

# Family Office Investing Trends

## Introduction

GenTrust serves many family offices and ultra-high net worth clients. The trends among these families are generally of great interest, both because they shape how the most sophisticated pools of private capital are deployed and because they often foreshadow practices that move into the broader wealth management industry several years later. Family offices occupy a unique position in the investment landscape: they combine the long-time horizons and governance of institutions with the flexibility, decisiveness, and bespoke priorities of a single family. That combination allows them to pursue opportunities and structures that are impractical for most other investors.

In the following pages we explore some of the themes we have seen consistently across the families we work with. Several of these themes reflect a search for differentiated growth, others reflect an intensifying focus on tax and structural efficiency, and still others reflect a desire for resilience and control in an uncertain world. Taken together, they describe a modern family office that is more entrepreneurial, more tax aware, and more demanding of customization than at any point in recent memory.

This paper is intended to be educational and informative. It is not personalized investment, tax, or legal advice, and the appropriateness of any strategy depends on a family's specific circumstances.

## Part One: Positioning for the Next Wave of Growth

### *Investing in Frontier Technologies*

Among the families we serve, few topics generate more energy than positioning for the next technology supercycle. The current wave of enthusiasm centers on artificial intelligence, but the more interesting conversations move beyond the obvious large platform companies to the broader ecosystem that AI will create, enable, and disrupt.

We see families thinking along three vectors:

- 1. Enabling and adjacent technologies.** Photonics, advanced semiconductors, and high-performance networking sit directly in the path of AI demand, since the limiting factor for model training and inference is increasingly the movement of data and power rather than raw compute alone. Quantum computing is viewed as a more speculative, longer dated adjacency that will likely complement the classical AI infrastructure.
- 2. Beneficiary industries.** Rather than buying the technology itself, some families prefer to own the sectors that stand to potentially gain the most from AI as a productivity tool. Biotechnology, where AI is compressing drug discovery timelines, and defense, where autonomy and data fusion are reshaping procurement, are the two beneficiaries mentioned most often.
- 3. Picks and shovels.** Power generation, cooling, and the physical buildout of data centers attract families who want exposure to the theme without making a specific bet on which model or application wins.

The common thread is a desire to position early and where the total addressable market may be more durable. For most families, this is expressed through a blend of venture and growth equity, thematic public market sleeves, and direct co-investments.

## ***Return Stacking***

Several new exchange-traded funds have been launched that allow investors to hold a core beta exposure, such as stocks or bonds, and add an additional exposure, such as gold or a managed futures trend strategy, on top of those returns. The mechanism uses capital efficient instruments so that a single dollar can pursue, for example, one dollar of equity exposure plus one dollar of trend following exposure simultaneously, though these strategies involve leverage and may increase volatility and risk of loss.

The appeal for family offices is capital efficiency. Rather than choosing between core market exposure and diversifying strategies, return stacking lets a family hold both within the same capital footprint, freeing room in the portfolio for the diversifiers that are so often crowded out. This is, in essence, a democratized and packaged version of portable alpha, a technique that was popular on the institutional side before the global financial crisis. Portable alpha fell out of favor when leverage and financing strains were exposed in 2008. Whether return stacking achieves lasting popularity or eventually shares the same fate will depend on how the strategies behave through a genuine market stress and on how disciplined investors are about understanding the embedded leverage. For now, it represents one of the more interesting product innovations available to families seeking efficient diversification.

## **Part Two: Building a Modern Alternatives Platform**

### ***Direct Private Investment Access***

Perhaps no shift has been more pronounced than the move toward direct access to the most sought-after private companies. Businesses such as SpaceX, OpenAI, Anthropic, and Anduril have achieved scale, brand recognition, and valuations that historically would have been associated only with large public companies, yet they remain private. For many families, securing an allocation to these names has become a key objective of their alternatives program.

The motivation is straightforward. A meaningful share of economic value creation is now occurring before companies reach the public markets, and the median time from founding to initial public offering has lengthened considerably. Families who limit themselves to public equities may risk missing the steepest part of the growth curve.

The challenge is access. Allocations to the most coveted companies are rationed, often available only through relationships, special purpose vehicles, secondary transactions, or late-stage growth funds that themselves are oversubscribed. This is an area where the quality of a family office's advisor can be key. Families increasingly evaluate their advisors not only on traditional portfolio metrics but on the strength and authenticity of the private market access they can deliver.

### ***Liquid Alternatives***

As family offices have built large allocations to private markets, much of it in the form of drawdown vehicles with multi-year capital calls and limited liquidity, a structural problem has emerged: capital committed to private funds sits idle as uncalled commitments, and the overall portfolio can become heavily exposed to a single liquidity profile. The ability to keep that capital productively deployed, in strategies that offer low correlation to both public and private equities while still generating attractive returns, has become a key feature of an effectively run alternative investment platform.

