From Private Wealth to Patient Capital: Family Offices in Entrepreneurial Finance

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December 25, 2025

Abstract

Family Offices (FOs) are influential yet opaque investors whose strategies remain underexplored. Drawing on 2,800 FO-backed direct investments identified from the Crunchbase database and manually verified with supplementary information on family background and wealth generation, this study compares FOs with Independent Venture Capitalists (IVCs). FOs prefer larger syndicates, reflecting a cautious, risk-sharing approach. They avoid highly competitive sectors, participate in smaller funding rounds, and tend to invest in slightly earlier-stage ventures located farther from where their families are based, suggesting deliberate geographic diversification. Their portfolios also exhibit stronger alignment with societal goals, showing higher odds of ESG investments. Although FO-backed firms are generally less likely to go public, this gap disappears for ESG ventures, which achieve higher IPO success under FO support.

1 Introduction

In recent years, increasing wealth concentration at the top has been accompanied by a rapid proliferation of Family Offices (FOs), increasingly sought-after solutions for managing the enormous wealth accumulated in a personalized manner. While there is an ongoing debate about the best way to define these entities (Rivo-López et al., 2017), and consequently about how to count them (Kenyon-Rouvinez and Park, 2020), an apparently irreversible trend is the continued rise of these bespoke financial services around the globe. According to Deloitte (2024), in 2019 an estimated 6,130 FOs existed globally. By 2024, that estimate had grown to about 8,030—a 31% increase in five years. The same report

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[1]We thank participants at seminars at the University of Genoa and Zhejiang International Studies University for their valuable comments and suggestions.

pinpoints their assets under management (AUM) at around $3.1 trillion, but because they are private, an exact figure is difficult to determine. For example, other studies suggest estimates even exceeding $11 trillion[2]. Surveys indicate that, on average, 10% of these assets are earmarked for private, early-stage startup deals[3].

Despite their growing influence in the global economy and entrepreneurial ecosystem, FOs remain relatively understudied in the literature. For example, Schickinger et al. (2023)[4] identified only nine relevant academic articles on FOs in leading journals. It is mainly due the secrecy of FO activities and their exemption from disclosure requirements that reliable data are scarce, making rigorous empirical analysis extremely difficult (Amit et al., 2007).

This study aims to open an empirical window into the otherwise opaque world of FO start-up investing. Drawing on an original Crunchbase extract and complementary hand-collected information, we identify more than 2,800 FO-backed deals, an order of magnitude larger than any sample previously analysed (Schickinger et al., 2023). By tracing where, when, and how FO deploy their own capital, the paper offers the first large-scale evidence on their screening criteria, syndication preferences, and exit paths, thereby transforming what has largely been anecdotal or proprietary insight into a systematic, testable dataset.

FO capital is usually evergreen, owner-managed, and frequently motivated by inter-generational or impact considerations (Wessel et al., 2014; Block et al., 2019; Schickinger et al., 2023). We therefore expect that FOs follow investment policies and achieve exit patterns that differ systematically from those of independent venture capitalists (IVCs), whose strategies are bounded by finite fund lives and periodic fundraising. From the empirical investigation, we do find that FOs differ significantly in their investment strategies from IVCs. Specifically, FOs prefer funding rounds with larger syndicates, highlighting a more cautious approach to investment-selection based on risk-sharing. In addition, they avoid investing in companies facing high local sectoral competition, and favor funding rounds of smaller size than those targeted by IVCs. They also tend to invest in slightly less mature firms at earlier stages than IVCs, and to invest further away from their home country. They show a stronger inclination to invest in startups addressing ESG-related issues, reflecting a broader societal orientation.

Regarding investment outcomes, we find that FO-backed firms generally have a lower probability of going public than those backed by IVCs across all time horizons. However, this disadvantage disappears in the case of ESG sector

[2]With Intelligence: Future of Family Offices: Global Market to Surge to $11.41 Trillion in Two Years. https://www.withintelligence.com/insights/global-family-offices-to-double-by-2026/. Accessed 20 May 2025

[3]Silicon Valley Bank: Family office investment and allocation to venture capital on the rise. https://www.svb.com/news/company-news/family-office-investment-and-allocation-to-venture-capital-on-the-rise-according-to-svb-and-campden-wealth-report/. Accessed 30 September 2025

[4]Most existing papers on the subject primarily aim to clarify what these entities actually are (Decker and Lange, 2013; Kenyon-Rouvinez and Park, 2020), how they are structured (Wessel et al., 2014; Rosplock and Hauser, 2014; Schickinger et al., 2023), and what their functions are (Rivo-López et al., 2017; Rottke and Thiele, 2018).

firms. In fact, when backed by FOs, ESG companies exhibit even higher IPO odds than their counterparts, underscoring the pivotal role of FO involvement in this sector.

Lastly, we find no significant difference in M&A exit outcomes between investor types. However, firms initially backed by FOs tend to raise substantially more capital in subsequent funding rounds than those first financed by IVCs. This pattern suggests that FO-backed ventures are more successful in sustaining investor confidence and securing continued financing over time. Rather than interpreting this as evidence of an explicit exit preference, we view it as consistent with FOs' broader orientation toward patient capital and long-term relationship building, reflecting their emphasis on stability, legacy preservation, and sustained value creation.

While FOs differ from traditional family businesses in their focus on wealth deployment rather than wealth creation, both are embedded in the same family system and shaped by similar socioemotional and stewardship logics. FOs represent a natural evolution of the enterprising family, a professionalized vehicle through which families continue to exert economic and social influence beyond their operating firms. By examining FOs, this study extends the family business literature into the domain of capital markets, showing how legacy preservation, long-term orientation, and mission-driven goals manifest in investment behavior. In doing so, it bridges the study of family business and family wealth management, highlighting how family influence persists even after the transition from ownership of firms to ownership of capital.

First, our study contributes to the small but rapidly emerging literature on FOs by providing the first large-scale empirical evidence on their investment strategies, exit outcomes, and underlying family characteristics in the start-up financing market. To date, only two studies, Block et al. (2019) and Schickinger et al. (2022), have systematically examined FOs. Block et al. (2019), based on interviews with a limited subsample of investors from PitchBook, show that FOs emphasize current profitability over revenue growth, reflecting their caution in protecting family wealth and future generations' well-being. Similarly, Schickinger et al. (2022) find that FOs prefer internal financing over external debt, consistent with transgenerational control and non-economic goals. Building on these insights, we manually compile and verify data on 2,800 direct FO-backed investments and link them to information about the founding families or individuals behind each office. This unique dataset provides the first large-sample view of what these FOs look like: who they are, where their wealth originates, and how family legacies translate into distinct investment behaviors.

