

# Family Offices Investing in Venture Capital

2021-2022

Part One: A Roadmap to VC Success



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**Barry O'Brien**

Head, Family Office Practice  
SVB Capital

Last year, SVB Capital partnered with Campden Wealth to create the first-of-its-kind report on Family Offices (FOs) investing in Venture Capital (VC). Our intention, as always, is to provide insights – and access – to FOs around the globe who are passionate about the venture ecosystem.

This year, we're excited to release the first in a series of quarterly reports based on an in-depth survey of 139 FOs across 30 countries: *A Roadmap to VC Success*.

This report defines the Family Office venture investing maturity model, i.e., how families progress through different stages of VC investing. Although each FO is unique, their venture investing journeys are very similar. Most start by investing in fund of funds to gain access to established venture funds, while also making ad-hoc investments from friends & family, and finally invest directly into venture funds and startups. Many families also face the same key challenge: venture deals are hard to access. You need a strong network of fund managers, founders, and/or FOs to share deal flow.

Helping FOs access the venture ecosystem is the core reason SVB Capital formed the Family Office Practice in 2015 and launched SVB LIFT, an invite-only platform that connects Family Offices to a curated set of venture funds. If interested, please contact [shaileshsachdeva@svb.com](mailto:shaileshsachdeva@svb.com) for access.

Special thanks to all the families who took the time to share their insights. Hope you enjoy the report. We look forward to hearing from you.

Best wishes,

**Barry O'Brien**

*Head of Family Office Practice, SVB Capital*



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**Dominic Samuelson**

Chief Executive Officer  
Campden Wealth

Since 1987, Campden Wealth has provided unrivalled proprietary intelligence directly from the world's wealthiest families to facilitate peer-to-peer learning. In 2020, we released our inaugural Family Offices Investing in Venture Capital report, which had no equivalent in the market. Many of our members have built their own companies from scratch and have an affinity for funding startups, and we received a huge amount of positive feedback on the report.

Thus, I am delighted that we have once again partnered with SVB Capital to continue developing family office knowledge in the venture space. This year, we have garnered insights from 139 family offices with experience in venture capital investing – an 18% increase in participation.

For family offices looking to build their venture exposure, in Part One of our 2021-2022 series, the 'venture investing maturity model' – i.e., the path that family offices tend to follow in their venture journeys – will be a valuable resource. So, too, will be the top tips shared by experienced family offices. These include the importance of focusing on learning and networking – both of which take time. Venture is a unique asset class and relationships are key. It is wise to build exposure gradually, diversify, and carefully consider whether it is better to rely on expert managers rather than invest directly.

Many thanks to the families and executives who took part in the study.

I hope you enjoy the read.

Best wishes,

**Dominic Samuelson**

*Chief Executive Officer, Campden Wealth*

# EXECUTIVE SUMMARY

## Family office venture capital investing model uncovered



**Family offices follow a similar path in their venture capital journeys**

They begin with fund of funds – a convenient option, providing diversified exposure – and ad hoc direct investments referred by friends and family – which help them gain crucial experience.

As they push for higher net returns, they invest in emerging fund managers. They also co-invest – first alongside other families and then with venture funds – which allows them to share resources and due diligence.

With some experience under their belts and growing networks, family offices begin gaining access to established managers with proven track records.

In the latter part of the maturity cycle, family offices begin developing their brands and self-sourcing deals – an appealing option especially for entrepreneurial families. At their most sophisticated, they make allocations to secondaries.

Figure 1: Family office venture investing maturity model

	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7
	FUND OF FUNDS	DIRECT INVESTMENTS – FROM FRIENDS & FAMILY	VENTURE FUNDS – EMERGING	COINVESTMENTS	VENTURE FUNDS – ESTABLISHED	DIRECT INVESTMENTS – SELF-SOURCED	SECONDARIES
	Invest in a pool of access-constrained funds	Opportunistic investments into startups	Invest in breakout managers (fund I-III)	Invest with other FOs / fund managers into startups	Directly invest in established funds (funds IV++)	Invest directly into early / growth stage startups	Purchase shares from existing shareholders
Min. \$ / investment*	1-5m	10k-1m	500k-1m	250k-1m	5-10m	100k+	250k+
Avg. \$ / investment	6.1m	4.4m	4.7m	2.8m	6.5m	4.5m	2.9m
Avg. # investments	1	3	5	5	4	8	1
Avg. investment duration (yrs)*	10-12	5-10	8-10	5-8	8-10	5-8	2-5

Source: The Campden Wealth / SVB Family Offices Investing in Venture Capital Survey 2021. Note: Ranges are representative; deal-specific deviation to be expected.



# EXECUTIVE SUMMARY

## Family office optimism about venture capital remains strong



### Family office participation in venture continues to increase

Startups are increasingly open to direct investments from FOs, alongside venture funds. FOs, in turn, are investing strategic capital, adding value based on their operating businesses and network connections.



### Family offices are building in-house venture expertise

In our 2020 study, the average family office (FO) staff included one venture capital specialist, and FOs expected that, within five years, one more would join the team. Today, staffs include two venture capital investment professionals.



### Next Gens and family office VC activity are closely entwined

Last year, the second most common area in which Next Gens were involved in their family offices was venture capital investment (33% of participants). This year, VC is the top ranked area for Next Gens to be involved (39%).



### Family offices have 10 fund investments and 17 direct deals

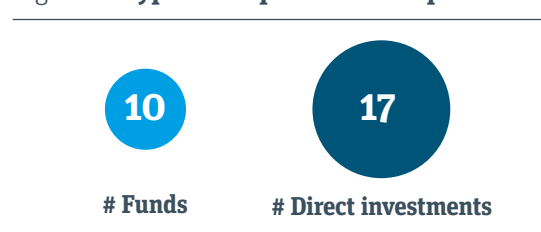
In 2020, the average FO held eight venture funds and 10 direct venture investments. Today, FOs hold 10 funds and 17 direct investments. Within the next 24 months, they expect to make 18 new investments (six funds and 12 direct deals).



### 60% rely on their existing network for deal flow

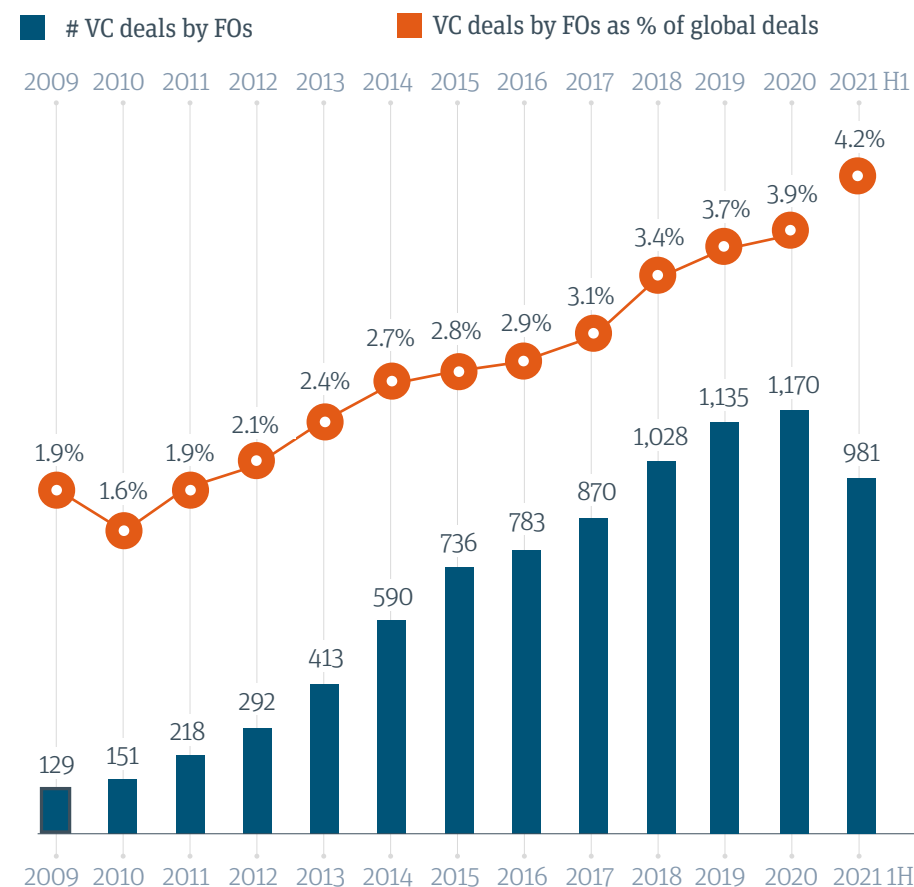
The best venture deals continue to be hard to access. Most FOs rely on their existing networks, GPs of venture funds, founders, and other family offices for deal flow. Only 1% currently use digital platforms.

Figure 2: Typical VC portfolio composition



Source: The Campden Wealth / SVB Family Offices Investing in Venture Capital Survey 2021.

Figure 3: Total number venture deals with FO participation, global



Source: Pitchbook and SVB analysis.  
Note: 2021 1H data current as of 8/31/2021. Deal count captures investors that self-identify as family offices. Many FOs with established 'single LP funds' do not self-identify as family offices with Pitchbook, so the numbers presented will underestimate actual FO investment activity. Excludes all investments made into funds as LPs.

# Methodology

The research for the Campden Wealth and SVB *Family Offices Investing in Venture Capital 2021-2022* series was conducted between June and September 2021. Through an extensive online questionnaire, data was procured from 139 ultra-high net worth families / family offices with experience in innovation and venture capital investing. In addition, in-depth follow-on interviews were conducted with 10 family office representatives. *A Roadmap to VC success* is Part One of a four-part series.