This is the role that liquid alternatives have come to play. Strategies such as managed futures, market neutral equity, convertible arbitrage, global macro, and reinsurance can be funded and redeemed on reasonable terms, provide diversification when traditional assets sell off together, and serve as a flexible reserve that can be redirected toward capital calls when private funds draw down. A well-constructed liquid alternatives sleeve may serve as the shock absorber and liquidity engine that allows a family to maintain an ambitious private markets program without sacrificing portfolio resilience.

## ***Sharing in Management Economics***

A distinctive advantage of large families is the size of the check they can write. When a family commits capital to a strategy it finds compelling, that capital can serve as a launching pad for a new fund or firm, providing the anchor commitment, credibility, and operating runway that a talented manager needs to build a franchise.

Increasingly, families are structuring these relationships so that they share not only in the investment returns of the strategy but also in the economics of the management company itself. Through founder share classes, revenue sharing arrangements, seed deals that grant a percentage of management and performance fees, or direct general partner stakes, a family can participate in the growth of the asset management business it helped create. If the strategy scales from a few hundred million to several billion dollars, the value of that economic interest can rival or exceed the gains on the underlying investment.

These transactions require careful structuring, alignment of incentives, and clear governance, but for families with the capital and the relationships to pursue them, sharing in management economics has become a popular way to convert their scale into a durable, compounding asset.

## **Part Three: Focus on Tax and Structural Efficiency**

For taxable families, after-tax outcomes are the focus. This recognition has produced a wave of innovation in tax aware structuring, and it is the area where we see the most rapid adoption of new tools.

### ***Tax-Efficient Borrowing***

Family offices often use financing to invest in projects, to provide liquidity without selling appreciated assets, and to transition or restructure their holdings. As borrowing has become a routine part of the family balance sheet, choosing the most tax efficient form of borrowing has become an area of real focus.

The menu of options is wide: traditional securities-based lines of credit, mortgage and real estate financing, private credit facilities, and, increasingly, options based borrowing structures. Options based approaches, such as box spreads, allow clients to borrow against portfolios the same way margin loans do, but often at a lower after-tax borrowing rate. Variable prepaid forwards are another method that allow families to borrow against a concentrated position and manage downside risk while deferring the recognition of gain that an outright sale would trigger. The optimal choice depends on the cost of financing, the tax character of the assets involved, the family's liquidity needs, and the regulatory and accounting implications of each structure. The trend is toward treating borrowing as a deliberate, tax optimized decision rather than a commoditized banking relationship.

### ***Tax Loss Harvesting, Second Generation***

Tax loss harvesting has long been a staple of taxable portfolio management, but the first generation of strategies suffered from well-known drawbacks. Over time, as positions appreciated, there were fewer and fewer losses left to harvest, a phenomenon often described as ossification, and the strategy's effectiveness was concentrated in its early years and faded thereafter.

The second generation of tax loss harvesting strategies addresses these limitations by employing long and short overlays on top of existing positions. By going long and short individual securities around a core exposure, these long/short overlay strategies can manufacture losses well beyond the early years, sustaining the tax benefit and curing much of the ossification problem that plagued earlier approaches. When paired with tax efficient ETFs, which themselves minimize taxable distributions through in-kind redemption mechanics, these overlays can help create a more tax efficient market beta for family offices: the family captures broad market exposure while generating a durable stream of harvested losses to offset gains elsewhere in the portfolio.

## **351 Conversions**

A complementary and increasingly popular tool is the Section 351 conversion. Section 351 of the Internal Revenue Code permits an investor to contribute a diversified portfolio of securities to a newly formed corporation, in this case structured as an ETF, in exchange for shares of that ETF without recognizing gain or loss, provided the diversification and other requirements are satisfied. The cost basis of the contributed positions carries over to the new ETF shares.

For families, this offers a way to roll an aged tax loss harvesting strategy, or a legacy portfolio with very low cost basis, into a modern, tax efficient ETF wrapper without triggering the tax consequences that a sale would produce. The strategy has moved from niche to mainstream with striking speed. Several ETFs have already been seeded in kind via Section 351 exchange. Industry observers expect 351 exchanges to become table stakes for advisors serving high net worth clients within roughly two years.<sup>1,2</sup>

Because the technique relies on a careful reading of diversification rules, the look through requirements, and the absence of any prearranged plan to dispose of contributed positions, execution quality and the credibility of the fund sponsor matter a great deal. Done correctly, however, a 351 conversion can transform a tax constrained, concentrated, or low basis portfolio into a flexible and efficient long-term vehicle, when appropriate and subject to IRS requirements.

