UBS Family Office Quarterly

A Family Office Solutions publication

Fourth Quarter 2025

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Introduction

We are pleased to share the fourth edition of the 2025 *UBS Family Office Quarterly,* bringing you insights on the many aspects of managing a family office—all to support your success and the industry's evolution.

First up, our Chief Investment Office (CIO) looks at artificial intelligence as a key driver of surging markets. See why we believe AI will be essential to portfolio growth over the medium and long term, despite near-term "capex indigestion."

Next, Sarah Salomon, Head of UBS Family Advisory and Philanthropy Services, explores how families are increasingly turning away from an "either/or" choice when it comes to donor-advised funds (DAFs) and private foundations, recognizing how these two vehicles offer complementary rather than competing strategies.

In a family office, a single decision rarely happens in a vacuum but typically sets off a chain reaction. UBS Family Office Solutions Strategist Mark Tepsich presents a case study illustrating the multiple aspects a family office needs to consider in mapping the chain reaction and evaluating the implications of each decision.

On the technology front, Alexandre Lin of SumIT explores how purpose-built software can help address the existing technology gap that leaves many family offices facing unsatisfying trade-offs.

Several articles in this edition bring various perspectives to the growing importance of sustainable and impact investing.

Leaders from our CIO Global Investment Management team present a model and steps for family offices to use in measuring the effectiveness of sustainable and impact investing strategies.

Top experts from Heidrick & Struggles explore how family offices are helping families deploy capital to generate positive, measurable social and environmental outcomes alongside financial returns.

And Kristen Liller, together with a panel of single family office clients, explores the evolution in how wealthy families are approaching capital—increasingly viewing and aligning their investing and philanthropy as part of a continuum.

All in all, a robust range of topics to explore with a deeper dive on the evolving impact landscape. As always, we look forward to hearing what's top of mind for you as we continue to advance the industry together.

Judy Spalthoff
Head, Family Office Solutions

John Mathews
Head, Private Wealth
Management Americas

Investment outlook

The AI opportunity

The long and the short of it

Mark Haefele
Chief Investment Officer
Global Wealth Management

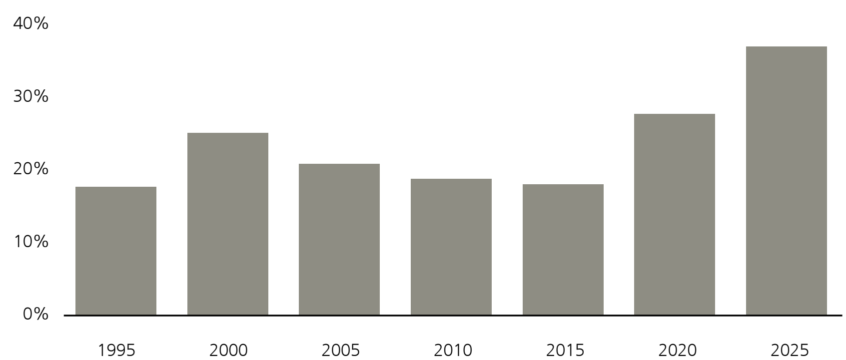
Artificial intelligence (AI) is one of the key drivers of surging markets. While "capex indigestion" is a near-term risk, we believe that exposure to AI will prove not only additive to portfolio growth, but also essential to it over the medium and long term.

US equity market concentration has risen in recent years. Never before in the field of index investing has so much been invested by so many in so few stocks. The top 10 stocks by market cap now account for nearly 40% of the S&P 500. What's more, over the past six months, the Magnificent 7 stocks have been around 50% more volatile than the overall index.

Figure 1

US equity market concentration has increased

Weight of top 10 companies in S&P 500 index



Source: Bloomberg, UBS, as of August 2025

The good news is that this concentration has so far been helpful for investors. In the past three years, the largest 10 US companies have returned 106% (59% of the overall index performance) and over the past 12 months, the top 10 US firms have generated 55% of the index's net income growth.

Optimism about the effect of artificial intelligence has been the key driver. However, a new study from MIT's Nanda Initiative warned that 95% of corporations polled reported no measurable return from their generative AI investments to date. This cautionary note followed OpenAI CEO Sam Altman's recent public remarks that some investors are "overexcited" about AI.

Is too much hope now being placed in the fortunes of too few?

Underlying consumer and business use of AI is already outpacing expectations.

In the short term, we believe that investors need to be mindful of the risk of a period of "capex indigestion." From 2022 to 2024, capex by the Big 4 tech firms rose from $151 billion to $228 billion, and we expect it to grow further in the year ahead. Yet so far, incremental revenue growth continues to lag incremental capex growth, which is pressuring margins. A number of large tech firms have cited the costs associated with scaling their AI capabilities, investing in AI-driven CRM tools, or personalized content as weighing on near-term profitability. Additionally, the sheer pace of recent investment growth means that year-over-year growth rates are likely to slow in the quarters ahead.

AI outlook over the medium and long term

At the same time, over the medium and longer term, we believe exposure to AI will prove key to portfolio growth.

First, underlying consumer and business use of AI is already outpacing expectations. ChatGPT has added 400 million weekly active users year to date, exceeding the 300 million accumulated over the prior two years combined. Alphabet's Gemini has recorded a 50-fold year-over-year increase in AI token consumption this year (a token is the smallest unit of data that a language model processes, which can be a word, a part of a word, a single character, or punctuation). We expect AI agents to further support this momentum. A leading AI agent service is now deployed by 80% of Fortune 500 companies.

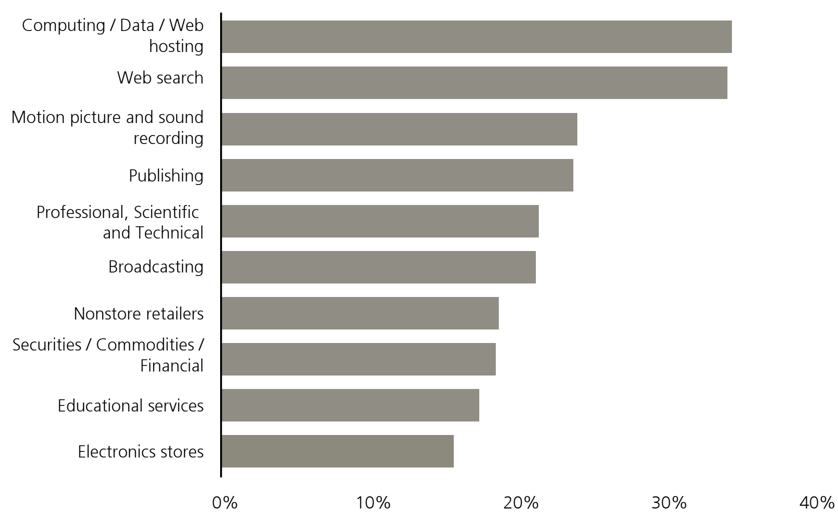
Second, AI solution providers are making good progress converting usage into revenue. For example, tech giants are charging for AI-powered personalization tools used by retailers to enhance customer experiences, levying subscription fees for access to AI-enhanced tools, and offering healthcare providers AI-driven analytics and decision-support tools, which assist in treatment planning. Meanwhile, cloud revenues from the three largest platforms remain robust, posting average year-over-year growth above 25%.

We believe the scope to monetize will expand further. Already, 20%-30% of code at some major tech firms is generated by AI, AI handles a majority of service chats at various firms, and one medical device provider's AI system has reduced missed colorectal polyps by 50% compared to standard procedures. As such domain-specific use cases expand more broadly and embed more deeply in business processes, we would expect the ability of AI firms to monetize the technology to grow.

Figure 2

AI adoption is growing

AI adoption rates by industry in the US



Source: Business Trends and Outlook Survey (BTOS), US Census Bureau, UBS, as of June 2025

Third, we expect investment spending to continue to rise. We recently raised our global AI capex forecasts by approximately 4%, lifting our 2025 estimate from USD 360bn to USD 375bn and our 2026 estimate from USD 480bn to USD 500bn, on the back of increased capex guidance by the Big 4 in recent earnings releases.

Finally, and most importantly, we remain confident that technology companies will ultimately earn an attractive return on the investments they are currently making. One way to think about the potential opportunity is as a function of the percentage of tasks in the economy that AI might automate, the labor share of those tasks, and the share captured by AI vendors.

