

Does Exchange Use Alternative Investments?

By: Exchange Capital Management

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When researching wealth management firms and reading their investment philosophies, you might come across the theme of diversification in a portfolio. Diversification involves spreading your assets among many investments and asset classes, exposing yourself to varied sources of return and risk.

The most common investments are stocks and bonds. Most people likely diversify within these two asset classes, but others might seek out alternative investments to diversify their portfolio even further.

What Is an Alternative Investment?

The definition of an alternative investment is an asset class other than stocks and bonds. It is another route to investing that you can add to a portfolio to reduce overall risk, potentially providing greater returns.

The use of the term alternative investments is a misnomer. Lumping together asset classes that don't fit within the traditional stocks and bonds does a disservice to both those investments and the investors themselves.

Some examples of alternative investments are private equity, hedged equity, commodities, reinsurance, real estate, etc.

What Alternative Investments Does Exchange Use?

Our Chief Investment Officer, Andy Stewart, is a Chartered Alternative Investment Analyst (CAIA) charterholder who has experience in the hedge fund and private equity world. He holds a wealth of knowledge on alternative asset classes and how they can mesh within a portfolio.

As of right now, real estate is the only alternative investment we utilize. Our in-house portfolio management team is actively researching investments in the best interest of our client's portfolios. Some of the avenues we are exploring are reinsurance investments and private credit.

The Bottom Line

While most of our client's assets are invested in traditional markets, Exchange is exploring certain alternative asset classes. Only real estate has earned the approval of our investment committee.

All investments we choose are extensively researched and tailored to the goals of your long-term financial plan. Each plan and portfolio are unique and personalized to you. Consider scheduling a discovery meeting to learn if alternative investments make sense for your financial plan.