



# Your unique family, our unique approach.

**Because KPMG knows every family is different, we provide bespoke advice to establish and operate your family office and grow and preserve your legacy.**

KPMG Family Office



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Do you shape  
your future  
aspirations  
and mitigate  
the risks and  
complexities  
of tomorrow?

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# Introduction - The elusive definition of a family office

You and your family have worked hard to build your business and your wealth – they are your legacy. But how do you shape your future aspirations and mitigate the risks and complexities of tomorrow? For some the solution may involve a family office.

No two families are identical and the same goes for family offices. Some are entirely family run, some are staffed almost exclusively by investment managers and financial traders, while others employ experts in yachts or bloodstock. Some invest a pot of liquid money, others look for direct investments to complement the family's existing operating businesses. Some have formalised structures whereas others may be more ad-hoc. But whatever your family office does, there can come a time when it needs some external support.

The way KPMG approaches family offices and offers that support stems from one key insight: that the term "family office" is just a flexible concept. There is no single definition, no standard form.

And so we believe that a one-size-fits-all approach to family offices cannot work. Whether you are thinking about creating a family office for the first time or involved with a significant and long-established operation, every case requires a unique approach.

That is why, rather than having a set list of family office products, we focus on having a team of specialists who draw on the wider experience from all areas of our global practice to suit each client and their challenges.

The following pages set out what you need to consider in order to make sure your family office serves your family's needs in the best way possible.

We know that your family is unique. So is our approach to helping you.

# Establish

## Helping families set up family offices that meet their needs



When a family is thinking about setting up a family office, the first step is to understand why.

When you decide to build a house, even before you create a blueprint, you first need to know what that house will be for. Will it be for every-day living or just a holiday home? How many people will live there?

It is the same with a family office. Why do you want to create one? What are you hoping it will accomplish? What will success look like in 10 years' time? And for the next generation? Only once we understand what you want to achieve and why, do we then move on to the more technical questions, like: How should it be funded and structured? Does the family office have to be located in the same jurisdiction in which the family is living? Which tasks should be done in-house by employees, and which are better outsourced? And so on.

Because we know the right questions to ask and can draw on specialists, in every major jurisdiction, we can offer a strategy for your unique set of needs. Whether the conclusion is a full-service family office or just one person to help project-manage an external team of advisers, the result is a family office that is tailored to your family.

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What will success  
look like in  
10 years time?

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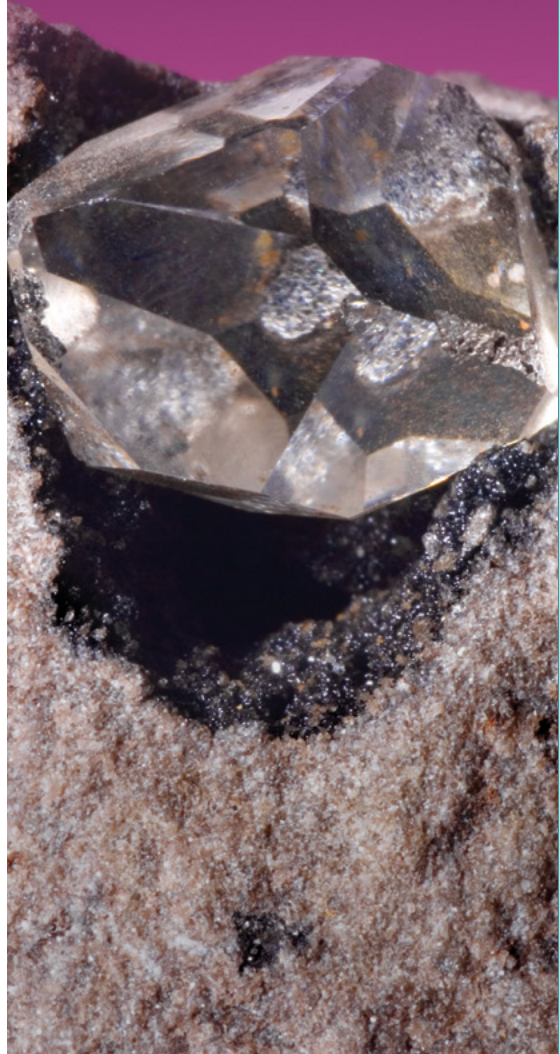
## Case study

We worked with a family who had recently sold their main business, and after discussing their hopes and fears for the future we realised that the family's main aim was to remain unified now that the business, which had given them common purpose, was gone.