Estimates by McKinsey, Goldman Sachs, and the World Economic Forum suggest a share of task automation of between 25% and 50%. The labor share of GDP in the world economy is around 50%. And using parallels with cloud computing and industrial automation, we estimate that vendor revenue capture tends to be 5%-15% of value created.

In the context of the approximately USD 100 trillion global economy, if we broadly assume that around one-third of tasks can be automated by AI, the labor share of those tasks is around half, and AI vendors are able to capture around 10% of the value, this makes for an annual AI revenue opportunity of around USD 1.5 trillion. Estimates of cumulative global AI capex from 2022 to 2025 of USD 780bn and 2026 capex spending in the USD 500bn range do not seem outlandish when set against this potential revenue stream.

AI's disruptive potential

Investors also need to consider the potential for AI to not only support but also disrupt. Various software, advertising, and staffing firms have already noted the disruption their businesses are facing because of AI. In our June 2024 white paper, "Artificial intelligence: Sizing and seizing the investment opportunity," we highlighted the potential for AI to disrupt the entire software value chain—from how software is produced to how users interact with software platforms.

For investors, we believe the AI trend makes long-term investment increasingly important, amplifies the potential returns from being in the right parts of the market, and raises the potential costs of being in the wrong areas.

See the full report *UBS House View Monthly Letter: Charting new highs* and visit ubs.com/ai-hub for more insights about artificial intelligence from the Chief Investment Office.

Mark Haefele

Mark is the Chief Investment Officer of UBS Global Wealth Management and the Chair of the UBS Global Investment Committee. In this capacity, he oversees the investment policy and strategy for approximately USD 2 trillion in invested assets. Mark is a frequent contributor to numerous financial media, including CNBC, Bloomberg, and the Wall Street Journal. He received a BA from Princeton, and both an MA and PhD from Harvard University. As a Fulbright Scholar, he also received an MA from the Australian National University.

Beyond investments

Donor-advised funds and private foundations:

The best of both worlds

Sarah Salomon
Head, Family Advisory and
Philanthropy Services Americas

Across today's dynamic giving landscape, when it comes to donor-advised funds (DAFs) and private foundations, families increasingly are turning away from "or" toward "and" as they recognize how these two vehicles for giving are more complementary than competitive.

> Private foundations and DAFs are being used in tandem to align philanthropic purpose with operational flexibility and long-term vision.

For many families, it is not a question solely of how to give, but also how to govern and how to engage with the next generation to grow or extend a family's legacy. The most strategic families (and their trusted professional advisors) are leveraging private foundations and DAFs in tandem to align philanthropic purpose with operational flexibility and long-term vision.

What makes each giving vehicle unique

Donor-advised funds and private foundations offer distinct benefits. DAFs offer simplicity and require minimal administrative burden, allowing families to react quickly to emerging opportunities or urgent needs. They also offer a layer of privacy, which allows donors to give anonymously and flexibly across a wide range of causes.

Private foundations are built for long-term strategy, visibility and governance. They enable families to hire staff, set their own grant guidelines, support direct charitable activities, and build an identity around a specific mission. Private foundations also have specific regulatory requirements, such as the 5% annual net asset value required minimum distribution (RMD) and reporting.

Donor-advised funds versus private foundations

	Donor-advised funds	Private foundations
Control of grantmaking	Donor can make recommendations for grants, which generally are limited to qualified charitable organizations.	Donor can appoint the directors or trustees, who typically control grantmaking.
Control of investments	Donor may make recommendations as to investments, depending on sponsoring organization’s policy.	Donor can appoint the directors or trustees, who typically control investments.
Setup procedure	Simple agreement, can be set up immediately.	Must incorporate a nonprofit corporation or create a charitable trust and apply to the IRS for recognition of the organization's tax-exempt status.
Ongoing accounting and administration	Sponsoring organization handles all financial and administrative services; no tax return or reporting required.	Must independently perform financial and administration services or hire staff; annual tax return and reporting required.
Income tax deductions[1]	Cash: up to 60% of adjusted gross income. Other than cash: up to 30% of adjusted gross income, limited to 50% if contributing both cash and capital gain assets. Amounts in excess of these limitations carry forward as charitable contributions for up to five years. For contributions made in 2026 or later, they are generally deductible only to the extent they exceed 0.5% of the donor’s adjusted gross income, and, to the extent the donor is subject to the 37% marginal income tax rate, their income tax charitable deduction is reduced by about 5.4%.	Cash: up to 30% of adjusted gross income. Other than cash: up to 20% of adjusted gross income (limited to adjusted basis except for publicly traded securities held long term). Amounts in excess of these limitations carry forward as charitable contributions for up to five years. For contributions made in 2026 or later, they are generally deductible only to the extent they exceed 0.5% of the donor’s adjusted gross income, and, to the extent the donor is subject to the 37% marginal income tax rate, their income tax charitable deduction is reduced by about 5.4%.
Distribution requirements	None under current law, but some funds independently establish rules for grantmaking and payout.	At least 5% of net asset value annually.
Responsibility for determining charitable status of organizations to which grants are made	Sponsoring organization verifies charitable status of all recipient organizations.	Must independently verify the charitable status of all recipient organizations.
Privacy	Names of individual donors can be confidential and grants can be made anonymously.	Must file detailed and public tax returns on grants, investment fees, staff, salaries, etc.
Ongoing taxes	None.	Excise tax of 1.39% of net investment income, including net capital gains.

[1] Market fluctuation, account and administrative fees, and other charges will impact the amounts ultimately available for distribution from a donor advised fund or private foundation. More precisely, these limits are based on the donor’s contribution base, which is the donor’s adjusted gross income calculated without regard to any net operating loss carrybacks. Accordingly, for many donors, their contribution base is their adjusted gross income.

Source; UBS Advanced Planning Group, 2025.

Knowing how to use each giving vehicle

When considering how to enhance your strategic giving, the power lies in knowing when and how to use each vehicle.

Scenario 1: Strategy meets speed

One common approach is to use the private foundation as the main, mission-aligned vehicle for long-term, strategic giving, while using the DAF for situations requiring a (more) rapid response.

For example, a family foundation with a core focus on pathways to financial inclusion and upward mobility could use its DAF to respond to an unforeseen natural disaster, while the foundation maintains a more deliberate, high-impact grantmaking process in pursuit of its philanthropic goals.

For younger members of the family, this dual approach would demonstrate that thoughtful planning and flexible generosity can coexist.

Scenario 2: An incubator for the next generation

DAFs are commonly used as philanthropic "incubators" for younger family members, providing them with a sandbox for discovering how they can align personal values with different causes. While a private foundation may be governed by members of the older generation, DAFs can give younger family members the opportunity to explore their own interests, acquire grantmaking experience and learn by doing.

This approach introduces rising generations to the discipline of doing research, vetting organizations, grantmaking and impact assessments before formally joining the foundation's board. Young family members can gain experience and confidence and begin to develop a philanthropic identity that can eventually serve to clarify and strengthen the foundation's vision as it evolves. DAFs can be a proving ground for new ideas, partner organizations, or geographies without impacting the reputation or mission of the family foundation.

Scenario 3: Balancing privacy and visibility

Another example of the value of pairing DAFs and private foundations is the ability to make sensitive or potentially controversial grants through a DAF, where anonymity can be preserved. The foundation can continue to make grants that are aligned with its stated values.

This allows a family to maintain anonymity around some gifts while using the foundation as a platform to lead on specific issues and work with organizations that are aligned with their mission.

Becoming part of a family modus operandi

At the heart of any successful family philanthropy sit the values, governance and involvement that determine how any strategic vehicles are used.

Families are formalizing their engagement with these combined strategies through foundation boards, family giving committees, and junior boards that create opportunities for learning and shared decision-making across generations. They are using DAFs to create individual giving portfolios under the shared umbrella of a family's philanthropy, allowing members to pursue their passions—being part of the tradition of giving while addressing social and environmental issues.

Mentorship from elders, structured learning experiences, and values-based conversations turn philanthropic practices into a family modus operandi—one with a shared vocabulary, sense of purpose, and culture of accountability.

