BEYOND 60/40

February 2023

WELCOME TO OUR MONTHLY NEWSLETTER.

Our monthly newsletter is designed to serve as your primary source for navigating the world of alternative investments.

Over the past 12–18 months, the focus on meaningful diversification has increased dramatically, with more investors appreciating how alternative strategies can materially benefit portfolio performance.

Coming out of the 2008 financial crisis, global interest rates were at zero and the long and strong risk assets trade was in full effect. Equity declines were typically short-lived and accompanied by positive contributions from fixed income.

That relationship changed overnight as the Federal Reserve began to raise rates and pivoted away from the various market liquidity measures previously instituted. The diversification benefits of traditional stock/bond portfolios were no more.

Private markets and hedge fund strategies, however, provided portfolios with true diversification, meaningful protection, and in many cases, growth, over the course of 2022.

We believe the benefits of these alternative investment offerings remain and can help investors navigate through the next market cycle with diverse sources of return, more ways to protect their capital, and differentiating strategies.

Steve Houston
Managing Director
Head of Investment Products

MONTHLY MARKET ROUNDUP

Pensions&Investments

[Hedge fund firms excited by prospect for alpha in 2023]

After navigating a volatile environment for global markets and rough conditions in 2022, read why hedge fund managers see abundant opportunities in 2023.

PREQIN

[Preqin Global Report 2023: Alternative Assets]

Drawing on Preqin's comprehensive dataset, this report provides the expert insight and analysis you need to prepare for 2023 and beyond.

APOLLO

[Private Credit's Primetime: The Large Corporate Direct Lending Opportunity]

Discover why Apollo believes the risk/return dynamics in large corporate private credit appear particularly attractive.

Brookfield

[Private Equity Investing: Acquiring for Value]

Brookfield breaks down how investors can find value in private equity investments in any market environment.

WEEKLY MARKET PULSE

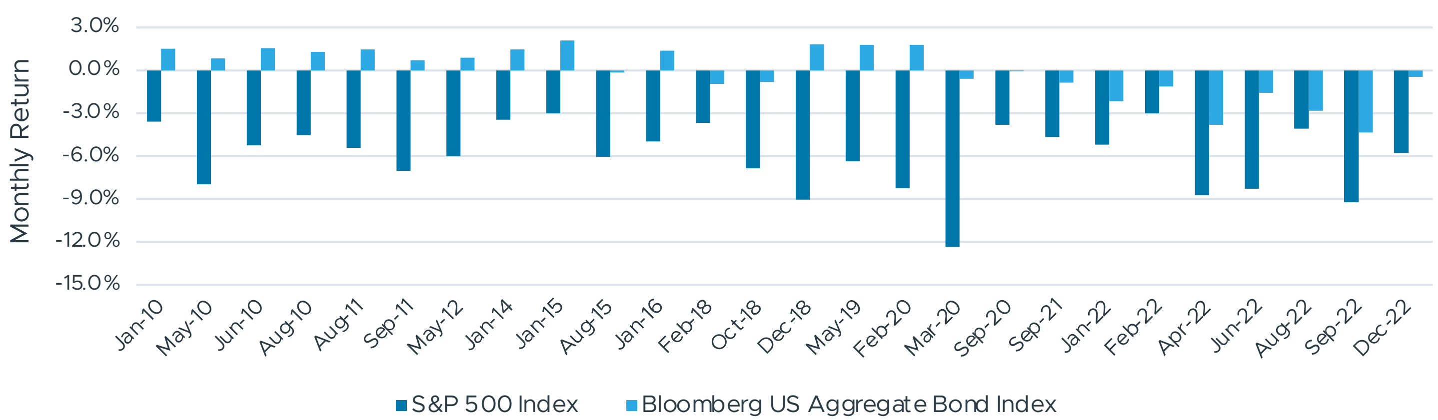
For the better part of 2022, the commercial real estate (CRE) market was able to effectively weather ongoing cyclical headwinds, but it now shows signs of near-term price depreciation across select sectors. Learn the answers to the top questions about CRE in Chief Investment Strategist [Anastasia Amoroso]'s [Market Pulse].

