Credit Suisse Launches First-Ever Family Office Index

Credit Suisse has launched the first-ever index to track the portfolio composition and performance of single family offices worldwide.

As part of its second year of conducting surveys with single-family offices (SFO) globally, Credit Suisse has launched the first-ever index to track the performance of this client segment, according to a statement.

The Credit Suisse SFO Index covers more than 300 family offices across Asia (179), Europe (97) and the Middle East (36) which are further categorized as small (less than $100 million), medium ($100-500 million) and large (more than $500 million) in size. In terms of assets, the index only covers bankable assets with the exclusion of others such as unlisted equities, direct real estate or collectibles.
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«Despite the swelling number of single-family offices that we are witnessing in recent years, there isn’t any benchmark to reflect and compare investment performance across their peers,» said head of APAC wealth management Benjamin Cavalli, in a virtual briefing yesterday attended by finews.asia. «The Credit Suisse SFO Index is the first of its kind and it aims to be a gauge [...] building on a database of more than 325 custodians and a large number of active end-clients.»

Equity-Driven Losses

Year-to-date, SFOs from all regions have generated negative performance (-7.6 percent) with Asia outperforming at -6.6 percent compared to -8.1 percent in Europe and -11.8 percent in the Middle East.

The negative performance was primarily attributable to equity exposure which accounted for more than 47 percent of asset allocations and represented a loss of nearly 6.5 percent. Allocations were especially high amongst large family offices (62 percent), likely due to strategic holdings such as ownership of family businesses.

The top contributing asset class to positive performance in 2022 thus far is alternatives (+0.57 percent) which accounts for an average of 17 percent of portfolio allocations.

Portfolio Rotation

Amid an environment of growing uncertainty and rising interest rates, SFOs have taken two major measures in terms of asset allocation since the end of 2019.

The first was to cut fixed income exposure from over 40 percent of allocations to under 30 percent. The second was to increase allocation to equities and alternatives.

From end-2019 to end-June 2022, the index indicated that SFOs globally generated a positive performance of nearly 4.8 percent.