

Investment Vehicles At-A-Glance

As a growing number of investors can access alternatives thanks to the proliferation of new investment vehicles, it is important to understand these increasingly popular structures and the role each can play in a portfolio. The table below captures the important features and benefits of various investment vehicles, from investments that trade daily to private funds that offer less liquidity.

	Mutual Funds/Liquid Alts	Interval/Tender Offer: Closed End Funds	Non-Listed Traded REITs	Non-Traded BDCs	Traditional Private Funds (Open-End)	Traditional Private Funds (Closed-End)
Eligibility	No eligibility limitations	May have income/net worth requirements ¹	\$250K net worth or \$70K in annual income and \$70K net worth, subject to state-specific limits	\$250K net worth or \$70K in annual income and \$70K net worth, subject to state-specific limits	Qualified purchasers	Qualified purchasers
Investments	Public, private holdings generally limited to 2%	Private and public	Private and public	Private and public	Private	Private
Continuous Offering	Yes	Yes	Yes	Yes	Yes, with limitations	No
Valuation Frequency	Daily	Generally daily or monthly	Monthly	Monthly	Quarterly	Quarterly
Minimum Investment Range	\$1,000 - \$5,000	\$2,500 - \$25,000	\$2,500 - \$25,000	\$2,500 - \$25,000	At discretion of placement agent; typically \$250K. Institutional minimums typically between \$1-10M; potential for lower minimums with use of a feeder vehicle (investors incur additional fees)	At discretion of placement agent; typically \$250K. Institutional minimums typically between \$1-10M; potential for lower minimums with use of a feeder vehicle (investors incur additional fees)
Tax Treatment	1099	1099	1099	1099	K-1	K-1
Capital Calls	No	No	No	No	No	Yes
Liquidity Provisions	Daily	Monthly/quarterly ²	Monthly, subject to monthly cap of 2% of NAV and quarterly cap of 5% of NAV ³	Quarterly with cap of 5% of common shares outstanding	Subject to available liquidity and exit queue	7+ year lockup
Distributions	Monthly/quarterly/annual	Monthly/quarterly/annual	Monthly	Monthly ⁴	To be determined by the General Partner (GP)	To be determined by the GP
Transparency	Regular regulatory filings detail portfolio holdings	Regular regulatory filings detail portfolio holdings	Regular regulatory filings detail portfolio holdings	Regular regulatory filings detail portfolio holdings	At discretion of the GP	At discretion of the GP
Volatility	Subject to market fluctuations	More private exposure, less susceptible to mark-to-market volatility	Typically less volatility due to high allocation to private assets, which are valued monthly/quarterly	Typically less volatility due to high allocation to private assets, which are valued monthly/quarterly	No mark-to-market volatility; typically valued quarterly	No mark-to-market volatility; typically valued quarterly

Investment Terms to Know

- **Capital Call**

Committing capital to private strategies can take place piecemeal; certain structures (such as private equity, venture capital and some real estate and infrastructure funds) draw, or call, committed capital from investors over time. Each capital call requires that investors supply a specific amount of previously committed capital by a specific date.

- **General Partner**

The General Partner (GP) is responsible for managing a limited partnership. A limited partnership provides access to investments, typically through funds, that are not available on public markets. In addition to raising the funds and administering daily fund operations, the GP is responsible for deciding when to make investments, assisting management teams in maximizing value, and then liquidating investments so distributions can be made from the partnership to Limited Partners, or LPs (institutions or high-net-worth individuals that contribute capital to a fund).

- **Mark-to-Market**

Mark-to-market is an accounting method that records the price or “fair value” of a security, portfolio, or account to reflect its current market value were it to be sold today.

Endnotes

- ¹ Individual funds may set their own requirements.
- ² Tender-offer funds generally provide liquidity, at the board's discretion, while quarterly liquidity provisions are mandatory for interval funds.
- ³ The board can decide to suspend share repurchases at any time. Redemption programs also may require that shares be redeemed at a discount, meaning investors lose part of their investment if they redeem their shares.
- ⁴ Subject to board approval.

Disclosures

All investing involves risk. Alternative investments are complex, speculative investment vehicles and are not suitable for all investors. An investment in an alternative investment entails a high degree of risk, and no assurance can be given that any alternative investment fund's investment objectives will be achieved or that investors will receive a return of their capital. The value of an investment will fluctuate over time, and an investor may gain or lose money, or the entire investment. Past performance is no guarantee of future results.

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