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# Why Are Family Offices Engaging More In Direct Investment?

FEBRUARY 12, 2020

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UK SMEs delivered a combined annual turnover of £2 trillion, accounting for 52% of all private sector turnover. This powerful economic engine is now at risk of stalling; government figures estimate that the number of SMEs in the UK fell by 27,000 between 2017 and 2018. Slowing growth, combined with the implications of the pound's uncertain strength, are forcing many SMEs to restructure or invest in improved efficiency. In an earlier day, banks provided a ready source of capital to meet these and other needs, but many traditional financial institutions are still facing capital pressures and have withdrawn from large parts of this sector of the market, especially early-stage business and turnarounds.

Meanwhile, family offices have been facing their own challenges. Traditional family office investment strategies focused on public bond and equity markets, and to a lesser extent on hedge funds and real estate. However, these investments no longer provide the returns they once did. In the search for higher yield, more and more family offices are thus looking toward the opportunities presented by direct investment.

Read more about Ian Borman's insights into why family offices are engaging more in direct investment here.

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