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How Family Offices Are Re-Weighting Toward Alternatives

How family offices are re-weighting toward alternatives — and why the next generation treats them as core.

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Re-weighting toward alternatives

Ask what family office investments look like today and the answer is a moving one: direct deals, co-investments, private equity, private credit, real assets, venture and hedge funds, with the centre of gravity shifting steadily away from listed markets and toward alternatives. That is the part the standard guides leave out. They describe a static portfolio; the more useful read is directional. IMS Group, a private markets investment group and partnership of family offices, sees the same re-weighting across the allocators it serves: alternatives are no longer the satellite sleeve, they are moving toward the core. This page sets out how that shift is happening, sources the numbers as ranges, and explains why the next generation is driving it.

What Family Office Investments Look Like Today

Start with the baseline. A modern family office allocates across a broad spread: public equities and fixed income still anchor most portfolios, but the distinguishing activity sits in private markets, where the office invests directly, alongside managers as a co-investor, or through commingled funds. Private equity, private credit, real assets and infrastructure, venture capital and hedge funds make up the alternatives book, and the larger offices increasingly underwrite deals in-house rather than buying packaged exposure.

That much is well covered elsewhere. For the structure itself, what an office is, the four operating models, and what it costs to run, the firm sets out [what a family office is](#) in a dedicated guide. What matters here is narrower. The static list of asset classes is the starting position; how the weights inside it are changing is where the interesting movement sits.

The Directional Shift: Allocation Is Moving Toward Alternatives

The weights are moving toward alternatives, and they have been for a decade. Where an earlier generation treated private markets as a small, opportunistic sleeve, family offices now run materially higher target allocations to alternatives, often a third or more of the portfolio across surveyed offices, with private equity and private credit treated as core holdings rather than tactical positions (UBS Global Family Office Report, 2024). Treat any single allocation figure as point-in-time and directional: surveys differ on the exact percentage, and the credible posture is that the direction is clear while the magnitude is a range.

What sits behind the shift is structural, not a passing preference. Family offices have a longer horizon than most institutions and no quarterly redemption pressure, which means they can hold illiquid assets long enough to earn the illiquidity premium that listed markets do not pay. Private credit offers floating-rate income and direct security over the borrower; real assets offer inflation linkage and contracted cash flows; private equity offers a return sourced from underwriting rather than from a quoted price. Read across a whole portfolio, alternatives do the work a 60/40 book increasingly struggles to: uncorrelated return, income that does not track the equity cycle, and exposure compounded across cycles rather than re-priced every day.

Why now: structural versus cyclical drivers

It helps to separate the two forces, because they move at different speeds. The cyclical driver is rates and spreads: when financing costs rise, deployment into private credit and buyout cools, and new lending softens year on year, as it has recently. That is a slowing of pace, not a reversal of direction. The structural driver is more durable: bank retrenchment from middle-market lending has handed a widening share of credit to non-bank lenders, access routes once closed to all but the largest institutions have opened up, and the next generation of owners starts from a higher baseline allocation to private markets than the generation before it. The cyclical read explains a given year; the structural read explains the decade.

The Generational Driver: Who Is Re-Weighting, and Why

The re-weighting has an author, and it is generational. Bank of America research found that 72% of investors under 44 no longer believe above-average returns are achievable using only traditional stocks and bonds, against just 28% of investors over 44 who feel the same way (Bank of America Private Bank Study of Wealthy Americans, 2024). That 72%-versus-28% figure is a sentiment divide between cohorts, not a demographic headcount, and it points capital squarely at alternatives as the younger cohort gains control of it.

Why this matters now is a question of timing. A very large pool of capital is changing hands: Cerulli Associates projects roughly \$84 trillion to \$124 trillion transferring between generations in the United States through the late 2040s, a US figure stated here as a range across vintages and flagged as a projection, not a settled total ([the great wealth transfer](#), Cerulli Associates, 2024). As those balance sheets pass to inheritors who already allocate on a different map, the asset mix funded by family-office capital moves with them. The sentiment divide and the transfer are the same story viewed from two ends: the cohort receiving the wealth is the cohort most convinced that the next unit of return sits outside listed markets.

Where the New Capital Is Going

At the frontier the direction becomes specific. As allocation re-weights, it is not only flowing into more private equity; it is reaching exposures rarely named in a standard family-office explainer, each valued for returns that sit outside the equity beta most portfolios are already saturated with.

Private credit and the fastest-growing private sleeves

[Private credit](#) is the clearest beneficiary of the shift and one of the largest, fastest-growing segments of the alternatives universe. As banks stepped back from middle-market lending after the post-2008 reforms, non-bank lenders filled the gap and allocators followed the yield. For a family office the appeal is structural: floating-rate income, direct security over the borrower, and a return with limited correlation to public credit. The recent year-on-year softening in new lending is better read as cyclical than as a reversal, and the asset class sits at the centre of how [IMS Capital Management](#) deploys institutional capital.

