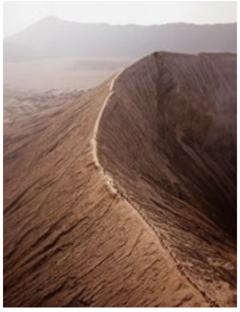
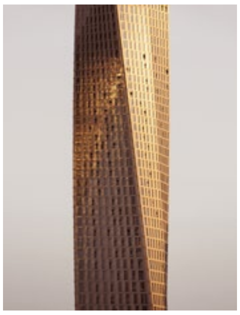
Global Family Office Report

2023

Content





Cover image by Kyle Vollears depicting a disused highway in the UAE covered in sand. It follows a straight path like a family office, with obstacles to navigate along the way.

Foreword

We are pleased to present this year's Global Family Office Report, compiled entirely in-house for the fourth year, providing the world's largest and most comprehensive study of single family offices.

The 2023 report comes at a defining moment in time, with the end of the era of low or negative nominal interest rates and the ample liquidity that followed the global financial crisis. Against that backdrop, our research shows family offices anticipating making major shifts in asset allocation.

Notably, they are looking to add to developed market fixed income holdings over the years to come and are already diversifying portfolios through high-quality short-duration fixed income. What's more, family offices are planning to raise holdings in emerging market equities, following a perceived peak in the US dollar. Allocations to hedge funds have increased in line with a greater emphasis on active management, and they are planning to further diversify their private market allocations.

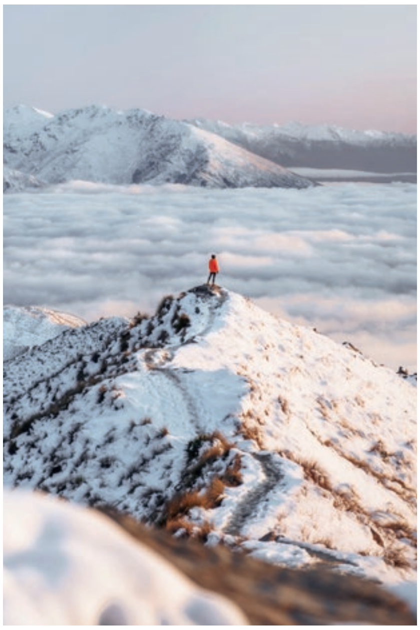
Reflecting the tense international environment, geopolitics is now the top concern for family offices. While they still have almost half of their assets in North America, they are planning to increase allocations to Western Europe for the first time in several years. Additionally, almost a third are planning to raise and broaden allocations to the wider Asia-Pacific region.

In a less certain world, there's evidence of room for greater professionalization beyond investing. For instance, although family offices consider supporting the generational transfer of wealth as their main purpose, the survey reveals that many do not have the necessary processes, governance or risk management in place.

We would like to thank the families, executives and advisors who contributed to this report. We are always trying to improve the report and would welcome your thoughts about new topics to include or how to progress our analysis. We hope you enjoy the report and its insights.

George Athanasopoulos
Head of Global Family and Institutional Wealth
Co-Head Global Markets

Executive summary



Family offices plan biggest shifts in asset allocation for several years

At a time when inflection points spanning policy rates, inflation and economic growth appear likely, family offices are planning the biggest modifications in strategic asset allocation for several years. They have already lifted allocations to hedge funds and are looking to add to developed market fixed income over the next five years. They are also planning to raise allocations to emerging markets equities, following a perceived peak in the US dollar and the reopening of the Chinese economy.

Geopolitics replaces inflation as top concern

Thinking ahead to the next three years, family offices are most concerned about geopolitics. They appear less anxious about rising inflation, which was the top concern last year but currently ranks third, after geopolitics and recession. Behind these global averages, though, what they worry about depends on where they are based. In the US, recession is family offices' greatest concern, while in the Asia-Pacific region and Europe geopolitics is the top concern for most family offices.

Regional investment preferences are shifting

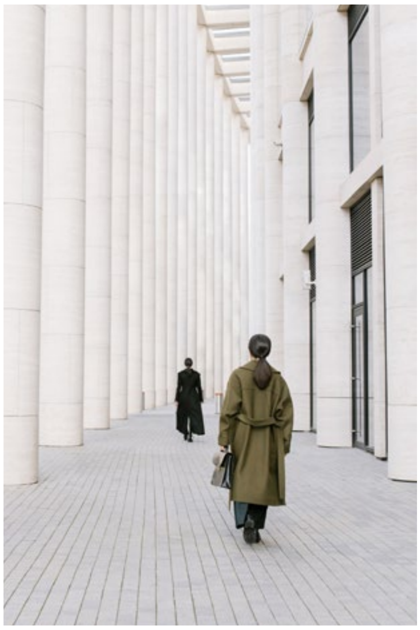
Family offices are increasing their allocations in regions that have been less in favor for the past few years. While family offices still have almost half of their assets in North America, over a quarter are planning to increase allocations in Western Europe over the coming five years and almost a third are planning to raise and broaden their allocations in the wider Asia-Pacific region.

The return of fixed income and hedge funds as diversifiers

The regime shift in the macroenvironment appears to be leading to the revival of fixed income and active management as a means of portfolio diversification. Currently, the most favored diversification strategy globally is high-quality short-duration fixed income. Family offices are also increasingly turning to active strategies: both through manager selection and/or active management within asset classes and hedge funds.

Diversification across the full range of alternatives

When it comes to alternative asset classes, family offices intend to use their investment flexibility as a competitive advantage. One area of opportunity lies in private equity secondaries, where they are looking to overallocate as other limited partners seek liquidity amid portfolio rebalancing or forced selling. Additionally, those with hedge fund investments are planning to focus on strategies such as global macro and multi-strategy.



Professionalization beyond investing

While family offices aim to support generational transfer of wealth as their main purpose, most have yet to develop a succession plan for family members. What's more, many fall short of best practice in managing risks beyond investing and having a governance framework. Approximately half have specialist cybersecurity controls in place, yet over a third have been the targets of cyber-attacks.

Asset allocation and portfolio diversification

Key messages

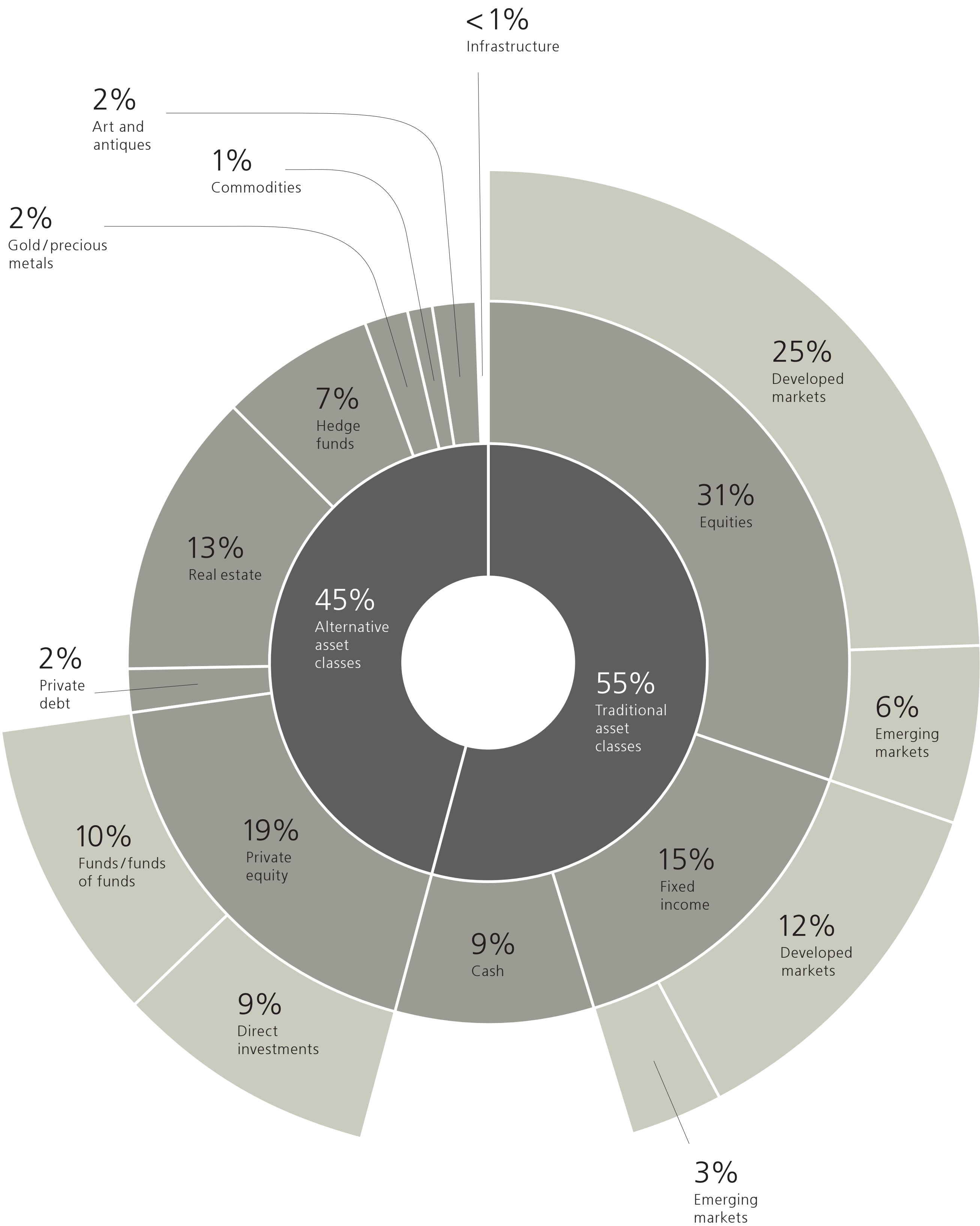
The 2023 survey reveals plans for the biggest shift in strategic asset allocation for several years, in light of potential inflection points in inflation, interest rates and economic growth.

Tense geopolitics is the biggest worry for family offices around the world, although concerns vary from region to region. Recession rather than geopolitics is the top worry in the US.

When it comes to regional allocations, preferences are shifting. As they plan for the next five years, family offices are more positive about Western Europe than they have been for some time. They also intend to broaden out allocations in the Asia-Pacific region.

Possibly reflecting the likelihood of a macroeconomic regime shift, portfolio diversification appears to be reverting to traditional practices: allocations to short duration fixed income and active management are rising.

Strategic asset allocation 2022



In some instances, the data may not look as if it adds up correctly. This is because we have added the figures together to two decimal places, which can result in slight variations to the figures when rounded.

Strategic asset allocation varies by region

Regional breakdown of strategic asset allocation for 2022

Biggest planned shifts in strategic asset allocation for several years

The 2023 Global Family Office Report reflects the end of the era of low or negative nominal interest rates and ample liquidity that followed the financial crisis. Against that backdrop, family offices anticipate making major shifts in asset allocation.

	Global	US	Latin America	Switzerland	Europe	Asia-Pacific
Traditional asset classes						
Equities	31%	27%	30%	29%	28%	37%
Developed markets	25%	25%	19%	25%	24%	28%
Emerging markets	6%	2%	11%	4%	4%	9%
Fixed income	15%	8%	30%	9%	18%	15%
Developed markets	12%	8%	19%	9%	14%	11%
Emerging markets	3%	0%	11%	0%	4%	4%
Cash (or cash equivalent)	9%	7%	9%	13%	10%	9%
Alternative asset classes						
Private equity	19%	24%	13%	19%	17%	18%
Direct investments	9%	14%	4%	10%	6%	10%
Funds / funds of funds	10%	10%	9%	9%	11%	8%
Real estate	13%	21%	5%	18%	11%	11%
Hedge funds	7%	10%	7%	4%	8%	5%
Private debt	2%	2%	3%	1%	3%	2%
Gold / precious metals	2%	0%	0%	3%	2%	1%
Art and antiques	2%	1%	1%	4%	1%	1%
Commodities	1%	1%	1%	0%	1%	1%
Infrastructure	0%	0%	1%	1%	1%	0%

Family offices plan biggest shifts for several years

Strategic asset allocation year-over-year

	2019 (actual)	2020 (actual)	2021 (actual)	2022 (actual)	2023 (plan)
Fixed income (developed markets)	11%	13%	11%	12%	15%
Fixed income (emerging markets)	6%	5%	4%	3%	4%
Equities (developed markets)	23%	24%	24%	25%	24%
Equities (emerging markets)	6%	8%	8%	6%	9%
Private equity (direct investments)	9%	10%	13%	9%	6%
Private equity (funds/funds of funds)	7%	8%	8%	10%	10%
Private debt	N/A	N/A	2%	2%	3%
Hedge funds	5%	6%	4%	7%	6%
Real estate	14%	13%	12%	13%	9%
Infrastructure	0%	0%	0%	0%	1%
Gold/precious metals	3%	2%	1%	2%	2%
Commodities	0%	1%	1%	1%	1%
Cash (or cash equivalent)	13%	10%	10%	9%	8%
Art and antiques	3%	1%	1%	2%	1%

They plan to raise developed market fixed income investments in 2023. Over a third of family offices are using high-quality, short-duration fixed income to enhance diversification, potentially for protection, yield and capital appreciation. Allocations to developed market equities are hardly changing, but there are plans to increase emerging market equity allocations, after a perceived peak in the US dollar and China's reopening.

Turning to alternatives, family offices are refocusing their allocations. There is a notable rise in hedge fund allocations, from 4% in 2021 to 7% in 2022. Half (50%) of all the family offices surveyed invested in hedge funds in 2022, up from 43% the year before. By contrast, direct private equity allocations are falling: from 13% in 2021 to a planned 6% in 2023. The proportion of family offices that invested in direct private equity in 2022 fell to 60%, down from 67%. There are also plans to reduce real estate allocations in 2023. Yet allocations to private equity funds rose in 2022, and there are plans to raise infrastructure and private debt holdings in 2023.

Broadly speaking, the family offices interviewed for the 2023 report were cautious about current markets in the face of the uncertain growth outlook in developed economies, as well as tighter lending conditions and heightened geopolitical tension. "This year we are neutral everything," explained one Singapore-based CIO. "Even with equity we are not underweight or overweight. We are not taking big bets on anything."

Similarly, one US CIO was focusing primarily on protecting capital. "Last year we probably allocated USD 30 million to USD 40 million of new capital but probably liquidated USD 180 million," he said. "Right now, we probably have about a third of our capital in cash. If I look through to the managers we invest with (who are also heavily in cash), we are probably 50% in cash."

Looking beyond 2023, over the next five years family offices anticipate making more changes to their strategic asset allocation. The biggest turnaround is in developed market fixed income, where almost four in ten (38%) are planning a significant or moderate increase in allocations, which is relevant after three years of cutting back on bonds. They foresee greater allocations to risk assets generally, with 44% planning increases in developed market equities and 34% in emerging market equities. While family offices still have ambitions to lift private equity holdings, they appear less bullish than in previous years: even so, 41% plan an increase in direct investments and 35% in funds/funds of funds. Turning to real estate, while family offices were cautiously planning to cut allocations in 2023, over five years a third (33%) of them foresee moving to higher allocations.

This fits a picture of interest rates remaining high in 2023, with some softness in real estate prices, before easier money and lower valuations start to support the asset class once again.

"We are quite excited about this environment, as we think this kind of environment is a lot more attractive," noted the CIO of a Swiss family office. "For instance, we invested in 2020 because we saw opportunities. We keep cash for situations like these. We hope over the next few years to reduce our cash balance."

Naturally, the flip side of putting money to work in risk assets is lower cash balances. Family office cash allocations averaged 9% globally in 2022: Swiss family offices were most conservative with allocations of 13%, while US family offices held almost less than half that level at 7%. Looking forward five years, though, almost a third (30%) of family offices intend to shrink cash allocations.

"We are quite excited about this environment, as we think this kind of environment is a lot more attractive," noted the CIO of a Swiss family office. "For instance, we invested in 2020 because we saw opportunities. We keep cash for situations like these. We hope over the next few years to reduce our cash balance."

