

iCapital®

# BEYOND 60/40

February 2024



# WELCOME TO OUR MONTHLY NEWSLETTER.

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

This month, we launched Architect on iCapital Marketplace, expanding access to more than 350,000 U.S. financial advisors.

Architect is a first-of-its-kind, portfolio construction tool that empowers financial advisors to build robust, personalized portfolios incorporating alternatives and structured investments with traditional asset classes.

Driven by powerful analytics and a user-friendly interface, Architect is designed from the ground up to bring transparency and a more informed approach to the alternatives and structured investments process.

With Architect, advisors can create new asset allocations, visualize key risk drivers, compare scenarios, simulate historical performance, and design outcome-oriented portfolios that align with their clients' return objectives and risk profiles.

[Start your free trial now](#) or [contact the Architect team](#) to schedule a demo.

Thank you for your continued partnership and support.



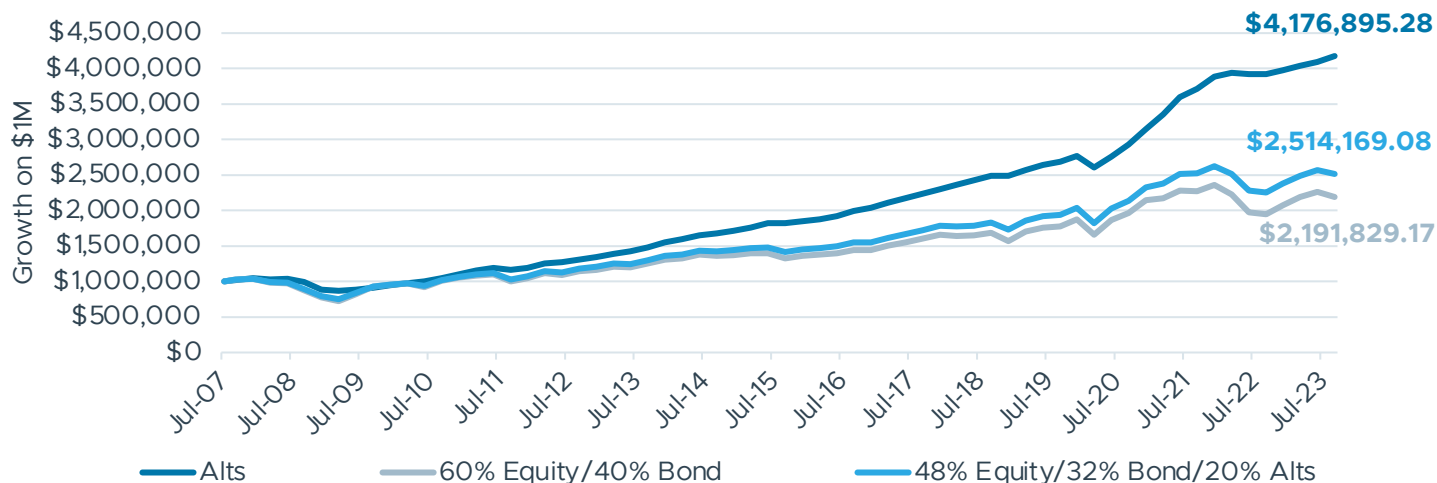
## **Dan Vene**

Co-Founder and Managing Partner  
Head of Investment Solutions

# CHART OF THE MONTH

## An allocation to alts would have improved outcomes for a 60/40 portfolio since 2007

Growth of \$1 million from different portfolio allocations, Q3 2007 – Q3 2023



Source: iCapital, based on quarterly index data from Preqin, Cliffwater, MSCI, Bloomberg, NCREIF and HFRI, as of Sept. 30, 2023. For illustrative purposes only. Past performance is not indicative of future results. Future results are not guaranteed. Alts portfolio comprised of 40% private equity (proxied by Preqin's PE index), 40% private credit (proxied by Cliffwater Direct Lending Index), 10% real estate (proxied by a modified NCREIF-ODCE (Open End Diversified Core Equity) Index, and 10% hedge funds (proxied by HFRI Fund Weighted Composite Index). 60% Equity/40% Bond Portfolio comprised of 60% public equities (proxied by MSCI ACWI (All Country World Index)) and 40% bonds (proxied by Bloomberg US Aggregate Bond Index). 48% Equity/32% Bond/20% Alts Model Portfolio comprised of 48% public equities (proxied by MSCI ACWI (All Country World Index)), 32% bonds (proxied by Bloomberg US Aggregate Bond Index), and 20% alternative investments, including 8% private equity, 8% private credit 2% real estate, and 2% hedge funds (proxied by the respective indices in the Alts portfolio). For a detailed methodology, please see [Trading Places: Mapping the Impact of Alts in a Traditional Portfolio](#).