Royalties, IP, litigation finance and tokenised RWA

Further out sits a cluster of genuinely uncorrelated exposures. [Litigation finance, royalties and IP](#) share one quality allocators prize: their returns are tied to legal outcomes or contractual cash flows, not to the equity cycle. A litigation-finance return depends on a court, not a central bank; a royalty pays whether equities rise or fall. Each is real and investable today, and best sized as a range because the market estimates are fragmented. Alongside them, the infrastructure making unlisted assets easier to price, verify and access is maturing through [tokenised real-world assets](#), with forecasts for the 2030 tokenised market spanning roughly \$2 trillion to \$16 trillion, attributed at both ends and flagged as a projection (McKinsey, 2024, lower; BCG/ADDX, 2022, upper). These sit at the edge of the wider [alternative asset classes](#) universe, and are where the next generation's preference is most visible.

What This Means for How a Family Office Is Built

A re-weighting toward alternatives changes what an office needs to be. Direct and co-investment programmes demand in-house underwriting capability, longer governance horizons and an access network a listed-only book never required, which is one reason the number of single-family offices is growing: Deloitte Private projects the global count rising from around 8,030 to roughly 10,720 by 2030 (Deloitte Private, 2024; a projection). On the threshold question, a dedicated single-family office is generally considered viable from around US\$100 million or more in investable assets, with multi-family and virtual structures serving families below that level by sharing infrastructure (Campden Wealth / industry guidance, 2024; indicative ranges).

Access is the binding constraint, not appetite. The exposures driving the shift, off-market private credit, co-investments and the frontier sleeves, are sourced through networks rather than bought off a shelf. That is the logic behind a [partnership of family offices](#): it connects allocators to dealflow they would rarely see alone.

The Re-Weighting in Context

The shape of family office investments is best read as a trend, not a snapshot: allocation is re-weighting toward alternatives, the next generation is driving it, and the frontier is widening into private credit, royalties and IP, litigation finance and tokenised real-world assets. The magnitude of each move is a range and the figures are point-in-time, but the direction is settled, and it compounds across cycles as each cohort allocates on its own terms. IMS Group, a private markets investment group built around how the next allocator thinks, reads this re-weighting from the inside. To explore how the Group invests across the frontier, see how [IMS Capital Management](#) deploys private credit and alternatives, and how its [partnership network](#) sources the access behind it.

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Frequently asked questions

What do family offices invest in?

Family offices invest across public equities and fixed income alongside a substantial allocation to private markets: private equity, private credit, real assets and infrastructure, venture capital and hedge funds. The distinguishing feature is direct and co-investment in alternatives rather than packaged products. The notable trend is directional, with allocation re-weighting steadily toward alternatives as a core holding rather than a satellite position.

What is the minimum wealth for a family office?

There is no statutory minimum, but a dedicated single-family office is generally considered viable from around US\$100 million or more in investable assets (Campden Wealth / industry guidance, 2024). Families below that level typically use a multi-family or virtual office, sharing infrastructure to make the economics work. The threshold depends on the operating model, the complexity managed and the jurisdiction, so treat the figure as indicative rather than fixed.

Are family offices increasing their allocation to alternatives?

Yes. Survey evidence points to family offices running materially higher target allocations to alternatives than a decade ago, often a third or more of the portfolio, with private equity and private credit treated as core (UBS Global Family Office Report, 2024). Individual figures vary by survey and should be read as point-in-time ranges, but the direction is consistent: alternatives are moving toward the centre of the portfolio.

Sources & important information

1. UBS (2024). Global Family Office Report
2. Source for family-office target allocations to alternatives (often a third or more of the portfolio; private equity and private credit treated as core), stated as point-in-time, directional ranges. UBS
3. Bank of America Private Bank (2024). Study of Wealthy Americans. Generational sentiment divide: 72% of investors under 44 versus 28% of investors over 44 doubt that traditional stocks and bonds alone can deliver above-average returns. Bank of America Private Bank
4. Cerulli Associates (2024). U.S. High-Net-Worth and Ultra-High-Net-Worth Markets. US intergenerational wealth-transfer projection of approximately \$84 trillion (earlier estimate, through 2045) to approximately \$124 trillion (updated 2024 projection, through 2048); a US figure, stated as a range and flagged as a projection. Cerulli Associates
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7. Preqin (2024). Private credit and alternative-assets market structure. Basis for the structural-growth framing of private credit and the alternatives book; market-sizing treated as ranges and refreshed on publication, with cyclical deployment declines noted as cyclical rather than structural. Preqin
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Point-in-time figures are volatile and should be re-verified on the date of publication.

Important information

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Alternatives, read from
the buy-side —
uncorrelated,
contractual or scarce.

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