

With equity markets at or near all-time highs, many clients are concerned about future market volatility. Diversification can be key to navigating these unknowns. The good news is there are many options to consider, including alternative investments. Alternatives are far from new and have often centered around real estate and private debt. High net worth (HNW) clients have access to an even greater range of options including private equity. A common theme amongst the many HNW clients I have worked with is that they are looking for unique opportunities that other investors cannot access. Income producing private equity can be a tool to diversify their portfolios, potentially reducing volatility, while working to provide a steady income stream along the way.

In a recent article in *Pensions & Investments*, public pension plans' investments in long term private equity have outperformed all other asset classes. The American Investment Council, a Private Equity advocacy and research organization, surveyed 163 U.S. pension plans, and found that the median annualized private equity 10-year net return was a 8.6%. During the same time period, public equities returned an annualized 6.1%, followed by fixed income at 5.3% and real estate at 4.7%. The median return for all the funds measured was 5.3%.

Source: American Investment Council, June 30, 2017

Pension plans are not the only group that recognizes private equity has the potential to boost total returns. Endowment plans over the last two decades have steadily increased their private equity allocation while decreasing their exposure to the public equity and fixed income markets.

The Stanford University, Yale University and Harvard University endowments, to name a few, have over the years steadily increased their positions in private equity. Although an endowment's investment timeline and resources are different than an individual investors, the philosophy and strategy behind them can be potentially beneficial with individual high net worth clients.

Income producing private equity funds can provide Accredited Investors with access to institutional-style investments at a much lower minimum investment amount. Traditional private equity requires minimum investment amounts that typically start in the seven figures range, however retail-client oriented investments start at a \$50,000 minimum which is much more palatable for clients with a \$1 million of net worth or more.

Henry Ford stated that "Coming together is the beginning. Keeping together is progress. Working together is success." We look forward to working with you to develop a successful and mutually beneficial partnership.

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Please don't hesitate to contact me with any questions, concerns or needs you may have.