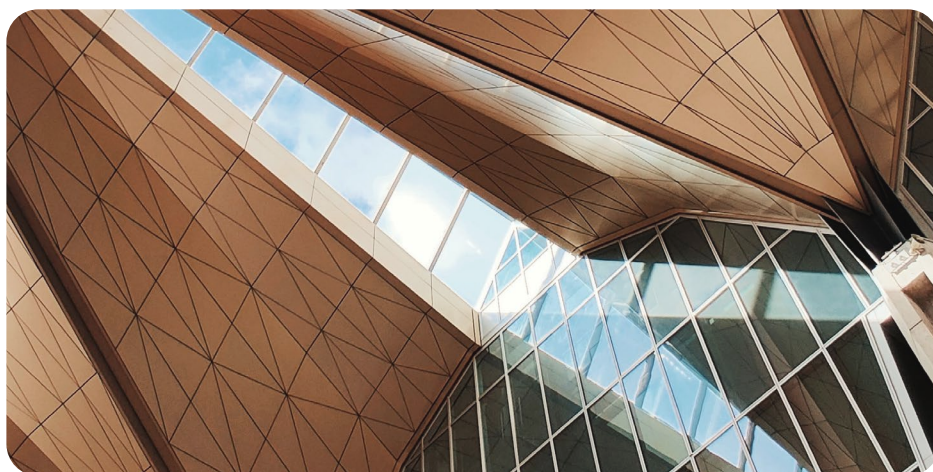

The Alts Institute Alternative Investing Survey

Key Findings and Profiles: Asia Pacific Investors

Asia Pacific Investors: Key Findings

The Alts Institute Alternative Investing Survey probed the views of high-net-worth investors in Hong Kong, Singapore and Taiwan with at least \$2.5 million in household investable assets to more deeply understand their attitudes and behaviors related to alternative investing and the attending conversations with their financial professionals. This survey is part of a broader, intercontinental research initiative that includes investors and advisors in the U.S. and Canada.

Below we have captured the key findings from the survey of high-net-worth investors in Asia Pacific, which revealed that investors in Asia Pacific are more likely than their North America counterparts to have experience with alternatives and to consider moving to a new financial professional to better access high-quality alternative investing opportunities. Investors in Asia Pacific and North America do share a strong enthusiasm for alternative investments, and moving forward, there is a growing opportunity among alts users and non-users to increase their alternative investment allocations in their portfolios. Eager to learn more about alts and reliant on their own research, investors in Asia Pacific are counting on their financial professionals to be their active partner in understanding and accessing new alternative investments.



CONTENTS

2
Key Findings

5
Investor Profiles

11
Survey Methodology

1

Deemed an “essential” part of their portfolio strategy, nearly all alts users are satisfied with their alternative investments.

77%

of investors in Asia Pacific have experience with alternatives, compared with 54% of investors in North America.

89%

are “very satisfied” or “satisfied” with the performance of their alts investments.

89%

believe alternatives are essential to a successful portfolio strategy.

85%

believe that having an alternatives allocation will drive stronger long-term outcomes than a traditional portfolio.



2

Investors say they appreciate the benefits of alternative investments and are taking the long view when it comes to investing.

90%

say that when it comes to investing, they are focused on the long term.

77%

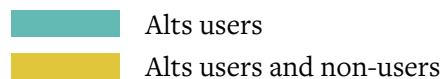
agree that the outcomes alternative investments generate are worth the fees.

54%

say they are comfortable sacrificing liquidity for growth.

Investors cite growth, capital preservation, and diversification—all of which can be provided by various types of alternatives—as top goals/attributes when evaluating investment opportunities.

Illiquidity—viewed by investors in Asia Pacific as protection from the temptation to sell—is another key driver to use alternatives.



3

Alts users are ready to expand their alternative investments footprint and want to continue to learn more about alts.

87%

agree that they are open to investing more into alternatives.

73%

plan to increase their alts allocation over the next 1-2 years.

Nearly half of alts users would be comfortable with a 25%-plus allocation to alts.

91%

are interested in learning more about alternatives.

89%

say they would invest more in alts if they better understood the available options.



4

Financial professionals have the power to accelerate alts usage, but helping investors improve their alts knowledge and understanding is key to unlocking more investments.

21%

report being “very” knowledgeable about alternative investments.

88%

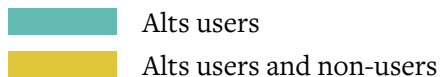
want their financial professional to speak to them more about alts.

