

Diversifying with Alternatives

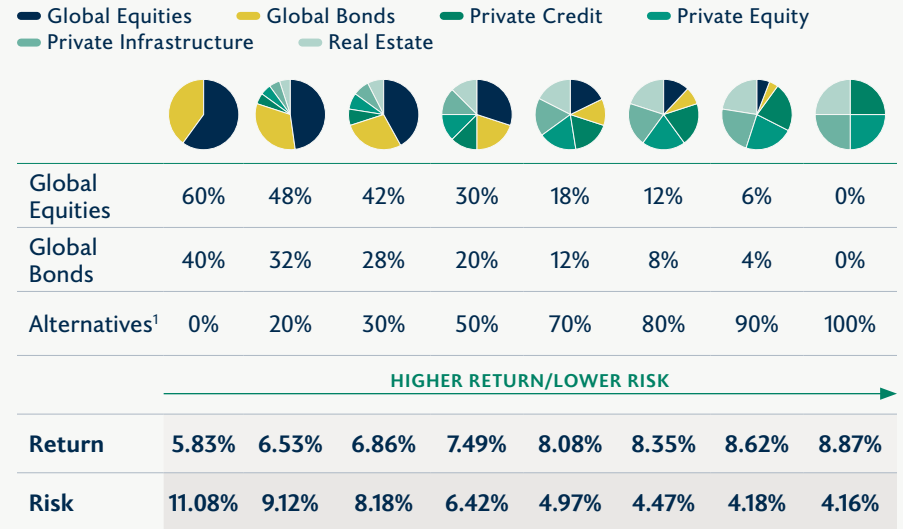
Increasing diversification with a basket of alternative strategies improves expected outcomes. Using index data and a traditional 60% global equities/40% global bonds portfolio as a baseline, we can see portfolio expectations shift with increased allocations to private credit, private infrastructure, private real estate and private equity.

And clients agree. Our global alternatives investing study reveals:

- **Nearly 80% of advisors** believe portfolios with alternatives are positioned to outperform traditional strategies over time.
- **85% of investors** consider alternatives essential to a successful portfolio strategy.
- **95% of alts non users** believe diversification is critical to managing risk.

These insights highlight the evolving consensus on alternatives as a core element of a portfolio.

Enhancing the 60/40 Portfolio with Alternative Investments



¹ Alternatives allocation is equally allocated to Private Credit, Private Equity, Private Infrastructure and Private Real Estate.

Ten-year annualized return and risk (measured by standard deviation, a measure of the amount of variation of the values of a variable about its mean). **Past performance is not indicative of future results.** Diversification does not guarantee a profit or protect against loss. For illustrative purposes only. Information does not represent returns of a fund. An investor cannot invest in an index. For the period January 1, 2008 through September 30, 2023. Global Equities represented by the MSCI World Index, Global Bonds by the Bloomberg Global Aggregate Bond Index, Private Equity represented by the Preqin Private Equity Index, Private Credit by the Cliffwater Direct Lending Index, Private Infrastructure by the Preqin Infrastructure Index, and Private Real Estate by the Preqin Real Estate Index. Please see disclosures for additional information. Source: Bloomberg, Preqin. As of June 30, 2024.

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Index Definitions

The Bloomberg Global Aggregate Index is a market-capitalization-weighted index comprising globally traded investment-grade bonds. The index includes government securities, mortgage-backed securities, asset-backed securities and corporate securities to simulate the universe of bonds in the market. The maturities of the bonds in the index are more than one year.

The Cliffwater Direct Lending Index measures the unlevered, gross-of-fees performance of U.S. middle-market corporate loans, as represented by the asset-weighted performance of the underlying assets of business development companies (BDCs), including both exchange-traded and unlisted BDCs, subject to certain eligibility requirements.

The MSCI World Index is a free-float-adjusted market-capitalization-weighted index that is designed to measure the equity market performance of developed markets.

The Preqin Private Equity Index captures in an index the return earned by investors on average in their private equity portfolios, based on the actual amount of money invested in private capital partnerships. Historical data points are not recalculated as time passes, except for the latest two quarters available, which are preliminary. The preliminary quarters are finalized at a three-quarter lag coinciding with the full constituency for the as-at date being met. The universe of funds for each quarterly point in the index may change over time depending on data availability.

The Preqin Infrastructure Index captures the average returns earned by investors in their infrastructure portfolios, based on the actual amount of money invested. Historical data points are not recalculated as time passes, except for the latest two quarters available, which are preliminary. The preliminary quarters are finalized at a three-quarter lag coinciding with the full constituency for the as-at date being met. The universe of funds for each quarterly point in the index may change over time depending on data availability.

The Preqin Private Real Estate Index captures in an index the return earned by investors on average in their private real estate portfolios, based on the actual amount of money invested in private capital partnerships. Historical data points are not recalculated as time passes, except for the latest two quarters available, which are preliminary. The preliminary quarters are finalized at a three-quarter lag coinciding with the full constituency for the as-at date being met. The universe of funds for each quarterly point in the index may change over time depending on data availability.

The S&P 500 Index is an equity index of 500 widely held, large-capitalization U.S. companies.

Investment Products: Not FDIC Insured | May Lose Value | No Bank Guarantee

Survey Methodology

Brookfield Oaktree Wealth Solutions commissioned CoreData Research to conduct separate online surveys of 300 financial professionals in the U.S. and Canada and 625 high-net-worth investors in the U.S., Canada, Hong Kong, Singapore and Taiwan between April and June 2024.

Investor respondents have at least \$2.5 million in household investable assets. Financial professional respondents have on average \$633 million in practice assets under management, with the majority representing the U.S. wirehouse and Canadian bank channels.

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