

Investment governance in a family office

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

Many families set up an office to bring order to assets spread across banks, countries and structures. Investment governance provides that order: it defines who decides, on what basis and with which controls, and it gives the family a reliable picture of its overall wealth.

1 The investment policy statement

An investment policy statement sets out the family's objectives, return expectations, risk tolerance, liquidity needs, time horizon and any restrictions, for example on sectors, jurisdictions or sustainability criteria. It also defines strategic asset allocation and permitted ranges. The statement should name the bodies responsible for decisions, such as an investment committee, and specify how often the strategy is reviewed. A clear statement protects both the family and the office staff because decisions can be measured against agreed rules.

2 Investment committee and decision rights

Larger offices often establish an investment committee with family members and external experts. Its rules should cover composition, quorum, conflicts of interest, documentation of decisions and the delegation of authority to staff or external managers. Where external asset managers are appointed, written mandates with defined guidelines and reporting duties are essential.

3 Custody banks

Spreading assets across more than one custody bank can reduce counterparty concentration, while too many banking relationships make reporting and oversight harder. Selection criteria typically include financial strength, the bank's experience with clients from the family's home region,

reporting quality, data interfaces and the range of markets accessible. Families should also understand how custody assets are segregated and how they would be treated if a bank failed.

4 Reporting and consolidation

Consolidated reporting brings together bank positions, private market investments, real estate and operating companies in one overview. Specialised software and data feeds from banks can automate much of the work, but private assets usually require manual valuation inputs. The office should define valuation principles, reporting frequency and the currency in which wealth is measured, and ensure that the reports reach the right family members in a form they can use.

5 Risk management

Risk management covers market and concentration risks as well as liquidity, currency, counterparty, legal and operational risks. Regular stress tests, limits on single positions, a four-eyes principle for payments and clear cybersecurity measures are standard tools. Reputational and sanctions risks deserve attention for families with international business links.

6 What pays off in practice

- **A short, specific policy statement** is more useful in daily practice than a long generic one.
- **Documented decisions** make it easier to explain past choices to the next generation.
- **One consolidated view of wealth** reveals concentrations that separate bank statements conceal.

7 How Ressos Legal helps

I advise family offices on governance documents, investment committee rules and mandate agreements with external managers and banks. [Contact me](#) for a first conversation.

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