Second, our paper contributes to entrepreneurial financing in general. Classic work in this field centers on venture-capital and private-equity funds (Gompers and Lerner, 2001a; Kaplan and Strömberg, 2009) as the dominant outside financiers of high-growth firms. More recent studies extend the map to crossover investors: mutual funds (Chernenko et al., 2021), hedge funds (Lerner and Nanda, 2020), and sovereign vehicles (Cumming and Monteiro, 2023), which have pushed into late-stage venture rounds. As family-office AUM surge, this study offers the first empirical evidence on how FOs engage in start-up investing,

uncovering a distinctive investment logic marked by early-stage participation, cautious risk management through syndication and strong impact orientation.

Lastly, this study contributes to the expanding social impact finance literature by linking it to FO investing. While qualitative accounts suggest many families pursue legacy or mission goals when allocating capital, systematic empirical evidence has been scant. Research on impact investing more broadly shows that impact-seeking funds often differ from traditional investors: they are more likely to invest in under-served regions, pioneer new industries, and accept longer horizons or greater risk for social as well as financial returns (Barber et al., 2020; Cole et al., 2023; Kaya and Orpiszewski, 2025). However, little is known about how family-owned investment vehicles behave in this regard. We fill this gap by providing the first large-sample empirical test showing that FO portfolios tilt toward education, health, and environmental sectors, and away from winner-takes-all races, even after controlling for deal size, stage, and geography. This offers scale-based evidence that FOs act as providers of "patient impact capital," thereby enriching the social-investment literature with hard data rather than relying solely on survey impressions.

The paper proceeds as follows. Section 2 develops the theoretical framework and hypotheses grounded in family business, stewardship, and impact investing literatures. Section 3 details the data collection, empirical design, and variable definitions. Section 4 presents the main results on FO investment behavior, sectoral focus and exit outcomes. Section 5 concludes with key contributions, limitations, and directions for future research.

2 Theory and Hypotheses

Family Offices (FOs) can be viewed as an evolved form of family enterprise operating in the financial domain. Like family firms, they intertwine family and business interests, with ownership and control concentrated within the family. Thus, FOs extend family firm logics: long-term orientation, socioemotional wealth preservation, and stewardship, into investment activities, making family business theories applicable to understanding their governance and decision-making.

For instance, Sirmon and Hitt (2003) identify patient financial capital as a unique family firm resource, and argue that family-controlled investors adopt longer-term investment horizons due to their intergenerational goals. Similarly, Lumpkin and Brigham (2011) develop the concept of long-term orientation (LTO) to explain family firms intertemporal decision-making. LTO is a multidimensional construct characterized by futurity, continuity, and perseverance, which serves as a dominant logic guiding choices that favor the long run (Brigham et al., 2013). Carney (2005) notes that families often enjoy a competitive advantage in contexts where social capital, long-term orientation, and efficiency dominate over scale and capital. As a result, we anticipate systematic differences in FO vs. IVC activity:

Hypothesis 1: FOs adopt a longer-term, patient investment approach than

IVCs, consistent with a future-oriented investment stance.

In addition, we hypothesize FOs to be guided by socioemotional wealth (SEW) priorities, that is, the family's desire to maintain positive emotional outcomes, identity, and legacy through their business endeavors (Berrone et al., 2012). As shown by Zellweger and Kammerlander (2015), FOs are often established with the goal of wealth preservation across generations in mind. This emphasis is rooted in SEW principles, and also shapes FOs' approach to risk (Gómez-Mejía et al., 2007). For example, Naldi et al. (2007) demonstrate that risk-taking in family firms reduces performance due to strong aversion to jeopardizing family wealth and socioemotional goals. Likewise, Duran et al. (2025) use SEW theory as the primary lens to examine how family control among publicly listed firms in high-technology sectors affects investments in corporate venture capital (CVC). Their findings reveal that family-controlled firms engage less in CVC activities as they entail risks, and when they do, they make larger investments to exert greater influence.

Hypothesis 2: FOs exhibit a more risk-averse investment style than IVCs, favoring risk-sharing and wealth preservation.

Successful family businesses are built around the concept of stewardship, where altruism, legacy, and identity lead to sustainable, long-term investments (Davis et al., 1997; Miller and Breton-Miller, 2006). One important manifestation of these considerations is a stronger commitment toward environmental, social, and governance (ESG) causes (Berrone et al., 2010). Cruz et al. (2021) develop a theoretical framework where some families are thought to pursue impact investing for legitimacy and image, others as local legacy continuation, and a few as strategic innovation. Moreover, Steier (2003) shows that family financing of new ventures represents a unique hybrid of altruism and market rationality, governed by social and emotional motives alongside economic ones. In addition, Sharma and Sharma (2019) note that family firms are willing to forego short-term returns to preserve family identity and legacy.

Hypothesis 3: FOs place a greater emphasis on ESG and impact investments in their portfolios than IVCs, reflecting the influence of family socioemotional and legacy goals.

3 Data and Methodology

3.1 Dataset Description

The number of FOs has expanded rapidly over the past two decades. Figure 1 illustrates this trend, highlighting the growing relevance of FOs as institutional investors in the venture capital landscape. While FOs vary in structure depending on their client base, governance, and service offerings (Rosplock and Hauser, 2014; Rivo-López et al., 2017), this paper focuses specifically on Single Family Offices (SFOs), thereby excluding multi-family organizations. This choice is motivated by the fact that investment strategies in SFOs are directed by a single family, thus SFO investments can be more clearly connected to the

family's business background and values, an alignment that is far more difficult to establish for Multi-Family Offices (MFOs). Because MFOs pool capital from multiple families and typically do not disclose which family is behind each investment, it is challenging to link any specific deal to a particular family's history, objectives, or governance traditions.

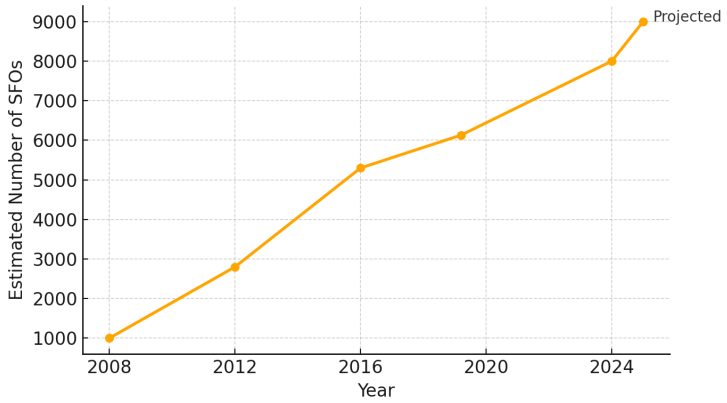

Fig. 1: Global Growth in the Number of Family Offices, 2008–2025

Source: (The Economist Intelligence Unit, 2020; Deloitte, 2024).