# Overview of participants



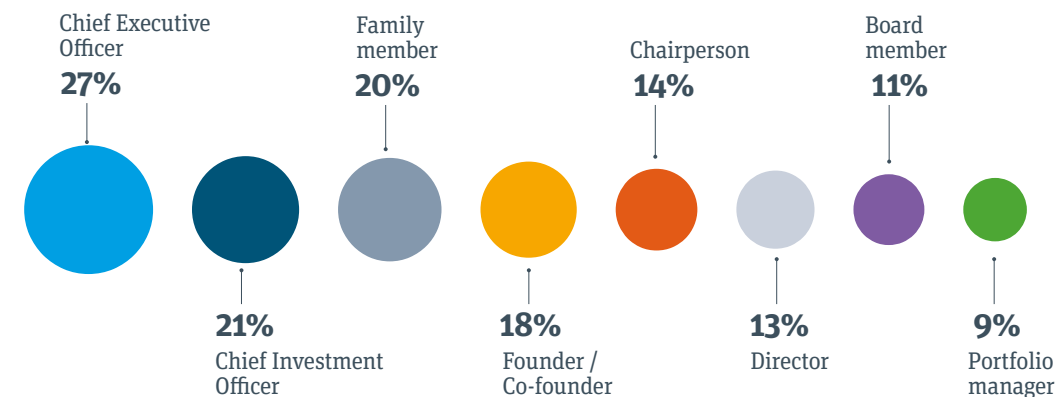
# Overview of participants

## Insights are from family members / C-suite leadership; SFOs around the world are represented

Following the success of our inaugural report in 2020, 139 family offices participated in the 2021-2022 study, an 18% increase. They were largely represented by founders / family members (38%) and CEOs / CIOs (48%).

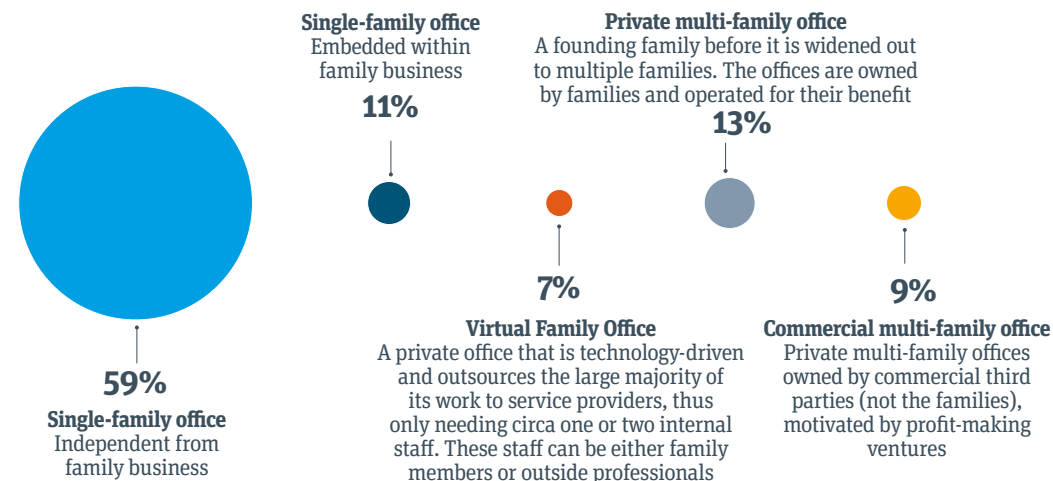
77% of participants represented a single-family office (SFO), which is either independent from the family business, embedded within the family business, or virtual.

Figure 4: Job titles of participants



Source: The Campden Wealth / SVB Family Offices Investing in Venture Capital Survey 2021.  
Note: The sum of the figures may exceed 100% because participants can select multiple options. 32% of participants serve in more than one capacity. 24% selected roles not listed above.

Figure 5: Types of family office represented



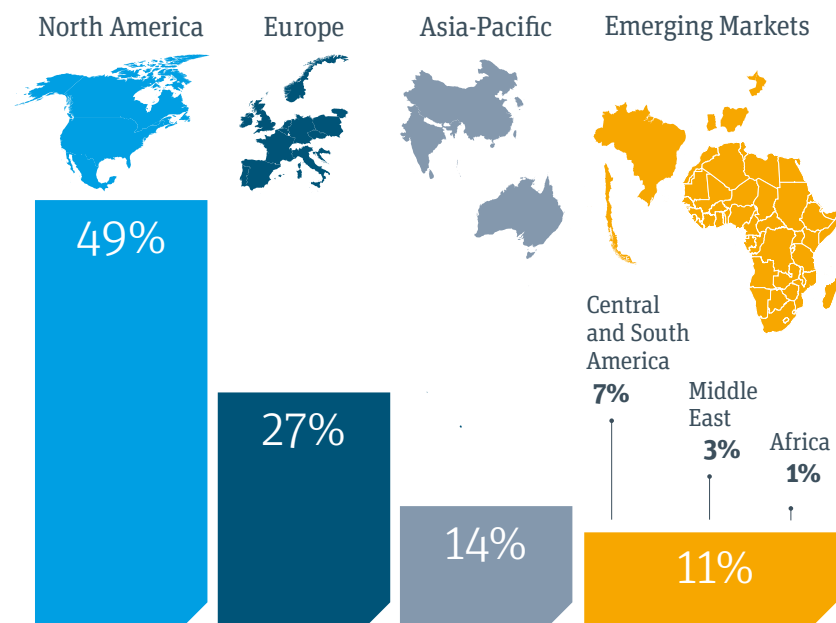
Source: The Campden Wealth / SVB Family Offices Investing in Venture Capital Survey 2021.  
Note: Figures may not sum exactly to 100% due to rounding.



# Overview of participants

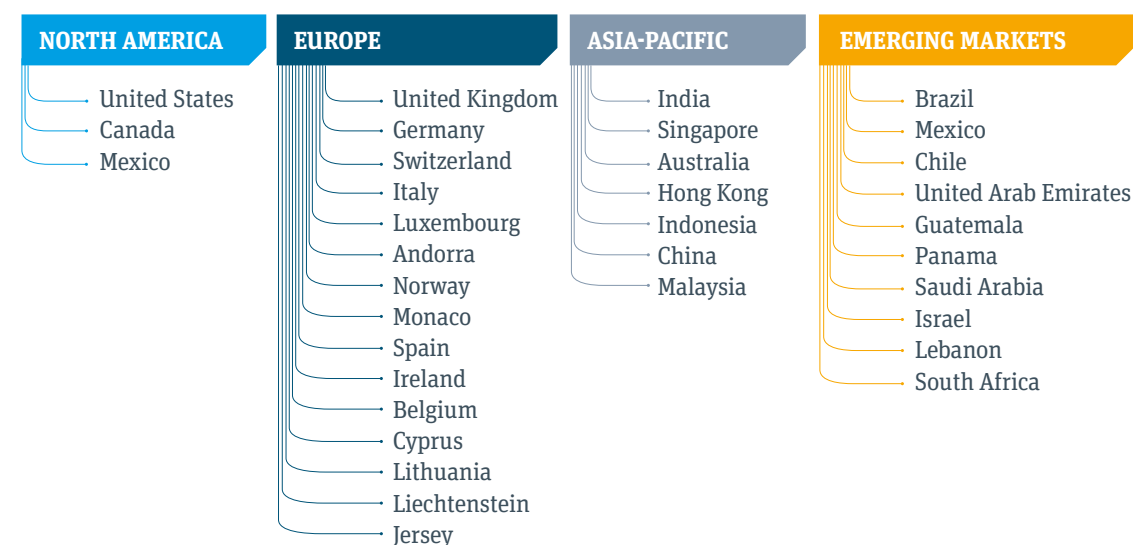
The family offices are headquartered across 30 countries, with 49% being in North America, 27% in Europe, and 25% in the rest of the world.

Figure 6: Family office headquarters by region



Source: The Campden Wealth / SVB Family Offices Investing in Venture Capital Survey 2021.  
Note: Figures may not sum exactly to 100% due to rounding. Not every participant provided answers to every question.

Figure 7: Countries represented



Source: The Campden Wealth / SVB Family Offices Investing in Venture Capital Survey 2021.  
Note: Countries are listed in descending order of representation.

## Average AUMs: SFO \$989m, MFO \$1.9b

Globally, the average SFO with experience in venture capital manages \$989m in assets – or 75% of the average \$1.3b in family net wealth (compared with \$797m in AUM reported in our 2020 report). However, 66% of the SFOs manage up to \$500m.

The considerable figures for Europe partly reflect the fact the wealthiest families in our sample (net wealth, \$7b+) are mainly European.

The average multi-family office manages \$1.9b and serves 28 families – thus managing \$68m for each family (compared with \$76m reported last year).

Figure 8: Family Wealth and Assets Under Management

	Average Family Wealth (\$ m)	Average AUM (\$ m)	Average number of families served
Single-family offices (Global)	1,316	989	—
Europe	2,173	1,595	—
North America	1,181	912	—
Rest of World	745	549	—
Multi-family offices	—	1,934	28

Source: The Campden Wealth / SVB Family Offices Investing in Venture Capital Survey 2021.

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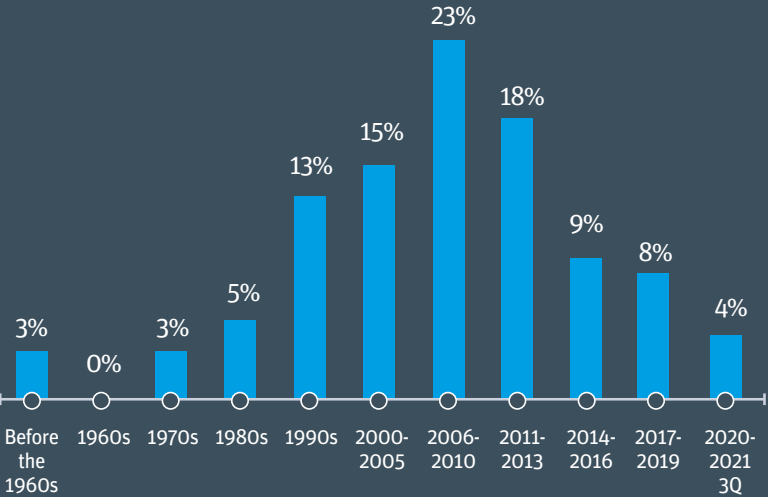
*Capital has done well over the last 15 years: everyone has been earning double-digit returns. Family offices are emerging to manage the increased wealth and give families more control and customization. Wealth management is also increasingly complex, so families need to take a systematic approach.*

Family member, SFO, North America

## Family offices of various ages represented

While about one-quarter of the family offices were founded prior to 2000 (24%), almost two-fifths were founded in the first decade of the millennium (38%) and two-fifths were founded between 2011 and 2021 (39%).

Figure 9: Percentage of participants, by year the family office was founded



Source: The Campden Wealth / SVB Family Offices Investing in Venture Capital Survey 2021.  
Note: Figures may not sum exactly to 100% due to rounding.

