

iCapital®

BEYOND 60/40

December 2023



WELCOME TO OUR MONTHLY NEWSLETTER.

Designed to serve as your primary source for navigating the world of alternative investments.

This month, we released our [2024 Market Outlook](#), including our top alternative investment ideas for growth, income, diversification, and protection.

- **Venture:** As the valuation reset continues to take effect, we view the current market environment as an attractive entry point for both early- and late-stage venture managers.
- **Direct Lending:** The floating rate nature of private credit, in addition to the current market environment which allows direct lenders to secure stronger protective covenants and better loan-to-value ratios, makes direct lending an appealing option.
- **Real Estate Debt:** With \$1.2 trillion of commercial real estate debt to mature in the next two years, real estate debt managers are able to deploy fresh capital in an environment that includes much higher interest rates and fewer banks willing to lend.
- **Macro Hedge Funds:** Diversifying hedge fund strategies, such as global macro, have generally performed better during periods of higher interest rates and market volatility.
- **Structured Investments:** Principal protected structured investments offer investors upside participation in the equity markets, while maintaining downside protection.
- **Annuities:** Investors seeking protection may also consider locking in attractive terms for fixed indexed annuities, which offer 100% principal protection.

Join us on January 9 for our [2024 Market Outlook webinar](#) to learn more about these alternative investment opportunities, and discover why we believe 2024 is likely to be the year of greater investor optionality and a broader opportunity set.



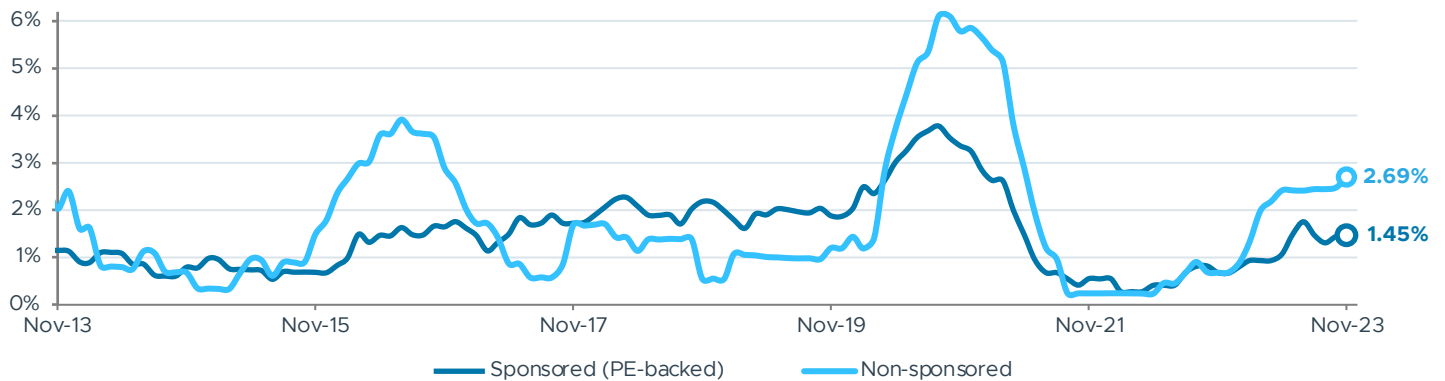
Dan Vene

Co-Founder and Managing Partner
Head of Investment Solutions

CHART OF THE MONTH

Private equity-backed companies historically exhibit a lower default rate than those without backing

Sponsored (PE-backed companies) vs. non-sponsored loan default rates by issuer count (%)



Source: PitchBook | LCD, iCapital Investment Strategy, with data compiled on Dec. 7, 2023. Note: Data as of Nov. 30, 2023. Default rates are based on issuer count and include issuers in the Morningstar LSTA US Leveraged Loan Index. For illustrative purposes only. Past performance is not indicative of future results. Future results are not guaranteed.

Direct lending, which primarily finances private equity-backed companies, remains an attractive investment opportunity, offering returns comparable to the public equity market with significantly more downside protection. Private equity-backed companies have historically exhibited a lower default rate than those without backing, which is a testament to the ability of PE sponsors to swiftly adapt to shifting market conditions and protective covenants often negotiated by direct lenders.

SPOTLIGHT: BEYOND 60/40: EPISODE 11



iCapital Chairman and CEO [Lawrence Calcano](#) sits down with [Christoph Knaack](#), CEO of [Preqin](#); and [Anastasia Amoroso](#), iCapital Chief Investment Strategist, discusses client success with iCapital Managing Partner and Operating Committee member Eileen Duff.

[Watch Now](#)

MONTHLY MARKET ROUNDUP

J.P.Morgan ASSET MANAGEMENT

[Alternatives: As the Dust Settles](#)

While the dust is still settling on valuations, J.P. Morgan Asset Management Global Market Strategist, Meera Pandit, explains how alternative investments can support the outcomes investors seek in portfolios.

