaS
- Consultancies
- Healthcare & Lifesciences
- Business Process Management
- Engineering Services

Executive Summary

Transitioning roles of family offices

Family offices are evolving their roles beyond investment advisory to include succession planning, inheritance-related tax management, risk management, cross-border investment management, and reputation management

Increased allocation to private equity

A notable proportion of family offices hold a positive outlook on private equity and intend to increase their allocation to private equity funds in anticipation of maximizing returns

Start-ups emerge as a promising investment area

Most venture capital investments have been directed towards startups in the AI/ML, software applications, fintech, data platforms, and healthtech sectors

Emerging technology and sustainability themes creating new investment opportunities

Europe doubling down on sustainability themed investments and North America deeply involved in impact investing (housing, healthcare, education etc)

TECHNOLOGY HOLDINGS

Investment Banking in Tech Services, Consulting, Software & Healthcare

Market Overview

SECTION 1

Family Offices Landscape

10,000+
Single, and
5,000+ multi-family offices globally

Economist intelligence unit & DBS bank report, 2023

US$2.6 Bn
Average Assets Under Management (AUM) and total estimated AUM of
US$5.9 Tn

UBS, EIU & Deloitte global family office report, 2024

More than
34% of
family offices looking to increase their reliance on third-party advisory services in 2024

Deloitte family office insight 2024

Private equity accounted for
30% of the
average family offices portfolio in 2023, up from 22% in 2021

Deloitte family office insight 2024

78% of family
offices likely to invest in AI/ML in next
2-3 years

UBS global family office report 2024

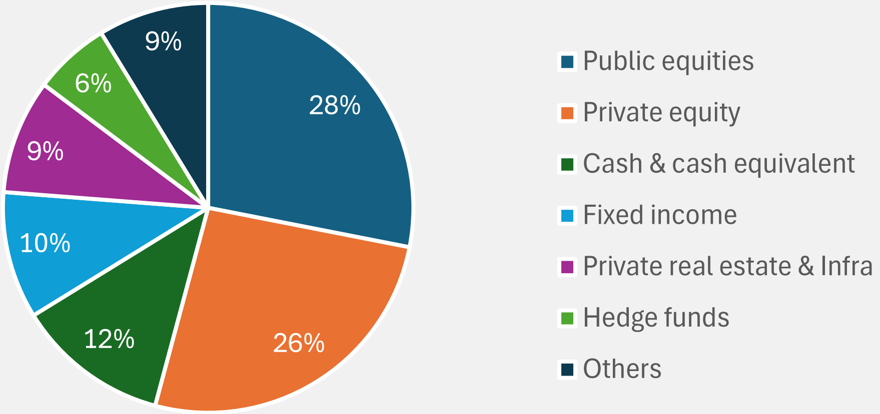
Asia Pacific (excluding China) & North America likely to have
maximum
capital allocation in next 5 years

UBS global family office report 2024

Global Family Offices Market Overview

- The global family offices **Assets Under Management (AUM)** is estimated to be **US$ 5.9 Tn**
- **North America** accounts for the largest share of the family offices investment and **APAC** is the fastest growing region
- Public equities and private equities lead the asset allocation share with 28% and 26% respectively
- Start-ups leads the number of deals of family offices followed by real estate and then direct investments

FIGURE 2 **Global institutional family offices asset allocation share, 2023[2]**



Estimated global family offices Assets Under Management, 2024

US$5.9 Tn

Estimated North America Family offices Assets Under Management, 2024

US$1.72 Tn

Estimated number of single-family offices, 2024

10,000+

Estimated number of multi-family offices, 2024

5,000+

1

Family Offices Key Investment Asset Class

- Start-ups
- Real estate
- Direct investments

Top Investment priorities

- Investment in Emerging Technologies
- Investment in Start-ups
- Investment in Sustainability themes

As global assets under management grow and the wealth management ecosystem becomes more complex, the roles and capabilities of family offices are likely to expand

Direct investments are Private equity direct, foreign direct investment, private debt/direct lending which gives investors ownership rights

Source : [1]Economist Intelligence Unit and DBS Private Bank
[2] Statista

Regional Family Offices Investment Landscape

North America

- Largest share of investment volume by family offices
- Lower sentiment towards sustainability themed investment as it is perceived as low yielding
- 29% family offices portfolio allocation to private market (Private equity, venture capital & private debt), surpassing public equity
- 32% family offices plan to increase their investment in private equity

