



Canadian
Family Offices

2024

The Multi-Family Office Landscape in Canada

A Canadian Family Offices Survey

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Introduction

Developing an in-depth understanding of the multi-family office ecosystem in Canada is a significant challenge. One reason is that multi-family offices are relatively new in the realm of Canadian financial services, and the number of MFOs, at least based on anecdotal evidence, is growing rapidly. The MFO space includes firms with a variety of business models, ownership structures and offerings, not to mention client characteristics. Perhaps not surprisingly, there is little consensus over taxonomy: in terms of assets under management, client family minimum net worth, services or products offered, and other issues, industry participants often disagree, sometimes strongly, over what kind of firm qualifies as a “true” MFO.

In our view, such discussions and debates are healthy, but they have been taking place in something of an information vacuum. The existing research on family offices is extensive, but it generally focuses on the United States, Europe or the rapidly growing family office space in the Middle East and Asia, leaving little room for in-depth analysis of the Canadian landscape.

This survey—the first by *Canadian Family Offices*—is part of our ongoing efforts to close that gap. It captures the views of representatives from more than 50 MFOs—a more robust response than we hoped for when we launched the survey in July 2024—on a wide range of questions. Part 1 focuses on the characteristics of MFOs, including staff count, number and assets of clients, total assets under management, and location. Part 2 explores external challenges and issues of concern, from the regulatory environment to geopolitical uncertainty. Part 3 discusses how MFOs are allocating clients’ capital—and where they expect to allocate it over the next 12 months. Finally, Part 4 takes a deep dive into the differences between large and small MFOs, two cohorts that dominated the respondent pool in our survey.

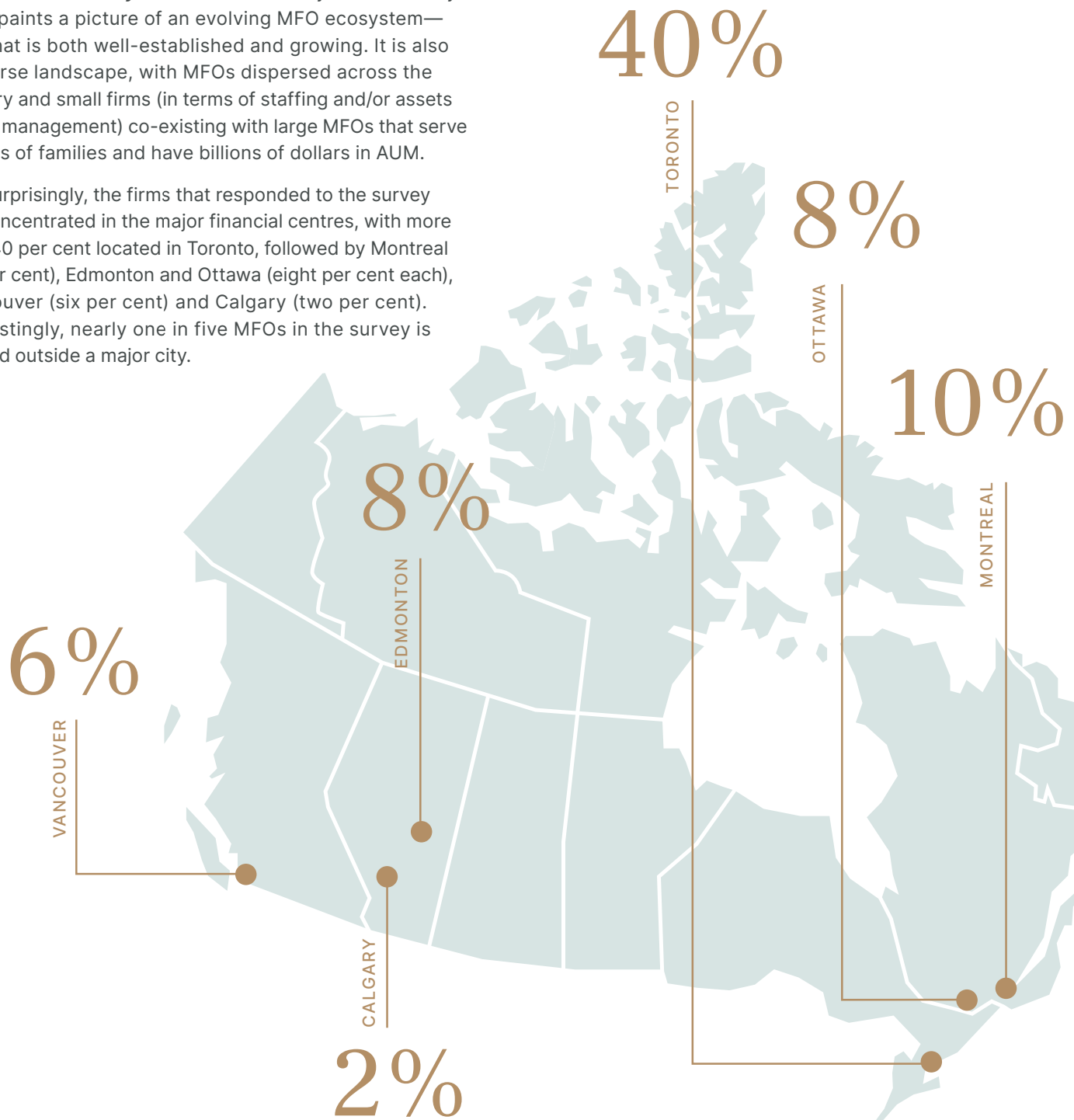
While the response rate was larger than we expected, the data and analysis in this report are intended to be directional rather than definitive. Hopefully, it will provide food for thought—and perhaps more debate—for anyone in, or interested in, the family office ecosystem in Canada.

The Editors of Canadian Family Offices

The evolving MFO landscape

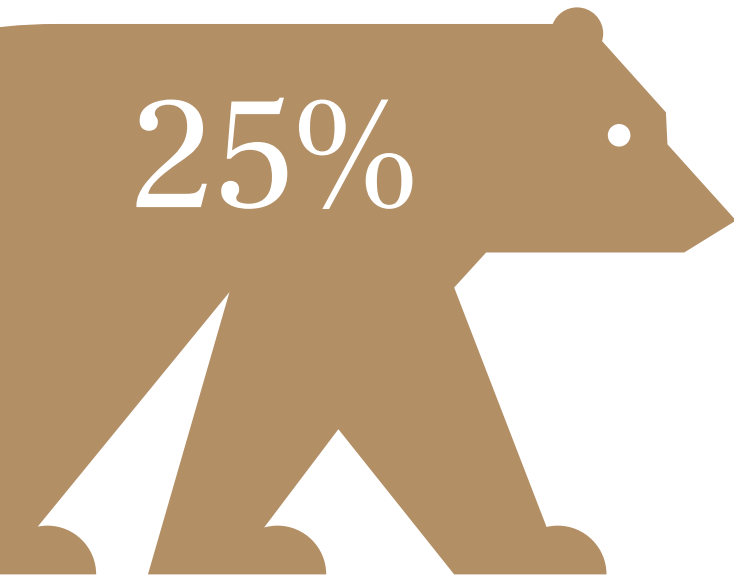
The *Canadian Family Offices* Multi-Family Office Survey 2024 paints a picture of an evolving MFO ecosystem—one that is both well-established and growing. It is also a diverse landscape, with MFOs dispersed across the country and small firms (in terms of staffing and/or assets under management) co-existing with large MFOs that serve dozens of families and have billions of dollars in AUM.