# Overview of participants

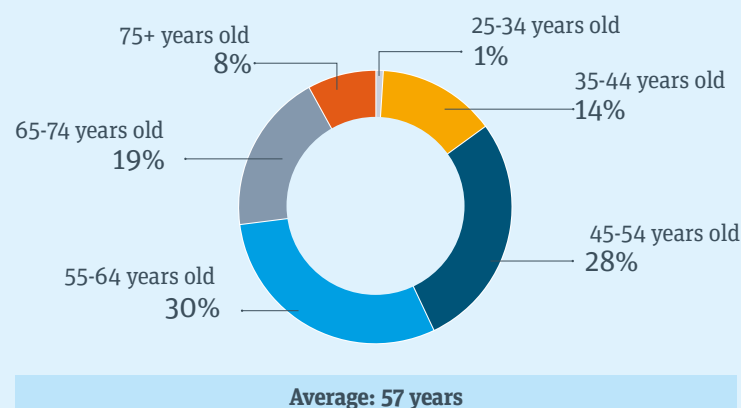
## Sons and daughters to jointly take over

The generation currently in charge of family wealth is typically between 55 and 64 years old, with the average age being 57 years.

While male Next Gens are three times more likely than female Next Gens to take primary responsibility over the family's wealth management after succession (31% versus 10%), in most families, siblings of each gender will be jointly responsible (38%).

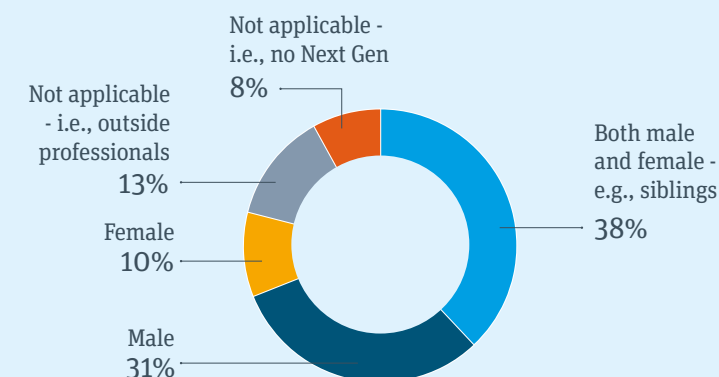
Interviewees from Asia said, over the last 15 years, it has become the norm for both sons and daughters in families of wealth to go abroad to attend top schools and gain experience in leading financial firms. In their family office VC activity, Next Gens are now involved with broad strategy outlining, networking, meeting companies, and working with bankers. Families are also increasingly conscious about the significant expertise required in venture and are moving towards joint decision-making processes.

Figure 10: Age of the generation currently in charge of the family wealth



Source: The Campden Wealth / SVB Family Offices Investing in Venture Capital Survey 2021.  
Note: Figures may not sum exactly to 100% due to rounding.

Figure 11: Gender of the Next Gen who will primarily take over the family's wealth management



Source: The Campden Wealth / SVB Family Offices Investing in Venture Capital Survey 2021.  
Note: Figures may not sum exactly to 100% due to rounding.

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*In Asia, there is now a mix of Next Gen brothers and sisters in family offices. They are savvy investors and can help the family build its venture capabilities, particularly through networking. Family members also no longer want to make decisions on their own – investment is too complicated – and we are seeing a move towards trying to find consensus within the family.*

Chairman / CIO, Private MFO, Asia-Pacific

# Venture investing maturity model





# Venture investing maturity model

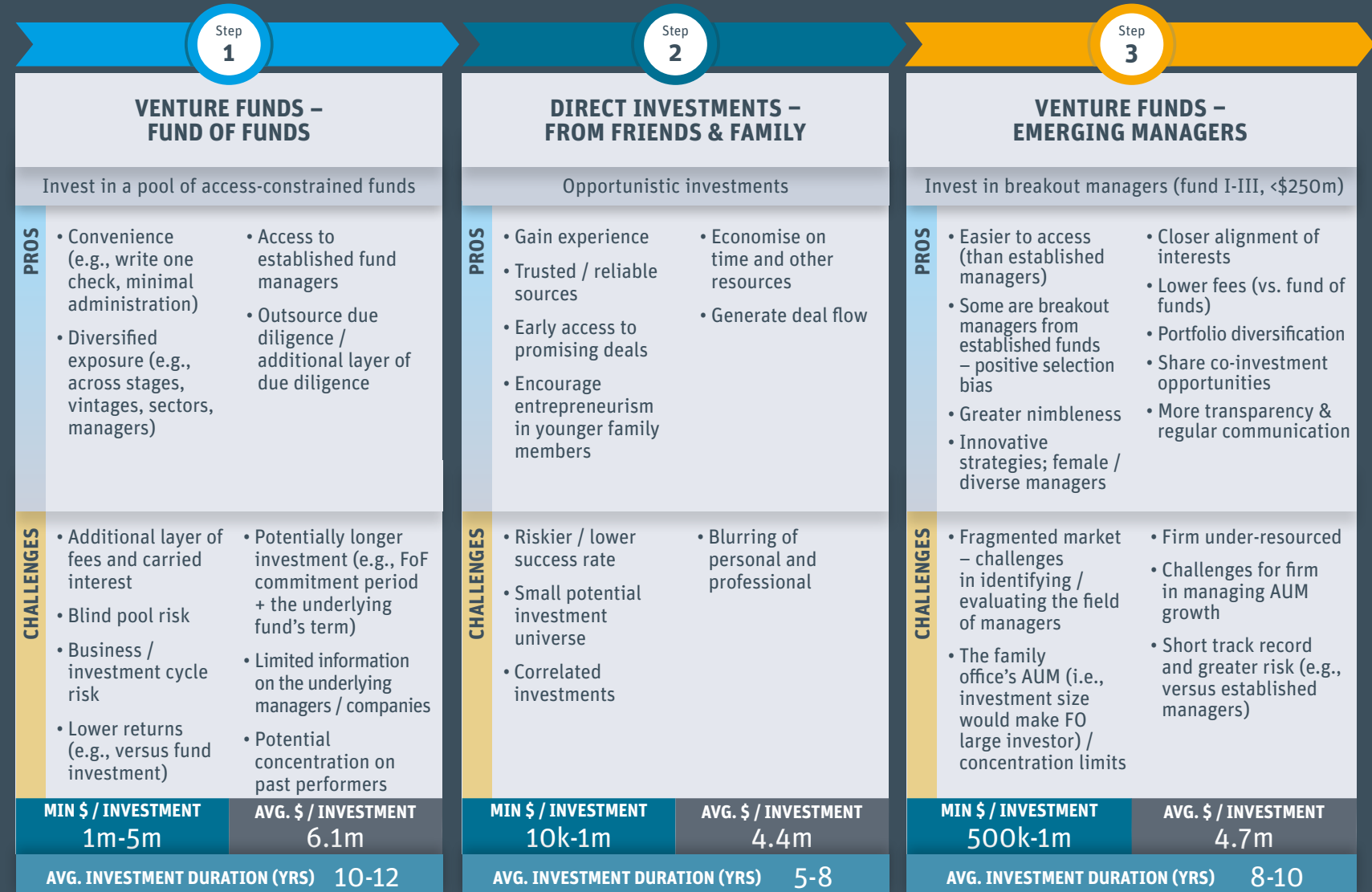
Family offices follow a similar path in their venture capital journeys. They begin with fund of funds and ad-hoc direct investments referred by friends and family.

As they push for higher net returns, they invest in emerging fund managers. They also co-invest – first alongside other families and then with venture funds – which allows them to share due diligence. With some experience under their belts and growing networks, family offices begin gaining access to established managers with proven track records.

In the latter part of the maturity cycle, family offices begin developing their brands and self-sourcing deals. At their most sophisticated, they make allocations to secondaries.

This model represents the typical path many FOs follow. Each family has developed a hybrid venture portfolio comprised of funds, direct investments, and / or co-investments.

Figure 12: Venture investing maturity model



# Venture investing maturity model

Figure 12: Venture investing maturity model

Step 4		Step 5		Step 6		Step 7	
CO-INVESTMENTS – WITH OTHER FAMILY OFFICES / VENTURE FUNDS		VENTURE FUNDS – ESTABLISHED MANAGERS		DIRECT INVESTMENTS – SELF-SOURCED		SECONDARIES	
Invest with other FOs / fund managers into startups		Directly invest in established funds (funds IV+, \$250m+)		Invest directly into early / growth stage startups		Purchase stakes in companies from existing shareholders	
PROS	<ul style="list-style-type: none"><li>Shared deal sourcing, due diligence, oversight</li><li>Complementary expertise</li><li>Shared risk</li><li>Access to larger and future deals</li></ul>	<ul style="list-style-type: none"><li>Discounted fees</li><li>Gain knowledge of sector</li><li>Special provisions</li><li>More control over investments</li></ul>	<ul style="list-style-type: none"><li>Proven track record</li><li>Access to founders</li><li>Robust internal resources, networks, and domain expertise</li></ul>	<ul style="list-style-type: none"><li>Opportunity to learn from best in business</li></ul>	<ul style="list-style-type: none"><li>Save fees and carried interest (versus funds)</li><li>Greater control over selection / exit</li><li>Greater ability to pick investment horizon and match assets and liabilities</li></ul>	<ul style="list-style-type: none"><li>Greater return potential</li><li>More transparency</li><li>FOs can often add value with post-investment involvement</li></ul>	<ul style="list-style-type: none"><li>Timing (e.g., don't need to wait for a new fundraising)</li><li>May have shorter investment period / accelerated returns on invested capital</li></ul>
CHALLENGES	<ul style="list-style-type: none"><li>Finding families with a proven track record</li><li>Finding alignment of objectives, expectations, expertise</li></ul>	<ul style="list-style-type: none"><li>Access to best deals</li><li>Sizeable investment with funds</li><li>Short decision timeline</li></ul>	<ul style="list-style-type: none"><li>Access to top managers (e.g., top-tier VCs have a stable LP base)</li><li>High minimums</li><li>Fee and carry structure</li><li>Single manager risk</li></ul>	<ul style="list-style-type: none"><li>Multi-manager due diligence</li><li>Capital calls and cash availability</li><li>Lock up period</li><li>Blind pool risk</li></ul>	<ul style="list-style-type: none"><li>Attracting and retaining / developing talent</li><li>Building a brand and accessing proper deal flow</li><li>Conducting deep due diligence</li></ul>	<ul style="list-style-type: none"><li>Required large capital base</li><li>Ongoing monitoring</li><li>Reputational and concentration risks</li><li>Support needed to successfully execute</li></ul>	<ul style="list-style-type: none"><li>Need relationships with shareholders</li><li>Rights on shares can limit availability</li><li>Usually a decision is required with minimal information available</li></ul>
MIN \$ / INVESTMENT 250k-1m		AVG. \$ / INVESTMENT 2.8m		MIN \$ / INVESTMENT 5m-10m		AVG. \$ / INVESTMENT 6.5m	
AVG. INVESTMENT DURATION (YRS) 5-8		AVG. INVESTMENT DURATION (YRS) 8-10		MIN \$ / INVESTMENT 100k+		AVG. \$ / INVESTMENT 4.5m	
AVG. INVESTMENT DURATION (YRS) 5-8		AVG. INVESTMENT DURATION (YRS) 2-5		MIN \$ / INVESTMENT \$250k+		AVG. \$ / INVESTMENT 2.9m	
AVG. INVESTMENT DURATION (YRS) 2-5		AVG. INVESTMENT DURATION (YRS) 5-8		AVG. INVESTMENT DURATION (YRS) 5-8		AVG. INVESTMENT DURATION (YRS) 2-5	