Family offices anticipate changes to asset allocation, including more fixed income

Changes in asset allocation in the next five years

	Net* 2021	Net* 2022	Net* 2023	Increase	Stay the same	Decrease	Don't plan on investing in this asset class
Fixed income (developed markets)	–18%	–4%	22%	38%	37%	16%	8%
Fixed income (emerging markets)	3%	8%	10%	20%	53%	9%	18%
Equities (developed markets)	35%	29%	32%	44%	43%	12%	2%
Equities (emerging markets)	56%	28%	18%	34%	42%	16%	8%
Private equity (direct investments)	42%	42%	28%	41%	39%	13%	7%
Private equity (funds / funds of funds)	26%	38%	21%	35%	42%	14%	10%
Private debt	N/A	27%	15%	26%	46%	11%	18%
Hedge funds	16%	11%	4%	21%	48%	17%	13%
Real estate	22%	37%	22%	33%	48%	11%	7%
Infrastructure	23%	25%	17%	20%	54%	3%	23%
Gold / precious metals	10%	4%	9%	15%	59%	6%	20%
Commodities	9%	10%	12%	19%	54%	7%	20%
Cash (or cash equivalent)	–18%	–15%	–13%	17%	50%	30%	3%
Art and antiques	8%	10%	12%	14%	57%	2%	28%

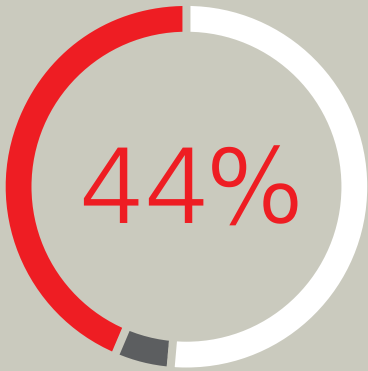
* Net equals increase minus decrease

Marginal investments in digital assets

When it comes to investments based on blockchain technology, family offices are growing their investments in a small way. Looking at digital assets including cryptocurrencies and distributed ledger technologies, more than half (56%) of the family offices invest: yet the greatest number, 38% of family offices, invest less than 1% of portfolio assets. Looking forward to the rest of 2023, 35% of the family offices that already invest in distributed ledger technologies plan to increase investments, with 27% looking to do so in cryptocurrencies more specifically and 25% in decentralized finance.

Forty-four percent don't invest in decentralized payments/technologies

Current investments in decentralized payments/technologies



- Up to 3%
- More than 3%
- Don't invest in decentralized payments/technologies

35% plan to increase investments to distributed ledger/blockchain technology

Planned investments (family offices investing in decentralized payments/technologies)

	Increase	Stay the same	Decrease
Distributed ledger and/or blockchain technology	35%	60%	5%
Cryptocurrencies	27%	68%	5%
Decentralized Finance (DeFi)	25%	68%	8%
Digital exchanges and/or tokenization platforms	21%	73%	6%
Digital assets (e.g., photos, videos, spreadsheets, etc.)	11%	78%	11%
Non-Fungible Tokens (NFTs)	10%	79%	10%

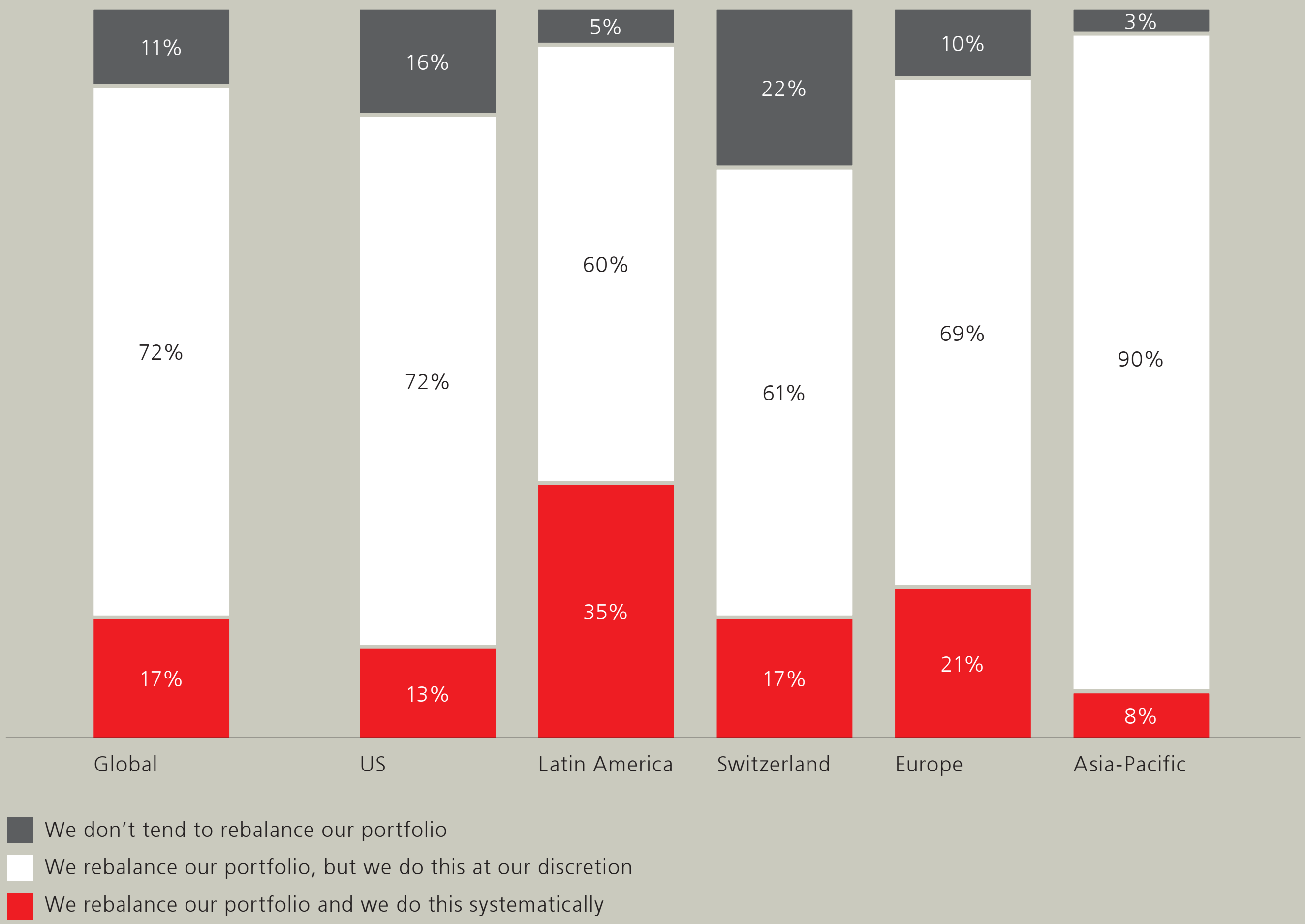
Rebalancing at discretion

Unlike many pension funds and other institutional investors, family offices have the advantage of being able to rebalance more flexibly and frequently. Almost nine in ten (89%) state that they rebalance portfolios, with most of them doing so at their discretion rather than systematically. Yet there are striking regional variations. In Latin America, for instance, 95% of family offices rebalance, and in the Asia-Pacific region 97% do so. In Switzerland, though, more than a fifth (22%) tend not to rebalance and in the US 16% tend not to.

When it comes to the most problematic area of rebalancing – illiquid assets – family offices that have illiquid assets and rebalance their portfolios do not seem to have a common approach. Some say that they drift from neutral weights and rebalance illiquid assets irregularly; others bundle liquid and illiquid assets together (e.g., private equity and equity), only rebalancing the liquid assets.

89% rebalance their portfolio, mainly at their discretion

Rebalancing of portfolio



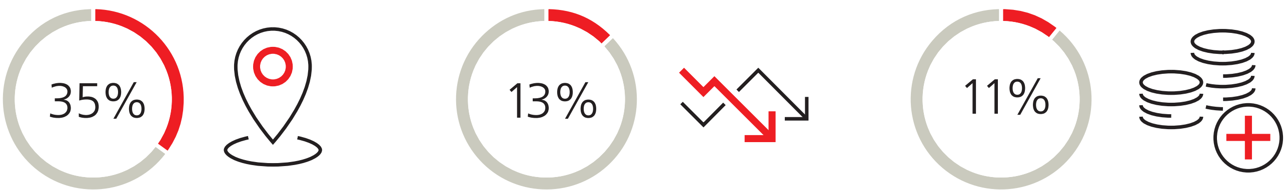
Geopolitics trump economics as the top worry

Geopolitics take the top spot for keeping family office executives up at night in 2023. While high inflation was the main worry last year, in 2023 over a third (35%) of family offices say that geopolitics concerns them most when thinking about the next two to three years, probably reflecting the ongoing Russia/Ukraine conflict and poor relations between the US and China. After geopolitics, recession and inflation follow as the next top concerns.

What family offices worry about most depends on where they are based, however, as these numbers are global averages. Europe and the Asia-Pacific region conform to the global average, worrying most about geopolitics. But in the US the likelihood of recession is the top concern.

Geopolitics has become the top concern, with regional variations

Main worries of family offices in the next two to three years



Δ 2022 +14%	Δ 2022 N/A	Δ 2022 –14%
Global geopolitical circumstances	Recession	Rise in inflation rates

	US	Latin America	Switzerland	Europe	Asia-Pacific
Global geopolitical circumstances	20%	26%	49%	37%	31%
Recession	23%	22%	8%	10%	7%
Rise in inflation rates	17%	17%	11%	8%	12%

Regional preferences are changing

When it comes to where they invest, family offices are reviewing their allocations. Notably, there is a broad-based increase in interest in Western Europe where more than a quarter (26%) of family offices intend to increase allocations over five years – in fact, after netting out planned increases and decreases, respondents appear to be more positive about the region than they have been for several years.

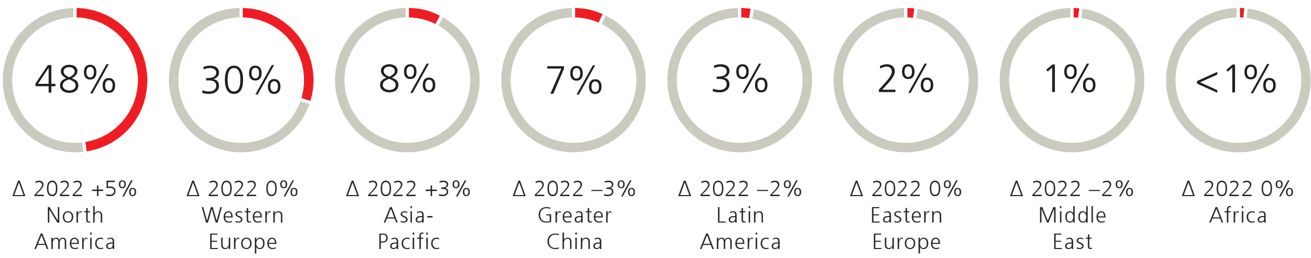
Family offices also plan to broaden out allocations in the Asia-Pacific region, with almost a third (31%) looking to raise holdings in the wider region outside Greater China. More than a fifth (22%) also plan to raise allocations in Greater China but, on balance, it appears that family offices are seeking to diversify their geographical exposure more broadly.

As home of the biggest and most liquid capital markets, as well as one of the world's most open large economies, North America holds steady as a favored geographic location. Almost a third (30%) of family offices plan to increase their allocation to the region over the next five years.

Despite this study's asset allocation data showing that family offices generally plan to raise emerging market holdings, this is not always the case. "While previously we were investing more of our liquid portfolio in emerging markets, now we see ourselves investing 80%–90% in Europe and the US," explained a Danish CIO. "That is because of the geopolitical situation."

Assets continue to be concentrated in North America

Asset allocation by region



Region invested in:	US	Latin America	Switzerland	Europe	Asia-Pacific
North America	86%	60%	35%	43%	34%
Western Europe	10%	13%	56%	43%	10%
Asia-Pacific (excl. Greater China)	2%	4%	5%	5%	28%
Greater China	2%	2%	2%	4%	23%
Latin America	1%	19%	0%	1%	1%
Eastern Europe	0%	1%	1%	4%	4%
Middle East	0%	0%	1%	0%	0%
Africa	0%	0%	0%	0%	1%

% Home investment

Still excited about growth investment themes

At a time when higher interest rates have curbed enthusiasm generally about growth investment themes, as they are long-duration assets discounting future cash flows, family offices say that they remain likely areas of investment. They continue to be excited about investing, if less so than in prior years.

Digital transformation remains the theme that resonates best, with three quarters (75%) of family offices stating it's a likely area of investment in the next two to three years. Medical devices/healthtech is the second most likely area of investment, followed by automation and robotics, and then green technology.

There are some distinct regional differences. For instance, medical devices/healthtech is the most popular theme among family offices based in the Asia-Pacific region, while automation and robotics is more popular in Europe than in other regions.

Western Europe will gain importance

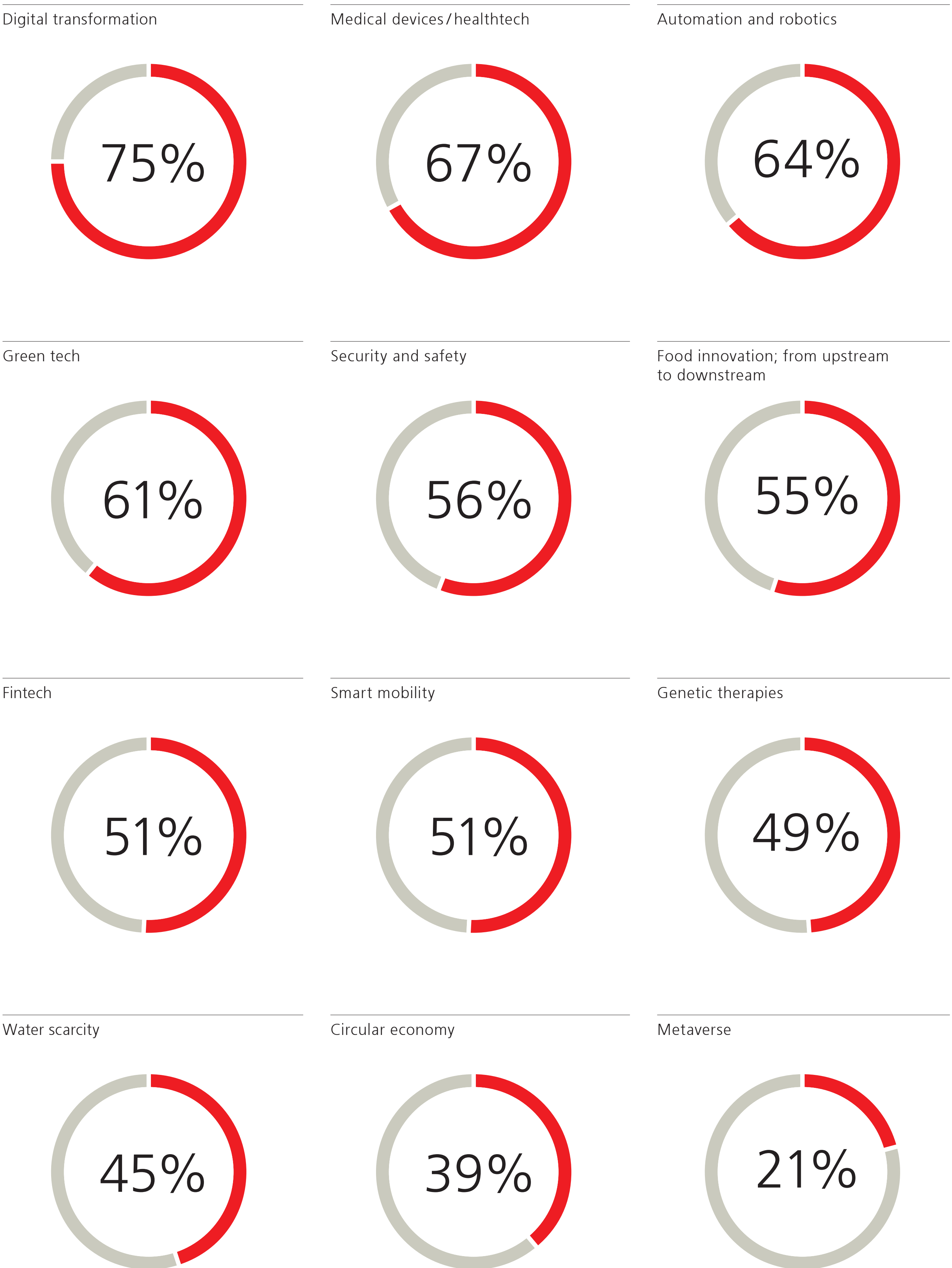
Asset allocation changes by region in the next five years

	Net* 2021	Net* 2022	Net* 2023	Increase my investments in this region	Stay the same	Decrease my investments in this region	Don't plan on investing in this region
Western Europe	16%	15%	21%	26%	65%	5%	4%
Eastern Europe	4%	9%	0%	6%	59%	6%	28%
Middle East	4%	5%	1%	6%	58%	4%	32%
Africa	10%	14%	5%	9%	55%	4%	33%
Latin America	16%	6%	0%	8%	63%	8%	21%
North America	23%	23%	21%	30%	59%	9%	2%
Greater China	61%	39%	12%	22%	58%	10%	11%
Asia-Pacific (excl. Greater China)	54%	50%	29%	31%	58%	2%	8%

* Net equals increase minus decrease

Digital transformation is the investment theme that resonates most with family offices

Likelihood to invest in investment themes



Portfolio diversification goes back to the future

Following the end of the historic era of close-to-zero interest rates, balanced portfolios with active management are returning to favor.

