

# Family businesses

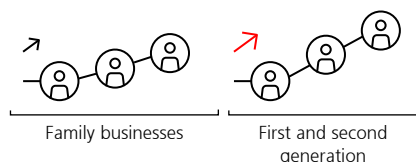
## Longer Term Investments (LTI)

Family businesses tend to align management's goals with those of shareholders, while the desire to create lasting familial wealth can act as an incentive for a long-term focus. While many factors can contribute to performance, family businesses have historically offered superior growth, and in more recent years have shown relatively greater capital discipline than publicly listed firms.

### Projections and opportunities

#### Performance of generations

Historically, family businesses have tended to outgrow their listed peers, generating excess returns in all major regions from Asia Pacific and Europe to Africa and the Americas. However, first-generation-managed family firms have tended to outperform more than second- or later-generation family companies.



Source: UBS, May 2021

#### Approaches for investment returns

Active management, portfolio diversification, and a sector-neutral investment approach are key to consistent and stable investment returns over the long term.



Source: UBS, May 2021

#### German family businesses

In Germany, 90% of active companies (excluding public enterprises) are family businesses. They account for 58% of total employment and generate 52% of total sales.



Source: Foundation for Family Businesses, October 2020

#### Influence worldwide

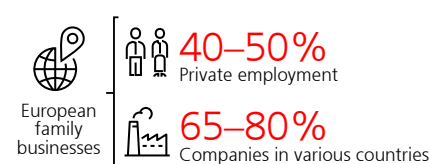
Family businesses represent two-thirds of all businesses worldwide, generate over 70% of world GDP, and account for 50–80% of jobs in many countries, according to market surveys.



Source: UBS, June 2019

#### Influence in Europe

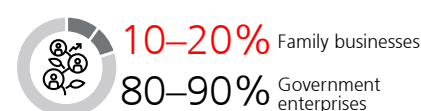
Family businesses account for 40–50% of private employment in Europe and make up 65–80% of companies in various countries in the region.



Source: European Family Businesses Organization, July 2022

#### Chinese family businesses

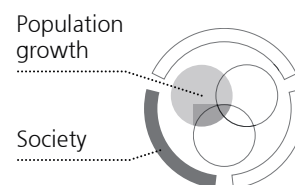
Family businesses account for a small portion (10–20%) of the total Chinese equity market, since all the leading traditional businesses are dominated by government enterprises.



Source: UBS, June 2019



#### Family businesses investment properties



○ Influencer    ⊗ Key drivers



#### Near-term drivers

- Attractive quality and defensive characteristics
- Family values and family governance in place
- Investment efficiency and focus on innovation through prudent cash-flow management

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