Role in succession planning

Both philanthropic vehicles can also be an important part of succession planning. Families are using DAFs and private foundations to:

- Define leadership timelines
- Clarify and reinforce values
- Revisit or confirm mission statements
- Determine the right mix of perpetual versus spend-down giving.

As noted, DAFs can be used as flexible bridges to engage successors before full leadership transitions occur at a foundation.

Aligning for greater impact

Family offices that combine the structural benefits of both private foundations and DAFs with thoughtful engagement strategies are better positioned to lead with impact.

It is important to evaluate how your philanthropic strategies are serving your giving goals, family dynamics, and long-term vision. When structures support strategy and that strategy is grounded in shared values, families can give more effectively, more meaningfully, and more cohesively, potentially enhancing their impact on the causes they care about most.

Explore further

UBS Philanthropy Compass

Creating an enduring legacy - Planning your philanthropy

Building a strong family foundation

Sarah Salomon

As Head of Family Advisory and Philanthropy Services Americas, Sarah leads a team of Senior Strategists who work with families on understanding money, values and philanthropic intent. A veteran of UBS Financial Services for over twenty years, Sarah holds Family Firm Institute certifications in Family Wealth Advising and Family Business Advising as well as the Chartered Advisor in Philanthropy® from the American College of Financial Services. She is a member of the Purposeful Planning Institute and completed the Education for Philanthropy Professionals course from the Stanford Center on Philanthropy and Civil Society.

Beyond investments

Family office chain reactions

A case study in complex decision-making

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Family Office Design
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UBS Family Office Solutions

In a family office, a single decision rarely stands alone. What begins as one idea—a transaction, a liquidity event, a gift-planning discussion—can set off a chain reaction. To make the best possible choices, our case study illustrates the multiple aspects a family office needs to consider in mapping the chain reaction and evaluating the implications of each decision.

The complexity involved in a family office decision can be staggering. Technical considerations such as tax impacts, liquidity, cash flow, estate planning and asset allocation quickly collide with qualitative factors like family governance, interpersonal dynamics, and lifestyle shifts.

A family office cannot evaluate these in isolation; it must map the entire chain reaction. Each option spawns multiple scenarios, each requiring its own modeling, trade-offs and long-tail consequences.

The following case study illustrates how a seemingly straightforward question can have far-reaching implications. While hypothetical and somewhat simplified, it is based on experiences working with family offices over decades.

Each option spawns multiple scenarios, each requiring its own modeling, trade-offs and long-tail consequences.

Case study: Paul Miller

Background

Paul Miller, 55, is a third-generation shareholder in a publicly traded company his grandparents founded and the family still controls. The Millers founded the business 70 years ago, took it public 50 years ago, and remain the largest single shareholder group. Paul's cousin Fred is CEO and chairman, and Fred's son Rob leads sales.

Paul's grandparents divided ownership equally among their children. As his mother's only child, Paul became the single largest family shareholder. Paul's parents both passed a decade ago. Paul serves on the board but doesn't work in the family business. He's cordial with his extended family, though not especially close.

Paul is considering significantly reducing—or even liquidating—his entire stake in the family business over the next six months to three years. He believes greater diversification and liquidity will provide better long-term returns than his concentrated position in the family stock.

Paul has two children in college from his first marriage and a teenager in high school with his current wife. The children are all fourth-generation family members. Paul has enjoyed a moderately successful career running his own architectural practice.

Assessing Paul's wealth picture and objectives

To advise Paul on his question of "How much should I sell and when?" the family office must understand and forecast a host of scenarios. To this end, the family office held several conversations with Paul about his overall wealth and future goals and objectives.

Net worth composition

- 70% is in family business stock, very low basis
- The family business stock is held in a Family Limited Partnership (FLP) that is a voting block and controls the company
- 20% is in a liquid investment portfolio—basic equity exposure but heavy in fixed income, near zero alternative investments
- 10% is in several personal use residences

Income sources

- 75% is from family business dividends
- 15% is from his architectural practice, which is being wound down
- 10% is from board fees, at risk if he sells his stake
- He reinvests portfolio income and pays related taxes from non-investment income sources

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During these conversations with Paul, other considerations surfaced, including:

- Paul wants to meaningfully allocate to alternative and direct investments. His friend Doug at his club has had success with both over the years and Paul believes he is missing out.
- Paul wants to step away from his architectural practice within a year.
- He wants to build his dream house that he designed in another state. The house will cost him around $10M.
- Paul is looking to gift additional assets to his children.

Evaluating Paul's stock reduction

Based on these conversations, the family office would need to forecast the family stock performance and investment portfolio allocations, as well as living and lifestyle expenses.

Family business stock

In forecasting stock performance across various timelines, the family office should consult several analyst reports, as well as hold discussions with business executives who must take care not to gain material non-public information.

Navigating the buy-sell provisions in the family limited partnership (FLP) must also be considered, including family purchase rights, discounts to fair market value and installment terms. These could include:

- The family has the right of first refusal to purchase shares before they are sold in the market.
- Family can purchase shares with 20% down and four installments over the next four years.
- Shares can be purchased at a 15% discount to the current market price.
- If there are no family buyers, the shares can be distributed out of the partnership and sold in the open market.

Family business inflection points

Paul's desire for liquidity does not just affect him. It also affects broader family ownership and control of the family's publicly traded company. Paul's decision to sell a meaningful portion is a family first and sets many other contemplations in motion, including:

- Will other family members follow Paul? If so, how will this change the family, family office and the family business? Once a family that historically has had little liquidity generates an abundance, it can ripple through lifestyle and consumption behaviors.
- Will the family continue to own a meaningful percentage of a publicly traded company? Since nearly all family members have a net worth that is dominated by family business ownership, should this continue moving forward?

Market reaction factors

Paul sits on the board and is part of a 10% ownership group, which makes him an insider. The market may react negatively to a family member and insider selling a significant number of shares. What is the family and company's message to the market? Should Paul enter into a 10b5-1 plan? If he does, the amount, price and dates must be determined.

Investment portfolio considerations

In similar fashion, the family office should build various allocation models versus holding family stock over several timelines. These should use Monte Carlo simulations across multiple asset allocations.

Direct investments

Paul desires to make direct investments with his liquidity. The total allocation to direct investments as well as position-sizing limits to obtain diversification within this allocation must be determined. Access to deal flow should also be considered. However, the family office needs to evaluate whether Paul should even be allocating to direct investments.

Alternative investments

Paul also wants to allocate to alternative investments, including private equity and hedge funds. This will require not only determining allocation to appropriate strategies but also ensuring vintage diversification for the private equity funds.

Behavioral change: asset mix composition

Paul's behavioral adjustment from a familiar concentrated stock position to an unfamiliar diversified portfolio with complex asset exposures can be a challenge. He served on the board and had a direct line to senior management, who were family. Having much of his net worth invested in strategies and sectors he may not understand as well could be a concern—especially since he may not be as comfortable with these investments during periods of market dislocation.

Investment governance evolution

An investment policy statement should be drafted based on meaningful conversations with Paul to ensure he understands his portfolio allocation.

Family investment structure

There is currently an informal and collaborative family investment committee. However, all family members have roughly the same investment strategy as Paul, just in differing amounts.

- If Paul executes large sales and has a much larger investment portfolio than the rest of the family, how could or should this informal structure change?
- Should pooled investment vehicles be considered so that the family can leverage their scale?

Investment advisor considerations

The family's current investment advisor has served the family well but he lacks the sophistication now needed. In addition, his firm does not have a robust alternative investment offering. It could be time to review the current relationship and determine whether new relationships are necessary. Questions for the family office to consider with Paul include:

- Should Paul seek his own investment advisor?
- Should the family have multiple advisors or firms?
- Should an RFP process be undertaken?

Lifestyle and living expenses

What are Paul's projected lifestyle and living expenses over the period of potential liquidation? He is losing all his income sources, which he will then have to recreate from an investment portfolio.

Paul's lifestyle and living expenses will also change, which makes it challenging to forecast prospective expenses since they won't adhere to the historical norm.

Residence

A key question for the family office to help Paul evaluate is whether to finance the new home or fund it with cash, taking into consideration the potential impact to his liquidity needs and investment growth.

