

HALBERT WEALTH MANAGEMENT

Investing Like an Institution

The Importance of Alternative Investments

Pennybacker Bridge, Austin, Texas

WHY THE SMART MONEY INVESTS DIFFERENTLY

How Leading Institutions Allocate — and How You Can Too

Many of the largest U.S. endowments hold well over half of their portfolios in alternative investments — strategies with low correlation to traditional stocks and bonds. This report shows how leading institutions allocate their assets, and how individual investors can now access similar strategies.

Inside: how Harvard, MIT, Stanford, and the University of Texas allocate their endowments — and the alternative strategies now within reach of individual investors.

Summary

Studies show that many large institutional investors have more than 50% of their portfolios invested in alternative investments. In fact, according to NACUBO, U.S. higher education endowments that participated in their annual survey have on average over 54% of their portfolios in alternative investments¹. Most individual investors, on the other hand, have little to no exposure to alternative investments which may help diversify their portfolios.

Many individual investors think of alternative investments in narrow terms such as gold or real estate, but there are dozens of alternative investments available today which allow retail investors to invest like institutions. In this report, we illustrate how many large institutions allocate a large majority of their assets to alternative investments — and how you can access similar strategies.

Challenging and Unprecedented Times

As investors, we live in challenging and unprecedented times. After the longest bull market in history, investors are now faced with hard choices on where to find portfolio performance. Stock prices are precipitously high across multiple sectors and bond yields have been unpredictable. In light of this, Global Banking and Finance Review declares, *“The Death of the 60/40 Portfolio: What Comes Next for Serious Investors.”*²

Analysts warn, ³ “Midterm [election] years since 1957 average 18% drawdowns, corrections in 70% of cycles.” Those warning signs include governmental debt that has blossomed to over \$36 trillion, continued deficit spending and ongoing military conflicts. The Federal Reserve is still dealing with stubborn inflation. Tariffs have put recessionary pressure on the economy. Manufacturing faces supply chain challenges and consumers are anxious.

Uncertainty abounds. The markets do not like uncertainty.

For all these reasons, investors the world over worry about a coming U.S. recession and the impact it could have on traditional stock and bond investments.

Large institutional investors — college endowments, pensions, and others — in many cases do not share these concerns. These players are often referred to as the smart money. Why? Because the portfolios they direct have substantial allocations to asset types with low correlation to traditional equity and debt markets. This allows the smart money to weather even the most violent market storms.

¹ National Association of College and University Business Officers, 2025 NACUBO–Commonfund Study of Endowments.

² <https://www.globalbankingandfinance.com/the-death-of-the-60-40-portfolio-what-comes-next-for-serious-investors/>

³ <https://99bitcoins.com/news/presales/2026-stock-market-crash-155-years-of-data-say-its-coming/>

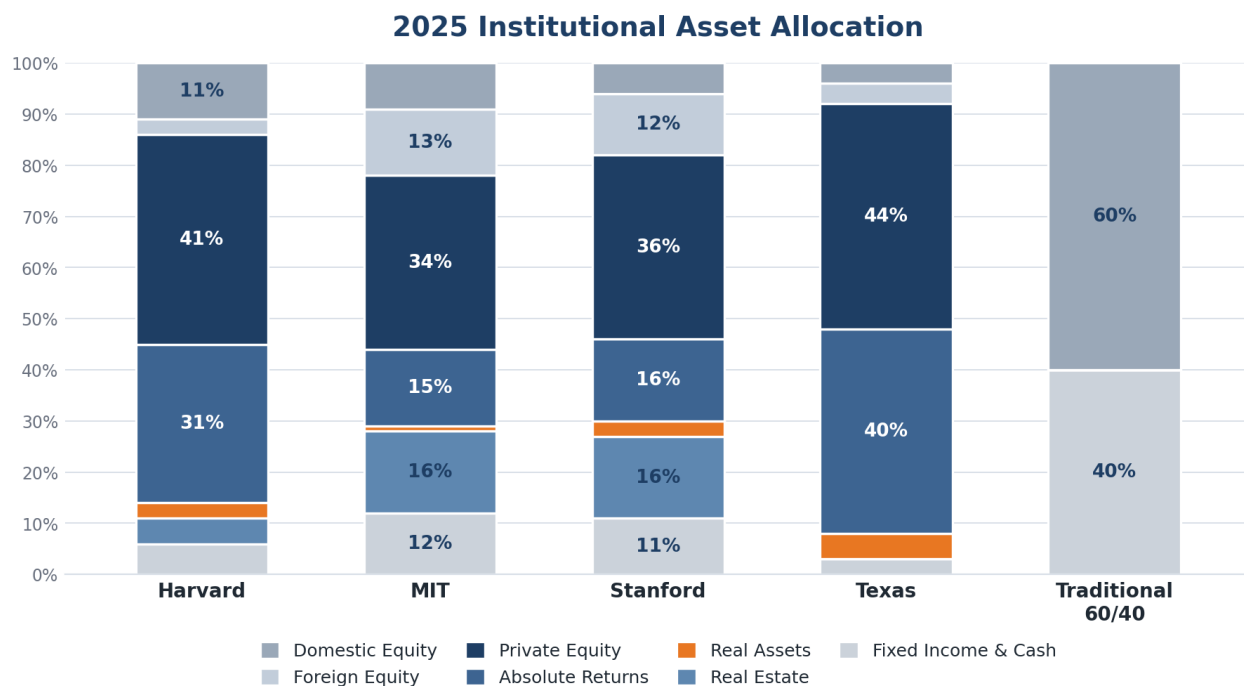
Endowments Move Away from the Traditional

Large institutional players increasingly invest a significant portion of their portfolios — often over 50% — in nontraditional or *alternative investments*. Let’s take a look at how some of the largest and most respected institutions in the U.S. allocate their portfolios.

