



QUARTERLY LETTER | ISSUE 49 | JANUARY 2026

# Succession matters

## Foreword

For many of our clients, succession is a subject that's never too far from their thoughts. They often tell us of the hopes they have for the next generation, and their wish that a valued legacy will remain in capable hands moving forward.

Whether it's the head of a family or business, sometimes both, many approach succession with an abundance of caution, and understandably so. Times of transition carry a degree of uncertainty.

But succession, managed prudently, should be seen as an opportunity — a moment to reaffirm values, share visions for the future and give those stepping up the confidence to preserve and grow what has been built.

Succession has been a particularly salient topic for us here at Rothschild & Co Wealth Management UK over the last year. Not only did we host a series of events and discussions with families and business leaders on this very theme throughout 2025, but we are also navigating our own leadership transition.

With this in mind, it feels fitting to offer some thoughts on succession in my final Quarterly Letter.

While we would not presume to know what is right for every family or business, we hope that our insights can prompt thoughtful conversations about the future. And for our part, we are always honoured when our clients invite us to be a part of these discussions.

As you read on, you'll note that early planning and strong values are two of our recommendations when it comes to smooth succession. I've been fortunate to have worked closely with James Morrell, our new CEO, for more than 20 years, so we have been able to look ahead together, and I know just how deeply he understands our clients, our people and the values that matter most to us.

As I transition from CEO to Chair, I couldn't be more confident in James' leadership and in the strength of the team around him, and I assure you the business is in excellent hands. Having spent my entire career in wealth management, I am really looking forward to this next chapter and to helping to ensure the continued success of the firm. Most of all, I am excited to return to my first love – spending time with you, our clients.

Thank you for the confidence you have placed in the firm and in me. I wish you and your families a happy and healthy 2026.



**Helen Watson**  
Chair, Rothschild & Co Wealth Management UK

Cover: Detail from the first Rothschild family business Partnership Agreement of 1810.

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# Succession matters

Handled well, successions are seamless, providing a sense of stability that inspires trust and confidence in the future. Handled poorly, they can cause significant ripples that unsettle previously calm waters.

For families and businesses, it can be all too easy to focus on the risks rather than the rewards of succession. There is certainly no shortage of cautionary tales about messy transitions, whether drawn from fiction or real life.

Among wealth managers, it is common to say that families can go ‘from clogs to clogs in three generations’.<sup>1</sup> You have likely heard us use this particular proverb ourselves. The adage implies that fortunes built within one or two generations are lost by the third.

There is some truth to this. A seminal 1980s study of family-owned firms found that only 13% of businesses make it through the third generation.<sup>2</sup>

But as is often the case, this doesn’t tell the whole story. The same research shows that a third of businesses are still running at least 90 years after they were founded.<sup>3</sup>

At Rothschild & Co, succession is something we understand well, both as a company in its seventh generation of family ownership and in our work supporting clients as they prepare to pass on wealth.

Indeed, a number of successful families have been clients of ours for multiple generations. Having originally advised the first generation, we now work with their grown-up grandchildren as they look to chart their own course — and we hope these relationships will continue for many more generations to come.

This long-term perspective is reinforced by the tenure and multigenerational make-up of our own teams. Many of our Client Advisers and Portfolio Managers have worked together for decades, giving clients the benefit of multigenerational plans that are often developed and carried through by the same people.

So while there are no guarantees when it comes to sustaining wealth over the long term, in our experience careful planning and ongoing support gives families the best chance of preserving and growing what they have built.

## GETTING SUCCESSION RIGHT

Succession is rarely simple. We often speak with families and businesses that are shaped by a central defining figure, someone whose actions and presence have helped steer a steady course over many years, through both good times and bad.

However influential a leader may be though, a time will come when they must pass the torch. When that moment arrives, what matters most is ensuring an orderly transition from one custodian to the next.

A succession that lands well can give everyone a clearer sense of direction. It signals continuity and commitment at a time when questions about the future naturally come to the surface.

So how can families and businesses lay the groundwork for a smooth transition?

Successions are usually more art than science, yet certain themes appear consistently in those that navigate these processes well. Below, we outline a handful of our observations, drawn from both our own experiences and those of our clients.

### 1) PLAN EARLY, PLAN WELL

The Tragedy of King Lear is a good example of a poorly planned succession. In the play, Lear announces that he will divide his kingdom between his three daughters, Goneril, Regan and Cordelia, in the hope that “future strife may be prevented”.

So far, so good.