CNBC

[Family Offices Move Money Out of Stocks and into Private Markets](#)

According to a new survey, family offices now have more of their money invested in private markets than the public stock market — even as the market rallies.

Blackstone

[Private Credit, Meet “Higher for Longer”](#)

Finding opportunities over the past 18 months has been anything but easy. Blackstone leaders discuss why they believe these macroeconomic conditions have the potential to create a favorable market for private credit.

FUNDfire

[Will Track Records Count More as Interval Funds, BDCs, REITs Mature?](#)

As semi-liquid alternative investment strategies hit three- and five-year track records, will more advisors start applying the due diligence standards used for mutual funds and SMAs?

IN CASE YOU MISSED IT



2024 is likely to be a year that presents a variety of investment opportunities across multiple asset classes and strategies. Discover our top investment ideas for growth, income, diversification, and protection across the public and private markets. [Read more.](#)



Our research team rated 19 alternative investment strategies. Find out which three strategies were upgraded, and which held steady. [Read more.](#)



Over the past several years, the market for evergreen, semi-liquid private market funds designed for individual investors has evolved dramatically, narrowing the gap in both quality and cost relative to the investment options available to institutional investors. [Read more.](#)

[Gain More Insight](#)

MONTHLY ALTS PULSE: EPISODE 5



Tune in for this latest episode of [Monthly Alts Pulse](#) with iCapital Chairman and CEO [Lawrence Calcano](#) and [Michael Sidgmore](#), Co-Founder and Partner at Broadhaven Ventures, as they discuss how alternatives are seen in different key markets around the globe.

[Watch Now](#)

PODCAST: SALT TALKS



Catch iCapital Co-Founder and Managing Partner [Dan Vene](#) on [SALT Talks](#), where he discusses the evolution of alternative investing and iCapital's role connecting financial advisors and asset managers with [John Darsie](#), Managing Director at SALT and Partner at SkyBridge Capital.

[Listen Now](#)

2023 HIGHLIGHTS



Thank you for joining us in our first year of Beyond 60/40. As we close out 2023, we share some highlights and a peek into the behind-the-scenes fun we have while making Beyond 60/40.

[Watch Now](#)

IMPORTANT INFORMATION

The material herein has been provided to you for informational purposes only by Institutional Capital Network, Inc. ("iCapital Network") or one of its affiliates (iCapital Network together with its affiliates, "iCapital"). This material is the property of iCapital and may not be shared without the written permission of iCapital. No part of this material may be reproduced in any form, or referred to in any other publication, without express written permission of iCapital.

This material is provided for informational purposes only and is not intended as, and may not be relied on in any manner as, legal, tax or investment advice, a recommendation, or as an offer or solicitation to buy or sell any security, financial product or instrument, or otherwise to participate in any particular trading strategy. This material does not intend to address the financial objectives, situation, or specific needs of any individual investor. You should consult your personal accounting, tax and legal advisors to understand the implications of any investment specific to your personal financial situation.

iCapital Markets LLC operates a platform that makes available financial products to financial professionals. In operating this platform, iCapital Markets LLC generally earns revenue based on the volume of transactions that take place in these products and would benefit by an increase in sales for these products.

The information contained herein is an opinion only, as of the date indicated, and should not be relied upon as the only important information available. Any prediction, projection or forecast on

the economy, stock market, bond market or the economic trends of the markets is not necessarily indicative of the future or likely performance. The information contained herein is subject to change, incomplete, and may include information and/or data obtained from third party sources that iCapital believes, but does not guarantee, to be accurate. iCapital considers this third-party data reliable, but does not represent that it is accurate, complete and/or up to date, and it should not be relied on as such. iCapital makes no representation as to the accuracy or completeness of this material and accepts no liability for losses arising from the use of the material presented. No representation or warranty is made by iCapital as to the reasonableness or completeness of such forward-looking statements or to any other financial information contained herein.

Securities products and services are offered by iCapital Markets, an SEC-registered broker-dealer, member FINRA and SIPC, and an affiliate of iCapital, Inc. and Institutional Capital Network, Inc. These registrations and memberships in no way imply that the SEC, FINRA, or SIPC have endorsed any of the entities, products, or services discussed herein. Annuities and insurance services are provided by iCapital Annuities and Insurance Services LLC, an affiliate of iCapital, Inc. "iCapital" and "iCapital Network" are registered trademarks of Institutional Capital Network, Inc. Additional information is available upon request.

©2024 Institutional Capital Network, Inc. All Rights Reserved | 2024.01

iCapital®

60 East 42nd Street, 26th Floor
New York, NY 10165
212.994.7400

www.icapital.com

North America

New York City
Princeton
Greenwich
Boston
Boca Raton
Toronto
Birmingham

Europe

Zurich
London
Lisbon

Asia

Hong Kong
Singapore