# Venture investing maturity model



VENTURE  
FUNDS –  
FUND OF  
FUNDS



DIRECT  
INVESTMENTS –  
FROM FRIENDS  
& FAMILY

Family offices tend to follow a similar path in their venture capital journeys. They often begin with fund of funds – a convenient option, which can provide diversified exposure, including to established managers – and ad hoc direct investments referred from friends and family – which help them gain crucial experience.



*Fund of funds are a simple way for families with limited time and resources – e.g., because they are busy running their operating business or managing their public investments – to start gaining general exposure to venture capital.*

CIO, SFO, Europe



*Direct deals from friends and family are a way to get experience under the belt. The more deals we made, the better we got at it. We learned what we like – the types of people and business models we feel comfortable with – and what to watch out for – including within deal terms. We only made small deals, and therefore only small mistakes, and the investments that worked brought more deal flow.*

Family Office Executive, SFO, North America.





# Venture investing maturity model

Step  
3  
VENTURE FUNDS  
– EMERGING  
MANAGERS

In the next step in the maturity cycle, as they push for higher net returns, family offices (FOs) often make allocations to emerging fund managers. While it can require significant resources to identify and conduct due diligence on these funds, they are easier to access than the more established ones. In addition, often, the best / most entrepreneurial managers break off from big firms, and emerging managers can be more nimble and have a closer alignment of interests with LPs.

Step  
4  
CO-INVESTMENTS  
– WITH OTHER  
FAMILY OFFICES /  
VENTURE FUNDS

FOs also often coinvest alongside other families and alongside venture funds, which allows them to start enhancing their networks, learn from more experienced families/VCs, and share resources and due diligence:

“

*More and more families are co-investing. It is a great way to get your feet wet. If you know a reputable family, you can join the syndicate without having to do a huge amount of the due diligence. It can also help in developing valuable relationships. The key is to show you can be trusted to do what you say you will do. That's got us into deals we otherwise would not have had access to.*

Family member, SFO, North America

Step  
5  
VENTURE FUNDS  
– ESTABLISHED  
MANAGERS

With some experience under their belts and growing networks, family offices begin investing through established managers with proven track records:

“

*The barrier to fund investing is access: the top-tier VCs have an LP base they go to first, and that base is also virtually always willing to invest more. You need to establish yourself before you're invited, and it takes time to build your network and brand.*

CIO, SFO, Europe



# Venture investing maturity model



DIRECT  
INVESTMENTS –  
SELF-SOURCED

In the latter part of the maturity cycle, family offices begin developing their brands and self-sourcing deals – an appealing option especially for entrepreneurial families.



SECONDARIES

Over the last decade, as the VC asset class and demand for liquidity have grown, the secondary VC market has also grown significantly, and the most sophisticated family offices now make allocations to secondaries.



*Our secondary investments have emerged organically. Usually, you have to be close to the person selling the shares. We did one recently with an executive who had left the company a few years ago but who we had maintained a relationship with. He wanted to sell some shares and came to us first. We knew the business well, so were able to move quickly. It takes a long time to build these relationships. But increasingly there are platforms where you can go and buy shares, too.*

Family Office Executive, SFO, North America



# Staffing and compensation











## Family office staff and VC teams growing

In 2020, the average family office (FO) staff consisted of nine members, including one venture capital specialist, and FOs expected to bring in one additional VC specialist within the next five years. The most common areas for Next Gens to be involved in their family offices were philanthropy (35%) and VC investment (33%).

Today, the average FO staff consists of 15 members, including two VC investment professionals. 39% of FOs report that Next Gens are involved in venture investment and 37% philanthropy, thus VC has surpassed philanthropy.

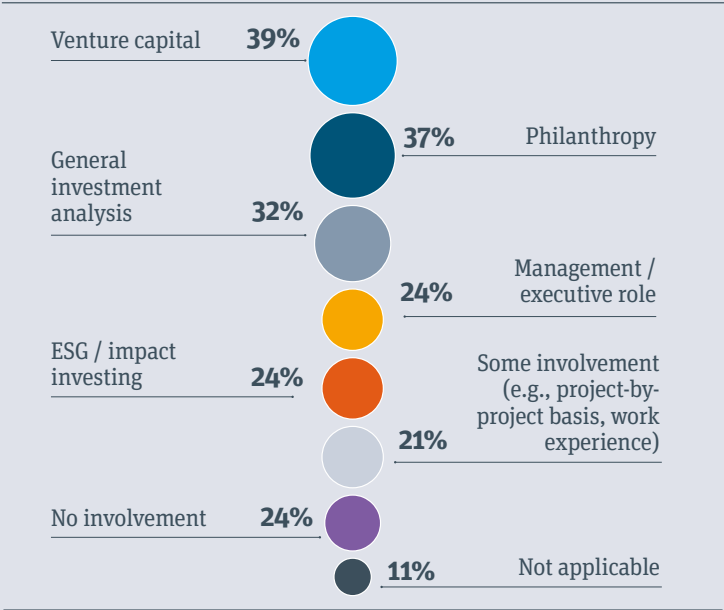
Figure 13: Number of staff

SFOs (Global)	2021	2022 (Projected)
Family Members in FO	 4	 4
Venture Team	 2	 3
Total Staff	15	17

MFOs (Global)	2021	2022 (Projected)
Family Members in FO	 3	 3
Venture Team	 3	 4
Total Staff	30	28

Source: The Campden Wealth / SVB Family Offices Investing in Venture Capital Survey 2021.

Figure 14: Next Gen involvement in family office operations



Source: The Campden Wealth / SVB Family Offices Investing in Venture Capital Survey 2021.  
Note: The sum of the figures may exceed 100% because participants can select multiple options.

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*Venture is extremely complicated, and the universe is enormous. Whatever approach a family is taking – i.e., funds or direct investments – they need people dedicated to the asset class. It makes sense to get Next Gens – who might be passionate about the technologies and have good networking skills – involved early and developing the expertise to eventually lead the charge. But a lot depends on their personalities.*

CIO, SFO, Europe

## Average total compensation of principals in FO VC teams: \$363k







In 2020, for family offices that had a salary plus bonus remuneration structure for their principal venture capital investor, the average base salary was \$234k + 32% bonus (as a percentage of base salary), i.e., total compensation of \$310k. By 2022, the average base salary was expected to rise to \$268k and the average bonus to 42%. Thus, the average total compensation was expected to rise by about \$72k, or 23%, to \$382k.

For family offices that have a fees-based structure, the average management fee (as a percentage of assets) was 2.0% and the average performance fee (as a percentage of profits) was 13%. In the next two years, management fees are expected to drop to 1.7%, while performance fees are expected to remain constant.

Today, the average base salary for principals in the venture investment team is \$245k + 48% bonus, i.e., total compensation of \$363k. Compensation varies significantly from one family office to the other, with base salaries ranging between \$75k and \$650k, and bonuses between 10% and 110%.

The average management fee for principals is 1.2% and the average performance fee is 11.0%.

Figure 15: **Venture investment team, experience and compensation**

Investment team	 No. People	 Average years of experience	 Average base salary (\$ '000, 2021)	 Average bonus (% of base salary, 2021)	 Average management fee (% of AUM, 2021)	 Average carry (% of profits, 2021)
Principals	2	21	245	48	1.2	11.0
Chief Investment Officers	1	23	271	52	0.9	7.3
Directors / Vice Presidents	1	16	172	34	0.8	7.1
Other	2	12	114	25	0.8	5.0

Source: The Campden Wealth / SVB Family Offices Investing in Venture Capital Survey 2021.



## Top talent is in short supply

In 2021, family offices (FOs) again reiterated that top VC talent is in short supply. If they want to build capabilities, FOs should consider a venture-like compensation structure, including carry. The alternatives include focusing

on co-investing, which allows families to share infrastructure and expertise. The challenges here are to clearly establish each party's objectives, expectations, and ability to add value, and to ensure the families are aligned.