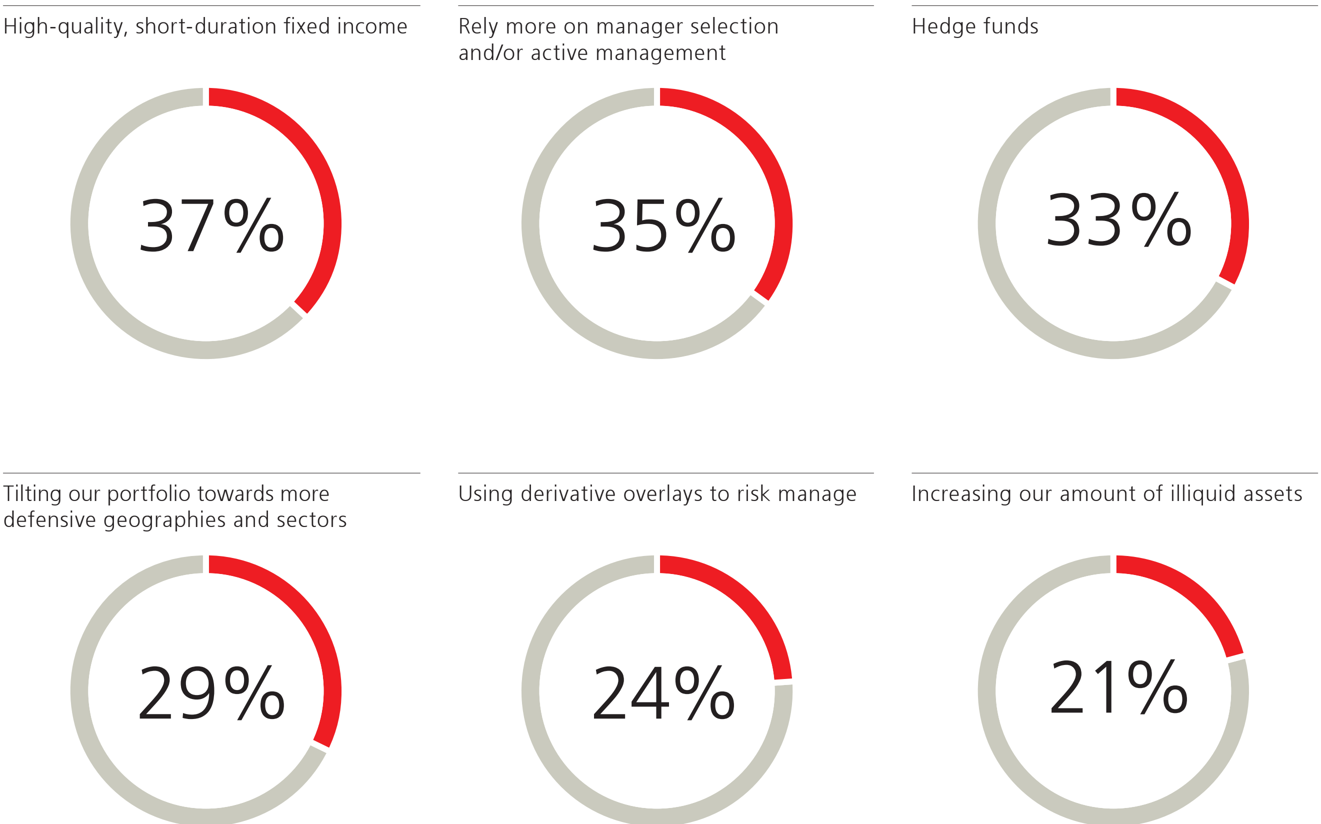
Fixed income is now the most popular source of diversification, as more than a third (37%) of family offices flock to high-quality, short-duration bonds. In stark contrast, just 10% currently view long-duration as an appealing diversifier. This may reflect expectations that rates at the short end of the yield curve will soon begin to price in a return to more accommodative monetary policy, while those at the long end decline by less due to uncertainty about growth and inflation. In the US this dichotomy is still more extreme. More than half (53%) of the family offices there are investing in short-duration bonds to enhance diversification – by contrast just 9% have holdings in long-duration.

"We are doing some stuff in short duration but it is ultrashort," said one US CIO. "We are not getting paid to take long duration, so we are not going to do it."

"We are doing some stuff in short duration but it is ultrashort," said one US CIO. "We are not getting paid to take long duration, so we are not going to do it."

Family offices use a variety of strategies to diversify, including fixed income

Strategies currently used for diversification



Active asset management is also back in favor. Family offices potentially anticipate a more fruitful environment for active asset managers as risk premia return after more than a decade following the global financial crisis when central banks flooded markets with liquidity, suppressing differentiation. As a result, a third (35%) are relying more on investment manager selection and/or active management to enhance diversification and a third (33%) are using hedge funds. Again, there are wide regional differences: almost half (46%) of the Asia-Pacific family offices use hedge funds compared to just a fifth (20%) of those in Latin America.

Indicating the sophistication of family offices' investment teams, about a quarter (24%) use derivative overlays to manage risk.

Shifting sustainable investments to more impactful strategies

Family offices appear to be re-evaluating how to invest sustainably. This pause for reflection comes at a time of debate about how to define sustainable investments, how to assess their contribution to social and environmental impact, as well as amid changing regulation. The increasing discourse and awareness of sustainable investments, as well as the growing availability of sustainability-related data could further support this reflection. What's more, it's likely that families will have more detailed discussions on sustainability with the next generation and investment advisors going forward.

In particular, looking forward five years a shift from less intentional exclusion-based strategies into ESG integration and impact investing can be observed. While family offices with sustainable investments allocate an average of 37% to exclusion-based investments today, they see that allocation dropping to 24% in five years. ESG integration investing is holding steady, with today's 22% allocation remaining roughly the same (21% in five years), and impact investing is set to grow slightly, rising from 8% to 11%.

Private equity, private debt and hedge funds

Key messages

Faith in illiquid assets remains strong, as two thirds of family offices believe that illiquidity boosts returns.

Family offices are diversifying their private markets exposure, reducing direct private equity investments while increasing holdings in private equity funds, private debt and infrastructure.

Turning to hedge funds, they are confident that managers will meet or exceed return targets over 12 months.

Diversifying across private markets

There's a diversification under way as family offices reduce some of the direct private equity allocations made in recent years and raise holdings in private equity funds, private debt and infrastructure. Faith in illiquid asset classes appears strong as two thirds (66%) of family offices still believe that illiquidity boosts returns. Typically, family offices also see private equity as a way of accessing growth investments in sectors like technology that are not accessible through public equity markets.

The decline in direct private equity allocations from 13% in 2021 to a planned 6% in 2023 should, however, be seen within the context of family offices' plans to resume raising allocations over five years, as 41% still intend to do so. Further, the decline in direct private equity is partially offset by a rise in allocations to private equity funds/funds of funds, from 8% in 2021 to 10% in 2023. Family offices also intend to increase their allocations to private debt and infrastructure in 2023 – from 2% to 3% and 0% to 1% respectively.

One UK-based family office CEO explains why he might invest more in private debt. "We are discussing whether the equity boom of the last 15 years where money was free has been followed by an inflection point that indicates a different environment," he said. "That's leading to conversations about increasing allocations to quality private credit."

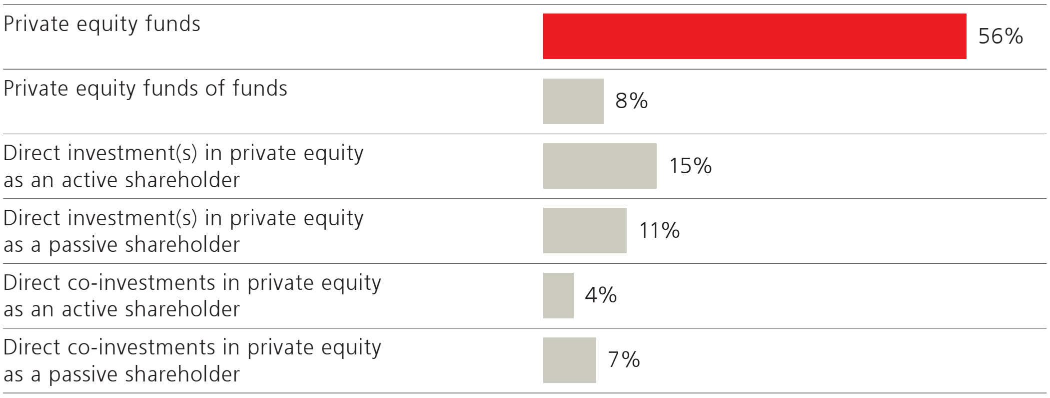
For family offices with private equity investments, funds are the main way of investing – on average they allocate 56% to funds and a further 8% to funds of funds. Generally speaking, funds deliver diversification and the ability to enter markets where the family office does not have in-house expertise.

By comparison, family offices with private equity investments allocate, on average, 25% to direct investments. Breaking this down, 15% of direct private equity allocations are managed actively, while 11% are invested passively. Family offices in Asia-Pacific and the US make direct investments more than those in other regions. Similarly, first-generation family offices are most likely to make direct private equity investments, as business owners often take active stakes in companies in the sectors where they have the expertise to add value.

> "We are discussing whether the equity boom of the last 15 years where money was free has been followed by an inflection point that indicates a different environment," a UK-based family office CEO said. "That's leading to conversations about increasing allocations to quality private credit."

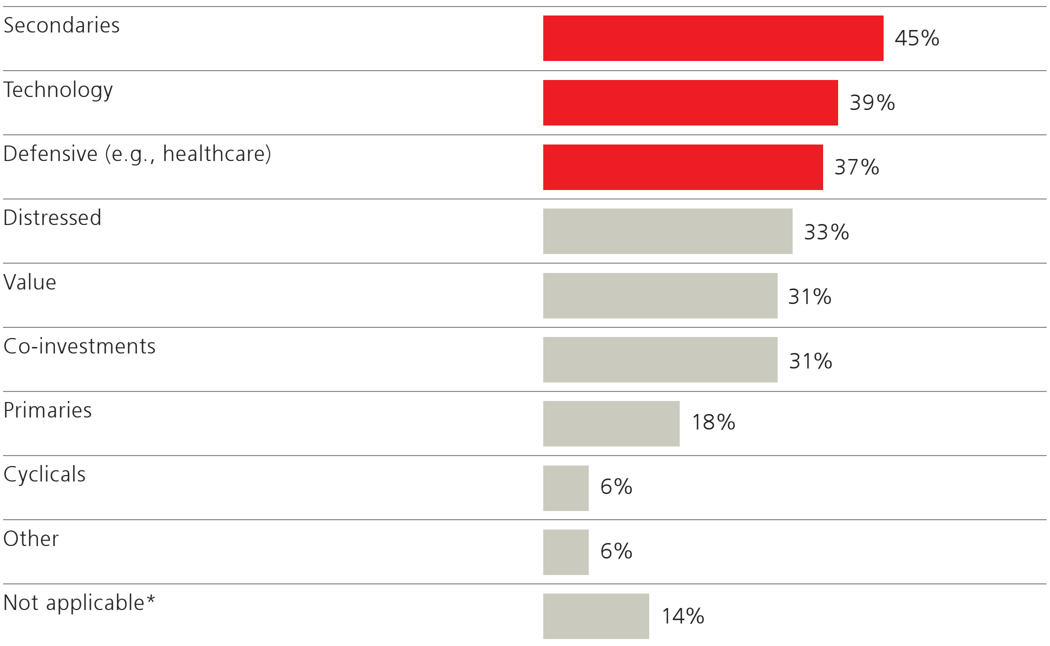
Private equity investments are mostly allocated to funds

Type of investments (family offices with private equity investments in 2022)



Family offices plan to overallocate secondaries, technology and defensive

Overallocation to strategies/sectors (family offices planning to invest in private equity in 2023)



* We aren't planning on overallocating or tactically tilting our portfolio over the next 12 months

The most popular sectors for private equity investment remain technology and healthcare/social assistance. But preferences vary by region. For instance, information and communications is the second most popular sector in Europe, above healthcare/social assistance.

Looking forward 12 months, family offices appear to be hoping for value opportunities. Anticipating that some institutional investors will be forced to rebalance portfolios following declines in public markets, and as exits remain difficult to achieve through IPOs, almost half (45%) of the family offices with private equity investments plan to overallocate their portfolios towards the secondary private equity market.

Hedge funds prosper amid regime shift

There's a pronounced increase in interest in hedge funds – reflected in both current allocations and confidence in future performance. In 2022, the average allocation globally was 7%, up from 4% the previous year. Notably, in the US last year's allocation was higher still at 10%. Moreover, half (50%) of all family offices owned hedge funds in 2022, up from 43% in 2021.

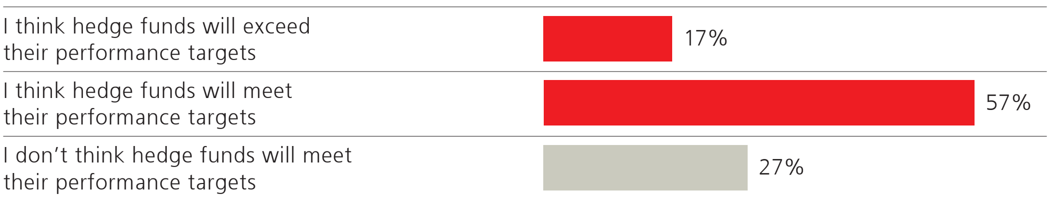
Family offices have confidence in hedge funds' ability to generate investment returns, as central banks drain excess financial liquidity from markets and macroeconomic uncertainty persists. Almost three quarters (73%) believe that hedge funds will meet or exceed their performance targets over the next 12 months.

The most popular strategies are those aiming to exploit just the type of dislocations that are arising in today's market environment. Global macro, multi-strategy and long/short equity are the top strategies that family offices with hedge fund investments are planning to invest in during 2023.

Yet some of the old skepticism about hedge funds that has endured for many years still lingers. Almost two thirds (64%) of family offices think hedge funds generally have been too expensive relative to their performance, with the Swiss most wary – 80% of Swiss family offices expressed this opinion.

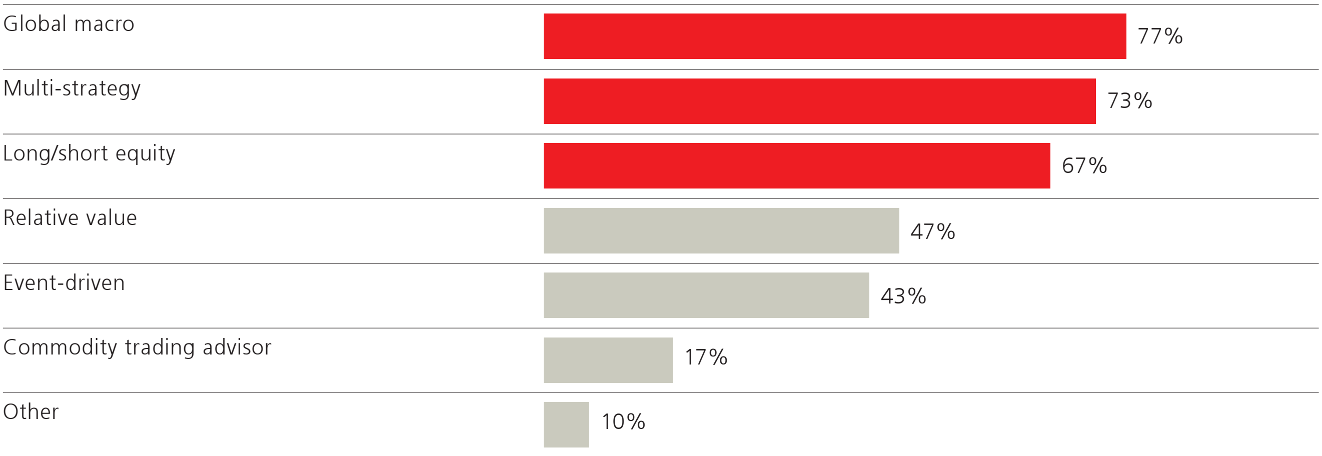
73% expect hedge funds to meet or exceed their performance targets

Expected performance of hedge funds in the next 12 months



Most popular hedge fund strategies are global macro, multi-strategy and long/short equity

Plans for investing over the next 12 months (family offices planning to invest in hedge funds in 2023)



Real estate

Key messages

Family offices in Europe (including Switzerland), Latin America and the US are more likely to plan to raise real estate asset allocations in the next five years than those in Asia-Pacific.