Asia Pacific

- Despite challenging economic landscape, 58% family offices reported growth in their AUM
- Public equities constitute the largest asset class closely followed by private equity
- A net 39% family offices are looking to invest in AI tech space
- Family offices in this region are adding professional and service talent to address the complexity arising out of growing high net worth individuals and their global investment ambitions

Europe

- 53% of family offices reported an increase in their Assets Under Management (AUM), with 16% indicating a rise of more than 10%
- The focus is primarily on preserving legacy wealth, stewardship, and maintaining social responsibility
- Investment in sustainability themes is a key area of focus
- 28% of family offices intend to increase their allocation to direct private equity and a net 21% to venture capital and real estate

MEA

- 6000 ultra high net worth individuals with combined net worth of US$ 995 Bn as of 2022
- Total AUM forecasted to increase by 46% by 2025 to US$ 500 Bn
- Historically inclined towards wealth preservation, the MEA region is now increasing its investment in digital and fintech sectors, as well as sustainability themes
- 67% of Middle Eastern investors prioritize Islamic investment principles, focusing on Shariah-compliant asset classes such as Sukuk and Islamic loans

North America family offices has mature AUM, Asia Pacific and MEA are in the nascent investment phase, and Europe focus is on the sustainability and legacy wealth preservation

Source : Campden Wealth Limited
Deloitte middle east family office survey 2022
Lombard Odier survey, 2022

Market Overview

The 10 Largest Family Offices and their assets under management (Jan 2024)

Ranking	Family Offices	Assets Under Management (USD billions)	Region
#1	WALTON ENTERPRISES	225	North America
#2	Cascade Asset Management Company	170	North America
#3	BEZOS EXPEDITIONS	108	North America
#4	BAYSHORE	100	North America
#5	MOUSSE PARTNERS	89	North America
#6	ballmer GROUP	85	North America
#7	WAYCROSSE	65	North America
#8	FEDESA	55	Europe
#9	WOODBRIDGE International Mergers & Acquisitions Since 1993	54	North America
#10	PONTEGADEA	54	Europe

Source: Sovereign wealth fund institute

TECHNOLOGY HOLDINGS

Investment Banking in Tech Services,
Consulting, Software & Healthcare

Family Offices – Market Trends

SECTION 2

Family Offices Market Trends

Transitioning Role of Family Offices

01

Family Offices Asset Class & Allocation Sentiments

02

Investment in Sustainability Themes

03

Investment Preference in Technology Sector

04

Market Trend 1

Transitioning Role of Family Offices – Managing new needs and challenges

Evolving beyond financial advisors

- Beyond merely serving as financial advisors, family offices are transitioning to offer personalized, comprehensive financial strategies that align with the family's goals

As trusted custodian & succession planning

- A major financial event can rapidly elevate first-generation entrepreneurs to ultra-high-net-worth status. As their wealth outlives them, they consider engaging with family offices, which act as custodians and facilitate smooth transitions to future generations and beyond
- Dealing with inheritance tax is equally challenging while managing tax implications efficiently. Bringing in professionalism and governance is key to this

Risk management

- Managing risk, in addition to portfolio risk, such as wealth loss in case of venture failure, is critical for first-generation high-net-worth individuals (HNWIs) who do not have generational wealth to fall back on
- Managing relationship risk can have significant implications for wealth, especially in the case of divorce settlements. This requires the expertise of family offices to implement effective ring-fencing strategies

Managing money

- Managing new high-net-worth individuals requires expertise that extends beyond short-term investment goals, such as property. It involves securing a legacy for future generations, ensuring long-term prosperity, and providing security

Preservers of reputational/social/human capital

- Family offices play a crucial role in preserving hard-earned business recognition, customer relationships, and reputation. They also need to safeguard human and technological capital in alignment with the family's goals

Cross border investment

- HNWIs have begun exploring diverse investment portfolios, acquiring properties, and even seeking investment-based citizenship outside their home country. Family offices must master local financial regulations, as these directly impact cross-border investments

Family offices are transitioning to scope for larger roles to meet changing needs and address challenges through right skill & technology enhancements

Market Trend 2

Family Offices Asset Class & Allocation Sentiments

FIGURE 3

Share of global family Offices key investment portfolio by asset class, Q3/Q4 2023[1]