Our primary data source is the Crunchbase (CB) database[5], one of the most comprehensive repositories of information on private-market activities worldwide. Originally developed as a crowd-sourced platform tracking technology ventures, CB has evolved into a structured database containing detailed firm-level and investor-level information on funding rounds, investment amounts, deal dates, investor identities, and geographic and sector classifications. It covers companies and investors across more than 200 countries and has been widely used in recent studies on venture capital, crowdfunding, and entrepreneurial finance (Ryu et al., 2022; van den Heuvel and Popp, 2023; Kalhor and Bahrak, 2024).

From this database, we identify approximately 2,800 direct investments backed by 335 SFOs. Each entry is manually verified through triangulation with multiple public sources, including company websites, press releases, and financial databases, to ensure that the investor qualifies as a SFO rather than MFO, or another form of private equity or institutional fund. In addition, we collect supplementary information on the founding families or individuals behind each SFO, including details on wealth origin, generation, and family business background. This manual effort provides the first large-sample view of what these family offices look like, how they are structured, and how their family heritage may shape investment decisions.

[5]Crunchbase: Make better decisions, faster. https://www.crunchbase.com. Accessed 01 June 2025

As shown in Table 1, well over half of families in our sample have an industry background in tech and finance, while their legal residence is highly skewed towards the United States.

Table 1: Distribution of Single Family Offices by Industry and Country

Rank	**Family Sector**	**Headquarter**
1	Tech (31.23%)	United States (142)
2	Finance (27.33%)	United Kingdom (18)
3	Industrial & Energy (14.71%)	Germany (17)
4	Consumer & Retail (11.11%)	Sweden (9)
5	Other (5.71%)	Switzerland (9)
6	Health & Biotech (5.11%)	France (8)
7	Media & Entertainment (3.30%)	Australia (5)
8	Services (1.50%)	Singapore (5)

Notes: The first column reports the distribution of the industry sector of the family business, while the second column shows the the top eight countries for concentration of family offices headquarters.

To analyze the main factors that differentiate SFO investments from those of other investors, we linked each investor to their direct investments in startups over time. This allows us to evaluate the factors that drive SFOs to invest in a company compared to other investors. To avoid potential bias from staged financing rounds, we retained only the first recorded investment per investor–startup pair (Gompers, 1995; Li et al., 2023).

To test our hypotheses, we use the investment stage at which the investor enters the deal to proxy for the long-term focus of SFO vs. IVC investments. Significant early entries are associated with a more supportive backing since the initial stages of the business, indicating a long-term commitment in the success of the enterprise (Klingler-Vidra, 2016). In addition, for both investor types, we construct the variable *Follow-on Rounds* that counts the number of funding rounds that the start-up raises after their first backing. A higher number of rounds raised associated with the investor reflects an early, enduring involvement in the company affairs (Carpentier and Suret, 2013; Zheng, 2022).

We further evaluate the validity of the risk-averse hypothesis through the inclusion of the variable *Investor Count*, which captures the number of investors participating in a deal. Larger syndicates are evidence of risk sharing among investors (Wilson, 1968), suggesting substantial pooling of resources and information that minimizes risk (Sah and Stiglitz, 1986; Gompers and Lerner, 2001b). Furthermore, to assess the diversification of investments across fields, the factor variable *Firm Sector* identifies the industry of the start-up. Cross-sectoral investments offer a safeguard against idiosyncratic industry downturns, effectively reducing the negative risk of business concentration (Goetzmann and Kumar, 2008). Appendix A, Table 11 shows the categories used for the construction of each sector. Similarly, the variable *Home Bias* equals one when the investor and the startup share the same country, providing additional information on the

risk management strategy implemented by SFOs across geographic areas (Fang and van Lelyveld, 2014; Bacsosz, 2019).

Additionally, we capture differences in local investment environments by including *Sector Density*, a measure of local industry concentration. It is calculated by dividing the number of firms active in a given sector within a city by the total number of firms across all sectors in that city. Thus, *Sector Density* approaches 1 when a city's economic activity is heavily concentrated in a single sector, and approaches 0 when it is more evenly distributed across multiple industries, and it provides an additional proxy for the appetite of sectoral concentration among investors.

Finally, we check for a preference among family offices of impact investing by constructing the binary variable *ESG Sector*, which equals one when the firm operates in industries linked to social or environmental well-being. In defining what constitutes an ESG investment, we followed the exemplary lists provided by Clarkson (1995) and Wood (2010). The specific categories included in this variable are detailed in Appendix A, Table 10.

In addition, we follow the standard literature and construct the following variables to proxy for investor's experience and investment performance: *Investor Experience* measures the time elapsed between the fund's establishment date and the day the deal was closed. Likewise, *Firm Age* captures the time from the company's founding until the day it received the investment. Finally, *Raised Amount* is the total capital raised by the start-up in each funding round, while the binary variables of *IPO* and *M&A* transaction capture the exit outcomes of each investment.

Table 2 provides descriptive differences IVCs and SFOs. SFOs are significantly more active in Seed rounds and provide substantially more follow-on financing, indicating deeper long-term engagement. IVCs show slightly greater participation in Series A, but later-stage rounds are similar across investor types. SFO-backed deals involve larger syndicates and younger firms, yet exhibit a higher IPO probability, suggesting that SFOs may play an important role in supporting firms through to successful exits. IVCs, conversely, tend to invest in firms located in denser sectors and display greater home bias. Overall, the summary statistics point to distinctive investment patterns between SFOs and IVCs. Nonetheless, these patterns are descriptive in nature; additional regression analysis is required to control for variation in firm, deal, and sector characteristics.

Table 2: Descriptive Statistics

Variables	Deal Count	IVC	Mean (IVC)	SFO	Mean (SFO)	Difference	t-statistics
Single Family Office	200,344	197,530	0.000	2,814	1.000	-1.000	.
Seed	200,344	197,530	0.211	2,814	0.313	-0.102^{***}	-13.12
Series A	200,344	197,530	0.230	2,814	0.211	0.018^{**}	2.28
Series B	200,344	197,530	0.125	2,814	0.123	0.002	0.28
Series C	200,344	197,530	0.058	2,814	0.057	0.001	0.30
Series D	200,344	197,530	0.024	2,814	0.023	0.001	0.25
Early Rounds	200,344	197,530	0.566	2,814	0.647	-0.082^{***}	-8.71
Follow-on Rounds	200,344	197,530	0.364	2,814	0.718	-0.354^{***}	-21.17
Investor Count	200,344	197,530	3.78	2,814	4.65	-0.87^{***}	-12.51
Firm Sector	197,923	195,149	3.25	2,774	3.50	-0.26^{***}	-6.25
ESG Sector	200,344	197,530	0.068	2,814	0.068	0.001	0.14
M&A	200,344	197,530	0.072	2,814	0.073	-0.002	-0.31
IPO	200,344	197,530	0.016	2,814	0.029	0.013^{***}	4.04
Home Bias	193,769	191,097	0.749	2,672	0.716	0.033^{***}	3.89
Sector Density	200,344	197,530	0.068	2,814	0.057	0.011^{***}	6.10
Raised Amount	156,959	154,758	1.46e+08	2,201	3.42e+07	1.12e+08	0.42
Investor Experience	176,343	173,812	14.16	2,531	16.67	-2.51^{***}	-6.96
Firm Age	196,339	193,566	6.09	2,773	4.33	1.76^{***}	8.06