Broadly speaking, family offices with real estate investments prefer to invest domestically in an asset class where local knowledge is key.

The culture of real estate investing differs by region, with US family offices owning a higher share in distressed opportunities than their global peers.

"In terms of real estate, we plan to invest more but it's hard to conclude anything at the moment because the business cases that we see do not reflect the shift in interest rates. However, I think the situation will settle in the next year or two," noted a Danish CIO.

European, Latin American and US family offices foresee higher allocations

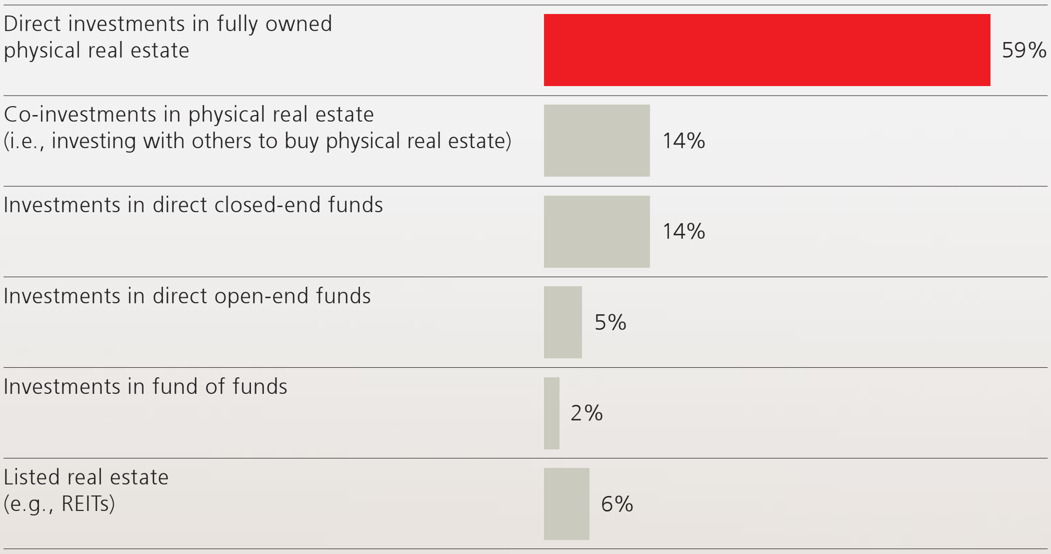
After planning to trim allocations to real estate in 2023, family offices anticipate increasing them once again over five years. But there are significant regional differences. It's mainly European (including Swiss), Latin American and US family offices that foresee bigger allocations. One reason may be that these are the regions where nominal interest rates are relatively high and have furthest to fall. By contrast, fewer Asia-Pacific investors see themselves increasing allocations.

"In terms of real estate, we plan to invest more but it's hard to conclude anything at the moment because the business cases that we see do not reflect the shift in interest rates. However, I think the situation will settle in the next year or two," noted a Danish CIO.

Naturally for a sector where location is everything, family offices tend to prefer domestic real estate. Family offices with real estate investments state that their allocations include 30% domestic residential and 32% domestic commercial, according to global average data. The balance, 38%, is allocated to international real estate.

Family offices mostly have direct investments in fully owned physical real estate

Type of investments (family offices with real estate investments in 2022)



> The CIO of a large Chilean family office explained: "We tend to prioritize investments that do more than reduce risk; we want cash generators."

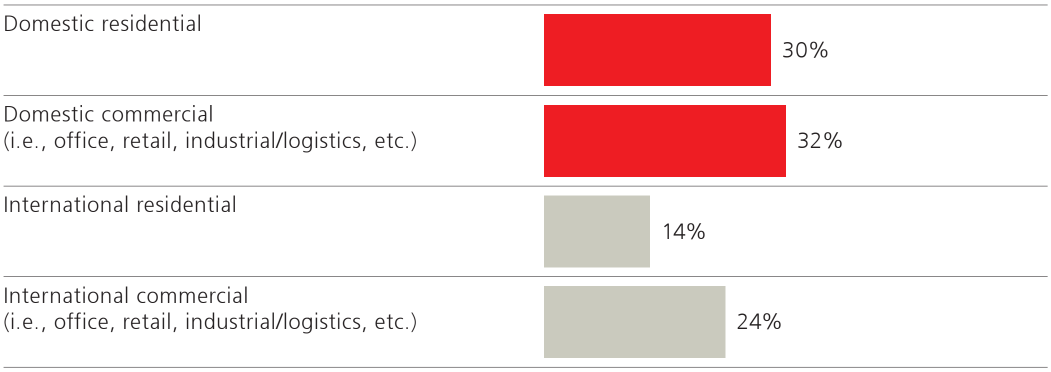
Looking once more at average global allocations, family offices with real estate investments allocate 59% of their portfolios to "core" or "core plus" bricks and mortar – that's high quality, low-risk buildings, generating steady cash flows. They allocate the remaining 41% to more opportunistic investments, developing buildings or repositioning them for capital gains, while also keeping an eye out for distressed opportunities.

The culture of investing varies between regions. While European (especially Swiss) family offices prefer to hold core and core plus buildings for income, US family offices are most likely to seek higher risk opportunities for capital appreciation. Larger family offices with real estate investments also tend to invest actively for capital appreciation. Of those managing more than USD 1 billion, almost half (48%) of their real estate allocations go towards value-add or opportunistic investments, against just over a third (37%) with assets of USD 100 million to USD 250 million.

There are, however, exceptions to trends. The CIO of a large Chilean family office explained: "We tend to prioritize investments that do more than reduce risk; we want cash generators."

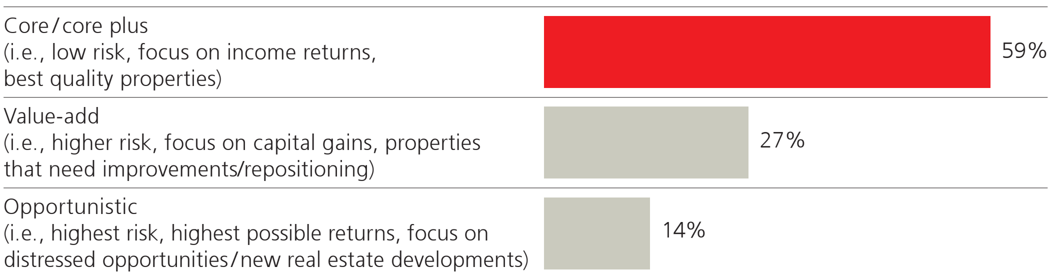
62% of real estate investments are allocated to domestic property

Domestic vs. international investments (family offices with real estate investments in 2022)



59% of real estate investments belong to the risk category core / core plus

Risk category of investments (family offices with real estate investments in 2022)



Professionalization

Key messages

There's a mismatch between family offices' top stated purpose of wealth transfer and the processes, governance and risk management in place to ensure that.

These gaps are especially true for smaller family offices, with assets of USD 100 million to USD 250 million.

When managing risks beyond investing, there's an evident vulnerability to cyber attacks. Almost half have specialist cyber security controls in place, yet over a third have been the targets of cyberattacks.

A clear gap between goals and reality

There's a gap between the family offices' top stated purpose and the measures taken outside investing to help fulfil that purpose. While most (63%) say that they consider supporting the generational transfer of wealth their main purpose, the survey reveals how few have the necessary processes, governance or risk management in place.

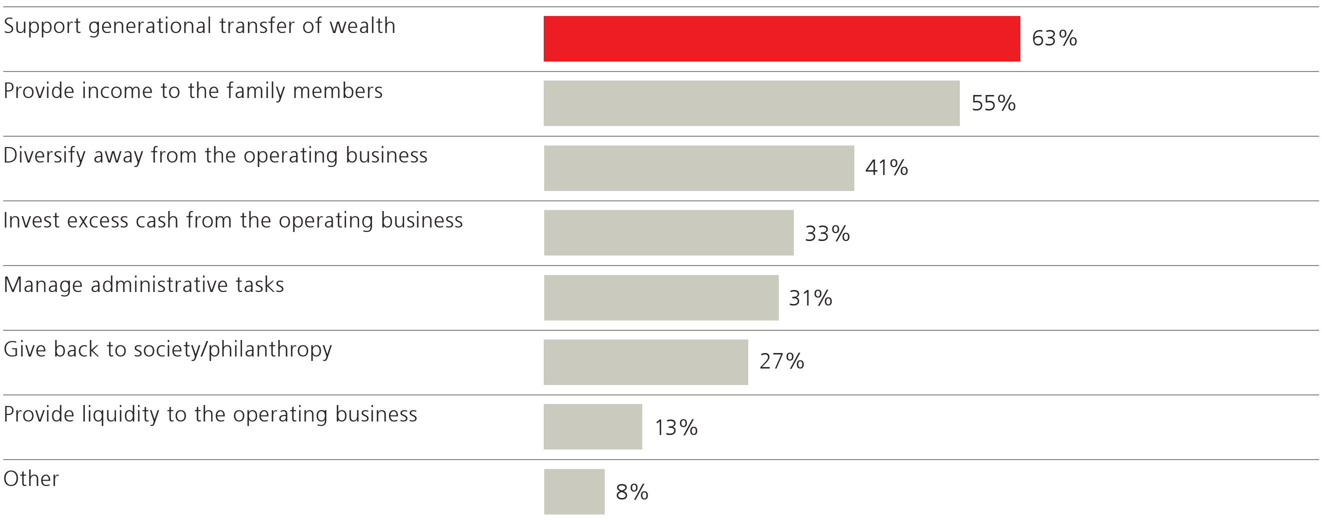
Just 42% of family offices have a wealth succession plan for family members, with only the same percentage having a governance framework. Smaller family offices with assets of USD 100 million to USD 250 million are especially likely to fall short of best practice in this way. But even in large family offices with assets exceeding USD 1 billion, only 43% have a wealth succession plan and 66% a governance framework.

Illustrating the difficulties of managing soft issues such as family governance, one London-based CEO commented: "How easily does your family talk about inheritance and hopes and dreams? These things are so personal that it's very difficult. A few years ago we had discussions with the family where we tried to articulate values. The result was something that we struggled to embed into the family. It's very difficult, and especially so for the finance professionals who are used to dealing with less emotional topics."

Cyber and information security is an example of where risk management could be strengthened. While almost half (44%) of the family offices have cyber security controls in place, over a third (37%) have been the target of attacks, some of them more than once. Of the 44% that do have controls in place, 91% use cyber security software, 76% conduct regular vulnerability assessments and 46% have set up cyber response plans. They may also have external cyber professionals on hand to support them in case of an incident (63%), or internal heads of cyber security and/or technology (45%). Only 15% of those with controls in place say these are highly advanced.

Supporting generational wealth transfer is the family office's main purpose

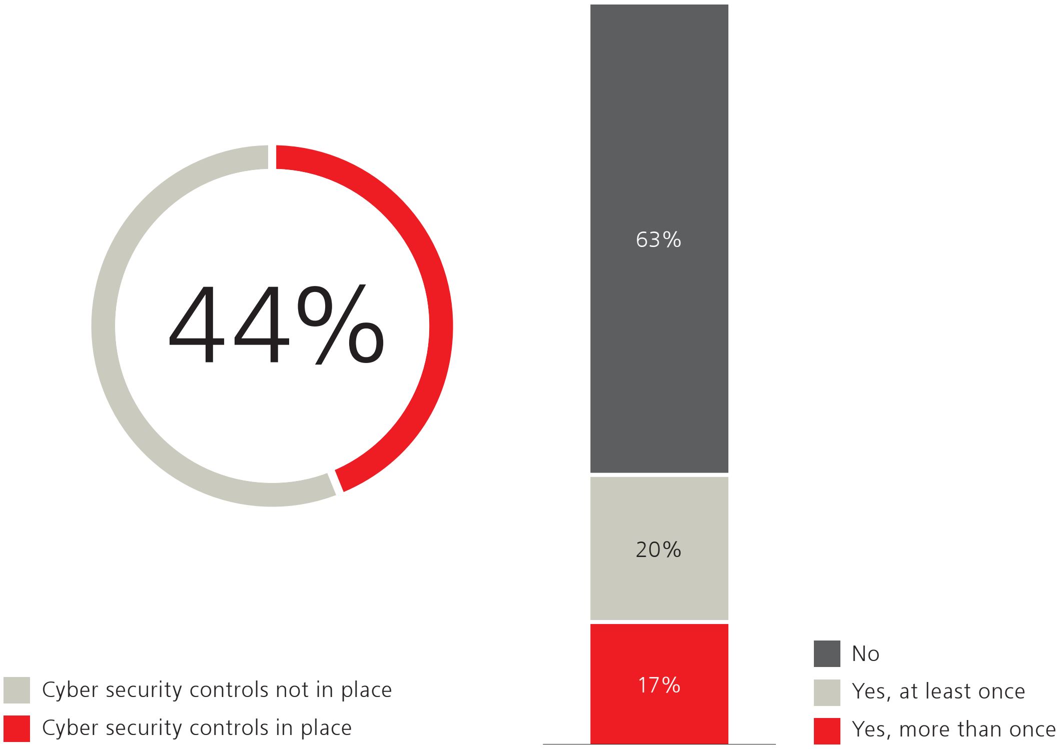
Main purpose of the family office's assets and activities



> “How easily does your family talk about inheritance and hopes and dreams? These things are so personal that it’s very difficult. A few years ago we had discussions with the family where we tried to articulate values. The result was something that we struggled to embed into the family office. It’s very difficult, and especially so for the finance professionals who are used to dealing with less emotional topics,” a London-based CEO commented.

