



2024 Year in Review

February 2025

Addepar's unique data set reveals insights into sophisticated family office investment strategies that serve as a key resource for understanding allocation trends — especially in alternative investments — for a range of portfolio managers.

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Confidential

Overview

At year end, most investment managers look ahead and make predictions. Yet combining forward outlooks with a deeper analysis of what sophisticated investors are doing with their portfolios right now can provide more holistic insights.

Our analysis of family office portfolios, summarized in this report, enables all clients – from RIAs to institutional investors— to bridge what is happening today and expectations regarding the next 12 months at the aggregate and asset-class levels. Our findings are derived from the aggregated position and flow-level data of over 550 family offices, with over \$1 trillion on our platform. Our independent research process and unique data set provide novel, systematic approaches to identifying portfolio opportunities.

This report reveals key findings in two sections:

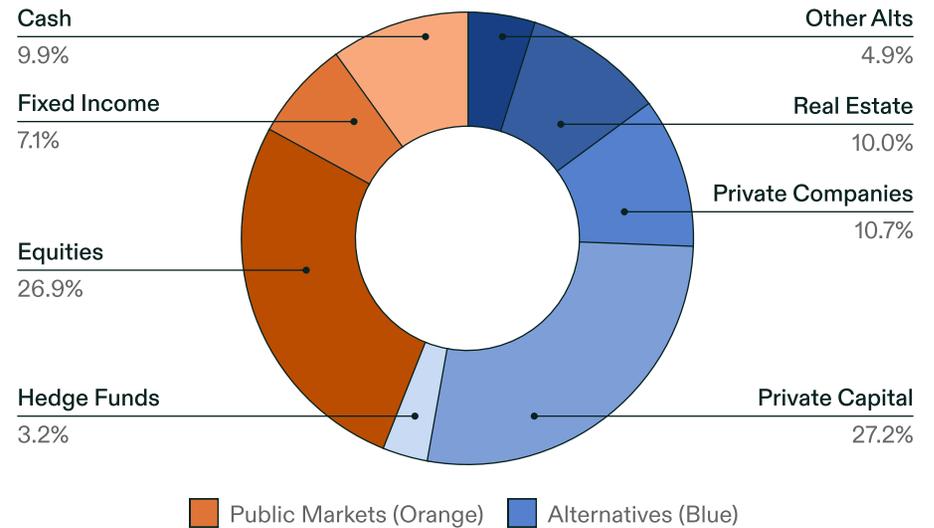
1. Allocation trends across major asset classes.
2. A deep dive into how regular portfolio check-ups can uncover major savings in public equities.

Please reach out to us at research@addepar.com for a deeper analysis and information on diagnosing your portfolios.

Asset Allocation

To begin, we show the average asset allocation for a family office in 2024. Alternative assets (i.e., hedge funds, private equity, venture, private credit, private companies and real estate) are an increasingly prominent feature of family office allocations, comprising 56% of a typical portfolio.

Average Family Office Portfolio, 2024



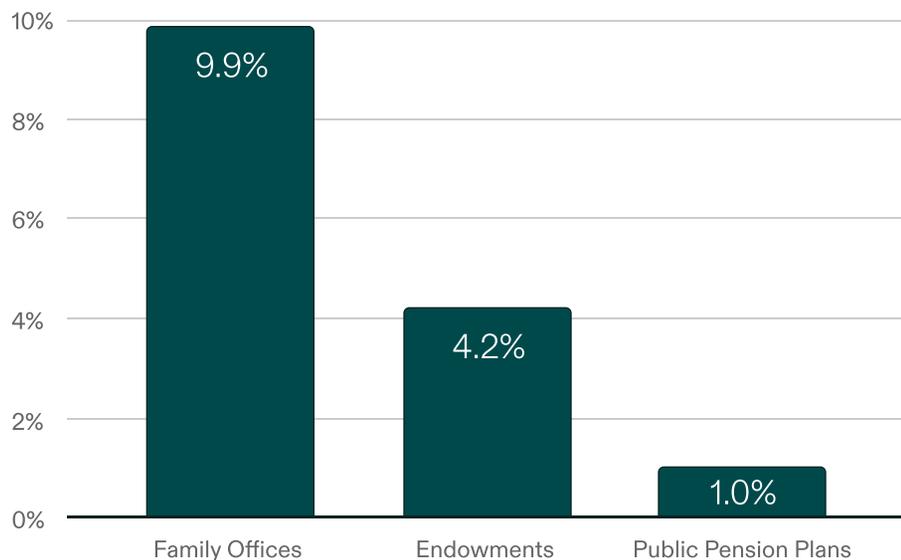
Note: Private capital includes private equity, venture capital and private credit. Real estate includes funds, REITS and direct. Other alternatives include mixed allocation fund of funds, other collective vehicles, commodities and collectibles. All positions are as of 12/31/2024 unless otherwise stated.

