

Family offices and direct investments

*Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland), Solicitor (Hong Kong),
Solicitor (England & Wales)*

Family offices differ from independent asset managers in the scale of their direct investments. Very wealthy families invest a growing share of their wealth in unlisted companies, real estate, infrastructure and private-equity funds, often by co-investing with other families or with specialised managers.¹ These investments require skills in analysis, negotiation and monitoring which the *family office* either builds in-house or buys in.

Geneva offers such investors a favourable environment: the presence of private-equity funds and specialised managers, a community of entrepreneurs and families, legal and tax expertise, and proximity to the international organisations and the commodity trading houses, which open up prospects in emerging countries. Geneva *family offices* invest throughout the world, including in Africa, where Part I will show their growing role.

These investments raise particular compliance questions. The origin of the co-investors' funds, the reputation of local partners, the risks of corruption in certain countries and the sanctions regimes must be examined with the same rigour as for bank investments. *Family offices* that invest directly in high-risk countries must have appropriate verification procedures in place, failing which they expose the family to legal and reputational risks.

Worked example. A Geneva *family office* manages CHF 500 million. It invests 30 per cent of this, or CHF 150 million, in unlisted investments: direct holdings in companies, real estate and private-equity funds. These investments, which are less liquid, require a horizon of ten years or more, but they can offer higher returns and diversification relative to the listed markets. The *family office* must keep sufficient liquidity for the family's needs and for the capital calls on the commitments it has made. The figures are fictitious.

1 Notes

1. UBS, Global Family Office Report 2025 (21 May 2025, 317 family offices surveyed, average wealth of USD 2.7 billion): for Swiss family offices, 44 per cent in alternative investments (including 16 per cent private equity, 12 per cent real estate and 5 per cent hedge funds) against 56 per cent in traditional investments; for Europe excluding Switzerland, 49 per cent in alternatives, including 27 per cent private equity. ↩

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