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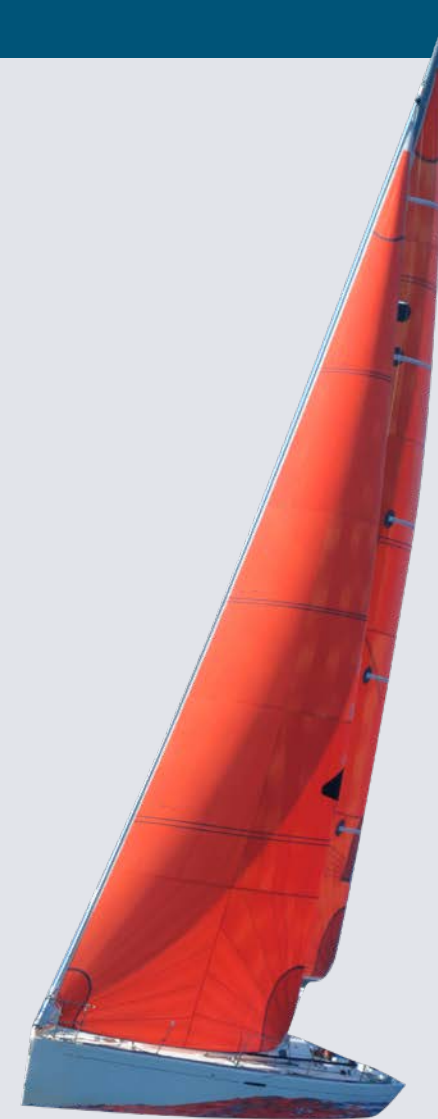
*Venture capital has been a big source of outsized returns – our IRRs are 30%+. It's not surprising to see more and more FOs wanting to join. A lot of the value lies in individuals and their networks. If they are experienced, they can raise their own funds. If FOs want to build their VC capabilities, they have to offer similar compensation, including carry and co-investment options.*

Family member, SFO, North America

“

*It is difficult for family offices to build good quality in-house resources. Talent is scarce, shops are always opening up, salaries are high, and there is the huge carry as well. A \$300k resource is heavy-duty for a smaller family office – especially one involved in a range of activities. This is why Next Gens want to be involved in venture and why families are gravitating towards co-investing.*

Chairman / CIO, Private MFO,  
Asia-Pacific



# Investments





## Range of structures in place for venture investments

Single-family offices (SFOs) employ a variety of structures for their venture investments, including an annual allocation (29% of the relevant participants), a Special Purpose Vehicle (SPV) to capitalize on opportunities as they arise (28%), and a venture fund with management team and single Limited Partner (i.e., the family) (21%).

Funds with a single LP are relatively more popular in North America (31% versus 11% for the rest of the world). SPVs and subsidiaries with a dedicated pool of capital are relatively more popular in the rest of the world (32% and 18%, respectively – versus 24% and 7%, respectively, for North America).

Multi-family offices (MFOs) generally offer structures tailored to individual client needs (44% of the relevant participants).

Interviewees advised that, as the family office VC allocation grows, families should consider formal structures which focus managerial effort and are more tax-efficient:

“

*If a family wants to allocate a significant component of their wealth to venture, it makes sense to separate the pool of capital, formalize it with a separate manager for focus and direction, and structure it in a tax-efficient manner. In Singapore, there is now the ‘Variable Capital Company’ (VCC). With \$50m to invest, you can set up a small fund domiciled in, e.g., the British Virgin Islands or Mauritius. Some family offices have gone on to list their vehicles as well. If it will be treated more opportunistically, families can just draw down from their bank account.*

Chairman / CIO, Private MFO, Asia-Pacific

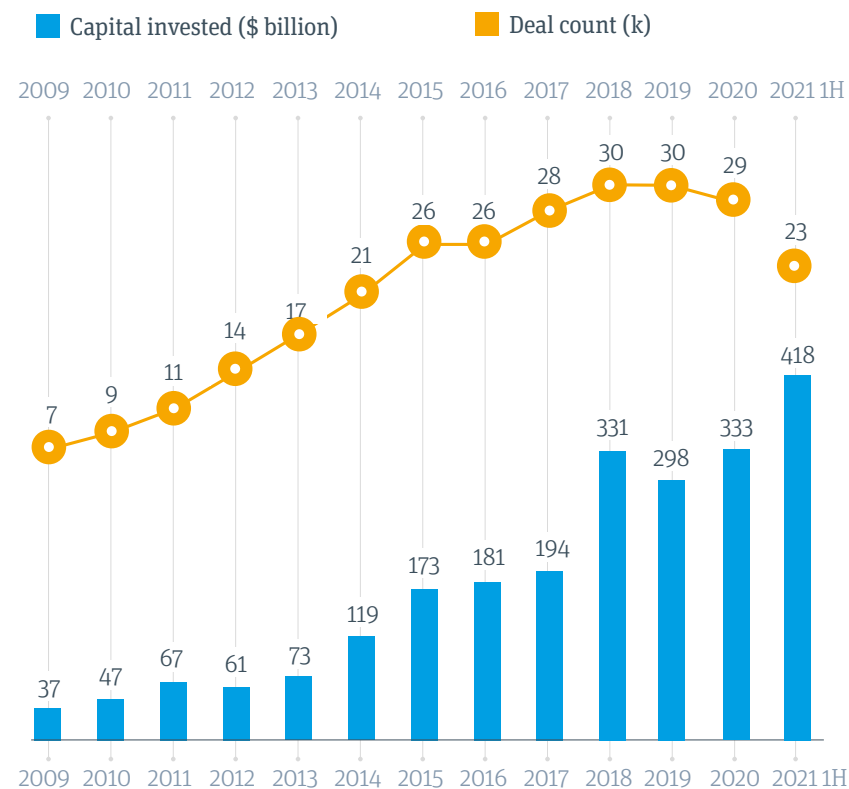
Figure 16: Structure for venture investment

Type of office / structure		Global
SFOs	Annual allocation	29%
	Special Purpose Vehicles	28%
	Venture fund with management team and single LP	21%
	Subsidiary with dedicated pool of capital	12%
	Venture fund with multiple LPs	10%
MFOs	Individual based on clients' needs	44%
	Pooled capital across clients	17%
	Opportunistic (e.g., offer individual deals to clients)	17%
	Venture fund	14%
	Fully managed client funds	6%
	Annual allocation	3%

Source: The Campden Wealth / SVB Family Offices Investing in Venture Capital Survey 2021.  
Note: Figures may not sum exactly to 100% due to rounding.

As of Aug 31, 2021, \$418b were invested in venture capital deals globally, surpassing the full year record established in 2020 of \$333b. And there's no sign of a slow-down. Family offices are taking advantage of the opportunity.

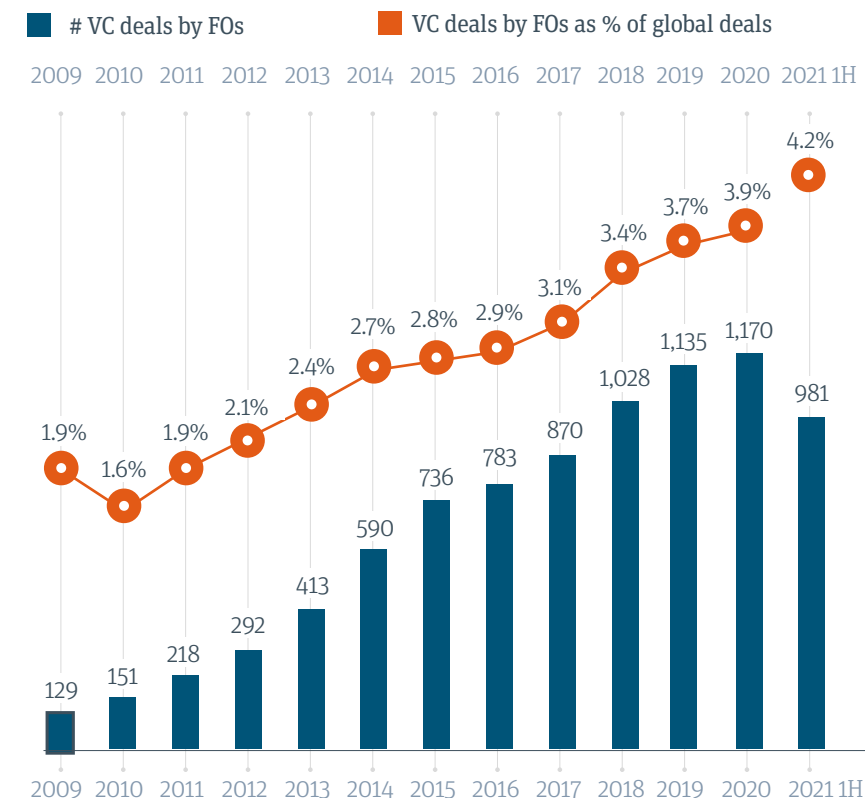
Figure 17: **Total number of venture deals + capital invested, globally**



Source: PitchBook and SVB analysis. Note: 2021 H1 represents data through Aug 31, 2021.

Family offices participation in venture has been steadily increasing. As of Aug 31, 2021, FOs were in 4.2% of global venture deals, an understated statistic.

Figure 18: **Total number venture deals with FO participation, globally**



Source: Pitchbook and SVB analysis. Note: 2021 1H data current as of 8/31/2021. Deal count captures investors that self-identify as family offices. Many FOs with established 'single LP funds' do not self-identify as family offices with Pitchbook, so the numbers presented will underestimate actual FO investment activity. Excludes all investments made into funds as LPs.



# Venture is a growing asset class in FO portfolios: 10 funds, 17 direct investments

Participants in our 2020 study held, on average, eight funds and 10 direct investments. In 2021, the average family office (FO) holds 10 funds and 17 direct investments. Moreover, within the next 24 months, the average FO expects to make 18 new investments (six funds and 12 direct deals).

For interviewees, FO VC allocations continue to grow for a number of reasons, including the relative frothiness in the public markets. Long-term correlation between VC and the public markets is low; historically, venture has delivered very strong returns; there continue to be exciting technological developments in the private markets, and the exit environment has improved. More generally, VC resonates with families who have built their wealth by founding and operating businesses and want to take active roles with their investments:

Figure 19: Typical VC portfolio composition



Source: The Campden Wealth / SVB Family Offices Investing in Venture Capital Survey 2021.

Figure 20: Investments in next 24 months



Source: The Campden Wealth / SVB Family Offices Investing in Venture Capital Survey 2021.

“

*In Asia, technology is an insignificant part of the public markets. To get a piece of the emerging tech, you have to be in the private space, and there are lots of good entrepreneurial activities requiring capital. The exit scenario has opened out – we’ve seen Asian companies listing overseas, the advent of the SPACs, and the M&A market is quite robust now with big deals sealed. For families, VC is a perfect fit: families want to be involved; they want a board seat, and to add value.*

Chairman, Private MFO, Asia-Pacific

Figure 21: Number of investments and average investment size by sub-asset class

Investment	# Current investments	Avg. \$ / investment	# New investments expected in next 24 months
Venture funds – fund of funds	1	6.1	1
Direct investments – from friends & family	3	4.4	2
Venture funds – emerging managers (funds I/II/III, <\$250m)	5	4.7	2
Co-investments – with other family offices	2	3.3	2
Co-investments – with venture funds	3	2.4	2
Venture funds – established managers (fund IV+, \$250m+)	4	6.5	3
Direct investments – through venture fund relationships	3	3.9	3
Direct investments – self-sourced	5	4.9	2
Secondaries	1	2.9	1

Source: The Campden Wealth / SVB Family Offices Investing in Venture Capital Survey 2021.