- Carrying costs related to maintenance, utilities, insurance, real estate taxes and domestic staff to maintain and care for the residence must be considered.
- Paul's premarital agreement promises the primary residence to his wife upon his death. How does replacing a much smaller home with a $10M residence affect liquidity and estate planning? How will his wife cover the ongoing house expense if Paul should pass?

Life insurance policies

Paul has two large life insurance policies to cover estate tax liability and provide liquidity so that no family business shares would have to be sold.

The family office should determine whether these policies are still necessary should the death benefit be reduced and if so, how much premiums can be reduced.

Healthcare

Paul will lose his healthcare when he steps away from his architectural practice. The family office will need to help him determine the best plan for his needs and whether he should layer any health insurance plan with a concierge option.

Executive assistant

Paul has employed an executive assistant at his architectural practice for nearly 20 years. He wants to offer her a role as he transitions. It should be determined whether her current salary is reasonable for her new role and who will set up and manage her payroll. A human resources function should be established to reduce risk to Paul.

Liquidity event planning

Income tax mitigation, estate planning and gifting must also be considered against Paul's investments, liquidity needs, income and philanthropic objectives, as well as family dynamics.

Income tax mitigation

Paul's stock is low basis, triggering large capital gains.

Considerations

- Should Paul establish trusts with a charitable component?
- Should he contribute to a private foundation, donor-advised fund (DAF) or both, pre-sale?
- Does he have loss positions to take advantage of?
- Can he utilize a tax-advantaged exchange fund?
- If any of the above, in what amount?

State residency and tax mitigation

The new house will be in a no state income tax jurisdiction, compared to his current domicile, which is in a high state income tax jurisdiction.

Considerations

- Should he wait to establish residency before selling?
- How does the delay affect potential portfolio growth?

Gifting

Paul is looking to gift additional assets to his children.

Considerations

- Is now a good time to gift assets to children?
- What assets and in what amount?
- Is the prior discount still valid from nearly 10 years ago?
- Will the lifetime exemption remain the same for the foreseeable future?
- Should he continue to maintain grantor trust status and pay the income taxes on the shares sold?
- How does gift sizing impact his portfolio, liquidity, cash flow and income needs?

Private foundation (PF)

Paul's grandparents established a PF that supports causes that were important to them. The broader family participates and sits on the PF board. Paul has developed philanthropic interests of his own.

Considerations

- Should Paul create his own PF, DAF or both?
- Should Paul's children sit on the PF board? What about his wife?
- Who will manage the PF's legal and compliance requirements?

The interplay of family business, investment and lifestyle concerns

Determining how many shares to sell affects how Paul's portfolio is constructed. Lifestyle and living expenses are often an inelastic component of financial planning for family members served by a family office. This dynamic can create tension with Paul's investment goals. Considerations around the level of gifting and pre-sale philanthropic contributions can heighten this tension. In addition, all projections are merely educated guesses. What starts out as a chain reaction becomes a Rubik's cube with no definitive answer. Indeed, each component affects the other.

What starts out as a chain reaction becomes a Rubik's cube with no definitive answer. Indeed, each component affects the other.

Family office inflection points

Additional liquidity from any or all family members could require new family office resources, staff or reporting platforms. Determining which consolidated reporting platform to use will be a challenge, as will evaluating how to manage it, either internally or outsourced.

- Should the family office hire a qualified investment analyst to oversee the additional investment resources and if so, should Paul pay their compensation?
- Alternative investments will also involve much more administrative work, such as managing capital calls and distributions, as well as administrative workflow surrounding the investments.

The family office was established by Paul's parents' generation nearly 25 years ago and the family has evolved since then. If the family begins selling large amounts of their business stock, they may decide that they no longer want the family office.

- If some family members leave, will the rest of the family support the existing family office cost structure?

Family dynamic considerations

Paul's children are somewhat closer than Paul is with his extended family. How does Paul's potential liquidation impact family dynamics? What signal does Paul's desire to sell his shares indicate to his family members who run the company?

The family hosts an annual retreat every summer whose main purpose is to discuss the family business.

- Should Paul and his children still be invited? What does this signal about belonging and identity?
- How will or should the retreat agenda change moving forward?

Of course, Paul is just a single family member within a larger family. For family members that may want to purchase Paul's shares or divest a portion of their own family business shares, similar exercises must also be undertaken. This will be a heavy lift for the family office.

Scenario modeling

Paul is grappling with a question that, on the surface, seems straightforward: Should I sell my shares in the family business—and if so, how much and when?

In reality, there is no such thing as a "simple" decision in the family enterprise ecosystem. Once this question is placed on the table, it triggers a cascade of interconnected considerations as we have outlined. Tug on one link and the entire chain shifts. Each pathway requires rigorous modeling, often with dozens of iterations to narrow the field to a set of actionable options. There is often no one right answer, as the situation involves tradeoffs to known and unknown risks.

Paul's decision cannot be analyzed in isolation. Other family members who may purchase his shares—or divest their own—must be evaluated simultaneously. This is precisely where the family office proves its value: serving as the integrator and navigator of the financial, legal and relational complexities around these decisions. While external advisors must be leveraged, they can't see the entire integrated family and enterprise picture.

The necessary additional external resources and advisors include income tax and estate planning, as well as corporate and even securities law attorneys and tax advisors. The family office staff helps ensure that no blind spots are missed and all facts are known. Part of the value of these external resources and professionals is their expertise in having done similar exercises for many other families. These transactions are too large to leave to happenstance and require a robust process leveraging internal and external resources. In addition, it is necessary to go through several iterations to reduce the potential for mistakes when creating various models and forecasts.

The strategic lesson

Paul's decision will ripple through his immediate family, the extended ownership group, the family office team, the operating company and even the shared identity of the family as business owners. What begins as a technical transaction quickly evolves into a discussion of governance, family dynamics and long-term vision.

Ultimately, this is not only about whether Paul sells—it is about how the family and the enterprise choose to evolve together.

Mark R. Tepsich

Mark is the Family Office Design and Governance Strategist for UBS Family Office Solutions, advising families across the Americas on family office organizational design, structure and governance, as well as operational best practices and strategy to manage and sustain their wealth for future generations. Prior to joining UBS, Mark built a family office platform for an investment advisory firm and spent a decade as General Counsel for a large single-family office to a dynastic, multigenerational family.

Measuring impact

Steps to assess the effectiveness of impact investing

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CIO Global Investment Management

Interest in sustainable and impact investing continues to grow as family offices and institutional investors seek to align their investment portfolios with their organizational missions or worldviews. They achieve this by directing capital—either fully or partially—into strategies specifically designed to contribute to environmental and/or social objectives. The guidelines presented here for measuring impact may help family offices determine the effectiveness of these strategies—and where they may wish to focus future impact efforts.

The Global Impact Investing Network (GIIN) defines impact investments as investments made with the intention to generate positive, measurable social or environmental impact alongside financial return. GIIN estimates that impact investing assets have reached nearly $1.6 trillion worldwide (as of October 2024). Although there is no industry standard definition for impact and there are various ways and standards for assessing impact, decades of data, methodologies and benchmarks can help investors assess financial results for these investments. But how can investors also measure the social or environmental impact of these portfolios?

Measuring impact performance has been a focus for the industry since its inception. As invested assets increase, and with the record intergenerational wealth transfer approaching, this may become more important.

Understanding concrete outcomes can be important for family offices that consider expanding allocations to impact investing strategies.

The question is in many ways exceedingly simple: "How do I know that these dollars I invested made the (positive) difference that I intended to achieve?" The short answer to this question is—frustratingly perhaps—"It depends."

In our longer answer below, we offer a few steps family offices can follow to:

- Set up processes and systems to measure the impact of their investments
- Evaluate if the investment managers they invest with are thinking seriously about the topic

Step 1: Define your scope

What impact means varies across individuals and institutions. Impact can also be understood and evaluated through different lenses:

Thematically: Some investors may prioritize education while others focus on environmental factors such as ocean health.

Geographically: Impact can be considered within a specific country, neighborhood, or on a global or population scale.

Temporally: Investors may look for change in immediate effects versus effects on future generations.

Additionality: Investors may seek to generate extra positive outcomes or may be satisfied with aligning assets to activities that are already likely to occur.

