

April 2026



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Key takeaways

- Family offices are moving toward more balanced portfolios built for flexibility and resilience.
- Private markets still matter, but their illiquidity and complexity make portfolios harder to manage at scale.
- Public markets are being used more deliberately (often via ETFs) to add liquidity, transparency, and easier rebalancing.

Portfolio construction has always been central to how family offices think about investing, but the way those portfolios are being built is quietly evolving.

For much of the past decade, the conversation has been dominated by private markets. Private equity, venture capital, private credit, and direct investments have become core building blocks for many families, particularly those with operating backgrounds and long investment horizons. In many cases, this emphasis has been well founded. Private markets have delivered attractive long term returns and offered access to opportunities not always available in public markets.

At the same time, experience has a way of refining theory. As family offices have grown in size, complexity, and sophistication, there has been a gradual reassessment underway – not of whether private markets belong in the portfolio, but of how the overall portfolio should be structured to support flexibility, resilience, and long term decision making.

This second piece in our blog series reflects on that shift and why many family offices are rediscovering the value of a more balanced approach to portfolio construction.

Private markets: essential, but not sufficient on their own

Private markets remain an important component of many family office portfolios. They align naturally with patient capital, long time horizons, and a willingness to look beyond short term mark to market volatility. For families with the right governance and resources, private investments can play a meaningful role in compounding wealth across generations.

However, private markets also introduce structural characteristics that become increasingly relevant as allocations grow. Illiquidity is the most obvious, but it is rarely the only challenge. Capital calls and distributions are uneven by design. Portfolio transparency is limited. Manager selection, monitoring, and reporting demand significant time and expertise. Fee structures can be complex, and portfolio level risk aggregation is often imperfect.

None of these issues are new. What has changed is scale. As private allocations have expanded, some family offices have found that the cumulative impact of these constraints are beginning to shape portfolio behavior in unintended ways. Rebalancing becomes harder. Liquidity management becomes more reactive. The ability to act decisively during periods of market stress – historically one of the advantages of family capital – can be reduced.

Seen in this light, the question is not whether private markets work, but whether they can reasonably be expected to do everything. For most family offices, the answer is increasingly no.

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Public markets reconsidered

Against this backdrop, public markets have been quietly re evaluated.

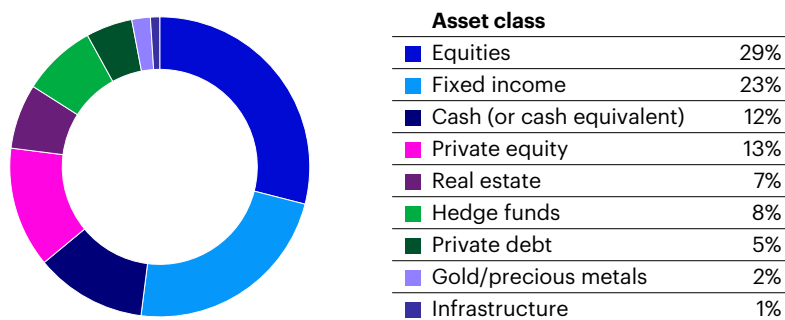
For a period, public assets were often treated as a transitional allocation – something to hold while waiting for capital to be deployed elsewhere, or a simple beta exposure sitting alongside more “interesting” private investments. That framing is changing.

Today, many family offices are approaching public markets with greater intentionality. Rather than viewing them as residual or tactical, some family offices are designing public markets as a strategic sleeve with a clearly defined role in the overall portfolio. That role typically includes liquidity provision, risk management, and the ability to adjust exposures as market conditions evolve.

Public markets offer characteristics that are difficult to replicate elsewhere. Liquidity is continuous rather than episodic. Pricing is transparent. Portfolios can be rebalanced incrementally rather than structurally. Exposure can be increased, reduced, or reshaped without long lead times or complex operational steps.

These features are not exciting in isolation, but they are powerful when combined thoughtfully. They allow family offices to remain flexible, to manage risk dynamically, and to avoid being forced sellers or buyers at inopportune moments.

Figure 1
Asia-Pacific family offices’ strategic asset allocation in 2024



Source: UBS Global Family Office Report, 2025. Note: Captures the views of 317 UBS family office clients. The average net worth of participating families was USD 2.7 billion, with their family offices managing USD 1.1 billion each. The online survey was conducted from 22 January to 4 April 2025. For informational purposes only. Data should not be interpreted as benchmarks or guidance.

Implementation matters

How public markets are implemented matters as much as the decision to allocate to them in the first place.