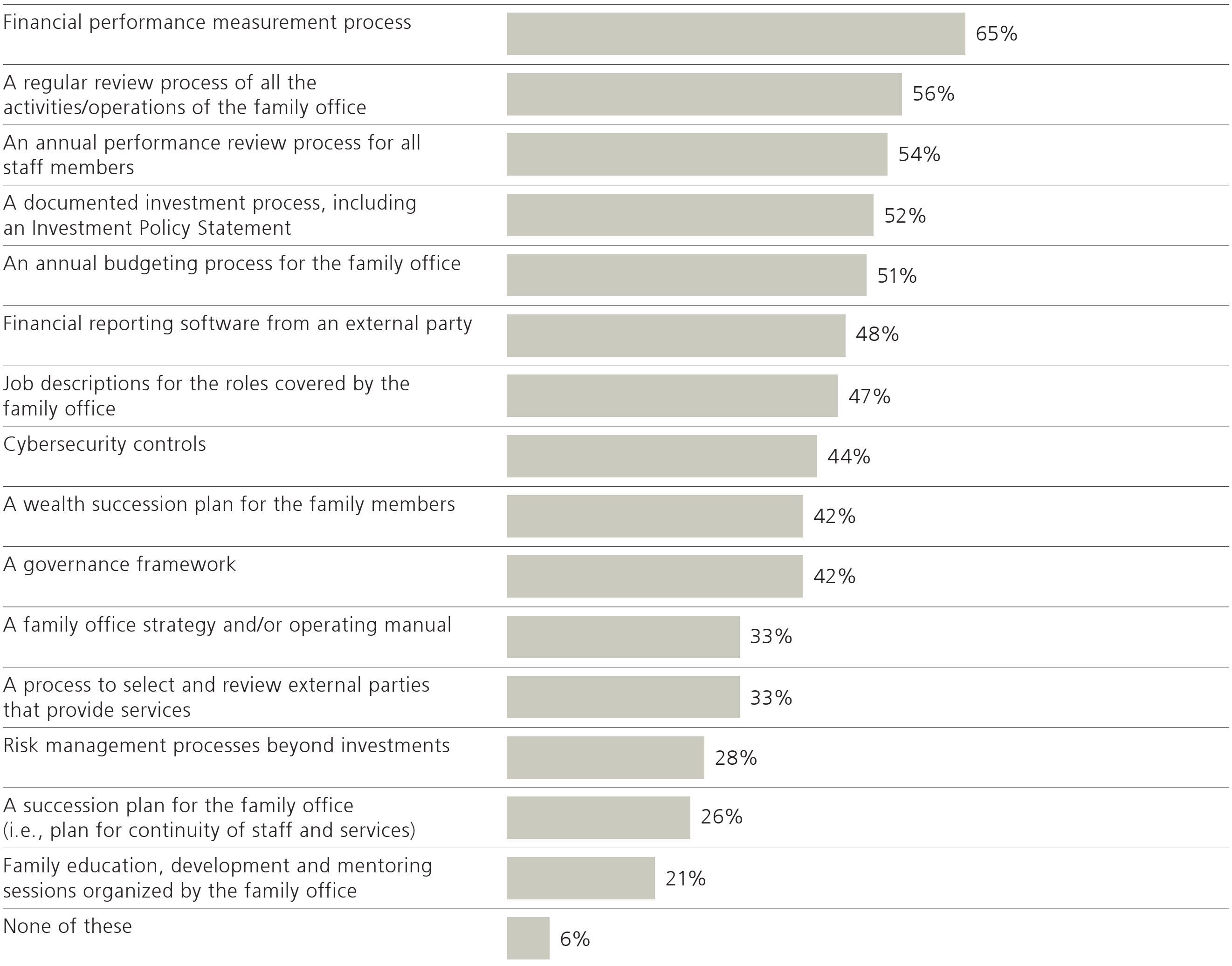
Forty-four percent of family offices have cyber controls amid high threat levels

Family offices with cyber controls in place, and cyber threat levels



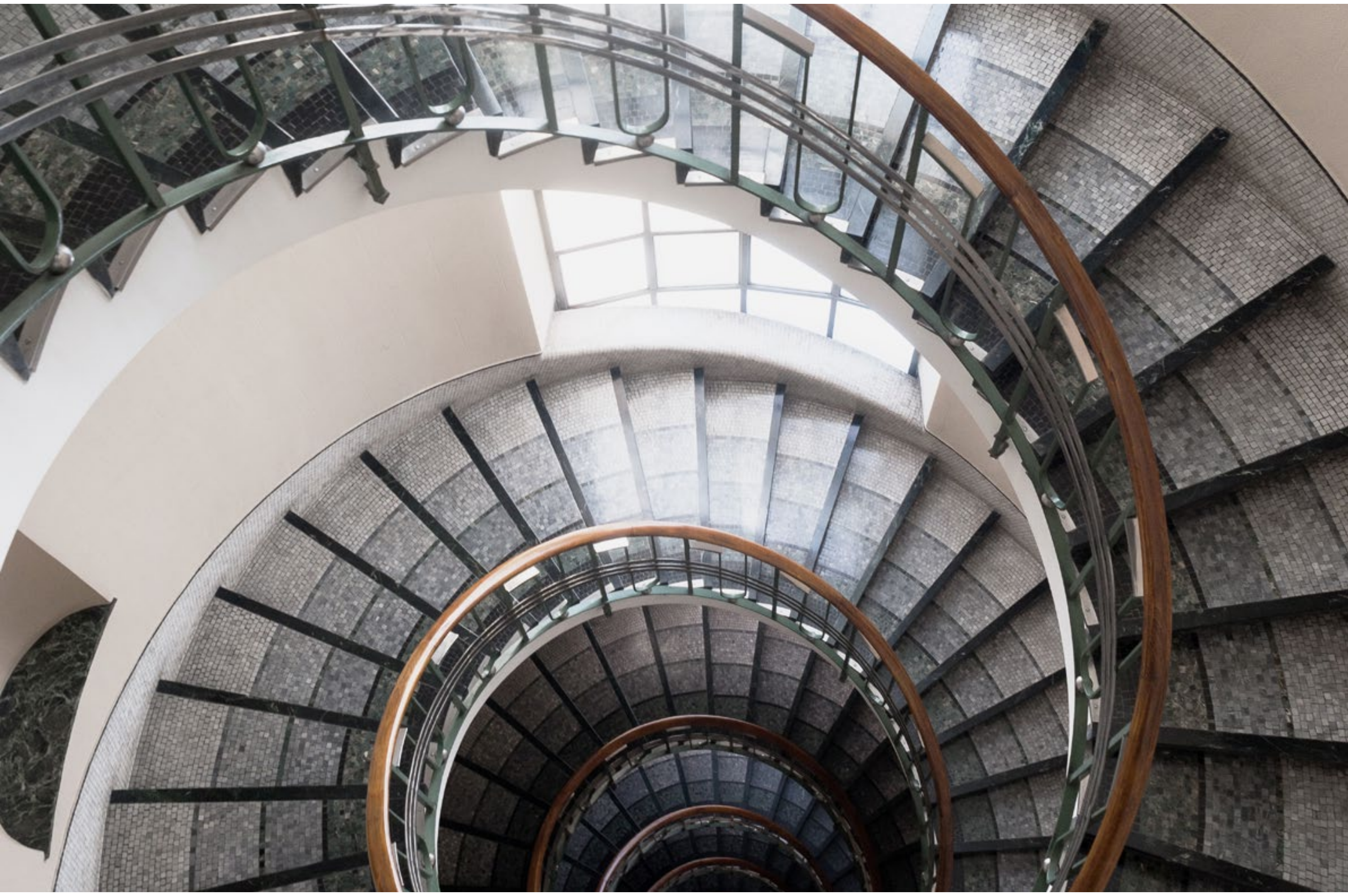
Family offices lack processes around governance and risk management beyond investing

Family office processes



Yet cyber security is often outsourced to the family's operating business. "We outsource our IT support to the listed company that we are shareholders of," explained the CIO of one Singapore-based family office. "We have a service agreement with the IT department and they treat us as a client. That being said, a few months ago we were hit by an attack but it was part of our infrastructure that we were exiting anyway."

More generally, more attention could be paid to the processes that can be used to institutionalize family offices. Only just over a quarter (28%) of family offices say that they have risk management processes beyond investments, suggesting that they are overlooking other types of risks, such as broader security, staffing and reputational risks. What's more, only a third (33%) have a family office strategy and/or operating manual, and only a quarter (26%) a succession plan for the family office to ensure continuity of staff and services.



Costs and staffing

Key messages

Family offices foresee spending on staff, their largest cost, rising over three years. However, most expect only moderate increases.

Scale reduces costs as a percentage of assets under management. Proportionately, smaller family offices have the highest costs.

The payment of bonuses varies by region. US family offices are most likely to have a bonus system in place, as well as offering co-investment opportunities and carried interest.

"Costs are going up driven by the fact that there are 700 new family offices in Singapore and if they all hire two to three people that's a huge part of the talent pool in a small country," explained one local CIO. "I have heard of people getting 20%–30% of their previous salary to sign on, and a guaranteed bonus."

Staff spending to rise moderately over three years

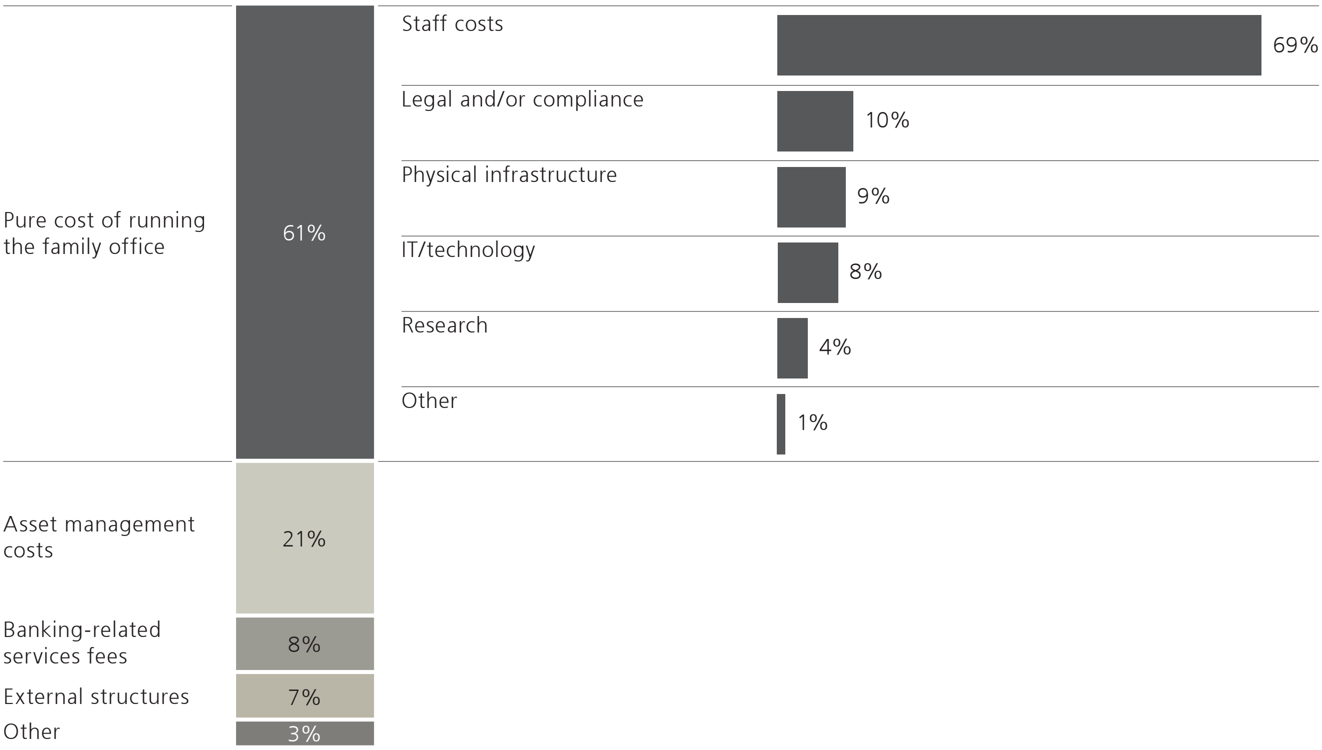
Family offices expect their spending on staff, their largest cost, to rise over the next three years. Sixty percent think staff costs will rise, although most of them only anticipate moderate rather than significant cost rises. Additionally, 49% think IT/technology costs will increase, but again most expect moderate increases.

Anecdotally, cost pressures appear extreme in Singapore. "Costs are going up driven by the fact that there are 700 new family offices in Singapore and if they all hire two to three people that's a huge part of the talent pool in a small country," explained one local CIO. "I have heard of people getting 20%–30% of their previous salary to sign on, and a guaranteed bonus."

The task most commonly performed by in-house staff is strategic asset allocation, which 85% of family offices carry out internally. Similarly, 77% perform portfolio risk management in house and 73% financial reporting. However, family offices mainly outsource legal services (64%), tax planning (58%) and cyber security (53%).

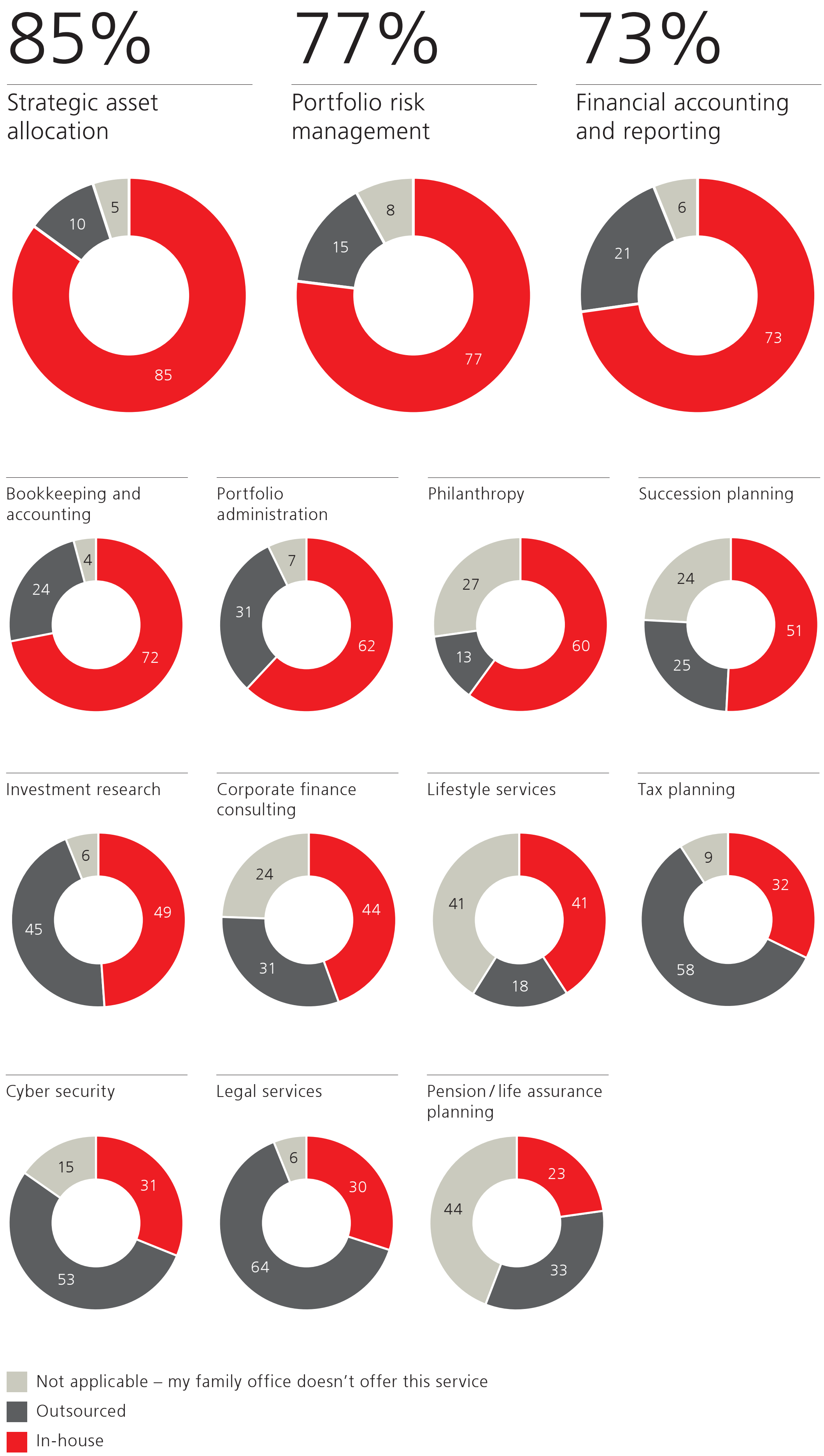
Pure family office spending remains the driver of overall cost

Overall cost of operating the family office in 2023



Strategic asset allocation is managed in-house by most family offices

Management of services

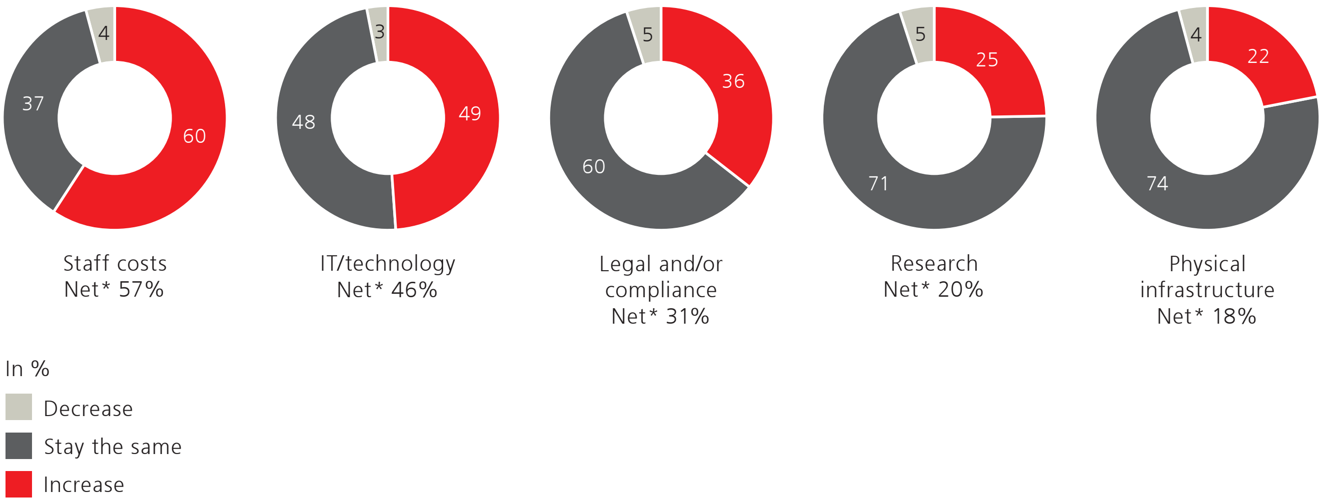


In this year's survey, the pure cost of operating a family office in 2022 was 38.1 basis points (bps) of asset under management. For the rest of 2023, it is expected to remain roughly the same at 38.5 bps. This total includes the direct costs of operating an office, such as personnel, infrastructure, technology and so on – yet excludes external costs for services such as asset management and banking.

