

TALKING TO PRIVATE WEALTH:

# Perceptions of Alternative Investments

February 2025

## Methodology

Brunswick Group conducted a survey of 154 financial advisors and 150 investors (high-net-worth individuals or “HNWIs”) in the U.S. from December 6-18, 2024.

**Financial advisors** have at least two years of experience and manage a portfolio of over \$100 million. They include RIAs, independent brokers/managers, and bank wealth managers.

**HNWIs** are adults with at least \$1 million in invested assets and very involved in their household’s investment decisions.

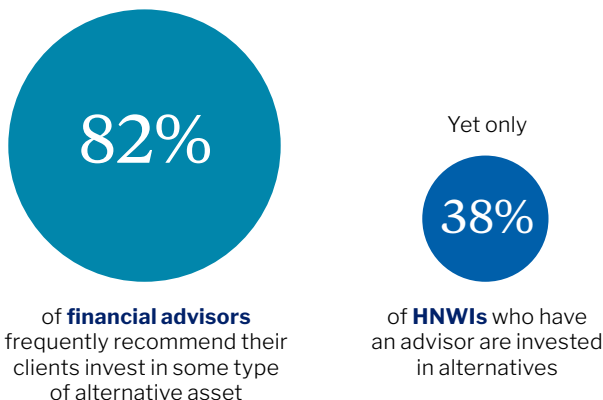
## Addressing the Knowledge Gap Will Be Key to Growth Among Wealthy Investors

Alternative asset managers have seen a huge influx of capital from private wealth channels in recent years as they have sought to diversify their fundraising beyond their traditional base of institutional investors, and this trend is expected to accelerate further, with some estimates predicting that alternative assets under management for private wealth investors will increase three-fold over the next decade from \$4 trillion to \$12 trillion.<sup>1</sup>

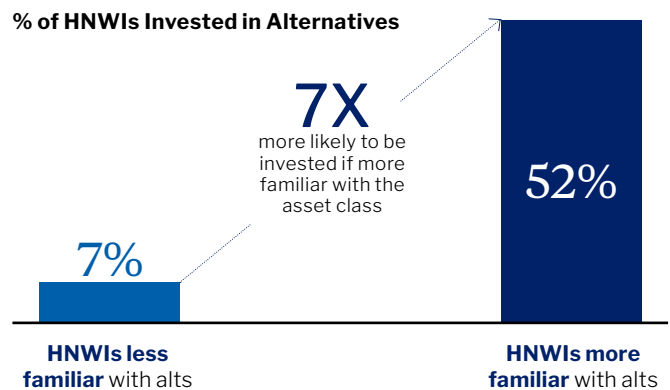
While asset and wealth management firms have made efforts to grow adoption of alternative investments in the private wealth channel, our research points to a lack of knowledge among end individual investors as being a key barrier to increasing allocation to alternatives. The findings show that efforts to educate private wealth audiences need to go beyond just financial advisors to continue to expand the investor base for alternatives.

## Investor familiarity drives greater allocations

There is a substantial gap between the proportion of advisors who recommend alternatives and the share of HNWIs who invest in them



Increased familiarity with alternative investments leads to higher investor participation, highlighting the need for better education