Not surprisingly, the firms that responded to the survey are concentrated in the major financial centres, with more than 40 per cent located in Toronto, followed by Montreal (10 per cent), Edmonton and Ottawa (eight per cent each), Vancouver (six per cent) and Calgary (two per cent). Interestingly, nearly one in five MFOs in the survey is located outside a major city.

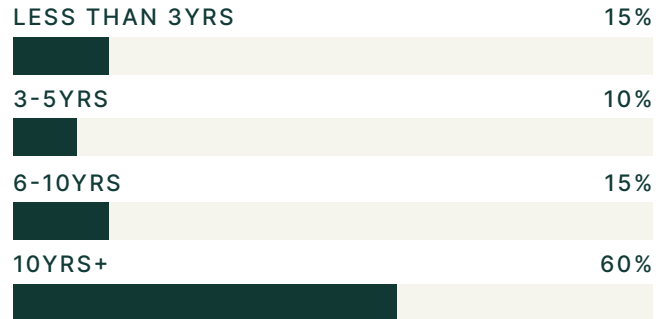


Percentage of surveyed MFOs in operation for 5 years or less.

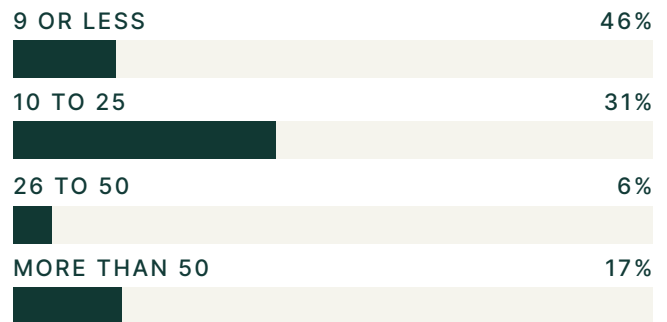
25%



How many years has your firm been providing multi-family office services?



How many full-time employees do you have, including yourself?



The MFO model is certainly nothing new in Canada. Most respondent firms (nearly 60 per cent) in our survey have been providing multi-family office services for more than 10 years. Yet the findings also suggest that there has been a significant number of entrants into the space over the past five years. In fact, the second-largest cohort of responding firms has been in operation for fewer than three years, and about a quarter of all firms surveyed have been providing MFO services for five years or less.

The survey also found a wide variety among MFOs in terms of staffing. By head count, most firms surveyed were relatively small, with a plurality (46 per cent) having nine or fewer employees. On the other end of the spectrum, about 17 per cent of respondents are truly large, with more than 50 employees.

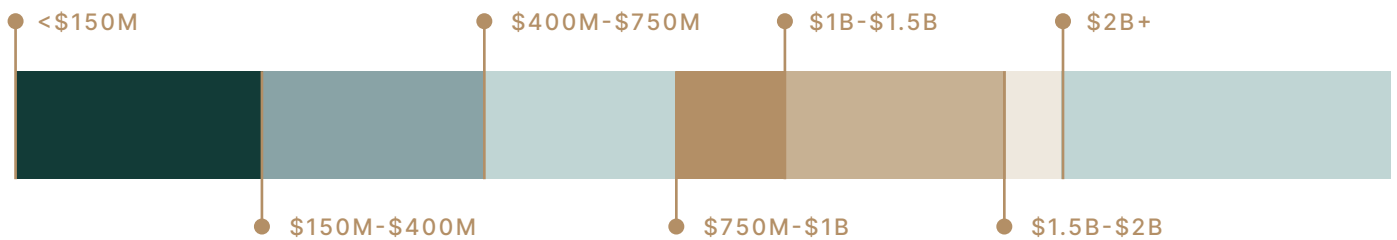
Proportion of survey respondents that are either very large or very small, by number of families served.

This barbell pattern became even clearer when we asked firms about total assets under management (AUM) and families served. More than half of firms surveyed have AUM of \$1 billion or less, but of those, nearly a third have AUM less than \$150 million, and 60 per cent were under \$400 million. However, of the 44 per cent of firms with total AUM of more than \$1 billion, 60 per cent reported AUM of more than \$2 billion.

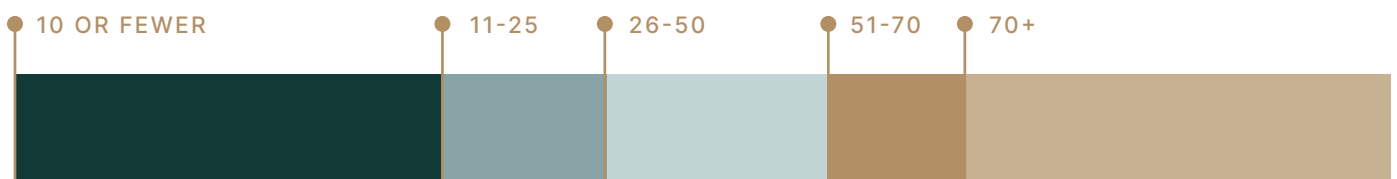
Meanwhile, more than 31 per cent of MFOs we surveyed serve 10 families or fewer—the same proportion that serve more than 70 families. Taken together, very large (>70 clients) and very small (10 or fewer clients) firms comprise nearly two-thirds of respondents in our survey.



What would you estimate are your firm's total current assets under management (AUM)?

