

## Alternative Investments During Periods of Volatility

### Quote:

“The premise of saving for 10, 20, 30, 40 years and only having access to daily liquidity products doesn’t make sense.” – Joan Solotar, Global Head of Private Wealth Solutions at Blackstone Inc.

### Alternative Investments During Periods of Volatility

Alternative investments have long been used as a tool in portfolio construction by large institutions, pensions, and endowments. In recent years, many qualified individual investors have increased exposure to alternative investments to boost returns, generate income, and achieve long-term financial goals. One of the most attractive aspects of alternative investments is that the asset class typically has a low correlation with equity and bond markets, while also acting as an inflationary hedge and counterweight to conventional assets. As a result, when used as a complement to traditional investments, alternative investments are a valuable piece of a long-term investment plan.

### What constitutes an “Alternative Investment”?

Put simply, alternative investments are asset classes that aren’t stocks, bonds, or currencies. These investments tend to be less liquid than traditional investments and are typically unregulated by the US Securities and Exchange Commission (SEC). Some of the most common types of alternative investments are:

1. Private Equity and Debt
2. Venture and Growth Capital
3. Real Estate
4. Hedge Funds
5. Commodities (such as agricultural products, oil, natural gas, and precious and industrial metals)
6. Collectables (such as fine art, rare wine, vintage cars, coins, baseball cards, etc.)

While the risk profile of the alternative investment types mentioned above varies considerably, in general “alt” investments tend to be less exposed to broad market conditions and market swings. This allows investors to maintain a longer-term investment mindset, even in the midst of daily changes and movements in public markets.

However, in recent years, interest among qualified retail investors has opened the door for additional liquidity in certain alternative products that weren’t available when the asset class was dominated solely by large institutional investors. Today, several alternative investments are now considered “semi-liquid” which has “changed what’s happening in the alts business” according to Blackstone, the world’s largest private equity firm.

### The Bottom-Line

A balanced portfolio of stocks and bonds has long-been the bedrock of healthy portfolio construction. However, during times of volatility and inflation, alternative investments can be a valuable diversification and complement to a traditional stock and bond portfolio for high net-worth investors. Evergreen’s Family Office group has made several [alternative investment opportunities](#) available to our clients. Please reach out to your Evergreen Wealth Consultant or [schedule a consultation](#) to learn more about your options for investing in this asset class.



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