# Accessing venture

## Top deal sources and tools

Family offices (FOs) with experience in venture tend to source deals on their own (24%) and depend on their extensive networks, including GPs of venture funds (19%) and company founders / operators (16%).

FOs advise newer entrants to the market to focus on developing relationships with intermediaries and attend events where they can meet other families with similar objectives:

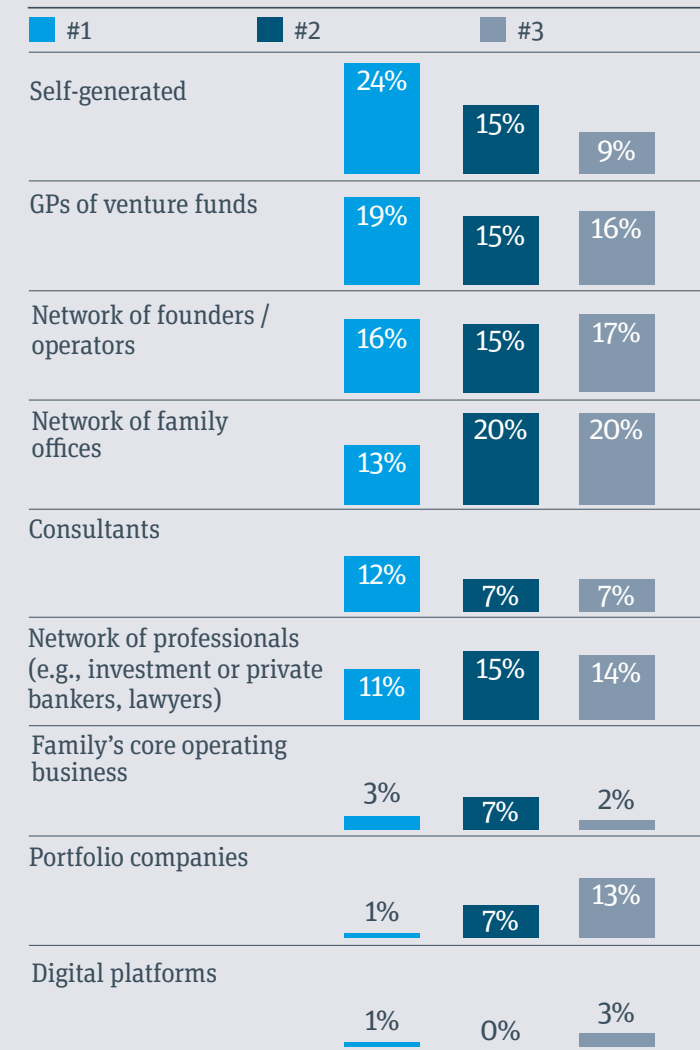
“

*To source deals, we usually rely on our referral network. But I have over 25 years of experience in investment banking, private equity, working with universities, etc. Family offices starting out should focus on developing relationships with third-parties – there are a lot of good ones who get shown every deal in town.*

CIO, SFO, Europe



Figure 22: **Top three sources for potential investments**



Source: The Campden Wealth / SVB Family Offices Investing in Venture Capital Survey 2021.  
Note: This table shows the shares of the #1, #2, and #3 rankings captured by each source. The figures in each column may not sum exactly to 100% due to rounding.



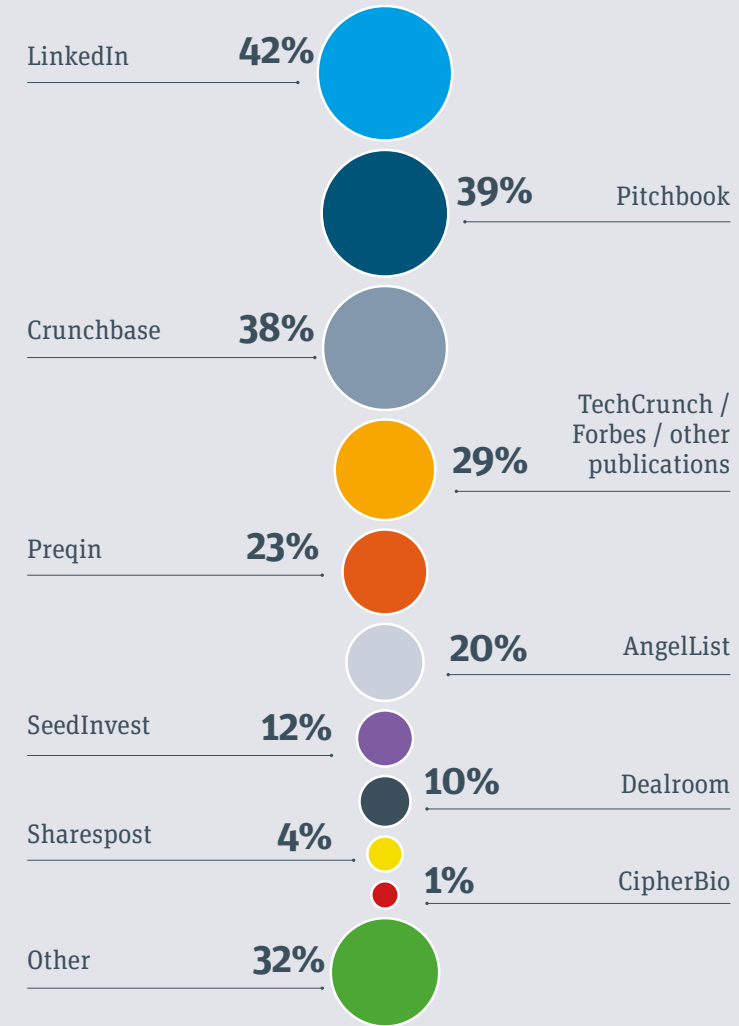
Survey participants identified LinkedIn and Pitchbook as the top tools / platforms for sourcing both direct investments and funds. But interviewees explained that LinkedIn is more likely used to maintain / enhance proprietary networks:

“

*I get a lot of ‘cold call’ requests about raising money on LinkedIn, but I don’t entertain them. We’ve been subject to LinkedIn hoaxes – there is a credibility issue. Some family offices may be using LinkedIn opportunistically. But mainly FOs use LinkedIn to develop their proprietary networks – forming groups within the venture space and exchanging messages, which can spin off in deals. We find LinkedIn very efficient for this kind of networking, especially given COVID.*

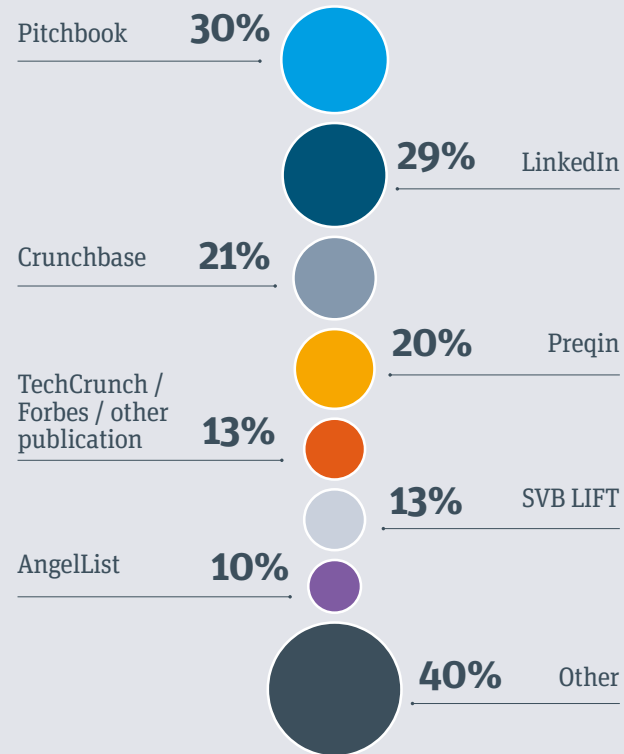
Chairman / CIO, Private MFO, Asia-Pacific

Figure 23: **Tools / platforms for sourcing direct investments**



Source: The Campden Wealth / SVB Family Offices Investing in Venture Capital Survey 2021. Note: The sum of the figures may exceed 100% because participants can select multiple options.

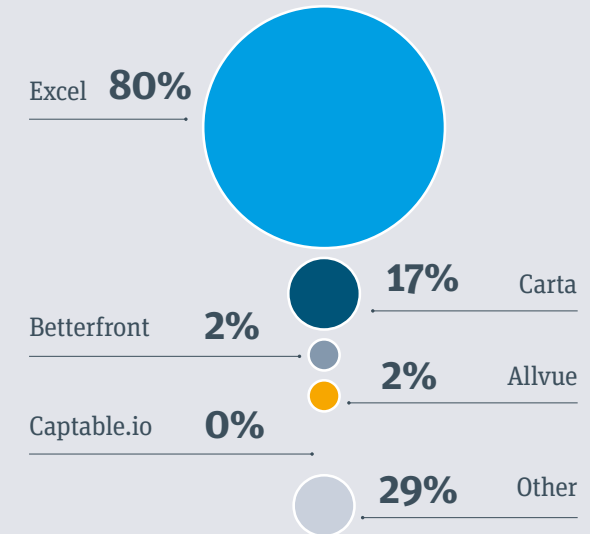
Figure 24: **Tools / platforms for sourcing venture funds**



Source: The Campden Wealth / SVB Family Offices Investing in Venture Capital Survey 2021.  
Note: The sum of the figures may exceed 100% because participants can select multiple options.

The top tools / platforms for tracking and monitoring the venture portfolio are Excel (80%) and Carta (17%). Some family offices specified other tools – e.g., Airtable, Addepar, Advent, AXYS, Burgiss, Google Sheets, iLEVEL, Investran, LP Analyser, Masttro, QPLIX, Seraf, Solovis, and Tamarac – and others said they use proprietary software.

Figure 25: **Tools / platforms for tracking and monitoring the venture portfolio**



Source: The Campden Wealth / SVB Family Offices Investing in Venture Capital Survey 2021.  
Note: The sum of the figures may exceed 100% because participants can select multiple options.