3.2 Empirical Methodology

To examine the odds that, for observation i, the primary investor is a Single Family Office (SFO) rather than an Independent Venture Capitalist (IVC), we estimate the logistic model in Eq. 1. The dependent variable *SFO* equals one when the deal involves a Single Family Office and zero otherwise. Because the unit of observation is the unique investor–company pair at the first recorded investment, the model captures the probability that deal i involves an SFO, conditional on the included covariates.

$$\begin{aligned}\Pr(\text{SFO}_i = 1 \mid \mathbf{X}_i) = \; \Lambda\Big(&\alpha + \beta_1 \,\text{Home Bias}_i + \beta_2 \,\text{Sector Density}_i \\ &+ \beta_3 \,\text{Investor Experience}_i + \beta_4 \,\text{Firm Age}_i \\ &+ \beta_5 \,\log(\text{Raised Amount}_i) + \beta_6 \,\text{Investor Count}_i \\ &+ \gamma \,\text{Investment Stage}_i + \delta \,\text{Primary Sector}_i \\ &+ \lambda \,\text{Location}_i + \eta \,\text{Year}_i + \epsilon_i\Big) \end{aligned} \tag{1}$$

The analysis incorporates a combination of location characteristics and a set of firm- and investor-level controls that tailor the empirical framework to our setting. This enables a thorough assessment of the main determinants of SFO investments relative to the control group.

In addition, to measure investors' early engagement with portfolio companies, we estimate a Poisson model where the dependent variable is the number of subsequent funding rounds a firm raises after the initial investment, as shown in Eq. 2:

$$\begin{aligned}\mathbb{E}[y_i \mid \mathbf{X}_i] = \mu_i = \exp\Big(&\alpha + \theta_1 \,\text{SFO}_i + \theta_2 \,\text{Home Bias}_i \\ &+ \theta_3 \,\text{Sector Density}_i + \theta_4 \,\text{Investor Experience}_i \\ &+ \theta_5 \,\text{Firm Age}_i + \theta_6 \,\log(\text{Raised Amount}_i) \\ &+ \theta_7 \,\text{Investor Count}_i + \boldsymbol{\phi}^\top \text{Investment Stage}_i \\ &+ \boldsymbol{\delta}^\top \text{Primary Sector}_i + \lambda \,\text{Location}_i + \boldsymbol{\eta}^\top \text{Year}_i + \epsilon_i\Big) \end{aligned} \tag{2}$$

This will help us evaluate the long-term orientation of SFO in their investment strategies, as early entrances are associated with long-lasting firm support (Klingler-Vidra, 2016).

Furthermore, we assess the likelihood that an investment targets firms operating in ESG-related sectors by means of Eq.3, thereby capturing differences in environmental and social investments preferences across investors.

$$\begin{aligned}\Pr(\text{ESG Firm}_i = 1 \mid \mathbf{X}_i) = \Lambda\Big(&\alpha + \beta_1 \,\text{SFO}_i + \beta_2 \,\text{Home Bias}_i + \beta_3 \,\text{Sector Density}_i \\ &+ \beta_4 \,\text{Investor Experience}_i + \beta_5 \,\text{Firm Age}_i \\ &+ \beta_6 \,\log(\text{Raised Amount}_i) + \beta_7 \text{Investor Count}_i, \\ &+ \gamma \,\text{Investment Stage}_i + \delta \,\text{Primary Sector}_i \\ &+ \lambda \,\text{Location}_i + \eta \,\text{Year}_i + \epsilon_i\Big) \end{aligned} \tag{3}$$

Finally, consistent with prior work in venture capital and entrepreneurial finance, we assess investment performance using the IPO exit rate, which is broadly regarded as the most reliable indicator of financial returns to venture investors (Barry, 1994; Black and Gilson, 1999).

$$\begin{aligned}\Pr(\text{IPO}_i = 1 \mid \mathbf{X}_i) = \Lambda\Big(&\alpha + \beta_1 \,\text{SFO}_i + \beta_2 \,\text{Home Bias}_i \\ &+ \beta_3 \,\text{ESG Firm}_i + \beta_4 \,\text{Sector Density}_i \\ &+ \beta_5 \,\text{Investor Experience}_i + \beta_6 \,\text{Firm Age}_i \\ &+ \beta_7 \,\log(\text{Raised Amount}_i) + \beta_8 \text{Investor Count}_i, \\ &+ \gamma \,\text{Investment Stage}_i + \delta \,\text{Primary Sector}_i \\ &+ \lambda \,\text{Location}_i + \eta \,\text{Year}_i + \epsilon_i\Big) \end{aligned} \tag{4}$$

Together, these specifications provide a comprehensive view of how family offices differ from independent venture investors in investment selection, ESG orientation, performance outcomes, and persistence. The next section presents the estimation results.

4 Empirical Results

The regression results reinforce the core patterns identified earlier. In Section 4.1, the determinants of investment choice remain distinct, with Single Family Offices continuing to favour earlier-stage and younger firms even after controlling for other characteristics. Section 4.2 provides further evidence of their patient-capital orientation, showing that SFO-backed startups are significantly more likely to receive additional funding rounds than those backed by Independent VCs. Section 4.3 indicates that SFOs also display a stronger inclination toward impact-aligned investments. Finally, while IPO outcomes are generally difficult for ESG-related startups, Family Office involvement substantially increases the likelihood that these ventures ultimately achieve an IPO.

4.1 Determinants of Investment

Table 3 reports the odds ratios of an investment being led by a SFO as opposed to an IVC. The results provide a comprehensive picture of the main determinants shaping SFOs' investment behavior.

SFOs display higher odds of participating in *Seed* rounds, whereas IVCs appear more concentrated in *Series A* rounds, providing evidence in support of the long-term view surrounding SFO investment strategies.

SFOs are also more likely to participate in larger syndicates than IVCs, validating our initial hypothesis that SFOs tend to avoid risks and diversify funding in response to their SEW priorities. This is confirmed by a greater distribution of investments across sectors and geographies. For instance, the value for *Home Bias* is below unit and statistically significant, indicating that SFOs are more likely than IVCs to invest outside their home markets. In addition, with the exception of *Health & Biotech* and *Other*, all coefficients for the industry sector are positive and significant, reflecting a more diversified choice of portfolio companies compared to IVCs, which appear more reliant on the *Tech* sector.

Sector Density also shows how SFO have significantly lower odds of investing in sectors that dominate the local ecosystem, reinforcing the argument that sees SFOs favoring less concentrated, more niche deals.

