Why Allocate to Alternative Investments?

THE CASE FOR ALTERNATIVE INVESTMENTS

Alternative investments provide access to investment opportunities generally not available in a traditional stock/bond portfolio allocation. With enhanced return and income potential, and a wide array of diversified strategies, alternative investments can be a valuable addition to a portfolio. They can also be highly effective when the markets are experiencing greater volatility, higher inflation, and increased correlations in traditional assets.

WHAT CAN ALTERNATIVE INVESTMENTS OFFER?

ENHANCED RETURN AND INCOME POTENTIAL

Alternative investments have historically delivered higher returns and income than traditional equity and fixed income investments.[1]

BROADER DIVERSIFICATION AND LOWER CORRELATION

Alternative investments span multiple asset classes and investment strategies, helping to dampen volatility, increase diversification, and lower correlation in a portfolio.

LARGER OPPORTUNITY SET

Alternative investments offer exposure to an array of unique investment opportunities away from long-only, publicly traded stocks and bonds.[2]

USING ALTERNATIVE INVESTMENTS IN A PORTFOLIO

Private Equity - Potential for higher returns

Private Credit - Alternative source of income

Hedge Funds - Portfolio diversification

Real Assets - Income and inflation protection

1. Source: Pitchbook. Public markets include S&P 500, Russell 3000, and MSCI World. Data as of 12/31/21.
2. There are only 2,800 public companies with annual revenues greater than $100 million. That's a small slice of corporate America, where there are 18,000 private businesses of that size. Source: Hamilton Lane. "Private Market Investing: Staying Private Longer Leads to Opportunity." April 14, 2022.

BENEFITS

- Alternative investments may help investors achieve their long-term investment goals and objectives and serve as an attractive complement to traditional stock/bond allocations.
- Alternative investments do not represent a single solution, but a diverse set of strategies that can fulfill multiple roles in a client's portfolio.
- Alternative investments are versatile tools for building diversified portfolios.
- Technology and product innovation have made it easier for investors to access these investments.

KEY RISK CONSIDERATIONS

Key risk considerations may include, but are not limited to, the following:

- **Transparency:** Alternative investments may not offer the same level of transparency as traditional investments, which are required to provide frequent and full disclosures.
- **Liquidity:** Alternative investments should be considered longer term investments. Depending upon the strategy, investors may be subject to a lockup period which will prevent them from redeeming their capital for an extended time (e.g., 5-10 years).
- **Fees:** Alternative investment fees are generally higher than those associated with traditional investments.
- **Leverage:** Alternative investment strategies may use some form of leverage, which offers the potential for higher returns, but also increases the downside risk.
- **Concentration:** Alternative investment strategies may be highly concentrated in a few funds or holdings.

Please contact your financial professional or a fund manager to learn more.

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IMPORTANT INFORMATION