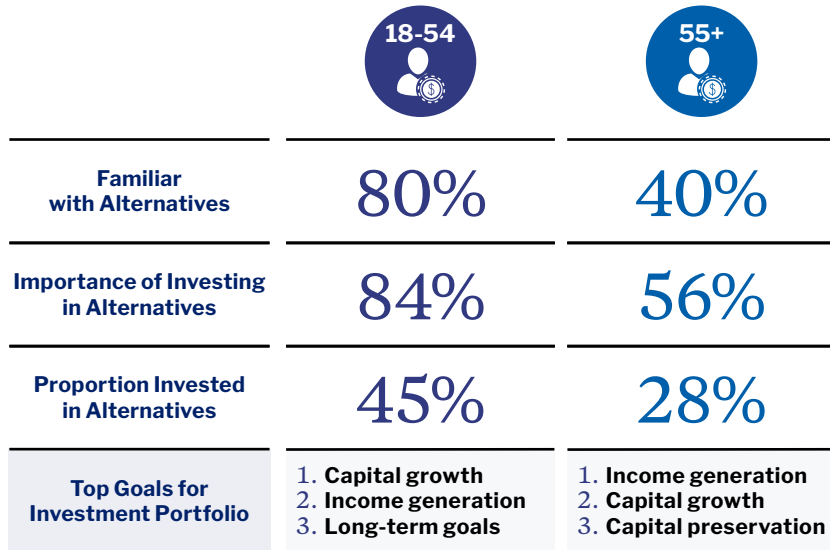
<sup>1</sup> Bain & Company, Global Private Equity Report 2024.



## Younger investors present an opportunity

Older investors (55+) are less familiar with and less likely to be invested in alternatives, likely partly attributable to their life stage (derisking). Younger investors are more likely to be interested in the asset class, underscoring the opportunity for alternative asset managers to cultivate relationships with advisors who have younger clientele

### Attractiveness of Alternative Investments by HNWI with Advisors



## Dual-pronged engagement

Asset managers should develop end client-friendly materials to ensure advisors have the tools they need to better inform their clients, while making this content easy for HNWI investors to find on their own

### PROVIDE ADVISORS WITH...

#### Financial Advisors' Most Desired Content



### TARGET ALL CHANNELS WITH...

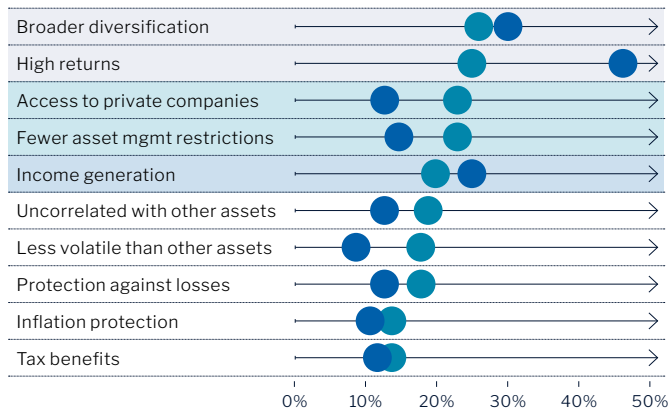
#### HNWIs' Most Desired Content



## Focus on diversification and returns to appeal to investors

Investors are focused on high returns and diversification, while advisors are also attracted to the benefits of access to non-public assets and fewer restrictions

### Alternative Investment Benefits



● HNWIs ● Financial Advisors

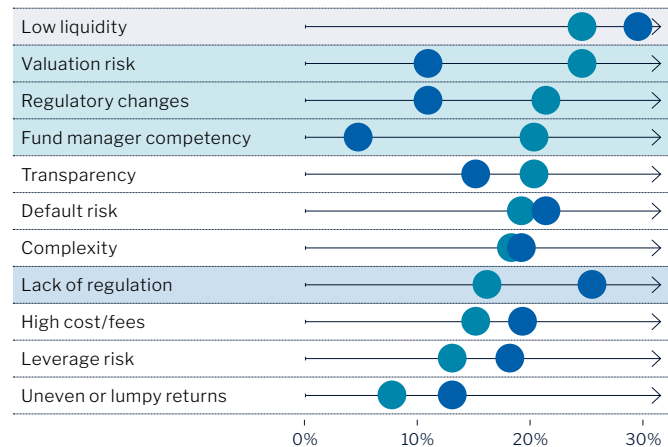
top benefit/concern for FAs and HNWIs

top benefit/concern for HNWIs

top benefit/concern for FAs

There are several perceived risks, including low liquidity, valuation risk and regulatory issues, that should be addressed when communicating with advisors and investors

### Alternative Investment Concerns



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