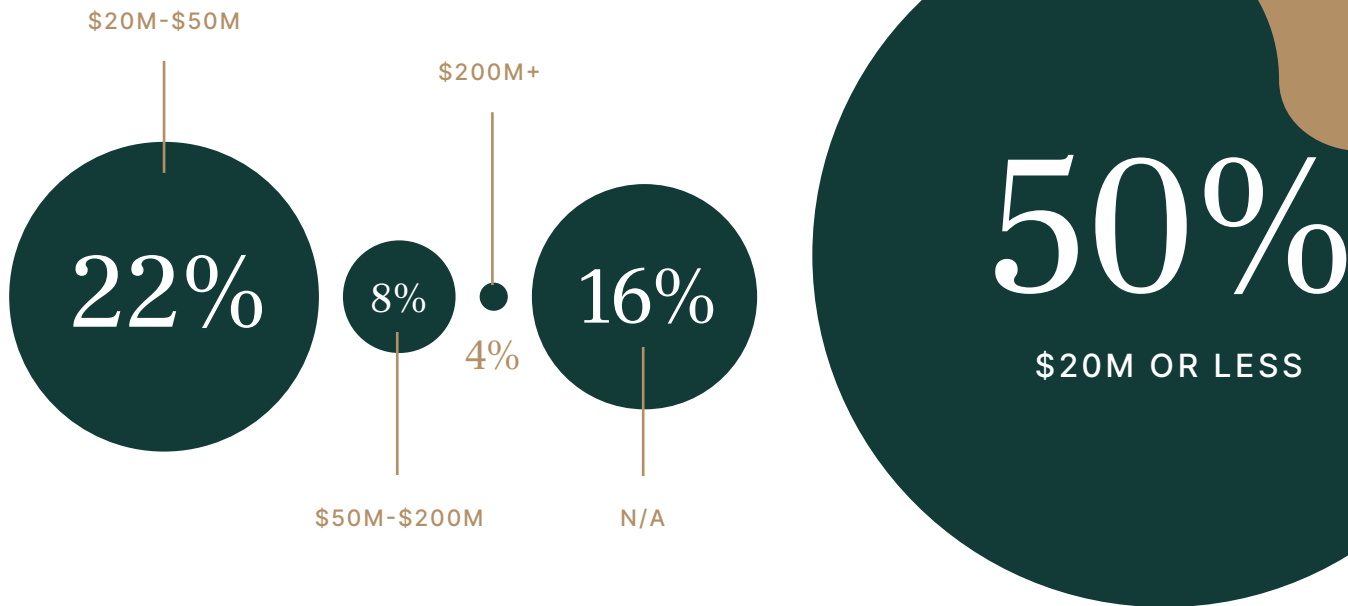


How many families does your firm serve?



Clearly, however, most multi-family offices are designed to bring services to clients with more modest investable assets than those of single-family offices. Of respondent firms with a minimum client asset threshold, more than 85 per cent require less than \$50 million and nearly 60 per cent require less than \$20 million. Only a handful—about five per cent—set a threshold of \$200 million or more. As well, nearly 80 per cent of reporting respondents said that average AUM per family client group was less than \$250 million.

What is the required minimum asset amount for your clients?



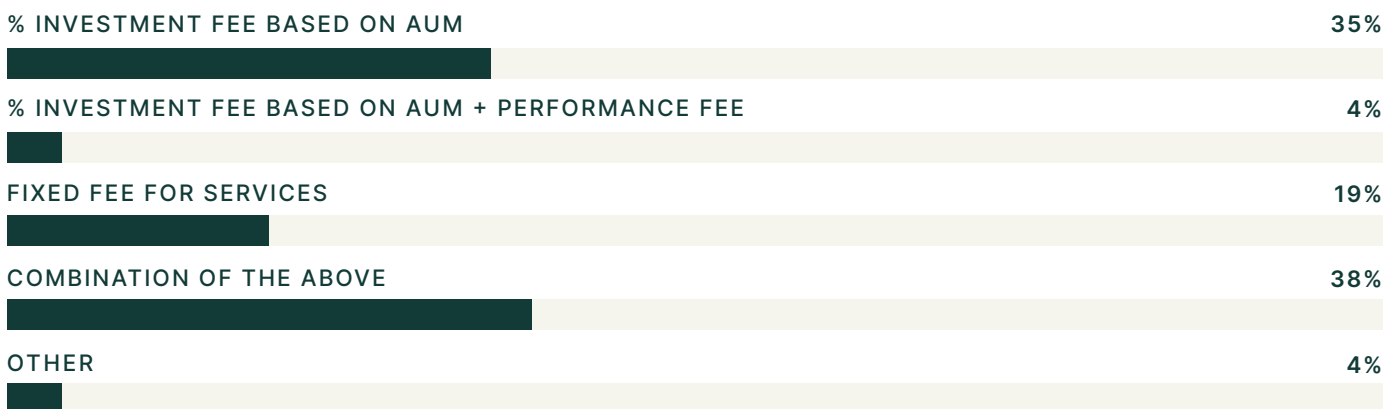
What would you say is your firm's average AUM per family client group?



When we asked MFOs about their revenue and client service models, the answers illustrated the breadth and diversity of the group. More than a third of respondents charge a percentage investment fee based on AUM, while a much smaller proportion—just over four per cent—charge a percentage investment fee plus a performance fee. A solid number (more than 18 per cent) charge a fixed fee for services, but a plurality of MFOs surveyed (nearly 38 per cent) use a combination of percentage, performance and/or fixed fees.

On client service, most MFOs surveyed provide a wide range of services in-house, including investment management and advisory, estate and succession planning, tax planning and compliance, philanthropy and social impact investing, and financial education and family governance services. Lifestyle management and concierge services, however, are more rarely offered in-house, with more than 40 per cent of respondents saying they outsource such services and a third not offering them at all.

Which option best describes your revenue model?



Regarding the services your firm offers, how does it provide them?

SERVICES	IN-HOUSE	OUTSOURCE	N/A
Investment management and advisory	73%	20%	7%
Estate and succession planning, insurance	64%	31%	5%
Tax planning and compliance	58%	35%	7%
Philanthropy and social impact investing	69%	18%	13%
Financial education and family governance	76%	18%	6
Lifestyle management and concierge services	22%	45%	33

MFOs’ top concerns

To get a better understanding of what challenges multi-family offices see for themselves and their client families going forward, we asked respondents to rank their chief concerns.

The top concern among respondents: Canadian tax rates—an issue that might receive further attention given the recent electoral victory of U.S. Republican presidential nominee Donald Trump, who has promised substantial tax cuts. The second most common concern cited was recession, suggesting that many MFOs may consider the Bank of Canada’s rate reversal this year to be a case of too little, too late. Meanwhile, the third most cited concern was geopolitical unrest—hardly surprising, given the ongoing conflicts in the Middle East and Ukraine and seemingly entrenched trade and political tensions between the West and China.

Interestingly, despite widespread media attention to cybersecurity threats, they ranked relatively low among MFOs’ concerns.

On the other hand, about 15 per cent of respondents said their firm had been the target of a cybersecurity attack over the past year. That may suggest that while cyberattacks are not a main concern of multi-family offices at the moment, perhaps they should be.

Top 3 Concerns for MFOs

- 1 Tax rates in Canada
- 2 Recession
- 3 Geopolitical unrest

Percentage ranked as a Top 3 Concern

TAX RATES IN CANADA	66%
RECESSION	62%
GEOPOLITICAL UNREST	53%
CYBER RISKS	17%

15%
of MFOs have been
targeted by a cyberattack
in the past year.