Asset Class Allocation Trends

Cash

On average, family offices maintain higher cash allocations in their portfolios compared to institutional investors. The 9.9% cash allocation in family office portfolios, compared to 4.2% and 1.0% for endowments and pension plans, respectively, serves as a buffer against capital calls and flexibility to act on attractive investment opportunities. Still, many family offices are looking into [cash forecasting solutions](#) to reduce cash drag.

Comparison of Average Cash Allocations for Family Offices and Institutional Investors, 2024

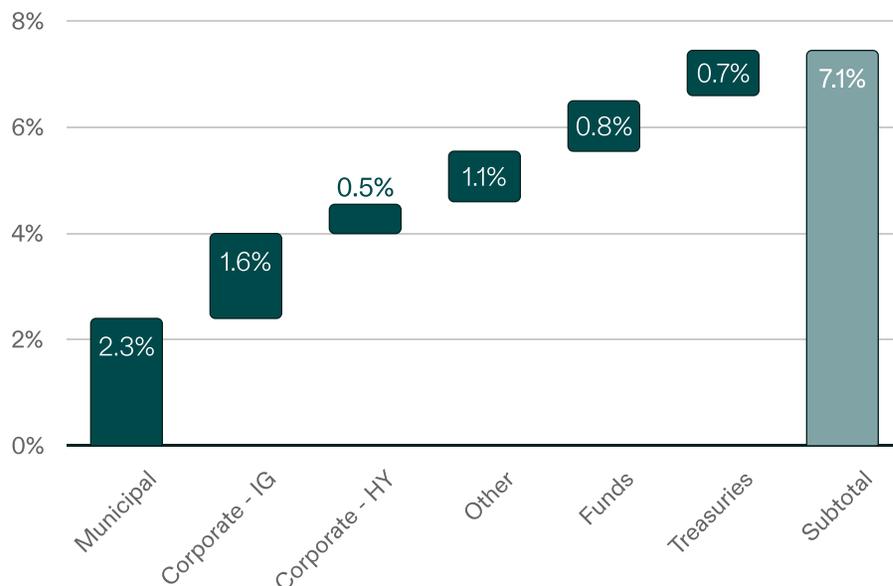


Public Pension Plans Source: Center for Retirement Research
Endowments Source: Cambridge Associates

Fixed Income

Within public fixed income, family offices favor municipal bonds (2.3%) and corp bonds (2.1%), which comprise the majority of the 7.1% average portfolio allocation for this asset class. Many investors are reallocating to private credit, which offers advantages in a low-term premium and rising rate environment (since 2022). This has led to the lowest public fixed income allocations since the pre-COVID period.