Alts users cite risk and return expectations as the biggest factors limiting interest in alts investment.

A vast majority of alts users and non-users believe the industry could do better in explaining alts fees/expenses.

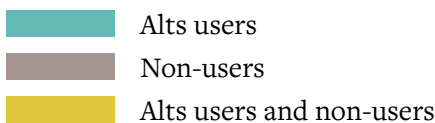
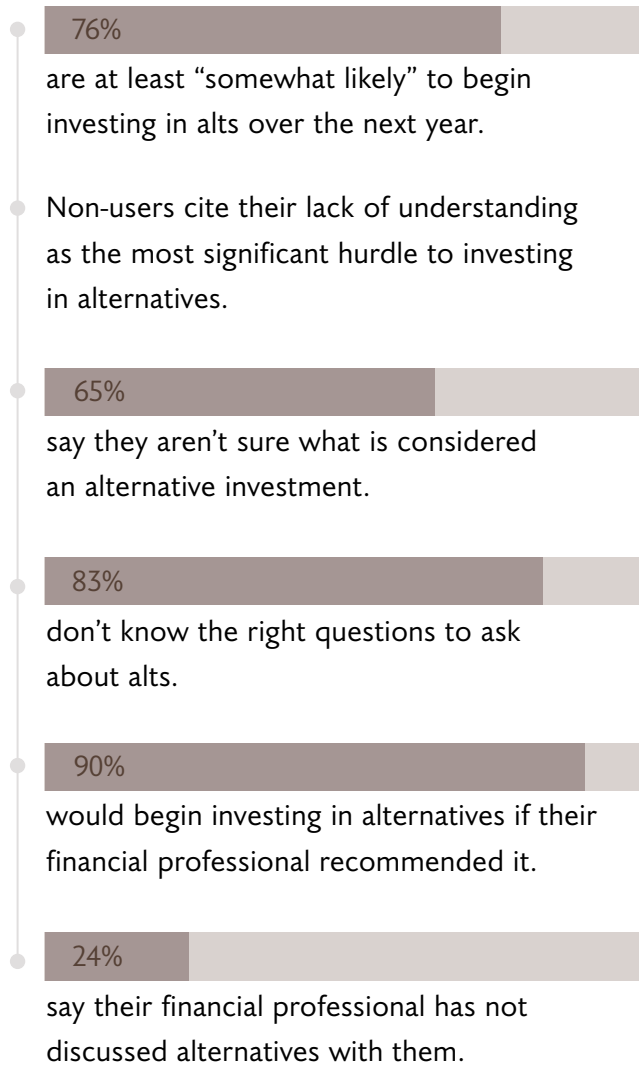
Half of investors believe their investment time horizon isn’t long enough for semi-liquid and private alts, despite 80% indicating short-term cash needs are unlikely.

Many investors (including most alts users) think alts are exclusively private market investments, signaling a gap in understanding of the full array of alternative investment offerings.



