

## PRESS RELEASE



European Private Equity &  
Venture Capital  
Association

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### **New Study Shows Investment in Private Equity Favoured by Family Offices**

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A new study by the European Venture Capital and Private Equity Association (EVCA) and the IMD Business School of Lausanne shows that family offices have become an integral part of the European private equity investor community and that a trend of increasing allocation to the asset is likely to continue.

"Europe's Family Offices, Private Equity and Venture Capital" says that the attitudes of family offices are favourable to private equity and venture capital. As managers of private wealth, the main purpose of these offices is the overall preservation and provision of capital for individual family members. Consequently, family offices are very long term focused and look at absolute market returns, which makes them particularly well-suited as investors in private equity and venture capital.

The report also notes that more family offices will be established as those retiring company owners who encounter difficulties in finding successors to lead their businesses sell their enterprises. These sales generate cash for family offices to invest, and they are likely to follow their peers investing in private equity and venture capital.

"Because much of the more recently acquired family wealth has been built entrepreneurially," said Sabine Rummel, EVCA Economic and Industry Analyst, "and some has been realised through sale to private equity funds, there is a genuine understanding of and support for private equity's role in business creation and improvement and the alignment of shareholder interest that the model provides, particularly among the more recently established family offices."

The study estimates that there are in the region of 500 family offices actively investing in Europe, with some 100 of these managing over €1 billion of assets. These offices have historically been established as vehicles for the intra-family and cross-generational transfer of wealth, whether through liquid assets or business ownership.

The study comprised desk-based research and interviews, and found that the average allocation to private equity by the offices interviewed was 12%, with the highest commitment being close to 50%.

Investment strategies and tolerance of risk also depended on the origin of the funds and to what extent wealth was still tied in with the family business. One manager commented: "I have to take into account both the family business and the liquid family wealth when deciding on an asset allocation strategy, since the family business is really a direct equity investment." The more mature the family office, the broader the spread of asset allocation tended to be.

For almost all those interviewed, low volatility rather than high returns was the main driver of investment decisions, with geographic spread being seen as important in achieving this. Environmental and ethical considerations featured high on the list of criteria. Limited member single family offices were the most active investors in private equity.

The key conclusion of the study was that private equity general partners wanting to include family offices in their funds should analyse the structure, culture, family history, and investment criteria before approaching a family office, in order to improve their chances of attracting them into their funds.

Commenting on the findings, Georges Noël, EVCA Director, said: "With family offices currently being a growing and well-suited group of investors, we expect to see much greater interest in private equity. EVCA plans to work closer with family offices in the future to highlight the long term returns of private equity and increase venture capital involvement among this group."

#### **Notes to Editors:**

The European Private Equity and Venture Capital Association (EVCA), established in 1983 and based in Brussels, promotes, facilitates and represents the needs and interests of the private equity and venture capital industry in Europe. EVCA has over 1,150 members in 50 countries, including the leading fund managers in the European private equity and venture capital industry.

For a copy of the study or further information, please contact:

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