Average Public Fixed Income Allocation in Family Office Portfolios, 2024

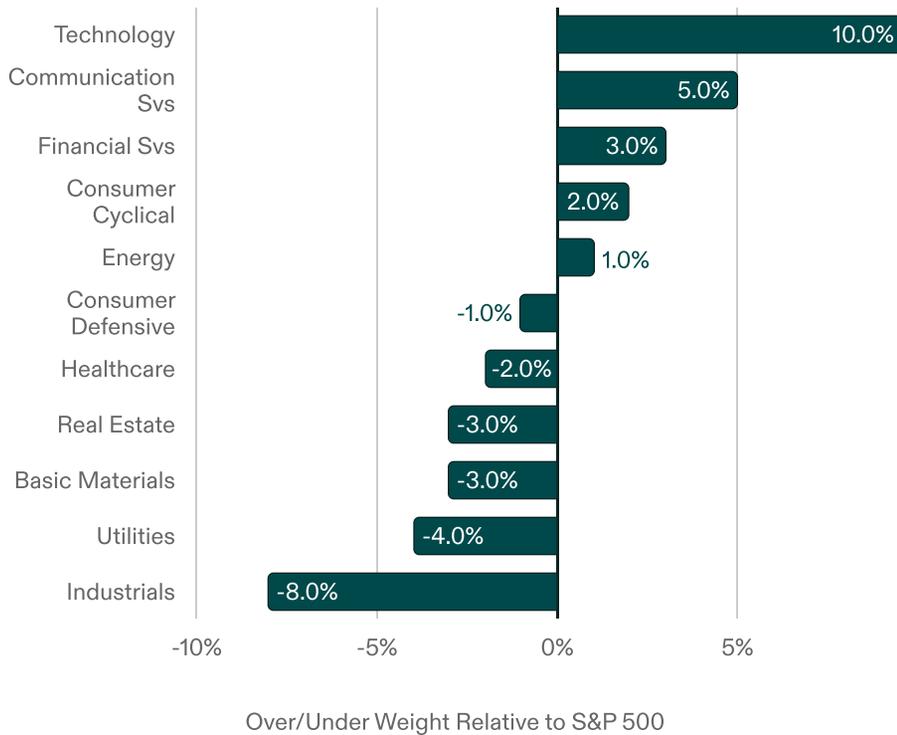


Note: Other includes fixed income derivatives, promissory notes and insurance products.

Equities

Family offices allocate approximately 60% of their portfolios to individual securities. By sector, they are notably overweight in technology, communications and financial services while underweight in industries tied to the real economy. This positioning reflects bets on the continued success of mega-cap technology, artificial intelligence and the “Trump trade.”

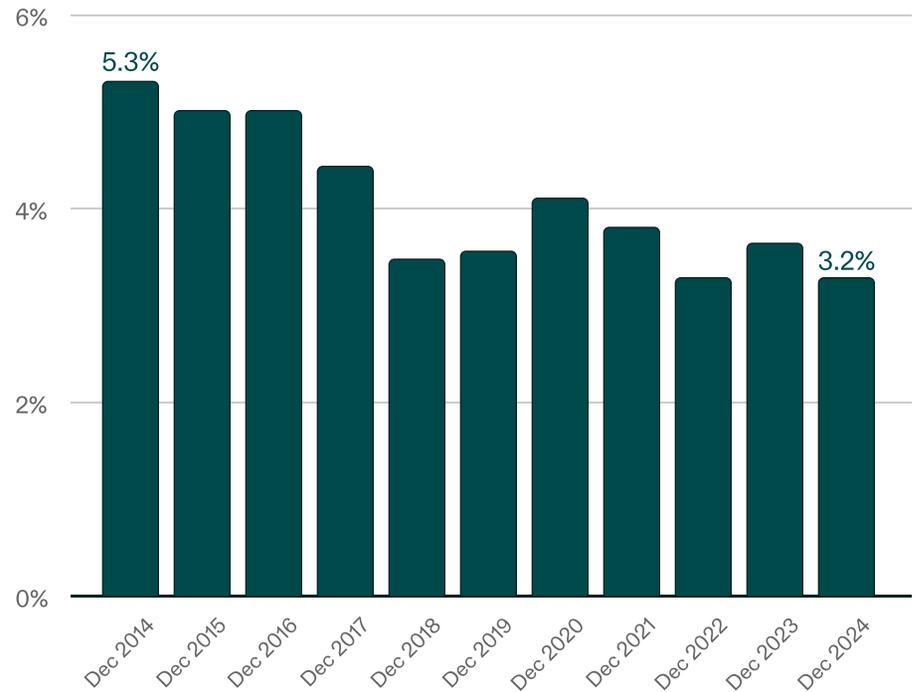
Average Weight of Securities in Family Office Portfolios Relative to the S&P 500 by Sector, 2024



Hedge Funds

High fees, taxes and a strong correlation of hedge funds to other asset classes continue to deter family offices from investing in hedge funds. As a result, allocations continue to decline secularly, falling to a long-term low and now averaging just 3.2%. On net, flows are negative to this asset class as family offices redeem or reduce exposure, particularly after lackluster individual fund or equity market performance.