## Re-investing in managers not always an obvious choice

There is a range of reasons for which family offices may choose not to re-invest in a manager they have already invested in, with the top reasons being poor performance (69%) and the availability of better alternatives (52%). Interviewees advise that, whatever the type of investment – e.g., fund or direct – venture capital investing is specialist and must be hands-on:

“

*When we first started in venture, we made a few quick investments where we relied entirely on some prominent individuals in the angel investing community. That was a mistake. Whatever the type of investment, in venture, you need to be trained and hands-on. It is a completely different asset class, and evaluating a founder, for example, is a highly specialist skill.*

Chairman / CIO, Private MFO, Asia-Pacific

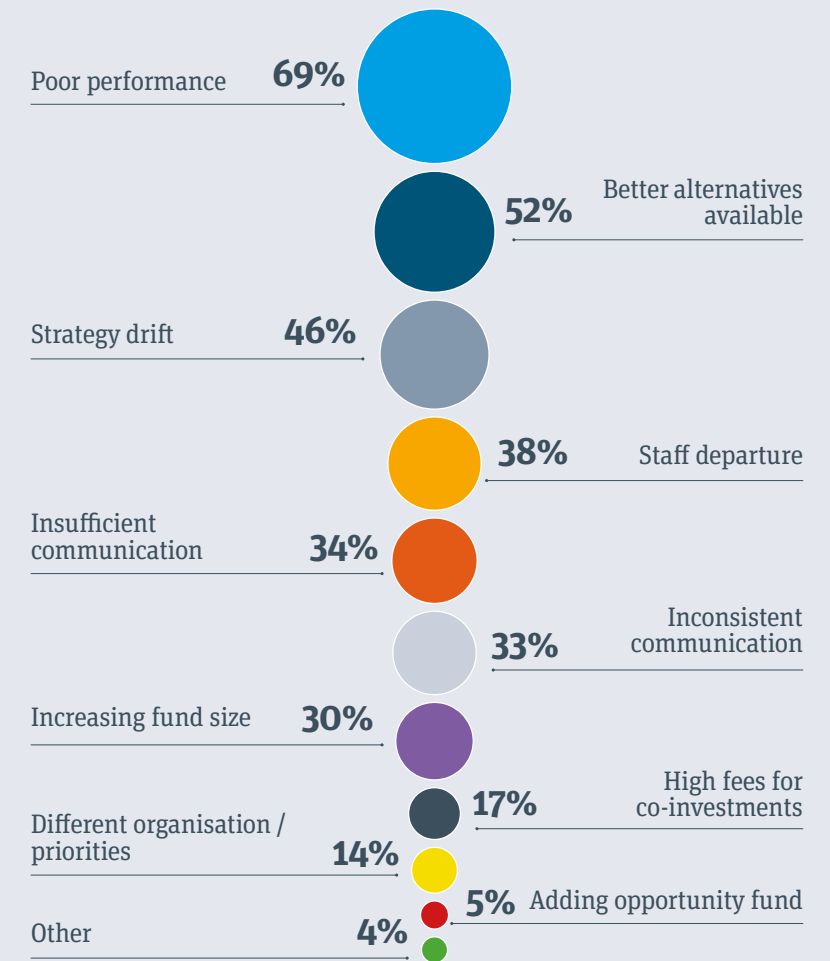
Other deterrents from re-investment include strategy drift (46%) and poor communication (46%):

“

*In recent years, all the money chasing the short supply of quality deals has made deal making at reasonable valuations very difficult. Some of the smaller fund managers, who are more opportunistic, have drifted from their strategies. They haven't always communicated this well – so families need to keep an eye on them.*

Family member, SFO, North America

Figure 26: Primary reasons for not re-investing in a manager



Source: The Campden Wealth / SVB Family Offices Investing in Venture Capital Survey 2021.  
Note: The sum of the figures may exceed 100% because participants can select multiple options.



## Funds offer a simple means for diversifying across strategies; access is the challenge

In 2020, the average global family office (FO) held 46% of its venture portfolio in funds and 54% in direct investments. Today, FOs report almost exactly the same split: funds (47%) and direct investments (53%).

FOs tend to have venture investments spread roughly evenly across a number of sectors. They tend to

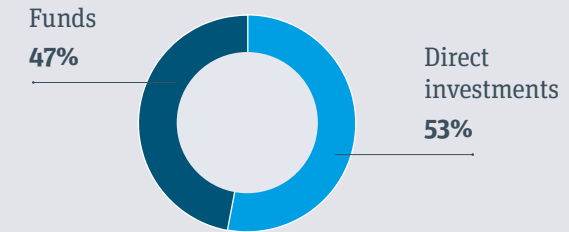
focus on growth investments (48% of the venture portfolio) – where revenues might already have reached \$50m to \$100m and be growing at 50% to 100% a year, and a lot of the operations have been de-risked. However, FOs are increasingly active in early-stage venture, where valuations are lower (pre-seed / seed, 28%; Series A, 24%), but risk is higher.

“

*After we gained experience through fund of fund vehicles and made some co-investments with other families, we had some trusted partners to guide us as we ramped up our allocation. Mainly through these relationships we started getting access to the top-tier funds, sector-specific funds, and a range of strategies. Developing a venture portfolio is about relationships and access.*

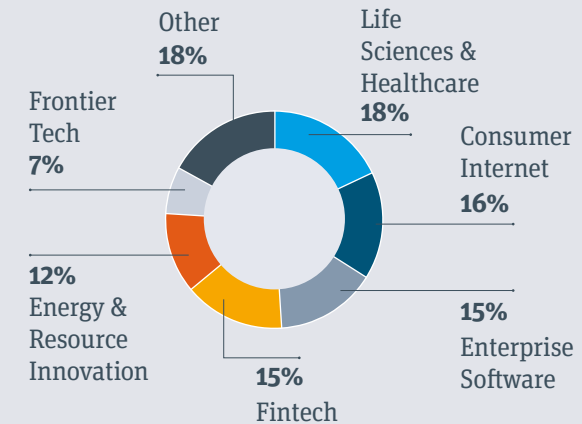
CIO, SFO, North America

Figure 27: Asset allocation, direct investments and funds



Source: The Campden Wealth / SVB Family Offices Investing in Venture Capital Survey 2021.  
Note: Figures may not sum exactly to 100% due to rounding.

Figure 28: Asset allocation by sector



Source: The Campden Wealth / SVB Family Offices Investing in Venture Capital Survey 2021.  
Note: Figures may not sum exactly to 100% due to rounding.

The average global FO VC portfolio is spread across North America (44%), Europe (21%), and the rest of the world (35%). But even FOs with significant experience and assets tend to have a large part of their VC portfolio invested in their local markets / regions.

Diversifying direct VC portfolios requires substantial resources and a wide breadth and depth of knowledge:

“

*You have to balance diversification with your core competencies – not drift too far away from what you understand. There is a lot to learn about different sectors and geographies, which takes time. As you gain experience, your network also grows, and there are more opportunities for smart diversification.*

Family member, SFO, North America

“

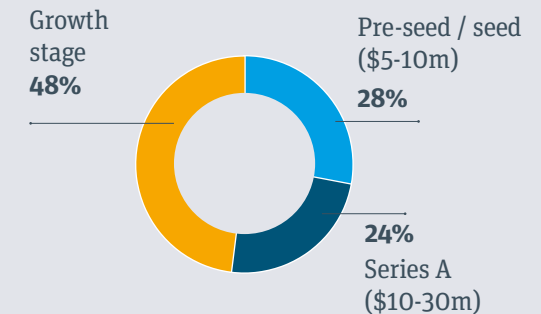
*Venture capital has more complexity and you need to be more active than with other investments. Diversification is hard: it depends on your pool of capital, experience, and stock of knowledge.*

*As your capital grows, you can diversify, e.g., out of your local market into your local region and then more globally. From a risk standpoint, for a lot of family offices, it makes sense to stick with fund of funds, or a range of funds.*

*If they are passionate about direct investing, they can move into it when they have accumulated the capital, developed the resources and networks, and formed a clear sense of their deal preferences and risk appetite.*

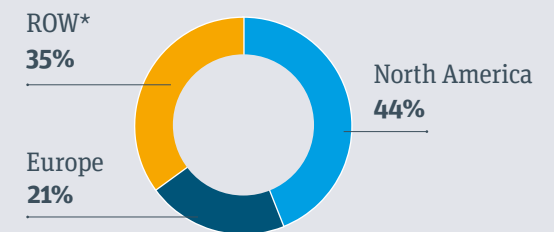
CIO, SFO, Europe

Figure 29: Asset allocation by stage



Source: The Campden Wealth / SVB Family Offices Investing in Venture Capital Survey 2021. Note: Figures may not sum exactly to 100% due to rounding. \*Rest of the world.

Figure 30: Asset allocation by geography



Source: The Campden Wealth / SVB Family Offices Investing in Venture Capital Survey 2021. Note: Figures may not sum exactly to 100% due to rounding. \*Rest of the world.

# COVID-19 impact on return to workplace



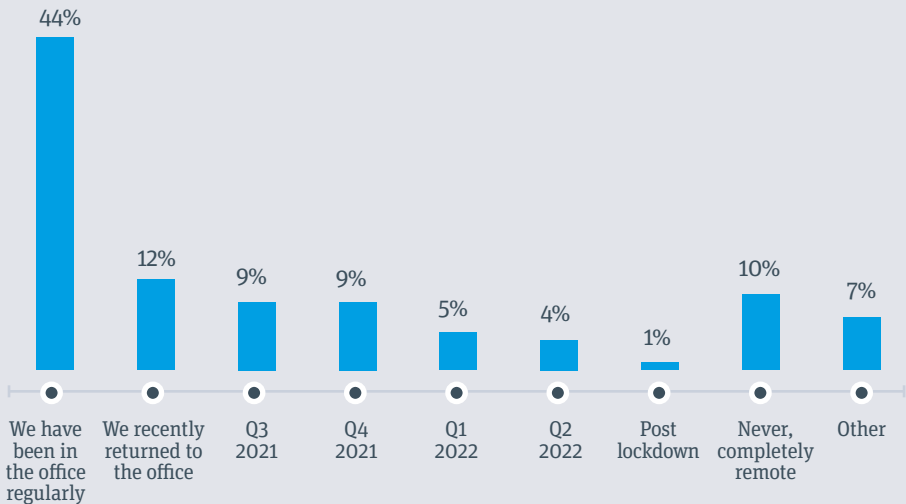


## Most family offices are back in the office

By Q3 2021, 65% of family offices (FOs) expect to be back in the office. However, 10% have determined to go completely remote and 3% have adopted a hybrid model. By Q3 2021, 62% expect to be regularly attending events again.