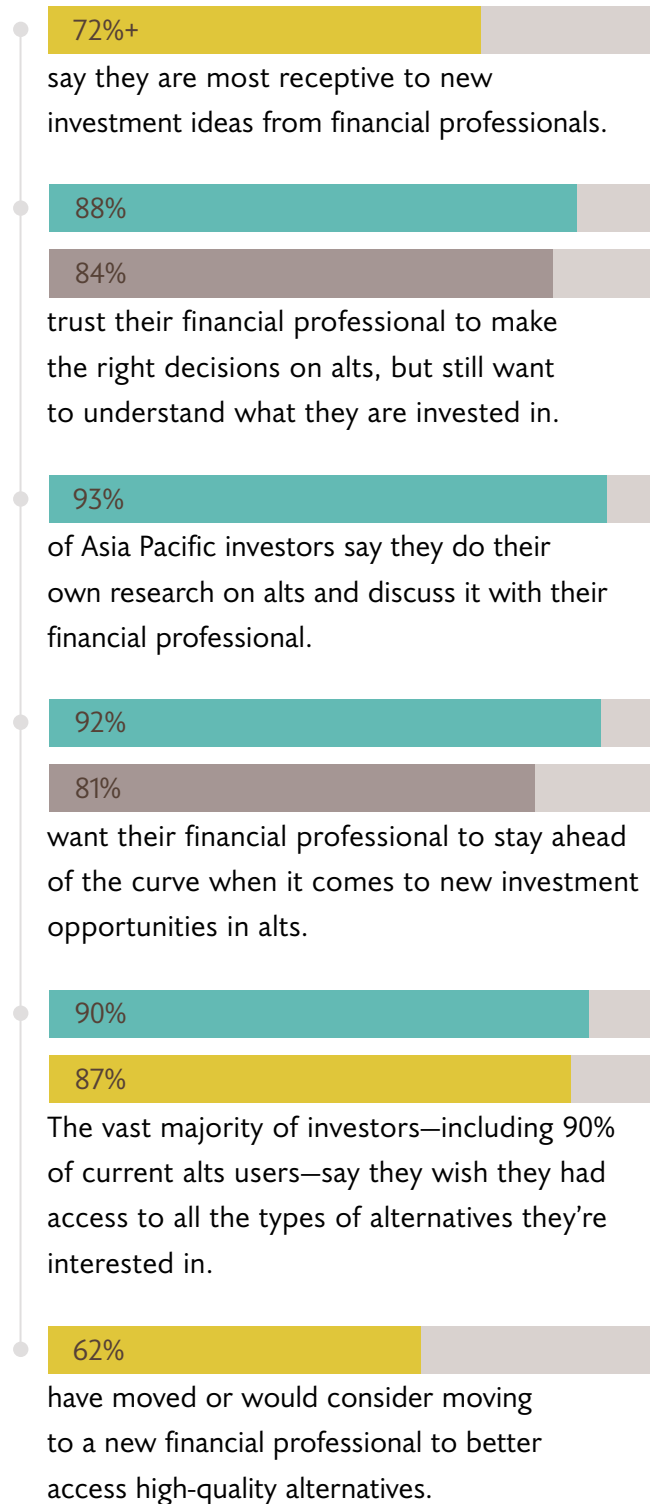
5

Financial professionals are key to spurring alts investment among those investors not currently using alternatives.




6

Investors want financial professionals to be their active partner in understanding and accessing new alts opportunities.



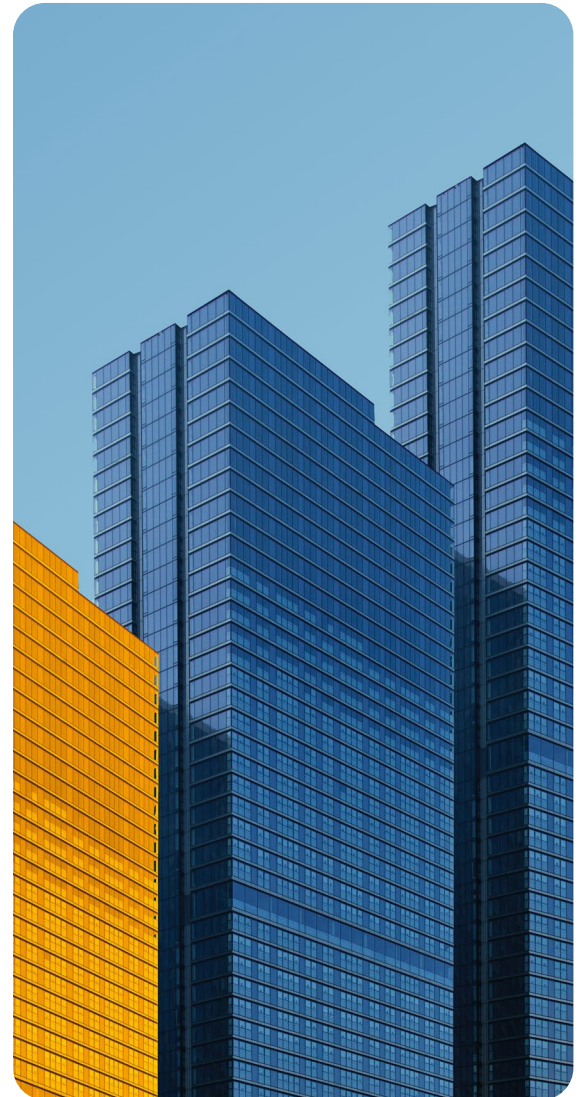
Three Investor Profiles

 Alts Champions

 Emerging Adopters

 Traditionalists

The Alts Institute Alternative Investing Survey revealed three high-net-worth investor cohorts in Asia Pacific. As alternatives become increasingly important to investors' portfolios, this investor segmentation can help provide financial professionals with a deeper understanding of investors' distinct attitudes, beliefs and motivations around alternative investments. Encouragingly, all three investor types are receptive to discussing alternative investment opportunities with their financial professionals—and our research indicates that investors are interested in more detailed discussions about how alternative investment opportunities can address their specific investing concerns, desired outcomes, and overall portfolio strategy.