## SPOTLIGHT: BEYOND 60/40: EPISODE 12



iCapital Chief Investment Strategist [Anastasia Amoroso](#) explores the private equity exit environment for 2024 and sits down with [Ashmi Mehrotra](#), Global Co-Head of the Private Equity Group at [J.P. Morgan Asset Management](#), to discuss the private equity market landscape.

Watch Now



# MONTHLY MARKET ROUNDUP

**Brookfield** |  **OAKTREE**

WEALTH SOLUTIONS

## [Alts Quarterly: Real Estate Optimism, Infrastructure Growth, and Strength in Loans](#)

Brookfield and Oaktree investment professionals provide their insight on why they are optimistic about real estate, what conditions make this a buyer's market for infrastructure assets, and why leveraged loans should remain attractive even if central banks soon start cutting interest rates.

## INSTITUTIONAL INVESTOR

### [Coming to the Defense of Private Markets Valuations](#)

This article examines the misconception that private equity valuations are irrational and opaque, and finds that through historical bouts of market volatility, private equity has acted very rationally.

## PANTHEON

### [Three Key Themes for Private Markets in 2024](#)

This edition of Pantheon Perspectives delves into three pivotal themes in 2024: intensified focus on manager and thematic asset selection, potential for dealmaking to be unlocked, and compelling secondary opportunities.

**nuveen**

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### [U.S. Commercial Real Estate Debt: Discovering Beneficial Routes of Exposure](#)

Learn how debt could be an important component of any investor's commercial real estate portfolio over the long term due to its impressive risk-adjusted returns and diversification benefits.

# IN CASE YOU MISSED IT



According to historical data, a portfolio with a 20% allocation to alternative investments would have improved overall returns and reduced drawdowns in times of market stress compared to a traditional 60/40 portfolio. [Read more.](#)



Get exclusive insights into the leading structured investments trends in 2023. [Read more.](#)



Discover why we believe that the trajectory of inflation and central bank policies will be key factors influencing the performance of international markets throughout 2024. [Read more.](#)

[Gain More Insight](#)

# MONTHLY ALTS PULSE: EPISODE 7



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 the adoption of alternative investments.

[Watch Now](#)

# MARKET PULSE



Thanks to confidence in a reasonably stable economy and easing monetary conditions, the long-awaited thaw in the private equity exit environment could be here, which would provide the latest evidence for a broader investor opportunity set in 2024. Learn more in Chief Investment Strategist [Anastasia Amoroso's Market Pulse](#).

[Subscribe to Market Pulse](#)



# NEW AT iCAPITAL



iCapital is proud to be recognized by [Forbes](#) on [The Fintech 50](#) list for the seventh consecutive year! iCapital is featured as one of six firms driving the Future of Investing category, and it is the only company to be recognized in the investing space for seven years running.

[Learn More](#)

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Index Disclaimers: The MSCI ACWI (All Country World Index) is designed to represent performance of the full opportunity set of large- and mid-cap stocks across 23 developed and 24 emerging markets. The Bloomberg US Aggregate Bond Index, which is a broad base, market capitalization-weighted bond market index. The index includes Treasury securities, government agency bonds, mortgage-backed bonds, corporate bonds, and several foreign bonds traded in the U.S. Preqin's PE Index consists of funds within Preqin's database that are categorized within one of the following sub strategies: Balanced, Buyout, Co-Investments, Direct Secondaries, Fund of Funds, Growth, Hybrid, PIPE, Secondaries, Turnaround, and Venture Capital. The Cliffwater Direct Lending Index (CDLI) is an asset-weighted index of over 11,000 directly originated middle market loans totaling \$264B. It seeks to measure the unlevered, gross of fee performance of U.S. middle market corporate loans, as represented by the asset-weighted performance of the underlying assets of exchange-traded and unlisted BDCs, subject to certain eligibility requirements. The modified NCREIF-ODCE (Open End Diversified Core Equity) Index is a capitalization-weighted, gross of fee, time-weighted return index for real estate investments. Modified with a higher return, greater risk profile to better reflect the nature of private real estate investments, which have greater exposure to the core-plus segment of the market. The HFRI Fund Weighted Composite Index is a global index comprised of single-manager hedge funds that report to HFR Database, weighted according to the AUM reported by each fund for the prior month.

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