

# The World's Richest Family Offices

---

Our second annual ranking shows that independent firms are the fastest-growing segment of a business focused on nurturing the next generation.

---

**BY ANTHONY EFFINGER**

PHOTO-ILLUSTRATION BY DWIGHT ESCHLIMAN



They call it “money camp.” Twice a week, 6- to 11-year-old sci-  
ons of wealthy families  
take classes on being  
rich. They compete to  
corner commodities  
markets in Pit, the  
raucous Parker Broth-  
ers card game, and

take part in a workshop called “busi-  
ness in a box,” examining products that  
aren’t obvious gold mines, such as the  
packaging on Apple Inc.’s iPhone rather  
than the phone itself.

It’s all part of managing money for the  
wealthiest families, says Katherine  
Lintz, founder of Clayton, Missouri-  
based Financial Management Partners,  
which runs the camp for the children of  
clients. Supplying the families with good  
stock picks and a wily tax strategy isn’t  
enough anymore. These days, it’s about  
applying the human touch, she says.

Lintz, 58, is on to something. Her  
22-year-old firm was No. 2 among the  
fastest-growing multifamily offices in  
the second annual BLOOMBERG MAR-  
KETS ranking of companies that man-  
age affairs for dynastic clans. The assets  
that FMP supervises grew 30 percent  
to \$2.6 billion as of Dec. 31, just behind  
Signature, a Norfolk, Virginia-based  
family office that expanded 36 percent  
in 2011 to \$3.6 billion.

In sheer size, the family office units  
of banks dominate the BLOOMBERG  
MARKETS rankings. Nine of the top 10  
are associated with banks. HSBC Pri-  
vate Wealth Solutions, a unit of Lon-  
don-based HSBC Holdings Plc, is  
No. 1 by total assets under advisement  
for the second consecutive year, with  
\$123.6 billion as of Dec. 31, an increase  
of 21 percent over 2010. No. 2 on the  
list is Northern Trust Corp., based in

Chicago, with \$90 billion, while No. 3  
is BNY Mellon Wealth Management,  
a unit of Bank of New York Mellon  
Corp., with \$64.5 billion.

It’s easier to grow when you’re small.  
Even so, of the top 10 fastest-growing  
firms in the ranking, only one—HSBC  
Private Wealth Solutions—was part of a  
big bank. The other nine were boutiques  
such as FMP—small companies that are  
often willing to accept thinner profit

margins to mind money, prepare taxes,  
pay bills and arrange the purchase of  
private-jet shares for the ultrawealthy.

“We’re getting so good at providing  
things that people didn’t know they  
wanted,” Lintz says. She was a financial  
planner at Chase Manhattan Bank, now  
part of JPMorgan Chase & Co., before  
moving to a sports agency called Bry &  
Associates, where her clients included  
professional football and baseball

## The Top 50 Family Offices

	Firm Name > MAIN OFFICE LOCATION(S)	AUA, in Billions*	YOY % Change	Number of Families**
1	HSBC Private Wealth Solutions > GENEVA, LUGANO AND ZURICH	\$123.6	21%	5 297
2	Northern Trust > CHICAGO	\$90.0	8%	4,101
3	BNY Mellon Wealth Management > NEW YORK	\$64.5	-1%	424
4	Bessemer Trust > NEW YORK	\$62.4	1%	2,100
5	Pictet > GENEVA	\$57.3	3%	>50
6	UBS Global Family Office > ZURICH	\$37.3	NA	125
7	Wilmington Trust (M&T Bank) > WILMINGTON, DELAWARE	\$31.9	6%	306
8	Abbot Downing (Wells Fargo) > MINNEAPOLIS	\$30.6	12%	597
9	U.S. Trust (Bank of America) > NEW YORK	\$29.6	3%	163
10	Hawthorn (PNC Financial) > PHILADELPHIA	\$21.3	9%	>550
11	Rockefeller Financial > NEW YORK	\$21.0	14%	8 238
12	Glenmede > PHILADELPHIA	\$20.5	3%	163
13	Atlantic Trust Private Wealth Management (Invesco) > ATLANTA	\$17.9	6%	2,212
14	GenSpring Family Offices (affiliate of SunTrust Banks) > JUPITER, FLORIDA	\$17.5	-12%	654
15	Harris myCFO (BMO Financial Group) > PALO ALTO, CALIFORNIA	\$16.1	-13%	239

<b>KEY</b>	<span style="background-color: #e0f0e0; border: 1px solid #ccc; display: inline-block; width: 15px; height: 10px;"></span> = Firms with greatest year-over-year growth	<span style="background-color: #0070c0; color: white; border: 1px solid #ccc; display: inline-block; width: 15px; height: 10px; text-align: center; vertical-align: middle;">#</span> = Rank according to YOY growth
------------	--	--

players. Many of them stuck with her when she started her own firm in 1990.