Alts Champions

Alts Champions tend to have a higher risk tolerance and focus much more on the upside potential than downside risk. They strongly believe that alternative investments are essential to a successful portfolio strategy. This investor group skews the wealthiest.

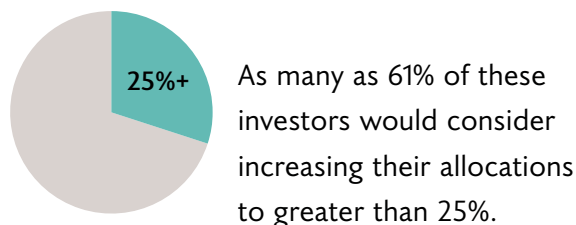
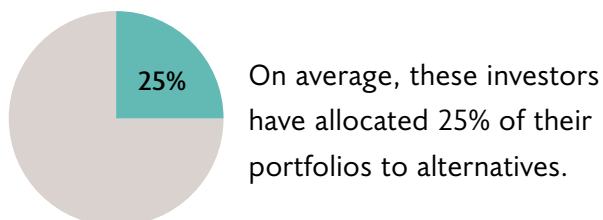
\$5M+ 71% of Alts Champions have at least \$5 million in household investable assets.

\$10M+ 45% reporting \$10 million or more.

<55 94% of Alts Champions are under 55 years old.

Among this cohort there is strong demand for greater variety beyond their current holdings. As the group most inclined to want to take action when an investment drops, the reduced volatility and diversification alts potentially provide can minimize the impact to overall portfolios.

Alts Exposure



More than eight out of 10 plan to increase their allocation within the next two years, with increased private markets access the top driver of new investment.