Please rank the following reasons why the Canadian family office market is several years behind those of the U.S. and Europe. *(Percentage ranking as Top 3)*



The survey also probed respondents about their thoughts on the widespread view that the family office ecosystem in Canada lags those of Europe and the United States. Asked to rank which of six factors contribute most to this perception, many respondents pointed to the simple fact that there is a shorter history in Canada of affluent clients seeking sophisticated planning services. However, the highest-ranked factor was Canada's tax and regulatory environment, followed by the risk aversion of Canadian clients.

Where MFOs invest (and where they don't)

One of the chief attributes of the family office model is that it allows clients to gain exposures to a wide range of investment types and asset classes. The MFO Survey suggests that family clients are taking full advantage of this access.

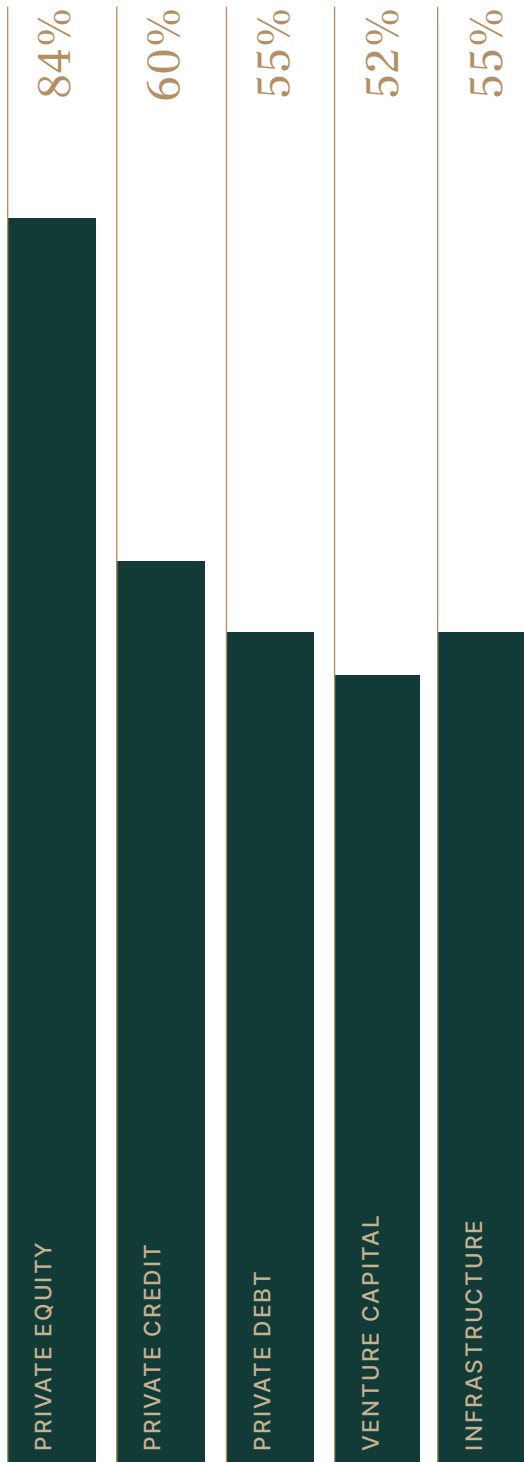
For example, the survey asked whether MFOs had increased, decreased or left unchanged clients' holdings in seven different asset classes during the first six months of 2024. In three of the most significant asset classes for family offices traditionally—public equity, public market fixed income, and real estate—the most common answer was that they had no change to clients' current holdings. This may be owing to the fact that the Bank of Canada had just begun its rate-cutting cycle when the survey was conducted, perhaps putting respondents into a wait-and-see stance. Confidence in public markets remained high, however, with more than 90 per cent of respondents saying they were at least somewhat confident in them.

If MFOs were largely in a holding pattern on public markets and real estate, they were more constructive on private markets, according to our survey. More than half of respondents said that they increased clients' holdings of private equity, while a plurality—more than 40 per cent—had increased holdings of private credit/debt. This trend toward making private investments a larger component of client portfolios is consistent with the findings of other recent surveys, and may be ascribed to MFOs not only seeking higher returns in non-public markets, but also gaining appropriate asset exposures for their clients' long-term investment horizons.

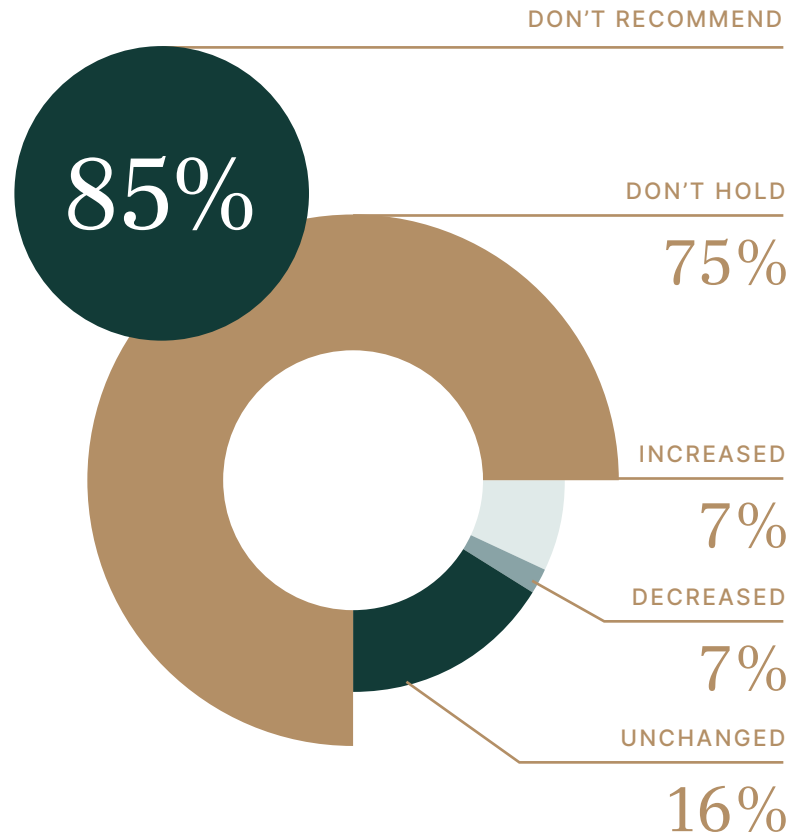
How MFOs increased or decreased clients' holdings in the following asset classes during the past 6 months.

ASSET CLASSES	INCREASED	DECREASED	UNCHANGED	DON'T HOLD
PUBLIC MARKET & REAL ESTATE				
Public equities	25%	20%	50%	5%
Public fixed income	33%	14%	47%	6%
Real estate	25%	7%	56%	12%
PRIVATE MARKET				
Private equity	51%	5%	32%	12%
Private credit/debt	44%	12%	23%	21%

Which private investments do you generally recommend to your clients?