However, in true Shakespearean fashion, it doesn’t take long for things to go awry. Not only does the king’s intended retirement come as a surprise to the royal court, including his daughters, but he also chooses an unusual way to split his kingdom.

<sup>1</sup> Clogs were wooden-soled shoes commonly worn by factory workers in the north of England during the 19<sup>th</sup> Century.

<sup>2</sup> The Special Role of Strategic Planning for Family Businesses

<sup>3</sup> The Harvard Business Review Family Business Handbook, p29, Josh Baron and Rob Lachenauer, 2021

Rather than divide it equally, Lear announces he will give the largest share to the daughter who publicly professes the most love for him. Cordelia, his favourite, refuses to flatter him and is banished.

Goneril and Regan fawn over their father with false praise, receiving half of the kingdom each, but then shut their doors to him, leaving the king wandering mad in a raging storm.

While most successions are not quite as dramatic as King Lear's, the play touches on several problems commonly encountered with succession planning.

First, the king leaves his plans very late. He is "fourscore and upward" during the events of the play — more than 80 years old. Keeping family members in the dark about succession for this long rarely goes well, and it happens more than you might think.

In fact, some heads of families and businesses make barely any plans at all. Viacom and CBS mogul Sumner Redstone once said: "I'm not going to discuss succession. You know why? I'm not going to die."<sup>4</sup>

Second, Lear didn't provide clear guidance mapping out the path for the next generation. His 'love test' left too much to chance and, as a result, he disinherits his preferred heir, Cordelia, when she fails to meet his arbitrary standards.

These complex dynamics emphasise why family successions can be tricky; personal and professional relationships often sit on top of each other, and conflicts that arise in one area of life inevitably bleed into the other.

A strong succession plan, whether for a wealth transfer or a business, should set out the roles, responsibilities and expectations

## TO PLAN OR NOT TO PLAN

A Boston Consulting Group study found that family businesses with planned successions had 17% higher market capitalisation on average two years after the transition. However, those with unplanned successions had slumped 11% in value.<sup>5</sup>

of those who will come next. It also helps to communicate the plan clearly, so that everyone is on the same page.

Our view is that this gives the process integrity, meaning there are fewer surprises — and fewer hurt feelings — down the line.

Lastly, King Lear found it hard to let go. He retired on paper, but not in practice. His insistence on behaving like a reigning king set him on a collision course with his daughters.

We understand how difficult it can be to hand over control, especially for founders who have built businesses from the ground up. Heads of families frequently tell us they're not sure whether their loved ones are ready for more responsibility.

Some never truly step back, even in death, choosing to 'rule from the grave' with strict rules and rigid structures for how a family or business should be run once they are gone. This can cast a long shadow over subsequent generations.

Our recommendations to plan early and plan well therefore come with a caveat. We suggest giving successors enough room to carve out their own path, so they can step into their new role with a sense of ownership rather than obligation.

## 2) FOSTER A SENSE OF STEWARDSHIP

Adequately preparing the next generation for the responsibilities of inheriting wealth or a business is often just as important as planning the practical steps of succession.

The Chinese philosopher Guan Zhong is quoted as saying:

To plan one year ahead, plant grains

To plan ten years ahead, plant trees

To plan a lifespan ahead, plant people<sup>6</sup>

It is a reminder that enduring legacies hinge on personality just as much as process. And in our experience, the strongest families and businesses don't just think about who is next in line; they choose careful custodians who look to the long term.

For some businesses, this mindset comes more easily given the work they do. Wealth management and wine, both the preserve of the Rothschild family, are notable examples of industries naturally shaped by a generational perspective.

<sup>4</sup> Viacom and CBS mogul Sumner Redstone dies aged 97, Financial Times, 12 August 2020

<sup>5</sup> Succeeding with Succession Planning in Family Businesses, BCG, 25 March 2015

<sup>6</sup> The Long View (Kindle edition), p235, Richard Fisher, 2023

At Rothschild & Co, we often work as a ‘mini family office’ for our clients, helping connect them to different advisers from across our network.



Italian winemaker Marchesi Antinori was established in 1385 and is now in its 26<sup>th</sup> generation of family ownership. What is the secret to its longevity? Piero Antinori, the current head of the family, says investing in the next generation is crucial.

“People are like vineyards. It is important to understand their qualities and potential, but also to sow seeds in the right kind of soil so they can blossom and grow to the best of their abilities,” he explains.<sup>7</sup>

Finding the right approach to prepare successors for their responsibilities will depend greatly on their unique personalities, aspirations and motivations. Trusted advisers can play a useful role in these early stages, offering a gentle guiding hand and introductions to experts who can support both generations.

