Alternative Investment Strategies

Why Alternatives – Alternatives offer qualified investors another way to diversify a traditional portfolio, through investment vehicles such as Real Assets, Private Credit, and Private Equity. Alternatives serve as a great complementary investment to traditional asset classes, aiming to assist to improve total returns and income. Additionally, they can be used as a method to manage risk within a portfolio. Alternatives typically require longer holding periods and higher initial investments, ranging from 5-15% of a traditional portfolio, depending on risk & liquidity tolerance.

Quincy Cass, in association with Fidelity Institutional, offers several Alternative Investment offerings that can be incorporated within our existing investment strategies as another method to manage risk, income, and total returns.

Real Assets – Real Assets can offer exposure to a variety of assets, such as real estate, infrastructure, and agriculture. Real Assets are typically 5-7% of portfolio for qualified investors. These assets are suitable for qualified investors seeking attractive total returns, diversification from traditional investments, and income through exposure to physical assets. Real Assets involves ownership in tangible assets.

Private Credit – Private Credit seeks to provide higher income or total return when compared with public credit markets, by investing in privately negotiated loans, bonds, or other below investment grade debt instruments. These assets are suitable for qualified investors with a long-term investment horizon. Private Credit involves loans to private unregistered companies.

Private Equity – Private Equity seeks to provide long-term capital appreciation, through investments in equity of private, non-traded companies with the goal of assisting with optimization, efficiency, and future growth. These assets are typically 5-15% of a portfolio with a 7-10 year investment horizon. Private Equity involves ownership interest in private unregistered companies.

Exchange Fund – For investors with concentrated positions carrying substantial capital gains, Exchange Funds provide a tax-efficient diversification solution. These funds enable investors to exchange their concentrated stock position for fund shares without triggering immediate capital gains tax. Both the initial contribution and eventual redemption are structured as non—taxable events, allowing investors to defer the tax impact while achieving boarder market exposure.

Alternatives Pros & Cons

Pros:
- Investments in private markets & unique opportunities
- Returns not necessarily correlated with public markets
- Industry shift sees more companies staying private
- Diversification away from traditional asset classes
- Potential inflationary hedge (Real Estate)

Cons:
- Restricted liquidity
- Long term commitments
- Higher initial investments

Private Equity

- Risk-adjusted returns
- Diversified portfolio of private equity funds
- Assets: Buyout, Growth equity, Venture capital

Private Credit

- High levels of income, long term horizon
- Diversified credit investments
- Assets: Direct lending, Mezzanine, Distressed

Real Assets

- Periodic income, long-term capital growth
- Diversified real estate investments
- Assets: Real estate, infrastructure, agriculture

Low **Liquidity** **High**