They wanted to pool their wealth and to invest collectively in financial and real estate investments, and to jointly undertake philanthropic activities. They decided that a family office could help to achieve these aims.

We helped this family to establish their priorities, and then to determine what they needed to bring in-house, and what to outsource. We then advised on the best structure for them to pool their investments and to manage them on a long-term basis.

We are now supporting them to develop their investment strategy and reporting regime, and also to create governance arrangements, and to define the responsibilities of those family members who are taking more active roles in the family's new joint venture.



# Operate

## Oiling the wheels in established family offices

Just because a family office has been in existence for a long time, doesn't mean that it always works as smoothly as it could. In many cases family offices have come about almost by accident, or at the very least without a complete strategic plan. Over time it is understandable that they can become less efficient or lose touch with their original objectives.

Others were set up very deliberately and expertly, but the needs of the family they serve have changed. The family office may no longer be completely effective, or might require some fine tuning. New issues like cyber-security may also have been overlooked.

Questions often arise in these instances around information, communication and risk management. Are there any KPIs in place? How easy is it to find out whether or not they are being met? Where there

are operations in several countries, are they communicating effectively or simply duplicating effort? If not addressed, any of these deficiencies could become problematic – and expensive.

Many of these issues arise from fragmentation. When problems are identified there is a temptation to bring in isolated experts to solve each one separately. But that doesn't work, because a family office is like a finely balanced ecosystem, and everything within it is interrelated.



Communication is at the heart of solving problems.



Our approach is to draw in experts from many different disciplines who do not work in isolation, but see their jobs as complementary. To put it another way, they speak the same language. As every family knows, communication is at the heart of solving problems and achieving success.





## Case study

An established multi-generational family office came to us worried that over time the family had become distant from the family office's operations. They worried that they did not have clear oversight of the costs, were unsure about whether their risks were being managed, and even about who the key decision-makers were.

We undertook a thorough review of the family office's procedures, processes and controls, particularly focusing on how investment decisions were made. We then reported our findings and found out what the family was happy with, and what they wanted to change.

We then helped the family to design a new investment process which cut costs and made the in-house processes more robust. Finally, we established a new reporting regime which ensured that key stakeholders – both family members and family office management – received the appropriate amount of information for their roles.

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# Grow

## Setting strategy and providing targeted expertise for different assets

Managing a wide range of assets is a complicated business. Families can own real estate, yachts, paintings, bonds, businesses and more, which can entail a formidable range of expertise. It is rare to find a family office that has all the skills that it needs, and indeed it is likely that this would be prohibitively expensive.

Often, a family office employee is a specialist in a particular field but will need additional support in other areas. She might be a lawyer or accountant but not know how to carry out due diligence on a deal that has been brought to her by a friend of the family. Outsourcing that job can be the best option.

We help family offices with a whole range of tasks, providing services from financial modelling to tax reviews. We can carry out one-off jobs, such as an acquisition or disposal, or sourcing a new opportunity in an unfamiliar sector.

In other cases a family office might feel that it is missing the bigger picture. Often a family office manages investments which have come together in an unplanned way over decades.

From a position of independence, we can help to set a clear strategy across managers and asset classes, ensure that the overall portfolio is properly diversified, look at the fees being charged and understand whether that portfolio is producing the return it needs to with the appropriate level of risk.

Our experts are on hand to support family office employees with large strategic questions, one-off tasks, or anything in between.



Managing a wide range of assets is a complicated business.