Figure 31: COVID-19 and FOs returning to the office

Periods FOs returned / plan to return to offices



Source: The Campden Wealth / SVB Family Offices Investing in Venture Capital Survey 2021.  
Note: Figures may not sum exactly to 100% due to rounding.

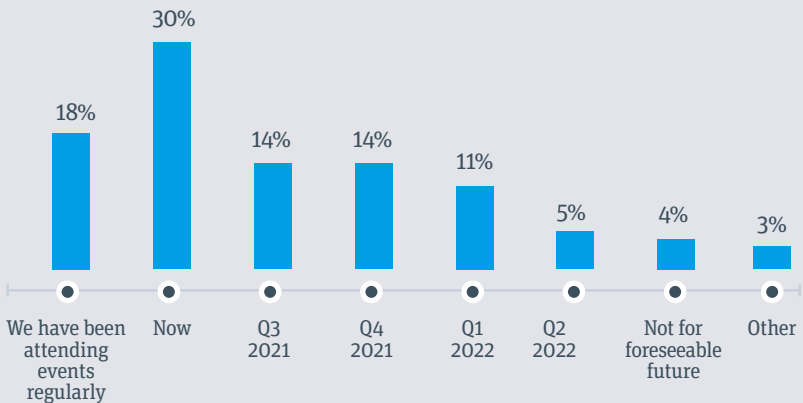
“

COVID hasn't had a material impact on our process. Working out of the office didn't work for us – we're a close team, always bouncing ideas off each other. While we travel less now, we have more Zoom meetings and events and are still meeting people locally.

Family member, SFO, North America

Figure 32: COVID-19 and FOs attending events

Periods FOs returned / plan to return to offices



Source: The Campden Wealth / SVB Family Offices Investing in Venture Capital Survey 2021.  
Note: Figures may not sum exactly to 100% due to rounding.

# Top tips



## Top tips from experienced family offices

The family offices (FOs) surveyed as part of this study were asked to share the lessons they have learnt on their venture journeys which they believed would be most helpful to FOs just starting out in the asset class. The advice from the 139 participants was easily weaved into a coherent whole.



### Assess liquidity needs and risk tolerance

Before you invest, you should give adequate time to understand the asset class. Venture capital differs significantly from traditional asset classes, private equity, and direct investing by an operating business. VCs are experts with a specialist skillset – identifying and assessing founders; calling capital at the right time; deploying it to help a business grow through management and connections; and exiting at the right time and price.

You should assess the family's liquidity requirements and risk tolerance. Generally, investments will last longer than you initially expect. Are you able and willing to commit for 10 to 20 years? Develop parameters for your risk appetite, as that influences the nature of the opportunities you will consider – are you an angel investor, series A, or series B? Generally, you can assume you will need to endure losses.



### Define venture strategy

Define your long-term strategy – encompassing clear goals and contingencies – and follow the path consistently. You should understand which stage of the maturity cycle you are in, and where you want to be. Experienced family offices advise that new entrants should be building a position over decades – not timing the market. Consider setting a low initial cap on venture investment – e.g., 5% of AUM. This can be lifted gradually, but, for many family offices, the VC allocation ranges from 10% to 20%.

Venture investments that sound 'fun' or are reminiscent of the family's operating business should be marked as such. Family members should be coached about 'asks' from friends long before the ask occurs. These deals are usually a gift to the individual, not an investment. Be wary about tech crazes – it is helpful to keep the dot-com bubble in mind.



### Learn about startups and funds

Focus on learning from GPs / lead investors, gaining experience, getting plugged into the venture ecosystem, and growing comfortable with the asset class. You may consider starting with funds that promote investor relationships and learning – i.e., funds that bring together their investors regularly to learn about the opportunities being pursued. Read relevant press and newsletters, e.g., CBInsights, SVB Trends, The Information, etc. Define your preferences – sector (consumer, enterprise, healthcare, etc.), stage (early, growth, pre-IPO), geography, business models, types of risk, and deal terms you are comfortable with. Include the younger generation, and their education will involve learning to deal with losing money.



### Start with small check sizes

You should look at a lot of deals before you invest. It is easy to be tempted by the asset class's high historical returns. But, to begin with, experienced family offices advise to slowly make small investments – e.g., a \$500k check. You can invest in a few fund of funds, small funds, and / or co-investments with other family offices you know – e.g., three to five deals. Fund investments can provide diversified VC exposure. You can also begin with investments which align with the family's philanthropic goals – to make it easier to absorb early losses if they come.



## Top tips from experienced family offices



### Build your network

Venture capital is largely about relationships and access. Regardless of your approach (e.g., funds, co-investments, and/or self-sourced direct deals), it is important to build a strong network of founders, GPs, like-minded FOs and other investors, and other experts in the tech ecosystem. Attend demo days, e.g., Y Combinator, Techstars, 500 Startups, etc., and events catered to family offices.



### Build trust and be patient

To develop valuable long-term relationships, it is important to consistently do what you say you are going to do – e.g., remain passive/get actively involved, make follow-on investments, and/or keep to timelines. Be a nimble LP and determine how else you can add value. When you are brought deals, e.g., from placement agents, ask yourself, why? Did everyone else pass on it? You want to find trusted partners who are well entrenched in the venture ecosystem and can provide guidance as you progress through the maturity model. Building a foundation for successful venture investing is costly and takes time – many years – and there is no cheap or quick fix. You should also play an active role in growing others' networks – e.g., by making introductions – which will pay dividends when they reciprocate.



### Understand performance metrics

Respondents advise that, to some extent, you need to ignore performance for, e.g., the first five years, because it can be uninformative while you are in the so-called J-curve, i.e., the period in which startups are burning cash / funds are investing. There are usually ups and downs, and it is important to have the courage through the down times and stick it out until the good times return. But you also need to know when to cut your losses (and add to winners). Understand key performance metrics for funds, e.g., Distributed to Paid In Capital (DPI), Multiple on Invested Capital (MOIC), Total Value to Paid In Capital (TVPI), Internal Rate of Return (IRR) and for startups, e.g., Customer Acquisition Cost (CAC), Lifetime Value (LTV), revenue, customers, churn, monthly burn, runway, profit margin, etc. Don't count your chickens until they've hatched either – IRRs and MOIC are notional gains until the investment is realised.



### Access top-tier fund managers

Experienced FOs advise that the goal is to access top-quartile managers with a proven track record, including successful exits. You should balance this with your investment appetite – e.g., if you need to invest \$25m in one fund and you are under \$250m in AUM, this may not be the best strategy for you. Take your opportunity to learn from the best in the business. Here, it can be helpful to attend LP meetings and, if possible, have monthly calls with your GPs to better understand the portfolio companies' performance and to uncover challenges. Consider participating in co-investment opportunities that managers offer, where they will do the heavy-lifting and you will gain valuable insights into the investment process.

## Top tips from experienced family offices

### Conduct detailed due diligence

You will need to identify a large number of managers and conduct professional due diligence – e.g., travel to meet the manager, and assess the investment thesis, references, team biographies and history of the team working together, the attributable track record and performance against other funds, and current investment pipeline.

Many venture funds seem attractive given market valuations, but, for our participants, few have real substance. Do not fall for the ‘fear of missing out’ (FOMO) or pressure to answer quickly. Make sure the management and GP have skin in the game. Where possible, fees should be paid based on funds drawn down, not on commitments. Many family offices will not have the bandwidth and therefore rely on third-party advisors.

### Gradually increase your allocation and diversify

As you ramp up your allocation, you will likely need to invest in building a strong team, and this entails offering competitive compensation. You may also need to reinforce your back office to better track investments. Over time, as you become more experienced, you can consider sector specific funds and international exposure. Experienced FOs endeavor to build diversified portfolios – across managers, stages, sectors, vintages, and geographies.

### Build a team to invest directly

Sourcing, assessing, selecting, and closing deals requires extensive networks, deep sectoral expertise, a dedicated team, and strong conviction. Constructing a diversified portfolio can require substantial capital.

If moving into direct deals, it can be beneficial to focus on sectors you have experience in. Conduct deep due diligence, involving external experts where necessary. Visit the company multiple times. Look for people and product – not one or the other. Find out about founders’ life purposes, their views on the competition, and if they have been listening to investors’ concerns.

You should identify the key reasons the best founders will take your money – communicate these simply and filter your deal-flow accordingly to avoid adverse selection. Be hard in pricing negotiations and prepared to walk away.



# About us

## About Campden Wealth

Campden Wealth is a family-owned, global membership organisation providing education, research, and networking opportunities to families of significant wealth, supporting their critical decisions, helping to achieve enduring success for their enterprises, family offices and safeguarding their family legacy.

The Campden Club is a private, qualified, invitation only Members club. Representing 1,400 multi-generational business owning families, family offices and private investors across 39 countries. The Club delivers peer networking, bespoke connections, shared knowledge and best practices. Campden Club members also enjoy privileged access to generational education programmes held in collaboration with leading global universities.

Campden Research supplies market insight on key sector issues for its client community and their advisers and suppliers. Through in-depth studies and comprehensive methodologies, Campden Research provides unique proprietary data and analysis based on primary sources.

Campden Education delivers a virtual training platform empowering families with practical knowledge and the tools to make informed decisions. Drawing on deep expertise and real-world experiences, our programmes are designed to guide the whole family through all stages of ownership and growth.

Campden Wealth owns the Institute for Private Investors (IPI), the pre-eminent membership network for private investors in the United States founded in 1991. In 2015 Campden Wealth further enhanced its international reach with the establishment of Campden Family Connect PVT. Ltd., a joint venture with the Patni family in Mumbai.

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Within SVB Capital, the Family Office Practice works with qualified family offices to provide curated, exclusive access to private investment opportunities both within SVB Capital and with emerging fund managers and early stage companies that are clients of SVB Financial Group.

For more than 35 years, SVB Financial Group and its subsidiaries have helped innovative companies and their investors move bold ideas forward, fast. SVB Financial Group's businesses, including Silicon Valley Bank and SVB Capital, offer commercial, investment and private banking, asset management, private wealth management, brokerage and investment services and funds management services to companies in the technology, life science and healthcare, private equity and venture capital, and premium wine industries. Headquartered in Santa Clara, California, SVB Financial Group operates in centers of innovation around the world.

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