Lintz kicked off her money camp three years ago. She hired a retired math teacher to design the curriculum for the pint-size millionaires—sons and daughters of beer-brewing executives, Internet entrepreneurs and the athletes. Much of this care and feeding comes out of the 30 to 70 basis points against assets that the firm charges the 140 families who utilize its services. (A basis point is 0.01 percentage point.) FMP sometimes charges extra for extraordinary services. Lintz's profit margins are 20 percent, well below the 40 percent she says traditional asset managers aim to earn.

"Multifamily offices have been trying to figure out a profitable business model for a couple of decades," says John Davis, chair of the Families in Business program at Harvard Business School, who studies the firms. "They are seeing the limits of providing a lot of services."

Clients can be demanding. One whose assets are overseen by Signature schedules weekly meetings with its staff, founder Susan Colpitts says. The firm manages the client's money, buys and sells his real estate and helps hire household staff. "We don't walk the dogs, but we do pay the bills and help people with private aviation," Colpitts says.

"The business of tax preparation and bill paying is a lousy business," says G. Moffett Cochran, co-founder of Silvercrest Asset Management Group LLC, which ranked 18th, with \$10.2 billion under advisement. "You can't lever it up. We do it, but we insist we get paid for it properly."

Low margins and all, the business is attracting savvy buyers. In July, Affiliated Managers Group Inc. purchased a stake in Veritable LP, a family office firm in Newtown Square, Pennsylvania, that oversees \$10.3 billion for 193 hyper-rich families and that's No. 17 in the ranking. AMG won't say how much of Veritable it bought or how much it paid.

AMG normally buys mutual funds

	Firm Name > MAIN OFFICE LOCATION(S)	AUA, in Billions*	YOY % Change	Number of Families**
16	Oxford Financial Group > CARMEL, INDIANA	\$12.1	17%	6 76
17	Veritable > NEWTOWN SQUARE, PENNSYLVANIA	\$10.3	2%	193
18	Silvercrest Asset Management > NEW YORK	\$10.2	8%	116
19	Frankfurt Family Office (BHF-BANK) > FRANKFURT	\$9.8	0%	50
◆	Johnson Investment Counsel > CINCINNATI	\$9.8	2%	NA
21	Whittier Trust > SOUTH PASADENA, CALIFORNIA	\$9.0	9%	275
22	TAG Associates > NEW YORK	\$6.8	1%	20
23	Ballentine Partners > WALTHAM, MASSACHUSETTS	\$6.6	12%	62
24	Commerce Family Office > ST. LOUIS	\$6.5	10%	75
◆	Tiedemann Wealth Management > NEW YORK	\$6.5	5%	90
26	BBR Partners > NEW YORK	\$5.7	7%	79
27	McCutchen Group > SEATTLE	\$5.2	2%	4
◆	Spudy & Co. Family Office > HAMBURG	\$5.2	8%	70
29	1875 Finance > GENEVA	\$5.1	13%	9+ 3
30	Athena Capital Advisors > LINCOLN, MASSACHUSETTS	\$4.4	28%	3 28
◆	Baker Street Advisors > SAN FRANCISCO	\$4.4	7%	30
32	Constellation Wealth Advisors > NEW YORK	\$4.3	13%	9+ 200
33	Kanaly Trust > HOUSTON	\$4.0	0%	245
34	Synovus Family Asset Management > COLUMBUS, GEORGIA	\$3.9	2%	31
35	Federal Street Advisors > BOSTON	\$3.8	-9%	28
◆	Marcuard Family Office > ZURICH	\$3.8	8%	45
37	Clarfeld Wealth Strategists & Financial Confidantes > TARRYTOWN, NEW YORK	\$3.7	6%	300
◆	Gresham Partners > CHICAGO	\$3.7	25%	4 70
◆	Pitcairn > JENKINTOWN, PENNSYLVANIA	\$3.7	-7%	42
40	Presidio Group > SAN FRANCISCO	\$3.6	3%	147
◆	Signature > NORFOLK, VIRGINIA	\$3.6	36%	1 45

\*Assets under advisement as of Dec. 31.