There is a scale of variations in cost, depending on the size of assets under management (AUM). Smaller family offices managing USD 100 million to USD 250 million cost proportionately more to run in 2023 at 46.6 bps of AUM. Mid-sized and large family offices cost proportionately less, with offices managing USD 251 million to USD 1 billion costing 36.3 bps and those managing more than USD 1 billion about the same at 36.7 bps, according to the survey data.

Staff and IT/technology spending is expected to increase

Changes to spending over the next three years

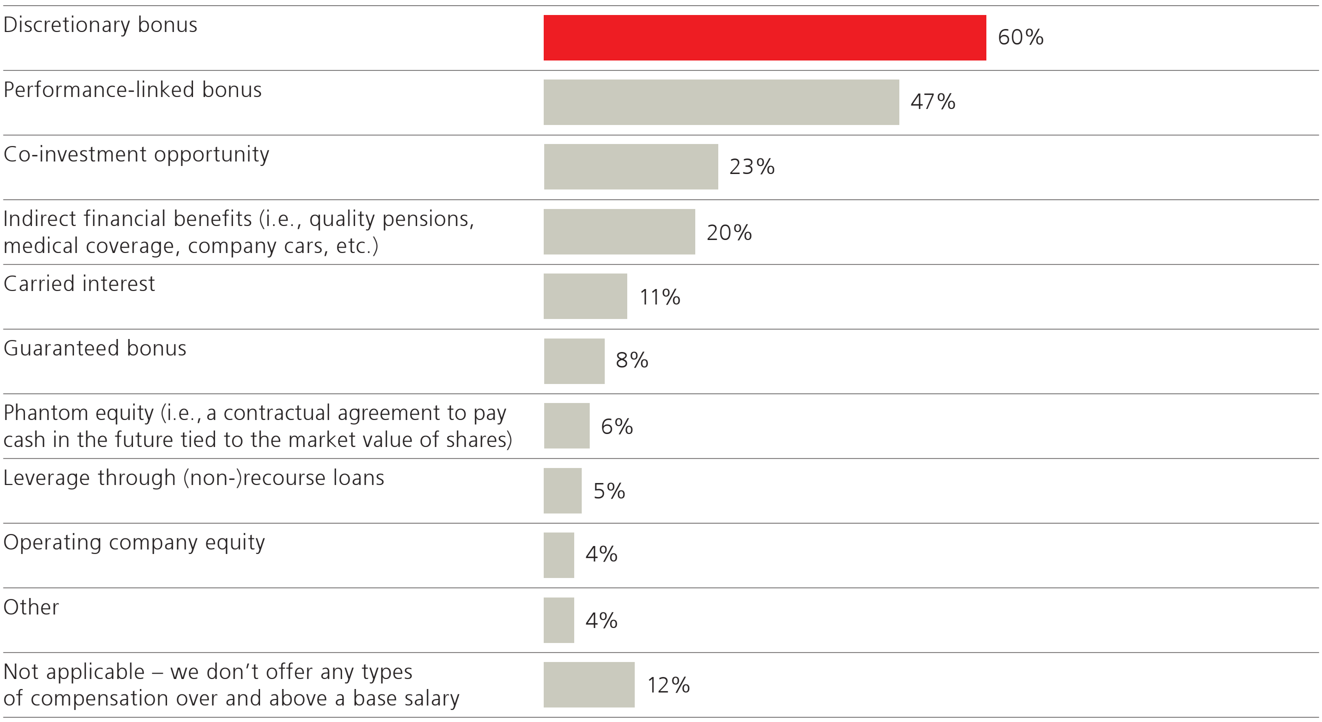


* Net equals increase minus decrease

60% of family offices offer a discretionary bonus

Compensation offered to employees over and above a base salary

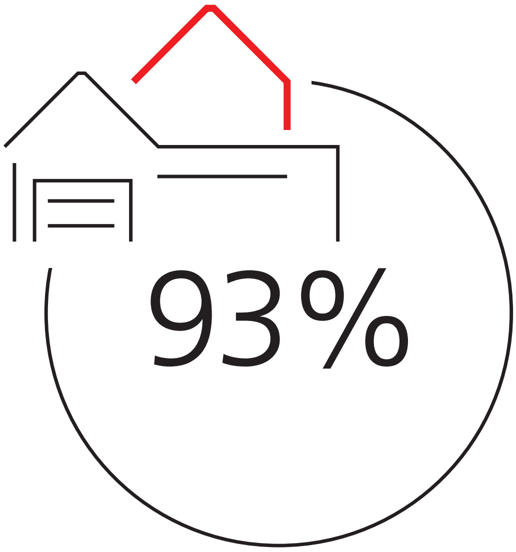
Most family offices pay staff bonuses, although this varies by region. Sixty percent of family offices pay a discretionary bonus and 47% a performance-linked bonus. In the US, where there is more of a bonus culture, 76% of family offices pay a discretionary bonus and 69% a performance-linked bonus. In Switzerland, by contrast, just 47% and 50% respectively do so. US family offices are also most likely to pay other types of incentive. For instance, almost half (48%) of the US family offices offer co-investment opportunities and 31% carried interest. This compares with global averages of 23% and 11% respectively.



United States

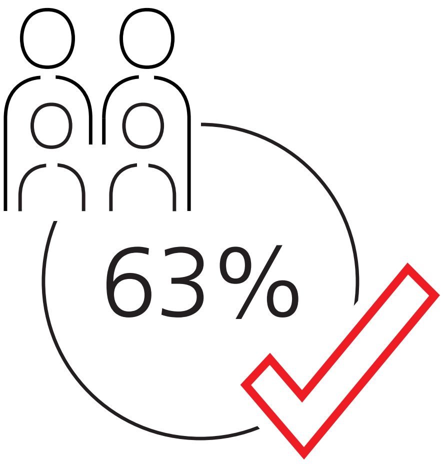
Real estate investments

93% of real estate investments are domestic residential/commercial



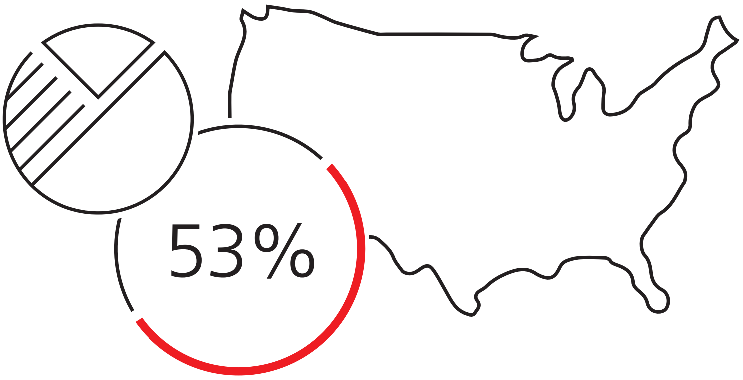
Family office processes

63% have a wealth succession plan for the family members in place



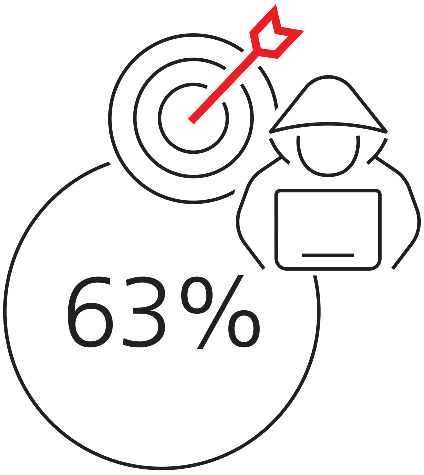
Top strategy to enhance portfolio diversification

53% use high-quality short-duration fixed income



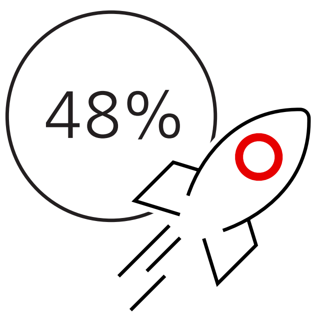
Cyber security

63% have already been targeted by cyber threat actors



Compensation

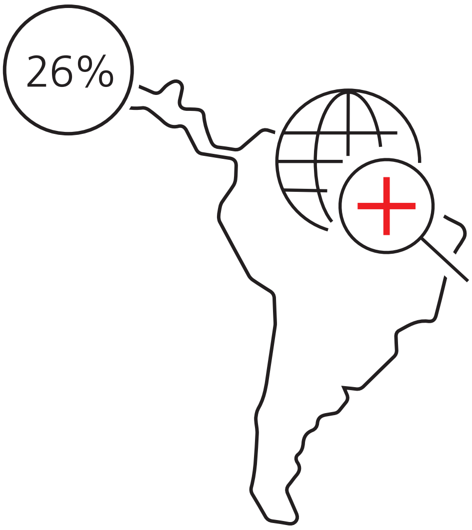
48% offer a co-investment opportunity



Latin America

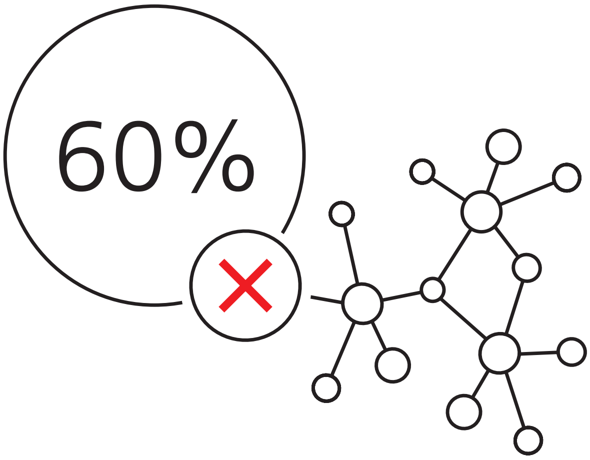
Top concern

26% say geopolitics



Decentralized payments/technologies

60% don't invest in decentralized payments/technologies

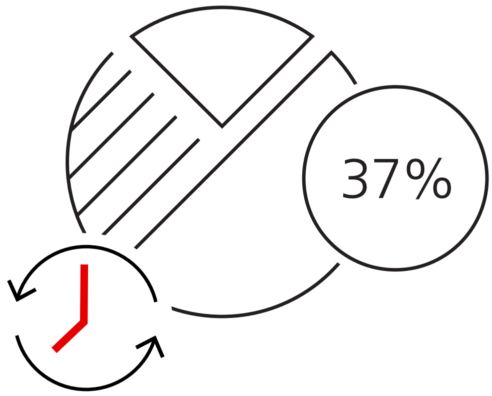


Rebalancing of portfolio

95% rebalance their portfolio

Top strategy to enhance portfolio diversification

37% use high-quality short-duration fixed income



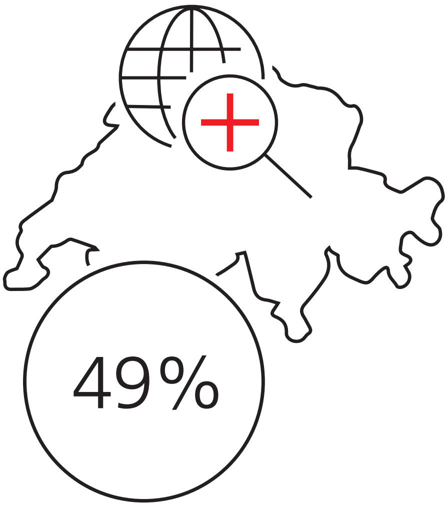
Fixed income

In 2022, average allocation to fixed income was at 30%

Switzerland

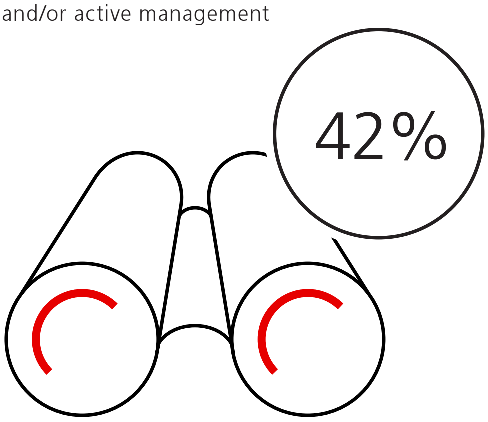
Top concern

49% say geopolitics



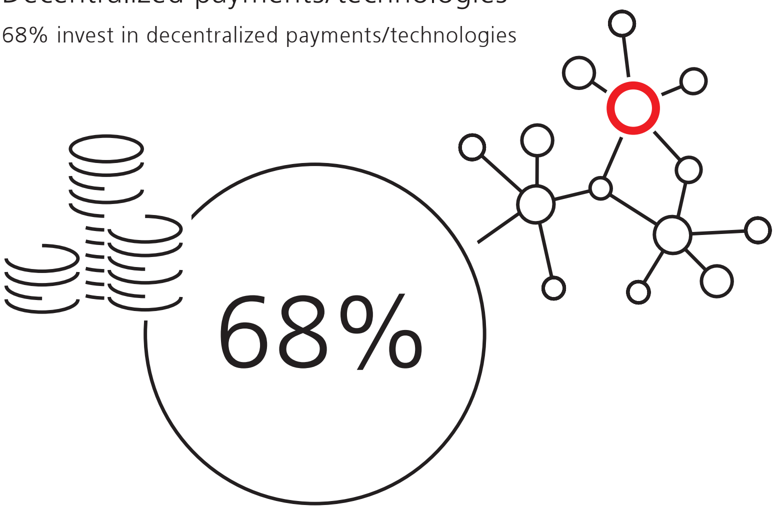
Top strategy to enhance portfolio diversification

42% rely more on manager selection and/or active management



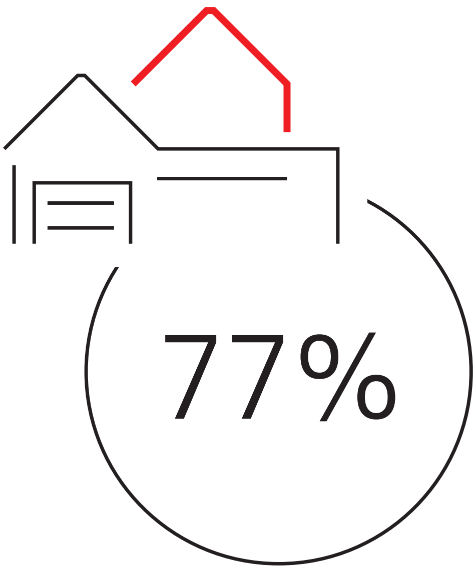
Decentralized payments/technologies

68% invest in decentralized payments/technologies



Real estate

77% of real estate investments are direct investments in fully owned physical real estate



