

# WHY CONSIDER ALTERNATIVE INVESTMENTS

## Alternatives for the Right Place and Time

After many years of banks, insurance companies, pension plans and hedge funds investing in alternatives, the market is now seeing an emerging class of independently-minded private investors wanting the same diversity and comparable yields.

Today's active investors are on a continual search for higher yields in make sense investment vehicles for their portfolios. But the level of interest doesn't seem to be limited to private investors alone. Institutional investors are on the same "hunt" for higher yields than are available from the more traditional resources of bonds, equities and the like.

An alternative investment is defined as an asset which is not one of the more conventional investment type, such as stocks, bonds, and cash. Alternative investments would include private equity, commodities, hedge funds, managed futures, real estate, and derivatives contracts. The majority of these type alternative investments are held by institutional investors or accredited, high-net-worth individuals.

Since the financial crisis, many state and local pension plans have moved large portions (up to 25%) of their assets outside traditional equities and into alternative assets. A desire for portfolio diversity and higher yields are the primary drivers toward alternatives.

One must be aware of certain risks that are inherent and, as in any other investment sector, exercise a prudent amount of due diligence.

Interest and demand today for higher yielding alternatives are gaining momentum driven by the need for stronger cash flows, particularly as a large portion of older investors begin to near retiring age. This class investor is not getting what they feel like they need from traditional CD's or bonds.

Best Regards,

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