Finally, the results for *Firm Age* suggest that SFOs tend to invest in less mature companies than their peers, while *Investor Experience* indicates that their investment vehicles have been around for longer than IVCs. SFOs also commit, on average, smaller amounts of capital relative to the control group.

The next section turns to the Poisson regressions analyzing the number of follow-on rounds completed by firms after the initial investment.

Table 3: Odds Ratios of Single Family Office Deal Involvement (vs. IVC)

	(1)	(2)	(3)	(4)
Home Bias	0.857***	0.849***	0.843***	0.835***
	(−3.00)	(−3.19)	(−3.21)	(−3.40)
Sector Density	0.152***	0.157***	0.140***	0.144***
	(−3.06)	(−3.04)	(−3.14)	(−3.12)
Investor Experience			1.009***	1.009***
			(9.65)	(9.66)
Firm Age	0.989***	0.989***	0.988***	0.988***
	(−2.59)	(−2.75)	(−2.82)	(−2.98)
Investor Count	1.036***	1.037***	1.038***	1.039***
	(13.30)	(13.44)	(13.31)	(13.32)
Ln(Raised Amount)	0.907***	0.910***	0.897***	0.901***
	(−7.44)	(−8.24)	(−7.97)	(−8.66)
Seed	1.182**		1.169**	
	(2.38)		(2.11)	
Series A	0.999		1.004	
	(−0.01)		(0.05)	
Series B	1.194**		1.207**	
	(2.23)		(2.31)	
Series C	1.290**		1.265**	
	(2.49)		(2.24)	
Series D	1.337**		1.345**	
	(2.03)		(2.03)	
Early Rounds		1.035		1.037
		(0.68)		(0.69)
Industry (ref. = Tech)				
Health & Biotech	0.922	0.924	0.909	0.912
	(−1.02)	(−0.99)	(−1.16)	(−1.12)
Finance	1.432***	1.419***	1.443***	1.431***
	(3.77)	(3.68)	(3.73)	(3.65)
Consumer & Retail	1.350***	1.346***	1.354***	1.351***
	(4.56)	(4.53)	(4.46)	(4.43)
Media & Entertainment	1.137	1.128	1.150	1.142
	(1.40)	(1.31)	(1.47)	(1.40)
Industrial & Energy	1.503***	1.487***	1.551***	1.534***
	(3.97)	(3.88)	(4.15)	(4.06)
Services	1.388***	1.384***	1.427***	1.425***
	(4.29)	(4.25)	(4.53)	(4.50)
Other	0.911	0.904	0.907	0.900
	(−0.46)	(−0.51)	(−0.47)	(−0.51)
Constant	0.067***	0.070***	0.070***	0.071***
	(−11.09)	(−11.94)	(−10.34)	(−11.21)
Location controls	Yes	Yes	Yes	Yes
Investment-year controls	Yes	Yes	Yes	Yes
Observations	141,070	141,070	126,099	126,099

Notes: Dependent variable is a dummy for Single Family Office as primary investor. Results are reported as odds ratios. *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively. Robust standard errors used. z-statistics in parentheses.

4.2 Additional Funding Rounds

To evaluate the long-term orientation of SFO investment strategies, we construct a variable that counts the number of fundraising rounds raised by the start-up after the first investment received. This outcome provides a measure of the long-term value brought by different investors, captured through the firm's ability to secure subsequent financing rounds.

Table 4 reports the results from the Poisson regressions. The estimates indicate that SFO-backed firms are significantly more likely than IVC-backed firms to complete additional funding rounds. The effect is statistically significant at the 1% level and corresponds to an expected increase of roughly 35% in the number of follow-on rounds. The findings can be interpreted as reflecting the long-term, patient-capital orientation of SFO investments, which often diverges from standard market dynamics and the shorter time horizons of conventional venture investors.

Sector Density is also associated to a higher expected number of funding rounds, suggesting that local sectoral concentration may be inductive to stronger competition and a fight for capital for survival.

The next section analyses SFO preference for ESG investments.

Table 4: Incidence Rate Ratios of Additional Fundraising Rounds vs. IVC

	(1)	(2)	(3)	(4)	(5)	(6)
SFO	1.357***	1.336***	1.402***	1.381***	1.406***	1.383***
	(9.04)	(8.63)	(5.52)	(5.29)	(5.47)	(5.22)
Home Bias	0.995	0.995	0.996	0.997	0.997	0.998
	(−0.40)	(−0.38)	(−0.27)	(−0.26)	(−0.20)	(−0.16)
SFO × Home Bias			0.956	0.956	0.956	0.956
			(−0.61)	(−0.62)	(−0.60)	(−0.60)
Sector Density	1.797***	1.796***	1.797***	1.796***	1.669***	1.669***
	(5.78)	(5.72)	(5.77)	(5.72)	(4.77)	(4.74)
Investor Experience					1.000	1.000
					(0.78)	(0.64)
Firm Age	0.949***	0.946***	0.949***	0.946***	0.947***	0.944***
	(−19.74)	(−20.53)	(−19.74)	(−20.53)	(−19.18)	(−19.98)
Investor Count	1.021***	1.022***	1.021***	1.022***	1.021***	1.021***
	(18.79)	(18.95)	(18.79)	(18.94)	(17.39)	(17.52)
Ln(Raised Amount)	1.071***	1.056***	1.071***	1.056***	1.071***	1.056***
	(18.56)	(15.95)	(18.56)	(15.95)	(17.63)	(15.17)
Seed	1.795***		1.795***		1.797***	
	(30.09)		(30.09)		(28.56)	
Series A	1.656***		1.656***		1.662***	
	(31.42)		(31.42)		(29.72)	
Series B	1.300***		1.300***		1.294***	
	(11.72)		(11.72)		(10.71)	
Series C	1.039		1.039		1.059	
	(1.04)		(1.04)		(1.41)	
Series D	1.166		1.167		1.186*	
	(1.60)		(1.60)		(1.65)	
Early Rounds		1.613***		1.613***		1.615***
		(33.37)		(33.37)		(31.29)
Industry controls	Yes	Yes	Yes	Yes	Yes	Yes
Location controls	Yes	Yes	Yes	Yes	Yes	Yes
Investment-year controls	Yes	Yes	Yes	Yes	Yes	Yes
Observations	83,684	83,684	83,684	83,684	74,090	74,090

Notes: Dependent variable is the count of additional fundraising rounds a firm completed after its first deal with the respective investor. Results are reported as incidence rate ratios (IRRs). *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively. Robust standard errors used. z-statistics in parentheses.

4.3 Impact Investing

Table 5 presents the results on the likelihood of participating in a deal involving a firm active in the ESG domain. Across all specifications, *SFO* status is positively associated with ESG investment. In the baseline models (Columns 1–2), SFOs are roughly 18% more likely than IVCs to fund ESG-oriented startups. When allowing for an interaction between *SFO* status and *Home Bias* (Columns 3–6), the magnitude of the effect increases, indicating that SFOs do not display a stronger home-country preference for ESG firms than IVCs; if anything, their ESG inclination appears slightly weaker in domestic markets.