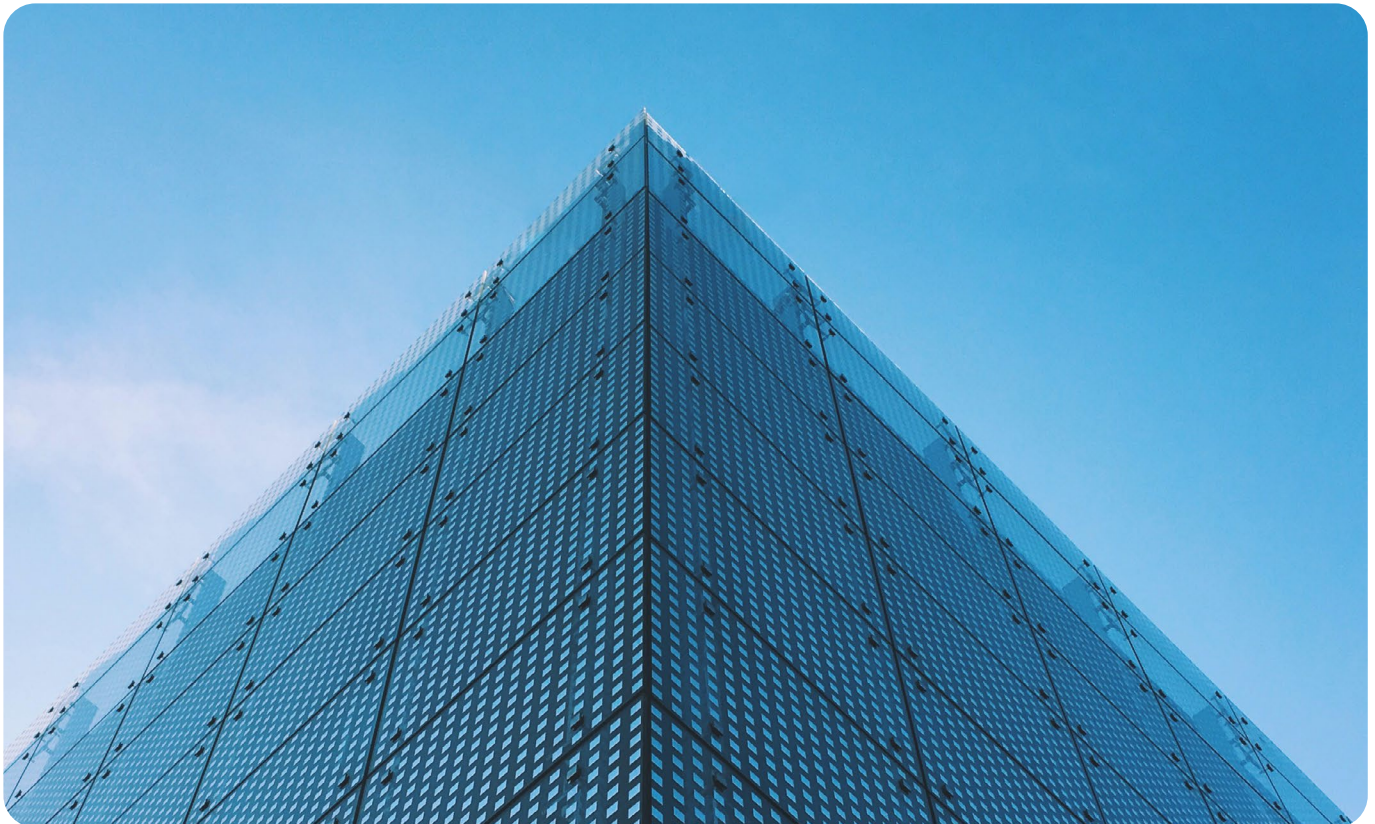
The Financial Professional Opportunity

While Alts Champions tend to be knowledgeable and highly engaged in the investment process, they still lean on financial professionals for education and knowledge around different alts investing opportunities and expect them to “stay ahead of the curve.”



Two-thirds have switched or considered switching to a new financial professional for better access to alternative investing opportunities.

These investors are also most likely to use more than one financial professional and have money managed across regions. The barriers to increasing alts usage are relatively minor, so having strong expertise and providing cutting-edge opportunities to retain their assets is key for financial professionals working with this investor cohort.



Emerging Adopters

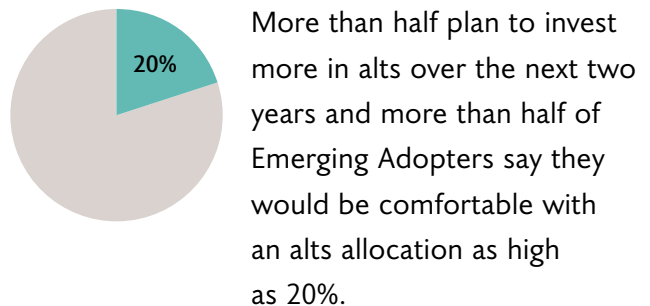
Emerging Adopters are focused on the long term, unlikely to have cash needs, and view diversification as crucial to managing risk. Still, liquidity is a common consideration regardless of an investor's actual cash needs. Emerging Adopters say they are comfortable with illiquid investments as long as they can redeem within a reasonable time frame.

<55 89% of Emerging Adopters are under 55 years old.

<45 69% are under age 45.

80%
say they would begin investing in alts if they had a longer time horizon, signaling an opportunity for conversations about liquidity needs and different alts vehicles across public and private markets.

Alts Exposure



80% say they're likely to start using alternatives in one to two years.



The Financial Professional Opportunity

While Emerging Adopters' knowledge levels and engagement in the investment process are relatively high, these investors still look to financial professionals for education and knowledge around alts.

92%

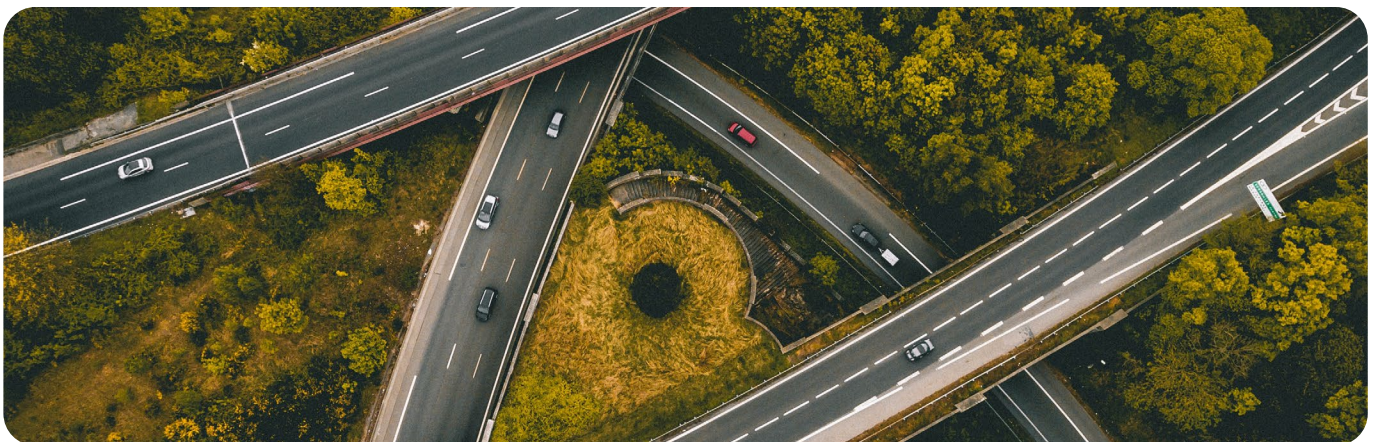
92% of Emerging Adopters say they would put money into alternatives if their financial professional demonstrated more in-depth knowledge about alts, underscoring the influence financial professionals can have on their clients' investment decisions and the importance of alts aptitude for financial professionals.

