

# MythBusters: Alternative Investments

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If you are considering the inclusion of alternative investments in your clients' portfolios for the first time, the complexity may seem overwhelming. Take time to educate and communicate that private market investing can play an important role in their overall financial picture. Sorting through the options to determine how much to allocate and which strategies to choose depends greatly on your own analysis and knowledge of your clients' investment objectives and risk appetite.

PPB Capital Partners works directly with you, the private wealth advisor, to sift through all the details. At the end of the day, you know what is appropriate for your clients. You have final say on investment decisions, asset classes, preferred fund managers and asset allocations. And if your clients are cautious about investing in private markets, here's how you can help dispel the myths and help them understand the facts.

### Myth

**"My clients don't need that much risk in their portfolios."**

**Fact:** On their own, alternative investments inherently have a higher risk profile than stocks and bonds. But since their performance doesn't always mirror that of public markets, they can be considered potential diversifiers to reduce overall risk as part of a complete portfolio, especially if public markets are volatile. PPB's investment team can help you find the balance that accommodates your clients' risk appetite.

### Myth

**"Alternative investments are complex and inappropriate for my clients."**

**Fact:** Investing in alternatives presents opportunities that reach far beyond those that make headlines, like hedge funds and private equity funds. The truth is that you can present your clients the chance to invest in anything ... from private real estate and venture capital to farmland and privately funded toll roads. We can help you communicate with your clients that each investment has different risks, costs and potential returns to set proper expectations.

### Myth

**"Alternative investments lack transparency"**

**Fact:** Research and communication on your part can go a long way to help clients fully understand the ins and outs of the alternative investments in their portfolio. Our team averages more than 15 years of industry experience, and we can help you determine the pertinent information you should discuss with your clients. It is important to explain each asset class and strategy on its own versus lumping ALL alternative investments together as one.

### Myth

**"My clients don't really need alternative investments in their portfolio."**

**Fact:** A well-balanced portfolio can give your clients a better chance to meet their financial objectives. Looking beyond traditional stocks and bonds to diversify, mitigate risk and potentially enhance portfolio performance may help achieve that balance. When public markets are uncertain, it is important to consider alternative asset classes that have less correlation to the overall markets. PPB has helped private wealth advisors find the risk-reward balance through difficult investment environments.

# MythBusters: Alternative Investments

## Myth

**"Clients can't access their money if it's invested in alternatives."**

**Fact:** To a certain point, for some assets, this is true. However, committing to alternatives for a defined period can offer enhanced return potential. Our team can help you identify the talking points to prepare you for conversations with the most skeptical clients. Knowing that liquidity is a concern for clients, an important part of your discussion with them is to present the pros and cons of liquid and illiquid versions of alternative investments.

### Educate Your Clients

When presenting alternative investment options to your clients, underscore their role as portfolio diversifiers. At the same time, take measures to educate and dispel the myths, misconceptions, stigmas, and other falsehoods that follow alternatives. This can remove many of the assumptions your clients may have about the significance of alternative investments and their applicability to portfolios.

*Jeremy Diem joined PPB Capital Partners in 2021 and has more than 18 years of experience building business relationships with wealth advisors across both institutional and private channels. In his role at PPB, Jeremy focuses on supporting the complex needs of the private wealth community in the eastern and southern United States. He can be reached at [jrd@ppbadvisors.com](mailto:jrd@ppbadvisors.com).*

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## Myth

**"The barrier to entry is too high."**

**Fact:** As alternative investments have gained popularity, accessibility for clients with less investable assets than an institution or an endowment has also increased. This is the foundation on which PPB Capital Partners was founded. We have been providing our clients fund structures and that offer access to alternatives for more than 14 years. Our solutions are specifically tailored to give your high-net-worth clients access to private markets without the restrictions of high minimums.