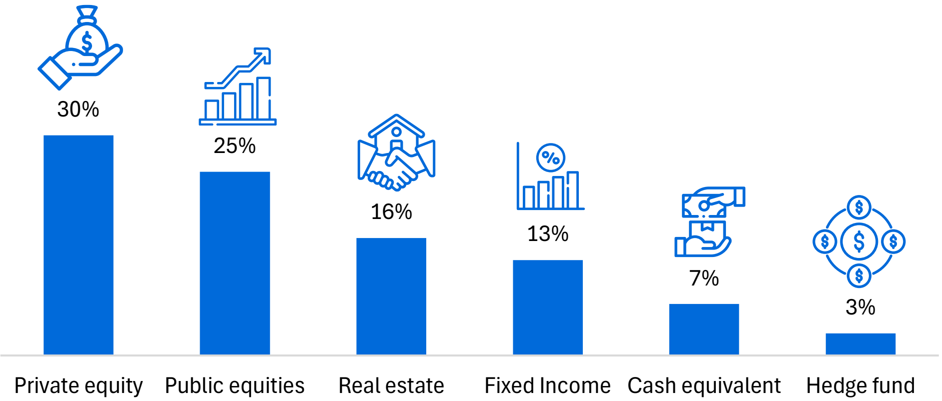


Table 1

Share of strategic asset class allocation by region, 2023[2]

Asset Class	US	Latin America	Europe	Middle East	Asia Pacific
Public Equities	28%	30%	28%	27%	26%
Fixed Income	7%	34%	19%	11%	25%
Private Equity	35%	18%	22%	18%	19%
Real Estate	10%	7%	12%	15%	6%

- **Private Equity climbs to the top** - In 2023, private equity (including direct, funds, and private debt/direct lending) accounted for 30% of the average family offices portfolio, up from 22% in 2021
- **Public equities** accounted for 25% in 2023, down from 34% in 2021 as family offices preferred private equity investment having greater potential to deliver higher returns over the long term
- **Fixed Income**: Fixed income allocation in US is low because the sentiment is that it is not tax efficient unlike buy and hold of equities. Other regions preferring fixed income are investing in corporate bonds and government bonds and plan to do so by shrinking their cash allocations
- **Real Estate** – Globally, family offices' average allocation declined to 10% in 2023 from 13% in 2022. The reason for this decline is under-valuation and liquid yield-generating assets like fixed income becoming more attractive and safer

FIGURE 4

Family offices' intentions to allocate more to asset classes in 2024[1]

Private Equity funds	29%
Public equity developed mkt	28%
Private Equity direct	27%
Private debt	25%
FI developed mkt	22%
Private Equity developing mkt	20%
Real estate	19%
FI developing mkt	13%

Private equity, public equity, fixed income, and real estate will remain the four leading investment portfolio categories, with private equity expected to receive increased allocation in 2024

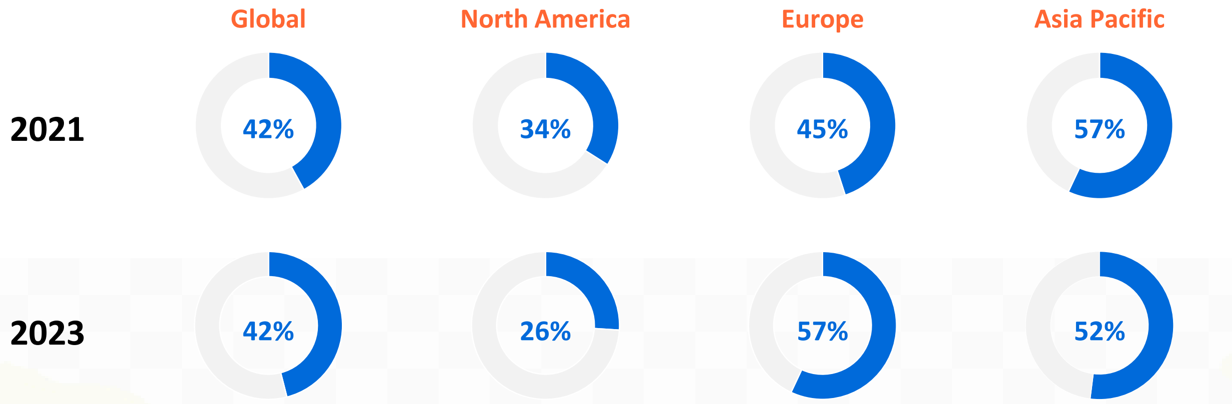
Source : [1]*Deloitte Family Office Insights Series, 2024*
[2]*UBS global family office report, 2024*

