

# INSIDER

**The decision makers at 6 family offices  
reveal what it's really like behind the  
scenes at the private wealth management  
firms managing billions – and why they  
are so secretive**



- **Family offices are the private wealth management firms managing the fortunes of wealthy families.**
- **Most never talk to reporters and prefer absolute secrecy.**
- **But six people agreed to pull back the curtain on family offices to reveal their inner workings.**

On a recent morning in New York City, Princess Jahnvi Kumari Mewar, representing the 77th generation of India's most powerful royal family, was sitting in a cafe overlooking Columbus Circle, explaining to a reporter why she and the heads of other family offices almost never talk to reporters.

"I see no merit in having a public profile if it is for self-serving purposes," she said, taking a sip of coffee. "Even though we are known to be the scary family office who — forget about letting you in the door, doesn't even let you near the state line — one or two VCs maneuver their way in every few weeks through a friend or a big favor somebody owes. And that ends up on my plate."

JKM recalled the story of an especially persistent VC who somehow managed to obtain her personal number and had the gall to pitch her multiple times a day on WhatsApp.

"I actually had to get my office to give him a warning," JKM said.

Family offices are the private wealth management firms managing the fortunes of wealthy families, starting at around \$300 million for the mere well-to-do ones and exceeding more than a billion for ultra-high-net-worth names like the Waltons and Bezos.

As the wealth of the richest families in the world has exploded in recent decades, so has the number of family offices, with North American ones alone managing an estimated \$182 billion, according to a study last year published by RBC and Campden Wealth.

But despite their growing influence, you will rarely hear from the people running family offices.

The chief investment officer for a large family office representing a wealthy family from Central America described showing up to a conference dismayed to see the name of the firm printed on the agenda. He said he would tell me more, if I would leave my phone at the door so as to avoid any chance of a surreptitious recording (naturally, he would not let me use his name).

Aside from not wanting to be hounded by overly persistent VCs, the heads of other family offices said they had been raised in their family

units to see discretion as paramount, unlike some members of the nouveau riche who flaunt their wealth.

"There is a certain generational elegance to focus on the family and not peacock in any capacity," said Oliver Swig, the scion of a wealthy San Francisco family who made billions in real estate. "I've always been hesitant to speak to anything that could have the wrong appearance to other family members."

"I think it can often be misinterpreted," Swig added, explaining outsiders should not assume secrecy is nefarious. "It's not about being in the headlines. It's about the responsibility of doing the right business practices in the right moral way and that's something that, at least in my family office experience, has been passed down to me."

At the risk of creating headlines, Swig and five others, who were in New York this month attending the Forbes Iconoclast Summit, agreed to pull back the curtain on family offices and to reveal some of their inner workings.

## **Trust comes before everything else**

The world of family offices is built on relationships and trust before everything else. If you're in, you're in, but do anything to offend the

family, and you will be frozen out permanently. Families are often surrounded by the same circle of close advisors and investing partners for decades.

"We've co-invested with the same people, the exact same number of people, since the late nineties and that hasn't changed," said JKM. "It's always about the legacy of trust."

## **Wealth preservation is key**

Unlike other asset managers who are more aggressive, most family offices are already rich, so they are far more conservative.

"Family offices really primarily are about wealth preservation," said Nisa Amoils, managing partner of A100x Ventures. "A lot of general partners in ventures specifically focus on outside returns and take risks associated with that."

Some families, like the Mewars, have eschewed tech entirely.

"I don't do VC because it's a place with too many complexities to navigate, which doesn't prove worthy of time and effort," JKM said. "We care about preservation and gradual growth."

Others, like Consuelo Vanderbilt, the seventh-generation Vanderbilt heiress, say they do not expect their venture investments to necessarily perform well. But they have enough wealth already that they do not mind backing favored causes, which in her case is creatives and underrepresented founders.

"From where I'm sitting today, I'm looking to support the community a little bit more," Vanderbilt, who is also cofounder of SohoMuse, added.

## **Family offices come in all shapes and sizes**

The term family office often is used loosely, but owing to their bespoke nature, it would be a mistake to see them as a monolith.

The CIO from the Central American family office even said there were legions of "fake" family offices managing little if any significant capital and using the designation to get into parties and conferences.

He added there is a strict hierarchy, in descending order from the highest assets under management on down. The richest family offices — who meet up at marquee sports events like Wimbledon and the World Cup — generally want nothing to do with those who manage lesser amounts.

"Family offices come in all shapes," said Maximilian Winter, who helps manage a fortune his family made in the German automotive industry and founded Harmonix, a venture firm focused on healthcare. "Some family offices have operating companies and so they are more entrepreneurial or more operator oriented so they understand a lot about business. And some sold their family business a long time ago and they're more like a holding investment company."

## **Families are families**

It may sound obvious, but think about all of the personal dynamics in your family and then think about trying to run a business together and all agree on how to manage large amounts of money. Lots can go wrong.

"It can be difficult to be family but also be in business," said Winter, pointing out most families do not have organizational charts in place. "That's why it's nebulous. Sometimes you can have co-CIO or co-principals between the younger and the older generations."

The dynamic can be especially tricky with larger, multigenerational families full of different perspectives and priorities, according to Swig, who convinced other family members to let him start a separate investing arm focused on tech, SOJA Ventures.

"As much as it is a family business, it is also the business of family," said Swig. "In that regard, you are managing personalities that come with their own generational caveats."

### **Yes, some of them do watch 'Succession'**

Swig said he found the just-concluded HBO series chronicling the fictional Roy family over the top, though certain elements strongly resonated.

"From a triggering perspective, I would say that they definitely identified some of the more inflated and satirical elements of the family office infrastructure," Swig said. "I would like to think we are less chaotic and much more functional."