Average Hedge Fund Allocations in Family Office Portfolios, 2014-24



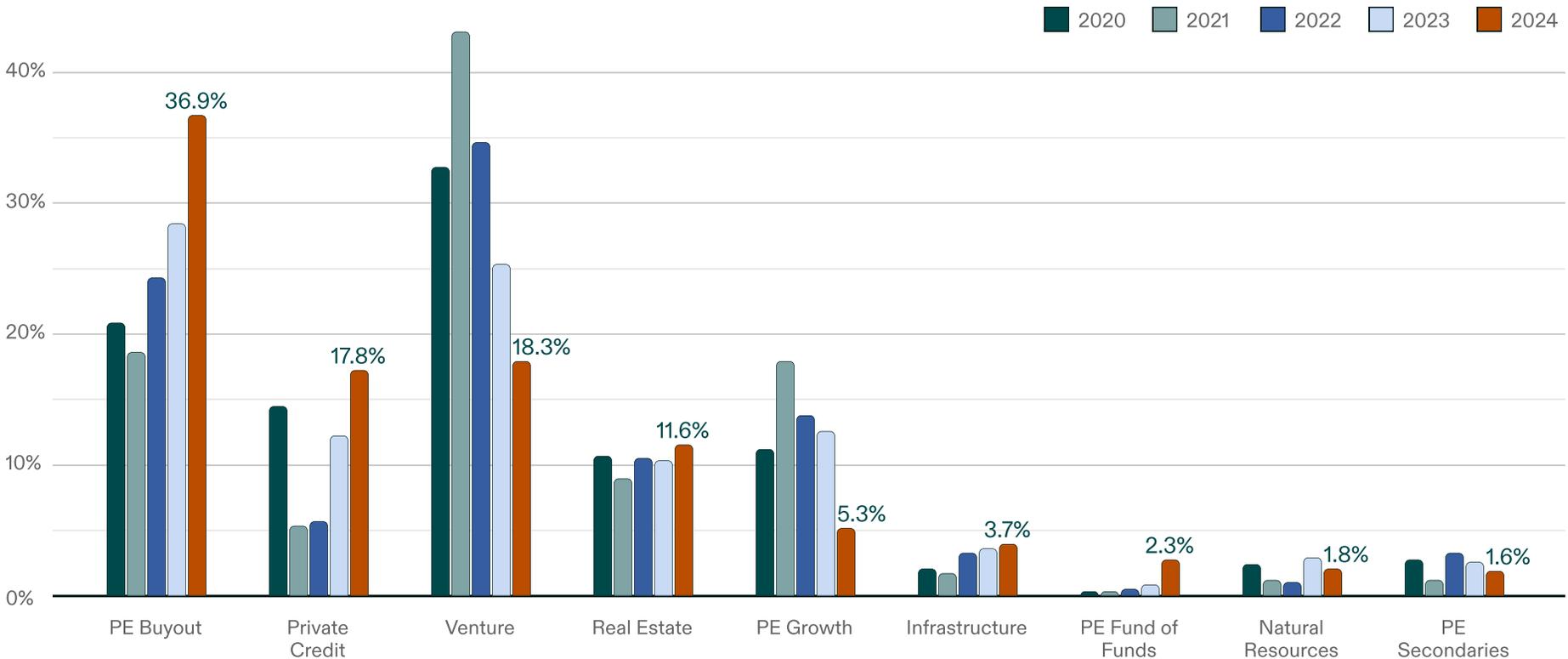
Note: Data are average allocations at month-end.