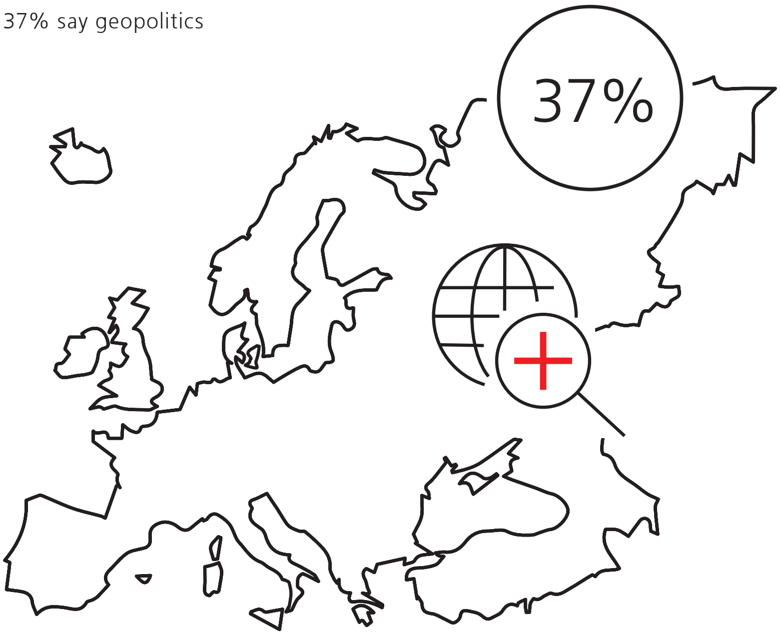
Compensation

50% offer a performance-linked bonus

Europe

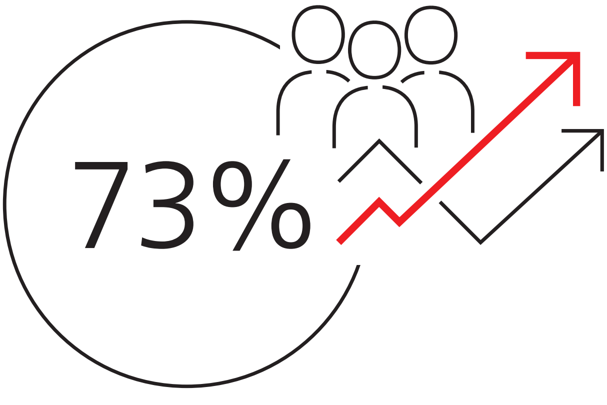
Top concern

37% say geopolitics



Cost development

73% expect a net increase of staff costs over the next 3 years

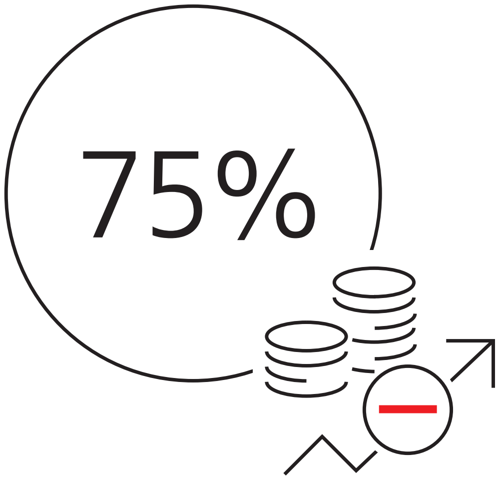


Private equity

70% of private equity investments
are funds or funds of funds

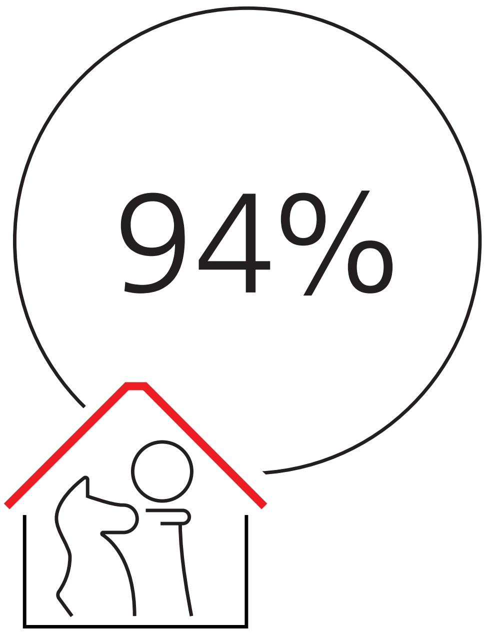
Portfolio diversification

75% say illiquidity increases returns



Management of services

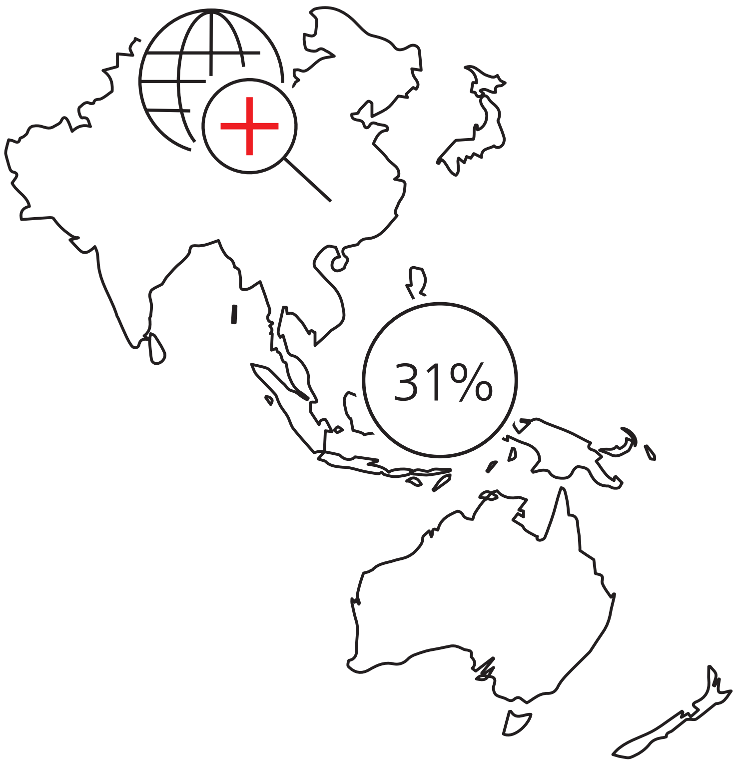
94% manage strategic asset allocation in-house



Asia-Pacific

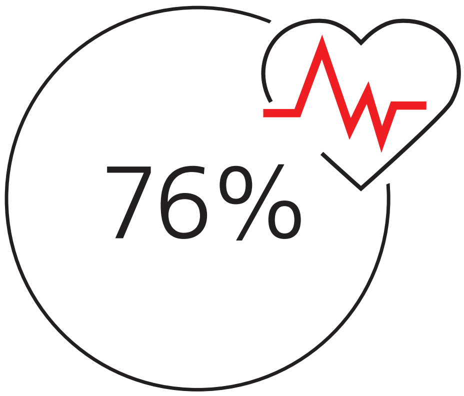
Top concern

31% say geopolitics



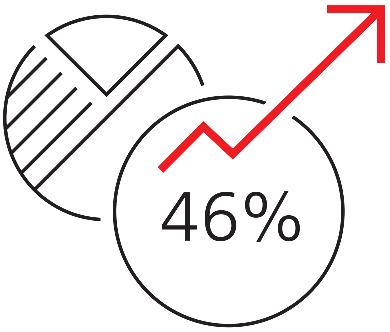
Top investment theme

76% are likely to invest in medical devices/healthtech



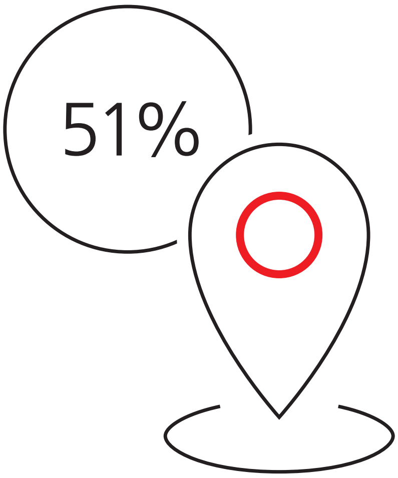
Top strategy to enhance portfolio diversification

46% choose hedge funds



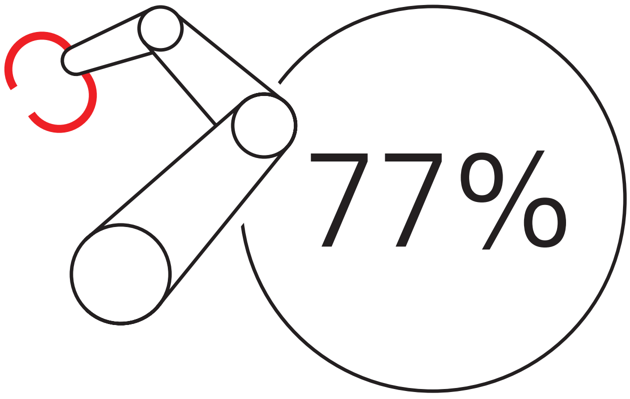
Home bias

51% of assets are invested in Asia-Pacific (incl. Greater China)



Private equity

77% of private equity investments are invested in technology



Some facts about our report

Net worth averaging USD 2.2 billion

The Global Family Office Report 2023 is the fourth of our annual surveys on the activities of family offices researched and written in-house. The number of family offices responding to our survey has increased slightly to 230, up from 221 last year.

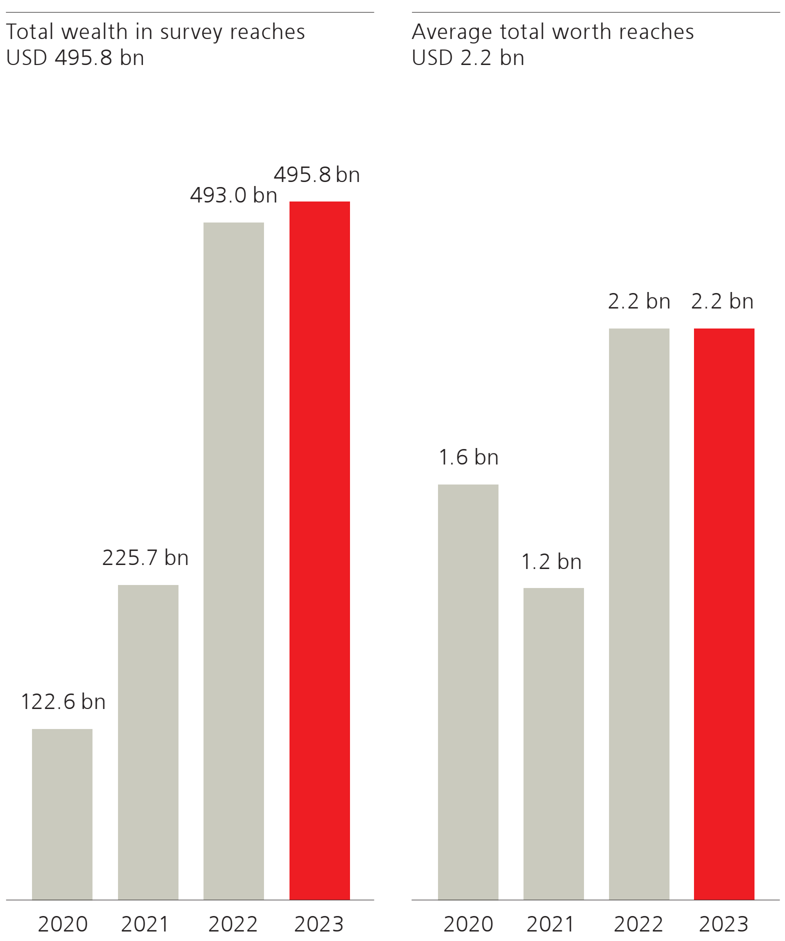
The average net worth of participating families is USD 2.2 billion. On average, their family offices manage USD 0.9 billion.

230 family offices participated globally

Sample size year-over-year

Total net worth is slightly up

Total net worth of founding family



Generational split

Most of the family offices serve the first and second generation. Fifty-one percent serve the first generation and 55% the second, with 31% serving the third. Unsurprisingly, the longer-developed markets such as the US and Switzerland tend to have more multi-generational family offices than their peers in fast-emerging regions like the Asia-Pacific.

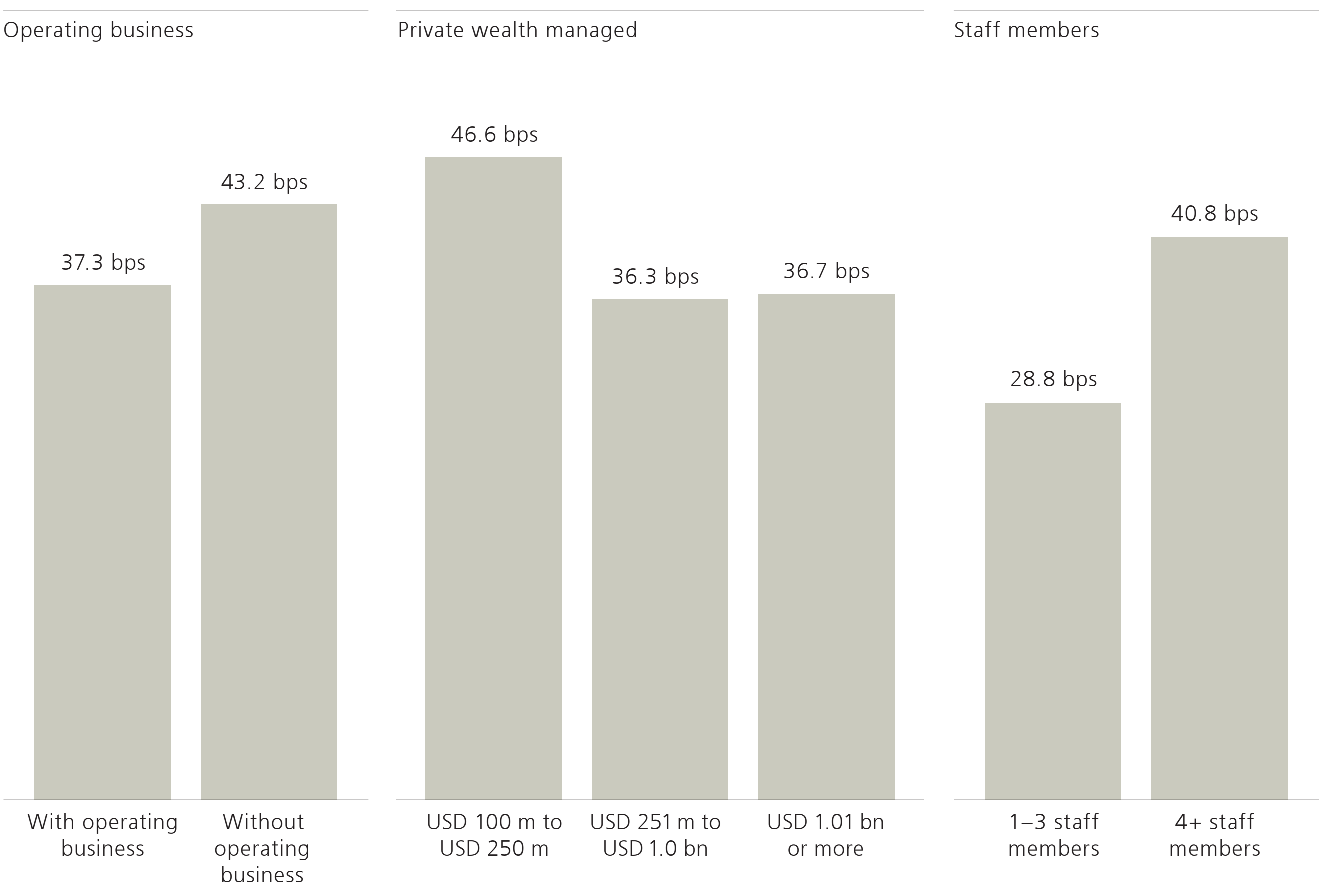
Operating businesses

Almost four fifths of family offices (79%) still have operating businesses. The most popular sector is real estate (38%), although in reality the border between real estate operating and investment businesses is often blurred. The second most common sector is industrials (21%), closely followed by financials (20%) and consumer discretionary (19%).

More than a third (37%) of family businesses pay cash flows to family offices for ongoing investment. However, almost half (48%) of family offices are entirely separate from the family's business. In 8% of cases, the family office pays cash into the family business.

Operating business, private wealth managed and staff members have an impact on costs

Pure cost of operating the family office in 2023



Methodology

This marks the fourth iteration of the Global Family Office survey. UBS surveyed 230 of its clients between 19 January and 5 March 2023. Participants from across more than 30 countries worldwide were invited using an online methodology. The sample is slightly higher than in prior years. We surveyed 221, 191 and 121 UBS clients for the 2022, 2021 and 2020 editions of the report respectively.

The regional distribution of the 2023 sample is as follows:
– Europe 29%
– Asia-Pacific 20%
– Switzerland 17%
– US 14%
– Latin America 13%
– Middle East and Africa 7%.

In some instances, the data may not look as if they add up correctly. This is because we have added the figures together to two decimal places, which can result in slight variations to the figures when rounded.

UBS Evidence Lab

UBS Evidence Lab is a team of alternative data experts who work across 55+ specialized areas creating insight-ready datasets. The experts turn data into evidence by applying a combination of tools and techniques to harvest, cleanse, and connect billions of data items each month. The library of assets, covering over 5,000+ companies of all sizes, across all sectors and regions, is designed to help answer the questions that matter to your decisions.