Subscribe to Market Pulse

CHART OF THE MONTH

Rising Correlation

Stock vs. bond performance in -3% down equity months

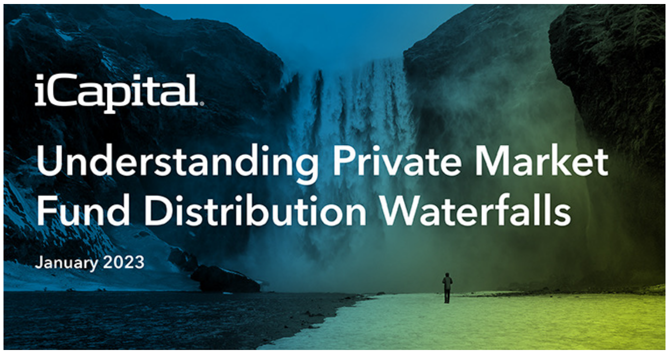


Since the 2008 financial crisis, equity and bond markets were negatively correlated when risk assets declined. However, a paradigm shift occurred in 2022 as higher rates, inflation, and quantitative tightening dampened liquidity. No longer able to depend on the automatic diversification from bonds, many investors are increasingly relying on hedge funds for uncorrelated returns.

IN CASE YOU MISSED IT

Before making a hedge fund investment, investors and their advisors should consider four key questions. **Read more.**

How can an investor increase the likelihood of choosing the best managers in an industry that is thought to be less than transparent? Here are seven critical considerations investors should understand. **Read more.**



A well-designed waterfall can be a benefit for investors, as it creates strong alignment and properly incentivizes the manager to optimize returns; however, understanding is key. **Read more.**

Gain More Insight

NEW AT iCAPITAL

Did you know iCapital is expanding our global development team with more than 100 new hires? These developers will enhance our marketplace for alternative investments to help improve outcomes for advisors and their clients.

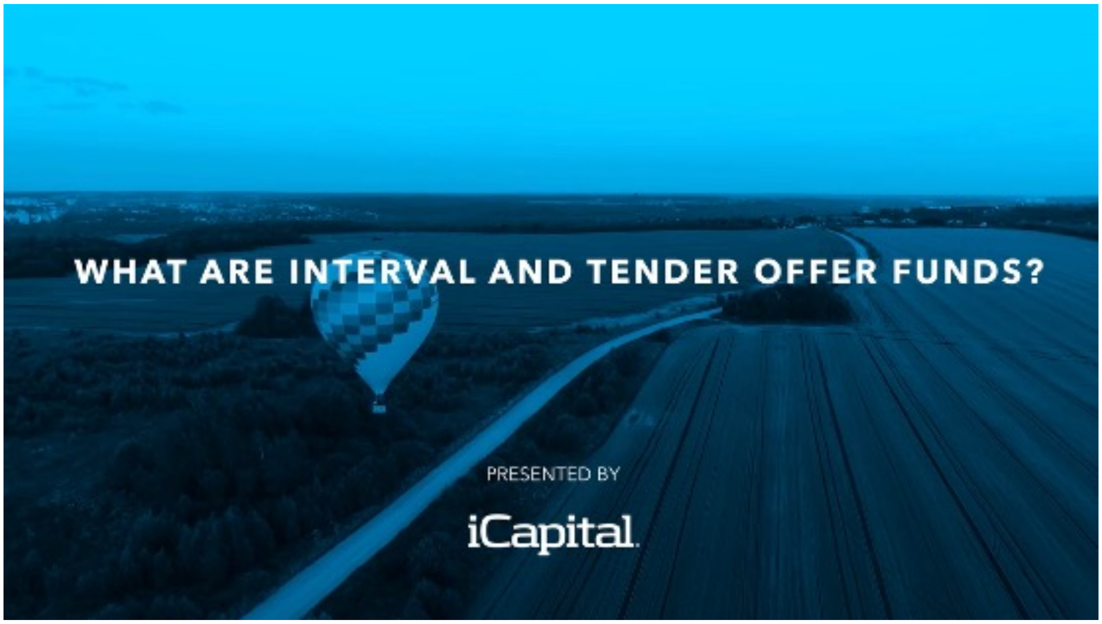
Connect with Us

PODCAST: BARRON'S STREETWISE

Anastasia Amoroso, iCapital's Chief Investment Strategist, recently joined the Barron's Streetwise Podcast with host Jack Hough to share her perspective on opportunities in the private and public markets.

Listen Now

SPOTLIGHT: INVESTOR EDUCATION



Discover More

IMPORTANT INFORMATION

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