Market Trend 3

Investment in Sustainability Themes

FIGURE 5

Proportion of Family Offices engaged in Sustainability theme Investments, 2021 Vs 2023[1]



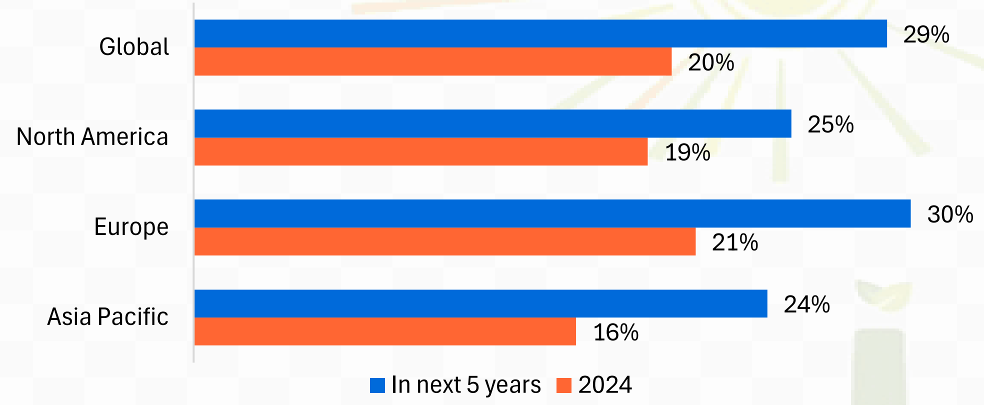
- Currently, 46% of global family offices engage in sustainability themed investments, up from 42% in 2021
- Europe leads the sustainability themed investment with 57% up from 45% in 2021
- Investment in North America has declined to 26% in 2023, down from 34% in 2021. This decrease is attributed to a cooling sentiment regarding ROI for this asset portfolio compared to others
- Asia Pacific also showed a slight decline in investment with 52% in 2023 over 57% in 2021 but is expected to grow its proportion of investment at an average rate of 16% in 2024 and 24% over 5 years
- Leading tech space in the sustainability theme investment are energy & clean tech and climate tech
- Globally, the family office's investment portfolio share in sustainability theme is expected grow 29% over the next 5 years

FIGURE 6

Priority areas of sustainability theme investment by Family Offices[2]

FIGURE 7

Proportion of family offices' investment (growth %) allocated to sustainability theme investments in 2024 & next 5 years time[1]



Global family offices' sustainability theme investment share expected to grow 20% in 2024 and 29% over the next 5 years

Source : [1]Deloitte Family Office Insights Series, 2024
[2]United Nations' Sustainable Development Goals

Investment Sector Preference

FIGURE 8

Leading share of family offices investment by tech specialization, 2023 to YTD[1]

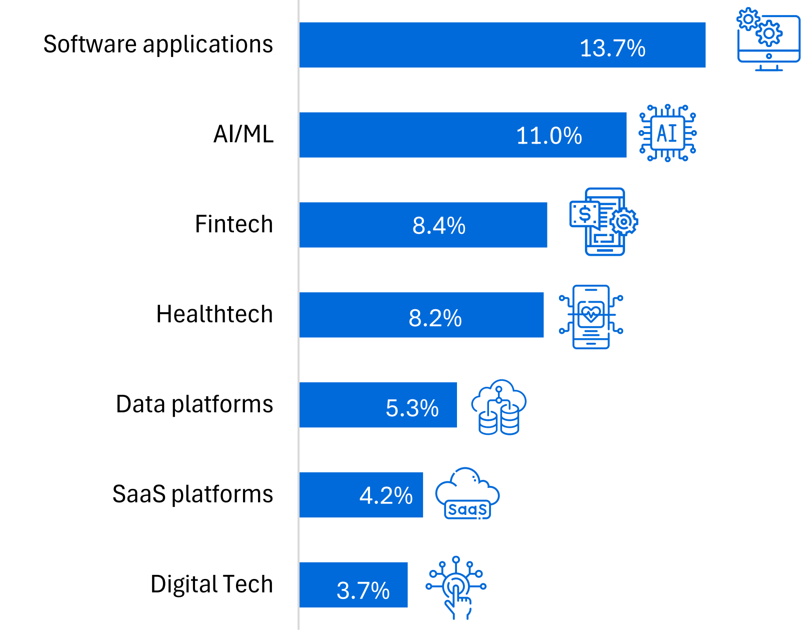


FIGURE 9

Top 4 family offices investment tech space by regional share (%), 2023 YTD[1]