Private Capital Commitments

Within private equity, commitments have steadily increased to buyout funds over the past four years at the expense of growth funds, which experienced a significant drop in commitments from 2023 to 2024. This trend aligns with institutional investors and is not unique to family offices on the Addepar platform. Private credit commitments reached record highs in 2024, fueled by the rising interest rate environment

from 2022 to 2024. This trend contrasts with institutional investors' commitments, where capital raised in private credit peaked in 2021 and declined in the following years. Similarly, venture capital commitments have fallen since 2021, a shift observed among family offices and institutional investors alike.

Average Private Capital Commitments in Family Office Portfolios, 2020-24



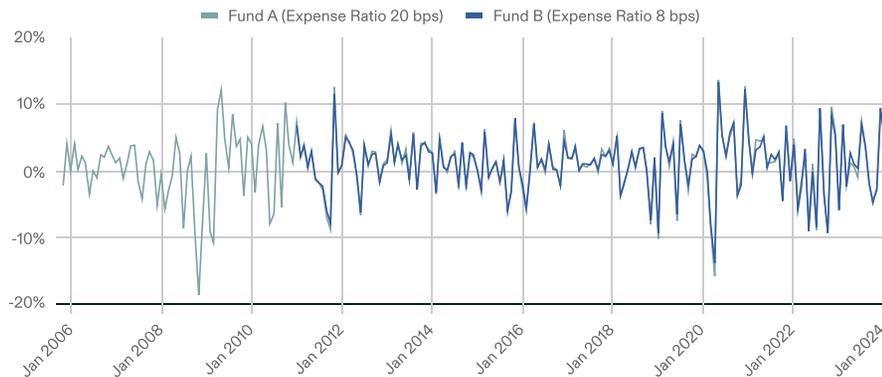
Public Equity Manager Evaluation

Regularly re-underwriting managers and measuring their value is a vital portfolio management routine, similar to a yearly check-up. Many investors are unable to perform periodic portfolio evaluations, however, due to a lack of data access and turnkey tools. This case study of public equities, the largest allocation for most investors, shows the **opportunity at stake**. While investors can purchase equity fund return streams with cheaper alternatives, many do not. This example, which illustrates our methodology, is both real and prevalent on the platform.

Return Comparison

Many HNW investors hold Fund A. In 2006, investors purchased shares of Fund A and never revisited the decision. Since then, cheaper alternatives have come onto the market; Fund B has similar returns at lower fees (8 vs. 20 bps)*. Switching funds would **generate 12 bps** of return improvement, or \$30,000 on a \$25 million position.

Monthly Returns of Funds A and B, 2006-23



*The correlation between Fund A and Fund B is .99 and 2% annualized tracking error.

Potential Benefits

Our data reveal that billions of assets could be switched to lower-fee funds, which would save hundreds of millions of dollars.

Dollar Gains in Fee Reduction by Tracking Error Threshold

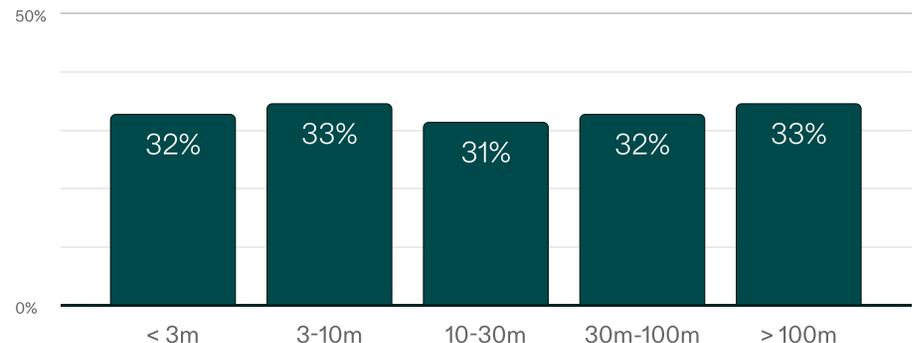
Switch if expense ratio savings is ≥



Opportunity to Reduce Fees

Our analysis further shows that all investor groups may be overpaying fees for more than 30% of their fee pools. Most investors can better access similar public equity funds with lower fees.

Percentage of Funds with Possible Savings by Wealth Group, 2024



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