

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.

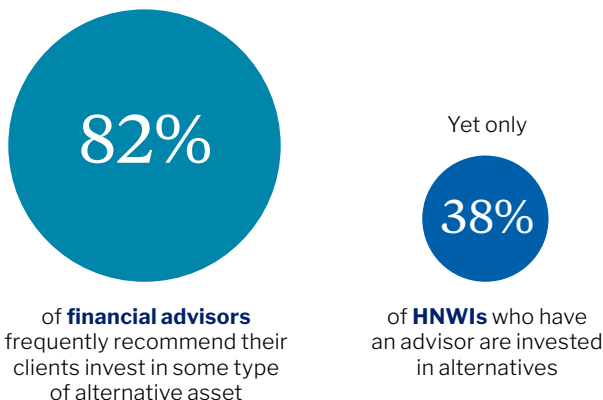
Addressing the Knowledge Gap Will Be Key to Growth Among Wealthy Investors

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.¹

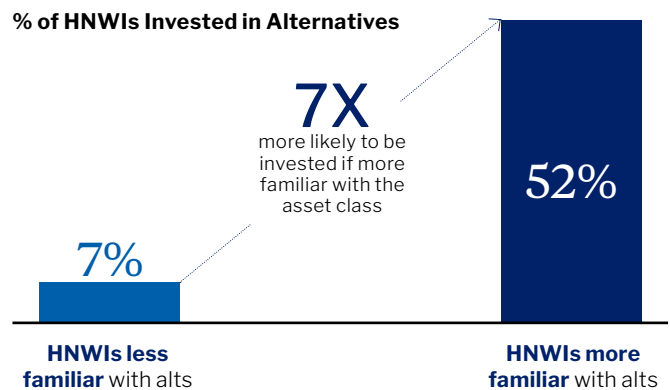
While asset and wealth management firms have made efforts to grow adoption of alternative investments in the private wealth channel, our research points to a lack of knowledge among end individual investors as being a key barrier to increasing allocation to alternatives. The findings show that efforts 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

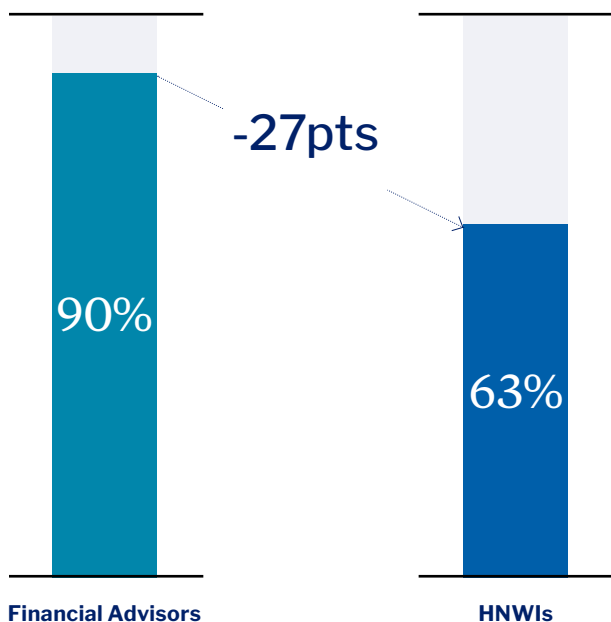


¹ Bain & Company, Global Private Equity Report 2024.

Significant potential to grow familiarity of alternative investments with investors

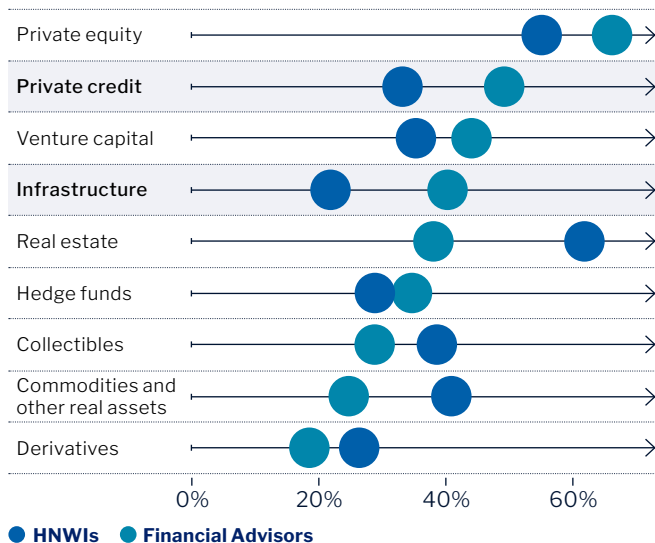
There is a sizeable gap between advisor and investor familiarity with the asset class

% Familiar with Alternatives



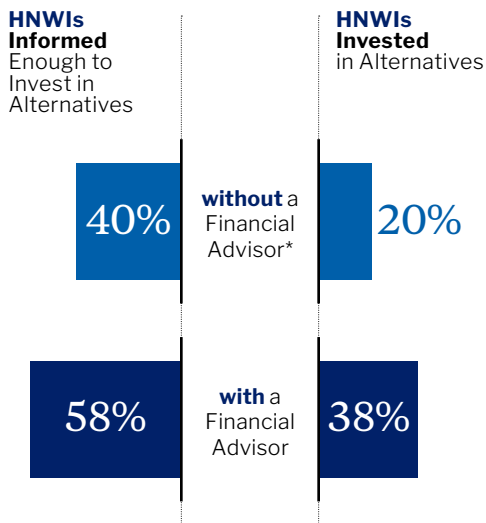
No asset class has higher than a 70% association with alternatives, even among financial advisors. The knowledge gaps, particularly in investors' lack of association of private credit and infrastructure with alternatives, underscore the need for asset managers to clearly explain their offerings

When thinking about alternative investments, which of the following asset classes do you think of?



