

HALBERT WEALTH MANAGEMENT

# Alternative Assets Explainer

A Guide to Private Markets

Alternative investments offer a pathway to private markets — distinct strategies designed to enhance diversification, generate income, and capture long-term growth outside of traditional public stocks and bonds. The four core asset classes below are featured in this overview.

## Private Equity

*Investing directly in private companies — actively managing and scaling them over time.*

- **Approach:** Identify, invest in, and aim to improve strong businesses positioned for growth.
- **Thematic focus:** Investments are typically driven by long-term strategic tailwinds.
- **Strategy breadth:** Includes corporate private equity, growth equity, secondary market investments, and opportunistic ventures.
- **High-conviction themes:** Artificial intelligence and data generation, energy and power demand, and capital-light franchise models.

## Private Credit

*Non-bank lending to corporate borrowers — an alternative to traditional fixed income.*

- **Loan profile:** Floating-rate, senior secured loans to large, performing companies in historically resilient sectors.
- **Objective:** Enhanced income with lower volatility than traditional fixed income.
- **Direct origination:** Eliminating intermediaries allows for deeper due diligence and the potential for higher returns to be passed on to the investor.
- **Real-economy impact:** Funds the energy transition, digital infrastructure, and commercial equipment.

## Real Estate

*Direct ownership and management of physical properties — focused on income-producing sectors with secular demand.*

- **Portfolio focus:** Well-positioned portfolios concentrated in high-conviction, income-producing sectors.
- **Rental Housing:** A primary focus area, supported by a long-term undersupply of housing and durable consumer demand.
- **Industrial Real Estate:** Growth driven by the continued expansion of e-commerce, the need for faster deliveries, and broader reindustrialization efforts.
- **Data Centers:** A rapidly expanding sector fueled by artificial intelligence and the cloud, which are driving generational demand for data storage.

## Infrastructure

*Essential physical systems and facilities required for economies to function — offering unique defensive characteristics.*

- **Approach:** Investing in hard-asset businesses across themes that benefit from durable secular tailwinds.
- **Investor outcomes:** Seeks attractive and consistent returns, inflation protection, yield, and low correlation to other asset classes.
- **Digital Infrastructure:** Growth driven by the ongoing expansion of global connectivity, increasing mobile data usage, and data proliferation.
- **Energy Infrastructure:** Electrification, the expansion of data centers, and broader industrialization are driving a meaningful increase in global power demand.
- **Transportation Infrastructure:** Demand for the movement of people and goods is sustained by growth in leisure travel and e-commerce.

## Why consider alternatives?

Allocated thoughtfully, alternatives can complement a public-market portfolio by broadening the opportunity set, adding non-correlated return streams, and providing exposure to long-term themes that are difficult to access through publicly traded securities.

## Important Disclosures

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