These results provide the first empirical evidence for a relationship that has so far been discussed primarily in anecdotal terms, and complement recent work by Schickinger et al. (2022), who highlight the influence of non-economic goals in SFO investment strategies.

Table 5: Odds Ratios of ESG Sector Investment (SFO vs. IVC)

	(1)	(2)	(3)	(4)	(5)	(6)
SFO	1.183*	1.187*	1.373*	1.371*	1.420*	1.415*
	(1.72)	(1.76)	(1.69)	(1.67)	(1.82)	(1.80)
Home Bias	1.276***	1.273***	1.280***	1.277***	1.285***	1.281***
	(8.63)	(8.54)	(8.68)	(8.58)	(8.32)	(8.23)
Home Bias × SFO			0.819	0.824	0.800	0.806
			(−0.91)	(−0.88)	(−0.99)	(−0.95)
Sector Density	0.025***	0.025***	0.025***	0.025***	0.020***	0.020***
	(−15.89)	(−15.94)	(−15.89)	(−15.94)	(−15.86)	(−15.91)
Investor Experience					0.998**	0.998**
					(−2.61)	(−2.64)
Firm Age	1.004***	1.004***	1.004***	1.004***	1.004***	1.004***
	(3.49)	(3.40)	(3.49)	(3.41)	(3.63)	(3.66)
Investor Count	0.938***	0.942***	0.938***	0.942***	0.941***	0.944***
	(−13.41)	(−13.15)	(−13.40)	(−13.14)	(−12.12)	(−11.93)
Ln(Raised Amount)	0.939***	0.938***	0.939***	0.938***	0.937***	0.935***
	(−8.05)	(−9.14)	(−8.05)	(−9.13)	(−7.79)	(−8.88)
Seed	0.965		0.965		0.933*	
	(−0.92)		(−0.92)		(−1.69)	
Series A	0.892***		0.892***		0.857***	
	(−3.55)		(−3.55)		(−4.54)	
Series B	0.952		0.952		0.928*	
	(−1.29)		(−1.29)		(−1.87)	
Series C	1.057		1.057		1.003	
	(1.14)		(1.15)		(0.06)	
Series D	1.227***		1.227***		1.237***	
	(3.11)		(3.12)		(3.08)	
Early Rounds		0.902***		0.902***		0.880***
		(−4.23)		(−4.23)		(−4.97)
Constant	0.054***	0.056***	0.054***	0.056***	0.060***	0.062***
	(−20.12)	(−21.82)	(−20.13)	(−21.84)	(−18.21)	(−19.74)
Industry controls	Yes	Yes	Yes	Yes	Yes	Yes
Location controls	Yes	Yes	Yes	Yes	Yes	Yes
Investment-year controls	Yes	Yes	Yes	Yes	Yes	Yes
Observations	141,223	141,223	141,223	141,223	126,227	126,227

Notes: Dependent variable is a dummy for ESG sector (1 = ESG, 0 = non-ESG). Main regressor is SFO (vs. IVC). "Home Bias" is an indicator for investor and company being in the same country. "Home Bias × SFO" is their interaction. Results are reported as odds ratios. Robust standard errors; z-statistics in parentheses. *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively.

Finally, we assess the financial performance of SFO investments by relying on two binary variables as proxies for investment success. Specifically, the dependent variables take value 1 if a portfolio company goes public (IPO), or is acquired through an M&A transaction within three years of the deal closing, and 0 otherwise. This approach allows us to evaluate both the foresight and effectiveness of SFOs compared to the control group, while also identifying the characteristics most strongly associated with successful exits.

Table 6 reports the results for the IPO model. The findings indicate that SFO-backed investments have statistically significant lower odds of culminating in an IPO across all model specifications compared to IVC-backed investments. In particular, the odds are about 36% lower in the first two models and roughly 40% lower in the four remaining specifications.

By contrast, while *ESG Sector* is negatively correlated with IPO likelihood overall, the positive and significant interaction with SFO implies that patient family capital may be particularly effective in supporting the long-term growth of impact-oriented startups, increasing their chances of eventually going public.

Among the control variables, both *Investor Count* and *Investment Amount* are positively and significantly associated with IPO outcomes, highlighting that larger syndicates and greater capital commitments tend to signal stronger market expectations of public listing. Furthermore, the positive effect of *Sector Density* suggests that firms located in highly concentrated local markets are more likely to go public than those operating in more diversified environments, pointing to the role of competitive local ecosystems in fostering IPO-ready companies.

Table 6: Odds Ratios of IPO Exits (SFO vs. IVC)

	(1)	(2)	(3)	(4)	(5)	(6)
SFO	0.636**	0.641**	0.584***	0.589***	0.590***	0.597***
	(−2.56)	(−2.51)	(−2.88)	(−2.83)	(−2.79)	(−2.71)
Home Bias	1.062*	1.044	1.063*	1.044	1.081**	1.061
	(1.67)	(1.18)	(1.68)	(1.19)	(2.04)	(1.55)
ESG Sector	0.328***	0.322***	0.324***	0.318***	0.315***	0.310***
	(−14.96)	(−15.12)	(−15.01)	(−15.17)	(−14.59)	(−14.71)
SFO × ESG Sector			3.149**	3.057**	3.469**	3.337**
			(2.04)	(1.99)	(2.19)	(2.13)
Sector Density	3.657***	4.116***	3.657***	4.117***	3.562***	4.005***
	(7.57)	(8.24)	(7.57)	(8.24)	(7.01)	(7.63)
Investor Experience					1.000	1.000
					(−0.40)	(−0.22)
Firm Age	0.998	0.999	0.998	0.999	0.997	0.998
	(−1.30)	(−0.73)	(−1.30)	(−0.74)	(−1.47)	(−0.95)
Investor Count	1.054***	1.052***	1.054***	1.052***	1.054***	1.053***
	(20.26)	(20.87)	(20.26)	(20.87)	(19.47)	(20.14)
Ln(Raised Amount)	1.507***	1.575***	1.507***	1.575***	1.517***	1.585***
	(45.79)	(53.92)	(45.79)	(53.91)	(43.72)	(51.22)
Seed	0.102***		0.102***		0.102***	
	(−16.25)		(−16.25)		(−15.29)	
Series A	0.387***		0.387***		0.384***	
	(−19.03)		(−19.03)		(−18.11)	
Series B	0.679***		0.680***		0.683***	
	(−9.14)		(−9.13)		(−8.59)	
Series C	1.008		1.007		1.020	
	(0.16)		(0.15)		(0.38)	
Series D	1.447***		1.448***		1.443***	
	(6.11)		(6.12)		(5.72)	
Early Rounds		0.448***		0.448***		0.449***
		(−23.36)		(−23.35)		(−22.14)
Constant	2.6e-06***	1.2e-06***	2.6e-06***	1.2e-06***	2.0e-06***	9.3e-07***
	(−54.28)	(−58.90)	(−54.28)	(−58.90)	(−51.69)	(−56.05)
Industry controls	Yes	Yes	Yes	Yes	Yes	Yes
Location controls	Yes	Yes	Yes	Yes	Yes	Yes
Investment-year controls	Yes	Yes	Yes	Yes	Yes	Yes
Observations	141,238	141,238	141,238	141,238	126,241	126,241

Notes: Dependent variable is IPO success (1 = IPO, 0 = no IPO) within three years after the initial investment. Results are reported as odds ratios. *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively. Robust standard errors used. z-statistics in parentheses.