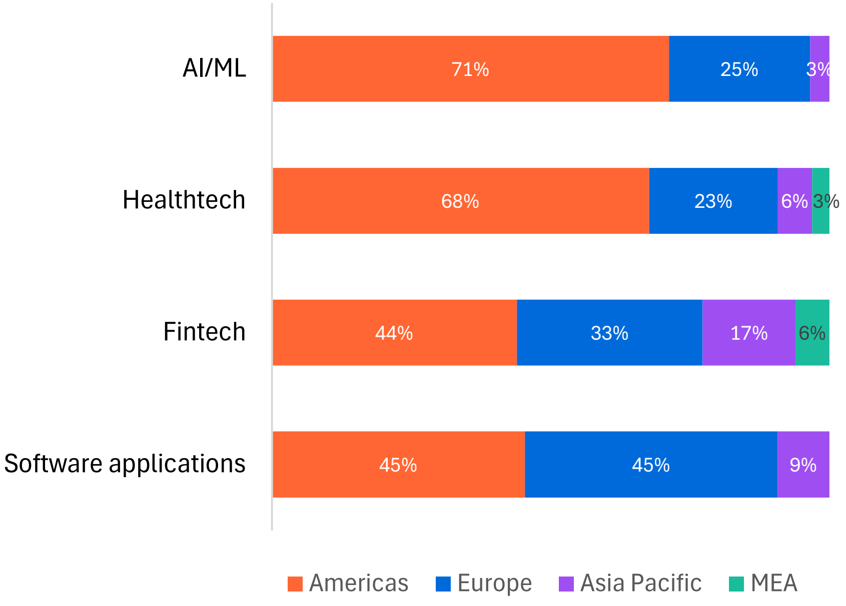
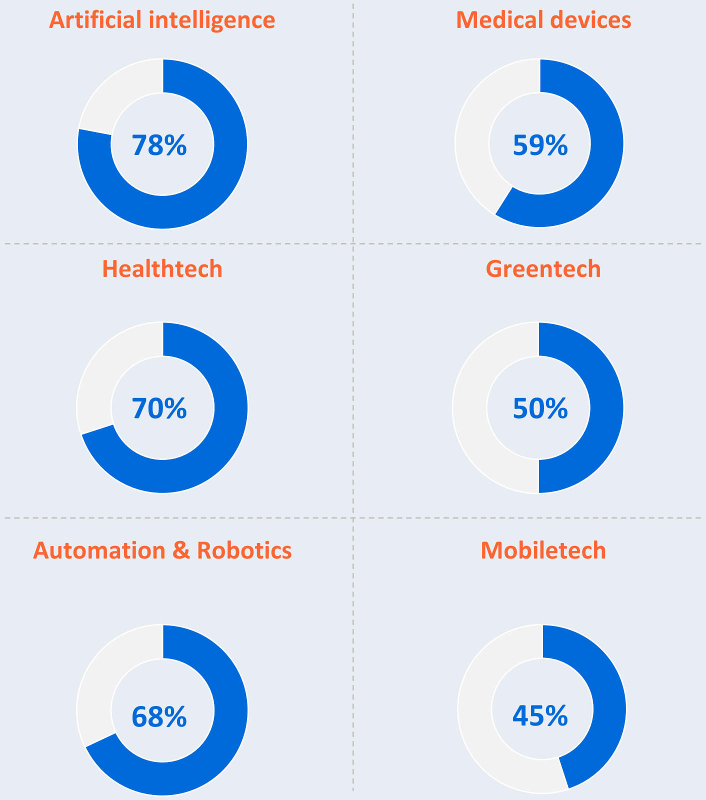


FIGURE 10

Top 6 sectors family offices intend to increase investment in 2 to 3 years[2]



- Software applications, AI/ML, fintech and healthtech were the leading investment sector preferred by family offices in 2023
- AI emerged as the most preferred investment theme followed by healthtech for the next 2 to 3 years
- The Americas lead in investment across AI/ML, healthtech, and fintech, while its share in software applications is comparable to that of Europe. In Asia Pacific, the largest share of investment is in the fintech sector

Investment in software applications, AI, fintech, and healthtech remains robust and is expected to continue strong over the next 2 to 3 years

Source : [1]Technology Holdings pitchbook analysis, 2024
[2]UBS global family office report, 2024