MFO holdings of cryptocurrency



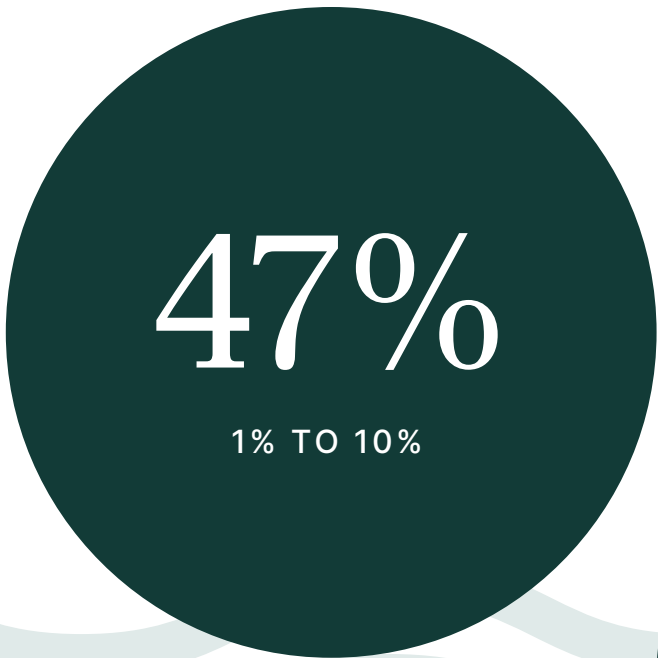
To get a clearer view of MFOs' views on private investments, the survey asked respondents which asset classes they generally recommend to their clients. Private equity topped the list, with more than 80 per cent of MFOs recommending, followed closely by private credit (60 per cent), infrastructure (55 per cent) and private debt (55 per cent). More than half of respondent firms also recommend venture capital.

The same cannot be said for perhaps the highest-profile (and most controversial) alternative asset class of the 21st century: cryptocurrency. In our survey, less than 10 per cent of respondents increased their clients' holdings of crypto in the first six months of the year—and three-quarters had no crypto holdings at all. Perhaps because of their family clients' generally conservative approach to risk, by far most MFOs—85 per cent—said they do not recommend cryptocurrency as an investment.

Recognizing that environmental, social and governance (ESG) factors have come to the fore in the financial community over the past decade or so, we also probed MFOs about their attitudes towards and exposures to sustainable investments. Asked to estimate the percentage of their clients' investable assets focused on sustainability/ESG, only a very small number of respondents—about one in 15—said more than 40 per cent, and the most frequent answer was between one and 10 per cent. As well, a third of respondents said their clients had no exposure to sustainability-themed investments at all. Asked about their intentions towards the sustainability space in the next 12 months, most said they planned to maintain their clients' holdings at current levels, although a significant proportion (20 per cent) said they planned to increase those holdings.

In the next 12 months, will you recommend clients increase or decrease their sustainable/ESG investments?

Estimated percentage of invested assets focused on sustainability/ESG



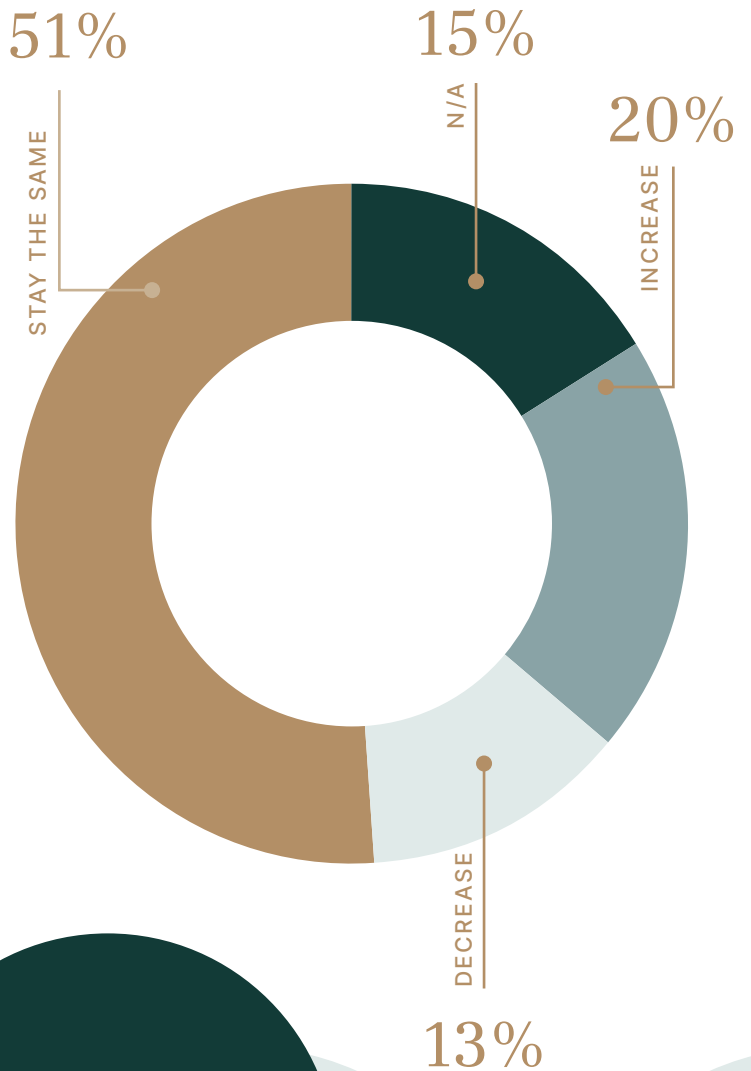
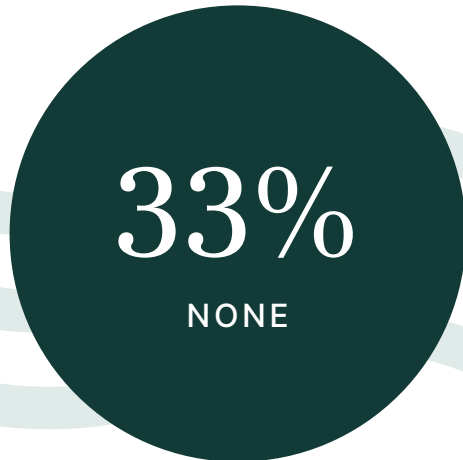
11%-25%