Emerging Adopters like to be engaged in the process and do their own research, so it's very important to them that their financial professionals stay ahead of the curve.

65%

Nearly two-thirds of these investors have moved or considered moving financial professionals in order to better access alternatives opportunities.

While addressing misconceptions around time frames and risk can help drive alts investment, our research also underscored additional key strategies to help Emerging Adopters move forward with alternative investment opportunities. Emerging Adopters tend to have a strong desire to take action when an investment drops significantly, signaling an opportunity for financial professionals to educate this cohort on the potential reduced volatility that alts can provide.



Traditionalists

Traditionalists are primarily focused on long-term growth and are a lot less likely to have short-term cash needs.

67%


While two out of three Traditionalists would like to invest in a greater variety of investments, they tend to home in on growth and income when evaluating investments—making them good candidates for lower-risk alternatives.


Traditionalists are more likely to believe that alts come with higher risk, and fewer are convinced that the potential outcomes are worth the fees and liquidity constraints.


80%

Despite the hesitations, the vast majority of Traditionalists want their financial professional to speak to them more about alternative investments.

Alts Exposure

 33% of Traditionalists are currently invested in alternatives.

 94% would start investing if their financial professional recommended it.

 67% say they would increase their investment in alternatives after demonstrated success.

 More than half of Traditionalists say they would be comfortable with an alts allocation as high as 10% if their advisor recommended it.

The Financial Professional Opportunity

Financial professionals can play a crucial role in helping Traditionalists become more comfortable with alternative investments. Only half of Traditionalists say they would invest in products they don't understand if their financial professional recommended doing so. For non-users, their own lack of knowledge is the primary reason they don't invest in alts.

When it comes to greater adoption, Traditionalists say important drivers include hearing about strategies in depth to grow confidence in their financial professionals' expertise as well as showing alignment with personal goals/interests and focusing on the overall portfolio benefits. 61% of Traditionalists say they're interested in liquid and periodic liquidity structured alts they currently can't access.

Survey Methodology

Brookfield Oaktree Wealth Solutions commissioned CoreData Research to conduct separate online surveys of 300 financial professionals with an average practice AUM of \$633 million in the U.S. and Canada and 625 high-net-worth investors with at least \$2.5 million in household investable assets in the U.S., Canada, Hong Kong, Singapore and Taiwan between April and June 2024.

©2024 Brookfield Oaktree Wealth Solutions LLC is a wholly owned subsidiary of Brookfield. Brookfield Oaktree Wealth Solutions LLC is registered as a broker-dealer with the U.S. Securities and Exchange Commission (SEC) and is a member of FINRA and the Securities Investor Protection Corporation (SIPC).



brookfieldoaktree.com



info@brookfieldoaktree.com



Follow us on LinkedIn

The information contained herein is for educational and informational purposes only and is not intended as and may not be relied on in any manner as legal, tax or investment advice, a recommendation, or as an offer to sell, or a solicitation of an offer to buy any securities offered by Brookfield Corporation and its affiliates (together, "Brookfield"). Brookfield may not have verified (and disclaims any obligation to verify) the accuracy or completeness of any information included herein, including information that has been provided by third parties, and you cannot rely on Brookfield as having verified any of the information. Any outlooks or forecasts presented herein are as of the date appearing in this material only and are also subject to change without notice.

Past performance is not indicative of future performance, and the value of investments and the income derived from those investments can fluctuate.

Investment Products: Not FDIC Insured | May Lose Value | Not Bank Guaranteed

© 2024 Brookfield Corporation

ID 1852