First, defining what impact means for a family office in each of these four dimensions is key to determining how to measure it and how to benchmark results. Before the question of measurement, having clarity on these four lenses may also help with allocation decisions.

In practice, the impact definition is usually a combination of:

- **Company or asset impact:** The environmental and social impact that the *company or the asset* (in the case of real estate and infrastructure) generates through its products, services, operations, and supply chains. Ideally, a family office would want to unlock positive impact and minimize negative impact.

- **Investor impact:** The contribution that the *investor* makes to create company/asset impact that is above and beyond what would have otherwise happened (i.e., there is a degree of additionality attributable to the capital invested—it's more than alignment).

Company impact is where the main measurement focus lies. Measuring investor impact can be more nuanced, particularly in terms of asserting causality, and whether this positive change was going to happen without this capital. This point of additionality may matter to a family office when it comes to allocating capital with an explicit impact objective. Additionality can also matter as a way to mitigate "impact washing" claims. We'll come back to this point later.

In addition to company and investor impact, there is also systems level impact that a family office might aspire to drive. This consists in changing policies, institutions, incentives and power structures which lead to a particular outcome. Measuring this type of impact is beyond the scope of this paper, as it extends beyond individual investment strategy and instead relates to the broader development of networks and resources marshalled by a family office.

Second, having decided on the dimension and scope of impact that matters to their specific objectives, the family office might ask whether any level of positive impact is good, or whether they want to set benchmarks and targets.

Benchmarking impact is relatively nascent in the industry, and some investors may be happy with positive outcomes as they are, but seeking benchmarks might help when deciding between similar investments within the same asset class or thematic area. We would caution when seeking benchmarks that, unlike with financial returns, the context of social or environmental "returns" can vary widely, making comparisons challenging.

Third, the family office needs to decide on the level of time and resources they want to dedicate to measurement. This includes decisions such as:

- Applying their own data collection versus relying on fund managers

- The feasibility and cost of auditing or third-party verification

- Working to standardize and aggregate data across investments versus looking at individual investment-specific metrics

- Applying their own data modelling versus adopting an external market standard

- Assessing current deliverable outcomes versus long-term impact potential

Ultimately, the family office has to develop a clear view on why and how impact measurement is important to them. They must decide whether it is to review historic investments for accountability and track progress, or to underpin forward-looking allocation decisions, or even to inspire and encourage commitment from family members and future generations. The prioritization of different objectives may dictate their impact measurement strategy, as discussed below, including how many resources they are willing to devote to the cause.

Step 2: Choose an impact measurement approach

It's important to understand the types of measurement approaches that exist in the market and how relevant they might be to the specific investment strategy.

We have summarized the three most common impact measurement approaches below. These can be used alone or in conjunction with each other:

1. **Logic models:** Understanding how impact is generated is used to determine the most relevant metrics. Widely implemented or adopted, this model can work well across different investments, but family offices need to be aware that while data availability for output measurement has improved significantly over the past years, outcomes measurement might require assumptions and modelling. Impact measurement is often beyond an individual investor and only available to governments or multilateral organizations with access to vast globalized data. This is especially true if the impact goal is at the planetary scale (i.e., on climate change), but might be true also for national level impact (e.g., improving economic mobility opportunities for a specific country's workforce).

Figure 1: Example of logic model approach to impact measurement

Input The capital provided by investors	**Activity** The production of solutions to which capital is provided	**Output** The immediate result of the activities	**Outcome** The positive effect of the output provided	**Impact** The ultimate improvement for people or planet
% Equity ownership	Acres of vertical farming	Acres of land preserved (i.e., not needed for farming)	Tons of emissions captured (through reduced deforestation)	Reduction in global warming
% Equity ownership	Installed capacity of small (nuclear) modular reactors	MW of clean electricity	Tons of emissions avoided (through replacement of fossil fuel-generated electricity)	Reduction in global warming

Source: UBS CIO Global Investment Management, 2025. For illustrative purposes only.

Investors with clear impact objectives might want to begin with a theory of change and then select the measurement approach they deem best-suited.

2. **Monetary return on impact:** Aims to measure impact in dollar terms, using tools such as social return on investment (SROI), cost benefit ratios, impact multiple of money, etc. While expressing everything in dollars can make abstract concepts more tangible, in reality this approach might not capture the full impact (e.g., translating increased confidence in girls who receive education into dollars). It is also heavily dependent on monetary models and assumptions that can be inherently subjective, meaning that a family office's internal assessments may not be directly comparable with external projects or reference any defined market standard. Assumptions may become outdated over time, resulting in potential trade-offs between outcomes tracking versus practical accuracy.

3. **Experimental and quasi-experimental methods:** In addition to measuring observed outcomes, additionality can also be evidenced through tools such as randomized control trials (RCTs), net promoter score (NPS) especially for investor contribution, and others. These methods are more complex, require establishing baselines, and are often costly. The feasibility and ethics of setting up RCTs can also be limiting in determining selection of beneficiaries versus control groups.

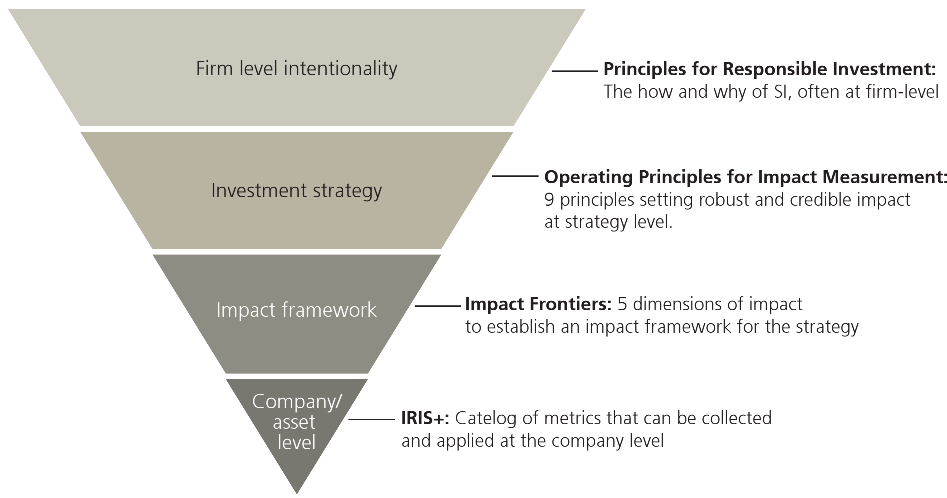
Note that while we present a theory of change-based approach as one of many different approaches to impact measurement, we also have seen theories of change increasingly become the first step in articulating a robust and intentional impact investing strategy. Thus, investors with clear impact objectives might want to begin (or, if it is an available option, ask their investment managers to begin) with a theory of change, and then select what they determine is the best-suited measurement approach.

Step 3: Assemble the toolkit

The industry has evolved and is rich in frameworks and standards that are increasingly converging in a cohesive way. We recommend an asset allocator to understand them all and look to use each of these bodies/tools (or look for evidence of usage of each), depending on the lens they take.

Figure 2 below shows how four leading non-profit industry coalitions, which have developed resources and frameworks in the market, work together to enable impact credibility and measurement.

Figure 2: Resources and frameworks used together for impact management and measurement



Source: UBS CIO Global Investment Management, 2025. For illustrative purposes only.

Principles for Responsible Investment (PRI) is a United Nations-supported organization that has identified six principles for responsible investment, offering a set of actions to help investors set intentions at the highest firm or strategy level.

Operating Principles for Impact Measurement offers nine principles for robust and credible impact management at the investment strategy level.

Impact Frontiers provides a set of impact management norms that can be applied at the strategy level. The "five dimensions of impact" is a specific framework that investors can use to understand the impact of enterprises on people and planet.

The **IRIS+ system,** developed by the Global Impact Investing Network, offers a wide catalogue of core metrics across impact themes—from education to financial inclusion to carbon reduction—which can be collected and measured across investments.

These four frameworks are examples of leading industry-developed tools which, used in conjunction, can help answer the impact measurement question we pose at the top. While the impact investing community has not yet arrived at complete consensus on how to measure, manage or report on real-world positive change, we see these four tools/principles becoming mainstream, providing incremental positive movement toward comparability.