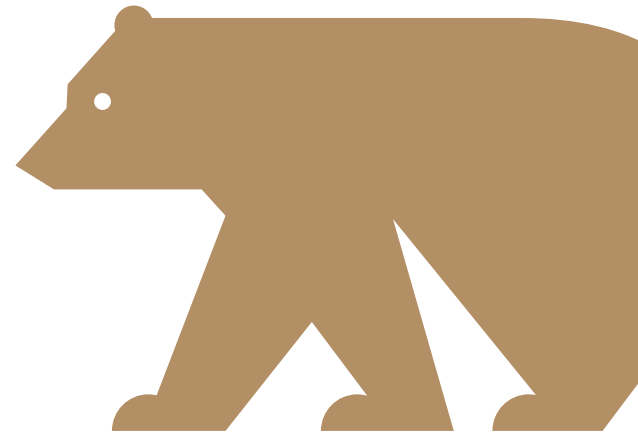
26%-40%



4%

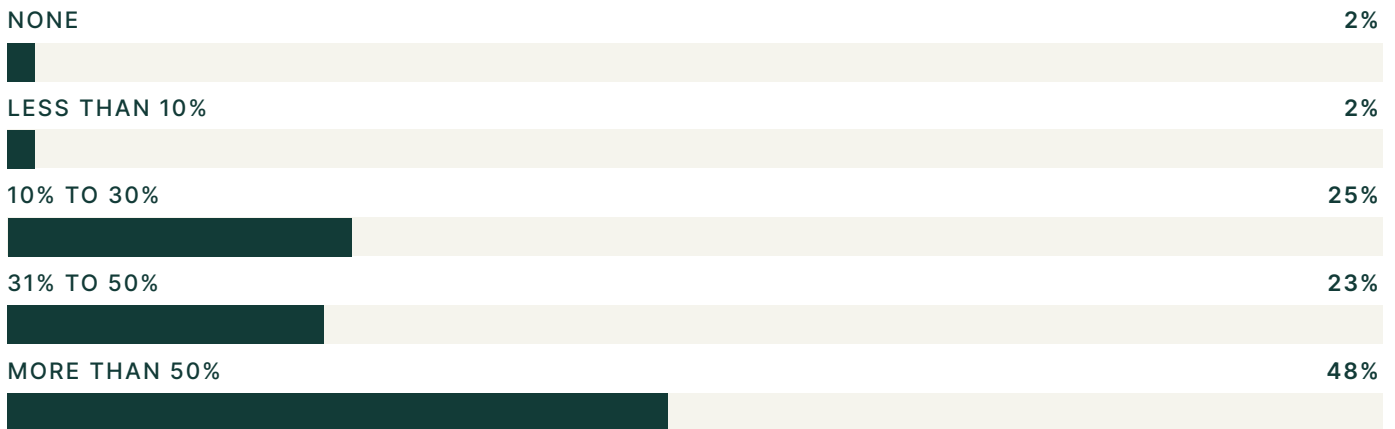
MORE THAN 40%



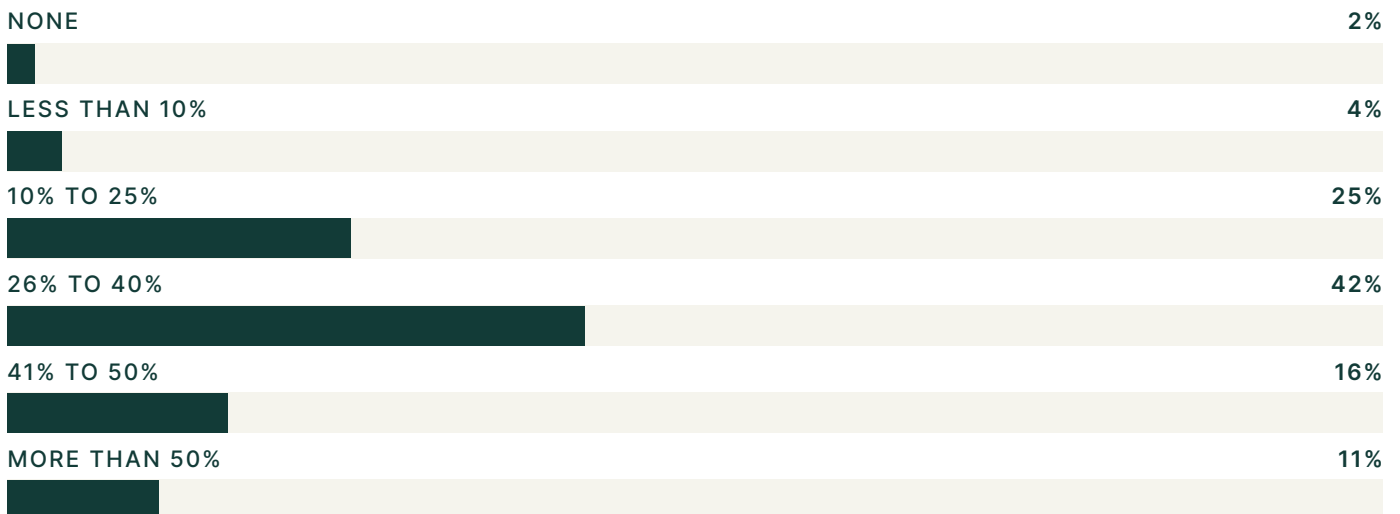


Finally, the survey suggests that the investment landscape of Canadian MFOs is well diversified geographically. Nearly half of respondents said that investments outside Canada comprised more than 50 per cent of client portfolios, and almost all reported international allocations above 10 per cent. Meanwhile, about 70 per cent of MFOs said that U.S. investments made up more than a quarter of clients' holdings.

What percentage of your clients' portfolios is made up of investments from outside Canada?



What percentage of your clients' portfolios are made up of U.S. assets?



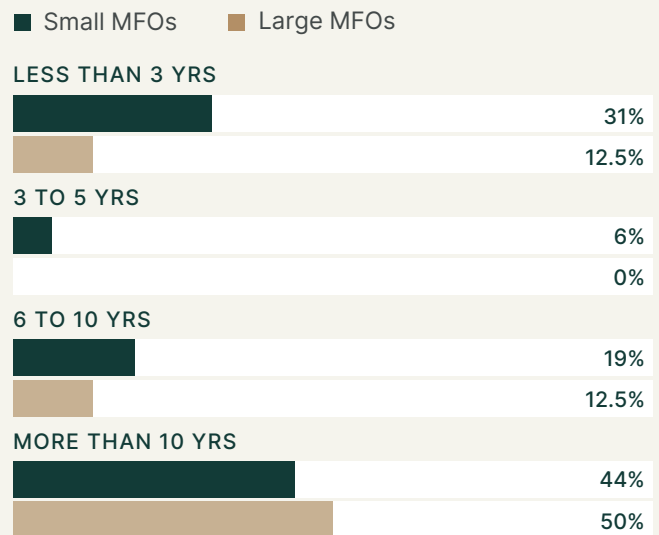
In focus: Large firms, small firms

As discussed in Part 1, the survey presents a picture of the Canadian MFO landscape that somewhat resembles a barbell, heavily weighted at one end by large firms (more than 70 client families) and at the other by smaller firms with 10 or fewer client families. To get a clearer picture of this landscape, we compared the survey data for these two groups. This, of course, creates a relatively small data set, but it nevertheless yields some interesting insights.

