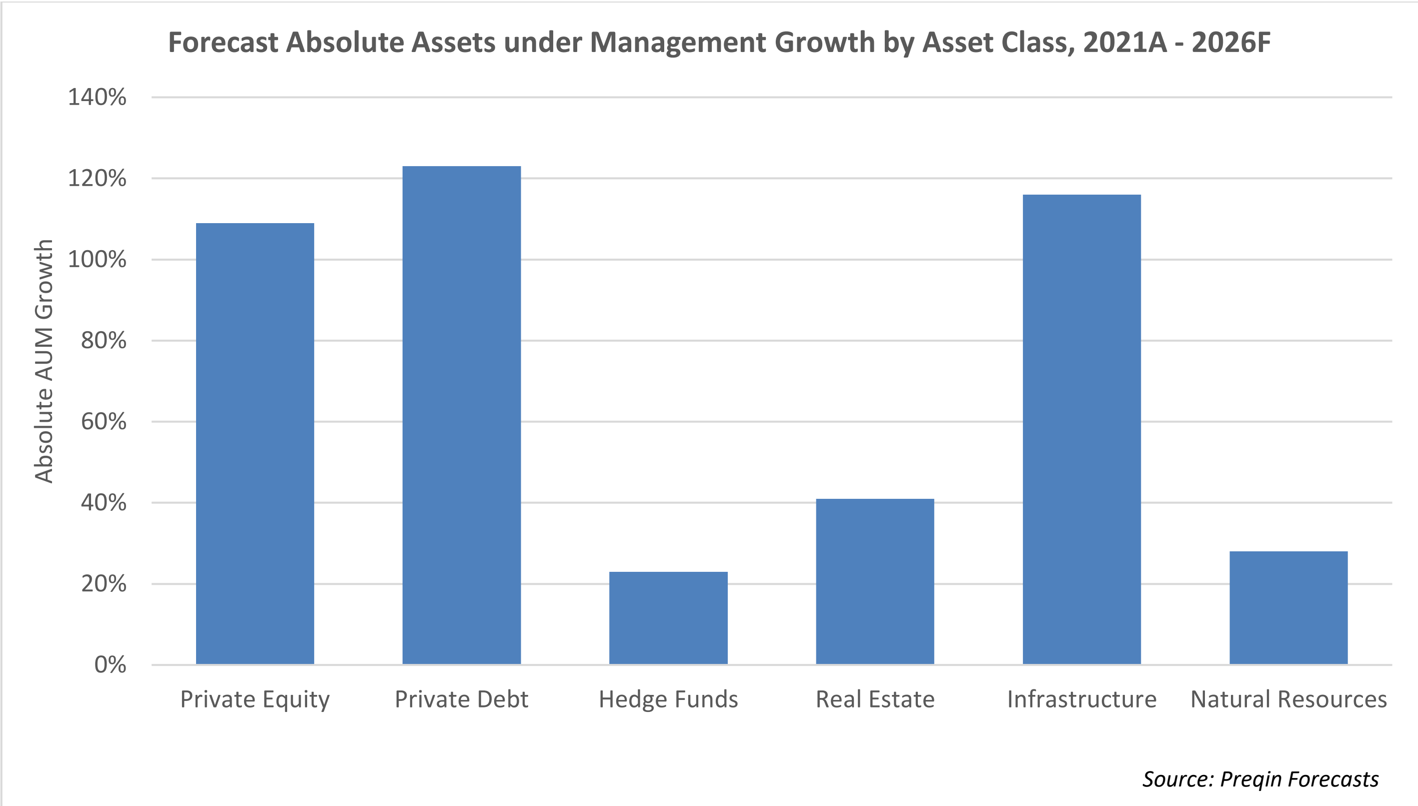
Volatility Creates Opportunities for Alternative Investments

Conshohocken, PA, February 22, 2022 - With tensions escalating in the Ukraine and elevated inflation, the markets have been off to a difficult start in 2022. In addition, oil prices continue to rise, further pressuring consumers. With the stimulus making its way out of the system, the near straight upward returns from the last decade are behind us. With interest rates close to their historic lows and inflation still a concern, the Federal Reserve cannot do much more to support the markets.

As investors digest the increasing volatility, a shift in allocations away from traditional asset classes and into more alternative investment strategies has increased in importance. Accordingly, we continue to see a noticeable increase in demand for alternative strategies across our wealth advisor network. While advisors began allocating to more hedge fund strategies in 2021, utilizing more private drawdown funds, seems to be the way investors are managing around the elevated volatility in the public markets. Further to that point, Preqin projects that most alternative asset growth over the next five years will come from private equity, private debt, and infrastructure.



Across our own platform, we see similar demand patterns for those three areas in addition to increased interest in hard asset strategies that produce income, such as real estate. Alternative income managers have also been popular in this rate environment, and advisor demand has been strong in various royalty strategies, especially in pharmaceuticals and healthcare.

On the equity side, the recent volatility has sparked an interest in more market neutral hedge fund strategies. With a few exceptions, market neutral managers struggled to deliver competitive returns relative to other strategies over the past decade. Instead, low interest rates and central bank stimulus measures incentivized investors to add as much beta as possible. This appears to be a vastly different environment now with volatility returning to more normal levels and where fundamentals will matter to equity performance again. As such, we believe market neutral strategies are positioned to do much better.

Within private equity, investors have been gravitating to more buyout and growth equity exposure. Over the past few months, the rising inflation environment has pressured the valuations of growth stocks throughout the NASDAQ and has changed the exit environment. While the correction was a healthy adjustment, we believe that the disruptive technologies that these companies are developing will have a profound impact on society. Accordingly, accessing these names through private investments mitigates much of the volatility and near-term noise of the public markets. At the same time, we find the recent dislocation to be an excellent buying opportunity on the public side, and we have expanded partnerships with our favorite hedge fund managers in this space.

With the markets off to a difficult start this year, the increase for alternative investments is sensible. While valuations had been stretched across every major asset class, focusing on alternatives allows investors to find more niche and bespoke opportunities that can have little correlation to the broader markets. Private investments will be even more key for allocators going forward, in addition to a select number of hedge fund strategies in place to diversify and mitigate risk.

For more information on PPB's alternative fund platform, please contact Frank Burke, CFA, CAIA, Chief Investment Officer, PPB Capital Partners, 484.278.4017 Ext. 108 or at fab@ppbadvisors.com.

About PPB Capital Partners, LLC

Launched in 2008, PPB Capital Partners, LLC (or "PPB" or "the Firm") brings premier alternative investment solutions and streamlined processing to the wealth advisor community. PPB Capital Partners provides a roster of alternative investment managers, as well as builds and operates feeder funds and customized fund of funds for wealth advisory firms.

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