## Case study

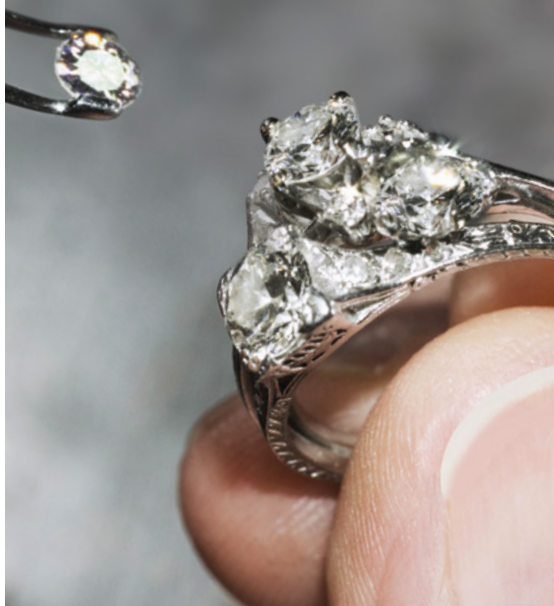
We recently worked with the family office of an entrepreneur, helping him to develop an overarching strategy for the assets he has invested in, and then how to implement this.

This involved understanding his needs and also the nature of his investments: which are expected to perform as investments to grow wealth? Which are acquisitions of passion where the right focus might be on controlling the costs rather than generating a certain amount of profit? Once we understood that, we were able to set appropriate KPIs.

For new acquisitions, we now support him by providing due diligence services which are particularly important for some of his more high-risk investments. We are also able to help with these on a more long-term basis to ensure the businesses are performing well as he does not have the resources to do this himself and at this stage does not want a large family office team in-house. For his financial portfolio, we act as investment consultants and help to provide a consolidated picture of his different accounts.

We have also advised on the tax and structuring of all these deals, and his growing commercial property portfolio.

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Provide a  
consolidated  
picture.  
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# Preserve

## Helping established families to protect their legacies

Families evolve, and so does their thinking. That is especially true as the next generation come of age, and want to participate and help shape the family's future. Your family office might have been founded so the family could take control of its affairs, but that might no longer be what you need for the next stage in your journey.

Perhaps you want to think more deeply about philanthropy, and suspect that this is now the family's most important collective activity. Maybe you are thinking about succession. This can involve setting up structures and embedding a suitable tax strategy, but also thinking hard about the family's legacy and the meaning of its wealth.

Understanding these issues, and the possible pitfalls, is not easy. Our deep experience working with families from all over the world, from many cultures and with many family stories, means that we can help you ask the right questions and set the course that will enable your family to flourish in new ways.



Families evolve, and so does their thinking.



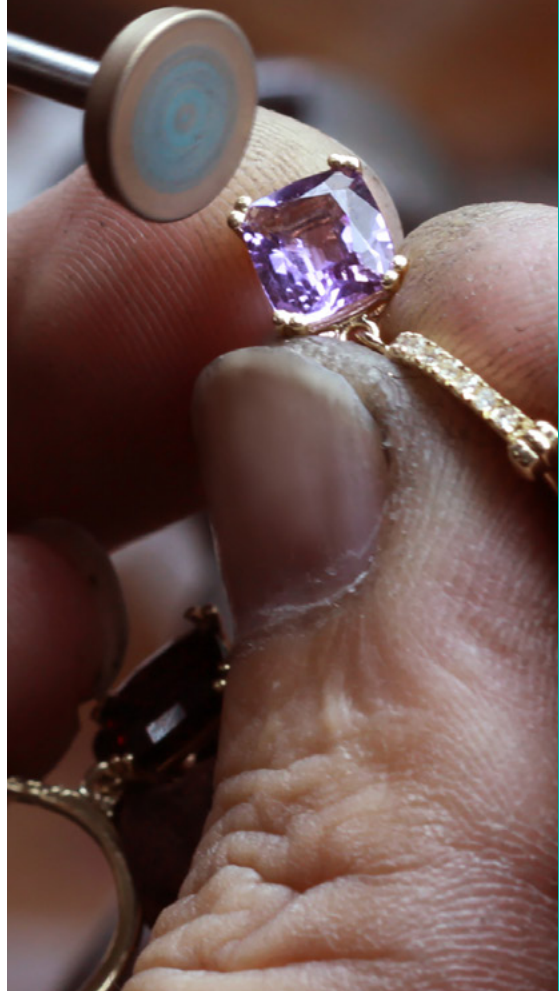
## Case study

We are working with a large international family to restructure their family office operations. This was originally embedded within the principal's main business and was supported by the CFO and staff.