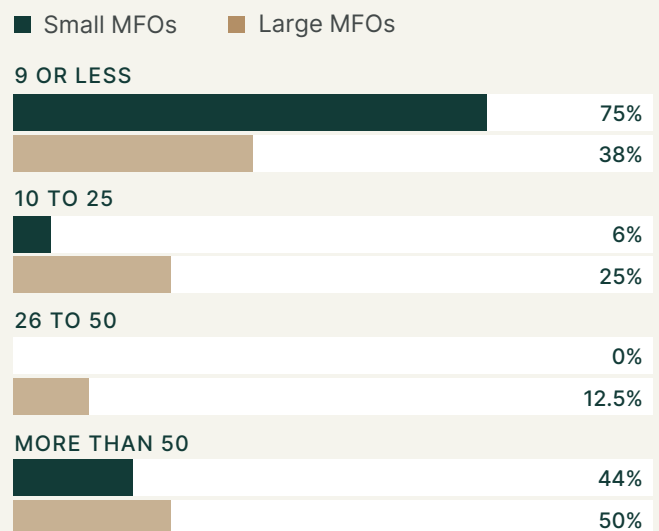
Perhaps not surprisingly, smaller firms tend to be younger than larger ones, according to the survey. More than half of smaller MFOs have been providing services for less than a decade, and almost a third have been doing so for less than three years. In contrast, three-quarters of larger firms have been in operation for more than 10 years, and only one in eight started up less than three years ago.

A similar contrast appears in terms of staffing, with three-quarters of smaller firms employing fewer than 10 people and more than 60 per cent of larger firms employing more than that. However, a few smaller firms (in terms of families served) did have staff counts above 50, on par with the number among larger firms.

How many years has your firm been providing multi-family office services?



How many full-time employees do you have, including yourself?

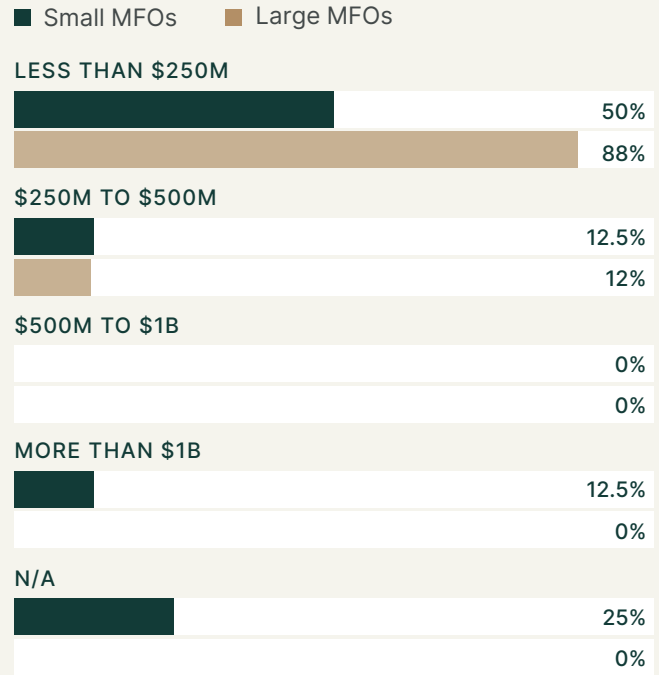


Among larger MFOs, the most frequent total AUM was more than \$2 billion, and more than half reported total AUM above \$1 billion. In contrast, only about a quarter of smaller firms reported total AUM above \$1 billion, and a third had total AUM below \$150 million.

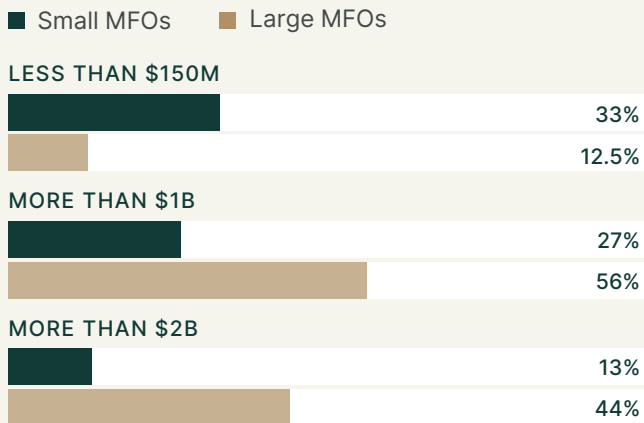
In terms of total AUM per family client, however, the picture seems somewhat reversed. Of firms with 70-plus clients, nearly nine in 10 said the average AUM per family client group was below \$250 million, compared with just half of smaller firms. Meanwhile, one in four smaller MFOs reported average AUM per family client group above \$1 billion, compared with none of the larger firms.

The survey also asked about minimum asset thresholds for MFO clients. None of the larger firms surveyed require total assets above \$50 million, and more than nine in 10 have minimums of \$20 million or less. In contrast, half of smaller firms require client assets above \$20 million, and some (one in eight) have asset thresholds above \$200 million.

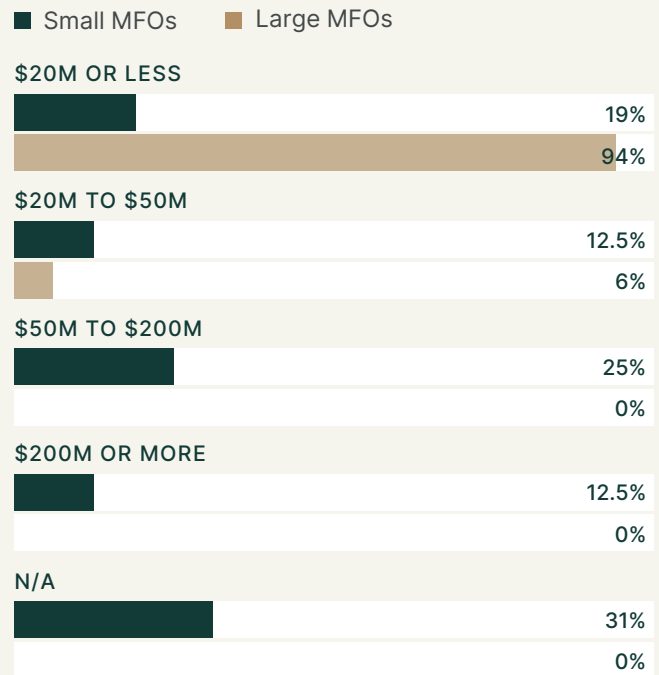
Average AUM per family client group



Assets under management (AUM)



Clients' minimum asset requirement



The differences between larger and smaller firms are also evident in the ways they generate revenue and serve clients. Almost 70 per cent of larger firms charge clients a percentage of AUM, while smaller firms appear far more likely to bill a fixed fee for services (one-third) or a combination of fixed fee, percentage of AUM and/or performance fee (nearly half).