Family offices can engage with their investment managers to understand if and how they're applying similar tools to these at every step of their investment process to demonstrate positive change.

Step 4: Watch out for pitfalls

As a final step, having defined what impact means to you, selected the impact measurement approach and used (or inquired about) the different layers of tools, it's important to also watch out for some common pitfalls on impact measurement.

- **Confusing company impact with investor additionality:** Simply aligning your portfolio with companies that have positive impact is not the same as generating additional impact as an investor. Be careful not to conflate the two—true investor impact requires evidence that your capital or engagement is driving outcomes beyond what would have happened anyway.

- **Oversimplifying impact measurement at the portfolio level:** Rolling up impact metrics across a diverse portfolio is extremely challenging. While it's tempting to seek a single, holistic impact figure (as we do with financial returns), this can lead to conclusions that don't reflect the full picture—especially if your investments span different sectors, stages of company maturity, or impact themes. Aggregating metrics like "number of people served" may obscure important nuances about the quality and depth of impact.

- **Treating impact measurement as an afterthought:** For accountability, impact measurement should be embedded from the outset—starting with investment strategy and sourcing—not tacked on at the end. Failing to integrate impact considerations early can undermine both the credibility and effectiveness of your impact objectives.

- **Confusing means with ends:** As we have attempted to illustrate, while impact measurement practices have matured considerably, there remain subjective limitations that should be acknowledged. Therefore, we would also caution against making investment decisions based primarily on impact metrics and projections, and any natural impetus to "maximize" or set portfolio-level impact targets that may lead to allocation biases.

All in all, what's most important is for investors to be clear about the intended impact they mean to achieve, follow repeatable steps to approach it systematically, leverage industry best practices where available, and work closely with investment managers or portfolio companies to understand if what's being measured aligns with what matters—both to the family office objectives and to the investment strategy.

Amantia Muhedini

Amantia is Head of Sustainable and Impact Investing Americas in the UBS CIO Global Investment Management group of Global Wealth Management, based in New York. Amantia supports clients with thought leadership, investment advice, and strategy on a range of topics related to sustainable and impact investing. She specializes in topics tied to impact measurement and reporting; sustainable investing strategic asset allocation and portfolio construction; identifying impact objectives; and market trends tied to sustainability. Amantia is a board director for United World Colleges International (UWC), a global education organization, and was a founding board member and acting Executive Director for UWC in Albania. She holds a BA magna cum laude from Princeton University and an MPA from Columbia University's School of International and Public Affairs.

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Andrew joined UBS Global Wealth Management's Chief Investment Office in 2012 and is Global Head of Sustainable and Impact Investing. He and his teams are responsible for the thought leadership, strategy, data and frameworks that enable clients to invest for sustainability and impact across asset classes. Andrew is a frequent speaker at industry conferences and has been quoted in various publications including Barron's, Bloomberg, Reuters, the Financial Times, the New York Times and the Wall Street Journal. He represents UBS on the Advisory Board for the Operating Principles for Impact Management and is a member of the ImpactAssets50 Review Committee and other industry advisory groups. He has an MBA from the Wharton School and an AB from Harvard College.

Operational excellence

Bridging the technology gap

How purpose-built software is transforming family office operations

Alexandre Lin
Co-founder and CEO
SumIt Software

The wealth management industry has witnessed remarkable technological innovation over the past two decades—but not everywhere. While front-office investment management systems have evolved dramatically, back-office operations remain anchored to solutions built more than twenty years ago. For family offices managing multiple entities, this gap has created a perfect storm of inefficiency, over-reliance on spreadsheets and operational bottlenecks.

> Approximately 75% of family offices rely on accounting software designed decades ago for entirely different use cases.

I discovered this technological lag, particularly in accounting and financial reporting, firsthand when managing my own family's entities. As a second-generation family member navigating the complexities of legal structures, accounting requirements, and estate planning, I was struck by a fundamental disconnect: despite the sophistication of modern wealth management, getting a clear picture of overall family wealth for basic decision-making remained surprisingly difficult.

The reality is that most family offices were doing exactly what we were doing—cobbling together Excel spreadsheets with accounting software that wasn't built for their needs. It should be simple to have an overall picture of your family wealth, but the existing tools forced compromises that no family office should have to make.

The market reality

Research conducted in partnership with family offices reveals the scope of the challenge: approximately 75% of family offices rely on accounting software designed decades ago for entirely different use cases (SumIT, 2022). The downstream effects are predictable: spreadsheet proliferation, staffing inefficiencies, and extended training periods that strain lean operational teams.

The existing software landscape presents family offices with unsatisfying trade-offs. Retail accounting solutions excel at simplicity and user experience, but typically fail when managing 15, 20, or 50+ entities—a common reality for family offices. Designed for single-entity businesses, these platforms struggle with the consolidation requirements and specialized reporting needs that define today's family office operations.

Corporate accounting systems solve the multi-entity challenge and offer robust reporting capabilities, but they're designed with operating businesses in mind (i.e., inventory management, manufacturing workflows, revenue collection). For family offices, these solutions often feel overcomplicated and require dedicated staff to implement and maintain them—a significant barrier for organizations that pride themselves on operational efficiency.

Some specialized wealth management solutions exist, but many prioritize comprehensive feature sets over intuitive design, creating implementation hurdles that can extend training periods to six months or more.

Building for the modern family office

After validating this market gap through conversations with more than 200 family offices, we at SumIt Software identified three core requirements that existing solutions failed to address simultaneously:

- **Simplicity** – Important because family offices operate with lean teams that can't afford extended software learning curves. Staff need to be productive quickly, without sacrificing functionality.

- **Robustness** – Essential because family offices inherently operate in multi-layered, multi-entity environments where consolidation and cross-entity reporting are daily requirements, not edge cases.

- **Specificity** – Crucial because family office reporting needs (such as cash flow statements focused on sources and uses rather than indirect accounting methods) differ meaningfully from traditional corporate requirements.

Existing systems work well up to a certain level of complexity, but they break when you add the multi-entity, multi-asset environment that defines most family offices. We believe users shouldn't have to choose between complexity and user-friendliness.

A partnership approach

Rather than building in isolation, SumIt assembled an advisory board of over 30 family office professionals, spanning principals, controllers and CFOs. These diverse perspectives proved essential in understanding the industry's varied approaches—underscoring the truism that "if you've seen one family office, you've seen one family office."

This collaborative approach has proven particularly valuable as the industry evolves. New accounting standards, regulatory requirements and structures like profit-sharing interests create ongoing complexity that requires timely software adaptations. The advisory structure helps ensure that product development stays aligned with real-world operational challenges rather than theoretical requirements.

The platform also acknowledges that no single solution can address every family office need. Rather than attempting to replace entire technology stacks, we focus on core accounting and reporting functions while integrating seamlessly with established billpay and investment reporting platforms. This approach has resulted in workflow efficiencies that many clients describe as transformative.

Real-world impact

Purpose-built software offers practical benefits. For example, a multi-family office managing operations for 18+ families, some with more than 150 entities, transitioned to software enabling comprehensive reporting in just a few clicks—a stark contrast to their previous quarter-end processes that could extend for weeks.

Similarly, a single-family office managing more than 40 entities with diverse stakeholders and reporting requirements reduced their quarter-end closing time by 10 to 15 days using new software.

For organizations where time directly translates to the ability to focus on high-value advisory work rather than administrative tasks, these efficiency gains represent meaningful operational improvements.

The broader market opportunity

The family office software challenge reflects a broader phenomenon in specialized industries: the gap

between generic solutions and purpose-built tools designed for specific workflows. As family offices continue to grow in number and complexity—driven by wealth creation, generational transitions and evolving regulatory requirements—this technology gap becomes increasingly expensive to maintain.

The opportunity extends beyond traditional single-family offices. Multi-family offices managing diverse client needs, CPA firms serving high-net-worth families, and business managers overseeing complex entertainment industry structures all face similar challenges. The common thread is the need for accounting systems that understand the unique reporting, consolidation and compliance requirements that define wealth management operations.

Looking forward

The evolution of family office technology represents more than incremental software improvement—it reflects a fundamental shift toward recognizing wealth management's operational complexity. As the industry matures, the tolerance for technology compromises continues to decrease, particularly among next-generation family members who expect the same level of technological sophistication in their family office operations that they experience in other aspects of their professional lives.