At Rothschild & Co, we often work as a ‘mini family office’ for our clients, helping connect them to different advisers from across our network who can act as a sounding board or provide second opinions and professional services.

We have also found that clients and their family members appreciate talking to peers in similar positions. They can learn a lot from families who have faced difficult decisions and are willing to share what worked for them.

Some people will need a solid structure and support around them to grow into their roles, others will thrive with more autonomy and a lighter touch. It shouldn’t be assumed that what worked for one generation will work for the next.

That said, many of our clients who wish to instil a sense of stewardship in the next generation tend to involve them in family affairs as early as possible.

Philanthropy works well here, because it allows younger family members to take part in decisions about where money goes, help measure and see the impact of those decisions and practise working together on something that matters to them.

Listening to, and incorporating, their views — even if those ideas may sometimes differ from one’s own — also gives them a genuine stake in the future of the family or business.

Sometimes, however, continuing family ownership is not the right path in a business context. Circumstances may change, compelling purchase offers arise or the next generation may simply be drawn towards different careers and priorities.

In these situations, a sale can be a thoughtful and appropriate decision. It is nonetheless a meaningful moment; owners often feel the weight of parting with a business that has shaped their lives, and post-sale realities can differ from expectations.

Ultimately, whatever future you have planned for your family or business, we recommend having a trusted team who can help you thoroughly explore your options.

### 3) SHARE INFORMATION, THOUGHTFULLY

One of the most common questions we receive from clients around succession is ‘how much should I tell my children?’. Whether it’s about the family’s wealth or the inner workings of a family business, there can be considerable reluctance to divulge too much information to the next generation.

Many heads of families fear knowledge of the family’s wealth will lead to a sense of entitlement. They do not want their children to grow up spoiled. Others worry their loved ones will be taken advantage of by friends, colleagues or even spouses. These concerns are understandable, and in some cases, warranted.

<sup>7</sup> Harvard Business Review Family Business Handbook, p29, Josh Baron and Rob Lachenauer, 2021

On the other hand, we have seen people go to extraordinary lengths to withhold important information from family members. As with King Lear, however, a surprise inheritance can leave the next generation unprepared for the responsibilities they are about to take on.

This can be especially troubling for family businesses if circumstances force a sudden, unexpected change in leadership. When successors have not been brought into the fold early enough, they can find themselves stepping into roles they have not had the time nor opportunity to grow into. They are also unlikely to feel a deep emotional connection to a business they barely know.

For example, we have worked with a number of families where the next generation expected to inherit very little from their parents. They were then taken aback after suddenly finding themselves on the verge of receiving over one hundred million pounds and family business interests.

Overnight, they were surrounded by their parents' advisers, committee papers and trustee responsibilities, as well as juggling thriving careers of their own. With no preparation or gradual introduction, they faced a level of complexity that was difficult to manage and, too often, overwhelming.

Getting the right balance between transparency and privacy is therefore an ongoing struggle for many wealthy families — one that we fully sympathise with. So to circle back to the original question, how much should the next generation be told?

You will always have a better idea than us what's best for your family or business, but we find greater transparency usually leads to smoother successions. Open and honest conversations help to build trust and reduce uncertainty, allowing families and businesses to create a clearer vision of the future.

For those hesitant to divulge too much too quickly, we would still suggest some form of financial education as soon as children are ready. You can do this through formal or informal settings, when they are teenagers or older, and with or without siblings present; the specifics can be shaped to suit your family.

As mentioned earlier in this letter, philanthropy is also a good way to introduce the next generation into the family's affairs early. Another option is to offer them a small role in the business or encourage them to shadow a more senior family figure.

Younger members can be given a seat on a family council to gain a sense of how things operate before taking on more responsibility.

Used prudently, these approaches allow families to share only what they feel comfortable disclosing, when the time is right, while still giving the next generation crucial hands-on experience.

#### 4) MAINTAIN STRONG VALUES

Japan has more than 30,000 businesses that are over 100 years old.<sup>8</sup> Many of them, known as *shinise* ('old shop'), have survived wars, recessions and revolutions not because of elaborate strategies, but because each generation understood the common threads that hold the business together.

"These companies prioritise values such as commitment to the family business, continuity, quality, community and tradition over financial logic," says Innan Sasaki, a Professor in Organisation Studies at the University of Warwick's business school.