Smaller firms also appear to be deploying an “open architecture” service model more than larger firms are. For example, less than half of smaller MFO respondents provide in-house investment management and advisory, compared with all the larger MFOs surveyed.

It is a similar picture with respect to tax, estate and succession planning. The lone service area that smaller firms seem (slightly) more likely to provide in-house is lifestyle management and concierge offerings, which perhaps reinforces the perceived “boutique” aspects of this group of MFOs.

Regarding the services your firm offers, how does it provide them?

SERVICES	IN-HOUSE	OUTSOURCE	N/A
SMALL MFOS			
Investment management and advisory	46%	38.5%	15.5%
Estate and succession planning, insurance	38.5%	46%	15.5%
Tax planning and compliance	15.5%	61.5%	23%
Philanthropy and social impact investing	69%	8%	23%
Financial education and family governance	62%	15%	23%
Lifestyle management and concierge services	31%	31%	38%
LARGE MFOS			
Investment management and advisory	100%	-	-
Estate and succession planning, insurance	87.5%	12.5%	-
Tax planning and compliance	75%	25%	-
Philanthropy and social impact investing	75%	19%	6%
Financial education and family governance	87.5%	12.5%	-
Lifestyle management and concierge services	19%	37%	44%

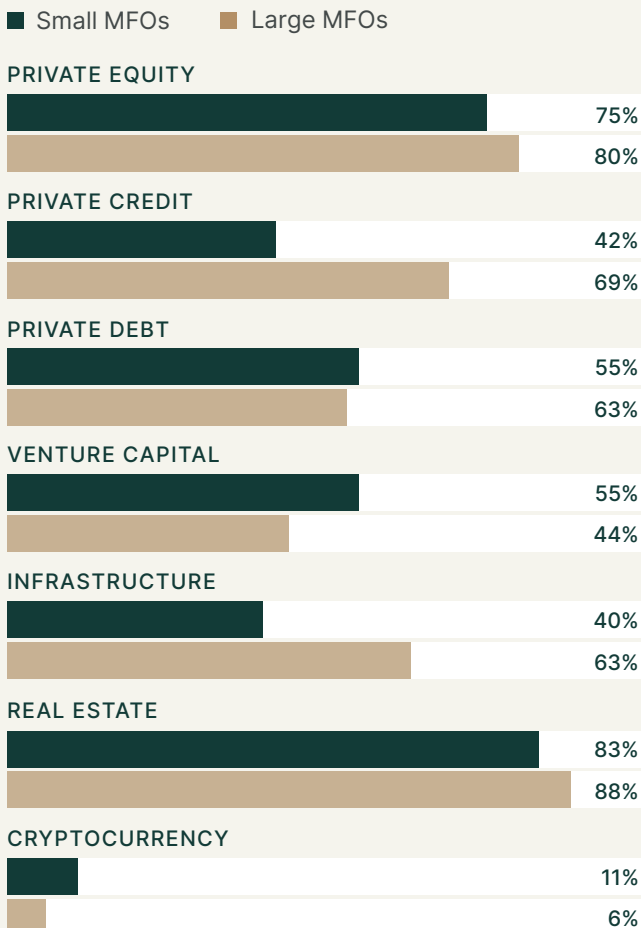
In terms of client investment holdings, smaller and larger firms reported similar stances towards holdings of and intentions toward the asset classes surveyed. Smaller firms seem slightly more likely to recommend venture capital and cryptocurrency to their clients, while larger firms are marginally more likely to recommend private debt/credit and infrastructure.

Interestingly, more than half of smaller firms said their clients had no investable assets focused on ESG/ sustainability, compared with more than 80 per cent of larger firms reporting at least some of their clients' portfolios focused on this asset class.

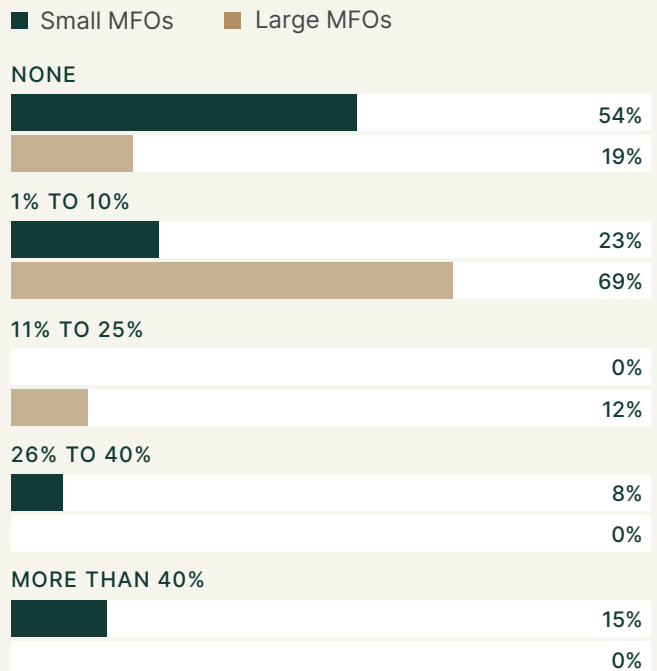
Finally, larger respondent firms seem somewhat more geographically diversified in their client portfolio allocations than smaller firms are, perhaps an indication of the former group's scale.

Again, this comparison between larger and smaller MFOs should be considered directional, given the limited sample size. It is, however, suggestive of an emerging MFO landscape comprising larger, established firms serving many clients and newer "boutique" firms serving a more limited client roster at the upper end of the UHNW cohort. At the least, this "barbell" pattern in the MFO ecosystem may be worthy of further analysis and discussion.

Which private investments do you generally recommend to your clients?



Estimated percentage of invested assets focused on sustainability/ESG





Methodology

The *Canadian Family Offices* Multi-Family Office Survey 2024 was designed to further develop our readers' understanding of the MFO industry in Canada—its size, constituents, and investment philosophies—as well as to tap into the concerns, challenges and opportunities facing this rapidly evolving part of the family office ecosystem.

The survey was conducted online between July and September 2024. Respondents were recruited via social media, the *Canadian Family Offices* email newsletter, published articles and by word-of-mouth. More than 50 multi-family office representatives submitted responses to the 22-question survey.

Canadian Family Offices would like to thank all the firms that participated, as well as the many family office experts who helped develop the scope and the details of the survey.

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