UBS Global Family Office Report 2025: all eyes on the global trade war

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A global trade war ranked as the biggest investment risk for family offices in 2025, followed by major geopolitical conflict, and higher inflation. To protect portfolios, family offices are hedging with strategies such as active management, hedge funds and selectively, precious metals. Regional asset allocation tilted mostly towards North America and Western Europe, with some family offices lifting their weightings in developed market equities and bonds, as they are likely seeking liquid opportunities for capital growth and yield in a volatile environment.

UBS published its annual Global Family Office Report 2025, with insights from 317 single family offices across more than 30 markets around the globe. The average net worth in the survey was USD 2.7 billion, with family offices managing an average of USD 1.1 billion, confirming the report as the most comprehensive and authoritative analysis of this influential group of investors. The survey was conducted from 22 January to 4 April 2025.

"At a time of increased volatility, global recession fears and following a near unprecedented market selloff in early April, our latest report serves as a good reminder that family offices around the world are first and foremost pursuing a steady, long-term approach, as they focus on preserving wealth across the next generations," said Benjamin Cavalli, Head of Strategic Clients at UBS Global Wealth Management. *"Even with the survey largely conducted in the first quarter, family offices were already acutely aware of the challenges posed by a global trade war, identifying it as the year's greatest risk. Yet in interviews conducted following the market turmoil that erupted in early April, they reiterated their diversified, all-weather strategic asset allocation."*

"We're pleased to say that the size of our dataset has allowed us to conduct deeper regional analysis than ever before," said Yves-Alain Sommerhalder, Head of GWM Solutions at UBS Global Wealth Management. *"While the global macroeconomic and political environment continues to be marked by rapid changes and a high degree of uncertainty, this survey offers a glimpse of what we can expect over the coming five years. And most importantly, it provides a snapshot into the thinking of family offices around the world, their objectives, preferences and concerns."*

Global trade war is the biggest concern for 2025

When asked about threats to their financial objectives over the next 12 months, more than two thirds (70%) of family offices highlighted a trade war. The second biggest concern for more than half (52%), was major geopolitical conflict, followed by higher inflation. Looking five years ahead, those worried about a major geopolitical conflict increased to 61% and 53% were anxious about a global recession likely off the back of potentially serious trade disputes. Alert to the dangers of government borrowing, 50% of family offices were concerned about a debt crisis, according to the survey.

Despite concerns, at the time the survey was conducted, 59% of family offices planned to take the same amount of portfolio risk in 2025 as they did in 2024, staying true to their investment objectives. However, 38% highlighted the difficulty in finding the right risk offsetting strategy when managing portfolio risks, while 29% pointed out the unpredictability of safety assets due to factors such as unstable correlations. Off the back of this, 40% see relying more on manager selection and/or active management as an effective way to enhance portfolio diversification, followed by hedge funds (31%). Almost as many are increasing illiquid asset holdings (27%), and more than a quarter (26%) are using high-quality, short duration fixed income.
Precious metals, used by almost a fifth (19%) globally, have seen their use grow most of all compared with the previous year, with 21% anticipating a significant or moderate increase in their allocation over the next five years.

Shifting asset allocations towards liquid markets

In an unstable time for trade and the global economy, a change of strategic asset allocation is underway.
Some family offices are lifting their weightings in developed market equities and bonds, as they seek liquid opportunities for capital growth and yield in a volatile environment. Increasingly, there are opportunities to access secular growth trends in public equities that were mostly limited to private equity a few years ago, ranging from generative artificial intelligence stocks to power, resources and longevity stocks.

Developed market equity allocations rose, on average, to 26% in 2024 and family offices planning on making changes in 2025 intend to increase this further to 29%. Over the next five years, almost half (46%) of family offices anticipate a significant or moderate increase in their allocation to developed market equities. By contrast, under a quarter (23%) saw themselves doing the same in their developed market fixed income holdings.

After a prolonged period of disappointing returns, with economic growth typically not translating into equity market returns, family offices in the US and Europe are wary of emerging markets, more so than their peers in the Asia-Pacific, Latin America and the Middle East. Globally, family offices allocated just 4% to developing market equities in 2024 and 3% to developing market bonds but are most likely to increase their exposure to India and China over the next 12 months. When it comes to barriers of investing in emerging markets, geopolitical concerns were cited most often (56%), as well as political uncertainty and/or the risk of sovereign default (55%). But currency devaluations and/or inflation (48%), as well as legal uncertainty/lack of regulations (51%) proved almost as much of a deterrent.