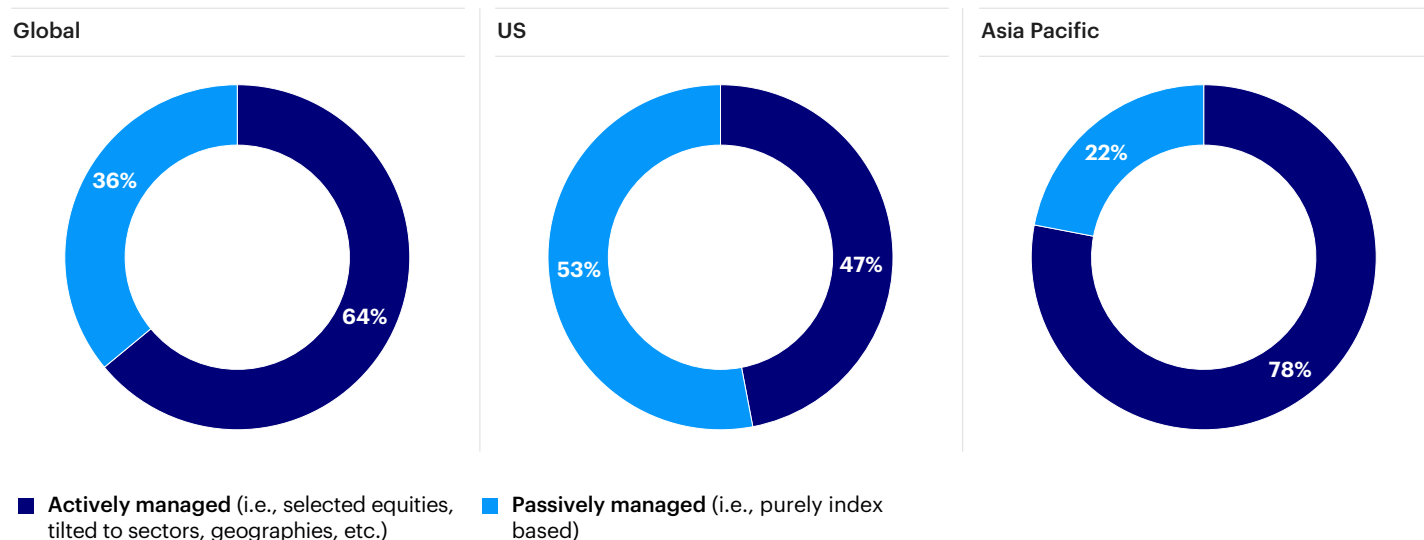
One of the more notable developments in recent years has been the growing use of ETFs as primary implementation tools within family office portfolios. This is sometimes misunderstood as a shift toward simplicity for its own sake. In practice, it reflects a desire for control, efficiency, and clarity.

The ETF universe has evolved significantly. It now spans passive, factor based, systematic, and increasingly active strategies across equities, fixed income, credit, and alternatives. For family offices, this means public market exposures can be built with a high degree of precision, while retaining daily liquidity and operational simplicity.

Importantly, ETFs allow asset allocation decisions to be separated cleanly from vehicle complexity. Strategic and tactical views can be expressed efficiently. Rebalancing can be done without disrupting the broader portfolio. Governance becomes clearer, particularly for families managing multiple entities or mandates.

In this sense, ETFs are typically thought of not as a category, but as an enabling structure – a way to access markets in a manner that aligns with institutional standards while preserving flexibility.

Figure 2
How are family offices managing their equity portfolios? Share of active vs. passive equity investments



Source: UBS Global Family Office Report, 2025. Note: Captures the views of 317 UBS family office clients. The average net worth of participating families was USD 2.7 billion, with their family offices managing USD 1.1 billion each. The online survey was conducted from 22 January to 4 April 2025.

Designing portfolios for resilience

When family offices step back and look at their portfolios holistically, a few consistent themes tend to emerge.

First, public markets are increasingly expected to play an active role in portfolio resilience. Equity exposure is balanced with fixed income that serves a genuine purpose, whether that is income generation, diversification, or downside risk mitigation. Liquid alternatives are used selectively to complement traditional assets rather than to replace them.

Second, fee discipline is becoming more important. Families remain willing to pay for skill where it exists, but there is growing recognition that market exposure can often be accessed efficiently. This has reinforced the role of scalable, transparent implementation within the public markets sleeve.

Third, flexibility is valued explicitly. Public markets provide the ability to respond to changes in macro conditions, policy regimes, and valuation environments without having to restructure the entire portfolio. That optionality is difficult to quantify, but it becomes especially valuable during periods of uncertainty.

Taken together, these considerations point toward a public markets allocation that is purposeful rather than passive – designed to complement private investments, not simply coexist alongside them.

Family offices as agile institutional investors

Family offices occupy a unique position in the investment ecosystem. They share many characteristics with institutional investors – long horizons, multi asset portfolios, and a focus on governance – but operate with far greater agility.

That agility is a competitive advantage, but only if the portfolio structure supports it. Excessive illiquidity can limit flexibility. Over complexity can slow decision making. A well constructed public markets sleeve, by contrast, may enhance the ability to act decisively when opportunities arise.

In this way, portfolio construction becomes less about maximising exposure to any single asset class and more about creating a framework that supports good decisions over time.

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Looking ahead

This piece has focused on the broader case for balance – why many family offices are reassessing the relationship between public and private markets, and why public assets are regaining prominence within institutional quality portfolios.

In the last part of this series, I will look more closely at how public markets are being used in practice by family offices, and why vehicles such as ETFs have become central to that implementation.

Ultimately, the resilient family office portfolios are not defined by strong views alone, but by structures that allow those views to be expressed thoughtfully, adjusted when needed, and sustained across cycles. Balance, rather than conviction in any single approach, is what makes that possible.

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