At first glance, this emphasis on purpose over profit might seem counterproductive to performance, but recent research suggests otherwise.

According to McKinsey & Co, family businesses outperform their non-family peers on growth, margins and resilience.<sup>9</sup> Incidentally, it is companies such as this, with resilient business models and sustainable business practices, that are most attractive to us as investors.

Even outside of a purely commercial context, values remain an important part of the succession process. They give families unity and direction, particularly during times of change and transition.

For those who find talking about money uncomfortable, a conversation about shared values can be easier and more constructive. Younger family members often have different perspectives on what success looks like, so this gives them the opportunity to voice those opinions in a structured way.

An open dialogue about values and ambitions can also clear up any misconceptions between family members regarding succession. This helps avoid two familiar pitfalls: a successor feeling pushed into a position they never wanted, or families elevating a 'chosen one' who, however well-intentioned, may not be the right fit for the role.

<sup>8</sup> Why so many of the world's oldest companies are in Japan, BBC, 12 February 2020

<sup>9</sup> The secrets of outperforming family-owned businesses: How they create value—and how you can become one, McKinsey & Company, 28 November 2023

A family's ethos and values can be set out in a written charter or constitution, giving successors a clearer sense of the responsibilities ahead and the spirit in which they are expected to uphold them.

However, you may prefer a more informal approach. Codified rules can feel rigid if they are not refreshed over time. They risk becoming relics — respected, perhaps, but no longer relevant to the family they are meant to guide.

On this matter, we are reminded of the unusual story of Henry Symeonis. For more than 550 years, any Bachelor of Arts pursuing a Master's at Oxford University had to swear an oath they would “never consent to the reconciliation of Henry Symeonis”.

What made the centuries-long pledge all the more bizarre was that the university's statutes did not explain who Henry was, or what he had done. Students were nonetheless expected to uphold the grudge long after he had presumably died.

The oath was finally abolished in 1827, with Symeonis's true identity and crimes not being discovered for another 85 years.<sup>10</sup> Bodleian Library assistant keeper Alice Millea noted that it was “a very strange example of the longevity of some university customs, long after they've lost relevance or meaning”.<sup>11</sup>

In a similar vein, one client recently told us that much of their family legacy was currently gathering dust in old Sainsbury's bags in the loft.

Values and traditions matter, but they do not endure simply by being preserved. They only stay relevant when connected to purpose, so allow values to evolve with the family or business — continuity, with change.

### A TIME OF TRANSITION

Succession is often framed as a single moment; the handing over of the baton from one person to the next.

But as with a relay race, the hard work of succession is rarely done on the day itself. The transition should be a culmination of the many years of preparation, training and communication that take place beforehand.

Put simply, the families and businesses that tend to best navigate the process of succession are those who treat it as a long, steady process rather than a moment of high drama.

### THE “FREDO” EFFECT

A third of family businesses admit they have someone working at the company who is only there because of their last name. Researchers dubbed this the “Fredo” effect, a nod to the weakest link in the Corleone family in *The Godfather* films.<sup>12</sup>

Nevertheless, we understand that change, even when carefully planned, can bring uncertainty. That is why we believe in communicating change early, and as clearly and openly as possible — the same principles we have explored throughout this letter.

On that note, we hope that our clients feel reassured that our own leadership transition has been approached with the same care and long-term thinking that underpins everything we do.

As ever, our focus is on ensuring that Rothschild & Co Wealth Management UK is well placed to preserve and grow our clients' wealth and act as close advisers to them for the decades ahead.

We view this moment as part of the natural rhythm of a long-established business. We hope you do, too.

In practice, the experience for you should remain the same: continuity in our relationships, in the way we work with you, and in the goals and values we share.

<sup>10</sup> Symeonis was among a group of men who murdered an Oxford scholar in 1242. King Henry III fined him £80 and ordered him to leave Oxford.

<sup>11</sup> The persistence of tradition: the curious case of Henry Symeonis, Bodleian Libraries blog, 13 December 2023

<sup>12</sup> Why one out of three family businesses is inherited by the wrong person, Northeastern Global News, 15 March 2025

# Important information

## Notes

At Rothschild & Co Wealth Management we offer an objective long-term perspective on investing, structuring and safeguarding assets, to preserve and grow our clients' wealth.

We provide a comprehensive range of services to some of the world's wealthiest and most successful families, entrepreneurs, foundations and charities.

In an environment where short-term thinking often dominates, our long-term perspective sets us apart. We believe preservation first is the right approach to managing wealth.

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