While family offices are slightly reducing exposure to private equity, allocations to private markets remain relatively high in 2024 at 21%. However, those planning to change allocations in 2025 intend to lower this to 18% on average, with the reductions mainly driven by direct investments, as subdued capital markets and acquisition activity slow portfolio exits, while higher rates make financing expensive.

Continuing the trend of recent years, North America (53%) and Western Europe (26%) remain the favored investment destinations, claiming almost four fifths of all assets. Allocations to Asia-Pacific (excluding Greater China) and Greater China fell to slightly 7% each.

The future of the family office

Amidst the greatest wealth transfer in history currently underway just over half (53%) of family offices globally have wealth succession plans for the family members in place. However, others are yet to act, mainly because beneficial owners believe they have plenty of time to do so (29% of family offices without succession plans stated this). Over a fifth (21%) stated that the beneficial owners have not decided how to divide up their wealth, while almost as many (18%) indicate that the owners did not have time to discuss it.

Where families do have succession plans, the greatest challenge remains ensuring the transfer of wealth in the most tax efficient manner, according to almost two thirds (64%). More than four in ten (43%) see preparing the next generation to take on wealth responsibly, and in line with family aims, as another great challenge, with only 26% consulting the next generation about the succession plan from the outset.

Regional findings:

United States

Alternative investments make up 54% of U.S. family office portfolios, with 27% in private equity, 18% in real estate and 3% in private debt, according to the survey. By comparison, 46% of portfolios were invested in traditional asset classes, with the largest share in equities (32%), followed by fixed income (9%) and cash (5%). Their portfolios had the highest geographic tilt towards North America (86%), with just 7% in Western Europe and 3% in Asia-Pacific (excluding Greater China). Amongst family offices with equity investments, forty-seven percent of equity portfolios are managed actively.

Latin America

Traditional asset classes constitute 71% of Latin American family office portfolios, with 33% in equities and 31% in fixed income. The share of alternative asset classes was 29%, with the largest investments in private equity (17%) and real estate (6%). Sixty-four percent of their regional asset allocation focused on North America, followed by Latin America (15%), Western Europe (11%) and Asia-Pacific (excluding Greater China) at 5%.

Switzerland

Traditional asset classes account for 56% of Swiss family office portfolios, with 34% in equities and 13% in fixed income. Forty-four percent were invested in alternative asset classes including 16% in private equity, 12% in real estate and 5% in hedge funds. Western Europe was the preferred regional asset allocation (53%), followed by North America (39%) and Asia-Pacific (excluding Greater China) at 4%. More than two thirds (68%) of equity portfolios were managed actively.

Europe (excluding Switzerland)

Traditional asset classes make up 51% of European family office portfolios, with the largest share in equities (30%), followed by fixed income (15%) and cash (6%). The share of alternative asset classes was 49%, led by private equity (27%) and real estate (11%). Like their U.S. peers, they had a reference towards their home market, with 44% of their investment portfolio allocated to Western Europe, followed by the U.S. (43%) and Asia-Pacific (excluding Greater China) of 5%.

Middle East

In the Middle East, portfolios are evenly split between alternative and traditional asset classes (50%), with the largest share in equities (27%), followed by private equity (25%), fixed income (16%) and real estate (14%).
North America was the preferred region in terms of asset allocation (55%), followed by Western Europe (21%) and the Middle East (14%). While Greater China currently ranks fourth (4%) in terms of geographical tilt in portfolios.

North Asia

Sixty percent of portfolios in North Asia are invested in traditional asset classes, with 28% in equities and 21% in fixed income. The share of alternative asset classes was 40%, of which private equity was the preferred investment (15%), followed by real estate (10%) and hedge funds (9%). Forty-three percent of portfolios were allocated to North America, with Greater China ranking second (31%) and Asia-Pacific (excluding Greater China) third at 19%.

Southeast Asia

Traditional asset classes constitute 69% of Southern Asian family office portfolios, with 31% in equities and 27% in fixed income. The share of alternative asset classes (31%) included allocations to private equity (11%) and private debt (6%). Fifty-six percent of portfolios were allocated to North America, followed by Asia-Pacific (excluding Greater China) at 21% and Western Europe at 12%. Thirty three percent plan to increase their exposure to Greater China over the next 12 months and 28% are planning to increase exposure to India and Taiwan respectively.

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