For us, success is measured not just in efficiency gains but in the capacity created for family offices to focus on their core mission: stewarding wealth across generations. Our goal has always been to build technology that stays out of the way and lets family offices do what they do best.

The family office industry has proven remarkably resilient and adaptive across market cycles and generational transitions. As these organizations continue to evolve, the technology supporting their operations must evolve alongside them—not as an afterthought, but as a strategic enabler of their most important work.

The message is clear: family offices deserve better than generic solutions adapted for their use. They deserve software built specifically for their reality—and increasingly, that's exactly what they're getting.

Alexandre Lin

Alexandre is the co-founder and CEO of SumIt Software. Driven by his experience leading his family's real estate ventures, Alex co-founded SumIt and has collaborated with 30+ family office advisors to simplify family office accounting. SumIt now serves some of the largest single and multi-family offices in the US.

Legacy through capital

How family offices are driving impact

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For more and more families, legacy is no longer about what is left behind but about building now to improve the world today and tomorrow. This shift is being reflected in how family offices are investing capital for impact—helping families deploy capital to generate positive, measurable social and environmental outcomes alongside financial returns.

In conversations with ultra-high-net-worth families across the globe, one theme continues to rise to the surface: legacy. Not just in the traditional sense of transferring wealth across generations, but in the broader, more intentional sense of defining what that wealth stands for.

Families wonder, "What story will our wealth tell for future generations? How can our success help to ensure change in the world?" And perhaps most importantly, "How can shared values and purpose help to keep the family together across generations?"

This is where impact investing enters the conversation—not just as a financial strategy, but as a mechanism for turning hopes about a family's legacy into action, while fostering unity around a common mission.

The changing face of family legacy

For many years, legacy initiatives focused on longevity: structuring estate plans, succession strategies, and planning for tax efficiency. From a practical perspective, these are still essential tools. But for a growing number of families, legacy is no longer just about what is left behind—it's about what is built now to improve the world today and tomorrow. And this shift is increasingly being reflected in how family offices are investing capital.

Especially as new generations take more active roles in investment stewardship and office leadership, many families today are asking, "Can we drive change at a systemic level? Can our investments reflect our values? Can they serve a purpose beyond just financial returns?" The answer to all three is "Yes"—by taking some specific steps we describe below.

Impact investing—deploying capital to generate positive, measurable social and environmental outcomes alongside financial returns—has grown from a philanthropic niche to a strategic priority for family offices and family philanthropies. According to the Global Impact Investing Network (GIIN), the impact investing market has surpassed $1.5 trillion globally. What's driving this growth isn't just opportunity—it's commitment.

Family offices are well-positioned to lead

Family offices have the unique ability to provide capital capable of delivering substantive change in our world.

While it's true that each office is as unique as the family members that it serves, there are some common attributes that align nicely to meet an impact investing goal. Family offices can:

- Think long-term - Unlike institutional investors driven by quarterly performance or fund exit cycles, family offices can operate as long-term investors without time pressure, which is ideal for solving complex and often global challenges.
- Execute with agility - Without layers of bureaucracy, family offices can act quickly, pilot innovative ideas, and support high-impact initiatives others might deem too unconventional.
- Care deeply about values - For many families, values aren't a side conversation—they're the reason for the office itself. Impact investing is a natural extension of that mission of staying together as a cohesive group.
- Help prepare the next generation - Legacy is not just about wealth transfer—it's about preparing heirs to steward capital wisely and meaningfully. Impact strategies are an effective entry point for younger generations to connect to the office with purpose.
- Ask bigger questions - Rising generations are less focused on short-term, grassroots solutions (versus their elder generations) and tend to be more interested in addressing the underlying systems that contribute to today's challenges. They seek measurable, scalable outcomes—an approach that aligns naturally with long-term, impact-driven investing.

Now families don't have to prioritize making a difference over earning a return, or vice versa. Impact investing allows for both—when it's structured thoughtfully.

From wealth preservation to wealth activation

Historically, family offices have focused on a blend of wealth preservation and continued asset accumulation. Those mandates still hold. However, many families now also aspire to activate their wealth to create measurable outcomes. As we work with clients, we hear common overtures of interest around particular thematic verticals that matter deeply to the family. They often want their capital to:

1. Advance clean energy, climate solutions and decarbonization efforts
2. Address the opportunity gaps in education or health equity, often associated with underserved communities
3. Support diverse entrepreneurs, affordable housing and community development in place-based strategies
4. Strengthen financial opportunity with access to sustainable agricultural techniques, digital banking, and workforce development
5. Support the advancement of research on issues that have personally affected the family—whether through diseases like Alzheimer's and mental health, or broader causes such as democracy and civil or religious rights.

What's different from traditional philanthropy is that now families don't have to prioritize making a difference over earning a return, or vice versa. Impact investing allows for both—when it's structured thoughtfully. In certain instances, families make the deliberate decision to pursue an 'impact first' mandate with their investments, establishing a paramount goal of driving progress within their stated objectives irrespective of market rate returns.

What it takes to build an impact-aligned strategy

Aligning purpose with your portfolio is achievable—but it doesn't happen automatically. It takes clarity, discipline, and the right team. Here's what we've seen work in family offices that have successfully embraced impact investing as part of their legacy-building:

1. Start with your "why"

Before asset allocation, before manager selection—start with values. What issues matter most to the family? What kind of legacy do you want to create? How do family members define success?

Despite what some family members may think, not all impact investments are concessionary. Many perform on par—or better—than traditional investments. Clear communication and alignment on all of the family's goals helps reframe expectations. These conversations often span generations and can require a skilled facilitator to bring clarity and alignment.

2. Define the structure

Establish governance and an organizational strategy that reflects the family's decision-making culture and desire to be hands on, while providing clear forums for navigating disagreement on priorities. This might include:

- An impact committee or advisory board
- A next-generation council
- A dedicated family mission or investment charter
- Clear roles for external advisors vs. family leadership
- A stated cadence of engagement and clear lines of delineation on investment decision making / capital deployment
- A reflection on the method of deployment (direct or via external fund allocation)
- Clarifying the family's philosophy on market engagement: to either utilize their brand as a potential "external amplifier" or to maintain confidentiality and "invest quietly and relatively anonymously"

Agreement around structure and strategy enables consistency—especially as the organization itself grows and new generations come forward.

3. Assemble a team aligned to execute effectively

Building an impact portfolio calls for both financial expertise and a strong sense of mission. The tax and legal considerations, from the source of capital to how investments are structured, play an important role. This is where talent comes into play; targeting individuals who have experience in blended capital can help navigate these complexities and ensure the strategy stays aligned with your goals.

Most successful family offices typically:

- Hire in-house professionals with dual fluency in impact and investments
- Partner with advisory firms that bring deep sector knowledge
- Most often, blend the two through a hybrid approach

The clients we've worked with typically focus on a few roles that are especially critical: an impact investing lead, an analyst dedicated to due diligence and performance measurement, and operational staff to keep everything running smoothly. The impact lead—or in some cases, the Chief Investment Officer, wears many hats and can come from a range of backgrounds. Their responsibilities usually span portfolio management, investment strategy, impact measurement, governance, team leadership, and, in some cases, helping to shape the broader field. Most importantly, they ensure the investment approach reflects the family's values, risk tolerance, financial goals, and desired impact.

How responsibilities are divided often depends on the size and maturity of the organization. Senior investment professionals tend to take the lead on sourcing, due diligence, structuring, and ongoing oversight of investments. Analysts and associates provide backup on diligence and monitoring, while operational colleagues play a key role in areas such as impact reporting, risk controls, and governance.

We've successfully identified and recruited these individuals across a range of seniority levels from a variety of settings: family offices where the scope of responsibilities has evolved; private foundations with experience in mission-related capital; investment consultants and advisory firms that structure similar mandates for external clients; and even direct investment platforms that work with similar family office limited partners.

Because most of these teams are relatively lean, the softer qualities—ownership mindset, adaptability, and cultural fit—carry as much weight as technical skills. For experienced professionals, the chance to gain experience in field building, portfolio construction and investment strategy not only adds value to the office itself, but also provides a pathway for those aiming to one day step into a CIO role.