TECHNOLOGY HOLDINGS

Investment Banking in Tech Services, Consulting, Software & Healthcare

Family Offices – Deal Activity

SECTION 3

Deal Analysis

Family Offices Investment Trends in Private Markets (Equity)

FIGURE 11

Family offices investment portfolio private equity Vs Venture capital, 2023 YTD (By volume share)

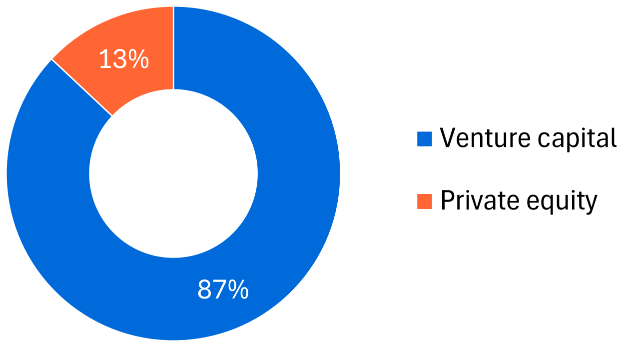


FIGURE 12

Family offices consortium Vs sole deals, 2023 to YTD (By volume share)

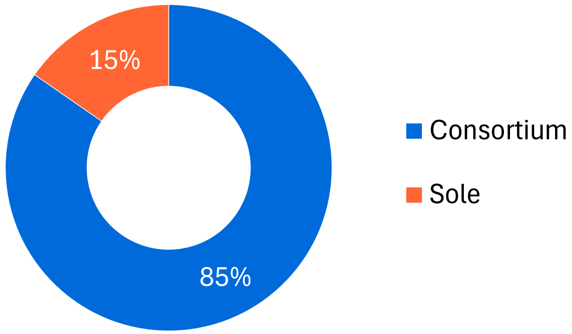
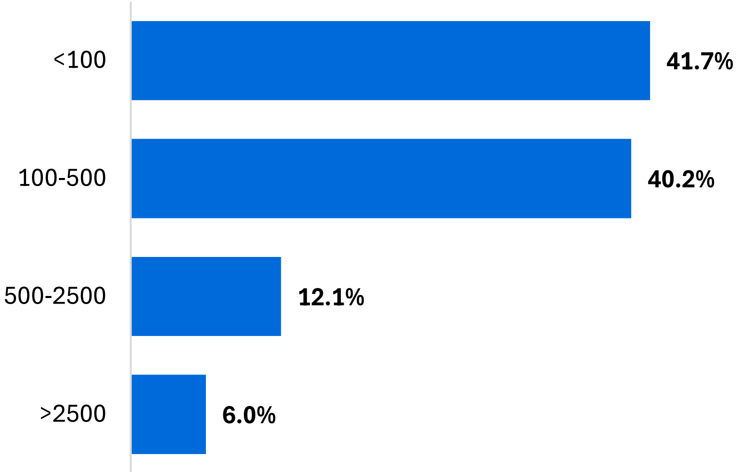


FIGURE 13

Family offices investment target by employee size, 2023 to YTD



- Venture capital accounted for most family office deals, comprising 87% by volume, while private equity represented 13%
- Most deals (85%) were conducted through consortiums, with only 15% being sole deals. Consortium deals were preferred because they allow family offices to spread risk
- Family offices preferred to go alone with sole deals only when they see a good opportunity to realize higher value and maximize returns
- From enterprise segment, small (<100) and medium (100-500) enterprise were the preferred investment targets

The preference for smaller target sizes and consortium deals suggests that family offices are increasingly interested in limiting and sharing risk

Source: Technology Holdings, M&A Tracker 2024

Family Offices Investment in Start-ups - 2023 to YTD

FIGURE 14

Family offices investment in start-ups and its deal class break up, 2023 to YTD[1] (By volume share)