Conversely, the likelihood that SFO investments result in an M&A compared to IVC-backed investments show no statistically significant difference, as presented in Table 7. However, the interpretation of acquisition outcomes as signals of good performance is contested (Li et al., 2023). Pressures to liquidate may result in discounted sales, while disagreements among investors can affect acquisition terms (Masulis and Nahata, 2011).

Among the control variables, a few factors are positively and significantly associated with M&A outcomes. These include *Investor Experience* and *Investor Count*, suggesting that seasoned and larger syndicates may facilitate successful acquisitions. In addition, both *Sector Density* and *Home Bias* are positively correlated with M&A, consistent with the idea that firms embedded in specialized local markets, and those with investors from the same country, are more likely to attract acquisition opportunities.

Finally, later-stage funding rounds are associated with higher odds of M&A, whereas early-stage rounds are comparatively less likely to result in an acquisition. The next subsection provides robustness checks for these results.

Table 7: Odds Ratios of M&A Exits (SFO vs. IVC)

	(1)	(2)	(3)	(4)	(5)	(6)
SFO	1.064	1.069	1.072	1.077	1.046	1.052
	(0.72)	(0.77)	(0.78)	(0.84)	(0.50)	(0.55)
Home Bias	1.097***	1.088***	1.097***	1.088***	1.103***	1.094***
	(3.68)	(3.34)	(3.68)	(3.34)	(3.69)	(3.39)
ESG Sector	0.982	0.983	0.984	0.985	0.958	0.960
	(−0.38)	(−0.35)	(−0.34)	(−0.30)	(−0.82)	(−0.79)
SFO × ESG Sector			0.865	0.862	0.925	0.920
			(−0.36)	(−0.37)	(−0.19)	(−0.20)
Sector Density	2.161***	2.212***	2.162***	2.212***	2.228***	2.278***
	(4.42)	(4.59)	(4.42)	(4.59)	(4.38)	(4.53)
Investor Experience					1.004***	1.004***
					(7.73)	(7.82)
Firm Age	1.000	1.000	1.000	1.000	1.000	0.999
	(0.26)	(−0.14)	(0.26)	(−0.14)	(−0.12)	(−0.47)
Investor Count	1.040***	1.042***	1.040***	1.042***	1.039***	1.041***
	(15.10)	(15.44)	(15.10)	(15.44)	(14.29)	(14.60)
Ln(Raised Amount)	1.000	1.012**	1.000	1.012**	0.986**	0.998
	(−0.04)	(2.13)	(−0.04)	(2.13)	(−2.00)	(−0.34)
Seed	0.965		0.965		0.961	
	(−1.04)		(−1.04)		(−1.09)	
Series A	0.888***		0.888***		0.887***	
	(−4.15)		(−4.15)		(−3.97)	
Series B	1.081**		1.081**		1.076**	
	(2.41)		(2.41)		(2.13)	
Series C	1.305***		1.306***		1.288***	
	(6.78)		(6.78)		(6.06)	
Series D	1.288***		1.288***		1.264***	
	(4.52)		(4.51)		(3.92)	
Early Rounds		0.894***		0.894***		0.894***
		(−5.25)		(−5.25)		(−4.94)
Constant	7.8e-04***	6.9e-04***	7.8e-04***	6.8e-04***	1.0e-03***	9.1e-04***
	(−15.49)	(−15.85)	(−15.49)	(−15.85)	(−14.83)	(−15.17)
Industry controls	Yes	Yes	Yes	Yes	Yes	Yes
Location controls	Yes	Yes	Yes	Yes	Yes	Yes
Investment-year controls	Yes	Yes	Yes	Yes	Yes	Yes
Observations	141,233	141,233	141,233	141,233	126,236	126,236

Notes: Dependent variable is M&A success (1 = successful M&A, 0 = no M&A) within three years after the initial investment. Results are reported as odds ratios. *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively. Robust standard errors used. z-statistics in parentheses.

4.3.1 Robustness Checks

To further validate the results, we estimate Cox proportional-hazards models to examine the hazard ratios of exit for both IPO and M&A outcomes. Table 8 reports the estimates censored at different time intervals, offering a more nuanced picture of investment survival rates.

The findings confirm the earlier results. For IPOs, IVC-backed investments consistently reach public listing faster than those backed by SFOs across all time horizons, with the exception of the first year. The gap is particularly pronounced after three years, when SFOs exhibit approximately 40% lower hazard rates relative to IVCs, though the effect diminishes over time while remaining statistically significant.

Table 8: Cox Hazard Ratios of Exit Outcomes at Different Intervals

	1 Year	**3 Years**	**5 Years**	**10 Years**
Panel A: IPO Outcome				
SFO (vs IVC)	0.69	0.62***	0.79*	0.80*
	(−1.49)	(−2.74)	(−1.84)	(−1.90)
Controls	Yes	Yes	Yes	Yes
Observations	123,928	123,928	123,928	123,928
Panel B: M&A Outcome				
SFO (vs IVC)	0.87	1.05	1.00	0.98
	(−0.62)	(0.61)	(0.12)	(−0.24)
Controls	Yes	Yes	Yes	Yes
Observations	124,520	124,520	124,520	124,520

Notes: The model reports hazard ratios from Cox proportional hazards regressions for time to IPO (Panel A) and time to M&A (Panel B) exits *, **, *** indicate significance at the 10%, 5%, and 1% levels, respectively. Robust standard errors used. z-statistics in parentheses.

Panel B provides additional confirmation for the M&A outcomes, showing no statistically significant differences between SFO- and IVC-backed investments at any horizon.

5 Conclusions

In 2023, ultra-high-net-worth individuals (UHNWIs) collectively owned about $49.2 trillion in assets[6], and their combined wealth is set to grow. For example, some analysts predict that the global UHNWI cohort will expand by roughly

[6] Altrata: World Ultra Wealth Report 2024. https://altrata.com/reports/world-ultra-wealth-report-2024. Accessed 19 May 2025

28.5% by 2027[7]. This implies the world could see on the order of 750,000 individuals with $30M+. In turn, the rise of the ultra-wealthy will further fuel demand for bespoke wealth management, which represents the perfect backdrop for understanding how FOs have evolved and why their role has become more crucial than ever.