## **Opportunity Zones and the Arrival of OZ 2.0**

Opportunity Zones have been a feature of the tax landscape since 2017, but the program is entering a new, and for many families, more attractive phase. The One Big Beautiful Bill Act (OBBBA), signed July 4, 2025, made the Opportunity Zone program permanent and restructured its benefits. New zone designations are scheduled to take effect on January 1, 2027, often referred to as OZ 2.0.<sup>3,4</sup>

Several features of the new program are drawing family interest:

- **A rolling five-year deferral.** For qualifying gains invested on or after January 1, 2027, the deferral period begins on the date of investment rather than ending at a fixed statutory date, providing far greater flexibility for phased investments and multi property buildouts.
- **A permanent, evergreen structure.** The OBBBA eliminates the prior sunset and establishes a decennial redesignation cycle, with governors nominating new tracts beginning July 1, 2026, and Treasury certifying them before each ten-year window.
- **Enhanced rural incentives.** A new category, the Qualified Rural Opportunity Fund (QROF), offers a thirty percent basis step up for rural investments, triple the ten percent step up available for standard zones, along with a reduced substantial improvement threshold.

Many of our families expect to realize significant gains over the coming years, whether from public market positions, business sales, or private exits, and they are looking to deploy a portion of that capital into these new tax advantaged vehicles. The interplay between the December 31, 2026, transition, the grandfathering of existing OZ 1.0 investments, and the launch of the new map creates planning opportunities and timing considerations that warrant close attention with qualified tax counsel.

1 Kitces, "Using Section 351 Exchanges To Tax-Efficiently Reallocate Portfolios," January 2, 2026; 2 InvestmentNews, "351 exchanges are gaining momentum," April 10, 2026; 3 Economic Innovation Group, "Opportunity Zones 2.0," August 18, 2025; 4 Thomson Reuters, "Tax Experts on OBBBA Changes to Opportunity Zones," December 10, 2025

## Part Four: Resilience, Flexibility, and Customization

### *Inflation*

Growing fiscal deficits and an uncertain geopolitical environment have raised inflation concerns among the families we serve. The complication is that many of the traditional tools investors have relied upon to hedge inflation no longer provide the same protection they once did. The historically reliable diversification between stocks and bonds broke down during the 2022 inflation shock, when both fell together, and conventional real assets have at times behaved inconsistently relative to realized inflation.

As a result, families are seeking to build a more deliberate and diversified inflation defense, drawing on a wider set of tools. We have been working with families to create strategies that include commodity futures, duration hedged inflation linked bonds, and other assets that will have closer correlation to realized inflation. The recognition is that no single instrument is a complete inflation hedge in the current regime, and that new tools need to be developed, combined, and actively deployed rather than relied upon as static allocations.

### *Jurisdictional Diversification*

In an increasingly global environment, families want the flexibility to change jurisdictions and to diversify their assets across borders. This impulse reflects a desire to manage a range of risks, including political and regulatory change, currency exposure, and the concentration that comes from holding assets, residences, and operating businesses within a single legal and tax system.

In practice, jurisdictional diversification can involve establishing entities, trusts, or banking relationships in multiple jurisdictions, securing residency or citizenship optionality, and structuring assets so they can be moved or governed flexibly as circumstances evolve. The goal is not avoidance of obligations but resilience and optionality: the ability to respond to a changing world without being forced into hurried or costly decisions. Because cross border structuring intersects with complex tax, reporting, and compliance regimes in every relevant jurisdiction, this is an area that demands coordinated professional advice and meticulous documentation.

### *Customized Solutions*

Many of our family office clients operate businesses which have their own set of issues. Helping those families manage the financial risks associated with their business is core to our approach. Whether its helping manage currency exposure a client might have from a supplier overseas, or exposure to input prices for the family who has in the manufacturing business, we work alongside clients to give their businesses the same care we do their families.

Underlying nearly all of these trends is a clear and growing expectation: large, wealthy families no longer want to be squeezed into model portfolios or cookie cutter solutions. They demand solutions built from the ground up, bespoke to their unique needs. This expectation is entirely rational. Delivering true customization requires deep discovery, sophisticated investment knowledge, access to a broad opportunity set, and the operational capability to implement and monitor complex structures. It is, in our view, the defining requirement of serving family offices well.

## Conclusion

The trends explored in this paper share a common direction. Families are pursuing differentiated growth through frontier technologies and direct private access. They are building modern alternatives platforms that pair liquid, low correlation strategies and capital efficient return stacking with the ability to share in the economics of the managers they back. They are applying an expanding and increasingly sophisticated toolkit to optimize taxes, including tax efficient borrowing, second generation tax loss harvesting, 351 conversions, and the coming wave of Opportunity Zone 2.0 investments. And they are seeking resilience and control through thoughtful inflation defense, jurisdictional diversification, and, above all, solutions built specifically for them.

For GenTrust, these themes define the work. The families we serve expect a partner who understands the full landscape, can deliver genuine access, seeks to structure transactions with precision, and assembles it all into a plan that is bespoke to their needs. We expect these trends to deepen in the years ahead, and we look forward to helping families navigate them.

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### Important Disclosures

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