\*\*Multigenerational families.

NA indicates figures not available.

Source: Bloomberg

and hedge funds, which charge higher fees because they manage money directly. Family offices often farm out clients' money to professional managers. AMG's stakes in 27 managers generated \$553.4 million for the firm in 2011. "I really don't care what the margin is," AMG CEO Sean Healey says. "A lower-margin business that is stable is perfectly fine." (For more on AMG, see "Sean Healey's \$400 Billion Fund Empire," August 2012.)

Boutiques such as Signature and FMP are eating into a business that the banks rely on. Their middle-class clients are getting poorer. Median household net worth in the U.S. declined to \$77,300 in 2010, the lowest since 1992, according to a June study by the U.S. Federal Reserve. New laws designed to prevent a replay of the 2008 credit crisis have made trading less lucrative too.

That makes banking for the wealthiest more attractive than ever. To take in more family cash, many big institutions are trying to look smaller—and more blue-blooded. In April, Wells Fargo & Co. set up a unit called Abbot Downing to court family clans with \$50 million or more. The name—which sounds suspiciously posh—is real. Abbot-Downing Co. designed the Concord Coach, the 19th-century stagecoach that's part of the Wells Fargo logo. Mark Twain called it a "cradle on wheels" because of the rocking ride.

U.S. Bancorp last year rebranded its wealth-management unit, calling it Ascent Private Capital Management. Ascent has opened sleek offices in Minneapolis and Denver that look like Apple Inc. stores, all glass and white walls, where wealthy clients can take classes, hold meetings and even throw dinner parties for as many as 50 people, with china provided. Michael Cole, president of Ascent, says the unit will earn pretax margins of more than 30 percent because it plans to charge for many of its noninvestment services and also make money lending to clients and taking deposits—services independent family offices can't perform.

	Firm Name > MAIN OFFICE LOCATION(S)	AUA, in Billions*	YOY % Change	Number of Families**
42	Monitor Capital Partners > ANTWERP, BELGIUM	\$3.3	11%	74
43	St. Louis Trust > ST. LOUIS	\$2.9	6%	39
◆	SandAire > LONDON	\$2.9	15%	17
45	Ascent Private Capital Management (U.S. Bancorp) > SAN FRANCISCO	\$2.8	NA	35
46	Bollard Group > BOSTON	\$2.6	NA	8
◆	Financial Management Partners > CLAYTON, MISSOURI	\$2.6	30%	140
◆	Threshold Group > GIG HARBOR, WASHINGTON	\$2.6	-11%	59
49	Vogel Consulting > BROOKFIELD, WISCONSIN	\$2.5	3%	24
50	Tolleson Wealth Management > DALLAS	\$2.4	0.1%	103

\*Assets under advisement as of Dec. 31.

Source: Bloomberg

\*\*Multigenerational families.

NA indicates figures not available.

## The Top Firms by Assets per Family

	Firm Name > MAIN OFFICE LOCATION(S)	Average Assets per Family, in Millions	AUA, in Billions*	Number of Families**
1	1875 Finance > GENEVA	\$1,700	\$5.1	3
2	McCutchen Group > SEATTLE	\$1,307	\$5.2	4
3	Pictet > GENEVA	\$1,146	\$57.3	50
4	HSBC Private Wealth Solutions > GENEVA, LUGANO AND ZURICH	\$416	\$123.6	297
5	TAG Associates > NEW YORK	\$340	\$6.8	20
6	Bollard Group > BOSTON	\$326	\$2.6	8
7	UBS Global Family Office > ZURICH	\$298	\$37.3	125
8	Frankfurt Family Office (BHF-BANK) > FRANKFURT	\$197	\$9.8	50
9	U.S. Trust (Bank of America) > NEW YORK	\$181	\$29.6	163
10	SandAire > LONDON	\$168	\$2.9	17

\*Assets under advisement as of Dec. 31.

Source: Bloomberg

\*\*Multigenerational families.

Even Swiss banks, which have minded family money for centuries, are elevating their game. Zurich-based UBS AG, whose Global Family Office is No. 6 in the BLOOMBERG MARKETS list, is working hard to gain clients in Asia, where new dynasties are forming at the fastest clip. The number of millionaires there rose 1.6 percent to 3.37 million last year, surpassing North America, which had 3.35 million, for the first time ever, according to a report by Capgemini and RBC Wealth Management.