However, the literature offers few insights on the subject. This is notoriously due to the difficulties of fitting the varied structures of family offices into a single legal and operational framework. The relative regulatory freedom enjoyed by these financial entities allows them to operate more privately than other institutional actors, resulting in decreased transparency of their activities and few available data.

This paper seeks to fill that gap by studying the determinants and the objectives behind FO investment activities. In particular, using a dataset from the Crunchbase data platform, we are able to identify around 2,800 FO direct investments. By employing a logistic regression that measures the odds that an investment has a FO as an investor, we initially compared these odds with those of IVCs.

The results indicate that FOs prefer to invest alongside a greater number of co-investors and have more investment experience than their comparators. This suggests greater caution and a preference for risk sharing in their investments. In addition, FOs differ from the control group in their choice of investment locations. Specifically, the odds that an investment involves a FO decrease the higher the sectoral density of the portfolio company, holding all else constant. This indicates that FOs seek out less competitive and more sector-diversified areas. In addition, they tend to invest less in their home country than their peers. Their different investment strategies are also reflected in the timing of their entry into a company. Specifically, FOs back companies earlier in the funding stage, indicating less liquidity constraints in the short-term.

Moreover, we assessed the effect of each investor type on the number of funding rounds completed by a portfolio company after the initial deal. The results provide both empirical and theoretical evidence consistent with the arguments described above. Specifically, IVCs are less able than FOs to increase the expected count of additional funding rounds for the companies they invest in. This indicates that FOs prefer to rely on privately raised funds for a longer period than their peers.

FOs demonstrate a larger preference for ESG causes, as the odds of FOs' participation in a deal increase by about 19% for a company operating in an ESG sector, compared to IVCs. This suggests a longer term perspective in the outcome of their investments, and a commitment to positively impact broader societal goals.

Finally, to assess how FOs' portfolio companies compare with those of the other investors in the success of their ventures, we analyzed their performance in terms of IPO and M&A exits. This lets us infer FOs' strategic objectives

[7]Knight Frank: The Wealth Report. https://www.knightfrank.ie/wp-content/uploads/2023/06/Knight-Frank-Wealth-Report-May-Insight_FINAL.pdf. Accessed 13 June 2025

relative to their peers and the likely outcomes of their investments. While the findings show no statistical difference in terms of M&A exits, FOs have lower odds of taking their portfolio companies public compared to IVCs. This changes, however, when the start-up operates in an ESG sector. In this case, FO show significant ability to bring the backed company on the public market, revealing their unique expertise in long-term, sustainable support.

Taken together, these results make a significant contribution to the FO literature. This paper is not only the first of its kind to outline the investment determinants of FOs relative to other investor types, but also to analyze their strategic objectives and financial performance. By leveraging an unprecedented sample of approximately 2,800 hand-shake FO-backed investments, this study provides a uniquely granular view of FO deal-flow. What emerges is a comprehensive picture of FOs' preferences that enhances our understanding of these important financial actors, and paves the way for their gradual exposure to a broader audience—with the hope that the current regulatory and disclosure opacity will be progressively overcome.

A Additional Tables and Figures

Table 9: Variable Definitions

Variable	**Definition**	**Type**
Single Family Office (SFO)	Indicator equal to 1 if the investor in the deal is a Single Family Office; 0 if the investor is an Institutional Venture Capital (IVC) fund.	Binary
Seed	Indicator equal to 1 if the investment round is classified as a Seed round. Represents early-stage entry.	Binary
Series A	Indicator equal to 1 if the investment is made at Series A stage.	Binary
Series B	Indicator equal to 1 if the investment is made at Series B stage.	Binary
Series C	Indicator equal to 1 if the investment is made at Series C stage.	Binary
Series D	Indicator equal to 1 if the investment is made at Series D stage.	Binary
Early Rounds	Indicator equal to 1 if the investor enters at Seed, Series A, or Series B.	
Follow-on Rounds	Number of funding rounds the start-up completes after the investor's first recorded investment. Reflects endurance of investor involvement.	Count
Investor Count	Number of investors participating in the same deal. Captures the degree of syndication and risk pooling.	Count
Firm Sector	Categorical variable capturing the industry of the start-up.	Categorical
ESG Sector	Indicator equal to 1 if the start-up operates in an industry identified as socially or environmentally oriented.	Binary
M&A	Indicator equal to 1 if the start-up exits via a mergers and acquisitions (M&A) transaction.	Binary
IPO	Indicator equal to 1 if the start-up exits via an initial public offering (IPO).	Binary
Home Bias	Indicator equal to 1 if the investor and the start-up are headquartered in the same country.	Binary
Sector Density	Share of firms in a given city that operate in the start-up's sector. High values indicate sectoral concentration in the local economy.	Continuous (0–1)
Raised Amount	Total amount of capital raised by the start-up in the funding round corresponding to the deal.	Continuous
Investor Experience	Number of years between the fund's establishment date and the investment date. Measures track record and maturity of the investor.	Continuous
Firm Age	Number of years between the start-up's founding date and the investment date.	Continuous

Table 10: Sectors Included in ESG Variable

ESG Category	**Sector Name**
Environmental/Energy	Clean Energy, Renewable Energy, Solar, Wind Energy Biomass Energy, GreenTech, CleanTech, Recycling, Water, Water Purification, Waste Management, Environmental Consulting, Environmental Engineering, Pollution Control, Green Building, Energy Efficiency, Electric Vehicle, Biofuel, Forestry, Organic Food, Organic, Horticulture, Aquaculture, Sustainability
Social/Education/Health	Health Care, Education, Higher Education, Primary Education, Impact Investing, Elder Care, Assisted Living, Social Impact, Humanitarian, Charter Schools, Social Entrepreneurship

Notes: Following the exemplary lists provided by Clarkson (1995) and Wood (2010), this table lists all primary sector categories included in the construction of the ESG variable.

Table 11: Company Activity by Sector Group

Group #	**Sector Group**	**Company Activity**
1	Tech	Software, Hardware, Information Technology, Artificial Intelligence, Data and Analytics, Platforms, Internet Services, Mobile, Apps, Messaging and Telecommunications, Navigation and Mapping, Privacy and Security
2	Health & Biotech	Biotechnology, Health Care, Science and Engineering
3	Finance	Financial Services, Payments
4	Consumer & Retail	Commerce and Shopping, Consumer Electronics, Consumer Goods, Food and Beverage, Clothing and Apparel
5	Media & Entertainment	Media and Entertainment, Content and Publishing, Advertising, Gaming, Sports
6	Industrial & Energy	Manufacturing, Energy, Transportation, Natural Resources, Agriculture and Farming
7	Services	Professional Services, Administrative Services, Education, Travel and Tourism, Community and Lifestyle, Events, Government and Military, Sales and Marketing, Design
8	Other	Other, Sustainability, Real Estate

Notes: This table maps each company activity to its corresponding sector group (1–8).

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