Managing Concentrated Wealth: Research, Perspectives, and Practical Insights

AQR · 2026-08-06 · English original

The latest special issue of The Journal of Wealth Management on managing concentrated wealth, guest co-edited by AQR Principal Nathan Sosner, explores a complex question: How should investors think about the concentrated assets that created their wealth? The answer is often a balancing act between preserving the benefits of ownership and reducing the risks of concentration.

For founders, executives, and family-business owners, a concentrated position may represent far more than a financial asset. It can provide control, family engagement, and the foundation for a long-term legacy. Yet the very factors that once created exceptional wealth may change over time as industries evolve, founders step away, or businesses pass to new generations. The concentrated asset that created wealth may not be the right asset for preserving it.

Diversification may reduce the risks associated with concentration, but it also introduces its own tradeoffs. Selling a concentrated position may trigger significant taxes, diminish ownership or governance influence, alter estate or philanthropic plans, and require investors to part with an asset that carries deep personal or family significance. The decision is therefore rarely as simple as "hold" or "sell."

The issue examines these nuances through behavioral finance, investment analysis, tax planning, and practitioner experience. Topics covered include:

Given that every concentrated wealth situation is unique, this special issue encourages investors to evaluate concentrated positions within the context of broader financial and nonfinancial objectives. Together, these papers offer practical insights on balancing investment risk, taxes, control, financial goals, and legacy when navigating the transition from wealth creation to wealth preservation.

Source: https://www.aqr.com/Insights/Research/Tax-Aware-Investing/Managing-Concentrated-Wealth-Research-Perspectives-and-Practical-Insights