Research team
Stephanie Perryfrost, UBS Evidence Lab
Gabriele Schmidt, UBS Global Wealth Management

Editor
Rupert Bruce, Clerkenwell Consultancy

Acknowledgements
Aline Haerri
Peter Jacober
Urs Kaeser
Maximilian Kunkel
Chrissie Loedolff
Annegret-Kerstin Meier
Grégoire Rudolf
Eric Schatz
Jan van Bueren
Christiaan van Driel
Michael Viana

Design
Bureau Collective

Photography
Cover: Kyle Vollaers, p. 4: Costas Spathis, p. 6 (from left): Scott Howes, Garrett Sears (Unsplash), Sam (Unsplash), p. 7 (from left): Lee Mawdsley, Loegunn Lai (Unsplash), Cottonbro Studio (Pexels), p. 8: Costas Spathis, p. 13: Kirill Petropavlov (Unsplash), p. 18: Amir Hanna (Unsplash), p. 21: Xiaochuan Xu (Unsplash), p. 22: Ben Roberts, p. 25: Michael Friberg, p. 27: Shumon Saito, p. 28: Gustav Willeit, p. 33: Andrea Zignin (Unsplash), p. 34: Costas Spathis, p. 36/37: Fran Silvestre Arquitectos, p. 38: Andrea Ferrari, p. 40: Istvan Varro (Unsplash), p. 45: Andrea Ferrari, p. 46: Craig Whitehead (Unsplash), p. 51: Marissa Grootes (Unsplash), p. 53: Rowan Freeman (Unsplash), p. 54: Dave Herring (Unsplash), p. 60: Florian Wenzel

For media inquiries
mediarelations@ubs.com

EMEA: +41-44-234 85 00
Americas: +1-212-882 58 58
APAC: +852-297-1 82 00

Disclaimer

This document has been prepared by UBS AG, its subsidiary or affiliate ("UBS").

This document and the information contained herein are provided solely for information and UBS marketing purposes. Nothing in this document constitutes investment research, investment advice, a sales prospectus, or an offer or solicitation to engage in any investment activities. The document is not a recommendation to buy or sell any security, investment instrument, or product, and does not recommend any specific investment program or service.

Information contained in this document has not been tailored to the specific investment objectives, personal and financial circumstances, or particular needs of any individual client. Certain investments referred to in this document may not be suitable or appropriate for all investors. In addition, certain services and products referred to in the document may be subject to legal restrictions and/or license or permission requirements and cannot therefore be offered worldwide on an unrestricted basis. No offer of any interest in any product will be made in any jurisdiction in which the offer, solicitation, or sale is not permitted, or to any person to whom it is unlawful to make such offer, solicitation, or sale.

Although all information and opinions expressed in this document were obtained in good faith from sources believed to be reliable, no representation or warranty, express or implied, is made as to the document's accuracy, sufficiency, completeness or reliability. All information and opinions expressed in this document are subject to change without notice and may differ from opinions expressed by other business areas or divisions of UBS. UBS is under no obligation to update or keep current the information contained herein.

All pictures or images ("images") herein are for illustrative, informative or documentary purposes only, in support of subject analysis and research. Images may depict objects or elements which are protected by third party copyright, trademarks and other intellectual property rights. Unless expressly stated, no relationship, association, sponsorship or endorsement is suggested or implied between UBS and these third parties.

Any charts and scenarios contained in the document are for illustrative purposes only. Some charts and/or performance figures may not be based on complete 12-month periods which may reduce their comparability and significance. Historical performance is no guarantee for, and is not an indication of future performance.

A number of sources were utilized to research and profile the characteristics of family offices. This information and data is part of UBS's proprietary data and the identities of the underlying family offices and individuals are protected and remain confidential.

Nothing in this document constitutes legal or tax advice. UBS and its employees do not provide legal or tax advice. This document may not be redistributed or reproduced in whole or in part without the prior written permission of UBS. To the extent permitted by the law, neither UBS, nor any of it its directors, officers, employees or agents accepts or assumes any liability, responsibility or duty of care for any consequences, including any loss or damage, of you or anyone else acting, or refraining to act, in reliance on the information contained in this document or for any decision based on it.

UBS Evidence Lab provides data and evidence for analysis and use by UBS Research and its clients. UBS Evidence Lab does not provide investment recommendations or advice.

Important information in the event this document is distributed to US Persons or into the United States
Wealth management services in the United States are provided by UBS Financial Services Inc. ("UBSFS"), a subsidiary of UBS AG. As a firm providing wealth management services to clients, UBS-FS offers investment advisory services in its capacity as an SEC-registered investment adviser and brokerage services in its capacity as an SEC-registered broker-dealer. Investment advisory services and brokerage services are separate and distinct, differ in material ways and are governed by different laws and separate arrangements. It is important that clients understand the ways in which we conduct business, that they carefully read the agreements and disclosures that we provide to them about the products or services we offer. A small number of our financial advisors are not permitted to offer advisory services to you and can only work with you directly as UBS broker-dealer representatives. Your financial advisor will let you know if this is the case and, if you desire advisory services, will be happy to refer you to another financial advisor who can help you. Our agreements and disclosures will inform you about whether we and our financial advisors are acting in our capacity as an investment adviser or broker-dealer. For more information, please review client relationship summary provided at ubs.com/relationshipsummary. UBS-FS is a member of the Securities Investor Protection Corp. (SIPC) and the Financial Industry Regulatory Authority (FINRA).

Important information in the event this document is distributed by the following domestic businesses (which have separate local entities to that of the location that prepared the material)

Austria This publication is not intended to constitute a public offer under Austrian law. It is distributed only for information purposes by UBS Europe SE, Niederlassung Österreich, with place of business at Wächtergasse 1, A-1010 Wien. UBS Europe SE, Niederlassung Österreich is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Austrian Financial Market Authority (Finanzmarktaufsicht), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB.

Bahrain UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain and does not undertake banking or investment business activities in Bahrain. Therefore, clients have no protection under local banking and investment services laws and regulations.

Brazil This publication is not intended to constitute a public offer under Brazilian law or a research analysis report as per the definition contained under the Comissão de Valores Mobiliários ("CVM") Instruction 598/2018. It is distributed only for information purposes by UBS Brasil Administradora de Valores Mobiliários Ltda. and/or of UBS Consenso Investimentos Ltda., entities regulated by CVM.

Canada In Canada, this publication is distributed by UBS Investment Management Canada Inc. (UBS Wealth Management Canada).

UBS Wealth Management is a registered trademark of UBS AG. UBS Bank (Canada) is a subsidiary of UBS AG. Investment advisory and portfolio management services are provided through UBS Investment Management Canada Inc., a wholly-owned subsidiary of UBS Bank (Canada). UBS Investment Management Canada Inc. is a registered portfolio manager and exempt market dealer in all the provinces with the exception of P.E.I. and the territories.

All information and opinions as well as any figures indicated are subject to change without notice. At any time UBS AG ("UBS") and other companies in the UBS group (or employees thereof) may have a long or short position, or deal as principal or agent, in relevant securities or provide advisory or other services to the issuer of relevant securities or to a company connected with an issuer. Some investments may not be readily realisable since the market in the securities is illiquid and therefore valuing the investment and identifying the risk to which you are exposed may be difficult to quantify. Past performance of investments is not a guarantee of future results and the value of investments may fluctuate over time.

For clients and prospective clients of UBS Bank (Canada) and UBS Investment Management Canada Inc., please note that this document has no regard to the specific investment objectives, financial situation or particular needs of any recipient. Neither UBS Bank (Canada) nor UBS Investment Management Canada Inc. is acting as an adviser or fiduciary to or for any participant in this event unless otherwise agreed in writing. Not all products or services may be available at UBS Bank (Canada). Some products and services may be legally restricted for residents of certain countries. For more information on our products and services, visit https://www.ubs.com/ca/en/wealth_management/planning_life.html.

UBS does not provide tax or legal advice and you should consult your own independent advisers for specific advice based on your specific circumstances before entering into or refraining from entering into any investment.

You agree that you have provided your express consent to receive commercial electronic messages from UBS Bank (Canada), and any other UBS entity within the UBS global group of companies, with respect to this and other similar UBS events and to receipt of information on UBS products and services. You acknowledge and understand that this consent to electronic correspondence may be withdrawn by you at any time. For further information regarding how you may unsubscribe your consent, please contact your UBS Advisor or UBS Bank (Canada) directly at 1-800-268-9709 or https://www.ubs.com/ca/en/wealth_management/your_relationship/how_to_get/wealth_m anagement.html.

This document may not be reproduced or copies circulated without prior written authorization of UBS.

Czech Republic UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. Please notify UBS if you do not wish to receive any further correspondence.

Denmark This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes by UBS Europe SE, filial af UBS Europe SE with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, filial af UBS Europe SE is a branch of UBS Europe SE, a credit institution constituted under German law in the form of a Societas Europaea which is authorized by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin), and is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank) and the BaFin. UBS Europe SE, filial af UBS

Europe SE is furthermore supervised by the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval.

France This publication is not intended to constitute a public offer under French law. It is distributed only for information purposes by UBS (France) S.A. UBS (France) S.A. is a French "société anonyme" with share capital of € 132.975.556, 69, boulevard Haussmann F-75008 Paris, R.C.S. Paris B 421 255 670. UBS (France) S.A. is a provider of investment services duly authorized according to the terms of the "Code monétaire et financier," regulated by French banking and financial authorities as the "Autorité de contrôle prudentiel et de résolution."

Germany This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes by UBS Europe SE, Germany, with place of business at Bockenheimer Landstrasse 2–4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the European Central Bank ("ECB"), and supervised by the ECB, the German Central Bank (Deutsche Bundesbank) and the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), to which this publication has not been submitted for approval.

Greece UBS Switzerland AG is established in Switzerland and operates under Swiss law. UBS Switzerland AG and its affiliates (UBS) are not licensed as a bank or financial institution under Greek legislation and do not provide banking and financial services in Greece. Consequently, UBS provides such services from branches outside of Greece, only. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in Greece. Therefore, this document may not be considered as a public offering made or to be made to residents of Greece.

Hong Kong This publication is distributed by UBS AG Hong Kong Branch. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability.

Indonesia, Malaysia, Philippines, Thailand This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. You are advised to seek independent professional advice in case of doubt.

Israel UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is a Portfolio Manager licensee which engages also in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice and/or investment marketing and is not replacing any investment advice and/or investment marketing provided by the relevant licensee which is adjusted to each person needs. The word "advice" and/or any of its derivatives shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 1995.

Italy This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes by UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB – Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB.

Jersey UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX.

Luxembourg This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes by UBS Europe SE, Luxembourg Branch ("UBS"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS is a branch of UBS Europe SE, a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2–4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – "BaFin") and subject to the joint prudential supervision of BaFin , the central bank of Germany (Deutsche Bundesbank) and the European Central Bank. UBS is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority.

Mexico UBS Asesores México, S.A. de C.V ("UBS Asesores") an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Securities Market Law, due to the relation with a Foreign Bank. UBS Asesores was incorporated under the Securities Market Law. UBS Asesores is a regulated entity and it is subject to the supervision of the Mexican Banking and Securities Commission (Comisión Nacional Bancaria y de Valores, "CNBV") which exclusively regulates UBS Asesores regarding the rendering of portfolio management services when investment decisions are taken on behalf of the client, as well as on securities investment advisory services, analysis and issuance of individual investment recommendations, so that the CNBV has no surveillance facilities nor may have over any other service provided by UBS Asesores. UBS Asesores is registered before the CNBV under Registry number 30060. Such registry will not assure the accuracy or veracity of the information provided to its clients. UBS Asesores is not part of any Mexican financial group, is not a bank and does not receive deposits or hold securities. UBS Asesores does not offer guaranteed returns. UBS Asesores has revealed any conflict of interest that could have before. UBS Asesores does advertise any banking services and can only charge the commissions expressly agreed with their clients for the investment services actually rendered. UBS Asesores receive commissions from issuers or local or foreign financial intermediaries that provide services to its clients. You are being provided with this UBS publication or material because you have indicated to UBS Asesores that you are a Sophisticated Qualified Investor located in Mexico.

Monaco This document is not intended to constitute a public offering or a comparable solicitation under the Principality of Monaco laws, but might be made available for information purposes to clients of UBS (Monaco) SA, a regulated bank which has is registered office 2 avenue de Grande Bretagne 98000 Monaco under the supervision of the "Autorité de Contrôle Prudentiel et de Résolution" (ACPR) for banking activities and under the supervision of "Commission de Contrôle des Activités Financières for financial activities". The latter has not approved this publication.

Nigeria UBS Switzerland AG and its affiliates (UBS) are not licensed, supervised or regulated in Nigeria by the Central Bank of Nigeria or the Nigerian Securities and Exchange Commission and do not undertake banking or investment business activities in Nigeria.

Poland UBS is a premier global financial services firm offering wealth management services to individual, corporate and institutional investors. UBS is established in Switzerland and operates under Swiss law and in over 50 countries and from all major financial centres. UBS Switzerland AG is not licensed as a bank or as an investment firm under Polish legislation and is not allowed to provide banking and financial services in Poland.

Portugal UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários").

Russia UBS Switzerland AG is not licensed to provide regulated banking and/or financial services in Russia. Information contained in this document refers to products and services exclusively available through and provided by UBS Switzerland AG in Switzerland or another UBS entity domiciled outside Russia. UBS employees travelling to Russia are neither authorized to conclude contracts nor to negotiate terms thereof while in Russia. Contracts only become binding on UBS once confirmed in Switzerland or in the location where the UBS entity is domiciled. The Wealth Management Advisory Office within OOO UBS Bank does not provide services for which banking license is required in Russia. Certain financial instruments can be offered in Russia only to the qualified investors. Any attachments and documents with reference to the specific financial instruments do not constitute a personal investment recommendation under Russian law.

Singapore This publication is distributed by UBS AG Singapore Branch. Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report.

Spain This publication is not intended to constitute a public offer under Spanish law. It is distributed only for information purposes by UBS Europe SE, Sucursal en España, with place of business at Calle María de Molina 4, C.P. 28006, Madrid. UBS Europe SE, Sucursal en España is subject to the joint supervision of the European Central Bank ("ECB"), the German Central bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Spanish supervisory authority (Banco de España), to which this publication has not been submitted for approval. Additionally it is authorized to provide investment services on securities and financial instruments, regarding which it is supervised by the Comisión Nacional del Mercado de Valores as well. UBS Europe SE, Sucursal en España is a branch of UBS Europe SE, a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB.

Sweden This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes by UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is a branch of UBS Europe SE, a credit institution constituted under German law in the form of a Societas Europaea which is authorized by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin), and is subject to the joint supervision of the European Central Bank, the German Central bank (Deutsche Bundesbank) and the BaFin. UBS Europe SE, Sweden Bankfilial is furthermore supervised by the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval.

Taiwan This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects.

UK This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request.

This document is issued by UBS Switzerland AG and approved for issue in the UK by UBS AG. UBS AG is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request. Where products or services are provided from outside the UK, they will not be covered by the UK regulatory regime or the Financial Services Compensation Scheme. UBS does not give legal or tax advice and you should consult your independent legal, tax and other professional advisers for specific advice, including before entering into or refraining from entering into any investment. Any financing proposals included in this document are indicative only and subject to the credit approval process of UBS Switzerland AG, due diligence and documentation and do not therefore represent a commitment to lend on terms or structures outlined herein. UBS Switzerland AG or its associates may have long or short positions in one or more of the investments described herein. UBS Switzerland AG provides restricted advice on retail investment products which is based on the products issued by a limited number of companies which we have carefully selected and assessed as suitable for our clients' needs. UBS Switzerland AG may also provide restricted advice in respect of packaged products such as life contracts, pensions and regulated collective investment schemes. Where an attachment is a third party document, please be aware that it has been drafted without any input from UBS Switzerland AG. The document is intended for the sole purpose of information and is not intended as an offer, or a solicitation of an offer to make any investment. Although all information expressed was obtained from sources believed to be reliable and in good faith, no representation or warranty, express or implied, is made as to its accuracy or completeness.

UKFPRO_230524.1430_2405

UAE/DIFC UBS is not licensed in the UAE by the Central Bank of UAE or by the Securities & Commodities Authority. The UBS AG Dubai Branch is licensed in the DIFC by the Dubai Financial Services Authority as an authorised firm.

Ukraine UBS is a premier global financial services firm offering wealth management services to individual, corporate and institutional investors. UBS is established in Switzerland and operates under Swiss law and in over 50 countries and from all major financial centers. UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine.

IS2302908 84963E-2023

UBS Switzerland AG
P.O. Box
8098 Zurich
ubs.com/family-office-uhnw

UBS