In Hong Kong, UBS dedicated the 48th floor of Two International Finance Centre to the “ultra” clients, those with at least \$50 million in assets, says Amy Lo, head of UBS’s ultra-high-net-worth unit in Asia. There, clients can meet with a fixed-income or equity specialist or talk with an investment banker about an opportunity to buy into a company preparing to do an initial public offering, Lo says.

Boutique family offices question both the big banks’ level of service and their motivation; they say the banks are too eager to sell their own hedge and mutual funds to clients.

A federal judge last year ordered Citigroup Inc. to pay two clients \$54.1 million for losses in a hedge fund that borrowed billions of dollars to try and extract higher yields from municipal bonds. Citi had pitched the fund to private-banking clients as a safe alternative to conventional bonds. Citi spokeswoman Danielle Romero-Apsilos said

in an e-mail that Citi acted appropriately at all times.

Lately, the boutiques have been emphasizing another low-margin service: family governance. Family offices convene clan meetings and help appoint councils whose members set an agenda for the family, Harvard’s Davis says.

Ascent Private Capital’s Cole says his bank-based firm goes to great lengths to apply the human touch. “We don’t just help our clients manage wealth,” he says. “We help them manage the impact of wealth.” Ascent has two experts

assets, Pitcairn says. Unlike Signature and FMP, which serve mostly families that are newly wealthy, Pitcairn deals with old money. “If you are able to serve one of these complex families in an excellent way, you have the added benefit of creating an annuity effect by forming long-term relationships,” Pitcairn says. “While the margins may be smaller in the beginning, the opportunity to build and expand these relationships over time is far greater.”

Creating long-term family relationships is part of what Lintz’s money camps are about. She says about 30 kids

## ‘Tax preparation and bill paying is a lousy business,’ Silvercrest’s Cochran says.

on staff, both with Ph.D.’s in organizational psychology, who coach families on leadership, decision making and managing change.

This delicate work can prevent breakdowns that might land fathers and sons, or brothers and sisters, in court, says Rick Pitcairn, chief investment officer at Pitcairn, a Philadelphia-based family office started by the descendants of John Pitcairn, founder of glassmaker PPG Industries Inc.

Pitcairn serves the fourth and fifth generations of Pitcairns, plus 41 other multigenerational families. Most have from \$75 million to \$300 million in

had gone through the program as of mid-July. Another 20 high school and college kids have taken courses on budgets and taxes.

“The firms that are growing are committed to this kind of work,” Lintz says. The big banks, she says, had better upgrade their services—and maybe hire some camp directors—or risk losing clients to their smaller and more nimble competitors.

**ANTHONY EFFINGER** IS A SENIOR WRITER AT BLOOMBERG MARKETS IN PORTLAND. [AEFFINGER@BLOOMBERG.NET](mailto:AEFFINGER@BLOOMBERG.NET) WITH ASSISTANCE FROM **YOOLIM LEE** IN SINGAPORE AND **JUDITH SJO-GABER** IN NEW YORK.

To write a letter to the editor, send an e-mail to [bloombergmag@bloomberg.net](mailto:bloombergmag@bloomberg.net) or type **MAG <Go>**.

### How We Crunched the Numbers

Our ranking of family offices is based on data compiled by Bloomberg from information self-reported by multifamily firms. The list was assembled through research by the Bloomberg Rankings team and via a survey of more than 1,000 firms worldwide, using a database obtained from Portland,

Oregon-based Family Offices Group. More than 115 firms responded to the survey.

We ranked the top 50 by assets under advisement, which includes wealth directly managed by the family offices and funds outsourced to money-management firms.

Single-family office firms were excluded. Family offices that are part of banks were included if the bank has a unit that offers direct

and comprehensive investment and noninvestment services to high-net-worth families. Figures for assets under advisement include only assets managed by the family-office unit of the bank.

Money managed for pension funds was excluded; money managed for private family foundations was included.

The ranked firms provide a variety of noninvestment services, including facilitation

of family meetings, financial education, art consulting, estate planning, family governance consulting, foundation management, business consulting and concierge services such as property management, private travel arrangement and shopping assistance.

**BLOOMBERG RANKINGS**  
[RANKINGS@BLOOMBERG.NET](mailto:RANKINGS@BLOOMBERG.NET)