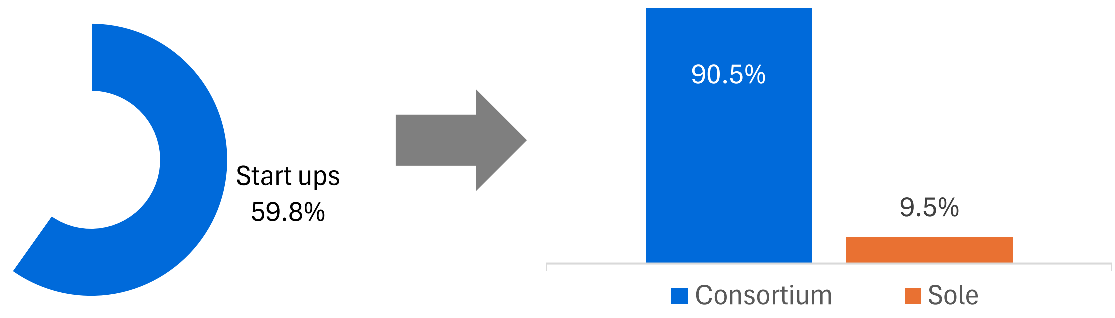


FIGURE 15

Family offices investment in start-ups by region, 2023 to YTD[1] (By volume share)

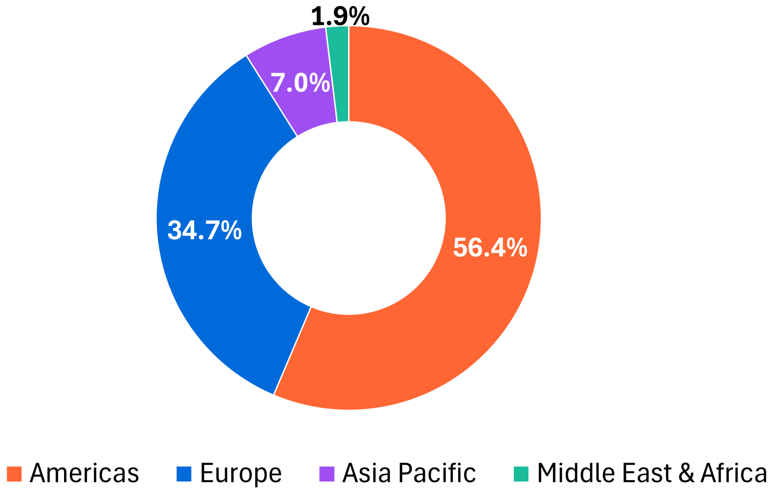
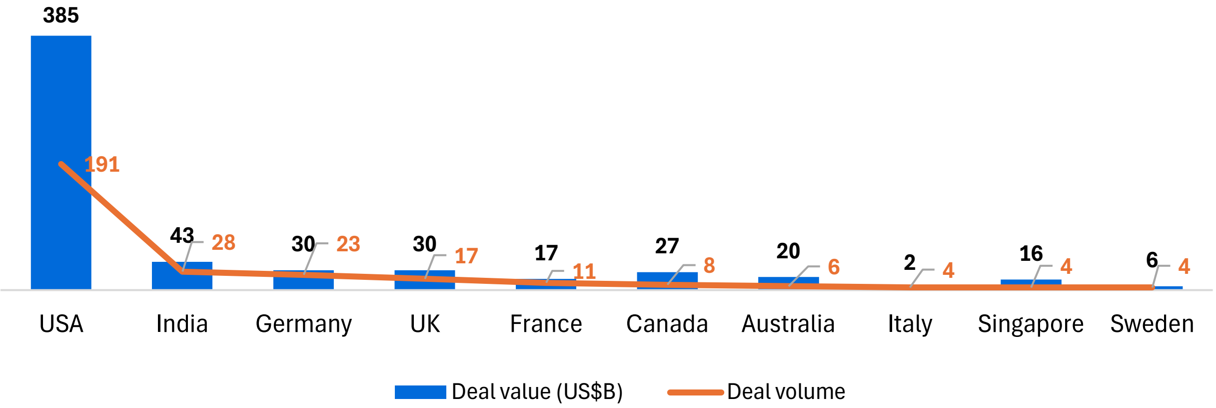


FIGURE 16

Top 10 target markets for family offices start-up investment, 2022 to 2023[2]



- Family offices majorly invested in start-ups (60%) of which almost 90% were consortium deals and 9.5% were sole deal makers
- USA, India and Germany emerged as the top 3 target countries for start-up investment

Family offices are increasingly allocating a larger portion of their investments to start-ups in anticipation of maximizing returns, and they prefer to invest through consortium deals to mitigate risk

Source: [1]Technology Holdings, M&A Tracker 2024
[2] PwC's global family office deals study, 2023

Technology Holdings' Transactions

Technology Holdings (TH) is exclusively focused on investment banking in technology services, BPM and software and is the digital transformation advisor of choice globally. Over 23 years, TH has built deep expertise in digital platforms, with global reach and extensive strategic buyer and private equity relationships to help clients navigate through a sale and/or capital raise process, and to secure premium valuations.

