SPONSORED CONTENT

ASK THE **ADVISERS**

The views and opinions expressed in "Ask the Advisers" are solely those of Keith Singer.

Singer Wealth

Keith Singer, JD CFP®

Locations:

1515 S. Federal Highway, #211,
Boca Raton, FL 33432

20900 NE 30th Avenue,
Suite 600, Aventura, FL 33180

Phone: 561-998-9985

Website: www.singerwealth.com

Email: Keith@singerwealth.com

Alternative Investments

Most retail investors we meet for the first time are investing primarily in publicly traded stocks, bonds, cash, treasuries, or are indirectly invested in stocks, bonds, and mutual funds through ETF's. Yale, which manages over $41 billion in its endowment fund, apparently disagrees with that investment approach.

According to their website, "Over the past 30 years, Yale dramatically reduced the Endowment's dependence on domestic marketable securities by reallocating assets to nontraditional asset classes. In 1989, nearly three quarters of the Endowment was committed to U.S. stocks, bonds, and cash. Today, domestic marketable securities account for less than one-tenth of the portfolio, while foreign equity, private equity, absolute return strategies, and real assets represent over nine-tenths of the Endowment."

One would think Yale has smart people managing their money. The Yale endowment fund which was up 41% for the fiscal year 2021 is known for its excellent performance. Why aren't more advisors modeling their portfolios in a way similar to Yale's endowment fund so their clients can get similar results?

In 1982 the SEC determined that because many alternatives aren't as liquid as regular stocks and bonds, most of these alternative investments should only be available to very rich people. So, they made a rule to be eligible to invest in alternative investments, you needed to be an accredited investor. That means your income is $200,000 per year or you have $1,000,000 net worth. Back in 1982 that meant that only the wealthiest 1-2% of the population would qualify. However, those numbers have never been indexed for inflation so now almost 14% of the households can qualify for some great alternative investments.

How did Yale do in a bad year?

Yale's endowment fund earned a 0.8% investment return for the year ending June 30, 2022, while the S&P was down 16.5% and the US aggregate bond index was down 17.5%. We have found that not only do these alternatives often have great performance, but they are also often far less risky in terms of volatility than stocks and bonds.

Source: www.investments.yale.edu

Singer Wealth Advisors is an SEC registered investment advisory firm. Registration with the SEC does not imply a level of skill or training. Investing involves risk. Discuss with your financial/tax professionals before investing. Past performance does not guarantee future results. Material provided for informational purposes only.