Advisors play a key role in unlocking the investor market

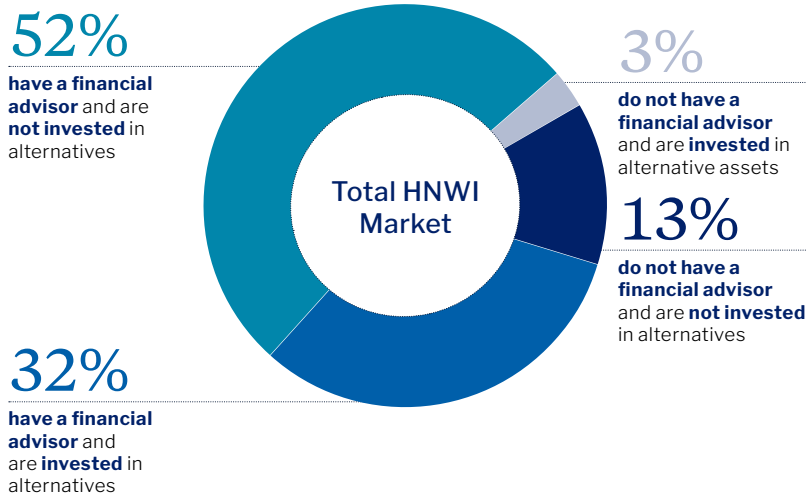
Investors with advisors are more likely to say they are informed about alternative investments and be invested in alternatives than those without advisors



* N-size is small (under 30) and should be interpreted as directional only.

Over half of HNWIs have an advisor but report not being invested in alternatives, indicating blocks to adoption that asset managers and wealth management firms can help advisors to address

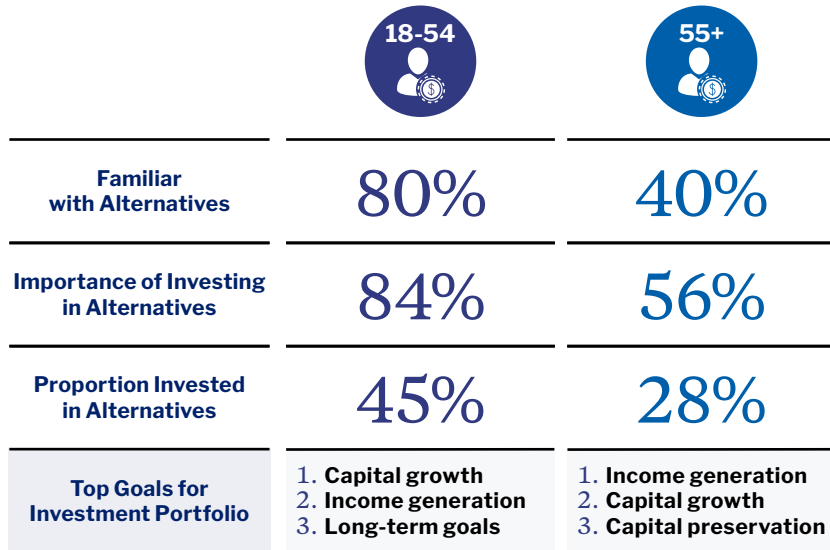
HNWIs



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...

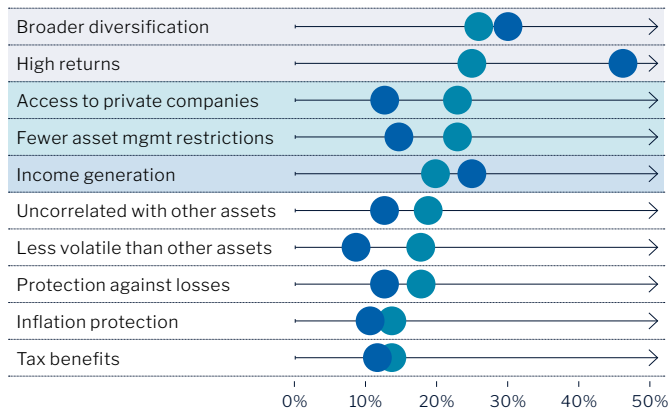
HNWIs' Most Desired Content



Focus on diversification and returns to appeal to investors

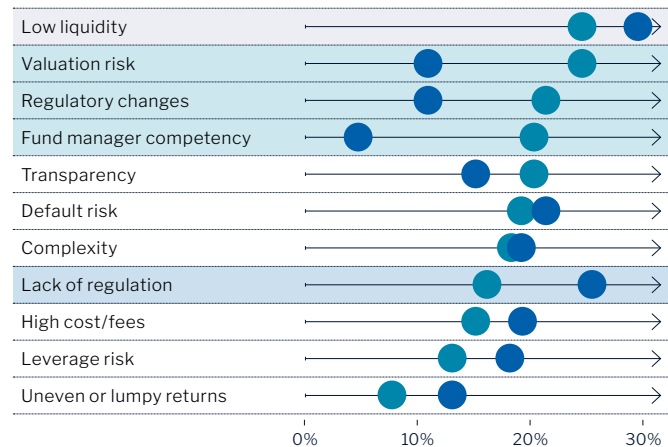
Investors are focused on high returns and diversification, while advisors are also attracted to the benefits of access to non-public assets and fewer restrictions

Alternative Investment Benefits



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



● HNWIs ● Financial Advisors

top benefit/concern for FAs and HNWIs

top benefit/concern for HNWIs

top benefit/concern for FAs

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