- 2023 The M&A Advisor International M&A Award Winner — **Boutique Investment Bank of the Year Award**
- 2023 The M&A Advisor International M&A Award Winner — **M&A Deal of the Year Award** ($100M - $250M)
- 2022 The M&A Advisor Award Winner — **Cross-Border Deal of the Year Award**
- FM M&A Awards 2022 Winner — **Mid-Market M&A Advisory Firm of the Year Award**

JUN 2024	CHAMONIX	Has been acquired by	Synechron	Digital Engineering
JUN 2024	exposé	Has been acquired by	Synechron	AI and Data Science
JUN 2024	D+I	Will be acquired by	Capgemini	MedTech Product Design & Engineering
JUN 2024	Brainvire	Merger with	Said Differently, Falfurrias Capital Portfolio Company	Digital Commerce & Digital Marketing
APR 2024	magnetic	Has been acquired by	Newton, ICG Portfolio Company	Digital Design & Innovation Consulting
APR 2024	axis corporate	Has been acquired by	accenture	Financial Services Management Consulting
MAR 2024	Dreamix	Has been acquired by	Synechron	Digital Product Engineering
MAR 2024	(THE LUMERY)	Has been acquired by	accenture	Marketing Automation
FEB 2024	leonardo	Has been acquired by	UST, Temasek Portfolio Company	BPM and Automation
FEB 2024	aggne	Majority acquired by	wipro	Insurance Technology Services & IP
FEB 2024	PLAT4MATION	Private Equity Buyout	Keensight Capital, servicenow	ServiceNow Consulting & IP
DEC 2023	FOREFRONT	Has been acquired by	NEORIS, Advent International Portfolio Company	Salesforce Consulting & IP
NOV 2023	unifii	Has been acquired by	inetum, BainCapital Portfolio Company	ServiceNow Consulting & Managed Services
NOV 2023	winning	Has been acquired by	Alan Allman Associates	Management Consulting & Digital Transformation
NOV 2023	CYBER-DUCK	Has been acquired by	CACI Ever Vigilant	Digital Transformation Agency
OCT 2023	QUARRY	Private Equity Buyout	RTC Partners	B2B Marketing Services & Marketing Automation
AUG 2023	WILLIAMS COMMERCE	Has been acquired by	NEXT15	Digital Commerce & Digital Marketing
AUG 2023	cloudfy.	Has been acquired by	NEXT15	B2B SaaS E-commerce Software
AUG 2023	woodridge SOFTWARE	Has been acquired by	RCG Global Services, Frontenac Portfolio Company	FinTech Software Engineering

CLICK HERE

TO VIEW ALL TRANSACTIONS

TH TECHNOLOGY HOLDINGS

Investment Banking in Tech Services, Consulting, Software & Healthcare

WWW.TECHNOLOGYHOLDINGS.COM

LONDON • NEW YORK • SAN JOSE • HOUSTON • TORONTO • MUMBAI • NEW DELHI • BENGALURU • HYDERABAD • SYDNEY • MELBOURNE

EUROPE

Vivek Subramanyam
Founder and CEO
vivek@technologyholdings.com
+44 7778 863 790

Asif Shahinsha
Associate Director
asif@thhealthcare.com
+44 7908 192 800

Bruce Green
Associate Director
bruce@technologyholdings.com
+44 7917 683 704

Ryan Edelmann
Vice President
ryan@technologyholdings.com
+49 151 5807 0355

Geeta Ramanathan
Managing Director
geeta@technologyholdings.com
+44 7807 173 414

Pablo Jorge
Associate Director
pablo@technologyholdings.com
+44 7939 477 147

Pascal Berto
Vice President
pascal@technologyholdings.com
+33 6013 52815

Joel Westerström
Vice President
joel@technologyholdings.com
+46 73 511 68 53

ASIA-PACIFIC

Anjani Bagaria
Director
anjani@technologyholdings.com
+91 982 164 1128

Simon Croft
Associate Director
simon@technologyholdings.com
+61 431 579 808

Puneet Vyas
Vice President
puneet@technologyholdings.com
+91 9892 605 607

Anant Kharad
Vice President
anant@technologyholdings.com
+91 7755 906 797

AMERICAS

Anup Rao
Associate Vice President
anup@technologyholdings.com
+1 646 620 9530