The following institutions are household names, and the people running them are without doubt some of the smartest and most capable managers in the world. The four huge institutional investors we will look at today include:

1. Harvard Management Company
2. Massachusetts Institute of Technology Investment Management Co. (MITIMCo)
3. Stanford Management Company
4. University of Texas / Texas A&M Investment Management Company (UTIMCO)

These four institutions control hundreds of billions of dollars in assets. The chart below breaks down each portfolio’s asset allocation.



Percentage labels are shown for larger allocations; smaller unlabeled segments are identified by the legend and are included in each bar’s total.

	Harvard	MIT	Stanford	Texas	Traditional 60/40
Alternative Investments Total Allocation	80%	66%	72%	89%	0%
5YR Market Cycle Average Annual Return	10.6%	12.7%	11.7%	9.5%	7.5%
5YR Market Cycle Total Return	65.6%	81.4%	73.6%	57.1%	43.8%

4 Annual Endowment reports from each University. “Traditional 60/40” is represented by the Morningstar US Moderate Target Allocation NR Index.

The data on this chart likely surprised or even stunned you. MIT has over 65% of its assets allocated to alternative investments. Harvard has 80% of its assets in alternatives. Stanford and Texas have 72% and 89%, respectively, in alternatives. Take another couple of moments to study the chart.

An article in *Stanford Business* from the Stanford Graduate School of Business explains why large pensions and endowments have shifted toward the institutional use of alternative investments⁵.

...The main reason for this shift is pension managers' belief that alternative investments can yield superior returns — so-called alpha — compared to traditional investments....

Pensions are shifting to alternative assets because they're seeking market-beating returns, [finance professor Juliane] Begeau and her colleagues find. (CalPERS has said that private equity was its best-performing asset class in the decade before 2023, bringing home annual returns of nearly 12%, against 8.9% from public equities and 2.4% from fixed income.)

Alternative Investments: Diversifying Beyond Stocks & Bonds

When we talk about alternative investments, most investors think of assets like real estate, precious metals, or other investments which are only available to institutions and ultra-high net worth individuals.

Yet the truth is there are numerous alternative investments available to individual investors — if only they knew where to find them.

Let's begin by defining alternative investments, which often mean different things to different people. Generally speaking, most successful alternative investments have three desired characteristics:

1. Low correlation to stocks and bonds
2. Lower volatility over time
3. Consistent absolute returns

So, what are some of the most popular alternative investments today? Here are some examples:

- Private Equity Lending
- Real Estate Lending
- Insurance-Linked Assets
- Advanced Options Strategies
- Quantitative Long/Short Strategies
- Alternative Fixed Income

These are just a sampling of the alternative investments available to individual investors today, with more being introduced as demand grows. At HWM, we have made it our business to seek out successful alternative investments to offer our clients in addition to more traditional strategies.

Alternative Investments Now Available to Individuals

Many mainstream investment firms are not likely to steer you toward alternative investments. Why? In some cases, they don't know how to find them; in others, they don't understand them.

At Halbert Wealth Management, we do understand how alternative investments work and we know how to find them. From our founding nearly thirty years ago, we have made it our mission to make alternative investments available to individual investors like yourself.

“The main reason for this shift is pension managers' belief that alternative investments can yield superior returns.”

— Stanford Business

Once we find a potential investment candidate, we do all the heavy lifting for you. Each investment is subjected to our extensive due diligence process before we make it available to our clients.

Now, you are probably thinking, “There’s no way I have enough money to invest like the pros at Harvard or MIT.” In the past, that was probably true.

But not today. In fact, there are more alternatives available to individual investors than ever before. Of course, some investments are designed for larger portfolios, but most are very approachable.

In short, we offer the opportunity to invest like the large institutional players — the smart money — with a fraction of the capital they have at their disposal.

Bottom Line: No Reason You Can’t Invest Like Smart Money Institutions

There are two takeaways you should gather from this report. The first is that most large institutions today have well more than half of their investible assets in alternative investments.

The reasons why are clear: institutions diversify using alternative investments that seek to provide consistent and repeatable returns with low volatility and little to no correlation to traditional stocks and bonds. It’s just that simple.

The second takeaway is that you can invest like the institutions in the chart above using the alternative investments we offer at HWM.

The bottom line is, we can help you with all your investments — traditional stocks and bonds, and alternative investments. And we believe we have specific knowledge and experience you might not find in conventional investment firms. That’s why we want the opportunity to manage your money.

Start Now

What are you waiting for? Let us help you diversify with alternative investments to get you investing like the institutions.

The time to get started is now. As discussed earlier, the economy could tip into recession at any time. The bull markets in stocks and bonds could reverse.

Let’s start a conversation on how alternatives could be a great fit for your investment portfolio. You can choose how to reach out to us:

- Visit our website at halbertywealth.com/reach-out
- Call us at [800-348-3601](tel:800-348-3601)
- Email us at info@halbertywealth.com

Give us the opportunity to show how you too can invest like an institutional investor. A diversified portfolio that includes alternatives could be the pathway toward meeting your long-term investment goals.

About Halbert Wealth Management

Since 1995, HWM has offered its clients investments that challenge Wall Street’s conventional wisdom of buy, hold and hope for the best. Our team is dedicated to the philosophy that individual investors can have portfolios with attractive risk-adjusted returns in the same fashion as large institutions.

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