4. Pilot and learn

Start small. Many families begin with a 5-10% allocation of their total investment portfolio to impact themes, and choose to initiate that engagement (and self-education) via partnership with existing fund managers. This has the benefit of avoiding potential early mistakes while building relationships, knowledge and co-investment opportunities with experts in the field. Once that foundational expertise has been established, some families choose to invest a dedicated sleeve of the portfolio and others might stand up a separate entity dedicated to executing against thematic investments in areas like renewable energy, sustainable real estate, or inclusive finance.

Treat the first phase as a learning period: test frameworks; evaluate reporting; refine your thesis. The goal is to build muscle memory before scaling.

5. Measure what matters

Measurement is what separates impact investing from philanthropy. Families need to define clear outcomes and track them using tools like:

- IRIS+ metrics (developed by GIIN)
- UN Sustainable Development Goals (SDGs)
- B Impact Assessment (for private companies)
- Independent verification or audits

Transparency builds trust—within the family, and with partners or co-investors.

Final thoughts: Investing with intention

For ultra-high-net-worth families, investments aren't just about money—these portfolios are powerful tools for influence. When used thoughtfully, these assets can help shape industries, strengthen communities, and build lasting legacies. Impact investing is a way to make that influence more deliberate, more aligned with your values and more sustainable over time.

Renee T. Neri

Renee is a partner in Heidrick & Struggles' New York City office. As a senior member of the Asset Management Sector, she leads the firm's family office efforts globally. She has more than 25 years of experience in senior executive search focusing on financial services leadership challenges. Renee has conducted hundreds of searches for presidents, chief investment officers, senior portfolio managers, risk managers, and senior sales, marketing, and distribution professionals. Her clients include endowments, foundations, family offices, insurance companies, investment management firms, pension funds, and sovereign wealth funds.

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Sarah Sliva

Sarah is a Principal in Heidrick & Struggles' New York office and a member of the Financial Services Practice and Sustainability and Impact Practice. She focuses on placing executives in impact investing roles across asset management, family office, and foundations within investor roles, ESG, and other C-suite leadership positions. She has published a white paper on the evolving role of the Climate Risk Officer and was quoted in Fund Fire on the demand within asset management for the ESG Compliance Officer role.

In conversation

From silo to spectrum

How family offices are evolving purposeful capital

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Panelists
US Single family offices

We are seeing a clear evolution in the way wealthy families are approaching capital. Rather than seeing philanthropy and investing as separate endeavors, families increasingly view them as interconnected and part of a continuum. Our conversations with single family office clients reveal important themes and approaches.

Over the past several years, I have had the privilege of working closely with mission- and purpose-driven family offices. A consistent theme has emerged: values alignment and impact are no longer confined to philanthropic capital alone.

> Our conversations with families make it clear that while motivations differ, the aspiration to catalyze meaningful change requires a diversified set of investment approaches.

Increasingly, families are pursuing integrated approaches that intentionally span the full spectrum of capital—from traditional philanthropy to market-rate investments. Our whitepaper, *The New Continuum*, articulates the alignment of interests, investments and impact, emphasizing the need for intentionality and interconnected strategies.

Our conversations with families make it clear that while motivations differ, the aspiration to catalyze meaningful change requires a diversified set of investment approaches spanning different types of capital deployment across the continuum. For many family offices, the long-term vision is that such practices will not be considered a distinct category of "impact" or "values-aligned investing," but rather recognized as the natural and expected way to steward capital responsibly.

We recently spoke with two single family office (SFO) clients to dive in more deeply on this topic. Their insights reveal the nuanced approach each family office takes to engaging along the continuum.

What was the motivation to pursue a sustainable or impact investment strategy?

I've had the privilege of building a family office for—and alongside of—an exited female founder and wealth creator. Our thesis to back exceptional female founders stems from her firsthand business experience, coupled with a clear market opportunity. I personally care deeply about equality, and women having freedom, agency, and the ability to live life on their own terms—possibilities that only come with economic independence. Aligning my work with these values generates cohesive returns, blending both purpose and investment. – *Virginia-based SFO*

The family is multi-generational and has many different opinions, but there is a shared belief in investing with purpose—both through investments and philanthropy. At the core, there is a sense that we cannot allow our world to be destroyed. – *New York-based SFO*

How do you define sustainable or impact investments in the context of your portfolio?

I believe investing in women is more reflective of values alignment than "impact." On average, women portfolio managers generate 40 bps higher returns annually—that is not necessarily impact. For us, it is about aligning with core values and strategies that can deliver market returns plus. – *Virginia-based SFO*

We define impact as any investment that links performance with societal good. We prefer investments where the fee structure is aligned with achieving impact goals, valuing both financial performance and social outcomes. – *New York-based SFO*

How do you determine the appropriate allocation to sustainable or impact investments? Is it integrated across the portfolio?

We look at impact as a percentage of the overall portfolio—how much is allocated to impact versus non-impact investments. Our goal is to balance allocations between agnostic investments and those with a sustainable or purposeful orientation.

For example, if "x" is invested in agnostic assets, we aim to allocate the same amount to purposeful investments. We also apply a multiplier to impact investments: those with greater impact receive a higher multiplier, while those with less impact are weighted lower. Currently, our multiplier is 2x for impact, but we hope to reduce the share of agnostic investments over time and increase the share of impact. In alternatives, we track this through commitment numbers. – *New York-based SFO*

How do you balance concessionaire vs. market rate returns in impact? Are there areas where you're comfortable giving up financial return for measurable impact?

We think about this through a mixed-capital lens—looking at the corpus and asking what portion we want to dedicate to philanthropy, to field-building and to market-rate investments. This framework allows us to drive systems change while still pursuing strong financial performance, rather than assuming that impact always requires concessionary returns. – *Virginia-based SFO*

We are willing to concede returns for impact. We fundamentally understand that if you're going to have an impact, you may need to concede returns and we would rather prioritize impact over profit making. We do have a side dedicated to profit making, so we want to keep our impact investments focused on making a difference. We have one overall asset allocation between philanthropy through market rate investments. We think philanthropy is really helpful and a good way of approaching certain issues, but we don't think one is better than another. There are plenty of causes that need investment dollars to start projects that are on par with plenty of charities. – *New York-based SFO*

How do you see your strategy evolving?

We optimize for flexibility and opportunity, and our strategy evolves as markets shift. But the bigger driver we see ahead is demographic: we are already 15–20% through the greatest wealth transfer in history, with women set to control unprecedented levels of wealth as creators, inheritors and allocators. With 70% of women investors wanting their portfolios to reflect their values, I expect a not-so-distant future where 'impact investing' becomes obsolete—because values alignment will be embedded across the portfolio. – *Virginia-based SFO*

The next 5 to10 years is a little outside of our control. It will depend on how many funds are in the space. If the impact space grows, our impact investments will grow but right now, we are constrained by what we are currently seeing. Currently, we are making fewer allocations to impact than we want it to be and hopefully we'll see that allocation grow. – *New York-based SFO*

A clear evolution

The perspectives shared by these family offices underscore a clear evolution in the way families of wealth are approaching capital. While motivations vary—from advancing gender equity to safeguarding the future for the next generation—both family offices highlight the growing imperative to view philanthropy and investment as interconnected rather than separate silos.

Two themes stand out. First, values alignment is emerging as a primary driver, with families increasingly unwilling to separate their financial goals from their social and environmental commitments.

Second, there is a shared aspiration that "impact investing" will one day be fully embedded into the investment process—no longer a niche label, but the standard by which capital is deployed responsibly.

As the opportunity set expands and more high-quality managers enter the space, family offices are likely to play an even more catalytic role in shaping the future of sustainable and impact investing. Their ability to take a long-term, flexible approach positions them not only as stewards of wealth, but also as architects of systems change.

Kristen Liller

Kristen is an Executive Director and Family Office Specialist for UBS Family Office Solutions, helping UBS's family office clients navigate complex situations. She was also Eastern Division Head within the Portfolio Advisory Group at UBS, helping to deliver comprehensive, research-driven asset allocation and portfolio strategy advice. She also has an additional focus on driving ESG initiatives through investment selection and asset allocation models.

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