However, the family has come to realise that when the principal is no longer involved the next generation's needs and aims will change, and cannot be served by the existing structure. Through a consultation process, we helped to re-start discussions which had previously been deadlocked between the generations.

A new, standalone family office operation has been created from the ground up. As part of this we are also helping the family to build a financial model which will enable them to assess the potential impact for generations to come of events such as divorce, interest rate changes, or tax increases.

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What you need for  
the next stage of  
your journey.  
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# How we can help

Families often need a number of different advisers, and it can be difficult to find the right expert for a particular issue. An advantage of our approach is that through one contact-point you can access our network of specialists across the full breadth of KPMG.

Whether you want help to design your family office's blueprint or develop its strategy, to conduct a health-check of your existing structures, or just to access expert advice on one particular project or transaction, we have the people for the job.

When you work with us, you don't have to go through the time-consuming process of putting together a team of advisers, explaining your needs separately to each one, and then managing them.

There are no retainers to pay and we will agree on costs up front, on the basis of the services you need. When you work with us you have experts on hand. But when you aren't using them, you don't pay for them.

On top of this, we also offer access to the expertise accumulated by other families like yours over the years. While you may be facing a challenge for the first time or trying to make the most of a new opportunity, it is likely that other families have been there before you.

We believe it is important to learn from their experiences, which is why we have created a network for our family office clients and contacts. We invite you to attend events, access thought-leadership and share experiences with other families and senior family office executives.



## Contact us

For further information on how KPMG can help with all aspects of your Family Office.

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### Our family office clients are currently drawing on the following areas of specialist expertise:

- Assurance reviews of operations and governance
- Internal audit strategic sourcing
- Statutory and non-statutory audit
- Family governance
- Next generation education programmes
- Founder wellness e.g. sustained high performance programmes
- Intergenerational succession and wealth transfer planning
- Financial modelling of family's wealth
- Financial risk management
- Philanthropy advisory services – establishment, compliance, administration and advisory services for Private ancillary Funds and Charitable Foundations
- Impact investment reporting
- Corporate governance, regulatory & compliance advice
- Family business consulting
- Business intelligence
- Corporate finance
- Due diligence
- Transaction support for buying or selling a business
- Wealth strategy and advisory services
- Real Estate advisory
- Cyber Security
- IT advisory services
- Technology reviews
- Structural reviews
- Management consulting and operating model design
- Virtual family office– accounting, book keeping and payroll
- Forensic accounting
- Indirect tax including GST, stamp duty, research and development, transfer pricing and luxury asset expertise
- Personal tax and structuring advice
- Private client advisory
- Tax compliance
- Partnerships and joint ventures
- Specific country and sector expertise

**Whatever your family office's needs, we have people who can help.**





#### About KPMG Family Office

Passion, it's what drives entrepreneurs, family businesses and fast-growing companies alike. It's also what inspires KPMG advisers to help you drive success. KPMG advisers in member firms around the world are dedicated to working with businesses and families like yours.

Whether you're an entrepreneur looking to get started, an innovative, fast-growing company or an established company looking to an exit, KPMG advisers understand what is important to you and can help you navigate your challenges – no matter the size or stage of your business.

KPMG Family Office advisors are dedicated to working with families. No matter the size or complexity of your family office, or whether you are currently looking to establish your family office, KPMG advisors work with you and your family to understand what is important to you and can help you navigate your challenges.

You gain access to KPMG's global resources through a single point of contact – a trusted adviser to you, your company and your family. It's a local touch with a global reach.

#### KPMG Enterprise Global Centre of Excellence for Family Business

From the boardroom to the kitchen table, KPMG Family Business advisers share practical advice and experienced guidance to help you succeed. To support the unique needs of family businesses, KPMG Enterprise manages a global network dedicated to offering relevant information and advice to family-owned companies. We understand that the nature of a family business is inherently different from a non-family business and requires an approach that considers the family component.

Visit the KPMG Enterprise Global Centre for Family Business here:

<https://home.kpmg/xx/en/home/services/enterprise/family-business.html>

Find your local KPMG Australia Family business advisers details here:

[KPMG.com/au/familybusiness](https://www.kpmg.com/au/familybusiness)

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